



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
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www.nj.gov/bpu/

CUSTOMER ASSISTANCE

IN THE MATTER OF THE DEPARTMENT OF)	ORDER APPROVING
COMMUNITY AFFAIRS' STATE FISCAL YEAR 2025)	BUDGET
UNIVERSAL SERVICE FUND ADMINISTRATIVE COST)	
BUDGET)	DOCKET NO. EO24090718

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 2025 ("FY 2025"). 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.¹ 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

¹ 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.² 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 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.³ By December 2006, the DCA assumed full responsibility as USF program administrator.

On September 18, 2023, the Board approved the projected State Fiscal Year 2024 (“FY 2024”) DCA USF administrative cost budget in the amount of \$11,444,369.⁴ The FY 2024 budget encompassed an increase above the \$3 million cap instituted in the April 2003 Order, which required Board approval prior to such expenditures.

FY 2025 ADMINISTRATIVE COST BUDGET

On October 21, 2024, the DCA submitted its USF administrative cost budget for FY 2025, in the amount of \$11,945,245 (see “Schedule A” attached hereto). This is a \$500,876, or four percent (4%), increase from the FY 2024 budget. The budget submitted covers the twelve (12)-month period of July 1, 2024 through June 30, 2025.

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 fifty-two percent (52%) LIHEAP and forty-eight percent (48%) USF ratio.

The FY 2025 budget adjustments are due to the following reasons:

1. “Personnel and Fringe” had a net decrease of \$101,998 due to:
 - a reduction in vacant positions; and
 - the statewide fringe rate increasing from 68.45 percent to 77.15 percent.

² 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.

³ 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.

⁴ In re the Department of Community Affairs’ State Fiscal Year 2024 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO23070446, Order dated September 18, 2023.

2. "Consultants and Professional Fees" had a net decrease of \$120,808⁵ due to:
 - a decrease of \$19,680 in "Advertising" costs;
 - a decrease of \$181,332 in funding for International Business Machines ("IBM"), due to staffing reductions;
 - an increase of \$72,000 in New Jersey Office of Information Technology costs for additional licenses, cloud storage and other updates necessary for the ongoing maintenance of the USF/LIHEAP database system and online application portal and system; and
 - an increase of \$8,203 for Subgrantee monitoring costs, due to new contract requirements.
3. "Materials and Supplies" had a decrease of \$59,040 due to a decrease of \$59,040 in "Printing" costs.
4. "Other" had a net decrease of \$113,947 due to:
 - a reduction of \$72,000 in "Annual Conference" costs;
 - a reduction of \$3,120 in "Telephone" costs;
 - an increase of \$24,000 in postage costs;
 - an increase of \$9,173 in indirect costs; and
 - a reduction of \$72,000 in "Outreach" costs.
5. "Equipment" decreased by \$36,000 due to a reduction in necessary purchases for the upcoming year.
6. "Subgrantees" increased by \$932,669 due to a need for increased statewide coverage in underserved counties and contract costs with DCA's Community Based Organizations and outreach agencies. These agencies process USF/LIHEAP applications and conduct outreach efforts at the local level as well as do home visits for the elderly and homebound.

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 2025 budget is broken down as follows:

DCA	\$4,930,824
Subgrantees-	
County Welfare Organizations	\$227,200
Community Based Organizations	<u>\$6,787,221</u>
Total	\$11,945,245

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 the DCA. Therefore, Staff recommends the Board approve the proposed FY 2025 administrative cost budget. Staff notes that the budget is an estimate. The DCA will provide the Board with an accounting of all expenditures after the end of FY 2025. After reviewing these expenditures, Staff will come before the Board for final approval of all expenditures.

⁵ Numbers may not sum due to rounding.

DISCUSSION AND FINDINGS

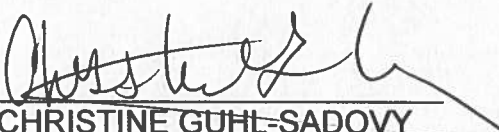
The Board created the permanent USF program in its April 2003 Order, and the administrative costs for the program have remained low in relation to the yearly program costs, despite the fact that the overall cost of the program has increased from \$30 million in 2003 to \$236.5 million for the 2024-2025 program year. The DCA's proposed FY 2025 administrative cost 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 2025 USF administrative cost budget and **HEREBY APPROVES** said budget in the amount of \$11,945,245.

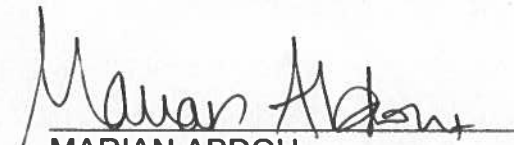
This Order shall be effective on October 30, 2024.

DATED: October 23, 2024

BOARD OF PUBLIC UTILITIES
BY:

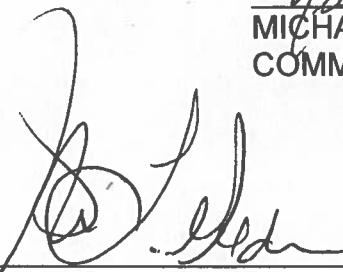

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PRESIDENT


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COMMISSIONER


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MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI 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
2025 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO24090718

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Schedule A: DCA FY 2025 Budget Summary*

**STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
DCA USF BUDGET - EXPENSE SUMMARY**

Phone: 609 633-6204
Chief Executive Officer: Janel Winter
Prepared By: Fidel Ekhelar

BUDGET CATEGORIES COSTS	TOTAL	HEA	USF
A. PERSONNEL AND FRINGE	\$2,759,370	\$1,432,740	\$1,326,629
B. CONSULTANTS AND PROFESSIONAL FEES	\$7,148,265	\$3,743,674	\$3,404,591
C. MATERIALS AND SUPPLIES	\$58,000	\$58,000	\$0
D. OTHER	\$390,587	\$202,982	\$187,604
E. EQUIPMENT	\$25,000	\$13,000	\$12,000
DCA SUB TOTAL COST*	\$10,381,221	\$5,450,397	\$4,930,824
County Welfare Agencies	\$568,000	\$340,800	\$227,200
Community Based Organizations (CBOs)	\$17,487,129	\$10,969,689	\$6,787,221
Subgrantees SUB TOTAL COST	\$18,055,129	\$11,310,489	\$7,014,421
TOTAL COST (DCA & Subgrantees)	\$28,436,350	\$16,760,886	\$11,945,245

* Numbers may not sum due to rounding.