

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 905
(Senator Benson)
Finance

Human Services - Silver Energy Savers Program and Energy Assistance Fund

This bill establishes a Silver Energy Savers Program in the Office of Home Energy Programs (OHEP) in the Department of Human Services (DHS) to provide bill assistance to eligible energy customers who are at least 60 years old. OHEP must designate four regional centers to administer the program and approve a third-party supplier to provide assistance through the program. The bill also establishes the OHEP Energy Assistance Fund, administered by DHS, to be used for administrative costs of the program, including staffing. For fiscal 2024, the Governor must include an appropriation of \$200,000 in the budget bill to the fund. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: DHS general fund expenditures increase by as much as \$1.3 million in FY 2023 to capitalize the special fund; special fund revenues and expenditures increase accordingly for personnel. General fund expenditures increase by \$1.5 million in FY 2024 for ongoing personnel, including the \$200,000 mandated appropriation; special fund revenues and expenditures increase accordingly. **This bill establishes a mandated appropriation for FY 2024.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	\$1.3	\$1.5	\$1.5	\$1.6	\$1.6
GF Expenditure	\$1.3	\$1.5	\$1.5	\$1.6	\$1.6
SF Expenditure	\$1.3	\$1.5	\$1.5	\$1.6	\$1.6
Net Effect	(\$1.3)	(\$1.5)	(\$1.5)	(\$1.6)	(\$1.6)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary:

Silver Energy Savers Program

OHEP must designate four centers to administer the program, including one location in Central Maryland, the Eastern Shore, Southern Maryland, and Western Maryland. The centers must (1) establish call centers to assist eligible energy customers; (2) assist eligible energy customers in gathering the information required to submit an application to a local office; (3) collect data for each eligible energy customer that is provided assistance, including the customer's name, address, age, telephone number, and utility company; and (4) maintain written records of their actions.

A third-party supplier approved by OHEP must (1) help eligible energy customers understand any forms; (2) help eligible energy customers with any required application information; and (3) transport applications from an eligible energy customer to a local office through the process established by the third-party supplier.

OHEP must establish a communication system between local offices and the approved third-party supplier to enable communication about the applications of eligible energy customers, the grants process, and the reasons for denial of an application. OHEP must require local offices to perform home visits to obtain documents from eligible energy customers when necessary and establish a system to coordinate the transfer of documents to the third-party supplier. OHEP must authorize the third-party supplier to allow telephonic signatures for eligible energy customers in the program.

Office of Home Energy Programs Energy Assistance Fund

The fund is a special, nonlapsing fund that consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. Expenditures may be made only in accordance with the State budget. Money expended from the fund for the program is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for bill assistance to customers.

Current Law: OHEP administers a variety of energy assistance programs and services for residential customers using local administering agencies, including local departments of social services, in each county and Baltimore City. These programs include, among others, electric universal services program, and the Maryland Energy Assistance Program, which is Maryland's version of the federal Low Income Home Energy Assistance Program.

State Fiscal Effect: The bill establishes a mandated appropriation of \$200,000 for the OHEP Energy Assistance Fund in fiscal 2024 only. The special fund may be used for administrative costs of the Silver Energy Savers Program, including staffing. As the bill takes effect July 1, 2022, this estimate assumes discretionary funding is provided for the program in fiscal 2023 to capitalize the special fund and provide staffing for the program.

Thus, OHEP general fund expenditures increase by as much as \$1,295,778 in fiscal 2023, which accounts for a 90-day start up delay from the bill's July 1, 2022 effective date. Special fund revenues and expenditures increase accordingly. This estimate reflects the cost to hire up to six family investment specialists in each of the four specified locations (24 staff total) to operate call centers to provide assistance to eligible energy customers, collect specified data, and conduct home visits, as needed. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	24
Salaries and Fringe Benefits	\$1,119,546
Operating Expenses	<u>176,232</u>
Total FY 2023 State Expenditures	\$1,295,778

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate does not include expenses related to conducting home visits beyond the cost of personnel or any additional expenses associated with a third-party supplier. To the extent that a lesser number of personnel are required, expenditures decrease.

In fiscal 2024, general fund expenditures increase by \$1,500,558 for ongoing personnel costs, including the \$200,000 mandated appropriation. Special fund revenues and expenditures increase accordingly. Future years assume general funds continue to be used to capitalize the special fund.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 998 (Delegate Carey) - Economic Matters.

Information Source(s): Montgomery County; Department of Budget and Management; Department of Human Services; Department of Legislative Services

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