FY 2006 LIHEAP BUDGET

Prepared by The

Michigan Department of Human Services

For Presentation to The

House Energy and Technology Committee

January 25, 2006

LIHEAP
(Low Income Home Energy Assistance Program)

Program Description:

LIHEAP provides assistance to disadvantaged households in meeting the costs of home energy. LIHEAP offers three types of assistance:

- Basic heating assistance, which is delivered through Michigan's Home Heating Credit and is based on income, household size and heating costs.
- Crisis assistance, including energy-related home repairs, for those facing energy emergencies. This is delivered through the SER (State Emergency Relief) program.
- Weatherization provides free energy conservation services to low-income households.

Legal Base:

- Federal: Federal Low Income Home Energy Assistance Act of 1981 (Title XXVI of Public Law 97-35), 45 CFR, Code of Federal Regulations, Part 96 and PA 169 of 2001.
- State: PA 147 of 2005, The FY 2006 DHS Appropriations Act

  PA 335 of 2004, The Income Tax Act

PROGRAM EFFECTIVENESS

FY 2005 LIHEAP Activity:

	Number of Households	Average Payment
Basic Heating Assistance		
• Home Heating Credit	380,875	$178
• Special Energy Allowance	N/A	$0
SER Energy Services		
• Heating and Electric	76,103	$409
• Energy-Related Home Repairs	815	$1,085
Weatherization	3,187	$2,672

While energy prices are expected to increase, federal funding for FY 2006 is expected to remain at FY 2005 levels. The number of households assisted and benefit amounts will be comparable to FY 2005 levels.

LIHEAP Funding History

	Projected 2006	2005	2004	2003	2002	2001	2000	1999
Regular Allocation	$106,792,178	$101,670,611	$96,425,811	$96,519,935	$91,680,099	$75,232,288	$58,784,476	$58,789,938
Carry In from Previous Year + Leveraging used in year awarded	$ 908,616	$4,988,756	$10,503,850	$16,088,682	$9,168,638	$29,582,143	$5,283,118	$4,315,946
Obligated in previous year	$3,928,732	$7,834,427	$11,000,000	$7,705,587	$6,592,243	$0	$6,872,764	$121,075
Emergency Contingency	$ 6,649,592	$ 10,875,645	$8,575,305	$8,362,344	$7,694,005	$27,296,506	$28,622,910	$3,934,824
Total Funding	**$118,279,118**	**$125,369,439**	**$126,504,966**	**$128,676,548**	**$115,134,985**	**$132,110,937**	**$99,563,268**	**$67,161,783**
Crisis Intervention	$ 22,255,777	$ 7,655,626	$ 31,472,007	$ 15,584,484	$ 18,198,936	$ 23,638,916	$ 10,480,613	$ 14,680,276
Energy Direct		$ 27,129,508	$ 5,099,191	NA	NA	NA	NA	NA
Home Heating Tax Credit	$ 77,747,500	$ 65,231,008	$ 59,794,690	$ 72,465,495	$ 57,216,178	$ 75,869,231	$ 46,264,148	$ 40,912,906
Weatherization	$ 6,928,732	$ 9,217,657	$ 7,706,401	$ 7,865,091	$ 6,844,387	$ 4,353,057	$ 7,355,724	$ 241,840
Total Benefits	**$ 106,932,009**	**$ 109,233,799**	**$ 104,072,289**	**$ 95,915,070**	**$ 82,259,501**	**$ 103,861,204**	**$ 64,100,485**	**$ 55,835,022**
Administration	$ 11,347,109	$ 11,327,608	$ 10,515,733	$ 11,257,628	$ 9,177,654	$ 12,666,960	$ 6,047,489	$ 6,311,355
Obligated Into Next fiscal Year	$ -	$ 3,928,732	$ 7,834,427	$ 11,000,000	$ 7,705,587	$ 6,592,243	$ -	$ -
Carry Out	$ (0)	$ 879,299	$ 4,082,517	$ 10,503,850	$ 15,992,243	$ 8,990,530	$ 29,415,294	$ 5,015,406
Plus Leveraging		$ 908,616	$4,660,184		$16,088,682	$9,168,638	$29,582,143	$5,283,118

Low Income Home Energy Assistance Program (LIHEAP)

Cases, Recipients and Expenditures by ProgramComponent[1]
FY 2000 - FY 2005

	Total Unduplicated LIHEAP / Heat			Heat, Electric & Energy Related ENP/Heat, SA/HAP, SA/EAP			Home Heating Credit		
Fiscal Year	Cases	Recipients	Expenditures	Cases	Recipients	Expenditures	Cases	Recipients	Expenditures
2000	314,456	691,202	$55,007,057	27,770	98,172	$6,998,514	291,831	611,447	$48,008,543
2001	366,339	856,196	$100,279,712	61,155	219,329	$23,687,680	295,978	615,275	$55,465,817
2002	347,906	785,745	$83,553,665	38,411	132,215	$12,740,518	310,734	658,425	$60,950,347
2003	392,047	926,541	$101,959,096	64,040	227,037	$32,556,247	334,817	726,815	$69,402,849
2004	410,151	975,005	$93,809,489	67,772	239,146	$32,585,487	349,059	760,805	$61,224,002
2005	441,571	1,083,386	$99,126,958	76,719	240,395	$31,989,729	380,875	842,991	$67,137,229

[1] LIHEAP data and information summarized above may vary from other management reports and summaries used for program monitoring, budget development and policy analysis. The data are consistent year-over-year. They reflect official figures reported in the Department's annual update and release of **PROGRAM STATISTICS** (DHS Publication 170). The DHS 170 publication is revised annually to reflect the most recent data and information.

Home Heating Credit

Michigan Department of Treasury
Finance & Accounting Division

January 12, 2006

H E A T - Summary of Payments & Commitments
2004 TAX YEAR / 2005 PROCESSING YEAR
Through 12/20/05

Type	Number		Amount	
PAYMENTS				
HHC Warrants Issued (1):				
State Funded	287		$57,698	
Federal Funded	93,742		$8,465,074	
Subtotal		94,029		$8,522,772
HHC Drafts Redeemed (2):				
State Funded	21		$10,496	
Federal Funded	263,866		$55,770,437	
Subtotal (3)		263,887		$55,780,933
Total Payments		357,916		$64,303,705
COMMITMENTS				
Outstanding HHC Drafts (1):				
State Funded	1		$736	
Federal Funded	28,601		$3,776,353	
Total Commitments (3)		28,602		$3,777,089
PAYMENTS AND COMMITMENTS				
HHC Warrants and Drafts:				
State Funded	309		$68,930	
Federal Funded	386,209		$68,011,864	
Total Payments and Commitments (4)		**386,518**		**$68,080,794**

Notes:

(1) HHC Warrants have been issued through Income Tax Run: 209

(2) Drafts have been redeemed in TEA 046

(3) Includes 1,640 replacement drafts, totaling $359,691
Does not include 5,051 voided drafts totaling $1,230,185

(4) Includes 68,955 HHCs paid directly to heat providers for claimants with vendored heat, totaling $15,374,378

(5) Number of days between receipt of provider batches and issuance of warrants: 6.

FY2006 LIHEAP Funding & Spending Plan Revised 1/06

	($ In	millions)		
	01/11/2006			
FY 06 LIHEAP regular block grant funding			$106.8	$106,792,178
FY 05 additional leveraging			$0.0	$29,317
FY 06 LIHEAP contingency award 1-6-06			$6.7	$6,649,592
LIHEAP Carry-over from FY2005			$0.9	$879,299
			$114.4	**$114,350,386**
	Admin	$11,347,109		
FY2006 Expenditure/Obligation Plan				
Administration (10% of grant)			$11.4	$11,347,109
Home Heating Credit			$77.7	$77,747,500
Energy Direct and other Emergency Services amount			$19.3	$19,255,777
Weatherization FY 06 obligation			$3.0	$3,000,000
CAA Deliverable Fuels			$3.0	$3,000,000
Total Spending Plan for the LIHEAP Grant Account			**$114.4**	**$114,350,386**

DHS applied for $41 million in Michigan Public Service Commission Low Income Energy Efficiency Fund Dollars for crisis assistance. Awarded $26.525 million

DHS applied for $10 million in Michigan Public Service Commision Low Income Energy Efficiency Fund Dollars for energy efficiency.
$4.5 million was awarded to the BCAEO

PROJECTED EXPENDITURES				
	ow Income Energy Assistance			Total
	LIHEAP	LIEEF		
Weatherization	$ 6,928,732			$ 6,928,732
Home Heating Credit	$ 77,747,500	$ -		$ 77,747,500
SER	$ 22,255,777	$ 26,525,000		$ 48,780,777
Carry Out				$ -
Adm	$ 11,347,109	$ -		$ 11,347,109
Total	$144,804,118.00			$ 144,804,118
Revenue	$ 113,471,087	$ 26,525,000		$ 139,996,087
Carry In	$ 4,808,031	$ -		$ 4,808,031
Revenue Available	$144,804,118.00			$ 144,804,118
Appropriation	$116,467,700.00			$ 116,467,700

ACTUAL EXPENDITURES					
LIHEAP	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	YTD
Crisis	$12,695,098				12,695,098.21
Weatherization	$981,417				981,416.69
HHC	$0				0.00
Restoration	$0				0.00
CAA	$0				0.00
LIEEF FUNDING					0.00
Cost Pool Adm					0.00
Adm	$40,422				40,422.24
Total	$13,716,937	$0	$0	0.00	13,716,937.14

Projected Shortfall

Crisis Expenditures to date:		
LIHEAP Budgeted amount	$19,255,777	
Deliverable Fuels amount	$3,000,000	
Amount expended as of 1-6-06	$12,171,175	
Balance	$10,084,602	
MPSC funding available	$26,525,000	
Available funding	$36,609,602	
Estimated need amount for FY 06	$65,000,000	
Funding Available	$48,780,777	
Amount of Shortfall	**$16,219,223**	
Home Heating Credit Shortfall		
Amount of need per Dept. of Treasury estimate	$102,300,000	
Amount of LIHEAP obligated	$77,747,500	(prorationed at 76% of need due to lack of funding)
Amount of Shortfall	**$24,552,500**	