

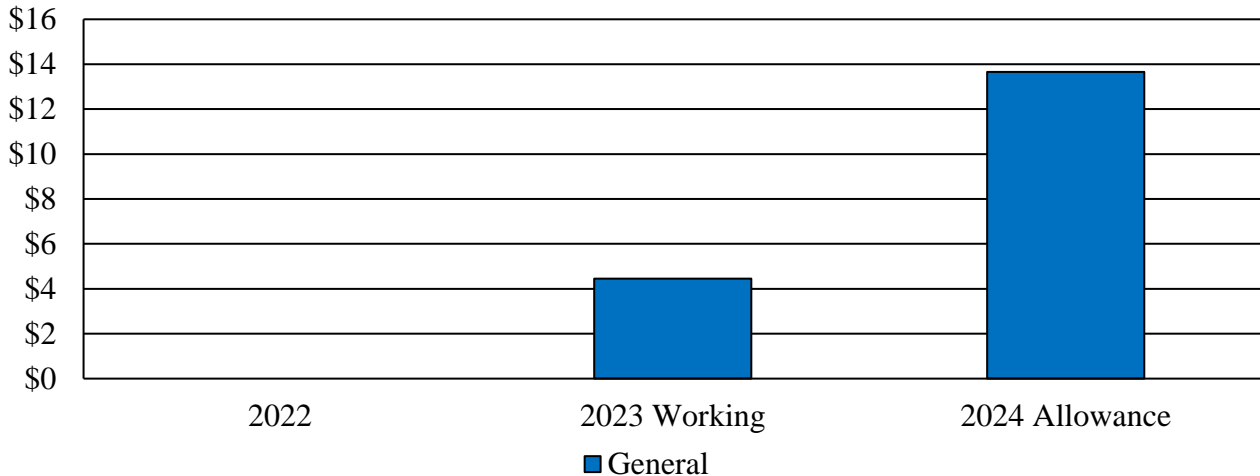
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Department of Service and Civic Innovation

Program Description

Established by an executive order issued on January 19, 2023, to promote service and volunteerism in the State, the Department of Service and Civic Innovation (DSCI) has been tasked with coordinating and overseeing the activities of the Governor’s Office on Service and Volunteerism (GOSV), the Governor’s Commission on Service and Volunteerism (GCSV), and the Maryland Corps Program. The new department will also develop model programs for a statewide clearinghouse, skill banks, or information centers for volunteers and projects in the State and implement such programs; conduct studies and make recommendations to improve volunteer recruitment and training, volunteer retention, and accountability of volunteer programs; provide staff support to the Governor’s Volunteer Council; and operate the Service Year Option Program as would be established by HB 546 and SB 551 of 2023.

Operating Budget Summary

Fiscal 2024 Budget Increases \$9.2 Million, or 206.5%, to \$13.7 Million
(\$ in Millions)



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM

- Including the deficiency and the amount proposed for fiscal 2024, the budget includes \$18.1 million for the new department. The Department of Budget and Management (DBM) reports that additional funds will be transferred to DSCI via a fiscal 2023 budget amendment and a supplemental budget for fiscal 2024.

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Fiscal 2023

Executive Order 01.01.2023.02

Executive Order 01.01.2023.02 was issued by Governor Wes Moore on January 19, 2023, establishing the new department. Although not reflected in the budget data submitted with the fiscal 2024 allowance, existing programs from the Executive Department – GOSV (which includes GCSV), Volunteer Maryland, and the Maryland Corps Program – are transferred to DSCI. GOSV coordinates the State’s AmeriCorps program, and GSCV was created in calendar 1994 to review and approve all AmeriCorps State funding. The Volunteer Maryland program is tasked with developing volunteer programs that help to meet needs in multiple areas, including economic opportunity, education, disaster services, veterans and military families, and others. The Maryland Corps Program and the associated Maryland Corps Program Fund were created by Chapter 654 of 2016 and Chapter 37 of 2022. Additional information about the Maryland Corps Program is provided in the Key Observations section of the analysis.

Proposed Deficiency

The fiscal 2024 allowance includes a \$4.5 million proposed general fund deficiency appropriation in fiscal 2023, including 14.0 positions, to fund the establishment of the department. In addition to personnel expenses (\$779,405) and other operating expenses (\$77,000), the deficiency includes costs for contractual services and grants. Contractual services include marketing and communications expenses (\$1,000,000), program evaluation expenses (\$1,000,000), and funds to start online application development (\$100,000). Grant expenses (\$1,500,000) will be used for the Service Year Option Program.

Planned Transfer of Existing Programs

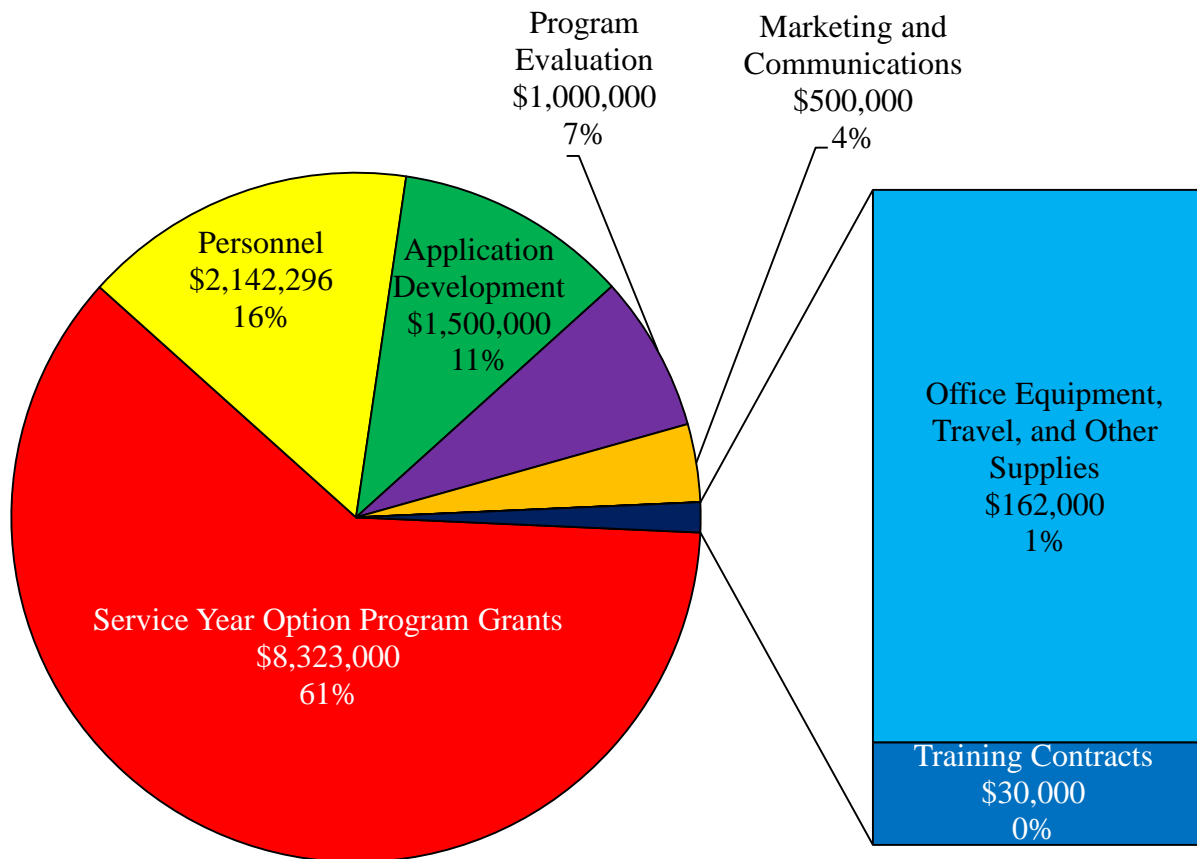
Funds supporting GOSV, Volunteer Maryland, and Maryland Corps are currently appropriated in the budget for the Executive Department – Boards, Commissions, and Offices, and respective funding changes are discussed in the fiscal 2024 operating analysis for that agency Executive Department – Boards, Commissions, and Offices – D15A05. It is anticipated that these programs will be transferred to the new department in fiscal 2023. This can be accomplished through either a budget amendment or submission of a supplemental budget. The transfer of these programs would add approximately \$12.9 million to the department’s working appropriation and 8.8 positions, for a departmentwide total of \$17.4 million and 22.8 positions. The transfer would add \$13.2 million and another 5 positions in fiscal 2024 for a departmentwide total of \$26.9 million and 31.8 positions. The addition of funds and positions from Boards, Commissions, and Offices are not reflected in this analysis but are detailed in **Appendix 1**.

The Administration should comment on when it anticipates transferring programs from Boards, Commissions, and Offices. It should further comment on the planned organization of the department and on how each of the different components will work together to achieve the department’s mission.

Fiscal 2024 Overview of Agency Spending

The fiscal 2024 allowance for DSCI is \$13.7 million, as shown in **Exhibit 1**. Most (\$11.4 million, or 83.1%) of the funding is dedicated to directly funding the different aspects of the Service Year Option Program, as would be established by HB 546 and SB 551 of 2023. Additional costs include those for personnel (\$2.1 million) and other operating expenses (\$162,000).

Exhibit 1
Overview of Agency Spending
Fiscal 2024 Allowance



Note: This does not include funds anticipated to be transferred from existing volunteer and service programs currently budgeted within the Executive Department – Boards, Commissions, and Offices.

Source: Governor’s Proposed Fiscal 2024 Budget

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2024 allowance increases by \$9.2 million, or 206.5%, from the fiscal 2023 working appropriation.

**Exhibit 2
Proposed Budget
Department of Service and Civic Innovation
(\$ in Thousands)**

How Much It Grows:	General Fund	Total
Fiscal 2022 Actual	\$0	\$0
Fiscal 2023 Working Appropriation	4,456	4,456
Fiscal 2024 Allowance	<u>13,657</u>	<u>13,657</u>
Fiscal 2023-2024 Amount Change	\$9,201	\$9,201
Fiscal 2023-2024 Percent Change	206.5%	206.5%
Where It Goes:		<u>Change</u>
Personnel Expenses		
Turnover adjustments		\$684
Employee and retiree health insurance.....		324
Regular earnings for 4.0 new positions.....		271
Other fringe benefit adjustments		84
Other Changes		
Service Year Option Program Grants to nonprofits and individuals		6,823
Online application development contract.....		1,400
Other operating expenses and equipment.....		85
Online training contract.....		20
Financial literacy training contract.....		10
Marketing and communications		-500
Total		\$9,201

Note: Figures do not reflect the planned transfer of funds from existing volunteer and service programs currently budgeted within the Executive Department – Boards, Commissions, and Offices. Numbers may not sum to total due to rounding.

Service Year Option Program

One of the major components of the new department will be the operation of the Service Year Option Program. HB 546 and SB 551, bills introduced by request from the Administration, would establish the program. Program participants who work at least 30 hours per week and partner with an on-site mentor would receive \$15 per hour from a participating employer and a stipend of up to \$3,000 from DSCI for completing a service placement. On-site mentors would provide job training, career and postsecondary education counseling, financial literacy skills, and other support to program participants. The department would also identify and work with nonprofit entities who may receive grants to serve as regional program leaders across the State. Should one or both bills become law, a target of 200 program participants is set for the first year of implementation, and a target of 2,000 participants is set for the fourth. The Administration reports that the first year of the program implementation would ideally begin in fiscal 2024. In fiscal 2023, \$3,600,000 is provided for the contractual services and grant funds that support the Service Year Option Program. In fiscal 2024, that figure rises to \$11,353,000.

Program Evaluation of the Program

Another component of HB 546 and SB 551 is that DSCI would be required to procure the services of a third-party entity to conduct an independent study and assessment of the program. There is no dollar change associated with the contract in Exhibit 2 because \$1.0 million is provided for this purpose in both the deficiency and the allowance.

Service Year Option Program Fund

HB 546 and SB 551 would also establish the Service Year Option Program Fund, a nonlapsing special fund that would be able to accept donations. DBM reports that DSCI would also be able to contribute all unspent funding for Service Year Option Program to the fund in order to support program expenses in future years. Given that as of the publication of this document, there is not yet an Acting Secretary for this department and no staff have been hired to support the Service Year Option Program, it seems likely that some fiscal 2023 funding, and potentially some fiscal 2024 funding, will not be expended.

DLS recommends making the fiscal 2023 and 2024 funding available for the Service Year Option Program contingent on the passage of HB 546 or SB 551.

The Administration should comment on its goals for the Service Year Option Program, plans to implement the program in fiscal 2023 and 2024, and how it intends to use the Service Year Option Program Fund to support the program's operations in future fiscal years.

Personnel Data

	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Working</u>	<u>FY 24</u> <u>Allowance</u>	<u>FY 23-24</u> <u>Change</u>
Regular Positions	0.00	14.00	18.00	4.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	0.00	14.00	18.00	4.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.90	5.0%
Positions and Percentage Vacant as of 12/31/22	n/a	n/a
Vacancies Above (Below) Turnover	n/a	

- The following positions are included in the department’s fiscal 2023 and 2024 personnel complement to establish the department and to operate the Service Year Option Program: 7 administrator I positions; 1 designated administrative manager senior II position; 4 administrative program manager IV positions; 2 administrator IV positions; 1 administrative officer I position; 1 administrative specialist III position; 1 executive IX position; and 1 executive aide VIII position. Positions added in fiscal 2024 will support the management of the State’s AmeriCorps program.
- It is anticipated that an additional 13.8 positions will be transferred to the department from existing programs currently budgeted in the D15 budget code, including 5 for GOSV, 3.8 for Volunteer Maryland, and 5 for the Maryland Corps Program. These positions are not currently included in the DSCI personnel count but will be transferred in accordance with the January 19 executive order to effectuate the merger.

Key Observations

1. Programmatic Overlap Exists Between the Maryland Corps Program and the Service Year Option Program

The Maryland Corps Program and the associated Maryland Corps Program Fund were established by Chapter 654 to fund stipends and scholarships to young adults who commit to service in Maryland communities. However, the program was not established by the deadline set in legislation. Chapter 37 made significant revisions to the program and its board and established a mandate for the program fund of \$5.0 million in fiscal 2024, with increased amounts mandated in the following fiscal years. The program was transferred to DSCI by Executive Order 01.01.2023.02, although this transfer is not reflected in the fiscal 2024 budget submission. The 5 positions and associated budget of \$5.0 million is expected to be transferred to DSCI in either a fiscal 2023 budget amendment or a supplemental budget. Maryland Corps and the Service Year Option Program would both be initiatives to promote service and volunteerism in Maryland.

Under the restructured Maryland Corps, the requirement that at least 100 participants be served was removed, and program participants are able to transition to the workforce as well as to an institution of higher education. Chapter 37 also expanded the participant eligibility requirements and requires the board to adopt regulations regarding the different program elements. Those elements include, but are not limited to, program participant eligibility, selection of regional operating partners, stipends, education awards of \$6,000 for participants, workforce development training, and ongoing evaluation of the program.

The Administration should comment on the operational plans for the Maryland Corps Program and the associated fund and how it will operate within DSCI.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$11,353,000 of this appropriation made for the purpose of supporting the Service Year Option Program is contingent on enactment of HB 546 or SB 551, which establishes the program.

Explanation: This action makes \$11,353,000 in funding for the Service Year Option Program contingent on the passage of HB 546 or SB 551.

2. Add the following language to the general fund appropriation:

, provided that \$3,600,000 of this appropriation made for the purpose of supporting the Service Year Option Program is contingent on enactment of HB 546 or SB 551, which establishes the program.

Explanation: This action makes \$3,600,000 in funding for the Service Year Option Program in fiscal 2023 contingent on the passage of HB 546 or SB 551.

Appendix 1
Anticipated Appropriations Following Transfer of Existing Programs
Fiscal 2023-2024

<u>Component</u>	<u>Program</u>	<u>Fiscal 2023</u>		<u>Program</u>	<u>Fiscal 2024</u>	
		<u>Budget</u>	<u>Positions</u>		<u>Budget</u>	<u>Positions</u>
DSCI	I00	\$4,456,405	14.0	I00	\$13,657,296	18.0
Maryland Corps	D15A05.05	5,300,000	0.0	D15A05.26	5,000,000	5.0
Volunteer Maryland	D15A05.05	1,015,161	3.8	D15A05.05	1,070,167	3.8
GOSV	D15A05.05	6,622,185	5.0	D15A05.05	7,140,862	5.0
Total Anticipated Appropriation		\$17,393,751	22.8		\$26,868,325	31.8

Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

Source: Department of Budget and Management; Governor’s Proposed Fiscal 2024 Budget

**Appendix 2
Object/Fund Difference Report
Department of Service and Civic Innovation**

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	0.00	0.00	18.00	18.00	n/a
Total Positions	0.00	0.00	18.00	18.00	n/a
Objects					
01 Salaries and Wages	\$ 0	\$ 0	\$ 2,142,296	\$ 2,142,296	n/a
04 Travel	0	0	80,000	80,000	n/a
08 Contractual Services	0	0	3,030,000	3,030,000	n/a
09 Supplies and Materials	0	0	70,000	70,000	n/a
11 Equipment – Additional	0	0	12,000	12,000	n/a
12 Grants, Subsidies, and Contributions	0	0	8,323,000	8,323,000	n/a
Total Objects	\$ 0	\$ 0	\$ 13,657,296	\$ 13,657,296	n/a
Funds					
01 General Fund	\$ 0	\$ 0	\$ 13,657,296	\$ 13,657,296	n/a
Total Funds	\$ 0	\$ 0	\$ 13,657,296	\$ 13,657,296	n/a

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.