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United States
Department of
Agriculture

Food and
Nutrition
Service

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Center Drive

Alexandria, VA
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SUBJECT: SNAP – Standard Utility Allowance (SUA) Annual Review and Adjustment Waiver for Certain States – Modification and Extension

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

Due to the impact on SNAP benefits resulting from continuing fluctuations in energy prices, the Food and Nutrition Service (FNS) is modifying the Standard Utility Allowance (SUA) blanket waiver memorandum of October 14, 2010 to allow certain States to extend fiscal year (FY) 2010 SUA amounts through March 31, 2011. As of April 1, 2011 States which take this option will be required to adjust their SUAs to the FY 2011 levels based on their FNS-approved methodologies. However, FNS will not require any State to lower its SUA by more than a fixed amount. This will ensure that no household will experience more than a \$20 decrease in its monthly benefit. This waiver will soften the impact that certain States' reduced SUAs might otherwise have on household benefits.

Background

On August 18, 2009, FNS issued a one-time blanket waiver for FY 2010 that permitted States to waive the annual update of their SUAs required by SNAP regulations at 7 CFR 273.9(d)(6)(iii). Because energy prices remained low, FNS extended the waiver on August 6, 2010 only to those States that had not taken advantage of the waiver previously. However, some of the States that had taken the waiver in the first year (FY 2010) found that their FY 2011 SUAs were reduced, resulting in decreased benefits for many households. Requests were made for an extension of the waiver for these States.

In consideration of these concerns, on October 14, 2010, FNS amended the August 6, 2010 guidance to permit eligible States to extend their SUAs for an additional 3 months. Eligibility of the waiver extension was limited to those States that applied the waiver in FY 2010 and had a decreased SUA for FY 2011. Ten States advised FNS that they had adopted the extension: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New Mexico, New York, and Vermont.

Due to continuing concerns regarding the the impact of decreased FY 2011 SUAs on SNAP benefits, FNS is providing an additional 3-month extension, through March 31, 2011, for those 10 States that took the previous 3-month extension.

Regulations

Federal regulations at 7 CFR 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 of Alternative Procedures

In order to soften the economic impact of a decrease in SUAs on families in need, FNS is allowing the 10 States which opted for the 3-month extension to continue to use these SUA amounts until March 31, 2011. On April 1, 2011 these States will be required to adjust their SUAs to the FY 2011 amount as calculated based on the State's FNS-approved methodology. To reduce the impact of this SUA adjustment on client benefits, FNS will not require any State to lower its SUA by more than \$66. This will ensure that no household will experience more than a \$20 decrease in monthly benefits as a result of a reduced SUA amount.

The features of this blanket waiver are as follow:

- Eligibility for this waiver is limited to those States which implemented the 3-month waiver extension provided by the October 14, 2010 memorandum.
- The additional extension is provided through March 31, 2011. Each State that takes this option must implement its FY 2011 SUA amounts by April 1, 2011, even if the State does not implement annual SUA adjustments on a fiscal year schedule.
- From April 1, 2011 through September 30, 2011, FNS will not require an eligible State to reduce the SUA by more than \$66.
- The additional SUA extension and the \$66 SUA reduction limit are options for eligible State agencies and are not mandatory.
- States must notify their Regional Offices whether or not the State intends to implement the SUA extension and the \$66 SUA reduction limit.

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Future Annual SUA Adjustments

FNS has offered SUA blanket waivers in order to balance the need to base the benefit structure on current price levels while cushioning the impact on household benefits during a difficult economic period.

As provided by SNAP rules, SUAs are intended to reflect utility price levels and should be adjusted annually to reflect current household energy costs.

As of October 1, 2011 all States will be expected to make annual adjustments to their SUAs as provided by Federal regulations at 7 CFR 273.9(d)(6)(iii) and based on their normal FNS-approved methodologies. There will be no further extensions.

If you have any questions, please contact me by email at Lizbeth.Silbermann@fns.usda.gov or by phone at (703) 305-2494.

A handwritten signature in black ink, appearing to read "Lizbeth Silbermann", with a long horizontal flourish extending to the right.

Lizbeth Silbermann
Director
Program Development Division