N00I0006
Office of Home Energy Programs
Department of Human Resources

Operating Budget Data

($ in Thousands)

	FY 15 Actual	FY 16 Working	FY 17 Allowance	FY 16-17 Change	% Change Prior Year
Special Fund	$59,404	$70,380	$77,589	$7,209	10.2%
Deficiencies and Reductions	0	0	-3	-3	
Adjusted Special Fund	**$59,404**	**$70,380**	**$77,586**	**$7,206**	**10.2%**
Federal Fund	64,068	67,192	63,216	-3,976	-5.9%
Deficiencies and Reductions	0	0	-2	-2	
Adjusted Federal Fund	**$64,068**	**$67,192**	**$63,214**	**-$3,978**	**-5.9%**
Adjusted Grand Total	**$123,471**	**$137,572**	**$140,800**	**$3,228**	**2.3%**

- The fiscal 2017 allowance of the Department of Human Resources (DHR) Office of Home Energy Program (OHEP) increases by $3.2 million, or 2.3%, compared to the fiscal 2016 working appropriation after accounting for the back of the bill reduction for health insurance.

- Special funds increase by $7.2 million, or 10.2%, in the fiscal 2017 allowance compared to the fiscal 2016 working appropriation, primarily from the Strategic Energy Investment Fund due to estimated revenue. Federal funds decrease by $4.0 million, or 5.9%, in the fiscal 2017 allowance compared to the fiscal 2016 working appropriation.

- Major changes occur among funds available for energy assistance benefits and contracts for local administering agencies.

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

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Personnel Data

	FY 15 Actual	FY 16 Working	FY 17 Allowance	FY 16-17 Change
Regular Positions	16.87	16.87	16.87	0.00
Contractual FTEs	3.95	0.00	0.00	0.00
Total Personnel	**20.82**	**16.87**	**16.87**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.68	9.98%
Positions and Percentage Vacant as of 12/31/15	2.00	11.86%

- There are no changes in the number of regular positions in the fiscal 2017 allowance for OHEP.
- Turnover expectancy in OHEP increases from 7.21% to 9.98% in the fiscal 2017 allowance.
- As of January 1, 2016, OHEP had a vacancy rate of 11.86%, or 2.0 positions. To meet the turnover expectancy of 9.98%, OHEP needs to maintain 1.68 vacant positions.

Analysis in Brief

Major Trends

Demand for Energy Assistance: In fiscal 2015, energy assistance applications declined for the third time in four years. Households receiving energy assistance also declined, and the two bill assistance programs served the fewest households since fiscal 2008. Through December 2015, fiscal 2016 shows a similar trend. Improvements in the economy and weather play key roles in these declines. Benefit amounts have increased in fiscal 2016, which has led to higher spending ($3.2 million or 4.5%) through December 2015 than in the prior year even with fewer recipients.

Percent of Eligible Households Receiving Benefits Continues to Decline: The percent of eligible households receiving benefits continues to decline, falling to near 30.0% in fiscal 2015 (30.8% for the Electric Universal Service Program bill payment and 30.2% for the Maryland Energy Assistance Program). OHEP sought requests for outreach activities from local aging agencies in fiscal 2016. The OHEP fiscal 2017 allowance includes $100,000 for outreach activities.

Benefits Provided to Targeted Populations: After reaching 46.5% in fiscal 2012, the percent of eligible households with children under the age of 6 receiving energy assistance has fallen in each year. In fiscal 2015, only 33.0% of these households received assistance. The percent of eligible households with an individual over the age of 60, or an individual with disabilities receiving benefits, remained under 30.0% in fiscal 2015.

Issues

Program Enhancements: In a report submitted in fiscal 2015, the Public Service Commission indicated that DHR was considering enhancements to the energy assistance program as a result of higher revenue available to the program. The 2015 *Joint Chairmen's Report* requested that DHR provide information on program enhancements implemented in fiscal 2016 and planned for fiscal 2017. The responses indicated that DHR is still in the planning stages of program changes but that the agency expects to begin implementing some changes in fiscal 2017. The details of these changes are still in discussion by various workgroups and advisory groups.

Energy Assistance Application Processing Times: Statewide, average energy assistance application processing times improved for the period through December 20, 2015, in fiscal 2016, compared to a similar period in fiscal 2015 (through December 16, 2014), from 29 days to 27 days. These processing times are well within the termination protection period of 55 days. In addition, the percent of applications processed in longer than 55 days decreased from 17% to 11% between these two years. Despite the statewide improvement, some jurisdictions application processing timeliness have worsened.

Recommended Actions

1. Adopt committee narrative requesting information on application processing times.
2. Adopt committee narrative requesting information on outreach plans.
3. Adopt committee narrative requesting information on program changes including anticipated legislative changes.

Updates

Audit Findings Related to the Energy Assistance Programs: The fiscal compliance audit of the Family Investment Administration released by the Office of Legislative Audits contained one finding specific to the energy assistance program related to maintaining adequate documentation. The Baltimore City Single Audit for fiscal 2013 contained four findings specific to the management of the Low-Income Home Energy Assistance Program related to missing documentation, questionable payments, weaknesses in internal controls, and discrepancies in the application process. OHEP indicates that in response to these audits, monitoring of local administering agencies has been improved. In addition, DHR notes that the document management system implemented by the agency should address some of the documentation concerns in the audits.

Office of Home Energy Programs

Department of Human Resources

Operating Budget Analysis

Program Description

The Office of Home Energy Programs (OHEP) is a program of the Family Investment Administration (FIA) in the Department of Human Resources (DHR). The services of OHEP include cash benefits, budget counseling, vendor arrangements, referrals, and assistance with heating/cooling equipment repair and replacement.

OHEP administers the following two energy assistance programs for residential customers: (1) the Maryland Energy Assistance Program (MEAP) funded by the federal Low-Income Home Energy Assistance Program (LIHEAP) providing bill payment assistance, crisis assistance, and furnace repair/replacement for a variety of heating sources; and (2) the Electric Universal Service Program (EUSP) funded from a ratepayer surcharge and an allocation of revenue from the Regional Greenhouse Gas Initiative (RGGI) carbon dioxide emission allowance auctions (budgeted through the Strategic Energy Investment Fund (SEIF)) that provides both bill payment and arrearage assistance to electric customers. These programs are administered using local administering agencies (LAA), including local departments of social services, in each county and Baltimore City. Two LAAs serve multiple counties: (1) the Southern Maryland Tri-County Community Action Committee, Inc. serves Calvert, Charles, and St. Mary’s counties; and (2) Shore UP! Inc. serves Somerset, Wicomico, and Worcester counties. All other LAAs serve one jurisdiction.

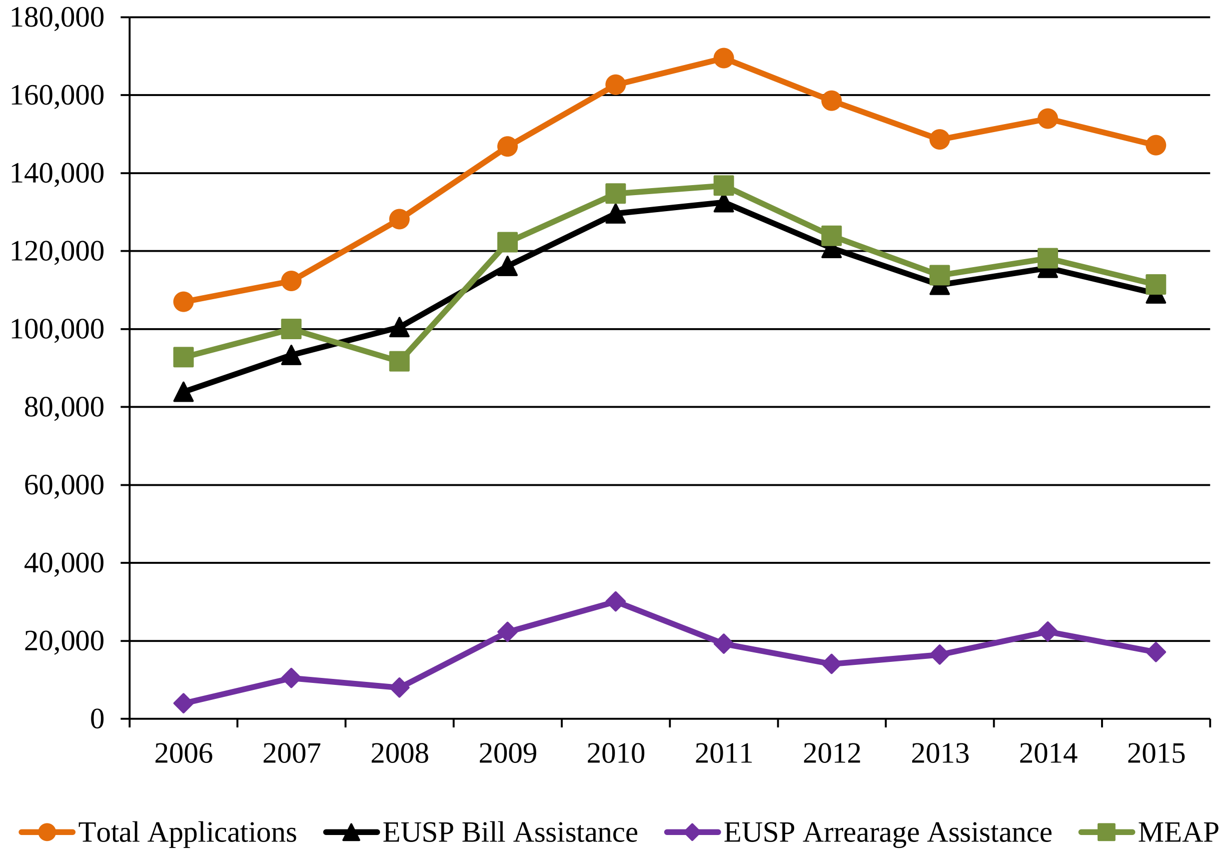
DHR has one key goal related to the work of OHEP, which is that Maryland residents have access to essential services to support themselves and their families. In addition, DHR has an overall goal to be recognized as a national leader among human service agencies.

Performance Analysis: Managing for Results

1. Demand for Energy Assistance

As shown in **Exhibit 1**, total energy assistance applications declined for the third time in four years, a decrease of 4.4%. Energy assistance applications were at the lowest level since fiscal 2009. Similarly, households receiving EUSP bill payment assistance and households receiving MEAP assistance also declined for the third time in four years, with declines of 5.7% for each program, and the programs served the fewest households since fiscal 2008. DHR attributes these declines to improvements in the economy and the winter weather.

Exhibit 1
OHEP Benefits Provision History
Fiscal 2006-2015

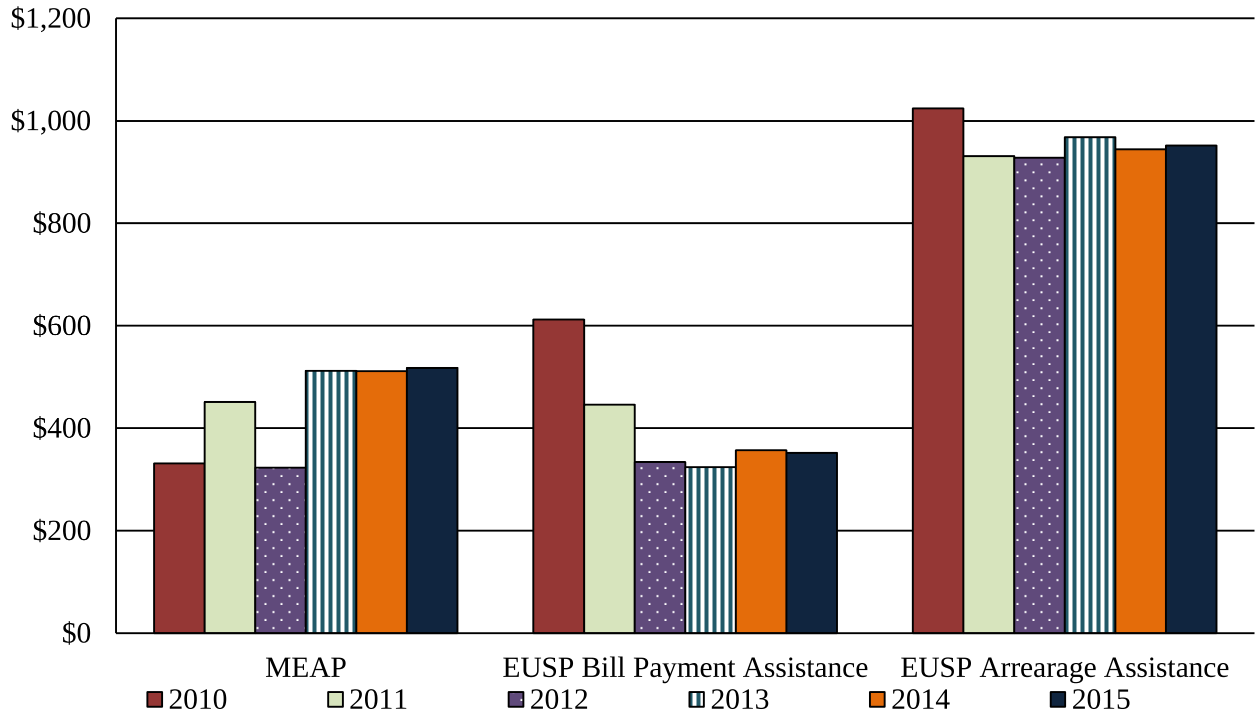


EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program
OHEP: Office of Home Energy Programs

Source: Department of Human Resources

Households receiving EUSP arrearage assistance declined in fiscal 2011 and 2012 in part due to informal caps on spending in the program due to funding limitations. In fiscal 2013 and 2014, additional funding was available for these benefits, and the number of households receiving EUSP arrearage assistance increased. The number of households receiving EUSP arrearage assistance declined in fiscal 2015, a decrease of 23.8%, due to lower demand. However, as shown in **Exhibit 2**, the average benefit for those receiving EUSP arrearage assistance was slightly higher in fiscal 2015 than the prior year.

Exhibit 2
Average Grant Amounts
Fiscal 2010-2015



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

Note: Average grants do not include supplemental benefits offered for certain MEAP recipients (fiscal 2012, 2013, and 2014) and EUSP bill payment assistance recipients (fiscal 2014).

Source: Department of Human Resources

For EUSP bill assistance and MEAP, an individual's benefit is calculated based on income level, energy usage, energy cost, and utility service territory. Garrett County also receives payments at a higher level for MEAP because of the longer winter heating season. The income portion of the calculation is used to determine a percent of the bill paid. Incomes are grouped into categories (0.0% to 75.0% of federal poverty level (FPL), 75.0% to 110.0% of FPL, 110.0% to 150.0% of FPL, 150.0% to 175.0% of FPL). The percent of the bill paid varies by electricity and heat source for MEAP. Average benefits are largely influenced by the percent of bill paid but are also influenced by changes in electric usage, cost, and customer mix. The average benefit for EUSP bill payment assistance decreased 1.4% in fiscal 2015 despite a slight increase in the percent of bills paid for those at the lowest income levels compared to fiscal 2014. OHEP intends to increase the percent of the bills paid from

EUSP for individuals at the lowest income level in fiscal 2016 (from 40.0% to 50.0%). At that level, OHEP would be paying the highest percent of bills paid since fiscal 2010 when OHEP paid 65.0% of the bills for the lowest income level.

Natural gas customers and bulk fuel customers of OHEP received a substantial increase in the percent of bills paid in fiscal 2013, reaching 95% for the lowest income level, and stayed at that level through fiscal 2015. In fiscal 2016, OHEP is slightly decreasing the percent of bills paid for natural gas and bulk fuel sources, while increasing the percent of bills paid for electric sources.

As shown in **Exhibit 3**, through December in fiscal 2016, applications and households receiving each energy assistance benefit are lower than the same time period in fiscal 2015. As a result of the changes in the percent of bills paid for each benefit type, the average EUSP bill payment benefit is higher than the same time period in fiscal 2015, an increase of $39, or 11.1%, and the average MEAP benefit has increased by $55, or 10.3%. The higher average benefits have led to an increase in overall spending in OHEP in fiscal 2016 compared to the same time period in fiscal 2015 despite fewer households receiving assistance, an increase of $3.2 million, or 4.5%. At the current pace of spending, OHEP would be expected to spend $5.1 million more on benefits than in fiscal 2015 for a total of approximately $117.4 million. However, weather can substantially impact demand for energy assistance benefits. The recent cold weather and snow may result in changes in the current trends in energy assistance applications. The fiscal 2016 budget for OHEP could accommodate an increased pace of spending, as $125.7 million is currently budgeted for these benefits, and more funding is available from the SEIF than is currently budgeted.

Exhibit 3
OHEP Applications and Benefits Data
Fiscal 2015 and 2016
(July through December in Each Year)

	Fiscal 2015	Fiscal 2016	Change	% Change
Applications				
MEAP	98,531	94,559	-3,972	-4.0%
EUSP Bill Payment	96,119	92,467	-3,652	-3.8%
EUSP Arrearage	14,412	13,566	-846	-5.9%
Receiving Benefits				
MEAP	68,254	65,393	-2,861	-4.2%
EUSP Bill Payment	67,984	65,184	-2,800	-4.1%
EUSP Arrearage	9,858	9,146	-712	-7.2%

	Fiscal 2015	Fiscal 2016	Change	% Change
Percent of Bill Paid (Lowest Income Level)				
MEAP Natural Gas and Bulk Fuels	95%	94%	-1%	
MEAP Electric Heat (no EUSP)	40%	55%	15%	
MEAP Electric Heat (if also receive EUSP)	16%	26%	10%	
EUSP Bill Payment Assistance	40%	50%	10%	
Average Benefit				
MEAP	$533	$588	$55	10.3%
EUSP Bill Payment	351	390	39	11.1%
EUSP Arrearage	959	977	18	1.9%
Benefits Paid ($ in Millions)				
MEAP	$36.4	$38.5	$2.1	5.8%
EUSP Bill Payment	23.9	25.4	1.6	6.5%
EUSP Arrearage	9.5	8.9	-0.5	-5.5%
Total Benefits Paid	**$69.7**	**$72.9**	**$3.2**	**4.5%**

EUSP: Electric Universal Service Program
OHEP: Office of Home Energy Programs
MEAP: Maryland Energy Assistance Program

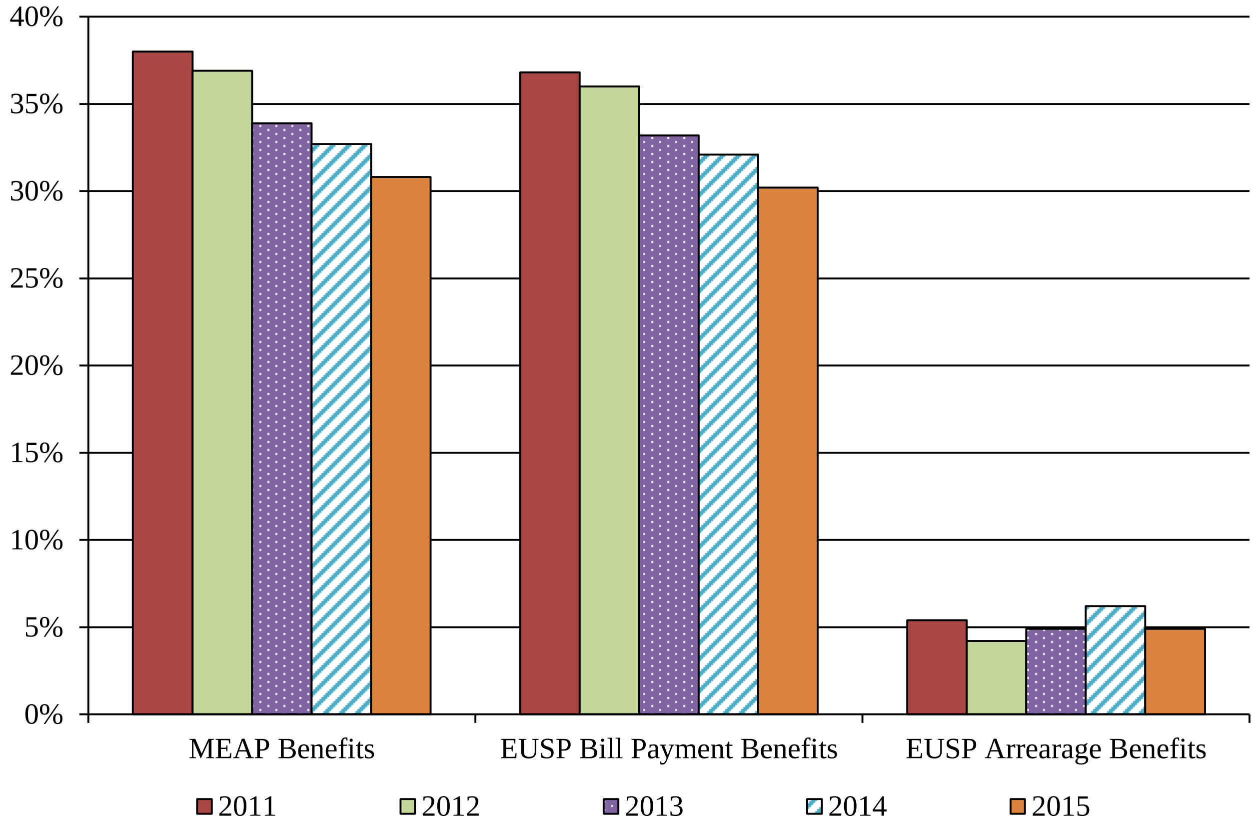
Source: Department of Human Resources

2. Percent of Eligible Households Receiving Benefits Continues to Decline

The percent of eligible households receiving benefits may move in a different direction to the number of households receiving benefits due to adjustments in the estimates of eligible households. As shown in **Exhibit 4**, the percent of eligible households receiving MEAP and EUSP bill payment assistance has decreased in all recent years. In fiscal 2015, 30.8% of eligible households received MEAP benefits, and 30.2% of eligible households received EUSP bill payment benefits (decreases of nearly 2 percentage points from fiscal 2014). OHEP has undertaken a new competitive solicitation that allows LAAs to submit budget requests for outreach measures. OHEP awarded the first funding under this solicitation at the end of October 2015. OHEP also developed a winter preparedness outreach campaign involving social media, direct mailings, and press releases. The fiscal 2017 allowance for OHEP includes $100,000 for outreach activities.

The percent of eligible households receiving EUSP arrearage assistance typically fluctuates within a small range. In fiscal 2015, the percent of eligible households receiving EUSP arrearage assistance was 4.9%, a decrease of 1.3 percentage points from fiscal 2014, the same level as in fiscal 2013.

Exhibit 4
Eligible Households Certified for Energy Assistance Benefits
Fiscal 2011-2015



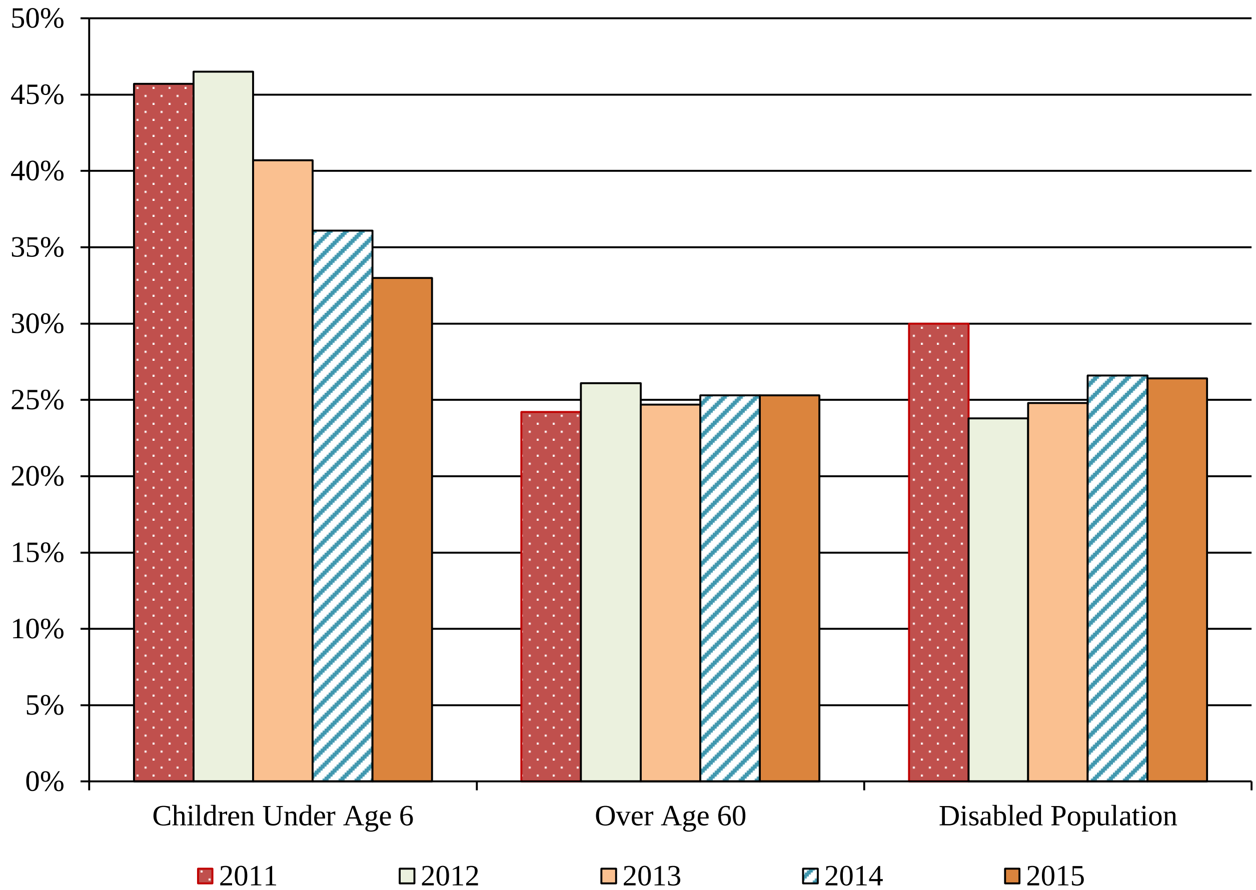
EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program

Source: Department of Human Resources; Department of Budget and Management

3. Benefits Provided to Targeted Populations

Consistent with the recent trends in the percent of eligible households receiving EUSP bill payment and MEAP benefits, the percent of households with children under the age of six receiving energy assistance benefits has decreased since fiscal 2012, as shown in **Exhibit 5**. During that period, the percent of these households that were certified for benefits fell from 46.5% to 33.0%. DHR is considering undertaking a mass mailing to Food Supplement Program recipients that have not received an OHEP benefit to encourage applications.

Exhibit 5
Targeted Populations Receiving Energy Assistance Benefits
Fiscal 2011-2015



Source: Department of Human Resources; Department of Budget and Management

The percent of eligible households with an individual with a disability receiving benefits decreased slightly in fiscal 2015, 0.2 percentage points to 26.4%, after increasing in the two prior years. The percent of eligible households with an individual over the age of 60 remained even in fiscal 2015 compared to the prior year at 25.3%.

The Department of Legislative Services (DLS) recommends committee narrative requesting that OHEP report on the outreach efforts undertaken by the office and LAAs in fiscal 2016 and plans to further improve outreach in fiscal 2017, including among the targeted populations.

Proposed Budget

As shown in **Exhibit 6**, the fiscal 2017 allowance of OHEP increases by $3.2 million, or 2.3%, compared to the fiscal 2016 working appropriation after accounting for back of the bill reductions in health insurance. Aside from changes in energy assistance benefits, the fiscal 2017 allowance of OHEP increases by $951,030. The non-energy assistance benefit increase occurs nearly entirely among funding for contracts for LAAs, an increase of $900,000. DHR has also initiated a new call center contract; the OHEP share of the increased cost associated with this contract is $25,000.

Personnel expenses increase by $40,429, after accounting for the back of the bill reduction in health insurance. Increases occur primarily among employee and retiree health insurance ($30,895), employee retirement ($22,141), and accrued leave payout ($19,068). These increases are partially offset by reductions due to an increase in turnover expectancy from 7.21% to 9.98% ($28,569) and regular earnings ($3,874).

The fiscal 2017 allowance includes funding for employee increments in the budget of the Department of Budget and Management. These funds will be distributed to agencies at the beginning of the fiscal year. OHEP's share of the employee increments is $23,033 in total funds ($12,183 in special funds and $10,849 in federal funds).

Exhibit 6
Proposed Budget
DHR – Office of Home Energy Programs
($ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
Fiscal 2015 Actual	$59,404	$64,068	$123,471
Fiscal 2016 Working Appropriation	70,380	67,192	137,572
Fiscal 2017 Allowance	77,586	63,214	140,800
Fiscal 2016-2017 Amount Change	$7,206	-$3,978	$3,228
Fiscal 2016-2017 Percent Change	10.2%	-5.9%	2.3%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	$31
Employee retirement	22
Accrued leave payout to align with recent experience	19
Regular earnings	-4
Turnover expectancy increases from 7.21% to 9.98%	-29
Other fringe benefit adjustments	1

Where It Goes:	
Energy Assistance Benefits	
Strategic Energy Investment Fund due to available funding	7,206
Electric Universal Service Program due to increased administrative funding requirements	-480
Low-Income Home Energy Assistance Program due to anticipated funding and increased administrative funding requirements	-4,449
Administrative Expenses	
Contract costs for local administering agencies	900
Office of Home Energy Programs share of the department's call center contract	25
Department of Budget and Management paid telecommunications	-1
Postage and telephone expenses to align with recent experience	-12
Other adjustments	-1
Total	**$3,228**

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

Across-the-board Reductions

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. OHEP's share of these reductions is $4,977 in total funds ($2,677 in special funds and $2,321 in federal funds). There is an additional across-the-board reduction to abolish positions statewide, but the amounts have not been allocated by agency.

Energy Assistance Benefits

The majority of the increase in the fiscal 2017 allowance for OHEP occurs in the area of energy assistance benefits, an increase of $2.3 million, which is driven by anticipated funding availability.

LIHEAP

In any given year, the State's LIHEAP allocation may vary based on both the federal appropriation level and the State share of the appropriation. Overall, LIHEAP funding is level funded in federal fiscal 2016 compared to federal fiscal 2015 ($3.39 billion). The final allocation for Maryland in federal fiscal 2016 is not yet available; however, to date, Maryland has received $64.8 million. Maryland's share of the allocation is slightly higher than the prior year; as a result, the total LIHEAP received by Maryland in federal fiscal 2016 may be slightly higher than federal fiscal 2015. Maryland's recent allocations were:

- $69.8 million in federal fiscal 2012;

- $70.4 million in federal fiscal 2013;

- $68.5 million in federal fiscal 2014; and

- $68.9 million in federal fiscal 2015.

The fiscal 2016 working appropriation of LIHEAP, including funds budgeted in the Office of Technology for Human Services (OTHS) in DHR Administration for the OHEP data system, of $68.6 million, is very near the LIHEAP allocations in recent years. The fiscal 2017 allowance of LIHEAP decreases by approximately $4.0 million to $64.6 million. The amount budgeted in fiscal 2017 is lower than has been received in recent years but is near the amount received as of this writing in fiscal 2016. The decrease occurs primarily among funds budgeted for energy assistance benefits (a decrease of $4.4 million), while funds budgeted for administrative expenses increase by $473,020.

EUSP

Section 7-512 of the Public Utilities Article sets the level of ratepayer funding for EUSP at $37.0 million. For several years, the collections from the ratepayer surcharge exceeded the statutory level. In February 2014, the Public Service Commission (PSC) reduced the surcharge used to collect EUSP. The fiscal 2017 allowance continues to reflect EUSP collections at the level allowed by statute, with the EUSP total in the DHR budget at $37.0 million.

Although EUSP funds in the fiscal 2017 allowance are essentially level compared to the fiscal 2016 working appropriation, the allowance reflects a slight shift in the use of the funds. To account for increased administrative expenses, EUSP available for energy assistance benefits decreases by $480,349.

SEIF

Funding available to OHEP from the SEIF has increased in recent years following changes in the RGGI program. The fiscal 2017 spending plan for the SEIF assumes $92.8 million in revenue from RGGI auctions in that year, a decrease of $2.6 million compared to current fiscal 2016 estimates, primarily because it does not account for cost containment reserve allowances that have boosted revenue in fiscal 2016. Based on the revenue estimates, including funds available from set-aside allowances, $47.2 million is expected to be distributed to energy assistance from RGGI sources, as shown in **Exhibit 7**. The fiscal 2017 allowance for OHEP, however, includes only $42.0 million of the SEIF for energy assistance.

Exhibit 7
Comparison of RGGI Revenue Distribution and Potential Allocation

	Revenue Available without Transfer	Revenue Available with Transfer
Revenue Estimate	$96,181,852	$96,181,852
RGGI Dues	457,438	457,438
Electric Vehicle Tax Credit	1,287,000	1,287,000
Proposed Transfer to Environmental Trust Fund		10,000,000
Revenue Available for Distribution	**$94,437,414**	**$84,437,414**

	Fiscal 2017 Allowance	Distribution as determined by Statue		Fiscal 2017 Revenue Allocation	Fiscal 2017 Revenue Allocation If Proposed Transfer Occurs	Difference between Allocations with and without Proposed Transfer
Energy Assistance	**$42.0**	**at least**	**50%**	**$47.2**	**$42.2**	**-$5.0**
Department of Human Resources	$42.0					
Other SEIF Allocations from RGGI	**$48.4**		**50%**	**$47.2**	**$42.2**	**-$5.0**
Total	**$90.4**			**$94.4**	**$84.4**	**-$10.0**
Excess Administration Revenue Beyond Cap That Is Redistributed				$4.4	$3.4	

RGGI: Regional Greenhouse Gas Initiative

Note: Exhibit assumes that the excess administration allocation (revenue received above the $5 million cap) is reallocated to only the energy efficiency and renewable energy portions of the program, as is currently the Administration plan identified in Appendix T of the Governor's Budget Books. Allowance figures are the figures identified in the Governor's Budget Books and will not necessarily match the figures presented in Appendix T. The Department of General Services figure corrects an error in the budget. Figures exclude non-RGGI revenue budgeted as the Strategic Energy Investment Fund.

Source: RGGI, Inc.

The amount of revenue available for energy assistance from the SEIF could be reduced in fiscal 2017 and future years depending on the outcome of legislation proposed by Governor Lawrence J. Hogan, Jr. (SB 389/HB 459). As part of a larger fee reduction plan, Governor Hogan has proposed eliminating the Environmental Trust Fund surcharge, which is used for funding a variety of programs (the largest of which is the Department of Natural Resources Power Plant Research Program). The surcharge would be replaced with a diversion of revenue from the SEIF (up to $10 million annually) based on the funding that is required for programs receiving the Environmental Trust Fund monies. If the full diversion of $10 million were to occur in a given year, the energy assistance program revenue would be reduced by $5 million. Exhibit 7 provides a comparison of the revenue distribution with and without this proposed diversion based on the fiscal 2016 revenue estimates. As shown in this exhibit, the OHEP fiscal 2017 allowance is less than the amount of revenue the program would receive, even if the proposed diversion occurs in that year.

Fund Balance: Revenue continues to outpace the estimates used to build the budget and in some years, such as fiscal 2017, OHEP's budget does not include all of the SEIF revenue expected to be available for this purpose. In addition, demand for benefits has decreased in some years. As a result, the SEIF balance attributable to energy assistance has grown. As shown in **Exhibit 8**, the fiscal 2015 closing balance for energy assistance was $45.1 million and is expected to grow in upcoming years, reaching $62.8 million. The balance would remain near the fiscal 2016 level (nearly $58.0 million) if the proposed transfer of funds to the Environmental Trust Fund were to occur. **DHR should comment on the agency's plan to reduce the fund balance in the SEIF available for energy assistance benefits.**

Dominion Cove Point

In April 2013, Dominion Cove Point LNG, LP (DCP) filed an application with PSC for a Certificate of Public Convenience and Necessity (CPCN) to construct a 130-megawatt nameplate capacity electric generating station at the existing liquefied natural gas (LNG) terminal site in Calvert County near Cove Point. The terminal currently receives LNG imports. DCP was also seeking approval from the Federal Energy Regulatory Commission (FERC) to allow for exporting of LNG. The electric generating station is to be used for the needs of the facility and not connected to the State's electric grid.

Exhibit 8
Strategic Energy Investment Fund Balance
Fiscal 2015-2017 Est.
($ in Millions)

	Actual 2015	Est. 2016	Est. 2017	(With Environmental Trust Fund Transfer) 2017 Estimated Balance
Energy Assistance	$45.1	$57.5	$62.8	$57.8
Energy Efficiency and Conservation Programs, Low- and Moderate-income Sector	4.8	3.7	2.0	0.7
Energy Efficiency and Conservation Programs, All Other Sectors	5.3	5.4	1.1	-0.1
Renewable Energy, Clean Energy, Climate Change, Education, and Resiliency	4.9	3.4	3.1	0.6
Administration	3.9	4.1	4.3	4.3
Subtotal RGGI Portion	***$63.9***	***$74.2***	***$73.2***	***$63.2***
Renewable Portfolio Standard	0.0	0.0	33.0	$33.0
Offshore Wind Development	15.3	13.8	11.6	$11.6
Cove Point	8.0	16.0	0.0	$0.0
Total	**$87.2**	**$104.0**	**$117.8**	**$107.8**

CIF: Customer Investment Fund
RGGI: Regional Greenhouse Gas Initiative

Note: Excludes CIF in fiscal 2016 and 2017. Fiscal 2016 balances assume certain program spending not yet appropriated in the Department of Housing and Community Development and the Maryland Department of Agriculture. The fiscal 2017 balance accounts for a transfer of funds to the State Agency Loan Program. Fiscal 2016 and 2017 figures include adjustments to reflect appropriated levels of funding for the Maryland Energy Administration and the Department of Health and Mental Hygiene and to correct an error in the Department of General Services. Due to the adjustment in the Department of Health and Mental Hygiene, figures will not match Appendix T of the Governor's Budget Books. Balances do not account for changes in revenue distribution that would result from the proposed transfer to the Environmental Trust Fund.

Source: Maryland Energy Administration; Governor's Budget Books; Department of Legislative Services

On May 30, 2014, PSC granted (in Order 86372) the CPCN for the new electric generating station to DCP subject to a number of conditions, including FERC approval of the export facility and that all conditions imposed by FERC for the expansion of the facility are met. Two of the conditions imposed in the PSC order provide revenue for State use. PSC ordered a contribution of $40 million ($8 million per year for 5 years) into the SEIF, with the first payment due within 90 days of the commencement of construction of the generating station, for certain activities related to renewable and clean energy, energy efficiency, greenhouse gas reduction/mitigation, or demand response programs. The other condition required contributions totaling $8 million ($400,000 per year for the expected

20 years of plant operations) to MEAP or other Maryland low-income energy assistance programs specified by PSC by January 1, 2016.

In calendar 2015, DCP began contributing the funds to the SEIF because the generating facility is under construction. PSC did not specify any other low-income energy assistance program to receive the energy assistance portion of the contribution by January 1, 2016, so it would be expected that the energy assistance contribution will be available to MEAP. The fiscal 2017 allowance does not include funding from this source. **OHEP should comment on when the funds are expected to be received by MEAP from DCP, given that the plant is under construction. OHEP should also discuss plans for using these funds.**

Issues

1. Program Enhancements

In January 2012, PSC initiated a review of Maryland's energy assistance programs as a result of concerns that arose from the *Fiscal 2011 Electric Universal Service Program Annual Report*, particularly whether the energy assistance programs are currently fulfilling (or could fulfill the intended purposes) and whether the programs were appropriately funded. As part of the review, PSC staff worked with the Office of People's Counsel to develop consensus recommendations that would have drastically changed energy assistance programs in Maryland. The proposal would have converted Maryland's current programs, which determine benefits by income level (through a percent of bill paid), energy use, energy cost, and utility service territory to a percentage of income payment plan (under which a certain percent of a household's income is deemed affordable and is subtracted from a customer's actual or estimated energy bill for a year to determine the benefit amount). In addition, the proposed program would have contained an arrearage forgiveness program for pre-program arrearages, under which the arrearage would be forgiven if the customer paid a certain additional amount per month toward the bill. The current arrearage program provides a benefit at the level of arrearage between $300 and $2,000, no more than once every seven years. Other program components focused on energy conservation and crisis intervention. The cost was estimated at $250 million.

Following the release of the PSC staff proposal, DHR expressed interest in implementing budget neutral enhancements. However, with additional funding and more funding stability from the SEIF, DHR indicated that it was considering additional enhancements. In response to a 2014 *Joint Chairmen's Report* (JCR) request, PSC noted that this new interest was prompted by permanent changes in the share of the RGGI auction proceeds dedicated to energy assistance, and an increase in revenue available from these auctions.

The 2015 JCR requested that DHR provide information on program enhancements implemented in fiscal 2016 and planned enhancements in fiscal 2017. This information was submitted in two reports during fiscal 2016. Much of the work in fiscal 2016, described by DHR, focused on planning and preparing for possible changes.

Planning Activities

In the initial report, DHR explained that it would conduct an analysis of the LAA operations including customer intake and certification, quality assurance procedures, utilization of the online application tool, and utilization of the Enterprise Content Management System (ECMS), fraud prevention strategies, training, and outreach. DHR conducted these reviews in summer and fall 2015. These reviews were used to identify needs, issues, and an agenda to address the needs and issues.

DHR also planned to establish an operations and technology workgroup, involving LAAs and stakeholders to plan and prioritize improvements to increase program efficiency and customer service. Ultimately, OHEP developed three workgroups (policy, technology, and communications) that launched in October 2015. DHR identified the areas under each workgroups purview:

- **policy** – crisis assistance, fraud, arrearage waivers, operations manual, income and other verifications, budget billing, and monitoring;

- **technology** – modifying data system reports, ECMS, fraud tracking, performance tracking, use of electronic applications, developing a dashboard, tracking refunds, and tracking application processing timeliness; and

- **communications** – data system generated notices, call center, outreach data analysis, revising application, analyzing pending/denial rates, developing a document library, use of email notifications, and mass mailing strategies.

OHEP has developed a monthly schedule of operational improvements that are focused on by the workgroups.

Operational Improvements

Electronic Documentation Storage

DHR has identified different usage patterns of the ECMS system among LAAs, with half of the LAAs successfully incorporating the system into operations and the other half not doing so. OHEP noticed that the LAAs with larger caseloads have had the most difficulties incorporating the system. OHEP is meeting with the department's OTHS to identify equipment and system needs, and the technology workgroup will begin efforts to increase use of the system beginning in January 2016.

Communication

OHEP is updating communication materials to allow for electronic communication. OHEP expects to offer email as a way for customers to provide documentation or request information by the close of fiscal 2016. OHEP intends to begin collecting application email addresses with the fiscal 2017 application. OHEP plans to launch electronic notifications by the close of fiscal 2017 (in addition to the regular mail process) and to develop email outreach tools during fiscal 2017. OHEP also plans to improve outreach through targeted mailings to low-income households receiving other benefits (*e.g.*, Food Supplement Program) not already receiving energy assistance.

Customer Service

OHEP is also part of the call center operations for DHR. A new contract for the call center begins in February 2016. The call center will be able to assist with questions about applying for benefits, requesting a status update on the application, and other inquiries. This process will also allow for tracking of the resolution of customer issues.

Application Processing

DHR has worked to resolve confidentiality issues that previously prevented LAAs operated by Community Action Agencies (rather than local departments of social services) from accessing eligibility verification systems used by other FIA programs. In fiscal 2017, OHEP will implement access to the verification tools for wages, Social Security income, and eligibility for other DHR programs. These efforts are expected to improve application processing time and fraud prevention. DHR is also improving its application processing timeliness tracking (these efforts are discussed further in Issue 2).

Program Design Improvements

OHEP plans to use the policy workgroup to develop recommendations for program revisions. OHEP expects to evaluate program proposals, and research best practices. DHR plans to focus its reform efforts on two areas: (1) incentivizing energy conservation, education, and case management to reduce customer dependence on energy assistance; and (2) provide incremental arrearage forgiveness contingent on customer co-payment to increase customer accountability for on-time bill payment. DHR anticipates that these program revisions may require legislative changes. OHEP initially planned to have a Policy Reform Plan developed by January 2016. DHR currently expects the Policy Reform Plan will be developed in early fiscal 2017. **DLS recommends committee narrative requesting information on the planned program changes including anticipated legislative changes required during the 2017 session.**

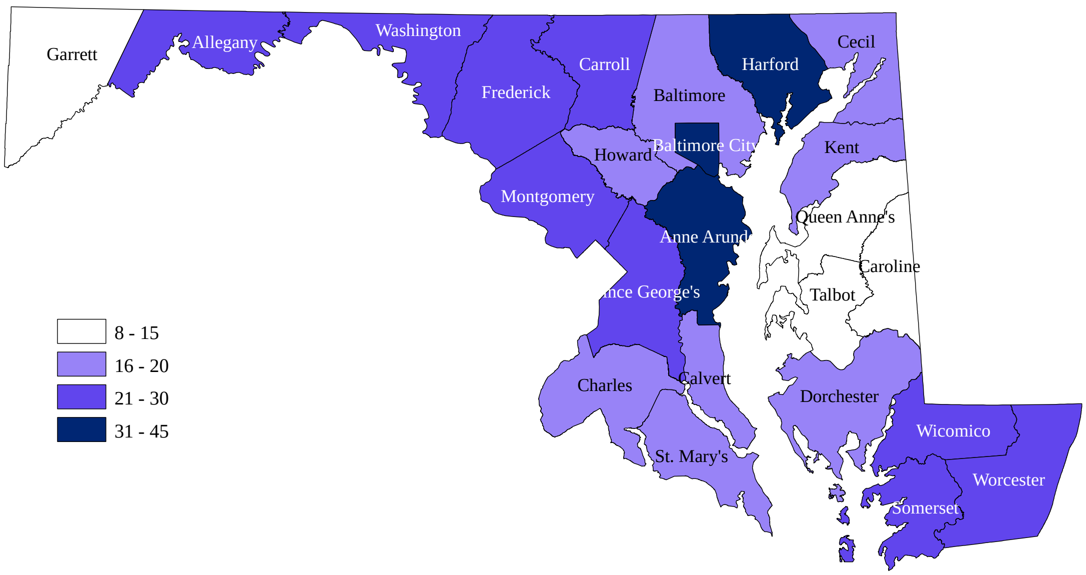
2. Energy Assistance Application Processing Times

Energy assistance applicants have a termination protection during the application period. This protection, known as the 55-day agreement, protects applicants from termination for a period of 55 days while a decision is made on the application. Until recently, DHR was unable to track application processing times in the OHEP data system. Committee narrative in the 2014 and 2015 JCRs requested that DHR provide information on application processing times by LAA to the budget committees.

Average Processing Time

Through December 20, 2015, in fiscal 2016 no jurisdiction had an average application processing time longer than 55 days. In fact, as shown in **Exhibit 9**, through December 20, 2015, of the 20 LAAs only 3 had an average processing time of longer than 30 days (Baltimore City, Anne Arundel County, and Harford County). In addition, the statewide average processing time of 27 days in fiscal 2016 was lower than the average processing time of 33 days during a similar period in fiscal 2015 (through December 16, 2014).

Exhibit 9
Average Days to Process Energy Assistance Applications
Fiscal Year to Date through December 20, 2015



Note: Two local administering agencies serve multiple counties (Shore UP! Inc. serves Somerset, Wicomico, and Worcester counties and the Southern Maryland Tri-County Community Action Council serves Calvert, Charles, and St. Mary's counties). For purposes of the map, each of these counties is shown as having the outcome of the local administering agency as a whole.

Source: Department of Human Resources

The number of jurisdictions with an average processing time of longer than 30 days decreased compared to a similar time period in fiscal 2015 during which 10 jurisdictions had average processing times longer than 30 days, as shown in **Exhibit 10**. To date, in fiscal 2016, the longest average processing time among LAAs was 45 days (Baltimore City), which was 12 days longer than the second highest average processing time (33 days in Anne Arundel County). In a similar period in fiscal 2015, the longest average processing time was 53 days (Howard County), which was 8 days longer than the second highest average processing (45 days in both Garrett County and Southern Maryland). Ten LAAs in the fiscal 2016 period had average processing times of 20 days or fewer compared to only four LAAs in a similar period in fiscal 2015.

Exhibit 10
Comparison of Average Days to Process Energy Assistance Applications

	Dec. 2014 (1)	Jun. 2015 (2)	Dec. 2015 (3)	Change in Average Processing Days Dec. 2014-15
Allegany County Human Resources Development Commission	30	26	24	-6
Anne Arundel County CAC	25	23	33	8
Baltimore City Department of Housing and Community Development	35	37	45	10
Baltimore County DSS	28	22	16	-12
Caroline County DSS	18	16	15	-3
Human Service Programs of Carroll County Inc.	40	37	22	-18
Cecil County DSS	44	42	17	-27
Dorchester County DSS	14	11	19	5
Frederick County DSS	31	25	21	-10
Garrett County CAC	45	34	8	-37
Harford County CAC	30	26	32	2
Howard County CAC	53	37	20	-33
Kent County DSS	22	17	17	-5
Montgomery County Department of Health and Human Services	45	38	29	-16
Prince George's County DSS	31	26	29	-2
Queen Anne's County DSS	17	16	12	-5
Southern Maryland Tri-County Community Action Committee Inc. (Calvert, Charles, and St. Mary's)	45	36	17	-28
Neighborhood Service Center (Talbot County)	16	15	14	-2
Washington County CAC	25	21	25	0
Shore UP! (Somerset, Worcester, and Wicomico)	36	25	26	-10
Total	**33**	**29**	**27**	**-6**

CAC: Community Action Council
DSS: Department of Social Services

(1) December 2014 data – fiscal 2015 through December 16, 2014.
(2) June 2015 data – fiscal 2015 through June 5, 2015.
(3) December 2015 data – fiscal 2016 through December 20, 2016.

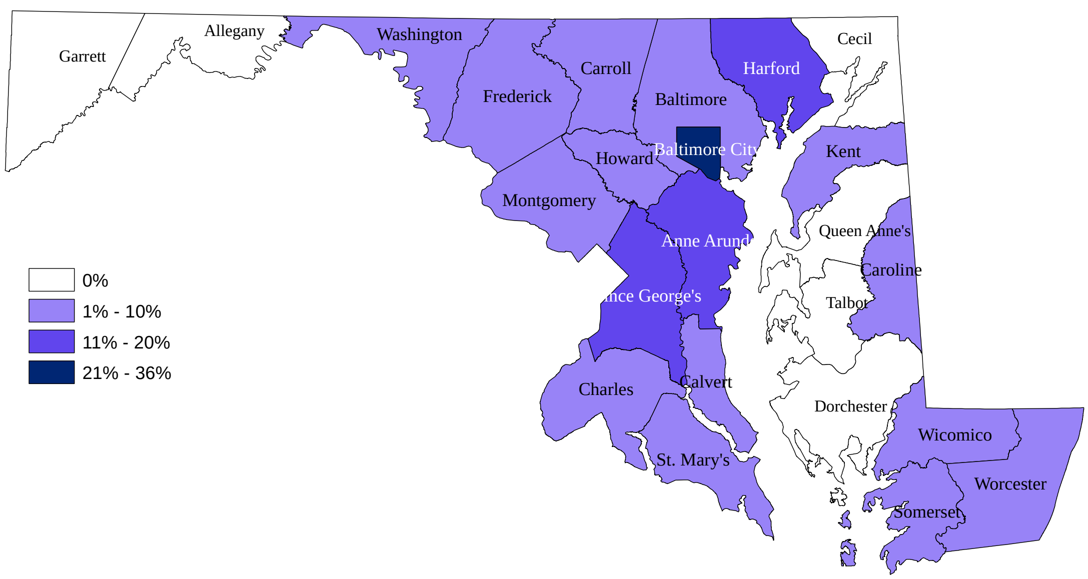
Source: Department of Human Resources

As shown in Exhibit 10, some LAAs have had dramatic improvements in the average processing time between similar periods in fiscal 2015 and 2016 (such as Garrett County with a reduction from 45 days to 8 days and Howard County with a reduction from 53 days to 20 days). However, four LAAs have had performance worsen (Anne Arundel, Dorchester, and Harford counties and Baltimore City,) between these two periods.

Applications Processed Beyond the 55-day Guideline

Through December 20, 2015, in fiscal 2016, 6 of the 20 LAAs had processed all of the applications received by that LAA in 55 days or fewer, as shown in **Exhibit 11**. An additional 5 LAAs processed only 1% of applications that it received in longer than 55 days. In fiscal 2016, the most significant problem in processing applications timely has been concentrated in 1 LAA (Baltimore City), which processed more than one-third of applications (36%) in longer than 55 days. However, three additional jurisdictions (Anne Arundel, Harford, and Prince George's counties) have processed more than 10% of applications in longer than 55 days.

Exhibit 11
Applications Processed Beyond the 55-day Guideline
Fiscal Year to Date through December 20, 2015



Note: Two local administering agencies serve multiple counties (Shore UP! Inc. serves Somerset, Wicomico, and Worcester counties and the Southern Maryland Tri-County Community Action Council serves Calvert, Charles, and St. Mary's counties). For purposes of the map, each of these counties is shown as having the outcome of the local administering agency as a whole.

Source: Department of Human Resources

As shown in **Exhibit 12**, in general, LAAs have made substantial improvements in processing applications timely compared to fiscal 2015 (through December 16, 2014). For example, while in fiscal 2016 (through December 20), four LAAs had more than 10% of applications processed in longer than 55 days, in fiscal 2015 (through December 16, 2014) half of the LAAs processed more than 10% of applications beyond the 55-day guideline, three of the LAAs processed more than one-third of the applications in longer than 55 days, and one LAA processed more than half of applications beyond the 55-day guideline.

Exhibit 12

Comparison of Applications Processed Beyond the 55-day Guideline

	Dec. 2014 (1)	Jun. 2015 (2)	Dec. 2015 (3)	Percentage Point Change Dec. 2014-15
Allegany County Human Resources Development Commission	1%	0%	0%	-1%
Anne Arundel County CAC	4%	7%	18%	14%
Baltimore City Department of Housing and Community Development	17%	24%	36%	19%
Baltimore County DSS	16%	9%	2%	-14%
Caroline County DSS	1%	1%	1%	0%
Human Service Programs of Carroll County Inc.	26%	22%	3%	-23%
Cecil County DSS	28%	32%	0%	-28%
Dorchester County DSS	0%	0%	0%	0%
Frederick County DSS	4%	1%	1%	-3%
Garrett County CAC	42%	31%	0%	-42%
Harford County CAC	7%	5%	14%	7%
Howard County CAC	53%	30%	1%	-52%
Kent County DSS	1%	1%	1%	0%
Montgomery County Department of Health and Human Services	38%	23%	5%	-33%
Prince George's County DSS	14%	11%	11%	-3%
Queen Anne's County DSS	0%	0%	0%	0%
Southern Maryland Tri-County Community Action Committee Inc. (Calvert, Charles, and St. Mary's)	27%	21%	1%	-26%
Neighborhood Service Center (Talbot County)	0%	1%	0%	0%

	Dec. 2014 (1)	Jun. 2015 (2)	Dec. 2015 (3)	Percentage Point Change Dec. 2014-15
Washington County CAC	1%	1%	3%	2%
Shore UP! (Somerset, Worcester, and Wicomico)	17%	8%	3%	-14%
Total	**17%**	**15%**	**11%**	**-6%**

CAC: Community Action Council
DSS: Department of Social Services

(1) December 2014 data – fiscal 2015 through December 16, 2014.
(2) June 2015 data – fiscal 2015 through June 5, 2015.
(3) December 2015 data – fiscal 2016 through December 20, 2016.

Source: Department of Human Resources

OHEP Actions to Improve Application Processing Times

OHEP is currently working with LAAs experiencing the most difficulties in processing applications in a timely manner. OHEP is coordinating with Baltimore City to secure Work Experience interns (Temporary Cash Assistance recipients) to supplement existing staff. In addition, OHEP is working with Baltimore City to review options to improve its intake processes. The Anne Arundel County LAA is filling vacancies that should help reduce the backlog of applications. OHEP is also working with the Harford County LAA to determine trends related to the cases with processing times beyond 55 days to develop a plan of corrective action.

In March 2016, OHEP will implement an enhancement to the OHEP data system that will provide additional monitoring of application processing timeliness. In particular, LAAs and the State office will be able to identify applications that have been in processing for between 25 days and 45 days and longer than 45 days. LAAs and OHEP can also then prioritize those cases for processing and monitor times of individual caseworkers. OHEP also indicates that in the new contract period with LAAs, which began in summer 2015, OHEP worked to address staffing limitations that impacted processing timeliness.

DLS recommends committee narrative requesting that DHR continue to submit information on energy assistance application processing times so that the committees can continue to monitor improvements.

Recommended Actions

1. Adopt the following narrative:

Energy Assistance Application Processing Times: The committees are interested in continuing to monitor the progress of the local administering agencies (LAA) of the Office of Home Energy Programs in improving energy assistance application processing timeliness. Although progress is evident to date in fiscal 2016, some LAAs have experienced worsening performance. The committees request that the Department of Human Resources (DHR) provide by LAA (1) the number of applications received; (2) the average number of days to process applications; (3) the number and percent of applications processed within 30 days, 55 days, and longer than 60 days; and (4) the date of the data.

Information Request	Author	Due Date
Application processing times	DHR	December 31, 2016
Application processing times	DHR	June 30, 2016

2. Adopt the following narrative:

Outreach Plans: The percent of eligible households receiving energy assistance has declined recently and was 30.8% in fiscal 2015. The percent of eligible households with a child under the age of one receiving benefits was 33.0%. The percent of eligible households with an individual over the age of 60 or an individual with disabilities was receiving benefits less than 30.0% in fiscal 2015. The committees are concerned that eligible households are not receiving energy assistance and may be vulnerable to problems associated with lack of heat or electricity. The Office of Home Energy Programs (OHEP) has taken steps during fiscal 2016 to improve outreach by local administering agencies (LAAs). The committees request that OHEP report on the outreach efforts undertaken by the State and LAAs in fiscal 2016 and plans to further improve outreach in fiscal 2017 to increase the percent of eligible households receiving benefits.

Information Request	Author	Due Date
Report on energy assistance outreach efforts	DHR	August 15, 2016

3. Adopt the following narrative:

Planned Program Changes: In response to committee narrative in the 2015 Joint Chairmen's Report, the Department of Human Resources (DHR) indicated that the Office of Home Energy Programs (OHEP) plans to develop a Policy Reform Plan by early fiscal 2017, following work to develop these plans during fiscal 2016. The plans are expected to focus on incentivizing energy conservation, education, and case management to reduce customer dependency on energy assistance and providing incremental arrearage forgiveness contingent on customer co-payments to increase customer accountability for on-time bill payment. The committees request that DHR submit a plan on the planned program changes, including information on anticipated legislative changes that result from the Policy Reform Plan or generally from the ongoing work in the agency's program review.

Information Request	**Author**	**Due Date**
Report on planned energy assistance program changes and anticipated legislative changes	DHR	December 1, 2016

Updates

1. Audit Findings Related to the Energy Assistance Programs

During calendar 2015, two audits were released that contained findings relevant to OHEP and/or LAAs that administer energy assistance programs.

Family Investment Administration Audit

In April 2015, the Office of Legislative Audits (OLA) released a fiscal compliance audit of FIA. Of the five findings included in the audit, one finding was specific to the energy assistance programs. This finding stated that FIA did not ensure that adequate documentation was maintained to support applicant eligibility and the validity of payments made for the energy assistance programs. OLA found that in a test of 10 applications processed by two LAAs:

- 5 applications did not include required documentation to support the applicant's identity or proof of residency (including a valid driver's license or lease agreement);

- 2 applications did not include required documentation to support utility services;

- 4 applications did not have a signature to indicate supervisory review (a similar finding was included in the prior audit); and

- 2 applications were approved more than 50 days past the 45-day requirement for processing applications established in State regulations.

OLA recommended that FIA ensure that LAAs obtain and maintain all required documentation to support critical energy assistance application data (this recommendation was repeated from the prior audit) and approve or deny completed applications within the required timeframe.

In its response to the audit, DHR explained that it has taken steps to address these recommendations. However, DHR also explained that one of the identified LAAs lost some of the records in flooding of a storage area where applications were filed.

DHR noted that use of a document imaging system (the ECMS) was expanded to LAAs in calendar 2014. DHR explained that this system should resolve the documentation concerns because documents such as Social Security cards would be scanned in to the system and become a permanent part of the case record, and annual documentation can be scanned into the case record at the time of the application. DHR also noted that LAAs identified in the audit have online access to the utility company billing records and dedicated phone numbers for communication.

In addition, DHR explained that the development of the Local Processing Time Report, which is used to provide information on the application processing times requested in the 2014 and 2015 JCRs, is used to monitor processing times and identify LAAs that need technical assistance. DHR also noted that in fiscal 2015, the agency increased staffing during the first six months of the fiscal year for LAAs that received the highest volume of applications.

Baltimore City Single Audit

Baltimore City conducts a single audit for the major federal fund programs that it receives. The fiscal 2013 single audit released in calendar 2015 contained 19 findings, of which 4 were related to LIHEAP, at that time managed by the Baltimore City Department of Housing and Community Development (DHCD). The Baltimore City DHCD served as LAA for Baltimore City.

Missing Documentation and Other Errors

One of the findings stated that missing folders and various errors and omissions were noted during the review of program documentation. In particular, the auditors noted that in a sample of 114 client folders, 24 could not be provided because the folders were lost in water damage from burst water pipes in August 2013, and there were widespread and pervasive errors and omissions in the remaining 90 folders. These errors and omissions included missing information, omitted signatures, and incorrect data entered (data in database did not match the folder). Based on the sample, the auditors projected questionable costs to total $6.2 million.

The auditors recommended that the Baltimore City DHCD resolve both the known and projected questioned costs with the U.S. Department of Health and Human Services (DHHS). In addition, the auditors recommended that Baltimore City DHCD institute internal controls to ensure that future applications are properly processed and completed, benefit awards are accurately calculated, and benefits are provided only to qualified individuals.

Payment Errors

A second finding questioned costs due to duplicate payments and benefits paid for client addresses outside Baltimore City. The auditors found 33 duplicate payments, totaling $13,651. The auditors also found payments for 36 clients with addresses outside of Baltimore City, totaling $20,302. The auditors recommended that the Baltimore City DHCD resolve the questioned costs ($33,953) with the U.S. DHHS and that the program institute internal control procedures to prevent these types of payments.

Internal Control Weaknesses

A third finding stated that weaknesses were noted in several internal control areas (recordkeeping, cash management, and segregation of duties). The auditors found that client files, which include information on income, household size, energy usage, addresses, and Social Security numbers, were not maintained appropriately. The auditors noted that files were stored in cardboard boxes on the floor and on top of cabinets. The files were also not sufficiently organized (for example, files from one year were in an area labeled with another year). The auditors noted that, had the files been maintained in secure filing cabinets, the situation with a burst water pipe destroying files could have been prevented.

The auditors explained that there was no checkbook ledger maintained for a bank account that is used for client benefits paid to oil vendors. Because no ledger was maintained, no bank reconciliations were performed. The auditors also found that there was not a check log maintained. Finally, the auditors found that a single party drafted and imprinted the check, which could be done without the official check signer viewing the check or supporting documentation.

The normal application process requires intake personnel to receive the application and review it for completeness, accuracy, and ensure that documentation is provided, and a second person certifies whether the client is eligible for a benefit. The auditors also explained that applications were not signed by two persons for intake and approval.

The auditors recommended that the Baltimore City DHCD improve internal controls including (1) improving organization and storage procedures to protect client files and personal information; (2) maintaining a check log for accounts; (3) preparing monthly bank reconciliations; (4) maintaining a balance for bank accounts; (5) reviewing checks and support documentation prior to printing checks by the official signer; and (6) completing applications in accordance with regulations.

Client Application Process

The auditors also found widespread discrepancies in the client application process. This finding included discussion of the earlier findings that questioned costs in the program. The auditors recommended that internal control procedures be instituted to ensure that applications are processed, completed, and maintained properly, benefits are awarded to only eligible individuals, and benefits are calculated accurately.

Baltimore City Response

In its response to the audit, Baltimore City described corrective actions for these findings. Baltimore City explained that as of July 1, 2014, the management of the program was transferred from the Baltimore City DHCD to the Mayor's Office of Human Services. The Baltimore City DHCD was expected to work with the Mayor's Office of Human Services to recreate the missing files and complete information in the other files with missing information. In addition, Baltimore City noted that internal controls are being strengthened as recommended.

Baltimore City also explained that the company returns funds associated with duplicate payments to the State (when the duplicate payment was made to Baltimore Gas and Electric). In addition, Baltimore City noted that clients residing in other counties are still eligible (because Baltimore City only passes through the State funds).

DHR Response

Although this audit was about Baltimore City specifically, DHR is responsible for ensuring the overall integrity of the program. OHEP has also taken steps to improve monitoring of the program, including increasing the sample size of the applications that are reviewed to improve accuracy of the monitoring results. DHR also noted that it will work with LAAs to correct issues identified in the monitoring process. DHR explained that the temporary staff added to assist high-volume LAAs (noted earlier) will also reduce some of the errors noted in the audit by reducing workload burdens. DHR also explained that ECMS will resolve the case filing issues in the future (as noted earlier). Baltimore City has obtained additional filing cabinets for the historical records.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
DHR – Office of Home Energy Programs
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2015					
Legislative Appropriation	$0	$76,662	$65,603	$0	$142,265
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	0	5	4	0	9
Reversions and Cancellations	0	-17,263	-1,540	0	-18,803
Actual Expenditures	**$0**	**$59,404**	**$64,068**	**$0**	**$123,471**
Fiscal 2016					
Legislative Appropriation	$0	$70,371	$67,183	$0	$137,554
Budget Amendments	0	9	9	0	18
Working Appropriation	**$0**	**$70,380**	**$67,192**	**$0**	**$137,572**

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

In total, the OHEP fiscal 2015 expenditures were $18.8 million lower than the legislative appropriation. An increase of $9,264 ($4,867 in special funds and $4,397 in federal funds) occurred by budget amendment to support the fiscal 2015 cost-of-living adjustment. This increase was more than offset by special fund cancellations totaling $17.3 million and federal fund cancellations totaling $1.5 million. These cancellations are the result of a decrease in energy assistance applications and warmer winter weather compared to the prior year.

Fiscal 2016

To date, the OHEP fiscal 2016 appropriation has increased by $17,679 ($9,179 in special funds and $8,500 in federal funds) to restore the 2% pay reduction.

Object/Fund Difference Report
DHR – Office of Home Energy Programs

Object/Fund	FY 15 Actual	FY 16 Working Appropriation	FY 17 Allowance	FY 16 - FY 17 Amount Change	Percent Change
Positions					
01 Regular	16.87	16.87	16.87	0.00	0%
02 Contractual	3.95	0.00	0.00	0.00	0.0%
Total Positions	**20.82**	**16.87**	**16.87**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$1,578,714	$1,132,347	$1,177,773	$45,426	4.0%
02 Technical and Spec. Fees	433,798	1,150	1,150	0	0%
03 Communication	29,328	50,307	37,253	-13,054	-25.9%
04 Travel	4,426	2,967	2,979	12	0.4%
06 Fuel and Utilities	14,542	0	0	0	0.0%
08 Contractual Services	120,533,860	136,227,009	139,428,870	3,201,861	2.4%
09 Supplies and Materials	160,359	148,602	149,681	1,079	0.7%
10 Equipment – Replacement	2,122	0	0	0	0.0%
11 Equipment – Additional	7,438	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	622,052	0	0	0	0.0%
13 Fixed Charges	84,621	9,450	7,200	-2,250	-23.8%
Total Objects	**$123,471,260**	**$137,571,832**	**$140,804,906**	**$3,233,074**	**2.4%**
Funds					
03 Special Fund	$ 59,403,601	$ 70,380,085	$ 77,588,858	$ 7,208,773	10.2%
05 Federal Fund	64,067,659	67,191,747	63,216,048	-3,975,699	-5.9%
Total Funds	**$ 123,471,260**	**$ 137,571,832**	**$ 140,804,906**	**$ 3,233,074**	**2.4%**

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

Appendix 2