Regulatory Impact Analysis
7 CFR Part 273

Supplemental Nutrition Assistance Program: Standardization of State Heating and Cooling Standard Utility Allowances

I. Statement of Need

The United States Department of Agriculture (the Department) is proposing this rule which would revise Supplemental Nutrition Assistance Program (SNAP) regulations to standardize the 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. Standard allowances for other utility costs would subsequently be capped at a percentage of the heating and cooling allowance, with the exception of an updated telecommunications SUA that would be capped at a standard amount set nationally. These figures would continue to be updated annually and reflective of utility costs in each State. The Department believes that standardizing the SUA methodology would help make SUAs and the program more equitable and would also improve program integrity by ensuring SUAs better reflect what households are paying for utilities.

II. Summary of Impacts

The Department has estimated the total reduction in Federal SNAP spending associated with the proposed rule to be approximately $4.5 billion over the five years 2021-2025. This represents a reduction in Federal transfers (SNAP benefits). Estimates of spending impacts for the years 2021-2030 are presented in Appendix A. While these ten-year estimates are a useful budgeting tool, this impact analysis focuses on impacts over five years as there is much less uncertainty for estimates over this time frame.

The Department estimates that approximately 16 percent of households will see an increase in their monthly SNAP allotment and another 19 percent will see a decrease in their monthly SNAP allotment. A very small number of households are estimated to lose eligibility for SNAP (less than 8,000 households). The rule is also expected to result in a small reduction in administrative burden for State SNAP agencies, about $14,000 annually.

The impacts of the rule provisions are summarized in the following table. Reductions in SNAP benefit payments are categorized as transfers in the accounting statement that follows; reductions in administrative burden are categorized as cost savings.

Table 1: Summary of Federal Budget Impacts, FY 2021-2025

In Millions of Dollars	**FY 2021+**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**Total**
Set Heating and Cooling SUAs at 80th Percentile	-$497	-$1,020	-$1,049	-$1,078	-$1,105	-$4,748
Changes to Current SUA Options	$24	$48	$50	$51	$52	$225
Cap Limited Utility Allowance and Single Utility Standards	-$5	-$10	-$10	-$11	-$11	-$47
Establish Telecommunications SUA	$7	$14	$15	$15	$15	$66
Total Estimated Impacts	**-$471**	**-$968**	**-$995**	**-$1,022**	**-$1,048**	**-$4,504**
Discounted Transfer Impact						
7 percent	-$441	-$845	-$812	-$780	-$747	-$3,625
3 percent	-$458	-$912	-$910	-$908	-$904	-$4,092
Administrative Cost Savings						
Reduced Administrative Burden	*	*	*	*	*	*

+Savings are lower in year 1 due to phased implementation
*Minimal
Note – Figures may not sum due to rounding.

As required by OMB Circular A-4, in Table 2 below, the Department has prepared an accounting statement showing the annualized estimates of benefits, costs, and transfers associated with the provisions of this proposed rule.

Table 2: Accounting Statement

	Primary Estimate	**Year Dollar**	**Discount Rate**	**Period Covered**
Benefits – Qualitative: Would help make SUAs and the program more equitable and improve program integrity by ensuring SUAs better reflect what households are paying for utilities.				
Annualized Monetized ($millions/year)		2019	7%	FY 2021-2025
		2019	3%	
Costs – This proposed rule will result in a minimal decrease in State Agency administrative burden related to determining HCSUA values and reporting SUA information to FNS annually.				
Annualized Monetized ($millions/year)	*	2019	7%	FY 2021-2025
	*	2019	3%	
Transfers – Reduced benefit payments to SNAP participants.				
Annualized Monetized ($millions/year)	-$884.0	2019	7%	FY 2021-2025
	-$893.6	2019	3%	

*Minimal

In the discussion that follows, we provide a section by section description of the impacts.

III. Section by Section Analysis

A. Background

SNAP and Shelter Expenses

The Food and Nutrition Act of 2008, as amended, established uniform national eligibility standards for SNAP and defines the parameters used to calculate SNAP benefits. Household benefits are calculated by subtracting 30 percent of the total net income from the maximum allowable benefit allotted for that household's size. Net income is calculated by subtracting allowable deductions from the household's gross monthly income. These include:

- A standard deduction that is available to all households
- An earned income deduction for households with earnings
- A dependent care deduction for certain out-of-pocket dependent care expenses
- A medical expense deduction for households with elderly or disabled members
- A deduction for child support payments made to non-household members
- An excess shelter expense deduction, available to households with shelter costs exceeding 50% of their income after other deductions. This deduction has a maximum value

Shelter expenses include the basic cost of housing, as well as utilities and other allowable expenses. Most parameters for eligibility are established at the Federal level, but States are afforded limited discretion to establish SUAs which may be used in place of actual utility expenses when calculating the excess shelter deduction. Using SUAs can help simplify the application process for applicants and State agencies. States have the option to require that households with eligible utility expenditures use a SUA (rather than

documenting actual utility costs); 48 States have opted to make the use of SUAs mandatory.[1]

States with mandatory SUAs must establish at least two SUAs, one for households with heating and/or cooling expenses, and another for households without such expenses. States may establish multiple SUAs to reflect differences in households' circumstances. Types of SUAs include:

- A Heating and Cooling SUA (HCSUA), for households that pay heating and cooling expenses separate from their rent or mortgage;
- A Limited Utility Allowance (LUA), for households with expenses for at least two allowable utility costs, but no heating/cooling costs;
- A telephone-only allowance, for households that have no utility expenses other than telephone; and
- Single Utility Standards (SUSs), for households with one utility expense, such as electricity, that is separate from rent or mortgage.

Nearly all States use a HCSUA and Telephone SUA. Most have LUAs and about half have at least one SUS. Appendix Table B contains the FY 2019 SUA values for each State.

States are not required to use a particular methodology when developing SUAs under current program rules. States must update SUAs annually, but are not directed to use specific data sources, and can revise their methodology at any time so long as they

[1] The five States without mandatory SUAs are Arkansas, Hawaii, Tennessee, Virginia, and the Virgin Islands.

receive FNS approval. Most States use one of two different types of methodologies when calculating their SUAs. The first is a methodology that relies on State-specific recent utility data. The second is a methodology that adjusts a base number using an inflation measure such as the Consumer Price Index (CPI). Some States use a methodology that combines both approaches.

While the use of SUAs simplifies the application process from the perspective of both the State Agency and the applicant, the Department believes program simplification needs to be balanced with ensuring benefit equity across states and improving program integrity. The Department has program integrity concerns as SUA values in some States do not accurately reflect what households are paying for utilities. In addition, the Department believes the current policy allows for disparities to arise from State to State, as two households may have comparable utility costs on opposite sides of a State border but receive a higher or lower benefit amount because of the choices their State has made in developing their SUAs. For example, in FY 2017, a household with one adult and one child in South Dakota with the same income, deductions, and housing costs as a similar household in Wyoming would receive $55 more in SNAP each month due *only* to the differing HCSUA amounts between the neighboring States. For an elderly individual living alone in those same States, the difference in benefits could be even larger – a household in South Dakota with the same income, housing costs, and deductions would receive a benefit nearly 2.5 times the size of that received by a similar household in Wyoming ($164 versus $67). Similarly, a household with an elderly person living alone in Kentucky with the same circumstances as a similar household in Ohio would receive $59 less per month in SNAP benefits, due *only* to differing HCSUA amounts.

SUA Variability

In general, utility costs are a function of energy consumption (usage) and energy cost (price). The total cost a household pays for utilities is also influenced by the purpose of the energy consumption, or the end use; for example, whether electricity is used for cooking and lights versus for heating a home. Both consumption and price can be expected to show variation across States, so some differences in SUA values are to be expected. Figures 1 and 2 below illustrate the variation in per capita consumption and expenditures across the United States.[2]

[2] Source for Figures 1 and 2 is the State Energy Data System https://www.eia.gov/state/seds/. Estimates of consumption and cost are not adjusted for end use or for whether or not they are paid directly by occupants or included in occupant rental fees.

Figure 1. Total Energy Consumed per Capita by State, 2016 (million BTUs)

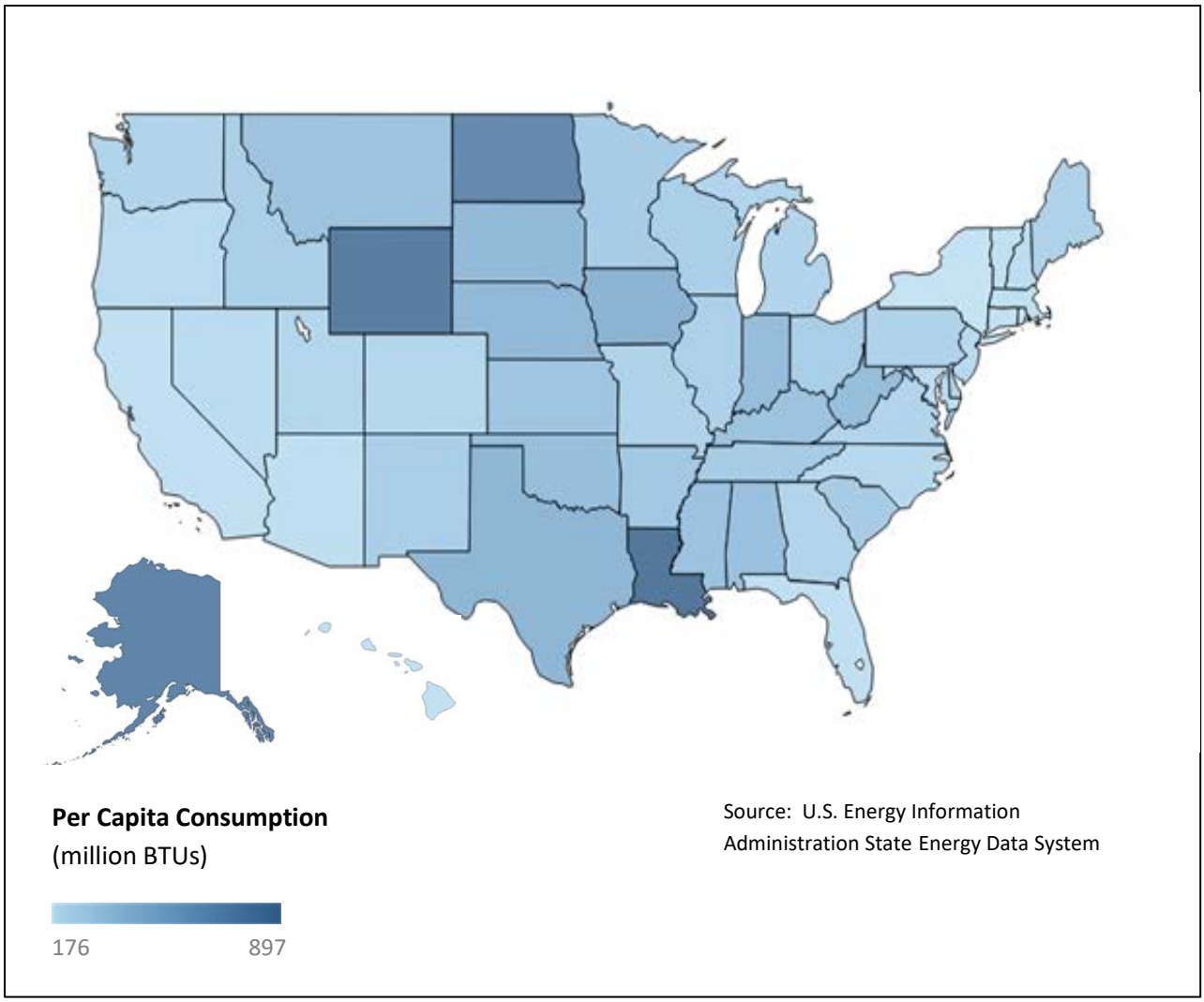
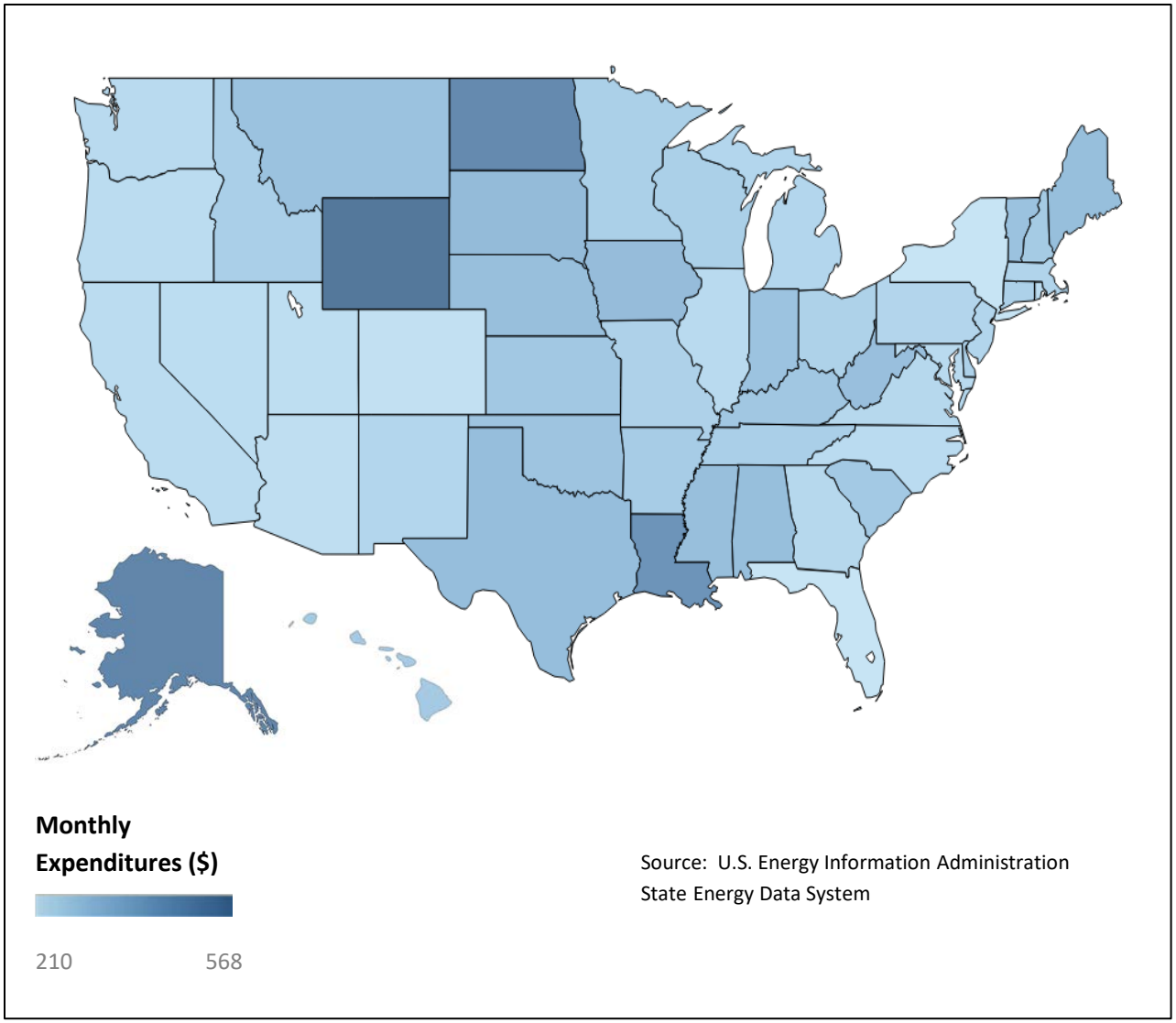


Figure 2. Total Energy Expenditures per Capita by State, 2016 ($)



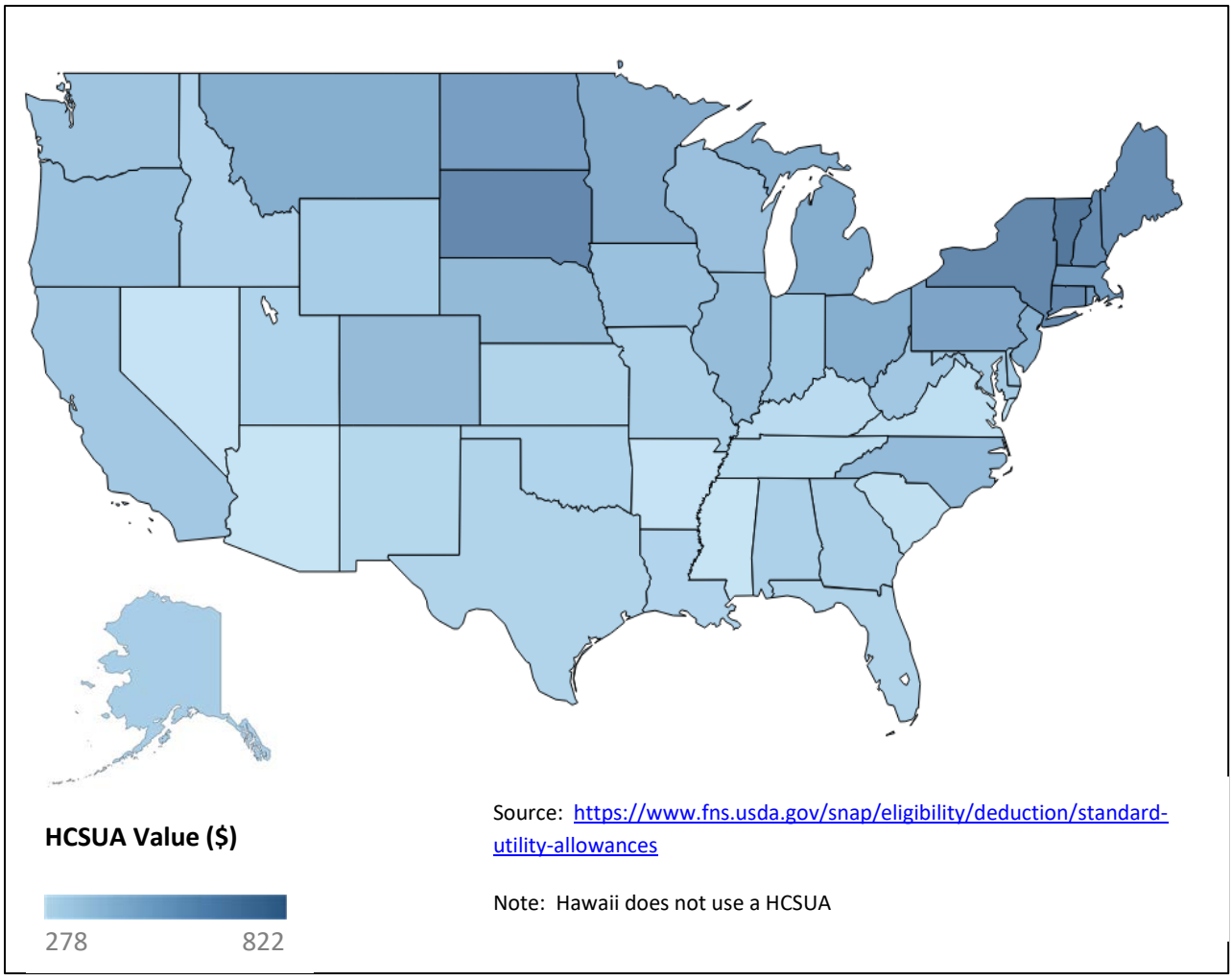
As expected, both consumption and annual expenditures vary across States. Per capita consumption, in particular, shows substantial variation by State, ranging from a low of 176 million BTUs[3] per capita in Rhode Island to a high of 897 million BTUs per capita in

[3] British Thermal Units, a unit of measurement for energy.

Louisiana. Per capita monthly energy expenditures show somewhat less variation, ranging from $210 in New York to $568 in Wyoming.

However, as shown in Figure 3, the variation in HCSUA values is greater than and not consistent with the variation in either consumption or expenditures. For example, the New England States have among the highest HCSUAs, but per capita expenditures in many of those States falls closer to the average. On the other hand, Wyoming and Louisiana rank among the highest in per capita consumption and expenditures, but their HCSUAs are among the lowest.

Figure 3. HCSUA Values by State, 2019 ($)



SUA Values and Utility Expenditures

In 2017, FNS published a study, *Methods to Standardize State Standard Utility Allowances* (2017 SUA Study), which examined ways to use consistent data and methodologies to establish and update standard utility allowances.[4] The 2017 SUA Study found that there was considerable variation between actual FY 2014 HCSUA values and utility expenditures among low-income households.[5] One State had a HCSUA lower than average utility expenses of low-income households in the State, five States had a HCSUA lower than the 70th percentile of low-income household utility expenses in the State, and 20 States had HCSUAs lower than the 80th percentile of low-income household utility expenses in the State. In 22 States the HCSUA met or exceeded the utility expenses of 85 percent of low-income households.

Proposed SUA Methodology

The 2017 SUA Study found that developing a standard methodology for calculating SUAs would be challenging but not impossible. The study recommended a methodology that relied on data from the American Community Survey (ACS) and the Residential Energy Consumption Survey (RECS).[6] Both sources have limitations that make it difficult to rely on either exclusively:

[4] Holleyman, Chris, Timothy Beggs, and Alan Fox. *Methods to Standardize State Standard Utility Allowances.* U.S. Department of Agriculture, Food and Nutrition Service, August 2017. https://fns-prod.azureedge.net/sites/default/files/ops/methods-standardizes-uas.pdf. A brief summary of the study is included in the appendix.

[5] The study defined "low-income" as households with incomes at or below 150 percent of the Federal poverty level.

[6] The American Community Survey is conducted by the U.S. Census Bureau; data may be found at https://www.census.gov/programs-surveys/acs/. The Residential Energy Consumption Survey is conducted by the U.S. Energy Information Administration; data may be found at https://www.eia.gov/consumption/residential/.

- The ACS relies on self-reported information on utility costs, which tends to be inaccurate and overstated. Additionally, this data does not distinguish between end uses for utilities (i.e., natural gas used only for cooking vs. natural gas used for cooking and heating), which is necessary for developing SUAs that reflect different household circumstances.
- The RECS includes information on end use utility spending, and is the most accurate source of information on utility expenses paid by low income households. However, State-level estimates are not available for all States. Additionally, there is a significant lag between data collection and release.[7]

To compensate for the limitations of these data sets, the study methodology adjusts the ACS data using RECS to correct for upward bias in self-reported utility spending and to account for different utility end uses. In this way, the study was able to develop SUAs that, when tested and validated, more closely aligned with actual utility expenditures.

Because of the complexity involved in developing base-year SUAs, and because the RECS is not published every year, the study also recommended an approach for making annual adjustments to base-year SUAs in the years between releases of both data sets. The report recommends using a 3-year average of the CPI for utilities to make these annual adjustments.

[7] For a more detailed description of the methodology, see p. 28, *Methods to Standardize State Standard Utility Allowances.*

B. Baseline for Cost Estimate

Our baseline for measuring the costs, benefits, and transfers associated with this proposed rule is the Department's estimated SNAP participation and benefit spending for FYs 2021-2025, shown in Table 3 below.[8]

Table 3: Estimated SNAP Participation and Benefit Spending

	2021	2022	2023	2024	2025
Participation (000s)	37,537	37,397	37,282	37,188	37,030
Benefits ($millions)	$58,815	$60,361	$62,047	$63,769	$65,369

Source: Internal USDA Estimates (see footnote 8)

Estimates of the percentage of households claiming SUAs as part of their SNAP benefit determination are derived from FY 2017 SNAP Quality Control (QC) data.[9] Those estimates are as follows:

Table 4: Percentage of SNAP Households Using SUAs

Households claiming:	Percent
No SUA/Utilities	26.0
HCSUA	63.0
LUA	1.0
Individual Standard (other than Telephone)	0.7
Telephone SUA	5.2
Other	0.8
Actual Expenses	0.2
Other/Missing	3.2

Source: FY 2017 SNAP Quality Control Data

[8] Each year as part of the process of developing the President's Budget, the Department produces estimates of expected SNAP participation and benefit spending over a ten-year period. Estimates in this Regulatory Impact Analysis are based on Department Estimates for the FY2020 President's Budget.

[9] SNAP QC data (2017 SNAP QC Data in SAS, SPSS and Stata format) and technical documentation, including a list of available variables and a detailed description of the QC Minimodel (2017 SNAP QC Technical Documentation), are publicly available on the FNS website here: https://host76.mathematica-mpr.com/fns/.

C. Methodology

The impact on SNAP benefit spending (transfers) was derived using FY 2017 SNAP QC data and the QC Minimodel. SNAP QC data are collected annually as part of the ongoing effort to determine the accuracy of SNAP certification actions.[10] Data are collected for a sample of SNAP households that is statistically representative at both the national and State levels. The QC Minimodel is one of the microsimulation models maintained by FNS. This model uses FY 2017 QC data from 45,530 households, including information on household income, income sources, expenses, and household composition, to simulate the impact of various policy changes to SNAP on current SNAP participants. Like all microsimulation models, this model simulates the impacts of legislative or other program changes at the "micro" level (in this case, SNAP households). These micro-level impacts on SNAP eligibility and benefit amounts are combined to estimate the total impact of program changes at the national level. The QC Minimodel can be used to simulate changes at both the national and State level.

A brief description of our methodology follows:

1. The actual FY 2017 SUA values for each State are pre-programmed into the QC Minimodel. The FY 2017 HCSUA values were replaced with alternative values developed using the study methodology and adjusted for inflation using a rolling 3-year average of the CPI for fuels and utilities. (Alternative SUA values used in the simulation and CPI data can be found in Appendix Tables C and D.)

[10] Detailed information on the QC review process, including sampling requirements and procedures for conducting QC reviews, can be found on the FNS website here: http://www.fns.usda.gov/snap/quality-control.

2. The LUA values were replaced with an alternative value if the State's LUA exceeded the cap (70 percent of the State's HCSUA value). If the State's LUA was below the cap, the LUA value was unchanged.
3. Similarly, SUS values were replaced with an alternative value if the SUS exceeded the cap (35 percent of the HCSUA value). SUSs below the cap were unchanged.
4. The Telephone SUA value was replaced with the $55 cap if the Telephone SUA exceeded that cap. Telephone SUAs below the cap were unchanged.
5. Household benefits were then recalculated for those households that claimed a SUA to estimate the percentage change in total benefit spending in FY 2017.
6. A second simulation was conducted in which all Telephone SUAs were set to the cap. Results from both simulations were averaged. This percentage change was applied to the baseline benefit spending (Table 3 above) to estimate the annual reduction in SNAP benefit spending (transfers).

Additional simulations were conducted to estimate the marginal impacts of each provision of the proposed rule on SNAP benefit spending and to estimate the potential impacts under other scenarios.

D. Section-by-section analysis

1. *Standardize HCSUAs.*

Discussion: In order to address variations found in the 2017 SUA Study and ensure benefit equity across States, the Department is proposing to standardize the methodology used to calculate State HCSUAs. The proposed rule would specify that HCSUA values for each State would be established by the Department each year.

HCSUA values would be developed using a consistent methodology for each State and using consistent data sources, such as the ACS and the RECS.

The proposed standardization would set the HCSUA value at the 80th percentile of utility expenditures among low-income households in the State.[11] Any approach to standardizing SUAs requires setting a high enough threshold that the standard covers most households' costs so benefit losses are minimized for households with utility expenses well above the median. By setting the value at the 80th percentile the Department seeks to ensure that HCSUAs are set high enough to cover the utility costs of most households, but would also improve program integrity by ensuring the HCSUAs better reflect what households are paying for utilities. Standardizing the HCSUA methodology would also reduce variation between utility costs and HCSUA values across States and thus make the program more equitable. Using the previous example of elderly households in Wyoming and South Dakota, the estimated difference in their monthly SNAP benefits drops from $97 to $1 under the proposed rule's changes.

The 2017 SUA Study found that FY 2014 HCSUA values varied from a low of $235 to a high of $771,[12] with a range of $536 and a standard deviation of about $130. However, HCSUAs developed using the study methodology and based on median (50th percentile) monthly utility expenditures would have been much lower ($118-$253), with a smaller range ($135) and a lower standard deviation ($30).[13] If

[11] Low income is defined as households with income below 150 percent of the Federal poverty level.
[12] Excludes Alaska sub-state HCSUAs
[13] In statistics, a lower standard deviation indicates that data points are closer to the mean; i.e., there is less variation across the set of data points. In other words, data from the 2017 SUA Study indicates that there is greater variation in State-established HCSUA values than in median utility expenditures.

HCSUA values developed using the study methodology were set somewhat higher, at the 80th percentile, there would still be less variation across States than using the FY 2014 HCSUA values; HCSUA values using the study methodology at the 80th percentile would have ranged from $303 - $488 (a range of $185) with a standard deviation of about $45.

Effect on SNAP Participants: Because more than 60 percent of SNAP households claim the HCSUA, this provision of the proposed rule has the greatest impact on SNAP households. For about one-third (34 percent) of all SNAP households, standardizing the HCSUA results in a change in the household's monthly SNAP benefit. Just over half of those households with changed benefits will see a lower benefit and the remainder will experience a benefit increase. Less than one-tenth of one percent of households will lose eligibility; these households currently qualify for very low benefits due to higher net income.

The remaining two-thirds of SNAP households experience no benefit change because: 1) they do not use the HCSUA; 2) they already have zero net income (so changes to their shelter expenses do not impact the household benefit); or 3) their total shelter deduction is limited by the shelter cap. Table 5 below shows the distribution of gainers and losers among the overall SNAP population.

Table 5: Impact on SNAP Households and Benefits of Standardizing HCSUAs

Households that are:	Percent of all Households	Average Benefit Impact*
No longer eligible	0.05	-$29.21
Receiving lower benefits	19.21	-$32.20
Receiving higher benefits	14.75	$13.90
No change in benefits	65.99	--

Source: Simulation using FY 2017 SNAP Quality Control Data

*Benefit impact in FY 2017 dollars

Effect on Federal Costs: The standardization of the HCSUA provision of the proposed rule is expected to reduce SNAP benefit payments (transfers) by $497 million in FY 2021 and $4.748 billion over five years (2021-2025). This represents a 1.69 percent reduction in SNAP benefits per year when fully implemented. These estimates assume the change is phased in at recertification, so only half of households are affected in the first year of implementation.

Effect on State Agencies: Because they would no longer need to calculate or update HCSUAs annually, the Department anticipates lower administrative burden on State Agencies. The impact on burden is detailed in the proposed rule.

2. Changes to Current SUA Options

Discussion: Under current rules, States are permitted to set different SUA amounts based on geographic location within the State, household size, or season. Currently, two States, Alaska and New York, have HCSUAs that vary by geographic region and six states have SUAs that vary by household size; no States vary their SUA by

season.[14] The proposed rule would eliminate the State options to vary allowances by household size or geographic area as part of the Department's efforts in recognition of the low number of States taking these options. This proposed elimination is also due to data limitations for areas with very small populations. Since the data sources used for the new standardized methodology cannot consistently develop HCSUAs for sub-State rural areas with very low populations, States wishing to create geographic-based SUAs for rural areas would be disadvantaged, raising further parity concerns.

Consistent with the proposed rule's standardization efforts to promote more benefit equity, the proposed rule would also eliminate two other options related to SUAs. The first permits State agencies to include the excess heating and cooling costs of public housing residents in the LUA if they wish to offer the lower standard to such households; the second permits States to include the cooling expense in the electricity utility allowance for States where cooling expenses are minimal. These options allow States to use standards other than the HCSUA for households that incur heating or cooling costs and reside in public housing. These options are infrequently used and affect few households. As shown previously (Table 4), less than two percent of households claim the LUA or any SUS (other than the Telephone Standard).

Effect on SNAP Participants: Removing the options that permit within-State variation in HCSUAs is expected to have small impacts on SNAP participants in those States currently using this flexibility. When combined with the HCSUA

[14] Arizona, Guam, Hawaii, North Carolina, Tennessee, and Virginia

standardization provision, eliminating within State variation results in slightly fewer households losing benefits and slightly more households gaining benefits than under the HCSUA standardization provision alone (Table 6 below).

Table 6: Marginal Impact on SNAP Households of Eliminating Within-State Variation in SUAs

Percentage of Households that are:	HCSUA Standardization Only	Impact When Combined with Elimination of Within State Variation
No longer eligible	0.05	0.04
Receiving lower benefits	19.21	18.83
Receiving higher benefits	14.75	15.05
No change in benefits	65.99	66.08

Source: Simulation using FY 2017 SNAP Quality Control Data

Eliminating the other SUA options is not expected to have a measurable impact on SNAP participants since these options are used infrequently and eliminating these options would only have minimal impacts on the value of the LUA or electricity standard.

Effect on Federal Costs: Changes to the current SUA options are expected to increase SNAP benefit payments (transfers) by $24 million in FY 2021 and $225 million over five years (2021-2025). This represents a 0.08 percent increase in benefit payments per year when fully implemented. As with the previous provision, these estimates assume the change is phased in at recertification, so only half of households are affected in the first year of implementation.

Effect on State Agencies: Impacts on State Agencies would be confined to those States that currently utilize one or more of these options. In these States, the time needed to calculate SUAs will be reduced as the State will no longer need to calculate as many SUAs.

3. Cap LUAs and SUSs

Discussion: Under the proposed rule, FNS would calculate HCSUAs annually for all SNAP State agencies. States would continue to use their own methodologies to determine LUA and SUS amounts; however, these standards would be capped at a percentage of the HCSUA. The Department is proposing to cap LUAs at 70 percent of a State's HCSUA amount and SUSs at 35 percent of a State's HCSUA.

The SUS cap of 35 percent was selected based on data from the 2017 SUA Study. The Department compared the values of each State's individual electricity and natural gas standards to the HCSUA values developed using the study methodology. On average, the individual standards were 25-38 percent of the study HCSUAs.[15] The Department then compared actual FY 2017 SUS values to the proposed SUS caps (Appendix Table C). Only four States had SUSs that exceeded the cap.

[15] The Department compared the individual electricity and natural gas standards to the median HCSUA values. Values of the individual standards can be found in Tables I.1 and I.2 of the 2017 SUA Study; median HCSUA values can be found in Table 5 of the study. On average, electricity standards were 38 percent of the HCSUA values; natural gas standards averaged 25 percent of the HCSUA value. See footnote 4 for the internet source of the 2017 SUA Study

A similar analysis was done of study HCSUA and LUA values. This analysis found that on average study-developed LUA values were 43 percent of the median HCSUA value[16] and ranged from a low of 32 percent to a high of 72 percent. The Department chose the 70 percent threshold to minimize the impact on State Agencies and SNAP households and because it is common practice within States to use a single standard for households that have one utility expense (outside of telephone), the LUA for households with two expenses, and the HCSUA for households with heating or cooling expenses. When comparing actual FY 2017 LUA values to the proposed LUA caps (see Appendix Table C) the Department found that 20 States had LUA values above the cap.

Effect on SNAP Participants: As previously stated, less than two percent of households claim the LUA or any SUS (other than the Telephone Standard) across all States. However, we estimate that only about one quarter of these households would be impacted by this change, or less than one percent of all SNAP households.

Table 7: Marginal Impact on SNAP Households Capping LUA and SUS Values

Percentage of Households that are:	HCSUA Standardization/ no Within State Variation	Impact When Combined with Capping LUA/SUS
No longer eligible	0.04	0.04
Receiving lower benefits	18.83	19.18
Receiving higher benefits	15.05	15.05
No change in benefits	66.08	65.73

Source: Simulation using FY 2017 SNAP Quality Control Data

[16] LUA values can be found in Table I-3 of the 2017 SUA Study. See footnote 4 for the internet source of the 2017 SUA Study

Effect on Federal Costs: This provision of the proposed rule is expected to reduce SNAP benefit payments (transfers) by $5 million in FY 2021 and $47 million over five years (2021-2025). This represents a 0.02 percent reduction in benefit payments per year when fully implemented. These estimates assume the change is phased in at recertification, so only half of households are affected in the first year of implementation.

Effect on State Agencies: The Department does not expect that this provision will have measurable impacts on States Agencies as they will continue to calculate their LUAs and individual standards as is current practice.

4. Update the Telephone SUA

Discussion: The Department is proposing to add the cost of basic internet service as an allowable utility expense, in recognition of internet access becoming a necessity for school, work, and job search. The proposed rule replaces the telephone SUA with a broader telecommunications standard (Telecommunications SUA) that consists of costs for one telephone, basic internet service, or both. State agencies would not be authorized to create a single utility allowance solely for basic internet service.

The new Telecommunications SUA will be available to households with utility costs for telephone, internet, or both, but which do not claim another SUA. FNS will calculate the maximum amount of the Telecommunications standard annually and the cap amount will be the same for all States rather than at a percentage of the State's

HCSUA. States would still need to calculate their own telecommunications figures annually. The methodology and final figures would be subject to the cap, as well as FNS review and approval. Eligible households with basic internet and/or telephone costs will not be able to claim actual costs that exceed the Telecommunications SUA amount. For example, households with more than basic internet packages, such as those combined with cable television service, would not have the cost of their entire package counted. Rather these households would either receive the telecommunications SUA or have their actual costs counted up to the amount of the standard, depending on the option their State selects.

Currently (as of FY 2019), all States have a Telephone standard. The value of these standards ranges from a low of $18 to a high of $78; however, the most common value is $27.

Effect on SNAP Participants: As shown in Table 4, about 5 percent of SNAP households currently use the Telephone SUA. The Department estimates that about one-fifth of these households (or about one percent of all SNAP households) will be eligible for a larger standard due to their State adopting the Telecommunications SUA.[17] This estimate assumes that roughly half of all States adopt the new Telecommunications SUA.

[17] HCSUA values developed using the study methodology already include approximately $55 in telephone or telecommunications expenditures. Therefore, this provision is not expected to impact households that do not claim the telephone SUA.

Table 8: Marginal Impact on Implementing Telecommunications SUA

Percentage of Households that are:	All Other Rule Changes	Impact When Combined with Telecommunications SUA
No longer eligible	0.04	0.04
Receiving lower benefits	19.18	19.18
Receiving higher benefits	15.05	15.83
No change in benefits	65.73	64.95

Source: Simulation using FY 2017 SNAP Quality Control Data

Effect on Federal Costs: This provision is expected to increase SNAP benefit payments (transfers) by approximately $7 million in FY 2021 and $66 million over five years (about 0.02 percent of benefits). This estimate assumes that the Telecommunications SUA is set at $55 and that half of States increase the value of the current Telephone SUA up to the established cap. The $55 value was selected to represent the cost of an affordable one-line cell phone plan that includes data access.[18] All but seven States have Telephone standards below this cap.

Effect on State Agencies: The Department does not expect this provision to have measurable impacts on State Agencies as they will continue to calculate this SUA (as is current practice), subject to the cap. Seven States currently have Telephone SUAs above the assumed cap value and would have their standard capped.

E. Distributive Impacts:

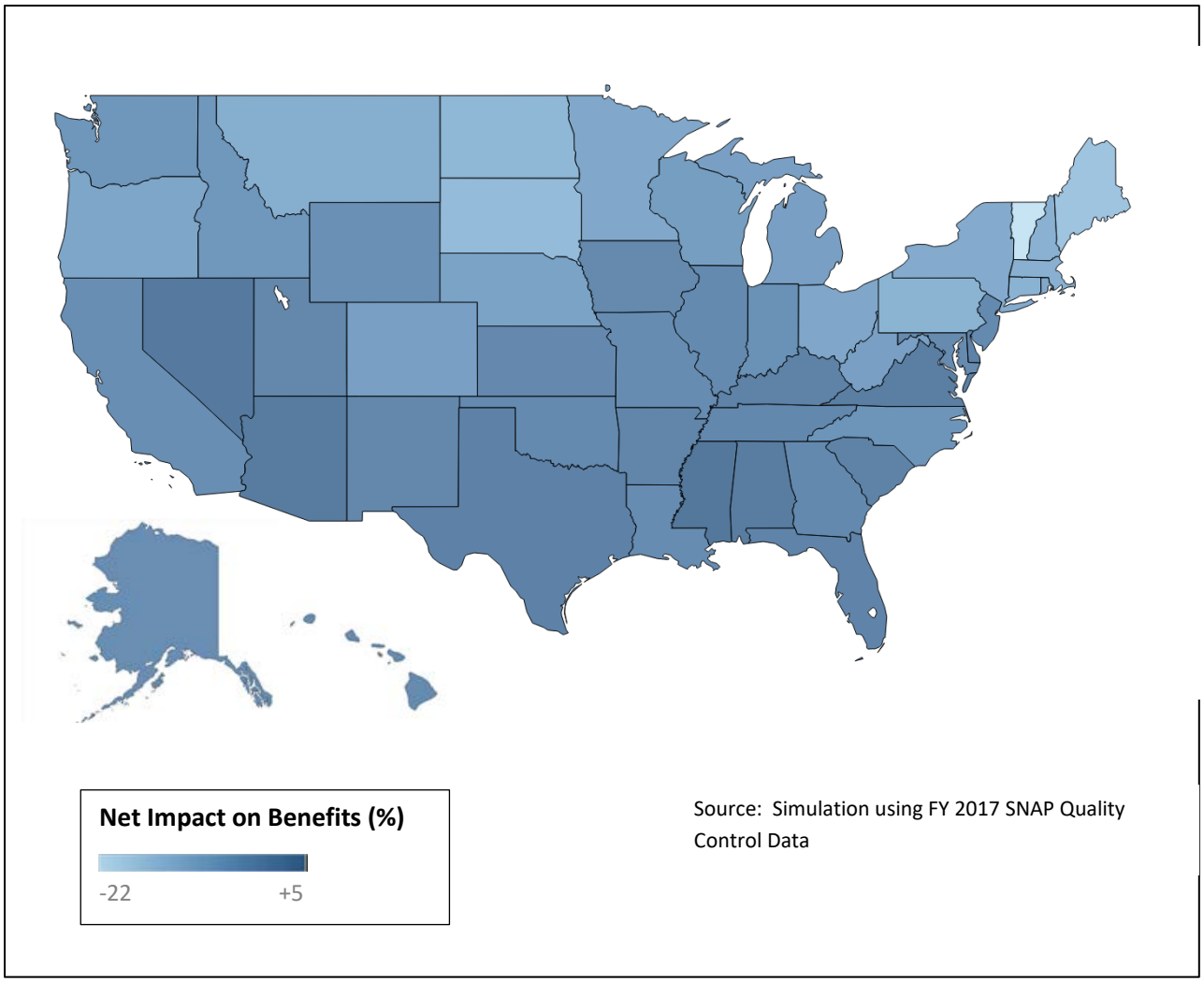
1. *Differences in State-level impacts.*

[18] Carriers such as Boost Mobile and Cricket Wireless commonly offer single-line plans with unlimited data access at similar price points.

Actual benefit gains and losses vary substantially by State, depending primarily upon how closely the State's current SUA values align with the proposed rule.[19] Because the proposed rule makes multiple changes to current SUA policy, in about three-fifths of States there are both households that gain benefits and households that lose benefits. Figure 4 shows the impact on total SNAP benefits, by State. As this graphic illustrates, States in the Northeast and Mountain Plains are most likely to see large decreases in total benefits, while States in the South are most likely to see large increases. State-level impacts for all States are included in Appendix Table E.

[19] See Appendix E for detailed impacts for each State.

Figure 4. Percentage Change in SNAP Total Benefits by State



The average gain (in FY 2017 dollars) ranges from a low of $1 to a high of $33 among households that see larger benefits; the average benefit gain across all States is about $13. Similarly, the average loss (among households losing benefits) ranges from -$1 to -$75 and averages about -$31 across all States. A comparable pattern can be seen in the share of households that gain or lose benefits (Table 9).

Table 9: Range of Gains and Losses, All States

	Households Losing Benefits (%)	Households Gaining Benefits (%)	Average Among Impacted Households	
			Benefit Loss	Benefit Increase
Average for All States	19.2	15.8	-$31	$13
High	61.0	46.0	-$75	$33
Low	<1.0	<1.0	-$1	$2

Source: Simulation using FY 2017 SNAP Quality Control Data

2. *Differences among subgroups*. The proposed rule changes, in particular the provision that would standardize the HCSUA, have the greatest impact on households that contain an elderly or disabled individual. As noted previously, these households are not subject to the cap on the allowable excess shelter deduction, and thus are more likely to be impacted by changes to the HCSUA as larger HCSUAs result in a larger shelter deduction, and vice versa. Households with elderly members and households with disabled members make up a disproportionate share of those who gain benefits as well as of those who lose benefits, as shown in Table 10 below.

Table 10: Gains and Losses by Demographic Subgroup and Race/Ethnicity

	Households Losing Benefits (%)	Households Gaining Benefits (%)	Average Among Impacted Households: Benefit Loss	Average Among Impacted Households: Benefit Increase
All Households	19.22	15.83	-$31	$13
Households with:				
Elderly	26.37	20.55	-$36	$14
Disabled	30.40	25.28	-$35	$13
Earnings	21.66	18.52	-$29	$13
Children	19.45	17.12	-$28	$14
Race/Ethnicity of Household Head				
Asian	24.32	7.70	-$42	$12
White, not Hispanic	23.13	13.45	-$32	$13
Black, not Hispanic	17.07	17.14	-$30	$14
Hispanic	17.03	16.15	-$31	$15
Unknown*	14.53	21.11	-$27	$13

Source: Simulation using FY 2017 SNAP Quality Control Data

*Race/Ethnicity is unknown for 17 percent of participants.

Households headed by an Asian or white individual are also more likely to lose benefits (24 and 23 percent, v. 19 percent for all households); African-American-headed households are slightly more likely to gain (17 percent v. 16 percent for all households).

Both the average benefit loss and the average gain are larger for households containing elderly members or individuals with disabilities, compared to the impacts on other households. This is likely because shelter deductions for these households are not constrained by the shelter cap.[20] Households with members who are elderly

[20] All other things being equal, households containing elderly or disabled individuals may qualify for a larger shelter deduction than a similar household without an elderly or disabled member because the shelter deduction is not capped. As a result, the household with an elderly or disabled member has lower net income, resulting in a larger SNAP benefit.

or disabled are more likely than other households to claim an excess shelter deduction, and those deductions are larger on average than the shelter deductions of other households (Table 11). Half of Asian households contain an elderly individual, compared to one-fourth of all households, which likely explains the disproportionate impact on Asian households.

Table 11: Excess Shelter Deduction Usage of SNAP Households, FY 2017

	Claiming Excess Shelter Deduction (%)	Average Value*
All Households	69.0	$406
Households with:		
Elderly individuals	75.2	$429
No Elderly individuals	67.1	$398
Households with:		
Individuals with Disabilities	80.0	$422
No Individuals with Disabilities	66.1	$401

Source: FY 2017 SNAP Quality Control Data

*Average value of excess shelter deduction among households claiming the deduction

F. Uncertainties:

Uncertainties related to this rule include the following:

1. *Mandatory v. voluntary*. Most (48) States require the use of SUAs instead of actual costs because it reduces the verification burden on the State Agency. The Department assumes that States will continue this practice as it simplifies the application process both for the State Agency and for the SNAP household. However, it is possible that some States may change from mandatory to voluntary SUAs to minimize benefit losses for households with utility expenses above the new HCSUA value.

2. *Increases in LUA/SUS values.* The cap on LUAs and SUS is intended to mitigate future inconsistences that may arise from continued State discretion and to extend

standardization efforts to all types of SUAs. It is not the Department's intention that States replace existing LUAs and SUS with the cap values as States must still provide documentation for and seek FNS approval of their LUA and SUS calculations. Therefore, our estimates assume that States do not increase existing standards up to those caps. However, it is possible that some or all States with LUAs and SUS below the cap levels will increase those standards so that they reach or approach the cap.

3. *Share of States that increase the Telecommunications SUA to the cap*. The estimates in this analysis assume that half of States include the cost of basic internet service in their Telecommunications SUA and increase the value of that SUA to the cap. It is possible that more or fewer States will set their Telecommunications SUA at the cap.

4. *Sensitivity Analysis*. Table 12 below illustrates how the RIA estimates might change if different assumptions regarding 1-3 above were used. Sensitivity analysis estimates were produced using the same methodology as was used for the RIA estimates. Assumptions for the sensitivity analysis include:

    a. Assume 10 percent of States move to voluntary SUAs; households in those States with utility expenses greater than the HCSUA (approximately 20 percent of households that claim the HCSUA under current rules) experience no benefit reduction.

    b. Assume 20 percent of States move to voluntary SUAs; households in those States with utility expenses greater than the HCSUA (approximately 20 percent of households that claim the HCSUA under current rules) experience no benefit reduction.

c. Assume all States increase their LUAs/SUS to the cap values.

d. Assume only 25 percent of States establish a Telecommunications SUA, set at the cap of $55.

e. Assume all States establish a Telecommunications SUA, set at the cap of $55.

Table 12: Sensitivity Analysis

Estimated Reduction in SNAP Benefits (in millions of dollars)	One-Year (FY 2021)	Five-Year (FY 2021-2025)
Impacts in RIA as proposed	-$471	-$4,504
Scenario 1: 10 Percent of States move to voluntary SUAs	-$462	-$4,416
Scenario 2: 20 Percent of States move to voluntary SUAs	-$453	-$4,329
Scenario 3: All States increase LUA/SUS to cap values	-$459	-$4,383
Scenario 4: 25 Percent of States establish Telecomm SUA	-$473	-$4,523
Scenario 5: All States establish Telecomm SUA	-$466	-$4,448

Source: Simulation using FY 2017 SNAP Quality Control Data
Dollars in millions

5. *Potential Interaction with Pending Rulemaking.* This analysis is based on the impact of the proposed rule on SNAP operations, participation and cost as compared with current regulatory policy. However, a number of rulemakings that would impact these factors are pending, as noted in the Spring 2019 Unified Agenda of Regulatory and Deregulatory Actions.

The major rules under development in this category by USDA include:

- RIN 0584-AE57 – Final Rule: Supplemental Nutrition Assistance Program: Requirements for Able-Bodied Adults Without Dependents

- RIN 0584-AE62 – Proposed Rule: Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)

In addition, the Department of Homeland Security plans to finalize a major rule on "Inadmissibility on Public Charge Grounds" for aliens (RIN 0970-AC79). While undocumented aliens are not eligible for SNAP, the rule may influence the participation decisions of other categories of aliens that are eligible, or citizen children who reside with aliens, because of the potential impacts of SNAP receipt on the immigration status of themselves or their household members under this rule.

All three of these rules would likely change participation in SNAP and overall Federal and State administrative costs; we do not know the impacts because these rules have not been finalized. These changes would in turn tend to change proportionally the impact of this proposed rule on SNAP participation and spending.

IV. Alternatives

The Department considered the following alternatives to the proposed rule:

1. The FY 2020 President's Budget included a proposal that would have standardized HCSUAs at the 80th percentile of expenditures but made no other changes to current SUA policy. The reduction in Federal SNAP spending from this alternative would have been almost the same as the reduction from the proposed rule ($4.383 billion over five years, compared to $4.504 billion in the rule as proposed). However, this alternative would not have fully addressed the Department's concerns related to benefit equity and program

integrity. Inconsistencies in SUA policy could remain both within and across States as State could continue to establish HCSUAs that varied by household size or geography. This alternative also would not have extended standardization to other SUA types, potentially permitting future inconsistencies in these SUAs across States. Therefore, this alternative was rejected.

2. As an alternative to the caps on the LUA and SUS values, the Department considered using the study methodology to establish LUAs and SUS for each State each year. The reduction in spending from this alternative would have been slightly more than the rule as proposed ($4.720 billion, compared to $4.504 billion). However, the Department has not seen the same inconsistency or variation in LUA/SUS values as has been observed with HCSUAs. In addition, these standards are used infrequently by SNAP households and are less likely to be used in every state compared to HCSUAs. Capping the LUA and SUS values was a more straightforward way to ensure that these standards remain consistent. Therefore, this alternative was rejected.

Appendix Table A
Ten-Year Estimates of the Impact of Rule Provisions

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Set Heating and Cooling SUAs at 80th Percentile	-$497	-$1,020	-$1,049	-$1,078	-$1,105	-$1,132	-$1,121	-$1,112	-$1,101	-$1,101	-$10,315
Changes to Current SUA Options	$24	$48	$50	$51	$52	$54	$53	$53	$52	$52	$488
Cap Limited Utility Allowance and Single Utility Standards	-$5	-$10	-$10	-$11	-$11	-$11	-$11	-$11	-$11	-$11	-$102
Establish Telecommunications SUA	$7	$14	$15	$15	$15	$16	$16	$16	$15	$15	$144
Total Estimated Impacts	**-$471**	**-$968**	**-$995**	**-$1,022**	**-$1,048**	**-$1,073**	**-$1,063**	**-$1,054**	**-$1,045**	**-$1,045**	**-$9,784**
Administrative Cost Savings											
Reduced Administrative Burden	*	*	*	*	*	*	*	*	*	*	*

Appendix Table B
Supplemental Nutrition Assistance Program (SNAP) FY2019 Standard Utility Allowances (SUA) by State

State	Heating/ Cooling (HCSUA)	Basic Utility Allowance (BUA) or Limited Utility Allowance (LUA)	Electricity	Gas/Fuel	Water	Sewage	Trash	Phone
Alabama	$374	$357	--	--	--	--	--	$39
Alaska - Central Region	$390	--	$107	$118	$50	$43	$32	$40
Alaska - Northern Region	$589	--	$136	$281	$51	$60	$30	$31
Alaska - Northwest Region	$826	--	$149	$487	$61	$58	$33	$38
Alaska - Southcentral Region	$445	--	$128	$144	$44	$47	$51	$31
Alaska - Southeast Region	$360	--	$79	$121	$41	$66	$25	$28
Alaska - Southwest Region	$763	--	$169	$400	$63	$79	$17	$35
Arizona - 1 to 3 household members	$278	--	--	--	--	--	--	$36
Arizona - 4 or more household members	$375	--	--	--	--	--	--	$36
Arkansas	$284	--	--	--	--	--	--	$50
California	$415	$130	--	--	--	--	--	$18
Colorado	$476	$304	$57	$57	$57	$57	$57	$78
Connecticut	$736	$324	--	--	--	--	--	$27
Delaware	$417	$289	$78	$78	$78	$78	$78	$37
District of Columbia	$331	$276	$69	$69	$69	$69	$69	$69
Florida	$359	$290	--	--	--	--	--	$52
Georgia	$377	$323	--	--	--	--	--	$41
Guam - 1 household member	--	--	$133	$30	$38	$28	$30	$27
Guam - 2 household members	--	--	$153	$30	$50	$28	$30	$27
Guam - 3 household members	--	--	$153	$30	$50	$28	$30	$27
Guam - 4 household members	--	--	$183	$60	$69	$28	$30	$27

State	Heating/ Cooling (HCSUA)	Basic Utility Allowance (BUA) or Limited Utility Allowance (LUA)	Electricity	Gas/Fuel	Water	Sewage	Trash	Phone
Guam - 5 household members	--	--	$207	$60	$85	$28	$30	$27
Guam - 6 household members	--	--	$237	$60	$111	$28	$30	$27
Guam - 7 household members	--	--	$269	$90	$136	$28	$30	$27
Guam - 8 household members	--	--	$281	$90	$150	$28	$30	$27
Guam - 9 household members	--	--	$301	$90	$171	$28	$30	$27
Guam - 10 household members	--	--	$301	$90	$171	$28	$30	$27
Guam - 11 household members	--	--	$309	$90	$178	$28	$30	$27
Guam - 12 household members	--	--	$309	$90	$178	$28	$30	$27
Hawaii - 1 household member	--	--	$193	--	$45	$88	--	$27
Hawaii - 2 household members	--	--	$209	--	$50	$88	--	$27
Hawaii - 3 household members	--	--	$240	--	$55	$88	--	$27
Hawaii - 4 or 5 household members	--	--	$297	--	$65	$88	--	$27
Hawaii - 6 household members	--	--	$349	--	$75	$88	--	$27
Hawaii - 7 to 10 household members	--	--	$394	--	$90	$88	--	$27
Idaho	$368	$303	$134	$134	$134	$134	$134	$35
Illinois	$466	$319	$72	$72	$72	$72	$72	$30
Indiana*	$419	$251	$55	$55	$55	$55	$55	$30
Iowa	$449	$287	--	--	--	--	--	$28
Kansas	$357	$243	--	--	--	--	--	$36
Kentucky	$321	$274	--	--	--	--	--	$38
Louisiana	$356	$196	--	--	--	--	--	$43
Maine	$699	$231	--	--	--	--	--	$45
Maryland*	$404	$247	--	--	--	--	--	$40
Massachusetts	$643	$396	--	--	--	--	--	$45
Michigan	$543	--	$135	$44	$91	$91	$19	$31

State	Heating/ Cooling (HCSUA)	Basic Utility Allowance (BUA) or Limited Utility Allowance (LUA)	Electricity	Gas/Fuel	Water	Sewage	Trash	Phone
Minnesota	$556	--	$172	--	--	--	--	$41
Mississippi	$278	$206	--	--	--	--	--	$31
Missouri	$380	$303	$125	$125	$125	$125	$125	$61
Montana	$545	$196	$164	$164	$164	$164	$164	$32
Nebraska	$481	$251	$51	$51	$51	$51	$51	$46
Nevada	$285	$252	$56	$56	$56	$56	$56	$29
New Hampshire	$724	$264	$155	--	--	--	--	$28
New Jersey	$542	$316	--	--	--	--	--	$29
New Mexico	$344	$139	--	--	--	--	--	$52
New York - Nassau and Suffolk Counties	$744	$292	--	--	--	--	--	$30
New York - New York City	$800	$316	--	--	--	--	--	$30
New York - Rest of New York State	$661	$268	--	--	--	--	--	$30
North Carolina - 1 household member	$437	$246	--	--	--	--	--	$38
North Carolina - 2 household members	$480	$270	--	--	--	--	--	$38
North Carolina - 3 household members	$528	$297	--	--	--	--	--	$38
North Carolina - 4 household members	$576	$324	--	--	--	--	--	$38
North Carolina - 5 or more household members	$628	$353	--	--	--	--	--	$38
North Dakota	$615	$232	$200	$200	$200	$200	$200	$32
Ohio	$544	$351	$78	$78	$78	$78	$78	$39
Oklahoma	$362	$311	--	--	--	--	--	$48
Oregon	$442	$328	$65	$65	$65	$65	$65	$53
Pennsylvania	$588	$308	$57	$57	$57	$57	$57	$33
Rhode Island	$635	--	--	--	--	--	--	$23
South Carolina	$302	$230	--	--	--	--	--	$25
South Dakota	$732	$206	$85	$85	$85	$85	$85	$49

State	Heating/ Cooling (HCSUA)	Basic Utility Allowance (BUA) or Limited Utility Allowance (LUA)	Electricity	Gas/Fuel	Water	Sewage	Trash	Phone
Tennessee - 1	$317	$136	--	--	--	--	--	$28
Tennessee - 2	$328	$136	--	--	--	--	--	$28
Tennessee - 3	$341	$136	--	--	--	--	--	$28
Tennessee - 4	$353	$136	--	--	--	--	--	$28
Tennessee - 5	$364	$136	--	--	--	--	--	$28
Tennessee - 6	$376	$136	--	--	--	--	--	$28
Tennessee - 7	$387	$136	--	--	--	--	--	$28
Tennessee - 8	$399	$136	--	--	--	--	--	$28
Tennessee - 9	$413	$136	--	--	--	--	--	$28
Tennessee - 10 or more household members	$423	$136	--	--	--	--	--	$28
Texas	$357	$316	--	--	--	--	--	$38
Utah	$360	$283	--	--	--	--	--	$64
Vermont	$822	$235	--	--	--	--	--	$36
Virgin Islands	--	--	--	--	--	--	--	$32
Virginia - 1 to 3 household members	$311	--	--	--	--	--	--	$61
Virginia - 4 or more household members	$387	--	--	--	--	--	--	$61
Washington	$430	$336	--	--	--	--	--	$58
West Virginia	$421	$275	$74	$74	$74	$74	$74	$74
Wisconsin	$452	$308	$130	$36	$86	--	$23	$33
Wyoming	$393	$266	--	--	--	--	--	$53

* Indiana and Maryland update on May 1 and January 1, respectively.

Appendix Table C
Alternate 2017 Standard Utility Allowance Values

State	HCSUA	Cap on SUS	Cap on LUA	Cap on Telephone
Alabama	418	146	292	55
Alaska	435	152	305	55
Arizona	429	150	300	55
Arkansas	324	114	227	55
California	357	125	250	55
Colorado	318	111	223	55
Connecticut	509	178	356	55
Delaware	472	165	331	55
District of Columbia	348	122	243	55
Florida	383	134	268	55
Georgia	408	143	286	55
Hawaii	428	150	299	55
Idaho	334	117	234	55
Illinois	395	138	277	55
Indiana	357	125	250	55
Iowa	367	128	257	55
Kansas	375	131	262	55
Kentucky	365	128	255	55
Louisiana	345	121	241	55
Maine	442	155	309	55
Maryland	415	145	290	55
Massachusetts	449	157	314	55
Michigan	387	135	271	55
Minnesota	347	121	243	55
Mississippi	388	136	271	55
Missouri	360	126	252	55
Montana	334	117	234	55
Nebraska	335	117	235	55
Nevada	402	141	281	55
New Hampshire	435	152	304	55
New Jersey	513	179	359	55
New Mexico	348	122	244	55
New York	447	156	313	55
North Carolina	356	125	249	55
North Dakota	371	130	259	55
Ohio	353	124	247	55
Oklahoma	348	122	244	55
Oregon	333	117	233	55
Pennsylvania	409	143	287	55
Rhode Island	477	167	334	55

State	HCSUA	Cap on SUS	Cap on LUA	Cap on Telephone
South Carolina	365	128	256	55
South Dakota	337	118	236	55
Tennessee	342	120	239	55
Texas	404	141	283	55
Utah	377	132	264	55
Vermont	427	150	299	55
Virginia	396	139	277	55
Washington	350	123	245	55
West Virginia	357	125	250	55
Wisconsin	364	127	255	55
Wyoming	341	119	239	55

Appendix Table D
Consumer Price Index for Fuels and Utilities

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan-Jan Change
2005	166.9	166.4	166.7	169.6	171.7	177.4	180.1	181.8	188.9	192.8	194.6	191.6	
2006	198.7	194.6	192.3	190.8	192.0	197.6	198.5	199.0	199.6	190.1	190.6	192.6	
2007	194.378	194.890	196.414	196.393	198.574	206.199	206.140	204.334	204.264	200.836	202.161	203.006	
2008	204.796	205.795	209.221	213.302	219.881	231.412	239.039	235.650	228.450	221.199	216.285	215.184	
2009	215.232	213.520	210.501	207.175	206.358	212.677	212.961	212.661	211.618	207.937	208.955	208.760	
2010	211.381	210.819	212.295	211.726	212.773	217.820	219.614	219.602	217.695	213.031	210.978	212.505	
2011	214.045	215.587	216.672	217.254	219.956	225.022	226.643	226.493	226.409	220.450	218.199	217.674	
2012	218.199	217.189	216.667	216.006	216.388	221.789	221.449	222.769	222.634	218.287	217.964	218.496	1.90377
2013	220.228	220.992	220.251	221.382	224.847	230.506	230.899	229.850	230.318	225.244	223.566	224.407	0.92132
2014	230.098	232.014	235.139	230.588	234.483	240.396	241.250	239.790	238.285	232.192	229.680	231.150	4.28948
2015	232.309	231.912	229.829	228.304	228.748	235.136	234.137	233.847	232.417	226.784	224.606	223.521	0.95175
2016	224.537	224.063	223.918	223.529	226.197	231.941	233.713	234.407	235.057	230.610	228.801	229.492	-3.4613
2017	232.516	233.688	232.714	233.827	236.615	241.940	242.119	241.936	241.574	237.015	236.410	237.423	3.43159
2018	238.770	240.938	239.786	238.857	240.911	244.560	244.269	245.052	242.834	240.641	239.691	242.343	2.61926
2019	242.374												1.48696

Appendix Table E
State Level Impacts of Proposed Rule

State	Households losing benefits (%)	Households gaining benefits (%)	Net Impact on Benefits (%)
Alabama	0.29	45.56	3.86
Alaska	8.30	11.76	-0.81
Arizona	0.00	32.17	4.03
Arkansas	0.00	36.27	1.61
California	25.61	0.14	-0.86
Colorado	40.12	0.00	-5.14
Connecticut	44.81	0.43	-9.30
Delaware	0.00	30.75	2.43
District of Columbia	0.32	37.32	1.57
Florida	0.18	34.51	1.88
Georgia	0.08	34.65	0.65
Hawaii	0.00	0.00	0.00
Idaho	43.42	1.89	-2.97
Illinois	1.46	28.27	0.28
Indiana	38.04	0.25	-1.33
Iowa	0.00	35.94	0.50
Kansas	0.00	45.10	0.60
Kentucky	0.06	38.82	2.10
Louisiana	42.11	0.53	-0.19
Maine	49.84	0.51	-13.69
Maryland	4.62	6.82	0.10
Massachusetts	45.18	0.33	-8.78
Michigan	31.04	1.46	-5.07
Minnesota	32.86	1.53	-7.00
Mississippi	0.00	39.58	4.86
Missouri	28.37	0.00	-0.11
Montana	41.91	0.94	-8.25
Nebraska	43.76	1.30	-5.74
Nevada	0.00	30.08	4.29
New Hampshire	33.52	1.36	-9.11
New Jersey	0.00	27.56	0.46
New Mexico	0.00	34.90	0.93
New York	30.78	1.63	-7.82
North Carolina	33.36	0.78	-2.35

State	Households losing benefits (%)	Households gaining benefits (%)	Net Impact on Benefits (%)
North Dakota	46.46	0.94	-10.41
Ohio	41.22	0.44	-6.93
Oklahoma	0.21	40.79	0.45
Oregon	43.07	0.00	-6.43
Pennsylvania	52.23	0.15	-9.37
Rhode Island	43.25	0.00	-7.03
South Carolina	0.00	32.30	2.26
South Dakota	43.43	0.07	-11.50
Tennessee	3.48	29.30	0.88
Texas	0.47	35.60	2.33
Utah	4.24	30.52	0.91
Vermont	61.18	0.00	-20.94
Virginia	0.81	32.33	3.24
Washington	32.89	0.00	-2.64
West Virginia	42.95	0.00	-5.25
Wisconsin	38.53	0.94	-4.51
Wyoming	33.37	0.00	-1.20
United States	**19.22**	**15.83**	**-1.60**

Source: Simulation Using FY 2017 QC Data

USDA
United States Department of Agriculture

Food and Nutrition Service **August 2017**

METHODS TO STANDARDIZE STATE STANDARD UTILITY ALLOWANCES (SUMMARY)

Background

While most Supplemental Nutrition Assistance Program (SNAP) eligibility parameters are set at the Federal level, States are permitted to establish standard utility allowances (SUAs) which may be used in lieu of actual utility expenses when calculating a household's total shelter costs. States may establish multiple SUAs to reflect differences in households' circumstances.

The use of SUAs simplifies the application process from the perspective of both the State agency and the applicant. However, program simplification needs to be balanced with other SNAP goals, especially ensuring benefit adequacy and program integrity. Over time, the Food and Nutrition Service has found some variation between established SUA values and household utility expenses in some States.

The purpose of this project was to develop standard methodologies that could be used to (1) construct SUAs that accurately reflect typical utility costs for low-income households and (2) make annual adjustments to the State SUAs.

Methods

The project team identified and reviewed available data sources that could be used to develop standardized methodologies for constructing and updating SUAs and evaluated their completeness, accuracy, timeliness, and appropriateness for this purpose. The team then used the best of the identified data sources to develop and assess several alternative methodologies. The two most promising methodologies were further tested to evaluate their accuracy and ease of implementation.

Findings

Because utility expense types and household circumstances vary widely across States and the SNAP-eligible population, creating a single consistent method to calculate SUAs is challenging. Multiple data elements, many at the State and subpopulation level, are needed to compute a standardized SUA.

The American Community Survey (ACS) and the Residential Energy Consumption Survey (RECS) each contain many of the data elements needed to develop standardized SUAs but also have limitations:

- The **ACS** has a large sample size which allows for developing estimates at the State and subpopulation level. However, it relies on self-reported information on utility costs, which tends to be overstated. The ACS does not distinguish between end uses for utilities (i.e., electricity for heating versus cooking) – information that is needed in order to develop SUAs that reflect different household circumstances.

- The **RECS** is the most accurate source of information on utility expenses paid by low-income households and includes information on end use. However, State-level estimates are not available for all States. There is also a significant time lag between data collection and release – as long as 7 years.

- **Two methodologies for constructing SUAs were developed using these data sources.** Either methodology would allow States to create multiple SUAs that account for household circumstances – Heating and Cooling SUAs (HCSUAs) for households

that pay some heating and/or cooling expenses; Limited Utility Allowances for households that do not pay any heating or cooling expenses, and Single Utility Standards for single utility expenses. Adjustment parameters were also developed to adjust for household size.

- **One methodology relies on a combination of data from the ACS and RECS.** ACS data were adjusted using RECS to account for different utility end uses and to correct for upward bias in self-reported utility expenditures.

- **The other methodology uses RECS alone to develop different types of SUAs.** Because RECS does not contain information for each State, in some cases multi-State averages are used as part of the SUA calculation.

Because of the lag time between the collection of data in ACS and RECS and its availability for analysis, other data sources are needed to "age" the utility expense data to reflect recent changes in energy prices. The study examined two alternatives for aging the data – the Short Term Energy Outlook (STEO) and the Consumer Price Index (CPI). The study found that a 3-year average of the CPI performed better than the STEO.

The methods used to age the data elements in the SUA calculation can also be used to age the SUAs themselves. This is less resource-intensive than reconstructing the SUAs each year.

Any approach to standardizing SUAs requires establishing an appropriate threshold that minimizes benefit loss for households with very high shelter expenses. Many States' current HCSUAs meet or exceed the utility expenses of 85 percent of low-income households. (Only one State has an HCSUA lower than average utility expenses in the State.) Because some States have HCSUAs that are greater than the utility expenses of nearly all low-income households, imposing a standardized SUA methodology would result in most participants losing benefits in these States.

Each approach has an important limitation – neither can be used to develop SUAs at the sub-state level for areas with very small populations. While only two States currently have sub-state SUAs, adjustments to account for special local circumstances may be needed.

Recommendations

The report recommends using the ACS-RECS methodology as the more precise of the two.

Because of the complexity involved in developing base-year SUAs, any standardized approach is likely to be labor intensive, at least initially.

- Since ACS estimates are published annually, it would be possible, although resource-intensive, to reconstruct SUAs each year using newer ACS data.

- As noted above, annual adjustments to the base-year SUAs for interim years could be made, with full updates occurring every few years. **The report recommends using a 3-year average of the CPI to make these annual adjustments.**

For More Information

Holleyman, Chris, Timothy Beggs, and Alan Fox. *Methods to Standardize State Standard Utility Allowances*. Prepared by Econometrica, Inc. for the U.S. Department of Agriculture, Food and Nutrition Service, August 2017. Available online at www.fns.usda.gov/research-and-analysis.