

EXTEND MICHIGAN ENERGY ASSISTANCE ACT

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House Bill 5512 (Substitute H-1)
Sponsor: Rep. Earl Poleski
Committee: Appropriations

Analysis available at
<http://www.legislature.mi.gov>

Complete to 4-19-16

A SUMMARY OF HOUSE BILL 5512 (H-1)

The bill would amend Section 6 of the Michigan Energy Assistance Act to establish a new sunset date of September 30, 2019. Under current law, the Act would no longer apply after September 30, 2016.

The Michigan Energy Assistance Act requires the Department of Human Services (now DHHS) to establish and administer the Michigan Energy Assistance Program (MEAP) by October 1, 2013. The MEAP provides energy assistance to eligible low-income households and must also include services that help these households become self-sufficient or move towards the goal of self-sufficiency. The Act allows the department to contract with both public and private agencies, as well as local units of government, to provide energy assistance to eligible households. In addition, only a maximum of 30% of the funding for the program may be spent outside of the energy crisis season which begins November 1 and ends May 31 each year. An annual report is required on how the program funding is distributed.

MCL 400.1236

BACKGROUND INFORMATION:

P.A. 615 of 2012 created the Michigan Energy Assistance Act which established the MEAP program and stipulates that the program can use federal energy assistance program funding, as well as any collected or appropriated funds, to fund the MEAP. In the following year, the Legislature enacted P.A. 95 of 2013, which created a new fund, the Low-Income Energy Assistance Fund (LIEAF), and directs the department to expend money from this new fund for energy assistance as stipulated by the Michigan Energy Assistance Act.

P.A. 95 of 2013 also allows the Michigan Public Service Commission (MPSC) to annually approve a low-income energy assistance funding factor (as a surcharge on an electric customer's bill) that is no greater than \$1 per month to support the LIEAF; the aggregate amount collected cannot exceed \$50.0 million each year.

The MPSC adopted a funding factor of 99 cents for each meter per month for all Michigan electric utility companies that chose to participate in funding LIEAF (Case

Number U-17377). As a result, DHS and LARA entered into an Interagency Agreement that authorized LARA to administer a low-income energy assistance grant program on behalf of DHS with \$90.0 million of funding: \$50.0 million funding from the 99 cent energy surcharge and \$40.0 million funding from the federal Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP funding is appropriated from a federal LIHEAP block grant from which the state receives approximately \$160.0 million each year for energy assistance to low-income families.

In FY 2015-16, the DHHS budget authorizes \$50.0 million LIEAF funding for the MEAP program and the FY 2015-16 Michigan State LIHEAP Spending Plan projects an additional expenditure of \$40.0 million in LIHEAP funding for the MEAP program.

FISCAL IMPACT:

The Michigan Energy Assistance Act authorizes the MEAP to be established and administered statewide to provide energy assistance to eligible low-income households. Under current law, the Act would no longer apply after September 30, 2016. House Bill 5512 (H-1) would extend the Act until September 30, 2019. Without this extension, the DHHS would no longer have the statutory authority to administer the MEAP and to direct the annual \$50.0 million LIEAF revenues from the 99 cent electric surcharge to the MEAP program.

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