
Senate Budget and Taxation Full Committee

Additional Pages

March 24, 2025

B75A01
General Assembly of Maryland

Fiscal 2026 Reductions:

\$1,700,000 in general funds from the appropriation made for the purpose of interior renovations to the legislative buildings.

\$1,500,000 in general funds from the appropriation made for the purpose of accrued leave payout for the Department of Legislative Services.

D38I01 State Board of Elections

Committee Narrative

D38I01.01 General Administration

Workgroup on Vote-by-mail Ballot Accessibility: The committees request that the State Board of Elections (SBE) establish a workgroup to study and make recommendations, including statutory changes, regarding vote-by-mail ballot return and accessibility. The workgroup should include:

- the Administrator of SBE, or the Administrator's designee;
- the Secretary of Information Technology, or the Secretary's designee;
- the Secretary of Disabilities, or the Secretary's designee;
- the Director of the Governor's Office of Homeland Security, or the Director's designee;
- the State Chief Information Security Officer, or the Officer's designee;
- the Executive Director of the Cybersecurity Association of Maryland, or the Executive Director's designee;
- the Director of Computer Science at the University of Maryland, Baltimore County, or the Director's designee;
- the Executive Director of the Maryland Developmental Disabilities Council, or the Executive Director's designee;
- the President of the Maryland Association of Election Officials, or the President's designee;
- a representative of Common Cause Maryland;
- a representative of the League of Women Voters of Maryland;
- a representative of the National Federation of the Blind Maryland;
- a representative of the Arc of Maryland;

- a multilingual individual with expertise in election administration;
- a representative of Disability Rights Maryland;
- a representative of the Association of the Deaf;
- an expert in voting accessibility;
- an expert in election security;
- an expert in cybersecurity; and
- other relevant stakeholders.

The workgroup should study and make recommendations on the solutions or statutory changes regarding:

- the current vote-by-mail ballot return processes and procedures in the State, including the administrative time and costs, ballot return rates, and security issues;
- the impact of current vote-by-mail processes and procedures, particularly the requirement to return ballots in paper form, on voters with disabilities;
- the current practices and standard related to accessible ballot return, including alternatives to vote-by-mail ballot return in other jurisdictions; and
- the feasibility of implementing alternatives to vote-by-mail ballot return methods for individuals with disabilities focusing on accessibility, security, preventing discrimination, impact on privacy and independence, and cost.

The workgroup should be staffed by SBE and should work in consultation with the federal National Institute of Standards and Technology to consider cybersecurity issues. SBE should submit a report containing the workgroup’s findings and recommendations to the committees by December 31, 2025.

| Information Request | Author | Due Date |
|--|---------------|-------------------|
| Report of the workgroup on vote-by-mail ballot accessibility | SBE | December 31, 2025 |

F10A
Department of Budget and Management – Secretary

Budget Amendment

F10A01.01 Executive Direction

Add the following language added to the general fund appropriation:

. provided that, since six State agencies had repeat audit findings in calendar 2024 fiscal compliance reports issued by the Office of Legislative Audits (OLA) for certain repeat findings, \$250,000 of the appropriation made for the purpose of Executive Direction may not be expended until:

- (1) representatives from agencies with certain repeat audit findings in calendar 2024 have met with the State Chief Information Security Officer (SCISO) to identify and document a path for resolution of any outstanding issues, and the agency has taken corrective action with respect to the findings, including articulating any ongoing associated costs and a timeline for resolution if the corrective action is not complete;
- (2) SCISO submits a report to OLA by February 1, 2026, addressing corrective actions taken, a path and timeline for resolution of any outstanding issues, and any ongoing costs associated with corrective actions; and
- (3) a report is submitted to the budget committees and the Joint Audit and Evaluation Committee (JAEC) by OLA, no later than May 1, 2026, listing each repeat audit finding in accordance with item (1) that demonstrates the agencies' commitment to correct each repeat audit finding.

The budget committees and JAEC shall have 45 days to review and comment from the date of the receipt of the report. General funds restricted pending the receipt of the report may not be transferred by budget amendment or otherwise and shall revert to the General Fund if the report is not submitted.

Explanation: Audit reports from calendar 2024 identified certain repeat audit findings in State agencies. This language requires that these agencies report their plans to remediate repeat audit findings to SCISO. SCISO should review these plans and report to OLA about these agencies' plans. OLA should review the SCISO's findings and report on the commitment to resolving these repeat findings to the budget committees and JAEC. The six State agencies are the Comptroller of Maryland, the Department of Housing and Community Development, the Department of Information Technology, the Maryland Department of Health – Pharmacy Services, the Maryland Department of Transportation, and St. Mary's College of Maryland.

Information Request

Author

Due Date

Report on repeat audit findings

SCISO
OLA

February 1, 2026
May 1, 2026

F10A
Department of Budget and Management – Secretary

Committee Narrative

Adopt the following narrative:

Advancing Primary Care Access for State Employees: The committees request that the Department of Budget and Management (DBM) Employee Benefits Division submit a report by October 1, 2025, discussing primary care access, mental health access, managing chronic disease costs, and primary care quality for State employees to the committee. The report may be completed in consultation with an independent third-party vendor and third-party health actuarial consultant and shall include the following information:

- the estimated prevalence rates and costs of chronic disease to the State of Maryland as measured by payments made by the State on behalf of State employees and State retirees and dependents covered under State health plans;
- the current availability and historic trends related to primary care providers and primary care facilities across the State;
- the current and historic trends related to average wait time to schedule a preventive care appointment for the State as a whole and by geographic areas across the State;
- the experiences of other states in addressing the health needs of State employees and State retirees and dependents covered under their respective State health plans, including experiences related to employer-sponsored, dedicated primary care vendor relationships;
- the cost analysis should include both medical and pharmacy costs and chronic disease categories should include, but are not limited to, the following conditions: cardiovascular disease, cancer, hypertension, diabetes, asthma, depression, and obesity; and
- detailed return-on-investment information and recruiting/retention metrics if the State supports access to a network of integrated health centers across the State of Maryland dedicated to State, County and School District employees and their families.

| Information Request | Author | Due Date |
|---|---------------|-----------------|
| Advancing primary care access for State of Maryland employees | DBM | October 1, 2025 |

F10A
Department of Budget and Management – Secretary

Committee Narrative

Adopt the following narrative:

Government Modernization Initiative: The committees are interested in receiving more information about the Government Modernization Initiative. The budget committees request that the Department of Budget and Management (DBM) submit a report, due December 15, 2025, detailing a multi-year plan for approaching and implementing government efficiency initiatives. The report should include goals, barriers to implementation, and a timeline for all initiatives. The report should also discuss how savings will be shared with agencies that propose opportunities for savings and for which the proposed savings were adopted.

| Information Request | Author | Due Date |
|-------------------------------------|---------------|-------------------|
| Government Modernization Initiative | DBM | December 15, 2025 |

F10A
Department of Budget and Management – Secretary

Committee Narrative

Adopt the following narrative:

Public Service Registered Apprenticeships: It is the intent of the committees that the State expand registered apprenticeship opportunities in public service. The budget committees request that the Department of Budget and Management (DBM) submit a report, due December 15, 2025, on public service registered apprenticeships within State government. The report should breakdown the current number of apprentices, the number of unfilled apprenticeship opportunities, and the goal levels of apprenticeships for each State agency by occupation and year of completion.

| Information Request | Author | Due Date |
|---|---------------|-------------------|
| Public service registered apprenticeships | DBM | December 15, 2025 |

F10A02
Department of Budget and Management – Personnel

Budget Amendment

Add the following section:

Section 39 Judiciary Merit Raises

SECTION 39. AND BE IT FURTHER ENACTED, That funding provided for Judiciary employee merit raises is hereby decreased by ~~\$14,020,764~~*\$13,020,764* in general funds and ~~\$1,557,863~~ in special funds.

Explanation: Due to the fiscal condition of the State, and to be consistent with actions taken for other State employees, this action reduces the funding set aside for Judiciary employee merit raises.

F10A02
Department of Budget and Management – Personnel

Budget Amendment

Add the following section:

Section XX Reduce 151 New Positions

SECTION XX. AND BE IT FURTHER ENACTED, That 150.5 full-time equivalent new regular positions in the fiscal 2026 allowance shall be abolished. The Department of Budget and Management shall abolish these positions in a schedule which excludes the following:

- (1) new positions recommended for reduction by the Department of Legislative Services;
- (2) 44 positions transferred from the Maryland Transportation Authority to the Maryland Department of Transportation;
- (3) 92 new positions added to the Maryland Transit Administration for service reliability;
- (4) 78 new positions added to the Maryland Transit Administration Police for patrolling the Purple Line; and
- (5) 125 new positions added to the Maryland Department of Labor, Division of Unemployment Insurance.

Further provided that Statewide expenses are hereby reduced by \$11,542,125 in General Funds, \$3,114,453 in Special Funds, and \$1,867,925 in Federal Funds.

Explanation: This action requires that the Department of Budget and Management reduce 151 new positions added in a variety of State agencies in fiscal 2026. This action is expected to result in \$11.5 million in general fund cost saving in fiscal 2026. This action also reduces the structural deficit in future years by lowering base personnel costs.

G50L00
Maryland Supplemental Retirement Plans

Committee Narrative

Adopt the following narrative:

Supplemental Retirement Plan Fee Report: The committees are interested in receiving more information about the fees that are paid or charged to participants in the Maryland Supplemental Retirement Plans (MSRP). The committees request that MSRP submit a report, due August 1, 2025, describing the current fees for each of its investment offerings. The report should include a discussion comparing fees imposed by MSRP and within MSRP investment options with fees imposed by peer supplemental plans. The report should include a review of administrative and investment fees imposed by contractual investment managers, including a comparison with peer plans.

| Information Request | Author | Due Date |
|---|---------------|-----------------|
| Supplemental retirement plan fee report | MSRP | August 1, 2025 |

BRFA Amendment

Section XX Artscape Festival

SECTION XX. AND BE IT FURTHER ENACTED, That the unexpended appropriation for Miscellaneous Grants to Local Government (D05E01.11) within the Board of Public Works for funding to the Baltimore City Mayor’s Office of Art and Culture for the 2023 Artscape Festival, that was included in the fiscal year 2024 operating budget (Chapter 101 of the Acts of 2023) is reduced by \$326,456 in general funds.

Explanation: This action reduces funds appropriated for a grant to the Baltimore City Mayor’s Office of Art and Culture for the 2023 Artscape Festival in fiscal 2024, but unneeded for that purpose. A separate action would add funds in the operating budget for fiscal 2026 for this purpose for the Artscape Festival.

Section 21 Fiscal 2026 Legislative Additions

Add the following language to the general fund appropriation:

\$326,456 in general funds is added to the fiscal 2026 appropriation for program D05E01.10 Miscellaneous Grants to Private Nonprofit Groups within the Board of Public Works (BPW) for the purpose of providing a grant to the Baltimore City Mayor’s Office of Art and Culture for the Artscape Festival. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: This action adds funding for the Artscape Festival. The \$325,456 added by this action is the funding that remains from the \$1,500,000 budgeted for the 2023 Artscape Festival in fiscal 2024 in Supplemental Budget No. 2. A provision in HB 352/SB 321 of 2025 (Budget Reconciliation and Financing Act of 2025) deletes the corresponding \$326,456 in general funds in the fiscal 2024 budget.

J00D00
Maryland Port Administration
Maryland Department of Transportation

Budget Amendment

Add the following language:

Provided that \$3,896,000 in special funds in program J00D00.01 Port Operations made for the following purposes is reduced:

- (1) \$1,296,000 for restoration of funding from cancellation of the fiscal 2025 departmental hiring freeze;
- (2) \$1,000,000 of the increase for security services (which allows for an increase of \$1,132,000 for this purpose);
- (3) \$140,000 to increase in-state and out-of-state travel;
- (4) \$200,000 to increase contractual services for advertising and legal publications; and
- (5) \$1,260,000 to increase non-data processing contractual services.

Further provided that \$1,350,000 in special funds in program J00D00.02 Port Facilities and Capital Equipment made for the purpose of improvements to the World Trade Center is reduced.

Explanation: This language makes various reductions to the Maryland Port Administration's operating and capital budgets.

J00A01
The Secretary's Office
Maryland Department of Transportation

Section 21

\$6,000,000 in special funds from the Transportation Trust Fund is added to the appropriation for program J00A01.03 Facilities and Capital Equipment within the Maryland Department of Transportation, The Secretary's Office for the purpose of providing a grant to the Maryland Economic Development Corporation for the dredge material replacement costs associated with the Tradepoint Atlantic Sparrows Point Container Terminal project. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.

D05E01
Board of Public Works

Budget Amendments

Section 19 Fiscal 2025 Reductions

Add the following section:

\$2,000,000 in general funds is reduced from the fiscal 2025 appropriation for program D05E01.10 Miscellaneous Grants to Private Nonprofit Groups within the Board of Public Works for the purpose of providing a grant to the Maryland Association of Boards of Education to establish direct primary care health centers for school system employees, county government employees, and families of these employees in Prince George’s County.

Section 20 Fiscal 2025 Legislative Adds

Add the following language to the general fund appropriation:

\$2,000,000 in general funds is added to the fiscal 2025 appropriation for program D05E01.10 Miscellaneous Grants to Private Nonprofit Groups within the Board of Public Works for the purpose of providing a grant to the Maryland Association of Boards of Education to establish direct primary care health centers for school system employees, county government employees, and families of these employees in Maryland’s 23 counties and Baltimore City. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: This action withdraws the fiscal 2025 appropriation for the Maryland Association of Boards of Education that was restricted to Prince George’s County and replaces it with an equal amount of fiscal 2025 funding that may be used in any of Maryland’s 23 counties and Baltimore City.

J00A01
The Secretary's Office
Maryland Department of Transportation

Section 19 Fiscal 2025 Reductions

Add the following language:

\$250,000 in special funds from the Transportation Trust Fund is reduced from the fiscal 2025 appropriation for program J00A01.02 Operating Grants-In-Aid within The Secretary's Office within the Maryland Department of Transportation that was made for the purpose of providing Baltimore County a grant to develop a pilot project to increase transportation opportunities for K-12 students not already being bused by public school systems.

Section 21 Fiscal 2026 Legislative Adds

Add the following language:

\$250,000 in special funds from the Transportation Trust Fund is added to the appropriation for program J00A01.02 Operating Grants-In-Aid within The Secretary's Office within the Maryland Department of Transportation for the purpose of providing a grant to The Associated Jewish Federation of Baltimore to develop a pilot project to increase transportation opportunities for K-12 students not already being bused by public school systems. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.

Explanation: This action transfers fiscal 2025 grant funding for a K-12 bus pilot program from Baltimore County to The Associated Jewish Federation of Baltimore in fiscal 2026, allowing the funds to be used in fiscal 2026 rather than reverted at the close of fiscal 2025.

R00A01
Headquarters
Maryland State Department of Education

Budget Amendments

Section 21 Fiscal 2026 Legislative Addition

\$250,000 in general funds is added to the appropriation for program R00A01.01 Office of the State Superintendent within Headquarters within the Maryland State Department of Education for the purpose of establishing a pilot program for commercial driver’s license education and licensing, as part of the State’s career and technical education curriculum. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund;

Explanation: This action adds \$250,000 in general funds for the Maryland State Department of Education Office of the State Superintendent to establish a pilot program for commercial driver’s license education and licensing as part of the State’s career and technical education curriculum.

R13M00
Morgan State University

Budget Amendments

Section 21

Add the following language:

\$50,000 in general funds is added to the appropriation for program R75T00.01 Support for State Operated Institutions of Higher Education for R13M00 Morgan State University, for the purpose of supporting the Center for Equitable Artificial Intelligence, and Machine Learning Systems for the purpose of completing an Artificial Intelligence needs assessment for the Maryland State Department of Education (MSDE), and provide assistance to MSDE on a task force related to artificial intelligence in K-12 education. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: This action adds funding for the Center of Equitable Artificial Intelligence and Machine Learning Systems to support a task force on artificial intelligence in K-12 education at MSDE.

C98F00

Workers' Compensation Commission

Budget Amendments

Section 21

Add the following language:

\$100,000 in special funds from the Uninsured Employers Fund (UEF) is added to the appropriation for program C98F00.01 General Administration within the Workers' Compensation Commission (WCC) for the purpose of a special monitor contingent on the enactment of SB 219 or HB 193 requiring WCC to designate a special monitor to assess the financial condition of UEF. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the special fund or be canceled.

Explanation: Due to growth in administrative costs, the Uninsured Employers Fund's (UEF) expenditures have exceeded revenues in fiscal 2023 and 2024. The Department of Legislative Services projects that UEF's fund balance will become insolvent by fiscal 2027 since spending is exceeding revenues. To prevent this from happening the 2024 Joint Chairmen's Report established a workgroup to study and report on potential changes to UEF's funding structure and operations. SB 219 and HB 193 require the Workers' Compensation Commission to select a special monitor to oversee UEF's monthly bank balances, administrative fees, establish standards for reserves, and assess the agency's staffing needs among other activities. This action provides funding for this purpose through the UEF.

Section 21 Fiscal 2026 Legislative Additions

Budget Amendments

Section 21 Fiscal 2026 Legislative Additions

Add the following language to the general fund appropriation:

\$1,125,000 in special funds is added to the fiscal 2026 appropriation for program K00A05.10 Outdoor Recreation Land Loan within the Department of Natural Resources (DNR) for the purpose of providing a grant to Baltimore City Recreation and Parks for the Clifton Park project. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.

Explanation: This action adds funding for the Clifton Park project within the Program Open Space (POS) State allocation for the Baltimore City Direct Grant. The intent is to reallocate funding to the Clifton Park project from the prior year Herring Run Park project, which was appropriated \$400,000 in the fiscal 2018 operating budget and \$725,000 in the fiscal 2019 operating budget, or a total of \$1,125,000. The Herring Run Park project is not moving forward. As described in State Finance and Procurement Article § 7-305(d), the authority to spend the appropriation for a project terminates 1 year after the latest of abandonment, completion, or acceptance of the project. Therefore, the funding for the Herring Run Park project will be returned to POS fund balance and can be used to support the Clifton Park project.

M00M
Developmental Disabilities Administration
Maryland Department of Health

Section 20 Fiscal 2025 Legislative Adds

SECTION 20. AND BE IT FURTHER ENACTED, That funds are added, and shall be available immediately upon this budget, to the fiscal 2025 working appropriation in the following manner:

- (1) \$34,224,704 in general funds is added to the appropriation for program M00M01.02 Community Services within the Developmental Disabilities Administration (DDA) within the Maryland Department of Health (MDH) for the purpose of restoring cost containment actions proposed for fiscal 2025 and shall be used as follows:
 - (a) \$18,267,595 for the purpose of maintaining reasonable and customary wages for self-directed services at the current level. Further provided that DDA shall not lower reasonable and customary wages for self-directed services during fiscal 2025 compared to the wages in effect on November 21, 2024;
 - (b) \$13,600,000 for the purpose of fully funding dedicated support hours. Further provided that DDA shall not consider the availability of shared hours in a home when approving dedicated hours to support the medical, behavioral, or daytime residential support needs of an individual. MDH shall also ~~restore~~ *reinstate* any dedicated hours it removed from an individual's plan in fiscal 2025 that would have been in compliance with this policy, *and for which the individual has a current need for dedicated hours*; and
 - (c) \$2,357,109 for the purpose of fully funding the wage exception process for self-directed services. Further provided that DDA shall not eliminate the wage exception process for self-directed services in fiscal 2025.

Funds not expended for these added purposes may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: This section outlines funds added to the fiscal 2025 appropriation. The fiscal 2025 working appropriation, including deficiency appropriations in the fiscal 2026 budget as introduced, contains general fund reductions totaling \$96,603,839 to account for the implementation of various cost containment actions. This action fully restores funding for certain cost containment actions and prohibits certain cost containment actions.

M00M
Developmental Disabilities Administration
Maryland Department of Health

Fiscal 2026 Legislative Additions

\$132,240,000 in general funds and \$15,000,000 in special funds from the Community Services Trust Fund are added to the appropriation for program M00M01.02 Community Services within the Developmental Disabilities Administration (DDA) within the Maryland Department of Health for the purpose of restoring funds and modifying cost containment actions proposed for fiscal 2026. The funding shall be used as follows:

- (a) \$51,850,000 for the purpose of restoring funds for dedicated support hours. Further provided that the hourly payment rate for dedicated hours *for Community Living Group Home, Community Living Group Home Enhanced, and Supported Living* for fiscal 2026 shall be set at 86% of the fully loaded brick used to determine rates in fiscal 2026. DDA shall not consider the availability of shared hours in a home when approving dedicated hours to support the medical, behavioral, or daytime residential support needs of an individual;
- (b) \$37,690,000 for the purpose of funding a geographical differential rate paid for services in local jurisdictions where a geographical differential rate was paid in fiscal 2025. Further provided that DDA shall set the geographical differential rate for each service *that is more than 10% above standard rates set for the rest of the State as of January 1, 2025*, to ~~no more than~~ 10% above the standard rates set for the rest of the State. DDA shall not eliminate the geographical differential rates ~~of up to 10%~~;
- (c) \$36,000,000 for the purpose of maintaining reasonable and customary wages for self-directed services at the current level. Further provided that DDA shall not lower reasonable and customary wages for self-directed services in fiscal 2026 compared to the wages in effect on November 21, 2024;
- (d) \$12,700,000 for the purpose of allowing wage exceptions for self-directed services that do not exceed 15% above the reasonable and customary wages for the standard maximum wage and 10% above the standard maximum wage for the geographical differential maximum wage;
- (e) \$7,000,000 for the purpose of removing the day-to-day administrator category of services from Individual and Family Directed Goods and Services and placing this category on a separate service line; and
- (f) \$2,000,000 for the Low Intensity Supports Services (LISS) program. Further provided that DDA shall establish a cap of ~~\$500~~ *\$1,000* per LISS participant per fiscal year.

Funds not expended for these added purposes may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund or be canceled;

***Explanation:** The fiscal 2026 budget as introduced contains various cost containment actions under DDA. This action adds funds to the fiscal 2026 budget to restore funding for certain cost containment actions and prohibits certain cost containment actions. This action also specifies the dedicated hours and geographical differential rates and sets a cap of \$1,000 per participant for the Low Intensity Supports Services program.*

R62I0010
Student Financial Assistance
Maryland Higher Education Commission

Budget Amendment

R62I00.52 Maryland Loan Assistance Repayment Program for Police Officers

Language action:

R62I00.52 Maryland Loan Assistance Repayment Program for Police Officers

To become available immediately upon passage of this budget to reduce the appropriation for fiscal 2025 for the Police Officer and Probation Officer Loan Assistance Repayment Program based on projected expenditures.

General Fund Appropriation, provided that this appropriation is contingent upon the enactment of legislation reducing the funding for the Police Officer and Probation Officer Loan Assistance Repayment Program..... ~~3,675,000~~
-3,375,000

Explanation: This language modifies the fiscal 2025 deficiency appropriation to reduce the amount withdrawn from the program contingent on a provision in the Budget Reconciliation and Financing Act of 2025 that reduces the mandate. This action provides \$500,000 for the Loan Assistance Repayment Program for Police Officers in fiscal 2025 rather than \$200,000.

R62I0010
Student Financial Assistance
Maryland Higher Education Commission

R62I00.52 Maryland Loan Assistance Repayment Program for Police Officers

Strike the following language from the general fund appropriation:

~~, provided that this appropriation shall be reduced by \$4,800,000 contingent upon the enactment of legislation reducing the mandate for the Police Officer and Probation Officer Loan Assistance Repayment Program.~~

Explanation: This action strikes language that would have reduced \$4.8 million of the general fund appropriation from the Maryland Loan Assistance Repayment Program for Police Officers in the Maryland Higher Education Commission budget, R62I00.52, contingent on legislation reducing the mandate for the Maryland Loan Assistance Repayment Program for Police Officers. A separate action reduces funding for the program by \$3.0 million instead of \$4.8 million in fiscal 2026.

Amend appropriation for the purposes indicated:

| | <u>Funds</u> | <u>Positions</u> |
|--|--------------|------------------|
| 1. Reduce general funds within the Maryland Loan Assistance Repayment Program (LARP) for Police Officers due to lower projected expenditures. The Maryland Higher Education Commission (MHEC) has consistently underspent the appropriation in the last two years. In fiscal 2024, MHEC awarded less than the appropriation by approximately \$5.0 million. MHEC also awarded less than the appropriation in fiscal 2023 by approximately \$1.5 million. This action provides \$2.0 million for LARP for Police Officers in fiscal 2026. | -3,000,000 | GF |
| Total Change | -3,000,000 | 0.00 |

| <u>Effect</u> | <u>Allowance</u> | <u>Appropriation</u> | <u>Amount Change</u> | <u>Position Change</u> |
|--------------------|------------------|----------------------|----------------------|------------------------|
| General Fund | 5,000,000 | 2,000,000 | -3,000,000 | |
| Total Funds | 5,000,000 | 2,000,000 | -3,000,000 | |

R62I0010
Student Financial Assistance
Maryland Higher Education Commission

Budget Amendment

R62I00.53 Maryland Police Officers Scholarship Program

Language action:

R62I00.53 Maryland Police Officers Scholarship Program

To become available immediately upon passage of this budget to reduce the appropriation for fiscal 2025 for the Police Officer and Probation Officer Scholarship Program based on projected expenditures.

General Fund Appropriation, provided that this appropriation shall be reduced by ~~\$3,675,000~~

\$3,375,000 contingent upon the enactment of legislation reducing the funding for the Police Officer and Probation Officer Scholarship Program

~~-3,675,000~~

-3,375,000

Explanation: This language modifies the fiscal 2025 deficiency appropriation to reduce the amount withdrawn from the program contingent on a provision in the Budget Reconciliation and Financing Act of 2025 that reduces the mandate. This action provides \$500,000 for the scholarship program in fiscal 2025 rather than \$200,000.

R62I0010
Student Financial Assistance
Maryland Higher Education Commission

R62I00.53 Maryland Police Officers Scholarship Program

Strike the following language from the general fund appropriation:

~~, provided that this appropriation shall be reduced by \$4,500,000 contingent upon the enactment of legislation reducing the mandate for the Police Officer and Probation Officer Scholarship Program.~~

Explanation: This action strikes language that would have reduced \$4.5 million of the general fund appropriation from the Maryland Police Officers Scholarship Program in the Maryland Higher Education Commission budget, R62I00.53, contingent on legislation reducing the mandate for the Maryland Police Officers Scholarship Program. A separate action reduces funding for the program by \$3.0 million instead of \$4.5 million in fiscal 2026.

Amend appropriation for the purposes indicated:

| | <u>Funds</u> | <u>Positions</u> |
|--|--------------|------------------|
| 1. Reduce general funds within the Maryland Police Officers Scholarship Program due to lower projected expenditures. The Maryland Higher Education Commission (MHEC) has consistently underspent the appropriation in the last two years. In fiscal 2024, MHEC awarded less than the appropriation by approximately \$4.9 million. MHEC also awarded less than the appropriation in fiscal 2023 by approximately \$8.5 million. This action provides \$2.0 million for the scholarship program in fiscal 2026. | -3,000,000 | GF |
| Total Change | -3,000,000 | 0.00 |

| <u>Effect</u> | <u>Allowance</u> | <u>Appropriation</u> | <u>Amount Change</u> | <u>Position Change</u> |
|--------------------|------------------|----------------------|----------------------|------------------------|
| General Fund | 5,000,000 | 2,000,000 | -3,000,000 | |
| Total Funds | 5,000,000 | 2,000,000 | -3,000,000 | |

DLS Recommendation

R00A02
Aid to Education
Maryland State Department of Education

Budget Amendment

R00A02.03 Aid for Local Employees Fringe Benefits

Add the following language to the general fund appropriation:

, provided that this appropriation shall be reduced by ~~\$92,937,289~~ \$188,483,072 contingent upon the enactment of legislation altering the local share of teacher retirement costs.

Explanation: This a technical item to reflect a modification in the Budget Reconciliation Financing Act of 2025 to alter the cost share for certain retirement costs. This action increases the reduction contingent on legislation to reflect 100% of the fiscal 2026 year-over-year increase in employer contributions, including funds added in Supplemental Budget No. 1.

DLS Recommendation

R626I0005 Aid to Community Colleges

Budget Amendment

R62I00.06 Aid to Community Colleges Fringe Benefits

Add the following language to the general fund appropriation:

. provided that ~~\$4,807,230~~ \$9,766,831 of this appropriation shall be reduced contingent upon the enactment of legislation reducing the State's share of retirement costs at community colleges

Explanation: This a technical item to reflect a modification in the supplemental budget and the Budget Reconciliation Financing Act of 2025 provision related to altering the cost share for certain retirement costs including those budgeted in the Aid to Community Colleges Fringe Benefits program. This action increases the reduction contingent on legislation to reflect 100% of the fiscal 2026 year-over-year increase in employer contributions.

BRFA Amendment

Transportation Revenue Modification

12–120.

(a) In this section, “miscellaneous fees” means all fees collected by the Administration under this article other than:

- (1) The vehicle titling tax;
- (2) One-half of the certificate of title fee under § 13–802 of this article; and
- (3) Vehicle registration fees under Part II of Title 13, Subtitle 9 of this article.

(b) Except as provided in this section, the Administration may not alter the miscellaneous fees that the Administration is authorized under this article to establish.

(c) (1) Subject to the limitations under subsection (d) of this section, before the start of any fiscal year the Administration by regulation may alter, effective beginning in the upcoming fiscal year, the levels of the miscellaneous fees that the Administration is authorized under this article to establish.

(2) The Administration shall alter the levels of miscellaneous fees for the upcoming fiscal year if the projected cost recovery under subsection (d) of this section exceeds [100%] ~~115%~~ 105%.

(d) The Administration shall set the levels of miscellaneous fees so that the total amount of projected revenues from all miscellaneous fees for the upcoming fiscal year is at least [95 percent] ~~95%~~ 100% but does not exceed [100 percent] ~~115%~~ 105% of the sum of:

(1) The operating budget of the Administration for that fiscal year as approved by the General Assembly in the annual State budget;

(2) The average annual capital program of the Administration as reported in the 6-year Consolidated Transportation Program described in § 2–103.1 of this article; and

(3) The Administration’s portion of the cost for that fiscal year of the Department’s data center operations, except for the cost of data center operations attributable to other administrations’ activities.

(e) (1) The Administration may not alter miscellaneous fees more than once in any fiscal year.

(2) The Administration need not reduce fees for the upcoming fiscal year if legislative budget modifications cause the projected cost recovery percentage to exceed [100 percent] ~~115%~~ 105%.

(3) The level of a miscellaneous fee set by the Administration remains in effect until again altered by the Administration as provided under this section.

Explanation: This action modifies a provision in the BRFA as introduced to alter the allowable the Motor Vehicle Administration cost recovery to require a recovery of at least 100%. This action also modifies the requirement that miscellaneous fees be reduced to ensure that the fees do not need to be reduced unless the projected cost recoveries exceed 100% of the costs.

DLS Recommendation

BRFA Amendment to HB 352

Description: Modify Section 18 of the Budget Reconciliation and Financing Act (BRFA) of 2025 to decrease the proposed fund balance transfers from specified Health Professional Boards from a total of \$9,489,874 to \$6,933,700 by reducing transfers from three boards' funds (the State Board of Professional Counselors and Therapists Fund, the State Board of Occupational Therapy Practice Fund, and the State Board of Examiners of Psychologists Fund), to account for a total of \$2,556,174 in transfers from these boards that was authorized in the BRFA of 2024.

This provision in the BRFA of 2025 as introduced was modified to add transfers from the State Board of Professional Counselors and Therapists Fund, the State Board of Occupational Therapy Practice Fund, and the State Board of Examiners of Psychologists Fund and to increase the proposed transfer amount for two boards' funds (the State Board of Examiners for Audiologists, Hearing Aid Dispensers, Speech-Language Pathologists, and Music Therapists Fund and the State Board of Dietetic Practice Fund), decrease the proposed transfer for one of the board's funds (the State Board of Acupuncture Fund), and eliminate the proposed transfer for two boards' funds (the Kidney Disease Fund and the State Board of Examiners in Optometry Fund). **Exhibit 1** shows the fund balance transfers by boards in the BRFA as introduced, as amended, and as proposed in this action.

Exhibit 1 Special Fund Balance Transfers Fiscal 2026

| | <u>BRFA as Introduced</u> | <u>BRFA as Amended</u> |
|-----------------------|---------------------------|----------------------------------|
| Acupuncture | -\$332,957 | -\$119,022 |
| Audiologists | -720,938 | -837,313 |
| Chiropractic | -40,699 | -40,699 |
| Counselors/Therapists | 0 | -4,497,322 -2,848,653 |
| Dental | 0 | 0 |
| Dietetic | -371,904 | -418,756 |
| Kidney Disease | -96,654 | 0 |
| Massage Therapy | 0 | \$0 |
| Morticians | 0 | |
| Nurses | | 0 |
| Occupational Therapy | \$0 | -1,059,742 -633,191 |
| Optometry | -191,016 | \$0 |

| | <u>BRFA as Introduced</u> | <u>BRFA as Amended</u> |
|-------------------------------------|----------------------------------|---|
| Pharmacy | 0 | 0 |
| Physical Therapy | -284,592 | 0 |
| Physicians | -1,570,750 | -1,570,750 |
| Podiatric | 0 | 0 |
| Psychologists | 0 | -946,269 -465,315 |
| Social Work | -408,218 | 0 |
| Total Fund Balance Transfers | -\$4,017,728 | -9,489,874 -6,933,700 |

Explanation: A proposed action in the BRFA of 2025 as introduced authorizes the Governor to transfer a total of \$4,017,728 from the fund balances of nine health professional licensing boards to the Behavioral Health Administration (BHA) within the Maryland Department of Health, so long as the fund balance transfers occur by June 30, 2026. The provision was amended by the House to increase the transfer by \$5,472,146 to a total transfer of \$9,489,874. This action reduces the authorized fund balance transfers, as amended, from various health professional boards and commissions to BHA by \$2,556,174, resulting in a total transfer of \$6,933,700 in special funds to BHA.

DLS Recommendation

M00Q01 Medical Care Programs Administration Maryland Department of Health

Budget Language

M00Q01.03 Medical Care Provider Reimbursements

Add the following language to the general fund appropriation:

Further provided that this appropriation shall be reduced by \$25,000,000 contingent upon the enactment of legislation authorizing the use of funds received from litigation related to the enforcement of the Master Settlement Agreement to support Medicaid expenses.

Explanation: Chapters 41 and 42 of 2021 require payments received by the State as a result of litigation related to Maryland's enforcement of State law regarding the Master Settlement Agreement (MSA) to go into a separate account from the Cigarette Restitution Fund. This language reduces \$25.0 million in general funds under the Medicaid program contingent on the enactment of legislation authorizing the use of funds received from litigation related to the enforcement of the MSA to support Medicaid expenses.

BRFA Amendment

Provision: Amend Section 9-20B-05(i) of the State Government Article to expand the allowable uses of Alternative Compliance Payments for fiscal 2026 only to allow a total of \$100 million to be used for solar development on State government property and local government clean energy projects

Explanation: Supplemental Budget No. 1 realigned \$100.0 million of funds originally appropriated in the Dedicated Purpose Account from Alternative Compliance Payments (ACP) to the Maryland Energy Administration (\$50.0 million) for local government clean energy projects and the Maryland Department of Transportation (\$50.0 million) for solar development on State government property. Alternative Compliance Payment allowable uses are limited to the creation of either solar or Tier 1 renewable energy sources (depending on the source of the ACP) in the State that are owned or directly benefit low and moderate income communities or households and for solar ACP overburdened or underserved communities. As described, the projects do not directly benefit these communities and so this provision would expand the allowable uses of the funds in fiscal 2026 only to allow these funds to be spent as intended.

BRFA Amendment

Amend Section 2-1230 of the State Government Article

2-1230

(f) (1) “Unit” includes each State department, agency, unit, and program, including each CLERK of COURT, EACH register of wills and each local school system.

(2) “Unit” does not include a department, an agency, or a unit in the Legislative [or Judicial] Branch of State government.

Explanation: This action would amend Section 2-1230 of the State Government article by removing the Judicial branch from the list of entities not subject to review by the Office of Program Evaluation and Government Accountability.

BRFA Amendment

Additional Transportation Revenues

Description of Provisions:

- Alter rental car registration fees to be consistent with the vehicle registration fee for the class of car to which it belongs.

- Establish a \$5 fee for the purchase of each new tire

Explanation: Increasing the registration fee for rental cars to the level equivalent for the class of car to which it belongs is expected to generate \$3 million in revenue to the Transportation Trust Fund (TTF). Establishing a \$5 per tire fee for the purchase of new tires is expected to generate approximately \$24 million of revenue to the TTF in fiscal 2026.

BRFA Amendment

Transportation Revenue Modification

House Provision: Increase the vehicle excise tax to 6.8%

Description of Modification: Phase in over two years an increase in the vehicle excise tax with an increase to 6.35% in fiscal 2026 and 6.5% in fiscal 2027 and thereafter.

Explanation: This action modifies a provision adopted by the House to phase-in an increase to the vehicle tax credit over two years, but have a lower overall increase of 6.5% rather than 6.8%.

BRFA
Amendment to HB 352

Health General 15-103

(a) (1) The Secretary shall administer the Maryland Medical Assistance Program.

(2) The Program:

(ix) Beginning on January 1, 2014, shall provide, subject to the limitations of the State budget, and as permitted by federal law, medical care and other health care services for adults whose annual household income is at or below 133 percent of the poverty level. **If the federal Medical Assistance match rate decreases to 80 percent or less for adults who qualified for a 90 percent federal Medical Assistance match on January 1, 2025, the program shall discontinue coverage within 120 days for adults who qualified for a 90 percent federal Medical Assistance match and whose annual household income is between 100 percent and 133 percent of the poverty level.**

If the federal Medical Assistance match rate decreases to 50 percent or less for adults who qualified for a 90 percent federal Medical Assistance match on January 1, 2025, the program shall discontinue coverage within 120 days for all adults who qualified for a 90 percent federal Medical Assistance match.

Explanation: Effective January 1, 2014, Medicaid coverage expanded to persons below 138% of the federal poverty level, as authorized in the Affordable Care Act (ACA). The State receives an enhanced federal Medical Assistance percentage (FMAP) for this population that is currently set at 90% and has previously ranged from 90% to 98%. This action adds a provision to the Budget Reconciliation and Financing Act of 2025 to amend statute to specify that (1) coverage under the Medical Assistance program (Medicaid) must be discontinued for adults enrolled under the ACA expansion with household incomes between 100% and 138% of the federal poverty level if the FMAP decreases to 80% or below for that population, effective within 120 days of the reduction in the FMAP and (2) coverage under Medicaid must be discontinued for all adults enrolled under the ACA expansion if the FMAP decreases to 50% or below for that population, effective within 120 days of the reduction in the FMAP.

M00Q01
Medical Care Programs Administration
Maryland Department of Health

Budget Amendment

M00Q01.03 Medical Care Provider Reimbursements

Add the following language to the general fund appropriation:

Further provided that \$247,979,114 of this appropriation made for the purpose of providing medical care and other health care services for adults covered in the Medicaid program under the Affordable Care Act (ACA) expansion may be expended only for that purpose or, contingent on the discontinuation of Medicaid coverage for individuals in the ACA expansion population in accordance with the Budget Reconciliation and Financing Act of 2025, may be used only for the purpose of providing assistance for medical care expenses and health insurance costs, including subsidies for health insurance plans provided through the Maryland Health Benefit Exchange, to adults under the ACA expansion who are disenrolled from Medicaid. Funds not expended for these restricted purposes may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: Effective January 1, 2014, Medicaid coverage expanded to persons below 138% of the federal poverty level, as authorized in the federal ACA. This language restricts general funds budgeted to provide Medicaid coverage of adults enrolled under the ACA expansion to be used for that purpose. If Medicaid coverage for individuals in this population is discontinued due to a provision in the Budget Reconciliation and Financing Act of 2025, this language allows general funds that are budgeted to serve this population to be used to provide assistance for medical care expenses and health insurance costs, including subsidies for health insurance plans provided through the Maryland Health Benefit Exchange, to adults under the ACA expansion who are disenrolled from Medicaid.

Add the following language to the federal fund appropriation:

, provided that \$2,231,812,027 of this appropriation made for the purpose of providing medical care and other health care services for adults covered in the Medicaid program under the Affordable Care Act expansion may be expended only for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.

Explanation: Effective January 1, 2014, Medicaid coverage expanded to persons below 138% of the federal poverty level, as authorized in the federal Affordable Care Act (ACA). This language restricts federal funds budgeted to provide Medicaid coverage of adults enrolled under the ACA expansion to be used for that purpose only. If Medicaid coverage for individuals in this population is discontinued due to a provision in the Budget Reconciliation and Financing Act of 2025, the remaining federal funds that are budgeted for this purpose would be canceled.

BRFA
Amendment to HB 352

Health General 15-103

- (a) (1) The Secretary shall administer the Maryland Medical Assistance Program.
- (2) The Program:
 - (i) subject to the limitations of the State budget, shall provide medical and other health care services for indigent individuals or medically indigent individuals or both. **If federal fund support for the Medical Assistance Program and Children’s Health Insurance Program is determined through a block grant or per capita calculation, within 90 days of the determination or estimate of the State’s allocation under the new financing mechanism, the Secretary of Budget and Management shall certify whether the State’s allocation will result in a reduction of at least 5% in revenues compared to the fiscal 2026 budget appropriation for the Medical Assistance Program (Medicaid) and Maryland Children’s Health Program (MCHP). If the Secretary certifies a reduction of at least 5% in federal revenue, within 30 days of the certification, the Maryland Department of Health shall submit a plan to the Legislative Policy Committee to reduce State funds for the Medicaid and MCHP by the amount of reduced federal revenue.**

Explanation: This action adds a provision to the Budget Reconciliation and Financing Act of 2025 to amend statute to specify that, within 90 days of determination of the State allocation of federal support through Medicaid and MCHP through a block grant or per capita calculation, the Secretary of Budget and Management must certify whether the State’s federal fund allocation will result in a reduction of at least 5% of revenues through Medicaid and MCHP. The provision also requires that within 30 days of this certification, the Maryland Department of Health must submit a plan to the Legislative Policy Committee to reduce State funds budgeted for Medicaid and MCHP by the same amount as the reduced federal revenue.