

March 2, 2023

The Honorable C.T. Wilson
 Chair, Economic Matters Committee
 231 Taylor House Office Building
 6 Bladen Street
 Annapolis, MD 21401

RE: House Bill 323 - Social Services Programs - Eligibility and Enrollment

Dear Chairman Wilson:

The Department of Human Services (DHS) would like to provide clarity around our support for House Bill 323. The Office of Home Energy Programs (OHEP) has worked with Delegate Charkoudian on this legislation to implement Categorical Eligibility for Energy Assistance. Current projections show that by instituting an average Electric Universal Service Program (EUSP) benefit of \$800 we can provide for the 32,000 newly eligible households ensuring that no eligible household is left behind in receiving this benefit. This includes adequate funding to accommodate the 32,000 newly eligible households in OHEP’s 2024 budget. The DHS budget is able to provide funds for these additional households in future fiscal years. DHS is hopeful that additional information and history of EUSP below will provide the committee with the reassurance and confidence that HB323 is not only reasonable and possible within current budgetary appropriations; it can be done while expanding eligibility to 32,000 households, and is the right thing to do for Maryland’s families, children and adults.

Due to decreasing applications and increasing energy costs, since program year 2021, OHEP has issued supplemental EUSP grants to provide additional assistance to OHEP recipients. Further, partially due to enhanced and supplemental benefits, and a decrease in the number of customers receiving EUSP Bill Payment benefits, the average EUSP Bill Payment benefit has steadily increased in recent years. By eliminating the need to issue supplemental benefits, OHEP anticipates a reduction in average EUSP benefits in SFY 2024. The reduction will allow us to support the anticipated increase in the caseload resulting from HB323 implementation.

Program Year	Average EUSP Benefit
2020	\$504
2021	\$504
2022	\$763
2023 (YTD- January 2023)	\$939

Table 1: Average EUSP Benefit by Program Year



The projections submitted by the Department of Human Services as part of the fiscal impact of HB323 were assembled using a conservative interpretation of the funding outlook. We have provided more detailed projections of the impact of HB323 on OHEP spending in FY2024 and FY2025 (See *Table 2* below). There are several noteworthy considerations regarding the methodology used to generate these projections:

- Assumes that the average benefit amounts will remain consistent with current benefit trends as of 1/31/23. FY23 average benefit amounts have been exceptionally high compared to previous years.
- Assumes that all 32,000 newly eligible OHEP households will receive all four OHEP grants, including both the Electric Arrearage Retirement Assistance benefit and the Natural Gas Arrearage Retirement Assistance benefit. Because the EARA and GARA benefits have additional eligibility criteria and restrictions compared to EUSP and MEAP it is unlikely that all of the estimated 32,000 newly eligible households would receive these benefits each year.

		Electric Universal Service Program	Maryland Energy Assistance Program	Electric Arrearage Retirement Assistance	Gas Arrearage Retirement Assistance
FY 2023	Projected Recipients	81,974	84,065	20,523	7,010
	Projected Budget	\$77,029,148	\$71,887,036	\$22,615,161	\$6,236,476
	Average Benefit Amount	\$939.67	\$855.14	\$1,101.94	\$889.62
FY 2024	Projected Recipients + 32,000 households resulting from categorical eligibility	113,974	116,065	52,523	39,010
	Projected Budget	\$107,098,662	\$99,251,468	\$57,877,112	\$34,704,314
	Average Benefit Amount	\$939.67	\$855.14	\$1,101.94	\$889.62
FY 2025	Projected Recipients + 32,000 households resulting from categorical eligibility	145,974	148,065	84,523	71,010
	Projected Budget	\$137,168,176	\$126,615,901	\$93,139,063	\$63,172,152
	Average Benefit Amount	\$939.67	\$855.14	\$1,101.94	\$889.62

Table 2: FY2024 and FY2025 OHEP Spending Projections



Thank you for giving the Department an opportunity to provide additional information regarding the fiscal impact of House Bill 323. We hope that with this information we can count on your support of the Bill.

Please do not hesitate to contact me with any questions or additional concerns.

In service,



Rafael López
Acting Secretary

