



**MARYLAND DEPARTMENT OF DISABILITIES  
FISCAL YEAR 2025 OPERATING BUDGET HEARINGS  
RESPONSE TO DEPARTMENT OF LEGISLATIVE SERVICES ANALYSIS**

**SENATE BUDGET & TAXATION COMMITTEE  
HEALTH AND HUMAN SERVICES SUB-COMMITTEE  
Senator Cory V. McCray, Chair**

**January 26, 2024**

**HOUSE APPROPRIATIONS COMMITTEE  
HEALTH AND SOCIAL SERVICES SUB-COMMITTEE  
Delegate Emily K. Shetty, Chair  
Delegate Dana Jones, Vice Chair**

**February 1, 2024**

Thank you for the opportunity to appear before the Committee today as you review the proposed operating budget for the Maryland Department of Disabilities (MDOD) for fiscal year 2025. We would like to thank our assigned DLS analyst, Ms. Nathaly Andrade, for her thorough analysis.

**Agency Response**

***Page 9 Key Observation 1:***

**1. MDOD should comment on the areas of the Universal Services Trust Fund (USTF) that are expected to increase in future years, driving the projected decline in USTF balances through fiscal 2027. The Department of Legislative Services recommends adopting committee narrative requesting MDOD provide a report detailing the reasons and factors behind the anticipated increase in USTF spending.**

The primary driver of the projected decline in the USTF balance is a reduction in the Universal Service Fee. While some program costs, such as salaries and associated fringe benefits have risen, the Technology Assistance Program of Maryland (TAM) program was put into a state of expenses exceeding revenues following an audit that was conducted while TAM was under the Department of Information Technology (DoIT) in 2015.

One of the findings of that audit was that the balance of the USTF had grown beyond what was needed to support program costs because DoIT did not take into consideration the USTF balance when determining the annual amount of the Universal Service Fee to cover TAM program expenditures.

In 2016, the Public Service Commission (PSC) reduced the Universal Service Fee from 0.11 to 0.05, bringing annual revenues down from approximately \$5.3 million to approximately \$2.7 million per year. In subsequent years, reduced revenue has led to the balance of the USTF steadily decreasing, in line with expectations made at the time of the rate decrease.

On balance, TAM expenditures have decreased. Annual expenditures have substantially reduced for the Maryland Relay program, slowing the rate at which the USTF surplus is depleted. The Maryland Accessible Telecommunications (MAT) program added the DeafBlind Communication Facilitator (DBCF) program in 2020 after receiving authorization from the Legislature, however, DBCF program expenditures are negligible compared to the Maryland Relay program and the overall MAT program. Two areas of increased expenditures include the Senior Call Check program which was instituted by the Legislature in 2018, and recent increases in salary and associated fringe benefits. Both have combined to hasten the rate at which the USTF surplus has decreased, but the reduction of the Universal Service Fee remains the primary driver rather than an increase in spending.

At the time a shortfall in the USTF is anticipated for the following year, currently estimated in FY27, MDOD will, per Maryland Code, Human Services § 7-806(d)(1) make the PSC aware of this anticipated shortfall and discuss the potential of an increase in the Universal Service Fee to raise sufficient funds to cover the operation of USTF-funded programs.

***Page 10 Operating Budget Recommended Actions:***

**Adopt the following narrative and provide and submit a report providing an analysis of USTF expenditures to the committees by September 15, 2024.**

MDOD concurs with the recommended action and will coordinate with the Maryland Department on Aging to submit the report by the due date.