

**NC.01**  
**Adult and Community Services**  
**Department of Human Resources**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>		<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Fund	\$30,539	\$29,294	\$36,905	\$7,611	26.0%
Special Fund	1,427	34,984	35,314	330	0.9%
Federal Fund	65,038	69,680	76,689	7,009	10.1%
Reimbursable Fund	<u>438</u>	<u>455</u>	<u>470</u>	<u>15</u>	<u>3.3%</u>
<b>Total Funds</b>	<b>\$97,443</b>	<b>\$134,413</b>	<b>\$149,378</b>	<b>\$14,965</b>	<b>11.1%</b>

- The fiscal 2002 allowance increases by \$6.1 million to provide home- and community-based services for adults with physical disabilities under a federal Medicaid attendant care waiver. In addition, the allowance includes a \$1.25 million increase for respite care services.
- Approximately \$5.8 million is attributed to increased personnel expenses. Of this amount, \$0.8 million is for 7 new positions and 34.2 contractual conversions scattered throughout the administration.

***Personnel Data***

	<b>FY 00</b>	<b>FY 01</b>	<b>FY 02</b>	
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	643.00	759.15	800.35	41.20
Contractual FTEs	<u>56.94</u>	<u>40.68</u>	<u>13.48</u>	<u>(27.20)</u>
<b>Total Personnel</b>	<b>699.94</b>	<b>799.83</b>	<b>813.83</b>	<b>14.00</b>

***Vacancy Data: Regular***

Budgeted Turnover: FY 02	46.58	5.82%
Positions Vacant as of 12/31/00	78.40	10.33%

- The fiscal 2002 allowance adds 41.2 new regular positions. Of this amount, 34.2 are contractual conversions, primarily in Local Adult Services (15), the Office of Home Energy Programs (6.5), the Maryland Office of New Americans (4), and Shelter and Nutrition (4.5).
- The 7 new positions are located in the Office of Adult Services (3); Displaced Homemaker Program (1); Homeless Program (1); Legal Services Program (1); and Maryland Commission for Women (1).

Note: Numbers may not sum to total due to rounding.

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## Analysis in Brief

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### Issues

***Electric Universal Service Program Faces Major Problems in First Year:*** Chapters 3 and 4, Acts of 1999, require the Department of Human Resources (DHR) to administer a \$34.0 million Universal Service Fund to help low-income customers with bill assistance, arrearage retirement, and low-income weatherization. Computer problems have hampered the processing and certification of thousands of applications throughout the State, delaying assistance for electric customers during one of the coldest winters in Maryland. This issue will examine the difficulties in implementation and its effect on low-income electric customers. **The Department of Legislative Services (DLS) recommends the Community Services Administration (CSA) update the committees on the level of participation and expenditures to date for the Electric Universal Service Program and Maryland Energy Assistance Program. Also, DLS recommends the committees adopt budget language restricting funds in the Office of the Executive Director until a report is provided on the administration of the two programs during fiscal 2001.**

### Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add budget language restricting funds in the Office of the Executive Director until a report is provided on the Electric Universal Service and Maryland Energy Assistance Programs.		
2. Reduce funding for the Governor's Council on the Status of Girls because the Maryland Partnership for Children, Youth, and Families performs the same role as the council in evaluating and promoting the well-being of young children.	\$ 55,000	
<b>Total Reductions</b>	<b>\$ 55,000</b>	

### Updates

***CSA to Begin Implementation of Attendant Care Waiver in April 2001:*** Beginning April 1, 2001, CSA will provide home- and community-based services for adults with physical disabilities. These services will be available as a result of the Medicaid attendant care waiver received from the federal government. This update will describe the services provided by this waiver in more detail.

***Governor's Council on the Status of Girls Established:*** In June 2000, the Governor signed an executive order establishing the Governor's Council on the Status of Girls. This update will briefly describe the mission and planned activities of the council.

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***Operating Budget Analysis***

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**Program Description**

The Community Services Administration (CSA) delivers programs and services that foster independence and safety for vulnerable individuals and families in their communities. CSA works in partnership with local departments of social services (LDSS) and Maryland's communities by providing leadership and resources.

**General Administration**

The Office of the Executive Director (General Administration) provides central direction for all CSA programs and for several advisory and advocacy bodies.

**Commissions**

This program contains four commissions that serve as advocacy bodies to Maryland government and statewide resources to coordinate and promote economic, social, and political solutions for the populations served. The commissions are the Maryland Commission for Women, Governor's Commission on Hispanic Affairs, Governor's Commission on Migratory and Seasonal Farm Labor, and the Office on Asian-Pacific American Affairs.

**Refugees' Assistance**

The Maryland Office of New Americans (MONA) manages a federally funded refugee resettlement program that provides cash, medical assistance and social services, employment services, English language and cross-cultural training, skills training, and support services to refugees residing in the State. Services lead to refugees' early economic independence and social adjustment. MONA also helps legal foreign-born residents successfully complete the naturalization process.

**Legal Services**

The Maryland Legal Services Program (MLSP) provides the legal representation for children in Child in Need of Assistance (CINA) and Termination of Parental Rights (TPR) proceedings and disabled indigent adults in Adult Public Guardianship proceedings across the State of Maryland. Services are provided by contracting with legal business management organizations that provide effective legal counsel, or when there is a conflict of interest, by way of court-appointed private attorneys.

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### **Shelter and Nutrition**

The Shelter and Nutrition Program includes departmental initiatives to provide emergency shelter, transitional housing, emergency food, housing counseling, supportive services, and related activities for homeless persons and persons at risk of becoming homeless. The program includes the following seven subprograms: Emergency and Transitional Housing and Services; Housing Counseling Program; Service-Linked Housing Program; Continuum of Care/Supportive Housing Program; the Emergency Food Assistance Program; the Maryland Emergency Food Program (MEFP); and the Statewide Nutrition Assistance Program. The Homelessness Prevention Program also is administered by this office but is budgeted through the Family Investment Administration. The program administers statewide freezing weather plans and provides annual comprehensive data collection and a report on the status of homelessness in Maryland. The program provides staff for the Governor's Advisory Board on Homelessness, which provides public advocacy and education, and advises CSA on fund allocations and policy issues relating to homelessness.

### **Adult Services**

The Office of Adult Services, through local departments of social services and community-based agencies, provides services to the elderly and individuals with disabilities. This service delivery system protects vulnerable persons, promotes self-sufficiency, and avoids or delays unnecessary institutional care. The office is committed to services delivered in a manner that maximizes a person's ability to function independently.

### **Women's Services Program**

The Women's Services Program promotes departmental initiatives to provide an environment of greater safety for victims of crime and their families, especially for victims of domestic violence, rape, sexual assault, and other personal crimes. It provides for other needed services that can assist victims in crisis and in transition and reduce the trauma of victimization. The program also includes initiatives to meet the needs of unemployed and underemployed persons to increase their opportunity for stable employment. The program includes the following five subprograms: Victims of Crime Assistance Program; Domestic Violence Services Program; Women's Crisis Shelter Program; Rape Crisis Program; and Displaced Homemaker's Program. Women's Services distributes State and federal funding to community-based providers to purchase services for each of these subprograms.

### **Office of Home Energy Programs**

The Office of Home Energy Programs (OHEP) administers two energy assistance programs to help low-income customers pay their energy bills. First, the Maryland Energy Assistance Program (MEAP), which is funded by the Federal Low-Income Home Energy Assistance Program Block Grant (LIHEAP), provides financial assistance for home heating oil, electric, and gas payments. Local agencies administer LIHEAP benefits in each jurisdiction in the State. This program has recently been changed from a

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seasonal program to a full-year program. Second, the recently created Electric Universal Service Program (EUSP) provides bill assistance, arrearage retirement, and weatherization assistance for electric customers. The OHEP also provides direct cash payments, indirect assistance, and non-cash assistance for low-income families whose health and safety are at risk from potential termination of their heat, gas, and electricity.

**Governor's Proposed Budget**

The fiscal 2002 allowance increases approximately \$15.0 million, or 11.1%, over the fiscal 2001 working appropriation as shown in **Exhibit 1**. Approximately \$7.42 million in increased funds for adult services (attendant and respite care services) accounts for over half of the increase in the fiscal 2002 appropriation. Excluding this amount, the budget grows 5.7%. An additional \$5.8 million is attributed to personnel expenses, including phase in of the fiscal 2001 and 2002 cost-of-living adjustment and 41.2 new positions.

**Exhibit 1**

**Governor's Proposed Budget  
Adult and Community Services  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
2001 Working Appropriation	\$29,294	\$34,984	\$69,680	\$455	\$134,413
2002 Governor's Allowance	36,905	35,314	76,689	470	149,378
Amount Change	\$7,611	\$330	\$7,009	\$15	\$14,965
Percent Change	26.0%	0.9%	10.1%	3.3%	11.1%

**Where It Goes:**

**Personnel Expenses**

Increments, fiscal 2001 increase phase-in and other	\$3,428
41.2 new positions, including 34.2 contractual conversions plus 7 new positions throughout the administration	792
Employee and retiree health insurance rate change	725
Fiscal 2002 general salary increase	563
Turnover adjustments	337
Other fringe benefit adjustments	201
Retirement contribution rate change	(229)

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**Where It Goes:**

**Promoting Customer Independence and Protecting Vulnerable Adults**

Federal waiver for attendant care purchase of care services, and related operating costs	6,170
Enhanced funding for respite care services . . . . .	1,250
Attendant care support services in local offices . . . . .	461

**Assisting Low-income Families with Home Energy Costs**

Increased operating and advertising expenses for local administering agencies under contract with the Electric Universal Service Program (\$258,765) and new funding for a program research and evaluation contractor (\$100,000) . . . . .	359
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**Ensuring Refugees and Immigrants Are Economically Self-sufficient and Adjusted to Society**

Enhanced funding for employment and English training, transitional services, and Targeted Assistance Grants (\$329,551); expansion of special English and citizenship classes (\$25,000); and third year of longitudinal study following Somali and Vietnamese integration in social and economic life (\$12,000) . . . . .	367
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**Meeting the Needs of Victims and Displaced Homemakers in Crisis and Transition**

Enhanced funding for domestic violence and rape prevention services . . . . .	115
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**Serving as a Statewide Resource to Promote Social, Political, and Economic Equality for Women**

Operating expenses for the newly established Governor's Council on the Status of Girls and the Maryland Commission for Women . . . . .	67
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<b>Other Expenses</b> . . . . .	359
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<b>Total</b>	<b>\$14,965</b>
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Note: Numbers may not sum to total due to rounding.

**Fiscal 2002 Allowance Includes Large Expenditures for Adult Services**

In fiscal 2001, the department received a federal Medicaid waiver for attendant care services. The fiscal 2002 allowance includes \$6.1 million to be used for specific home- and community-based services for adults 21 to 59 years of age with physical disabilities. It is estimated that in fiscal 2002, these funds will help 248 individuals. An additional \$1.25 million will provide respite care services for individuals with developmental or functional disabilities. An estimated 915 additional families will be served by this increase in expenditures.

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## Community and Adult Services Grows by 41.2 New Positions

Personnel expenses account for a \$5.8 million increase in the fiscal 2002 allowance. Of this amount, approximately \$4.92 million is attributed to enhanced salaries and benefits, including phase-in of the fiscal 2001 cost-of-living adjustment and health insurance. An additional \$0.8 million is attributed to 41.2 new positions, of which 34.2 are contractual conversions. These new positions are detailed in **Exhibit 2**.

### Exhibit 2

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#### Distribution and Function of CSA's 41.20 New Positions

<u>Location</u>	<u>Function</u>
<b>Office of the Executive Director</b>	.75 contractual conversion to provide information and referral in Constituent Services
<b>Maryland Commission for Women</b>	1 new position to provide clearinghouse coordination including updating and maintaining statewide database
<b>Maryland Office of New Americans</b>	4 contractual conversions for positions that make eligibility determinations at the Baltimore Resettlement Center and provide publication information
<b>Legal Services</b>	1 contractual conversion that provides fiscal management and monitoring assistance and 1 new position to monitor legal representation of Children in Need of Assistance, Termination of Parental Rights, and adult guardianship cases
<b>Shelter and Nutrition</b>	4.5 contractual conversions and 1 new position to provide administrative and technical support for the Supportive Housing Program, Emergency Food Assistance Program, and AIDS Feeding Program
<b>Young Fathers/Responsible Fathers</b>	.5 contractual conversion to support the Joseph Fund Board
<b>Adult Services</b>	15 contractual conversions of social service workers in the Baltimore City Department of Social Services and 3 new positions to support the attendant care waiver and attendant care program
<b>Women's Services</b>	2 contractual conversions to administer and monitor the Domestic Violence Program and 1 new position to provide administrative support for the Displaced Homemaker Program and Project Retain
<b>Office of Home Energy Programs</b>	6.45 contractual conversions for positions that support the energy assistance programs in Dorchester, Cecil, Caroline, and Kent counties

Source: Department of Human Resources

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**Performance Analysis: Managing for Results**

**Exhibit 3** shows performance measures and data for the seven major divisions within CSA. These measures are a sample of the performance measures throughout the administration and were selected based on their ability to demonstrate a direct impact on Maryland residents.

**Exhibit 3**

**Program Measurement Data  
Adult and Community Services  
Fiscal 1998 through 2002**

	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
<b>Commissions</b>								
Number of Hispanics/Latinos registered to vote	n/a	1,000	n/a	1,500	1,650	1,815	n/a	10.0%
Number of farm workers registered for health services	n/a	2,500	n/a	2,800	3,080	3,388	n/a	10.0%
<b>MONA Services</b>								
% of refugees placed in jobs through MONA services who retain their jobs after 90 days	83.0%	87%	90.0%	74%	90%	90%	-5.6%	10.3%
<b>Shelter and Nutrition</b>								
% of persons receiving housing counseling who maintained permanent housing for 3 months	n/a	n/a	n/a	70%	75%	75%	n/a	3.51%
Number of meals or bags of food distributed to hungry Marylanders under the MEFP program (\$ in thousands)	n/a	762	n/a	1,631	1,500	1,500	n/a	-4.10%
<b>Legal Services</b>								
% of Maryland jurisdictions reporting quality legal representation	n/a	n/a	n/a	75%	80%	85%	n/a	6.46%

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	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
<b>Adult Services</b>								
% of indicated or confirmed adult abuse cases for which there is no recurrence of abuse within 6 months	95.9%	96.5%	96.7%	95.7%	96.0%	96.0%	-0.10%	0.16%
% of individuals served by adult services who remain in the community during the year	93.3%	94.5%	95.0%	97.8%	97.0%	97.0%	2.38%	-0.41%
<b>Women's Services</b>								
Number of displaced homemakers receiving job training services	n/a	5,320	n/a	9,915	6,000	6,000	n/a	-22.21%
<b>Office of Home Energy Programs</b>								
Number of Maryland Energy Assistance crises grants	n/a	5,000	n/a	4,571	5,000	5,000	n/a	4.59%

Note: n/a denotes not available

Source: Department of Human Resources

**Objectives and Performance Measures Do Not Reflect Changes in Programs or Funding**

In several areas of CSA, objectives and performance measures do not reflect changes in programs or program funding. For example, one of the largest and most recent additions to CSA is the Electric Universal Service Program, housed in the OHEP. This program is budgeted to receive \$34.0 million in special funds from ratepayers to assist low-income individuals with their electric energy bills. Yet, the Managing for Results (MFR) submission does not include any objectives or performance measures for this new program. Considering the extreme weather conditions this past winter and the implementation problems surrounding the program (to be discussed later), it would be a benefit to the legislature to monitor the progress of this program. Moreover, the OHEP received additional federal funding through the Low-Income Home Energy Assistance Program this winter. Despite the additional funding, the OHEP estimates that the percent of eligible individuals receiving energy assistance grants will increase by only 1.8% between fiscal 2000 and 2001, and by only 1.4% between fiscal 2001 and 2002. Increased funding for both MEAP and the EUSP should be reflected in these estimates. Also, while the objective of the OHEP is to provide energy assistance grants to 40.2% of the total eligible households by fiscal 2002, the office estimates only serving 30.2% in fiscal 2002.

Adult services is another area which is receiving a large infuse of funds but is not reflected in MFR

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data. To reach its goal of helping individuals to achieve maximum level of independence, adult services aims to have 97% of elderly and disabled served living at their maximum level of independence in the community. In fiscal 2000, 97.84% of individuals that were served remained in the community during the year. Adult services estimates that this number will actually decrease to 97% (its goal) in 2001 and remain the same in fiscal 2002. Yet, as mentioned earlier, there is a \$6.1 million increase in the level of services provided through the federal Medicaid attendant care waiver.

### **Impact of Services Mixed Among Programs**

The remaining programs demonstrate mixed results when reviewing their impact on Marylanders. For example, Exhibit 3 shows an expected increase in the number of farm workers registered for health services, refugees who retain their jobs after 90 days, and persons receiving housing counseling who maintain permanent housing for three months. Yet, meals for hungry Marylanders through the Maryland Emergency Food Program and job services for displaced homemakers are expected to decline over the next two years.

**CSA should explain whether it has established objectives and performance indicators for the EUSP program and the new Medicaid waiver and what these goals are. If not, CSA should explain how it plans to measure the performance of the programs in future years.**

## Issues

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### 1. Electric Universal Service Program Faces Major Problems in First Year

Chapters 3 and 4, Acts of 1999 require the Department of Human Resources (DHR) to administer a \$34.0 million Universal Service Fund to help low-income customers with bill assistance, arrearage retirement, and low-income weatherization. Computer problems have hampered the processing and certification of thousands of applications throughout the State, delaying assistance for electric customers during one of the coldest winters in Maryland. After prodding from the legislature and working more closely with the utilities, CSA expects to have eliminated its backlog of applications by February 22.

#### EUSP Program Design

On July 1, 2000, the EUSP began providing electric bill relief to low-income customers. The program is designed to assist low-income electric customers in three areas: bill assistance, arrearage retirement, and weatherization. Electric customers with incomes at or below 150% of the poverty level are eligible to participate in the program. The utilities, under the Public Service Commission's (PSC) monitoring, collect \$34.0 million from the ratepayers for each of the three years of the program. Of this amount, up to 10% can be used toward administrative costs. Based on past history with the MEAP program, CSA projected that 90,000 customers would be served in the first year of the program.

The MEAP program provides energy assistance to electric, gas, and heating oil customers. In contrast, the EUSP serves only electric customers. CSA projected to serve 70,000 MEAP participants in fiscal 2001.

**Exhibit 4** demonstrates the proposed breakdown of funds among the components of the program.

#### Exhibit 4

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#### Proposed EUSP Fund Distribution for Fiscal 2001 (\$ in Millions)

<u>Program Components</u>	<u>Funding Levels</u>
Bill Payment Assistance	\$22.5
Arrearage Retirement	5.1
Low-Income Weatherization	3.5
Administration	2.9
<b>Total</b>	<b>\$34.0</b>

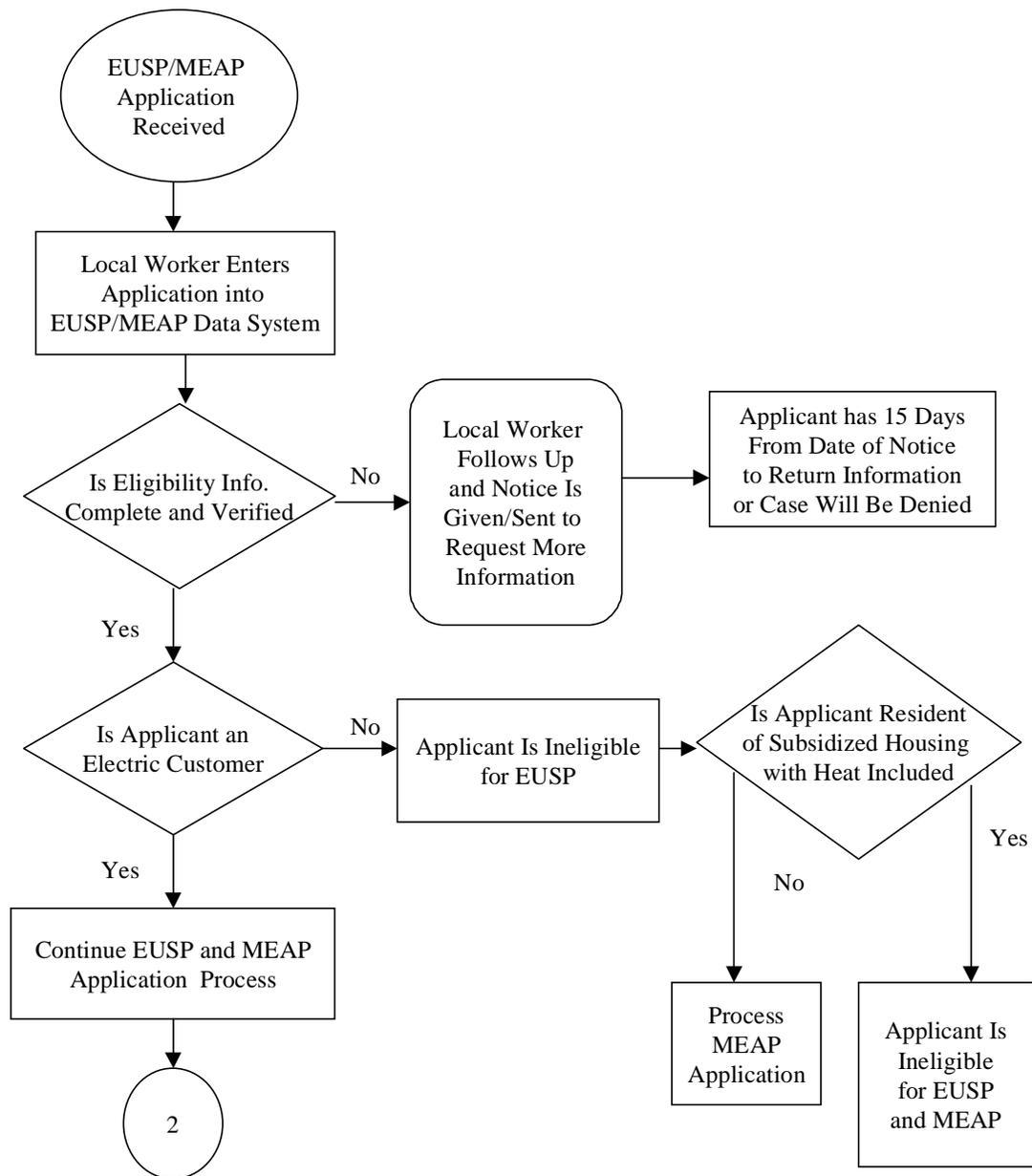
Source: Public Service Commission Order No. 75935, January 28, 2000

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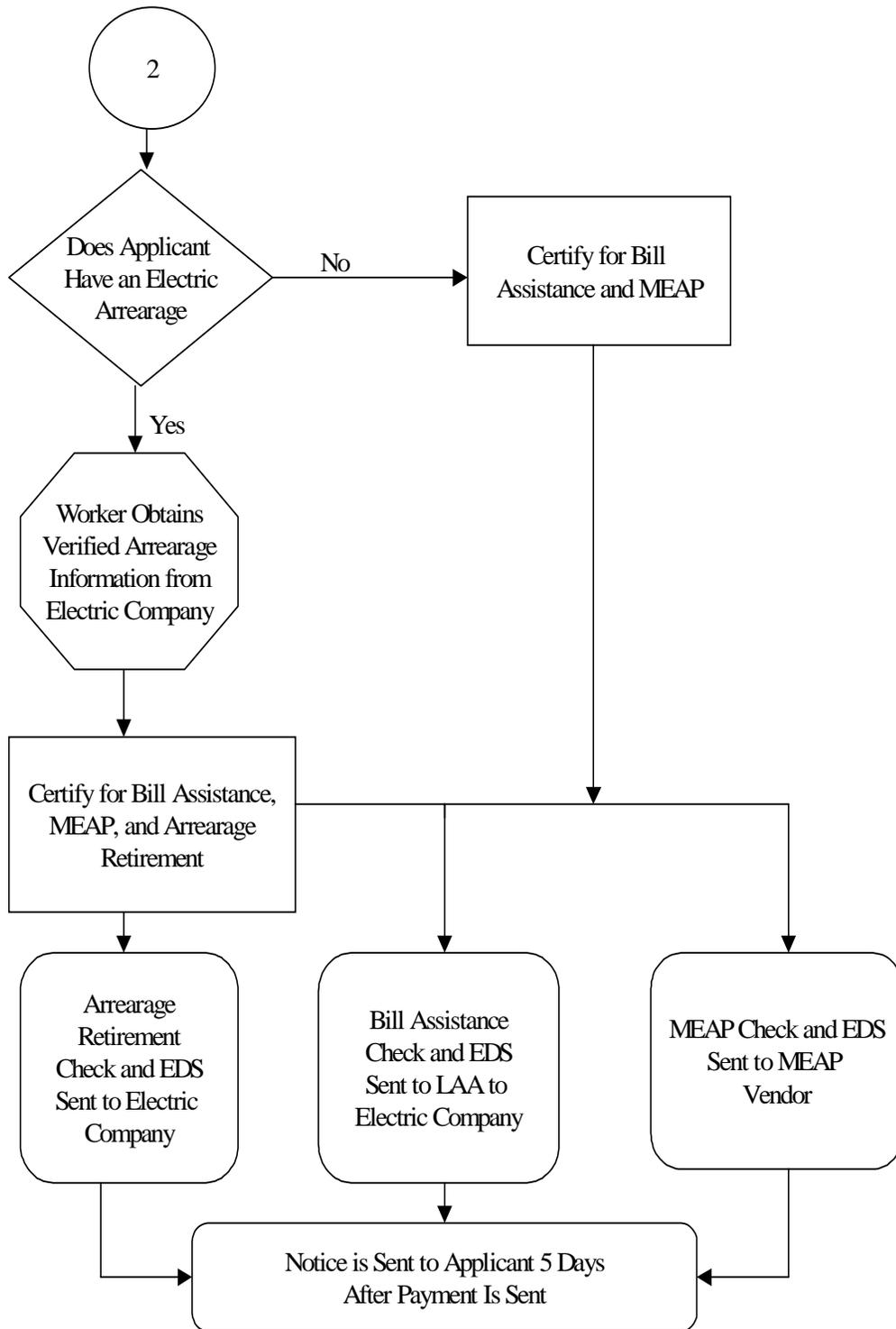
The actual process of providing EUSP benefits was intended to be entirely transparent to the participants. **Exhibit 5** is a flow chart of how the program is supposed to work. Rather than customers receiving a check in the mail to be used toward reducing an energy bill, the utilities would automatically credit the participants' accounts after receiving certification from the OHEP.

**Exhibit 5**

**Electric Universal Service Program Client Flow**



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EDS = Energy Delivery Statement  
LAA = Local Administering Agency

Source: Department of Human Resources

## **Implementation of the EUSP Chilled by Computer Application and Hardware Problems**

The problems surrounding the EUSP program stem from the computer application and hardware designed for the EUSP. Prior to the new EUSP program, the OHEP had an automated computer system that ran the MEAP program and transferred participant information to the utilities. With the start of the new energy assistance program, the OHEP decided to create one computer system that would handle both the EUSP and MEAP. In order to do so, the OHEP scrapped its old, but working computer application and replaced it with a new system designed to handle one single data base and application for participants of both programs. At the same time, the OHEP changed the MEAP program from a seasonal to year-round program and created a uniform application for the EUSP and MEAP so that the programs could be administered together.

In June 2000, DHR began user testing and training of the new application system. However, during that month, the system had problems and training was suspended. From then on, the department faced continuous problems that either delayed or inhibited the implementation of the EUSP program. By October, when the temperatures began to drop and applications rolled in at a quicker pace, DHR's problems snowballed. DHR attributes this to the following:

- **Software Problems** -- The application program for the EUSP/MEAP has not been operating steadily since June 2000. According to DHR, a short planning and transition time attributed to the inability to adequately address the issue.
- **Hardware Problems** -- Computers in the local administering agencies have "undetected hardware problems." In some instances, DHR found these computers not properly connected to the network.
- **Verizon Strike** -- The Verizon strike during the summer slowed DHR's ability to set up wiring of the system between central headquarters and the individual local administering agencies.

Problems were not just on the application side, however. While the utilities began charging customers a monthly amount to pay for this program, they were not receiving consistent and reliable information on certified customers in order to credit participants' accounts. Moreover, the utilities were not receiving complete payments on a regular basis from the Treasury or the local administering agencies (LAAs).

In order to get the program moving despite these problems, DHR began for the most part running the program manually. Workers at the LAAs manually processed applications and determined eligibility. Information regarding certified, eligible participants was either e-mailed or faxed to the utilities. However, DHR advises that much of the process requires manual processing, and therefore could not be fully automated. For example, workers manually determine customer electricity usage and other information to detect customer fraud.

The problems facing the OHEP had a dramatic effect on their efforts to provide outreach to potential program participants. The OHEP originally planned a massive outreach effort to reach the enrollment goal of 90,000. Outreach strategies by local administering agencies in each jurisdiction included:

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- newspaper articles;
- public service announcements;
- bill board displays;
- local departments of social services;
- the faith community;
- community and neighborhood centers;
- fairs and festivals;
- unemployment offices;
- day care and Head Start centers;
- soup kitchens; and
- senior centers.

Yet, these plans for the most part went unrealized. In a hearing on January 17, 2001, before PSC, the OHEP indicated that given its systems problems, the office decided not to undertake a massive outreach effort to inform low-income customers of the new program and encourage participation.

**CSA should discuss to what extent the lack of automation in the program has had an effect on the implementation of the program. Given the unusually cold winter and high energy prices this winter, the administration should also discuss its decision to reduce the level of outreach to potential participants.**

### **General Assembly Prods DHR into Action**

In response to concerns voiced by constituents and stakeholders, the General Assembly stepped in to make sense of the situation. Both the House Environmental Matters Committee and the Senate Finance Committee requested DHR to come forward to discuss the immediate concern of the legislature that low-income families were not being served. During these meetings, DHR acknowledged that there was a backlog of 26,358 applications. The major utilities were asked to voice their concerns regarding the reliability of information and dollars they were receiving from DHR.

During these meetings, DHR hired a contractor, BioSpherics, to handle the backlog of applications at a cost of approximately \$300,000. After setting an initial "catch up" date of February 18, 2001, DHR later advised that the contractor would actually have the backlog eliminated by February 22.

CSA should update the committees on the progress of the effort to reduce the backlog. Moreover, the administration should describe to what extent the problems faced by the program have been fixed and what it plans to do in the next year to prepare for the influx of applications received during the winter months.

### Who Is Receiving Benefits and How Much Are They Receiving?

Problems on both the front end and back end of the application process have made data collection incomplete and in some cases unavailable. In many instances, LAAs have made financial transactions and processed applications that the department has not yet verified. As a result, it is difficult to analyze the trends in participation and benefits over time.

Exhibit 6 demonstrates the most recent information provided by the Department of Human Resources on total expenditures and estimated program participants. As shown in the exhibit, the number of participants and benefits paid out to low-income customers for energy assistance is only a fraction of what was anticipated. Moreover, MEAP program participation and expenditures have been affected by the problems plaguing the EUSP since the two programs are now administered together.

### Exhibit 6

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#### Maryland Energy Assistance Program and Electric Universal Service Program Program Participation and Benefits As of February 17, 2001

<u>Program</u>	<u>Total Expenditures</u> <sup>(1)</sup>	<u>Total Estimated Households Served</u> <sup>(2)</sup>
EUSP Bill Payment Assistance	\$9,785,560	43,535
EUSP Arrearage Retirement	5,162,046	14,892
MEAP	9,429,651	29,751
<b>Total</b>	<b>\$24,377,257</b>	<b>n/a</b> <sup>(3)</sup>
<b>Total 2001 Working Appropriation</b> <sup>(4)</sup>	<b>\$59,339,914</b>	

<sup>(1)</sup> Expenditures compiled from DHR Accounts Payable, Local Administering Agency weekly activity reports, and local department of social services weekly activity reports. Data for LAAs current as of February 2, 2001, and are subject to verification through review of financial expenditure reports submitted by agency finance officers. Local department of social services data current as of February 2, 2001, for the EUSP and December 2000 for MEAP.

<sup>(2)</sup> Estimated households served based on average bill payment assistance benefit of \$224; average arrearage benefit of \$346; and average MEAP benefit of \$316.

<sup>(3)</sup> Total program participants not applicable because the EUSP and MEAP program participants overlap.

<sup>(4)</sup> Total 2001 working appropriation does not include administrative costs for MEAP or EUSP.

Source: Department of Human Resources

Looking at data for the EUSP, an estimated 43,535 families have received bill payment assistance and 14,892 have received arrearage assistance compared to the target 90,000. In many instances, families receive both bill payment assistance and arrearage assistance. Approximately \$14.9 million has been spent in the first seven months of the program, almost half of the original appropriation for grants.

For the MEAP program, an estimated 29,751 households have been served at a total cost of \$9.4 million. This is a small fraction of what the OHEP has traditionally served. For example, the OHEP served a total 64,799 households with heating assistance in fiscal 1999. Data for fiscal 2001, however, is subject to verification and updating. Average benefits for the MEAP program were above normal due to the additional funds provided by the federal government. In fiscal 1999, the average benefit was \$252; in fiscal 2001 the estimated average benefit is \$316. This increase includes the first set of emergency LIHEAP funds provided in September. The OHEP plans to approve supplemental grants to MEAP participants with the remainder of the emergency federal funds in the near future.

As mentioned above, the OHEP had recorded a backlog of approximately 26,358 applications as of early February 2000. The data presented in Exhibit 6 partially reflect payments made for those applications in the backlog. Although the applicant information may not be entered into the system or processed through the computer application, LAAs and the local departments of social services were able to certify and send payments through the manual process. However, the OHEP will have to verify these expenditures submitted by the agency finance officers.

**CSA should update the committees on the most recent information on the number of program participants and total expenditures. The administration should also discuss whether the program benefits will be enough to adequately assist participants during this time of unusually cold weather and high energy prices. Finally, the administration should address to what extent the implementation problems have delayed the receipt of financial assistance by low-income families.**

### **Have Low-Income Families Had Their Services Cut Off?**

In the time that the OHEP has been working to process applications and send certifications to the utilities, many low-income families are potentially at risk of losing their electric or natural gas services. A portion of these families have already applied for benefits but must wait for the OHEP and the utilities to process and certify their applications. Concern has intensified over whether a large number of these families have lost service.

In the PSC's Case Number 8880, policies and actions taken thus far by the utilities regarding termination of services were discussed. As of a hearing on January 17, 2001, before the PSC, utilities have taken the following actions:

- **Washington Gas** has not terminated any residential customers for nonpayment and will continue this policy throughout the winter unless there is a period of significantly warmer weather.

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- **Columbia** has terminated 7 residential customers; 4 have been reconnected while the rest remain unconnected. The utility will not terminate customers whenever the forecasted temperature is expected to be below 32 degrees.
- **Baltimore Gas & Electric (BGE)** has terminated 67 low-income residential customers. Of these, 34 customers have been reconnected. Although BGE stated that customers are provided energy assistance information before their service is terminated, approximately 10,000 persons in BGE's service territory have applied for assistance but not yet received any. BGE does not know whether the 33 customers who were terminated are part of the 10,000 who applied for energy assistance.
- **Chesapeake** has not terminated any low-income customers. The utility will begin termination procedures for customers with arrears in excess of \$50. But, there will be no terminations when weather forecasts indicate temperatures below 32 degrees.
- **SMECO** has not, and will not, terminate residential customers during the winter heating season, a policy in place for almost ten years.
- **Conectiv** has not terminated any residential customers this heating season. The utility provides energy assistance information to customers at risk of termination and will not terminate service if an energy assistance agency calls on their behalf. Conectiv will not terminate services if weather forecasts indicate temperatures below 32 degrees and allows arrears up to \$100 before termination efforts begin.

In the same case, PSC granted a moratorium on low-income terminations for non-payment of bills through March 31, 2001. While PSC allowed the utilities to use their own methodology to determine who is low-income, it provided the following guidelines:

- No termination can be made on a customer if, upon examining records, the utility finds the customer has received any type of energy assistance in the past.
- No termination can be made if the utility determines that the customer has applied for the EUSP or MEAP assistance this winter, no matter if they received assistance or not.
- No termination can be made for a customer who has had a low-income energy assistance agency notify the utility that the customer has applied for assistance.
- No termination can be made without first making a personal contact with the customer to determine that the customer is not low-income.

In addition to this moratorium, CSA advises that every county has an emergency delivery program that provides emergency energy assistance for families in crisis. In these cases, the customers' eligibility and circumstances are not challenged up front in order to streamline the process. Families are provided approximately one-fourth of the heating oil they would receive under the normal assistance program. They must then go through another review process in order to obtain additional assistance.

## **Debate over Definition of Weatherization Holds Up Portion of the EUSP**

While the bill payment and arrearage retirement components had computer problems, the low-income weatherization component of the EUSP faced an entirely different problem. During the 2000 legislative session, the General Assembly placed restrictive language on funding (\$3.5 million) for the weatherization component of the EUSP, requiring that funds not be spent until PSC and DHR “jointly develop a common definition of weatherization.” In June 2000, PSC requested that these funds be released. DLS initially recommended that these funds not be released, citing the apparent impasse that PSC and DHR had reached in developing the definition. In response, PSC cited that as a quasi-judicial entity, it could not work together with DHR.

DHR sought a more expansive definition of weatherization in comparison to the one originally adopted by PSC. PSC's interpretation of weatherization would exclude appliance replacement. The disagreement hinged on the legislature's intent of the definition of low-income weatherization efforts. DHR believed the legislature meant weatherization to include “any and all effective electric energy reduction measures,” while PSC believed that since appliance replacement was not deliberately expressed in the law, the legislature did not intend for it to be included as low-income weatherization.

After some debate and discussion, DHR finally agreed to PSC's definition for fiscal 2001. Consequently, the budget committees agreed to release the funds to PSC and DHR. Given the limited time for DHR to implement the weatherization component in fiscal 2001, DHR entered into a Memorandum of Understanding (MOU) with the Department of Housing and Community Development (DHCD), which was approved by the PSC. Under the MOU, DHCD would run the program for the remainder of fiscal 2001. DHCD now runs the federal low-income weatherization program. In addition, the MOU stated that DHCD will spend \$1.5 million for weatherization assistance.

This session, DHR and PSC are supporting proposed legislation that would clarify the definition of weatherization, HB 1354.

**CSA should discuss the differences in definition between the proposed legislation and the current definition. Also, CSA should explain how this new definition will impact the level of participation and funds expended, should it be approved.**

## **DHR Anticipates Using All Appropriated Dollars for the EUSP and MEAP**

Concern has been raised by the legislature that funds for the EUSP and MEAP will not be spent for the current program year and will revert back to ratepayers or the federal government. For the EUSP, special funds in the amount of \$34.0 million are collected by the utilities from ratepayers. By law, if any of these funds are not spent by the end of fiscal 2001, they are to return to the ratepayers. Any federal LIHEAP funds appropriated for the MEAP program are to revert back to the federal government if unspent. However, the State may roll forward up to 10% of these funds for the next fiscal year. Legislation has been introduced in both houses that would allow any unspent EUSP funds to be rolled forward to the next fiscal year, HB 1291 and SB 831.

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DHR expects to fully spend the \$34.0 million for the EUSP in the first year of the program. Moreover, it advises it has until October 2001 (federal fiscal year) to spend the federal MEAP funds. The department expects to spend these dollars and possibly roll forward the authorized 10%. **Exhibit 7** shows DHR's original and revised spending plan for the first year of the EUSP.

**Exhibit 7**

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**Electric Universal Service Program  
Fiscal 2001 Expenditures  
(\$ in Millions)**

<b><u>Component</u></b>	<b><u>Original Planned Expenditures</u></b>	<b><u>Anticipated Expenditures</u></b>
Bill Payment Assistance	\$22.5	\$24.0
Arrearage Retirement	5.1	5.1
Low-Income Weatherization	3.5	1.5
Administration	2.9	3.4
<b>Total</b>	<b>\$34.0</b>	<b>\$34.0</b>

Source: Public Service Commission Order No. 75935, January 28, 2000, Department of Human Resources

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As Exhibit 7 demonstrates, expenditures for the various components of the EUSP have changed since the original plan. Under the original Public Service Commission Order No. 75935, January 28, 2000, \$2.9 million was planned for administrative costs. Since then, DHR made a request through PSC and received a change so that they could spend up to the legislatively permitted 10% administrative cost limit. DHR advises that it plans to spend all \$3.4 million of the funds allocated for administrative costs. Administrative costs through December total approximately \$1.6 million. This does not include, however, any administrative costs incurred by the LAAs.

Due to the delay of the weatherization component, not all funds originally planned for this component will be spent. Under the terms of the Memorandum of Agreement with DHCD, DHCD is to spend \$1.5 million. The difference between the funds originally planned for weatherization (\$2 million) will be divided between bill assistance and administration. To date, DHCD has spent none of the \$1.5 million on low-income weatherization.

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**The EUSP and MEAP programs are designed to run together. They share a computer system, application process, and workforce. As a result, they will share administrative costs. DHR should discuss how it will be able to determine total administrative costs for just the EUSP program and whether it surpassed the 10% administrative cost limit. In addition, DHR should discuss how it expects DHCD to spend the \$1.5 million for weatherization in the four remaining months of the fiscal year.**

## Recommended Actions

1. Add the following language:

Provided that \$50,000 of this appropriation may not be expended until the budget committees have received a report from the Department of Human Resources (DHR) concerning the administration of the Electric Universal Service Program (EUSP) and the Maryland Energy Assistance Program (MEAP) in fiscal 2001. The report shall include information on the following: total expenditures and the number of participants for each component of the EUSP; total administrative expenditures for the EUSP; total expenditures and program participants for MEAP; average benefit amount for the EUSP and MEAP; and the amount of funds unexpended for the EUSP and MEAP. In addition, the report shall include an update on DHR's efforts to eliminate the computer problems faced during fiscal 2001, as well as a plan of how the program is expected to be run during fiscal 2002.

**Explanation:** The implementation of the Electric Universal Service Program has faced many problems and issues in its first year. Due to the unusually cold temperatures and high energy prices this winter, it is critical that the program run smoothly and provide immediate services to low-income families.

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Report on Electric Universal Service and Maryland Energy Assistance Programs during fiscal 2001	DHR	When complete

	<b>Amount Reduction</b>
2. Reduce funding for the Governor's Council on the Status of Girls because the Maryland Partnership for Children, Youth, and Families performs the same role as the council in evaluating and promoting the well-being of young children.	\$ 55,000 GF
<b>Total General Fund Reductions</b>	<b>\$ 55,000</b>

## *Updates*

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### **1. CSA to Begin Implementation of Attendant Care Waiver in April 2001**

Beginning April 1, 2001, CSA will provide home- and community-based services for adults with physical disabilities. These services will be available as a result of the Medicaid attendant care waiver received from the federal government. Named the "Living at Home: Maryland Community Choices," the new program will cover certain specific home- and community-based services for adults (aged 21-59) who have a physical disability as an alternative to nursing home placements. This is a statewide program, and participants are enrolled on a first come, first served basis. Services to be provided include:

- attendant care;
- assistive technology;
- environmental adaptations;
- personal emergency response systems;
- occupational therapy;
- speech therapy;
- nursing supervision of attendants;
- consumer training;
- family training; and
- disposable supplies.

The waiver will also cover costs for the case management, fiscal intermediary services, transitional services, and administrative services.

The program was intended to begin January 1, 2001. However, the department had to wait for the processing of another Medicaid waiver granted during fiscal 2001. The State received two Medicaid waivers from the U.S. Department of Health and Human Services. Since the Department of Health and Mental Hygiene (DHMH) is the lead State agency for Medicaid, both waivers must be processed through DHMH. DHMH chose to process its waiver before the attendant care waiver. As a result, even though DHR originally planned to begin its program in January, implementation was delayed to April.

## **2. Governor's Council on the Status of Girls Established**

In June 2000, the Governor signed an executive order establishing the Governor's Council on the Status of Girls. This council is now housed in CSA's Maryland Commission for Women. The mission of the council is to "monitor the welfare of Maryland girls, advise government and advance solutions in order to empower girls to realize their full potential."

During the first year, the council plans to identify the key indicators of health and well-being of girls. This will include conducting a series of focus groups throughout the State and investigating any issues specific to girls in Maryland. Benchmarks will also be established in order to measure the well-being of girls from year to year. In following years, the council plans to work directly with the legislature on issues directly affecting girls in Maryland and host a number of events, such as a Girls in Science and Technology Conference.

***Current and Prior Year Budgets***

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**Current and Prior Year Budgets  
Adult and Community Services  
(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2000</b>					
Legislative Appropriation	\$28,146	\$991	\$63,112	\$445	\$92,694
Deficiency Appropriation	(500)	0	500	0	0
Budget Amendments	2,893	517	12,021	0	15,431
Reversions and Cancellations	0	(81)	(10,594)	(7)	(10,682)
<b>Actual Expenditures</b>	<b>\$30,539</b>	<b>\$1,427</b>	<b>\$65,039</b>	<b>\$438</b>	<b>\$97,443</b>
<b>Fiscal 2001</b>					
Legislative Appropriation	\$29,294	\$34,984	\$67,320	\$455	\$132,053
Budget Amendments	0	0	2,360	0	2,360
<b>Working Appropriation</b>	<b>\$29,294</b>	<b>\$34,984</b>	<b>\$69,680</b>	<b>\$455</b>	<b>\$134,413</b>

Note: Numbers may not sum to total due to rounding.

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Approximately \$15.0 million was added to the fiscal 2000 working appropriation. Of this amount, \$9.8 million were federal LIHEAP funds to be used for the MEAP program. An additional \$1.0 million in federal funds were used toward comprehensive resettlement services to refugees, non-custodial parent

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access and visitation, and assistance for domestic violence victims. Approximately \$10.6 million in federal funds were cancelled. Approximately half of these funds, \$5.2 million, were not realized as a result of lower than anticipated Social Services Block Grant funds and a higher appropriation level than realized through the cost allocation process.

Approximately \$2.4 million was added to CSA's fiscal 2001 working appropriation through budget amendment. Funding was used towards services provided in the Women's Services Office and the continuation of the Partners for Fragile Families Demonstration Project. Additional federal funds from the federal LIHEAP block grant were received to be used toward energy assistance for low-income families during the winter months.

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**Object/Fund Difference Report  
DHR - Adult and Community Services**

	<u>Object/Fund</u>	FY00	FY01	FY02	FY01 - FY02	Percent <u>Change</u>
		<u>Actual</u>	<u>Working Appropriation</u>	<u>Allowance</u>	<u>Amount Change</u>	
<b>Positions</b>						
01	Regular	643.00	759.15	800.35	41.20	5.4%
02	Contractual	56.94	40.68	13.48	(27.20)	(66.9%)
	<b>Total Positions</b>	<b>699.94</b>	<b>799.83</b>	<b>813.83</b>	<b>14.00</b>	<b>1.8%</b>
<b>Objects</b>						
01	Salaries and Wages	\$ 27,281,287	\$ 28,885,370	\$ 35,605,564	\$ 6,720,194	23.3%
02	Technical & Spec Fees	1,911,800	1,315,041	474,340	(840,701)	(63.9%)
03	Communication	507,452	598,803	525,853	(72,950)	(12.2%)
04	Travel	435,552	413,656	450,696	37,040	9.0%
06	Fuel & Utilities	13,744	109,153	110,121	968	0.9%
07	Motor Vehicles	51,847	25,437	10,837	(14,600)	(57.4%)
08	Contractual Services	60,876,912	91,248,842	100,941,008	9,692,166	10.6%
09	Supplies & Materials	260,401	280,450	250,273	(30,177)	(10.8%)
10	Equip - Replacement	4,682	0	0	0	0.0%
11	Equip - Additional	349,662	811,467	38,791	(772,676)	(95.2%)
12	Grants,Subsidies,Contr	4,202,213	8,793,146	8,895,990	102,844	1.2%
13	Fixed Charges	1,547,366	1,932,059	2,074,809	142,750	7.4%
	<b>Total Objects</b>	<b>\$ 97,442,918</b>	<b>\$ 134,413,424</b>	<b>\$ 149,378,282</b>	<b>\$ 14,964,858</b>	<b>11.1%</b>
<b>Funds</b>						
01	General Fund	\$ 30,538,836	\$ 29,293,570	\$ 36,904,817	\$ 7,611,247	26.0%
03	Special Fund	1,427,430	34,984,300	35,313,921	329,621	0.9%
05	Federal Fund	65,038,463	69,680,244	76,689,378	7,009,134	10.1%
09	Reimbursable Fund	438,189	455,310	470,166	14,856	3.3%
	<b>Total Funds</b>	<b>\$ 97,442,918</b>	<b>\$ 134,413,424</b>	<b>\$ 149,378,282</b>	<b>\$ 14,964,858</b>	<b>11.1%</b>

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

Fiscal Summary  
DHR - Adult and Community Services

<u>Unit/Program</u>	FY00	FY01	FY01	FY00 - FY01	FY02	FY01 - FY02
	<u>Actual</u>	<u>Legislative Appropriation</u>	<u>Working Appropriation</u>	<u>% Change</u>	<u>Allowance</u>	<u>% Change</u>
01 General Administration	\$ 512,981	\$ 531,512	\$ 531,512	3.6%	\$ 529,396	(0.4%)
02 Commissions and Innovative Programs	523,298	620,290	620,290	18.5%	892,016	43.8%
03 Maryland Office of New Americans	2,516,681	4,834,629	4,834,629	92.1%	5,563,224	15.1%
04 Legal Services	8,038,178	9,088,919	9,088,919	13.1%	9,142,377	0.6%
05 Shelter and Nutrition	8,472,404	9,033,129	9,033,129	6.6%	9,941,335	10.1%
07 Adult Services	3,774,511	6,158,614	6,774,112	79.5%	15,256,341	125.2%
11 Women's Services Program	12,614,116	12,229,054	13,880,085	10.0%	14,309,158	3.1%
12 Maryland Energy Assistance	28,989,708	52,330,510	52,423,943	80.8%	52,441,054	0%
04 Adult Services	32,001,041	37,226,805	37,226,805	16.3%	41,303,381	11.0%
<b>Total Expenditures</b>	<b>\$ 97,442,918</b>	<b>\$ 132,053,462</b>	<b>\$ 134,413,424</b>	<b>37.9%</b>	<b>\$ 149,378,282</b>	<b>11.1%</b>
General Fund	\$ 30,538,836	\$ 29,293,570	\$ 29,293,570	(4.1%)	\$ 36,904,817	26.0%
Special Fund	1,427,430	34,984,300	34,984,300	2350.9%	35,313,921	0.9%
Federal Fund	65,038,463	67,320,282	69,680,244	7.1%	76,689,378	10.1%
<b>Total Appropriations</b>	<b>\$ 97,004,729</b>	<b>\$ 131,598,152</b>	<b>\$ 133,958,114</b>	<b>38.1%</b>	<b>\$ 148,908,116</b>	<b>11.2%</b>
Reimbursable Fund	\$ 438,189	\$ 455,310	\$ 455,310	3.9%	\$ 470,166	3.3%
<b>Total Funds</b>	<b>\$ 97,442,918</b>	<b>\$ 132,053,462</b>	<b>\$ 134,413,424</b>	<b>37.9%</b>	<b>\$ 149,378,282</b>	<b>11.1%</b>

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