



The Next Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits

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Summary

As Congress formulates the next farm bill—an omnibus bill that reauthorizes a range of agriculture and nutrition programs—program integrity and deficit reduction have been leading themes. One of the cost-saving measures in the 112th Congress’s farm bill proposals would have addressed the way in which Supplemental Nutrition Assistance Program (SNAP) benefits are calculated. The SNAP statute allows for certain deductions from income when calculating a household’s benefit level, including an excess shelter deduction which incorporates utility costs. If a family receives benefits through another federal program, the Low Income Home Energy Assistance Program (LIHEAP), this deduction from income can be higher, allowing for a higher SNAP benefit for the household. Both the Senate-passed 2012 farm bill (S. 3240) and the House Agriculture Committee-reported bill (H.R. 6083) would have limited the deduction associated with LIHEAP, particularly seeking to end a practice that has been referred to as “Heat and Eat.” Proposals in the 113th Congress would do the same.

Under current law, a SNAP household can use a LIHEAP payment (regardless of the amount of that payment) to document that the household has incurred heating and cooling costs. This documentation triggers a standard utility allowance (SUA), a figure intended to represent typical state-specific utility costs that enters into the SNAP benefit calculation equation. Unless the household is getting the maximum SNAP benefit already, a household’s monthly benefit can increase if the inclusion of a SUA results in an excess shelter deduction.

In addition to current law, current practice of, most recently, 17 states also impacts the interaction between these benefit programs. While virtually all SNAP states consider LIHEAP in their calculation, approximately 16 states have implemented the so-called “Heat and Eat” policy. “Heat and Eat” is a phrase that the low-income and anti-hunger advocacy community has used to describe state and program policies that leverage nominal (as little as \$1) LIHEAP payments into an increase in households’ SNAP benefits that is larger than the initial LIHEAP payment. Also, one state allows SNAP applicants to benefit from an SUA if the household applies for LIHEAP.

The 112th Congress considered two types of changes to current law, but neither became law:

- Under both the Senate-passed 2012 farm bill (S. 3240, Section 4002) and the House-reported farm bill (H.R. 6083, Section 4006), only LIHEAP payments above \$10 annually would have conferred this potential advantage. Payments of \$10 and below would no longer have entitled a household to earn a SUA during the benefit calculation process. If a household received less than \$10 in energy assistance, households would have had to present alternate documentation of heating and cooling costs in order to have utilities factored into calculating their excess shelter deduction. *In the 113th Congress, the Senate-passed Section 4002 language was reintroduced in the 113th Congress as S. 10. A \$10-threshold remains in the Senate Committee on Agriculture, Nutrition, and Forestry chairwoman’s mark for the scheduled May 14, 2013 markup.*
- *In the House Committee on Agriculture chairman’s mark for the scheduled May 15, 2013 markup, a \$20-threshold is proposed. Under this policy, only LIHEAP payments above \$20 annually would confer this potential advantage.*
- Under Section 104 of the Sequester Replacement Reconciliation Act, H.R. 5652, no amount of LIHEAP benefits would have garnered additional SNAP benefits.

Households would have had to present alternative documentation of utility costs. *Some introduced bills in the 113th Congress have taken this approach (S. 458/H.R. 1510; S. 762 /H.R. 1657).*

The Senate Committee on Agriculture, Nutrition, and Forestry is scheduled to mark up the next farm bill on May 14, 2013. The House Committee on Agriculture is scheduled to mark up the next farm bill on May 15, 2013. The report will be revised to reflect congressional action in this area.

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Introduction

Most provisions of the 2008 farm bill expired at the end of Fiscal Year 2012. While the House and Senate formulated five-year bills in the 112th Congress, ultimately the session ended with a one-year extension of some farm bill programs in P.L. 112-240, the American Taxpayer Relief Act. Please see CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill* for expiration and extension issues. Similar proposals are also part of the farm bills to be marked up in the 113th Congress.

This report was prepared to explain the interrelationship of policies and practices in the Low Income Home Energy Assistance Program (LIHEAP) and the Supplemental Nutrition Assistance Program (SNAP). In the last Congress, Section 4002 of the Agriculture Reform, Food and Jobs Act of 2012, S. 3240, and Section 4006 of the Federal Agriculture Reform and Risk Management Act of 2012, H.R. 6083, contained identical proposals on this issue. While under current law SNAP recipients who also receive benefits from LIHEAP may see increased SNAP benefits, no matter the amount of LIHEAP received, S. 3240 and H.R. 6083 would have attempted to limit this relationship. Markups scheduled for May 14, 2013 and May 15, 2013 are expected to consider this issue in the formulation of the Nutrition title.

Because SNAP benefits are 100% federally funded and because SNAP is an open-ended entitlement, policy changes to benefit amounts or eligibility can generate substantial changes in spending. Last Congress, the Congressional Budget Office estimated that the policy change in S. 3240 and H.R. 6083, addressing the treatment of LIHEAP in determining SNAP benefits, would have garnered \$4.5 billion in savings over 10 years, and that the savings would have come from reductions in benefits for 500,000 households.¹ This policy constituted approximately 98% of the reductions in spending in the nutrition title of S. 3240 as passed by the Senate, and 28% of the reductions in spending in the nutrition title of H.R. 6083.²

The 2012 farm bill proposals, and those introduced in the 113th Congress, focus on deficit reduction as well as agricultural program reforms.³ Supporters of the \$10-threshold policy in S. 3240 and H.R. 6083 have framed it as a tightening of SNAP, assuring that LIHEAP is treated uniformly and according to congressional intent. Detractors argue that by ending the so-called “Heat and Eat” practice, it reduces benefits for those in need.

In addition to the significance of this provision for a farm bill’s cost estimate, the current law policy is complex, and it can be difficult to untangle how the farm bill change would work and which states and households may be affected. This report provides current law background on the

¹ Congressional Budget Office, *Cost Estimate: S. 3240 Agriculture Reform, Food, and Jobs Act of 2012*, May 24, 2012, <http://cbo.gov/sites/default/files/cbofiles/attachments/s3240.pdf>. NOTE: CBO revised their estimates of this language in the 113th Congress based on concerns based with the specific wording. http://www.cbo.gov/sites/default/files/cbofiles/attachments/s3240_hr6083_Stabenow_Ltr.pdf (March 1, 2013).

² These figures are based on estimates released in the 112th Congress. Congressional Budget Office, *Cost Estimate: S. 3240 Agriculture Reform, Food, and Jobs Act of 2012 As Passed by the United States Senate on June 21, 2012*, July 6, 2012, <http://cbo.gov/sites/default/files/cbofiles/attachments/s3240Passed.pdf>. *H.R. 6083 as Ordered Reported by the House Committee on Agriculture*, July 26, 2012, <http://cbo.gov/sites/default/files/cbofiles/attachments/H.R.6083.pdf>.

³ See, e.g., U.S. Senate Committee on Agriculture, Nutrition, and Forestry, “Chairwoman Stabenow, Ranking Member Roberts Highlight Reforms of Farm Bill, Call for Swift Senate Passage,” press release, June 6, 2012, <http://www.ag.senate.gov/newsroom/press/release/chairwoman-stabenow-ranking-member-roberts-highlight-reforms-of-farm-bill-call-for-swift-senate-passage>.

interaction between SNAP and LIHEAP, an explanation of proposed changes, as well as the potential impact of this change on households and administration of SNAP. This report begins with the background topics and terminology that contribute to the state of current law: a brief overview of benefit calculation, LIHEAP's role in SNAP deductions and benefit calculation, background on LIHEAP, and the practice of so-called "Heat and Eat." Next, it explains how recent legislative proposals would change current law. Finally, the report discusses how those changes could affect SNAP households and states' administration, but also acknowledges the ways in which CRS is limited in gauging the policy's true impact.⁴

For further information on the farm bill and SNAP in general, please see:

CRS Report R42829, *Domestic Food Assistance in 112th Congress 2012 Farm Bill Proposals: S. 3240 and H.R. 6083*

CRS Report R42552, *The 2012 Farm Bill: A Comparison of Senate-Passed S. 3240 and the House Agriculture Committee's H.R. 6083 with Current Law*

CRS Report R42353, *Domestic Food Assistance: Summary of Programs*

CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*

CRS Report R42357, *Previewing the Next Farm Bill*

CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*

Current Law and Background

Brief Overview of SNAP Benefit Calculation⁵

SNAP benefits are a function of a household's size, its net (counted) monthly income, and inflation-indexed maximum monthly benefit levels (in some cases, adjusted for geographic location). An eligible household's net income is determined (i.e., certain deductions are subtracted from gross income), its maximum benefit level is established, and a benefit is calculated by subtracting its expected contribution (by law, 30% of its net income) from its maximum benefit.

This equation is illustrated in **Figure 1**. As an example, in most states, a 3-person household with \$400 in counted net income (after deductions) would receive a monthly allotment of \$406 in FY2013 (i.e., the 2012 maximum three-person benefit in the 48 states or DC,⁶ \$526, less 30% of

⁴ Please note that the territories Guam and Virgin Islands also operate SNAP. This memo consistently uses terms like "states" and "state agencies" with the assumption that such phrases include Guam and Virgin Islands in the context of SNAP.

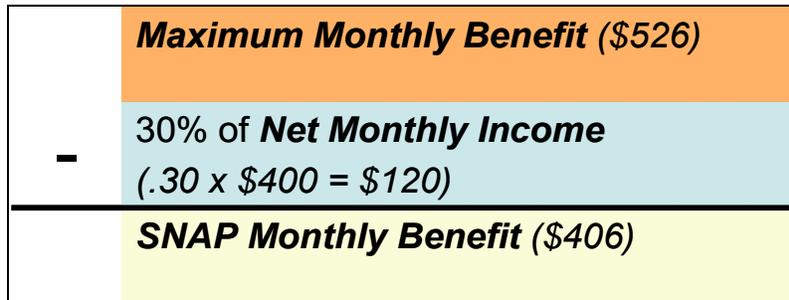
⁵ Please see CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by Randy Alison Aussenberg for greater discussion of these and other basic SNAP concepts.

⁶ The basis for calculating the maximum benefit, the thrifty food plan (and its adjustment for inflation), is slightly different for Alaska, Hawaii, Guam, and the Virgin Islands, which means that the maximum benefit in these jurisdictions is not \$526 for a family of three. http://www.fns.usda.gov/SNAP/government/FY12_Allot_Deduct_AKHIGUVI.htm.

the household's net income, \$120). Likewise, a 3-person household with no counted income would receive the maximum allotment.

Figure 1. Calculating the Monthly Benefit for a Hypothetical Household in FY2013

This Illustration Depicts a Three-person Household in the 48 States with Net Income of \$400



Source: Figure generated by CRS, based on benefit calculation rules.

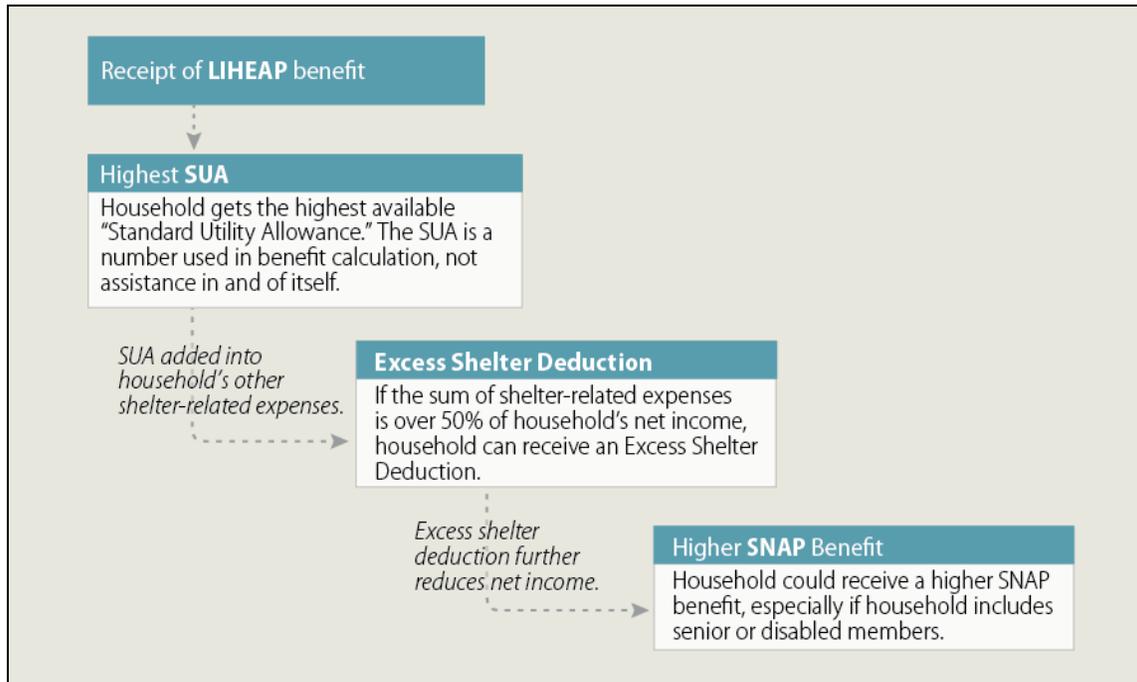
LIHEAP's Role in SNAP Deductions and Benefit Calculation

Under current law, if a SNAP household receives a LIHEAP payment, then that household may receive a higher SNAP benefit than if the household had not received LIHEAP.⁷

Figure 2 depicts an overview of LIHEAP's role in the SNAP benefit calculation. The discussion after Figure 2 elaborates on the definitions of various deductions used in calculating SNAP benefits, potentially including LIHEAP receipt, and how they interact in the benefit calculation process.

⁷ For more information about LIHEAP, please see CRS Report RL31865, *LIHEAP: Program and Funding*, by Libby Perl.

Figure 2. LIHEAP's Impact in the SNAP Benefit Calculation Process



Source: Figure generated by CRS, based on SNAP law.

Notes: This figure focuses on the excess shelter deduction, which is conducted after the deduction of other non-shelter deductible expenses such as the standard deduction, dependent care, earned income.

As shown earlier in **Figure 1**, the amount of SNAP benefits that an eligible household receives is based, in part, on the maximum benefit and also in part on the household's net income. The SNAP agency computes net monthly income by subtracting certain "deductions" from a household's basic (or gross) monthly income. This calculation is based on the recognition that not all of a household's income is available for food purchases. Thus, a standard portion of income, plus amounts representing costs such as work expenses or high non-food living expenses, is deducted from the gross income.

For households *without* an elderly or disabled member, net monthly income equals gross monthly income minus the following deductions,⁸ if applicable:

- **Standard deduction:** A "standard" monthly deduction that varies by household size and is indexed for inflation. Every applicant household gets this deduction;
- **Earned income deduction:** 20% of any earned income, in recognition of taxes and work expenses;
- **Child support deduction:** Any amounts paid out as legally obligated child support;

⁸ Tables that list the FY2012 amounts of the standard deduction (and other deduction amounts set in the Food and Nutrition Act) can be found in CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*, by Randy Alison Aussenberg.

- **Dependent care deduction:** Out-of-pocket dependent care expenses, when related to work or training,⁹ and
- **Excess shelter deduction:** The amount of shelter expenses (including utility costs, which states may standardize with a “standard utility allowance” (SUA) calculation) that exceed 50% of net income after all other deductions. This deduction is *capped* for households that do not contain an elderly or disabled member.
 - **NOTE:** Households that receive LIHEAP may automatically qualify for a higher SUA, no matter the amount of LIHEAP received. The higher SUA is based on the assumption that households incur expenses for heating and cooling. Absent receipt of LIHEAP, households must document heating/cooling expenses another way.

For households *with* an elderly or disabled member, net monthly income equals gross monthly income minus:

- The same **standard, child support, earned income, and dependent care** deductions noted above;
- An *uncapped excess shelter deduction*, to the extent such expenses exceed 50% of counted income after all other deductions; and
- Any out-of-pocket medical expenses (other than those for special diets) that are incurred by an elderly or disabled household member, to the extent they exceed a threshold of \$35 a month.

Key points for understanding SNAP’s current LIHEAP policy and its impact are

1. A standard utility allowance (SUA) is not something tangible and is a number that states use in place of gathering all of an applicant’s utility cost and usage information. The methodology and the amounts of an SUA vary by state, and many states have several different utility allowances based upon whether a household incurs heating/cooling costs or not. An SUA often “tips the scale” toward enabling an applicant household to qualify for an excess shelter deduction.
2. Households with elderly or disabled members have no limit on the amount of their excess shelter deduction, whereas those without an elderly or disabled member have a cap (that adjusts for inflation) on their excess shelter expenses.

Background on LIHEAP

LIHEAP is a formula grant program under which the federal government gives annual grants to states, tribes, and territories (collectively referred to in this report as “states”) to operate home energy assistance programs for low-income households.¹⁰ States may use funds to help eligible households pay for heating and cooling costs, for crisis assistance, and to weatherize their

⁹ Limits on SNAP deductions for dependent care were lifted under the 2008 farm bill (P.L. 110-246).

¹⁰ LIHEAP is codified at 42 U.S.C. §§ 8621-8630.

homes.¹¹ Both renters and homeowners are eligible for LIHEAP.¹² Federal LIHEAP requirements are minimal and leave most important program decisions to the states, including eligibility guidelines, types of assistance provided, and benefit levels.¹³

- **Regarding eligibility**, states may set maximum LIHEAP eligibility for households up to 150% of the federal poverty income guidelines (or, if greater, 60% of the state median income), but they may not go below 110% of the poverty guidelines.¹⁴ States may also choose to make eligible for LIHEAP assistance any household of which at least one member is a recipient of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), *benefits through the Supplemental Nutrition Assistance Program (SNAP)*, or certain needs-tested veterans' programs.¹⁵
- **In terms of benefits**, states decide the types of assistance that households receive and the amount. For example, while all states provide heating assistance, only a portion provide assistance for cooling. The amount of benefits also varies; in FY2008, the most recent year for which information is available from the Department of Health and Human Services (HHS), the average LIHEAP benefit for heating assistance was \$293 with a range from \$73 to \$1,172.¹⁶

Unlike SNAP, LIHEAP is not an open-ended entitlement, and funding is not sufficient to assist every household that is eligible for the program. In FY2009, 7.4 million households received heating and/or winter crisis assistance and 900,000 received cooling assistance.¹⁷ The number of households assisted may now be lower. FY2009 was a year in which states received a total of \$5.1 billion for LIHEAP, compared to about \$3.5 billion in FY2012.

What is “Heat and Eat”?

“Heat and Eat” is a phrase that the low-income and hunger advocacy community has used to describe state and program policies that leverage nominal (as low as \$1) LIHEAP payments into an increase in households’ SNAP benefits that is larger than the initial LIHEAP payment.¹⁸ Certain states have implemented or are scheduled to implement this policy. In June 2012, the U.S. Department of Agriculture’s Food and Nutrition Service (USDA-FNS) surveyed states and

¹¹ 42 U.S.C. § 8624(b)(1).

¹² 42 U.S.C. § 8624(b)(8).

¹³ The LIHEAP Clearinghouse, a website administered by the National Center for Appropriate Technology through a contract with the Department of Health and Human Services, contains a good deal of information about how states operate their programs. See <http://www.liheap.ncat.org/>.

¹⁴ 42 U.S.C. § 8624(b)(2).

¹⁵ Ibid.

¹⁶ U.S. Department of Health and Human Services, *FY2008 LIHEAP Report to Congress*, September 6, 2011, p. 36, <http://www.acf.hhs.gov/programs/ocs/liheap/publications/liheap08rc.pdf>.

¹⁷ There is likely some overlap in these numbers, and HHS does not de-duplicate. U.S. Department of Health and Human Services, Administration for Children and Families, *LIHEAP Home Energy Notebook for Fiscal Year 2009*, September 2011, pp. 30-31.

¹⁸ Food Research and Action Center, *Heat and Eat: Using Federal Nutrition Programs to Soften Low-Income Households’ Food/Fuel Dilemma*, March 2009, http://frac.org/newsite/wp-content/uploads/2009/09/heat_and_eat09.pdf. See also, “SNAP cuts = Cuts in Meals for Americans Struggling to Heat and Eat,” http://frac.org/pdf/snap_cuts_and_heat_and_eat.pdf.

determined that 16 states (including the District of Columbia) implement or will soon implement “Heat and Eat,” and one state provides the standard utility allowance based on LIHEAP application. *See Text Box.*

Part of the rationale for the nominal LIHEAP benefits (vs. more substantive benefits) is that LIHEAP is not an entitlement, and states may not be able to assist every household that is eligible for the program, particularly because the statute requires that states prioritize “households with the highest home energy costs or needs in relation to household income.”¹⁹ On the other hand, SNAP is open-ended and the benefits are financed 100% by the federal government, so “Heat and Eat” policies are a net gain for states in times of limited state and LIHEAP resources. Providing increased food assistance would then appear to free up more income for other household expenses.

Criticism for this practice arises, as some say that it broadens the connection between SNAP and LIHEAP beyond congressional intent.²⁰ When state law makes all SNAP participants eligible for LIHEAP, such participants receive LIHEAP assistance legally, but the logical result is that some households are receiving energy assistance (and therefore the potentially higher levels of nutrition assistance that may go with it) who might not otherwise have the highest energy need in the state.

Is your state a “Heat and Eat” state?

Based on a June 2012 survey by USDA-FNS, there are 16 “heat and eat” states and one state that does not transmit nominal payments but would be affected by proposals aimed at “heat and eat” states.

The 16 so-called “heat and eat” states are **California** (which passed a law requiring implementation by October 2013 and implemented it on January 1, 2013), **Connecticut**, **Delaware** (although no nominal payment was issued in FY2012), **District of Columbia**, **Maine**, **Massachusetts**, **Michigan**, **Montana** (issues a \$50 payment every five years to those living in subsidized housing with rent included), **New Jersey**, **New York**, **Oregon**, **Pennsylvania**, **Rhode Island**, **Vermont**, **Washington**, **Wisconsin**.

A 17th state, **New Hampshire**, does not distribute nominal LIHEAP payments but does allow an application for LIHEAP to qualify the household for the Standard Utility Allowance (which can result in a higher SNAP benefit).

Are recipients of these nominal payments ineligible for LIHEAP?

If states adhere to LIHEAP law, then only households that are eligible for LIHEAP qualify for benefits. This involves two determinations: (1) household eligibility based on income or enrollment in another means-tested program (including SNAP) and (2) appropriate use of LIHEAP funds. Regarding the first determination, there are no separate eligibility criteria for recipients of nominal LIHEAP benefits. Therefore, a household would not receive LIHEAP

¹⁹ 42 U.S.C. § 8624(b)(2).

²⁰ Sen. Stabenow, “Agriculture Reform, Food, and Jobs Act,” Senate debate, *Congressional Record*, June 19, 2012, p. S4278 (“In a handful of States, they have found a way to increase the SNAP benefits for people in their States by sending \$1 checks in heating assistance to everyone who gets food assistance. Now, it is important to consider what a family’s heating bill is when determining how much help they need, which is why the two programs are linked. But sending out \$1 checks to everyone is not the intent of Congress. For the small number of States that are doing that, it is undermining the integrity of the program, in my judgment. I appreciate we have turned down those amendments that would, in fact, change this structure and lower benefits. But this is about accountability and integrity within the program, and I must oppose the amendment [striking Section 4002].”). Sen. Roberts, “Agriculture Reform, Food, and Jobs Act,” Senate debate, *Congressional Record*, June 19, 2012, p. S4278 (“...closing the LIHEAP loophole.”).

benefits unless they are eligible for the program. In states that use receipt of SNAP to determine eligibility, SNAP participants are eligible for LIHEAP. Otherwise, households would have to meet LIHEAP income eligibility requirements.

Regarding the second determination, states may use LIHEAP funds to provide direct assistance to households in several ways: to help meet “home energy costs” (defined as heating or cooling), to assist in energy crisis situations, and for home weatherization. Payments to households that are not used for one of these purposes could be inappropriate.

How would the 112th Congress “\$10-threshold” proposals have changed current law?

The 112th Congress’s S. 3240 and H.R. 6083 would have required that LIHEAP payments be in amounts larger than \$10 per-year in order to trigger the heating and cooling standard utility allowance in the SNAP benefit calculation process. This provision would not have taken effect until October 1, 2013 (one year later than most other aspects of Title IV of the bills). Furthermore, both policies included a provision that would give states the option to protect affected households from a change in benefits due to this policy for as long as 180 days.

In the 113th Congress, the Senate Committee Chairwoman’s mark includes the same \$10-threshold proposal; some wording has been changed to assure reductions in direct spending.²¹ The House Committee Chairman’s mark includes a \$20-threshold version of this proposal, which would require that LIHEAP payments be in amounts larger than \$20 per-year in order to trigger the heating and cooling standard utility allowance in the SNAP benefit calculation process.²²

What may be the impact of the “\$10-threshold” change to the treatment of LIHEAP in the calculation of SNAP benefits?

During the 112th Congress, the Congressional Budget Office (CBO) estimated that the change in S. 3240 would reduce direct spending for SNAP by \$1.74 billion over five years and \$4.49 billion over 10 years.²³ CBO also estimated that the change would reduce nearly 500,000 households’ SNAP benefits by an average of \$90 per household.²⁴

NOTE: Since floor passage of S. 3240 and Committee passage of H.R. 6083, CBO determined that further technical changes to the language in Section 4002 and Section 4006, respectively, would need to be made in order to actually estimate a reduction in direct spending.²⁵

²¹ See Chairwoman’s Mark on <http://www.ag.senate.gov/issues/farm-bill/> (Section 4002 of Mark).

²² See Chairman’s Mark on <http://agriculture.house.gov/sites/republicans.agriculture.house.gov/files/farm%20bill/FARRMBillChairsMark2013.pdf> (Section 4007 of Mark).

²³ Congressional Budget Office, *Cost Estimate: S. 3240 Agriculture Reform, Food, and Jobs Act of 2012*, May 24, 2012, <http://cbo.gov/sites/default/files/cbofiles/attachments/s3240.pdf>.

²⁴ *Ibid.* at 8.

²⁵ http://www.cbo.gov/sites/default/files/cbofiles/attachments/s3240_hr6083_Stabenow_Ltr.pdf (March 1, 2013).

For the 113th Congress's Senate Committee bill scheduled for markup May 14, 2013, CBO estimates the LIHEAP SUA policy will reduce spending by \$1.8 billion over five years (FY2014-FY2018) and \$4.1 billion over 10-years (FY2014-FY2023).²⁶ As of the date of the report, CBO has not yet released an updated estimate of participants and benefits affected by the \$10-threshold policy.

Impact on Households

This policy change could result in a reduction of benefits for some households that either currently receive the excess shelter deduction or receive a *higher* excess shelter deduction due to LIHEAP payments that are \$10 or lower. However, under this proposed change, some households might still qualify for the standard utility allowance, and then the excess shelter deduction, by documenting their utility costs in other ways. Applicants would have to be aware of the need to present utility bills or other documentation.

Table 1 shows a state-by-state estimate of the number and percentage of FY2011 SNAP households that received their heating and cooling SUA due to receipt of LIHEAP. This table does not reflect the *amount* of LIHEAP that these households received because collected data do not include this information. If a state adopted a “Heat and Eat” policy after FY2011, that impact will not be reflected in this table. It is expected that a “\$10-threshold” policy would most impact households in the so-called “Heat and Eat” states (*see Text Box on page 7*), but it should be said that the states ultimately affected would also depend upon state choices (states might choose to transmit \$11 payments, for instance) as well as the details of USDA-FNS implementation of the policy. In addition, these data do not capture the extent to which households would be able to provide alternative utility cost documentation and therefore have their benefit amounts unchanged.

S. 3240 and H.R. 6083 would have given states the option for “grandfathering” those households that would be affected for as long as 180 days after October 1, 2013 (the provision’s effective date). This would appear to possibly have temporarily protected those who would experience a reduction in benefits due to this change of LIHEAP treatment. *In the 113th Congress, the Committee chairs’ marks would both retain this “grandfathering” state option.*

Impact on Program Administration

Modifying the treatment of LIHEAP in SNAP might create changes in the program application process, but it is difficult to know just what the results would be. The so-called “Heat and Eat” states would appear to no longer have any reason to issue LIHEAP payments below \$10 to SNAP participants, since such sums would neither substantially assist with utility costs nor generate larger SNAP benefits. In addition, compared to a \$1 payment, a payment greater than \$10 to multiple recipients could strain state LIHEAP budgets. Under this provision, state agencies, applicants, and participants would seem to have an added burden of determining all utility costs for the households that had previously received nominal LIHEAP payments; this can be more complicated where utility costs are included in rent. Further, advocates contend that presenting

²⁶ Congressional Budget Office, cost estimate, Agriculture, Food, and Jobs Act of 2013 (May 13, 2013), http://cbo.gov/sites/default/files/cbofiles/attachments/Agriculture%20Reform,%20Food,%20and%20Jobs%20Act%20of%202013%20-%20Ltr%20to%20Stabenow_0.pdf.

LIHEAP documentation is an administrative simplification that makes sure that eligible households are getting all of the deductions – or at least credit for all the deductions – that such households are due – especially in “Heat and Eat” states where the LIHEAP payment may be communicated to SNAP computer systems through a data-matching process.²⁷

Table I. SNAP Households with SUAs Due to LIHEAP Benefits, FY2011

Based on SNAP Quality Control Data

State	# Households with SUA Due to LIHEAP	% of State's SNAP Households
Alabama	885	0.2%
Alaska	6,572	18.9
Arizona	0	0.0
Arkansas	1,140	0.6
California	91,786	5.7
Colorado	52,868	26.8
Connecticut	97,926	48.8
Delaware	8,604	14.1
District of Columbia	25,532	33.7
Florida	1,423	0.1
Georgia	1,586	0.2
Hawaii	69	0.1
Idaho	26,401	27.8
Illinois	99,003	11.6
Indiana	32,905	8.8
Iowa	22,014	12.8
Kansas	41,005	30.1
Kentucky	99,308	26.5
Louisiana	3,775	1.0

²⁷ Food Research and Action Center, *Heat and Eat: Using Federal Nutrition Programs to Soften Low-Income Households' Food/Fuel Dilemma*, March 2009, http://frac.org/newsite/wp-content/uploads/2009/09/heat_and_eat09.pdf, p. 11 (“even if this [heating and cooling cost] information is reported, advocates report many SNAP/Food Stamp workers are too busy to record the information in the case record. By providing this special LIHEAP-funded benefit through an automated data exchange and direct mailing, states like Massachusetts have been able to apply the heating/cooling SUA to increase the SNAP/Food Stamp benefit for thousands of needy households.”).

State	# Households with SUA Due to LIHEAP	% of State's SNAP Households
Maine	57,098	45.5
Maryland	34,365	10.6
Massachusetts	202,154	45.6
Michigan	651,795	67.6
Minnesota	35,555	14.6
Mississippi	0	0.0
Missouri	95,211	22.3
Montana	12,804	22.8
Nebraska	31,965	42.8
Nevada	16,087	10.4
New Hampshire	35,014	65.6
New Jersey	336,850	91.9
New Mexico	48,324	27.4
New York	870,771	55.3
North Carolina	219,521	30.3
North Dakota	10,288	37.7
Ohio	127,519	15.2
Oklahoma	23,097	8.6
Oregon	77,526	18.6
Pennsylvania	646,758	79.7
Rhode Island	56,961	67.3
South Carolina	0	0.0
South Dakota	17,132	39.9
Tennessee	8,683	1.5
Texas	7,496	0.5
Utah	20,236	18.3
Vermont	27,409	61.1
Virginia	92,913	23.3
Washington	425,362	79.5

State	# Households with SUA Due to LIHEAP	% of State's SNAP Households
West Virginia	45,726	29.2
Wisconsin	366,360	99.3
Wyoming	4,695	32.3
Guam	0	0.0
Virgin Islands	0	0.0
Total	5,218,478	25.1

Source: Congressional Research Service (CRS) tabulations of the SNAP FY2011 Quality Control (QC) data file.

Notes: Because these data are from FY2011, they will not reflect the impact from state so-called “Heat and Eat” policies implemented in subsequent fiscal years. If LIHEAP benefits were to no longer qualify households for a standard utility allowance, some portion of these households would be able to document utility costs by another means that would qualify them for the SUA.

Aside from a \$10-threshold, has Congress proposed other changes to the treatment of LIHEAP in benefit calculation?

In the 112th Congress, the Agriculture Reconciliation Act (included in the House-passed Sequester Replacement Reconciliation Act, H.R. 5652) would have entirely ended the benefit calculation relationship between LIHEAP and SNAP. Presentation of LIHEAP documentation during the SNAP application process would not have triggered the inclusion of a Standard Utility Allowance in the benefit calculation process under this legislation. During floor consideration of S. 3240, the Senate-passed farm bill, several amendments²⁸ were introduced that mirrored the House’s H.R. 5652 language, but none of those received votes during the floor consideration. This is a broader change than the S. 3240 change; it would have affected more households, and, last year, CBO estimated it to save close to \$14 billion over 10 years.²⁹ Some introduced bills in the 113th Congress have taken this approach (S. 458/H.R. 1510; S. 762 /H.R. 1657). CBO estimated that Section 2 of S. 458 would save \$12 billion over 10 years.³⁰

Also, it is possible to impact “heat and eat” states with a threshold higher (or lower) than \$10, such as the \$20 threshold proposed in the current House Committee chair’s mark. The higher the threshold, the more households it can be expected will be affected. The lower the threshold, the fewer households.

²⁸ S.Amdt. 2173; S.Amdt. 2376; S.Amdt. 2377.

²⁹ Congressional Budget Office, *Cost Estimate: Agriculture Reconciliation Act*, April 23, 2012, <http://cbo.gov/sites/default/files/cbofiles/attachments/HouseAgricultureReconciliation.pdf>.

³⁰ <http://www.cbo.gov/sites/default/files/cbofiles/attachments/s458.pdf> (March 8, 2013). To achieve this cost estimate, CBO assumes that SNAP would be extended.

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