

December 9, 2005

SUBJECT: Adjusting Standard Utility Allowances for the 2005-2006 Winter

TO: All Regional Directors  
Food Stamp Program

Several State agencies have recently asked FNS to approve increases in their Standard Utility Allowances (SUA's) for heating and cooling based on projections of substantial price increases in energy sources – particularly natural gas. We are aware of broad interest in the issue of the impact of higher energy prices on household budgets and appreciate the conferences and correspondence that bring this issue to our attention.

We have carefully reviewed energy cost projections, current practices, and our regulatory and budget authorities in consultation with senior officials and determined that we cannot approve the use of anticipated energy costs. Adjustments to Food Stamp Program parameters such as income eligibility guidelines, the Thrifty Food Plan, and the statutory limit on the amount of shelter costs that may be deducted are all made on the basis of prescribed actual measurements of costs rather than projections. Basing standard utility allowances on estimates of future costs would result in benefit level increases that are not contemplated in our current budget.

Our policy has long been to base adjustments on known, rather than anticipated, costs. By maintaining this long-standing policy State agencies will be able to make future adjustments as scheduled based on actual utility costs.

Some State agencies have already asked for approval to adjust their SUA's prospectively. Regional Offices should deny these requests – unless the State agency is prepared to offer an offsetting reduction in program costs by reducing benefit levels in another area through the use of Section 17 demonstration waiver authority. Given the time involved to analyze, secure the approval for, and implement these changes, we cannot recommend this course of action. We believe that a more practical and productive approach would be to ensure that SUA's reflect the most current actual cost data available. Please promptly inform all of the State agencies in your region about this policy.

Some State agencies have asked whether they can adjust their SUA's based on more recent information about heating costs. This more recent information is known, not anticipated information. Regional Offices may continue to approve such requests on a case-by-case basis. We ask that your staff carefully review the underlying methodology for adjusting the SUA values with the States.

Please direct any questions about this issue to the team leader in the Certification Policy Branch who works with your region.

/s/

Arthur T. Foley  
Director  
Program Development Division