

**STATEMENT OF RAFAEL LÓPEZ
SECRETARY
DEPARTMENT OF HUMAN SERVICES
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
HEALTH AND SOCIAL SERVICES SUBCOMMITTEE
FY 2024 BUDGET
OFFICE OF HOME ENERGY PROGRAMS (OHEP)
WEDNESDAY, FEBRUARY 15, 2023**



Testimony of Acting Secretary Rafael López

Good afternoon, Chairman Reznik and honorable members of the Committee. I am honored to be here with you representing the Department of Human Services (DHS). I want to thank the Governor, the Department of Budget and Management (DBM), and the Budget Committees for their support. We also thank the Department of Legislative Services for its insightful budget analysis, in particular our analyst Samuel Quist.

I am joined by La Sherra Ayala, Executive Director of the Family Investment Administration and Stafford Chipungu, our Chief Financial Officer. Also available to address any questions are Daniel Wait, Acting Deputy Secretary for Administration; Deputies for the Family Investment Administration, Augustin Ntabaganyimana, the Deputy Executive for Programs and Marie McLendon, Deputy Executive for Operations. In the spirit of continuously building strong partnerships with all of Maryland's jurisdictions, I am pleased to be joined by two Local Directors, Courtney Thomas-Winterberg, Director of the Allegany County Department of Social Services, and Lisa Beeman, Director of the Cecil County Department of Social Services. Below please find the Department's responses to the four (4) issues and two (2) recommended actions.

The Office of Home Energy Programs (OHEP) administers energy assistance benefits through a network of local Departments of Social Services, Community Action Agencies, and local municipalities throughout the state. Energy assistance benefits make energy bills more affordable and help with the prevention of loss or restoration of home energy service. This program also includes the new Low-Income Household Water Assistance Program (LIHWAP) which helps low-income households pay their past due water bills.

Department of Human Services

Fiscal Year 2024 Operating Budget
Response to Department of Legislative Services Budget Analysis

House Appropriations Committee
Health And Social Services Subcommittee
Chairman Kirill Reznik
Wednesday, February 15, 2023

Office Of Home Energy Programs (OHEP)

N0010006

Response to Issues

Local Administering Agencies (LAA)

Issue #1: DHS should comment on the stable funding for these contracts despite the planned change in how the benefits are administered. (Page 15)

Response to Issue: The Office of Home Energy Programs (OHEP) will transition to categorical eligibility determination to simplify the process for the households we serve. Under categorical eligibility, the programs will be administered through the Local Departments of Social Services. This will allow energy assistance to be aligned with the rest of the safety net programs which include Temporary Cash Assistance (TCA), Supplemental Nutrition Assistance Program (SNAP), Temporary Disability Assistance Program (TDAP), Public Assistance to Adults (PAA) and Medical Assistance (MA). Our expectation is that existing community partners currently under contract will continue to play a role in outreach and assisting clients in completing applications through the Eligibility and Enrollment (E&E) consumer portal, similar to the current SNAP Outreach. The current Local Administering Agencies (LAA) contracts are on a year-to-year basis and the new expected functions of the LAA are also being finalized. As a result, the amounts presented in the budget for fiscal year 2024 remain unchanged.

Applications Processed Beyond the 55-day Guideline

Issue #2: DHS should comment on the increase in processing times and percentages of applications processed beyond 55 days that have occurred for the Montgomery County Department of Health and Human Services, the Prince George's County Department of Social Services, the Washington County Community Action Council, and the Southern Maryland Tri-County Community Action committee as well as efforts to reduce the processing times. (Page 25)

Response to Issue: The following information specifically addresses the agencies identified: The Department has been working closely with the Montgomery County Department of Health and Human Services, the Prince George's County Department of Social Services, the Washington County Community Action Council, and the Southern Maryland Tri-County Community Action

Committee, to better understand their challenges and work towards solutions to alleviate problems impacting compliance measures. Two themes emerged from our conversations:

- In FY 2023, OHEP experienced an average 39% increase in applications statewide compared with the same time period in fiscal years 2022 and 2021. This increase can be attributed to the sunsetting of COVID-19 related assistance and protections, such as arrearage payments and more favorable payment plan terms. The increase in volume coincides with staffing challenges in the local offices which have directly impacted application processing times.
- In compliance with Chapter 638, DHS extended the amount of time applicants have to submit any missing documents required to complete their eligibility determination. While this extension had a positive impact on reducing denial rates for those who sought help, it negatively impacted the Department's ability to process applications within current required timeframes.

To mitigate the impact of missing documents, OHEP continues to provide policy guidance to LAAs, emphasizing using state systems and related programs to obtain verification information prior to requesting documents from the customer. This will help reduce processing time moving forward. Improvements to application processing times are anticipated once the Uniform Redetermination Process and system improvements are implemented following OHEP's integration onto the MDTHINK platform. Additionally, OHEP is working with advocates and other stakeholders to review processes that will reduce application processing times, ease administrative burdens for customers, expedite energy crisis applications outside of crisis season, and improve customer service.

Montgomery County Department of Health and Human Services (MCDHHS)

The challenges faced by the Montgomery County Department of Health and Human Services (MCDHHS) in meeting the processing timelines are mainly due to staffing capacity and the increased demand of on-site visits from clients as a result of pandemic-related benefits ending and additional new applicants of the Low-Income Household Water Assistance Program (LIHWAP). The MCDHHS shared with the Department that while it has been a great benefit for clients, the LIHWAP program added additional work to an already stressed situation. Applications at MCDHHS increased by 1,000 when compared to the same time period last year.

Both the onboarding of additional staff and the stabilization of the LIHWAP program are expected to improve processing times at MCDHHS in this fiscal year.

Prince George's County Department of Social Services (PGCDSS)

With the PGCDSS, it was shared with the Department that challenges with processing OHEP applications were due to the additional hiring and training of new staff, as well as receiving a high volume of applications for LIHWAP. The PGCDSS also shared that while it has been a great benefit for clients, the LIHWAP program added additional work to an already challenging situation. Other challenges within the hiring process involve new hires who do not show up on the first day of work, as well as new staff who show up for work but resign shortly thereafter due to the high work volume environment.

The PGCDSS is exploring employment pathways for the Workforce Program clients to add to its staffing contingent.

Washington County Community Action Council and Southern Maryland Tri-County Community Action Committee

The Washington County Community Action Council and the Southern Maryland Tri-County Community Action Committee face challenges similar to Montgomery and Prince George's Counties. The Southern Maryland Tri-County Community Action Council shared with the Department the reality of the Washington, D.C. metro area's extremely expensive cost of living when compared to the rest of the State of Maryland. They increased their base pay for OHEP employees 3-4 times since COVID-19 simply to be competitive in the job market. However, they reported that staff continued to resign which impacted its performance in meeting application timelines. We understand that the Washington County Community Action Council experienced similar challenges and look forward to their response.

Low Income Housing Water Assistance Program Spending (LIHWAP)

Issue #3 DHS should comment on how it will ensure that remaining federal funding budgeted in fiscal 2024 will be exhausted prior to the spending deadline for the funds and if there are any plans to continue to support low-income households in Maryland with water arrearages through this program after these funds are exhausted. (Page 28)

Response to Issue: DHS continuously monitors LIHWAP expenditures to ensure that the allocated funds will be exhausted before the end of the federal fiscal year. In October 2022, we began the process of quarterly reallocations. Our reallocation methodology identifies jurisdictions at risk of under spending and we reallocate a portion of their original funding to areas that have run out of funds or are at risk of overspending. This process will continue throughout the remainder of the current federal fiscal year. We will work with the Department of Budget and Management (DBM) regarding continued funding after the funds are exhausted.

Water Utility Assistance Program Administered by Department of Housing and Community Development (DHCD)

Issue #4: DHS should comment on how it is coordinating with DHCD to avoid duplication between the two programs and the benefits being issued. (Page 28)

Response to Issue: The Department of Budget and Management (DBM) has always planned on cross-checking the Water Utility Assistance Program administered by the Department of Housing and Community Development with the Low-Income Housing Water Assistance Program (LIHWAP) administered by our department to avoid duplication. The application contains language where applicants must attest to not "double dipping" with other programs. DBM, DHCD and DHS have played significant roles in the management and distribution of funding. We must strengthen our collective efforts to avoid duplication of programs to increase efficiency and ensure that clients receive the appropriate help they need.

Response to Recommended Actions

Recommended Action #1

Adopt committee narrative requesting a report on energy assistance application times and denial rates. **(Pages 3 and 29)**

Response: The Department concurs with this recommendation requesting a report on energy assistance application times and denial rates.

Recommended Action #2

Adopt committee narrative requesting an update on the status of the implementation of categorical eligibility for energy assistance programs. **(Pages 3, 29 and 30)**

Response: The Department concurs with this recommendation and adopts the committee narrative requesting an update on the status of the implementation of categorical eligibility for energy assistance programs.