DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

7 CFR Part 273

[FNS–2019–0009]

RIN 0584–AE69

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

AGENCY: Food and Nutrition Service (FNS), Department of Agriculture (USDA).

ACTION: Final rule.

SUMMARY: This rule finalizes changes proposed October 3, 2019, by the Department to revise Supplemental Nutrition Assistance Program (SNAP) regulations for calculating standard utility allowances (SUAs) and expand allowable shelter expenses to include basic internet costs. It requires State agencies to submit for FNS approval their SUA methodologies at least every five years, and methodology submissions must incorporate any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect recent trends and changes. This rule also provides State agencies with the flexibility necessary to ensure that they meet households' needs while also aligning SUAs with data on low-income household utility costs in a more consistent manner. This rule also finalizes updates proposed April 20, 2016, regarding the treatment of Low Income Home Energy Assistance Program or other similar energy assistance program payments, in accordance with amendments made to the Food and Nutrition Act of 2008 by the Agricultural Act of 2014. The intent of this final rule is to ensure consistency and integrity of SUAs across the country, which the Department believes is good governance.

DATES:

Effective date: This final rule is effective January 17, 2025.

Compliance date: The compliance date for SUA changes is October 1, 2025.

ADDRESSES: SNAP Program Development Division, Food and Nutrition Service, USDA, 1320 Braddock Place, Alexandria, Virginia 22314.

FOR FURTHER INFORMATION CONTACT: Catrina Kamau, Certification Policy Branch, Program Development Division, Food and Nutrition Service, 1320 Braddock Place, Alexandria, Virginia 22314. Email: *SNAPCPBRules@usda.gov.* Phone: (703) 305–2022.

SUPPLEMENTARY INFORMATION:

Acronyms or Abbreviations

American Community Survey, ACS
Code of Federal Regulations, CFR
Consumer Expenditure Survey, CEX
Consumer Price Index, CPI
Fiscal Year, FY
Food and Nutrition Act of 2008, the Act
Food and Nutrition Service, FNS
Heating and Cooling Standard Utility Allowance, HCSUA
Limited Utility Allowance, LUA
Low-Income Home Energy Assistance Act of 1981, LIHEAA
Low-Income Home Energy Assistance Program, LIHEAP
Residential Energy Consumption Survey, RECS
Short Term Energy Outlook, STEO
Standard Utility Allowance, SUA
State SNAP Agencies, State agencies or States
Supplemental Nutrition Assistance Program, SNAP
U.S. Department of Agriculture, the Department or USDA

References

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- U.S. Energy Information Administration, *U.S. Energy Insecure Households were Billed More for Energy than Other Households,* May 23, 2023. Retrieved from *https://www.eia.gov/todayinenergy/detail.php?id=56640* in November 2023.
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Combined Final Rule

This final rule incorporates provisions originally proposed in two separate notices of proposed rulemaking (NPRM): The October 3, 2019, NPRM titled ''Supplemental Nutrition Assistance Program: Standardization of State Heating and Cooling Standard Utility Allowances'' (84 FR 52809), and the April 20, 2016, NPRM titled ''Supplemental Nutrition Assistance Program: Standard Utility Allowances Based on the Receipt of Energy Assistance Payments Under the Agricultural Act of 2014'' (81 FR 23189). While originally published as separate NPRMs, the provisions contained in these rules both relate to determining household shelter expenses, and therefore, the Department is addressing the NPRMs in this single final rule. In this final rule, the Department will refer to the October 3, 2019, NPRM as the SUA NPRM. The Department will refer to the April 20, 2016, NPRM as the LIHEAP NPRM.

The Department intends for the LIHEAP NPRM provisions of this final rule and the SUA NPRM provisions to be separate and severable from one another. If any provision related to the SUA NPRM is stayed or determined to be invalid, it is the Department's intention that the remaining provisions

related to the LIHEAP NPRM shall continue in effect. For example, if a court were to invalidate the final rule's HCSUA standardization provision, the provisions related to the LIHEAP NPRM would remain in effect, as those provisions ''could function sensibly without the stricken provision.'' [1]

This rule redesignates several regulatory citations to reflect amendments to the regulatory text resulting from this final rule. Where applicable, each redesignation is reflected explicitly in the discussion of the corresponding provision.

Background on SUAs and the SUA NPRM

The Food and Nutrition Act of 2008 (the Act) establishes national eligibility standards for SNAP, including net income standards, and provides allowable deductions from gross income to determine the net income of a household. Apart from a standard deduction for all households, deductions are available to households based on their circumstances. Some of these deductions include: earned income; dependent care costs when needed for work, searching for work, training, or education; medical expenses over $35 for elderly or disabled households; and excess shelter costs.

The excess shelter deduction allows households to deduct shelter expenses that exceed 50 percent of their income after all other deductions are taken. For households without an elderly or disabled member, the deduction must not exceed a maximum limit. Households with elderly or disabled members are not subject to a limit. Shelter expenses include the basic cost of housing as well as certain utilities and other allowable expenses listed in 7 CFR 273.9(d)(6)(ii). To help streamline the application and certification process, section 5(e)(6) of the Act permits State agencies to develop SUAs to use in lieu of actual utility expenses in determining a household's shelter costs for the purposes of the excess shelter deduction. The Act requires that State SUAs must be developed ''in accordance with regulations promulgated by the [USDA].'' [2]

Per USDA's regulations, at 7 CFR 273.9(d)(6)(iii), State agencies may create three types of SUAs: a heating and cooling SUA (HCSUA); a limited utility allowance (LUA); and single utility allowances (also referred to as ''individual standards''). The HCSUA is the largest of the SUAs and is available to households that incur heating or cooling expenses separate from their rent or mortgage. The HCSUA is comprehensive and includes costs for heating or cooling and all other allowable utilities. The LUA includes expenses for at least two utilities; single utility allowances may be used for stand-alone utility costs. Neither the LUA nor single utility allowances include costs for heating and/or cooling. Utility expenses captured in SUAs may include: electricity or fuel for purposes other than heating or cooling, water, sewerage, well and septic tank installation and maintenance, telephone, and garbage or trash collection.[3]

A State agency may mandate use of SUAs for all households with qualifying expenses if the State agency has developed one or more SUAs that include the costs of heating and cooling and one or more SUAs that do not include the costs of heating and cooling.[4] Under this option, households entitled to the SUA may not claim actual expenses, even if the expenses are higher than the SUA. Households not entitled to the SUA may claim actual allowable expenses.

SNAP regulations require State agencies to review SUAs annually and adjust to reflect changes in costs.[5] State agencies must submit the figures to FNS for approval at the annual update and whenever a State agency changes methodologies (Office of Management and Budget (OMB) Control Number 0584–0496; Expiration Date 7/31/2026). In developing SUAs, program requirements do not prescribe a particular methodology or data sources for State agencies to use. State agencies have a certain amount of flexibility to tailor the program's administration to meet the needs of their residents. SUAs embody this flexibility, as they vary from State to State and reflect not only the different costs, but the different utility needs in each State. For example, the heating and cooling needs of Maine residents are not the same as those in Mississippi as these States have differing climates, energy usage, and commonly used energy sources. While this flexibility is critical and each State's circumstances are unique, without consistent parameters for SUA methodologies, the Department is concerned that the information State agencies use to determine SUAs is outdated and may not reflect low-income households' current utility costs.

Monthly shelter costs, such as rent, mortgage, and utilities, comprise a significant share of most Americans' household budgets. Similarly, in the SNAP benefit calculation, SUAs comprise a significant share of household shelter costs. The use of SUAs allows for a streamlined approach over an itemized, case-by-case approach to determine household utility costs and is a substantial factor in evaluating whether the household is eligible for the excess shelter deduction. As such, SUAs can affect a household's eligibility for the excess shelter deduction and, ultimately, the household's eligibility for SNAP and their benefit amount. Aligning SUAs with current household conditions, including in households with unusually high utility expenses, is important to ensure that the application of the excess shelter deduction adequately reflects household circumstances and ultimately, the appropriateness of the benefit levels.

The Department explored options for standardizing State SUAs in a 2017 study, ''Methods to Standardize State Standard Utility Allowances'' (Holleyman, et al., 2017) (2017 SUA Study).[6] The 2017 SUA Study evaluated State agency methodologies and reviewed available utility cost data sources. The study found that most of the methodologies State agencies employ fall into one of two categories: (1) those that rely on recent State-specific utility data; and (2) those that adjust a base number using an inflation measure such as the CPI of utility costs. Of the 19 State agencies that update a base number, the study found that less than half (seven States) knew the source of their base number, and many did not know when it was established.

Further, the 2017 SUA Study noted that State HCSUAs differed considerably from the average utility expenditures among low-income households in their State. The authors speculated that State agencies may set their SUAs higher than the average costs to minimize benefit loss for households with very high utility expenses. In evaluating this possibility, the authors compared State HCSUA values to values derived from Federal survey data and found variation in the degree to which State agencies set their HCSUAs compared to HCSUAs set at the 85th percentile of utility costs for low-income households. The study used the

[1] *MD/DC/DE Broadcasters Ass'n* v. *F.C.C.*, 253 F.3d 732, 734 (D.C. Cir. 2001) (internal quotations omitted).

[2] 7 U.S.C. 2014(e)(6)(C)(i).

[3] 7 CFR 273.9(d)(6)(ii)(C).

[4] 7 U.S.C. 2014(e)(6)(C)(iii); 7 CFR 273.9(d)(6)(iii)(E).

[5] 7 CFR 273.9(d)(6)(iii)(B).

[6] 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.

85th percentile for illustrative purposes and not as a recommended threshold, as the Department has not previously set a designated threshold for SUAs and has allowed State agencies flexibility in this area.

The authors found that most State agencies used HCSUAs below the 85th percentile of utility costs for low-income households in their State based on the Federal survey data, meaning that their HCSUAs may be under-representing the costs for households with high utility expenses.

To ensure consistent and transparent application of the HCSUA across the country, the Department proposed a methodology to standardize the way State agencies calculate HCSUAs in the SUA NPRM published October 3, 2019. The Department notes that it also used the term ''benefit equity'' in the NPRM to describe the purpose of standardizing SUA methodologies. Multiple commenters, described in more detail below, raised concerns about the use of this term given that benefit levels depend on household circumstances, including differences in utility costs. This term, in addition to ''consistency'' and ''integrity,'' were used to describe the Department's goal of ensuring each State's SUAs represent utility costs for low-income households in the State by proposing clear data requirements to calculate them. However, after considering this terminology, the Department agrees with commenters that ''benefit equity'' is imprecise compared with the other terms used. Therefore, the Department will use the terms ''consistency'' and ''integrity'' throughout to describe the purpose of the SUA NPRM and the final rule.

The methodology in the proposed rule would establish each State agency's HCSUA at the 80th percentile of low-income households' utility costs in the State. The proposed rule would cap most LUAs and individual standards for other utility costs at a percentage of the State agency's HCSUA. The proposed rule would add the cost of basic internet as an allowable utility expense and establish a national maximum amount for a new telecommunications SUA that would include internet and telephone costs. FNS would calculate the initial figures and update them annually.

Summary of General Comments on the October 3, 2019, (SUA) NPRM

The Department received over 125,000 public comment submissions on the SUA NPRM.[7] Of these, approximately 6,500 were unique and nearly 118,800 were associated with form letter campaigns. The Department reviewed and considered all comments received.

Approximately 35 individual commenters expressed general support for the proposed changes, citing concerns about increasing government spending and the need to prevent fraudulent activity. A non-profit organization argued that SUAs have led to significant distortions in eligibility determinations and benefit levels between States and significantly weaken program integrity. This commenter claimed that State agencies frequently set SUA thresholds above what applicants are paying for utilities, creating a greater risk for abuse and violating the statutory intent of SUA policies. While the Department appreciates these comments, the Department notes that setting SUAs above what some applicants are paying for utilities is not fraudulent, as SUAs are not meant to represent average household utility expenses.

In past guidance,[8] the Department encouraged State agencies to set SUAs high enough to ensure most households use the SUA rather than claim actual utility costs, while also reflecting actual costs. Most State agencies mandate the use of SUAs, as described above. The flexibility State agencies have to set SUAs above the average household's costs protects vulnerable households with higher-than-average utility costs in mandatory SUA States. The Department proposed changes to SUA methodologies out of concern that SUAs are outdated and do not reflect recent trends and data on household utility costs, leading to inconsistencies between State SUA values and the utility costs SNAP households incur.

Additionally, approximately 15 commenters supported the proposed update to the telephone standard to include basic internet services. Multiple commenters, including advocacy groups, a policy advocacy organization, multiple State government agencies, a religious organization, and a trade association, agreed with the Department's argument that internet is an essential service. Additional commenters, including an advocacy group, a legal services organization, a policy advocacy organization, and State government agencies generally supported updating the telephone standard to include internet services.

Approximately 107,980 commenters, the majority of which were from form letter campaigns, generally opposed the proposed changes in the SUA NPRM. Many of these commenters expressed concerns that standardizing HCSUAs at the 80th percentile would decrease benefits and negatively impact the general health and well-being of certain demographics, including women, elderly individuals, individuals with higher-than-average shelter costs, individuals with disabilities, and children. Some commenters also expressed concern over how the changes might affect the stability of the economy.

One food bank, ten non-profit and advocacy organizations, six form letter campaigns, one professional association, one religious organization, one food service industry organization, and two local governments expressed opposition to the proposed rule because it was projected to cut SNAP benefits for a significant number of households. The same religious organization and two other form letter campaigns opposed the changes because they were projected to cause 8,000 people to lose SNAP benefits. An advocacy group wrote that the proposed rule would eliminate 18 percent of the average SNAP family's food budget. The Department notes that most SNAP households (81 percent) would have experienced no change to their benefits or a benefit increase under the proposed rule, as noted in the Regulatory Impact Analysis (RIA). The Department also notes that these projections are no longer accurate, given the changes in the final rule, which are described in more detail below.

Further, a form letter campaign, a State-elected official, three advocacy organizations, one policy advocacy organization, and an individual commented that the proposed rule would force struggling families to choose between heating and cooling their homes and putting food on the table. Two food banks, a form letter campaign, a religious organization, a State government, a trade association, and four advocacy groups cited evidence that suggests SNAP supports housing stability and alleviates the trade-offs families often face between purchasing food or other basic necessities, such as healthcare and utilities. A form letter campaign wrote that the proposed rule discriminates against families with high shelter costs.

Multiple commenters raised concerns about the proposed rule's cut to SNAP benefits and the associated food security and health implications. A food bank, a

[7] Posted public comments may be found at *regulations.gov https://www.regulations.gov/document/FNS-2019-0009-0001/comment*

[8] U.S. Department of Agriculture, Food and Nutrition Service, *Food Stamp Program Standard Utility Allowances Requirements and Methodologies,* FNS Notice 79–47, May 1979. Retrieved from: *https://www.fns.usda.gov/snap/sua-requirements-and-methodologies* in December 2023.

healthcare association, and an individual expressed concerns regarding the negative impacts of food insecurity on a person's health. A legal services organization, four religious organizations, a healthcare association, an educational institution, two advocacy groups, and a policy advocacy organization commented that the proposed rule would exacerbate food insecurity and significantly increase healthcare costs. A form letter campaign stated that Congress authorized SNAP to encourage participant households to consume nutritious foods and found that limiting the purchasing power of low-income households contributed to food insecurity and malnutrition.

Commenters also raised concerns regarding the overall impact of the SUA NPRM in conjunction with the final rule published on December 5, 2019, entitled ''Supplemental Nutrition Assistance Program: Requirements for Able-Bodied Adults Without Dependents'' (84 FR 66782), and the proposed rule published on July 24, 2019, entitled ''Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP)'' (84 FR 35570). Commenters expressed concern that these regulatory changes proposed by the Department would adversely impact households and their benefits, compounding the impact of the SUA NRPM for some households. These comments are no longer relevant as the Department rescinded (86 FR 34605) and withdrew (86 FR 30795) these proposed and final changes to program rules.

Approximately 17,340 commenters discussed the proposed rule as it relates to SNAP's statutory purpose and Congressional intent. Two food banks, two religious organizations, three local/municipal governments, a policy advocacy organization, a trade association, two legal services groups, two form letter campaigns, a health care association, a community organization, and seven advocacy groups claimed that the proposed rule was an attempt to sidestep Congress and reduce SNAP benefits. Many of these commenters, as well as two form letter campaigns, two federally-elected officials, 11 advocacy groups, three legal services groups, a religious organization, three food banks, an academic, a trade association, and a community organization, argued that the proposed rule subverts the 2018 Farm Bill, which made no changes to SUAs.

Twelve commenters, including a policy advocacy organization, two advocacy groups, a lawyer, four legal services groups, two individual commenters, a local/municipal government, and a federally-elected official, claimed the proposed rule was in violation of the Administrative Procedure Act (APA). Two of the legal services commenters alleged the proposed rule was arbitrary and capricious because it did not provide adequate reasoned rationale to inform meaningful comment, as required by the APA. A federally-elected official and an advocacy group claimed the proposed rule violates the APA because it failed to consider all relevant factors. A policy advocacy organization said that the proposed rule does not provide enough information for the public to meaningfully comment on the proposed methodology. The commenter wrote that the proposed rule violates the APA because it does not provide a justification for the 80th percentile HCSUA cap.

The Department appreciates the commenters' concerns about the proposed rule's potential adverse impact on SNAP households and has made changes in the final rule that may address these concerns. These changes include the Department not finalizing the proposed HCSUA methodology standardization provision and the proposed caps on LUAs and individual standards. The Department still believes it is necessary to ensure a clear justification for the any SUA that a State sets, and therefore the Department is providing State agencies with the flexibility to continue setting their own SUAs while standardizing the data and methodology criteria that FNS will use to approve SUAs. As noted above, commenters broadly supported accounting for basic internet costs in SUAs. The final rule makes changes to treat basic internet costs like any other allowable utility cost that can be included in the HCSUA, LUA, and as an individual standard. The Department further explains these changes and the accompanying rationale later in this preamble.

The Department disagrees with commenters' claims that the Department lacks the authority to standardize SUAs. While the Department agrees that Congress did not make changes to SUAs during the passage of the 2018 Farm Bill, the Department notes that Congress did not change sec. 5(e)(6)(C)(i) of the Food and Nutrition Act of 2008 either, which gives the Secretary the authority to promulgate regulations concerning how SUAs are set by State agencies.[9] As such, the Department maintains the authority to regulate SUAs within the statutory framework.

In the sections that follow, the Department presents each provision of the proposed rule: the relevant, substantive comments related to the provision; and any changes made to the final rule in a section-by-section format. Throughout this comment analysis, the Department views a comment as substantive if it provides an opinion or recommendation on a specific policy and includes detailed reasoning.

Standardizing HCSUA Methodology

In the SUA NPRM, the Department proposed to amend SNAP regulations at 7 CFR 273.9(d)(6)(iii) to create a new, standardized methodology for calculating State HCSUAs. The proposed standardization set HCSUAs at the 80th percentile of utility costs for low-income households in each State, calculated annually by FNS.

The NPRM methodology would use best-available utility cost information from nationally representative Federal sources that reflect State-specific household expenses, such as the American Community Survey (ACS), drawing on the recommendations of the 2017 SUA Study. The methodology would also allow the Department to use other data sources if such Federal sources are not available or if better data becomes available. Under the SUA NPRM, FNS would calculate and provide States with standardized HCSUAs using the following sources and set SUAs at the 80th percentile of utility costs for low-income households:

- ACS with adjustments based on the Residential Energy Consumption Surveys (RECS) to derive the energy component of the HCSUA.
- ACS and Consumer Expenditure Surveys (CEX) data to derive the water, sewer, and trash component of the HCSUA.
- Current pricing information on telecommunications services from service providers.

As needed, FNS would adjust the estimates from the sources listed above using utility expenditure growth rates and population growth estimates in order to reflect the current fiscal year.

Since the proposed data sources do not collect information for territories, such as Guam and the Virgin Islands, the Department proposed to continue to allow these territories to use their own methodologies, and conduct their own calculations, subject to FNS approval.

Using the utility cost information from these sources, FNS would set the standardized HCSUAs at the 80th percentile of utility costs for low-income households in each state. In the

[9] 7 U.S.C. 2014(e)(6)(C)(i) (''[A] State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary. . . .'').

SUA NPRM, the Department explained that it chose the 80th percentile because standardizing at this level would reduce the amount of variation between utility costs and HCSUA amounts across States. Additionally, the Department argued that setting HCSUA values at the 80th percentile would balance the need to create more accurate standards while still capturing households that have higher than average utility costs, as most States mandate SUAs in lieu of actual costs.

Commenters expressed opposition to the proposed standardized HCSUA methodology due to concerns about the following, which are discussed in more detail in the paragraphs below:

- Negatively impacting SNAP participants, especially among certain demographics.
- Setting HCSUAs at the 80th percentile of low-income households' utility costs without clear rationale;
- Limiting State agencies' flexibility to address their unique needs; and
- Using the data sources the Department proposed, in lieu of other State-specific data sources.

Approximately 240 commenters expressed general opposition to the proposal to set HCSUAs at the 80th percentile of low-income households' utility costs in the State. Many of these commenters requested further explanation for the Department's rationale for capping the HCSUA at the 80th percentile. These comments included those from form letter campaigns, multiple members of the U.S. Congress, a legal center, a legal services organization, a health care association, multiple local/municipal commenters, a State agency, and advocacy groups.

Approximately 107,980 commenters expressed general opposition to standardizing the HCSUA methodology process due to the potential adverse effects on certain demographics. Three form letter campaigns, a food bank, five advocacy groups, and an individual, discussed the negative impacts of the proposed changes on people with disabilities. Two of these form letter campaigns, the same individual, an additional food bank, and an additional advocacy group stated that 11 percent of SNAP households include a person with a disability, and those households will be disproportionately impacted by the proposed rule. Many of these same commenters, and an additional food bank and advocacy group, argued that the proposed rule would similarly harm elderly SNAP recipients. Another form letter campaign stated that households with a family member with disabilities are two to three times more likely to experience food insecurity than households without a family member with disabilities. This form letter further claimed that the proposed rule would force people with disabilities and their families to choose between spending their limited resources on food or other necessities such as housing, utilities, and medical expenses.

A policy advocacy organization and an advocacy group argued that the rule would have a disproportionate negative impact on women because women make up the majority of SNAP recipients. Comments from one advocacy group and a policy advocacy organization argued the proposed changes would increase food insecurity for children, and two food banks, four advocacy groups, and a policy advocacy organization cited the proposed rule's RIA, which estimated a 19 percent net reduction in SNAP benefits for households with children, with an average annual loss of $336 in food assistance. The Department notes that the proposed rule's RIA did not estimate a 19 percent net reduction in SNAP benefits for households with children. Rather, it noted that 19 percent of SNAP households with children were expected to see a reduction in their SNAP benefits under the proposed rule.

In addition to the impact on certain demographics, commenters expressed concern that standardizing the HCSUA at the 80th percentile would not adequately cover the lowest-income household's high utility costs and would result in decreases to SNAP benefits. Two form letter campaigns noted that the proposed rule would cut $4.5 billion over five years in SNAP benefits. A community organization, multiple advocacy groups, multiple State government agencies, a food bank, a professional association, and a legal services organization criticized the proposed methodology, writing that 19 percent, or approximately one in five, of SNAP households would see a reduction in benefits under the proposed rule. Three legal services organizations, one attorney, four advocacy groups, four policy advocacy organizations, and one religious organization stated that using the 80th percentile would result in lower HCSUAs than the Department has allowed under long-standing policy. Some commenters raised the potential for the Department to set default HCSUAs at a different percentile and provided suggestions. Advocacy groups and an attorney stated that, while interstate inequities exist, it would be preferable for States with lower-than-average utility allowances to raise them rather than standardizing all States' HCSUAs.

The Department appreciates commenters' concerns about the proposed rule's potential adverse impact on certain demographics. The Department is aware of the potential negative impact on elderly and disabled households since they do not have a cap on their excess shelter deduction in the Act. Therefore, without the cap on shelter expenses that all other households have, households with elderly or disabled members are more likely to see a greater change in their benefit amounts (both increases and decreases) due to any change in HCSUA methodologies than households without elderly or disabled members. The Department is committed to serving all households, including those with elderly or disabled members who are most affected by changes to SUAs, and will support State agencies' implementation of the final rule as they help households understand any changes to their benefits and are available for questions, as necessary.

Numerous commenters also expressed broader concerns about potential SNAP benefit decreases under this rule. The Department understands the importance of benefit stability for households, but also recognizes that SUAs must reflect low-income household utility costs in order to serve their purpose. SUAs may change as utility costs increase or decrease, and those changes are reflected in the SNAP benefit level. The impact that SUAs have on benefits is important, which is why the SUA NPRM sought to bring more consistency to the SUA process and ensure greater integrity in the data used to calculate them. The Department has made changes in the final rule to allow State agencies more flexibility in developing their SUA methodologies to ensure that they meet households' needs in a more consistent manner. These changes also address commenter concerns regarding the SUA NPRM's impact on SNAP benefit levels. The Department will provide targeted technical assistance to State agencies highlighting the flexibilities provided in this final rule and considerations for minimizing potential negative impacts on households, including the Department's waiver authority.

In addition to concerns regarding SNAP benefit impacts, many commenters expressed concerns that standardizing HCSUA methodologies would remove important, existing flexibility for State agencies to address their residents' unique needs. An advocacy group argued that the existing regulations provide State agencies the

flexibility to accurately address the needs of their residents as energy prices vary by location and reflect differing climates. The commenter added that the new process would remove State specificity in relation to the State's unique circumstances and decrease the overall precision of the HCSUAs. Similarly, a policy advocacy organization argued that States are best positioned to develop and administer their own methodologies and determine appropriate SUA amounts based on their region and climate. A non-profit organization criticized the Department's approach in trying to find data sets that fit all States, and instead suggested allowing individual States to use data sets that would best fit their needs.

In addition to State flexibility concerns, multiple commenters, including two advocacy groups, three legal services organizations, a religious organization, two policy advocacy groups, a trade association, two State government agencies, and local government raised concerns about the data sources the Department proposed using as part of its methodology. Specifically, the commenters questioned: (1) the multi-year lags in the availability of RECS data; (2) the effects of possible recall bias on ACS-based cost estimates; (3) the rationale for using RECS data which, at the time of the proposed rule, used regional averages for some States when there was not enough information to develop a State-level estimate; [10] and (4) why the Department did not consider using utility cost data sourced from State public service commissions. Additionally, commenters requested that the Department codify the proposed methodology in the rule and regulations, rather than providing FNS with the flexibility to change it in the future.

Commenters also expressed concern that State agencies with more accurate data than the sources used in the Department's proposed methodology would not have the opportunity to appeal or submit their methodologies. Multiple commenters wrote that individual State agencies will be able to develop much more accurate utility usage figures from utility provider data in comparison to the proposed standardization methodology. A State government agency commented that the Department should allow State agencies to resubmit their HCSUA base methodology with justification and data to support it. A legal services organization and an advocacy group that opposed using RECS suggested that the Department develop a process for State agencies and the public to appeal or present alternative data in calculating HCSUA values. Similarly, an advocacy group and a State agency criticized the omittance in the proposed rule of any opportunity to provide more accurate State data in lieu of the data sources used by the Department. Finally, a non-profit organization suggested that the Department provide technical assistance to State agencies to determine whether their current HCSUA approach best reflects the needs of their individual State, or if the proposed Department methodology would be a better fit.

Lastly, the Department solicited comments specifically related to the standardization exception made for territories for which ACS and RECS do not collect data. The Department received one comment from an advocacy group that supported this treatment of Guam and the Virgin Islands. Another commenter stated that Puerto Rico is similar to Guam and the Virgin Islands and should therefore also be allowed to use its own SUA methodologies. The Department notes that currently, Puerto Rico does not operate SNAP, so SUA policy does not impact this territory; however, the Department agrees that it would treat all territories subject to SUA policy similarly.

After careful consideration of the comments related to the importance of State flexibility and concerns about the limitations of the Department's proposed standardization methodology, the Department is not finalizing the proposed HCSUA standardization as proposed. The Department agrees that State agencies need flexibility to reflect their households' unique utility needs and that, in some cases, State utility data provides more specific, accurate information to inform HCSUA methodologies. Rather than finalizing the proposed HCSUA standardization, the Department will continue to allow State agencies to set their own HCSUA methodology, subject to FNS approval.

Additionally, the Department understands commenters' concerns regarding the rationale for setting HCSUAs at the 80th percentile and the need for State flexibility in setting HCSUAs. As such, the Department will not require State agencies to set HCSUAs at a specific percentile of low-income households' utility costs in the State.

While the Department will no longer set HCSUA values based on a standardized methodology or specific percentile across all States, the Department maintains the purpose of the SUA NPRM is to improve consistency and data integrity in State SUA calculations, albeit through a different method. The Department maintains that there should be clearer guidelines and requirements for State agencies to follow when developing their HCSUAs to ensure these standards accurately reflect low-income households' utility costs. Therefore, in lieu of the proposed HCSUA methodology standardization, the Department is revising 7 CFR 273.9(d)(6)(iii) to allow States to continue to set their own HCSUAs, while standardizing the data and methodology criteria that FNS will use to approve SUAs. This standardization method includes two requirements.

First, State agencies must submit for FNS approval their HCSUA methodology at least every five years. Methodology submissions must incorporate any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect recent trends and changes. The methodology update must include changes to the baseline expenditure data and an explanation of the State agency's methodology for deriving HCSUAs from such data.

The Department notes that this is in addition to the existing requirement in regulations that State agencies must review their SUAs annually and adjust to reflect changes in costs, such as by using sources like CPI. This annual update to reflect changes in costs refers to interim years between the State agency's full methodology update, when new utility data may not be available yet. The Department is also maintaining the existing regulatory requirement that State agencies must submit their methodologies for FNS approval when the State agency develops or changes its methodology.

This five-year period strikes an appropriate balance between capturing changes to general trends in energy markets and utility prices while minimizing the burden on State agencies or utility providers. The Department considered requiring State agencies to revise and submit their methodologies more often than every five years but deemed the existing annual update requirement sufficient to capture changes in interim years; however, State agencies may update their HCSUA methodology more frequently if they wish.

Similarly, the Department considered a longer period between methodology revisions. A longer period raised concerns about how well State agencies could capture shifts in utility costs and account for trends like changing climate

[10] The Department notes that RECS data is available for all States now.

conditions' impact on energy sources. State agencies unable to source data directly from utility providers are likely to rely on survey data, which can lag behind current conditions by several years. As such, allowing State agencies to update their methodologies every seven to eight years could result in baseline methodologies reflecting conditions that are a decade or more out-of-date. This five-year period requirement ensures that State agencies electing to use survey sources will use more recent ones.

Second, State agencies' methodologies must:

- Reflect the entire State or geographic area the SUA covers;
- Use data sourced from utility providers or similarly reliable source;
- Reflect expenses incurred by low-income households,
- Distinguish if the utility is for heating or cooling, if applicable; and
- Reflect residential utility expenses.

The Department chose these criteria to ensure HCSUAs accurately represent the utility costs of low-income households, including households with higher than average utility costs, in the designated area while providing State agencies additional flexibility in creating their standards. These criteria align with the goals of the data and methodology the Department proposed to use in the SUA NPRM. The Department notes that, for the purposes of these criteria, ''utility providers'' includes any company or organization that supplies or sells a utility allowed under 7 CFR 273.9(d)(6)(ii)(C).

The standardized criteria outlined above will ensure State agencies are developing HCSUAs based in appropriate data to support the values; however, it is important that HCSUAs reflect more than just the average household's costs. SUAs need to also represent households with higher-than-average utility costs since most State agencies mandate the use of SUAs. The final rule is forgoing setting a specific percentile for HCSUAs to provide State agencies with additional flexibility and to avoid mandating significantly lower SUAs. While the NPRM proposed requiring that HCSUAs be set at the 80th percentile, this final rule modifies this approach. Under this final rule, State agencies may set HCSUAs at levels higher than the 80th percentile. State agencies have good reasons to take into account the need to capture utility expenses for the vast majority of households, which requires including those that have higher than average utility costs. This final rule allows states this flexibility. Since most State agencies mandate the use of SUAs, it is important that their values reflect more than just the average household's costs and account for households with significant utility expenses. The Department will provide State agencies with technical assistance and support to assess appropriate distributions of utility costs as part of its methodology review.

In developing or revising their HCSUA methodologies, State agencies may select to use Federal sources to meet these requirements. While the Department is no longer finalizing the use of ACS data, in conjunction with RECS and CEX data, to standardize HCSUAs, the Department maintains that this methodology is acceptable and based on the best currently available, annually-updated national Federal surveys for determining utility expenses for low-income households at the State level. For example, RECS is the only source that validates households' reported energy expenditures with data from their utility providers. It also provides end-use information, which allows for estimation of energy expenses by low-income households with heating and cooling expenses. The Department also notes that ACS is updated annually and based on a very large sample, which makes it valuable for producing representative, recent estimates for every State.

The 2017 SUA Study, as well as a subsequent 2023 study [11] conducted by the Department, found that combining this data with ACS data offsets some of the limitations of each data source with the advantages of the other. While not mandating their use, the Department encourages State agencies without more recent and accurate State-specific data to review and consider using Federal survey data, such as ACS and RECS, to develop their HCSUAs. These sources would be considered ''similarly reliable'' to utility provider data. The Department will publish guidance and provide State agencies with technical assistance in developing their HCSUA methodologies as needed. As part of this technical assistance, FNS will provide factors for State agencies to consider when identifying data sources and establishing methodologies. FNS will also provide examples of approved State agency methodologies for reference. FNS will work with State agencies on a state-by-state basis to address their unique circumstances and review flexibilities that may minimize potential negative impacts on households.

While these criteria allow State agencies more flexibility than the proposed standardization, the Department understands that some commenters were wary of any changes to the current process. A State government agency asked for the Department to simply maintain the current system. A legal services organization wrote that the proposed rule provides insufficient reasons for departure from prior policy in removing States' ability to set their own SUAs. Multiple members of the U.S. Congress, a State government agency, and a professional association commented that the Department did not provide any evidence as to why the proposed rule's standardization approach is preferable to current State agency methodologies. Similarly, an advocacy group stated that by nature of the SUA approval process and methodologies not being public, the Department did not provide any insight into the SUA process and what specific issues the Department has with State agencies' methodologies as a rationale for the proposed rule. A legal services organization asked why the Department has not altered or rejected State agency SUAs, when it has the option to review them, if current methodologies used by State agencies are objectionable.

The Department recognizes the impact of HCSUAs in determining eligibility and benefit amounts and has provided additional information to reiterate the purpose and rationale of the SUA NPRM below. Rather than only adjusting certain State HCSUAs, the Department is making changes through regulations because the Department's concerns with HCSUAs are not specific to any one State agency, and the changes would affect consistency and integrity throughout the program nationwide.

In response to comments asking for additional rationale and clarity on issues with the current SUA methodologies, the Department reexamined State agencies' HCSUA base methodologies. In line with the 2017 SUA Study's findings, discussed above, the Department found several State agencies adjusting a base number annually using an inflation measure such as the CPI Fuels and Utilities index but could not locate the underlying source or methodology behind their base number. Other State agencies submitted methodologies based on old data (ranging from 10–47 years old), did not consider low-income households' utility costs, and/or did not consider end-use for the utility. Only a few State agencies' methodologies used more

[11] Holleyman, Chris, Pratima Damani, and Erick Torres. Updating Standardized State Heating and Cooling Utility Allowance Values. Prepared by SP Group, LLC for the U.S. Department of Agriculture, Food and Nutrition Service, March 2023.

recent data sourced from utility providers, but these often did not account for low-income households' utility costs.

Prior to this rulemaking, the Department has provided State agencies limited information on specific parameters or requirements for calculating data-driven SUA methodologies. As a result, the Department has approved changes to SUA methodologies and annual updates to SUA values based on a variety of methodologies and data sources.

Since some State agencies continue to adjust historic base numbers without an underlying, clear methodology, the Department has growing concerns that some State agencies' data is outdated and may not reflect low-income households' utility costs today. Since the mid-1970s, when the Department first introduced SUAs, household utility usage and composition has changed significantly. For example, the U.S. Energy Information Administration found that energy use per household has declined steadily between 1980–2015, due to improvements in building insulation and materials and improved efficiencies of heating and cooling equipment and other appliances.[12] While there have been improvements to building materials across all homes in the past few decades, households that struggle to pay their energy costs are ''more likely to report their homes are drafty or poorly or not insulated [. . .] than households that did not experience energy insecurity.'' [13] These same energy insecure households, some of which may also receive SNAP benefits given their low-incomes, were billed more for energy than other households in 2020.[14]

Further, residential energy sources have shifted from primarily natural gas in 1970 to electricity in 2020.[15] In this same period, air conditioning has become ''one of the fastest growing energy uses in homes.'' [16] The U.S. Energy Information Administration found that while in 1980, 57 percent of homes used air conditioning, 87 percent of homes used air conditioning in 2015.[17] Factors such as changing climate conditions may continue to shift energy use, the mix of energy sources used by households, and the prices of those energy sources over time. The U.S. Global Change Research Program's Fourth National Climate Assessment notes that ''by 2040, nationwide, residential, and commercial electricity expenditures are projected to increase by six percent to 18 percent under a higher [temperature increase] scenario (RCP8.5), four percent to 15 percent under a lower scenario (RCP4.5), and four percent to 12 percent under an even lower scenario (RCP2.6).'' [18]

These factors and changes confirm that State agencies must review and revise their SUA methodologies as needed to accurately reflect low-income households' utility costs and reflect current trends. Beyond outdated source values, when HCSUA methodologies do not incorporate changes in energy sources, the methodology can under (or over) count the share of different utility expenses in a household's budget. The Department recognizes that providing State agencies broad discretion and allowing HCSUA updates based on outdated methodologies may have embedded inconsistency into the process. Further, the Department understands that while some State agencies have an HCSUA methodology that is outdated, unknown, or unclear, other State agencies have State-specific data sourced from utility providers that is more recent or accurate than the proposed data sources used by FNS.

In acknowledgement of these issues, the Department is finalizing revisions to the HCSUA methodology process, albeit with changes and more State agency flexibility, to recalibrate the process. While the Department is not finalizing the proposed HCSUA standardization provision, the standardized criteria outlined above will ensure more consistency between HCSUA methodologies across the nation.

Since the Department is no longer finalizing HCSUA standardization, this final rule treats territories the same as all other States and does not contain any special rules related to territories.

While the proposed rule included standardized HCSUA language at 7 CFR 273.9(d)(6)(iii)(B)(*1*), the final rule amends the proposed language to remove HCSUA standardization and add methodology requirements and redesignates this section at 7 CFR 273.9(d)(6)(iii)(C) for clarity.

Changes to Current SUA Options

The SUA NPRM proposed to eliminate State agency options to vary SUAs by season, household size, or geographic area as part of the Department's efforts to bring greater consistency across States and in recognition of the low number of State agencies taking these options. Currently, six State agencies vary their SUAs by household size, only Alaska and New York vary by geographical area, and no State agencies adjust their SUAs by season.

Approximately 75 commenters, including individuals, a legal services association, a policy advocacy organization, community organization, and State agencies, expressed opposition to eliminating these options. Commenters shared concerns that removing these flexibilities may cause harm to SNAP recipients by treating all States and localities in the same manner when energy needs, heat sources, climates, and housing types are varied. An individual commenter stated that citizens burdened with paying very high heating and cooling bills in certain regions are more likely to suffer because of a SUA calculation that does not account for regional differences in poverty and climate. Further, a legal services commenter stated that the flexibility allowing State agencies to calculate utility costs and rates is essential for States where heating costs, sources, and housing types vary. A federally-elected official expressed concern that the proposed rule would negatively impact the residents of the official's State, who rely on SNAP benefits calculated using factors specific to their community and costs associated with the disparate regions of their State. Commenters also expressed that removing these options would unduly restrict State agency flexibilities.

Two form letter campaigns noted that the proposal would force a ''one-size-fits-all'' policy for both shelter and utility costs across the country. Several commenters, including multiple advocacy groups, a federally-elected official, and an attorney highlighted specific impacts the proposed rule would have on certain geographic areas. An advocacy group and an attorney said that the proposed rule would harm SNAP participants living in northern

[12] U.S. Energy Information Administration, *Residential Energy Consumption Survey* for indicated years (1980–2015). Retrieved from *https://www.eia.gov/energyexplained/use-of-energy/homes.php* in June 2022.

[13] U.S. Energy Information Administration, *U.S. Energy Insecure Households were Billed More for Energy than Other Households, May 23, 2023. Retrieved from https://www.eia.gov/todayinenergy/detail.php?id=56640 in November 2023.*

[14] Ibid.

[15] U.S. Energy Information Administration, *Monthly Energy Review,* Table 2.2, April 2022, preliminary data for 2021. Retrieved from *https://www.eia.gov/energyexplained/use-of-energy/homes.php* in June 2022.

[16] U.S. Energy Information Administration, *2015 Residential Energy Consumption Survey* in section, ''Electricity Use in Homes.'' Retrieved from *https://www.eia.gov/energyexplained/use-of-energy/electricity-use-in-homes.php* in September 2022.

[17] Ibid.

[18] USGCRP, 2018: *Impacts, Risks, and Adaptation in the United States: Fourth National Climate Assessment, Volume II* [Reidmiller, D.R., C.W. Avery, D.R. Easterling, K.E. Kunkel, K.L.M. Lewis, T.K. Maycock, and B.C. Stewart (eds.)]. U.S. Global Change Research Program, Washington, DC, USA, 1515 pp. doi: 10.7930/NCA4.2018.

and colder states, with specific mentions of Vermont and California. An individual commenter stated that the proposed rule would harm SNAP participants living in southern cities, such as Memphis, Tennessee, where low-income households spend an average of 13.2 percent of their income on energy. The commenter also cited the large energy burdens of other southern cities, including Birmingham, Alabama; Atlanta, Georgia; and New Orleans, Louisiana.

An advocacy group expressed disagreement with the concept in the proposed rule that eliminating State agency options to vary SUAs by season, household size, or geographic areas would bring greater benefit equity across States. Similarly, a policy advocacy organization stated that the Department failed to explain how eliminating an option available to all State agencies (even if only adopted by a few States) improves benefit equity and ignores the potential harm to low-income households in rural areas that need the benefits. Further, an advocacy group stated that incorrectly treating all States' and localities' needs the same causes inequity. After considering the terminology and these comments, the Department maintains the purpose of the SUA NPRM, to improve the integrity and consistency of SUAs, but has decided to use the term ''consistency'' rather than ''benefit equity'' throughout the final rule to be more precise.

As noted above, one of the two State agencies that currently varies its SUAs by geographical areas is Alaska. Program rules grant Alaska and Hawaii additional considerations [19] to account for cost-of-living differences and provide further program flexibilities to Alaska because of its extremely remote geography. The SUA NPRM did not include any exceptions for Alaska and Hawaii. The Department solicited comments on whether additional flexibilities for Alaska and Hawaii should be included in the final rule.

The Department received comments in support of allowing exceptions for Alaska and Hawaii. Alaska State government officials commented explaining how their current SUA calculations use data from utility companies to create region-specific values and that their methodology allows for more accurate SUAs. An advocacy group also expressed surprise that the SUA NPRM did not include special considerations for Alaska and Hawaii. This advocacy group asked if the 2017 SUA Study considered using ACS five-year data to develop SUAs at the sub-State regional level. A policy advocacy organization also stated that it is possible that States like Alaska, Minnesota, Nebraska, South Dakota, Washington, and other States with sizable Tribal populations may want the option to create a separate SUA for households that live on Tribal lands. The commenter suggested Tribes could collect data on the utility costs of their Tribal members living in remote areas, and such an approach might allow State agencies to more adequately reflect the utility costs of Tribal members who participate in SNAP in those areas.

The Department agrees with commenters that some States and localities have unique needs related to energy use, climates, remoteness, and heat sources and may have data to support an HCSUA based on these factors. As described above, the final rule permits State agencies to develop their own SUA methodologies subject to FNS approval, while incorporating data and methodology requirements. To align with that action, the Department will also maintain the option for State agencies to vary SUAs by season, household size, or geographic area, which will address concerns for Alaska and Hawaii in particular. The Department will amend the proposed language at 7 CFR 273.9(d)(6)(iii)(A) to maintain the option for States to vary SUAs based on these factors.

The SUA NPRM proposed changes to additional existing SUA options, one of which was to eliminate the option for 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 SUA NPRM also withdrew the option for State agencies to include the cooling expense in the electricity utility allowance for States where cooling expenses are minimal. Due to the changes proposed for calculating HCSUAs and LUAs, the Department proposed to discontinue these options to ensure all households that incurred heating and cooling costs would be eligible to receive the HCSUA, and not a lower LUA.

A State government supported the clarification that public housing residents who incur heating or cooling costs in States that mandate SUAs would receive the HCSUA. A legal services organization argued that the Department provided insufficient rationale for this change, and an individual commenter alleged that the proposal would harm public housing residents and would enhance institutional discrimination against people with disabilities, low-income seniors, African Americans, Hispanics, Asian-Pacific Islanders, and Native Americans. However, these households would actually receive a higher standard by eliminating this option because HCSUAs encompass full heating and cooling costs, and the Department's position is that all households that incur heating or cooling costs in a State that mandates use of SUAs should be entitled to the HCSUA to ensure consistency across households and States. Therefore, the Department will finalize as proposed, aside from a small technical correction to replace the word ''to'' with ''for'' in the sentence ''[. . .] it must use a standard utility allowance that includes heating and cooling costs to residents of public housing units [. . .].'' While the proposed rule included this provision at 7 CFR 273.9(d)(6)(iii)(E)(*2*), the Department will redesignate this section as 7 CFR 273.9(d)(6)(iii)(G)(*2*).

LUAs and Individual Standards

The Department proposed in the SUA NPRM that State agencies would continue to use their own methodologies to determine LUA and individual standard amounts, if amounts do not exceed maximum limits established by the Department. State agencies would submit their annual LUA and individual standard values to FNS for approval. The proposal would cap LUAs at 70 percent of a State's HCSUA and individual standards at 35 percent of a State's HCSUA. When analyzing the SUA values developed as part of the 2017 SUA Study, the researchers found that most States' individual standards were near 35 percent of their HCSUA. Similarly, most States' LUAs did not exceed 70 percent of their HCSUA. FNS would issue the capped amounts via memo to the State agencies and provide the values publicly on the FNS website.

In FY 2022, only 9.0 percent of households used a LUA or individual standard when determining SNAP eligibility and benefit levels.[20] Although they impact a small portion of SNAP participants, the Department proposed to cap these standards at a percentage of the HCSUA to extend standardization efforts and mitigate future inconsistencies.

Five commenters opposed the proposed cap of LUAs and individual standards. An advocacy group

[19] For example, there are specific gross and net income eligibility limits for Alaska and Hawaii. *See* 7 CFR 273.9(a)(1) and (2).

[20] U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2022,* by Mia Monkovic. Project Officer, Aja Weston. Alexandria, VA, 2024.

expressed concern that the cap on LUAs would harm low-income families and disproportionately impact the elderly and persons with disabilities. One advocacy group and a public policy advocacy organization stated that the Department's proposed caps were arbitrary and that the SUA NPRM did not adequately explain the need to cap LUAs. The same public policy advocacy organization and a legal service organization questioned why the Department would standardize the HCSUA methodology but allow State agencies to develop their own LUAs and individual standards. Further, a State government official commented that the 70 percent maximum is too low for their State's LUA and that the cap does not relieve the administrative burden on State agencies.

One commenter, a State agency, proposed an alternative to the proposed cap on LUAs and individual standards. The commenter expressed support for the proposed methodology outlined in the rule since it would result in a higher HCSUA and increase SNAP benefits for 35 percent of recipients in their State. However, the commenter recommended that the Department either change the percentage cap amount, calculate the cap on LUAs based on the total utility costs from the ACS and RECS, or allow State agencies to use their own methodology with Department approval.

Given the revisions to the proposed HCSUA standardization provision, the Department also reevaluated the proposed caps to LUAs and individual standards and whether they align with the purpose of the SUA NPRM to increase SUA consistency and integrity through data-based methodologies. The Department agrees with commenters that State agencies should retain the flexibility to base LUA and individual standard values in data reflective of the utility costs these standards represent rather than uniformly cap them as a percentage of the HCSUA. Retaining this flexibility also maintains consideration of the unique aspects of each State, such as utility composition and trends.

As such, the Department will not finalize the proposed cap for LUAs and individual standards. Instead, State agencies will continue to set their own LUAs and individual standards and submit these figures to the Department annually. Consistent with the revised requirements for HCSUA methodologies, State agencies' must submit for FNS approval their LUA and individual standard methodologies at least every five years. Methodology submissions must incorporate any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect recent trends and changes. Additionally, State agencies' methodologies must:

- Reflect the entire State or geographic area the SUA covers;
- Use data sourced from utility providers or similarly reliable source;
- Reflect expenses incurred by low-income households,
- Distinguish if the utility is for heating or cooling, if applicable; and
- Reflect residential utility expenses.

Like with HCSUA methodologies, the Department chose these criteria to ensure LUAs and individual standards accurately represent the utility costs of low-income households, including households with higher than average utility costs, in the designated area while providing State agencies additional flexibility in creating their standards. The Department will publish guidance and provide State agencies with technical assistance in developing their LUA and individual standard methodologies as needed. As part of this technical assistance, FNS will provide factors for State agencies to consider when identifying data sources and establishing methodologies. FNS will also provide examples of approved methodologies for reference.

The Department amended, combined, and redesignated this provision from the proposed 7 CFR 273.9(d)(6)(iii)(B)(*2*) and (*3*) and finalizes at 7 CFR 273.9(d)(6)(iii)(B) and (C).

Including Basic Internet as an Allowable Shelter Cost and Updating SUAs To Include Basic Internet Costs

In recognition of internet access as a necessity for school, work, and job search, the Department proposed to amend 7 CFR 273.9(d)(6)(ii)(C) to add the cost of basic internet service. The proposed changes would replace the telephone standard (*i.e.,* the individual standard for telephone costs) with a broader telecommunications standard that includes costs for one telephone, basic internet service, or both. The proposed rule would not allow an individual standard for only basic internet service costs, as internet costs could only be part of the new telecommunications standard. The Department proposed to calculate the maximum telecommunications standard amount annually by reviewing nationally available low-cost plans for one telephone line and basic internet access for essential services. Similar to LUAs and individual standards, State agencies would still calculate their own telecommunications figures annually. The Department would review and approve the methodology and final figures, subject to the national cap. The Department estimated that the telecommunications standard cap would be approximately $55 in FY 2020 based on a search of available resources for low-cost carriers.

As proposed, the new telecommunications standard would be available to households with utility costs for one telephone, basic internet service, or both. Households with basic internet and/or telephone costs would either receive the telecommunications standard or use their actual costs, subject to the national cap. For example, households with more than basic internet packages, such as those combined with cable television service, would not be able to count the cost of their entire package. These households would instead either receive the telecommunications standard or have their actual costs of phone and/or basic internet counted, up to the amount of the standard, depending on the option the State agency selects. Additionally, State agencies would be allowed to include the telecommunications costs as part of their LUA so long as the telecommunications share of the LUA would not exceed the amount set for the telecommunications standard.

Approximately 15 commenters supported the proposed update to the telephone standard. Multiple commenters, including advocacy groups, a policy advocacy organization, multiple State government agencies, a religious organization, and a trade association, agreed with the Department's argument that internet is an essential service. Additional commenters, including an advocacy group, a legal services organization, a policy advocacy organization, and State government agencies generally supported updating the telephone standard to include internet services.

Two advocacy groups and a legal services organization also commented that the estimated $55 telecommunications standard cap is too low. One recommended creating a separate internet standard from the telephone standard rather than a combined telecommunications standard, and others argued the cap should be set at the 80th or 95th percentile. A food bank and a legal services organization argued that the explanation for how the Department developed the $55 cap was insufficient. A State agency recommended that State agencies should have the option to either accept the maximum limit established for the telecommunications standard or to use their own methodology, as approved by the Department.

An advocacy group shared alternatives to the Department's proposed telecommunications standard methodology, including comments on which expenses should be allowable as a deduction. The commenter argued that FNS should allow modem rentals, costs of hardware, and subscription costs as allowable expenses and that State agencies should be able to choose whether to offer a standalone internet individual standard, a combined telecommunications standard, or both, depending on their States' needs.

The Department appreciates commenters who supported and confirmed the importance of including basic internet costs as an allowable shelter cost. The Department agrees that this change is critical, as the internet plays a pivotal role in Americans' daily lives, regardless of income level, and is a necessary expense in a household's budget. High-speed internet is a necessary utility for school, work, and job searches. As such, the final rule allows the costs for basic internet service as an allowable shelter cost.

The Department also appreciates the suggestions for alternative ways of allowing basic internet costs. The Department agrees with commenters that allowing State agencies to set a basic internet individual standard, instead of a combined telecommunications standard, is better aligned with how the Department treats other individual standards. For instance, under current rules, State agencies may offer all other utilities (including telephone) as individual standards but may only combine them when using HCSUAs and LUAs. Therefore, the final rule allows State agencies to develop a basic internet individual standard, independent from the telephone standard, rather than as part of a telecommunications standard. Under the final rule, State agencies have the option to develop their own methodology for the basic internet individual standard, similar to other individual standards, rather than abiding by a national maximum amount proposed by the Department in the SUA NPRM. State agencies that choose this option will calculate their basic internet individual standards each fiscal year and submit them to FNS for approval, similar to other LUAs and individual standards.

State agencies may also include basic internet costs in their LUAs and HCSUAs. Rather than FNS incorporating a capped telecommunications standard into a standardized HCSUA as proposed, the final rule allows State agencies to incorporate basic internet costs in their HCSUA methodologies in line with how other utility expenses are reflected in the HCSUA.

Consistent with the revised requirements for other SUA methodologies, including individual standards like telephone, State agencies must submit for FNS approval their basic internet individual standard methodology at least every five years. Methodology submissions must incorporate any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect recent trends and changes. Additionally, State agencies' methodologies must:

- Reflect the entire State or geographic area the SUA covers;
- Use data sourced from utility providers or similarly reliable source;
- Reflect expenses incurred by low-income households,
- Distinguish if the utility is for heating or cooling, if applicable; and
- Reflect residential utility expenses.

Like with HCSUA methodologies, the Department chose these criteria to ensure basic internet individual standards accurately represent the utility costs of low-income households, including households with higher than average utility costs, in the designated area while providing State agencies additional flexibility in creating their standards. the Department will publish guidance and provide State agencies with technical assistance in developing their basic internet methodology as needed. As part of this technical assistance, FNS will provide factors for State agencies to consider when identifying data sources and establishing methodologies. FNS will also provide examples of approvable methodologies for reference.

In determining which costs to include in the basic internet individual standard, the Department agrees with commenters on the need to create consistency across similar utilities, such as telephone. Program rules at 7 CFR 273.9(d)(6)(ii)(C) include the following allowable costs for telephone: all service fees required to provide service for one telephone, including, but not limited to, basic service fees, wire maintenance fees, subscriber line charges, relay center surcharges, 911 fees, and taxes; and fees charged by the utility provider for initial installation of the utility. One-time deposits cannot be included.

Therefore, the Department is finalizing the following costs as part of the basic internet individual standard: all service fees required to provide households with basic internet service, including but not limited to, monthly subscriber fees for a basic internet connection (*i.e.* the base rate paid by the household each month in order to receive service, which may include high-speed internet); taxes and fees charged to the household by the provider that recur on monthly bills; and the cost of one modem rental.

The Department believes the abovementioned allowable costs are consistent with the costs allowed for the telephone individual standard. The Department also notes that if a household does not pay any of its internet costs, including because those costs are paid in full by a program similar to, for example, the Lifeline program or the former Affordable Connectivity Program, then the household would not qualify for the basic internet individual standard.

These changes, including the change to the basic internet individual standard calculation and allowable costs are finalized by amending the proposed 7 CFR 273.9(d)(6)(ii)(C); amending the proposed 7 CFR 273.9(d)(6)(iii)(A)(*3*); amending and redesignating the proposed 7 CFR 273.9(d)(6)(iii)(B)(*3*) as 7 CFR 273.9(d)(6)(iii)(B); and adding methodology requirements at 7 CFR 273.9(d)(6)(iii)(C).

Compliance Dates for Implementing SUA NPRM Changes

The Department expects State agencies to need time to review their current SUA methodologies and make updates to align with the new requirements. Similarly, the Department will need time to review State agencies' methodologies and work with each State agency to ensure they meet the new requirements. As such, the compliance date for SUA changes is October 1, 2025. The Department encourages State agencies to implement changes at the beginning of the Federal fiscal year to minimize disruption to SNAP households since State agencies typically make changes to SUAs and Cost of Living Adjustments at this time. The Department will provide State agencies with technical assistance to revise and receive approval for SUA methodologies in advance of the compliance date, including information on State flexibilities to ensure that SUAs meet households' needs while also aligning with the data available on low-income household utility costs in a more consistent manner.

Background and Summary of Comments on the April 20, 2016, (LIHEAP) NPRM

In addition to the changes to HCSUA methodologies and SUA options, the final rule will also update 7 CFR 273.9(d)(6)(iii)(C). These changes

finalize revisions for how Low-Income Home Energy Assistance Program (LIHEAP) payments are considered to confer eligibility for the HCSUA. This update is consistent with requirements included in the Agricultural Act of 2014 (Pub. L. 113–79).

Section 4006 of the Agricultural Act of 2014 amended requirements for how payments issued under the Low-Income Home Energy Assistance Act (LIHEAA), as amended, confer HCSUAs to households. These changes require that State agencies confer the HCSUA to households receiving a payment, or on behalf of which payments were made, under LIHEAA or other similar energy assistance program, only when the payment is greater than $20 annually and received in either the current month or in the immediately preceding 12 months. The changes were effective with the enactment of the Agricultural Act of 2014, and State agencies were required to begin implementation on March 10, 2014. The Department published an implementation memo,[21] ''Supplemental Nutrition Assistance Program—Section 4006 Agricultural Act of 2014—Implementing Memorandum,'' on March 5, 2014, instructing State agencies to implement the change.

To make the corresponding update to SNAP regulations, the LIHEAP NPRM titled ''Supplemental Nutrition Assistance Program: Standard Utility Allowances Based on the Receipt of Energy Assistance Payments Under the Agricultural Act of 2014,'' was published on April 20, 2016, and proposed updates to 7 CFR 273.9(d)(6)(iii)(C). The Department received a total of nine comments on the LIHEAP NPRM from five advocate groups, two legal services organizations, and two nonprofit organizations. The comments were generally favorable of the proposed provisions, while also providing helpful feedback for consideration in developing the final provisions in this rule. Six commenters in particular were supportive of the rule overall. Several of these commenters noted the real and helpful impact of conferring the HCSUA to eligible LIHEAP receiving households. A more detailed discussion of the comments regarding the NPRM and the changes made in the final rule follows below.

[21] U.S. Department of Agriculture, Food and Nutrition Service, *Supplemental Nutrition Assistance Program—Section 4006 Agricultural Act of 2014—Implementing Memorandum,* 5 March 2014. Retrieved from: *https://www.fns.usda.gov/snap/eligibility/deduction/liheap-implementation-memo* in September 2022.

Agricultural Act of 2014 Changes

For the purposes of the HCSUA, receipt of a LIHEAP payment serves as a proxy for State agencies to determine if a household incurs heating or cooling utility costs. Before the enactment of the Agricultural Act of 2014, section 5(e)(6)(C)(iv) of the Act provided that all households receiving a LIHEAP payment or all households on behalf of which a LIHEAP payment was made automatically qualified for the HCSUA, regardless of the amount of the LIHEAP payment. Some State agencies used this policy to maximize use of the HCSUA by issuing a nominal LIHEAP payment (generally around $1) to all SNAP households. Receipt of the nominal payment allowed the household to receive the HCSUA, even when the household would not have otherwise qualified for the HCSUA because they did not pay for heating or cooling.

The Agricultural Act of 2014 amended section 5(e)(6)(C)(iv)(I) of the Act to adjust how the HCSUA is applied to households receiving LIHEAP payments. The amendment altered this process by requiring State agencies to make the HCSUA available to households that received a payment (or households on behalf of which a payment was made), in the current month or in the immediately preceding 12 months, that was greater than $20 annually under the LIHEAA, or other similar energy assistance program. These requirements were effective March 10, 2014. As a result, the current regulations at 7 CFR 273.9(d)(6)(iii)(C) must be updated to reflect the Agricultural Act of 2014 changes.

As in the LIHEAP NPRM, in this discussion, the phrase ''qualifying LIHEAP or other payment'' refers to those LIHEAP or other similar energy assistance program payments that are in excess of $20 annually and have been received by or made on behalf of the household in the current or immediately preceding 12 months.

Other Similar Energy Assistance Programs

In the LIHEAP NPRM, the Department proposed that the statutory term ''other similar energy assistance program'' be defined as a separate home energy assistance program designed to provide heating or cooling assistance through a payment directly to or on behalf of low-income households. Three commenters supported the proposed standard for what constitutes an ''other similar energy assistance program.'' The proposed definition is adopted as final in this rule.

One of those three commenters suggested adding this definition in the general definitions section at 7 CFR 271.2. Although the Department appreciates the suggestion, 7 CFR 271.2 contains more general definitions relevant to the program overall, instead of issue-specific areas such as this one. For example, Low Income Home Energy Assistance Act of 1981 (LIHEAA) is referenced at the standard utility allowance section of the regulations at 7 CFR 273.9 but not 7 CFR 271.2. As a result, the Department did not add the definition to the general definitions section at 7 CFR 271.2 in this final rule.

The above commenter also asked that the Department provide examples of other similar energy assistance programs and include payments from housing authorities to individually billed tenants, State fuel funds, and State analogues to LIHEAP. The Department believes other similar energy assistance programs could include (but are not limited to) certain State-only funded programs designed to assist households with heating or cooling expenses (separate from a household's rent or mortgage), home energy bills, weatherization (see below for additional discussion on weatherization payments) or energy-related minor home repairs. The Department did not add examples of specific energy assistance programs to the regulatory language because those programs may change in the future and may no longer meet the definition of an ''other similar energy assistance program.'' The Department notes that, in general, State agencies should evaluate a potentially eligible program on a case-by-case basis. To ensure consistency and fairness across the caseload, State agencies must establish clear and reasonable standards for evaluating whether a program constitutes a similar energy assistance program.

Finally, this commenter agreed with the Department's proposal to allow people living in public housing, not just private housing, and billed individually for heating and cooling costs to qualify for the HCSUA. However, the commenter argued that the utility allowances that individuals in public housing receive either as a rent reduction or a cancellation of their cash rental obligation and a partial rebate are energy assistance similar to LIHEAP. This commenter also suggested that the entire amount of the allowance is energy assistance, not just the smaller (or zero) amount that the household receives as a rebate after the housing authority nets out the household's rental obligation.

Although the Department appreciates this comment, the Department notes that section 5(e)(6)(C)(ii)(II) of the Act

prohibits the use of an HCSUA for households that incur a heating or cooling expense but live in public housing that has central utility meters and charges households only for excess utility costs. The prohibition does not apply in States that have mandated the use of SUAs, per section 5(e)(6)(C)(iii)(III) of the Act. Therefore, the Department proposed at 7 CFR 273.9(d)(6)(iii)(C)(*1*)(*ii*) that households in public housing units with central utility meters and who are charged only for excess heating or cooling costs are not entitled to a standard that includes heating or cooling costs, unless the State agency mandates the use of SUAs in accordance with the proposed paragraph 7 CFR 273.9(d)(6)(iii)(E). This provision is adopted as proposed but redesignated at 7 CFR 273.9(d)(6)(iii)(D)(*2*).

The definition of an ''other similar energy assistance program'' is designed to provide parameters but also give State agencies flexibility to determine what constitutes a potentially eligible program within the confines of this definition. The Department maintains that the definition provided in the final rule sufficiently addresses the concerns noted by the commenter.

Current Month

The Agricultural Act of 2014 included a requirement at sec. 5(e)(6)(C)(iv)(I) of the Act that households receive an energy assistance payment in the ''current month'' or the immediately preceding 12 months in order to qualify for the HCSUA. The Department proposed to define ''current month'' to refer strictly to the calendar month, meaning from the first to the final day of a given month.

One commenter encouraged the Department to use a broader interpretation of ''current month'' to mean the first full calendar month of the certification period. Another commenter believed the proposed definition of ''current month'' is too restrictive and suggested the Department allow payments made within SNAP's 30-day processing period to confer eligibility.

The Department appreciates the commenters' concerns; however, the Agricultural Act of 2014 revised the Act to prohibit State agencies from anticipating receipt of a LIHEAP or other qualifying payment to confer a household's eligibility for the HCSUA. The changes allow a household to be eligible for the HCSUA if it receives the qualifying payment in the current month or immediately preceding 12 months. In the LIHEAP NPRM, the Department proposed that the HCSUA may be applied only if the household is scheduled to receive a payment in the current calendar month to allow for some flexibility within the timeline set in the Act. The proposed definition of ''current month'' balances flexibility with the need to adhere to the timeline in the statutory text. For these reasons, the Department adopts this provision as proposed in the final rule.

Moving Households

In the LIHEAP NPRM, the Department indicated that State agencies using HCSUAs would provide the standard to households who receive a qualifying LIHEAP or other payment, regardless of any change in the household's residence or address. One commenter suggested that the Department incorporate this clarification into final regulatory text. The Department agrees this change promotes consistency across States and is making this revision to the regulations at 7 CFR 273.9(d)(6)(iii)(D)(*3*).

One commenter supported the proposal that if a State agency has an indication that a household received a qualifying LIHEAP payment in another State, the State agency should act on this information. The Department reiterates that if, at the time of certification, the State agency has an indication that a household received a qualifying LIHEAP or other payment in another State, the new State agency should pursue clarification. Procedures regarding acting on changes after certification are already contained in 7 CFR 273.12 of the regulations, and the Department did not make any changes to these existing requirements in the final rule.

Overissuance

Section 4006 of the Agricultural Act of 2014 no longer allows a State agency to use an HCSUA in determining eligibility and benefit amount for a household that does not otherwise incur heating or cooling costs based on the State agency's expectation that the household would receive a qualifying LIHEAP or other payment in future months. The Department proposed to only allow the HCSUA to be applied to a household's case based on anticipated receipt if the payment is scheduled to be received within the current calendar month. This allows State agencies the option to consider a qualifying LIHEAP or other payment received by the household for the purposes of conferring HCSUA eligibility, so long as the payment is scheduled in the current month. If the anticipated payment is not received within that month, benefits received by the household would be considered an overissuance and the State agency may be required to pursue a claim against the household.

The Department received adverse comments on this provision. One commenter stated the language regarding claims is confusing and inappropriate. Another commenter suggested removing claims language for overissuance from the regulatory text since State agencies are already responsible for determining overissuances. Another commenter believed that the overpayments language suggests a lapse or delay in a payment itself triggers an overpayment and suggested deleting this language and indicating that State agencies must follow overpayment regulations at 7 CFR 273.18.

The Department agrees that 7 CFR 273.18 already requires State agencies to collect overissuances and the proposed language is unnecessary and potentially confusing. Therefore, the Department revised 7 CFR 273.9(d)(6)(iii)(C)(*1*)(*iii*) in the final rule to remove the reference to claims to avoid such confusion. State agencies will be expected to pursue claims in these circumstances under existing regulations at 7 CFR 273.18. State agencies are already aware of the procedures and requirements regarding the establishment of a claim against a household for any benefits issued in error under 7 CFR 273.18. Additionally, the Department has redesignated the proposed 7 CFR 273.9(d)(6)(iii)(C)(*1*)(*iii*) as 7 CFR 273.9(d)(6)(D)(*3*).

Proration

The Department proposed to revise language at 7 CFR 273.10(d)(6) to reflect the requirement in section 5(e)(6)(C)(iv)(IV) of the Act that assistance under LIHEAA be considered prorated over the heating or cooling season for which the assistance was provided. One commenter believed that the rule should reflect that a payment need not actually be paid during the preceding 12 months, so long as one of those months was in the heating season for which a LIHEAP payment was made and the prorated amount of the grant exceeded $20.

The Act requires the receipt of a qualifying LIHEAP or other program payment in the current month or immediately preceding 12 months that was greater than $20 annually. State agencies are also expected to prorate LIHEAP payments over an entire heating or cooling season. As the commenter suggested, because State agencies must prorate LIHEAP payments over a season, each month covered by the proration could be used to confer eligibility for the HCSUA based on the receipt of a LIHEAP

payment. For example, if a household receives a $150 LIHEAP payment in October 2021, intended for the heating season in that State (from October through February), the State agency would consider the payment prorated to $30 per month from October 2021 through February 2022. If the household applies for SNAP in January 2023, the household would be eligible for the HCSUA based on the receipt of LIHEAP payment in the immediately preceding 12 months.

Furthermore, the Act does not restrict proration to only one heating or cooling season as the amount could qualify the household for the HCSUA for multiple seasons. For example, if an existing SNAP household received a $200 LIHEAP payment in October 2021, the household could use the LIHEAP payment to qualify for the HCSUA from October 2021 through February 2022, as well as from October 2022 through February 2023 since the household received the payment within the immediately preceding 12 months. In summary, the household's receipt of a $200 LIHEAP payment in October 2021 could effectively make the household eligible for the HCSUA from October 2021 through February 2023.

As such, it is reasonable that a household could be eligible for the HCSUA in more than one heating or cooling season, based on the receipt of one LIHEAP payment. In order to clarify this, the final rule revises the regulatory text at 7 CFR 273.10(d)(6) to specify that a prorated qualifying LIHEAP may qualify an individual or household for the HCSUA in more than one heating or cooling season, so long as the payment was received within the last 12 months or the proration period covered at least one month in the preceding 12 months.

The Department would also like to note that while the LIHEAP NPRM preamble correctly stated that the statutory requirement to prorate over the entire heating or cooling season only applied to assistance provided under LIHEAA, this was not clearly reflected in the proposed amendatory language. The final amended 7 CFR 273.10(d)(6) will reflect this specification.

Quantifiable

As the Act requires LIHEAP or other payments to exceed $20 in order to confer HCSUA eligibility, these payments must be quantifiable in order to exceed this established threshold. The Department proposed that State agencies must be able to quantify, in dollars, the amount of the payment for purposes of granting the HCSUA.

Two commenters supported the Department's proposed definition of ''quantifiable.'' One commenter said the rule should be amended to make clear that the provider of the energy assistance may provide the assistance in the form of an in-kind benefit which may not have a precise value and the State agency may rely on estimates to determine if the $20 threshold has been exceeded (for example, if a household receives firewood or coal).

The Department appreciates the concern that some households may receive assistance in the form of in-kind items as opposed to receiving a payment from LIHEAP or similar assistance programs. Organizations may provide households with home heating oil, firewood, or coal, and other goods which vary based on geographic area. The Act does not specify that the payment be cash, and the Department agrees that State agencies may include in-kind assistance as a qualifying LIHEAP or other payment for purposes of conferring the HCSUA. The State agency must be reasonably able to quantify that the amount of this assistance exceeds the $20 threshold. State agencies must develop workable, reasonable procedures to determine how in-kind assistance would be quantified, including how to reasonably estimate the value of those goods, and must apply those procedures consistently and fairly across the caseload. The Department revises the regulations at proposed 7 CFR 273.9(d)(6)(iii)(C)(*1*)(*iii*) and redesignates this section to 7 CFR 273.9(d)(6)(iii)(D)(*3*), as described above, to incorporate this change.

Split Households

The Department proposed that if a household that received a qualifying LIHEAP or other payment subsequently splits into two SNAP households, State agencies must determine which household is eligible for the HCSUA. The Department maintained the State agency is in the best situation to determine which household would receive the HCSUA based on the qualifying LIHEAP or other payment. The State's chosen policy would need to be applied in a consistent and equitable way. The Department proposed to revise 7 CFR 273.9(d)(6)(iii)(C) to incorporate these standards.

Commenters expressed concern that the regulatory language in the LIHEAP NPRM provided too much State discretion and could have error-prone results. For example, one commenter argued that because there are so many ways for a household to divide, State agencies will find it difficult to apply the policy consistently, which could lead to quality control errors. This commenter, in addition to others, suggested that the fairest and most administratively straightforward way to apply this policy is to make the HCSUA available to any member who lived in a household that received a qualifying LIHEAP payment in the prior 12 months.

Due to concerns that the proposed regulatory language could lead to inconsistent application and be unfair for households, the Department is revising the regulations at proposed 7 CFR 273.9(d)(6)(iii)(C)(*1*)(*iii*) (redesignated at 7 CFR 273.9(d)(6)(iii)(D)(*3*) in this final rule). The Department is making this change to require State agencies that elect to use the HCSUA to grant the HCSUA to a household in which a member: (1) previously received a qualifying LIHEAP payment as part of different household, or (2) was previously a member of a different household on which behalf a LIHEAP payment was made. While these individuals no longer reside in the same household, they did receive a qualifying payment in the preceding 12 months, and therefore are eligible for the HCSUA under the Act. This procedure will allow for consistent treatment of all impacted SNAP households.

Actions on Changes

The Department explained in the LIHEAP NPRM preamble that if a SNAP household subsequently receives a qualifying LIHEAP or other payment after certification, or if one is made on the household's behalf during the certification period, the State agency must take action according to the rules of their chosen reporting system under 7 CFR 273.12.

One commenter requested that the Department add this language to the regulatory text. This commenter explained that it is not clear that receipt of LIHEAP should be known to the State agency and acted on during a certification period without further action from the household. While the Department appreciates this feedback, provisions regarding reporting and State agency actions on changes, including unclear information, are addressed in 7 CFR 273.12, and this rulemaking will not affect those provisions. Specifying the applicability of the 7 CFR 273.12 procedures to enumerated issues may cause confusion. The provision is finalized as proposed.

Verification

Under Federal rules, households applying for SNAP do not need to provide verification for utility costs unless questionable, if the household is claiming expenses in excess of the

State's HCSUA, or in accordance with a State-specific verification requirement. Similarly, the Department proposed that receipt of more than $20 in qualifying LIHEAP or other payments would not require verification for SNAP purposes unless questionable.

Two commenters commended the Department for codifying that LIHEAP or similar energy assistance payments do not need to be verified for SNAP unless questionable. One of those commenters also said when a State agency learns of a payment from an energy assistance provider, the information should be verified upon receipt and the State agency should immediately change the benefit level. That commenter also believes State agencies should be encouraged to develop regular automated data feeds from energy assistance providers. Similarly, three commenters requested clarification regarding the treatment of payments received after certification and asked the Department to work with States to develop best practices for prompt re-budgeting.

The Department appreciates these comments. Federal requirements at 7 CFR 273.2(f)(1)(iii) provide that utility costs must be verified only if questionable, if the household is claiming expenses in excess of the State's SUA, or in accordance with a State-specific verification requirement. State agencies establish standards for what is questionable. For purposes of LIHEAP payments, when the information is received directly from an energy assistance provider by the State agency, there is no Federal requirement for the State agency to request additional information from the household unless it is considered questionable. In limited situations, a household's receipt of a LIHEAP payment may be considered questionable, and the State agency could require a household to provide verification, for example, if the household has moved. The existing regulations at 7 CFR 273.12(c) provide State agency requirements for processing changes. Note that although the regulations only require State agencies to verify utility information if it is questionable, State agencies have the option under 7 CFR 273.2(f)(3) to choose to verify utility costs even if not questionable. If a State agency chooses to verify non-questionable utility costs, the State agency must ensure that procedures are consistent across the caseload.

For the reasons stated above, the Department is finalizing this provision as proposed.

Tracking

The Department proposed that State agencies would be responsible for tracking the date of receipt of the qualifying LIHEAP or other similar energy assistance payment to ensure the requirements are met. At 7 CFR 273.9(d)(6)(iii)(C)(*1*)(*iii*), the Department proposed that the State agency must document the date of receipt of a payment made under LIHEAA or other similar energy assistance program to ensure the payment was received in the current month or the immediately preceding 12 months and exceeded $20 annually. Five commenters found the use of the term ''document'' confusing as it could be interpreted as ''verification''. They also requested clarification that the documentation requirement is the responsibility of State agencies, not the household.

The Department proposed to use the term ''document'' in the regulatory text instead of the term ''verify'' intentionally. Regardless of the State agency's choice on verification when the information is not questionable, the State agency must document in the case file the date of receipt of a qualifying payment. This will ensure the payment was received in the current month or the immediately preceding 12 months and exceeded $20 annually. State agencies have the discretion to follow whatever procedure works best for them to ensure that they accurately document this information in the case file beyond the general requirement that the State agency document the receipt of payment. This provision is finalized as proposed in the redesignated 7 CFR 273.9(d)(6)(iii)(D)(*3*)(*iii*).

Data Sharing Agreements

In the LIHEAP NPRM, the Department encouraged State agencies to modify data sharing agreements with their respective LIHEAP agencies, as appropriate, to ensure transmission of timely and accurate information needed for SNAP eligibility and benefit determinations. One commenter recommended that the final rule should include safeguards to ensure that State agencies have data sharing agreements with LIHEAP administrative agencies.

While the Department appreciates this suggestion, the Department declines to finalize this requirement. The Agricultural Act of 2014 does not require State agencies to enter into data sharing agreements with LIHEAP administrative agencies and requiring such agreements in regulation may be unwieldy. Nevertheless, the Department believes these agreements could be highly beneficial for both the State agencies and the LIHEAP agencies. Such agreements could establish standard operating procedures, expectations, and other details that would help ensure both parties are clear on the terms of the relationship. The Department encourages States to enter into data sharing agreements when possible. States should modify their data sharing agreements with their respective LIHEAP agencies as appropriate to ensure transmission of timely and accurate information needed for SNAP eligibility and benefit determination.

Weatherization

Because the Act requires that the LIHEAP or other payment must have been received by or made on behalf of a household, the Department proposed that weatherization payments paid to a landlord cannot confer eligibility for the HCSUA. The Department declined to confer eligibility for the HCSUA for households within a multi-family dwelling when the multi-family dwelling receives weatherization project funding. The Department explained that the Act does not explicitly address how State agencies should evaluate LIHEAP funds that are used to pay for weatherization projects in multi-family dwellings and noted that a June 15, 1999, Information Memorandum [22] issued by the Department of Health and Human Services (HHS), which oversees LIHEAP at the Federal level, found that weatherization of multi-unit buildings ''is not a benefit provided to an individual, household or family eligibility unit.'' [23] The Department requested comments on this issue and potential alternative approaches.

Three commenters responded to the Department's request for feedback on this issue. One commenter believed receipt of weatherization assistance from a LIHEAP or other similar energy assistance program should automatically confer the HCSUA to a household. Two commenters encouraged the Department to allow multi-unit weatherization projects to make all SNAP households within the multi-unit dwelling eligible for HCSUA. To do so, these commenters suggested that State agencies could divide the total value of a weatherization payment (or in-kind service, per the discussion

[22] U.S. Department of Health & Human Services. *LIHEAP IM 1999–10 on Federal Public Benefits Under the Welfare Reform Law—Revised Guidance,* June 15, 1999. Retrieved from *https://www.acf.hhs.gov/ocs/policy-guidance/liheap-im-1999-10-federal-public-benefits-under-welfare-reform-law-revised* in July 2022.

[23] HHS has since confirmed that this guidance was issued exclusively for a different purpose and requested its removal from consideration. See preamble language for additional information.

above on quantifiable benefits) by the number of units in the multi-unit dwelling to determine the payment received on behalf of each household. One of these commenters argued that prohibiting weatherization payments from conferring the HCSUA to households living in multi-family dwellings would unfairly exclude these households since LIHEAP funds often pay for weatherization programs.

The Department concurs with commenters that while the determination may be more difficult for multi-family dwellings, weatherization payments paid to a landlord could be considered a payment made on behalf of the household depending on the circumstances. The Department agrees that all households that receive a LIHEAP or other similar energy assistance program payment that meets the statutory requirements to confer HCSUA eligibility should be treated similarly. Further, HHS has since confirmed that its June 15, 1999, Information Memorandum was issued exclusively to assist in the application of rules under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and requested that the Department remove it from consideration in determining whether weatherization payments for multi-unit buildings can be considered a payment made ''on behalf of a household.'' As such, the Department is revising its position on weatherization payments and confirms that a household is eligible for the HCSUA if the household lives in a multi-unit dwelling or an individual unit and receives a qualifying weatherization program payment.

However, the Department maintains that prescribing how weatherization payments are divided among households in a multi-unit dwelling when they are paid directly to a building manager or contractor would be administratively burdensome and restrictive. While two commenters suggested a method for how State agencies could quantify multi-unit dwelling weatherization payments for each household within that dwelling, the Department understands that State SNAP agencies may have different access to weatherization funding information depending on the structure of the State, data sharing agreements, and eligibility systems. Further, the Department establishing a methodology could hinder State agencies from using more workable solutions based on the information they have access to or require other State agencies to establish complicated processes to meet this lone requirement.

Therefore, the Department is providing State agencies flexibility to determine the method for assessing whether a weatherization payment was received by (or on behalf of the household), in the current month or in the immediately preceding 12 months, and that the payment was greater than $20 annually, as required by the Act. State agencies must develop workable, reasonable procedures to determine how multi-unit dwelling weatherization payments would be quantified for households and must apply those procedures consistently and fairly across the caseload. The revised language is found at 7 CFR 273.9(d)(6)(iii)(D)(*3*)(*vii*).

Procedural Matters

Executive Order 12866, 13563, and 14094

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Executive Order 14094 of April 6, 2023, focuses on modernizing regulatory review and updates the definition of a significant regulation.

This final rule has been determined to be significant under section 3(f)(1) of Executive Order (E.O.) 12866, as amended by E.O 14094, and was reviewed by OMB in conformance with Executive Order 12866.

Regulatory Impact Analysis

The Department estimates the total increase in Federal SNAP benefit spending associated with the SUA provisions of the final rule to be approximately $5.4 billion over the five-year period FY 2025–FY 2029. This represents an increase in Federal transfers (SNAP benefits). Effects on Federal transfers are expected to begin in FY 2025. Effects on Federal costs are expected to begin in FY 2025 and are estimated to be approximately $612,000 over the 5-year period FY 2025–FY 2029. Effects on State administrative costs are expected to begin in FY 2025 and are estimated to be approximately $561,000 over the five-year period. The final rule will not affect household burden.

The Department estimates that approximately 29 percent of SNAP households will see an average 6 percent increase in their monthly SNAP benefit ($15 per month, per household) and 5 percent of SNAP households will see an average 2.6 percent reduction their monthly SNAP benefit ($7 per month, per household). A very small number of households (less than 0.01 percent of all SNAP households) are estimated to lose benefits as a result of the final rule, losing an average of $30 in monthly benefits. The remaining 66 percent of households will see no change to their SNAP benefit. The rule is also expected to result in an increase in ongoing administrative burden for most State SNAP agencies.[24]

Regarding the LIHEAP provisions, the Department notes that States were required by statute to implement the Agricultural Act of 2014's change related to LIHEAP immediately for any household whose initial certification period began on or after March 10, 2014. Therefore, any reduction in transfers related to the LIHEAP provisions of this final rule is assumed to be fully incorporated into the current SNAP baseline.

Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601–612) requires Agencies to analyze the impact of rulemaking on small entities and consider alternatives that would minimize any significant impacts on a substantial number of small entities. Pursuant to that review, it has been certified that this rule would not have a significant impact on a substantial number of small entities.

The final rule primarily impacts SNAP households. Small entities, such as smaller SNAP-authorized retailers, would not be subject to any new requirement. On average, nationwide, SNAP retailers would likely see an increase in the amount of SNAP benefits redeemed at stores under this final rule as the final rule is expected to increase transfers (SNAP benefit spending) by 1.3 percent. As of FY 2022, approximately 76 percent of authorized SNAP retailers (about 195,700 retailers) were small groceries, convenience stores, combination grocery stores, and specialty stores, store types that are likely to fall under the Small Business Administration gross sales threshold to qualify as a small business for Federal Government programs. While these stores make up most authorized

[24] This rule will increase the existing burden currently approved (OMB Control Number 0584–0496; Expiration Date 7/31/2026).

retailers, collectively they redeem about 12 percent of all SNAP benefits.

Amongst States, 43 States are expected to experience a net increase in SNAP benefit as a result of the final rule, ranging from 0.1 percent to 3.4 percent. In these States, small retailers may experience a small increase in sales. The remaining 10 States are expected to see a net decrease, ranging from −0.4 percent to −1.8 percent, in total SNAP benefits because of the final rule. These States are: Maine, Massachusetts, New Hampshire, New Jersey, New York, North Dakota, Ohio, Rhode Island, South Dakota, and Vermont. Of the total 195,700 authorized SNAP retailers that likely qualify as a small business, 17 percent are located in these 10 States. They account for 16 percent of redemptions among likely small, authorized SNAP retailers.

Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs has determined that this rule meets the criteria set forth in 5 U.S.C. 804(2).

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), Public Law 104–4, establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and Tribal governments and the private sector. Under section 202 of the UMRA, the Department generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with ''Federal mandates'' that may result in expenditures by State, local, or Tribal governments, in the aggregate, or the private sector, of $100 million or more in any one year. When such a statement is needed for a rule, section 205 of the UMRA generally requires the Department to identify and consider a reasonable number of regulatory alternatives and adopt the most cost effective or least burdensome alternative that achieves the objectives of the rule.

This final rule does not contain Federal mandates (under the regulatory provisions of Title II of the UMRA) for State, local, and Tribal governments or the private sector of $100 million or more in any one year. Thus, the rule is not subject to the requirements of sections 202 and 205 of the UMRA.

Executive Order 12372

SNAP is listed in the Catalog of Federal Domestic Assistance under No. 10.551. For the reasons set forth in the final rule codified in 7 CFR part 3015, subpart V, and a final rule related notice (48 FR 29115, June 24, 1983), this Program is excluded from the scope of Executive Order 12372, which requires intergovernmental consultation with State and local officials.

Federalism Summary Impact Statement

Executive Order 13132 requires Federal agencies to consider the impact of their regulatory actions on State and local governments. Where such actions have federalism implications, agencies are directed to provide a statement for inclusion in the preamble to the regulations describing the agency's considerations in terms of the three categories called for under section (6)(b)(2)(B) of Executive Order 13132.

The Department has considered the impact of this rule on State and local governments and has determined that this rule does not have federalism implications. Therefore, under section 6(b) of the Executive order, a federalism summary is not required.

Executive Order 12988, Civil Justice Reform

This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is intended to have preemptive effect with respect to any State or local laws, regulations or policies which conflict with its provisions or which would otherwise impede its full and timely implementation. This rule is not intended to have retroactive effect unless so specified in the Effective Dates section of the final rule. Prior to any judicial challenge to the provisions of the final rule, all applicable administrative procedures must be exhausted.

Civil Rights Impact Analysis

The Department has reviewed the final rule in accordance with the Department Regulation 4300–004, ''Civil Rights Impact Analysis'' (CRIA), to identify and address any major civil rights impacts the final rule might have on SNAP participants by gender, race, and ethnicity, as well as impacts on children, the elderly, and persons with disabilities. The final rule allows State agencies to continue to set their own SUA methodologies, subject to FNS approval. State agencies must submit for FNS approval their SUA methodologies at least every five years. Methodology submissions must incorporate any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect recent trends and changes. State agencies' methodologies must also meet certain criteria. The final rule also expands allowable shelter expenses to include basic internet costs. Finally, the final rule finalizes updates to the treatment of LIHEAP payments, in accordance with the Agricultural Act of 2014 (2014 Farm Bill).

The Department ran a simulation using FY 2022 SNAP Quality Control data to estimate how the final rule would impact SNAP participants by gender, race, and ethnicity, as well as impacts on children, the elderly, and persons with disabilities. SNAP participants identified as female are slightly more likely to both gain and lose benefits than SNAP participants identified as male. Households with children are slightly less likely to gain or lose benefits than all households. Households headed by a non-Hispanic White individual or Asian individual are more likely to lose benefits under the final rule. Households headed by an Asian individual are also slightly more likely to gain benefits compared to all households. Households headed by a non-Hispanic Black individual are slightly less likely to gain benefits compared to all households. Among households expected to lose benefits under the final rule, households headed by an Asian or Hispanic individual are expected to experience a larger average benefit loss. Additionally, households with elderly individuals or individuals with disabilities are more likely to lose or gain benefits due to finalized changes to SUAs because these households are not subject to the cap on the allowable excess shelter deduction. Thus, these households with elderly individuals and individuals with disabilities are more likely to be impacted by changes to the HCSUA. The mitigation and outreach strategies outlined in the regulation and this CRIA are intended to minimize the impacts on the protected groups.

Finally, households that previously qualified for the HCSUA based on receipt of a LIHEAP payment of less than $20 without actual costs experienced a benefit change due to the provisions contained in 2014 Farm Bill. Due to the unavailability of data on the specific individuals impacted by the LIHEAP provision within the final rule, the Department is unable to determine whether this change had an adverse or disproportionate impact on SNAP participants who are members of protected classes.

Executive Order 13175

Executive Order 13175 requires Federal agencies to consult and coordinate with Tribes on a government-to-government basis on policies that have Tribal implications, including regulations, legislative

comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian Tribes, on the relationship between the Federal Government and Indian Tribes, or on the distribution of power and responsibilities between the Federal Government and Indian Tribes.

This rule has potential Tribal implications. FNS provided an opportunity for consultation on this issue on October 30, 2020. One question was received and answered on the impact of the proposed changes State-by-State and no additional requests for consultation were received. If further consultation on the provisions of this final rule is requested, the Office of Tribal Relations will work with FNS to ensure quality consultation is provided.

Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. Chap. 35) requires OMB to approve all collections of information by a Federal agency before they can be implemented. Respondents are not required to respond to any collection of information unless it displays a current valid OMB control number.

In accordance with the Paperwork Reduction Act of 1995, this final rule contains information collections that are subject to review and approval by the Office of Management and Budget. The Department solicited public comments in the respective NPRMs that were incorporated into this final rulemaking regarding changes in the information collection burden that would result from the finalization of changes in the rule. The respective NPRMs were proposed on October 3, 2019, ''Supplemental Nutrition Assistance Program: Standardization of State Heating and Cooling Standard Utility Allowances'' (RIN 0584–AE69); and on April 20, 2016, ''Supplemental Nutrition Assistance Program: Standard Utility Allowances Based on the Receipt of Energy Assistance Payments Under the Agricultural Act of 2014'' (RIN 0584–AE43). The Department will refer to the October 3, 2019, NPRM as the SUA NPRM and the April 20, 2016, NPRM as the LIHEAP NPRM. The LIHEAP NPRM finalized by this rulemaking does not have associated burden under the Paperwork Reduction Act.

These changes are contingent upon OMB approval under the Paperwork Reduction Act of 1995. Once the information collection request is approved by OMB, the agency will publish a separate notice in the **Federal Register** announcing OMB approval.

Due to the timeline of the SUA NPRM, the Department had initially requested a new information collection (designated by OMB as Control Number 0584–0651). However, there are no longer conflicts with the 0584–0496 revision timeline given changes to the final rule publication date. Therefore, instead of creating a new information collection, the Department is revising the existing information collection (0584–0496) to reflect State agencies updating SUA baseline methodology at least every five years; State agencies using contractors to support updates to SUA baseline methodology; and State agencies establishing a basic internet individual standard.

Title: Supplemental Nutrition Assistance Program (SNAP): State Agency Options for Standard Utility Allowances and Self-Employment Income.

OMB Number: 0584–0496.

Form Number: None.

Expiration Date: Previously approved through July 31, 2026.

Type of Request: Revision.

Abstract: Section 5 of the Food and Nutrition Act of 2008 (FNA), as amended, permits States to use standard utility allowances (SUAs) in lieu of actual utility expenses in determining a household's shelter costs for the purposes of the excess shelter deduction. This final rule revises SNAP regulations for calculating standard utility allowances and expands allowable shelter expenses to include basic internet costs.

Commenters on the proposed rule explained that portions of the proposed rule would not decrease or may increase State agency burden. The Department agrees and is including additional burden to account for changes in policy in the final rule, such as State agencies updating SUA methodology to align with criteria in the final rule and State agencies establishing SUAs including basic internet costs. The final rule also adjusts the estimates for updating and reporting on SUAs to reflect changes in the approved information collection during the 2023 revision of this information collection (OMB Control number: 0584–0496; Expiration Date 7/31/2026).

The Department is revising the existing information collection covering State agency reporting and recordkeeping for on SUAs (OMB Control Number: 0584–0496, Expiration Date 7/31/2026) to reflect changes from the final rule. There are no new or revised recordkeeping burden or third-party disclosure requirements.

This rule also finalizes the updates to the treatment of Low-Income Home Energy Assistance Program (LIHEAP) payments in accordance with amendments made to the FNA by the Agricultural Act of 2014. These changes do not have associated burden under the Paperwork Reduction Act and are not reflected in this section.

PRA-Related Comments on Proposed Rule

Following publication of the SUA NPRM, the Department received comments directly on the estimated cost and burden hours and comments related to the underlying proposed program changes. As a result, the Department has made changes to the estimated burden in the final rule. Two State agencies agreed that the proposal for FNS to standardize and calculate the Heating and Cooling Standard Utility Allowance (HCSUA) would reduce the State administrative burden associated with determining values and reporting to FNS. However, most comments asserted that State agencies would experience more administrative burden than reflected in the proposed rule.

Multiple commenters, representing two State agencies, a city government, a congressional office and six advocacy organizations, argued that due to the lower HCSUA because of the proposed rule, some State agencies would switch from using a mandatory HCSUA to a voluntary HCSUA. The commenters explained that these State agencies would have an increase in administrative burden due to calculating households' actual heating and cooling costs. Since the final rule does not require State agencies adopt a lower HCSUA and instead allows State agencies to continue calculating their own HCSUAs, subject to FNS approval, the Department does not expect State agencies will switch from using a mandatory HCSUA to a voluntary HCSUA.

A State agency and a non-profit organization commented that the proposed standardization of the HCSUA and proposed caps on LUAs would do little to relieve administrative burden on State agencies. The commenters argued that State agencies will still be required to calculate LUAs and that much of the data used to calculate LUAs are from the same sources that are used to calculate the HCSUA. The final rule requires State agencies to continue calculating all SUAs, including the HCSUA, LUAs and individual standards. Therefore, the Department increased the burden for State agencies to annually update SUAs.

A State agency and a county government suggested that State agencies and counties will incur administrative costs for policy and system automation changes required to implement the proposed rule. The

Department agreed and added start-up burden for each State agency to account for the hours they will spend establishing SUAs that include the cost of basic internet. The Department also considered the burden households may newly experience when reporting on applications or in interviews whether they incur internet costs and verifying costs if the State agency uses voluntary SUAs and the applicant wishes to claim actual expenses in excess of the State SUA. Similarly, State agencies will have burden associated with requesting such information. The Department maintains this burden is already included in OMB-approved ICR 0584–0064 (exp. 6/30/2027), which accounts for the burden on households and State agencies associated with the SNAP application process. This information collection includes burden for applications, interviews, and verification. Therefore, the Department is not including additional household or State burden related to these activities in this information collection.

Additionally, one advocacy organization expressed opposition to the proposed information collection due to their general opposition to the proposed rule. The commenter explained that they think the administrative burden component is irrelevant compared to the potential negative impact on families losing benefits under the proposed rule. The Department believes that the changes in the final rule, which give States more flexibility to reflect their households' unique utility needs, address the commenter's broad concerns.

Beyond specific comments on the information collection and administrative burden, other comments impact the total burden under the final rule. Commenters to the NPRM expressed concerns about the data sources the Department intends to use to calculate HCSUA values. In response to these and other comments, the Department is not finalizing the proposed HCSUA methodology standardization. Instead, the Department is providing State agencies with the flexibility to continue setting their own SUAs while standardizing the data and methodology criteria that FNS will use to approve SUAs. State agencies submit for FNS approval their SUA methodologies at least every five years. Methodology submissions must incorporate any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect recent trends and changes. The methodology update must include changes to the baseline expenditure data and an explanation of the State agency's methodology for deriving HCSUAs from such data. The Department added to the burden to reflect burden hours incurred by State agencies revising their SUA methodologies every five years. Additionally, given the methodology criteria, the Department assumes that some State agencies will choose to solicit contractor support to identify data sources and revise SUA methodologies. The Department added to the burden to reflect the time to solicit, award, and oversee such contracts, as well as the estimated cost of the contracts.

Changes to Burden Estimates in the Final Rule

In this revision, the Department differentiates between annual burden, burden incurred every five (5) years due to rule provisions, and start-up burden for implementing rule provisions. For the first year of implementation of the final rule, the reporting burden will include the annual burden, burden incurred every five (5) years, and start-up burden. The Department estimates the total first year reporting burden will be 6,680 total annual burden hours and 275 total annual responses from 53 State agencies. For subsequent years, the burden will only include annual burden and one-fifth (1⁄5) of the burden incurred every five (5) years. The Department estimates the subsequent year reporting burden will be 2,118 total burden hours and approximately 133 total annual responses from 53 State agencies. The Department estimates that the total recordkeeping annual burden will be 13.25 total burden hours and 53 annual responses from 53 State agencies.

In the proposed rule information collection request, the Department estimated that State agencies that accept the FNS-calculated HCSUA value would spend one (1) hour per State to update their existing LUAs and individual standards and respond to this data collection. The final rule requires that State agencies continue making annual updates to all SUAs, including the HCSUA, instead of accepting an FNS-calculated value. Therefore, the Department now estimates that all 53 State agencies will submit two (2) responses, at ten (10) hours each to update their SUAs annually. This includes burden to update SUAs based on the consumer price index (CPI) or similar sources, correspond with FNS, and update systems and policy materials.

Compared to the prior revision, this represents a decrease of 2.5 hours because the burden for updating SUA baseline methodology is now accounted for separately, as discussed below. In alignment with the prior revision, the burden now includes two responses to account for State agencies' review of their preliminary SUA amounts and their final SUA amounts. The estimated total burden for this provision is 1,060 hours (53 State agencies × 2 SUA requests per State agency × 10 hours per request = 1,060 hours).

In addition to annual updates, the Department estimates that given the requirements of the final rule to update SUA baseline methodology, in the first year and every five (5) years thereafter, all 53 State agencies will submit two (2) responses at 40 hours each. This includes burden to gather and analyze data sources, calculate SUAs, and submit revisions to SUA methodology to FNS. This includes two (2) responses to account for State agencies' review of their preliminary methodology and their final methodology. This estimate is based on the Department's recent experience evaluating annual SUA updates and providing technical assistance to State agencies, with additional time for State agencies to ensure data sources and methodology meet the criteria in the final rule. The estimated total burden for this provision is 4,240 hours (53 State agencies × 2 SUA methodology updates per State agency × 40 hours per request = 4,240 hours). Since the Department estimates State agencies will incur this burden every five (5) years, the average annual burden is 848 hours (4,240 hours/5 years = 848 hours annually).

The Department estimates that in the first year and every five (5) years thereafter, five (5) State agencies will solicit contractor support to make required updates to SUA baseline methodology. This estimate assumes that approximately one-fifth to one-quarter of the State agencies FNS identified as likely to make substantial revisions to their HCSUA methodology will solicit contractor support. Based on prior review of State agency SUA submissions, the Department assumes most State agencies will perform updates internally, but some may seek contractor support. The Department estimates that each State agency will spend approximately 160 hours soliciting, awarding, and managing such contracts and spend approximately $100,000 on such contracts. These estimates are based on the Department's experience with previous Federal and State agency contracts for data analysis. The estimated total burden for this provision is 800 hours (5 State agencies × 1 contract per State agency × 160 hours per request = 800 hours). Since the Department estimates State agencies

will incur this burden every five (5) years, the average annual burden is 160 hours (800 hours/5 years = 160 hours annually).

Additionally, there will be start-up responses for establishing SUAs covering basic internet costs. The Department estimates that in the first year all 53 States will submit one (1) response at ten hours each to establish a basic internet individual standard and HCSUA or LUAs covering basic internet costs. The includes the burden to gather and analyze internet data sources and to build the ability to use the basic internet individual standard into their systems and processes. The estimated total burden for this provision is 530 hours (53 State agencies × 1 response per State agency × 10 hours per request = 530 hours).

This rule also finalizes updates proposed on April 30, 2016, to the treatment of Low-Income Home Energy Assistance Program (LIHEAP) payments, in accordance with amendments made to the FNA by the Agricultural Act of 2014. These changes do not have associated burden under the Paperwork Reduction Act.

In addition to the program changes related to the final rule, this information collection also covers the burden of State agency methodologies for determining the cost of doing business in self-employment cases. Current data indicates 23 out of 53 State agencies have already incorporated a self-employment methodology. For this revision, the Department continues to estimate that five (5) State agencies will establish a new methodology for offsetting the cost of producing self-employment income, either for the first time or as an update to their current methodology. This estimate is consistent with the estimate in the most recent approval of this information collection, approved 7/7/2023. The Department has received few updates to State agencies' self-employment methodologies over the last five years, so five (5) States represents the high end of the estimate. The Department estimates that each of these five (5) responses will have a response time of 10 hours, for a total annual burden of 50 hours (5 State agencies × 1 request per State agency × 10 working hours per request = 50 hours). This burden estimate is consistent with the prior revision of this information collection.

Recordkeeping Burden

All 53 State agencies are required to keep and maintain one record of the information gathered and submitted to FNS for SUA and self-employment options, and the Department estimates this process takes 15 minutes (or 0.25 hours) per year. The total annual burden for this provision is estimated at 13.25 hours (53 State agencies × 1 record per State agency × 0.25 hours = 13.25 hours). This burden estimate is consistent with the prior submission for this activity.

There are no new recordkeeping or third-party disclosure requirements resulting from the final rule, and there have been no other changes to this recordkeeping requirement since the Department last consulted with State agencies on the estimate.

The full burden estimates are shown in the chart below:

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FNS SNAP SUA ICR Reporting Estimate (OMB Control No. 0584-0496)

	Regulation	Type of Respondent	Description of Activity	Number of Respondents	Frequency of Response	Total Annual Responses	Hours Per Response	Annual Burden (hours)	Hourly Wage Rate ($)	Total Annual Cost of Respondent Burden ($)	Previously Approved Burden Hours	Difference Due to Adjustments	Difference Due to Program Change	Total Difference in Burden Hours
A	B	C	D	E	F	G = E x F	H	I = G x H	J	K = I x J	L	M	N = I - L	O = M +N
Annual	7 CFR 273.11(b)(3)	State/Local/ Tribal Government	Review of Self-Employment Methodology	5.00	1.00	5.00	10.00	50.00	26.67	1,333.33	50.00	0.00	0.00	0.00
	7 CFR 273.9(d)(6)(iii)(B)	State/Local/ Tribal Government	Update SUA for Annual Change in Cost	53.00	2.00	106.00	10.00	1,060.00	26.67	28,266.49	1,325.00	0.00	-265.00	-265.00
Every 5 Years	7 CFR 273.9(d)(6)(iii)(C)	State/Local/ Tribal Government	Update SUA Baseline Methodology	53.00	2.00	106.00	40.00	4240.00	26.67	113,065.96	0.00	0.00	4,240.00	4,240.00
	7 CFR 273.9(d)(6)(iii)(C)	State/Local/ Tribal Government	Solicit and manage contract for updating SUA baseline methodology	5.00	1.00	5.00	160.00	800.00	26.67	21,333.20	0.00	0.00	800.00	800.00
Start-Up	7 CFR 273.9(d)(6)(iii)(B)	State/Local/ Tribal Government	Establish SUAs including basic internet	53.00	1.00	53.00	10.00	530.00	26.67	14,133.25	0.00	0.00	530.00	530.00
Total Reporting Burden - First Year (Includes Start-Up)				**53.00**	**5.19**	**275.00**	**24.29**	**6,680.00**	$26.67	**$29,599.82**	**1,375.00**	**0.00**	**5,305.00**	**5,305.00**
Total Reporting Burden - Subsequent Years				**53.00**	**2.51**	**133.20**	**15.90**	**2,118.00**	$26.67	**$55,146.32**	**1,375.00**	**0.00**	**743.00**	**743.00**

FNS SNAP SUA ICR Recordkeeping Estimate (OMB Control No. 0584-0496)

Regulation	Type of Respondent	Description of Activity	Number of Respondents	Frequency of Response	Total Annual Responses	Hours Per Response	Annual Burden (hours)	Hourly Wage Rate	Total Annual Cost of Respondent Burden	Previously Approved Burden Hours	Difference Due to an Adjustment	Difference Due to Program Change	Total Difference in Burden Hours
A	B	C	E	F	G = E x F	H	I = G x H	J	K = I x J	L	M = I - L	N	O = M + N
7 CFR 273.11(b)(3) and 273.9(d)(6)(iii)(B)	State/Local/ Tribal Government	Recordkeeping Requirements	53.00	1.00	53.00	0.25	13.25	$ 26.67	$ 353.33	13.25	0.00	0.00	0.00

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Estimated Number of Respondents: 53 State Agencies.

Estimated Frequency of Response: 5.19 (first year), 2.51 (subsequent years).

Estimated Total Annual Responses: 275 (first year), 133.20 (subsequent years).

Estimated Time per Response: 24.29 hours (first year), 15.90 hours (subsequent years).

Estimated Total Annual Burden Hours: 6,680 (first year), 2,118 (subsequent years).

E-Government Act Compliance

The Department is committed to complying with the E-Government Act, 2002, to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

List of Subjects in 7 CFR Part 273

Administrative practice and procedure, Claims, Employment, Food stamps, Fraud, Government employees, Grant programs—social programs, Supplemental Security Income, Wages.

Accordingly, 7 CFR part 273 is amended as follows:

PART 273—CERTIFICATION OF ELIGIBLE HOUSEHOLDS

■ 1. The authority citation for part 273 continues to read as follows:

Authority: 7 U.S.C. 2011–2036.

■ 2. In § 273.9, revise paragraphs (d)(6)(ii)(C) and (d)(6)(iii) to read as follows:

§ 273.9 Income and deductions.

* * * * *

(d) * * *

(6) * * *

(ii) * * *

(C) The cost of fuel for heating; cooling (*i.e.,* the operation of air conditioning systems or room air conditioners); electricity or fuel used for purposes other than heating or cooling; water; sewerage; well installation and maintenance; septic tank system installation and maintenance; garbage and trash collection; all service fees required to provide service for one telephone, including, but not limited to, basic service fees, wire maintenance fees, subscriber line charges, relay center surcharges, 911 fees, and taxes; service fees associated with basic internet connection, including, but not limited to, monthly subscriber fees (*i.e.,* the base rate paid by the household each month in order to receive service, which may include high-speed internet), taxes and fees charged to the household by the provider that recur on monthly bills, and the cost of one modem rental; and fees charged by the utility provider for initial installation of the utility. One-time deposits cannot be included.

* * * * *

(iii) *Standard utility allowances.* (A) A State agency may use standard utility allowances (standards) in place of actual costs in determining a household's excess shelter deduction. The State agency may use different types of standards but cannot allow households the use of two standards that include the same expense. The State agency may vary the standards by factors such as household size, geographical area, or season. Only utility costs identified in paragraph (d)(6)(ii)(C) of this section may be used in developing standards described in paragraphs (d)(6)(iii)(A)(*1*) through (*3*) of this section. The following standards are allowable:

(*1*) An individual standard for each type of utility expense;

(*2*) A standard utility allowance for all utilities that includes heating or cooling costs (HCSUA); and

(*3*) A limited utility allowance (LUA) that includes electricity and fuel for purposes other than heating or cooling, water, sewerage, well and septic tank installation and maintenance, and garbage or trash collection. The LUA may also include telephone and/or internet costs. The LUA must include expenses for at least two utilities.

(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 annually and submit methodologies to FNS for approval when the methodologies are developed or changed.

(C) The State agency must submit for FNS approval their methodologies at least every five years. Methodology submissions must incorporate any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect recent trends and changes. State agencies' methodologies must:

(*1*) Reflect the entire State or geographic area the SUA covers;

(*2*) Use data sourced from utility providers or similarly reliable source;

(*3*) Reflect expenses incurred by low-income households;

(*4*) Distinguish if the utility is for heating or cooling, if applicable; and

(*5*) Reflect residential utility expenses.

(D) A standard with a heating or cooling component must be made available to the following households:

(*1*) Households that incur heating or cooling expenses separately from their rent or mortgage;

(*2*) Households in rental housing who are billed by their landlords on the basis of individual usage or who are charged a flat rate separately from their rent. However, households in public housing units which have central utility meters and which charge households only for excess heating or cooling costs are not entitled to a standard that includes heating or cooling costs based only on the charge for excess usage, unless the State agency mandates the use of standard utility allowances in accordance with paragraph (d)(6)(iii)(G) of this section; and

(*3*) Households that receive a payment or on behalf of which a payment was made under the Low Income Home Energy Assistance Act of 1981 (LIHEAA) or other similar energy assistance program, if in the current month or in the immediately preceding 12 months and such payment was greater than $20 annually.

(*i*) Other similar energy assistance programs are separate home energy assistance programs designed to provide heating or cooling assistance through a payment received by or made on behalf of low-income households. State agencies must establish clear and reasonable standards for evaluating whether a program constitutes a similar energy assistance program.

(*ii*) A payment received by a household or made on behalf of a household under LIHEAA or other similar energy assistance program must be quantifiable in order to confer eligibility for the heating and cooling standard utility allowance. A quantifiable payment is one that the State agency quantifies, in dollars. In-kind energy assistance, such as firewood or coal, may be considered an other similar energy assistance program payment if the State agency establishes reasonable procedures for quantifying the payment in a manner that is applied consistently across the caseload.

(*iii*) The State agency shall document the date and receipt of a payment made under LIHEAA or other similar energy assistance program to ensure the payment was received in the current month or the immediately preceding 12 months and exceeds $20 annually.

(*iv*) State agencies shall not consider anticipated receipt of a payment to be an actual payment received under the LIHEAA or other similar energy assistance program when determining a household's eligibility for the HCSUA. However, for purposes of this sub clause, a State agency may consider a payment under the LIHEAA or other similar energy assistance program to be received by the household, or on behalf of the household, if the household is scheduled to receive the payment in the current month.

(*v*) In a case where a payment is scheduled to be received in the current month and the payment is not actually made within that month, the State agency is responsible for determining whether an overissuance has occurred.

(*vi*) A State agency must grant the HCSUA to individuals who received a qualifying LIHEAP or other payment, regardless of changes in residence or address. Individuals who live in a household that received a qualifying LIHEAP or other payment who subsequently move into a separate household are entitled to receive the HCSUA in their new, separate households.

(*vii*) A household is eligible for the HCSUA if the household lives in a multi-unit dwelling or individual unit and receives a qualifying weatherization program payment. State agencies must develop workable, reasonable procedures to determine how multi-unit dwelling weatherization payments would be quantified for households and must apply those procedures consistently and fairly across the caseload.

(E) A household that has both an occupied home and an unoccupied home is only entitled to one standard.

(F) At initial certification, recertification, and when a household moves, the household may choose between a standard or verified actual utility costs for any allowable expense identified in paragraph (d)(6)(ii)(C) of this section, unless the State agency has opted, with FNS approval, to mandate use of a standard. Households certified for 24 months may also choose to switch between a standard and actual costs at the time of the mandatory interim contact required by § 273.10(f)(1) if the State agency has not mandated use of the standard.

(G)(*1*) A State agency may mandate use of standard utility allowances for all households with qualifying expenses if the State uses one or more standards that include the costs of heating and cooling and one or more standards approved by FNS that do not include the costs of heating and cooling, and the standards will not result in increased program costs. The prohibition on increasing program costs does not apply to necessary increases to standards resulting from utility cost increases.

(*2*) If the State agency chooses to mandate use of standard utility allowances, it must use a standard utility allowance that includes heating or cooling costs for residents of public housing units which have central utility meters and which charge the households only for excess heating or cooling costs. The State agency also must not prorate a standard utility allowance that includes heating or cooling costs provided to a household that lives and shares heating or cooling expenses with others.

(*3*) In a State that chooses this option, households entitled to the standard may not claim actual expenses, even if the expenses are higher than the standard. Households not entitled to the standard may claim actual allowable expenses.

(H) If a household lives with and shares heating or cooling expenses with another individual, another household, or both, the State agency shall not prorate the standard for such households if the State agency mandates use of standard utility allowances in accordance with paragraph (d)(6)(iii)(G) of this section. The State agency may not prorate the SUA if all the individuals who share utility expenses but are not in the SNAP household are excluded from the household only because they are ineligible.

■ 3. In § 273.10, revise paragraph (d)(6) to read as follows:

§ 273.10 Determining household eligibility and benefit levels.

* * * * *

(d) * * *

(6) *Energy assistance payments.* The State agency shall prorate energy assistance payments as provided for in § 273.9(d) over the entire heating or cooling season the payment is intended to cover. Any such prorated energy assistance payments may qualify an individual or household for the HCSUA in more than one heating or cooling season.

* * * * *

Tameka Owens,

Acting Administrator and Assistant Administrator, Food and Nutrition Service.

Note: The following appendix will not appear in the Code of Federal Regulations.

Appendix A—Regulatory Impact Analysis

I. Statement of Need

The United States Department of Agriculture (the Department) is finalizing this rule, which revises Supplemental Nutrition Assistance Program (SNAP) regulations to expand allowable shelter expenses to include basic internet costs and establish clearer guidelines and requirements for State agencies to follow when developing standard utility allowances (SUAs) to ensure consistency and integrity in the application of SUAs across the country. While the Department is not finalizing the proposed rule's provision standardizing the methodology for calculating SUAs nor establishing a percentile at which they must be calculated, the Department maintains that clearer requirements will improve consistency and integrity in the program, which the Department believes is good governance. This rule also finalizes updates to the treatment of Low-Income Home Energy Assistance Program (LIHEAP) payments or other similar energy assistance program payments, in accordance with amendments made to the Food and Nutrition Act of 2008 by the Agricultural Act of 2014.

Without consistent parameters for SUA methodologies and the data used to calculate SUAs, the Department is concerned that information State agencies use to determine SUAs is outdated and may not reflect low-income households' current utility costs. In a 2017 study, ''Methods to Standardize State Standard Utility Allowances'' (Holleyman, et al., 2017) (referred to in this analysis as the 2017 SUA Study), the Department found differences in how well State heating and cooling standard utility allowance (HCSUA) values reflected data on utility expenditures among low-income households in each State. These findings persisted in a 2023 update, ''Updating Standardized State Heating and Cooling Utility Allowance Values'' (Holleyman, et al., 2023) (referred to in this analysis as the 2023 SUA Study). Establishing clearer requirements for how States should use data to establish SUAs is important to ensure SUAs are aligned with current household conditions and that the application of the excess shelter deduction reflects household circumstances and, ultimately, the appropriateness of the benefit level.

II. Summary of Impacts

The Department estimates the total increase in Federal SNAP benefit spending associated with the SUA provisions of the final rule to be approximately $5.4 billion over the five-year period FY 2025–FY 2029, averaging $1.1 billion per year. This represents a 1.34 percent increase in Federal transfers (SNAP benefits) upon full implementation. Effects on Federal transfers are expected to begin in FY 2025. Effects on Federal costs are expected to begin in FY 2025 and are estimated to be approximately $612,000 over the 5-year period FY 2025–FY 2029, averaging about $122,000 annually. Effects on State administrative costs are expected to begin in FY 2025 and are estimated to be approximately $561,000 over the five-year period (an increase of less than 0.01 percent from baseline projections), averaging $112,000 annually.

The Department estimates that approximately 29 percent of SNAP households will see an average 6 percent increase in their monthly SNAP benefit (averaging $15 per month, per household) and 5 percent of SNAP households will see an average 2.6 percent reduction their monthly SNAP benefit (averaging $7 per month, per household). Benefit increases are primarily due to the inclusion of internet service as an allowable shelter expense in SUAs. In addition, a small share of households will experience a benefit gain due to increases in some States' HCSUA values due to new data quality standards and periodic methodology reviews, particularly in States that have not updated their HCSUA methodologies or underlying data in recent

years. Benefit losses are due to expected decreases in some States' HCSUA values due to new data quality standards and periodic methodology reviews, particularly in States that have not updated their HCSUA methodologies or underlying data in recent years. The remaining 66 percent of households will see no change to their SNAP benefit. A very small number of households (less than 0.01 percent of all SNAP households) are estimated to lose benefits as a result of the final rule, losing an average of $30 in monthly benefits. The rule is also expected to result in an increase in ongoing administrative burden for most State SNAP agencies.[1] The final rule will not affect household burden.

The final rule's effects are summarized in the following table (Table 1). Increases in SNAP benefit payments are categorized as transfers in the accounting statement (Table 2); increases in administrative burden for States are categorized as costs; and Federal costs to administer the provisions of the final rule are categorized as Federal costs. Regarding the LIHEAP provisions of the final rule, which finalize how LIHEAP payments are considered to confer eligibility for the HCSUA, the Department notes that States were required by statute to implement the Agricultural Act of 2014's change related to LIHEAP immediately for any household whose initial certification period began on or after March 10, 2014. For households that were already certified for SNAP, States had some flexibility in determining when to implement this change but were required to implement no later than August 1, 2015, for most households. Thus, reductions in transfers related to the LIHEAP provisions of this final rule are assumed to be fully incorporated into the current SNAP baseline, as noted in Table 1, and therefore are not included in the accounting statement of transfer effects in Table 2. This analysis focuses on effects over the five-year period FY 2025–FY 2029. Ten-year estimates are available in Appendix Table A.

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[1] This rule will increase the existing burden currently approved (OMB Control Number 0584–0496; Expiration Date: July 31, 2026).

Table 1: Summary of Federal Budget Impacts, FY 2025-2029

In Millions of Dollars	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025- FY 2029 Total
Transfers - SNAP benefit spending						
Establish guidelines for States' SUA Updates	$0	-$293	-$297	-$301	-$304	-$1,195
Allow basic internet as a shelter expense	$37	$1,604	$1,625	$1,643	$1,661	$6,571
Total Estimated Transfer Impacts[1]	**$37**	**$1,311**	**$1,328**	**$1,343**	**$1,357**	**$5,378**
LIHEAP Provisions[2]	-$427	-$425	-$431	-$436	-$441	**-$2,160**
Discounted Transfer Impact						
3 percent	$36	$1,235	$1,215	$1,193	$1,171	$4,850
7 percent	$34	$1,145	$1,084	$1,024	$968	$4,255
Federal and State Administrative Costs						
State Administrative Costs - Implementation	$0.41	$0.00	$0.00	$0.00	$0.00	$0.41
State Administrative Costs - Ongoing	$0.03	$0.03	$0.03	$0.03	$0.03	$0.15
Federal Costs	$0.49	$0.03	$0.03	$0.03	$0.03	$0.61
Total Estimated Federal and State Costs	**$1.44**	**$0.06**	**$0.06**	**$0.06**	**$0.06**	**$1.17**
Discounted Cost Impact						
3 percent	$0.88	$0.05	$0.05	$0.05	$0.05	$1.08
7 percent	$0.84	$0.05	$0.05	$0.04	$0.04	$1.02

1. Excludes impacts of LIHEAP provision for reasons explained in footnote 2.
2. Because these provisions were implemented shortly after passage of the 2014 Farm Bill, this reduction in transfers is fully captured in the SNAP baseline and not included in the Total Estimated Impacts line.
Note – Figures may not sum due to rounding. Estimates are nominal and include projected inflation in SNAP spending.

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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 rule. Increases in SNAP benefit payments are categorized as transfers; increases in administrative burden for State agencies, households, and the Federal Government are categorized as costs.

Table 2: Accounting Statement

	Primary Estimate	Year Dollar	Discount Rate	Period Covered
Benefits – Qualitative: The final rule will help improve consistency and data integrity in State SUA calculations, while providing State agencies flexibility in creating their standards. Additionally, it will ensure SUAs account for internet costs, in recognition of the vital role internet access plays in households' economic well-being.				
Annualized Monetized ($millions/year)	N/A	2024	--	FY 2025-2029
Costs – This final rule will result in a small one-time burden for State agencies to establish SUAs that incorporate internet expenses. It will result in a periodic (every 5 years) burden for State agencies to update their HCSUA methodologies and data, and for the Federal government to review State agencies' methodology and data submissions. The Federal government will incur 50 percent of the cost related to increases in State agency burden.				
Annualized Monetized ($millions/year)	$0.24	2024	3%	FY 2025-2029
	$0.25	2024	7%	FY 2025-2029
Transfers – This final rule will increase the net amount of benefit payments to SNAP participants.				
Annualized Monetized ($millions/year)[1]	$1,059	2024	3%	FY 2025-2029
	$1,038	2024	7%	FY 2025-2029
Annualized Monetized ($millions/year)[2]	$627	2024	3%	FY 2025-2029
	$606	2024	7%	FY 2025-2029

[1]Estimates exclude impacts of LIHEAP provision (comparing against with-statute baseline).
[2]Estimates include impacts of LIHEAP provision (comparing against without-statute baseline).

In the discussion that follows, there is a section-by-section description of the impacts of each rule provision.

III. Proposed Rule and Comments Received

This final rule incorporates provisions originally proposed in two separate notices of proposed rulemaking (NPRM): The October 3, 2019, NPRM titled ''Supplemental Nutrition Assistance Program: Standardization of State Heating and Cooling Standard Utility Allowances'' (84 FR 52809), and the April 20, 2016, NPRM titled ''Supplemental Nutrition Assistance Program: Standard Utility Allowances Based on the Receipt of Energy Assistance Payments'' (81 FR 23189). While originally published as separate NPRMs, the provisions contained in these rules both relate to calculating household shelter expenses, and therefore the Department is combining the provisions from each rule into a single final rule. For clarity, provisions included in the October 3, 2019, proposed rule are referred to throughout this analysis as SUA NPRM provisions. Provisions included in the April 20, 2016, proposed rule are referred to as LIHEAP NPRM provisions.

The Department received over 125,000 public comment submissions on the SUA NPRM. Of these, approximately 6,500 were unique and nearly 118,800 were associated with form letter campaigns. Comments on the SUA NPRM came from a broad range of stakeholders, including State SNAP agencies, elected officials, local governments, advocacy groups, religious organizations, food banks, legal services organizations, private citizens, and others. The Department received nine comments on the LIHEAP NPRM from advocate groups, legal services organizations, and nonprofit organizations.

A. Comments Related to Impacts of SUA NPRM

While most comments received were related to provisions of the proposed rule that were expected to reduce monthly SNAP benefits for some households, the Department also received comments on the Regulatory Impact Analysis (RIA) published with the proposed rule. Commenters did not suggest alternative, national datasets nor alternative methods of analysis for use in the RIA. Many commenters discussed the effects of the proposed rule in general terms, though some commenters noted specific potential

costs that they did not believe were sufficiently addressed in the RIA, including secondary impacts. Secondary impacts noted in the received comments included:

- Healthcare costs related to increases in food insecurity and poverty;
- Costs to the U.S. and local economies due to SNAP's role in generating economic activity and acting as an economic stabilizer; and
- Impacts on other nutrition assistance programs or providers, including food banks.

The Department notes, that while there are studies that describe the relationships between SNAP, food security, poverty, and health care costs, these studies do not allow the Department to estimate potential costs specific to the impacts of the proposed rule, nor the final rule. Therefore, secondary impacts of reduced SNAP benefits are not assessed in this final rule RIA.

B. Comments Related to Administrative Costs of the Proposed Rule

Some commenters on the SUA NPRM stated that the Department had not adequately addressed potential administrative costs to State and local agencies of complying with the proposed rule. The final rule's RIA includes additional detail and updates to reflect costs State and local agencies will incur because of the final rule. The Department anticipates that the final rule will cause a small, intermittent increase in the administrative burden associated with SUAs for most State agencies because they will be required to periodically review and update their SUA methodology, making any revisions necessary to demonstrate that the baseline data and underlying methodology reflect low-income household utility costs, rather than continuously adjusting the prior year's SUA values with an index of inflation. Additionally, State agencies will experience a one-time increase in burden due to the inclusion of basic internet as an allowable shelter expense. These increases in administrative burden are discussed in greater detail in the Section-by-Section Analysis.

C. Comments Related to Impacts of the SUA NPRM on Vulnerable Populations

Many comments on the SUA NPRM noted specific impacts the proposed rule was anticipated to have on certain subgroups of SNAP participants. These are summarized below:

- Several commenters noted specific impacts on households with elderly or disabled members. In the proposed rule RIA, the Department discussed in-depth the impacts of the proposed rule, including disparate impacts on households with elderly or disabled members. The Department recognizes that households with individuals who are elderly or who have a disability may see a greater change (including increases and decreases) in their benefit amounts because of any changes to SUA values as they are not subject to a cap on their excess shelter deduction amount. The Department is committed to serving households with elderly and disabled members and will support State agencies' implementation of the final rule as they help these households understand any changes to their benefits and are available for questions, as necessary. The Department has made changes to the final rule that give States more flexibility to set SUA levels while also noting the expectation that SUAs will be sufficient to account for the utility expenses of the vast majority of households. The Department is not finalizing the requirement to standardize HCSUAs nor the provision that would have capped limited utility allowances (LUAs) and single utility allowances (also referred to as ''individual standards'').
- A legal services organization, trade association, and advocacy groups stated that rural communities would be more likely to be adversely impacted by the proposed rule because they spend a disproportionately higher share of their income on utilities. Approximately 6 percent of SNAP households live in a rural area.[2] However, the Department does not currently have data available that would allow it to determine if there is a meaningful difference between rural and non-rural SNAP households' utility expenses. Additionally, the Department is not finalizing the proposed rule's provision to standardize HCSUAs as statewide values. Instead, State agencies will retain the flexibility to develop SUAs for different regions within their State.
- Advocacy groups stated that the proposed rule would disproportionately and negatively impact renters as they have higher utility costs than homeowners. As previously discussed, the Department is not finalizing provisions included in the proposed rule that would have standardized SUA values.

Advocacy groups stated the proposed rule would negatively affect households with high housing costs and, by extension, households living in areas with expensive housing markets. The Department notes that the HCSUA and other SUAs are meant to represent utility costs incurred by low-income households, rather than other expenses that may be affected by living in an expensive housing market. Those expenses, like rent and mortgage payments, will continue to be accounted for in the excess shelter deduction calculation. However, the Department acknowledges that some households incur high utility expenses, and those expenses can vary by geographic region of a State. In the final rule, the Department is retaining States' flexibility to establish SUA values for different geographic regions within each State.

D. Comments Related to the SUA NPRM's RIA Methodology and Proposed Data Sources

The Department also received comments on the SUA NPRM that expressed concerns with the data sources used in the proposed rule's RIA and stated concerns that the methodology used in the RIA was not sufficiently clear. A legal services group stated that the use of data from the American Community Survey (ACS) is questionable because it relies on customer recall of their utility expenses and an advocacy group questioned the use of the Residential Energy Consumption Survey (RECS) because the 2015 data release did not provide individual estimates for every State. In addition, some commenters raised concerns that the RECS is only administered every four years, and there is a three- to four-year delay before the data are published. Many commenters, including advocacy groups and State government agencies expressed concerns that the data sources the Department intended to use do not sufficiently capture climate variations within States, cost variation within States (including in Tribal areas) or are less accurate than sources State agencies may currently use for their own methodologies.

The Department appreciates these comments and is making use of Federal survey data, like ACS and RECS, an available option for State agencies to use, rather than mandating their use. The Department maintains that, as of FY 2025, the Federal survey data sources used in the proposed rule's RIA methodology are the best existing national data sources on the utility expenditures of low-income households. Additionally, beginning with the 2020 RECS data collection, the Department notes that RECS data are available for each of the 50 States and the District of Columbia. These data sources may be used by State agencies to calculate their SUAs.

As discussed in the 2017 and 2023 SUA studies, ACS and RECS data each have strengths and limitations as sources of information about low-income households' utility expenditures. When used together, each survey's strengths can mitigate weaknesses in the other survey. For example, RECS data are not subject to customer recall bias that can affect ACS data because RECS collects billing data directly from energy providers to validate the responses provided by surveyed households. RECS data also specify whether a household incurred heating or cooling expenses, permitting estimation of energy expenditures specific to the households that would be eligible for an HCSUA. However, RECS data are not published on an annual basis. ACS data can provide a more recent estimation of low-income households' utility expenditures because it is an annual survey. ACS is also a larger survey than RECS, resulting in larger sample sizes of low-income households in each state and the District of Columbia. RECS and ACS both gather information about respondents' household income, permitting estimates specific to the low-income households who participate in SNAP. Further information about the strengths and weaknesses of each of the Federal surveys used in the proposed rule RIA can be found in the 2017 and 2023 SUA studies.

Although the Department is not finalizing the standardization provision of the proposed rule, which relied on Federal survey data sources to calculate States' HCSUA values, the Department maintains that ACS, RECS, and Consumer Expenditure Survey data from the Bureau of Labor Statistics remain reputable sources of data on low-income households' utility expenditures in each State and the District of Columbia.[3]

[2] Source: FY 2022 SNAP Quality Control data.

[3] Data on utility expenditures in U.S. territories administering SNAP (Guam and U.S. Virgin

Continued

The Department also received comments that expressed concerns about how the proposed telecommunications SUA would be calculated and how it was estimated in the proposed rule RIA. As proposed, the telecommunications standard would have been available to households with utility costs for one telephone, basic internet service, or both. Households with basic internet and/or telephone costs would either receive the telecommunications standard or use their actual costs, subject to the proposed national cap. The final rule no longer creates a telecommunications standard and, instead, includes basic internet service as an allowable shelter cost and allows State agencies to incorporate the cost of basic internet service into the HCSUA. Additionally, the final rule provides States with the option to develop a basic internet individual standard, independent from the telephone individual standard. State agencies may also include basic internet costs in their LUAs. The Department is not finalizing a standardized method of calculating basic internet costs. State agencies will develop their own methodology for including basic internet expenses in the HCSUA. Additionally, States that choose to include internet costs in their LUAs or as an individual standard will develop their own methodology and calculate their basic internet individual standards or LUAs containing the cost of basic internet each fiscal year and submit them to FNS for approval, like other individual standards or LUAs. Consistent with the requirements for other SUA methodologies, including individual standards like the telephone standard, State agencies must submit for FNS approval their basic internet individual standard methodology every five years, and data underlying these methodologies must meet certain criteria.

E. Comments Related to LIHEAP NPRM

Comments on the LIHEAP NPRM were generally favorable of the proposed provisions and did not directly address the LIHEAP NPRM's RIA.

IV. Background

A. Shelter Expenses and Standard Utility Allowances in SNAP

The Food and Nutrition Act of 2008, as amended, establishes 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 household's 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.

One such deduction is an excess shelter expense deduction, which is available to households with shelter costs exceeding 50 percent of their adjusted gross income after other deductions. This deduction has a maximum value for households that do not include elderly or disabled members that is updated annually (sometimes referred to as the ''shelter cap'').[4] Shelter expenses include the basic cost of housing like rent or mortgage payments, 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 certification process for applicants and State agencies. State agencies have the option to require that households with eligible utility expenditures use a SUA rather than documenting actual utility costs; 48 State agencies have opted to make the use of SUAs mandatory.[5,6]

State agencies with mandatory SUAs must establish at least two SUAs, one for households with heating and/or cooling expenses (the HCSUA), and another for households without such expenses. State agencies 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/or 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 and/or cooling costs;
- A telephone-only allowance, for households that have no utility expenses other than telephone; and
- Other individual standards, for households with one utility expense, such as water, that is separate from rent or mortgage.

Nearly all State agencies have an HCSUA and a telephone individual standard. Most have LUAs and about half have at least one other individual standard. Appendix Table B contains the FY 2024 SUA values for each State. Table 3, below, provides information about the share of SNAP households that claim each type of SUA.

Table 3: Share of SNAP Households Claiming SUAs

Households claiming:	Percent
No SUA/Utilities	26.2%
HCSUA	62.3%
LUA	2.2%
Individual Standard (other than Telephone)	0.3%
Telephone Individual Standard	5.7%
Other	0.8%
Actual Expenses	0.2%
Missing	2.2%

Source: FY 2022 SNAP QC data.

Households that receive LIHEAP payments greater than $20 annually are eligible for the HCSUA and do not need to demonstrate actual utility costs. Section 4006 of the Agricultural Act of 2014 mandates that those State agencies electing to use an HCSUA may only offer the HCSUA to households receiving LIHEAP or other similar energy assistance if the household received a payment greater than $20 in the current month or in the immediately preceding 12 months. Prior to the Agricultural Act of 2014, HCSUAs were available to households that received any payment, or were eligible for a payment if not yet received, under LIHEAP

Islands) are not available from these surveys. However, GU and U.S. VI do not currently use HCSUAs.

[4] In FY 2024, the shelter deduction is capped at $672 in the contiguous 48 States and the District of Columbia, $1,073 in Alaska, $905 in Hawaii, $789 in Guam, and $529 in the U.S. Virgin Islands.

[5] The five States without mandatory SUAs are Guam, Hawaii, Tennessee, Virginia, and the U.S. Virgin Islands.

[6] Throughout this analysis, the term ''State'' is used to refer to the 50 States, as well as District of Columbia, Guam, and the U.S. Virgin Islands (53 State agencies, in total).

or a similar energy assistance program, regardless of the size of the payment.

State agencies 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 receive FNS approval. In practice, most States update their SUAs each October, at the start of the fiscal year,[7] and the values remain constant throughout the fiscal year. SUAs are not required to be benchmarked to a particular percentile, and State agencies may opt to set them at a higher percentile to ensure the SUA's value is sufficient for a large portion of the SNAP caseload.

Most State agencies 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, often from a sample of areas and/or providers throughout the State. The second is a methodology that adjusts a base number using an inflation measure such as the Consumer Price Index (CPI). Some State agencies use a methodology that combines both approaches. A review of information available to FNS about how State agencies most recently updated their SUA values indicates that at least 10 States have not updated the utility data used to calculate their HCSUA in 10 or more years. These State agencies have adjusted their HCSUA on an annual basis using CPI-based inflation factors. However, inflationary adjustments alone cannot account for broader changes in the household utility expenditures, like the mix of energy sources households use, nor the quantity of energy used. They also are not specific to the circumstances of low-income households and may miss trends in spending among low-income households that diverge from trends among higher-income households.

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 consistency and integrity in how SUAs are calculated. SUAs must align with low-income households' utility costs to ensure that the application of the excess shelter deduction reflects household circumstances and ultimately, the appropriateness of the benefit levels.

B. HCSUA Values and Utility Expenditures

The 2017 SUA Study and the 2023 SUA Study found that States' HCSUA values differed considerably from data on what low-income households [8] paid for utilities, using different illustrative benchmarks.[9] The studies also revealed that HCSUA values may not respond to changes in low-income households' utility expenses. In particular, the 2023 SUA Study examined ACS data and found that average monthly energy costs for low-income households in States with HCSUAs were lower in 20 States in 2019 than in 2014.[10] However, 18 of the 20 State agencies had higher HCSUAs in FY 2019 than in FY 2014, with an average increase of $56. The 2023 Study also found that the range of utility expenses incurred by low-income households narrowed since FY 2014 in 48 States, meaning fewer households experienced extremely high monthly utility expenses.[11] These findings from FY 2014–FY 2019 suggest that there have been fundamental shifts in the energy market, like improvements in energy efficiency, changes in the types of energy used (*e.g.,* lower reliance on high-cost fuels), and changes in prices that have affected low-income households' utility expenses within the past 10 years. While CPI-based inflationary adjustments to base values may account for overall changes in expenses for a wide range of consumers, they are not specific to the expenses incurred by low-income households, are not responsive to changes in the mix of energy sources low-income households use, and are not responsive to increases or decreases in the number of low-income households who incur extremely high expenses (*i.e.,* the spread of expenses a SUA seeks to accommodate). This illustrates why the Department believes it is problematic for State agencies to rely on outdated methodologies and/or data sources to calculate their SUA values, which may not reflect current conditions. If the base-year data underlying a State agency's SUA calculation is outdated, the SUA will be reflective of outdated patterns in consumption, efficiency, and prices.

Internet as a Utility Expense

Under current SNAP regulations, internet service is not an allowable shelter cost that can be deducted from a SNAP household's gross income. However, internet access has become a necessity for school, work, and job search activities. As such, internet has become a necessary expense in SNAP households' monthly budgets and the Department is designating it as an allowable shelter cost in the final rule. To understand the costs incurred by low-income households for basic internet access, FNS's 2023 SUA Study included a methodology for developing a basic internet individual standard using estimates of typical costs for internet access in each State. Broadband was used to represent a level of service that is conducive to economically important household activities, like job searching and virtual education, in contrast to dial-up internet service. The study determined that no national, public database of household broadband expenditures is available at this time. The final rule will permit States to develop their own methodology to estimate internet costs for inclusion in SUAs.

In addition to geographic variation in the availability and price of internet service, the 2023 SUA study also found that understanding the costs low-income families incur for internet service requires evaluating participation in government programs that reduce the cost of internet for many low-income households. The Department notes that if a household does not pay any of its internet costs, including because those costs are paid in full by a program such as the Lifeline program or the former Affordable Connectivity Program (ACP), then the household would not qualify for the basic internet individual standard.

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[7] All States except for Indiana and Maryland follow the Federal fiscal year calendar for their HCSUA updates. Indiana's update occurs in May and Maryland's update occurs in January.

[8] The studies defined ''low-income'' as households with incomes at or below 150 percent of the Federal poverty level.

[9] The 2023 SUA study primarily examined low-income households' average expenditures, as well as expenses at the 80th percentile, 90th percentile and 95th percentile. The 2017 SUA Study looked at average expenses for low-income households, as well as the 85th percentile.

[10] See Appendix Table F–1. Holleyman, Chris, Pratima, Damani, and Torres, Erick. Updating Standardized State Heating and Cooling Utility Allowance Values. Prepared by SP Group LLC. for the U.S. Department of Agriculture, Food and Nutrition Service, March 2023.

[11] This is indicated by what the report authors described as ''a slightly negative difference in the scaling factors used to escalate the average utility expenditures of low-income households to the 80th percentile of low-income households.'' In other words, the 80th percentile of low-income households had moved closer to the median, indicating that fewer households had expenses near the top of the range of all low-income households' expenses.

C. Baseline and Time Horizon for Analysis

Our baseline for measuring the costs, benefits, and transfers associated with this final rule is the Department's estimated SNAP participation and benefit spending for FYs 2025–2029, shown in Table 4 below.[12] This regulatory impact analysis (RIA) uses FY 2025–FY 2029 as the time horizon to measure the effects of the final rule. The Department chose this timeframe as it will permit assessment of all start-up costs as well as analysis of the ''steady state'' of the final rule's full implementation, expected to occur in FY 2027. A ten-year cost estimate (FY 2025–FY 2034) is provided as a supplementary resource in Appendix Table A. Additionally, changes in State administrative expenses (SAE) are compared to the Department's baseline projections.

Table 4: Estimated SNAP Participation and Benefit Spending

	2025	2026	2027	2028	2029
Participation (thousands)	41,747	40,217	39,341	38,492	37,688
Benefits ($millions)	$98,148	$97,812	$99,114	$100,195	$101,299
SAE ($millions)	$5,874	$6,041	$6,207	$6,384	$6,560

Source: Internal USDA Estimates (see footnote 12 of this appendix).

Note: Dollar estimates are nominal and include projected inflation in SNAP spending.

As previously noted, the LIHEAP NPRM provisions finalized in this rule have been in effect since FY 2015 and are therefore considered to be fully incorporated in the SNAP baseline presented above. This RIA uses FY 2013 as a reference year to estimate the impacts of the LIHEAP NPRM provisions of the final rule.

D. Methodology

i. Measuring Transfer Changes

The SNAP QC Minimodel is one of the microsimulation models maintained by FNS to estimate the impacts of changes in policy on current SNAP households. The FY 2022 SNAP QC Minimodel uses SNAP QC data from all States from October 2021, through September 2022. SNAP QC data are collected annually as part of the ongoing effort to determine the accuracy of SNAP certification actions.[13] Data are collected for a sample of SNAP households that is statistically representative at both the national and State levels. It includes data from 41,391 households, including information on household income, income sources, expenses, household composition, and utility allowances to simulate the impact of various policy changes to SNAP on current SNAP participants. The FY 2022 SNAP QC data and Minimodel are the most recent data available to FNS for microsimulation. The data are weighted to be representative of the SNAP caseload nationally and in each State. Like all microsimulation models, this model simulates the effects of program changes at the ''micro'' level (in this case, SNAP households). These micro-level effects on SNAP eligibility and benefit amounts are combined to estimate the total effect of program changes at the State and national level. Although most households received emergency allotments related to COVID–19 which supplemented their benefit amounts in FY 2022, this analysis uses households' certified, pre-supplement SNAP benefit amounts. Therefore, estimated benefit effects in this RIA are not affected by emergency allotments.

To estimate the impact on SNAP benefit spending (transfers) of the final rule, the FY 2022 QC Minimodel baseline was adjusted to better reflect current program operations. As all the income, deduction, and benefit data in the model, including HCSUA values, are from FY 2022, a revised baseline was created to reflect changes in the value of States' HCSUAs between FY 2022 and FY 2024, relative to the cap on shelter expense deductions. FNS determined that the FY 2022 HCSUA values in the model were not reflective of FY 2024 HCSUA values in some States because some States have made significant changes to their HCSUA values between FY 2022 and FY 2024 (see next paragraph for an illustrative example). As the changes to HCSUA values in this 2-year period were greater than changes to other parameters in the model, the marginal effect of a State's HCSUA in FY 2022 on a household's SNAP benefit calculation may not reflect its marginal effect in FY 2024, which is the outcome of interest for the purposes of this RIA.

To provide an example of how some State agencies' HCSUAs have changed substantially since FY 2022, State A, whose FY 2022 HCSUA was valued at 98 percent of the FY 2022 cap on the excess shelter deduction, has an FY 2024 HCSUA valued at 126 percent of the FY 2024 cap, a difference of 29 percent. To control for this type of change in States' behavior since FY 2022, the FY 2022 HCSUA values pre-programmed into the QC Minimodel were replaced by adjusted HCSUAs set to reflect the FY 2024 relationship between HCSUAs in each State and the shelter cap. To return to the example of State A, its HCSUA in the QC Minimodel was adjusted to equal 126 percent of the FY 2022 shelter cap.

Simulations of further changes to SUA values, reflecting changes caused by provisions of the final rule, were run against the revised baseline. A brief description of our methodology to measure the transfer effect of each provision of the final rule follows. Against the adjusted baseline described above, separate simulations individually evaluated each SUA-related provision of the final rule:[14]

1. *Establishing standards for the quality of data used in SUA calculations and requiring updates at a minimum of 5-year intervals:* To simulate the effects of this provision, we assume that 10 States will lower their HCSUAs by 10 percent and 6 States will increase their HCSUAs by 10 percent, on average, because of the final rule's data and methodological update requirements. This assumption was informed by a review of States' FY 2024 HCSUAs and information available to FNS about the methodologies and data used to produce those values. In some cases, FNS has limited information about the methodologies and data used because of the age of some State agencies' methodologies and/or the information shared with FNS lacks a robust description. The 16 States selected for adjustment in this simulation are those identified by FNS as most likely to require a significant revision to their current HCSUA calculation to meet the final rule's data and methodological update requirements. Additionally, these 16 States were determined to have HCSUAs with the greatest deviation from Federal survey data on average State-level utility expenditures among low-income households, defined as households below 150 percent of the Federal poverty level. These data are sources States may use to calculate their SUAs and are of the quality that State agencies will be required to use when developing SUAs. FNS made this determination by examining the Federal data sources examined in FNS's 2017 and 2023 SUA studies (ACS, RECS, and CEX). Some of these 16 States may need to make larger or smaller changes to their HCSUA as a result of the data quality and methodological review provision, but the Department is

[12] 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 10-year period. Transfer estimates in this Regulatory Impact Analysis are based on Department estimates for the FY 2025 Mid-session Review of the President's Budget. Estimates related to State administrative expenses (SAE) are compared to the Department's FY 2025 President's Budget baseline estimates.

[13] 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.*

[14] As noted previously, the LIHEAP provisions of the final rule are considered fully incorporated in the SNAP baseline due to their implementation in FY 2015.

estimating a 10 percent average change to the HCSUA in each of the 16 States. We assume 10 States will decrease their HCSUA by 10 percent and 6 States will increase their HCSUA by 10 percent. No States were assumed to change their LUA or individual standard values because of the final rule's data and methodological update provisions.[15] Alternative assumptions are tested in the sensitivity analysis of this RIA.

2. Requiring basic internet expenses as an allowable shelter expense within the HCSUA. To simulate changes to HCSUA values due to incorporating basic internet expenses into the allowance, we assumed States would increase their HCSUAs by an average of $50. This is based on two States which currently have approval from FNS to provide a basic internet individual standard through an administrative waiver. Both States use a $50 standard to represent internet expenses, providing an indication of how other State agencies may behave. While some States may use higher or lower values to approximate low-income households' internet expenses, $50 is used in this analysis to approximate the average value FNS estimates States will use. We assume that all States with an HCSUA choose to incorporate internet into the HCSUA. Alternative assumptions are tested in the sensitivity analysis of this RIA.

3. Providing States with the option of incorporating basic internet expenses in the LUA and as an individual standard: To simulate State-calculated internet allowances in the LUA and a new basic internet individual standard, we simulated a $50 average increase to LUA values for households that currently receive the LUA and estimated that about 5 percent of SNAP households would take-up a new basic internet individual standard.[16] We also assumed households using actual utility expenses would have an increase of $50 in utility expenses if they can newly claim basic internet expenses. We assume all State agencies will take the option to include internet expenses in the LUA and establish a basic internet individual standard, given expressed interest by State SNAP agencies in establishing internet allowances.

In each simulation, household benefits were recalculated for each household that claimed utility expenses and then aggregated to estimate the percentage change in total benefit spending and changes to eligibility. The percentage change applicable to each rule provision was applied to the baseline benefit spending (Table 4 above) to estimate the annual change in SNAP benefit spending (transfers) resulting from each rule provision.

An additional simulation was conducted to estimate the impact of the LIHEAP NPRM. A brief description of the methodology follows:

1. The QC Minimodel includes a variable that indicates whether the household received the HCSUA because they also received LIHEAP. This variable was used to estimate the annual benefit impact on households and total SNAP benefits if all households flagged as receiving a HCSUA due to receipt of LIHEAP no longer received the HCSUA.[17]

2. Because only 17 States providing energy assistance payments that conferred HCSUA eligibility and were affected by the Agricultural Act of 2014 provision, the simulated impacts were adjusted to remove the effects in the 34 unaffected States. The annual benefit impact was further adjusted because 13 of the 17 States that issued affected LIHEAP payments to their SNAP caseload opted to increase those payments above the $20 threshold. Therefore, the impact within these 13 States was removed from the initial estimate, leaving only the effects in the four States that did not increase their LIHEAP payments. These results were then used to estimate the average, per household benefit impact for households affected by the Agricultural Act of 2014's LIHEAP change.

Households that no longer receive LIHEAP payments may continue to receive a SUA (the HCSUA, the LUA, or a different utility standard) if they qualify based on incurred utility expenses. To estimate the proportion of households in the affected States that continued to be eligible for a SUA after discontinuation of LIHEAP payments that conferred HCSUA eligibility, we used SNAP QC data from before and after implementation of the Agricultural Act of 2014 to tabulate how many households in the affected States received the various types of SUAs. Table 5 shows how those percentages changed in the four States that discontinued use of LIHEAP payments to confer HCSUA eligibility.

Table 5: Percentage of Households Using SUAs Pre- and Post- Agricultural Act of 2014

SUA Type	Pre-2014 Farm Bill	Post-2014 Farm Bill	Difference (percentage point)
HCSUA based on LIHEAP receipt	**89.3%**	**35.3%**	**-54.0%**
No utilities and no LIHEAP	3.2%	26.9%	23.7%
Uses actual expenses	0.0%	0.0%	0.0%
HCSUA, no LIHEAP	5.6%	26.5%	20.9%
LUA	0.5%	3.8%	3.2%
Uses telephone only standard	0.6%	5.6%	5.1%
Uses single utility standards	0.6%	1.3%	0.7%
HCSUA, LIHEAP status unknown	0.1%	0.4%	0.3%
Other	0.0%	0.0%	0.0%

3. Based on this re-distribution, we see that 54 percent of households no longer receive the HCSUA based on LIHEAP receipt. These households are redistributed into the other SUA categories, with some households no longer receiving any SUA, some continuing to receive the HCSUA, and others receiving a different SUA (a LUA or individual standard).

4. Overall, of the 54 percent of households that no longer receive the HCSUA based on

[15] FNS does not anticipate that these changes will result in similar decreases or increases to LUA and individual standard values because FNS's review of States' current LUA and individual standard values indicates that these standards do not display the same degree of variability between States and misalignment with current utility data for low-income households that is present among current HCSUA values.

[16] Five percent was selected as an estimate, informed by the share of SNAP households that use a telephone individual standard, to approximate how many households might use a basic internet standard. In the absence of more precise data, the Department estimates that the share of households that may pay an internet bill, but not other utilities which would make them eligible for a LUA or HCSUA, may be similar to the share of household that only pay a telephone bill.

[17] This simulation used 2013 QC data as that was the period prior to implementation of the Agricultural Act of 2014's LIHEAP change.

receipt of LIHEAP, 43.8 percent no longer receive any SUA (calculated as 23.7/54.0), 39.2 percent continue to receive the HCSUA, 6.0 percent receive the LUA or an individual standard, and 10.6 percent receive only the telephone individual standard.[18]

5. Benefit impacts were adjusted as follows:

a. Households no longer eligible for any SUA were allocated 100 percent of the per-household benefit impact of this provision (0.438 × # affected households × per-household benefit impact × 1.00).

b. Households eligible for a LUA were allocated 50 percent [19] of the per-household impact of the provision (0.060 × # affected households × per-household benefit impact × 0.50).

c. Households eligible for a telephone individual standard were allocated 75 percent of the per-household impact of the provision (.106 × # affected households × per-household benefit impact × 0.75).

d. These amounts were totaled to get the annual SNAP benefit impact due to discontinued LIHEAP payments.

ii. Measuring Changes to State and Federal Costs

State administrative costs, burden estimates, and Federal costs (non-transfer) are estimated using information from revisions to a currently approved Information Collection Request (ICR) (OMB Control Number 0584–0496; Expiration Date 7/31/2026). This information collection addresses the State agency reporting burden associated with State options under SNAP for developing SUAs and a methodology for offsetting the cost of producing self-employment income, as required in 7 CFR part 273. The revision accounts for requirement in the final rule. The value of State administrative costs and Federal costs in future years are adjusted annually for inflation using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W) fiscal year-over-fiscal year projections from OMB's Economic Assumptions for the Mid-session Review of the FY 2025 President's Budget.

V. Section-by-Section Analysis

The costs and savings associated with each provision of the final rule are discussed separately in this section of the RIA. The section-by-section analysis often uses FY 2026 as a reference year to discuss the transfer and cost impacts of the final rule, given that FY 2026 is when all provisions of the final rule are expected to be fully implemented.

A. Requirement To Update SUA Calculation Methodology Every 5 Years and Meet Data Quality Specifications

Discussion: While the Department is not adopting the proposed rule's provisions to standardize the calculation of HCSUAs, nor cap LUAs and individual standards as a percentage of the HCSUA, it maintains that there should be clearer guidelines and requirements for State agencies to follow when developing their SUAs to ensure SUAs accurately reflect low-income households' utility costs. Therefore, the Department is establishing new requirements to guide State agencies' calculation of SUAs. These requirements apply to HCSUAs, LUAs, and individual standards. State agencies must submit for FNS approval their SUA methodologies at least every 5 years and make any revisions necessary to demonstrate that the baseline expenditure data and underlying methodology reflect low-income household utility costs along with recent trends and changes. The methodology update must include updated baseline expenditure data, per certain data criteria, and an explanation of the State agency's methodology for deriving HCSUAs from such data. In interim years, State agencies must continue to review and adjust their SUAs annually to reflect changes in costs, in line with existing regulations. State agencies may use appropriate indices of inflation, like the Consumer Price Index (CPI) values specific to the utilities incorporated into an HCSUA, to perform these interim, annual updates. State agencies must also continue to submit their methodologies for FNS approval any time the State agency develops or changes a methodology.

Additionally, State agencies' methodologies must:

- Reflect the entire State or geographic area the SUA covers;
- Use data sourced from utility providers or similarly reliable source;
- Reflect expenses incurred by low-income households;
- Distinguish if the utility is for heating or cooling, if applicable; and
- Reflect residential utility expenses.

The Department chose these criteria to ensure HCSUAs accurately represent the utility costs of low-income households, including households with higher-than-average utility costs, in the designated area while providing State agencies additional flexibility in creating their standards. These criteria align with the goals of the data and methodology the Department proposed to use in the SUA NPRM. The Department notes that, for the purposes of these criteria, ''utility providers'' includes any company or organization that supplies or sells a utility allowed under 7 CFR 273.9(d)(6)(ii)(C).

Additional SUA provisions in the final rule that are expected to have minimal effects include:

- Eliminating the option for State agencies to use a LUA instead of the HCSUA for public housing residents with excess heating and cooling costs, as proposed in the SUA NPRM.
- Eliminating the option for State agencies to use a LUA instead of the HCSUA for States where cooling expenses are minimal, as proposed in the SUA NPRM.

Effect on SNAP Participants: The Department anticipates that new guidelines directing States to update their SUA methodologies at least once every 5 years and establishing data quality requirements will result in changes to HCSUA values in States which currently use methodologies or data sources that would not meet the requirements of the final rule. The Department estimates that 10 States will reduce their HCSUAs and 6 States will increase their HCSUAs as a result of this provision, each by an average of 10 percent. These changes will reduce the monthly SNAP benefits of approximately 5.2 percent of all SNAP households by an average of 7.5 percent, or about $21 and will increase the monthly SNAP benefits of approximately 2.1 percent of all SNAP households by an average of 3.5 percent, or about $10. A small number of households (less than 0.01 percent) would no longer be eligible for SNAP if this provision was implemented without the internet provision, discussed later in this RIA, resulting in an average monthly benefit loss of $45. These households have a low average monthly benefit because they have monthly incomes close to the maximum allowed for SNAP eligibility. Affected households live in 16 States that FNS has identified as those most likely to require significant revisions to their HCSUA to meet the new data quality and recency guidelines. No effects are anticipated for SNAP households in the other 37 States.

[18] These percentages vary from the percentages used in the proposed rule RIA because the final rule RIA uses actual changes in SUA receipt documented in the SNAP QC data, rather than estimated changes used before actual data were available. The proposed rule RIA assumed that 55 percent of households would no longer be coded as receiving the HCSUA due to LIHEAP. Of those, we estimated that 36 percent would receive no SUA, 55 percent would continue to receive the HCSUA, 1 percent would receive the LUA or an individual standard, and 7 percent would receive the telephone individual standard.

[19] We chose 50 percent based on the relative size of the LUA, compared to a HCSUA at the time the LIHEAP change went into effect. On average, the HCSUA value was about twice that of the LUA, so the benefit impact would be reduced by roughly 50 percent. Similarly, we chose 75% based on the relative size of a single utility allowance or telephone allowance, compared to a HCSUA. On average, the HCSUA value was about four times that of an individual or telephone standard, so the benefit impact would be reduced by roughly 75%. Information on the relative size of different utility allowances in FY 2024 can be found at: *https://www.fns.usda.gov/snap/eligibility/deduction/standard-utility-allowances.*

Table 6: Effect on SNAP Households of Establishing Data Quality Standards and Requiring Updates at 5-Year Intervals

	Percentage of Households	Average Dollar Change per Affected Household	Percent Change per Affected Household
Receiving lower benefits	5.2%	-$21	-7.5%
Receiving higher benefits	2.1%	$10	3.5%
No longer eligible	<0.01%	-$45	100%
No change in benefits	92.7%	--	--

Source: Simulation using FY 2022 SNAP Quality Control Data.
Note: Average dollar change per household estimates are nominal.

Effect on Federal Spending: The data quality and methodological revision provision of the final rule is expected to decrease SNAP benefit payments (transfers) by $293 million in FY 2026 and by $1.2 billion over 5 years (FY 2025–FY 2029). Effects on transfers will not be fully phased-in until FY 2026 because FNS expects that States may need until the start of FY 2026 to revise their SUA methodologies and underlying data. This provision results in a 0.3 percent decrease in SNAP benefit payments when fully implemented. The decrease in transfers in 10 States that are estimated to reduce their HCSUAs is larger than the increase in transfers in 6 States that are estimated to increase their HCSUAs, resulting in a net decrease in transfers.

Additionally, Federal administrative burden and the Federal share of States' administrative expenses for this provision of the final rule are expected to increase. The Federal share of States' administrative expenses for initial implementation of this provision is estimated to be about $438,000 in FY 2025. The Federal share of all State agencies' ongoing administrative expenses caused by this provision of the final rule are estimated to be about $152,000 over five years (FY 2025–FY 2029), averaging about $30,000 annually. Federal administrative burden is expected to increase on an ongoing basis due to this provision of the final rule. Every 5 years, the Department expects FNS staff will spend a total of 689 hours reviewing and approving State agencies' methodological updates and providing technical assistance to State agencies as they make those updates. This is expected to cost about $51,000 in FY 2025, the first year in which a methodological update is expected to occur.

Effect on State Agencies: This provision of the final rule is expected to create start-up costs, in addition to recurring increases in State agency burden. FNS estimates 5 State agencies will opt to solicit contractor support to update their SUA methodologies, resulting in about $21,000 in staff costs and $250,000 in contract costs after 50 percent Federal reimbursement over FYs 2024 and 2025 ($271,000 total for 5 state agencies). Non-contract State costs associated with implementation burden and system changes are estimated to be about $145,000 after 50 percent Federal reimbursement across all 53 State agencies.

State agencies are not expected to incur annual increased administrative burden or costs because of this provision. However, every 5 years, State agencies will experience a greater increase in burden, when they will be required to conduct a full review of their SUA methodologies and update the base data used to calculate their SUAs.

B. Allow Basic Internet Costs as an Allowable Shelter Expense

Discussion: The final rule designates basic internet service as an allowable shelter cost and gives State agencies the option to include basic internet costs in their HCSUAs and LUAs and to develop a basic internet individual standard. State agencies will be expected to develop their own methodology for including the cost of basic internet service in the HCSUA, LUA, and as a standalone basic internet individual standard, as they are expected to do for all other allowable utility expenses. The Department assumes that 25 percent of the SNAP caseload lives in States that will establish an individual internet SUA in FY 2025, and all States will implement an individual internet SUA in FY 2026. We assume that all States will implement an HCSUA that incorporates internet expenses in FY 2026.

Effect on SNAP Participants: By allowing basic internet expenses to be incorporated into SUAs, SNAP households using the HCSUA or LUA will be eligible for a larger allowance, which can increase the excess shelter deduction for households that are not at the shelter cap. SNAP households that receive a larger excess shelter deduction may also see their benefits increase, depending on other household circumstances.

Additionally, a portion of SNAP households that do not use a SUA will be eligible for a basic internet individual standard or to claim the value of their actual expenses for basic internet if they incur out-of-pocket expenses for basic internet service. The Department expects the share of households that will claim a basic internet individual standard to be approximately 5 percent of all SNAP households, informed by the share of SNAP households that currently receive a telephone-only utility allowance (see Table 3). These households may also see their excess shelter deduction increase if they are not affected by the shelter cap, potentially increasing their benefits.

Inclusion of basic internet as an allowable utility expense is expected to increase SNAP benefits for an additional 27.1 percent of SNAP households (29.2 percent, total). This provision will not result in benefit losses for any SNAP households. Among households gaining benefits, because of this provision, monthly SNAP benefits will increase by an average of $15. No households are expected to lose eligibility because of this provision. Some of the <0.01 percent of households estimated to lose eligibility due to the previously discussed data quality and methodological review provision (if, hypothetically, that provision were finalized on its own) retain eligibility because of the inclusion of internet expenses in SUAs. Sample sizes for this group are too small for the Department to be more precise in its estimates for this group.

Effect on Federal Spending: Including basic internet as an allowable shelter expense is expected to increase SNAP benefit payments (transfers) by $1.6 billion upon full implementation in FY 2026 and by $6.6 billion over five years (FY 2025–FY 2029). This represents a 1.6 percent increase in SNAP benefit payments when fully implemented. On average, the Department estimates that including basic internet expenses will increase State-calculated HCSUA values by $50, though the amount is expected to vary by State. Additionally, the Federal share of States' administrative expenses to incorporate a basic internet individual standard is estimated to be a one-time expense of about $14,000. The Department does not estimate a measurable change in ongoing Federal burden or costs related to this provision.

Effect on State Agencies: The Department expects it will take each State agency approximately 10 hours to establish a new basic internet individual standard and include basic internet in their HCSUA and LUA calculations. States' share of this expense is estimated to be a total annual cost of about $14,000. The Department does not estimate a measurable change in State agencies' ongoing administrative expenses due to the new inclusion of basic internet as an allowable shelter cost.

C. LIHEAP Provisions

Discussion: The rule also finalizes how Low-Income Home Energy Assistance Program (LIHEAP) payments are considered to confer eligibility for the HCSUA, in accordance with amendments made to the Food and Nutrition Act of 2008 by the Agricultural Act of 2014. While originally published as a separate 2016 NPRM, the LIHEAP provisions are integrally linked to the SUA provisions, and therefore the Department is combining the provisions from each proposed rule into a single rule.

In accordance with the Agricultural Act of 2014, the final rule no longer allows States to confer HCSUAs to households receiving a payment, or on behalf of which payments were made, under the Low Income Home Energy Assistance Act (LIHEAA) or similar programs unless the payment is greater than $20 annually and received in either the current month or in the immediately preceding 12 months. This provision's effects are discussed in the following paragraphs.

Additional LIHEAP provisions which are expected to result in minimal effects include:

- Requiring State agencies to confer HCSUA eligibility to both households if a household receiving a qualifying LIHEAP payment splits into two households.
- Allowing weatherization payments to confer eligibility for the HCSUA in limited circumstances.

As previously discussed, the LIHEAP provisions of this final rule were self-implementing as of 2014 and are therefore fully captured in one of the SNAP participation and benefits baselines relevant to this regulatory analysis.

Effect on SNAP Participants: At the time of implementation, the Department estimates that one-third of SNAP households were affected in States that have a minimum LIHEAP payment below the $20 threshold when this change went into effect beginning in 2014. Most of these households remained eligible for SNAP but may have received a lower monthly benefit. Less than 0.1 percent of all SNAP households are estimated to have lost eligibility. Affected households with an elderly or disabled member generally saw greater reductions in their monthly benefit because they do not face a cap on the amount of their excess shelter expenses deduction. If they were no longer eligible for the HCSUA, their shelter deduction may have become smaller, resulting in a smaller monthly benefit.

Effect on Federal Spending: The Department estimates that these statutory changes reduced Federal transfers (SNAP benefit payments) by approximately $2.2 billion over the 5-year period of FY 2025–FY 2029. Because these provisions were implemented shortly after passage of the Agricultural Act of 2014, this reduction in transfers is already fully captured in one of the SNAP participation and benefits baselines relevant to this analysis and will not result in a reduction, as compared with that baseline, in predicted SNAP spending in future years relevant to this regulatory analysis.

Effect on State Agencies: Among the 17 States that issued LIHEAP payments to confer eligibility for the HCSUA prior to the amendments made by the Agricultural Act of 2014, the four States that opted not to raise those payments to meet the new threshold were required to make minimal, one-time changes to their eligibility systems, manuals, and training procedures for staff. Other minimal burdens imposed on State agencies, such as documenting LIHEAP receipt, were already required as part of the certification process and are considered usual and customary within the course of States' normal administrative activities. States had flexibility in terms of when they made the change for their current caseload, reducing administrative burden.

D. Combined Effects of the Final Rule

Effect on SNAP Participants: The Department estimates that most SNAP households will experience either an increase or no change to their SNAP benefit because of the final rule (see Table 7). Upon full implementation of the rule, about 4.9 percent of SNAP households are expected to receive, on average, 2.6 percent lower monthly benefits (an average monthly decrease of $7). An estimated 29.2 percent of SNAP households are expected to receive, on average, 6.0 percent higher monthly benefits (an average monthly increase of $15). The remaining two-thirds of SNAP households will see no change to their monthly benefits.

The internet provision of the final rule reduces the monthly benefit losses experienced by households in the States that are expected to reduce their HCSUAs because of the data quality and methodological review provision of the final rule. The internet provision reduces the share of households losing benefits under the final rule by 0.4 percentage points. Among households losing benefits due to the data quality and methodology requirements established by the final rule, the marginal effect of including internet expenses in SUAs reduces their average monthly benefit loss from $21 to $7.

Table 7: Combined Effects of Final Rule Provisions on SNAP Households

	Percentage of Households	Average Dollar Change per Household	Percent Change per Household
Receiving lower benefits	4.9%	-$7	-2.6%
Receiving higher benefits	29.2%	$15	6.0%
No longer eligible	<0.01%	-$30	-100%
No change in benefits	66.0%	--	--

Source: Simulation using FY 2022 SNAP Quality Control Data.
Note: Average dollar change per household estimates are nominal.

Effect on Federal Spending: The Department estimates full implementation of the final rule will increase SNAP benefit spending (transfers) by $1.3 billion in FY 2026 and $5.4 billion over the 5-year period FY 2025–FY 2029. This increase in spending is primarily driven by the rule's provision to allow internet as an allowable shelter expense. The full cost of the internet provision ($6.6 billion over 5 years) is partially offset by savings (−$1.2 billion over 5 years) due to establishing data quality and update frequency requirements for SUAs.

Total Federal non-transfer costs associated with the final rule are estimated to be about $612,000 over 5 years (FY 2025–FY 2029). Non-transfer costs will be higher at implementation in FY 2025 (about $489,000) and every 5 years thereafter, when State agencies are expected to conduct a complete review and resubmission of their SUA calculations. In intervening years, Federal non-transfer costs will be about $31,000.

Effect on State Agencies: The Department expects full implementation of the final rule will increase State agency costs by about $561,000 over 5 years (FY 2025–FY 2029) after 50 percent Federal reimbursement. Most of this cost (about $438,000 in FY 2025) is associated with staff burden and contract costs State agencies are expected to incur every 5 years, when they will be required to conduct a full review and update of their SUA calculations.

VI. Distributive Impacts

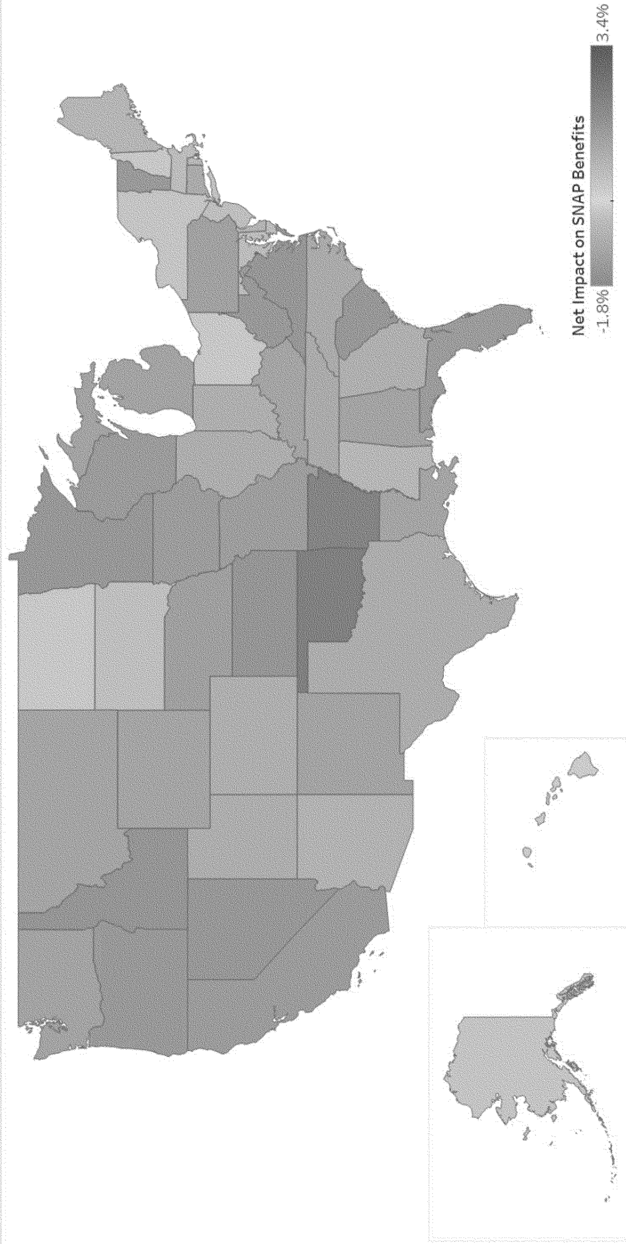
A. Differences in State-Level impacts

Effects of the final rule vary by State. The 4.9 percent of households expected to see

reduced SNAP benefits under the final rule are in 10 States, based on FNS's assessment of the likelihood that those 10 State agencies' HCSUA methodologies will require significant revisions to meet the guidelines established by the final rule. Within these 10 States, the share of households estimated to lose a portion of their SNAP benefits ranges from 21.5 percent to 44.9 percent. Among these 10 States, 9 are also expected to have a small share of their SNAP households gaining benefits because of the final rule, ranging from 0.3 percent to 11.6 percent. Simulation results indicated that one State agency is expected to have no households gaining benefits because of the final rule, however this result may be due to small sample sizes in that State, and it is possible that a small number of households in that State could see increased benefits. In the remaining 52 States, the share of households expected to gain benefits under the final rule in each State ranges from a high of 47.6 percent to a low of 0.3 percent. The share of households expected to be unaffected by the final rule ranges from 98.4 percent to 52.5 percent. The LIHEAP provisions of the final rule primarily affect just 4 States that previously issued LIHEAP payments to their SNAP caseloads to confer HCSUA eligibility and did not opt to increase those payments above the $20 threshold.[20]

[20] The four States that chose not to increase their LIHEAP payments to greater than $20.00 at the time of implementation are Delaware, New Hampshire, New Jersey, and Wisconsin.

Figure 1. Estimated Percentage Change in Total SNAP Benefits Based on Implementation of All Provisions in Final Rule, by State



Source: Simulation using FY 2022 SNAP QC data.

The average household monthly benefit gain within each State (among States with households gaining benefits) ranges from a low of $12 to a high of $23 among households that see larger benefits. Among all households expected to gain benefits

under the final rule, the nationwide average gain is about $15. The average household monthly benefit loss per State (among the 10 States with households losing benefits) ranges from −$4 to −$11 among households that see smaller benefits. Among all households expected to lose benefits under the final rule, the nationwide average loss is about −$7 per month. See Appendix Table C for estimates in each State.

Table 9: Distribution of Households Gaining and Losing, All States

	Households Losing Benefits	Households Gaining Benefits
Nationwide	4.9%	29.2%
Maximum, among States with households in column category	44.9%	47.6%
Minimum, among States with households in column category	21.5%	0.3%

Source: Simulation using FY 2022 SNAP Quality Control Data.

B. Differences Among Subgroups Resulting From Changes to SUA Methodology

The final rule's changes to SUAs have the greatest impact on households that contain an elderly or disabled individual. These households are not subject to the cap on the excess shelter deduction, and thus are more likely to be affected by changes to the HCSUA, as larger HCSUAs result in a larger shelter deduction.[21] 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. Households with members who are elderly 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). More households with members who are elderly or disabled are expected to gain benefits under the final rule than to lose benefits. Additionally, the average benefit gain for these households is more than twice the average benefit loss.

SNAP households with children are slightly less likely than all SNAP households to gain benefits because of the final rule (27.3 percent, compared to 29.2 percent for all households) and are slightly less likely to lose benefits of the final rule (3.8 percent, compared to 4.9 percent for all households). SNAP households with children who gain or lose benefits because of the final rule are estimated to experience similar average changes in their monthly benefits as all SNAP households (see Table 10).

[21] 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 their 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.

Table 10: Gains and Losses by Demographic Subgroup and Race/Ethnicity Resulting from the Final Rule

	Households Losing Benefits	Households Gaining Benefits	Average Among Impacted Households: Benefit Loss	Average Among Impacted Households: Benefit Increase
All Households	4.9%	29.2%	-$7	$15
Households with:				
Elderly	8.1%	41.0%	-$8	$15
Disabled	9.2%	47.2%	-$7	$15
Earnings	3.9%	29.4%	-$7	$15
Children	3.8%	27.3%	-$7	$15
Race/Ethnicity of Household Head				
Asian	7.0%	30.9%	-$9	$15
White, not Hispanic	7.0%	29.1%	-$7	$15
Black, not Hispanic	3.6%	26.9%	-$7	$15
Hispanic	5.3%	28.2%	-$9	$15
Unknown race/ethnicity*	1.0%	33.6%	-$7	$14

Source: Simulation using FY 2022 SNAP Quality Control Data.
*Race/ethnicity of household head is unknown for 15 percent of households.
Note: Average dollar change per household estimates are nominal.

Table 11: Excess Shelter Deduction Usage of SNAP Households, FY 2022

	Claiming Excess Shelter Deduction	Average Value*
All Households	70.1%	$466
Households with:		
Elderly individuals	80.6%	$478
No Elderly individuals	65.4%	$460
Households with:		
Non-elderly Individuals with Disabilities	81.6%	$473
No Non-elderly Individuals with Disabilities	67.5%	$465

Source: FY 2022 SNAP Quality Control Data.
*Average value of excess shelter deduction among households claiming the deduction.
Note: Average value estimates are nominal.

Households headed by a non-Hispanic white or Asian individual are more likely to lose benefits (about 7 percent, v. about 5 percent for all households). Households headed by an Asian individual are also slightly more likely to gain benefits due to the final rule (about 31 percent, v. about 29 percent for all households). Households headed by a non-Hispanic black individual are slightly less likely to gain benefits under the final rule (about 27 percent, v. about 29 percent for all households). Households headed by an Asian or Hispanic individual are expected to experience a larger average benefit loss (about −$9, v. about −$7 for all households). Average benefit gains are consistent across the protected class subgroups examined in this analysis (see Table 10).

VII. Uncertainties

Uncertainties related to this regulatory impact analysis include the following:

A. Changes in SNAP Caseload Numbers and Composition

This analysis estimates the economic circumstances of SNAP households based on historical data. Macroeconomic trends in employment, wage growth, and inflation may alter household incomes and expenses in future years in a way that differs significantly from the SNAP caseload in FY 2022. Households that gain or lose benefits under this rule do so because the changes to SUA values result in changes to households' net

incomes, which are used to calculate their SNAP allotments. Smaller SUAs mean households have higher net incomes and thus receive lower benefits; higher SUAs have the opposite effect. If SNAP households' shelter expenses rise faster than their incomes due to inflation in the housing market, they may be more likely to be subject to the cap on shelter expense deductions in the future and may not be impacted by changes to SUA values. Similarly, if SNAP households' gross incomes rise, the excess shelter deduction could have a more limited impact on their SNAP benefit calculation, as only those shelter expenses that exceed 50 percent of net income after other deductions may be deducted. As net income rises, the share of shelter expenses that can be deducted can decrease. In this scenario, changes in SUA values could have a more limited impact on their benefit calculation. It should be noted that households with elderly or disabled members are not subject to the cap on shelter expense deductions and would be less impacted by this uncertainty.

Additionally, State agencies have changed their SUA values, some in significant ways since FY 2022. The model used in this analysis attempted to control for these changes by adjusting each State's FY 2022 HCSUA value to proportionately reflect the relationship between each State's FY 2024 HCSUA and the FY 2024 shelter cap. The Department believes the methodology in this analysis controls for changes to HCSUA values since FY 2022 to the greatest extent feasible.

B. Values of Internet Component of HCSUAs and LUAs and Values of Internet Single Utility Allowances

It is possible that some State agencies may establish significantly higher or lower allowances for internet expenses than the Department anticipates. If States implement values that skew the average across States higher or lower than the $50 average value used in this RIA, the cost of the final rule could increase or decrease. Two alternative scenarios are explored in the following Sensitivity Analysis section. The Department does not currently have information about how each State agency may choose to calculate internet allowances in reaction to this rule.

C. Share of State Agencies That Opt To Include Internet in Their SUAs

While FNS expects all State agencies will choose to account for internet expenses in their HCSUAs, they are not required to do so. If fewer State agencies opt to include basic internet expenses in their SUAs, then the cost of the proposed rule will be lower. However, most of the final rule's cost is due to the mandatory inclusion of internet within States' HCSUAs. Therefore, States' individual decisions about including internet in the LUA or as an individual standard would likely have small effects on the rule's overall cost. An alternative scenario, in which 15 percent of the SNAP caseload lives in a State that chooses not to include internet expenses in its SUAs, is explored in the following Sensitivity Analysis section. The Department does not currently have information about whether some States will opt to only include internet expenses in their HCSUA.

D. Share of States That Issue LIHEAP Payments Greater Than $20 to Their SNAP Caseload

The estimates in this analysis are based on 4 of 17 States that discontinued LIHEAP payments to their SNAP caseloads that conferred HCSUA eligibility and 13 States continuing to provide payments above the $20 threshold. It is possible that more or fewer State agencies will issue LIHEAP payments above the $20 threshold in the future.

VIII. Sensitivity Analysis

Table 12, below, illustrates how the RIA's estimates of the finalized SUA NPRM provisions might change if different assumptions regarding the uncertainties discussed above were used. Sensitivity analysis estimates were produced using the same methodology as was used for the RIA estimates. Alternative assumptions used for the sensitivity analysis include:

A. Assume the average internet allowance value States calculate for their HCSUAs, LUAs, and basic internet individual standard is $40, rather than $50.

B. Assume the average internet allowance value States calculate for their HCSUAs, LUAs, and basic internet individual standard is $60, rather than $50.

C. Assume the average reduction in 10 States' HCSUAs and average increase in 6 States' HCSUAs due to the final rule's data quality and 5-year update requirements is lower, 5 percent rather than 10 percent.

D. Assume the average reduction in 10 States' HCSUAs and average increase in 6 States' HCSUAs due to the final rule's data quality and 5-year update requirements is higher, 15 percent rather than 10 percent.

E. Assume the average reduction in 10 States' HCSUAs and average increase in 6 States' HCSUAs due to the final rule's data quality and 5-year update requirements is higher, 20 percent rather than 10 percent.

F. Assume the average reduction in 10 States' HCSUAs is higher (20 percent) and the average increase in 6 States' HCSUAs remains 10 percent.

G. Assume the average reduction in 10 States' HCSUAs remains 10 percent and the average increase in 6 States' HCSUAs is higher (20 percent).

H. Assume 15 percent of the SNAP caseload lives in a State where the State agency does not opt to incorporate basic internet into their SUAs.

Table 12: Sensitivity Analysis

Estimated Increase in SNAP Benefits (in millions of dollars)	One-Year (FY 2026)	Five-Year (FY 2025-2029)
In RIA as finalized	**$1,311**	**$6,059**
Scenario A: Average internet allowance is $40	$988	$4,024
Scenario B: Average internet allowance is $60	$1,624	$6,614
Scenario C: 10 States reduce their HCSUA by 5%, 6 States increase their HCSUA by 5%	$1,448	$5,897
Scenario D: 10 States reduce their HCSUA by 15%, 6 States increase their HCSUA by 15%	$1,164	$4,741
Scenario E: 10 States reduce their HCSUA by 20%, 6 States increase their HCSUA by 20%	$1,007	$4,104
Scenario F: 10 States reduce their HCSUA by 20%, 6 States increase their HCSUA by 10%	$939	$3,825
Scenario G: 10 States reduce their HCSUA by 10 %, 6 States increase their HCSUA by 20%	$1,379	$5,618
Scenario H: Internet is not added to SUAs for 15% of households	$1,114	$4,538

Source: Simulation using FY 2022 SNAP Quality Control Data.
Note: Estimates are nominal and include projected inflation in SNAP spending.

The simulations that assessed Scenarios A and B (see table 12) indicate that, on average, a $10 change in the average internet allowances implemented by State agencies will result in approximately a corresponding one-third of a percentage point change in the final rule's effect on transfer spending. In the RIA, as finalized, the final rule results in a 1.34 percent increase in total SNAP benefit spending. If the average value of internet standards is $10 higher than anticipated, the final rule would be estimated to result in a 1.66 percent increase in total SNAP benefit spending. Similarly, if the average value of internet standards is $10 lower than anticipated, the final rule would be estimated to result in a 1.01 percent increase in total SNAP benefit spending. A one-third of a percentage point change in the overall impact of the final rule would result in approximately a $322 million increase or decrease in the cost of final rule in FY 2026.

Given that the Department cannot precisely estimate which States will change their HCSUA values because of the final rule, nor the degree to which they will increase or decrease their HCSUAs, several different scenarios were tested (see Table 12, Scenarios C–G). Across these scenarios, the transfer cost of the final rule in FY 2026 ranges from a low of $939 million to a high of $1.6 billion. Over the 5-year period FY 2025–FY 2029, the transfer cost of the final rule in scenarios C through G ranges from a low of $3.8 billion to a high of $6.6 billion.

Finally, if some State agencies decide not to incorporate basic internet expenses into their SUAs (Scenario H in Table 12), the Department estimates there would be a corresponding 0.2 percentage point decrease in the estimated transfer cost of the final rule. This would result in approximately a $197 million decrease in the transfer cost of the final rule in FY 2026 and approximately an $800 million decrease in the transfer cost of the final rule of the 5-year period FY 2025–FY 2029. To produce this estimate, the Department assumes 15 percent of SNAP households may live in a State that will choose not to include basic internet expenses in their SUAs.

X. Alternatives

The Department used the same methodology (as applicable) and FY 2022 SNAP QC Minimodel to assess the final rule and to assess the alternatives presented in this section.

A. Finalizing LIHEAP and Internet Provisions, Only

The Department considered finalizing the LIHEAP provisions of the 2016 NPRM and finalizing internet as an allowable shelter expense for the purposes of calculating the excess shelter expense deduction, without making any additional changes to SUA regulations. This alternative would have made no changes to how States calculate their HCSUAs, LUAs, and individual standards, except for permitting standard allowances to incorporate basic internet expenses. States would retain full flexibility in how they calculate SUAs.

Under this approach, no household would experience reduced monthly SNAP benefits, in comparison to the 4.9 percent of households estimated to lose an average of $7 in monthly benefits under the rule, as finalized. The transfer cost of the final rule would be higher ($6.6 billion over five years FY 2025- FY 2029, compared to $5.4 billion), as there would be no savings due to data quality and methodological requirements.

The Department determined this approach would not address concerns about consistency and data integrity in how States calculate their SUAs, and therefore was an insufficient alternative.

B. Standardizing HCSUAs at the 90th Percentile

The Department considered retaining the proposed rule's provision to standardize HCSUAs, though at the 90th percentile of low-income households' expenses, rather than the 80th percentile as proposed. Under this approach, the Department would have also finalized the LIHEAP provisions of the final rule and added internet as an allowable expense for the purposes of calculating the excess shelter expense deduction. It also would have retained the final rule provisions to make HCSUAs statewide values, calculated by FNS. The Department considered this approach as it would have addressed concerns about fairness and transparency in how SUAs are calculated, while also mitigating benefit losses to households if the 80th percentile was used, as proposed. The Department estimates that this approach would have resulted in a 2.8 percent reduction in SNAP benefit spending (−$11.2 billion over five years if implemented in FY 2026), compared to the 1.3 percent increase ($5.4 billion over five years) estimated for the final rule.

Although this approach would address concerns about consistency and transparency in calculating SUAs, the Department

determined that this approach would constrain States' flexibility in developing SUAs that utilize local utility provider data and respond to within-State variations in expenses, to a greater degree than necessary. It also would have resulted in approximately five times as many households losing benefits (25 percent, v. 5 percent) and about seven times larger average household benefit losses (−$41, v. −$6) than the final rule, resulting in disruption, confusion, and negative consequences for households' food budgets. See Table 13, below, for further details about this alternative's estimated effects on SNAP households.

Table 13: Estimated Effects on SNAP Households of Alternative B

	Percentage of Households	Average Dollar Change per Household	Percent Benefit Change per Household
No longer eligible	0.06%	-$54	-100%
Receiving lower benefits	24.6%	-$41	-15.2%
Receiving higher benefits	13.0%	$14	5.4%
No change in benefits	62.4%	--	--

Source: Simulation using FY 2022 SNAP Quality Control Data.
Note: Average dollar change estimates are nominal.

C. Permitting State Agencies a Longer Timeframe Between Methodological Updates

The Department considered permitting States to conduct methodological updates of their SUAs less frequently than every five years. If States were allowed to update their SUA methodologies and base data every seven years, State agencies would experience a reduced administrative burden due to conducting the updates. Less frequent methodological updates could also affect benefit spending if States continued to use SUAs that were out of alignment with households' current circumstances for a longer period of time. However, the Department cannot predict if less-frequent SUA updates in the future would be more likely to result in SUAs being inappropriately high or low, and therefore is unable to estimate if benefit spending would have increased or decreased under this alternative.

The Department determined that a five-year update requirement was more appropriate than a longer timeframe because it strikes an appropriate balance between ensuring SUAs remain responsive to current trends in consumption, efficiency, and utility prices, while minimizing the burden on State agencies to conduct frequent, extensive updates of their SUA methodologies. The Department believes a longer period between updates could result in SUAs become outdated, particularly if a State bases its SUA calculations on survey data, rather than data sourced directly from utility providers. Survey data from sources like ACS and RECS can lag behind current conditions by multiple years, and their publication does not always take place in time for an annual SUA update. As a result, allowing State agencies to update their methodologies every seven years could result in baseline SUA data that are a decade or more out-of-date.

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Appendix Table A
Ten-Year Summary of Federal Budget Impacts, FY 2025-2034

In Millions of Dollars	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY25-FY29 Total	FY25-FY34 Total
Transfers - SNAP benefit spending												
Establish guidelines for States' SUA Updates	$0	-$293	-$297	-$301	-$304	-$308	-$309	-$312	-$316	-$320	-$1,195	-$2,761
Allow basic internet as a shelter expense	$37	$1,604	$1,625	$1,643	$1,661	$1,682	$1,690	$1,708	$1,728	$1,750	$6,571	$15,128
Total Estimated Transfer Impacts[1]	**$37**	**$1,311**	**$1,328**	**$1,343**	**$1,357**	**$1,375**	**$1,380**	**$1,396**	**$1,412**	**$1,429**	**$5,376**	**$12,368**
LIHEAP Provisions[2]	-$427	-$425	-$431	-$436	-$441	-$446	-$448	-$453	-$458	-$464	-$2,160	-$4,429
Discounted Transfer Impact												
3 percent	$36	$1,235	$1,215	$1,193	$1,171	$1,151	$1,122	$1,102	$1,082	$1,064	$4,850	$10,372
7 percent	$34	$1,145	$1,084	$1,024	$968	$916	$860	$812	$768	$727	$4,255	$8,338
Federal and State Administrative Costs												
State Administrative Costs - Implementation	$0.41	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.41	$0.41
State Administrative Costs - Ongoing	$0.03	$0.03	$0.03	$0.03	$0.03	$0.47	$0.03	$0.03	$0.03	$0.04	$0.15	$0.76
Federal Costs	$0.49	$0.03	$0.03	$0.03	$0.03	$0.53	$0.03	$0.03	$0.03	$0.04	$0.61	$1.28
Total Estimated Federal and State Costs	**$0.93**	**$0.06**	**$0.06**	**$0.06**	**$0.06**	**$1.01**	**$0.07**	**$0.07**	**$0.07**	**$0.07**	**$1.17**	**$2.45**
Discounted Cost Impact												
3 percent	$0.88	$0.05	$0.05	$0.05	$0.05	$0.73	$0.05	$0.04	$0.04	$0.04	$1.08	$1.99
7 percent	$0.84	$0.05	$0.05	$0.04	$0.04	$0.58	$0.04	$0.03	$0.03	$0.03	$1.02	$1.73

1. Excludes impacts of LIHEAP provision.
2. Because these provisions were implemented shortly after passage of the 2014 Farm Bill, this reduction in transfers is fully captured in the SNAP baseline and not included in the Total Estimated Impacts line.

Appendix Table B

Supplemental Nutrition Assistance Program (SNAP) FY 2024 Standard Utility Allowances (SUA) by State, as of April 2024

State (with Region and Household Size)	Heating and Cooling Utility Allowance (HCSUA)	Basic/ Limited Utility Allowance (BUA/LUA)	Electricity	Gas and Fuel	Water	Sewage	Trash	Internet	Phone
Alabama	$601	$434	--	--	--	--	--	--	$52
Alaska – Central	$638	--	$131	$330	$57	$59	$36	--	$25
Alaska - Northern	$811	--	$171	$481	$43	$44	$38	--	$34
Alaska - Northwest	$1,082	--	$161	$736	$61	$49	$39	--	$36
Alaska - Southcentral	$592	--	$107	$317	$40	$63	$39	--	$26
Alaska - Southeast	$500	--	$69	$237	$49	$78	$32	--	$35
Alaska - Southwest	$1,026	--	$165	$652	$105	$52	$17	--	$35
Arizona - 1 to 3 members	$318	$150	--	--	--	--	--	--	$47
Arizona - 4 or more members	$431	$202	--	--	--	--	--	--	$47
Arkansas	$329	$263	--	--	--	--	--	--	$50
California	$596	$158	--	--	--	--	--	--	$19
Colorado	$560	$356	$67	$67	$67	$67	$67	--	$91
Connecticut	$912	$402	--	--	--	--	--	--	$34
Delaware	$534	$367	$82	$82	$82	$82	$82	--	$39
District of Columbia	$360	$323	$84	$84	$84	$84	$84	--	$72
Florida	$426	$340	--	--	--	--	--	--	$49
Georgia	$412	$349	--	--	--	--	--	--	$42
Guam - 1 member*	--	--	$173	$36	$38	$28	$30	--	$28
Guam - 2 members*	--	--	$194	$36	$50	$28	$30	--	$28
Guam - 3 members*	--	--	$199	$36	$50	$28	$30	--	$28
Guam - 4 members*	--	--	$238	$72	$69	$28	$30	--	$28
Guam - 5 members*	--	--	$270	$72	$85	$28	$30	--	$28
Guam - 6 members*	--	--	$309	$72	$111	$28	$30	--	$28
Guam - 7 members*	--	--	$351	$108	$136	$28	$30	--	$28
Guam - 8 members*	--	--	$368	$108	$150	$28	$30	--	$28
Guam - 9 members*	--	--	$393	$108	$171	$28	$30	--	$28
Guam - 10 members*	--	--	$393	$108	$171	$28	$30	--	$28
Guam - 11 members*	--	--	$403	$108	$178	$28	$30	--	$28
Guam - 12 members*	--	--	$403	$108	$178	$28	$30	--	$28
Guam - 13 member *	--	--	$403	$108	$178	$28	$30	--	$28
Hawaii - 1 member*	--	--	$300	$300	$57	$95	$95	--	$40

State (with Region and Household Size)	Heating and Cooling Utility Allowance (HCSUA)	Basic/ Limited Utility Allowance (BUA/LUA)	Electricity	Gas and Fuel	Water	Sewage	Trash	Internet	Phone
Hawaii - 2 members*	--	--	$326	$326	$64	$95	$95	--	$40
Hawaii - 3 members*	--	--	$378	$378	$70	$95	$95	--	$40
Hawaii - 4 to 5 members*	--	--	$473	$473	$83	$95	$95	--	$40
Hawaii - 6 members*	--	--	$559	$559	$95	$95	$95	--	$40
Hawaii - 7 to 10 members*	--	--	$632	$632	$114	$95	$95	--	$40
Idaho	$376	$301	$129	$129	$129	$129	$129	--	$42
Illinois	$577	$386	$62	$62	$62	$62	$62	--	$75
Indiana**	$502	$274	$60	$60	$60	$60	$60	--	$35
Iowa	$530	$277	--	--	--	--	--	--	$33
Kansas	$462	$327	--	--	--	--	--	--	$42
Kentucky	$452	$395	--	--	--	--	--	$50	$66
Louisiana	$414	$230	--	--	--	--	--	--	$74
Maine	$1,011	$341	--	--	--	--	--	--	$58
Maryland**	$551	$337	--	--	--	--	--	--	$40
Massachusetts	$852	$520	--	--	--	--	--	--	$59
Michigan	$686	--	$157	$34	$109	$109	$37	--	$31
Minnesota	$651	--	$213	--	--	--	--	--	$54
Mississippi	$287	$191	--	--	--	--	--	--	$45
Missouri	$475	$351	$153	$153	$153	$153	$153	--	$76
Montana	$723	$244	$105	$105	$105	$105	$105	--	$34
Nebraska	$580	$303	$60	$60	$60	$60	$60	--	$52
Nevada	$412	$350	$81	$81	$81	$81	$81	--	$27
New Hampshire	$956	$350	$204	--	--	--	--	$50	$37
New Jersey	$850	$464	--	--	--	--	--	--	$32
New Mexico	$417	$215	--	--	--	--	--	--	$46
New York - Nassau and Suffolk Counties	$923	$363	--	--	--	--	--	--	$31
New York - New York City	$992	$391	--	--	--	--	--	--	$31
New York - Rest of New York State	$819	$332	--	--	--	--	--	--	$31
North Carolina - 1 member	$585	$371	--	--	--	--	--	--	$41
North Carolina - 2 members	$643	$408	--	--	--	--	--	--	$41
North Carolina - 3 members	$707	$448	--	--	--	--	--	--	$41
North Carolina - 4 members	$770	$488	--	--	--	--	--	--	$41

State (with Region and Household Size)	Heating and Cooling Utility Allowance (HCSUA)	Basic/ Limited Utility Allowance (BUA/LUA)	Electricity	Gas and Fuel	Water	Sewage	Trash	Internet	Phone
North Carolina - 5 or more members	$839	$532	--	--	--	--	--	--	$41
North Dakota	$735	$270	$118	$118	$118	$118	$118	--	$34
Ohio	$724	$453	$102	$102	$102	$102	$102	--	$45
Oklahoma	$388	$334	--	--	--	--	--	--	$48
Oregon	$469	$370	$59	$59	$59	$59	$59	--	$76
Pennsylvania	$750	$401	$70	$70	$70	$70	$70	--	$34
Rhode Island	$787	--	--	--	--	--	--	--	$25
South Carolina	$369	$247	--	--	--	--	--	--	$27
South Dakota	$892	$250	$103	$103	$103	$103	$103	--	$57
Tennessee - 1 members*	$430	$164	--	--	--	--	--	--	$35
Tennessee - 2 members*	$445	$164	--	--	--	--	--	--	$35
Tennessee - 3 members*	$462	$164	--	--	--	--	--	--	$35
Tennessee - 4 members*	$480	$164	--	--	--	--	--	--	$35
Tennessee - 5 members*	$495	$164	--	--	--	--	--	--	$35
Tennessee - 6 members*	$511	$164	--	--	--	--	--	--	$35
Tennessee - 7 members*	$526	$164	--	--	--	--	--	--	$35
Tennessee - 8 members*	$542	$164	--	--	--	--	--	--	$35
Tennessee - 9 members*	$560	$164	--	--	--	--	--	--	$35
Tennessee - 10 or more members*	$574	$164	--	--	--	--	--	--	$35
Texas	$424	$391	--	--	--	--	--	--	$60
Utah	$503	$382	--	--	--	--	--	--	$55
Vermont	$1,020	$291	--	--	--	--	--	--	$36
Virgin Islands*	--	--	--	--	--	--	--	--	$33
Virginia - 1 to 3 members*	$414	--	--	--	--	--	--	--	$52
Virginia - 4 or more members*	$524	--	--	--	--	--	--	--	$52
Washington	$483	$383	--	--	--	--	--	--	$58
West Virginia	$496	$305	$79	$79	$79	$79	$79	--	--
Wisconsin	$502	$347	$144	$42	$99	$99	$26	--	$30
Wyoming	$478	$317	--	--	--	--	--	--	$56

*Indicates State is not a mandatory SUA State.

**Indicates the State does not follow the fiscal year for their SUA approvals. Indiana's SUA update is effective May 1. Maryland's SUA update is effective January 1.

Appendix Table C
State Level Impacts of Final Rule

State	Households Receiving Reduced Benefits (%)	Households Receiving Increased Benefits (%)	Net Impact on Total Benefits (%)
Alabama	0.0	41.9	1.8
Alaska	0.0	23.6	0.7
Arizona	0.0	28.8	1.3
Arkansas	0.0	41.1	2.8
California	0.0	39.4	2.0
Colorado	0.0	30.8	1.4
Connecticut	0.0	31.5	1.5
Delaware	0.0	24.2	1.2
District of Columbia	0.0	37.3	3.4
Florida	0.0	38.7	2.0
Georgia	0.0	30.9	1.4
Guam	0.0	12.3	0.2
Hawaii	0.0	23.7	0.5
Idaho	0.0	47.6	2.3
Illinois	0.0	28.5	1.5
Indiana	0.0	33.3	1.4
Iowa	0.0	37.6	2.0
Kansas	0.0	47.5	2.2
Kentucky	0.0	39.1	1.8
Louisiana	0.0	39.8	1.7
Maine	32.3	9.3	-1.0
Maryland	0.0	16.8	1.0
Massachusetts	29.1	1.1	-0.8
Michigan	0.0	34.2	1.8
Minnesota	0.0	39.1	2.2
Mississippi	0.0	24.8	1.2
Missouri	0.0	45.9	2.0
Montana	0.0	34.8	1.7
Nebraska	0.0	42.1	1.9
Nevada	0.0	26.6	2.2
New Hampshire	28.1	11.6	-0.4
New Jersey	32.3	0.8	-0.7
New Mexico	0.0	37.7	1.8
New York	21.5	1.3	-0.5
North Carolina	0.0	30.5	1.5
North Dakota	39.2	2.7	-0.4
Ohio	34.7	2.2	-0.4
Oklahoma	0.0	43.2	3.0

Oregon	0.0	36.4	2.1
Pennsylvania	0.0	36.6	1.8
Rhode Island	41.0	0.0	-0.9
South Carolina	0.0	29.6	2.2
South Dakota	30.8	1.0	-0.7
Tennessee	0.0	34.1	1.5
Texas	0.0	35.7	1.5
Utah	0.0	33.5	1.4
Vermont	44.9	0.3	-1.8
Virgin Islands	0.0	1.6	0.1
Virginia	0.0	30.1	2.2
Washington	0.0	30.3	1.8
West Virginia	0.0	37.3	2.1
Wisconsin	0.0	36.9	2.0
Wyoming	0.0	40.8	1.7
United States	**4.9**	**29.2**	**1.3**

Source: Simulation using FY 2022 SNAP QC data.

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