

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1222 (Delegate Guyton)
 Ways and Means

State Department of Education - Division of Rehabilitation Services - Funding and Staffing

This bill requires the Governor to include in the annual budget bill a general fund appropriation for the Division of Rehabilitation Services (DORS) in an amount equal to the State match required under the rehabilitation acts of the U.S. Congress (federal acts), including any specified inflation adjustments, to ensure there is no reduction in the State’s federal share of funding under the federal acts. For each fiscal year, the State match amount may not be less than the greater of (1) the amount of the general fund appropriation for DORS in the preceding fiscal year or (2) 21.3% of the total funding provided under the federal acts. Beginning in fiscal 2025, the Governor must include in the annual budget bill an appropriation in an amount sufficient to employ 74 staff members in DORS. The 74 staff members must perform duties in DORS’ Vocational Rehabilitation Program. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by at least \$3.1 million annually, beginning in FY 2025. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2025.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	3,085,900	3,085,900	3,085,900	3,085,900
Net Effect	\$0	(\$3,085,900)	(\$3,085,900)	(\$3,085,900)	(\$3,085,900)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The 74 staff members must perform duties that include (1) reducing the waitlist for participation in the vocational rehabilitation program; (2) reducing the caseloads of the program's counselors; and (3) expanding training and services in community-based settings, including training and services offered at DORS' Workforce and Technology Center.

Current Law: DORS is generally responsible for efforts to rehabilitate and place in gainful employment individuals who are disabled and susceptible to rehabilitation and to rehabilitate individuals to function more independently. DORS is also responsible for provision of a coordinated set of activities for transitioning students with a disability that promotes movement from school to postschool activities, including postsecondary education, vocational training, integrated employment, supported employment, adult services, independent living, and community participation.

Under federal regulations (34 CFR § 361.60), the federal share of funding to a State's public vocational rehabilitation program is 78.7%; thus, in order for a State to receive its fully allotted share of the federal vocational rehabilitation grant, the State must contribute 21.3% in funding for the vocational program. The State must also maintain at least its prior year funding amount for the program.

Chapter 331 of 2022 established a commission to study DORS. The commission was tasked with evaluating and making recommendations on specified subjects related to improvements to DORS's programs and services. In its [December 2022 report](#), among other recommendations, the commission recommended ensuring in statute (1) the provision of general funds to meet the 21.3% matching requirement and (2) 74 new positions to eliminate the vocational rehabilitation waitlist, reduce counselor caseload levels, and expand training and services in community-based settings.

State Expenditures: General fund expenditures increase by at least \$3.1 million annually, beginning in fiscal 2025, based upon the following analysis.

The bill requires the Governor to include an appropriation sufficient for 74 staff members in DORS beginning in fiscal 2025 but does not specify that these individuals must be in addition to the existing number of DORS staff members. The Department of Budget and Management advises that DORS presently plans to have 128 filled positions in fiscal 2024. Thus, this provision of the bill is assumed to have no effect on State expenditures. However, if 74 new positions were included in the State budget for this purpose, general fund expenditures would increase by approximately \$6.6 million in fiscal 2025 and \$7.5 million in fiscal 2028 for salaries and fringe benefits.

The proposed fiscal 2024 State budget includes \$15.8 million in general funds and \$3.1 million in special funds for DORS, for a total of \$18.9 million in State funds. Combined, these funds amount to a 21.3% match based on total funding for the program (which includes \$69.9 million in relevant federal funds in the proposed budget).

Current federal law requires maintenance of the State's funding with respect to the prior year. The bill requires provision of *only* general funds to meet the State's matching requirement and/or maintenance of effort, so current special funds do not count toward satisfying the State match under the bill. As a result, general fund expenditures increase by at least \$3.1 million annually, beginning in fiscal 2025, to meet the bill's requirement and maintain State funding at least at prior fiscal year levels. The effect may be greater to the extent that federal funding increases each year, requiring a larger State match.

The bill does not require supplanting special funds with general funds, so this analysis does not assume any reduction in special fund appropriations to DORS; as those funds are from the Blind Vendors Program. This analysis assumes that the special funds continue to be appropriated to provide blind and vision services by DORS.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 934 (Senators Zucker and Guzzone) - Rules.

Information Source(s): Maryland State Department of Education; Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

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km/mcr

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