MICHIGAN COMMUNITY ACTION

MICHIGAN COMMUNITY ACTION AGENCY ASSOCIATION

Testimony Re: Senate Bill 1135
Date: November 27, 2012
Presented by: James E. Crisp, Executive Director

Administrative Costs and Streamlined Process

CAAs have a long history of efficiently operating programs similar to the proposed Low – Income Energy Assistance Program with the lowest administrative fees, typically at seven percent for the agency and the Association receiving one percent for statewide coordination. Proposed legislation states that the cap for administrative costs shall be eight percent (allowing an option to a maximum of ten percent with department approval) for entities involved with the distribution of budgeted allocation. The administrative fees are indeterminate and clarification concerning this point is significant in the amount to be used as the basis for the percentage of administrative fees. One of the original objectives of Senator Caswell's work group was to reduce the level of governmental agency involvement to streamline the process of distribution with an end result of maximizing fund allocation to the vulnerable members of the community. The current legislation does not meet this objective.

Established Industry Network

MCAAA supports continuation of the process of utilizing industry sources, such as the Association, which with its partners distributes coverage for residents throughout the state. This achieves accessibility for all eligible residents within Michigan and the distribution of the funds would be achieved by utilizing current allocation formulas as used for other funding streams. The proposed SER program will not result in any additional clients being served, any reduction

in administrative fees being paid or additional dollars being spent on those in need. Layers of bureaucracy would be reduced by relying on experienced service delivery partners with statewide distribution capabilities.

Removal of Heating Season

With respect to SB1135, as sponsored by Senator Caswell and others, MCAAA advocates the removal of calendar restrictions on the heating season. These funds should be available for both heating and cooling, which are year round concerns. If there ever was justification to remove 'crisis season' language, one can look at record setting temperatures this summer. Removing this language allows that program dollars may be used for all aspects of utility assistance, whether it is heating or cooling for low income qualified residents. It is an unfortunate fact that there are individuals which are victims of heat exhaustion as well as those victims of inadequate heat in the cold season. Removal of the reference regarding a crisis season will allow funds to be utilized for all seasons, and ensure funds are appropriated to residents throughout the state.

Energy Assistance for the Community

Over the last 33 years, energy efficiency has proven to be a very effective tool for saving energy and financial resources. For utility ratepayers, there are reduced costs for bill collection and service shut-offs. And because energy efficiency measures and energy efficient appliances addresses the safety of major appliances, the utility has fewer emergency calls. For the local economy, the investment in energy efficiency generates a whole range of jobs in local home services industries.

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