

Draconian cuts to Michigan utility assistance programs

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The already high rate of household utility shutoffs in Michigan is set to multiply several times over by this autumn as a result of a recent Michigan Court of Appeals decision. In July, the court made a ruling that would wipe out the statewide Low Income and Energy Efficiency Fund (LIEEF) by the fall.

By contending that the Michigan Public Service Commission (MPSC), which regulates utilities, no longer has the authority to administer the entire Low Income Energy Efficiency program, the further collection of money for the fund is in jeopardy.

The Michigan fund would be impacted at the very time the Obama administration is slashing the Federal Low Income Energy and Heating Assistance Program (LIHEAP) by as much as half. In fiscal year 2011, Michigan received \$240 million from the federal government for LIHEAP block grants and other programs. In 2010, LIHEAP assisted 453,736 households in Michigan with an average utility payment of \$177.

With about \$90 million in yearly distributions, Michigan's state LIEEF assistance fund has a comparable scope. While the July court order blocks Consumers Energy (Mich Con's) ability to collect \$12 million to fund their portion of LIEEF, as regulators at the Michigan State Public Service Commission (MPSCC) take up more cases, more will be eliminated.

The Michigan-based LIEEF fund is the major source of funds for utility assistance programs at several major Michigan non-profits. Also impacted will be the State Emergency Relief Fund (SER), a first-line state Department of Human Services program that relies on LIEEF to help low-income Michigan residents pay rising utility rates. LIEEF has distributed \$500 million in assistance since it was established in 2002 in response to the 2001 recession.

The devastation of these major sources of funds for social programs serving the most vulnerable, even as need is growing astronomically, is emblematic of the scale of cuts to vital social programs affecting every aspect of the life of the working class.

Michigan is reeling from the ongoing effects of the 2008 recession, with some of the highest unemployment and home foreclosure rates in the country. High utility bills and utility shutoffs have already reached scandalous proportions, devastating cities like Detroit and affecting hundreds of thousands of households in the state.

Former Michigan Attorney General Mike Cox filed the suit against LIEEF along with ABATE, an alliance of Michigan businesses.

The businesses charged that the \$80 million already designated to fund programs for October 1 should be rescinded and that businesses in the state be refunded all of the surcharges that appeared on their bills since 2008. That was when the state legislature amended a 2002

energy law that contained the original language authorizing the fund.

The MPSC has the option of appealing the latest ruling to the Michigan State Supreme Court. But Cox and his allies maintain that the MPSC's authorization to oversee LIEEF was not inadvertently left out of the 2008 law. The MPSC and others have indicated this was simply an oversight.

The original fund was part of legislation in the early part of the last decade that began the deregulation of electricity and gas distribution in Michigan. Since that legislation, new companies have come on the scene whose business is made up not of residents, but of large profitable commercial concerns. A post-Enron cap was imposed on the start-up of more such deregulated utilities. A separate campaign by businesses to lift the cap is also being mounted.

Significantly, the ABATE lawsuit did not ask for reimbursement of the surcharge for residential energy bills. Every gas and electric utility rate approved by the MPSC regulators now factors in the cost and benefit of the LIEEF program. There are six pending utility rate cases affected, according to Orjiakor Isiogu, chairman of the MPSC.

The MPSC planned to factor a \$17.4 million contribution to LIEEF into Consumers Energy's upcoming natural gas rate hike. That case must be decided by August 13.

Official testimony related to MPSC's case appears on its site. It provides a more detailed view into the extent of need and number of potential utility shutoffs that could result from the federal LIHEAP and Michigan LIEEF fund reductions.

David Wright's submission from ecocenter.org, signed by several environmental groups (including the WARM Center and the Sierra Club), explained the background to the court case that supports energy efficiency for low-income households.

United Way for Southeastern Michigan (UWSEM) covers Macomb, Monroe, Oakland, Washtenaw and Wayne counties (Detroit and its environs.) The group testified to unmet need: "gas payment assistance consistently ranks as the top request made by 2-1-1 callers, and consistently accounts for 20 percent of all calls for assistance. In the first quarter of 2010, 8,074 callers requested gas payment assistance; in the 2010 calendar year, UWSEM's 2-1-1 received 28,444 calls for gas payment assistance."

The Heat and Warmth Fund (THAW) gets 60 percent of their funding from LIEEF. The group thought they would have a grant of \$11.3 million for 2012. Three fourths of the fund would go to providing direct assistance to low-income households and the rest to arrears forgiveness in a new pilot program. Some 9,000 customers in

53 Michigan counties were expected to receive funding, and another 3,000 families would have help with unmanageable arrearage costs.

Susan Sherer, CEO of THAW, warned in her testimony that a new experimental program to help customers pay off arrearages is threatened, resulting in dire consequences. “The ability to enter into payment plans, including the Winter Protection Program, will be greatly reduced. Many of these customers will face the shutoff of utilities services during the winter heating season.”

The 125-year-old St. Vincent DePaul Society depends on low-income energy assistance (LIEA) grants from MPSC. They wrote: “During the recent LIEA grant year 2010-2011, we assisted 540 low-income households from 10 counties in southeast Michigan with utility assistance averaging \$995. Of these 529 households (98 percent) were below 150 percent of Federal Poverty Level with an average household income of \$18,127.

“This past grant year we began paying out energy assistance from the LIEA funds towards the end of November 2010 and by mid-June 2011 our entire LIEA funds of \$450,000, along with DTE matching funds of \$142,000, were depleted and we are still getting numerous phone requests asking for help.

“All these phone callers tell us that they have contacted several agencies and not one of them has any funds available. What is described above is typical of what we have seen over the past many years as we have distributed LIEA funds.”

At a recent meeting of the Committee Against Utility Shutoffs (CAUS) in Detroit, after a report about the breadth of cuts to social programs in the US—Medicare, Medicaid, Social Security and the federal LIHEAP program—CAUS member Marian Sims replied to Chairman Larry Porter’s question: “Why do you think this is happening?”

She said: “It is just to keep the rich richer and the poor poorer, that is how I feel. I don’t think they should cut Medicare, especially because those people work all their lives to get to where they are.

“Why would you want to take \$150 off their check and you know they are on a fixed income? They really need that because half of that money goes to their medical insurance and their prescription drugs. My mother ended up getting real, real sick and having a stroke because she did not have the funds or time to get her medication. She died in 2008 because of this. She was working 35 years, and in the medical field! And they did her like that and they are doing everyone like that, and that is just wrong.”

After the meeting, 26-year-old Satin Wadlington commented further on the discussion: “Homeless people are sleeping in the cemetery in the winter. They have no backing, no family, no nothing. They are going to those people to make the cuts. I was homeless since I was 17. I had lived with other people. Sometimes I got kicked out even though I often helped with the rent.

“I feel so far that the problem from the cuts that Obama is making is that these people are being dismissed. They are being eliminated from history. There will not be enough people in schools, which is another budget cut they are making.”

“I worked until I was 22, even doing four people’s jobs sometimes!” he said. “I got my house two years after I became disabled and now I cannot lose it and go back to that life because my health condition got so much worse.” Satin explained that even after being accepted into college, “even with financial aid, the necessities like even water, electricity to cook the food, the gas to keep you warm, a roof over your head, there was left nothing for me to save for education.”

He described the precarious balancing act of paying for basic necessities on a fixed income. “I just got off the phone with the water department. They sent me a bill for \$176.25 for one month and due next month on the 6th. I put \$25 on it by borrowing \$3 from my aunt. Because I only get \$674 a month for Social Security Income (SSI) after my rent and lights and heating I only have \$22 a month left over for a water bill. They gave me a number to call for assistance with my water bill for those on SSI or Food Stamps but no one is there. It just keeps ringing.”

Satin expressed frustration at the bureaucratic obstacles DTE and other agencies impose upon residents seeking aid. “I qualified for THAW, but they wanted you to pay out of your pocket \$450 to DTE before they would assist you. I had to wait six months to get a shutoff notice, which is required for any assistance. I had already paid \$600 to DTE, but they would not help me with my outstanding bill because they said that did not count as the payments were made more than six months ago.

“I need my phone because of my illness. But that needs electricity. If they cut off my electricity that is a death sentence for me. I need heat or the nerve damage is extremely painful. I had to make all these calls and go down to DHS and to DTE and wait for the WARM program to certify my house. I did all this running around and I am disabled! And they still did not help me.

“If the poor man had nothing to eat, nothing to eat and no heat to warm him, how can a rich man sleep? Look at the situation of the working class. You can build a house but you cannot live in it even though you built it.”



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