

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 443
 Appropriations

(Delegate Rosenberg)

Maryland Corps Program - Revisions

This bill makes significant changes to the Maryland Corps Program, including allowing participants to transition to the workforce (as well as to an institution of higher education). Under the restructured Maryland Corps, in addition to other specified expenses, program funding is to be used to (1) expand the Chesapeake Conservation Corps; (2) create a Maryland Civilian Climate Corps; and (3) create a Maryland Historic Trades Corps. The Maryland Corps Board of Directors is restructured and established as a separate body, with an executive director and authority to hire staff directly. Accordingly, the bill removes the responsibility for program staffing from the Governor’s Office on Service and Volunteerism and removes program administration from an operator selected via a request for proposals (RFP). The Governor must appropriate the following amounts to the Maryland Corps Program Fund: \$5 million in fiscal 2024; \$10 million in fiscal 2025; \$15 million in fiscal 2026, and \$20 million in fiscal 2027 and each fiscal year thereafter. **The bill takes effect June 1, 2022.**

Fiscal Summary

State Effect: No effect in FY 2022; budgeted resources are assumed to be sufficient to begin implementing the bill in FY 2023, as discussed below. General fund expenditures increase by \$5 million in FY 2024, increasing to \$20 million in FY 2027; special fund revenues and expenditures increase correspondingly to administer the program and provide participants with stipends and services (shown) and may further increase to the extent the program utilizes its expanded authority to seek additional funding (not shown). **This bill establishes a mandated appropriation beginning in FY 2024.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
SF Revenue	\$0	\$5.0	\$10.0	\$15.0	\$20.0
GF Expenditure	\$0	\$5.0	\$10.0	\$15.0	\$20.0
SF Expenditure	\$0	\$5.0	\$10.0	\$15.0	\$20.0
Net Effect	\$0.0	(\$5.0)	(\$10.0)	(\$15.0)	(\$20.0)

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

Local Effect: To the extent local governments participate in the Maryland Corps Program or the AmeriCorps Program using the Maryland Corps Program as an intermediary, local governments benefit from the value of volunteer hours served in local governments.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Maryland Corps Program

The purpose of the program is altered such that it no longer specifies that the program will provide meaningful opportunities *to at least 100 corps* participants. The bill also clarifies that the purpose of the program is to equip corps participants with the skills to transition to the workforce (in addition to higher education).

The Maryland Civilian Climate Corps is to serve the State and local park systems and to alleviate park staffing shortages. The Maryland Historic Trades Corps is to place young adults and veterans in regionally based work crews tasked with rehabilitation of State historic resources.

The Maryland Corps Program is exempted from certain State procurement regulations. Additionally, the Maryland Corps Program is subject to legislative review.

“Participating organization” is defined as a nonprofit organization or government agency that has a focus on community or other service, service learning, volunteerism, or other activities or experiences with a similar mission and hosts a program participant in a service roll.

Participant Eligibility

The bill expands eligibility for the program by repealing the requirements that a corps participant be between 17 and 23 years old, be eligible for in-state tuition, have obtained a high school diploma or GED, and have not obtained a vocational certificate or degree from an institution of higher education.

Maryland Corps Board of Directors

Composition: The bill establishes the Maryland Corps Board of Directors as a body politic and corporate and an instrumentality of the State and specifies certain actions the board

may take, including, but not limited to, all things necessary or convenient to carry out powers expressly granted in statute.

The bill restructures the Maryland Corps Board of Directors. The President of the Senate and the Speaker of the House must jointly appoint a board chair. The board chair may be removed jointly by the President and the Speaker for specified reasons. The number of Governor appointees to the board is reduced from three to two, and one of the Governor's appointees must be a representative from the Governor's Office on Service and Volunteerism. One of the two members appointed by the President of the Senate must represent a service organization in the State, and one of the two members appointed by the Speaker of the House must be a current participant in a public service program or have ended his or her participation during the preceding three years.

The terms of board members are staggered, as specified. New members of the board must be appointed by their respective appointing authorities on or before September 1, 2022.

Responsibilities: The bill specifies that board members are subject to certain provisions of State Public Ethics Law. Board members must meet at least once every two months, and board meetings are subject to the requirements of the Open Meetings Act.

The board is responsible for expanding service opportunities in the State in accordance with specified goals relating to creating a strong annual cohort bond of unity, ensuring equitable access to participate in the program, helping participants develop critical skills, and ensuring each district of the State can communicate its unique needs and choose appropriate solutions.

The board must adopt regulations regarding:

- selection criteria for and classification of regional operating partners;
- eligibility requirements for participating organizations;
- prioritizing placement of program participants with large-scale employers;
- a centralized and efficient screening and placement process;
- stipends for participants, including monetary payment of at least \$15 per hour, health insurance benefits, and the potential for wraparound services and matching fund requirements for large-scale employers;
- an education award of \$6,000 for participants that complete at least nine months of service, which must be deposited into a tax-exempt Maryland 529 account;
- workforce development training and wraparound services;
- additional training and support services for participants after service completion;
- ongoing evaluation of opportunities to expand service in the State; and

- ongoing evaluation of the program to ensure access and effectiveness, including demographics and post-participation trajectories of participants.

The board must act as an intermediary with the AmeriCorps Program to secure federal funding and alleviate the administrative burden on State organizations to participate in AmeriCorps. The board must focus on expanding service opportunities in State and local parks and in the public health sector when working with AmeriCorps.

Executive Director and Staff of the Maryland Corps Board of Directors

The bill repeals the responsibility of the Governor's Office on Service and Volunteerism to provide staff, technical assistance, and other support to the board and its operator. Relatedly, the bill repeals the requirement for the board to have an operator and the accompanying RFP process to select a program operator.

Instead, the bill specifies that (1) the board must appoint an executive director who serves at the pleasure of the board and (2) the board must determine the salary of the executive director. The executive director is the chief administrative officer of the program and must manage the administrative affairs and technical activities of the program in accordance with the policies and procedures the board establishes.

The board may employ a staff in accordance with its budget, and staff employed by the board are State employees subject to the Maryland Public Ethics Law under Title 5 of the General Provisions Article. Employees may participate in the State Retirement and Pension System under Division II of the State Personnel and Pensions Article.

Stipends and Other Benefits for Participants

The bill repeals provisions requiring a corps participant to serve for at least nine months and allowing a participant to be eligible for a monetary stipend of up to \$15,000 as determined by the board. Also repealed are provisions that allow participants who complete the program to receive a one-time scholarship award for up to \$6,000, which may be used toward a vocational certificate, an associate's degree, or a bachelor's degree. Instead, as noted above, the board must adopt regulations regarding an education award of \$6,000 for program participants who complete at least nine months of service. Stipends for participants also include monetary payment of at least \$15 per hour, health insurance benefits, and wraparound services as specified in regulations to be adopted by the board.

Wraparound services include child care, transportation, housing, mental health, crisis intervention, substance abuse prevention or treatment, legal aid, financial literacy programming, job search and application support, and college application support.

The bill expands the in-state residency requirement waiver that allows individuals who have completed all service hours for an AmeriCorps Program in the State to receive in-state tuition to also include individuals who completed a service program under the Maryland Corps Program.

Funding and Legislative Intent

The Governor must include in the annual budget bill an appropriation to the Maryland Corps Program Fund of \$5 million in 2024, \$10 million in 2025, \$15 million in fiscal 2026, and \$20 million in fiscal year 2027 and each fiscal year thereafter.

In addition to the money appropriated to the board, the board may use State or federal grant money; borrow money; accept gifts, contributions or loans; and exercise a power usually possessed by a private corporation in performing similar function unless to do so would conflict with state law.

The bill expresses legislative intent that appropriations to the special fund are in addition to any federal funding received for State service or volunteer programming, and any funding received for State service or volunteer programming will be deposited into the fund for use by the program.

The bill authorizes additional uses for appropriated funding and any other funding received, including providing staff for the program. The fund must cover marketing and recruitment expenses and specified programmatic expenses to expand service opportunities throughout the State. Marketing and recruitment conducted by the program must prioritize historically black colleges and universities, high schools with low rates of matriculation, trade schools, and youth who are disconnected from school or work.

Current Law:

Maryland Corps Program

Statute specifies that the Maryland Corps Program is administered and managed by a seven-member board of directors, with two members each appointed by the President of the Senate and the Speaker of the House of Delegates, and three members appointed by the Governor. Members are appointed for staggered four-year terms. In appointing members of the board, the appointing authorities must take into consideration the prospective appointees' experience and the diversity of the State, as specified in statute. Members of the board may be removed by their respective appointing authorities for incompetence, misconduct, immorality, or failure to perform their duties. They do not receive compensation but may be reimbursed for their expenses.

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. By June 1, 2017, the board was required to issue an RFP for a program operator, which had to contain elements specified in statute. Individuals who participate in Maryland Corps:

- must be between the ages of 17 and 23;
- must be eligible for in-state tuition;
- must have obtained a high school diploma or general equivalency diploma; and
- must not have 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 special fund of the State for the purpose of:

- providing stipends and scholarships to participants;
- covering expenses incurred by the board, including those related to issuing the RFP;
- covering expenses incurred by the program operator selected by the board;
- covering expenses incurred to study the potential use of the program as a workforce development tool;
- 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
- provide funding for the program to match gifts or grants received by the board for the fund.

Funding is as provided in the State budget. 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.

The board must make annual reports related to the operation of the Maryland Corps Program.

The Governor's Office on Service and Volunteerism

The Governor's Office on Service and Volunteerism has four staff that administer approximately \$6 million in federal funds (\$5.1 million of which are direct subawards to AmeriCorps State programs). The current staff oversee AmeriCorps State programs supporting 923 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.

Chesapeake Conservation Corps Program

The [Chesapeake Conservation Corps Program](#) facilitates youth involvement in energy conservation and environmental efforts, and associated career opportunities for the participants, by pairing young individuals ages 18 to 25 with qualifying host organizations to undertake energy conservation and environmental projects. The program provides stipends to participating young adults and optional grants to host organizations for costs associated with projects undertaken as part of the one-year term of service. A host organization can be a nonprofit organization; a school; a community association; a service, youth, or civic group; an institution of higher education; a county or municipality; or a unit of State government.

The program is administered by the Chesapeake Bay Trust in consultation with the Chesapeake Conservation Corps Board, which is established to advise the trust in the development and implementation of the program. The program has 30 to 35 participants a year.

In addition, the [Maryland Park Service](#) operates the Maryland Conservation Jobs Corps, the Maryland Conservation Corps (AmeriCorps), and the Veterans Conservation Corps.

State Fiscal Effect: Although the Maryland Corps Program has existed in statute since 2016, the board has not been appointed as the program has never received any funding. Accordingly, all mandated funding for the program reflects additional spending by the State, and any spending in fiscal 2023 is discretionary. With a June 1, 2022 effective date, this analysis assumes no additional expenditures are required in fiscal 2022 – particularly given a likely 120-day start-up delay anyway and the need to appoint the new board.

Assuming the restructured board is appointed by September 1, 2022, as required by the bill, additional spending may be necessary in fiscal 2023. However, this analysis assumes the \$150,000 appropriation included in the Governor's proposed fiscal 2023 budget likely provides sufficient resources to hire an executive director (who could not be hired until after the board is appointed) and for contractual services in fiscal 2023, to develop

regulations and lay the groundwork for the program as restructured and expanded. Such funding is unlikely to cover any other expenses. Nevertheless, because the program no longer must provide service opportunities to at least 100 participants each year, the program does not need to begin accepting participants until significant additional funding becomes available in fiscal 2024.

Expenditures and Capitalization of the Special Fund

General fund expenditures increase and Maryland Corps Program Fund revenues and expenditures increase by \$5 million in fiscal 2024, rising to \$20 million in fiscal 2027, reflecting the mandated appropriations. Although the bill no longer requires a minimum number of program participants, this analysis assumes the program uses any funds not spent on program administration or staffing to expand program participation such that available funds are exhausted in each fiscal year.

Required staffing expenditures are likely significant beginning in fiscal 2024. The Department of Legislative Services advises that approximately five staff members, including the executive director, are required to fully administer the expanded program, though the number of required staff likely grows as available funding increases. The Office on Service and Volunteerism is currently responsible for staffing the program and its board. However, because no funding has been allocated to the program from its creation through fiscal 2022, no staff are available to transfer to the new program.

Maryland Corps Program Fund expenditures related to hiring additional staff, therefore, are assumed to total \$476,014 in fiscal 2024, which accounts for almost 10% of the bill’s mandated funding that year. This estimate reflects the cost of hiring two general program staff and two grant officers and the continuing cost of an executive director assumed to be hired in fiscal 2023. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

New Positions	4
Salaries and Fringe Benefits	\$444,517
One-time Start-up costs	26,192
Operating Expenses	<u>5,305</u>
Total FY 2024 State Personnel Expenditures	\$476,014

Administrative activities for the program likely include, but are not limited to, (1) outreach, screening, and selection of regional operating partners and participating organizations; (2) application development, marketing, recruitment, and creation of a selection process for program participants; (3) processing stipends; (4) development of additional training and support services provided to program participants after the completion of services; (5) ongoing evaluation of opportunities to expand service in the State; and (6) ongoing

evaluation of the program. Maryland 529 advises that, as a result of the bill, the Maryland Corps Program will likely need to collaborate with Maryland 529 to establish procedures relating to the disbursement of \$6,000 educational awards into a tax-exempt Maryland 529 account. However, it is assumed this can be accomplished with existing resources.

The board must also act as an intermediary for the AmeriCorps Program to secure federal funding and alleviate the administrative burden on State organizations seeking to participate in AmeriCorps programming. This analysis assumes existing administration of AmeriCorps grant programs housed within the Governor's Office on Service and Volunteerism will continue in parallel with the board acting as an intermediary and seeking to expand other grant opportunities in the State.

Any funds remaining after staffing and administrative expenses may be allocated toward stipends and other specified compensation and wraparound services for program participants. Assuming a Maryland Corps Program participant completes a full nine months of service with about 40 hours of service per week, the monetary compensation for one program participant at \$15 per hour would total about \$21,600 for the nine months of service. The bill specifies that the board must adopt regulations regarding health insurance benefits and the potential for wraparound services for program participants. In addition, program participants will receive an education award of \$6,000, which must be deposited into a Maryland 529 account. All told, each program participant who completes nine months of full-time service costs the program around \$27,600, plus the value of any health insurance and wraparound services provided, which may be significant. Thus, under those assumptions, for every \$1 million allocated to the program, after staffing costs, the program could provide stipends and educational awards to as many as 36 participants, depending on the length of service, hourly pay rate, cost of health insurance benefits, and wraparound services provided. The actual number of participants that the program can support annually depends on the program designed by the board.

Other Revenue Impacts

To the extent large-scale employers participate in fund matching, additional funds may be available to support additional participants or increase participant compensation.

To the extent of the Maryland Corps Program authority to (1) acquire, hold, and dispose of property; (2) sell, lease, or otherwise convey any property it owns; and (3) borrow money for a corporate purpose and mortgage or otherwise encumber its property as a security for the loan generates additional revenue, Maryland Corps Program Fund revenues increase. Additionally, the bill specifies that the board may accept gifts, contributions or loans of money, supplies, goods, and services. To the extent the board solicits and acquires such gifts, contributions, or loans, special fund revenues also increase.

Any effect on higher education revenues due to in-state tuition waivers under the restructured and expanded program cannot be reliably quantified but is assumed to be minimal.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 228 (Senator Ferguson) - Budget and Taxation and Education, Health, and Environmental Affairs.

Information Source(s): Comptroller's Office; Governor's Office; Maryland State Department of Education; Morgan State University; College Savings Plans of Maryland; Department of Budget and Management; Maryland Department of Labor; Department of Natural Resources; Maryland Department of Planning; Chesapeake Bay Trust; Department of Legislative Services - Office of Legislative Audits; Department of Legislative Services

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