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Maryland
Department of Service and Civic Innovation

MARYLAND DEPARTMENT OF SERVICE AND CIVIC INNOVATION
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis

Testimony of Jonny Dorsey
Acting Secretary

Senate Budget and Taxation Committee
Chair: Senator Guy Guzzone
February 17, 2026

House Appropriations Committee
Public Safety & Administration Subcommittee
Chair: Delegate Gabriel Acevero
February 19, 2026

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).

DSCI launched the first class of Maryland Corps/Service Year Option[1] in October 2023, barely six months after the Serving Every Region Through Vocational Exploration (SERVE) Act was signed into law with strong bipartisan support. In just two and a half years, we have grown from concept to a program serving hundreds of Marylanders annually, and the program is producing early results across the three goals at the heart of the SERVE Act: addressing urgent community needs, equipping Members with skills and pathways to meaningful careers, and building connections across Maryland's diverse communities through shared service. Specifically, Maryland Corps/Service Year Option has grown from 275 Members to 596 in 2024 and 758 in

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

2025 — a 176% increase in total participation from the first to third class. The program has gone from zero to the largest state service program of its kind in the country in just over two years.

Class 1 started in October 2023 with 275 Members. Of those, 230 completed the program — an 83.6% completion rate. The inaugural class gained valuable workforce skills, with over 170 earning U.S. Department of Labor registered apprenticeship credentials and Members combined to log 2,500+ certified competencies and 42,000 hours of technical training. Ninety percent of graduates noted they were "likely" or "highly likely" to recommend the program.

Class 2 launched in September 2024, with nearly 600 Members — more than double the inaugural cohort. Members served with nearly 200 Host Site Partners across nonprofits, businesses, and more than 20 state and local government agencies. Four hundred eighty Members completed the program — an 80.5% completion rate. During Class 2, over 380 Members earned a U.S. Department of Labor registered apprenticeship credential and Members combined to log over 75,000 hours of related technical instruction and became proficient in over 5,600 competencies. Over 85% of graduates and Host Site Partners noted they were "likely" or "highly likely" to recommend the program.

Class 3 has 758 Members enrolled, serving with over 200 Host Site Partners across all regions of the State.

A few examples of our Members' service:

- Members serve at Prathertown Community Development Corporation in Montgomery County, working to aid the community with strategies that promote sustainability and equity.
- Members serve with Howard EcoWorks as Conservation Associates in Howard County. Their work helps maintain the natural landscapes and community areas throughout Howard County.
- Members serve with the Department of Human Services at the and are a part of our Benefits Navigator Corps. These Members work with people throughout the community, helping them gain access to necessary benefits.
- Members serve at the University of Maryland in a variety of roles, ranging from Alumni Associates to Data Analysts, while gaining the opportunity to work directly within a postsecondary institution.

In addition, DSCI is proud to have partnered with the Schultz Family Foundation to launch the Youth Mental Health Corps in Maryland in Fall 2025. This initiative places young adults ages 18–24 as near-peer mental health mentors in schools, health centers, and community organizations — directly addressing the youth mental health crisis while building a pipeline of future behavioral health professionals. The inaugural Maryland Youth Mental Health Corps consists of 36 members across 12 partner organizations, representing both the Maryland Corps/Service Year Option and AmeriCorps.

Responses to DLS Analysis

On pages 13-14 of the DLS Analysis there is discussion of 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."**

Agency Response

For Class 3, the 89.2% enrollment rate reflected real challenges — but not a lack of demand. As the DLS analysis itself notes, the number of applicants accepted into the program exceeded the participation targets by a ratio of more than 2 to 1. As this demonstrates, there was an overwhelming interest from young Marylanders to serve. The gap was in our capacity to match accepted applicants to Host Site Partners quickly enough and in a way that led to confirmed enrollment. Specifically, the historic rate of grant terminations from federal agencies in the spring of 2025 negatively impacted the Maryland nonprofit sector, making cost-sharing significantly more challenging. .

We have diagnosed this and are making a significant strategic pivot for Class 4. We are investing in higher-capacity partnerships with organizations that can absorb larger numbers of Members with strong supervision, clear community impact, and pathways to careers. We are also focused on sectors with ongoing hiring needs, opportunities for members to drive impact, and work aligned to core State priorities. As one example of this effort, we'll share that we have launched three cross-government working groups — in Education, Health, and Technology — to develop new partnerships that will secure additional placements for Class 4. It's important to note that this effort will not displace our current partners who seek to continue, but constitute the bulk of additional growth.

We are confident that this approach — more placements with higher-capacity partners, while retaining the strong community-based partners who have been essential to the program — will allow us to meet the participation targets in the Governor's budget. The demand from young Marylanders is there – and only growing. Our job is to build the infrastructure to match it. This is the Department's top priority, and we are confident.

For **Class 3**, DSCI implemented a tiered cost-sharing structure requiring Host Site Partners to contribute between 20% and nearly 100% of Member wages, depending on organizational size, with a blended average target of 33% employer cost share. Our latest analysis of the percent we hit this year is 33.8%.

For **Class 4**, DSCI is committed to continuing progress on employer cost-sharing. Our strategic pivot toward higher-capacity partners supports this goal, as larger organizations — school districts, hospital systems, state agencies — are better positioned to cover a greater share of Member compensation.

We want to be transparent: reaching a 50% cost-sharing budget is an incredibly hard target - and also one we remain focused on making progress towards as quickly as possible. Our independent evaluation partners at the University of Maryland Do Good Institute have looked into this question and benchmarked against several programs – they have yet to find one that has hit this precise target. We are committed to increasing Host Site Partners' contributions over time.

Update: Governor's Office on Service and Volunteerism (GOSV)

On pages 14-15 of the DLS Analysis, there is discussion regarding 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."**

Agency Response

GOSV total funds granted to community-based organizations were $8.2 million in fiscal 2025 and are estimated at $7.4 million in fiscal 2026. The slight decline reflects the conclusion of American Rescue Plan Act funding and the transition to a new federal grant cycle. GOSV continues to focus on strategic investments that sustain elevated levels of AmeriCorps members and volunteers statewide.

On federal funding, we want to acknowledge and appreciate the DLS analysis's thorough account of the fiscal 2025 disruptions. DSCI faced the potential loss of approximately $6.9 million in federal fiscal 2024 AmeriCorps grants and $7.3 million in federal fiscal 2025 funding due to federal policy changes. Both funding streams were ultimately secured — through a court order directing AmeriCorps to reinstate these grants in the former case and continued engagement in the latter.

In federal fiscal year 2026, the federal grantmaking cycle is months behind schedule with the notice of funding opportunity released by the AmeriCorps agency in January rather than the prior September. This threatens AmeriCorps programs' ability to start their program on the anticipated timeline of mid-August as well as their overall level of uncertainty. DSCI will continue to support Maryland's AmeriCorps programs and take efforts to maximize federal funding wherever possible.

This experience underscores both the resilience of our team and the importance of the state investment in Maryland Corps/Service Year Option as a foundation that does not depend solely on the federal funding environment.

Update: Independent Program Evaluation

On page 16, the DLS analysis cites the "lack of a program evaluation" as one basis for its recommendation to reduce funding. We want to provide important context on the evaluation timeline established by the General Assembly.

The SERVE Act (Chapter 99 of 2023) requires that DSCI procure the services of an independent evaluator by **June 1, 2027**, with findings and recommendations due to the Governor and General Assembly by **July 1, 2028**, and a public online dashboard of key performance indicators by **October 1, 2028**. As we recall and understand the deliberations, The General Assembly, working closely with the administration, set this timeline with the understanding that a meaningful evaluation requires sufficient program maturity and data — specifically, multiple completed cohorts with post-program outcome data – as well as enough time to work through early pivoting startups require (e.g. the pivot discussed in the host partner section.

DSCI is on track to meet these statutory deadlines. We have secured a partnership with the University of Maryland Do Good Institute to produce process and impact evaluations in advance of the SERVE Act requirement. The agency has received a draft of the first process evaluation, and expects a finalized report shortly. DSCI prioritized securing an independent evaluation partner well before the statutory requirement to ensure insights from UMD, in addition to ongoing internal DSCI strategic analysis of programmatic data, which drove programmatic design over the first few classes. In the interim, we share the committees' interest in leading indicators. Early data from the first two completed classes is encouraging:

- Completion rates of 83.6% (Class 1) and 80.5% (Class 2) compare favorably to similar workforce and service programs nationally.
- Over 170 Class 1 Members and 380 Class 2 Members earned U.S. Department of Labor registered apprenticeship credentials.
- Class 2 Host Site Partners reported that **over 85%** of graduates **added organizational capacity** to their sites.
- Class 2 Host Site Partners reported that **nearly 85%** of graduates **enhanced their impact made on the communities** they serve
- Ninety percent of Class 1 graduates, and over 85% of Class 2 graduates and Host Site Partners, were "likely" or "highly likely" to recommend the program.

We look forward to building on this foundation with the independent evaluation the statute requires. DSCI shares a passion and commitment to using evidence and data. This is a particular passion of mine, and I would gladly discuss it with anyone interested.

DLS Operating Budget Recommended Actions

Recommendation 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)"*

Agency Response: The Department respectfully disagrees with this recommendation.

Every department must be a responsible steward of public resources, and DSCI takes that obligation seriously. However, we believe that flat-funding Maryland Corps at the Class 3 level would be harmful — both for the program and for the State's broader interests.

On participation targets: As discussed above, Class 3 reached 89.2% of its enrollment target — in a year marked by significant disruption and change. The shortfall reflected matching infrastructure challenges, not a lack of demand. Applicants exceeded targets by more than 2 to 1. We have diagnosed the issue for scaling the program and are making a strategic pivot to higher-capacity partnerships specifically designed to close this gap. Flat-funding would prevent us from executing this strategy and meeting critical State needs.

On the program evaluation: As outlined above, The SERVE Act requires DSCI to procure an independent evaluator by June 1, 2027, with a report due July 1, 2028. The absence of a completed evaluation that is moving ahead of the schedule laid out in law and overwhelmingly supported by the legislature and the Governor should not be used as justification for budget reduction. .

On the fiscal condition: The out-year costs of this program were acknowledged when the General Assembly voted the SERVE Act into law and established the mandated appropriation trajectory reaching $20 million for the MSY Pathway in fiscal 2027. The Governor's budget funds the mandate at the level the current law requires. Moreover, the Governor's own Budget Reconciliation and Financing Act already moderates the original statutory growth trajectory — reducing the Class 4 YA Pathway target from 1,500 to 1,100. This represents a responsible, measured pace of growth that reflects fiscal realities while maintaining the momentum the program needs.

Finally, we would respectfully suggest that in a period of fiscal constraint, a program designed to address urgent community needs through a cost-effective model — where the State shares costs with host site partners, leverages philanthropic investment, and builds a workforce pipeline — represents exactly the kind of innovation the State should be scaling, not freezing.

Recommendation 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 positions)*

Agency Response: The Department respectfully disagrees with this recommendation, which follows from the recommendation to flat-fund participation.

If the committees preserve the Governor's allowance for program growth, the additional positions are necessary to maintain the quality of the program. Nine of the 10 positions are Service Success Coaches — the frontline staff who provide intensive support, mentoring, and career guidance to Members throughout their nine-month service term. The 10th is a members support specialist who manages coaches. As the DLS analysis notes, DSCI has demonstrated the ability to fill these positions: all five new coaches added in fiscal 2026 have been hired, and only one coach position was vacant as of December 2025.

We also note that DLS's own estimate suggests 7 new coaches (rather than 9) would be sufficient to maintain the 1:50 ratio at 1,200 Members. The agency believes that, given the significant needs of many of our young adult members, higher engagement strengthens both service and career outcomes. In Class 3, the increase in members required the agency to reduce coach meetings from 21 sessions (in Classes 1 and 2) to 13 sessions. Young adults in the early stages of their careers often need consistent guidance as they navigate workplace expectations, professional identity, and career decision-making. For this reason, we believe a 1:40 coach-to-member ratio is more appropriate to ensure members receive the individualized support necessary to succeed in their early workforce experiences.

On the 8 administrative vacancies: these positions support department-wide functions and are not exclusively Maryland Corps. They are in active stages of recruitment with an average vacancy length of 74 days, consistent with standard State hiring timelines – though of course we strive to shorten these timelines.

Budget Reconciliation and Financing Act (BRFA) Recommended Action

> *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.*

Agency Response: The Department respectfully disagrees with this recommendation.

The Governor's BRFA already proposes a measured moderation of the original statutory trajectory — reducing the Year 4 target from 1,500 to 1,100 and the Year 5 target from 2,000 to 1,550. The DLS recommendation would impose an additional one-year delay on top of these reductions, pushing the program to 750 in Year 4, 1,100 in Year 5, 1,550 in Year 6, and 2,000 in Year 7.

We support the Governor's BRFA. In fact, this trajectory would reflect from cohorts 4-6 the actual growth rate from cohorts 1-3. We are confident we can achieve – or even surpass these outcomes, thanks to the work and adjustments underway, and help more Marylanders and Maryland communities.

Conclusion

We understand and appreciate the significant fiscal challenges facing the Governor and General Assembly. DSCI is committed to being a responsible steward of public resources, to transparent reporting, and to continuous improvement.

We also believe deeply in the value of what Maryland is building. Maryland Corps/Service Year Option is producing early results: young Marylanders gaining real skills, earning credentials, serving their communities, and launching careers. The demand is proven. The model is maturing. We are taking action to address the enrollment challenges of the past year and position the program for sustainable, high-quality growth.

We respectfully ask the committees to restore the Governor's allowance and support the growth trajectory reflected in the Governor's BRFA.

Thank you for the opportunity to present these comments on behalf of the Maryland Department of Service and Civic Innovation. DSCI wishes to extend its gratitude to the DLS analyst, Jacob Cash, as well as the DBM analyst, Sandi Henderson, for all their work on this effort.

If you have any questions or concerns, please don't hesitate to contact me, Michelle Pack, Chief Financial Officer, and/or Stephen Horman, Acting Legislative Liaison.

Respectfully submitted,

Jonny Dorsey Acting Secretary, Department of Service and Civic Innovation