

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 719
 Finance

(Senator Benson)

Economic Matters

**Human Services - Office of Home Energy Programs - Power to the People Pilot
 Program Personnel and Uniform Redetermination Process**

This bill requires the Office of Home Energy Programs (OHEP) in the Department of Human Services (DHS) to develop a uniform determination process, to be updated annually, to assist eligible energy customers who are at least 65 years old in enrolling in energy assistance programs. OHEP must maintain records organized by county, including the number of households during the previous year (1) that were eligible for redetermination; (2) whose notice of the redetermination process was verified and returned; and (3) that were reenrolled in the redetermination process. This information must be reported to the General Assembly by December 1 each year. The bill also specifies that funding for the Power to the People Pilot Program in fiscal 2023 and 2024 must be used to fund part-time rather than full-time personnel. DHS must adopt regulations to implement the bill.

Fiscal Summary

State Effect: DHS general fund expenditures increase by \$1.4 million in FY 2023 for additional staff in local administering agencies (LAAs). Future years reflect annualization. Revenues are not affected.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.4	1.7	1.7	1.8	1.8
Net Effect	(\$1.4)	(\$1.7)	(\$1.7)	(\$1.8)	(\$1.8)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Montgomery County expenditures increase by at least \$54,300 in FY 2023 for additional staff, as discussed below. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The redetermination process must require LAAs to (1) have an accessible location to receive eligible energy customers' applications according to OHEP's contractual or program requirements and (2) establish a policy reflecting reasonable accommodations for applicants who are homebound or request accommodation, including by arranging a home visit or allowing an individual to apply on behalf of an eligible energy customer. OHEP may not require a new application for a current energy customer whose eligibility has not changed from the previous year.

Under the redetermination process, OHEP must:

- provide notice of the redetermination process to all eligible energy customers and include with the notice an addressed envelope with prepaid postage;
- require yearly verification of status for each customer that qualifies for the redetermination process; and
- allow an eligible energy customer 45 days to respond to a request for additional information.

Current Law: OHEP administers a variety of energy assistance programs and services for residential customers using LAAs, including local departments of social services, in each county and Baltimore City. These programs include, among others, the Electric Universal Service Program (EUSP) and the Maryland Energy Assistance Program (MEAP), which is Maryland's version of federal Low Income Home Energy Assistance Program (LIHEAP).

Both programs require a household income of at or below 175% of the federal poverty level (FPL) – in fiscal 2022, \$40,303 for a household of three. Per program regulations, to be eligible for assistance under MEAP, members of the household must be U.S. citizens or qualified aliens; for EUSP, only an applicant must be a U.S. citizen, legal immigrant, or qualified alien. A single energy assistance application is required for both EUSP and MEAP. Social Security Number (SSN) verification is required for all household members, as well as documentation of income for each household member age 18 or older. On the energy assistance application, applicants can choose to apply for only EUSP, for only MEAP, or for other programs such as arrearage retirement assistance.

According to a *Joint Chairmen's Report* response submitted by OHEP in December 2021, in fiscal 2022 (through November 1, 2021), a total of 43,370 MEAP and 41,867 EUSP applications were received, with a 23% and 22% denial rate, respectively. The top reasons for denial for both programs were (1) incomplete information (including missing photo identification, SSN, proof of residence, proof of section 8/utility supplement forms,

required OHEP forms, verification of living arrangement, or provider statements); (2) the applicant's income exceeded 175% FPL; and (3) failure to provide proof of income (but all other documents submitted). An applicant has 90 days from the date of application to return any missing documents for reconsideration.

Categorical Eligibility

Categorical eligibility refers to the practice of qualifying an applicant for a benefit program based on their prior or concurrent determination of eligibility for another benefit program. According to the 2021 [*Joint Chairmen's Report*](#), DHS indicated that it would take steps to implement categorical eligibility in an effort to simplify the application process for energy assistance, reduce application denial rates, and reduce administrative costs. Currently, an applicant's eligibility for other benefit programs administered by DHS is not considered as part of the assessment for eligibility for energy assistance. For more information on categorical eligibility, see the Department of Legislative Services' [*Analysis of the FY 2023 Maryland Executive Budget, 2022 N00I0006, Office of Home Energy Programs, Department of Human Services*](#).

Electric Universal Service Program

EUSP helps the State's vulnerable populations and other traditionally underserved populations pay their electric bills, minimize crises, and reduce their electric costs. Benefits include bill payment assistance and arrearage retirement assistance. The Department of Housing and Community Development may also provide weatherization benefits from revenues collected for this program as appropriated in the budget. EUSP is funded by a combination of sources: (1) a ratepayer surcharge on electric bills; (2) an allocation of revenue from the Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions (budgeted through the Strategic Energy Investment Fund); and (3) when available, if needed, LIHEAP.

Families eligible for EUSP must have (1) incomes at or below 175% FPL; (2) an electric bill responsibility; and (3) a household member who is a citizen, legal immigrant, or qualified alien. Households must also agree to a budget billing or monthly crediting plan. Households must also have a past due balance of at least \$300 to receive arrearage assistance. Households are only eligible for arrearage assistance once every seven years, except in limited circumstances. The program is open to all eligible individuals on a first-come, first-served basis and is limited by the availability of funds.

Maryland Energy Assistance Program

MEAP helps the State's vulnerable populations pay their heating bills, minimize crises, and make heating costs more affordable. Benefits include utility and fossil fuel payments,

the Utility Service Protection Program, referrals to weatherization services, emergency heating system repairs/replacement, waivers on utility fees, and discounts on fuel purchases.

MEAP is 100% federally funded by LIHEAP. In general, MEAP benefits are paid directly to the building operator, property management company, or landlord if they agree to reduce the tenant's utility charge or rent by the amount of the benefit received on the resident's behalf. However, it is possible for a resident to receive the benefit directly if the heating bill is in the resident's name. To qualify for MEAP, a family must have an income at or below 175% FPL with a heating bill responsibility and be U.S. citizens. Roomers and boarders may receive a benefit separate from the household from whom they are renting.

Power to the People Pilot Program

Chapters 453 and 454 of 2021 require OHEP, in coordination with the United Way of Central Maryland and the Fuel Fund of Maryland, to establish the Power to the People Pilot Program by July 1, 2022. The pilot program will expand access to the Critical Medical Needs Program and provide training for 2-1-1 Maryland United Way Helpline intake specialists and case managers to serve as navigators. The Governor must include in the fiscal 2023 and 2024 annual budget bill \$80,000 to OHEP for the pilot program. Funds must be used to hire (1) one full-time intake specialist for the 2-1-1 Maryland United Way Helpline; (2) one full-time care manager for the 2-1-1 Maryland United Way Helpline; and (3) one part-time project coordinator at the Fuel Fund of Maryland.

State Expenditures: OHEP general fund expenditures increase by \$1,418,251 in fiscal 2023, which accounts for the bill's October 1, 2022 effective date. This estimate reflects the cost of hiring 23 human services specialists, one for each of the LAAs except for Montgomery County, to receive and evaluate eligible energy customers' applications and conduct home visits, as needed. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	23
Salaries and Fringe Benefits	\$1,249,362
Operating Expenses	<u>168,889</u>
Total FY 2023 State Expenditures	\$1,418,251

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate does not include expenses related to conducting home visits beyond the personnel.

Local Expenditures: Employees of local departments of social services are State employees, except for Montgomery County. Thus, Montgomery County expenditures increase by at least \$54,321 in fiscal 2023, which reflects the bill's October 1, 2022

effective date, to hire a minimum of one additional staff to receive and evaluate eligible energy customers' applications and conduct home visits, as needed. Montgomery County advises that as many as two full-time and one part-time (50%) personnel are needed to implement the bill at a cost of approximately \$155,000 in fiscal 2023.

Additional Information: In fiscal 2021, approximately 39,607 households received a total of \$22.8 million in EUSP benefits, with an average bill payment benefit of \$471 per household and an average arrearage payment of \$906 per household. For MEAP, in fiscal 2021, a total of \$20.5 million in benefits were paid to approximately 40,110 households, with an average benefit of \$510 per household.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1001 (Delegate Carey) - Economic Matters.

Information Source(s): Montgomery County; Department of Human Services; Office of People's Counsel; Public Service Commission; Department of Legislative Services

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Analysis by: Amberly Holcomb

Direct Inquiries to:
(410) 946-5510
(301) 970-5510