# Legislative Analysis

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**MICHIGAN ENERGY ASSISTANCE ACT**

**Senate Bill 1135 (Substitute S-3)**
**Sponsor: Sen. Bruce Caswell**
**House Committee: Energy and Technology**
**Senate Committee: Energy and Technology**

**Complete to 9-26-12**

**A SUMMARY OF SENATE BILL 1135 AS PASSED BY THE SENATE 5-31-12**

The bill creates a new act to be called the Michigan Energy Assistance Act. Under the bill, the Department of Human Services (DHS) would have until October 1, 2012, to establish and administer the new Energy Assistance Program statewide to provide energy assistance to eligible households—which are defined as those with a household income of not more than 150% of the federal poverty guidelines. The program could use funds from federal energy assistance programs, as well as any collected or appropriated funds, to fund the program. The act would not apply after September 30, 2016.

Energy Self-Sufficiency
The program would be required to include services that enable participants to become or move toward energy self-sufficiency, and contracting entities would have to provide these services by October 1, 2014. DHS would be required to attempt to coordinate efforts to aid in becoming energy self-sufficient with similar efforts to assist in achieving self-sufficiency through their own or other state agency's housing assistance programs.

Application
The bill would require the DHS to develop a simplified, single application for all applicants to use to apply for assistance under the program. The single application would be made available to all entities that contract with the department to provide services.

Prohibited Funds
DHS would be prohibited from using the Low-Income Energy Assistance Fund for weatherization or self-sufficiency services in the program but could use it for the program's crisis season in the Lower Peninsula, which is defined in the bill as the time period from November 1 to May 31 each year. Not more than 30% of program funds could be spent outside of the crisis season in the Lower Peninsula. DHS could implement these provisions over a 2-year period. The Upper Peninsula would not have a designated "crisis season."

Contracts
DHS, in consultation with the Public Service Commission, could contract with public or private entities or local units of government to provide energy assistance. All contracts would have to include clear performance metrics. Any entity that contracts with DHS would be required to use at least 92% of the funds received for energy assistance.

However, with DHS approval, entities could use only 90% of funds received for energy assistance.

Definition of Crisis

The bill provides a definition of the term "crisis" to mean one or more of the following: (1) an individual or recipient has received a past due notice on an energy bill for the household; (2) a residential fuel tank is estimated to contain not more than 25% of its heating fuel capacity, (3) a stated need for deliverable fuel; and (4) a notice that the balance in a pre-payment account is below a minimum amount.

Report to Legislature

The department would have to provide a report to the Legislature, the Senate and House Appropriations subcommittees on the department budget, the Senate and House committees on issues related to energy, and the Senate and House Fiscal Agencies on how money from the newly created program was distributed.

## FISCAL IMPACT:

Senate Bill 1135 could generate short-term administrative costs to the state to revise the current energy assistance programs. The costs would include training, policy development, application revisions, and information technology revisions. These costs would be 100% state funded, as the state already allocates the maximum allowable amount of federal LIHEAP funds for energy assistance administration. Senate Bill 1135 may change who is eligible for energy assistance and what types of assistance a group is eligible for, but the bill will not increase or decrease how much funding is available for energy assistance as that will still be determined through the annual appropriations process.

## BACKGROUND INFORMATION:

Currently, the state provides crisis energy assistance through the State Emergency Relief (SER) program to eligible households. SER is primarily funded with federal Low-income Home Energy Assistance Program (LIHEAP) funds. Under the proposed FY 2012-13 LIHEAP State Plan and current DHS policy, to be eligible for SER - crisis energy assistance, a household needs to have a shut-off notice or a past due notice; have net income less than 150% of the federal poverty level; agree to use cash assets in excess of $50 to help resolve the emergency; have made the required energy payments over the past 6 months; and the SER assistance will resolve the issue for at least 30 days. FIP, FAP, and SSI recipients automatically meet income eligibility and required energy payment requirements. The state establishes annual SER payment limits per household by energy type. The state also contracts with non-state entities to provide supplemental energy services.

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