



## Legislative Fiscal Bureau

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TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 381: Increased Allocation of Public Benefits Funds for Low-Income Heating Assistance Grants in 2005-06

Senate Bill 381 (SB 381) would authorize the Department of Administration (DOA) to expend an additional \$10,000,000 in 2005-06 only for low-income heating assistance purposes from monies that otherwise would have to be allocated to low-income weatherization and other energy conservation services purposes. The bill was introduced on October 13, 2005, and was referred to the Joint Committee on Finance.

### **BACKGROUND**

Under provisions of s. 16.957(2)(a) of the statutes, 47% of the sum of all of the following revenue sources must be expended in each fiscal year for "low-income weatherization and other energy conservation services:" (1) all federal low-income home energy assistance funding and all federal weatherization assistance funding; (2) all moneys received by the state from electric utilities from a customer charge and from utility transitional payments that are credited to the Public Benefits Fund for low-income assistance programs; and (3) 50% of amounts received from those municipal and rural electric cooperatives that do not operate their own "Commitment to Community" programs but instead opt to participate in the state's public benefits program. The remaining 53% of the above revenues must be expended for low-income heating assistance benefits.

Section 16.957 does not provide a specific definition of either "weatherization and other energy conservation services" or "heating assistance." However, s. 16.957(1)(L) of the statutes does provide a definition of "low-income assistance." Under this definition, low-income assistance is "assistance to low-income households for weatherization and other energy conservation services,

payment of energy bills or early identification or prevention of energy crises." This definition recognizes that there will be the following major categories of assistance to low-income households. First, heating assistance and the related early identification or prevention of energy crises are generally understood to consist of payments related to a low-income household's energy bills. These payments are distinct from weatherization or other energy conservation services. Second, these weatherization and related services are generally understood to be modifications that reduce a residence's energy consumption, thereby reducing its energy bills. Weatherization services do not involve the payment of energy bills.

For the 2005-06 fiscal year, DOA's Division of Energy currently estimates that a total of \$138,408,100 (all funds) will be received from the three revenue sources cited above. Of this total, an estimated \$73,356,300 (53%) must be allocated under s. 16.957(2)(a) for low-income heating assistance programs, and an estimated \$65,051,800 (47%) must be allocated for low-income weatherization and related programs.

On September 29, 2005, Governor Doyle announced that additional funds would be made available during the 2005-06 heating season for low-income bill payment assistance. Under the Governor's plan, some \$10,000,000 of currently allocated low-income weatherization funds would be used to fund direct heating assistance benefits in previously-weatherized low-income households.

## **SUMMARY OF BILL**

SB 381 would create a nonstatutory provision authorizing DOA to increase the total amount of funding for low-income heating assistance payments in 2005-06 by an amount not greater than \$10,000,000 plus 53% of the sum of: (1) all federal low-income home energy assistance funding and all federal weatherization assistance funding; (2) all moneys received by the state from electric utilities from a customer charge and from utility transitional payments that are credited to the Public Benefits Fund for low-income assistance programs; and (3) 50% of amounts received from those municipal and rural electric cooperatives that do not operate their own "Commitment to Community" programs but instead opt to participate in the state's public benefits program.

The effect of the bill would be to reallocate \$10,000,000 of public benefits funds (in 2005-06 only) that are currently earmarked for weatherization-related purposes for use instead for energy bill payment purposes, notwithstanding the current allocation formula established under s. 16.957(2)(a) of the statutes.

## **FISCAL EFFECT**

There is no net fiscal change under SB 381 relating to the total amount of federal and public benefits funding available for the types of low-income assistance authorized under the public benefits program established by s. 16.957 of the statutes. SB 381 would result in a one-time reallocation of \$10,000,000 from the statutory earmark for weatherization and related purposes to energy bill payment purposes. Further, since the reallocated amounts will be paid from the same appropriation [s. 20.505(3)(r)], no adjustment to that appropriation is required under the bill.

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