

*Utility Costs and the Food Stamp Program:
Implementing the Excess Shelter Deduction*

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The Excess Shelter Deduction

- ◆ Food Stamp eligibility based on “countable income.”
 - Shelter expenses above 50% an income deduction.
 - Shelter = rent/mortgage + utilities (include telephone)
- ◆ Actual shelter costs/Standard Utility Allowance (SUA)



Excess Shelter Deductions: A Roadmap for the Next Hour

- ◆ Why is it important (why should we care)?
- ◆ What specifically can we do?
- ◆ Who/what can help me learn more?



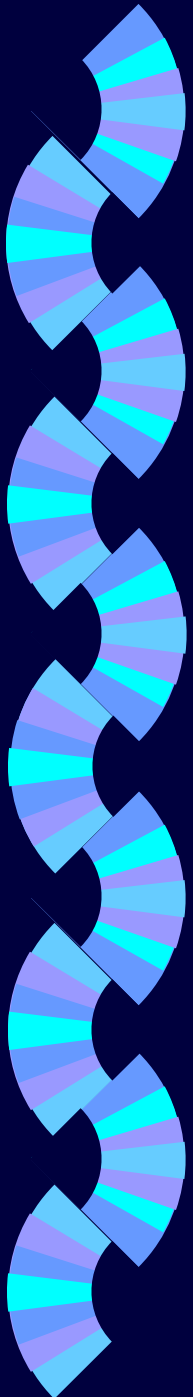
FS Excess Shelter Deduction: Reason to Pay Attention

- ◆ If household income is lowered:
 - Some qualify for Food Stamps when they otherwise would not
 - Some qualify for more Food Stamps
- ◆ Every \$3 reduction in income yields \$2 in benefits.
 - Implications for spike in fuel prices!
- ◆ Customers indifferent as to source of dollars.



Excess Shelter Deduction: Why do it?

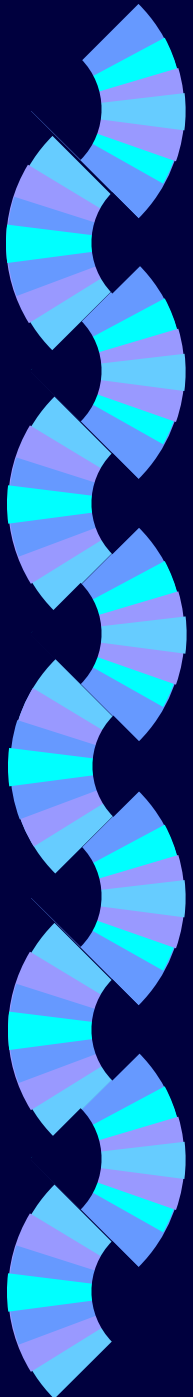
- ◆ \$30 - \$40/month for low-income HHs
- ◆ Dollar-for-dollar passthrough to feds
- ◆ USDA supports and encourages
- ◆ Elderly/disabled have no maximum on excess shelter deduction.



Excess Shelter Deduction: What's it Worth?

Oregon	# With ESD (000)	% with ESD	% at Cap	Avg Shelter Expense	Avg Shelter Deduction
2004	145,000	70.6%	18.8%	\$563	\$271
2005	153,000	70.8%	16.3%	\$575	\$273
2006	153,000	70.1%	15.3%	\$594	\$284
2007	158,000	70.6%	16.0%	\$607	\$334

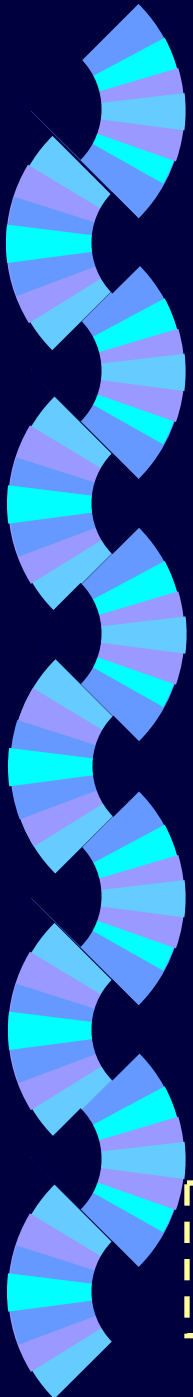
In FY 2008, Oregon distributed LIHEAP heating benefits to 83,458 households.



Energy/Water (Sewer) SUAs:

Bill frequencies: not all bills are alike

State	SUA (05/06)	80% Std	90% Std
Oregon	\$303	103%	82%
Iowa	\$356	117%	98%
Maryland	\$183	81%	67%
Florida	\$198	60%	48%
New Mexico	\$232	79%	63%
Louisiana	\$322	107%	86%



Energy SUAs: The Problem with Averages

Not all prices involve the same rate

	Price per kWh
Owned	\$0.0970
Rented	\$0.1010
Single-Family Detached	\$0.0960
Single-Family Attached	\$0.0980
Apartments (2-4 Unit Bldgs)	\$0.1060
Apartments (5+ Unit Bdgs)	\$0.1040

Price for single-family detached home more than 10% lower than 2-4 unit apartments.

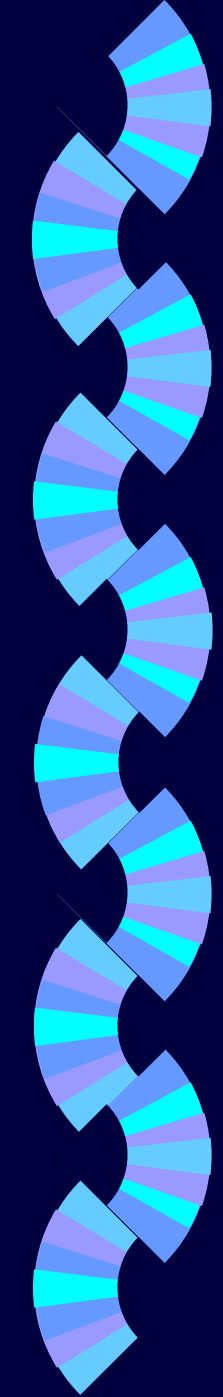


Energy SUAs: More on Averages Not all bills grow at the same rate

Electric Expenditures by Income Quintile (U.S.)

	All	Low	Middle	High		All	Low	Middle	High
2004	\$1,064	\$683	\$1,044	\$1,512					
2005	\$1,155	\$752	\$1,133	\$1,623	8.6%	10.1%	8.5%	7.3%	
2006	\$1,266	\$843	\$1,237	\$1,759	9.6%	12.1%	9.2%	8.4%	

Consider, e.g., Ohio's recent move to fixed and variable rate design.



Energy SUAs: All components

When the “energy bill” is not the ENERGY BILL

- ◆ Sales taxes (federal taxes)
- ◆ Franchise fees (5% or more)
- ◆ Gross receipts taxes

Taxes are not incidental:

$\$2,000 \times 7\% = \$140 \times 67\% = \$95$ a year

in additional food due to utility taxes.



Telephone SUAs: Beware the Fees

	Basic Exchange	E-911 Charge	Fed Univ Svc Chg	SLC	Touchtone	Total
Armstrong Telephone	\$13.50	\$1.25	\$0.74	\$6.50	\$1.25	\$23.32
Lackawaxen TC	\$13.50	\$1.50	\$0.74	\$6.50	\$1.00	\$23.32
Frontier	\$15.18	\$1.25	\$0.75	\$6.50	\$0.00	\$23.89
Consolidated Communicatns	\$15.99	\$1.00	\$0.74	\$6.50	\$0.00	\$24.31
Buffalo Valley TC	\$15.90	\$1.25	\$0.75	\$6.50	\$0.00	\$24.58



Take Care in Setting Water SUAs: What is a “Water” SUA Anyway?

1,000 gal/mo	Water	Sewer	Total
City of Salem	\$20.62	\$37.86	\$58.48
Corvallis DPW	\$22.25	\$34.21	\$56.46
City of Portland	\$20.29	\$56.19	\$76.48

Outstanding issue: do you include storm water runoff (e.g., TPU:
residential storm water = \$12.26 per month (\$150 per year).



FSC's study of 2006 SUAs: State Monthly SUAs Compared to Utility Bills

- ◆ At or above FSC ◆ 22
- ◆ Below FSC (\$50 or less) ◆ 10
- ◆ Below FSC (\$51 - \$150) ◆ 13
- ◆ Below FSC (\$151 or more) ◆ 2

Using 80% bill frequency decision rule.

(47 states with data)



The Excess Shelter Deduction: What needs to be done?

- ◆ Substantive review of Standard Utility Allowance (SUA)
- ◆ Update the SUA annually
- ◆ Ensure HHs are reassessed in light of increased energy bills.



For more information:

www.HomeEnergyAffordabilityGap.com

www.fsconline.com

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Additional info on energy and food

- ◆ Food Research and Action Center (March 2009). “Heat and Eat: Using Federal Nutrition Programs to Soften Low-Income Households’ Food/Fuel Dilemma.”. (www.frac.org).
- ◆ Dorothy Rosenbaum, Daniel Tenny, Sam Elkin (June 2002). “The Food Stamp Shelter Deduction: Helping Households with High Housing Burdens Meet their Food Needs,” Center on Budget and Policy Priorities. (www.cbpp.org).
- ◆ Frank, DA, Neault, NB, Skalicky, A, et al. (2006). “Heat or Eat: The Low Income Home Energy Assistance Program and Nutritional and Health Risks Among Children Less than 3 Years of Age.” *Pediatrics*. 118:1293-1302.
- ◆ Bhattacharya J, DeLeire T, and Currie J. (2003).” Heat or eat? Cold-weather shocks and nutrition in poor American families.” *Am. J. Public Health*. 93:1149-1154
- ◆ Mark Nord and Linda Kantor (2006). “Seasonal Variation in Food Insecurity is Associated with Heating and Cooling Costs Among Low-Income Elderly Americans.” *Journal of Nutrition*. 136:2939-2944.