

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 845

(Senators Ferguson and Hettleman)

Budget and Taxation

Appropriations

Higher Education - Maryland Corps Program Fund - Alterations

This bill expands the purpose and authorized uses of the Maryland Corps Program Fund to include (1) covering expenses incurred to study the potential use of the program as a workforce development tool; (2) covering expenses incurred to study how alumni of the program could be better positioned to meet the current and future needs of employers in the State; and (3) provide funding for the program to match gifts or grants received by the board for the fund. For fiscal 2021, funds are as provided in the State budget for the expanded purposes authorized by the bill as well as existing purposes. Beginning in fiscal 2022 and each fiscal year thereafter, the Governor must include in the annual budget bill an appropriation of \$150,000 to the fund. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: Beginning in FY 2021, general fund expenditures increase by \$150,000. Special fund revenues and expenditures increase correspondingly, as explained below. **The bill establishes a mandated appropriation beginning in FY 2022.**

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
GF Expenditure	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
SF Expenditure	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Net Effect	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The Maryland Corps Program and Maryland Corps Program Fund were established by Chapter 654 of 2016. However, the program never received funding. In fiscal 2017, the operating budget included \$150,000 for the program, but the Governor did not release the funds. In addition, only one of seven members was ever appointed to the board of directors. The board was required to issue a request for proposals (RFP) for a program operator by June 1, 2017. Since the program never received funding, the RFP was never issued. The Governor's proposed fiscal 2021 budget does not include any funding for the program. The Governor's Office on Service and Volunteerism within the Governor's Office of Community Initiatives must staff the board and provide technical and other assistance to the program operator.

Maryland Corps Program and Fund

The purpose of the Maryland Corps Program is to provide at least 100 young people with meaningful service opportunities, equip corps participants with skills that will enable them to successfully transition from high school to an institution of higher education, and provide scholarships to corps participants who have completed the program.

Individuals are eligible to participate in the Maryland Corps if they:

- are between the ages of 17 and 23;
- are eligible for in-state tuition;
- have obtained a high school diploma or general equivalency diploma; and
- have not obtained a vocational certificate, associate's degree, or bachelor's degree from an institution of higher education.

Maryland Corps participants must serve for at least nine months with a nonprofit organization or government agency that has a focus on community or other service, civic engagement, volunteerism, or other activities or experiences with a similar mission. During their service, they are eligible for a stipend of up to \$15,000. Upon successful completion of their service, they are eligible for a one-time scholarship of \$6,000, to be used at a public or private nonprofit institution of higher education in the State that is certified by the Maryland Higher Education Commission. The scholarship may not be construed to prohibit or impede the award of any other financial aid for which the participant is eligible.

The Maryland Corps Program Fund is a continuing, nonlapsing fund of the State for the purpose of (1) providing stipends and scholarships to participants; (2) covering expenses incurred by the board, including those related to issuing the RFP; and (3) covering expenses incurred by the program operator selected by board.

The board must explore the possibility of accessing federal or other grant funding for the program and awarding participants with academic credit for their service. The fund is subject to audit by the Legislative Auditor.

For fiscal 2020 and each fiscal year thereafter, funds for the program must be as provided in the State budget for the board to:

- provide stipends to corps participants;
- provide scholarships to corps participants who have completed the program to be used at institutions of higher education in the State toward vocational certificates, associate's degrees, and bachelor's degrees;
- cover expenses incurred by the board, including expenses incurred during the development, issuance, awarding, and funding of the RFP; and
- cover expenses incurred by the operator selected, as determined by the board to be relevant to the successful operation of the program.

The Governor's Office of Service and Volunteerism

The Governor's Office of Service and Volunteerism has five staff that administer \$5.8 million in federal funds. The current staff oversee 19 AmeriCorps State programs, supporting 1,054 AmeriCorps members, and supporting volunteer connector organizations throughout the State. The current staff also provide administrative support and funding packages to the 25-member Governor's Commission on Service and Volunteerism. The current staff are fully subscribed with their current duties.

State Fiscal Effect: Although discretionary, this estimate assumes that general fund expenditures increase by \$150,000 in fiscal 2021 since the bill specifies that, for *fiscal 2021* and each year thereafter, funds for the program are as provided in the State budget for the activities authorized under current law as well as the expanded purposes authorized in the bill. Beginning in fiscal 2022, general fund expenditures increase by \$150,000 annually as mandated by the bill.

This estimate assumes that special fund revenues and expenditures increase correspondingly, and the funds are used to hire a consultant to study the potential use of the program as a workforce development program and how alumni of the program could be better positioned to meet the current and future needs of employers in the State. After those studies have been completed, it is assumed that any residual funding is used to match gifts or grants received by the board for the fund. Out-year expenditures are likely directed to this purpose or to the original purposes of the program.

Additional Comments: This estimate does not account for any funding or staff that would be required to implement the *original* purposes of the Maryland Corps Program or Maryland Corps Program Fund, as established by Chapter 654. To implement the original purposes of the corps and fund would require an estimated \$2.0 million annually for stipends and scholarships and another \$400,000 annually for staffing and operations.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1016 (Delegates Rosenberg and McIntosh) - Appropriations.

Information Source(s): Governor's Office; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2020
rh/rhh Third Reader - March 10, 2020

Analysis by: Caroline L. Boice

Direct Inquiries to:
(410) 946-5510
(301) 970-5510