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Maryland Department of Service and Civic Innovation
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Service Analysis

Senate Budget and Taxation Committee
Senator Guy Guzzone, Chair
February 11, 2025

House Appropriations Committee
Public Safety and Administration Subcommittee
Delegate Jazz Lewis, Chair
February 12, 2025

Introduction

The Department of Service and Civic Innovation (DSCI) appreciates this opportunity to provide responses to recommendations and requested updates contained in the Operating Budget Analysis prepared by the Department of Legislative Services (DLS).

Class One of Maryland Corps/Service Year Option¹ started in October 2023, and 230 Members completed their term of service in August 2024. After completion, Members in both pathways earn a statutorily required completion award of \$6,000. The inaugural class gained valuable workforce skills, with over 170 earning U.S. Department of Labor apprenticeship credentials, 2,500+ certified competencies, and completing 42,000 hours of technical training. 90% of graduates noted they were “likely” or “highly likely” to recommend the program. Class Two launched on September 11, 2024, with nearly 600 Members, more than double the size of the inaugural cohort. Members hail from each one of Maryland’s 23 counties and Baltimore City.

¹ **For reference:** YA Pathway, Young Adult Service Year Option is Service Year Option
MSY Pathway, Maryland Service Year Option is Maryland Corps

Members of Class Two serve with nearly 200 Host Site Partners, representing non-profit organizations, businesses, and more than 20 state and local government agencies. **A few examples of Class 2 highlights to date:**

- Members serving at A Wider Circle in Montgomery County are connecting individuals and families to basic home furnishings and with professional clothes for interviews and/or jobs.
- Members serving with the Anne Arundel County government and helping seniors to better access technology, repairing public safety vehicles, and working with its Resilience Authority to address the effects of climate change.
- Members serving at the Asian American Center of Frederick are working in a child development center and helping engage the broader community regarding available health resources.
- Members serving at Lutheran Social Services in Prince George's County are connecting refugees with jobs and other essential resources. Serving at Downtown Snow Hill, Members incorporated supporting youth activity programming.
- Members serving at Habitat for Humanity of Wicomico County are connecting low-income residents to housing.

Responses

On pages 12 to 13, [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. DSCI also pays completion awards of \$6,000 to participants who graduate from the program. The budget committees expressed concern with the program's high level of wage subsidization. Committee narrative in the 2024 JCR requested that DSCI develop a plan to meet 50% wage subsidization with employers of Maryland Corps participants within three years. According to the response, DSCI plans to maintain a 33% employer cost share on average in fiscal 2026 while establishing flexible payment cost-sharing structures that accommodate different operational capacities. DSCI reported plans to increase the average cost share to 50% while implementing these cost-sharing structures. 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 size 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. **Given the State's fiscal condition, DSCI should**

discuss a timeline for developing specific plans and beginning to reduce the level of wage subsidization to maximize the use of funding for the program going forward.”

Agency Response:

For Class 3 (during fiscal year 2026), DSCI has implemented a tiered cost-sharing plan for all partners that would result in 33% of all wages subsidized in Class 3. These tiers were established to allow organizations of all sizes to continue to participate, but also to promote the wage subsidization needed to continue to grow the program. While the smallest organizations will be responsible for 20% of the wages for Members, the largest Host Site Partners will be responsible for nearly all of their Members’ wages. To achieve 50% wage cost-sharing in fiscal year 2027, DSCI plans to increase requirements accordingly.

2025-2026 Proposed PER MEMBER Cost-Sharing Table

Organizational Operating Budget	Expected Grant Award (from DSCI)*	Required Cash Match for Member salaries (from Grantee)	Estimated Fringe (Actual based on Grantee expenses for W-2 employees)	Total (Expected) Minimum Contribution
Over \$10,000,000	\$1,230.00	\$24,600	\$8,000	\$32,600 (24,600 + \$8,000)
\$4,000,000-\$9,999,999	\$7,380.00	\$18,450	\$8,000	\$26,450 (\$18,450 + \$8,000)
\$1,000,000-\$3,999,999	\$13,530.00	\$12,300	\$8,000	\$20,300 (\$12,300 + \$8,000)
Up to \$1,000,000	\$21,630.00	\$4,200	\$8,000	\$12,200 (\$4,200 + \$8,000)

On page 14, [Governor’s Office on Service and Volunteerism Performance Data - The fiscal 2026 managing for results submission](#) includes performance data for GOSV. Select measures of volunteer activity in the State are provided in Exhibit 9. The total funds granted to community-based organization by GOSV grew in fiscal 2024 by 42.5% to a high of \$8.3 million, allowing for a significant increase in volunteerism. GOSV plans to keep a high level of volunteers in fiscal 2025 despite less estimated grant funding. **DSCI should provide more**

information on why funding increased by 42.5% in fiscal 2024 and how GOSV will maintain elevated levels of volunteers despite less grant funding.”

Agency Response:

GOSV (AmeriCorps) funding grew by a substantial amount due to the expending of American Rescue Plan Funding. The agency was able to invest in supporting the preparation and planning of AmeriCorps programming in Maryland through strategic investments meant to allow for thoughtful and well-planned programming. Additionally, Fiscal Year 2024 is the final year of a three-year grant cycle, so some prior unexpended funds were utilized before the conclusion of the grant cycle. In Fiscal Year 2024 (using American Rescue Plan Funding), strategic investments made were geared towards best preparing AmeriCorps programs to continue growing and attracting investments from a variety of sources. We anticipate that this will enable continued sustained levels of volunteers in Fiscal Year 2025.

DLS Operating Budget Recommendation Actions

1. [Reduce funding for a new customer relationship management system due to the fiscal condition of the State and the early stages of implementing Maryland Corps.](#)
(- \$1,038,500 GF)

Agency Response:

The agency respectfully disagrees with this recommendation to remove the new customer relationship management (CRM) system. Currently, the agency manages the information of applicants, Members, and Host Site Partners on an increasing number of Google Sheets. Given the complexity of essentially managing human resources data for Members and financial data for Host Site Partners on Google Sheets, the agency maintains its request for the acquisition of a basic database to manage the large volume of personal and financial data that must be safeguarded and managed effectively. A data management system will allow for greater control, accountability, and management of state resources. As a grantmaking agency, a CRM will allow us to better manage compliance and funding in a single application. We anticipate the ongoing costs for the software to be significantly lower and to reduce inefficiencies and improve communication and compliance more broadly for the Department as a result of the CRM.

2. [Reduce 21 new positions and \\$1,658,223 in funding corresponding to 17 admin officer III positions \(\\$1,351,723\), 2 administrator II positions \(\\$143,598\), and 2 administrator IV positions \(\\$162,903\).](#) This action reduces general funds provided for Young Adult Service

Year Option Pathway grants and requires that special funds that are currently allocated for 21 positions be used to backfill the reduced grant funding. This action recognizes that existing administrator vacancies should be used in lieu of adding new administrator positions. This action maintains an increase of 5 admin officer III positions and the current staff-to-participant ratio of 1:50. (- \$1,658,223 GF, -21 Positions)

Agency Response:

The 17 Admin Officer III (aka Service Success Coach) positions are critical to the success of the Members serving with Maryland Corps/Service Year Option. The Governor's proposed Budget includes a ratio of 25 Members to one Coach, the DLS proposal doubles that ratio to 50 to 1. A 50 to 1 ratio would unduly burden coaches and diminish the experience Members have when they receive coaching and other critical supports to remove barriers to their participation in the program.

Additionally, while the Department appreciates DLS's recommendation to convert existing FY 2025 vacancies to Coach positions, only two of those vacancies are exclusively for Maryland Corps/Service Year Option. The others support departmentwide needs such as finance and grant compliance. Furthermore, we have recently filled 6 of our vacancies and all others are in some stage of recruitment or selection. We do not anticipate having any vacancies after the end of March.

The agency respectfully proposes that we increase the ratio of Members to 35 to 1 - a compromise position that would decrease the number of coaches needed while hopefully not substantively diminishing the experience for Members and their ability to successfully complete the program.

Conclusion

We understand and appreciate the daunting task the Governor and General Assembly face with regard to the FY 2026 Budget and remain very grateful for the ongoing support to ensure we continue to expand opportunities for Marylanders to address critical community needs.

If you have any questions or concerns, please don't hesitate to contact me, Lisa Bishop, Interim Chief Financial Officer, and/or Meghan Music, Legislative Liaison.

Respectfully submitted,

D. Paul Monteiro, Secretary of Service and Civic Innovation