



Fiscal Year (FY) 2026 Operating Budget
Office of Home Energy Programs - N0010006

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services
Senator Cory McCray
March 3, 2025

House Appropriations Committee
Health and Social Services
Delegate Emily Shetty
February 27, 2025

Honorable Chair and members of the Subcommittee, my name is Carnitra White, and I serve as the Principal Deputy Secretary of the Maryland Department of Human Services (DHS). On behalf of DHS, I thank Governor Moore, Lieutenant Governor Miller, the Department of Budget and Management (DBM), and the Budget Committees for their support. We are also grateful to the Department of Legislative Services Analyst Suveksha Bhujel for her assistance leading up to today's hearing. Joining me at the table are Augustin Ntabaganyimana, Executive Director of the Family Investment Administration, Courtney Thomas-Winterberg, Acting Director of the Office of Home Energy Programs, and Acting Chief Financial Officer Jessica Smith. We have senior members of our leadership team including directors of our local departments of social services present in the audience as well.

The Office of Home Energy Programs (OHEP) provides energy assistance to Maryland households through a network of local Departments of Social Services, Community Action Agencies, and municipalities. Each year, OHEP supports limited-income households—many of them seniors—helping them afford utilities needed for heating, cooking, and powering essential medical equipment.

OHEP's electric benefits include two components: bill payment assistance to lower monthly costs and arrearage retirement assistance to help customers pay past-due electric bills. These benefits are funded through special ratepayer funds and the Strategic Energy Investment Fund.

The heating benefit covers various fuel sources, including electric, gas, propane, oil, kerosene, coal, and wood, ensuring households can stay warm and maintain an

adequate fuel supply. These benefits are funded by federal Low Income Home Energy Assistance Program (LIHEAP) funds.

Calendar year 2024 was a year of rebuilding the OHEP Program. During last year’s legislative session, we informed you that we planned to visit each OHEP Local Administering Agencies (LAA) to learn about the work on the ground and hear directly from our partners about how DHS might best support them. We did just that - we conducted twenty (20) visits. The LAAs told us that they struggled to communicate with the department and their needs were largely ignored. The partners raised legitimate concerns about payment delays, system defects, unmanageable workloads, and inadequate administrative funding.

We learned the local impact of the January 2024 implementation of Categorical Eligibility, House Bill 323 (2023), which significantly transformed the Energy Assistance process and greatly expanded access for limited-income Marylanders. Households receiving Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), and Means-Tested Veterans Affairs Benefits no longer need to complete an energy assistance application, they are automatically considered for energy assistance.

Local OHEP offices were unprepared for the surge in applications, and misalignment between system capabilities and operational processes further exacerbated challenges. These issues led to significantly longer processing times, delays in benefit issuance, and the early exhaustion of federal funds.

Applications Received	FY2022	FY2023	FY2024
Total Unduplicated Applications	120,157	143,102	243,252
MEAP	116,803	137,597	231,660
EUSP	113,172	136,732	238,488
GARA	19,613	28,096	119,402
EARA	49,396	68,921	164,524

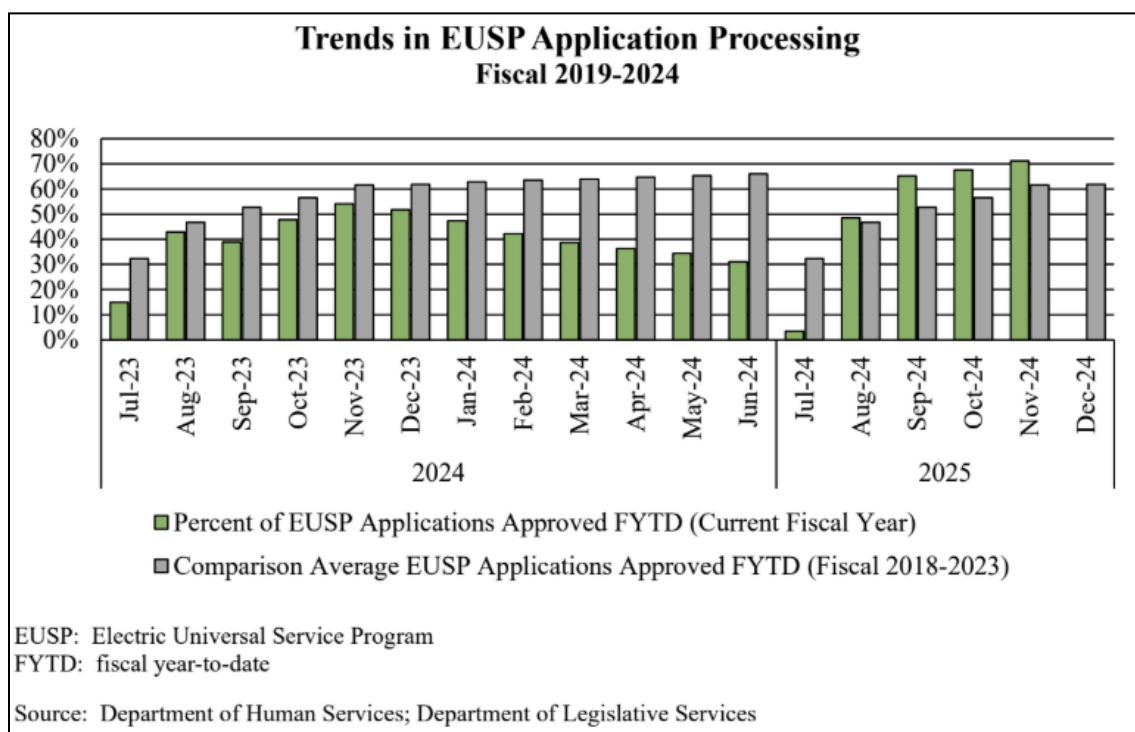
NOTE: Data represents applications received and entered into the OHEP Data System for the period identified. The total line represents an unduplicated count of all applications across the four programs.

We listened, we learned, and we took strategic actions to address the challenges and enhance OHEP operations. These actions included:

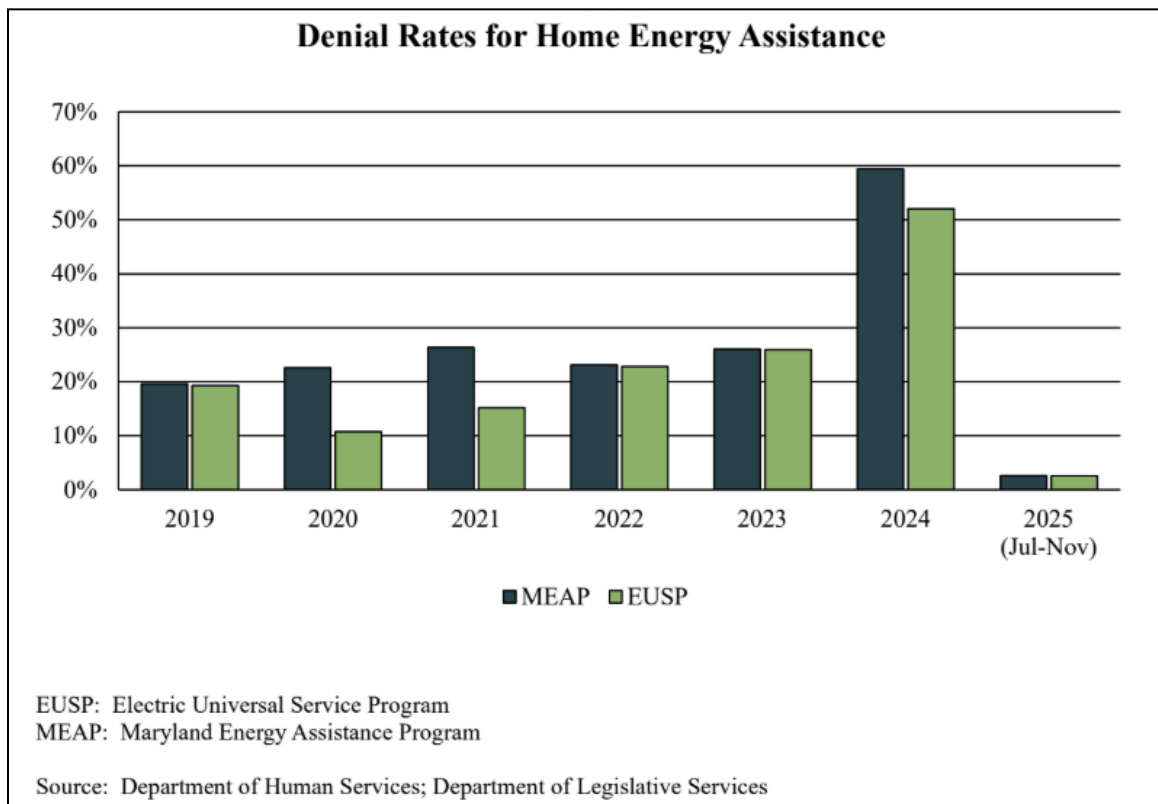
- Upgrading technology and expanding system access to equip local agencies with the necessary tools for efficient application processing.
- Providing comprehensive training and standardizing processes across local offices to improve consistency and efficiency.
- Implementing system enhancements to automate key functions, allowing staff to focus more on application processing.
- Expanding DHS's Customer Relationship Management (CRM) tool to all OHEP offices, enabling agencies to receive work orders and handle hot calls directly.
- Adjusting benefit levels to serve as many Marylanders as possible.
- Increasing communication with our local OHEP offices and stakeholders.
- Changing OHEP staffing and leadership.

Improved Outcomes

The above efforts have improved program operations, reduced processing delays, and lowered application denial rates as illustrated in the two charts below.



Source: [“Evaluation of the Office of Home Energy Programs.” Exhibit 3.3, page 12; Department of Legislative Services, Office of Program Evaluation and Government Accountability, February 2025](#)



Source: [“Evaluation of the Office of Home Energy Programs.” Exhibit 3.4, page 13; Department of Legislative Services, Office of Program Evaluation and Government Accountability, February 2025](#)

However, we recognize that more work remains. As we continue stabilizing OHEP operations and expanding access to energy assistance benefits, our focus will remain on strengthening capacity at both the local and state levels. We are committed to deepening our partnership with Local Administering Agencies and, for the first time in four years, increasing program budgets to enhance service delivery and meet growing needs.

Updated Benefit Structure

At the beginning of State Fiscal Year 2025, benefit structures were designed to prioritize the highest level of assistance for households with the lowest incomes, adjusted for household size.

- **MEAP grants** are determined based on the household's primary heating fuel type and income level, relative to household size.
- **EUSP grants** are calculated using multiple factors, including the average kilowatt-hour cost in Maryland, the household's primary heating source, income level relative to household size, and the household's electricity usage over the prior 12 months.

These calculations follow a flat-rate benefit model, enabling OHEP to more accurately predict expenditures and efficiently manage benefit allocations—ensuring that assistance reaches as many Maryland households as possible.

Energy Efficiency Measures

We are working in partnership with the energy advocates to increase program access for our most vulnerable Marylanders. We recently contracted with Utility Advisors to process Critical Medical Needs applications in Baltimore County and Baltimore City. We are also now working with the Department of Housing and Community Development to improve referrals from OHEP to energy efficiency programs through monthly meetings and expanding awareness of available energy efficiency programs. This will better equip local OHEP administering agencies with the knowledge needed to effectively promote these programs to OHEP recipients.

We are collaborating with the Maryland Energy Administration and the Public Service Commission to integrate community solar as an additional tool to help reduce energy costs for Maryland's limited-income households. We recently signed an MOU to participate in the Clean Energy Connector pilot through the Department of Energy. The Clean Energy Connector is a digital tool that makes community solar subscriptions with savings more accessible to households participating in government-run low-income support programs.

We look forward to working together to enhance our OHEP programs and to ensure we leave no one behind.

DHS Responses to DLS Analysis:

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. (pg. 6, DLS Analysis)

DHS Response: In FY2025, OHEP implemented a revised benefit structure, as discussed above, to ensure that households with the lowest incomes, relative to household size, receive the highest level of assistance. This targeted approach enhances support for the most vulnerable families with the greatest energy burden, to maximize the program's impact.

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. (pg. 7, DLS Analysis)

DHS Response: We concur.

DHS should comment on if they anticipate any additional supplemental [LIHEAP] funding. (pg. 10, DLS Analysis)

DHS Response: Pending any additional federal action, we do not anticipate receiving additional LIHEAP funds. OHEP will continue to maximize available resources to support eligible households within the existing funding allocation.

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[s] instead of energy assistance benefits. (pg. 11, DLS Analysis)

DHS Response: We will monitor postage expenditures, and will take steps to adjust for the cost for postage within the limitations of our spending CAP allocations.

DHS should comment on its plans to use the [Energy Assistance] fund balance. (pg. 14, DLS Analysis)

DHS Response: We are currently reviewing our options, including supplemental benefits, and will provide an update at a later point.

DHS should comment on the decline in the number of households receiving gas arrearage assistance despite the increase in applications in fiscal 2025. (pg. 19, DLS Analysis)

DHS Response: Households are eligible for gas arrearage benefits once every five years, unless they qualify for a vulnerable population waiver—applicable to households with a member who is two years old or younger, sixty years old or older, or has critical medical needs—up to the maximum benefit amount. In FY2025, OHEP reduced the maximum gas arrearage benefit to \$1,000 to reallocate more funding toward MEAP benefits, ensuring broader assistance for households facing ongoing energy costs.

As of February 20, 2025, FY2025 GARA denial data shows that out of 16,314 denied households, 55% did not meet the minimum past-due balance requirement of \$300, while 38% had previously received a gas arrearage benefit within the last five years.

DHS should comment if it is considering a supplemental benefit if excess funds remain at the end of fiscal 2025. (pg. 19, DLS Analysis)

DHS Response: DHS is actively monitoring MEAP and EUSP application trends and expenditures. We will review our options and provide an update at the appropriate point later in 2025. We always want to serve Marylanders to the maximum extent possible with available energy assistance funds, including through supplemental benefit grants.

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. (pg. 24, DLS Analysis)

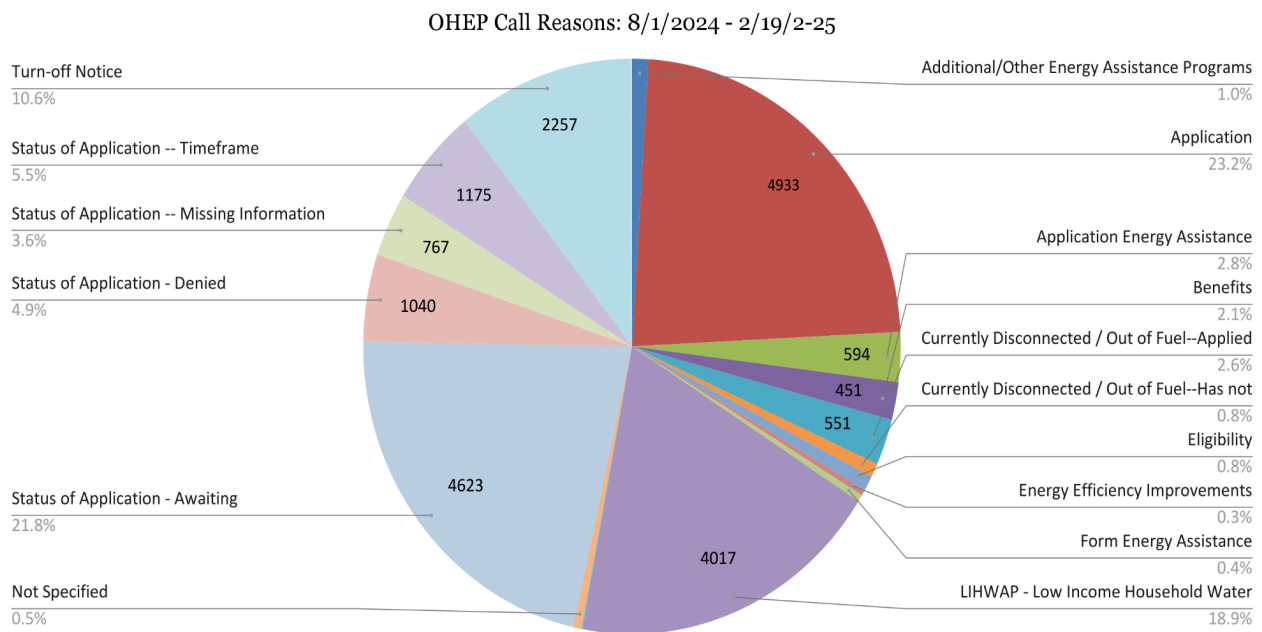
DHS Response: As noted above, we actively monitor MEAP and EUSP application trends and expenditures. We always want to serve as many Marylanders as possible, especially those who need it most with our available funds.

In absence of energy assistance specific call center measures, DHS should discuss the overall performance of the DHS call centers on these metrics. (pg. 24, DLS Analysis)

DHS Response: Since the launch of the new call center on August 1, 2024, we have been working with the vendor, Automated Health Systems, to ensure the overall performance meets our customer service expectations. While we have experienced some challenges in the transition, we have worked closely with AHS to address the challenges. Since August 2025, we have received 959,576 calls, of which 532,479 were answered (58% answer rate), with an average wait time of 18 minutes and 14 seconds. In comparison, this month, the call center has an answer rate of 87%% (83,095 calls

answered; 12,045 abandoned) at an average wait time of 6 minutes, 17 seconds. We will continue to work with the vendor to achieve the required service levels of a call answer time of 30 seconds on 90% of calls and the ability to include extended service hours to serve Marylanders better.

We have expanded our Customer Relationship Management (CRM) tool to all OHEP offices, enabling agencies to receive work orders and handle hot calls directly. We are adjusting our call center reporting to include energy-assistance specific tracking, and will have continually more refined data throughout 2025. In our preliminary analysis, of the calls that were answered by the Energy Assistance queue, 21,240 were verified by the customer service center representative as an inquiry into an OHEP program. The call reasons for those call are included in the table below:



Note: In January 2025, all OHEP agencies went live on the call center’s customer relationship management (CRM), allowing the collection of OHEP specific data regardless of who the customer calls.

We have discussed this issue further in [our legislative report, available here](#).

DHS should clarify the reasons for the pause and the change in explanations. (pg. 24, DLS Analysis)

DHS Response: Last year, we received a record 212,000 applications for energy assistance. A return to pre-pandemic funding levels and increased demand for assistance impacted the amount of help families received in 2024.

In 2025, we have strategically targeted benefits to households with the greatest home heating and cooling needs, including starting a new crisis benefit this winter (November 1, 2024 - March 31, 2025). We are aligning eligibility for all assistance programs at 200% of the Federal Poverty Level. We provide additional information in [our report on the status of the implementation of categorical eligibility](#). We apologize for any confusion, but we did not intend this as a “change in explanations.”

DHS Response to DLS Recommended Actions (starting pg. 25, DLS Analysis):

1. 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.

DHS Response: We concur.

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

DHS Response: We concur.

3. Reduce [FY2026] special [-\$440,096 SF] and federal funds [-\$440,096 FF] associated with communication expenses to level with fiscal 2024 actual expenditure.

DHS Response: We respectfully disagree in part. These FY2026 funds are necessary to ensure required mailings are sent to beneficiaries. Expenditures for these costs were also reported in the Family Investment Administration budget in fiscal 2024; the expenditures shown in the OHEP budget in fiscal 2024 don't reflect the full cost of postage. DHS requests that federal funds (\$440,096) associated with communications expenses be included for the fiscal year 2026 budget.

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.

DHS Response: We concur.

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.

DHS Response: We concur, but note that the fiscal year reporting interval should be federal, not state fiscal year.

6. Reduce [FY2025] special [-\$440,096 SF] and federal funds [-\$440,096 FF] associated with communication expenses in fiscal 2025 to level with fiscal 2024 actual expenditures.

DHS Response: We respectfully disagree in part. These FY2025 funds are necessary to ensure required mailings are sent to beneficiaries. Expenditures for these costs were also reported in the Family Investment Administration budget in fiscal 2024; the expenditures shown in the OHEP budget in fiscal 2024 don't reflect the full cost of postage. DHS requests that federal funds (\$440,096) associated with communications expenses be included for the fiscal year 2025 budget.