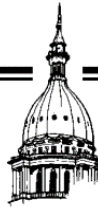




Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 1135 (as enacted)
Sponsor: Senator Bruce Caswell
Senate Committee: Energy and Technology
House Committee: Energy and Technology

PUBLIC ACT 615 of 2012

Date Completed: 4-16-13

CONTENT

The bill created the "Michigan Energy Assistance Act" to do the following:

- **Require the Department of Human Services (DHS), by October 1, 2013, to establish and administer the Michigan Energy Assistance Program for eligible low-income households.**
- **Require energy assistance to include services enabling participants to become energy self-sufficient.**
- **Allow the DHS to contract with public or private entities or local units of government to provide energy assistance.**
- **Require a contracting entity to use at least 92%, or, with DHS approval, 90%, of the Program funds it receives for energy assistance.**
- **Limit to 30% the amount of Program funds that may be spent outside of the crisis season (November 1 through May 31).**

The Act took effect on March 28, 2013, and will not apply after September 30, 2016.

Specifically, subject to State appropriations, the Act requires the DHS, by October 1, 2013, to establish and administer the Michigan Energy Assistance Program statewide to provide energy assistance to eligible low-income households.

The Act defines "energy assistance" as a program to assist eligible low-income households in meeting their home energy costs for their primary residence through payment or partial payment of bills for one of more of the following: electricity, natural gas, propane, heating oil, or any other

deliverable fuel used to provide heat. "Eligible low-income household" means a household with a household income of not more than 150% of the Federal poverty guidelines.

The DHS may use funds received from a Federal energy assistance program and any funds collected or appropriated to fund the Program. The DHS must distribute the funds for energy assistance and may use a portion of the funds for necessary administrative expenses; such expenses must be calculated using an established cost allocation methodology. (The Act defines "funds" as a portion of the money received from the Federal Low-Income Home Energy Assistance Program block grant that is not used for the home heating credit, money received from the Low-Income Energy Assistance Fund, or any other money appropriated for the Michigan Energy Assistance Program.)

Energy assistance must include services that will enable participants to become or move toward becoming energy self-sufficient, including assisting participants in doing the following:

- Paying their energy bills on time.
- Budgeting for and contributing to their ability to provide for energy expenses.
- Using energy services to optimize on energy efficiency.

By October 1, 2014, each entity that carries out a contract with the DHS under the Act must provide or coordinate these services. The Department must attempt to coordinate its efforts with those of other State

departments or agencies to assist low-income individuals in becoming or moving toward becoming self-sufficient.

The DHS must develop a simplified, single application for all applicants to use to apply for energy assistance under the Program. The application must be made available to all entities that contract with the Department to provide services under the Program.

The DHS must use money from the Low-Income Energy Assistance Fund only for energy assistance. Money from the Fund may be used for the Program's crisis season, which begins on November 1 and ends on May 31 each year. Not more than 30% of the funds received for the Program may be spent outside of the crisis season.

In consultation with the PSC, the DHS may contract with different public or private entities or local units of government to provide energy assistance. The DHS must include clear performance metrics in any contract with an entity. An entity with which the DHS contracts must use at least 92% of the funds received from the Department for energy assistance. Upon approval from the Department, however, an entity may use less than 92% but not less than 90% of the funds for this purpose.

By December 1, 2014, and then annually, the DHS must report to the Legislature, the Senate and House Appropriations subcommittees on the DHS budget, the Senate and House committees on energy-related issues, and the Senate and House Fiscal Agencies, on how money from the Program was distributed.

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Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The DHS may realize some administrative expenses in order to design and implement the Program, but these costs are indeterminate. Funding for the Low-Income Energy Assistance Fund will be subject to the appropriations process. This bill does not determine the amount of funding appropriated to the Fund.

The bill will have no impact on local units of government.

Fiscal Analyst: Frances Carley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.