

**MARYLAND DEPARTMENT OF DISABILITIES  
FISCAL YEAR 2026 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 31, 2025**

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

**February 5, 2025**

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 2026. We would like to thank our assigned DLS analyst, Ms. Nathaly Andrade, for her thorough analysis.

**Agency Response**

***Page 12 Key Observation 1:***

**1. Given the updated projections, MDOD should comment on whether it anticipates revising the timing of its recommended surcharge increase to address the fund's earlier than expected depletion, as well as any alternative measures being considered to stabilize the fund.**

We appreciate the opportunity to address the timing of the surcharge increase and the need to stabilize the fund. Each year, the Secretary reviews the funding needs of all USTF programs and issues a surcharge recommendation to the Public Service Commission, which sets the final rate. This annual review process ensures that the USTF remains flexible enough to respond to fluctuations in costs—whether due to changes in Maryland Relay usage, expansions to the Maryland Accessible Telecommunications (MAT) program, or other program needs.

Given that Maryland Relay usage is declining more slowly than expected, the Secretary has recommended raising the surcharge to \$0.09, effective FY26 (July 1, 2025). This increase aligns with ongoing Maryland Relay traffic trends and rising costs for the MAT and Communication Facilitator programs. The surcharge adjustment, along with the FY25 increase in spending authority, is designed to address the fund's earlier-than-expected depletion. Currently, the USTF has drawn down its surplus and holds approximately \$5 million—roughly one year's worth of operating costs. If the surcharge increase were delayed until FY27, we would face a \$2.5 million annual deficit under the current \$0.05 rate. Another year's delay would reduce the USTF balance to less than six months of operating costs, jeopardizing the continuity of these legally mandated services.

In addition to the surcharge increase, MDOD is working on cost-saving measures to further stabilize the fund. The new Maryland Relay Services contract, expected to be awarded in early FY26, will not include the provision of program outreach and marketing. This will allow existing staff to take on these duties, resulting in an estimated savings of approximately \$500,000 over the five-year contract. We are also exploring revisions to the MAT program, including extending the equipment loan period from three to five years, which could result in savings of between \$100,000 and \$200,000 annually.

***Page 13, Key Observation 2:***

***1. MDOD should comment on how the Office of Disability Employment Advancement and Policy aligns with their mission and current activities and how they would integrate its functions into their existing structure. MDOD should clarify potential overlaps, challenges or additional resources needed for implementation.***

The Maryland Department of Disabilities (MDOD) is fully committed to promoting inclusivity, access, and equal employment opportunities for individuals with disabilities. The Office of Disability Employment Advancement and Policy (ODEAP) aligns with our mission by focusing on increasing employment opportunities, supporting job seekers with disabilities, and advancing strategies for workplace inclusion. This focus is one which consistently has an eye toward economic growth through strengthening a diverse workforce and the efficient provision of the employment supports necessary for full participation in our state's economy.

To integrate the ODEAP into our existing structure, MDOD will build on the foundation already in place and expand its efforts to enhance disability employment services across the state. Currently, MDOD has one dedicated full-time staff focused on employment and transition policy. To ensure a smooth transition, the current Director of Employment and Transition Policy would be elevated to head the new office, and a new Director of Employment and Transition Policy would be hired to maintain continuity. Additionally, staff will be hired to support the MD as a Model Employer Initiative.

The proposed reporting structure will align ODEAP's functions with MDOD's leadership and operational structure. The Deputy Secretary of MDOD would oversee the activities of the Executive Director of ODEAP, ensuring that the agency's efforts are fully integrated within the broader mission of MDOD. To ensure coordination and avoid redundancy, regular communication and cross-departmental collaboration will be essential. The new structure will streamline efforts, leveraging existing expertise and resources while expanding MDOD's capacity to serve individuals with disabilities in employment-related initiatives.

There is no anticipated overlap between the functions of the ODEAP and current operations within MDOD or other state agencies. Furthermore, the activities outlined under the legislation for ODEAP are not currently being executed elsewhere within MDOD or the broader state government, so there are no existing programs or services that would duplicate the work of the new office.

Since the legislation and the establishment of ODEAP will not take effect until July 2026, no additional resources or immediate staffing are required at this time. Resource needs would be addressed during the next budget cycle, ensuring that sufficient funding is allocated to the office for its implementation.

In conclusion, MDOD is well-positioned to incorporate the functions of the ODEAP into its structure while ensuring that services remain coordinated, effective, and resource-efficient. We are committed to addressing any challenges that arise and responsibly allocating the necessary resources to ensure the success of this integration.

***Page 14 Operating Budget Recommended Actions:***

**Concur with the Governor's allowance.**

MDOD respectfully supports the recommended action.