

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 771 (Senator Ferguson)
Education, Energy, and the Environment

Human Services - Energy Assistance Programs - Administration and Funding

This bill transfers administration of the Electric Universal Service Program (EUSP) from the Public Service Commission (PSC) under Title 7 of the Public Utilities Article to the Office of Home Energy Programs (OHEP) in the Department of Human Services (DHS) under Title 5 of the Human Services Article. The bill authorizes EUSP to waive income eligibility requirements to provide assistance to an electric customer who would qualify for a similar waiver under another electric assistance program. The bill specifies that the Maryland Strategic Energy Investment Fund (SEIF) must be used to provide supplemental funds for low-income energy assistance through electric *and fuel* assistance programs in DHS. The bill requires that all employees transferred to DHS as a result of the bill must be transferred without diminution of their rights, benefits, employment, or retirement status. The bill also makes clarifying and conforming changes to effectuate the transfer of EUSP.

Fiscal Summary

State Effect: The bill generally codifies existing practice for OHEP to administer EUSP and alters the purposes for which existing SEIF funds may be used. To the extent the bill requires administrative changes, the Maryland Energy Administration (MEA) can handle them with existing resources.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: None.

Analysis

Current Law: OHEP, located within DHS, 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, EUSP and the Maryland Energy Assistance Program (MEAP), which is Maryland's version of the federal Low Income Home Energy Assistance Program (LIHEAP).

EUSP helps the State's vulnerable and traditionally underserved population pay their electric bills, minimize crises, and reduce their electric costs. Benefits include bill payment assistance, arrearage retirement assistance, and low-income residential weatherization assistance. Title 7 of the Public Utilities Article specifies that (1) PSC must establish an EUSP to assist electric customers with specified annual incomes; (2) OHEP is responsible for administering the bill assistance and the arrearage retirement components of EUSP; and (3) the Department of Housing and Community Development (DHCD) is responsible for administering the low-income residential weatherization component of EUSP.

Electric Universal Service Program Benefits and Eligibility

DHS may (1) establish minimum and maximum benefits available to an electric customer under the bill assistance and the arrearage retirement components and (2) coordinate benefits under EUSP with benefits under MEAP and other available energy assistance programs. In a specific case, EUSP may waive the income eligibility requirements to provide assistance to an electric customer who would qualify for MEAP.

Chapter 207 of 2023 requires OHEP to enroll in any fuel and utility assistance program any household with an individual who is categorically eligible for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, Supplemental Security Income, or means-tested Veterans Affairs benefits. Categorical eligibility refers to the practice of qualifying an applicant for a benefit program based on their prior or concurrent determination of eligibility for another benefit program.

Chapter 207 also increased the annual income eligibility level for EUSP to 200% of the federal poverty level (FPL). For its fiscal 2024 LIHEAP state plan, DHS submitted and received approval from the U.S. Department of Health and Human Services to increase the income eligibility for MEAP benefits from 175% to 200% FPL. This change set income eligibility for MEAP equal to EUSP income eligibility. Therefore, both programs require a household income of at or below 200% FPL.

Required Reporting

By January 1 annually, PSC must [report](#) to the General Assembly on EUSP, including:

- a recommendation on the total amount of funds required for EUSP for the following fiscal year based on (1) the level of participation in and the amounts expended on bill assistance and arrearage retirement during the preceding fiscal year; (2) how bill assistance and arrearage retirement payments were calculated during the preceding fiscal year; (3) the projected needs for the bill assistance and the arrearage retirement components for the next fiscal year; and (4) the amount of any bill assistance or arrearage retirement surplus carried over in the EUSP fund;
- for bill assistance, the total amount of need, as determined by PSC, for electric customers with annual incomes at or below 175% FPL and the basis for this determination;
- the amount of funds needed, as determined by PSC, to retire arrearages for electric customers who have not received assistance in retiring arrearages under EUSP within the preceding seven fiscal years, and the basis for this determination;
- the amount of funds needed, as determined by PSC, for bill assistance and arrearage retirement, respectively, for customers for whom income limitations may be waived, and the basis for each determination;
- the impact on customers' rates, including the allocation among customer classes, from collecting the total amount recommended by PSC; and
- the impact of using other FPL benchmarks on costs and the effectiveness of EUSP.

To assist PSC in preparing its recommendations, OHEP must report to PSC each year on:

- the number of customers and the amount of distributions made to fuel customers under MEAP, identified by funding source and fuel source;
- the cost of outreach and education materials provided by OHEP for EUSP; and
- the amount of money that DHS receives, and is projected to receive, for low-income energy assistance from (1) SEIF; (2) with respect to electric customers only, MEAP; and (3) any other federal, State, local, or private source.

DHCD must also report specified information regarding the low-income residential weatherization component of EUSP to PSC for inclusion in its required report.

Electric Universal Service Program Fund

EUSP is funded through ratepayer surcharge revenues collected by electric companies from consumer electric bills and through an allocation of the revenue generated by the Regional Greenhouse Gas Initiative quarterly auctions for the sale of carbon dioxide emission

allowances, which is deposited to SEIF. When available and if needed, federal LIHEAP funds may also be used to support EUSP benefits.

Maryland Strategic Energy Investment Fund

SEIF is a special fund administered by MEA. The fund may be used for, among other things, to provide supplemental funds for low-income energy assistance through EUSP and other electric assistance programs in DHS.

SEIF's primary sources of revenue are the alternative compliance payment revenues generated under Maryland's Renewable Energy Portfolio Standard and proceeds from the sale of carbon dioxide emissions allowances under the Regional Greenhouse Gas initiative. At least 50% of the proceeds received by SEIF from the sale of carbon dioxide emissions allowances under the Regional Greenhouse Gas initiative must be credited to an energy assistance account to be used for EUSP and other electricity assistance programs in DHS.

Maryland Energy Assistance Program

MEAP helps the State's vulnerable populations pay their heating bills, minimize crises, and make heating costs more affordable. Benefits include utility and fossil fuel payments, the Utility Service Protection Program, referrals to weatherization services, emergency heating system repairs/replacement, waivers on utility fees, discounts on fuel purchases, and a gas arrearage component.

MEAP is 100% federally funded by LIHEAP. In general, MEAP benefits are paid directly to the building operator, property management company, or landlord if they agree to reduce the tenant's utility charge or rent by the amount of the benefit received on the resident's behalf. However, it is possible for a resident to receive the benefit directly if the heating bill is in the resident's name.

State Fiscal Effect: The bill generally codifies existing practice for DHS to implement and administer EUSP. While the bill specifies that all employees transferred to DHS as a result of the bill must be transferred without diminution of their rights, benefits, employment, or retirement status, given that DHS currently administers EUSP, DHS advises that no employees will be transferred from PSC as a result of the bill.

The bill also alters the authorized uses of SEIF, permitting funds to be used to provide supplemental funds for low-income energy assistance through electric *and fuel* assistance programs in DHS. While the bill does not change the portion of SEIF funds appropriated to DHS for energy assistance programs, it allows fuel assistance programs to receive SEIF funding. DHS advises that this change will allow OHEP to utilize SEIF funds for assistance

programs when LIHEAP funds are not available, such as during a federal government shutdown.

Additional Comments: In February 2025, the Office of Program Evaluation and Government Accountability (OPEGA) conducted a [performance evaluation](#) of OHEP. OPEGA recommended, among other things, that the General Assembly consider merging energy assistance programs into one energy assistance program jointly funded by federal LIHEAP and State special funds, to allow for more flexible allocation of such funds.

OPEGA advised that the segregation between heating-specific programs (MEAP and the Gas Arrearage Retirement Assistance Program) and electric-specific programs (EUSP and the Electric Arrearage Retirement Assistance Program) creates an artificial barrier that may prevent households from accessing support, solely because of their heating source, particularly when federal LIHEAP funding is exhausted. LIHEAP funding generally is not limited to heating utilities, but DHS historically only applies for heating assistance funding.

In response to this recommendation, DHS advised that merging energy assistance programs into a single program would require multiple statutory and regulatory revisions, including revisions to Title 5 of the Human Services Article and Title 7 of the Public Utilities Article. DHS further advised that such changes could enhance program efficiency, simplify administration, and create a more consistent service delivery model. Consolidation of energy assistance programs would optimize funding flexibility, ensuring all Maryland residents have equitable access to energy assistance, regardless of their heat source.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1516 (Delegate Fraser-Hidalgo) - Environment and Transportation and Appropriations.

Information Source(s): Department of Human Services; Maryland Energy Administration; Public Service Commission; Department of Legislative Services

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