N00I0006

Office of Home Energy Programs

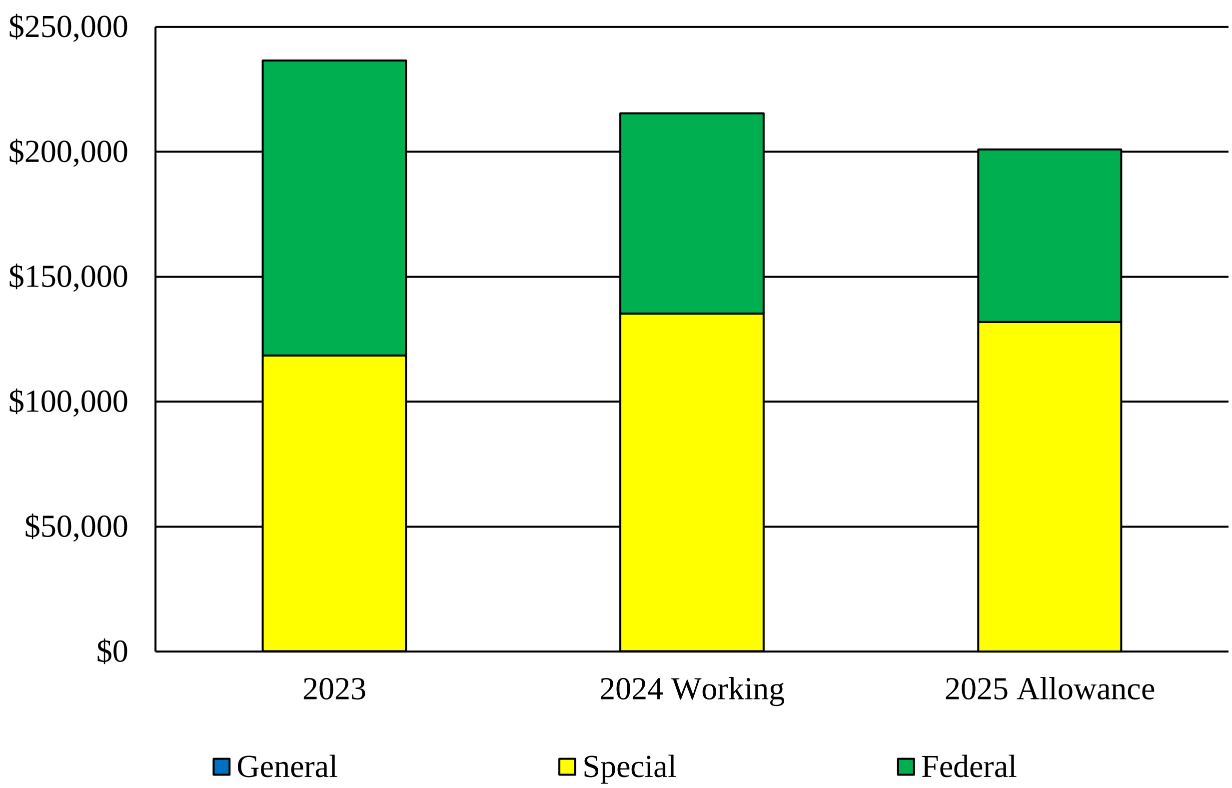
Department of Human Services

Executive Summary

The Office of Home Energy Programs (OHEP) within the Department of Human Services (DHS) Family Investment Administration (FIA) administers energy assistance benefit programs that provide benefits in the form of bill payment assistance for electric and heating customers and arrearage assistance to electric and natural gas customers.

Operating Budget Summary

Fiscal 2025 Budget Decreases $14.5 Million, or 6.7%, to $200.9 Million
($ in Thousands)



Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

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- Federal funds decrease by $11.2 million in the fiscal 2025 allowance compared to the fiscal 2024 working appropriation, primarily due to decreases in Maryland's federal Low Income Home Energy Assistance Program (LIHEAP) program allocation and the end of availability of the Low Income Household Water Assistance Program (LIHWAP) funds for water assistance in fiscal 2024.

- Special funds from the Strategic Energy Investment Fund (SEIF) decrease by $5.0 million in the fiscal 2025 allowance compared to the fiscal 2024 working appropriation, although SEIF revenues sourced from Regional Greenhouse Gas Initiative (RGGI) auction proceeds remain elevated. The Budget Reconciliation and Financing Act (BRFA) of 2024 includes a provision authorizing a transfer of $90 million of SEIF fund balance to the Dedicated Purpose Account (DPA) in fiscal 2025, which includes $8.0 million of fund balance from the energy assistance subaccount within SEIF.

Key Observations

- ***Applications for Energy Assistance and Recipients Increase:*** Total applications for energy assistance benefits increased by 24.2% in fiscal 2023 compared to fiscal 2022 totals. Through December 2023 in fiscal 2024, applications received were also higher for all energy assistance programs compared to the same time period one year ago. The number of recipients for all four energy assistance programs increased during fiscal 2023, the first year-over-year increases since fiscal 2014. Through December 2023 in fiscal 2024, the number of recipients of energy assistance benefits was also higher for all energy assistance programs compared to the same time period one year ago.

- ***Implementation of Categorical Eligibility for Energy Assistance Programs:*** Chapter 207 of 2023 requires categorical eligibility for the Electric Universal Service Program (EUSP) and requires OHEP to automatically enroll any households in energy assistance programs that are determined to be eligible for other DHS-administered benefit programs effective January 1, 2024. OHEP has also received federal approval through its annual LIHEAP plan to implement categorical eligibility for the Maryland Energy Assistance Program (MEAP). DHS also continues to work toward the realignment of administration of energy assistance programs under its local departments of social services (LDSS), which is expected to occur in fiscal 2026 following the completion of upgrades to the Maryland Total Human Services Information Network System (MD THINK).

- ***Denial Rates Decrease for Programs:*** Denial rates for all four of the energy assistance programs administered by OHEP have decreased during fiscal 2024 (through November 1, 2023). Denial rates remain highest for the gas arrearage assistance program (47%) and the EUSP arrearage assistance program (43%). Denial rates for both MEAP and the EUSP bill payment assistance program decreased by 13 percentage points, to a 20% denial rate for both programs, which is the lowest since at least fiscal 2016.

Operating Budget Recommended Actions

1. Adopt committee narrative requesting a report on energy assistance application processing times and denial rates.

2. Adopt committee narrative requesting an update on the status of the implementation of categorical eligibility for energy assistance programs.

3. Adopt committee narrative requesting a report on the transition to a centralized administrative model for energy assistance programs.

Operating Budget Analysis

Program Description

OHEP is a program within DHS FIA. The services provided by OHEP include cash benefits for energy assistance programs; budget counseling; and referrals, including for weatherization services provided through the Department of Housing and Community Development (DHCD) that include heating/cooling equipment repair and replacement. OHEP administers two main energy assistance programs for residential customers: (1) MEAP provides bill payment assistance for home heating bills, natural gas arrearage assistance, and crisis assistance for a variety of heating sources and for electric customers; and (2) EUSP provides bill payment assistance and arrearage assistance for electric customers. MEAP is federally funded by LIHEAP. EUSP is funded by a combination of sources: (1) a ratepayer surcharge on electric bills; (2) an allocation of revenue from RGGI program auctions (budgeted through the SEIF); and (3) LIHEAP, if available or when needed. Arrearage assistance benefits are typically funded through the SEIF and funds available from a Public Service Commission (PSC) order related to an electric generating facility at Dominion Cove Point (DCP), while all sources are used for bill payment. In addition to its main programs, in fiscal 2023 and 2024, OHEP administered LIHWAP, which provided assistance to low income families who are behind on their drinking water and wastewater bills using federal stimulus funds.

These programs are administered using local administering agencies (LAA), which are a combination of LDSS, community action agencies, or other local government offices in each jurisdiction. Two LAAs service multiple counties: (1) the Southern Maryland Tri-County Community Action Committee, Inc. serves Calvert, Charles, and St. Mary's counties; and (2) ShoreUp! Inc, serves Somerset, Wicomico, and Worcester counties. All other LAAs serve one jurisdiction. Beginning in fiscal 2026, OHEP plans to transition administration of energy assistance programs to LDSS under a unified administrative model similar to other DHS administered benefit programs.

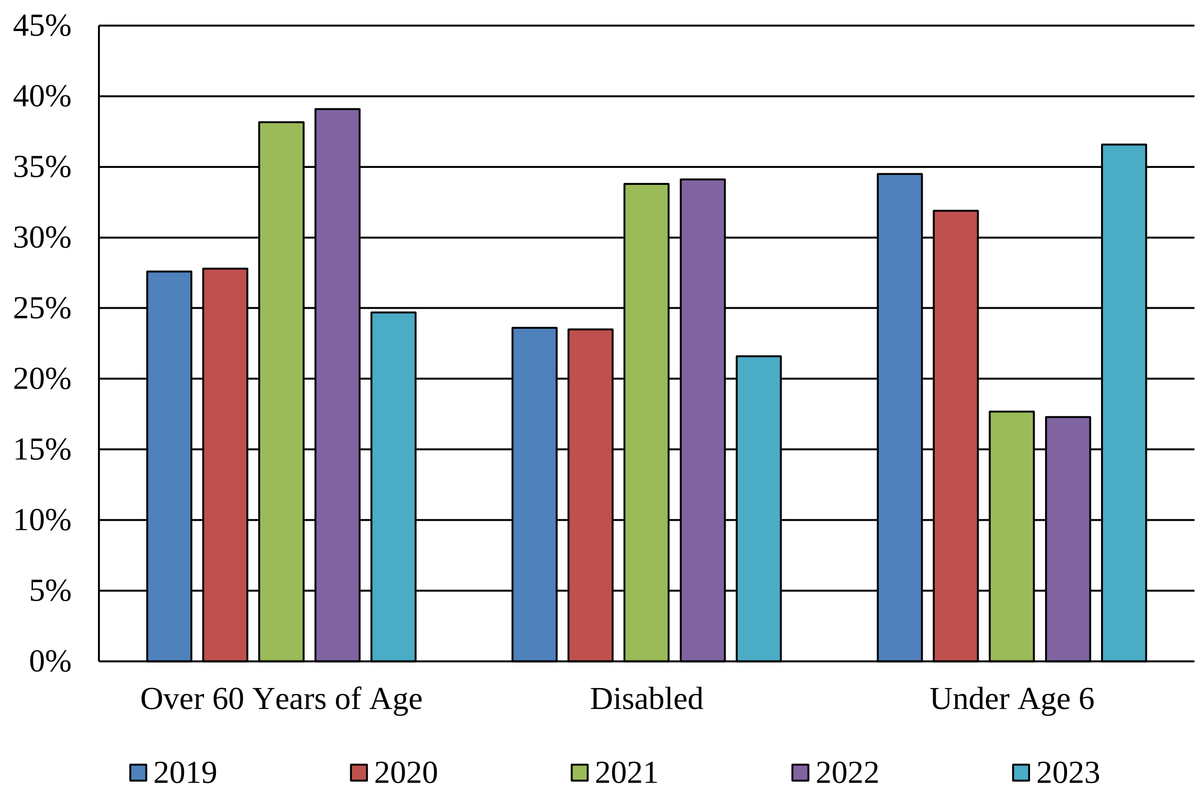
Performance Analysis: Managing for Results

1. Energy Assistance Participation Rates for Vulnerable Populations

As part of its annual Managing for Results submission, OHEP calculates the percentage of eligible households receiving energy assistance benefits that includes members of three vulnerable populations (households with an individual over age 60, households with an individual with a disability, and households with children under age 6). The calculation compares actual OHEP participation data to an estimate of the number of households estimated to be eligible for benefits based on U.S. census data.

As shown in **Exhibit 1**, the share of eligible households receiving benefits in fiscal 2023 that included an individual over age 60 was 24.7%, the share of households with an individual who was disabled was 21.6%, and the share of households with a child under age 6 was 36.6%. The percentage of households with a member over age 60 and households with an individual with a disability receiving benefits each decreased to their lowest levels in the past five years in fiscal 2023. In fiscal 2023, the percentage of households with a child under age 6 increased to its highest level in the past five years, after being at a decreased level during fiscal 2021 and 2022. The availability of other pandemic-related benefits for households with children during those two fiscal years caused the need for energy assistance among those households to decrease, but in fiscal 2023, households with children were one of the largest demographic groups served by energy assistance programs. **DHS should comment on the reasons for the decrease in participation among households with members over the age of 60 and households with an individual with a disability and efforts to increase participation.**

Exhibit 1
Vulnerable Populations Receiving Energy Assistance Benefits
Fiscal 2019-2023



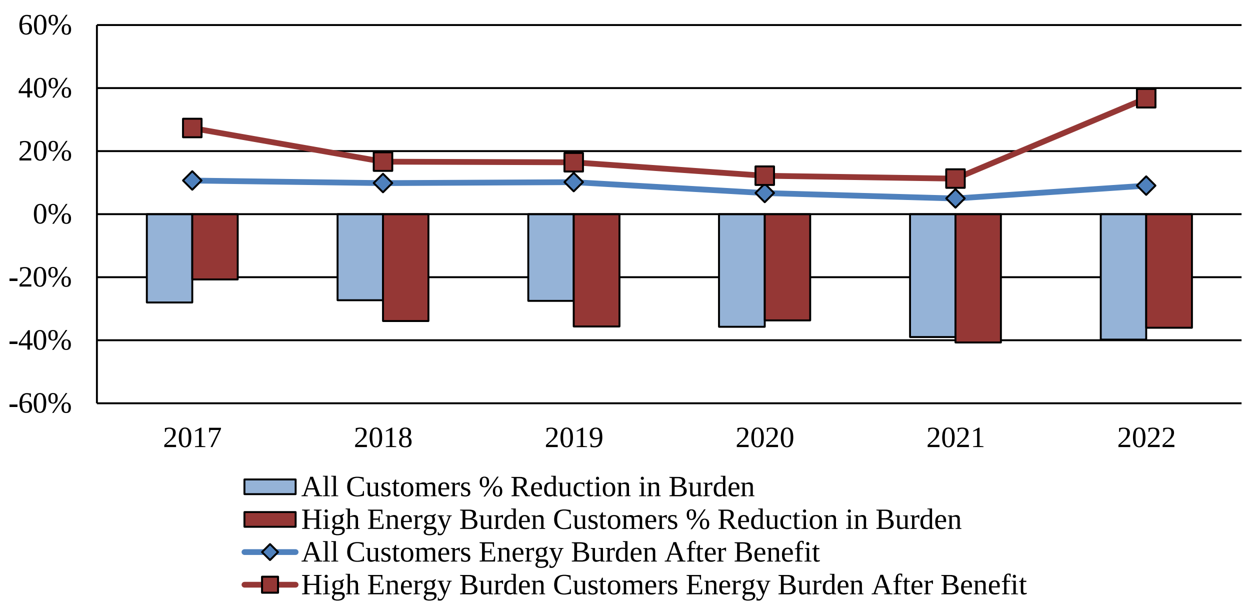
Source: Department of Human Services

2. Benefit Targeting and Energy Burden Reduction

The U.S. Department of Health and Human Services (HHS) requires states to report certain LIHEAP performance measures that focus on how well states are targeting energy assistance benefits to those with the highest energy burden (energy cost compared to income) and reducing energy burdens, particularly among high energy burden households (burdens in the top 25% of energy burdens among households that receive bill assistance).

In federal fiscal 2022, prior to receiving LIHEAP benefits, the average annual energy burden was 15.0% for all households, but 57.5% for high energy burden households. As shown in **Exhibit 2**, in federal fiscal 2022, the average annual energy burden after receiving LIHEAP benefits was 9.0% for all households, but 36.7% for high energy burden households. In comparison to federal fiscal 2021, the average annual energy burden after receiving LIHEAP benefits in federal fiscal 2022 was 4 percentage points higher for all households and 25.5 percentage points higher for high energy burden households. OHEP benefits funded through LIHEAP reduced the energy burden for all households receiving a benefit by 39.8% and for high energy burden households by 36.1%. Compared to federal fiscal 2021, the energy burden reduction was 0.8 percentage points higher for all households but 4.6% lower for high energy burden households. This decrease is reflective of the significant increase in energy burden for high energy burden households.

Exhibit 2
Energy Burden Reduction for All Fuel Sources
Federal Fiscal 2017-2022

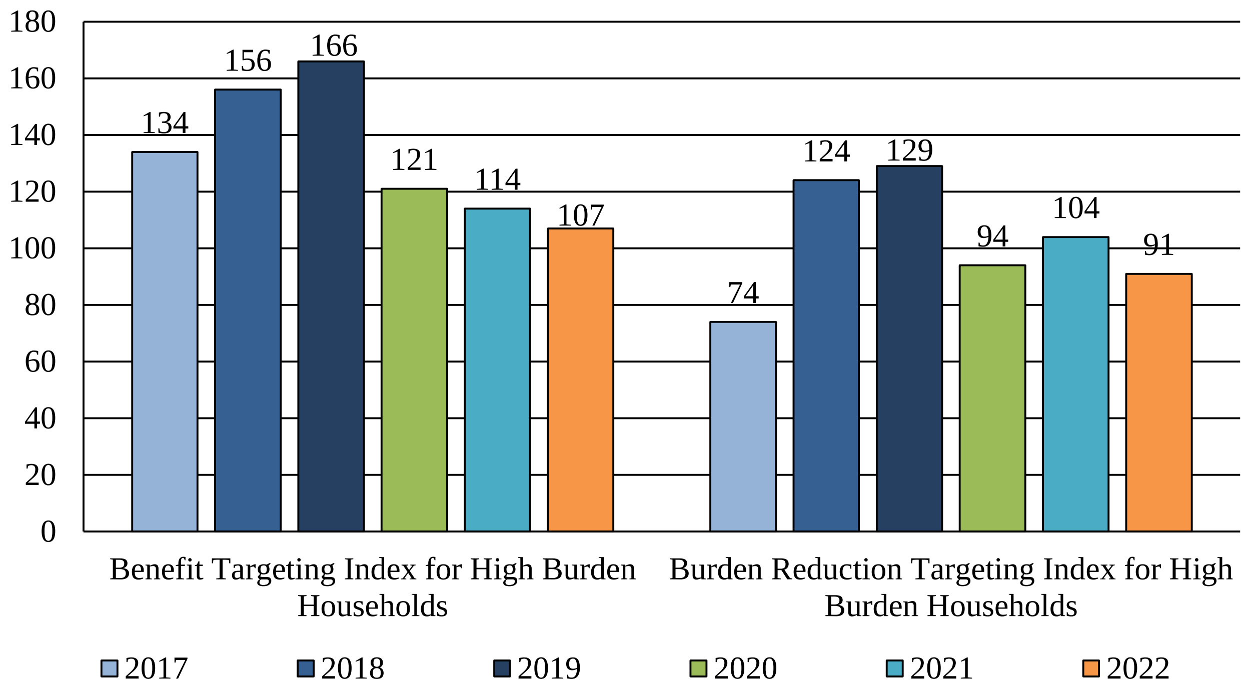


Source: Department of Human Services

The federal performance measures also include a benefit targeting index, which focuses on the extent to which the highest benefits are paid to those with the highest energy burden. A measure greater than 100 indicates that higher benefits are paid to those with higher energy burdens, while a measure of less than 100 would indicate that higher benefits are paid to those without the highest burdens. OHEP's formula for determining benefits takes into account annual energy usage, cost of energy, income level (through a percentage of bill paid as determined by income relative to the poverty level), an index based on utility service territory, a location adjustment (for MEAP only) for Garrett County due to the longer winter heating season, and type of heating fuel (for MEAP only).

As shown in **Exhibit 3**, Maryland's benefit targeting index decreased to 107 in federal fiscal 2022, a 7 point decrease from the previous year and a 59 point decrease from federal fiscal 2019. A benefit targeting index of 107 indicates that households with the highest energy burdens saw a 7% higher benefit compared to all households. Despite the decrease, the benefit targeting index continues to exceed 100 due to Maryland's benefit calculation formula taking into account energy use and income level.

Exhibit 3
Benefit Targeting Index
Federal Fiscal 2017-2022



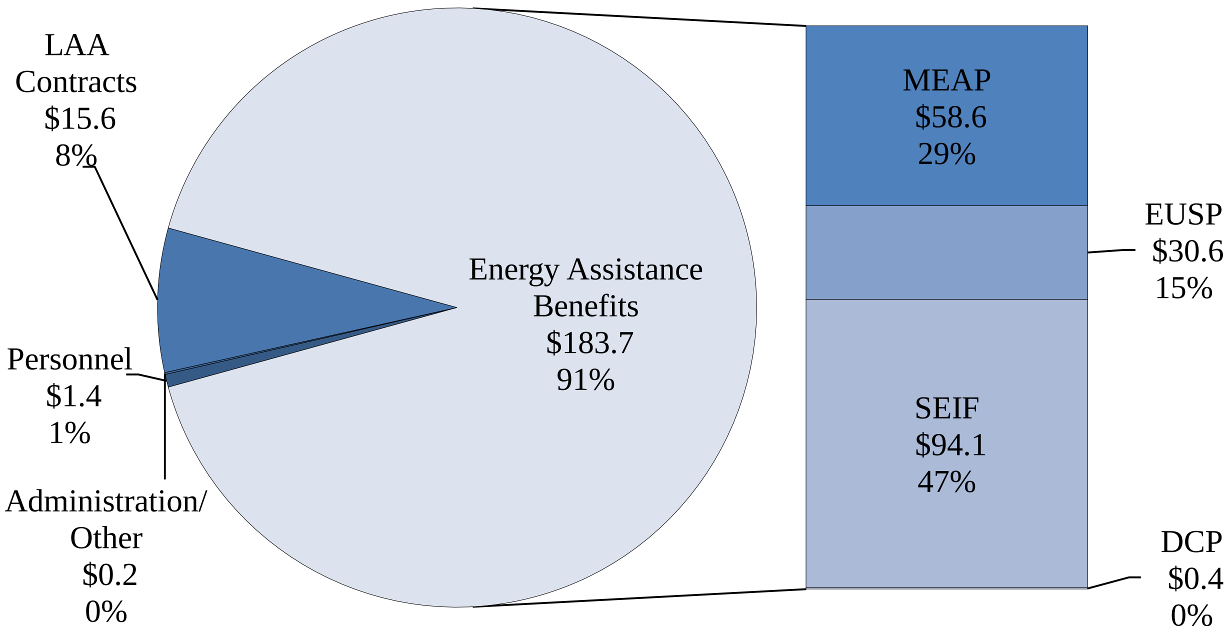
Source: Department of Human Services

The energy burden reduction index measures the difference in the percentage of the energy burden reduction between high energy burden households and all households. An index of 100 indicates that these households had the same reduction, while an index over 100 indicates that high energy burden households had a greater reduction. In federal fiscal 2022, Maryland’s burden reduction index decreased to 91 after exceeding 100 in the prior year, indicating that high energy burden households had a 9% lower reduction of energy burden during federal fiscal 2022 compared to all households.

Fiscal 2025 Overview of Agency Spending

The fiscal 2025 allowance for OHEP totals $200.9 million. As shown in **Exhibit 4**, 91% of the OHEP budget supports energy assistance benefits. Funding for EUSP program benefits, including both electric bill payment and arrearage assistance, totals $125.1 million, or 62% of the budget. The funding level for the EUSP program varies primarily with the availability of SEIF revenues allocated by statute for energy assistance. The other two funding sources (EUSP ratepayer surcharge and DCP settlement) are relatively set amounts, with fluctuations in the ratepayer surcharge portion generally limited to adjustments in the allocations between administrative expenses and benefits. Funding for MEAP energy assistance benefits, which includes funds to support furnace repair/replacement by DHCD, accounts for $58.6 million, or 29% of the budget.

Exhibit 4
Overview of Agency Spending
Fiscal 2025 Allowance
($ in Millions)



DCP: Dominion Cove Point
EUSP: Electric Universal Service Program
LAA: local administering agency
MEAP: Maryland Energy Assistance Program
SEIF: Strategic Energy Investment Fund

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books

The fiscal 2025 allowance for OHEP includes $15.6 million for LAA contracts. The contracts provide funding for the local offices that administer energy assistance programs, which include a combination of community action agencies, LDSS, and other local government offices. The remaining portion of the OHEP budget totals $1.6 million and includes funding for OHEP personnel and other administrative expenses.

Proposed Budget Change

As shown in **Exhibit 5**, the fiscal 2025 allowance for OHEP decreases by $14.5 million, or 6.7%, compared to the fiscal 2024 working appropriation. Federal funds decrease by approximately $11.2 million primarily due to supplemental LIHEAP program funding available in fiscal 2024 and due to the end of availability of limited-time LIHWAP funds available through federal stimulus funds. Special funds decrease by approximately $3.2 million overall, which includes a decrease of $5.0 million in SEIF revenues allocated for energy assistance, which is partially offset by a $2.7 million increase in EUSP ratepayer surcharge revenues. Additionally, general funds decrease in fiscal 2025 by $80,000 due to the conclusion of funding for the Power to the People Pilot Program, which was mandated in fiscal 2023 and 2024 by Chapter 453 and 454 of 2021.

Exhibit 5
Proposed Budget
Department of Human Services – Office of Home Energy Programs
($ in Thousands)

How Much It Grows:	**General Fund**	**Special Fund**	**Federal Fund**	**Total**
Fiscal 2023 Actual	$80	$118,406	$118,133	$236,619
Fiscal 2024 Working Appropriation	95	135,209	80,112	215,416
Fiscal 2025 Allowance	15	131,960	68,921	200,896
Fiscal 2024-2025 Amount Change	-$80	-$3,249	-$11,191	-$14,520
Fiscal 2024-2025 Percent Change	-84.6%	-2.4%	-14.0%	-6.7%

Where It Goes:	**Change**
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	$151
Turnover adjustment from 7.47% to 6.83%	8
Energy Assistance Benefits	
EUSP ratepayer surcharge funds allocated for energy assistance	-33
Federal LIHWAP funds for water assistance which are not available after fiscal 2024	-3,580
SEIF funds allocated for energy assistance	-5,029
Federal LIHEAP funds allocated for energy assistance	-10,334

Where It Goes:	**Change**
Other Changes	
LAA administrative contracts, reflecting costs increases due to categorical eligibility changes for energy assistance programs	4,408
General funds for the Power to the People Pilot Program due to the conclusion of mandated funding for this purpose in fiscal 2024	-80
Other expenses	-31
Total	**-$14,520**

COLA: cost-of-living adjustment
EUSP: Electric Universal Service Program
LAA: local administering agency
LIHEAP: Low Income Home Energy Assistance Program
LIHWAP: Low Income Household Water Assistance Program
SEIF: Strategic Energy Investment Fund

Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

The largest area of increase in the budget is a $4.4 million increase for LAA contracts for the administration of energy assistance benefit programs. DHS indicates that in fiscal 2025, these contracts reflect increased anticipated administrative expenses relating to the implementation of categorical eligibility for energy assistance programs. The fiscal 2025 allowance for personnel and other administrative expenses grows by $128,000 compared to the fiscal 2024 working appropriation.

Infrastructure Investment and Jobs Act

The Infrastructure Investment and Jobs Act (IIJA) included a $500 million supplemental LIHEAP program allocation, which was to be allocated to states between federal fiscal 2022 and 2026. To date, $300 million has been allocated to states, and Maryland has budgeted its supplemental formula allocations of LIHEAP funds in State fiscal 2022 through 2024. These allocations were primarily incorporated into the OHEP budget through deficiency appropriations in prior fiscal years and included $1.5 million in federal fiscal 2022, $1.9 million in federal fiscal 2023, and $1.9 million in federal fiscal 2024. The fiscal 2025 allowance for OHEP does not include supplemental LIHEAP funding available through the IIJA, but additional allocations are anticipated in federal fiscal 2025 and 2026.

LIHWAP

Between fiscal 2022 and 2024, a total of $14.1 million in federal LIHWAP program funding was budgeted, available through the American Rescue Plan Act (ARPA) and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). LIHWAP authorized through the federal stimulus legislation supports water and wastewater bill assistance for low-income households. These funds were the first authorization for this purpose, and there have been no additional appropriations. The fiscal 2025 allowance for OHEP decreases by $3.6 million due to the conclusion of funding availability from the federal LIHWAP at the end of fiscal 2024.

DHS began accepting applications and issuing benefits under the program at the beginning of calendar 2022. DHS indicates that it will continue to accept applications under the program until March 1, 2024. States were authorized to use federal LIHWAP funds through September 30, 2023; however, DHS received a no cost extension to continue to use available funding through this date. DHS plans to issue a one-time supplemental payment to households already determined to be LIHWAP-eligible in order to ensure that the remaining available federal funding is spent prior to the March 1, 2024 deadline.

EUSP

Section 7-512.1 of the Public Utilities Article sets the annual amount of EUSP ratepayer surcharge revenue collections at $37.0 million and specifies that any unexpended funds remaining at the end of the fiscal year remain available for use during the first six months of the following fiscal year, at which time unexpended funds must be returned to utility customers. Including funding for both energy assistance benefits and program administration, $37.5 million in EUSP ratepayer surcharge revenues are budgeted in the fiscal 2025 allowance, approximately $0.5 million more than the annual maximum collection amount, and $1.8 million more than the total budgeted from this source in the fiscal 2024 working appropriation. Additional funds are budgeted in administrative programs throughout DHS, including approximately $0.7 million in the Office of Technology for Human Services. **DHS should comment on why the total amount of these funds budgeted in the fiscal 2025 allowance exceeds the statutory annual collection amount, and how the additional funds are being sourced.**

Energy Assistance Benefits

In total, funding for energy assistance benefits decreases by $15.5 million compared to the fiscal 2024 working appropriation. The decrease results primarily from a $10.4 million decrease in the portion of federal LIHEAP funds allocated for energy assistance and a $5.0 million decrease in special funds from the SEIF allocated for energy assistance. The portion of special funds from the EUSP ratepayer surcharge allocated for energy assistance decreases by $33,000.

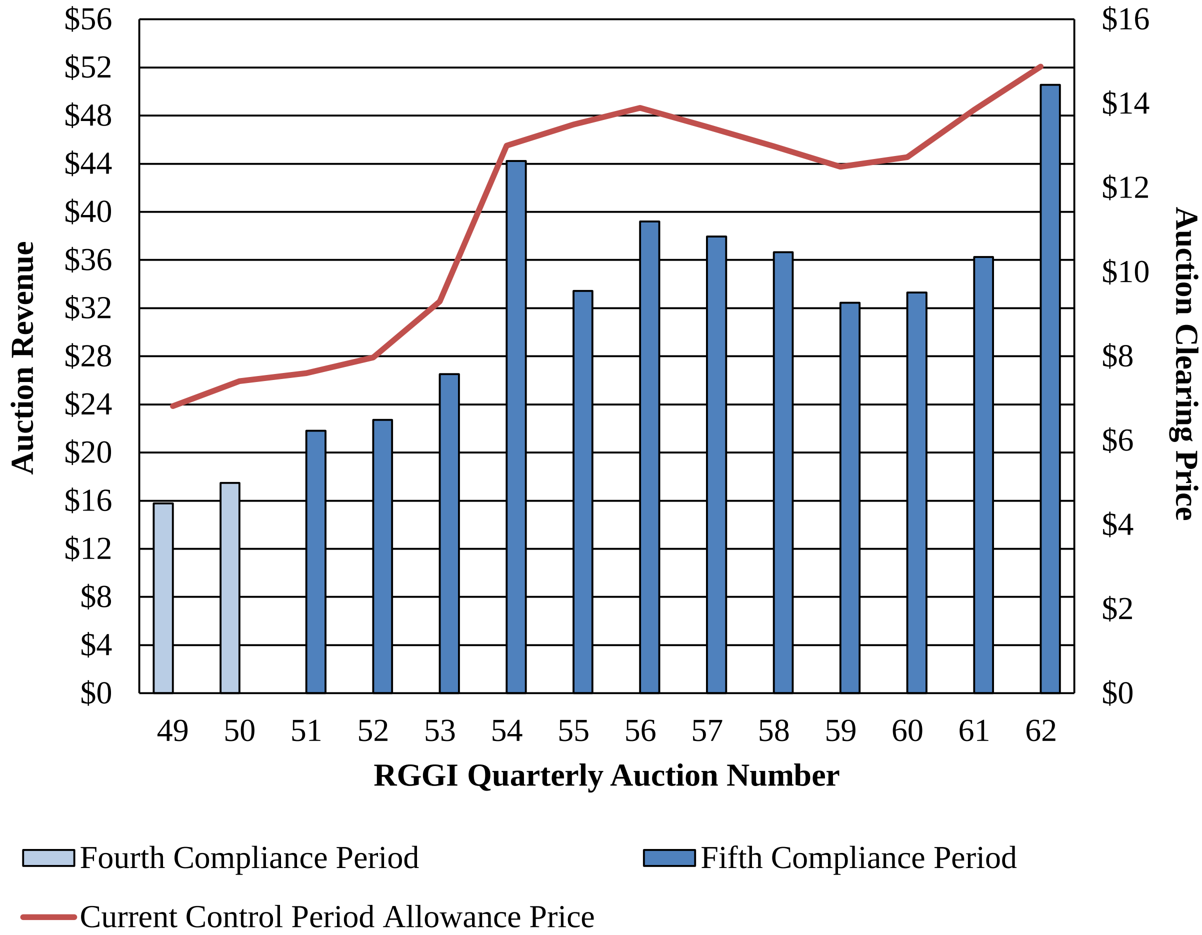
LIHEAP

Total federal LIHEAP funding included in the fiscal 2025 allowance, including both funding for energy assistance and program administrative costs, totals $68.9 million. This amount represents a decrease of $7.6 million from total federal LIHEAP funding available in the fiscal 2024 working appropriation due to a decrease in Maryland's federal program allocation resulting from the expiration of supplemental program funding. This supplemental funding included funding available to the LIHEAP program through the federal budget Continuing Resolution enacted in November 2022 for federal fiscal 2023, the IIJA, and prior year funding available through the ARPA and the CRRSA. In fiscal 2025, $58.6 million of LIHEAP funds are budgeted for energy assistance, which includes $11.6 million allocated for furnace repair/replacement through DHCD. The decrease in the amount of LIHEAP funding allocated for energy assistance benefits in the fiscal 2025 allowance ($10.4 million) is greater than the overall decrease in LIHEAP funding availability due to an increase of $2.7 million in the amount of LIHEAP funds budgeted for administrative costs. Outside of supplemental LIHEAP funds allocated to the program by the U.S. Congress in recent fiscal years, the annual amount of LIHEAP funds allocated to Maryland varies year to year based on the overall block grant funding level and the State share of the grant.

SEIF

Section 9-20B-05 of the State Government Article requires that at least 50% of the revenue received by the State from its participation in RGGI program auctions for carbon-dioxide emission allowances is directed to energy assistance. Since the beginning of the RGGI program, RGGI auction revenue has shown substantial variation due to changes in market demand for allowances. However, as shown in **Exhibit 6**, since fiscal 2022, revenues have been substantially higher than prior periods due to increases in RGGI auction clearing prices. The most recent RGGI program auction, Auction 62, held in December 2023, resulted in the highest auction clearing price in the history of the program ($14.88 per allowance), surpassing the previous highest auction clearing price of $13.90 achieved in Auction 56 (June 2022). Since Auction 54 (December 2021), clearing prices have exceeded $12.99 per allowance and are substantially higher than those achieved in any auction held prior to that point.

Exhibit 6
RGGI Auction Revenue
Fiscal 2021-2024 (through December)
($ in Millions)



RGGI: Regional Greenhouse Gas Initiative

Source: Regional Greenhouse Gas Initiative, Inc; Department of Legislative Services

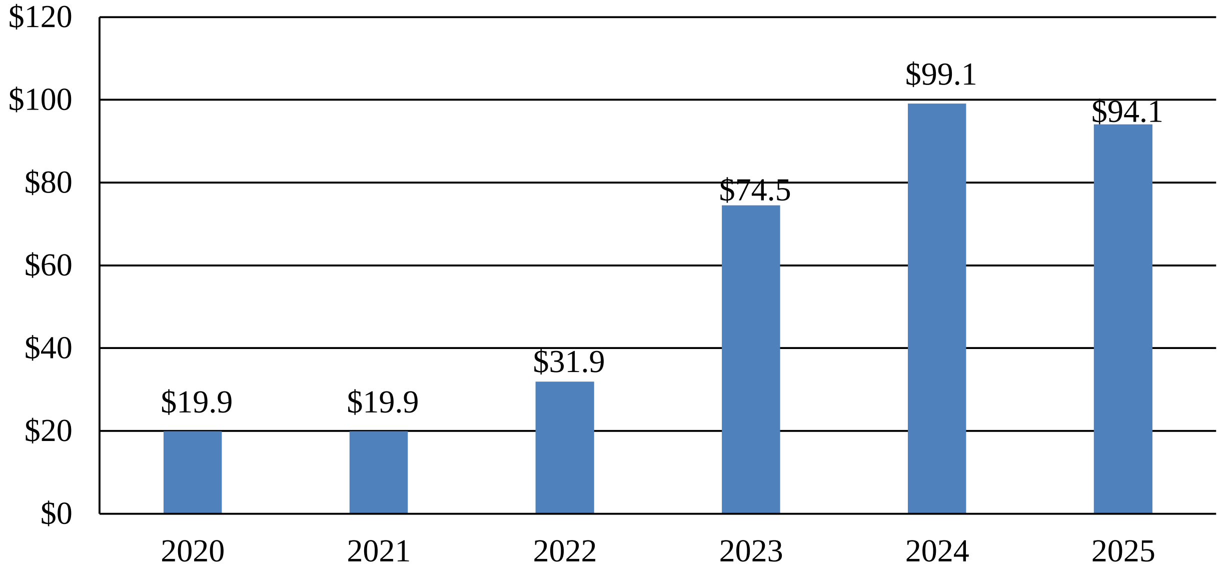
Auction 62 also resulted in Maryland's highest level of proceeds from a single auction ($50.6 million). Total revenues only exceeded $40 million once (Auction 54, held in December 2021) in prior auctions. In all auctions held since Auction 54, revenue proceeds have exceeded $30 million per auction. In fiscal 2023, total RGGI program revenues received by Maryland from all auctions held during the fiscal year totaled $140.4 million. Through the first two quarterly auctions held in fiscal 2024, Maryland RGGI program revenues have totaled $86.8 million, which puts the State on pace to meet or exceed fiscal 2023 revenue levels.

Forecasting RGGI-sourced SEIF revenues over multiple years can be challenging due to the dynamic nature of auction clearing prices. Historically, due to variations in auction clearing prices and revenues attained from RGGI auctions, the amount of revenues budgeted in many years did not generally align well with actual auction revenues attained. As a result, these year-to-year variations led to a buildup of fund balance in some years but resulted in mid-year program reductions in others. To stabilize program funding, the Maryland Energy Administration (MEA), the administrator of the SEIF, began estimating revenue for the budget using the minimum auction clearing prices with any overattainment of revenue compared to that minimum budgeted in the following year. While this conservative method of projecting revenues helped to avoid mid-year contractions or eliminating of programming, this method of budgeting resulted in large fund balances accruing in the SEIF while awaiting allocation in the subsequent budget cycle.

Beginning with the fiscal 2023 budget, MEA altered its revenue projection method used for budget development by raising the estimated auction clearing price amount used for these projections from the minimum auction clearing price to a rolling average of the actual clearing prices of all auctions held during the two most recent prior fiscal years (results from eight quarterly auctions in total) with any overattainment of revenue compared to the estimated auction clearing price continuing to be allocated during the subsequent budget cycle (for example, overattainment above the estimated clearing price from auctions held during fiscal 2023 is available for the fiscal 2025 budget). The change in the method of SEIF revenue estimation allows for the budgeting of more anticipated revenues in the current fiscal year, instead of delaying increases in revenue to a future year, while ideally still providing some fund balance available in the future year in the case of declines in prices. In development of the fiscal 2025 budget cycle, MEA altered its projection method slightly once again by using an estimated clearing price representing the average of auction prices during only the final three auctions in fiscal 2022 and the four auctions in fiscal 2023, a reduction of one auction result used in the average. The estimated clearing price of $13.15 per allowance used for the fiscal 2025 revenue estimates is higher than the average of the clearing prices of all eight of the auctions held across fiscal 2022 and 2023 ($12.67), resulting in a less conservative revenue estimate compared to prior fiscal years.

Exhibit 7 provides a historical summary of the annual levels of SEIF funds budgeted for energy assistance through OHEP. The fiscal 2025 allowance includes $94.1 million in SEIF funds, a decrease of $5.0 million from the $99.1 million included in the fiscal 2024 working appropriation, but $19.6 million higher compared to fiscal 2023 actual spending ($74.5 million). Compared to fiscal 2022 spending, the fiscal 2025 allowance represents an increase of $62.2 million. These notably higher levels of SEIF funds budgeted for energy assistance since fiscal 2023 reflect the significant growth which has occurred in the overall availability of RGGI auction revenue to the State since fiscal 2022.

Exhibit 7
Strategic Energy Investment Fund Spending for Energy Assistance
Fiscal 2020-2025
($ in Millions)



Source: Governor's Fiscal 2025 Budget Books

Impact of Transfer of SEIF Balance to DPA

In addition to SEIF revenues budgeted under MEA, DHS OHEP, and other State agencies, the fiscal 2025 Budget Bill includes $90 million from the SEIF in the DPA to support the implementation of unspecified provisions of Chapter 38 of 2022 (the Climate Solutions Now Act) and the State's Climate Pollution Reduction Plan released by the Maryland Department of the Environment in December 2023. The BRFA as introduced includes a provision to authorize this transfer, although the appropriation in the DPA is not contingent on legislation authorizing the transfer.

In its budget hearing testimony, MEA provided the sources of funds within the SEIF that will support the $90 million transfer. As shown in **Exhibit 8**, MEA indicates that $8 million of the $90 million transfer will be sourced from fund balance in the energy assistance subaccount within SEIF, thereby reducing the amount of the SEIF revenues available for budgeting within OHEP for energy assistance programs. Accounting for this transfer of $8 million, the projected fiscal 2025 year end fund balance for the energy assistance subaccount within the SEIF would decrease from $13.8 million to $5.8 million.

Exhibit 8
Sources of SEIF Revenues Budgeted in the Dedicated Purpose Account
Fiscal 2025
($ in Millions)

	2024	2025	Proposed Transfer	Remaining Balance
Energy Assistance	$39.5	$13.8	$8.0	$5.8
Low And Moderate Income Energy Efficiency	15.5	14.5	10.5	4.0
Energy Efficiency in All Sectors	13.0	13.3	6.6	6.7
Renewable Energy and Climate Change	20.1	9.4	0.0	9.4
Administration	10.7	43.5	21.8	21.7
Subtotal RGGI-sourced Subaccounts	***$98.8***	***$94.5***	***$46.9***	***$47.6***
Offshore Wind Development	$0.2	$0.0	$0.0	0.0
Exelon Animal-Waste-to-Energy ACP	0.0	0.0	0.0	0.0
Renewable Portfolio Standard ACP	183.2	85.2	43.1	42.1
Pepco/Exelon Merger Most Favored Nation Provision	0.0	0.0	0.0	0.0
AltaGas/WGL Settlement (Maryland Gas Expansion Fund)	1.6	1.6	0.0	1.6
Subtotal Non-RGGI-sourced Subaccounts	***$185.0***	***$86.8***	***$43.1***	***$43.7***
Total All Subaccounts	**$283.8**	**$181.3**	**$90.0**	**$91.3**

ACP: alternative compliance payments
RGGI: Regional Greenhouse Gas Initiative
SEIF: Strategic Energy Investment Fund

Source: Maryland Energy Administration

As noted, SEIF funds allocated for energy assistance in the fiscal 2025 allowance decrease by $5.0 million, despite overall SEIF revenue estimates remaining at a similar level between fiscal 2024 and 2025, suggesting that the decrease is a result of the transfer of revenues to the DPA. However, the Department of Legislative Services (DLS) notes that sufficient balance would exist even with this transfer to have level funded the program in fiscal 2025. In the analysis for the Y01A – State Reserve Fund, DLS has recommended altering the provision of the BRFA authorizing the transfer of the $90 million of SEIF balance to the DPA to prohibit funds from being sourced from the energy assistance subaccount within the SEIF and instead increasing the amount of the transfer sourced from the administration subaccount.

Personnel Data

	FY 23 Actual	FY 24 Working	FY 25 Allowance	FY 24-25 Change
Regular Positions	14.00	14.00	14.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	**14.00**	**14.00**	**14.00**	**0.00**

Vacancy Data: Regular Positions

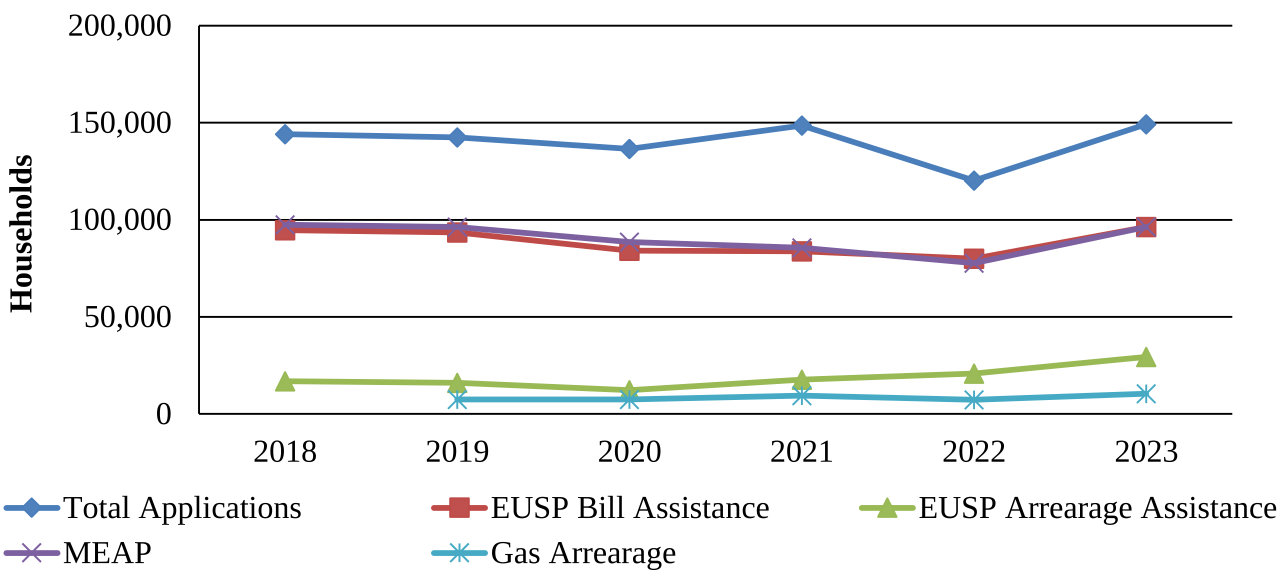
Turnover and Necessary Vacancies, Excluding New Positions	0.96	6.83%
Positions and Percentage Vacant as of 12/31/23	0.0	0.0
Vacancies Below Turnover	0.96	

Issues

1. Energy Assistance Applications and Recipients Increase in Fiscal 2023

As shown in **Exhibit 9**, total applications for energy assistance benefits have fluctuated during the previous three fiscal years. In fiscal 2021, applications increased by 8.8%, which prior to fiscal 2023 was the largest year-over-year increase since fiscal 2010, reflective of heightened demand for energy assistance following the expiration of the utility termination moratorium that was in effect from March 16, 2020, through November 15, 2020, due to the COVID-19 pandemic. The number of applications decreased by 19.1% in fiscal 2022 and was the lowest since at least fiscal 2001. DHS noted that the fiscal 2022 decline was partially attributable to the large amount of supplemental arrearage assistance available in fiscal 2021 through both OHEP arrearage supplemental grants and funds distributed by PSC in accordance with the RELIEF Act (Chapter 39 of 2021). Although the total number of applications for energy assistance in fiscal 2023 was 24.2% higher than fiscal 2022, it was only slightly higher (0.4%) than fiscal 2021. Increases in demand for energy assistance in fiscal 2023 can be attributed to rising energy prices resulting from inflation in the energy sector, which accelerated dramatically during late spring and fall 2022. Additionally, demand for energy assistance was impacted in fiscal 2023 by generally colder winter weather that year.

Exhibit 9
Energy Assistance Benefits Provision History
Fiscal 2018-2023



EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program

Source: Department of Human Services

Increases in applications for energy assistance and the number of households receiving benefits in fiscal 2023 occurred for all benefit programs and were the highest for both arrearage assistance programs, which each saw an increase in applications and the number of households receiving benefits of over 40% during the fiscal year compared to fiscal 2022. Notably, the number of households receiving bill payment assistance through EUSP and MEAP increased in fiscal 2023 and was the first year-over-year increase in recipients for each since fiscal 2014. Recipients of EUSP bill payment assistance increased by 20.5% in fiscal 2023, to the highest number of recipients since fiscal 2017, and recipients of MEAP bill payment assistance increased by 24.0% in fiscal 2023, to the highest number of recipients since fiscal 2018. The number of households receiving EUSP arrearage assistance benefits in fiscal 2023 reached its highest level since fiscal 2010.

Applications, Recipients and Average Benefit Size in Fiscal 2024

As shown in **Exhibit 10**, through December 2023, fiscal 2024 applications for energy assistance have increased compared to applications during the same period in fiscal 2023. The largest increases in applications year to date have been for the two arrearage assistance programs, with gas arrearage assistance applications increasing by 58.5% and EUSP arrearage assistance applications increasing by 26.6%. Applications for bill assistance increased by 11.6% for EUSP bill payment assistance and 10.5% for MEAP. These increases indicate continued high demand for energy assistance in fiscal 2024 as energy prices have continued to increase through the first half of the fiscal year.

Exhibit 10
Energy Assistance Applications and Benefit Data
Fiscal 2023-2024
(July through December of Each Year)

	2023	2024	Change	% Change
Applications				
MEAP	84,944	93,825	8,881	10.5%
EUSP Bill Payment	84,247	93,986	9,739	11.6%
EUSP Arrearage	39,617	50,170	10,553	26.6%
Gas Arrearage	15,565	24,668	9,103	58.5%
Receiving Benefits				
MEAP	47,908	56,329	8,421	17.6%
EUSP Bill Payment	47,806	53,641	5,835	12.2%
EUSP Arrearage	12,417	13,686	1,269	10.2%
Gas Arrearage	4,493	5,328	835	18.6%

	2023	2024	Change	% Change
Percentage of Bill Paid (Lowest Income Level)				
Electric Cost Paid by EUSP Benefit	65%	55%	-10%	
Electric Cost Paid by MEAP Benefit	30%	25%	-5%	
Electric Cost Paid by EUSP and MEAP	95%	80%	-15%	
Average Benefit				
MEAP	$849	$761	-$88	-10.4%
EUSP Bill Payment	939	668	-271	-28.9%
EUSP Arrearage	1,098	1,074	-24	-2.2%
Gas Arrearage	888	923	35	3.9%
Benefits Paid ($ in Millions)				
MEAP	$40.7	$42.8	$2.2	5.3%
EUSP Bill Payment	44.9	35.8	-9.1	-20.2%
EUSP Arrearage	13.6	14.7	1.1	7.8%
Gas Arrearage	4.0	4.9	0.9	23.2%
Total Benefits Paid	**$103.2**	**$98.3**	**-$4.9**	**-4.8%**

EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program

Source: Department of Human Services

Consistent with the higher number of applications, the number of households receiving energy assistance benefits has also increased for all programs through December 2023 (fiscal 2024) compared to the same period in the prior year. The largest increase was in recipients of gas arrearage assistance, which increased by 18.6%. Households receiving MEAP benefits increased by 17.6%, households receiving EUSP bill payment assistance increased by 12.2%, and households receiving EUSP arrearage assistance increased by 10.2%.

Due to the implementation of categorical eligibility for energy assistance programs through legislation amending eligibility for the EUSP program and amendments to the State's annual LIHEAP plan reflecting changes relating to the MEAP program, it is likely that the number of recipients of benefits from both bill payment assistance programs will continue to increase through the remainder of fiscal 2024. As mentioned previously, fiscal 2023 increases in the number of recipients of both MEAP and EUSP bill payment assistance were the first year-over-year increase of recipients for either program since fiscal 2014, so a second consecutive year of increases in the number of recipients of these two programs in fiscal 2024 would be notable.

Implementation of Categorical Eligibility

Chapter 207 of 2023 requires OHEP to implement categorical eligibility for EUSP. Categorical eligibility refers to the practice of qualifying an applicant for a benefit program based on their prior to concurrent determination of eligibility for another benefit program. Specifically, Chapter 207 requires OHEP, as of January 1, 2024, to enroll in energy assistance programs any household with an individual who meets the financial eligibility requirements of the following programs:

- Supplemental Nutrition Assistance Program;
- Temporary Assistance for Needy Families;
- Supplemental Security Income; or
- Means Tested Veterans Affairs Benefits.

In addition, Chapter 207 increased the income eligibility for the EUSP program to 200% of the federal poverty level (FPL). Prior to the enactment of Chapter 207, eligibility for the EUSP program was 175% of FPL generally and 200% for only applicants 67 years of age or older. Chapters 638 and 639 of 2021 previously increased income eligibility from 175% to 200% for this age group, effective beginning fiscal 2022.

Committee narrative in the 2023 *Joint Chairmen's Report* (JCR) requested that DHS provide an update on the steps that it has taken toward the implementation of categorical eligibility for energy assistance programs. In its response, DHS reported that it took several actions prior to Chapter 207's effective date of January 1, 2024, including;

- revising OHEP documentation policies;
- completing a partial integration of the OHEP data system into the new Eligibility and Enrollment (E&E) System component of MD THINK, which is the system used for other public benefits; and
- submitting and receiving approval of its fiscal 2024 LIHEAP plan to HHS that reflects the implementation of categorical eligibility in fiscal 2024.

In calendar 2024, DHS plans to continue work to revise its policies for application processing to reflect categorical eligibility changes and to continue working on the necessary steps toward fully integrating the existing OHEP data system with the E&E system by fiscal 2026.

In its response, DHS estimated that approximately 79,000 additional households could become eligible to receive energy assistance benefits through OHEP as a result of categorical eligibility changes. DHS indicates that it has realigned benefit levels for fiscal 2024 to be more consistent with historic benefit levels prior to fiscal 2022 in order to accommodate the increased number of households anticipated to receive benefits during fiscal 2024 within the available funding levels. This realignment is reflected in program data through December 2023, which shows decreased benefit sizes compared to fiscal 2022 and 2023 levels for both the EUSP bill payment assistance and MEAP programs. DHS increased benefit levels significantly during those years as a result of higher levels of funding available for benefits. In its *Fiscal Year 2023 EUSP Annual Report to the Maryland PSC*, OHEP and PSC, which approves OHEP's annual operating plan for the EUSP program, found that fiscal 2024 program funding levels will be adequate to meet the needs of increased recipients of energy assistance benefits as a result of categorical eligibility changes. However, OHEP indicates that additional funding for energy assistance programs may be needed in future fiscal years depending on the level of increased enrollment.

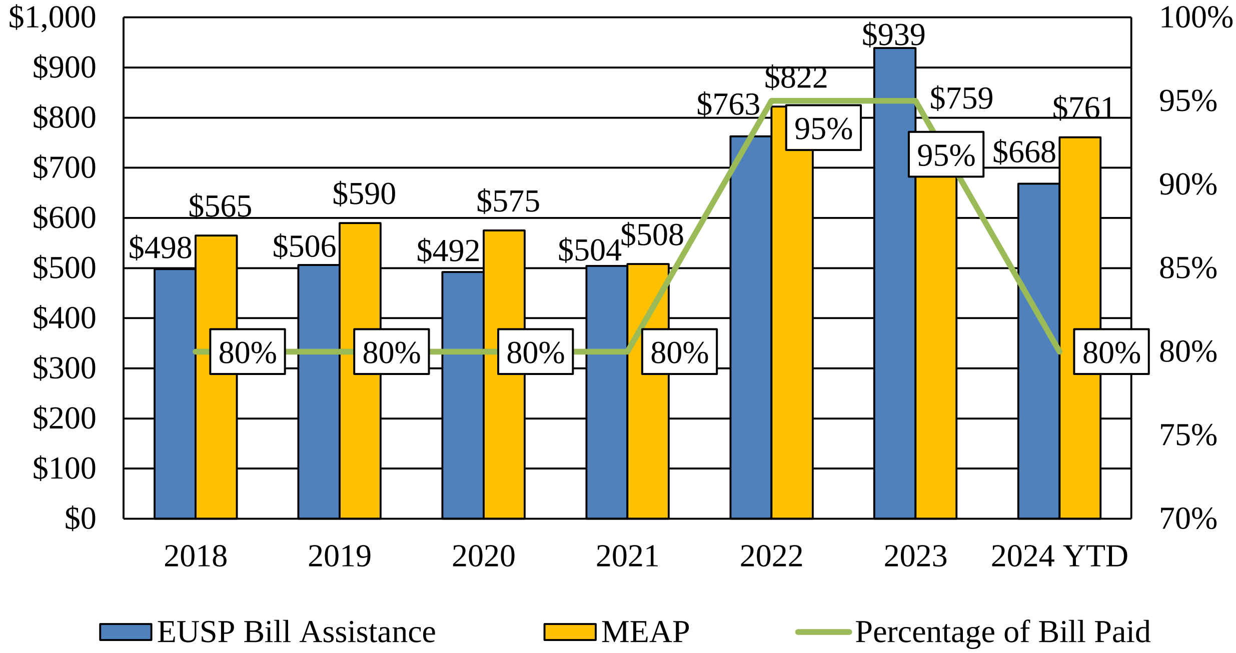
Following the initial implementation of categorical eligibility changes, DHS estimates that some additional cost savings will be achieved for program administration through a streamlined application process. However, the fiscal 2025 allowance reflects increased administrative costs, at least for the initial implementation of categorical eligibility changes. DHS indicates that at this time, it is unclear if changes related to the implementation of categorical eligibility will result in a net increase or net decrease of workload associated with the determination of eligibility for applications for energy assistance programs.

Average Benefit Size

The current methodology used by OHEP to calculate benefit size for the EUSP bill payment assistance program is customizable based on the number of program applicants, recipients, and expenditures while allowing for an equitable distribution of energy assistance grants. Currently, five levels of benefits are provided, depending on the recipient's income level. Benefits are further targeted depending on annual electric usage during the previous 12-month period, the average cost of all components of residential electric bills as of July 1, and through a utility index that takes into account variations in cost between utility service territories. OHEP indicates that the goal of the EUSP bill payment assistance program is to pay a set percentage of a customer's electric bill in order to make them more affordable for customers with the lowest income levels rather than pay the entirety of a customer's electric bill.

As shown in **Exhibit 11**, the average benefit size for both bill payment assistance programs have increased significantly since fiscal 2021, reflective of both increasing energy costs and also due to enhanced benefit levels and the provision of supplemental benefits, including through the availability of supplemental LIHEAP funding in fiscal 2022 and 2023 available from federal stimulus spending. For both the MEAP and EUSP bill payment assistance programs, the average benefit sizes rarely exceeded $600 over the decade prior to fiscal 2022. However, in fiscal 2022, the average benefit increased by 51.4% compared to fiscal 2021 for the EUSP bill payment assistance program, from $504 to $763, and increased by 61.8% compared to fiscal 2021 for MEAP, from $508 to $822. In fiscal 2023, the average benefit for the EUSP bill payment assistance program increased by an additional 23.0%, to $939. The average benefit for MEAP declined by 7.6% in fiscal 2023 but remained at an elevated level compared to prior years, at $759.

Exhibit 11
Average Benefit Size for Bill Payment Assistance Programs
Fiscal 2018-2024 (through December)



EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program
YTD: year to date

Source: Department of Human Services

However, with the decline in the percentage of bill paid in fiscal 2024 compared to fiscal 2023, reflecting the adjustments made to accommodate categorical eligibility, average benefits have decreased. For example, at the lowest income level, the estimated percentage of bill paid in fiscal 2024 for electric bills through both MEAP and EUSP benefits is 80%. In both fiscal 2022 and 2023, the estimated percentage of bill paid for electric bills through both MEAP and EUSP benefits was 95%, reflecting the heightened benefit sizes during those years. An estimated percentage of bill paid of 80% is consistent with the percentage that was used in fiscal 2021 and prior years. In fiscal 2024 (through December), the average benefit for the MEAP program remained roughly similar to fiscal 2023 ($761), while the average benefit for the EUSP bill payment assistance program decreased to $668, the lowest level since fiscal 2021. This decrease is consistent with plans outlined by OHEP in its EUSP *Proposed Operations Plan for Fiscal 2024* in which it indicates that it will begin to resize benefit levels to levels consistent with those in fiscal 2019 in order to accommodate newly eligible households being automatically enrolled under the new categorical eligibility changes.

Among arrearage assistance programs, average benefits for both programs have increased significantly since fiscal 2020. Between fiscal 2020 and 2023, the average benefit for the EUSP arrearage assistance program increased by 44.2%, from $779 to $1,123, while the average benefit for the gas arrearage program increased by 40.4%, from $636 to $893. In fiscal 2024 (through December), the average benefit for the EUSP arrearage assistance program decreased by 4.3%, to $1,074, while the average benefit size for the gas arrearage program increased by 3.4%, to $923.

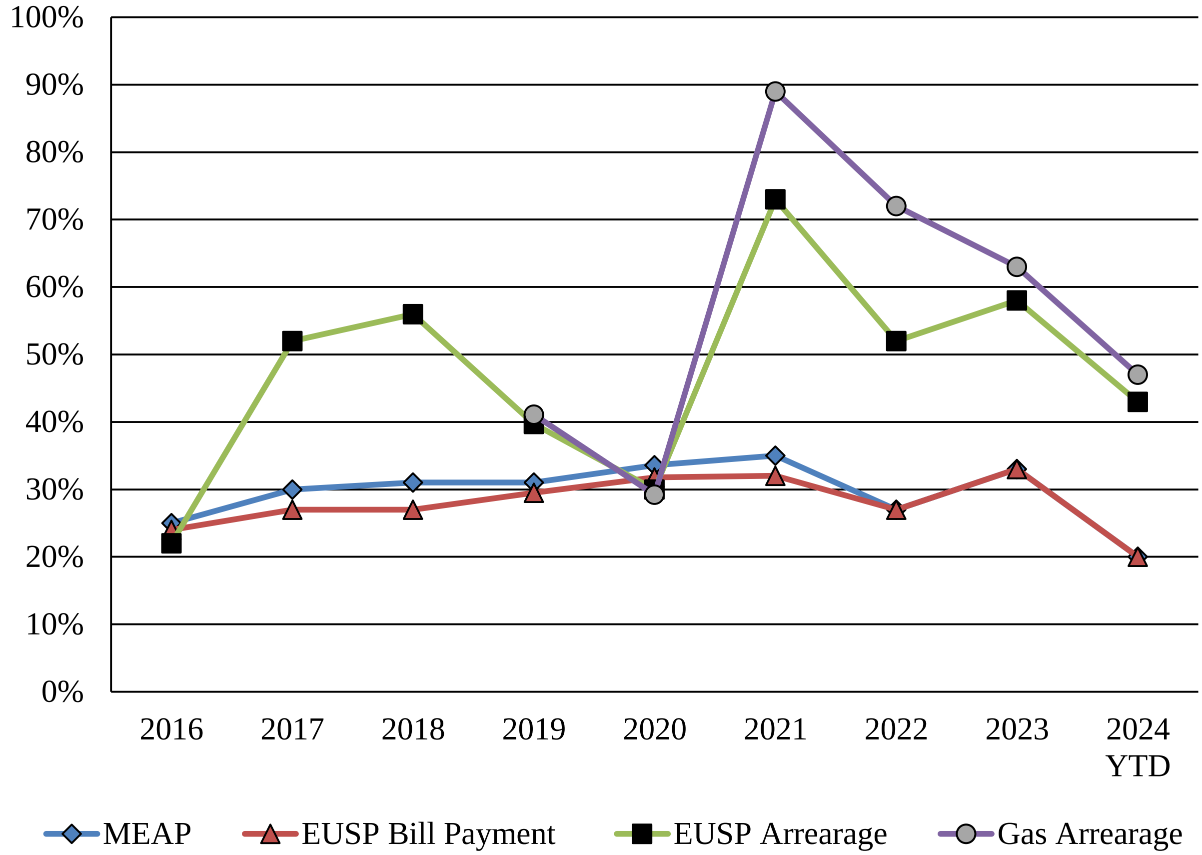
Overall, for the first six months of fiscal 2024, total spending on energy assistance is 4.8% lower as compared to the same time period in fiscal 2023, primarily due to decreased spending for EUSP bill payment assistance. However, it is likely that the amount of benefits paid will increase through the remainder of fiscal 2024 due to the anticipated increase in the number of recipients of energy assistance benefits following the implementation of categorical eligibility changes on January 1, 2024.

2. Energy Assistance Application Denial Rates and Reasons for Denial

In an effort to monitor energy assistance application and denial rates, annual committee narrative in the JCR has requested that DHS submit a report on application denial rates by energy assistance benefit type and the most common reasons for application denials by benefit type.

As shown in **Exhibit 12**, denial rates have decreased for all benefit types during fiscal 2024 (as of November 1, 2023) compared to fiscal 2023. The largest decrease in denial rates in fiscal 2024 was in the gas arrearage assistance program, which had a 16 percentage point decrease compared to fiscal 2023. Despite the decrease, the gas arrearage assistance program continues to have the highest overall denial rate of all programs in fiscal 2024, at 47.0%. Denial rates for the EUSP arrearage assistance program declined by 15.0 percentage points in fiscal 2024, to 43.0%. Denial rates for both the EUSP bill payment assistance program and the MEAP program decreased by 13 percentage points, to 20.0%. If it stays at that level through the remainder of the year, it would be the lowest denial rate for EUSP bill payment assistance since fiscal 2014.

Exhibit 12
Application Denial Rates by Benefit Type
Fiscal 2016-2024 (through November 1, 2023)



EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program
YTD: year to date

Source: Department of Human Services

As shown in **Exhibit 13**, in fiscal 2024 (through November 1, 2023), the most common reason for application denial for all energy assistance programs was due to an application with incomplete information. The second most common reason for application denial for all energy assistance programs was due to a household having an income level over the eligibility threshold. These two reasons for denial have remained the most common reasons for denial for all benefit types since fiscal 2021. Incomplete information includes, but is not limited to, photo identification, Social Security number documentation, or proof of residence, among other required documents. A denial for incomplete income proof indicates that all required information was submitted except for documentation providing proof of income.

Exhibit 13
Application Denial Rates by Benefit Type and Reason
Fiscal 2024 (through November 1, 2023)

Program	Most Common Reason for Denial	Second-most Common Reason for Denial	Third-most Common Reason for Denial
MEAP	Incomplete Information	Over Income	Incomplete Income Proof
EUSP Bill Payment	Incomplete Information	Over Income	Incomplete Income Proof
EUSP Arrearage	Incomplete Information	Over Income	Other – Ineligible
Gas Arrearage	Incomplete Information	Over Income	Other – Ineligible

EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program

Source: Department of Human Services

Chapters 638 and 639 made changes allowing for a period of three months after denial due to incomplete information for an applicant to provide additional documentation to cure the denied application. DHS reports that 16,713 applications that were initially denied due to missing information were subsequently cured in fiscal 2023.

3. Energy Assistance Application Processing Times

Annual committee narrative in the JCR has requested that DHS submit a report providing information on application processing times by LAAs. Processing times are reported through two performance measures: (1) average number of days to process (certify or deny applications); and (2) percentage of applications processed within certain timeframes. While there are no formal processing time standards, the utility termination protection time period (55 days) has been used as the measure for timely processing.

Average Application Processing Time by Jurisdiction

As shown in **Exhibit 14**, in fiscal 2024 (through November 1, 2023), the statewide average number of days to process an application is 29 days. This average represents a decrease of 7 days compared to the fiscal 2023 average. Increases in the average number of days to process applications since fiscal 2023 have occurred in 10 LAAs, while 10 saw decreases. The largest increase in application processing times occurred in the Southern Maryland Tri-County Action Committee, Inc. (Calvert, Charles, and St. Mary's counties), Baltimore, Dorchester, and Howard counites. The largest decreases in application processing times occurred in Allegany, Prince George's, and Washington counties. DHS reported that 5 LAAs had average processing times of over 40 days as of November 1, 2023, while 6 LAAs had average processing times of under 20 days. **DHS should comment on the reasons for the increase in the average number of days to process an application for the Southern Maryland Tri-County Action Committee, Inc., and the decreases for the Allegany County Department of Social Services, the Prince George's County Department of Social Services, and the Washington County Community Action Committee.**

Exhibit 14
Average Days to Process Energy Assistance Applications
Fiscal 2022-2024

	2022	2023	2024*	Change 2023-2024
Allegany County DSS	92	80	9	-71
Anne Arundel County CAC	26	38	45	7
Baltimore City Mayor's Office of Children and Family Success	39	36	35	-1
Baltimore County DSS	11	13	23	10
Caroline County DSS	16	25	20	-5
Human Service Programs of Carroll County Inc.	16	11	12	1
Cecil County DSS	24	25	24	-1
Dorchester County DSS	19	28	42	14
City of Frederick Housing and Human Services	21	26	32	6
Garrett County CAC	9	5	2	-3
Harford County CAC	14	14	15	1
Howard County CAC	27	22	33	11
Kent County DSS	16	10	9	-1
Montgomery County Department of Health and Human Services	30	49	48	-1
Prince George's County DSS	16	68	43	-25
Queen Anne's County DSS	19	26	30	4
Southern Maryland Tri-County Community Action Committee Inc. (Calvert, Charles, and St. Mary's Counties)	39	5	44	39
Neighborhood Service Center Inc. (Talbot County)	9	13	8	-5
Washington County CAC	27	57	27	-30
Shore UP! Inc. (Somerset, Worcester, and Wicomico Counties)	14	21	24	3
Total	**26**	**36**	**29**	**-7**

CAC: Community Action Council

DSS: Department of Social Services

* Through November 1, 2023.

Source: Department of Human Services

Applications Processed Beyond the 55-day Guideline

As shown in **Exhibit 15**, in fiscal 2024 (through November 1, 2023), statewide, 14% of applications have been processed in longer than 55 days, a decrease of 8 percentage points from the fiscal 2023 average. The LAAs serving Anne Arundel and Prince George's counties have processed 39% of applications in longer than 55 days, the highest percentage statewide. Additionally, two other LAAs had over 30% of applications processed beyond the 55-day guideline, Montgomery County (37%), and the Southern Maryland Tri-County Community Action Committee, Inc. (Calvert, Charles, and St. Mary's counties). The majority of LAAs, 13, had less than 10% of applications processed beyond the 55-day guideline in fiscal 2024 (through November 1, 2023). **DHS should comment on the reasons for the high percentages of applications processed beyond 55 days for the Anne Arundel County Community Action Agency, Inc., the Prince George's County Department of Social Services, the Montgomery County Department of Health and Human Services, and the Southern Maryland Tri-County Community Action Committee, Inc.**

Exhibit 15

Applications Processed Beyond the 55-day Guideline

Fiscal 2022-2024

	2022	2023	2024*	Change 2023-2024
Allegany County DSS	59%	49%	0%	-49%
Anne Arundel County CAC	6%	23%	39%	16%
Baltimore City Mayor's Office of Children and Family Success	27%	24%	20%	-4%
Baltimore County DSS	0%	1%	0%	-1%
Caroline County DSS	2%	3%	1%	-2%
Human Service Programs of Carroll County Inc.	0%	0%	0%	0%
Cecil County DSS	1%	2%	0%	-2%
Dorchester County DSS	1%	4%	25%	21%
Frederick County DSS	1%	1%	0%	-1%
Garrett County CAC	2%	1%	0%	-1%
Harford County CAC	1%	1%	1%	0%
Howard County CAC	14%	3%	3%	0%
Kent County DSS	2%	1%	2%	1%
Montgomery County Department of Health and Human Services	8%	37%	37%	0%
Prince George's County DSS	1%	55%	39%	-16%
Queen Anne's County DSS	1%	3%	1%	-2%
Southern Maryland Tri-County Community Action Committee Inc. (Calvert, Charles, and St. Mary's Counties)	27%	46%	36%	-10%

	2022	2023	2024*	Change 2023-2024
Neighborhood Service Center Inc. (Talbot County)	1%	0%	1%	1%
Washington County CAC	9%	47%	5%	-42%
Shore UP! Inc. (Somerset, Worcester, and Wicomico Counties)	1%	3%	13%	10%
Total	**10%**	**22%**	**14%**	**-8%**

CAC: Community Action Council
DSS: Department of Social Services

* Through November 1, 2023.

Source: Department of Human Services

4. Establishment of a Centralized Administrative Model

Currently, OHEP energy assistance programs are administered by 20 LAAs throughout the State's 24 jurisdictions. Of these 20 LAAs, 9 are LDSS, 2 are through units of local government (the City of Baltimore and the City of Frederick), and 9 are nonprofit community action agencies. Of the community action agencies, 2 serve multiple counties (the Southern Maryland Tri-County Action Committee, Inc. serves Calvert, Charles, and St. Mary's counties, and the Shore Up!, Inc. serves Somerset, Worcester, and Wicomico counties). DHS has previously outlined plans, in prior year responses to committee narrative in the JCR, for creating a centralized administrative model for energy assistance programs under LDSS. The previous plan included the integration of the existing OHEP data system with the E&E System within the MD THINK platform. However, this integration is also required as part of its implementation of categorical eligibility.

Additional enhancements to the MD THINK system are planned to be undertaken during fiscal 2024, including customer service improvements to improve the applicant experience, program integrity improvements to ensure compliance with statutes, regulations, and rules regarding government waste, fraud, and abuse, and performance management improvements to ensure that data reporting is available to meaningfully assess the performance of programs. DHS indicates that in order to prevent adverse impacts on program applicants, the transition from the current administrative model to an administrative model centralized under LDSS cannot occur until these improvements have been made and the MD THINK system is meeting performance expectations. DHS currently anticipates that transition planning in partnership with LDSS will take place in fiscal 2026 following the completion of improvements to the MD THINK system. This timeline is subject to the actual timeline of completion of improvements to the MDTHINK consumer portal. This timeline represents a two-year delay from the previous estimate provided in a December 2022 response to a request on this issue contained in the 2022 JCR, when DHS indicated that the transition to a centralized administrative model could take place as early as prior to the beginning of fiscal 2024.

Additionally, as part of the transition to a centralized administrative model, DHS anticipates that, in consultation with LDSS directors, DHS will need to determine if additional staffing needs are required due to increased workloads resulting from categorical eligibility changes. DHS anticipates that following the transition, existing non-LDSS administering agencies currently under contract with OHEP will continue to play a role in providing outreach for energy assistance programs and providing assistance to applicants with completing applications through the E&E consumer portal. **DLS recommends adopting committee narrative requesting a report on the status of the transition and any anticipated costs and staffing needs associated with the change.**

Operating Budget Recommended Actions

1. Adopt the following narrative:

   Energy Assistance Application Processing Times and Denial Rates: The committees are interested in continuing to monitor energy assistance application processing times by local administering agencies (LAA) and overall program denial rates. The committees request that the Department of Human Services (DHS) provide by LAAs:

   - the number of applications received;
   - the average number of days to process an application; and
   - the number and percentage of applications processed within 30 days, 55 days, and longer than 60 days.

   The report should discuss the primary reasons for any substantial changes in processing times that have occurred for individual LAAs between fiscal 2024 and 2025 year-to-date data.

   In addition, the committees request that DHS provide application denial rates separately by benefit type as well as the share of application denials by reasons separately by benefit type. Data should include the number of applications initially denied due to incomplete information that were subsequently cured due to applicants providing missing information within the additional three months, as allowed under Chapters 638 and 639 of 2021. Fiscal 2024 end-of-year actual data for denial rates should be included in the report as well as fiscal 2024 data current through November 1, 2024.

Information Request	Author	Due Date
Application processing times and denial rates	DHS	December 31, 2024

2. Adopt the following narrative:

   Implementation of Changes in Eligibility for Energy Assistance Programs: The committees are interested in receiving updates on the impact of changes in eligibility for energy assistance programs due to Chapter 207 of 2023. The committees request that the Department of Human Services (DHS) submit a report on the status of implementation of categorical eligibility for energy assistance, including an update on the status of the integration of the Office of Home Energy Programs data system within the Eligibility and Enrollment component of the Maryland Total Human Services Integrated Network platform, and the status of ongoing system maintenance to improve customer service. Additionally, the report should include a discussion of the number of additional households with incomes between 175% and 200% of the federal poverty level determined to be newly eligible for energy assistance benefits during the second half of fiscal 2024 and 2025, current through December 1, 2024, as a result of income eligibility changes implemented through Chapter 207 of 2023, and the adequacy of funding levels for energy assistance in the fiscal 2025 allowance to meet the increased number of recipients of benefits.

Information Request	Author	Due Date
Report on the status of implementation of categorical eligibility	DHS	January 1, 2025

3. Adopt the following narrative:

Establishment of a Centralized Administrative Model for Energy Assistance: The committees are interested in receiving updates on the status of the establishment of a centralized administrative model for energy assistance programs under local departments of social services (LDSS). The committees request that the Department of Human Services (DHS) submit a report including an updated timeline for the transition of the administration of energy assistance programs from local administering agencies to LDSS. Additionally, the report should include a discussion of the estimated changes in administrative costs resulting from this transition, any additional staffing needs of LDSS due to this transition, and where additional costs for administrative expenses or personnel will be budgeted, if additional costs are identified. Lastly, the report should discuss how LDSS will work with current non-LDSS administering agencies to complete this transition, including what role these agencies will play in the application process for energy assistance benefits following the transition to the centralized administrative model.

Information Request	Author	Due Date
Report on the transition to a centralized administrative model for energy assistance programs	DHS	January 15, 2025

Updates

1. PSC Approval of Supply Offers for OHEP Benefit Recipients

Chapters 636 and 637 of 2021 required PSC to establish an administrative process to approve supply offers for electric or natural gas service for low-income households receiving energy assistance benefits through OHEP. Effective July 1, 2023, under provisions in the bill, a third-party retail energy supplier is prohibited from providing electric or natural gas service to a household which received energy assistance through OHEP during the previous fiscal year, unless through a supply offer approved by PSC. An approved supply offer must include a commitment by a third-party retail energy supplier to charge at or below the standard offer service rate or gas commodity rate for the entirety of the term of the supply offer. Additionally, a supplier is prohibited from renewing a contract with, or charging a termination fee to households that have received energy assistance benefits through OHEP during the past year.

DHS indicates that low-income customers who chose to purchase electricity through a PSC-approved supply offer from a third-party supplier will continue to be eligible for OHEP administered energy assistance benefits as long as they continue to meet other program eligibility requirements.

2. PSC Approval of Limited-income Mechanisms Developed by Utilities

Chapters 638 and 639 required utility companies to develop limited-income mechanisms to benefit low-income customers, subject to approval by PSC. These mechanisms may include any program, tariff provision, credit, rate, rider, or other means to assist an eligible limited-income customer to afford utility service. Of Maryland utility companies, currently only Potomac Edison has filed a proposal for such a mechanism with PSC for approval. This proposal includes providing increased outreach for energy assistance benefits available to low-income customers and providing discounts on electric distribution rates for low-income customers during the winter heating season. On November 20, 2023, PSC announced the establishment of Public Conference 59 (PC 59), which will serve as a forum for ideas and suggestions for the development of additional potential mechanisms that could benefit low-income utility customers. As part of PC 59, PSC is requesting public comments from utility customers, consumer advocates, elected officials, utilities, and social justice organizations.

3. Workgroup on Low-income Utility Assistance

Chapter 282 of 2023 extended the Workgroup on Low-Income Utility Assistance through January 1, 2024, and required the workgroup to submit a final report of its study, findings, and recommendations, including recommended legislation and regulatory changes, to the Senate Finance Committee and House Economic Matters Committee prior to that date. The workgroup was previously established by Chapters 638 and 639 to study existing federal and state energy assistance programs, inefficiencies or gaps in accessing benefits for these programs, and to assess the feasibility or need for new programs. In addition to DHS, membership of the workgroup also consisted of representatives from the Maryland General Assembly, the Attorney General's Office, PSC, Office of People's Counsel, DHCD, and other advocates. As of February 2024, the workgroup's final report has not yet been submitted to the General Assembly.

Appendix 1
2023 *Joint Chairmen's Report* Responses from Agency

The 2023 JCR requested that DHS OHEP prepare two reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Energy Assistance Application Processing Times and Denial Rates:*** A report was submitted containing data on the average number of days to process applications and the number and percentage of applications processed within certain timeframes, by jurisdiction. The report also included an update on application denial rates and reasons for denials. Further discussion of this data can be found in Issues 2 and 3 of this analysis.

- ***Implementation of Categorical Eligibility for Energy Assistance Programs:*** A report was submitted providing an update on the status of steps taken by DHS to implement categorical eligibility for energy assistance programs, including the establishment of a centralized administrative model and other necessary changes. Further discussion of this report can be found in Issue 1 of this analysis.

Appendix 2
Object/Fund Difference Report
DHS Office of Home Energy Programs

Object/Fund	FY 23 Actual	FY 24 Working Appropriation	FY 25 Allowance	FY 24 - FY 25 Amount Change	Percent Change
Positions					
01 Regular	14.00	14.00	14.00	0.00	0%
Total Positions	**14.00**	**14.00**	**14.00**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 2,767,027	$ 1,258,515	$ 1,417,664	$ 159,149	12.6%
02 Technical and Special Fees	1,448,854	3,500	3,500	0	0%
03 Communication	34,688	41,162	41,158	-4	0%
04 Travel	426	1,985	0	-1,985	-100.0%
06 Fuel and Utilities	352,877	11,495	7,670	-3,825	-33.3%
08 Contractual Services	231,334,446	213,879,387	199,305,118	-14,574,269	-6.8%
09 Supplies and Materials	180,882	131,382	111,738	-19,644	-15.0%
10 Equipment – Replacement	4,423	0	0	0	0.0%
11 Equipment – Additional	1,654	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	396,387	80,000	0	-80,000	-100.0%
13 Fixed Charges	97,404	8,569	8,850	281	3.3%
Total Objects	**$ 236,619,068**	**$ 215,415,995**	**$ 200,895,698**	**-$ 14,520,297**	**-6.7%**
Funds					
01 General Fund	$ 80,000	$ 94,607	$ 14,607	-$ 80,000	-84.6%
03 Special Fund	118,405,921	135,208,942	131,960,002	-3,248,940	-2.4%
05 Federal Fund	118,133,147	80,112,446	68,921,089	-11,191,357	-14.0%
Total Funds	**$ 236,619,068**	**$ 215,415,995**	**$ 200,895,698**	**-$ 14,520,297**	**-6.7%**

Note: The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 3
Fiscal Summary
DHS Office of Home Energy Programs

Program/Unit	FY 23 Actual	FY 24 Wrk Approp	FY 25 Allowance	Change	FY 24 - FY 25 % Change
9F01 OHEP Administration	$ 14,382,452	$ 12,630,502	$ 17,085,100	$ 4,454,598	35.3%
9F02 Maryland Energy Assistance Program	79,924,601	68,963,706	58,629,245	-10,334,461	-15.0%
9F03 Electric Universal Service Program	38,151,386	30,762,784	30,731,849	-30,935	-0.1%
9F04 State Special Benefits	0	400,000	400,000	0	0%
9F05 Maryland Strategic Energy Investment Fund	74,533,553	99,079,134	94,049,504	-5,029,630	-5.1%
9F08 LIHEAP Supplemental	22,555,378	0	0	0	0%
9F09 LIHWAP ARPA	3,407,691	0	0	0	0%
9F10 LIHWAP CRSSA	3,664,007	3,579,869	0	-3,579,869	-100.0%
Total Expenditures	**$ 236,619,068**	**$ 215,415,995**	**$ 200,895,698**	**-$ 14,520,297**	**-6.7%**
General Fund	$ 80,000	$ 94,607	$ 14,607	-$ 80,000	-84.6%
Special Fund	118,405,921	135,208,942	131,960,002	-3,248,940	-2.4%
Federal Fund	118,133,147	80,112,446	68,921,089	-11,191,357	-14.0%
Total Appropriations	**$ 236,619,068**	**$ 215,415,995**	**$ 200,895,698**	**-$ 14,520,297**	**-6.7%**

Note: The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management. .