N00I0006

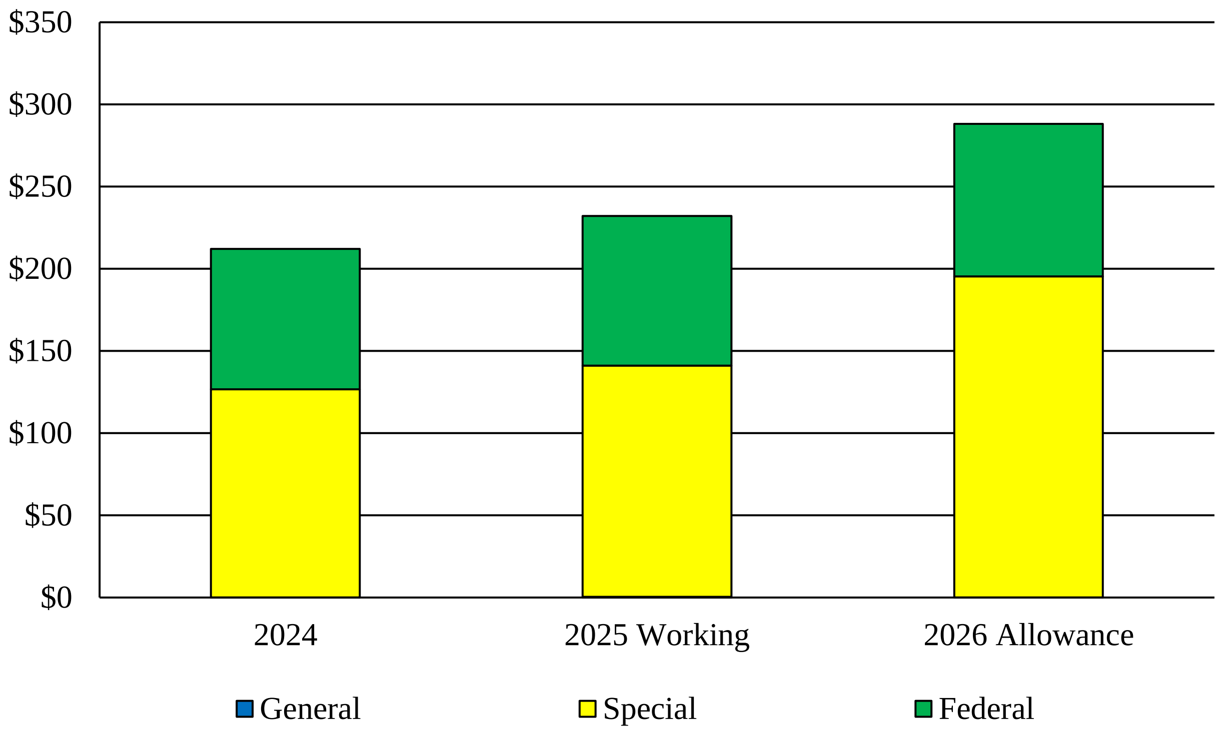
Office of Home Energy Programs
Department of Human Services

Executive Summary

The Office of Home Energy Programs (OHEP) within the Department of Human Services (DHS) Family Investment Administration (FIA) administers energy assistance benefit programs that provide benefits in the form of bill payment assistance for electric and heating customers and arrearage assistance to electric and natural gas customers.

Operating Budget Summary

Fiscal 2026 Budget Increases $56 Million, or 24.1%, to $288.2 Million
($ in Millions)



Note: The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

For further information contact: Suveksha Bhujel suveksha.bhujel@mlis.state.md.us

- The fiscal 2026 deficiency for OHEP includes $30.9 million for deficiency appropriations for fiscal 2025 costs, of which $22.2 million is in federal funds and $8.7 million is in special funds from the Electric Universal Service Program (EUSP) ratepayer surcharge primarily to support additional benefits. However, the Department of Legislative Services (DLS) notes that, in combination with funds already in the fiscal 2025 budget and brought in through other deficiency appropriations, the appropriation from the EUSP ratepayer surcharge exceeds the level authorized to be collected by $12 million.

- Special funds from the Strategic Energy Investment Fund (SEIF) increase by $56.0 million in the fiscal 2026 allowance compared to the fiscal 2025 working appropriation. The increase is primarily due to an increase in revenue received from Regional Greenhouse Gas Initiative (RGGI) auctions. Total RGGI program revenues received by Maryland from all auctions held during fiscal 2024 totaled $214.2 million, which is the highest yearly revenue in program history. The additional funds will assist in supporting the increase in demand for energy assistance due to Chapter 207 of 2023. Chapter 207 revised the criteria for household eligibility in all OHEP energy assistance programs to establish categorical income eligibility and automatic enrollment for households receiving certain benefits.

Key Observations

- ***Applications for Energy Assistance Increase:*** Total applications for energy assistance increased by 61.1% in fiscal 2024 compared to fiscal 2023. Increases in demand for energy assistance in fiscal 2024 can be primarily attributed to Chapter 207 of 2023, which raised the annual income eligibility level for EUSP to 200% of the federal poverty level (FPL). Through December 2024, fiscal 2025 applications for energy assistance have increased compared to applications during the same period in fiscal 2024.

- ***Implementation of Categorical Eligibility for Energy Assistance Programs:*** Chapter 207 of 2023 required categorical eligibility for EUSP and required OHEP to automatically enroll any households in energy assistance programs that are determined to be eligible for certain means-tested programs starting January 1, 2024.

Operating Budget Recommended Actions

		Funds	Positions
1.	Reduce general funds for miscellaneous personnel expenses as the Office of Home Energy Program personnel costs are otherwise fully supported with special and federal funds.	-$ 14,607	
2.	Add language restricting funds until a report is submitted on energy assistance application processing times and denial rates.		
3.	Reduce special and federal funds in fiscal 2026 associated with communication expenses.	-$ 880,192	
4.	Add language restricting federal funds in the Office of Home Energy Programs to the purpose of energy assistance only.		
5.	Adopt committee narrative requesting data on energy assistance participation rates for vulnerable populations.		
6.	Reduce special and federal funds in fiscal 2025 associated with communication expenses.	-$ 880,192	
	Total Net Change to Fiscal 2025 Deficiency Appropriation	**-$ 880,192**	
	Total Net Change to Allowance	**-$ 894,799**	

N00I0006

Office of Home Energy Programs

Department of Human Services

Operating Budget Analysis

Program Description

OHEP is a program within DHS FIA. The services provided by OHEP include benefits to help defray energy costs; budget counseling; and referrals, including for weatherization services provided through the Department of Housing and Community Development (DHCD) that include heating/cooling equipment repair and replacement. OHEP administers two main energy assistance programs for residential customers: (1) Maryland Energy Assistance Program (MEAP) provides bill payment assistance for home heating bills, natural gas arrearage assistance, and crisis assistance for a variety of heating sources and for electric customers; and (2) EUSP provides bill payment assistance and arrearage assistance for electric customers. MEAP is federally funded by Maryland's federal Low Income Home Energy Assistance Program (LIHEAP). EUSP is funded by a combination of sources: (1) a ratepayer surcharge on electric bills; (2) an allocation of revenue from RGGI program auctions (budgeted through the SEIF); and (3) LIHEAP, if available or when needed. Arrearage assistance benefits are typically funded through the SEIF and funds available from a Public Service Commission (PSC) order related to an electric generating facility at Dominion Cove Point (DCP), while all sources are used for bill payment. In addition to its main programs, in fiscal 2023 and 2024, OHEP administered Low Income Household Water Assistance Program (LIHWAP), which provided assistance to low-income families who are behind on their drinking water and wastewater bills using federal stimulus funds.

These programs are administered using local administering agencies (LAA), which are a combination of local departments of social services (LDSS), community action agencies, or other local government offices in each jurisdiction. Two LAAs service multiple counties: (1) the Southern Maryland Tri-County Community Action Committee, Inc. serves Calvert, Charles, and St. Mary's counties; and (2) ShoreUp! Inc, serves Somerset, Wicomico, and Worcester counties. All other LAAs serve one jurisdiction.

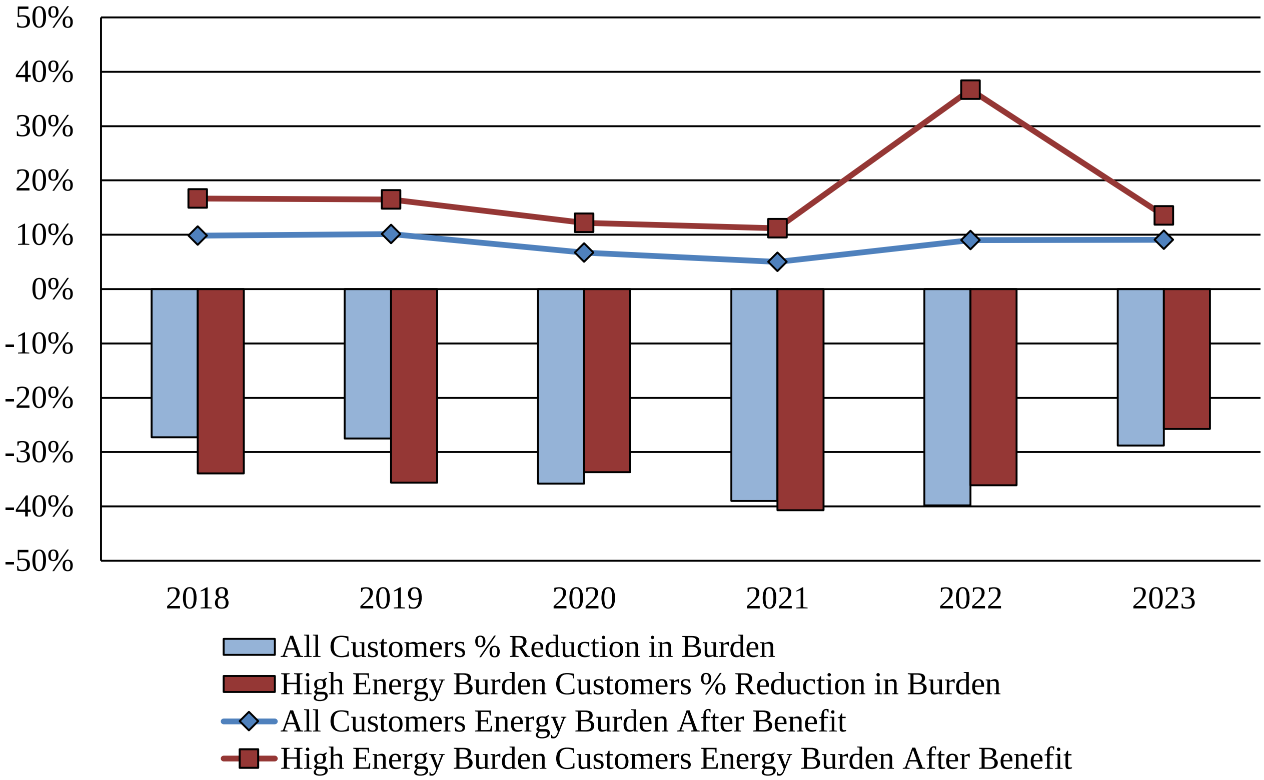
Performance Analysis: Managing for Results

1. Benefit Targeting and Energy Burden Reduction

The U.S. Department of Health and Human Services requires states to report certain LIHEAP performance measures that focus on how well states are targeting energy assistance benefits to those with the highest energy burden (energy cost compared to income) and reducing energy burdens, particularly among high energy burden households (burdens in the top 25% of energy burdens among households that receive bill assistance).

In federal fiscal 2023, prior to receiving LIHEAP benefits, the average annual energy burden was 12.7% for all households and 18.3% for high energy burden households. As shown in **Exhibit 1**, in federal fiscal 2023, the average annual energy burden after receiving LIHEAP benefits was 9.1% for all households and 13.6% for high energy burden households. In comparison, in federal fiscal 2022, the average annual energy burden after receiving LIHEAP was 9.0% for all households and 36.7% for high energy burden households. OHEP benefits funded through LIHEAP reduced the energy burden for all households receiving a benefit by 28.8% and for high energy burden households by 25.8%. In comparison, in federal fiscal 2022, the energy burden reduction was 39.8% for all households and 36.1% for high energy burden households.

Exhibit 1
Energy Burden Reduction for All Fuel Sources
Federal Fiscal 2018-2023

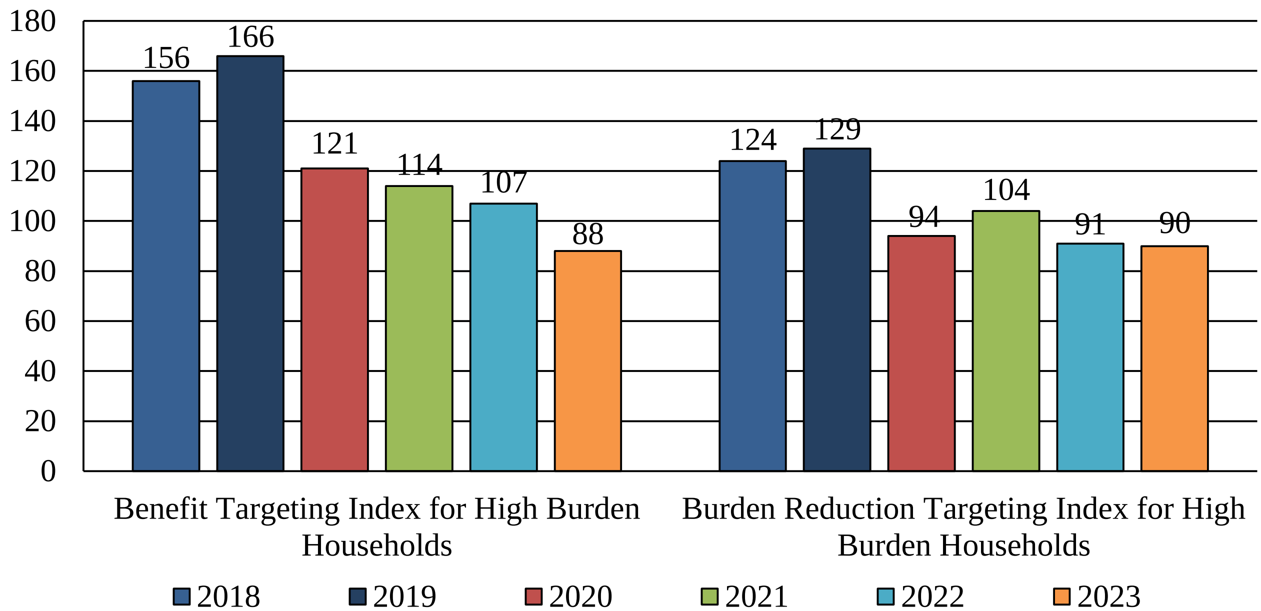


Source: Department of Human Services

The federal performance measures also include a benefit targeting index, which focuses on the extent to which the highest benefits are paid to those with the highest energy burden. A measure greater than 100 indicates that higher benefits are paid to those with higher energy burdens, while a measure of less than 100 would indicate that higher benefits are paid to those without the highest burdens. OHEP's formula for determining benefits takes into account annual energy usage, cost of energy, income level (through a percentage of bill paid as determined by income relative to the poverty level), an index based on utility service territory, a location adjustment (for MEAP only) for Garrett County due to the longer winter heating season, and type of heating fuel (for MEAP only).

As shown in **Exhibit 2**, the benefit targeting index has decreased each year since fiscal 2020. The benefit targeting index decreased to 88 in federal fiscal 2023, a 19 point decrease from the previous year and a 78 point decrease from federal fiscal 2019. A benefit targeting index of 88 indicates that households with the highest energy burdens saw a 12% lower benefit compared to all households. **DHS should comment on the reason behind the decrease in the benefit targeting index in recent years given that the structure of the benefits has historically been to provide larger benefits to those with lower incomes.**

Exhibit 2
Benefit Targeting Index
Federal Fiscal 2018-2023



Source: Department of Human Services

The energy burden reduction index measures the difference in the percentage of the energy burden reduction between high energy burden households and all households. An index of 100 indicates that these households had the same reduction, while an index of over 100 indicates that high energy burden households had a greater reduction. In federal fiscal 2023, Maryland's burden reduction index decreased to 90, indicating that high energy burden households had a 10% lower reduction of energy burden compared to all households.

In addition to the performance analysis measures discussed above, the OHEP analysis has previously included updates on energy assistance participation rates for vulnerable populations. However, DHS did not include actual data for fiscal 2024 in its annual Managing for Results submission and reported that it was unable to provide the data due to concerns about reliability. Additionally, the 2024 *Joint Chairmen's Report* (JCR) requested DHS to submit a report providing information on the number of applications received, the average number of days to process applications, and the number and percentage of applications processed within certain timeframes. As of February 16, 2025, this report had not been submitted. **DLS recommends adopting committee narrative requesting data on energy assistance participation rates for vulnerable populations. DLS recommends restricting funds pending submission of a report on energy assistance application processing times and denial rates.**

Fiscal 2025

Implementation of Legislative Priorities and Cost Containment

Language in Section 21 of the fiscal 2025 Budget Bill added $500,000 in general funds to the appropriation for DHS OHEP for the purpose of providing a grant to the Fuel Fund of Maryland. The fund was to provide financial assistance to households facing utility crisis including residential service disconnection or termination. Cost containment reductions approved by the Board of Public Works reductions in July 2024 reduced general funds appropriated for OHEP by $95,000, which was, at the time, described as shifting operational costs to special funds. However, the OHEP budget had only $14,607 of general funds for operational costs, and so DHS reports, of this $95,000, $80,393 was from the grant to the Fuel Fund for Maryland.

Proposed Deficiency

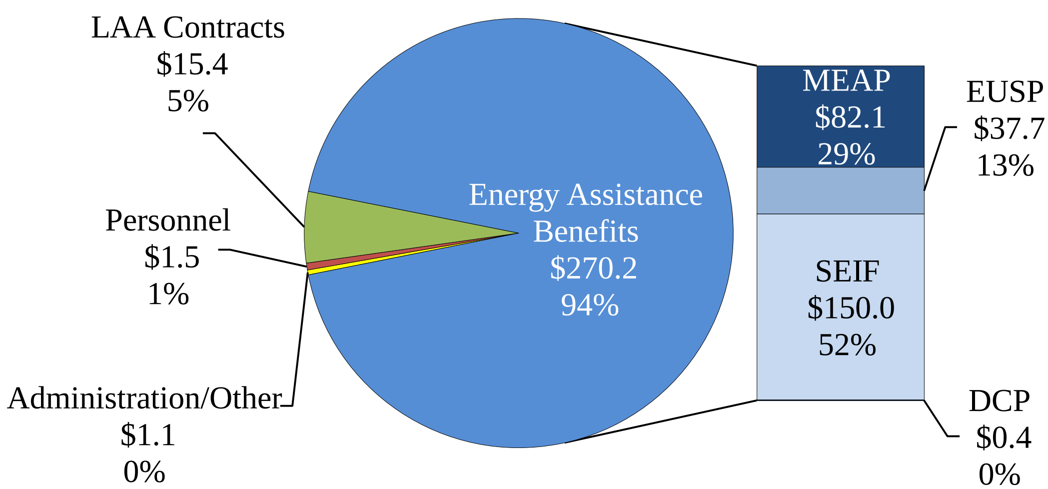
The fiscal 2026 budget bill contains a proposed fiscal 2025 deficiency appropriation of $30.9 million in OHEP – $22.2 million is from federal funds and $8.7 million is from special funds. The proposed deficiencies include:

- $22.2 million from the LIHEAP grant for MEAP benefits;
- $7.8 million for EUSP benefits; additional discussion on the availability of these funds can be found in the proposed budget changes section of this analysis; and
- $0.9 million for communication expenses, primarily due to increased postage costs associated with mailing categorical eligibility notices, requests for information, and benefit approval and denial notices.

Fiscal 2026 Overview of Agency Spending

The fiscal 2026 allowance for OHEP totals $288.2 million. As shown in **Exhibit 3**, $270.2 million, or 94%, of the OHEP budget supports energy assistance benefits. Funding for EUSP program benefits, including both electric bill payment and arrearage assistance, totals $187.7 million, or 65% of the budget. The funding level for the EUSP program varies primarily with the availability of SEIF revenues allocated by statute for energy assistance. The other two funding sources (EUSP ratepayer surcharge and DCP settlement) are relatively set amounts, with fluctuations in the ratepayer surcharge portion generally limited to adjustments in the allocations between administrative expenses and benefits. However, the availability of funds for EUSP is likely overstated in fiscal 2026, since the $37.7 million set aside for benefits exceeds the statutory amount allowed to be collected from this surcharge of $37.0 million. Funding for MEAP energy assistance benefits, which includes funds to support furnace repair/replacement by DHCD, accounts for $82.1 million, or 29% of the budget.

Exhibit 3
Overview of Agency Spending
Fiscal 2026 Allowance
($ in Millions)



DCP: Dominion Cove Point
EUSP: Electric Universal Service Program
LAA: local administering agency
MEAP: Maryland Energy Assistance Program
SEIF: Strategic Energy Investment Fund

Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget. Assumes $23.5 million in funds budgeted for the call center are instead used for energy assistance benefits as the Department of Human Services indicates is intended.

Source: Governor's Fiscal 2026 Budget Books

The fiscal 2026 allowance for OHEP includes $15.4 million for LAA contracts. The contracts provide funding for the local offices that administer energy assistance programs, which include a combination of community action agencies, LDSS, and other local government offices. The remaining portion of the OHEP budget totals $2.6 million and includes funding for OHEP personnel and other administrative expenses.

Proposed Budget Change

As shown in **Exhibit 4**, the fiscal 2026 allowance for OHEP increases by $56.0 million, or 24.1%, compared to the fiscal 2025 working appropriation. Special funds increase by approximately $54.8 million overall, which includes an increase of $55.6 million in SEIF revenues allocated for energy assistance. Federal funds increase by approximately $1.6 million primarily due to an increase in LIHEAP program funding. EUSP ratepayer surcharge revenues in fiscal 2026 decrease by $1.2 million. Additionally, general funds decrease by $0.4 million, which is related to a one-time legislative addition for the Fuel Fund of Maryland in fiscal 2025.

Exhibit 4
Proposed Budget
Department of Human Services – Office of Home Energy Programs
($ in Thousands)

How Much It Grows:	**General Fund**	**Special Fund**	**Federal Fund**	**Total**
Fiscal 2024 Actual	$80	$126,548	$85,559	$212,187
Fiscal 2025 Working Appropriation	420	140,680	91,092	232,192
Fiscal 2026 Allowance	15	195,436	92,701	288,151
Fiscal 2025-2026 Amount Change	-$405	$54,756	$1,609	$55,960
Fiscal 2025-2026 Percent Change	-96.5%	38.9%	1.8%	24.1%

Where It Goes:	**Change**
Personnel Expenses	
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustment and increments	$106
Turnover expectancy decreases from 6.83% to 5.85%	13
Miscellaneous adjustments, due to return of general funds deleted as part of cost containment actions in fiscal 2025	15
Employee and retiree health insurance	-38

Where It Goes:	**Change**
Other Changes	
Strategic Energy Investment Fund revenue allocated for energy assistance	55,950
Federal Low Income Home Energy Assistance Program funds allocated for energy assistance	1,559
Electric Universal Service Program ratepayer surcharge funds allocated for energy assistance	-$1,226
One-time legislative addition for the Fuel Fund of Maryland	-420
Total	**$55,960**

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget. Assumes $23.5 million in funds budgeted for the call center are instead used for energy assistance benefits as the Department of Human Services indicates is intended.

Infrastructure Investment and Jobs Act and Inflation Reduction Act Funding

The Infrastructure Investment and Jobs Act (IIJA) included a $500 million supplemental LIHEAP program allocation, which was to be allocated to states between federal fiscal 2022 and 2026. To date, $300 million has been allocated to states, and Maryland has budgeted its supplemental formula allocations of LIHEAP funds in State fiscal 2022 through 2024. These allocations were primarily incorporated into the OHEP budget through deficiency appropriations in prior fiscal years and included $1.5 million in federal fiscal 2022 and $1.9 million in federal fiscal 2023 and 2024. The fiscal 2025 working appropriation and fiscal 2026 allowance do not include supplemental LIHEAP funding available through the IIJA. **DHS should comment on if they anticipate any additional supplemental funding.**

EUSP

Section 7-512.1 of the Public Utilities Article sets the annual amount of EUSP ratepayer surcharge revenue collections at $37.0 million to provide bill assistance, low-income residential weatherization, and retirement of arrearages. OHEP administers the bill assistance and arrearage retirement components of EUSP. PSC determines the portion of the surcharge to be collected from nonresidential and residential customers, in order to meet the designated portions for these ratepayers under statute. Under statute, of the $37.0 million, $27.4 million is to be collected from nonresidential customers and $9.6 million from residential customers. The statute further specifies that any unexpended funds remaining at the end of the fiscal year is retained for use during the first six months of the following fiscal year. Any unexpended funds remaining after the six months cannot be retained and must be returned to utility customers. Including funding for both energy assistance benefits and program administration, $49.3 million in EUSP ratepayer surcharge revenues are budgeted in the fiscal 2026 allowance, approximately $12.3 million more than the annual maximum collection amount. Including the deficiency appropriations of $11.2 million, EUSP ratepayer surcharge revenues total $49.6 million in fiscal 2025. Of the $11.2 million in deficiency appropriations, $2.5 million is in DHS Administration for the Call Center and $8.7 million is in OHEP. DHS reports that the funds in excess of the maximum collection amount were an error. DHS will work with the Department of Budget and Management to ensure that the budgeted allowance is within the $37.0 million limit for both fiscal 2025 and 2026. **DHS should comment on how they plan to cover the costs associated with the deficiency appropriations, given the funds are not available. DLS notes that given the increased caseloads, the reductions in EUSP allocations should come from administrative expense instead of energy assistance benefits.**

Energy Assistance Benefits

In total, funding for energy assistance benefits increases by $56.3 million compared to the fiscal 2025 working appropriation. The increase results primarily from a $56.0 million increase in special funds from the SEIF allocated for energy assistance. The portion of federal LIHEAP funds allocated for energy assistance increases by $1.6 million. The portion of special funds from the EUSP ratepayer surcharge allocated for energy assistance decreases by $1.2 million but is still in excess of the amount statutorily allowed to be collected.

LIHEAP

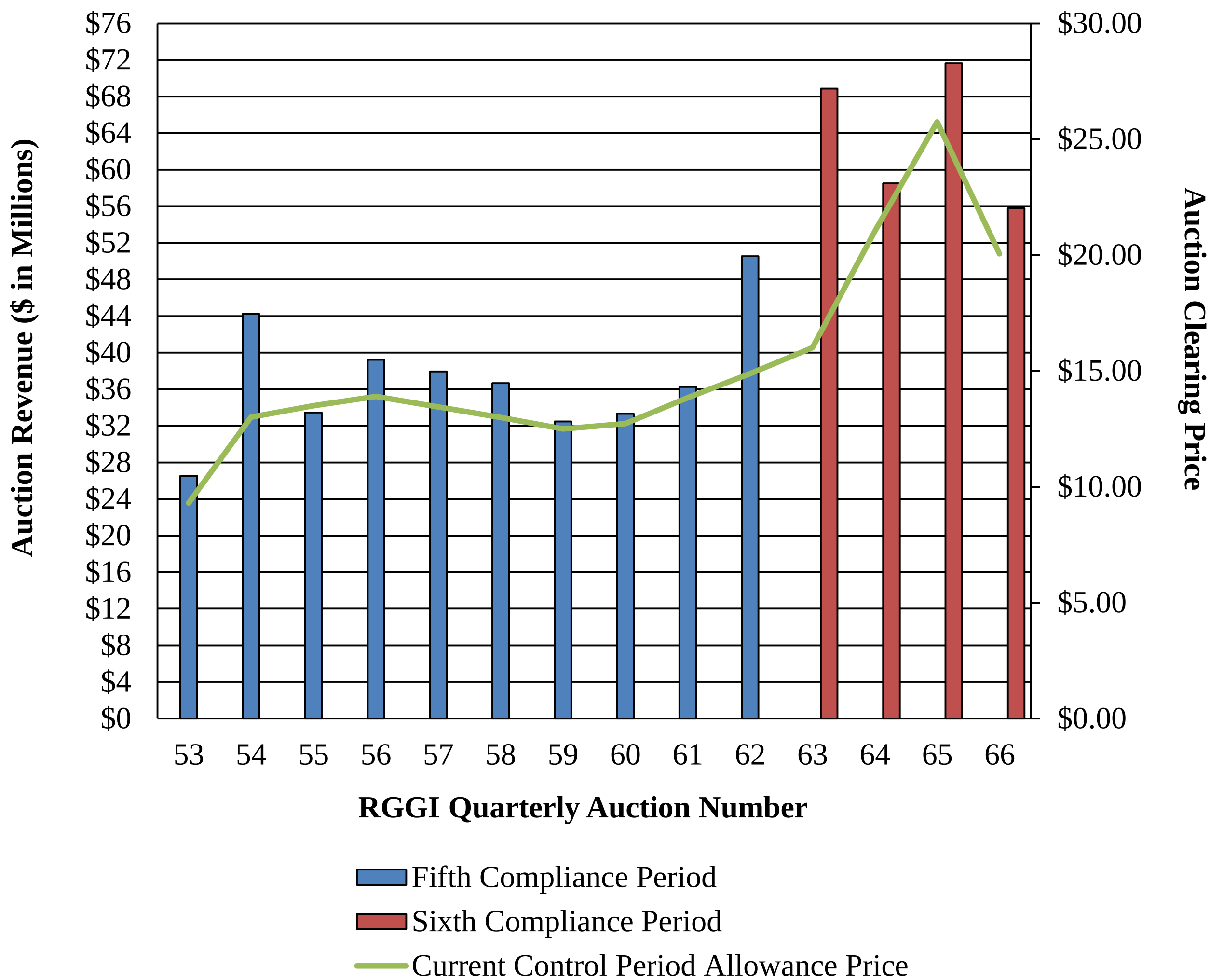
Total federal LIHEAP funding included in the fiscal 2026 allowance, including both funding for energy assistance and program administrative costs, totals $92.7 million. This amount represents a decrease of $1.6 million from total federal LIHEAP funding available in the fiscal 2025 working appropriation. In fiscal 2026, $82.1 million of LIHEAP funds are budgeted for energy assistance, which includes $5.0 million allocated for furnace repair/replacement through DHCD. However, DHCD reports anticipating $5.7 million in fiscal 2026 from OHEP. The fiscal 2026 amount of $5.0 million is a decrease of $6.7 million from the fiscal 2025 working appropriation of $11.7 million. The annual amount of LIHEAP funds allocated to Maryland varies based on the overall block grant funding level and the State share of the grant.

SEIF

Section 9-20B-05 of the State Government Article requires that at least 50% of the revenue received by the State from its participation in RGGI program auctions for carbon dioxide emission allowances is directed to energy assistance. Since the beginning of the RGGI program, RGGI auction revenue has shown substantial variation due to changes in market demand for allowances. However, as shown in **Exhibit 5**, since fiscal 2022, revenues have been substantially higher than prior periods due to increases in RGGI auction clearing prices. Auction 65 resulted in the highest auction clearing price in the history of the RGGI program ($25.75 per allowance), surpassing the previous highest auction clearing price of $14.88 achieved in Auction 62 (December 2023).

The clearing price in the most recent auction, Auction 66, was $20.05. Since Auction 54 (December 2021), clearing prices have exceeded $12.99 per allowance and are substantially higher than those achieved in any auction held prior to that point.

Exhibit 5
RGGI Auction Revenue
Fiscal 2022-2025 (through December)



RGGI: Regional Greenhouse Gas Initiative

Source: Regional Greenhouse Gas Initiative, Inc; Department of Legislative Services

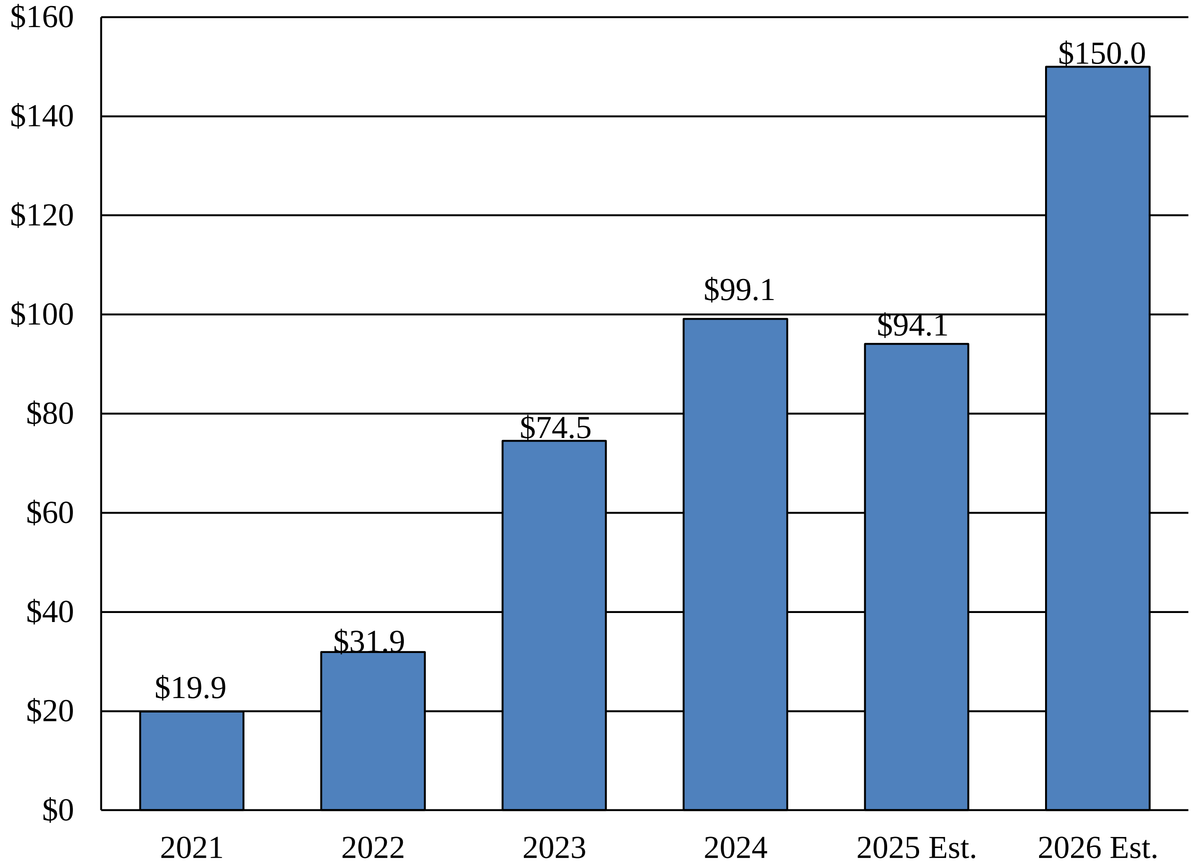
Total RGGI program revenues received by Maryland from all auctions held during fiscal 2024 totaled $214.2 million, which is the highest yearly revenue in program history. In comparison, the highest revenue total for a single fiscal year prior to fiscal 2024 was $143.4 million in fiscal 2022. Through the first two quarterly auctions held in fiscal 2025, Maryland RGGI program revenues have totaled $127.4 million, which puts the State on pace to exceed fiscal 2024 revenue levels.

Forecasting RGGI-sourced SEIF revenues over multiple years can be challenging due to the dynamic nature of auction clearing prices. Historically, due to variations in auction clearing prices and revenues attained from RGGI auctions, the amount of revenues budgeted in many years did not generally align well with actual auction revenues attained. As a result, these year-to-year variations led to a buildup of fund balance in some years but resulted in mid-year program reductions in others. To stabilize program funding, the Maryland Energy Administration (MEA) began estimating revenue for the budget using the minimum auction clearing prices with any overattainment of revenue compared to that minimum budgeted in the following year. While this conservative method of projecting revenues helped to avoid mid-year contraction or eliminating of programming, this method of budgeting resulted in large fund balances accruing in the SEIF while awaiting allocation in the subsequent budget cycle.

Beginning with the fiscal 2023 budget, MEA altered its revenue projection method used for budget development by raising the estimated auction clearing price amount used for these projections to a rolling average of the actual clearing prices of auctions held during the two most recent prior fiscal years with any overattainment of revenue compared to the estimated auction clearing price continuing to be allocated during the subsequent budget cycle (for example, overattainment above the estimated clearing price from auctions held during fiscal 2024 is available for the fiscal 2026 budget). In the development of the fiscal 2025 budget, MEA deviated from this practice by using the average of only the most recent seven auctions. In development of the fiscal 2026 budget cycle, MEA returned to the prior practice by using an estimated clearing price of $17.10 per allowance to estimate revenues from future auctions, which represents the average of the actual auction clearing prices for the eight most recent auctions (Auctions 59 through 66).

Exhibit 6 provides a historical summary of the annual levels of SEIF funds budgeted for energy assistance through OHEP. The fiscal 2026 allowance includes $150.0 million in SEIF funds, an increase of $55.9 million compared to the $94.1 million included in the fiscal 2025 working appropriation. Compared to fiscal 2024 spending, the fiscal 2026 allowance represents an increase of $50.9 million. These notably higher levels of SEIF funds budgeted for energy assistance since fiscal 2023 reflect the significant growth that has occurred in the overall availability of RGGI auction revenue to the State since fiscal 2022.

Exhibit 6
Strategic Energy Investment Fund Spending for Energy Assistance
Fiscal 2021-2026 Est.
($ in Millions)

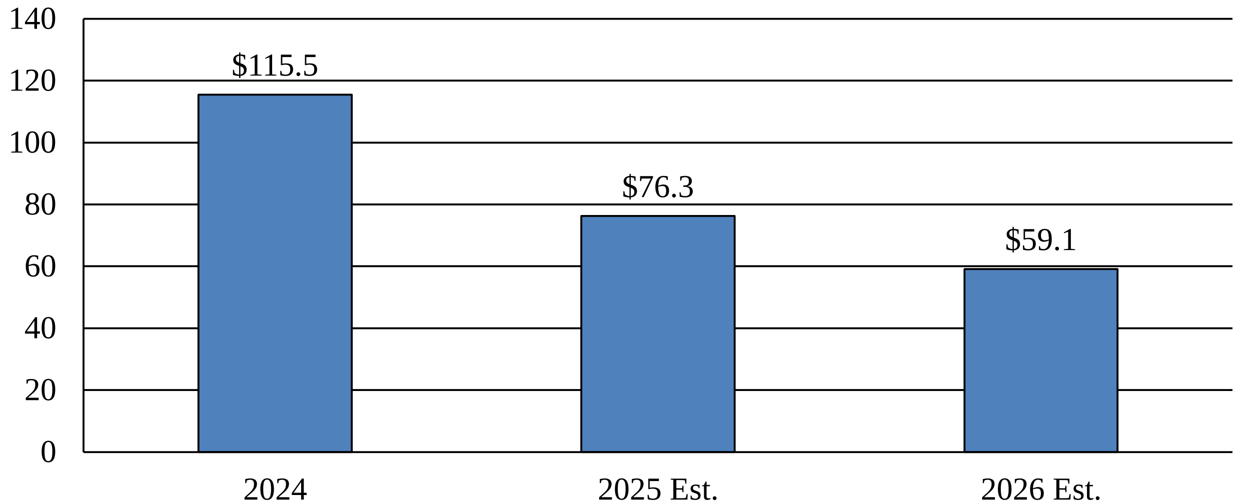


Source: Governor's Fiscal 2026 Budget Books

Energy Assistance Fund Balance

As shown in **Exhibit 7**, at the close of fiscal 2024, the balance of the energy assistance subaccount of the SEIF was $115.5 million, representing reported cash balances at the end of the fiscal year. The cash balances do not take into account any funds that may already be committed through encumbrances. Fiscal 2025 and 2026 estimates do account for encumbrances and assume full utilization of appropriated funds. Despite increased spending of the SEIF for energy assistance benefits in fiscal 2026, the anticipated closing balance totals $59.1 million. **DHS should comment on its plans to use the fund balance.**

Exhibit 7
Estimated Energy Assistance Portion of the SEIF Fund Balance
Fiscal 2024-2026



SEIF: Strategic Energy Investment Fund

Note: Fiscal 2024 end-of-year reported balances are cash balances. Fiscal 2025 and 2026 estimated balances are the net of encumbrances and assume the full utilization of the fiscal 2025 and 2026 appropriation.

Source: Governor's Fiscal 2026 Budget Books

Personnel Data

	FY 24 Actual	FY 25 Working	FY 26 Allowance	FY 25-26 Change
Regular Positions	14.00	14.00	14.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	**14.00**	**14.00**	**14.00**	**0.00**

Vacancy Data: Regular Positions

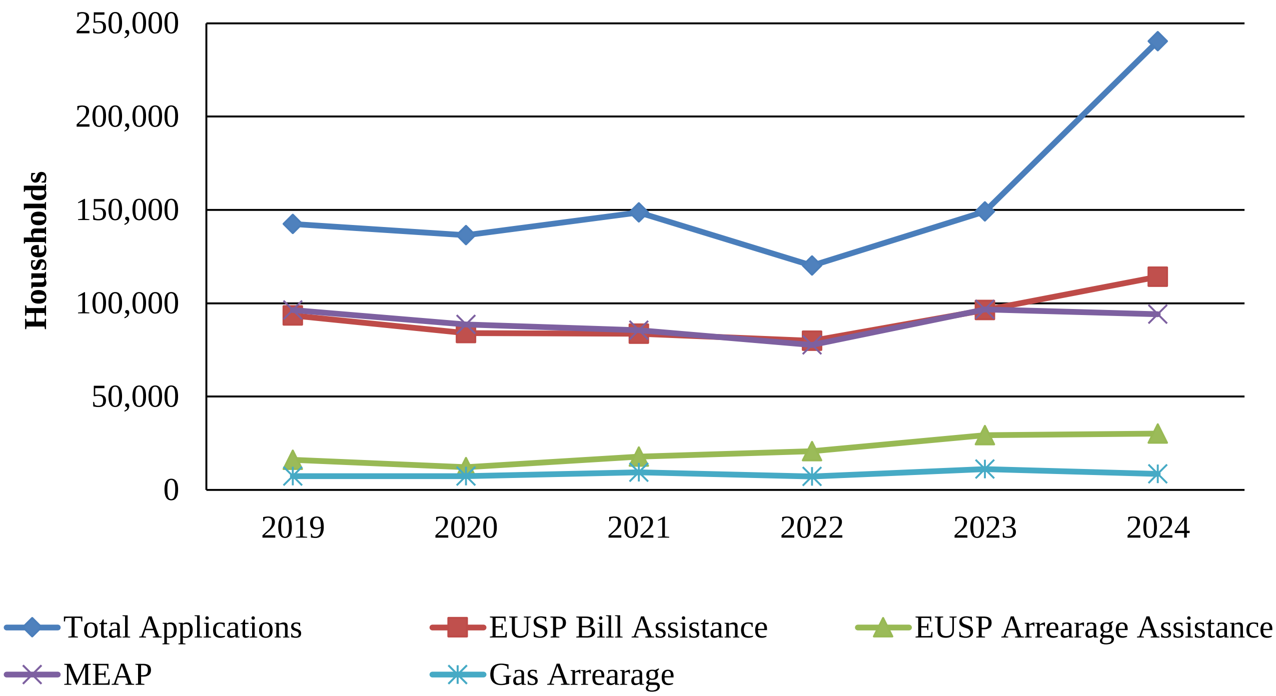
Turnover and Necessary Vacancies, Excluding New Positions	0.82	5.85%
Positions and Percentage Vacant as of 12/31/24	0	0%
Vacancies Below Turnover	0.82	

Issues

1. Energy Assistance Applications Increase in Fiscal 2024

As shown in **Exhibit 8**, total applications for energy assistance benefits have fluctuated in recent years. In fiscal 2021, applications increased by 8.8%, reflective of heightened demand for energy assistance following the expiration of the utility termination moratorium that was in effect from March 16, 2020, through November 15, 2020, due to the COVID-19 pandemic. The number of applications decreased by 19.1% in fiscal 2022 and was the lowest since at least fiscal 2001. DHS noted that the fiscal 2022 decline was partially attributable to the large amount of supplemental arrearage assistance available in fiscal 2021 through both OHEP arrearage supplemental grants and funds distributed by PSC in accordance with the RELIEF Act (Chapter 39 of 2021). In fiscal 2023, the total number of applications for energy assistance increased by 24.2%.

Exhibit 8
Energy Assistance Benefits Provision History
Fiscal 2019-2024



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

Source: Department of Human Services

The number of applications for energy assistance further increased by 61.1% in fiscal 2024. Increases in demand for energy assistance in fiscal 2024 can be primarily attributed to Chapter 207 of 2023, which raised the annual income eligibility level for EUSP to 200% of FPL. Prior to the enactment of Chapter 207, eligibility for the EUSP program was 175% of FPL generally and 200% for applicants 67 years of age or older. Chapters 638 and 639 of 2021 previously increased income eligibility from 175% to 200% for this age group, effective beginning in fiscal 2022. Additionally, Chapter 207 revised the criteria for household eligibility in all OHEP energy assistance programs to establish categorical income eligibility and automatic enrollment for households receiving benefits from the Supplemental Nutrition Assistance Program, Supplemental Security Income, Temporary Assistance for Needy Families, or means-tested Veterans Affairs benefits. In February 2025, the Office of Program Evaluation and Government Accountability (OPEGA) published an evaluation of OHEP. OPEGA reported that prior to implementation of Chapter 207, OHEP required households applying for energy assistance to select the energy assistance program that they wanted to be screened for, and applications were not consistently screened for eligibility for all programs. After implementation of categorical eligibility, any record in the Maryland Total Human Services Integrated Network (MD THINK) Eligibility & Enrollment (E&E) system that rolled over in a nightly batch to the OHEP data system is counted as an application. Applications received through the E&E system are automatically considered for all energy assistance programs.

Although the applications for all assistance programs increased significantly from fiscal 2023 to 2024, this trend does not apply to the number of households receiving benefits. As shown in Exhibit 8, between fiscal 2019 and 2024, the number of households receiving energy assistance benefits increased among all benefit types, except for MEAP. EUSP arrearage assistance recipients experienced the largest increase (87.3%). However, from fiscal 2023 to 2024, only EUSP recipients experienced an increase (22.1%), due to the eligibility changes in the program. In April 2024, funding for MEAP and the gas arrearage assistance programs was exhausted, and DHS stopped issuing new benefits under the program. All pending MEAP applications, including gas arrearage assistance grant applications, were denied. This suspension of issuance of benefits contributed to the decline in recipients in both MEAP (2.6%) and gas arrearage assistance (22.5%). Benefits continued to be provided under the EUSP programs. DHS began to issue benefits under these programs again in fiscal 2025. OPEGA evaluation reports that DHS may not have fully accounted for impact of the changes made by Chapter 207 on MEAP and gas arrearage assistance programs.

Applications, Recipients, and Average Benefit Size in Fiscal 2025

As shown in **Exhibit 9**, through December 2024, fiscal 2025 applications for energy assistance have increased compared to applications during the same period in fiscal 2024. The largest increases in applications year to date have been for the two arrearage assistance programs, with EUSP arrearage assistance applications increasing by 11.5% and gas arrearage assistance applications increasing by 5.5%. Applications for bill assistance increased by 3.7% for EUSP bill payment assistance and 3.3% for MEAP. These increases indicate continued high demand for energy assistance in fiscal 2025 as energy prices have continued to increase through the first half of the fiscal year. However, this increase in applications does not account for the impacts of the prolonged cold weather and recent increase in utility rates that occurred after December 2024.

Exhibit 9
Energy Assistance Applications and Benefit Data
Fiscal 2024-2025
(July through December of Each Year)

	2024	2025	Change	% Change
Applications				
MEAP	93,825	96,879	3,054	3.3%
EUSP Bill Payment	93,986	97,480	3,494	3.7%
EUSP Arrearage Retirement	50,170	55,941	5,771	11.5%
Gas Arrearage Retirement	24,668	26,033	1,365	5.5%
Crisis	n/a	496	496	n/a
Receiving Benefits				
MEAP	56,329	69,484	13,155	23.4%
EUSP Bill Payment	53,641	69,941	16,300	30.4%
EUSP Arrearage Retirement	13,686	16,250	2,564	18.7%
Gas Arrearage Retirement	5,328	5,086	-242	-4.5%
Crisis	n/a	141	141	n/a
Average Benefit				
MEAP	$761	$186	-$575	-75.6%
EUSP Bill Payment	668	252	-416	-62.3%
EUSP Arrearage	1,074	958	-116	-10.8%
Gas Arrearage	923	661	-262	-28.4%
Crisis Program	n/a	458	458	n/a
Benefits Paid ($ in Millions)				
MEAP	$42.8	$12.9	-$29.9	-69.8%
EUSP Bill Payment	35.8	17.7	-18.1	-50.7%
EUSP Arrearage	14.7	15.6	0.9	5.9%
Gas Arrearage	4.9	3.4	-1.5	-31.4%
Crisis Program	n/a	0.1	0.1	n/a
Total Benefits Paid	**$98.20**	**$49.59**	**-$48.6**	**-49.5%**

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

Source: Department of Human Services

Consistent with the higher number of applications, the number of households receiving energy assistance benefits has also increased for all programs except for the gas assistance program. The largest increase was in recipients of EUSP, which increased by 30.4%. Households receiving MEAP benefits increased by 23.4%, and households receiving EUSP arrearage assistance increased by 18.7%. However, the households receiving gas arrearage assistance decreased by 4.5%. **DHS should comment on the decline in the number of households receiving gas arrearage assistance despite the increase in applications in fiscal 2025.**

Total benefits paid in fiscal 2025 (through December) have decreased by $48.6 million, or 49.5%, compared to benefits paid during the same time period in fiscal 2024. Although a decrease would be expected given the decline in benefit amounts, the significantly lower benefit spending compared to fiscal 2024 could indicate that not all funds budgeted for benefits will be used. In prior years when benefit expenditures were lower than expected due to lower demand, the department has issued a supplemental benefit at the end of the year to some or all recipients. **DHS should comment if it is considering a supplemental benefit if excess funds remain at the end of fiscal 2025.**

In fiscal 2025, OHEP introduced a crisis benefit program to provide assistance to households facing heat-related emergencies, such as no heat, utility turnoff notices of less than three days, or a fuel shortage. Households can receive up to $600 in crisis grants per year based on income guidelines similar to other energy assistance programs.

Implementation of Categorical Eligibility

Committee narrative in the 2024 JCR requested that DHS provide an update on the status of implementation of categorical eligibility for energy assistance programs, including an update on the status of the integration of the OHEP data system within the MD THINK platform.

DHS reports the integration of the OHEP data management system with MD THINK improved access to energy assistance programs and streamlined the application process by enabling automatic enrollment for categorically eligible households. The MD THINK E&E system filters out categorically eligible households that are not responsible for heating or cooling expenses and therefore not eligible for energy assistance. The system also sends an automated Request for Additional Information for categorically eligible households lacking utility information. DHS anticipates full integration to the MD THINK E&E system to be achieved by January 2026.

DHS provided the number of households with income between 175% and 200% of FPL that were served because of income eligibility changes implemented by Chapter 207. As shown in **Exhibit 10**, between January and June 2024, 5,212 households between 175% and 200% of FPL received MEAP benefits, 3,929 received EUSP benefits, 1,421 received EUSP arrearage assistance benefits, and 239 received gas arrearage assistance benefits. As reported in monthly data on the program, in fiscal 2025 (through December 2024), 446 categorically eligible households above 200% of FPL received MEAP benefits, 449 received EUSP benefits, 111 received EUSP arrearage assistance benefits, and 19 received gas arrearage assistance benefits.

Exhibit 10
Households Receiving Benefits after Implementation of Chapter 207

	MEAP	EUSP	EUSP Arrearage	Gas Arrearage
Households with Income between 175% and 200% of FPL Receiving Benefits				
January 1, 2024-June 30, 2024	5,212	3,929	1,421	239
July 1, 2024-December 1, 2024	2,671	2,451	702	214
Categorically Eligible Households Over 200% of FPL Receiving Benefits				
Fiscal 2025 (through December 2024)	446	449	111	19

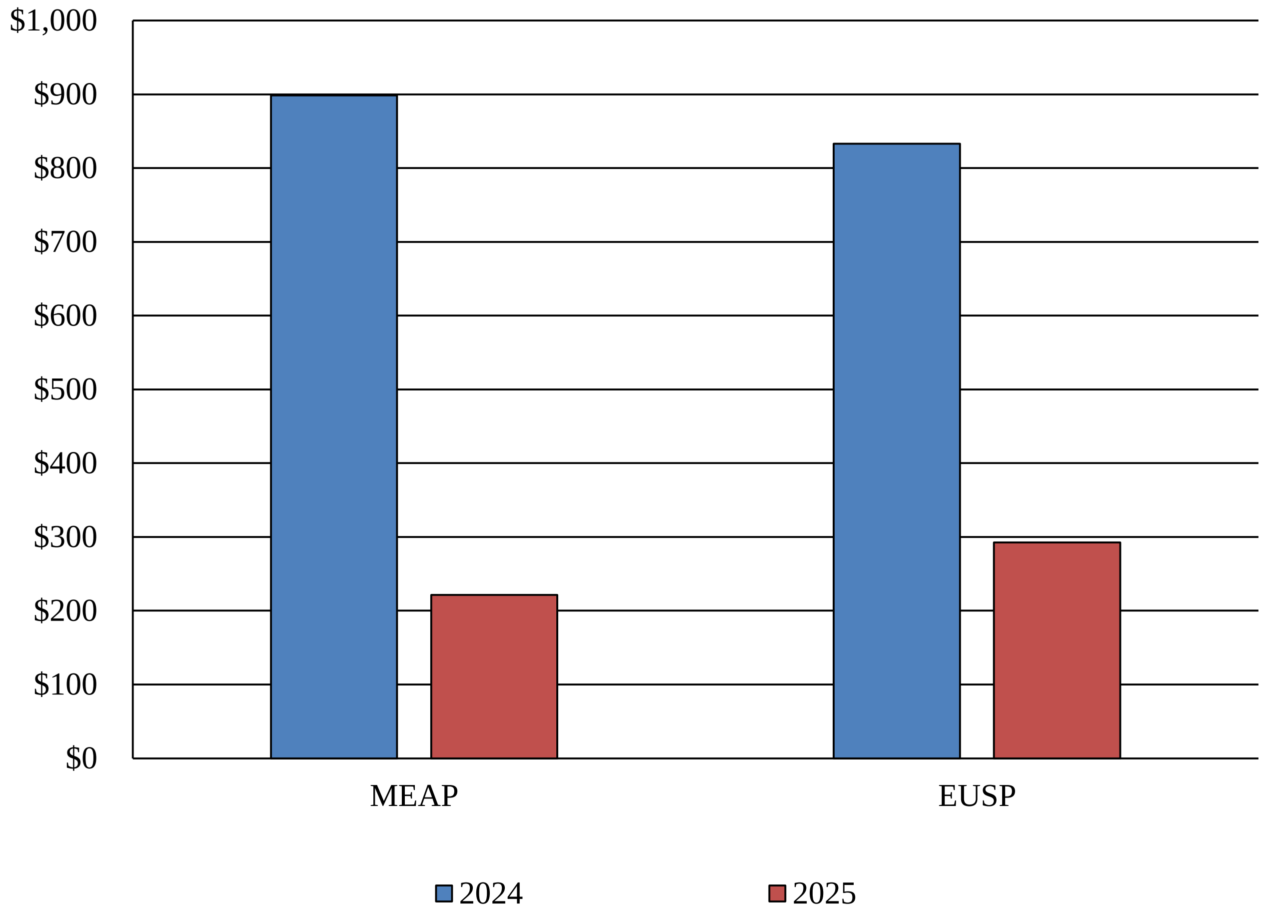
EUSP: Electric Universal Service Program
FPL: federal poverty level
MEAP: Maryland Energy Assistance Program

Source: Department of Human Services

Adequacy of Funding

Each year OHEP examines expected numbers of applications and recipients and adjusts benefit levels based on estimated available funding and recipient levels. Based on data from the first six months of fiscal 2024, DHS anticipates serving 270,000 households in fiscal 2025. As shown in **Exhibit 11**, OHEP reduced the benefit amounts in fiscal 2025 for the bill payment programs to accommodate the increased number of eligible households within the available funding. For example, in fiscal 2024 (through December), the average MEAP benefits for households below 150% of FPL was $898, while in fiscal 2025 this amount was $221. Similarly, average EUSP benefits for households below 150% of FPL was $833 through December in fiscal 2024, compared to $293 in fiscal 2025.

Exhibit 11
Average Benefits Paid
Fiscal 2024-2025
(July through December of Each Year)



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

Source: Department of Human Services

Starting in fiscal 2025, OHEP has restructured the categories that it uses to determine benefit levels, resulting in the highest benefit levels being provided to smaller groups. As shown in **Exhibit 12**, previously the lowest income category for benefit determination was 0% to 75% of FPL, while in fiscal 2025 it is 0% to 25%. These changes were implemented to ensure adequate funding.

Exhibit 12
Comparison of Benefit Level
Fiscal 2024-2025
(July through December of Each Year)

	Benefit Level	Category	Average EUSP Bill Payment	Average EUSP Arrearage Assistance
2024	1	0-75%	$879	$1,094
	2	>75-110%	955	1,056
	3	>110-150%	676	1,078
	4	>150-200%	475	1,174
	5	Subsidized	398	975
	6	Rent with Heat	357	912
2025	1	0-25%	$407	$1,023
	2	26-50%	355	967
	3	51-100%	282	954
	4	101-150%	230	964
	5	151-200%	188	992
	6	Subsidized Housing	194	895
	7	Categorically Eligible Households that Exceed 200% of FPL	25	684

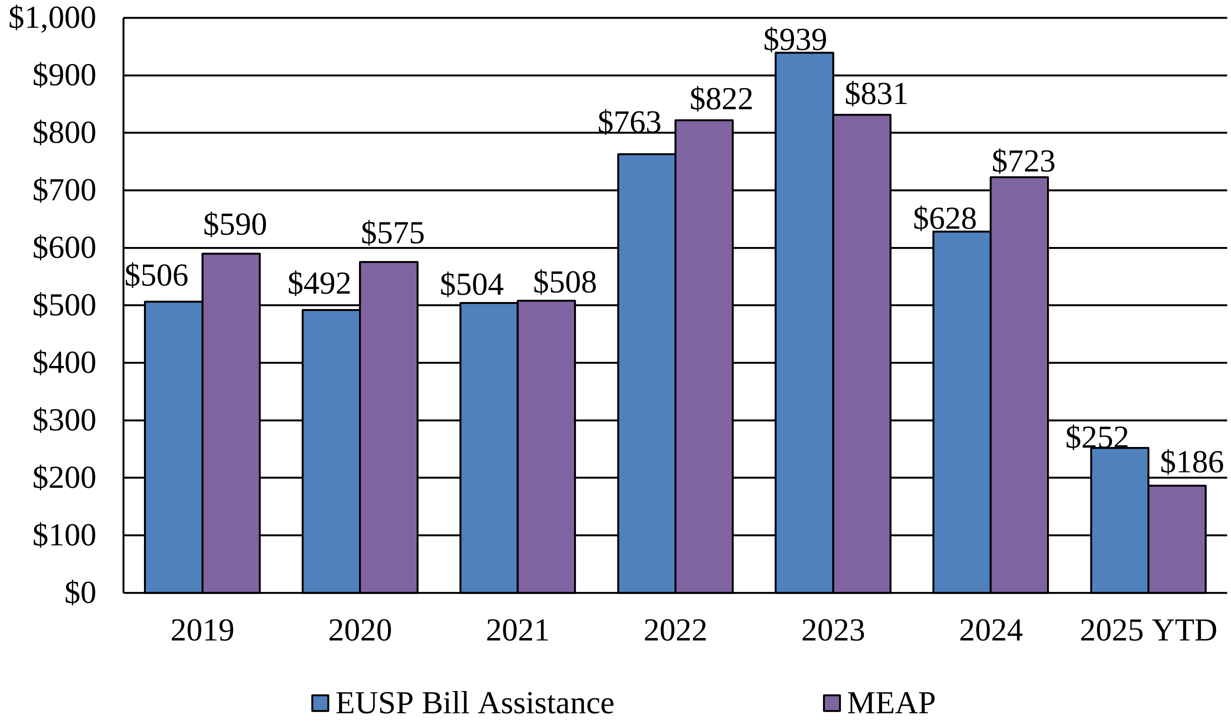
EUSP: Electric Universal Service Program
FPL: federal poverty level

Source: Department of Human Services

Average Benefit Size

From fiscal 2021 to 2023, the average benefit increased by 86.3% for the EUSP bill payment assistance program, from $504 to $939, and increased by 63.6% for MEAP, from $508 to $831. As shown in **Exhibit 13**, the average benefit size for both bill payment assistance programs decreased in fiscal 2024 following two consecutive years of increase. In that year, the average benefit for MEAP decreased by 33.1%, and EUSP bill payment assistance decreased by 13.0%. In fiscal 2025 (through December), the average benefit for the MEAP program decreased by $537, or 74.3%, and the average benefit for the EUSP bill payment assistance program decreased by $376, or 59.9%, compared to fiscal 2024.

Exhibit 13
Average Benefit Size for Bill Payment Assistance Programs
Fiscal 2019-2025 (through December)



EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program
YTD: year to date

Source: Department of Human Services

Between fiscal 2020 and 2023, the average benefit for the EUSP arrearage assistance program increased by 44.2%, while the average benefit for the gas arrearage program increased by 40.4%. However, in fiscal 2024, the average benefit for the EUSP arrearage assistance program decreased by 8.3%, and the average benefit for the gas arrearage program decreased by 3.9%. In fiscal 2025 (through December), the average benefit for the EUSP arrearage assistance program decreased by 6.9%, to $958, while the average benefit size for the gas arrearage program decreased by 23.6%, to $661. Overall, for the first six months of fiscal 2025, total spending on energy assistance is 49.5% lower as compared to the same time period in fiscal 2024, primarily due to decreased spending for EUSP bill payment and MEAP assistance. OHEP plans to reduce the maximum arrearage benefit from $2,000 to $1,500 in fiscal 2026.

DHS should comment on the impact of these benefit changes on recipients as well as arrearages, given the higher utility costs and prolonged cold weather in winter 2024-2025.

2. Customer Service Availability for Energy Programs

Committee narrative in the 2024 JCR requested that DHS provide a report on customer service availability for energy programs. DHS provides customer service assistance to energy benefit applicants through the staff of LAA and the DHS call center. In addition to in-person assistance to applicants, DHS also provides assistance by telephone and email.

LAAs do not currently track the volume of calls received, the reasons for these calls, or the primary inquiries handled. DHS aims to implement new performance requirements for all OHEP LAAs to track quality and timeliness of service delivery. Based on the information calls classified as energy assistance in DHS call centers, DHS reports there were 89,429 inquiries on energy assistance programs in fiscal 2024. Of these calls, 52,327, or 58.5%, of inquiries were related to application for assistance, and 5% of the inquiries were related to the status of pending applications. DHS recently changed the vendor for Customer Service Center operations in August 2024, which has a separate call queue for energy assistance. This will increase the accuracy of tracking the volume of calls for energy assistance. Due to the absence of proper tracking measures, DHS was not able to provide data on response time, voicemail statistics, abandoned calls, and number of inquiries made in-person or via email specific to energy assistance inquiries. **In absence of energy assistance specific call center measures, DHS should discuss the overall performance of the DHS call centers on these metrics.**

In the report, DHS noted that systemwide challenges, including the lack of trained LAA partners and the failed utilization of the MDTHINK platform, led to DHS pausing benefit payments in April 2024. DLS notes that DHS had until this report previously described the pause in MEAP benefits as being due to the exhaustion of funds. If the reason was due to MDTHINK challenges, it is unclear why DHS initially reported the pause as related to funding or why the pause would have only impacted the two federally funded programs. **DHS should clarify the reasons for the pause and the change in explanations.**

Customer Experience Evaluation by OPEGA

The OPEGA evaluation reviewed the application process for energy assistance at the beginning of fiscal 2025. The application for energy assistance can be submitted through drop boxes, mailing in a paper application, over the telephone, in person, or online. However, the information on OHEP's website about the application process can be confusing. The OHEP website includes a link under "Drop Boxes" directing users to the six-page paper application with no information on OHEP offices that accept dropped off applications. Furthermore, the website does not provide a telephone number in the section describing how to apply by telephone. OPEGA also notes that applicants must create an account in MDTHINK and submit the relevant information to apply for energy assistance online. However, applicants must create an account and log in to a separate website to track the status of an application.

Operating Budget Recommended Actions

		Amount Change		Position Change
1.	Reduce general funds for miscellaneous personnel expenses. In fiscal 2025, general funds associated with this type of spending were deleted as part of cost containment actions due to shifting of operational costs to special funds. The Office of Home Energy Programs administrative costs are otherwise fully support with special and federal funds.	-$ 14,607	GF	

2. Add the following language:

, provided that $250,000 of this appropriation made for the purposes of administrative expenses may not be expended until the Department of Human Services submits a report with data on energy assistance application processing times by local administering agencies (LAA) and overall program denial rates. The report shall include:

(1) the number of applications received;

(2) the average number of days to process an application; and

(3) the number and percentage of applications processed within 30 days, 55 days, and longer than 60 days.

The report shall discuss the primary reasons for any substantial changes in processing times that have occurred for individual LAAs between fiscal 2024 and 2026 year-to-date data.

The report shall also provide application denial rates separately by benefit type as well as the share of application denials by reasons separately by benefit type. Data should include the number of applications initially denied due to incomplete information that were subsequently cured due to applicants providing missing information within the additional three months, as allowed under Chapters 638 and 639 of 2021. Fiscal 2024 and 2025 end-of-year actual data for denial rates shall be included in the report as well as fiscal 2026 data current through November 1, 2025.

The fiscal 2024 data shall be submitted by August 15, 2025, and fiscal 2025 and 2026 year-to-date data shall be submitted by December 31, 2025. The budget committees shall have 45 days to review and comment from the date of receipt of the second report. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Explanation: The General Assembly continues to be interested in monitoring the application processing times and denial rates for energy assistance. In order to maintain oversight over this issue, the budget committees have adopted annual narrative in recent years requesting that the Department of Human Services (DHS) provide a report. This language withholds funding until a report is submitted for fiscal 2024, 2025 and 2026 year to date.

Information Request	**Author**	**Due Date**
Application processing times and denial rates	DHS	August 15, 2025 December 31, 2025

	Amount Change		**Position Change**
3. Reduce special and federal funds associated with communication expenses in fiscal 2026 to level with fiscal 2024 actual expenditure.	-$ 440,096 -$ 440,096	SF FF	

4. Add the following language to the federal fund appropriation:

, provided that $23,287,887 of this appropriation made for the purpose of energy assistance shall be used for energy assistance only. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.

Explanation: Budget detail indicated that $23,287,887 of the fiscal 2026 allowance was labeled as an expense for Call Center. The Department of Human Services has indicated that was an error, and the funds are Low Income Home Energy Assistance Program grants to be used for energy assistance benefits. Given the high demand in the program, this language restricts the use of that fund for energy assistance benefits to ensure the funds are used for the intended purposed.

5. Adopt the following narrative:

Energy Assistance Participation Rates for Vulnerable Populations: The committees are interested in receiving data on energy assistance participation rates for vulnerable populations for fiscal 2024 and 2025. The fiscal 2024 data should be submitted by July 1, 2025, and fiscal 2025 data should be submitted with the Managing for Results (MFR) submission during the fiscal 2027 budget process.

Information Request	**Author**	**Due Date**
MFR data for fiscal 2024 and 2025	DHS	July 1, 2025 With the fiscal 2027 submission of MFR data

		Amount Change		**Position Change**
6.	Reduce special and federal funds associated with communication expenses in fiscal 2025 to level with fiscal 2024 actual expenditures.	-$ 440,096 -$ 440,096	SF FF	
	Total Net Change to Fiscal 2025 Deficiency	**-$ 880,192**		
	Total Net Change to Allowance	**-$ 894,799**		
	Total General Fund Net Change to Allowance	**-$ 14,607**		
	Total Special Fund Net Change to Allowance	**-$ 440,096**		
	Total Federal Fund Net Change to Allowance	**-$ 440,096**		

Appendix 1
2024 *Joint Chairmen's Report* Responses from Agency

The 2024 JCR requested that DHS prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Implementation of Changes in Eligibility for Energy Assistance Programs:*** A report was submitted providing an update on the impact of changes in eligibility for energy assistance programs. The report also included an update on the integration of MDTHINK E&E system. Further discussion of this report can be found in Issue 1 of this analysis.

- ***Establishment of a Centralized Administrative Model for Energy Assistance:*** A report was submitted providing an update on the establishment of a centralized administrative model for energy assistance. The second phase of categorical eligibility implementation included plans to shift the administration of OHEP programs from LAAs to LDSS in fiscal 2026. However, DHS reports it is directing efforts to continue using the existing LAA network and has no plans to transition OHEP application processing from LAAs to LDSS.

- ***Customer Service Availability for Energy Assistance Programs:*** A report was submitted discussing the availability of customer service assistance by LAA staff and DHS call center. Further discussion of this report can be found in Issue 2 of this analysis.

- ***Energy Assistance Application Processing Times and Denial Rates:*** A report was due on December 31, 2024, providing the number of applications received, the average number of days to process applications and the number and percentage of applications processed within certain timeframes. As of February 16, 2025, the report has not been submitted.

Appendix 2
Object/Fund Difference Report
Department of Human Services – Office of Home Energy Programs

Object/Fund	FY 24 Actual	FY 25 Working Appropriation	FY 26 Allowance	FY 25 - FY 26 Amount Change	Percent Change
Positions					
01 Regular	14.00	14.00	14.00	0.00	0%
Total Positions	**14.00**	**14.00**	**14.00**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 2,042,407	$ 1,403,057	$ 1,498,245	$ 95,188	6.8%
02 Technical and Special Fees	275,121	3,500	3,500	0	0%
03 Communication	40,000	41,158	925,750	884,592	2149.3%
04 Travel	6,775	0	0	0	0.0%
06 Fuel and Utilities	220,560	7,670	7,670	0	0%
08 Contractual Services	209,200,073	199,305,118	285,595,700	86,290,582	43.3%
09 Supplies and Materials	220,738	111,738	111,738	0	0%
10 Equipment – Replacement	5,537	0	0	0	0.0%
11 Equipment – Additional	23,620	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	80,000	419,607	0	-419,607	-100.0%
13 Fixed Charges	71,719	8,850	8,850	0	0%
Total Objects	**$ 212,186,550**	**$ 201,300,698**	**$ 288,151,453**	**$ 86,850,755**	**43.1%**
Funds					
01 General Fund	$ 80,000	$ 419,607	$ 14,607	-$ 405,000	-96.5%
03 Special Fund	126,547,664	131,960,002	195,435,572	63,475,570	48.1%
05 Federal Fund	85,558,886	68,921,089	92,701,274	23,780,185	34.5%
Total Funds	**$ 212,186,550**	**$ 201,300,698**	**$ 288,151,453**	**$ 86,850,755**	**43.1%**

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 3
Fiscal Summary
Department of Human Services – Office of Home Energy Programs

Program/Unit	FY 24 Actual	FY 25 Wrk Approp	FY 26 Allowance	Change	FY 25 - FY 26 % Change
06 Office of Home Energy Programs	$ 212,186,550	$ 201,300,698	$ 288,151,453	$ 86,850,755	43.1%
Total Expenditures	**$ 212,186,550**	**$ 201,300,698**	**$ 288,151,453**	**$ 86,850,755**	**43.1%**
General Fund	$ 80,000	$ 419,607	$ 14,607	-$ 405,000	-96.5%
Special Fund	126,547,664	131,960,002	195,435,572	63,475,570	48.1%
Federal Fund	85,558,886	68,921,089	92,701,274	23,780,185	34.5%
Total Appropriations	**$ 212,186,550**	**$ 201,300,698**	**$ 288,151,453**	**$ 86,850,755**	**43.1%**

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.