



Issue Brief

A New Framework for “Heat and Eat”

LIHEAP and SNAP After the 2014 Farm Bill

AUGUST 2014
Issue Brief #5

For years, over a dozen LIHEAP grantees coordinated their LIHEAP and Supplemental Nutrition Assistance Programs (SNAP) to help low-income households both heat their homes and feed their families. They did this through programs known as “Heat and Eat,” under which they provided a nominal benefit—from \$1 to \$5—to help low-income households maximize their Standard Utility Allowance under SNAP. The nominal LIHEAP benefit allowed these households to maximize their SNAP benefits.

This practice changed with passage of the 2014 Farm Bill, which required that the LIHEAP benefit in Heat and Eat (H&E) be more than \$20. This issue brief will examine the history of H&E; the impact of the 2014 Farm Bill; and how LIHEAP grantees, federal lawmakers, and the U.S. Department of Health and Human Services have responded to the Farm Bill’s requirement.

Background

LIHEAP grantees implemented H&E to address the negative impacts that rising energy costs have on low-income households meeting other basic needs. A [2011 survey](#) by the National Energy Assistance Directors’ Association illustrated this dynamic, finding that one-third of respondents had gone without food due to high energy costs. H&E also provided a simpler way for SNAP administrators to determine utility costs for low-income applicants to their program.

The ability to coordinate SNAP and LIHEAP originated with the [Food Security Act of 1985](#). It allowed states to give the highest Standard Utility Allowance (SUA) to low-income households receiving LIHEAP benefits. The SUA is a fixed dollar amount set by each state that serves as a reasonable substitute for the actual heating and cooling costs

of a low-income household. The SUA is used when calculating shelter expenses for SNAP benefits. The SUA makes the intake process more efficient and consistent. Under H&E, SNAP applicants provide documentation proving they receive LIHEAP benefits, instead of having to provide monthly utility bills, to qualify for the SUA.

In a [report](#), the Congressional Research Service describes the SUA like this:

“A standard utility allowance (SUA) is not something tangible and is a number that states use in place of gathering all of an applicant’s utility cost and usage information. The methodology and the amounts of an SUA vary by state, and many states

“Heat and Eat” Resources

- [2014 Farm Bill](#)
- [1985 Food Security Act](#)
- [Changes to the Heat and Eat Provision in the 2014 Farm Bill and How LIHEAP Participants May be Affected](#), National Consumer Law Center, June 2014
- [The SNAP LIHEAP Connection](#), Pennsylvania Department of Public Welfare, June 18, 2014
- [States Where LIHEAP Restrictions May Reduce SNAP Benefits](#), U.S. Department of Agriculture’s Economic Research Service, March 10, 2014
- [The 2014 Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits](#), Congressional Research Service, Feb. 12, 2014

have several different utility allowances based upon whether a household incurs heating/cooling costs or not. An SUA often ‘tips the scale’ toward enabling an applicant household to qualify for an excess shelter deduction.”

LIHEAP grantees began operating H&E, in part, because they realized that just because a low-income household doesn’t receive a utility bill doesn’t mean it doesn’t have utility costs. For instance, low-income renters may not receive a monthly energy bill; however, a portion of their rent may go toward covering the utility costs of their residence. For SNAP, applicants must prove an energy burden to receive the SUA. H&E allows LIHEAP recipients to use their energy-assistance benefit to meet that burden of proof.

As a 2014 [memo](#) from the U.S. Department of Agriculture’s Food and Nutrition Service stated:

“This relationship between LIHEAP and SNAP continues to serve as an important administrative simplification for States and households, easing the burden of documenting all household utility expenses while continuing to ensure that households most in need receive all the deductions to which they are entitled.”

By 2013, 17 grantees provided nominal benefits under H&E components. For a closer look at how LIHEAP benefits and SUA amounts figure into the calculation of SNAP benefits, see this Congressional Research Service [report](#) and this [presentation](#) by the Pennsylvania Department of Public Welfare, the state’s LIHEAP grantee and SNAP administrator.

Impact of the 2014 Farm Bill

As mentioned earlier, many H&E programs featured a nominal LIHEAP benefit—usually \$1 but as high as \$5. With passage of the [2014 Farm Bill](#), that is no longer allowed. The Farm Bill required states to provide an energy-assistance benefit of “greater than \$20” for H&E.

This new provision was central to passing the Farm Bill, as it provided a compromise for decreasing overall

SNAP funding. There was a wide gap between the versions of the Farm Bill passed by each legislative chamber. The House version sought to cut SNAP by about \$40 billion, while the Senate version cut it by \$4 billion. During the debate over the bill, some lawmakers voiced concerns that H&E exploited a loophole by offering such minimal LIHEAP payments. When a [conference committee](#) took up the competing Farm Bills, the “greater than \$20” provision became one of the compromises that facilitated passage of the 2014 Farm Bill.

The Congressional Budget Office [estimated](#) the “greater than \$20” level would impact SNAP benefits for about 850,000 households each year with an average loss of \$90 per month per household. This amounted to between an \$8 billion and \$9 billion reduction of SNAP benefits over ten years.

The Farm Bill’s provision was set to begin in March 2014. In mid-February, over 90 members of Congress signed onto a [letter](#) asking U.S. Agriculture Secretary Tom Vilsack to delay the H&E provision until the fall. The letter said states needed more time to adjust policies to “accommodate this drastic cut and roll out the changes seamlessly.” The Agriculture Department said its first step would be determining if Secretary Vilsack even had the authority to delay the cuts. It concluded that he did not and, therefore, moved to implement the law.

The Agriculture Department directed states to implement the new regulations for low-income households applying for SNAP benefits for the first time by March 10, 2014 and for recertified households beginning April 1, 2014. The department said states would be held harmless for errors resulting from implementation of the new Farm Bill provision until July 8, 2014.

States Respond to Farm Bill Changes

It didn’t take long for some states to announce they would keep H&E following passage of the Farm Bill. In late February 2014, Connecticut Governor Dannel Malloy announced his state’s LIHEAP program would use \$1.4 million of its grant to preserve approximately \$66.6 mil-

lion in SNAP benefits for about 50,000 low-income families. The state said it would increase its H&E LIHEAP benefit from \$1 to \$20.01.

Shortly after Connecticut’s announcement, New York’s governor said his state would spend about \$6 million in federal funds to preserve \$457 million in food aid for 300,000 households. Other states and Washington, D.C., soon followed suit, declaring they would keep their programs by conforming to the Farm Bill’s mandate of a LIHEAP benefit totaling more than \$20 (see chart on this page).

Federal Lawmakers Respond to LIHEAP Grantees

Because part of the compromise in passing the Farm Bill was cutting SNAP benefits, some lawmakers complained when LIHEAP grantees decided to keep H&E. In mid-March 2014, U.S. House Speaker John Boehner stated, “Since the passage of the Farm Bill, states have found ways to cheat once again on signing up people for Food Stamps.” Similarly, U.S. Rep. Steve King said, “We can’t have the governors gaming the system and thumbing their noses at the U.S. Congress.”

Agriculture Secretary Vilsack responded, “As a former governor and former state senator, I respect the role of governors and legislators to make decisions that they think are in their state’s best interests.” In mid-March, Vilsack also said he didn’t plan to intervene against states keeping H&E.

Many of the states keeping H&E pointed out that they were simply following the new law. “We’re following the law that [Congress] wrote,” Montana Governor Steve Bullock stated. Similarly, the head of Vermont’s Department of Children and Families said that if

H&E was a loophole, “It’s a loophole they [Congress] created, so I would say I’m just using the law that they made.”

In mid-April, the chair of the House Agriculture Committee and three other lawmakers [requested](#) information from the U.S. Department of Health and Human Services (HHS) about how the agency would oversee H&E. The lawmakers said these LIHEAP grantees were undermining the Farm Bill’s attempt to cut SNAP benefits. They wanted to know what HHS was doing to monitor and provide standards for H&E.

HHS Advises LIHEAP Grantees

In the [HHS response](#) to the lawmakers, Secretary Kathleen Sebelius outlined the process by which LIHEAP grantees submit their annual plans and what grantees have to do if they want to make changes to their programs after submitting the plans. She also explained that LIHEAP is a block grant, which gives grantees flexibility in designing their programs.

Sebelius told the lawmakers that HHS was in the midst of conducting regional trainings that almost all state and about half of tribal grantees were attend-

States Keeping “Heat and Eat”		
State	“Heat and Eat” Households	Additional Funding Required
Connecticut	50,000	\$1.4 million
Massachusetts	163,000	\$3 million
Montana	2,000	\$24,000
New York	300,000	\$6 million
Oregon	141,000	\$2 million
Pennsylvania	400,000	\$8 million
Rhode Island	69,000	\$1.38 million
Vermont	21,000	\$400,000
Washington	230,000	\$4.37 million
Washington D.C.	60,000	\$1.24 million
<i>Source: Media reports</i>		

ing. She emphasized that grantees were being reminded they needed to have a reasonable justification for benefit levels in relation to different household populations, including those whose heat is included in a rent payment and subsidized renters.

This point was reiterated at the HHS regional trainings, where HHS staff talked to grantees about the 2014 Farm Bill and the changes it meant for H&E. Staff told grantees that HHS wasn't saying grantees couldn't offer lower benefits to certain people (for example, renters); however, grantees should have a policy based on something other than helping a household qualify for more SNAP benefits. Staff told grantees that they needed to follow [Assurance 5](#) when designing their benefit levels. The Assurance says the highest benefit must go to households with the lowest income and highest energy costs or needs. H&E doesn't necessarily comply with that Assurance if the benefit is set merely to qualify an applicant for more SNAP benefits, HHS emphasized. Basically,

HHS staff stressed there needed to be a statutory basis for benefit levels, and the levels cannot be based on what an applicant receives from another program like SNAP.

For states going forward with H&E, HHS staff also pointed out that SNAP serves individuals, while LIHEAP serves households. While there may be more than one SNAP recipient in a household, a household should only receive one LIHEAP benefit. HHS staff reminded grantees that any LIHEAP recipient that is also on SNAP qualifies for the higher SUA. For this reason, staffers encouraged grantees to share their client lists with the SNAP administrators in their states. Finally, another option pointed out by HHS was that LIHEAP grantees can make households with SNAP recipients categorically eligible for LIHEAP, as is allowed under [Assurance 2](#) and is a practice already used by a number of states (see [this](#) LIHEAP Clearinghouse table).

This is the fifth of six Issue Briefs that the LIHEAP Clearinghouse will prepare under its contract with the U.S. Department of Health and Human Services, Division of Energy Assistance. The content of this publication does not necessarily reflect the views or policies of the Department of Health and Human Services, nor does mention of trade names, commercial products, organizations or program activities imply endorsement by the U.S. Government or compliance with HHS regulations.