

The Importance of Stable Weatherization Funding

Kate White & Steve Shuster  
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Michigan Community Action

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MCAAA

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The Community Action Network

MCAAA consists of 29 statewide organizations aligned in their mission to reduce the causes and situations that lead to poverty.

- Every county is served by a local Community Action Agency
- MCAAA is the 2<sup>nd</sup> largest human service agency behind the Department of Human Services



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### Services

- We provide the services that our communities ask for:
  - Weatherization
  - Affordable Housing & Homeless Prevention
  - Early childhood development
  - Employment and Training
  - Veterans services
  - Emergency services (including food pantries and shelters)
  - Family Support
  - Economic Development
  - Education (money management, energy conservation)
  - Case management ("wrap around services")



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### Weatherization Program Funding

- There are two sources of weatherization funding, both of which come from the U.S. Department of Energy (DOE) and they have two very specific uses:
  - Department of Energy Weatherization Funds: Distributed through Department of Human Services (DHS) to the Michigan Community Action Agencies. DHS keeps ten percent (10%) for administrative purposes. DHS distributes to the Community Action Agencies via a preset formula.
  - Approved Weatherization Measures: Insulation, weather stripping, caulk, glass panes, repair/replacement of furnaces, etc.



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### Weatherization Program Funding

- Low Income Home Energy Assistance Program ("LIHEAP") Funds: Distributed directly to the DHS. DHS decides on its own how to spend these funds. Funding can only be spent in three areas per Federal rules:
  - Emergency Relief (to prevent shutoffs);
  - Home Heating Credits; and
  - weatherization measures.
- Approved Weatherization Measures: To supplement all measures approved under regular DOE funding. In addition to those measures, LIHEAP funds can be used for repair or replacement of roofs and furnaces.



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### Weatherization at a glance

- Process starts with a client's request for help to lower their energy bills
- If they financially qualify, then an extensive Home Energy Audit/Inspection Report is completed
- The work moves forward *ONLY* if both the home and the home owner are qualified!



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### Who is eligible for Weatherization?

- Low-income Homeowners and Renters
- DOE - 200% of Federal Poverty Level

~~\$47,100~~/yr. for a family of four  
**\$47,700**



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### Benefits of Weatherization

- A typical weatherized home realizes a 25% savings in their heating bills each year (est. \$250 - \$300 year)
- More household income available for other needs
- Reduces utility arrearages and resulting credit problems
- Reduces moves resulting from utility shut-offs
- Weatherized homes are safer to live in
- Weatherization Improvements often increase a home's value



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## We insulate our families!

- Community Action Agencies provide wrap around services to complement weatherization to lower utilization of energy, to teach budgeting and money management.
- Clients are enrolled in multiple programs to move those that can to self-sufficiency and to help our vulnerable seniors and people with disabilities find economic security.



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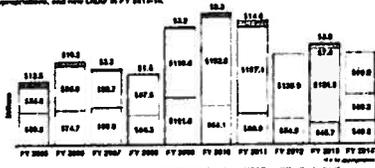
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## Energy Assistance Expenditures

The federal LIHEAP funding is primarily used to fund four programs: the Home Heating Credit, DER, the new Weather Energy Assistance Program (WEAP), and Weatherization. LIHEAP funding saw a significant increase in the FY 2010-11 allocation and was maintained through FY 2011-12. FY 2012-13 state LIHEAP allocation reflects the upcoming gas program according to the FY 2012-13 LIHEAP spending plan. Spending also includes grants to Direct Service the Michigan Public Service Companies, and from FY 2010 state appropriations, and new LIHEAP in FY 2013-14.



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## What is in store for 2014?

- **Nothing!** Although 15% of the funds were allocated by DHS in the plan submitted to the federal government, they are providing no funding for weatherization in FY 2014.
- So far this has been one of the coldest and snowiest winters on record and there is a national propane shortage.



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### The Funding Rollercoaster

- State plan approved by the Feds-15%
- DHS budget plan given to SBO – 15%
- SBO spending plan - \$8.6 million
- DHS FY 14 budget as enacted -\$8.6 million
- October 3<sup>rd</sup> notice to Legislature - ZERO



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### Impact of no funding

- Loose the opportunity to leverage funds
- Risk loosing trained and skilled workers
- Reduces jobs in communities
- Limits the number of energy efficient homes for low income families
- Misses the opportunity to upgrade the housing stock of the state



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### Energy supply is not unlimited

- Conservation through weatherization reduces utilization
- Keeps home more comfortable
- Helps families move toward self-sufficiency
- Dramatic reduction in families participating in utility assistance after receiving weatherization (20% reduction)



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### A Statutory Set-Aside

- Most states have a statutory set-aside
- This protects funding and insures that
  - Program staff and expertise are retained
  - Services are consistently available year round
  - That citizens who need help can get it when their need occurs
- Michigan is one of only 8 states that doesn't have a set aside.
- House Bill 4544 (Zorn) would allocate 15 percent of Federal LIHEAP funds for weatherization efforts.



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### Please support a state set-aside

- A set-aside of 15% would give the Department flexibility as a percentage adjusts easily to fluctuations in federal funding
- A set-aside would give programs and clients stability for year round weatherization
- A set-aside would help maintain jobs in all of our communities
- A state-set aside for weatherization would make the delivery of the program more cost effective and help the state reach its energy efficiency goals
- House Bill 4544 accomplishes these goals.



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