



## Fact Sheet: Energy Assistance in Michigan

### What's at stake?

With cuts in 2011 and 2012 to the federally funded Low Income Heating Energy Assistance Program and the state funded Low Income and Energy Efficiency Fund, many seniors and low-income residents of the state will be paying more to keep their homes warm in the months ahead. LIHEAP funds have been cut by lawmakers in Washington D.C., and the financing structure for LIEEF was struck down by a recent state appeals court ruling. These energy assistance funds, dispersed through the Department of Human Services and other agencies, provide important weatherization assistance, energy efficiency assistance, and utility assistance, including the Home Heating Credit, to low-income Michiganders. Over 600,000 households in Michigan benefited from energy assistance programs last year.

### What's LIEEF?

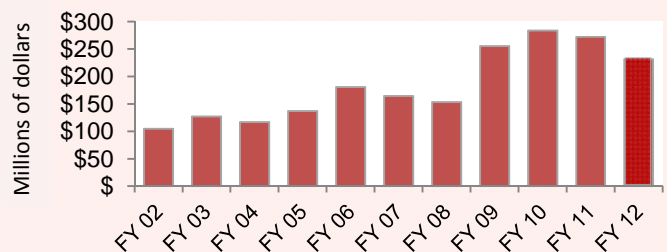
Administered by the Michigan Public Service Commission since 2002 via grants to qualifying agencies throughout the state, LIEEF has been funded through a utility surcharge. Approximately 75% of LIEEF funds are to be used for low-income energy assistance, and 25% of the funds are to be “allocated to the development of energy efficiency programs to benefit all customer classes.” In 2010, contributions to LIEEF under this funding structure amounted to approximately \$88.9 million. Even though the fund still exists and energy companies continued to pay into it in 2011, a state appeals court ruled in July 2011 that the Michigan Public Service Commission no longer had the authority to utilize these funds.

### What's LIHEAP?

The Low Income Heating Energy Assistance Program is administered through block grants to states and is used by states to help struggling residents who spend a high proportion of their

income on utilities. Generally, households with an income less than 150 percent of poverty or 60 percent of a state's median income—in Michigan, about \$3,600 a month for a family of four—qualify for assistance. In 2011, national LIHEAP appropriations amounted to \$4.5 billion. However, LIHEAP funds were cut 10% in 2011 and another 25% in 2012.

### Trends in Heating Assistance (2002-2012)



### Solution far from ideal

In Dec. 2011, lawmakers approved a “replacement” for LIEEF, the Vulnerable Household Warmth Fund. The new fund will collect \$48 million through a surcharge, similar to the LIEEF surcharge, and utilize an additional \$10 million appropriation from the state's general fund. The fund will be administered by the Treasury rather than the MPSC, and the money collected for LIEEF to date, currently in escrow, will be refunded to bill payers. While any solution was better than no solution, this legislation effectively “fixes” something that wasn't ever broken. The new fund's total of \$58 million is significantly less than what has been collected annually through LIEEF, and the future of the VHWF remains unclear, as legislators will have to make additional provisions for FY 2012-2013 and future winters.

**Michigan League for Human Services**

1223 Turner Street, Suite G1, Lansing, MI 48906

Phone – (517) 487-5436 • Fax – (517) 371-4546 • Website – [www.milhs.org](http://www.milhs.org)