



1101 WILSON BOULEVARD, ARLINGTON, VA 22209

TEL (202) 682-0100

FAX (202) 204-0071

WWW.APHSA.ORG

American Association of
Health and Human
Services Attorneys
(AAHSA)

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Administrators of the
Interstate Compact on the
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Certification Policy Branch
Program Development Division
Food and Nutrition Service
U.S. Department of Agriculture
3101 Park Center Drive, Room 812
Alexandria, VA 22302

To Whom It May Concern:

The American Public Human Services Association (APHSA), a bipartisan, nonprofit membership organization representing state and local health and human services agencies, appreciates the opportunity to submit comments in response to the Notice of Proposed Rulemaking (NPRM) entitled *Supplemental Nutrition Assistance Program (SNAP): Standardization of State Heating and Cooling Standard Utility Allowances (SUAs)*, Docket ID Number [FNS-2019-0009]. Our work to advance SNAP policy is led by our affinity group, the American Association of SNAP Directors (AASD), which offers the collective voice and insights of state and local SNAP offices on federal policies that provide nutrition supports that lay the foundation for healthy and thriving children and families.

When considering the impacts of proposed changes to SNAP, we aim to determine whether a policy will support the health and well-being of children and families, lead to stronger communities, and advance the future state of human services. In its proposed rule, USDA cites narrower, though aligned objectives of making "...SUAs and the program more equitable" and improving "...integrity by ensuing SUAs better reflect what low-income households are actually paying for utilities...".

Overall, APHSA opposes the proposed rule because we believe that it fundamentally conflicts with USDA's stated objectives, as well as the values that our members seek to advance. While we believe revising the Telephone Utility Allowance to a *Telecommunications* Utility Allowance will help promote greater equity and accuracy in benefits, the broader and more impactful changes to the Heating and Cooling Standard Utility Allowance (HCSUA) will lead to less accurate and transparent benefit calculations, detrimental restrictions in state

The American Public Human Services Association advances the well-being of all people by influencing modern approaches to sound policy, building the capacity of public agencies to enable healthy families and communities, and connecting leaders to accelerate learning and generate practical solutions together.

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flexibility, unintended consequences to other parts of SNAP service delivery, and poorer outcomes for children and families.

Revising the Telephone Utility Allowance Acknowledges the Importance of Internet Access as a Basic Shelter Cost

We appreciate and support USDA's efforts to amend the allowable utility expenses counted under SUAs to replace telephone expenditures with telecommunication expenditures, inclusive of both telephone and internet costs. This change reflects the reality that internet access is essential for school, work, and job searches, all critical ingredients necessary for families to thrive.

USDA's Standard Methodology for HCSUAs will Result in Less Accurate and More Inequitable Benefits

While we support USDA's proposal to create a Telecommunications Utility Allowance, the logic used to justify other changes to SUA policy is flawed. In its proposed rule, USDA outlines a national standard HCSUA methodology that would require states to provide a single HCSUA amount within their state for all SNAP recipients, unless an applicant is able to present actual costs when determining eligibility. Replacing current state-specific SUA methodologies with this national standard is predicated on the assumption that a standard methodology for HCSUA calculations will make the program more equitable and improve program integrity.

APHSA members do not support this assumption. By requiring agencies to use the same HCSUA amount for all households within their state, the proposed methodology would only result in more equitable outcomes if there is little variation in heating and cooling expenditures among SNAP participants. In reality, there are a number of factors that result in wide variation in energy costs for SNAP participants. Common sense would dictate that a household of five in a single-family home heated with oil would have substantially higher energy costs than an individual living alone in a small electric-heated apartment. And for many states, regional differences in climate can lead to very different average expenditures from one part of the state to another. By explicitly prohibiting states from accounting for factors such as household size, housing type, main heating fuel, and geographic area, USDA is institutionalizing policies that result in less accurate and more inequitable benefits between households with different energy costs.

USDA has long acknowledged the importance of maintaining state flexibility to account for these factors in the development of SUAs. In its 1979 guidance *Standard Utility Allowances Requirements and Methodologies*, USDA encourages states to consider factors that may influence actual heating and cooling costs for individual clients, including geographic differences, utility type (i.e., main heating fuel), dwelling type, and household size. And, just as importantly, USDA acknowledges in this guidance that "State agencies are allowed considerable latitude in establishing the methodology for determining the [HCSUA] standard. In this context there is no 'right way' or 'wrong way' to establish a standard."¹ The change in direction in the proposed rule to set a rigid, imposed methodology that is unable to adapt to variation in energy costs conflicts with precedence and is a step backwards for USDA.

¹ FNS Notice 79-47 *Food Stamp Program Standard Utility Allowances Requirements and Methodologies*. 1979.

In Lieu of a National Standard SUA, USDA Should Work with State SNAP Directors to Issue Clearer Guidance on SUA Calculations

USDA's primary justification to impose a requirement for states to use a national standard SUA methodology is based on findings from the 2017 study *Methods to Standardize State Standard Utility Allowances*.² In the report, USDA cites concerns with the methodologies used by individual states and how differing approaches may lead to different benefit amounts for SNAP recipients with similar financial circumstance and energy costs in neighboring states.

State SNAP Directors recognize and embrace the opportunity to develop rigorous and accurate HCSUA calculations that appropriately reflect the utility costs of households served and help reduce quality control (QC) error rates. Yet, we are concerned that rather than consulting with states on ways they can improve the targeting of their HCSUA calculations consistent with federal regulations, USDA instead chose to move to change those regulations to limit state flexibility in calculating HCSUAs.

Under current federal regulations, USDA is responsible to review and approve state methodologies for SUA calculations when they are developed and changed.³ Where USDA cites in the proposed rule that “the degree of variation in methodologies and therefore SUA amounts is of concern...”, this fact highlights the need for USDA to review its internal procedures for approving the state methodologies they have concern over and to provide guidance to states on their expectations for development of methodologies. State SNAP Directors remain open to discussions with USDA staff to preserve state flexibility while refining state methodologies to address equity concerns raised in USDA's report.

Estimating HCSUAs is Complicated and States are Best Positioned to Develop and Administer their Own Methodologies

USDA's own analysis of HCSUA methodologies demonstrates why state flexibility is needed to develop and administer HCSUA calculations. In the proposed rule, USDA declines to codify in regulation the specific data source or detailed methodology it will use when calculating HCSUAs. The reasoning to leave such ambiguity in the data used to develop a national standard – “in order to maintain flexibility in the event better sources become available or these surveys cease to provide the necessary information” – is further proof why a one-size-fits-all approach to HCSUA methodologies is not possible. Within each state, different population characteristics and available data sources necessitate the flexibility to customize HCSUA calculations. States are far better positioned than the federal government to account for such nuances and adapt to changes in best available data and approaches to estimate utility costs.

The ambiguity in which USDA will implement its HCSUA methodology raises concerns for state and local operations. With a complex, yet uncodified methodology being deployed, caseworkers will be ill-equipped to explain to SNAP recipients why their benefit amounts are changing as a result of the proposed rule. Furthermore, the proposed rule does not specify a timeline by which USDA would provide states their SUA calculations. Should USDA fail to convey such information timely, this may impact state systems used to calculate eligibility and benefits, and lead to a rise in QC errors.

² Holleyman, Chris, Timothy Beggs, and Alan Fox. *Methods to Standardize State Standard Utility Allowances*. Prepared by Econometrica for the U.S. Department of Agriculture, Food and Nutrition Service. August 2017.

³ 7 CFR 273.9(d)(6)(iii)

The Proposed Rule Hinders Efforts to Partner with Other Programs to Improve Benefit Calculations

The proposed rule change forbids state SNAP offices from engaging in partnerships that could help them target benefits more effectively. For example, many SNAP offices could use performance measurement data and benefit matrix calculations from state LIHEAP programs to better estimate energy costs in HCSUAs. Research and industry partners also have expertise that can help states optimize HCSUA calculations to promote better equity. By creating a rigid national standard for HCSUAs, these partnership opportunities are taken off the table and replaced with a methodology that fails to account for the nuanced utility costs of SNAP recipients.

A National Standard HCSUA Will Impact Other Program Components that the Proposed Rule Fails to Consider in its Analysis

USDA's proposed rule fails to consider its effect on other SNAP policies and will result in unintended consequences for states. For example, as of 2017, there were 21 states that receive a waiver to use a Standard Medical Deduction (SMD) in lieu of actual medical expenses in excess of \$35 for elderly or disabled households.⁴ To keep SMDs cost neutral, some states reduce their HCSUA to offset the cost of applying the SMD to eligible households. USDA's proposed rule would restrict the ability of these states to reduce their HCSUA and thus jeopardize their ability to provide a SMD. This impact is not considered by USDA in its analysis and may lead to further exacerbating inequitable outcomes for elderly and disabled individuals.

The Proposed Rule Will Lead to Greater Food Insecurity and Poorer Health Outcomes for SNAP Recipients

Most importantly, we are concerned that the proposed rule would result in a \$4.5 billion loss of nutrition benefits for SNAP recipients over the next five years, which will increase food insecurity and worsen health outcomes. Recent research show that many SNAP-eligible families remain food insecure after receiving SNAP (Gundersen et al., 2015).⁵ Furthermore, as recently as this August, USDA's Economic Research Service released research findings that highlight the strong association between a lack of nutrition supports and poorer health outcomes, especially for families with young children (Gregory et al., 2019).⁶ Negative associations have also been closely linked between early childhood food insecurity and children's kindergarten reading, math, and social-emotional outcomes (Johnson, Markowitz, 2018).⁷

Taken in context with additional recent proposed rules that restrict access and benefits for SNAP, we are deeply concerned that as a result of this policy change many families will experience worse outcomes and that health and human services agencies will need to shift resources to more costly downstream interventions rather than providing the supports that help families thrive and achieve well-being. We believe that efforts to improve program equity and integrity should be focused on creating the processes and mechanisms that invest in the potential of our families.

Conclusion

Federal policies should be focused on investing in the outcomes we seek to achieve and building the capacity for state and local agencies to deliver services in a manner that helps families realize those

⁴ *State Options Report*. Fourteenth Edition. U.S. Department of Agriculture, Food and Nutrition Service. October 1, 2017.

⁵ Gundersen, C., & Kreider, B. (2009). Bounding the effects of food insecurity on children's outcomes. *Journal of Health Economics*, 28, 5, 971-983.

⁶ Gregory, C., Mansino, R., & Coleman-Jensen, A. (2019). *Food Security and food purchase quality among low income households: Findings from the national Household Food Acquisition and Purchase Survey (FoodAPS)*. United States Department of Agriculture: economic Research Service. Retrieved from www.ers.usda.gov/webdocs/publications/93725/err-269_summary.pdf?v=1063.3

⁷ Johnson, A. & Markowitz, A. (2018). Associations Between Household Food Insecurity in Early Childhood and Children's Kindergarten Skills. *Child Development*, March/April 2018, Volume 89, Number 2, Pages e1-e17.

outcomes. USDA's proposed rule to create a national standard methodology for HCSUAs represents a major step backwards in this effort by institutionalizing practices that lead to worse and more inequitable outcomes and restricting states from building the internal capacity to innovate and best achieve those outcomes. While we support the replacement of the Telephone Utility Allowance with a Telecommunications Utility Allowance, we urge USDA to withdraw its efforts to create a national standard HCSUA methodology. Instead, we encourage USDA to work in partnership with states to improve the rigor, targeting, and accuracy of state HCSUA calculations in a manner that improves SNAP household outcomes and is consistent with federal statute and regulations.

Should you have any questions or would like additional information from our members, please contact Matthew Lyons, Director of Policy & Research, at mlyons@aphsa.org or 240-888-6637.

Sincerely,

Ann Flagg



Senior Director for Policy and Practice
American Public Human Services Association

Belit Burke



Chair
American Association of State SNAP Directors