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## SNAP'S HOMELESS SHELTER DEDUCTION CAN PROVIDE MUCH-NEEDED HELP FOR HOMELESS INDIVIDUALS AND FAMILIES

By Ty Jones

The Supplemental Nutrition Assistance Program's (SNAP) homeless shelter deduction offers states a flexible tool to provide increased benefits to individuals and families who are without permanent housing but still have shelter expenses. Thanks to improvements made in the 2002 Farm Bill, the deduction is simple to administer and can be applied widely to nearly any type of shelter expenses. Unfortunately, only about half of the states have taken advantage of the option,<sup>1</sup> and in those states, very few households claim the deduction.

With the economic downturn and housing crisis depriving a large number of families of a permanent residence, states that have not yet elected the option may wish to consider it anew, and states that have adopted the option may wish to assess whether they are using the full flexibility permitted under federal law to allow households to take advantage of the deduction. This paper provides information on the homeless shelter deduction and explains how states can make the deduction easier both for SNAP participants to claim and for state agencies to administer.

### Background

SNAP targets benefits according to need by limiting eligibility to low-income households and by basing benefit amounts on an assessment of individual households' ability to purchase food. The benefit formula assumes that families will spend 30 percent of their net income for food.<sup>2</sup> In order to determine their net income, households may deduct certain expenses that limit the funds they have available to pay for food. One of the most important deductions, the excess shelter deduction, allows households to deduct any shelter expenses (including utilities) that exceed 50 percent of their income, after all other applicable deductions are made. For example, a family with a net income of \$800 (after deductions) and \$650 in shelter expenses could receive a \$250 excess shelter deduction.

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<sup>1</sup> These states are: Arizona, California, Colorado, Delaware, Florida, Hawaii, Idaho, Kentucky, Maine, Maryland, Massachusetts, Nebraska, Nevada, New Hampshire, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virgin Islands, Virginia, West Virginia, See USDA State Options Report, [http://www.fns.usda.gov/snap/rules/Memo/Support/State\\_Options/9-State\\_Options.pdf](http://www.fns.usda.gov/snap/rules/Memo/Support/State_Options/9-State_Options.pdf).

<sup>2</sup> See Center on Budget and Policy Priorities, *Policy Basics: Introduction to the Food Stamp Program*, <http://www.cbpp.org/cms/index.cfm?fa=view&id=2226>.

Many Americans, however, lack permanent housing. The Department of Housing and Urban Development (HUD) estimated that on a single night in January 2010 there were roughly 650,000 sheltered and unsheltered homeless people nationwide.<sup>3</sup> More than six in ten people who are homeless at a single point in time were in emergency shelters or transitional housing programs, while 37 percent were unsheltered “on the street” or in other places not meant for human habitation.<sup>4</sup> Not included in this number are individuals who are “doubled up” as a result of the economic downturn;<sup>5</sup> the nation’s doubled-up population rose from 5.4 million in 2008 to 6 million in 2009.<sup>6</sup>

Congress created the homeless shelter deduction — now set at a flat \$143 per month — to give access to additional SNAP benefits to households that lack permanent housing but still incur shelter-related costs, such as charges for hotel and motel rooms, homeless shelters,<sup>7</sup> payments to relatives and friends with whom they are staying, telephone charges, and the cost of staying in their cars. Although many homeless households may have no income and therefore will receive the maximum SNAP benefit, the homeless shelter deduction can assist those individuals that have income and do incur shelter costs by enabling them to deduct \$143 from their income *without* verifying that their actual shelter costs are \$143.<sup>8</sup>

The deduction’s lack of a verification requirement is a significant help for these households; homeless individuals with fluctuating income and living arrangements may not be able to keep up with all of the paperwork needed to verify their expenses and may not receive receipts or other forms of documentation for their shelter costs. (For example, someone who sleeps in his brother’s basement when it is too cold to sleep in his car and gives money to his brother may not have proof of this expense.) It also eases paperwork burdens on caseworkers, who can accept the clients’ statement of expenses and provide a flat \$143 deduction without having to worry about calculating an exact monthly shelter amount.

Most important, the homeless shelter deduction can have a meaningful impact on SNAP benefit amounts for homeless households. Unlike the excess shelter deduction, which only benefits households whose shelter costs make up a very significant share (50 percent) of their monthly income after deductions, the homeless shelter deduction can benefit households that incur *any* shelter expenses during the month. This can result in a large difference in SNAP benefits.

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<sup>3</sup> HUD 2010 Annual Homeless Assessment Report to Congress, <http://www.hudhre.info/documents/2010HomelessAssessmentReport.pdf>

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<sup>5</sup> This paper uses the definition of “doubled up” used by the National Alliance to End Homelessness, which uses the term to refer to an individual or family living in a housing unit with extended family, friends, and other non-relatives due to economic hardship, earning no more than 125 percent of the federal poverty level. National Alliance to End Hunger, *Economy Bytes: Doubled Up in the United States*, <http://www.endhomelessness.org/content/general/detail/3024>.

<sup>6</sup> M. William Sermons & Peter Witte, *State of Homelessness in America*, January 2011, <http://www.endhomelessness.org/content/article/detail/3668>.

<sup>7</sup> Julie Bosman and Andy Newman, “Public Shelters in N.Y. Begin Charging Rent for the Working Homeless,” *New York Times*, May 8, 2009, <http://www.nytimes.com/2009/05/09/nyregion/09shelters.html>.

<sup>8</sup> See Food and Nutrition Act of 2008 §5(e)(6)(D) and 7 C.F.R. § 273.9(d)(6)(i).

For example, a single mother of one with wages of \$800 a month (\$489 a month after deductions) who is paying her sister \$200 a month to sleep in the basement on a temporary basis, would not be eligible for the excess shelter deduction, as her shelter costs do not exceed 50 percent of her income after deductions. Even if she had \$300 in shelter expenses, she would only receive a \$51 shelter deduction. Not until her shelter expenses reach \$400 (82 percent of her net income) would she receive larger SNAP benefits from the excess shelter deduction than the homeless shelter deduction.

Table 1 shows how the homeless shelter deduction could affect SNAP benefits for a homeless family of two with \$800 a month in earnings.

Table 1				
Impact of the Homeless Shelter Deduction on Monthly SNAP Benefits (Based on a household of two with wages of \$800/month, or \$489 net income)				
Housing costs	\$100	\$200	\$300	\$400
SNAP benefit, with excess shelter deduction	\$217	\$217	\$233	\$263
SNAP benefit, with \$143 homeless deduction	\$259	\$259	\$259	\$259
Difference in monthly benefits between shelter and homeless deduction	\$42	\$42	\$26	(-\$4)
Annual difference in benefits between shelter and homeless deduction	\$504	\$504	\$312	(-\$48)

An additional \$27-\$42 a month in SNAP benefits, or \$327-\$504 a year, could represent significant support for such households.

### Who Is Eligible for the Deduction?

To be eligible for the homeless shelter deduction, a family must meet the legal SNAP definition of homeless and not receive free shelter throughout the month.<sup>9</sup>

SNAP’s definition of homeless is broader than individuals who are living on the street or in homeless shelters. It is intended to capture those people who do not have a permanent residence, including those who have temporary accommodations in someone else’s home. The program defines homeless individuals as those:

- “who lack a fixed and regular nighttime residence; or
- whose primary nighttime residence is a
  - supervised publicly or privately operated shelter designed to provide temporary living accommodations (including a welfare hotel or congregate shelter); or

<sup>9</sup> See 7 C.F.R. § 273.9(d)(6)(i).

- an institution; or
- a temporary accommodation for not more than 90 days in the residence of another individual; or
- a place not designed for, or ordinarily used, as a regular sleeping accommodation for human beings (a hallway, a bus station, a lobby, or similar places).<sup>10</sup>

## **How States with the Deduction Can Make Better Use of It**

Although the SNAP definition of homeless is broad and can cover many needy individuals, in states that have adopted the homeless shelter deduction it is often underutilized and may not reach all of the targeted population.

For example, some state agencies may believe that all homeless households are already receiving the maximum SNAP benefits because they have very little or no income. That is not always the case, especially during these tough economic times; even working households can be without permanent residence. Others do have income, including income from Social Security and Veteran's Benefits.

In addition, not all caseworkers may be properly screening homeless households for the deduction. Some households are "housed" but lack permanent housing and therefore would be considered homeless for SNAP purposes. Some households may not identify themselves as homeless, either because of the stigma or because they do not consider themselves homeless since they are living in a home. Below are steps that states can take to increase participants' use of the deduction.

### **Identification of Homeless Applicants and Recipients**

In order to target additional help to homeless households, state agencies must first correctly identify individuals and families without permanent housing. This can be done on the application (both print and online versions), during the interview, and at recertification.

To capture those individuals who may be eligible, the questions on the application must be broad enough to cover all the individuals whom SNAP considers homeless. Some state applications include very specific questions that help identify people without permanent housing. For example, Colorado's print application asks if the applicant is homeless, and also asks: "What is your current living arrangement? Check all boxes that apply to your situation." The options include: own/buying a home, renting, living with relatives, living on an Indian reservation, living with friends, living in subsidized housing, migrant/seasonal worker, no permanent home, living in a group home, and staying at a shelter.<sup>11</sup> This is a good example of a simple screen to identify homeless households.

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<sup>10</sup> See Food and Nutrition Act of 2008 §3(m), 7 U.S.C. §2012 (2008) and 7 C.F.R. § 271.2 definition of homeless.

<sup>11</sup> See Colorado Department of Human Services combined application at <http://www.cdhs.state.co.us/fap/PDFs/FormCombinedFAApplicationReceipt3-2009.pdf>.

Simply asking individuals whether they are homeless may not be enough to capture all of the individuals who would be eligible. As noted, some individuals who are in “doubled-up” situations may not consider themselves homeless since they do live in a home (albeit not theirs); some people may not want to call themselves homeless because of the stigma. Giving people more options to describe their living situation, as in the Colorado example above, could enable those individuals to get the benefits they need.

State agencies also may chose to include the definition of homeless in the section of their policy manual that discusses the homeless shelter deduction. Although most states that have elected the option have the definition in their definitions section, it is more efficient to include it in the section that discusses the homeless shelter deduction’s applicability, as well, as Maryland does.<sup>12</sup> This reminds caseworkers of the definition when they review the policy.

Participants’ living conditions come up during recertification as well as application. Current participants need the opportunity to establish that their housing conditions have changed at recertification and the deduction, if appropriate when to claim.

### **Allowable Expenses Under the Homeless Shelter Deduction**

States have flexibility when determining what expenses can be used for the homeless shelter deduction. This helps them capture the various types of expenses these households experience. Some of the typical expenses that states with the homeless shelter deduction count are:

- payments to a homeless shelter;<sup>13</sup>
- payments to a hotel;<sup>14</sup>
- payments to family or friends in exchange for temporary housing;<sup>15</sup>
- for individuals living in their vehicles, payments on the vehicle and the portion of insurance payments that covers vehicle damage;<sup>16</sup> and
- laundry costs.

There are very few restrictions on states with respect to how to assess homeless households’ expenses. The only clear limit is that households receiving the homeless shelter deduction cannot

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<sup>12</sup> See Maryland Department of Human Resources Family Investment Administration, Food Supplement Program Manual, Section 212.10, [http://www.dhr.state.md.us/manuals/fstamp/212\\_dedu.pdf](http://www.dhr.state.md.us/manuals/fstamp/212_dedu.pdf).

<sup>13</sup> Most states allow this expense since it clearly fits under “continuing charges for the shelter occupied by the household.” 7 C.F.R. § 273.9(d)(6)(ii).

<sup>14</sup> Most states allow this expense since it clearly fits under “continuing charges for the shelter occupied by the household.” 7 C.F.R. § 273.9(d)(6)(ii).

<sup>15</sup> See West Virginia Income Maintenance Manual, Chapter 10 Section 10.4, [http://www.wvdhhr.org/bcf/policy/imm/new\\_manual/IMManual/Manual\\_PDF\\_Files/Chapter\\_10/ch10\\_4.pdf](http://www.wvdhhr.org/bcf/policy/imm/new_manual/IMManual/Manual_PDF_Files/Chapter_10/ch10_4.pdf)

<sup>16</sup> See Chapter 6, SNAP section of Oregon Family Services Manual, Oregon Department of Human Services, <http://apps.state.or.us/cf1/EligManual/EMnlFrame.htm?Page+ID=06-toc>; Oklahoma Department of Human Services, Oklahoma Administrative Code OAC 340:50-7-31(6), <http://www.okdhs.org/library/policy/oac340/050/07/0031000.htm>; and Section FAA4.L of the Arizona Integrated Manual and Benefit Information Guide, <http://extranet.azdes.gov/faopolicymanual/wwhelp/wwhimpl/js/html/wwhelp.htm>.

also receive the excess shelter deduction.<sup>17</sup> Also, households benefiting from the homeless shelter deduction may not deduct utility expenses separately, since they are presumed to be included in the homeless shelter deduction.

To help homeless households claim their allowable expenses, states can provide examples of shelter expenses in the policy manual. (The list need not be exhaustive.) For example, the West Virginia SNAP manual provides this illustrative example:

[A] family becomes homeless while receiving SNAP benefits. They are living first with one relative and then another, paying a token amount for their keep. This family qualifies for the deduction because it has incurred expenses for shelter.<sup>18</sup>

Since almost every homeless household incurs *some* shelter-related expenses, a state can establish a policy that caseworkers may assume that costs are being incurred. New York's food stamp manual states:

A homeless household must actually incur or anticipate incurring an expense, no matter how small, to be entitled to this deduction. Almost every such homeless household incurs some shelter or shelter related expenses. Therefore, the worker may assume costs are being incurred and is not required to document in the case record why a standard homeless shelter deduction is being allowed.<sup>19</sup>

States that are newly adopting the homeless shelter deduction should also consider adopting policies that other states have implemented to identify households without permanent housing and explain shelter expenses. For example, Pennsylvania has very clear policy on the deduction and when and how to use it (see box).<sup>20</sup>

### State Policy Example

**Pennsylvania:** "The [County Assistance Office] CAO will answer four questions in the client information system (CIS) which will automatically determine the budget program status code (PSC) of 00, 41 or 42. The four questions are:

1. Is the household homeless?
2. Homeless start date? NOTE; This is the date the household became homeless
3. Is the homeless household a shelter?
4. Does the homeless household pay rent (shelter expenses?)

PSC 41 identifies homeless households that incur or expect to incur a shelter expense, (rent). These are the only households that could receive the homeless shelter deduction. The CAO will enter the anticipated homeless shelter expense on the system's shelter screen.

A homeless household may choose to claim actual shelter expense instead of the homeless shelter deduction if the actual shelter expenses are higher.

NOTE: A household that receives the standard homeless shelter deduction is not entitled to receive the excess shelter and utility expense deduction.

NOTE: A ninety day alert will be set to review with the household if they remain eligible to receive the homeless shelter deduction."

<http://otda.ny.gov/main/programs/food-stamps/FSSB.pdf>.

<sup>20</sup> Pennsylvania Department of Public Welfare, SNAP Handbook, Section 560.7, [http://services.dpw.state.pa.us/oimpolicymanuals/manuals/bop/fs/560/560-06.htm#P799\\_19428](http://services.dpw.state.pa.us/oimpolicymanuals/manuals/bop/fs/560/560-06.htm#P799_19428).

## What Types of Verification Are Required?

Individuals can claim the homeless shelter deduction based on their statement about the shelter expenses that they may reasonably expect to incur that month. According to the regulations, “if a homeless household has difficulty in obtaining traditional types of verification of shelter costs, the case worker shall use prudent judgment in determining if the verification obtained is adequate.”<sup>23</sup> State agencies are only required to verify all of the homeless household’s actual shelter expenses for the month if the expenses are questionable.

Federal regulations require states to verify, prior to certifying a household, all factors of eligibility that the state agency determines are questionable and affect the household’s eligibility and benefit level.<sup>24</sup> An expense might be considered questionable if it is unusually high relative to the type of shelter or relative to what others may pay for such shelter. State agencies may consider working with local homeless shelters and providers of services to homeless populations to determine typical expenses that people without permanent housing may incur; expenses falling outside these guidelines then could be considered questionable and subject to documentation.

Some states, working on the premise that almost all households without permanent housing incur some shelter-related expenses, allow caseworkers to assume that costs are being incurred and workers are not required to document in the record why the homeless shelter deduction is being allowed.<sup>25</sup>

## The Value of the Homeless Shelter Deduction

According to USDA, only 26 states use the homeless shelter deduction for individuals with income who do not have permanent housing.<sup>26</sup> The 2002 Farm Bill and recent regulations have

### Excess Shelter Deduction

While most of this paper focuses on the homeless shelter deduction, families without permanent housing are able to claim shelter expenses under the excess shelter deduction if their actual shelter expenses exceed \$143 and they are able to verify their expenses.

Although households claiming shelter expenses that exceed \$143 have to verify their actual expenses, federal regulations do not specify what counts as proof of an expense; in general, it can include documentary evidence (e.g., receipts), contact with a third party, or a statement by the household.<sup>21</sup> For example, if the homeless household has to pay to stay at a homeless shelter, a statement from the shelter is sufficient documentation of the expense.

If the individual is claiming expenses above \$143 and is having problems getting the verification, the state agency must assist the household in obtaining this verification, provided the household is cooperating with the state agency.<sup>22</sup> State policy must be clear that if an individual is not able to verify expenses in excess of \$143, the household can still claim the homeless shelter deduction.

<sup>21</sup> See 7 C.F.R. § 273.2(f)(4).

<sup>22</sup> See 7 C.F.R. § 273.2(f)(4)(v).

<sup>23</sup> See 7 C.F.R. § 273.2(f)(2)(iii).

<sup>24</sup> See 7 C.F.R. § 273.2(f)(2)(i).

<sup>25</sup> See Massachusetts Department of Transitional Assistance, Field Operations Memo 2001-18, Food Stamp Program — Implementation of the Homeless Shelter/Utility Deduction, March 30, 2001, <http://www.masslegalservices.org/node/11901>.

simplified the deduction;<sup>27</sup> by adopting the deduction, states can enable individuals and families without stable housing to receive higher benefits while also potentially reducing Quality Control (QC) errors.

### **Setting the Deduction Amount**

To ensure that individuals and families without permanent housing receive the maximum allowable shelter deduction, state agencies must consider whether a household's benefits would be higher under the homeless shelter deduction or the excess shelter deduction.

In states with the homeless shelter deduction, households without stable housing have two options in capturing their expenses when calculating their income available to purchase food. They can take the fixed \$143 homeless shelter deduction if they have shelter expenses that are under \$143, are not able to show shelter expenses in excess of \$143, or have shelter expenses below 50 percent of their net income. On the other hand, households that can demonstrate shelter and utility expenses exceeding 50 percent of their net income *and* exceeding \$143 can use the excess shelter deduction, which in fiscal year 2012 is capped at \$459. Caseworkers can help applicants determine which method would be most beneficial to them.

States that adopt the homeless shelter deduction are not required to provide it to households without permanent housing that have extremely low shelter costs.<sup>28</sup> But states derive no administrative advantage from denying the deduction to such individuals, and in fact, such a move would add complexity to the program. States would have to either determine "extremely low" on a case-by-case basis or set a specific dollar amount as "extremely low."

### **Reducing Quality Control Errors**

To adopt the homeless shelter deduction, a state need only establish a standard deduction amount of \$143 per month, which applicants would subtract from their net income after all other deductions are made.<sup>29</sup> Prior to passage of the 2002 Farm Bill, states wishing to use the option had to document the typical shelter costs that homeless households pay. To not be subject to a QC error, the caseworker for an individual that paid a family member for shelter would have to verify the amount of those payments; individuals who could not provide verification lost out on vital SNAP benefits.

In addition to setting a standard deduction amount, the 2002 Farm Bill also streamlined documentation requirements; as a result adopting the homeless shelter deduction can save administrative time and costs over the long run. A fixed deduction amount for shelter, along with the ability to use an individual's statement of shelter expenses (in lieu of documents verifying those expenses), can shorten the eligibility process for applicants, participants, and workers. Rising SNAP caseloads across the nation have put pressure on caseworkers to handle more cases; by using a fixed

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<sup>26</sup> See USDA State Options Report, [http://www.fns.usda.gov/snap/rules/Memo/Support/State\\_Options/9-State\\_Options.pdf](http://www.fns.usda.gov/snap/rules/Memo/Support/State_Options/9-State_Options.pdf).

<sup>27</sup> See Section 4105 of the Farm Security and Rural Investment Act (FSIRA), 2002, and 7 C.F.R. § 273.9(d)(6)(i).

<sup>28</sup> See 7 C.F.R. § 273.9(d)(6)(i)

<sup>29</sup> See 7 C.F.R. § 273.9(d)(6)(i).

shelter deduction for individuals without housing, caseworkers can simply deduct \$143 from the individual's net income once the individual tells the caseworker of his or her shelter expenses. This efficient process can yield quicker turnaround for benefit approval and continuation.

Quality Control errors could go down as well. If the caseworker adequately documents the basis for the decision to allow the deduction, the only time a QC error could be cited is if the QC reviewer affirmatively finds that the household was ineligible for the deduction because it, in fact, incurred no shelter expense. If the reviewer has difficulty verifying the household's actual circumstances, the deduction should still be allowed if it appears likely from available information that the homeless household is eligible for it.<sup>30</sup> State agencies can avoid QC errors by making sure the individual meets the definition of homeless individual and has some shelter expenses; individuals who have *any* shelter expenses are entitled to the homeless shelter deduction, so reviewers need not verify all of the homeless household's actual shelter expenses for the sample month.<sup>31</sup>

## Conclusion

In states without the homeless shelter deduction, many individuals who do not have permanent housing but do have monthly shelter expenses are left without the benefit of a shelter deduction. These individuals may not be able to verify their shelter expenses, or their shelter expenses may not exceed 50 percent of their net income, but they are still using some of their very limited income towards shelter. The deduction will help leverage additional SNAP benefits for those households.

In sum, the homeless shelter deduction provides more accurate and appropriate SNAP benefits to individuals without permanent housing. Since households with permanent housing and high shelter costs can deduct those costs for SNAP purposes, this same important option provides the same benefits to those without permanent housing, who are some of the most vulnerable members of society.

With the economy weak and large numbers of people losing jobs and homes, more people are turning to SNAP to help them feed their families. This is an especially appropriate time to implement policies that can help them receive the maximum SNAP benefits possible. Connecting eligible households with the homeless shelter deduction will put more money into the pockets of working families facing low food security as well as uncertain housing.

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<sup>30</sup> See Food and Nutrition Service Questions and Answers Regarding the Food Stamp Program (FSP) Certification Provisions of the 2002 Farm Bill –Food Security and Rural Investment Act of 2002 (P.L. 107-171) at [http://www.fns.usda.gov/snap/rules/Legislation/2002\\_farm\\_bill/farmbill-QAs.htm](http://www.fns.usda.gov/snap/rules/Legislation/2002_farm_bill/farmbill-QAs.htm).

<sup>31</sup> See FNS Handbook 310, *Supplemental Nutrition Assistance Program Quality Control Review Handbook*, Section 1157.2, October 2008, [http://www.fns.usda.gov/snap/qc/pdfs/FNS\\_310\\_Handbook.pdf](http://www.fns.usda.gov/snap/qc/pdfs/FNS_310_Handbook.pdf).