



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th 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
2021 UNIVERSAL SERVICE FUND)	
ADMINISTRATIVE COST BUDGET)	DOCKET NO. EO20080532

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 2021 ("FY 2021"). 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 per cent (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 Number 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 11, 2019, the Board approved the projected State Fiscal Year 2020 (“FY 2020”) DCA USF administrative cost budget in the amount of \$6,618,443.00. The FY 2020 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 19, 2020, DCA submitted its USF administrative cost budget for FY 2021, in the amount of \$7,631,276.00 (see “Schedule A” attached hereto). This is a \$1,012,833.00, or 15 percent (15%) increase from the FY 2020 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 2021 budget was broken down according to a 60 percent LIHEAP and 40 percent USF ratio.

The majority of the increases in the FY 2021 budget are due to DCA’s planned response to the COVID-19 pandemic, summarized as follows:

1. New Online Application System to Increase Program Access:

For the next USF/LIHEAP program year, which begins October 1, 2020, DCA has created an online application portal so that anyone can apply for benefits from the comfort of his or her home and from any device. New Jersey residents will now be able to apply for USF and LIHEAP programs: online; via email; over the phone; by regular mail; fax; or in person at an application agency (“Subgrantee”) by appointment only (until social distancing guidelines are relaxed). DCA plans to hire 10-20 temporary employees to review online applications for accuracy and completeness, as well as follow up with clients to help them complete their online applications.

2. Outreach to Increase Awareness of Program Availability:

DCA has proposed increasing the number of Subgrantees for the specific purpose of doing outreach in areas of the state with high income-eligibility levels and low participation levels.

DCA has also planned to increase advertising through the use of billboards in these areas of the state as well as targeted digital advertisements and social media posts.

Specifically, line item increases were due to the following reasons:

1. "Personnel and Fringe" increased by \$234,368 due to the planned hiring of 10-20 temporary employees who will be reviewing online applications and following up with clients via phone and email;
2. "Consultants and Professional Fees" increased by \$83,853 due to anticipated increases in costs from: Office of Information Technology due to the online application portal; increases in 2-1-1 contractual costs for administering the USF/LIHEAP hotline; and auditing costs from Withim, Smith + Brown due to the increase in Subgrantees they will need to monitor;
3. "Other" cost category increased by \$6,973 due to increases to telephone and postage costs;
4. "Equipment" increased from \$0.00 to \$100,000.00 due to DCA's need for computers and telephone equipment, which will be used to equip the new temporary employees;
5. "Subgrantees" increased by \$619,639 due to DCA's intention to increase the number of subgrantees for the specific purpose of outreach in underserved areas of the state. Existing subgrantees manually input applications into the USF/LIHEAP database system for grant processing. New subgrantees will engage in ongoing outreach into target communities with income-eligible populations and low participation rates to promote increased enrollment.

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 2021 budget is broken down as follows:

DCA	\$2,108,946.00
Subgrantees-	
County Welfare Organizations	\$227,200.00
Community Based Organizations	<u>\$5,295,130.00</u>
Total	\$7,631,276.00

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 \$119 million for the 2019-2020 program year. DCA's proposed administrative budget for the 2019-2020 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 2021 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, Board 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 2021 USF administrative cost budget and **HEREBY APPROVES** said budget in the amount of \$7,631,276.00.

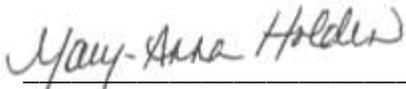
This Order will be effective on September 19, 2020.

DATED: September 9, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

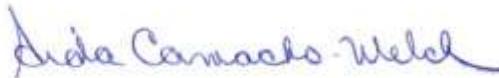


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE DEPARTMENT OF COMMUNITY AFFAIRS' STATE FISCAL YEAR
2021 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET
DOCKET NO. DOCKET NO. EO20080532

SERVICE LIST

Fidel Ekhelar
Department of Community Affairs
Division of Housing & Community Resources
101 South Broad Street
Post Office Box 811
Trenton, NJ 08624-0811
fidel.ekhelar@dca.nj.gov

Aida Camacho-Welch
Secretary of the Board
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
board.secretary@bpu.nj.gov

Rosaura Collazo
Department of Community Affairs
Division of Housing & Community Resources
101 South Broad Street
Post Office Box 811
Trenton, NJ 08624-0811
rosaura.collazo@dca.nj.gov

Alice Bator, Director
Division of Audits
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
alice.bator@bpu.nj.gov

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

William Foley, Chief
Division of Audits
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
william.foley@bpu.nj.gov

Sarah Steindel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
ssteindel@rpa.state.nj.us

Maureen Clerc
Office of the Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
maureen.clerc@bpu.nj.gov

Matko Ilic, Esq., DAG
NJ Department of Law and Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street,
Post Office Box 112
Trenton, NJ 08625
Matko.Ilic@law.njoag.gov

Tony Iskander
Office of the Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
tony.iskander@bpu.nj.gov

Schedule A: DCA FY 2021 Budget Summary

STATE OF NEW JERSEY			
DEPARTMENT OF COMMUNITY AFFAIRS			
USF BUDGET - EXPENSE SUMMARY			
Address:		Department of Community Affairs	
		101 South 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	\$2,146,559	\$1,293,114	\$853,446
B. CONSULTANTS AND PROFESSIONAL FEES	\$2,003,376	\$1,250,013	\$753,363
C. MATERIALS AND SUPPLIES	\$72,000	\$72,000	\$0.00
D. OTHER	\$993,605	\$591,468	\$402,137
E. EQUIPMENT	\$250,000.00	\$150,000	\$100,000
DCA SUB TOTAL COST	\$5,465,541	\$3,356,594	\$2,108,946
County Welfare Agencies	\$568,000	\$340,800	\$227,200
Community Based Organizations	\$13,229,850	\$7,934,720	\$5,295,130
Subgrantees SUB TOTAL COST	\$13,797,850	\$8,275,520	\$5,522,330
TOTAL COST (DCA & Subgrantees)	\$19,263,391	\$11,632,114	\$7,631,276