



2025 Fact Sheet

Impact of Trump's One Big Ugly Budget Bill on Alabama

Families across Alabama are working hard to stay afloat — paying more for everything from groceries to rent to health care. President Trump's One Big Ugly Budget Bill (OB BB) guts basic needs programs for low-income people — cutting \$1 trillion in Medicaid and Affordable Care Act marketplace spending, along with \$187 billion in SNAP — all in order to fund tax breaks for the wealthiest in our country. Consequently, 10 million people are expected to become uninsured, and 40 million SNAP recipients will be impacted. **The OB BB cuts would shift costs to states that they cannot afford — forcing states to make difficult decisions about cutting benefits, limiting eligibility or taking from other programs.**

These budget cuts will have an outsized impact on Alabama, which has some of the highest rates of poverty, child hunger and housing insecurity: 15.6% of the state is below the poverty level, 14.8% of the population faces food insecurity, and 28% of renter households are extremely low-income and risk eviction. Alabama also relies on these federal funds to support its people. To illustrate, in FY22, Alabama received \$18.7 billion in federal funds; that was 43.7% of the state's revenue.

OB BB takes food and nutrition away from families

Nearly 750,000 Alabamians receive food assistance through the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, including about 504,000 families with children, over 293,000 families with older adults or disabled people, and 24,000 Alabama veterans. The OB BB cuts will make it even harder for these communities to put food on the table.

This law raises the state's portion of administration costs from 50% to 75%, adding an additional cost of \$33 million annually. For the first time ever, states will be required to pay for SNAP benefits, starting in October 2027. Based on the 2023 error rate numbers, Alabama would pay 5% of SNAP benefits, or approximately \$86 million annually.

More SNAP recipients will be subject to cruel work reporting requirements, including older adults aged 55 to 65 and parents of children older than the age of 14. In Alabama, over 28,000 older adults and 33,000 adults with children are at risk of losing some of their SNAP benefits due to the new requirements. If families lose SNAP, this will have a cascading impact on children, who will lose access to school meals, community eligibility, Summer EBT, and more. Alabama families will also be affected by the freeze to the Thrifty Food Plan, which prevents regular updates of the benefits based on current grocery costs to provide for a family of four.

Alabama's economy will also take a hit from these changes, affecting small businesses, farmers and rural retailers. In 2019, the state authorized 4,521 SNAP retailers, which account for \$1 billion in SNAP revenue. Every dollar in SNAP benefits generates \$1.79 in economic activity.

Quick Facts

- 14.8% of Alabamians face food insecurity.
- Nearly 750,000 Alabamians receive food assistance through SNAP. 28,000 older adults and 33,000 adults with children are at risk of losing these benefits because of the OB BB.
- This OB BB raises the state's portion of SNAP administration costs from 50% to 75%, adding an additional cost of \$33 million annually.

OBBB strips away health care coverage

Alabama ranks among the 10 worst states in the nation for health outcomes. Alabamians rely on Medicaid and CHIP to get lifesaving health care, reaching nearly 1 million individuals in the state — including individuals with low incomes, families, pregnant women, older people, and people with disabilities. 51% of children and 45% of births in Alabama are covered by Medicaid. Those who depend on Medicaid for survival are at risk of losing this lifeline because of the OBBB.

An estimated 199,000 Alabamians are projected to lose health care coverage because of this law. For the first time, people needing Medicaid will be subject to work reporting requirements starting in 2027. These requirements do nothing to increase employment, instead, they are designed to simply take health care from recipients and force them into dead-end low paying jobs.

Additional people will wrongfully lose Medicaid because of the red tape from more frequent renewals that start in 2027. The law also ends Affordable Care Act subsidies that help people with low incomes access health coverage. It also caps provider taxes and state-directed payments, which states use to help pay for their portion of the Medicaid program.

When people do not have health coverage, they do not stop getting sick or needing the doctor. Instead, research finds they often delay care and become more likely to be hospitalized. An increase in uninsured people would be especially devastating to rural hospitals and community health centers because they would be left to shoulder the cost of care and possibly forced to close down, leaving many without any option for care. While there was a rural hospital fund, that is not enough to prevent the harm hospitals will face when large swaths of people lose insurance.

OBBB unfairly punishes immigrants and limits opportunities for students with low incomes

Harms immigrant families: OBBB blocks lawfully present immigrants (including DACA recipients, asylees, refugees, and people with Temporary Protected Status) from receiving SNAP benefits, purchasing ACA coverage, accessing Medicaid and Medicare, or receiving child tax credit. It allocates over \$170 billion for mass deportation and border wall expansion.

Undermines education: The OBBB will limit opportunities for low-income students to go to college by restricting Pell grants, capping loans, and undermining income-based payments — which would ultimately increase college costs. 32.7% of Alabamian undergraduates rely on Pell grants to attend school.

Bottom line:

The sheer number of the OBBB cuts means people will lose health insurance, have more trouble paying for food and be forced to choose between paying rent and seeking care or putting food on the table. Because some of these changes won't be implemented until later, there is still time to contact your member of Congress to fight these changes and additional cuts being proposed by this administration and Senate and House leadership. **Join our fight today.**

Quick Facts

- An estimated 199,000 Alabamians are projected to lose health care coverage because of this law.
- 51% of children and 45% of births in Alabama are covered by Medicaid, and are now at risk of losing this lifeline.
- The sheer number of the OBBB cuts means people will be forced to choose between paying rent and seeking care or putting food on the table.