Regulatory Reform at a Glance

Modernizing the State Heating and Cooling Standard Utility Allowances

The Issue

In October 2019, the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) published a proposed rule entitled "Supplemental Nutrition Assistance Program: Standardization of State Heating and Cooling Standard Utility Allowances." This action modernizes the standard utility allowances used in calculating Supplemental Nutrition Assistance Program (SNAP) benefits in order to enhance program integrity and ensure equity among program participants.

The Background

The law authorizing SNAP establishes national eligibility standards for program benefits, including allowable deductions from gross income. With the exception of a standard deduction for all households, most allowable deductions are available to households based on their circumstances. Certain household expenses, including excess shelter costs (such as rent or mortgage, taxes, and some utilities) are deducted from income to determine SNAP eligibility and benefits.

States may simplify this process by establishing standard utility allowances, or SUAs, to use in place of actual utility costs. All states have developed a SUA for at least one utility.

Similarly situated households in neighboring states receive different SNAP benefits simply because of their state's calculation of the standard utility allowance*

States have used a wide range of approaches in developing their SUAs. Many states cannot cite the source of their original SUA or the year it was established.

***An elderly individual living alone in South Dakota would receive a SNAP benefit 2.5 times the size of that received by an elderly individual with similar income and expenses living in Wyoming.**

The Background Continued

Some states set an allowance well above the average utility cost for low-income households—thus increasing SNAP benefits beyond an appropriate adjustment.

Other states set much lower allowances. This results in great inequities from state to state. For example, the current difference in these values between two bordering states can be as much as $300 a month in some states resulting in a household in one state receiving 2.5 times as much in SNAP benefits as a similarly situated household in its neighboring state.

Differences in SNAP utility allowances mean that similar households living a few miles apart across state lines could receive significantly different benefit amounts. The reform proposal replaces state variations in calculations for SUAs with a modernized, uniform approach based on data from national surveys on households' actual utility costs by state, and adds basic internet access as an allowable utility.

Summary of Proposed Changes

The proposed rule would modernize state methodology for calculating standard utility allowances (SUAs).

The new methodology would set the largest standard, the heating and cooling standard utility allowance (HCSUA), at the 80th percentile of low-income households' utility costs in the State. Modernizing the SUA standards will:

Greatly reduce discrepancies and inequities across state lines.

Better align HCSUA amounts with actual utility costs in each state.

Balance the need to create more accurate standards with covering households that have higher than average utility costs.

Add basic internet service—a critical education tool and work support for today's households—as an allowable utility cost adjustment.