

Basic Needs: LITE-UP Texas/System Benefit Fund Restoration

Position Statement approved by One Voice: August 11, 2006

Issue/Concern: In September 2005 a change in state law withdrew the LITE-UP Texas / System Benefit funding for electric bill discounts. Those who received this discount were the poorest citizens in Texas who had already qualified for Medicaid, Food Stamps, etc. The money was simply shifted by the Texas Legislature into the general revenue fund.

Specific Policy Recommendation(s):

- ★ Restore funding to LITE-UP Texas program for those it was intended to benefit. Funding for this program is still collected when a Texas citizen/resident pays an electric utility bill.

How does this issue/recommendation relate to prevention and early intervention or maximizing federal funds for health and human services? Electricity is not a luxury item in Texas. Seniors and small children are most affected by the extreme heat and humidity during the summer months and need to have access to air conditioning. Many seniors and families with children are financially strapped by increasing utility bills, and if one's electricity is disconnected during the summer months, this could result in a life-threatening situation. The discount offered by LITE-UP Texas/System Benefit Fund was a critical need for many of the poorest persons in Texas.

Supporting Facts/Research/Resources: Since electric utility deregulation in 2002, residential electric rates have increased between forty percent and eighty percent. In 2002, Texas established a system benefits charge, a non-bypassable fee of up to sixty five cents per megawatt hour, to fund, among other things, low-income rate assistance. This fee created the LITE-UP Texas/System Benefit Fund, which provided eligible households with a ten percent discount on electric bills. Texas residents automatically qualified for this discount if they received benefits such as food stamps, Medicaid, or TANF. Others could apply for this discount if their income was at or below 125% of the federal poverty level. In 2005 the Legislature shifted all of the System Benefit Fund (approximately \$427 million) to the state general revenue fund. The shifting of these funds to the general revenue fund meant that the state budget was literally balanced on the backs of the poorest citizens in Texas!

Legislative Outcome: No legislation passed dealing with the SBF (to protect the fund, expand the eligibility requirements, etc.). Both HB 551 and SB 482 (dealing with deregulating electricity cost for the benefit of low-income customers) failed. The Legislature did pass \$200 million in appropriations for the SBF low-income discount - \$30 million of that will be available before the end of FY07 and \$170 million will be available in 2008 and 2009. The Public Utility Commission (PUC) ordered a discount of approximately two cents per kilowatt-hour (kWh). This provides a discount of approximately twelve percent from the highest existing rates.

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