

Frequently Asked Questions:

“Heat and Eat” Initiative



AB 6, the CalFresh Act of 2011, seeks to remove barriers to participation and increase access to CalFresh (formerly the Food Stamp Program) by removing the finger imaging requirement for all CalFresh households, moving to a semi-annual reporting system, and implementing a utility assistance or Heat and Eat initiative. The following frequently asked questions address the proposed implementation of a Heat and Eat initiative.

Note: *AB 6 was amended before coming out of the Senate Committee on Appropriations and heading to the Senate Floor. The following frequently asked questions have been updated to reflect these amendments (Updated: 8.30.11).*

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How does a Heat and Eat initiative work?

A utility assistance or Heat and Eat initiative is based on a partnership between the Department of Social Services (DSS), which administers CalFresh, and the Department of Community Services and Development (DCSD), which administers the Low Income Home Energy Assistance Program (LIHEAP). All CalFresh households would receive a nominal LIHEAP benefit qualifying them to receive the standard utility allowance (SUA), currently \$320, for the purpose of CalFresh benefit calculations.

Such an initiative would allow households who had not previously claimed the SUA to claim higher shelter costs and potentially qualify for the excess shelter deduction. This change in benefit calculation will increase benefits for some households and remove the verification requirements associated with utility costs for all households. Heat and Eat initiatives across the country have been implemented in an effort to maximize federal nutrition benefits and in order to mitigate the effects of high housing and utility costs. An additional benefit is the simplification of an often complicated application process.

What guidance is provided for such an initiative?

Under USDA guidance “an individual household is entitled to use the SUA if the household receives or expects to receive a LIHEAA (LIHEAP) payment for its current residence” (USDA Quality Control Handbook 310, §1160, page 11-16)

What are the benefits of a Heat and Eat initiative?

- **Increases federally funded CalFresh Benefits**
Based on calculations using 2008 Quality Control data, there are approximately 130,000 households currently participating in CalFresh who present household characteristics that would likely make them eligible for an increased benefit under a Heat and Eat initiative (see next question for details). Though these estimates may be higher, as in recent years California has experienced an increase in the CalFresh caseload. Mathematica Policy, Inc. estimates that on average a household that meets these characteristics, would experience an increase in benefits of about 13%.
- **Simplifies verifications and reduces CalFresh utility related errors**
Under the proposed Heat and Eat initiative all households would receive a nominal LIHEAP benefit, eliminating the need to verify utility expenses. Verifying utilities is time consuming for both the worker and the CalFresh applicant; bills must be collected and verified and clients must locate these bills and answer questions regarding utility expenses during the interview. The more steps and paperwork within the process, the more error prone the process becomes. By providing a nominal LIHEAP benefit to all households, the potential for errors related to utility calculations have been eliminated and the application process is simplified for all CalFresh households.
- **Draws down federal funding to stimulate local economies**
Increasing federally funded CalFresh benefits not only provides nutrition assistance to needy California households, but also provides an immediate stimulus to the economy. USDA has shown that every dollar in SNAP expenditures generates \$1.79 in economic activity¹. Receiving CalFresh benefits allows households to redistribute income that would normally be allocated to purchasing food. A portion of this redistributed income can be spent on taxable goods, which generates sales tax revenue for the state and counties.

Estimates indicate that a significant number of households that share a

¹ Kenneth Hanson, United States Department of Agriculture Economic Research Service, Economic Research Report Number 103, *The Food Assistance National Input-Output Multiplier (FANIOM) Model and Stimulus Effects of SNAP*, October 2010. Available at: <http://www.ers.usda.gov/Publications/ERR103/ERR103.pdf>

What are the characteristics of a household that would potentially experience an increase in benefits?

number of common characteristics would experience an increase in benefits. These characteristics include: not currently receiving the maximum benefit, not at the shelter cap or not subject to the cap, did not already claim the SUA, and either (a) did not report rent and had a low enough net income so that subtracting half from the SUA would result in a positive shelter deduction or (b) reported rent and received shelter deduction and could have a higher shelter deduction.

Generally speaking, as we work to implement new strategies aimed at increasing CalFresh participation among the California senior population, this initiative shows particular promise in increasing benefits for these seniors. This is because seniors are not subject to the shelter cap and therefore meet a significant characteristic in determining who will benefit from a Heat and Eat initiative.

How does this proposal affect CalFresh benefit calculations?

A household's CalFresh benefit level is based on several factors, including income and a number of deductions such as housing and child care costs. A utility allowance based on the types of utilities a household is responsible for, can be used as a component of a household's shelter deduction². If a household receives or expects to receive a utility assistance benefit from the Low Income Home Energy Assistance Program (LIHEAP) they are entitled to use the standard utility allowance (SUA). Typically, the higher the utility allowance deducted the more CalFresh benefits a household is entitled to. Under the proposed initiative all CalFresh households would automatically use the SUA as a component of their benefit calculations without providing any additional paperwork or verifications.

What is the current verification process for the utility allowance?

In order to receive a utility allowance a household must provide verification of utility expenses. Currently there are three levels of utility allowance in California; the Heating and Cooling Standard Utility Allowance (HCSUA), commonly known as the SUA, the Limited Utility Allowance (LUA) and the Telephone Utility Allowance (TUA). The most commonly used is the SUA, which can be claimed by households who are responsible for two or more utility expenses, including heating or cooling.

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California uses a simplified SUA, currently \$320, unless a household documents actual higher costs. If a household is entitled to receive the SUA (they are responsible for a heating or cooling expense) and they provide documentation of these utility costs, they will receive a standard allowance of \$320. Under a simplified SUA there is no need to prorate the SUA when households share living costs. Verification of these expenses is not mandatory and benefits will not be denied if a household does not provide the appropriate document.

How will CalFresh households receive the nominal benefit?

Under the current proposal CalFresh applicants and recipients would receive the nominal benefit on an ongoing, annual basis (e.g. at application and renewal) through a non-paper driven delivery system, such as the Electronic Benefit Transfer (EBT). The benefit would be granted without the provision of additional paperwork or verification on behalf of the applicant or recipient.

What is a CalFresh recipient does not actually redeem the benefit?

Because CalFresh administrators can rightfully anticipate that all CalFresh households will receive the nominal LIHEAP benefit, this is sufficient to grant each household the SUA as a component of their benefit calculations. If the CalFresh household does not actually redeem the nominal benefit they will still remain entitled to use the SUA.

What other states have Heat and Eat initiatives?

An increasing number of states have implemented a utility assistance or Heat and Eat initiative including Massachusetts, Vermont, Maine, Washington, New York, Rhode Island, Oregon, and Wisconsin. Though each program varies to some degree according to the unique needs of the SNAP caseload in that state, the basic premise is the same across the country.

How much would this initiative cost?

The cost of implementing a “Heat and Eat” initiative is largely offset by the savings associated with administrative streamlining and the increased federal benefits entering the California economy.

Would participation in this initiative prevent CalFresh households from applying for other LIHEAP benefits?

No, CalFresh households currently receiving traditional LIHEAP benefits or those who are interested in applying for these benefits in the future and meet the LIHEAP eligibility requirements will still be able to do so.

What are the benefits to the LIHEAP agency?

Outreach to potential LIHEAP recipients is a component of California’s annual state LIHEAP plan. A Heat and Eat initiative would enable the CSD to easily target low-income California households who may be eligible for traditional LIHEAP benefits. When CalFresh recipients receive their nominal LIHEAP benefit they can be made aware of other LIHEAP benefits for which they may apply for.
