

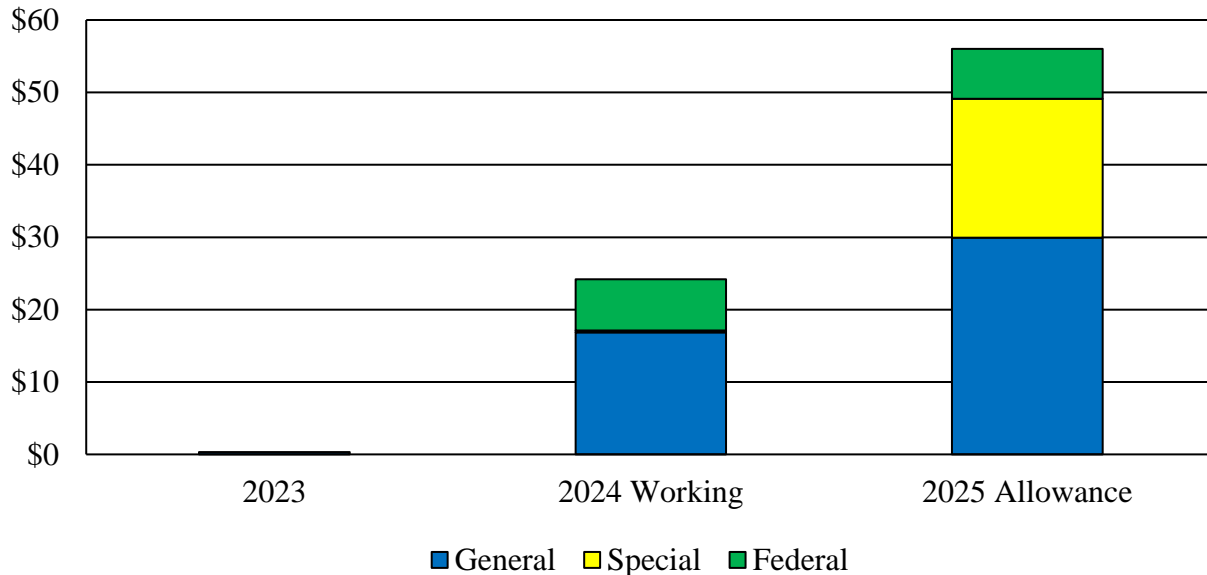
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Department of Service and Civic Innovation

Program Description

The Department of Service and Civic Innovation (DSCI) promotes service and the use of volunteers by State and local government, employers, and nonprofit organizations. DSCI coordinates and oversees the activities of the Governor’s Commission on Service and Volunteerism. administers service programs – including the Maryland Corps pathway programs – and recognizes volunteers in State programs. To enhance State volunteer projects, the department liaises with national, State, and local volunteerism groups. In addition to providing staff support to the Governor’s Volunteer Council, DSCI 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, as well as conduct studies and make recommendations to improve volunteer recruitment and training, volunteer retention, and accountability of volunteer programs.

Operating Budget Summary

Fiscal 2025 Budget Increases \$31.8 Million, or 131.4%, to \$56.0 Million
(\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

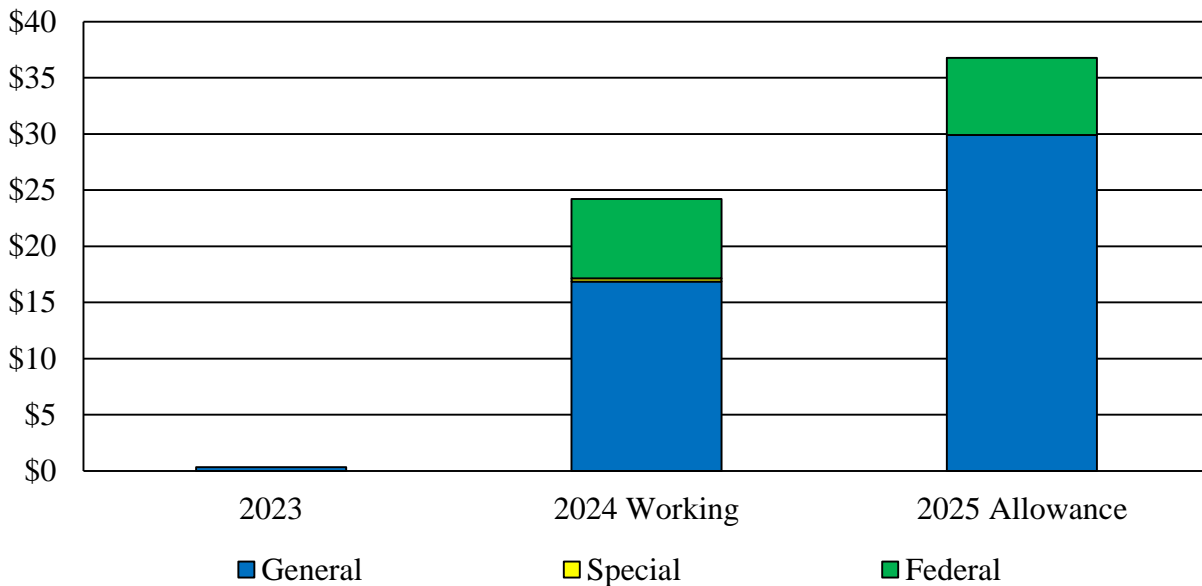
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- Chapter 99 of 2023 allows DSCI to retain unspent general funds in special funds associated with the service year pathway programs in fiscal 2024 through 2026. Of the \$31.8 million growth, \$19.2 million (60.4%) represents special funds that are double counting general funds. In addition to the double-counted funds, DSCI estimates that \$5.4 million in special funds will be available from unspent funds in fiscal 2024 but are not reflected in the fiscal 2025 allowance.
- Chapter 37 of 2022 and Chapter 99 require a \$10.0 million general fund mandate to the special fund for the Maryland Service Year (MSY) pathway. General funds grow by \$7.0 million, and special fund expenditures increase by \$10.0 million for this mandate.

As shown in **Exhibit 1**, when excluding special funds that are a result of general fund support, the fiscal 2025 allowance increases by \$12.6 million in total funds, or 52.1%, compared to the fiscal 2024 working appropriation.

Exhibit 1
Three-year Funding Trends, Excluding Double Count
Fiscal 2023-2025
(\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Source: Department of Budget and Management; Department of Legislative Services

Fiscal 2023

DSCI was established by Executive Order 01.01.2023.02 on January 19, 2023. The order was repealed, and the department reestablished under Chapter 99. Chapter 99 also created the Young Adult (YA) Service Year Option Pathway program and modified the Maryland Corps program to create the MSY Option Pathway. The YA pathway is also known as the Service Year Option. Both programs are pathways under the Maryland Corps program. The fiscal 2024 budget bill included a fiscal 2023 deficiency appropriation for DSCI of \$9.8 million in general and special funds. The \$9.8 million was provided for new components of the department, not the preexisting programs that were budgeted in the Boards, Commissions, and Offices (BCO) unit of the Executive Department. All but \$338,854 in general funds were reverted or canceled during the closeout process, as the department was not able to begin its operations until after Chapter 99 was enacted on April 24, 2023. In fiscal 2023, most of the expenditures were for the department's personnel and contractual services.

Fiscal 2024

The Governor's Office on Service and Volunteerism (GOSV) and Volunteer Maryland transferred from the BCO unit to DSCI at the start of fiscal 2024. Though not yet reflected in the working appropriation, a reimbursable fund authorization of \$585,105 from the BCO unit transferred to the department under a budget amendment was processed earlier in fiscal 2024.

Proposed Deficiency

The fiscal 2025 allowance includes a proposed general fund deficiency to withdraw \$78,956. This funding represents 1 vacant administrative officer I position that is being transferred to the Governor's Office of Crime Prevention and Policy.

Launch of the Maryland Corps Program

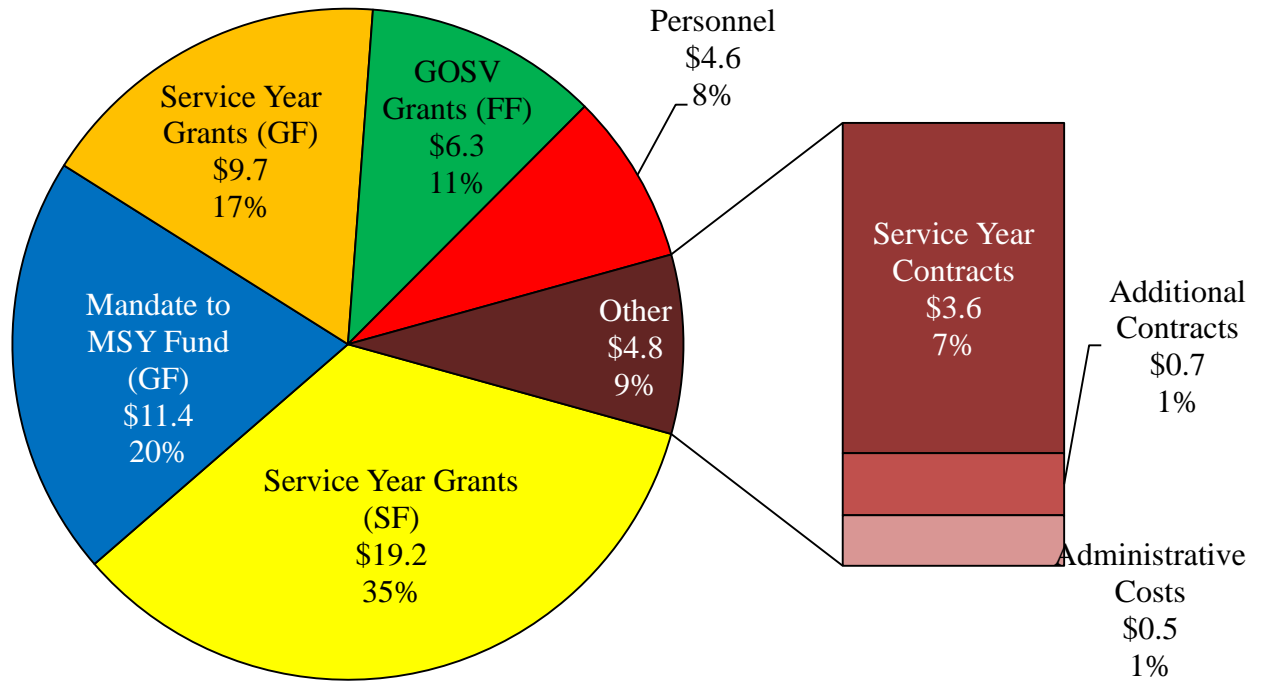
On October 25, 2023, DSCI launched its two pathways of the Maryland Corps program – the YA Pathway and the MSY Pathway. Though each pathway has slightly different participation requirements, Maryland Corps participants are placed with partner organizations and receive at least \$15.00 per hour for their service. Upon completion of the program, participants receive a \$6,000 completion award. The award may be issued as a taxable cash payment or to a Maryland 529 account. Fiscal 2024 serves as the pilot year of both programs, and the first cohort includes 274 participants as of December 1, 2023. Additional information on the two pathways can be found in the Key Observation section of this analysis.

Fiscal 2025 Overview of Agency Spending

The fiscal 2025 allowance for DSCI is \$56.0 million as shown in **Exhibit 2**. Most of the funding (78.3%) is dedicated to general and special funding for the pathway service year programs,

including \$11.4 million in general funds that includes the mandate to the MSY special fund account. This funding is primarily used to pay for the stipends and completion awards of program participants. Contract costs associated with the pathway programs include online application platform utilization and development of a career accelerator program (\$2.5 million), marketing and communications (\$700,000), program evaluation (\$392,000), and financial literacy training (\$10,000). Federal fund grants through GOSV (11.3%) support participants of the AmeriCorps program. The next largest category of spending, personnel, makes up about 8.2% of department expenditure.

Exhibit 2
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Millions)



FF: federal funds
 GF: general funds
 GOSV: Governor’s Office on Service and Volunteerism
 MSY Fund: Maryland Service Year Option Pathway Fund
 SF: special funds

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2025 Allowance

Proposed Budget Change

As shown in **Exhibit 3**, the fiscal 2025 allowance increases by \$31.8 million (131.4%), from the fiscal 2024 working appropriation after accounting for a proposed deficiency appropriation. General fund and special fund expenditure increases are driven by the department’s service year programs. Compared with fiscal 2024, DSCI reports that it plans to more than double the number of participants. Funding also increases for personnel as 7 new positions are added, 2 are transferred from BCO, and 1 position is transferred to BCO.

**Exhibit 3
Proposed Budget
Department of Service and Civic Innovation
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2023 Actual	\$339	\$0	\$0	\$339
Fiscal 2024 Working Appropriation	16,862	270	7,065	24,197
Fiscal 2025 Allowance	<u>29,912</u>	<u>19,221</u>	<u>6,869</u>	<u>56,001</u>
Fiscal 2024-2025 Amount Change	\$13,050	\$18,951	-\$196	\$31,805
Fiscal 2024-2025 Percent Change	77.4%	7029.4%	-2.8%	131.4%

Where It Goes:	Change
Personnel Expenses	
Increase of 8.0 positions, net of transfers and accounting for proposed deficiency	\$811
Salary increases and associated fringe benefits, including fiscal 2024 cost-of-living adjustment and increments	490
Turnover for existing positions decreases from 10.55% to 7.6%	100
Service Year Programs	
Maryland Service Year Option Pathway special funds	\$10,000
Young Adult Service Year Option Pathway special funds	9,221
Mandated appropriation for the Maryland Corps Program Fund increases to \$10.0 million in fiscal 2025	7,002
General funds for pathway grants	3,053
Online application development contract, including electronic platform for participants	998
Contractual personnel expenses for service success coaches	-237
Program evaluation contract	-608
Other Changes	
Difference created because of a technical error	\$413
Marketing	200

Where It Goes:	<u>Change</u>
Information technology supplies and support	161
In-state travel.....	153
Other.....	48
Total	\$31,805

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

General Fund Support of Maryland Service Year and Young Adult Service Year Option Pathway Funds

The Maryland Corps program and the associated Maryland Corps Program Fund were created by Chapter 654 of 2016 and modified by Chapter 37. Chapter 37 established a general fund mandate to the special fund account in fiscal 2024 of \$5.0 million. The mandate increases by \$5.0 million each year to \$20.0 million in fiscal 2027 then continues at that level. In fiscal 2024, language attached to Supplemental Budget No. 2 reduced the amount of general funds provided from \$5.0 million to \$3.0 million. Reaching the mandated level accounts for approximately \$7.0 million of the growth between fiscal years. The mandate was also modified by Chapter 99. Under current law, the mandate goes to the MSY Option Pathway Fund. The MSY Option Pathway Fund may be used only to (1) provide stipends to MSY Pathway participants; (2) provide program completion awards to participants that complete the program; (3) cover expenses for the pathway; (4) cover expenses incurred to study how program alumni could be better positioned to meet the current and future needs of employers in the State; (5) provide matching funds for grants received; and (6) assist in the creation of additional Maryland Corps programs. The fiscal 2025 allowance includes \$10.0 million from the MSY Option Pathway Fund

Chapter 99 also created the YA Service Year Option Pathway Fund. There is no mandate for the YA Service Year Option Pathway Fund, and funds provided are discretionary, though there are fewer circumstances in which the fund may be used. The YA Service Year Option Pathway Fund may be used to (1) provide stipends to YA Pathway participants; (2) pay the costs of administering the pathway; and (3) assist in the creation of additional Maryland Corps programs. In fiscal 2024, \$8,323,000 in general funds was reserved for stipends and/or program completion awards and is assumed to be allocated to the YA Service Year Option Pathway Fund for that purpose. The fiscal 2025 allowance includes \$9.2 million from the YA Service Year Option Pathway Fund.

For fiscal 2024 through 2026 only, general funds provided to the MSY Option Pathway Fund and YA Service Year Option Pathway Fund are not subject to reversion. In fiscal 2024, approximately \$11.0 million in general funds are available for program stipend and completion awards for both pathways.

In fiscal 2025, approximately \$19.2 million in special funds are made available for program stipends and awards between the two pathways. Funds retained from fiscal 2024 – approximately \$5.4 million – are not yet reflected in the fiscal 2025 allowance. Of the \$5.4 million, DSCI reports that approximately \$1.6 million will be used for the awards to pilot year participants. When accounting for the expected retained funds, a total of \$23.0 million would be available for the second cohort stipends and awards, recruitment for the program’s third year, and other program costs. Additional funds may also be available to the extent that the funds receive donations or that partner organizations contribute to stipend costs. The Department of Legislative Services (DLS) calculates that not all this \$23.0 million would be necessary for MSY Pathway and YA Pathway stipends and completions awards in fiscal 2025. If program participation were to double in fiscal 2025 to 550 participants, DLS calculates that DSCI may only require \$16.5 million to make all stipends and awards for the nine-month programs. **Accounting for the anticipated retained but not yet appropriated funds, DLS recommends that the general fund appropriation for the MSY and YA special fund accounts be reduced by \$5.5 million, with \$2.2 million to be for the MSY Pathway and \$3.3 million to be for the YA Pathway, based on the number of participants per pathway in the pilot year.**

Online Application Development Contract

To support the operations of the Maryland Corps program and to ensure the launch of the program in fiscal 2024, DSCI required an online portal. The online portal is used for applications to the pathways, communication to program participants from DSCI while in service, and where post-service participants can be connected with career opportunities. The department needed elements of this tool to be available beginning in August 2023 so that the application window could open. At its July 19, 2023 meeting, the Board of Public Works (BPW) approved a contract with BuildWithin, Inc. for the participant application portal and training and management system for DSCI. The contract term is from July 20, 2023, to July 19, 2026, with two one-year renewal options. It was approved without discussion. A retroactive contract modification appeared before BPW on January 31, 2024, which increased the contract amount from \$875,000 to \$1,072,600. Additional professional development training was provided to some pathway participants through the online portal during the period after the October 25, 2023 launch and before every participant could begin their service. The fiscal 2024 working appropriation includes \$1.5 million, and the fiscal 2025 allowance includes \$2.5 million in general funds for the development and maintenance of the online portal.

Technical Error

DSCI reports that new funding provided in the fiscal 2025 allowance for education and training contracts is overstated by \$413,103. Instead of \$439,560, fiscal 2025 funding will be \$26,457. **In the absence of an alternative justification for this expenditure, DLS recommends that the general fund appropriation be reduced by \$413,103.**

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	2.00	30.80	38.80	8.00
Contractual FTEs	<u>2.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	4.00	30.80	38.80	8.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.26	7.60%
Positions and Percentage Vacant as of 12/31/23	7.00	22.73%
Vacancies Above Turnover	4.74	

- In fiscal 2025, 1 executive aide X position leaves DSCI for BCO.
- There are 7 new positions in the department’s fiscal 2025 personnel complement. Of the new positions, 2 administrator I positions and 1 program manager I position are added to the Service and Civic Innovation program. Three administrator I positions and 1 program manager I position are added to the Maryland Corps program. The department reports that additional staff capacity is required in fiscal 2025 to assist in increasing participation in the service year programs. Some additional staff will also seek external funding sources for the department. Funding for the new positions does not reflect the standard 25% turnover rate that is typically applied to account for time to hire new staff. **Therefore, DLS recommends increasing turnover expectancy for the 7.0 new positions to 25%.**
- One executive aide III and 1 executive aide IX position are also transferred to the Service and Civic Innovation program from the BCO unit of the Executive Department. DSCI reports that, despite the increase in positions, its office location needs do not change between fiscal 2024 and 2025.

Key Observations

1. The Department of Service and Civic Innovation Launched Maryland Corps Program and Submitted First Report

As discussed in the fiscal 2024 section of this analysis, DSCI launched the Maryland Corps program on October 25, 2023, approximately six months after the legislation was enacted. As described in Chapter 99, there are two pathways for participation in the program. The application process was joint in fiscal 2024, with DSCI sorting applicants into each program based on their eligibility. A comparison of the two pathways as established under Chapter 99 is provided in **Exhibit 4**.

Exhibit 4 Maryland Corps Program Pathway Comparison

	<u>MSY Option Pathway and Fund</u>	<u>YA Service Year Option Pathway and Fund</u>
General Fund Mandate	\$5.0 million in fiscal 2024 reduced to 3.0 million, \$10.0 million in fiscal 2025, \$15.0 million in fiscal 2026, and \$20.0 million in fiscal 2027 and thereafter.	None
General Fund Reversion	Retained for fiscal 2024 through 2026.	Retained for fiscal 2024 through 2026.
Participation Target	None	200 in first year of implementation, 2,000 by the fourth year.
Age/Graduation Requirement	Adults	Must be within three years of completing high school, receiving a high school completion certificate, or earning a GED in the State.
Time Commitment	Full-time for 9 months	Full-time for 9 months, at least 30 hours per week
Residency Requirement	None	Maryland resident
Participants Required to Be Partnered with An Onsite Mentor	No	Yes

MSY: Maryland Service Year

YA: Young Adult

Source: Department of Service and Civic Innovation; Department of Legislative Services

100 – Department of Service and Civic Innovation

Program participants also receive additional professional development opportunities through DSCI. DSCI reports that it has 9 service success coaches for its program participants in fiscal 2024 that are supported with funding for contractual full-time equivalents (FTE). Given that the YA Pathway program is expected to expand in fiscal 2025, and funding for contractual FTEs decreases by 75% in the allowance, DSCI reports that it will work with the Department of Budget and Management to seek a technical correction.

DSCI published its first annual report on the Serving Every Region through Vocation Education Act (Chapter 99) on December 1, 2023. The key performance indicators identified in the annual report are reproduced in **Exhibit 5**. There are 274 program participants between the two pathways as of December 1, 2023.

Exhibit 5
Key Performance Indicators
Fiscal 2024 as of December 1, 2023

Number of stipends awarded under the program	274
Amount of stipends awarded under the program*	\$7,033,536
The businesses, nonprofit organizations, or government agencies with which Maryland Corps participants are placed**	106
The institutions, if any, that award academic credit for a Maryland Corps participant's service	0
The number of program completion awards awarded under the program	N/A
The amount of program completion awards awarded under the program	N/A
The postsecondary educational institutions at which corps participants use their program completion awards	N/A

*Amount includes funds that the Department of Service and Civic Innovation awarded for stipends and grant administration

**Number is total Notice of Grant Awards sent to host site partners as of December 1, 2023.

Source: Department of Service and Civic Innovation

The stipends of program participants are paid by partner entities, with DSCI providing the partner entities with grant funds. Additional support of the Maryland Corps program in fiscal 2024 came from partner entities, who contributed approximately \$621,000 toward stipend costs in fiscal 2024. Funding requirements of DSCI may change in future fiscal years based on what partner entities choose to contribute. DSCI reports that partner entities are responsible for covering the cost of fringe benefits for program participants, which are estimated to be approximately \$2.1 million for the first cohort. DSCI is responsible for the cost of completion awards, estimated

to be approximately \$1.4 million for the first cohort. DSCI estimates the State cost per participant to be \$32,400 for stipend and completion awards only. The department reports that it intends to open the application window for its second cohort in February 2024. The second cohort will begin in September rather than October 2024, bringing the program schedule closer in line with the academic year. **DSCI should comment on the costs of the pathway programs to the State compared to the partner organizations or government agencies.**

Among the 106 host sites for program participants, there are several sites within State Executive Branch departments. In the first cohort, participants were placed at the Maryland Department of the Environment, the Department of Juvenile Services, the Department of Natural Resources, the Department of State Police, the Department of Veterans Affairs, the Maryland Longitudinal Data System Center, the Maryland Military Department, the Maryland State Archives, and the Motor Vehicle Administration.

DSCI has additional reporting requirements related to the Maryland Corps program that will be useful for understanding the costs and benefits of the pathways in future years. Beginning with fiscal 2024, DSCI must prepare annual reports of the YA Service Year Option Pathway Fund and MSY Option Pathway Fund that include expenditure information as well as the total number of YA Pathway and MSY Pathway participants disaggregated by demographic categories; the total annual cost of each pathway disaggregated by fund source; information on the transition of participants into higher education, postsecondary education, full-time employment, registered apprenticeships, and any other post-program opportunity for each pathway; the number of participants employed by State or local government agencies after completion of the program for each pathway; and one-year, two-year, and five-year follow-up information on what former participants are doing to the extent practicable. An independent program evaluation must also be reported by July 1, 2028; DSCI reports that it is in the process of developing the request for proposals (RFP) for this evaluation.

2. Governor’s Office on Service and Volunteerism and Volunteer Maryland Performance Data

The fiscal 2025 managing for results submission has performance data for GOSV and Volunteer Maryland. Select measures of volunteer activity in the State are provided in **Exhibit 6**.

**Exhibit 6
Select Program Measurement Data
Federal Fiscal 2019-2024 Estimated
(\$ in Thousands)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Est. 2024</u>
Total Funds Granted to Community-based Organizations	\$4,529	\$5,066	\$3,157	\$4,778	\$5,793	\$5,966
Americorps Members	790	804	780	873	715	800
Americorps Volunteers	13,089	13,113	3,830	1,644	1,500	1,650
Volunteer Maryland Volunteers	6,188	3,589	4,318	6,963	3,673	4,000
Volunteer Maryland Hours Contributed to the State	51,882	58,058	16,940	19,437	14,329	20,000

Source: Department of Budget and Management; Department of Service and Civic Innovation

One measure that has decreased compared to prepandemic levels is the number of volunteer hours contributed to the State. Compared with federal fiscal 2019, the hours contributed in federal fiscal 2023 were 72.4% lower. Other measures have improved, however, such as the total funds granted to community-based organization by GOSV. This measure increased by approximately \$1.3 million across the same period. As GOSV and Volunteer Maryland have greater visibility within DSCI, DSCI’s operation of the Maryland Corps program should not negatively impact the performance measures that are associated with existing programs, as they are aimed at different populations.

Operating Budget Recommended Actions

	<u>Amount Change</u>		
1. Increase turnover expectancy for 3 new positions to 25% to be consistent with budgeted turnover for new positions.	-\$48,531		GF
2. Reduce the general fund appropriation for the Maryland Corps program to a level consistent with expected Maryland Service Year Pathway participation.	-\$2,200,000		GF
3. Reduce the general fund appropriation for education and training contracts. The amount was overstated as the result of a technical error.	-\$413,103		GF
4. Increase turnover expectancy for 4 new positions to 25% to be consistent with budgeted turnover for new positions.	-\$62,187		GF
5. Reduce the general fund appropriation for the Maryland Corps program to a level consistent with expected Service Year Option Pathway participation.	-\$3,300,000		GF
Total Net Change	-\$6,023,821		
Total General Fund Net Change	-\$6,023,821		

Appendix 1
Object/Fund Difference Report
Department of Service and Civic Innovation

<u>Object/Fund</u>	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u> <u>Appropriation</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24 - FY 25</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	2.00	30.80	38.80	8.00	26.0%
02 Contractual	2.00	0.00	0.00	0.00	0.0%
Total Positions	4.00	30.80	38.80	8.00	26.0%
Objects					
01 Salaries and Wages	\$ 97,314	\$ 3,205,052	\$ 4,526,393	\$ 1,321,341	41.2%
02 Technical and Spec. Fees	4,767	316,224	78,974	-237,250	-75.0%
03 Communication	160	6,147	4,485	-1,662	-27.0%
04 Travel	707	124,069	276,755	152,686	123.1%
07 Motor Vehicles	29,788	0	0	0	0.0%
08 Contractual Services	161,012	5,862,379	13,932,923	8,070,544	137.7%
09 Supplies and Materials	11,711	85,096	209,845	124,749	146.6%
11 Equipment – Additional	33,395	14,160	37,070	22,910	161.8%
12 Grants, Subsidies, and Contributions	0	14,642,307	36,916,055	22,273,748	152.1%
13 Fixed Charges	0	20,046	18,797	-1,249	-6.2%
Total Objects	\$ 338,854	\$ 24,275,480	\$	\$ 31,725,817	130.7%
Funds					
01 General Fund	\$ 338,854	\$ 16,941,267	\$	\$ 12,970,689	76.6%
03 Special Fund	0	269,600	19,220,748	18,951,148	7029.4%
05 Federal Fund	0	7,064,613	6,868,593	-196,020	-2.8%
09 Reimbursable Fund	0	0	0	0	0.0%
Total Funds	\$ 338,854	\$ 24,275,480	\$	\$ 31,725,817	130.7%

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.