

# H.R. 1: CHANGES TO SNAP — ELIMINATION OF THE INTERNET DEDUCTION

## *New Policies Impacting SNAP*

**The Supplemental Nutrition Assistance Program (SNAP)** is the nation’s first line of defense against hunger, providing monthly food assistance to over 42 million people.<sup>1</sup> Research demonstrates SNAP alleviates hunger, improves nutrition and health outcomes, stimulates local economies, supports educational outcomes for children, and reduces long-term health care costs.<sup>2</sup>

After being passed by a majority of Republicans in Congress, President Trump signed the budget reconciliation bill, H.R. 1 (also known as OBBBA), into law on July 4, 2025.<sup>3</sup> H.R. 1 made sweeping changes and drastic cuts to SNAP that are a direct assault on the dignity, health, and well-being of millions of Americans struggling to put food on the table.

**Among these policy changes is the exclusion of internet expenses from the shelter deduction. This change will not only limit the critical deduction for households, but it will also cut benefits for over 14 million SNAP households by an average of \$10 per month each year.<sup>4</sup>**

### WHAT IS THE EXCESS SHELTER DEDUCTION?

The excess shelter deduction is an essential component of calculating SNAP benefits for eligible households.

A household’s eligibility and monthly SNAP benefit are determined using the household’s net income after deductions for expenses are taken. Generally, the higher the deductions a household claims, the lower their net income, thus the more adequate their SNAP benefit.<sup>5</sup> It is critical that households are appropriately screened for all deductions to ensure they receive the SNAP benefit they are entitled to.

One key deduction is a household’s shelter costs, referred to as the “excess shelter deduction.” This allows households applying for SNAP to claim a variety of costs related to housing including rent and utilities when determining net income.<sup>6</sup>



### DETERMINING SNAP BENEFIT AMOUNTS

SNAP households are expected to spend 30 percent of their income on food, with SNAP making up the difference between this 30 percent and the expected cost of food for the household, according to the Thrifty Food Plan.<sup>1</sup>

The steps for calculating a household’s SNAP benefit are:

1. Determine the household’s net income after deductions.
2. Multiply this number by 0.3.
3. Subtract this amount from the maximum monthly benefit for the size of the household (\$994 for a family of 4, for example)
4. The difference is the household’s monthly SNAP benefit amount.

See details at <https://www.fns.usda.gov/snap/recipient/eligibility>.

### WHAT IS THE INTERNET ALLOWANCE?

In 2024, following a thorough regulatory review and robust public input, the U.S. Department of Agriculture (USDA) updated SNAP rules to allow internet expenses to be included in calculating households’ utility allowance. The updated rule also allowed states to include internet costs in their standard utility allowance (SUA) calculations.<sup>7</sup> This change recognized the essential role of internet access in modern life, particularly for households with low income seeking employment, attending school, or participating in job training programs.<sup>8</sup>

### HOW DOES H.R. 1 CHANGE THE INTERNET ALLOWANCE?

H.R. 1 reverses this recent regulatory improvement. The law strips households of the ability to deduct their internet costs and prohibits states from including internet costs when calculating SUAs.

### WHY DOES THE INTERNET ALLOWANCE MATTER?

Access to the internet is critical for households. Home broadband facilitates job searches, employment opportunities, children’s education, health care services, online grocery shopping, and community participation. It can be a true lifeline for older adults and people with disabilities. Over three-quarters of U.S. households have home internet (78 percent), but that rate varies by income: Only 57 percent of households earning less than \$30,000 have home broadband.<sup>9</sup> Expanding internet access to more low-income households is critical for closing the digital divide and supporting the economic and physical health of families and individuals.<sup>10,11</sup>

The cost of internet service is one factor that limits its reach. Rural residents pay more for broadband than urban consumers, which drives lower subscription rates.<sup>12</sup> In 2024, Congress refused to renew funding for the Affordable Connectivity Program, which helped low-income households pay for home internet, raising prices for families by \$30–\$75 each month or causing millions to cancel service altogether.<sup>13</sup>

Allowing SNAP participants to deduct their internet expenses mitigates this cost. In fiscal year 2023, 14.5 million SNAP households (67.9 percent) claimed the excess shelter deduction.<sup>14</sup> For these households, reducing utility costs can mean higher net income and lower SNAP benefits. Without the internet allowance, SNAP households will see their benefits reduced and may have to choose between digital access and food.

## REDUCING THE HARM

To minimize harm and ensure households can continue to access both utilities and the food they need, advocates and stakeholders can take proactive steps:

► **Support households in reporting utility expenses and shelter costs:** Communicate the end of the internet allowance to SNAP households and stress the importance of claiming all available deductions to maximize SNAP benefit amounts. Make the types of available deductions clear and specify what kind of documentation can be used for verification, especially when it's not obvious. For instance, if a SNAP recipient is on a cellphone family plan and uses

Venmo to send payments to the account holder, they should write a clear description of what the payment is for and take screenshots of the transaction.

- **Simplify verification processes:** Work with state SNAP agencies to streamline how households can verify utility expenses. For example, in some states reporting forms include a straightforward check for people to indicate what individual utility expenses they pay, like a water or telephone bill. This process helps caseworkers apply the right SUA.
- **Ensure SUAs reflect rising costs:** State agencies must regularly submit updated methodologies for calculating SUAs along with the underlying data.<sup>15,16,17</sup> Advocates should work with state agencies to ensure states are using up-to-date data so that SUAs accurately reflect high and rising utility costs. This should include reviewing state methodology and collecting actual bills from SNAP participants across the state to compare with what the SNAP agency is using.
- **Encourage Congress to pass the Restoring Food Security for American Families and Farmers Act and the Closing the Meal Gap Act:** The first bill repeals H.R. 1's cuts to SNAP, and the second strengthens SNAP benefits, including by eliminating the cap on the shelter deduction, which will reduce administrative burden and help all households absorb rising shelter and utility costs, even without the ability to deduct internet expenses specifically.

**H. R. 1's changes to SNAP put many households at risk of reduced nutrition assistance at a time of rising food and energy costs. The harm to SNAP participants can be reduced through combining strong program outreach, simplified verification, updated standard utility allowances, and bold advocacy so SNAP can continue to support households and reduce hunger.**

## ENDNOTES

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