

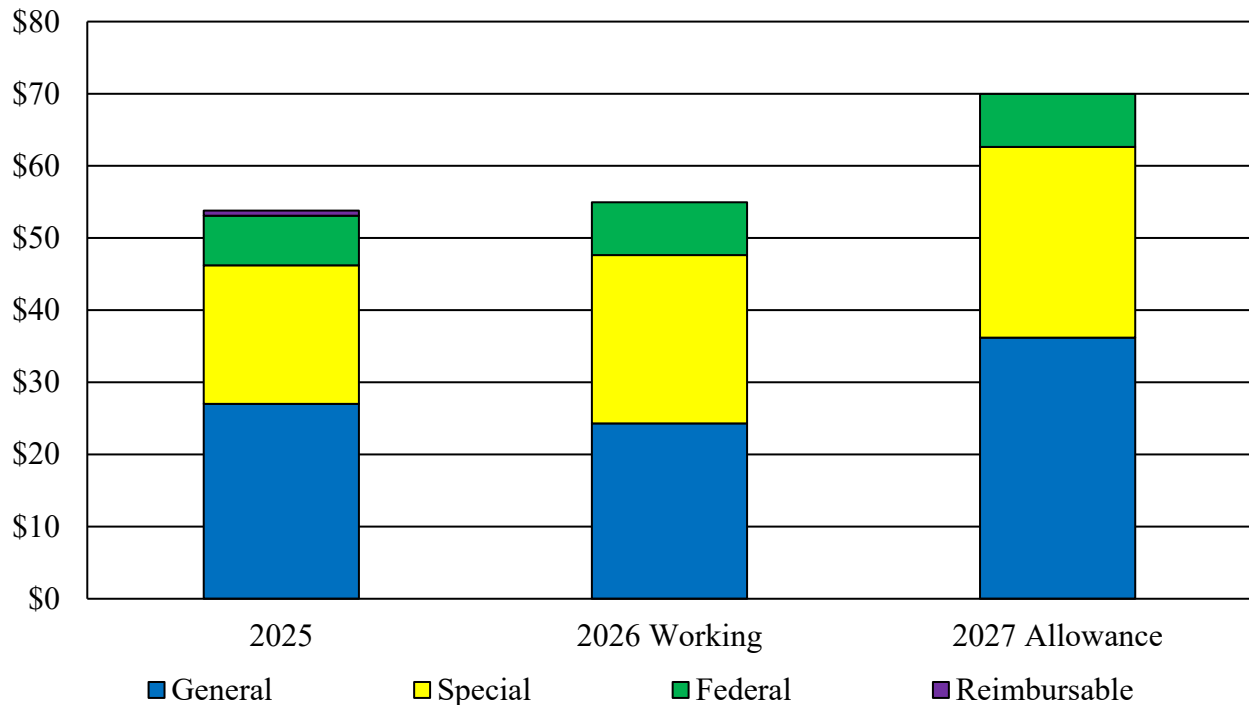
Department of Service and Civic Innovation

Program Description

The Department of Service and Civic Innovation (DSCI) promotes services and the use of volunteers by State and local government, employers, and nonprofit organizations. To enhance State volunteer projects, the department liaises with national, State, and local volunteerism groups. DSCI coordinates and oversees the activities of the Governor’s Commission on Service and Volunteerism, recognizes volunteers in State programs, and administers service programs – including the Maryland Corps Pathway programs. The Maryland Corps Pathway Programs include the Maryland Service Year Option Pathway (MSY) and the Young Adult Service Year Option Pathway (YA). These programs are colloquially referred to as Maryland Corps and the Service Year Option, respectively. For the purposes of this analysis, Maryland Corps refers to the overarching program composed of the MSY and YA programs.

Operating Budget Summary

**Fiscal 2027 Increases \$15.0 Million, or 27.3%, to \$70.0 Million
(\$ in Millions)**



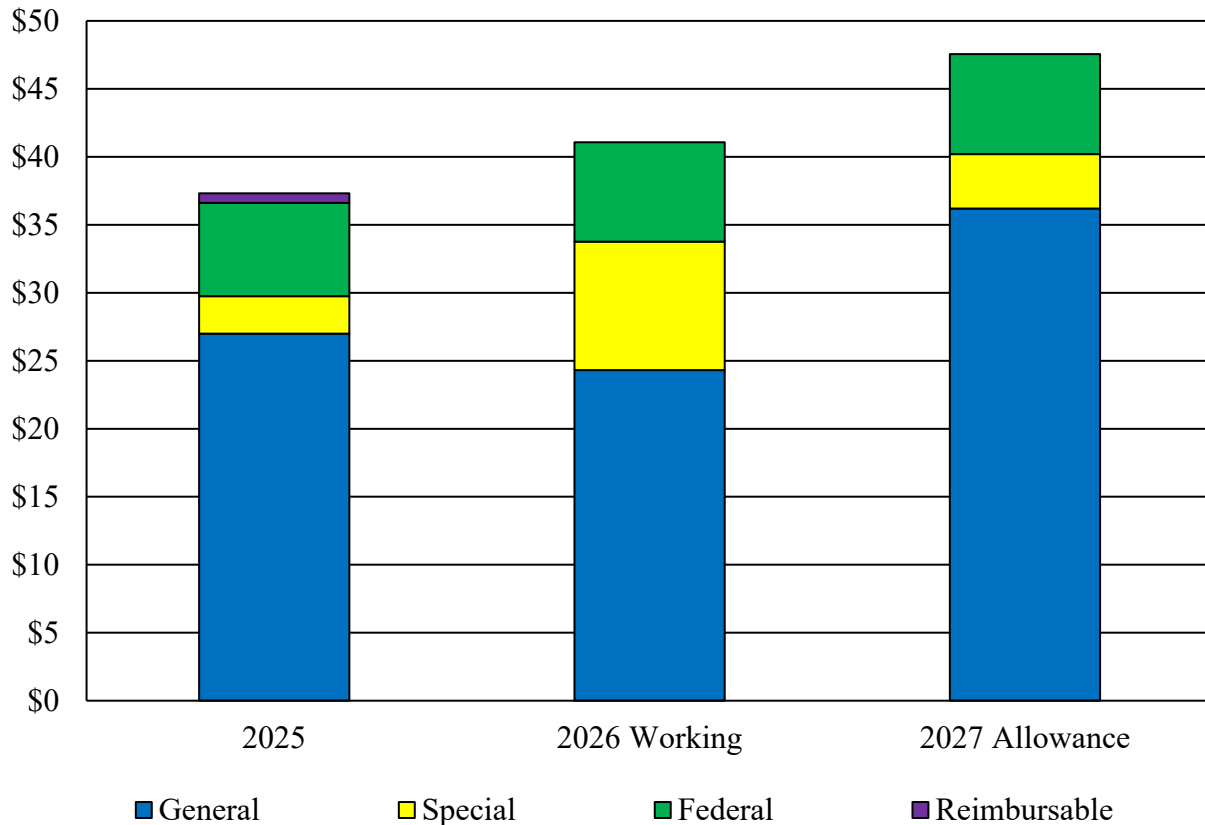
Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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Fiscal 2027 special funds are primarily sourced from fiscal 2027 general funds, leading to the double counting of \$22.4 million. Excluding the special funds that double count general funds, the fiscal 2027 allowance for DSCI is \$47.6 million. As shown in **Exhibit 1**, when excluding these double counted funds, the fiscal 2027 allowance increases by \$6.5 million in total funds compared to the fiscal 2026 working appropriation, or by 16%.

Exhibit 1
Three-year Funding Trends, Excluding Double Count
Fiscal 2025-2027
(\$ in Millions)



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management; Governor’s Fiscal 2027 Budget Books; Department of Legislative Services

Federal Recissions

The Governor’s Office of Service and Volunteerism (GOSV) faced potential loss of approximately \$6.9 million in federal fiscal 2024 AmeriCorps grant awards that were terminated by the federal government in April 2025. The reduction targeted unexpended balances of these federal fiscal 2024 awards for programs ending on or about August 2025, forcing the cancellation of funding that had already been promised to organizations for the remainder of the service year. Consequently, many projects were halted or ended. However, these funds were released in September 2025 as a result of a court order directing AmeriCorps to reinstate these grants. Approximately \$7.3 million in federal fiscal 2025 funding was also at risk of not being awarded due to changes in federal priorities, but the funding has since been awarded. Federal funding supports training, technical assistance, and capacity-building efforts for AmeriCorps programs statewide.

Fiscal 2026

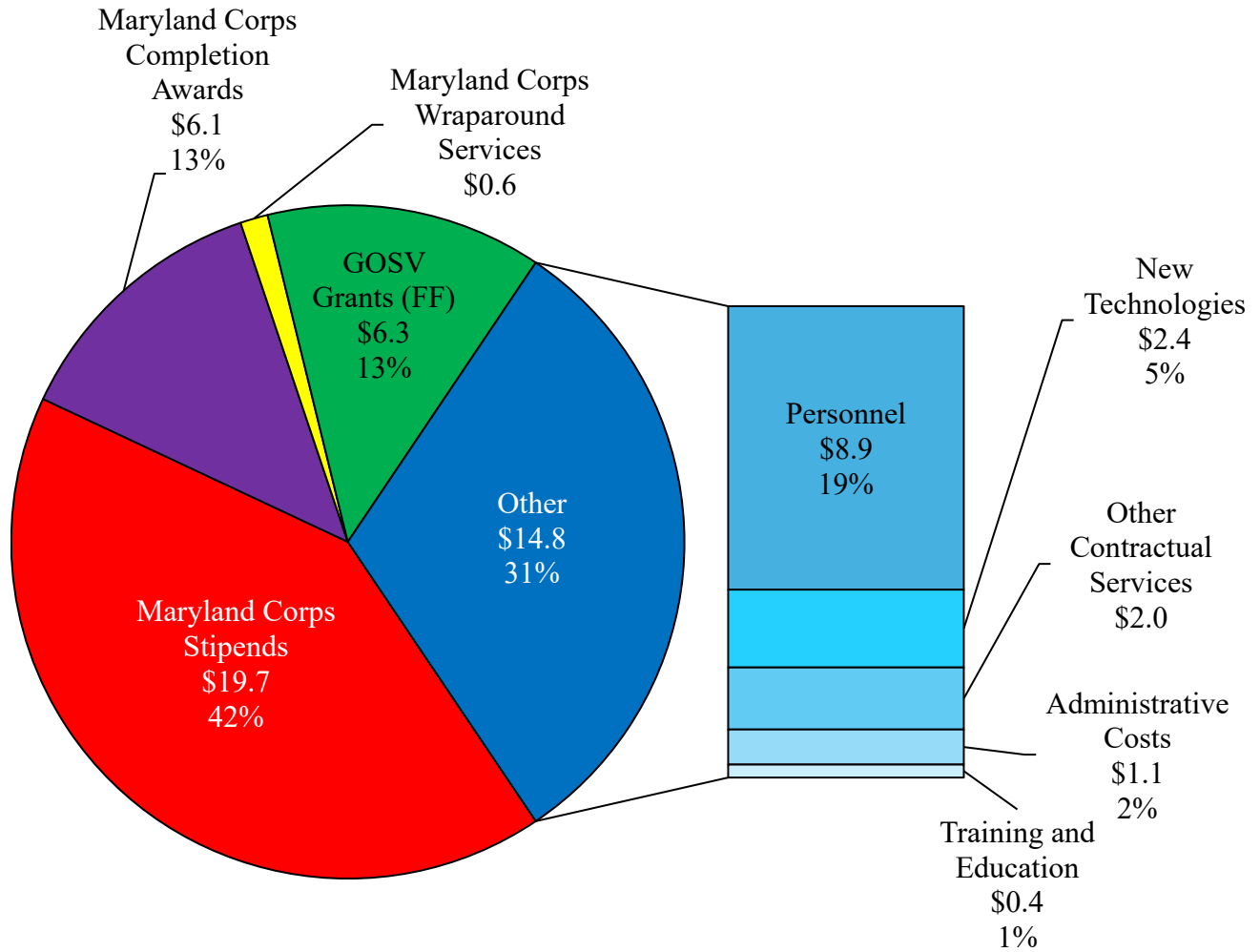
Deficiency Appropriations

DSCI has personnel deficiencies totaling \$286,798, which include shortfalls related to lower than expected vacancy savings. Of this amount, \$267,598 is in general funds, \$14,218 is in special funds, and \$4,982 is in federal funds.

Fiscal 2027 Overview of Agency Spending, Excluding Double Count

The fiscal 2027 allowance for DSCI totals \$47.6 million after accounting for the double counted funds. Maryland Corps grants total \$26.4 million and include stipends (\$19.7 million), completion awards (\$6.1 million), and cost for wraparound services (\$0.6 million). As shown in **Exhibit 2**, most of the funding (56%) represents general and special funds to be used for Maryland Corps service year grants. General funds to be deposited in the pathway funds include the mandated appropriation to the MSY Pathway (\$20 million) and grant costs for the YA Pathway (\$2.4 million). Special fund balance to be used for Maryland Corps totals \$2.1 million in fiscal 2027, with private donations restricted for certain purposes support \$1.9 million in special fund expenditures. Federal fund grants through GOSV (13%) support participants of the AmeriCorps program.

Exhibit 2
Overview of Agency Spending, Excluding Double Count
Fiscal 2027 Allowance
(\$ in Millions)



FF: federal funds

GOSV: Governor’s Office on Service and Volunteerism

Note: Maryland Corps Grants include \$22.4 million in General Funds and \$4.0 million in Special Funds sourced from private donations in prior years and fiscal 2027 anticipated revenues. The fiscal 2027 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 2027 Budget Books; Department of Legislative Services

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Personnel expenses account for \$8.9 million, including \$6.0 million for Maryland Corps administration, \$2.1 million for DSCI headquarters administration, and \$0.7 million for GOSV administration. DSCI receives \$2.4 million to invest in new technologies, including a customer relationship management system (\$1.0 million), online application development (\$909,000), and a grant management system (\$500,000). Other costs include training and education (\$408,000), program evaluation (\$392,000), marketing (\$368,000), and food for training events (\$356,000).

Proposed Budget Change

As shown in **Exhibit 3**, the fiscal 2027 allowance increases by \$15 million (27%) compared to the fiscal 2026 working appropriation. General fund and special fund expenditure increases are driven by the department’s Service Year Option program. Of the overall budget increase, \$7 million is due to the general fund mandate for the MSY Pathway Fund increasing from \$13 million to \$20 million in fiscal 2027 and \$7 million is due to the recognition of those funds as special fund expenditures. General funds supporting Maryland Corps grants outpace special funds by \$4.2 million due to the budget consisting of \$4.2 million less in special fund balance. Funding increases for personnel, as 10 new positions are added for expansion of the Service Year Option program (\$1 million).

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
How Much It Grows:					
Fiscal 2025 Actual	\$27,003	\$19,221	\$6,858	\$709	\$53,791
Fiscal 2026 Working	24,315	23,325	7,311	0	54,950
Fiscal 2027 Allowance	36,201	26,423	7,349	0	69,973
Fiscal 2026-2027 \$ Change	\$11,886	\$3,098	\$39	0	15,023
Fiscal 2026-2027 % Change	48.89%	13.28%	0.53%	n/a	27.34%

Where It Goes:	<u>Change</u>
Personnel Expenses	
New positions	\$1,034
Employee and retiree health premiums	495
Salary and fringe benefits adjustments	263
Turnover rate decreases from 12.11% to 8.60%	146

Where It Goes:	<u>Change</u>
Maryland Corps Grants	
Mandated appropriation to the MSY Pathway Fund	7,000
Additional increase in overall Maryland Corps general fund appropriation driven by YA Pathway participation	1,544
Stipends.....	5,000
Completion awards	2,254
Wraparound services	-2,883
Other Changes	
Addition of 2.5 contractual summer team positions to support matching of members with site partners.....	103
Platform expansion of member portal to support additional members and alumni.....	74
Additional Slack licenses.....	50
Shared services allocations	42
Education and training contracts reduced to better align with actuals	-100
Total	\$15,023

MSY: Maryland Service Year Option Pathway
YA: Young Adult Service Year Option Pathway

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Budget Reconciliation and Financing Act

Under Chapter 604 of 2025, DSCI must set targets for participation in the YA Pathway of 750 in the third year of implementation, 1,500 in the fourth year, and 2,000 in the fifth year of implementation. The Budget Reconciliation and Financing Act (BRFA) of 2026 reduces participation targets in the YA Pathway from 1,500 to 1,100 in the fourth year of implementation, from 2,000 to 1,550 in the fifth year, and 2,000 in the sixth year. Further discussion of the participation targets may be found in Issue 1 of this analysis.

Allowable Uses of Pathway Funds

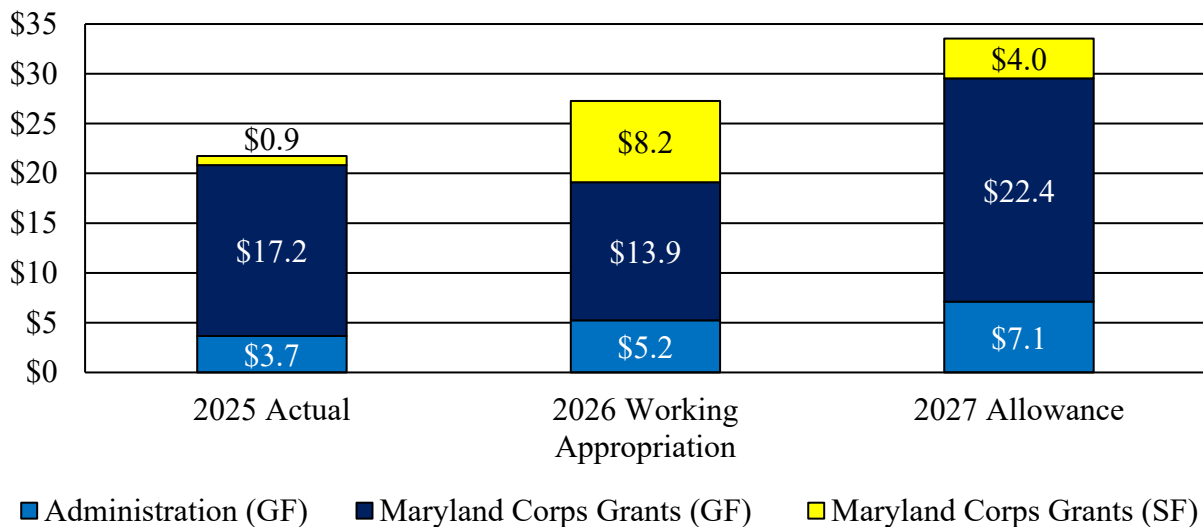
Chapter 37 of 2022 established a mandate of \$5 million for the Maryland Corps program in fiscal 2024, increasing \$5 million each year until reaching \$20 million in fiscal 2027 and continuing at that level. The mandate transitioned to the MSY Option Pathway Fund in Chapter 99 of 2023. The BRFA of 2025 amended the mandate for fiscal 2026 from \$15 million to \$13 million, but retained the \$20 million level for fiscal 2027. As defined in § 21-206, the MSY Option Pathway Fund may be used only to (1) provide stipends to Maryland Corps participants; (2) provide

completion awards to participants that complete Maryland Corps; (3) cover expenses for Maryland Corps; (4) cover expenses incurred to study how Maryland Corps 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.

Chapter 99 also established the YA Service Year Option Pathway Fund. As defined in § 21-205, the YA Service Year Option Pathway Fund may be used to (1) provide stipends to Maryland Corps participants; (2) pay the costs of administering Maryland Corps; and (3) assist in the creation of additional Maryland Corps programs.

For fiscal 2024 through 2026 only, general funds provided to the MSY Option Pathway Fund and the YA Service Year Option Pathway Fund are not subject to reversion. DSCI anticipates an ending fund balance of \$2.15 million in fiscal 2026 and expects all special funds available in fiscal 2027 to be used to support Maryland Corps grant costs (\$4 million, including \$2.15 million in balance and \$1.85 million in revenues through private donation). Maryland Corps administrative expenses are funded with general funds, totaling \$7.1 million in fiscal 2027 across personnel and contractual expenses. Approximately \$0.9 million in general funds were provided for Maryland Corps grants in fiscal 2026 beyond the MSY mandated appropriation, and \$2.4 million are provided in fiscal 2027. **Exhibit 4** summarizes the budget available to spend for Maryland Corps.

Exhibit 4
Budgeted Maryland Corps Spending, Excluding Special Fund Double Count
Fiscal 2025-2027
(\$ in Millions)



GF: general funds

SF: special funds

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

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	39.00	56.00	66.00	10.00
Contractual FTEs	<u>19.00</u>	<u>0.00</u>	<u>2.50</u>	<u>2.50</u>
Total Personnel	58.00	56.00	68.50	12.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	6.78	12.11%
Positions and Percentage Vacant as of 12/31/2025	9.00	16.07%
Vacancies Above Turnover	2.22	

- The number of vacant positions in DSCI decreased from 17 in January 2025 to 9 in January 2026. Of the 9 vacancies, only 1 is for a service success coach. All other 8 vacancies are administrative positions with an average vacancy length of 74 days
- All 5 new service success coaches added in fiscal 2026 have been filled, but 2 have been converted to administrative roles.

New Positions Driven by YA Pathway Growth

The fiscal 2027 allowance expands DSCI personnel complement in response to statutory participation increases in the YA Pathway program. The primary workforce dedicated to carrying out the pathway programs is the department’s contractual service success coaches. The fiscal 2027 allowance for DSCI increases the number of service success coaches by 9 for a total of 24. Underpinning this increase are starting enrollment projections of 1,100 in the YA Pathway and 100 in the MSY Pathway. DSCI also brings on 1 additional administrator to provide administrative support for Maryland Corps. The 10 added positions increase personnel costs by \$1,034,097 in fiscal 2027, including salary and fringe benefit costs.

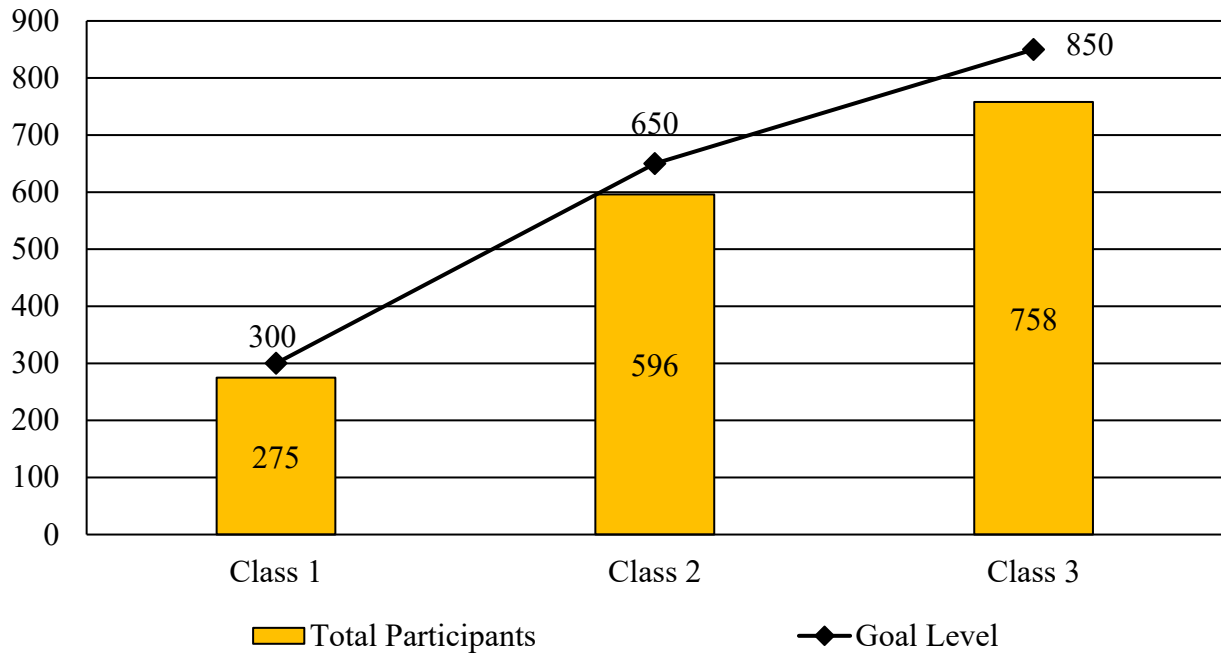
Service success coaches provide intense support to members throughout their service term. The main purpose of the job is to serve as a dedicated and compassionate field worker who is responsible for overseeing the progress and development of program members throughout the nine-month program period. The role involves fieldwork, primarily conducted through regular check-ins with program participants via text, phone calls, video calls, and in-person visits. In addition, service success coaches are responsible for supporting in-person trainings monthly. This support may include facilitating meetings, providing support resources, assisting with presentations, and planning transportation with members.

DSCI uses starting participation figures to determine coach-to-participant ratios and adjusted participation figures (reflecting 10% attrition for a 90% completion rate) for budgeting stipends and completion awards. By applying the coach-to-participant ratio of 1 to 50 to the projected starting enrollment projections of 1,200 total, the Department of Legislative Services (DLS) estimates that 24 total service career success coaches are necessary to maintain current staffing ratios. In addition, vacancy data as of the start of calendar 2026 showed at the time of this writing that DSCI is trying to fill 8 vacant administrator positions, including 6 administrator vacancies within Maryland Corps administration.

Participation Goals Higher Than Enrollment

DSCI is in the process of administering the third class of Maryland Corps participants, with goals of 750 enrolled in the YA Pathway and 100 enrolled in the MSY Pathway. As shown in **Exhibit 5**, DSCI failed to meet participation targets for Class 1 and Class 3. Class 2 was not subject to a statutory participation target. Goals for Class 3 are 850 in total, as DSCI maintains a 100 member target for MSY in addition to the statutory target for the YA pathway. The original start date for Class 3 was September 10, 2025. On the start date, only 588 participants were confirmed to be matched with a host site partner. DSCI implemented a rolling application process to encourage continued enrollment. By October 30, 2025, DSCI confirmed enrollment of 695 participants in addition to 186 unfilled host site partners slots. The number of applicants accepted into each program by the end of October 2025 exceeded the participation targets by a ratio of over 2 to 1. The number of enrolled applicants, however, fell below the targets due to those who were not matched or did not enroll after being matched. DSCI continued to enroll additional participants after that point, however, DSCI only managed to reach 664 in the YA Pathway and 94 in the MSY Pathway, or 758 participants in total (89.2% of the goal) by December 31, 2025.

**Exhibit 5
Maryland Corps Participation and Goals
Fiscal 2025-2027
(\$ in Millions)**



Note: Class 2 goal level represents the internal goal for Maryland Corps established in the fiscal 2025 budget. Class 2 was not subject to a statutory target.

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

DLS recommends reducing general funds by \$8,544,218 and reducing special funds by \$4,371,639, representing level participation in the Maryland Corps programs from Class 3 to Class 4. DLS also recommends deleting the 10 new positions and associated funding to maintain current staffing levels given the recommendation to maintain participation targets at the fiscal 2026 level. This action would allow time to study the impacts of the programs before growing participation and in recognition of the lower enrollment than target levels.

Furthermore, DLS recommends adopting BRFA language to revise participation targets for the YA Pathway to 750 in the fourth year, 1,100 in the fifth year, 1,550 in the sixth year, and 2,000 in the seventh year of implementation. This action would implement a one year delay in the growth of Maryland Corps compared to the proposed budget.

Key Observations

1. Participation Goals Redefined for Maryland Corps

DSCI was established by Executive Order 01.01.2023.02 on January 19, 2023. Chapter 99 repealed the order and reestablished the department. DSCI launched the Maryland Corps Program on October 25, 2023, approximately six months after the establishing legislation was enacted. There are two pathways for participation in the program. The application process is joint, with DSCI sorting applicants into each program based on their eligibility. A comparison of the two pathways is provided in **Exhibit 6**.

Exhibit 6 Maryland Corps Program Pathway Comparison

	<u>MSY Pathway and Fund</u>	<u>YA Pathway and Fund</u>
General Fund Mandate	\$5 million in fiscal 2024 reduced to \$3 million, \$10 million in fiscal 2025, \$15 million in fiscal 2026 reduced to \$13 million, and \$20 million in fiscal 2027 and thereafter.	The YA Pathway participation target creates a de facto mandate to appropriate an amount each year that is sufficient to fund operations at target participation levels after accounting for funding available through other sources, including fund balance.
General Fund Reversion	No reversions for fiscal 2024 through 2026	No reversions for fiscal 2024 through 2026
Participation Target	None	200 in first year of implementation, 750 in third year, 1,500 (1,100 if BRFA provision is adopted) in fourth year, and 2,000 (1,550 if BRFA provision is adopted) in fifth year.
Age/Graduation Requirement	Must be at least 18 at program start date.	Must be at least 18 and no older than 25 at program start date.
Time Commitment	Full-time for 9 months	Full-time for 9 months, at least 30 hours per week
Residency Requirement	Maryland Resident	Maryland resident
Graduation Requirement		High School diploma or equivalent

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	<u>MSY Pathway and Fund</u>	<u>YA Pathway and Fund</u>
Participants Required to Be Partnered with an Onsite Mentor	No	Yes

BRFA: Budget Reconciliation and Financing Act

MSY: Maryland Service Year

YA: Young Adult

Note: Participation targets represent current law. The BRFA of 2026 includes language that modifies the targets.

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

Chapters 93 and 94 of 2025 made several changes to the department’s requirements and structure, including:

- allowing both pathway funds to be used for either Maryland Corps pathway;
- repealing eligibility for current high school students;
- repealing the requirement that YA participants be graduates of Maryland high schools or colleges;
- requiring that YA and MSY participants must be Maryland residents;
- implementing an age requirement of 18 for both pathways and an upper age limit of 25 for the YA pathway; and
- repealing authorization for completion awards to be deposited in a Maryland 529 account (making them payable only in cash).

Placements with Host Site Partners

Participants are placed with partner organizations in a variety of industries and service areas. DSCI grew the number of host site partners from 107 in the first cohort to 195 in the second cohort. **Exhibit 7** shows the number of host site partners for the second cohort by jurisdiction. Host site partners include various State and local government agencies, institutions of higher education, and nonprofit organizations.

Exhibit 7
Host Site Partners by Jurisdiction

<u>Jurisdiction</u>	<u>Host Site Partners</u>
Anne Arundel County	22
Baltimore City	58
Baltimore County	10
Calvert County	2
Caroline County	3
Carroll County	1
Cecil County	2
Charles County	3
Dorchester County	2
Frederick County	8
Harford County	2
Howard County	7
Kent County	3
Montgomery County	29
Prince George’s County	28
Queen Anne’s County	1
St. Mary’s County	2
Talbot County	5
Washington County	2
Washington, D.C.	1
Wicomico County	2
Worcester County	2
Total	195

Source: Department of Service and Civic Innovation

Wage Subsidization

Partner entities pay stipends to program participants, and DSCI reimburses partners for two-thirds of the stipend cost with service year option grants. Stipends are \$15 per hour, or the state or local minimum wage, whichever is higher. DSCI also pays completion awards of \$6,000 to participants who graduate from the program. The budget committees have expressed concern with the program’s high level of wage subsidization. Committee narrative in the 2024 *Joint Chairman’s Report* requested that DSCI develop a plan to meet 50% wage subsidization with employers of Maryland Corps participants within three years. DSCI did not decide on one strategy but discussed three different wage subsidization strategies with varied

projected impacts on the composition of partner organizations. The strategies balance increased partner contributions with maintaining diversity and equity among organizations of different sizes and financial status. For example, a flat rate of 50% among all organizations would be administratively simple but may be a barrier to organizations with lower financial resources. Additionally, a sliding scale would be administratively complex while encouraging the highest rate of diversification. DSCI also proposed an exemption system, which would eliminate contributions from the organizations with lowest finances and rely on high-contributing organizations to make up the difference. **DSCI should update the committees on progress in reducing the level of wage subsidization to maximize the use of funding for the program and assumptions related to share of wages assumed to be paid for by host sites in the fiscal 2027 budget.**

Key Performance Indicators

DSCI published its third annual report on the Serving Every Region through Vocational Exploration Act (Chapter 99) on December 1, 2025. The key performance indicators identified in the annual report are reproduced in **Exhibit 8**. For Class 1, a total of 230 participants completed the program, or 83.6%. For Class 2, only 480 completed the program, or 80.5%.

Exhibit 8 Key Performance Indicators

<u>Performance Indicator</u>	<u>Class 1</u>	<u>Class 2</u>
Stipends Awarded under the Program	275	596
Amount of Stipends Awarded under the Program Businesses, Nonprofit Organizations, or Government Agencies with Which Corps Participants Are Placed	\$8,309,279	\$12,715,910
Program Completion Awards Awarded under the Program	107	195
Amount of Program Completion Awards Awarded under the Program	230	480
	\$1,380,000	\$2,880,000

Source: Department of Service and Civic Innovation

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

The fiscal 2027 Managing for Results submission includes performance data for GOSV. Select measures of volunteer activity in the State are provided in **Exhibit 9**. GOSV has seen significant growth in grant funds since fiscal 2021, growing by 161% through fiscal 2024. The total funds granted to community-based organizations by GOSV fell in fiscal 2025, however, by 1% to \$8.2 million. **DSCI should provide more information on current funding levels and how GOSV will maintain elevated levels of grant funding.**

**Exhibit 9
Select Program Measurement Data
Fiscal 2021-2026 Est.**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Est. 2026</u>
Total Funds Granted to Community-based Organizations (\$ in Thousands)	\$3,156	\$4,778	\$5,792	\$8,256	\$8,186	\$7,412
AmeriCorps Members	780	873	715	777	532	675
AmeriCorps Volunteers	3,830	1,644	1,500	8,087	4,363	4,650

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

Operating Budget Recommended Actions

		<u>Amount Change</u>	<u>Position Change</u>
1.	Reduce funding for grants supporting Maryland Corps due to the fiscal condition of the State, the failure of the Department of Service and Civic Innovation to meet statutory participation targets, and the lack of a program evaluation. The proposed funding level will support the same level of participation as in fiscal 2026.	-\$8,544,218 GF -\$4,371,639 SF	
2.	Delete 10 new positions and associated funding, representing level participation in the Maryland Corps programs from Class 3 to Class 4. This action maintains current coach-to-participant levels for Maryland Corps by reducing new coach positions. This action also requires the department to use existing vacancies to increase administrative staff.	-\$1,034,097 GF	-10.0
	Total Net Change to Fiscal 2027 Allowance	-\$13,949,954	-10.0

Budget Reconciliation and Financing Act Recommended Actions

1. Modify a provision to implement a one year delay in Young Adult Service Year Option Pathway participation target growth in addition to proposed reduced targets.

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

<u>Object/Fund</u>	<u>FY 25</u> <u>Actual</u>	<u>FY 26</u> <u>Wrk Approp</u>	<u>FY 27</u> <u>Allowance</u>	<u>FY 26-27</u> <u>\$ Change</u>	<u>% Change</u>
Positions					
01 Regular	39.00	56.00	66.00	10.00	17.9%
02 Contractual	19.00	0.00	2.50	2.50	N/A
Total Positions	58.00	56.00	68.50	12.50	22.3%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$4,256,320	\$6,868,974	\$8,807,469	\$1,938,495	28.2%
02 Technical and Special Fees	2,631,486	32,364	135,564	103,200	318.9%
03 Communications	49,557	78,938	78,938	0	0.0%
04 Travel	378,206	179,885	179,885	0	0.0%
07 Motor Vehicle Operation and Maintenance	17	0	190	190	N/A
08 Contractual Services	2,443,223	5,067,073	5,131,810	64,737	1.3%
09 Supplies and Materials	100,207	344,250	344,250	0	0.0%
11 Equipment – Additional	26,962	47,410	47,410	0	0.0%
12 Grants, Subsidies, and Contributions	43,813,032	42,238,748	55,154,605	12,915,857	30.6%
13 Fixed Charges	92,155	92,496	92,897	401	0.4%
Total Objects	\$53,791,165	\$54,950,138	\$69,973,018	\$15,022,880	27.3%
Funds					
01 General Funds	\$27,003,286	\$24,314,550	\$36,200,733	\$11,886,183	48.9%
03 Special Funds	19,220,748	23,324,747	26,422,821	3,098,074	13.3%
05 Federal Funds	6,858,381	7,310,841	7,349,464	38,623	0.5%
09 Reimbursable Funds	708,750	0	0	0	N/A
Total Funds	\$53,791,165	\$54,950,138	\$69,973,018	\$15,022,880	27.3%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.