



## THE MAINE SENATE

### **Bipartisan Proposal to provide targeted assistance through LD 1 “Winter Energy Relief Payment Program”**

**Senator Nicole Grohoski (D-Hancock) and Senator Rick Bennett (R-Oxford)**

#### Policy goals:

- Target meaningful relief to people facing a high energy burden
- Leave FMAP untouched to serve chronic funding shortfalls in needed programs
- Reduce total cost of checks by 50% to \$200M
- Provide resources to those in need who are not eligible for check program
- Encourage energy efficiency through information and incentives for long-term benefit

#### Proposal:

- Leave Federal Medical Assistance Percentage (FMAP) untouched for dealing with chronic funding needs of these programs.
  - *Saving from LD 1: ~\$160MM*
- Provide checks on a sliding scale up to 300% of federal poverty level (up to \$60,000 for married filing jointly)
  - \$800 per person for Tier 1 (up to 100% of FPL)
  - \$400 per person for Tier 2 (up to 200% of FPL)
  - \$275 per person for Tier 3 (up to 300% of FPL)
  - Total cost: ~\$210.6MM
  - *Saving from LD 1: \$187.4MM*
- Increase emergency funds pool at Maine State Housing Authority (distributed to Community Action Agencies) to \$15 million, with any needed household being eligible for up to \$1,200
  - *Costing more than LD 1: \$5MM*
- Check mailings include 211 Maine and Efficiency Maine information (provide multi-language options)
  - *Costing more than LD 1: de minimis*
- No change to additional LIHEAP funding of \$40MM and emergency housing funding of \$21MM
- No change to \$11.5MM to finalize payments of \$850 COVID relief checks
- Promote longer term solutions:

- \$100 Efficiency Maine Education Incentive: Online video and quiz (translated) informs people of EMT's resources/programs, optional: enter address to be mailed [Energy Efficiency Tips booklet](#). Once completed, mailed \$100 check. Limit one per household.

## Background

### Current LD 1 proposal

Sends \$450 checks to 92% of Maine adults (limits: \$100k single, \$150k single head of hh, \$200k joint = 880,000 people). Total cost of checks is \$398MM. Total without checks is \$82.5MM. Total cost = \$480.5MM.

### Alternative: Target relief for those in need

Provides direct checks to 41% of Maine adults (400,000 people), in three tiered amounts based on income: \$800 for those at or below 100% of federal poverty level (FPL), \$400 for those between 100-200% FPL, and \$275 for those between 200-300% FPL. Total cost of checks is \$210.6MM. Total without checks is \$87.5MM. Total cost = \$298.1MM.

*The Energy Poverty Problem* (reference: [ERAC report](#)):

- Energy burden: "Energy burden compares the total energy expenditures to income" (ERAC pg 13)
- Energy poverty: "generally starting with a minimum energy burden in the range of 6 to 10 percent of household income" (ERAC pg 13, citing [2019 OPA study](#))
- Average energy burden is >11% for households under 200% FPL
- The following chart is derived from the ERAC report, whose sources are: US Census Bureau 2020 data, USDOE Low-Income Energy Affordability Data Tool

Fed Pov Level	Ave. Household Income	Ave. Energy Burden	Number of households
0-100%	\$20,000	25% income	82,069
100-150%	\$30,000	14%	50,809
150-200%	\$40,000	11%	50,506
200-300%	\$60,000	6%	90,908
300-400%	\$80,000		150,051 (\$60-75k income)
400-500%	\$100,000	3%	85,275 (\$75-100k income)
> 500%	none		260,188

- Maine has 593,623 households with an average of 2.29 persons per household
- ERAC recommends LIAP eligibility be increased to 200% FPL to meet need (ERAC pg 39), that is 183,384 households or 30.9%
- LIHEAP enrollment < 40% of eligible households, LIAP enrollment is 18% eligible households (ERAC pgs 13, 16)
- Proposed tiers for checks ([FPL chart](#)):
  - Tier 1 is set to ~100% FPL (highest energy burden)
  - Tier 2 is set at 200% FPL (ERAC rec)
  - Tier 3 is set at 300% FPL
  - Tiers 1, 2 and 3 combined = 399,443 people. This is 41.5% of all 2021 tax filers. The current proposal would send checks to 91.7% of all 2021 tax filers.
  - Combining Tiers 1-3 payments = \$210.6M

	Orig. LD 1	Tier 1 incomes	Tier 2 incomes	Tier 3 incomes
Single, married filing separately	100k	\$10k	\$20k	\$30k
Head of household	150k	\$15k	\$30k	\$45k
Married joint returns, qualifying widows	200k	\$20k	\$40k	\$60k
Total People		164,762	113,852	120,829
Proposed payment per person	\$450	\$800	\$400	\$275
Total cost	\$398M	\$131.8M	\$45.5M	33.2M

The check amounts for each tier are scaled relative to the average energy burden for each income class.

For context, ERAC found that assistance needed annually for <150% FPL was \$800-\$1400 per household for electricity alone (pg 30).

## **What to Do with the Remaining Funds?**

We are concerned that the vast sums drained quickly from available surplus will heedlessly leave other known needs unfunded. Other legislators and the public have shared their worry that spending the accounts dry for one-time checks to virtually all Mainers leaves other services in jeopardy.

Examples of known other funding priorities (in no particular order):

- Direct care workers, set at 125% of minimum wage - not high enough to attract workers
- Indigent legal services - violating impoverished Mainers their constitutional rights
- Opioid epidemic / drug overdoses – deaths are at their highest level ever
- Line items associated with the FMAP "deallocations"
  - Development Services, Brain Injury Residential Care
  - Fund for Healthy Maine
  - Mental Health - Children & Community
  - Nursing Facilities
- Veterans Homes – continuing unsustainability of some facilities needs to be addressed

## **The Need for a Public Hearing**

Important questions should be answered about LD 1 in a public setting. Here are some:

Sec. A-1: \$40M for LIHEAP

- Does this translate to higher payments to eligible households?

Sec. A-2: \$10M additional heating assistance, up to \$800 per hh

- What is the basis for this number? Is it sufficient in both overall quantum (\$10 million) and household eligibility (\$800)?
- How does this money get disbursed?

Sec. A-3: \$21M for Emergency Housing Relief Fund

- What is the plan? How will money be distributed quickly and efficiently to those most in need?

Sec. B-3: \$398M for Winter Energy Relief Program

- How can the State target this money most effectively to those in need?
- What is Maine Revenue Service's ability to send checks by household instead of by individual?

Sec. C-5: \$11.5M to complete \$850 pandemic relief program checks

- This pays for 13,500 checks, but info received said 22,000 additional people qualified for checks

Sec. D-1: Reallocates funding, largely from FMAP

- How are these programs affected?
- With other dire emergencies facing Mainers (such as opioid epidemic, shortage of direct care workers to serve the most vulnerable, failing nursing homes, mental health), why should we reallocate funding to send checks to those who may not need them?

Sec. E-1: DEP sulfur content authorization

- What is the need and rationale to change this environmental protection law?

Sec. F-1: Suspension of surplus to Budget Stabilization Fund

- What is the current expected size of the Rainy Day Fund and where will it be left with this provision? Are there any other programmatic impacts on programs and services that would receive funding from surplus revenues under current law (supplemental budget enacted in spring 2022)?