



AUG 06 2010

United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

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Alexandria, VA  
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SUBJECT: SNAP – Standard Utility Allowance (SUA) Annual Review and  
Adjustment Biennial Option – One Time Blanket Waiver of § 273.9  
(d)(6)(iii)

TO: Regional Directors  
Supplemental Nutrition Assistance Program (SNAP)  
All Regions

Federal regulations at § 273.9 (d)(6)(iii)(B) allow a State agency, with approval from Food and Nutrition Service (FNS), to develop a Standard Utility Allowance (SUA), to be used in place of actual utility costs in determining a household's excess shelter deduction.

This memorandum provides a second opportunity for State agencies to opt for a blanket waiver of the regulations at § 273.9 (d)(6)(iii)(B) which require State agencies to update SUAs annually. Opting to implement this waiver would allow a State to make a biennial SUA update if an annual update would result in a decrease in SNAP benefits to households whose circumstances had remained constant.

This waiver is available only for State agencies that have **not already implemented** the biennial option blanket waiver made available on August 18, 2009. The blanket waiver will be available to States from September 1, 2009 through August 31, 2011 and applies to the annual update made during that time period. This memorandum serves as a onetime blanket waiver of the regulations at § 273.9 (d)(6)(iii)(B) which require State agencies to update SUAs annually; if a State implements the waiver, the State must update the SUA the following year.

### Background

On August 18, 2009, FNS provided a blanket waiver of the regulations at § 273.9 (d)(6)(iii)(B) which require State agencies to update SUAs annually. This waiver allowed States to make a biennial adjustment to the SUA in 2010 rather than an annual adjustment in 2009, if an annual 2009 adjustment would result in a decrease in SNAP benefits to households with no change in household circumstances. The waiver was offered in response to unusual shifts in utility costs, which had the potential to cause Supplemental Nutrition Assistance Program (SNAP) benefits to decrease when States made annual SUA adjustments that year – even if the circumstances of those households remained constant.

In 2009, 17 States opted to implement the biennial option blanket waiver. These States will be, or already have, updated their SUAs for 2010.

## **Regulations**

Federal regulations at § 273.9 (d)(6)(iii) state:

(B) The State agency must review the standards annually and make adjustments to reflect changes in costs, rounded to the nearest whole dollar. State agencies must provide the amounts of standards to FNS when they are changed and submit methodologies used in developing and updating standards to FNS for approval when the methodologies are developed or changed.

## **Description**

SUAs are updated annually as provided by regulations at § 273.9 (d)(6). Typically, SUA values increase slightly each year as the cost of energy rises over time. For some States, the cost of certain utilities may be lower than the cost last year. This means that the adjusted value of an SUA will be less than it was last year. When a new, lower-value SUA is put into effect, a household with the same gross income will have a smaller SUA deduction, resulting in a higher net income calculation which would dictate a lower value for SNAP benefits. Therefore, a household that has no change in household circumstances may experience a decrease in benefits from one month to the next simply because an adjusted, lower-value SUA is implemented. Refer to the "Example of Implementation" below for numerical examples.

Last year in order to soften the economic impact of lower SUA amounts on needy families, FNS allowed State agencies a one-time option to adjust SUAs over a 2-year time frame if benefits would otherwise be decreased by the annual SUA adjustment for 2009. Due to the continued economic downturn, FNS has decided to extend this option to those States who did not implement the biennial waiver option last year.

## **Example of Implementation**

This example is designed to clarify the concept of a biennial SUA adjustment versus an annual SUA adjustment during the years 2009 through 2011. The following SUA figures are illustrative; each State has its own procedures for calculating SUAs. Note that the SUA adjustment uses a base figure from the previous SUA adjustment (typically, the adjusted SUA from the previous year).

Example 1: Adjusting annually in 2009. If a State agency were to undertake an annual review and adjustment for this SUA in 2010, the State would determine that the value of the SUA decreased by \$50 between 2009 and 2010. Implementing this change in SUA would result in a household with no change in household circumstances likely experiencing a \$15 decrease in SNAP benefits in 2010. In Figure A, this is indicated by the bracket labeled "Annual Adjustment."

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Figure A: Illustrative Values for Annual and Biennial Adjustment

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	Year 1	Year 2	Year 3
	2009	2010	2011
Adjusted SUA	\$612	\$562	\$613

Annual Adjustment

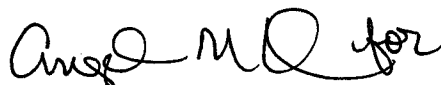
Biennial Adjustment

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Example 2: Adjusting biennially in 2011. If a State agency determines that an annual adjustment in 2010 would cause a decrease in benefits to clients, the State agency may choose to instead adjust biennially in 2011. In this example, if a State makes a biennial adjustment in 2010, the agency would find that the value of the SUA increased by \$1 between 2009 and 2011. Implementing this change in SUA would mean that a household with no change in household circumstances would receive approximately the same benefit amount in 2011 as it did in 2009 and 2010. In Figure A, this is indicated by the bracket labeled "Biennial Adjustment."

States that opt to implement the biennial review and adjustment to the SUA rather than an annual review in 2010 must notify their Regional Office and Regional Offices should notify the Certification Policy Branch.

If you have any questions, please contact Elizabeth Weber at [elizabeth.weber@fns.usda.gov](mailto:elizabeth.weber@fns.usda.gov) or by phone at (703) 305-2407.

  
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