

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 934

(Senators Zucker and Guzzone)

Budget and Taxation

Appropriations

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

This bill authorizes 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. Beginning in fiscal 2025, the Governor may include in the annual budget bill an appropriation in an amount sufficient to employ additional staff members in DORS. If budgeted, the additional staff members must perform duties in DORS' Vocational Rehabilitation Program. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: The bill is authorizing in nature and therefore has no direct effect on State finances or operations. To the extent the Governor elects to include additional funding in the budget as authorized by the bill, general fund expenditures increase, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The additional staff members, if included in the budget, 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: The 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 budget). Current federal law requires maintenance of the State's funding with respect to the prior year. The amount of federal funds allocated to the State is calculated each year and therefore is not known; to the extent the State's federal fund allocation increases each year, general fund expenditures may increase to the extent the Governor elects to maintain the full State match for the program. Any such increase cannot be reliably estimated and is at the Governor's discretion.

The bill authorizes the Governor to include an appropriation sufficient for additional staff members in DORS beginning in fiscal 2025 but does not specify the number of additional DORS staff members that may be added. The Department of Budget and Management advises that DORS presently plans to have 128 filled positions in fiscal 2024. If, per the commission report cited above, 74 new positions were included in the fiscal 2025 State

budget for this purpose, general fund expenditures would increase by approximately \$1.3 million in fiscal 2025 for the State's general fund share of salaries and fringe benefits.

Additional Information

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

Designated Cross File: HB 1222 (Delegate Guyton) - Ways and Means.

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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