

STATE OF NEW HAMPSHIRE**Inter-Department Communication****DATE:** August 23, 2019**AT (OFFICE):** NHPUC**FROM:** Rorie Patterson **SUBJECT:** DE 19-132 Low Income Electric Assistance Program
Staff Memorandum in Support of Recommendation**TO:** Commissioners
Executive Director**CC:** Paul Dexter
Amanda Noonan
DE 19-132 Service List**Summary:**

On August 15, 2019, Staff filed a recommendation on behalf of the Electric Assistance Program Advisory Board (Advisory Board), to approve the proposed 2019-2020 budgets for the administration of the Electric Assistance Program (EAP). Staff submits this memorandum to provide the Commission with additional information from the Community Action Agencies, Inc. (CAA) about its proposed budgets. Staff's filing does not include analysis or a recommendation and is intended only to supplement the existing record and further support the Advisory Board's recommendation.

Background:

On August 19, 2019, Staff asked the CAA the following data request:

The 2019-2020 the total CAA budget is \$91,949 above the total CAA budget for 2018-19 (and every other budget year since 2014). The increase seems to be primarily driven by increased costs for personnel and benefits (\$68,774 of the \$91,949). Enrollment has declined since the 2014 budget year: 35,005 (average 2014-15), 32,682 (average 2015-16), 30,792 (average 2016-17), 30,300 (average 2017-18), and 29,950 (average 2018-19 without including August and September). Since the 2015-16 budget, the total cost for personnel (for all CAAs), and the personnel costs in the individual budgets for all but two CAAs (lead agency and SWCS) also declined.

1. Please explain the increases in the 2019-20 budget, including but not limited to the increases in personnel costs?
2. Why are costs increasing when enrollment has continued to decline?

3. What are the CAA's expectations for enrollment during the 2019-20 budget year?

Staff included the other members of the Advisory Board in the transmission of its request to the CAA.

On August 20, 2019, the CAA provided the following response to Staff's data request.

The budgets are a projection of what agencies anticipate they will need to administer the EAP.

These projections are based on best estimates however the figures budgeted for personnel can change depending on application demands, personnel changes and agency policies (COLAs). Agencies will build in COLAs into their budgets in the event it is approved by their Board of Directors. Some years the agencies have not received the COLA although it may have been included in their projections. Health care costs have risen with most agencies expecting increases on their next renewal date.

The personnel costs in the 2015-16 budget was \$1,082,149 however the actual ending costs for the year was \$1,042,629. The budgeted amount for personnel in the 2016-17 year was \$1,021,353 however the final spent on personnel was \$1,067,245. For the 2017-18 year the budgeted amount was \$1,008,357 with actual spending being \$1,057,864. As you can see the agencies provide their best estimate when preparing the budgets however staffing can change and affect the budget amounts. Agencies look to their costs from the previous year as well and adjust as needed. They may find that they had budgeted for a 18 week temporary position however due to the application flow and demand they retained the employee an additional number of weeks. Other categories which costs have risen in are: supplies, equipment replacements and utilities.

Although the participation rate has declined there is a "base" of employees needed to administer the program. Over the years agencies have tried various methods of staffing to fulfill their contract obligations. For example; agencies have used temporary full time and part time employees. Agencies have found that the use of temporary employees is not the most effective and therefore are using full time year round employees. Generally these employees are more costly due to the benefits provided. The low unemployment rate in NH has made it a challenge to retain employees and therefore offering full time employment is necessary to obtain and retain staff.

The CAAs held steady on their budget requests for the past several years partly because of the cost of purchasing needed servers that was included in the 2017-18 budgets. With the increase in overall costs to the agencies we found it necessary to request an increase.

The CAA included the other members of the Advisory Board in the transmission of its response to Staff.

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