



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
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CUSTOMER ASSISTANCE

IN THE MATTER OF THE DEPARTMENT OF	)	ORDER APPROVING
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2024	)	BUDGET
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST	)	
BUDGET	)	DOCKET NO. EO23070446

**Parties of Record:**

**Fidel Ekhelar, Program Manager**, New Jersey Department of Community Affairs  
**Brian Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") considers the New Jersey Department of Community Affairs' ("DCA") proposed Universal Service Fund ("USF") administrative cost budget for the State Fiscal Year 2024 ("FY 2024"). 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. ("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, the Board approved a permanent USF program to ensure that low-income customers have access to more affordable energy.<sup>1</sup> The Board ordered that the program be operated on a statewide 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.

By Order dated July 16, 2003, 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

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<sup>1</sup> In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated April 30, 2003.

in advance by the Board.<sup>2</sup> The Board also stated that the USF would be an ongoing, evolving program, subject to review and amended as necessary. In the 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 simultaneously. LIHEAP was jointly administered by DHS and the DCA when the permanent USF program was authorized by the Board.

On August 31, 2006, the 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.<sup>3</sup> By December 2006, DCA assumed full responsibility as USF program administrator.

On August 17, 2022, the Board approved the projected State Fiscal Year 2023 (“FY 2023”) DCA USF administrative cost budget in the amount of \$9,875,034.00.<sup>4</sup> The FY 2023 budget encompassed an increase above the \$3 million cap instituted in the April 2003 Order, which required Board approval prior to such expenditures.

#### **FY 2024 ADMINISTRATIVE COST BUDGET**

On August 14, 2023, the DCA submitted its USF administrative cost budget for FY 2024, in the amount of \$11,444,369 (see “Schedule A” attached hereto). This is a \$1,569,335, or sixteen percent (16%) increase from the FY 2023 budget.

Due to shared program infrastructure, each year the DCA submits a joint USF/LIHEAP budget with costs broken down between the two (2) programs according to the percentage of recipients which benefited from each program in the previous fiscal year. The majority of costs in the FY 2024 budget were broken down according to a 52 percent (52%) LIHEAP and 48 percent (48%) USF allocation.

The FY 2024 budget adjustments are due to the following reasons:

1. “Personnel and Fringe” decreased by \$280,925 due to the elimination of temporary workers that were hired during the COVID-19 pandemic.
2. “Consultants and Professional Fees” increased by \$2,008,060 due to:
  - An increase of \$1,557,545 in funding for International Business Machines (“IBM”), DCA’s technology consultant which built the USF/LIHEAP online application portal and maintains the database system. During the pandemic, IBM costs were subsidized by COVID-19 relief funding, which is no longer

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<sup>2</sup> In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated July 16, 2003.

<sup>3</sup> In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated October 23, 2006.

<sup>4</sup> In re the Department of Community Affairs’ State Fiscal Year 2023 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO22070436, Order dated August 17, 2022.

available. Additionally, IBM has plans for additional functionality in FY 2024. The company continuously improves user experience for applicants, management and USF/LIHEAP application agencies, providing real time data, data cleaning, report automation and is developing the use of artificial intelligence to integrate disparate systems in order to reduce application processing time and errors so applicants can receive benefits faster. IBM is also working with a Community Solar development team for future integration with the USF/LIHEAP system.

- An increase of \$450,515 in funding for 2-1-1, which administers the USF/LIHEAP statewide hotline. Increased program enrollment and the end of the moratorium on utility disconnections caused a 21% increase in calls to the hotline and additional telephone lines were necessary to support additional coverage. Increases are also due to rising personnel and vendor costs and COVID-19 relief funding no longer being available. Additionally, 2-1-1 has expanded its staff and language interpretation capabilities.
3. "Materials and Supplies" is unchanged from FY 2023.
  4. "Other" decreased by \$85,304 due to:
    - A decrease of \$72,000 in postage and mailing costs due to more customers applying online rather than with a paper application and an anticipated reduction in enrollment;
    - A decrease of \$45,332 in indirect costs; and
    - An increase of \$32,028 in outreach, travel, telephone and training conference costs as the State is now in a post-pandemic period.
  5. "Equipment" decreased by \$24,000 due to a reduced need for new computers for DCA temporary workers.
  6. "Subgrantees" decreased by \$48,496 due to the reduced contract costs with DCA's Community Based Organizations and outreach agencies which process USF/LIHEAP applications.

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

The FY 2024 budget is broken down as follows:

DCA	\$5,362,617.00
Subgrantees-	
County Welfare Organizations	\$227,200.00
Community Based Organizations	<u>\$5,854,552.00</u>
Total	<u>\$11,444,369.00</u>

Staff has reviewed the 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 2024 administrative cost budget. It is noted that the budget is an estimate. DCA will provide the Board with an accounting of all expenditures after the end of FY 2024. After reviewing these expenditures, Staff will come before the Board for final approval of all expenditures.

**DISCUSSION AND FINDINGS**

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 costs, despite the fact that the overall cost of the program has increased from \$30 million in 2003 to \$268 million for the 2022-2023 program year. The DCA's proposed FY 2024 administrative budget 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.

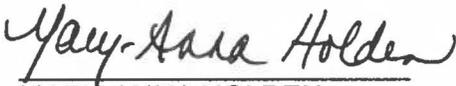
Accordingly, the Board **HEREBY FINDS** that the DCA has adequately justified its FY 2024 USF administrative cost budget and **HEREBY APPROVES** said budget in the amount of \$11,444,369.00.

This Order shall be effective on September 25, 2023.

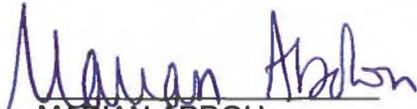
DATED: September 18, 2023

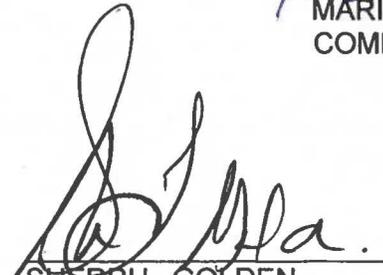
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ATTEST:  
  
SHERRIL L. GOLDEN  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER OF THE DEPARTMENT OF COMMUNITY AFFAIRS' STATE FISCAL YEAR  
2024 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO23070446

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**Schedule A: DCA FY 2024 Budget Summary**

<b>STATE OF NEW JERSEY</b>			
<b>DEPARTMENT OF COMMUNITY AFFAIRS</b>			
<b>DCA USF BUDGET - EXPENSE SUMMARY</b>			
	Department of Community Affairs		
<b>Address:</b>	101 S. Broad Street		
	Trenton NJ, 08625		
	PO BOX 811		
<b>Phone:</b>	609 633-6204		
<b>Chief Executive Officer:</b>	Janel Winter		
<b>Prepared By:</b>	Fidel Ekhelar		
<b>BUDGET CATEGORIES COSTS</b>	<b>TOTAL</b>	<b>HEA</b>	<b>USF</b>
<b>A. PERSONNEL AND FRINGE</b>	\$3,044,866	\$1,616,238	\$1,428,627
<b>B. CONSULTANTS AND PROFESSIONAL</b>	\$7,452,143	\$3,926,744	\$3,525,399
<b>C. MATERIALS AND SUPPLIES</b>	\$123,000	\$63,960	\$59,040
<b>D. OTHER</b>	\$631,731	\$330,180	\$301,551
<b>E. EQUIPMENT</b>	\$100,000	\$52,000	\$48,000
<b>DCA SUB TOTAL COST</b>	<b>\$11,351,740</b>	<b>\$5,989,122</b>	<b>\$5,362,617</b>
County Welfare Agencies	\$568,000	\$340,800	\$227,200
Community Based Organizations (CBO's)	\$15,533,562	\$9,679,010	\$5,854,552
<b>Subgrantees SUB TOTAL COST</b>	<b>\$16,101,562</b>	<b>\$10,019,810</b>	<b>\$6,081,752</b>
<b>TOTAL COST (DCA &amp; Subgrantees)</b>	<b>\$27,453,301</b>	<b>\$16,008,932</b>	<b>\$11,444,369</b>