

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 909

(Senator Ferguson, *et al.*)Education, Health, and Environmental Affairs  
and Finance

Appropriations

**Service, Stipends, and Scholarships - Maryland Corps Program - Established**

This bill establishes the Maryland Corps Program to provide at least 100 young people with meaningful service opportunities. It also establishes the Maryland Corps Program Fund to, among other things, provide participants with stipends of up to \$15,000 and scholarships of \$6,000 toward a vocational certificate, associate's degree, or bachelor's degree at specified Maryland postsecondary institutions. Funding for the program is as provided for annually in the State budget.

The bill takes effect June 1, 2016.

**Fiscal Summary**

**State Effect:** No effect in FY 2016. General fund expenditures for the Maryland Corps Program Fund increase by \$161,200 in FY 2017 for program staff and by \$1.9 million in FY 2018 to support the program's operation, including a program operator and stipends for program participants. Special fund revenues and expenditures increase correspondingly. Out-year expenditures reflect the addition of scholarship costs as well as ongoing staff costs and inflation. To the extent the program secures federal or other grants, those funds may cover some or all expenses; however, this analysis assumes that general funds are needed.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
SF Revenue	\$161,200	\$1,903,600	\$2,359,500	\$2,365,700	\$2,372,200
GF Expenditure	\$161,200	\$1,903,600	\$2,359,500	\$2,365,700	\$2,372,200
SF Expenditure	\$161,200	\$1,903,600	\$2,359,500	\$2,365,700	\$2,372,200
Net Effect	(\$161,200)	(\$1,903,600)	(\$2,359,500)	(\$2,365,700)	(\$2,372,200)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** Maryland Corps is administered and managed by a seven-member board of directors, with two members each appointed by the President of the Senate and the Speaker of the House of Delegates, and three members appointed by the Governor. Members are appointed for staggered four-year terms. In appointing members of the board, the appointing authorities must take into consideration the prospective appointees' experience and the diversity of the State, as specified by the bill; appointments must be made no later than September 1, 2016. Members of the board may be removed by their respective appointing authorities for incompetence, misconduct, immorality, or failure to perform their duties. They do not receive compensation but may be reimbursed for their expenses. The Governor's Office on Service and Volunteerism within the Governor's Office of Community Initiatives must staff the board and provide technical and other assistance to the program operator. By June 1, 2017, the board must issue a request for proposals (RFP) for a program operator, which must contain elements specified by the bill.

Individuals are eligible to participate in Maryland Corps if they:

- are between the ages of 17 and 23;
- are eligible for in-state tuition;
- have obtained a high school diploma or general equivalency diploma; and
- have not obtained a vocational certificate, associate's degree, or bachelor's degree from an institution of higher education.

Maryland Corps participants must serve for at least nine months with a nonprofit organization or government agency that has a focus on community or other service, civic engagement, volunteerism, or other activities or experiences with a similar mission. During their service, they are eligible for a stipend of up to \$15,000. Upon successful completion of their service, they are eligible for a one-time scholarship of \$6,000, to be used at a public or private nonprofit institution of higher education in the State that is certified by the Maryland Higher Education Commission. The scholarship may not be construed to prohibit or impede the award of any other financial aid for which the participant is eligible.

The Maryland Corps Program Fund is a continuing, nonlapsing fund of the State for the purpose of:

- providing stipends and scholarships to participants;
- covering expenses incurred by the board, including those related to issuing the RFP; and
- covering expenses incurred by the program operator selected by the board.

The board must explore the possibility of accessing federal or other grant funding for the program and awarding participants with academic credit for their service. The fund is subject to audit by the Legislative Auditor.

The bill includes additional reporting requirements for the board related to the operation of the Maryland Corps Program.

It is the intent of the General Assembly that stipends be awarded no later than June 1, 2018, and that scholarships be awarded no later than June 1, 2019.

**Current Law/Background:** Founded in 1993, the national AmeriCorps program engages more than 75,000 members in one-year service opportunities with nonprofit organizations, schools, public agencies, and community and faith-based groups. During their year of service, AmeriCorps members receive a stipend and health care. Upon completion, they are eligible for Segal AmeriCorps Education Awards, which are equal to the maximum Pell Grant, that they can use to help pay for college or student loans. Since 1994, members have earned more than \$2.4 billion in Segal awards.

The Governor's Office of Service and Volunteerism, among other responsibilities, oversees 17 AmeriCorps State programs, which support more than 1,000 AmeriCorps members in the State, as well as 8 volunteer centers and volunteer connector organizations.

To graduate from a public high school in the State, a student must complete either (1) 75 hours of student service that includes preparation, action, and reflection components and that may, at the discretion of the county board of education, begin during middle school or (2) a locally designed program in student service approved by the State Superintendent.

**State Fiscal Effect:** The Governor's Office of Service and Volunteerism cannot absorb the staffing requirements needed to implement the bill within existing resources. The office requires staff to serve the board as well as develop a program design and RFP by June 1, 2017. Therefore, general fund expenditures for the office increase by \$161,213 in fiscal 2017, which accounts for a 30-day delay from the bill's June 1, 2016 effective date. This estimate reflects the cost of hiring a program officer and a program coordinator to develop the program, identify partners, and issue the RFP. They will continue to have a

role in administering the program, monitoring the performance of the program operator, and ensuring the appropriateness and viability of placements for participants. It is assumed that fiscal administration of the program (payments to the program operator as well as the stipends and scholarships) can be absorbed by fiscal personnel in the Governor’s office. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$146,883
Operating Expenses	<u>14,330</u>
<b>Total FY 2017 State Expenditures</b>	<b>\$161,213</b>

Future year expenditures reflect annual increases and employee turnover as well as annual increases in ongoing operating expenses.

The General Assembly restricted \$150,000 in the fiscal 2017 budget, contingent on enactment of this legislation or its cross file, which is subject to the Governor’s approval to transfer the funds for this purpose. The funds are to be used for an RFP for the Maryland Corps Program. The legislative intent is that stipends be awarded to the first cohort of participants by June 1, 2018, which falls during fiscal 2018. Thus, **Exhibit 1** summarizes the funding necessary to cover the program’s costs each year; it is assumed that if the Governor transfers the \$150,000 in the fiscal 2017 budget for an RFP, those funds are applied to the fiscal 2017 cost of hiring staff needed to develop, issue, and award an RFP for a program administrator.

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**Exhibit 1**  
**Maryland Corps Program Costs**

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Participants	-	100	100	100	100
Completers	-	-	75	75	75
Stipend Amount	-	\$15,000	\$15,000	\$15,000	\$15,000
Stipend Expenditure	-	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Scholarship Amount	-	-	\$6,000	\$6,000	\$6,000
Scholarship Expenditure	-	-	\$450,000	\$450,000	\$450,000
Staffing Costs	\$161,213	\$153,562	\$159,507	\$165,704	\$172,166
Program Operator Costs	-	\$250,000	\$250,000	\$250,000	\$250,000
<b>Total Expenditures</b>	<b>\$161,213</b>	<b>\$1,903,562</b>	<b>\$2,359,507</b>	<b>\$2,365,704</b>	<b>\$2,372,166</b>

Source: Department of Legislative Services

Funding is based on the following assumptions:

- 100 new participants are funded for a stipend each year, beginning in fiscal 2018;
- the stipend is paid at \$15,000 per participant – the full amount authorized;
- 75 participants receive a scholarship each subsequent year, beginning in fiscal 2019, reflecting a 25% attrition rate in participants who complete the program and qualify for a scholarship;
- the scholarship is paid at \$6,000 per participant – the full amount authorized;
- payment of awards for stipends and scholarships is concurrent with making the awards;
- the Governor’s office requires ongoing staffing for the program, beginning in fiscal 2017; and
- for purposes of this analysis, the annual cost for a program operator is \$250,000; if the cost for a program operator is greater or less than that amount, total program costs increase or decrease accordingly.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1488 (Delegate Hettleman, *et al.*) - Appropriations.

**Information Source(s):** Governor’s Office, Maryland Independent College and University Association, Baltimore City Community College, University System of Maryland, Maryland Higher Education Commission, Corporation for National and Community Service, Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2016  
md/rhh Revised - Senate Third Reader - March 28, 2016  
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