



Agenda Date: 5/21/26
Agenda Item: 1A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

AUDITS

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

Parties of Record:

Fidel Ekhelar, Director, New Jersey Department of Community Affairs
Brian O. 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 expenses for State Fiscal Year 2025 ("FY25").

BACKGROUND/PROCEDURAL HISTORY

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. ("Act"), established a non-lapsing USF. The Act directed the Board, inter alia, to determine the level of funding for the USF, 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 affordable energy.¹

In the April 2003 Order, the Board directed that the USF program be operated on a statewide basis and funded through uniform charges on customers' electric and natural gas bills and determined that initial administrative expenses would be capped at ten percent (10%) of the program costs. Such charges are collected through the Societal Benefits Charge pursuant to the directives set forth in N.J.S.A. 48:3-60(a). The Board also stated that the USF would be an ongoing, evolving program that would be subject to review and amended as necessary.

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").

By Order dated July 16, 2003, the Board clarified that the cap would total \$3 million, and any administrative costs [excluding one (1)-time start-up costs] exceeding this amount must be approved in advance by the Board.² The Board also designated the New Jersey Department of Human Services (“DHS”) as the USF program administrator. The Board further stated that all expenses incurred by DHS would be subject to review by the Board.

The USF program was intentionally linked to the federal Low Income Home Energy Assistance Program (“LIHEAP”) to take advantage of the existing infrastructure in place to administer LIHEAP. Through a shared application, and eventually a shared database system that was funded via USF, repetition of administrative resources was reduced, and applicants were able to conveniently apply for both programs simultaneously. LIHEAP was jointly administered by DHS and 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. Subsequently, the DCA Commissioner sent a letter dated September 21, 2006, requesting that the Board designate DCA as the USF program administrator. By Order dated October 23, 2006, the Board changed the USF program administrator from DHS to DCA.³ By December 2006, DCA assumed full responsibility as the USF program administrator.

By Order dated October 23, 2024, the Board approved the FY25 DCA USF administrative cost budget in the amount of \$11,945,245.⁴ On April 22, 2025, the DCA submitted its adjusted USF administrative cost budget for FY25 (“Adjusted Budget”) to the Board, in the amount of approximately \$12,433,925. The Board approved the Adjusted Budget by Order dated June 18, 2025.⁵

On February 11, 2026, following its analysis of actual expenses paid and any expected encumbrances, DCA submitted a detailed USF administrative report for FY25 to Board Staff (“Staff”), which listed expenditures of \$11,711,386.97.

As provided by DCA, the FY25 actual administrative expenses are broken down as follows:

DCA	\$4,627,935.17
Subgrantees	
County Welfare Organizations	\$394,749.00
Community Based Organizations	<u>\$6,688,702.80</u>
Total	\$11,711,386.97

Staff reviewed DCA’s FY25 expenses and found that the costs listed therein appeared appropriate and necessary for the administration of the USF program by DCA.

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 2025 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO24090718, Order dated October 23, 2024.

⁵ In re the Department of Community Affairs’ State Fiscal Year 2025 Universal Service Fund Administrative Cost Budget, BPU Docket No. EO24090718, Order dated June 18, 2025.

Staff reviewed DCA's reconciliation of DCA's FY25 actual USF Administrative Expenses in the amount of \$11,711,386.97 to Department of the Treasury, Office of Management & Budget's ("Treasury") audited FY25 expense total of \$11,753,099.46. The reconciliation difference amounted to net difference of \$41,712.49 as shown below.

FY25 Actual Administrative Expenses (per DCA)	\$11,711,386.97
Plus: Outstanding Encumbrances	\$117,014.90
Encumbrances Cancelled after 7/31/2025	\$274,360.75
Less: Expenditures moved into FY2026	(\$67,200.00)
ReApprop from Prior Budget Fiscal Years	(\$282,463.16)
FY25 DCA Administrative Expenses (per Treasury)	<u>\$11,753,099.46</u>

Staff notes that DCA's Actual Administrative Expense total can differ from the balance in the State Comprehensive Financial System (CFS"), as the CFS reports transactions on the accrual basis of accounting, which includes both encumbrances and actual expenses paid. Treasury closes its books annually on July 31, one (1) month after the end of the fiscal year. Accordingly, CFS includes encumbrances and actual expenses paid for the fiscal year. Treasury provided sufficient documentation to support the budget fiscal year and FY25 encumbrances and expenses. Treasury's account balance of \$11,753,099.46 has been audited by the State.

There were two (2) adjustments to DCA's actual administrative expense total for reconciliation with Treasury's DCA Administrative Expense Total: 1) an increase of \$117,014.90 for Outstanding Encumbrances; and 2) an increase of \$274,360.75 for Encumbrances Cancelled after July 31, 2025. The Outstanding Encumbrances were commitments for services rendered or purchased; however, invoices were not received/paid by DCA as of July 31, 2025. The Encumbrances Cancelled after July 31, 2025 were commitments for services rendered or purchased; however, it was later determined by DCA that they would be cancelled after July 31, 2025. Both amounts were accruals in CFS at the time of the closing of the financial statements.

In addition, DCA made two (2) additional adjustments to the FY25 actual administrative expense total: decreases of \$67,200.00 and \$282,463.16, both made to the above reconcilements. DCA was instructed by Treasury to move certain FY25 expenditures into State Fiscal Year 2026. Also, an adjustment was necessary to reduce costs for services rendered or purchased from Prior Budget Years to accurately account for only FY25 transactions.

DISCUSSION AND FINDINGS

The Board **HEREBY FINDS** that DCA and Treasury have adequately justified DCA's FY25 USF administrative cost expenditures in the amount of \$11,753,099.46. Accordingly, the Board **HEREBY AUTHORIZES** reimbursement of \$11,753,099.46 to Treasury for the DCA FY25 USF administrative expenses. The amount appears reasonable, subject to audit. The DCA FY25 USF administrative cost budget summary is attached hereto as Schedule A.

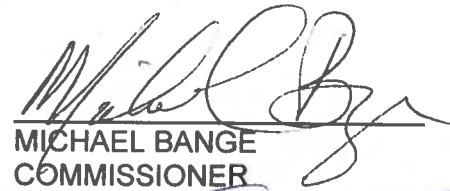
This Order will be effective on May 28, 2026.

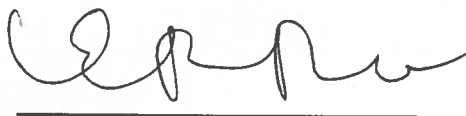
DATED: May 21, 2026

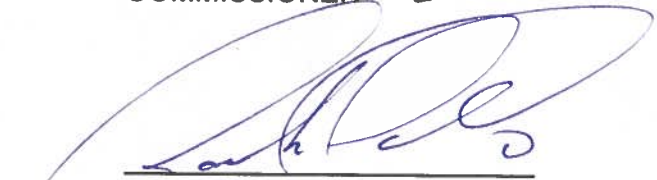
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COMMISSIONER

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 2025 UNIVERSAL
SERVICE FUND ADMINISTRATIVE COST BUDGET

DOCKET NO. EO24090718

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SCHEDULE A

**STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
FY2025 DCA USF BUDGET - EXPENSE SUMMARY
AS OF FEBRUARY 19, 2026**

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Phone: 609 633-6204

Chief Executive Officer: Janel Winter

Prepared By: Fidel Ekhelar

BUDGET CATEGORIES COSTS	TOTAL	USF	ACTUAL USF SFY25	(OVER) UNDER/BUDGET
A. PERSONNEL AND FRINGE	\$ 2,759,369.52	\$ 1,326,629.29	\$ 913,944.61	\$ 412,684.69
B. CONSULTANTS AND PROFESSIONAL FEES	\$ 7,463,715.44	\$ 3,720,041.00	\$ 3,437,225.77	\$ 282,815.23
C. MATERIALS AND SUPPLIES	\$ 58,000.00	\$ -	\$ -	\$ -
D. OTHER	\$ 390,586.86	\$ 187,604.45	\$ 276,247.23	\$ (88,642.78)
E. EQUIPMENT	\$ 25,000.00	\$ 12,000.00	\$ 517.56	\$ 11,482.44
DCA SUB TOTAL COST	\$ 10,696,671.82	\$ 5,246,274.74	\$ 4,627,935.17	\$ 618,339.57
County Welfare Agencies	\$ 568,000.00	\$ 400,429.00	\$ 394,749.00	\$ 5,680.00
Community Based Organizations (CBO's)	\$ 17,756,910.00	\$ 6,787,221.00	\$ 6,688,702.80	\$ 98,518.20
Subgrantees SUB TOTAL COST	\$ 18,324,910.00	\$ 7,187,650.00	\$ 7,083,451.80	\$ 104,198.20
TOTAL COST (DCA & Subgrantees)	<u>\$ 29,194,810.82</u>	<u>\$ 12,433,924.74</u>	<u>\$ 11,711,386.97</u>	<u>\$ 722,537.77</u>