



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

AUDITS

IN THE MATTER OF THE DEPARTMENT OF)	ORDER APPROVING
COMMUNITY AFFAIRS' STATE FISCAL YEAR)	BUDGET
2022 UNIVERSAL SERVICE FUND)	
ADMINISTRATIVE COST BUDGET)	DOCKET NO. EO21070993

Parties of Record:

Fidel Ekhelar, Supervisor, New Jersey Department of Community Affairs
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the Board of Public Utilities ("Board") is considering the Department of Community Affairs' ("DCA") proposed Universal Service Fund ("USF") administrative cost budget for the State Fiscal Year 2022 ("FY 2022"). The DCA is the Program Administrator for the Board's USF program.

BACKGROUND/PROCEDURAL HISTORY

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("the "Act"), established the USF. The Act directed the Board, inter alia, to determine for the USF the level of funding, the appropriate administration, and the purposes and programs to be funded. N.J.S.A. 48:3-60(b).

On April 30, 2003, in Docket No. EX00020091 ("April 2003 Order"), the Board approved a permanent USF program to ensure that low-income customers have access to more affordable energy. The Board ordered that the program be operated on a state-wide basis and funded through uniform charges on customers' electric and natural gas bills through the Societal Benefits Charge collected pursuant to N.J.S.A. 48:3-60(a). The Board also determined that initial administrative expenses would be capped at ten percent (10%) of the program costs or \$3 million. Further, the Board noted that it must approve additional expenses above \$3 million in advance.

In its order dated July 16, 2003, in Docket No. EX00020091, the Board clarified that this cap would total \$3 million, and any administrative costs (excluding one-time start-up costs) exceeding this amount must be approved in advance by the Board. The Board also stated that the USF would be an ongoing, evolving program, subject to review and amended as necessary. In this same order, the Board designated the Department of Human Services (“DHS”) as the USF program administrator.

The USF program was linked to the Federal Low Income Home Energy Assistance Program (“LIHEAP”) in order to take advantage of the existing infrastructure already in place to administer LIHEAP. Through a shared application and database system, repetition of administrative resources was reduced and applicants were conveniently able to apply for both programs at the same time. LIHEAP was jointly administered by DHS and the Department of Community Affairs (“DCA”) when the permanent USF program was authorized by the Board.

On August 31, 2006, DCA was designated as the State’s administrator of LIHEAP. The DCA Commissioner sent a letter dated September 21, 2006, requesting that the Board designate the DCA as the USF program administrator. On October 23, 2006, the Board changed the USF program administrator from DHS to DCA. By December 2006, DCA assumed full responsibility as USF program administrator.

On September 9, 2020, the Board approved the projected State Fiscal Year 2021 (“FY 2021”) DCA USF administrative cost budget in the amount of \$7,631,276.00. The FY 2021 Budget encompassed an increase above the \$3 million cap instituted in the April 2003 Order, which required Board approval prior to such expenditures.

DISCUSSION

On August 2, 2021, DCA submitted its USF administrative cost budget for FY 2022, in the amount of \$8,005,013.00 (see “Schedule A” attached hereto). This is a \$373,737, or five percent (5%) increase from the FY 2021 budget.

Due to shared program infrastructure, each year the DCA submits a joint USF/LIHEAP budget with costs broken down between the two programs according to the percentage of recipients benefited from each program in the previous fiscal year. The majority of costs in the FY 2022 budget were broken down according to a 60 percent LIHEAP and 40 percent USF ratio.

The increase to the FY 2022 budget is mainly due to line item increases to accommodate for an anticipated increase in enrollment in the programs, due to program expansion. Specifically, line item increases were due to the following reasons:

1. “Personnel and Fringe” increased by \$8,748 due to contractual agreements with the State such as annual wage increases.
2. “Consultants and Professional Fees” increased by \$18,835 due to anticipated increases in costs from: Office of Information Technology; 2-1-1 contractual costs for administering the USF/LIHEAP hotline; and advertising and auditing the programs.
3. “Materials and Supplies” increased by \$49,200 due to an anticipated increase in printing costs.
4. “Other” cost category increased by \$9,150 due to anticipated increases for travel, the annual conference and postage costs.
5. “Subgrantees” increased by \$287,804 due to DCA’s intention to increase reimbursement rates per application for outreach agencies to the same rates paid to local application

agencies. Also, DCA is contracting out with one additional outreach agency to increase program access.¹

Staff has thoroughly reviewed the budget submission and, based upon the size and complexity of the program as well as the efforts being made for the betterment of the public, believes that the budget request is warranted.

The FY 2022 budget is broken down as follows:

DCA	\$2,194,879.00
Subgrantees-	
County Welfare Organizations	\$227,200.00
Community Based Organizations	<u>\$5,582,934.00</u>
Total	<u>\$8,005,013.00</u>

The Board created the permanent USF program in its April 2003 Order, and the administrative costs for the program have remained low in relation to the yearly program cost, despite the fact that the overall cost of the program has increased from \$30 million in 2003 to \$124 million for the 2020-2021 program year. DCA's proposed administrative budget for the 2021-2022 program year does present administrative costs above the \$3 million cap that was instituted in the April 2003 Order, which accordingly requires Board approval prior to such expenditures.

Staff has reviewed DCA's proposed budget and has found that the costs listed therein appear to be appropriate and necessary for the administration of the USF program by DCA. Therefore, Staff recommends the Board approve the proposed FY 2022 budget. It is noted that the budget is an estimate. DCA will provide the Board with an accounting of all expenditures; after reviewing these expenditures, Staff will come before the Board for final approval of all expenditures.

FINDINGS AND ORDER

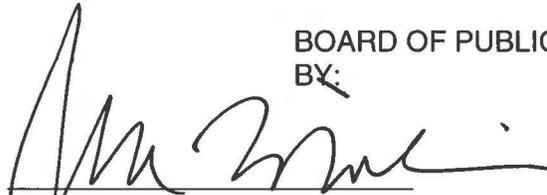
Accordingly, the Board **HEREBY FINDS** that DCA has adequately justified its FY 2022 USF administrative cost budget and **HEREBY APPROVES** said budget in the amount of \$8,005,013.00.

¹ Local application agencies are nonprofits or social service agencies that serve specific communities in the state and typically provide a wide range of services that includes utility assistance. While USF/LIHEAP applicants can make an appointment to visit a local application agency, or mail their application to one, a USF/LIHEAP outreach agency acts as a mobile unit, often sending staff to the home of an elderly or home bound individual to enroll them in the programs. The outreach agencies have played an important role for the USF and LIHEAP programs during the pandemic and intend to focus more on attending outreach events to reach more potential applicants in the coming year.

This Order will be effective on August 25, 2021.

DATED: 8/18/21

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BY:



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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE DEPARTMENT OF COMMUNITY AFFAIRS' STATE FISCAL YEAR
2022 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET
DOCKET NO. EO21070993

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Schedule A: DCA FY 2022 Budget Summary

STATE OF NEW JERSEY			
DEPARTMENT OF COMMUNITY AFFAIRS			
DCA USF BUDGET - EXPENSE SUMMARY			
	Address:	Department of Community Affairs	
		101 S. Broad Street	
		Trenton NJ, 08625	
		PO BOX 811	
	Phone:	609 633-6204	
	Chief Executive Officer:	Janel Winter	
	Prepared By:	Fidel Ekhelar	
BUDGET CATEGORIES COSTS	TOTAL	HEA	USF
A. PERSONNEL AND FRINGE	\$2,170,577	\$1,308,382	\$862,194
B. CONSULTANTS AND PROFESSIONAL FEES	\$2,053,461	\$1,281,263	\$772,198
C. MATERIALS AND SUPPLIES	\$123,000	\$73,800	\$49,200
D. OTHER	\$1,016,293	\$605,006	\$411,287
E. EQUIPMENT	\$250,000	\$150,000	\$100,000
DCA SUB TOTAL COST	\$5,613,331	\$3,418,452	\$2,194,879
County Welfare Agencies	\$568,000	\$340,800	\$227,200
Community Based Organizations	\$14,854,300	\$9,271,366	\$5,582,934
Subgrantees SUB TOTAL COST	\$15,422,300	\$9,612,166	\$5,810,134
TOTAL COST (DCA & Subgrantees)	\$21,035,631	\$13,030,618	\$8,005,013