



STATE OF NEW JERSEY
Board of Public Utilities
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CUSTOMER ASSISTANCE

IN THE MATTER OF THE DEPARTMENT OF COMMUNITY AFFAIRS' STATE FISCAL YEAR 2026 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET)	ORDER APPROVING BUDGET ADJUSTMENT DOCKET NO. EO25110585
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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 Decision and Order, the New Jersey Board of Public Utilities ("Board") considers the Universal Service Fund ("USF") administrative cost budget adjustment for the State's Fiscal Year 2026 ("FY 2026") proposed by the USF program administrator, the New Jersey Department of Community Affairs ("DCA").

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 the level of USF funding, the appropriate administration, and the purposes and programs to be funded. N.J.S.A. 48:3-60(b).

By Order dated April 30, 2003, the Board approved a permanent USF program to ensure that low-income customers have access to more affordable energy.¹ By the April 2003 Order, the Board ordered that the USF 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.

By Order dated July 16, 2003, the Board clarified that the cap on administrative expenses would not exceed \$3 million, and any administrative costs, excluding one (1)-time start-up costs,

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 ("April 2003 Order").

exceeding this amount must be approved in advance by the Board.² The Board also identified that the USF would be an ongoing, evolving program, subject to review and amended as necessary. Also by the July 2003 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") 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 became able to apply for both programs simultaneously. LIHEAP was jointly administered by DHS and the DCA at the time the Board authorized the permanent USF program.

On August 31, 2006, Governor Jon Corzine designated the DCA as the State's administrator of LIHEAP. By letter dated September 21, 2006, the DCA Commissioner requested 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.

By Order dated November 21, 2025, in accordance with the prior approval requirements contained in the April 2003 Order and the July 2003 Order, the Board approved the DCA's most recent projected USF program administrative cost budget for FY 2026 in the amount of \$11,560,199.⁴

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 ("July 2003 Order").

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 2026 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO25110585, Order dated November 21, 2025.

FY 2026 ADJUSTED ADMINISTRATIVE COST BUDGET

On January 2, 2026, the DCA submitted its adjusted USF administrative cost budget for FY 2026 (“Adjusted Budget”) to the Board, in the amount of \$11,852,896, as outlined in the table below. The Adjusted Budget represents a \$292,697 or 2.5 percent (2.5%), increase from the current FY 2026 budget and covers the twelve (12)-month period from July 1, 2025 through June 30, 2026.

	FY26 Original Approved Budget	FY26 Proposed Adjusted Budget	Difference
Personnel and Fringe	\$1,178,650	\$1,178,650	\$0.00
Consultants & Professional Fees	\$3,039,922	\$3,332,620	\$292,697
Materials & Supplies	\$60,000	\$60,000	\$0.00
Other	\$267,205	\$267,205	\$0.00
Equipment	\$0.00	\$0.00	\$0.00
County Welfare Agencies	\$227,200	\$227,200	\$0.00
Community Based Organizations	\$6,787,221	\$6,787,221	\$0.00
Total Cost	\$11,560,199⁵	\$11,852,896⁶	\$292,697

The DCA clarified that it requested the Adjusted Budget due to the following reasons:

- “Consultants and Professional Fees” increased by a net amount of \$292,697 for two (2) reasons:
 - An increase of \$114,329 added due to the DCA’s payment to Insight Public Sector, Inc. for 2025 information technology (“IT”) costs made in FY 2026.
 - An increase of \$178,368 added for International Business Machines (“IBM”). In the original FY 2026 budget, DCA planned to transition IBM to only Operations and Maintenance services on January 1, 2026, after transitioning IBM’s other responsibilities to DCA-IT staff. However, the uncertainty of federal LIHEAP funds caused a delay in DCA’s ability to hire and DCA’s limited number of IT staff could not accomplish IBM’s roles in addition to their other projects. The DCA therefore requires IBM to continue to support the USF and LIHEAP programs through the end of FY 2026 to ensure uninterrupted service delivery to the public. DCA plans

⁵ Numbers may not sum due to rounding.

⁶ Numbers may not sum due to rounding.

to hire additional IT staff to understudy the IBM team for a successful transition by July 1, 2026.⁷

The FY 2026 adjusted budget is broken down as follows and further detailed in "Schedule A" hereto:

DCA	\$4,838,475
Subgrantees	
County Welfare Agencies	\$227,200
Community Based Organizations	\$6,787,221
TOTAL	\$11,852,896

DISCUSSION AND FINDINGS

Administrative costs for the USF program have remained low in relation to yearly program costs, despite the overall cost of the program increasing from \$30 million in 2003 to \$329 million for the 2025-2026 program year. The Adjusted Budget presents administrative costs above the \$3 million cap instituted the April 2003 Order, which requires Board approval.

Accordingly, the Board **HEREBY FINDS** that the DCA has adequately justified the Adjusted Budget and **FURTHER FINDS** the Adjusted Budget to be reasonable. As such, the Board **HEREBY APPROVES** the Adjusted Budget in the amount of \$11,852,896.

The Board **HEREBY DIRECTS** the DCA to file with the Board an updated accounting of all FY 2026 USF program expenditures on or before April 30, 2027 for review, in accordance with the Memorandum of Understanding ("MOU") executed by the Board and the DCA on July 25, 2024.⁸ The Board **FURTHER DIRECTS** Board Staff to subsequently propose, for Board approval, a final disposition of all DCA USF FY 2026 program expenditures.

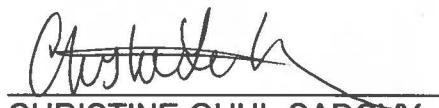
⁷ DCA has requested a hiring freeze exemption from the New Jersey Civil Service Commission and the Governor's office to hire for these IT roles within the DCA.

⁸ The Board approved the MOU at its June 27, 2024 Board agenda meeting in Docket No. EO24060408, and it was later signed and fully executed by the Commissioner of the DCA.

This Order shall be effective on February 4, 2026.

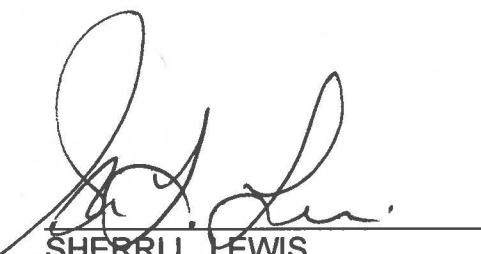
DATED: January 28, 2026

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST: 
SHERRI L. LEWIS
BOARD 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
2026 UNIVERSAL SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO25110585

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Schedule A: DCA FY 2026 Adjusted 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	\$2,451,238	\$1,272,587	\$1,178,650
B. CONSULTANTS AND PROFESSIONAL FEES	\$7,484,017	\$4,151,398	\$3,332,620
C. MATERIALS AND SUPPLIES	\$125,000	\$65,000	\$60,000
D. OTHER	\$564,477	\$297,272	\$267,205
E. EQUIPMENT	\$0.00	\$0.00	\$0.00
DCA SUB TOTAL COST*	\$10,624,732	\$5,786,257	\$4,838,475
County Welfare Agencies	\$568,000	\$340,800	\$227,200
Community Based Organizations (CBOs)	\$16,109,296	\$9,322,075	\$6,787,221
Subgrantees SUB TOTAL COST	\$16,677,296	\$9,662,875	\$7,014,421
TOTAL COST (DCA & Subgrantees)	\$27,302,028	\$15,449,132	\$11,852,896

* Numbers may not sum due to rounding.