

Decision Document

**Senate Budget and Taxation Committee
Full Committee
2025 Session**

A15000
Payments to Civil Divisions of the State

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Concur with Governor's allowance.

Concur.

Adopt.

B75A01
General Assembly of Maryland

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Concur with the budget as approved by the Legislative Policy Committee.

Concur.

Adopt.

D38I01
State Board of Elections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Delete special funds for the Voter Registration and Election Administration Modernization Major Information Technology Development Project (MITDP). Considering recent delays in ongoing MITDPs managed by the State Board of Elections, this project should be deferred.	-\$ 470,746 SF		Disagree - The agency responds that the current voter registration system will soon be twenty years in service and requires immediate modernization to support post-2030 census redistricting activities.	Adopt.	
2. Adopt the following narrative:			Concur.	Adopt.	

Quarterly Reports on all Major Information Technology Development Projects (MITDP): The State Board of Elections (SBE) is currently implementing three MITDPs for a statewide pollbook system replacement, new voting system, and a new Campaign Reporting Information System. The committees remain interested in monitoring the progress of SBE’s implementation of the MITDPs. The committees request that SBE submit quarterly reports on all MITDP activities and expenditures separately for each of the three projects through their completion. Each report should include the following for each project:

- a description of activities undertaken in the quarter, complete with dates identifying whether project milestones were achieved or if delays were experienced and an assessment of the resulting effect that any delays experienced in the quarter have on the project’s overall timeline;
- actual project spending in each month of the quarter and any updates on total estimated project costs; and
- an assessment of future risks to the project’s timeline and how SBE plans to mitigate those risks.

D38I01
State Board of Elections

Information Request	Author	Amount <u>Change</u>	Position <u>Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
			Due Date			
Quarterly report on all MITDPs	SBE		July 15, 2025 October 15, 2025 January 15, 2026 April 15, 2026			

D38I01
State Board of Elections

Additional First House Actions

Amount
Change

Position
Change

Agency Response Hearing Notes

House
Decisions

Senate
Decisions

1. Adopt the following narrative:

Adopt.

Major Information Technology Development Project (MITDP) Readiness for Upcoming Elections: The committees are interested in the readiness and timing of implementation of the Statewide Pollbook Modernization MITDP and the New Voting System MITDP managed by the State Board of Elections (SBE) for the upcoming calendar 2026 midterm elections and calendar 2028 presidential election. The committees request that SBE submit a report discussing MITDP details related to the vendors contracted for the development and implementation of the projects and how likely these projects are to be ready for the calendar 2026 midterm election and calendar 2028 presidential election. Additionally, the report should discuss the components of each project that are likely to be ready and usable for those elections and the components that are not expected to be completed in time to be used for those elections. The report should also include potential issues with the MITDPs related to security for voters, polling place security, electoral integrity, and strategies to mitigate those issues.

Information Request	Author	Due Date
Report on MITDP readiness for upcoming elections	SBE	November 1, 2025

E50C
State Department of Assessments and Taxation

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Add the following language:

Adopt.

Provided that \$10,000,000 in general funds made for the purpose of general operating expenses is reduced contingent upon enactment of legislation expanding the allowable use of expedited service fees collected by the State Department of Assessments and Taxation (SDAT). The Director of SDAT is authorized to allocate this reduction across programs within SDAT.

Explanation: This action reduces \$10.0 million from the fiscal 2026 general fund appropriation for general operating expenses contingent on the enactment of legislation. The Budget Reconciliation and Financing Act of 2025 includes a provision expanding the use of the Expedited Service Fund to support up to \$11.0 million for general operating costs in fiscal 2026 and 2027 only.

F10A
Department of Budget and Management — Secretary

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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|------------------------------------------------------------------|---------|--------|
| 1. Add the following language to the general fund appropriation: | Concur. | Adopt. |
|------------------------------------------------------------------|---------|--------|

, provided that \$200,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Budget and Management submits a report on the expenditure of federal funds available through the American Rescue Plan Act award for the State Fiscal Relief Fund (SFRF) program. The report shall include a table listing the amount available to the State through each SFRF grant, the amount expended for each fiscal year, and the remaining balance. The report shall identify the reasons why any funds are expected to expire prior to use. The report shall be submitted by September 15, 2025, and the budget committees shall have 45 days from the date of receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: Appendix R of the Governor’s Fiscal 2026 Budget Highlights Book showed unexpended balances in federal SFRF monies totaling \$330 million. This language requires an update on SFRF spending to increase transparency and oversight of federal fund spending and maximize utilization of available resources.

Information Request	Author	Due Date
SFRF grant balances	Department of Budget and Management	September 15, 2025

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|------------------------------------------------------------------|---------|--------|
| 2. Add the following language to the general fund appropriation: | Concur. | Adopt. |
|------------------------------------------------------------------|---------|--------|

Further provided that \$150,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Budget and Management (DBM) submits a report describing planned performance measures for the Audit and Finance Compliance Unit (AFCU) by August 15, 2025. The performance measures shall be developed in consultation with the Managing for Results (MFR) Guidebook and shall include goals and objectives that correspond to core unit activities.

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It is the intent of the budget committees that performance measures for AFCU identified in this report be included in the fiscal 2027 MFR submission of DBM and future submissions. The budget committees shall have 45 days from the date of receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: AFCU was expanded to provide enhanced technical support to State agencies facing repeat audit findings, fiscal crises, and other financial management or audit compliance issues. No measures have been reported so far on activities, outputs, or outcomes of the unit, which could have a significant impact on the financial management and audit compliance needs of State agencies.

Information Request	Author	Due Date
Performance measures related to AFCU	DBM	August 15, 2025

3. Adopt the following narrative:

Report on Efforts to Improve Training, Recruitment, and Retention of Fiscal Staff: A number of agencies made significant errors during the fiscal 2024 closeout or failed to disclose pertinent information to the General Accounting Division. The Office of Legislative Audits review of Statewide closeout transactions revealed that several State agencies faced significant difficulties in properly managing federal funds during the fiscal 2024 closeout, leading to discrepancies and unreported financial shortfalls. These findings underscore the need for a comprehensive review of financial management practices across State agencies, with a particular focus on improving training, recruitment, and retention of fiscal staff to strengthen accountability, reduce errors, and enhance the integrity of the budget closeout process. The budget committees request that the Department of Budget and Management (DBM) submit a report by August 1, 2025, detailing their efforts to address these issues, improve fiscal oversight, and ensure timely and accurate closeout documentation. The report should address the current status of and future improvements to training, recruitment, retention, processes,

Concur in part. DBM concurs that there is an issue related to training, recruitment, and retention of fiscal staff in State agencies, but disagrees that DBM is in the role to fix the problem. Adopt.

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Department of Budget and Management — Secretary

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technologies, interagency collaboration, response to noncompliance, and other measures to ensure timeliness and accuracy of fiscal information.

Information Request	Author	Due Date
Efforts to improve training, recruitment, and retention of fiscal staff	DBM	August 1, 2025

4. Adopt the following narrative: Concur. Adopt.

Submission of Select Budget Detail: The committees request that the Department of Budget and Management (DBM) submit complete fiscal 2027 subobject detail by program for Comptroller Objects 08 and 12 by the third Wednesday of January 2026 in an electronic format subject to the concurrence of the Department of Legislative Services.

Information Request	Author	Due Date
Comptroller Objects 08 and 12 budget detail	DBM	Third Wednesday of January 2026

5. Amend the following section: Disagree. Adopt.

SECTION 2. AND BE IT FURTHER ENACTED, That in order to carry out the provisions of these appropriations the Secretary of Budget and Management is authorized:

- (a) To allot all or any portion of the funds herein appropriated to the various departments, boards, commissions, officers, schools and institutions by monthly, quarterly or seasonal periods and by objects of expense ~~and may place any funds appropriated but not allotted in contingency reserve available for subsequent allotment. Upon the Secretary's own initiative or upon the request of the head of any State~~

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agency, the Secretary may authorize a change in the amount of funds so allotted.

The Secretary shall, before the beginning of the fiscal year, file with the Comptroller of the Treasury ~~a schedule of allotments, if any, a list limited to the appropriations restricted in this Act to be placed in contingency reserve.~~ The Comptroller shall not authorize any expenditure or obligation in excess of the allotment made and any expenditure so made shall be illegal.

- ~~(b)~~ To allot all or any portion of funds coming into the hands of any department, board, commission, officer, school and institution of the State, from sources not estimated or calculated upon in the budget.
- ~~(c)~~ (b) To fix the number and classes of positions, including temporary and permanent positions, or person years of authorized employment for each agency, unit, or program thereof, not inconsistent with the Public General Laws in regard to classification of positions. The Secretary shall make such determinations before the beginning of the fiscal year and shall base them on the positions or person years of employment authorized in the budget as amended by approved budgetary position actions. No payment for salaries or wages nor any request for or certification of personnel shall be made except in accordance with the Secretary's determinations. At any time during the fiscal year the Secretary may amend the number and classes of positions or person years of employment previously fixed by the Secretary; the Secretary may delegate all or part of this authority. The governing boards of public institutions of higher education shall have the authority to transfer positions between programs and campuses under each institutional board's jurisdiction without the approval of the Secretary, as provided in Section 15-105 of the Education Article.
- ~~(d)~~ (c) To prescribe procedures and forms for carrying out the above provisions.

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Explanation: This language limits the amount of appropriations that can be placed into contingency reserve to only those items restricted by the Maryland General Assembly.

6. Amend the following section:

Disagree.

Adopt.

SECTION 17. AND BE IT FURTHER ENACTED, That funds appropriated to the various State agency programs and subprograms in Comptroller Objects 0152 (Health Insurance), 0154 (Retirees Health Insurance Premiums), 0175 (Workers' Compensation), 0217 (Health Insurance), 0305 (Department of Budget and Management Paid Telecommunications), 0839 (Human Resources Shared Services), 0874 (Office of Attorney General Administrative Fee), 0876 (Department of Information Technology Information Technology Services Allocation), 0894 (State Personnel System Allocation), 0897 (Enterprise Budget System Allocation), and 1303 (rent paid to the Department of General Services) are to be utilized for their intended purposes only. ~~The expenditure or transfer of these funds for other purposes requires the prior approval of the Secretary of Budget and Management.~~ Notwithstanding any other provision of law, the Secretary of Budget and Management may transfer amounts appropriated in Comptroller Objects 0152, 0154, 0217, 0305, and 0876 between State departments and agencies by approved budget amendment in fiscal 2025 and 2026. All funds budgeted in or transferred to Comptroller Objects 0152 and 0154 and any funds restricted in this budget for use in the employee and retiree health insurance program that are unspent shall be credited to the fund as established in accordance with Section 2-516 of the State Personnel and Pensions Article.

Further provided that each agency that receives funding in this budget in any of the restricted Comptroller Objects listed within this section shall establish within the State's accounting system a structure of accounts to separately identify for each restricted Comptroller Object, by fund source, the legislative appropriation, monthly transactions, and final expenditures. It is the intent of the General Assembly that an accounting detail be established so that the Office of Legislative Audits may review the disposition of funds appropriated for each restricted Comptroller Object as part of each closeout audit to ensure that funds are used only for the purposes for which they are restricted and that unspent funds are reverted or canceled.

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Department of Budget and Management — Secretary

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Explanation: This language pertaining to restricted objects of expenditures is amended to disallow transfers to other purposes and makes it possible for the Office of Legislative Audits to track the disposition of funds in restricted statewide subobjects.

7. Add the following section: Concur. Adopt.

Section 22 Executive Long-term Forecast

SECTION 22. AND BE IT FURTHER ENACTED, That the Governor’s budget books shall include a forecast of the impact of the executive budget proposal on the long-term fiscal condition of the General Fund, the Transportation Trust Fund, the Blueprint for Maryland’s Future Fund, and higher education Current Unrestricted Fund accounts. This forecast shall estimate aggregate revenues, expenditures, and fund balances in each account for the fiscal year last completed, the current year, the budget year, and four years thereafter. Expenditures shall be reported at such agency, program or unit levels, or categories as may be determined appropriate after consultation with the Department of Legislative Services. A statement of major assumptions underlying the forecast shall also be provided including, but not limited to, general salary increases, inflation, and growth of caseloads in significant program areas.

Explanation: This annual language provides for the delivery of the Executive’s General Fund, transportation, Blueprint for Maryland’s Future Fund, and higher education forecasts and defines the conditions under which it is to be provided.

Information Request	Author	Due Date
Executive forecasts	Department of Budget and Management	With submission of the Governor’s Fiscal 2027 Budget Books

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8. Add the following section:	Concur.	Adopt.
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Section 23 Across-the-board Reductions and Higher Education

SECTION 23. AND BE IT FURTHER ENACTED, That all across-the-board reductions applied to the Executive Branch, unless otherwise stated, shall apply to current unrestricted and general funds in the University System of Maryland, St. Mary’s College of Maryland, Morgan State University, and Baltimore City Community College.

Explanation: This section explicitly applies reductions intended for the full Executive Branch to the University System of Maryland, St. Mary’s College of Maryland, Morgan State University, and Baltimore City Community College unless their exclusion is specifically stated.

9. Add the following section:	Concur.	Adopt.
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Section 24 Reporting Federal Funds

SECTION 24. AND BE IT FURTHER ENACTED, That the Governor’s budget books shall include a summary statement of federal revenues by major federal program sources supporting the federal appropriations made therein along with the major assumptions underpinning the federal fund estimates. The Department of Budget and Management (DBM) shall exercise due diligence in reporting this data and ensure that they are updated as appropriate to reflect ongoing congressional action on the federal budget. In addition, DBM shall provide to the Department of Legislative Services (DLS) data for the actual, current, and budget years listing the components of each federal fund appropriation by Catalog of Federal Domestic Assistance number or equivalent detail for programs not in the catalog. Data shall be provided in an electronic format subject to the concurrence of DLS.

Explanation: This annual language provides for consistent reporting of federal monies received by the State.

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Information Request		Author	Due Date		
Reporting components of each federal fund appropriation		DBM	With submission of the Governor’s Fiscal 2027 Budget Books		
10. Add the following section:				Concur.	Adopt.

Section 25 Federal Fund Spending

SECTION 25. AND BE IT FURTHER ENACTED, That in the expenditure of federal funds appropriated in this budget or subsequent to the enactment of this budget by the budget amendment process:

- (1) State agencies shall administer these federal funds in a manner that recognizes that federal funds are taxpayer dollars that require prudent fiscal management, careful application to the purposes for which they are directed, and strict attention to budgetary and accounting procedures established for the administration of all public funds.
- (2) For fiscal 2026, except with respect to capital appropriations, to the extent consistent with federal requirements:
 - (a) when expenditures or encumbrances may be charged to either State or federal fund sources, federal funds shall be charged before State funds are charged except that this policy does not apply to the Department of Human Services with respect to federal Temporary Assistance for Needy Families funds to be carried forward into future years;
 - (b) when additional federal funds are sought or otherwise become available in the course of the fiscal year, agencies shall consider, in consultation with the Department of Budget and Management (DBM), whether

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opportunities exist to use these federal revenues to support existing operations rather than to expand programs or establish new ones; and

(c) DBM shall take appropriate actions to effectively establish the provisions of this section as policies of the State with respect to the administration of federal funds by executive agencies.

Explanation: This annual language defines the policies under which federal funds shall be used in the State budget.

11. Add the following section:

Concur.

Adopt.

Section 26 Reporting on Budget Data and Organizational Charts

SECTION 26. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that all State departments, agencies, bureaus, commissions, boards, and other organizational units included in the State budget, including the Judiciary, shall prepare and submit items for the fiscal 2027 budget detailed by Comptroller subobject classification in accordance with instructions promulgated by the Comptroller of Maryland. The presentation of budget data in the Governor’s budget books shall include object, fund, and personnel data in the manner provided for in fiscal 2026 except as indicated elsewhere in this Act; however, this may not preclude the placement of additional information into the budget books. For actual fiscal 2025 spending, the fiscal 2026 working appropriation, and the fiscal 2027 allowance, the budget detail shall be available from the Department of Budget and Management (DBM) automated data system at the subobject level by subobject codes and classifications for all agencies. To the extent possible, except for public higher education institutions, subobject expenditures shall be designated by fund for actual fiscal 2025 spending, the fiscal 2026 working appropriation, and the fiscal 2027 allowance. The agencies shall exercise due diligence in reporting this data and ensuring correspondence between reported position and expenditure data for the actual, current, and budget fiscal years. This data shall be made available on request and in a format subject to the concurrence of the Department of Legislative Services (DLS). Further, the expenditure of appropriations shall be

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reported and accounted for by the subobject classification in accordance with the instructions promulgated by the Comptroller of Maryland.

Further provided that due diligence shall be taken to accurately report full-time equivalent (FTE) counts of contractual FTEs in the budget books. For the purpose of this count, contractual FTEs are defined as those individuals having an employee-employer relationship with the State. This count shall include those individuals in higher education institutions who meet this definition but are paid with additional assistance funds.

Further provided that DBM shall provide to DLS with the allowance for each department, unit, agency, office, and institution, a one-page organizational chart in Microsoft Word or Adobe PDF format that depicts the allocation of personnel across operational and administrative activities of the entity.

Further provided that for each across-the-board reduction to appropriations or positions in the fiscal 2027 Budget Bill affecting fiscal 2026 or 2027, DBM shall allocate the reduction for each agency in a level of detail not less than the three-digit R*Stars financial agency code and by each fund type.

Further provided that DBM shall provide to DLS special and federal fund accounting detail for the fiscal year last completed, current year, and budget year for each fund. The account detail, to be submitted with the allowance, should at a minimum provide revenue and expenditure detail, along with starting and ending balances.

Further provided that DBM shall provide to DLS by September 1, 2025, a list of subprograms used by each department, unit, agency, office, and institution, along with a brief description of the subprograms' purpose and responsibilities.

Explanation: This annual language provides for consistent reporting of fiscal 2025, 2026, and 2027 budget data and provides for the submission of department, unit, agency, office, and institutions' organizational charts to DLS with the allowance. It also requires DBM to allocate across-the-board reductions to positions or funding to ensure transparency in budget allocations.

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		<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
Information Request	Author		Due Date			
Agency organizational charts and special and federal fund accounting detail	DBM		With submission of the Governor's Fiscal 2027 Budget Books			
List of subprograms	DBM		September 1, 2025			
12. Add the following section:				Concur.		Adopt.

Section 27 Interagency Agreements

SECTION 27. AND BE IT FURTHER ENACTED, That on or before August 1, 2025, each State agency and each public institution of higher education shall report to the Department of Budget and Management (DBM) any agreements in place for any part of fiscal 2025 between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 over the term of the agreement. Further provided that DBM shall provide direction and guidance to all State agencies and public institutions of higher education as to the procedures and specific elements of data to be reported with respect to these interagency agreements, to include at a minimum:

- (1) a common code for each interagency agreement that specifically identifies each agreement and the fiscal year in which the agreement began;
- (2) the starting date for each agreement;
- (3) the ending date for each agreement;
- (4) a total potential expenditure, or not-to-exceed dollar amount, for the services to be rendered over the term of the agreement by any public institution of higher education to any State agency;

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(5)						
(6)						
(7)						
(8)						
(9)						
(10)						
(11)						
(12)						
(13)						

Further provided that DBM shall submit a consolidated report to the budget committees and the Department of Legislative Services by December 1, 2025, that contains information on all agreements between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 that were in effect at any time during fiscal 2025.

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Further provided that no new higher education interagency agreement with State agencies with a projected value in excess of \$500,000 may be entered into during fiscal 2026 without prior approval of the Secretary of Budget and Management.

Explanation: This annual language requires DBM to report on all interagency agreements between State agencies and public institutions of higher education having a total potential expenditure over the term of the agreement in excess of \$100,000. This applies only to agreements for the purchase of goods and/or services and does not apply to grants or space agreements. Further, it requires that no new higher education interagency agreement with State agencies with a projected value in excess of \$500,000 be entered into during fiscal 2026 without prior approval of the Secretary of Budget and Management.

Information Request	Author	Due Date
Consolidated report on interagency agreements	DBM	December 1, 2025

13. Add the following section:

Section 28 Budget Amendments

SECTION 28. AND BE IT FURTHER ENACTED, That any budget amendment to increase the total amount of special, federal, or higher education (current restricted and current unrestricted) fund appropriations, or to make reimbursable fund transfers from the Governor’s Office of Crime Prevention and Policy or the Maryland Department of Emergency Management made in Section 1 of this Act shall be subject to the following restrictions:

- (1) This section may not apply to budget amendments for the sole purpose of:
 - (a) appropriating funds available as a result of the award of federal disaster assistance; and

Concur in part. DBM agrees to work with agencies and try to ensure that all budget amendments are submitted prior to October 31, but requests flexibility for extraordinary circumstances. Adopt.

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Department of Budget and Management — Secretary

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(b)						
<u>transferring funds from the State Reserve Fund – Economic Development Opportunities Account for projects approved by the Legislative Policy Committee (LPC).</u>						
(2)						
<u>Budget amendments increasing total appropriations in any fund account by \$100,000 or more may not be approved by the Governor until:</u>						
(a)						
<u>that amendment has been submitted to the Department of Legislative Services (DLS); and</u>						
(b)						
<u>the budget committees or LPC has considered the amendment or 45 days have elapsed from the date of submission of the amendment. Each amendment submitted to DLS shall include a statement of the amount, sources of funds and purposes of the amendment, and a summary of the impact on regular position or contractual full-time equivalent payroll requirements.</u>						
(3)						
<u>Unless permitted by the budget bill or the accompanying supporting documentation or by any other authorizing legislation, and notwithstanding the provisions of Section 3 216 of the Transportation Article, a budget amendment may not:</u>						
(a)						
<u>restore funds for items or purposes specifically denied by the General Assembly;</u>						
(b)						
<u>fund a capital project not authorized by the General Assembly provided, however, that subject to provisions of the Transportation Article, projects of the Maryland Department of Transportation (MDOT) shall be restricted as provided in Section 1 of this Act;</u>						
(c)						
<u>increase the scope of a capital project by an amount 7.5% or more over the approved estimate or 5.0% or more over the net square footage of the approved project until the amendment has been submitted to DLS, and the budget committees have considered and</u>						

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Department of Budget and Management — Secretary

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						<p><u>offered comment to the Governor, or 45 days have elapsed from the date of submission of the amendment. This provision does not apply to MDOT; and</u></p>
						<p>(d) <u>provide for the additional appropriation of special, federal, or higher education funds of more than \$100,000 for the reclassification of a position or positions.</u></p>
(4)						<p><u>A budget may not be amended to increase a federal fund appropriation by \$100,000 or more unless documentation evidencing the increase in funds is provided with the amendment and fund availability is certified by the Secretary of Budget and Management.</u></p>
(5)						<p><u>No expenditure or contractual obligation of funds authorized by a proposed budget amendment may be made prior to approval of that amendment by the Governor.</u></p>
(6)						<p><u>Notwithstanding the provisions of this section, any federal, special, or higher education fund appropriation may be increased by budget amendment upon a declaration by the Board of Public Works that the amendment is essential to maintaining public safety, health, or welfare, including protecting the environment or the economic welfare of the State.</u></p>
(7)						<p><u>Budget amendments for new major information technology projects, as defined by Sections 3A 301 and 3A 302 of the State Finance and Procurement Article, must include an Information Technology Project Request, as defined in Section 3A 308 of the State Finance and Procurement Article.</u></p>
(8)						<p><u>Further provided that the fiscal 2026 appropriation detail as shown in the Governor’s budget books submitted to the General Assembly in January 2026 and the supporting electronic detail may not include appropriations for budget amendments that have not been signed by the Governor, exclusive of the MDOT pay-as-you-go capital program.</u></p>

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Department of Budget and Management — Secretary

		<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(9)	<u>Further provided that it is the policy of the State to recognize and appropriate additional special, higher education, and federal revenues in the budget bill as approved by the General Assembly. Further provided that for the fiscal 2027 allowance, the Department of Budget and Management shall continue policies and procedures to minimize reliance on budget amendments for appropriations that could be included in a deficiency appropriation.</u>					
(10)	<u>Further provided that budget amendments submitted for a fiscal year that has ended must be submitted to the budget committees no later than October 31 of the next fiscal year to be considered for approval.</u>					

Explanation: This annual language defines the process under which budget amendments may be used.

14. Add the following section:

Concur.

Adopt.

Section 29 Maintenance of Accounting Systems

SECTION 29. AND BE IT FURTHER ENACTED, That:

- (1) The Secretary of Health shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2025 in program M00Q01.03 Medical Care Provider Reimbursements and M00Q01.10 Medicaid Behavioral Health Provider Reimbursements have been disbursed for services provided in that fiscal year and shall prepare and submit the monthly reports by fund type required under this section for that program.

- (2) The State Superintendent of Schools shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2025 to program R00A02.07 Students With Disabilities for nonpublic placements have been disbursed for services provided in that fiscal year and to prepare monthly reports as required under this section for that program.

F10A
Department of Budget and Management — Secretary

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(3)						
<p><u>The Secretary of Human Services shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2025 in program N00G00.01 Foster Care Maintenance Payments have been disbursed for services provided in that fiscal year, including detail by placement type for the average monthly caseload, average monthly cost per case, and the total expended for each foster care program, and to prepare the monthly reports required under this section for that program.</u></p>						
(4)						
<p><u>For the programs specified, reports must indicate by fund type total appropriations for fiscal 2025 and total disbursements for services provided during that fiscal year up through the last day of the second month preceding the date on which the report is to be submitted and a comparison to data applicable to those periods in the preceding fiscal year.</u></p>						
(5)						
<p><u>Reports shall be submitted to the budget committees, the Department of Legislative Services, the Department of Budget and Management, and the Comptroller beginning August 15, 2025, and submitted on a monthly basis thereafter.</u></p>						
(6)						
<p><u>It is the intent of the General Assembly that general funds appropriated for fiscal 2025 to the programs specified that have not been disbursed within a reasonable period, not to exceed 12 months from the end of the fiscal year, shall revert.</u></p>						

Explanation: This annual language requires the maintenance of accounting systems for certain programs, states the intent of the General Assembly that general funds not disbursed be reverted, and requires reporting of disbursements by the Maryland Department of Health (MDH), the Maryland State Department of Education (MSDE), and the Department of Human Services (DHS).

F10A
Department of Budget and Management — Secretary

		<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
Information Request	Author						
Report on appropriations and disbursements in M00Q01.03, M00Q01.10, R00A02.07, and N00G00.01	MDH MSDE DHS			August 15, 2025, and monthly thereafter			

F10A02
Department of Budget and Management – Personnel

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Add the following language to the general fund appropriation:			Concur.		Adopt.	

, provided that \$100,000 of this appropriation made for the purpose of general administration may not be expended until the Department of Budget and Management submits quarterly reports on medical, dental, and prescription plan costs. Medical and dental reports shall provide utilization and cost data broken out by plans as well as actives, non-Medicare-eligible retirees, and Medicare-eligible retirees. The reports shall include utilization per 1,000 plan participants; unit cost and per member costs for hospital inpatient services; hospital outpatient services; professional inpatient services; professional outpatient services; and ancillary services, provided by the State’s health plans. Prescription reports shall provide information on the highest cost prescription drugs by category of treatment; the prescription drugs accounting for the largest increases in drug spending; the top 25 most costly individual prescription drugs in generic, brand, biologics, and specialty drug categories; recent drug patent expirations; and upcoming new drug patent approvals. Additionally, the reports shall include data on the cost drivers and drug trends by actives, non-Medicare retirees, and Medicare retirees. The first report shall be submitted no later than September 15, 2025, the second report shall be submitted by December 15, 2025, the third report shall be submitted by March 15, 2026, and the fourth report shall be submitted by June 15, 2026. The budget committees shall have 45 days from the date of the receipt of the second report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: In recent years, the State has implemented different strategies to contain medical and prescription costs. The budget committees have annually requested that the Department of Budget and Management (DBM) submit quarterly reports on plan performance of the State’s prescription, medical, and dental plans. DBM submitted three fiscal 2024 reports and one fiscal 2025 report late, impacting the ability of the legislature to accurately gauge prescription drug liabilities.

F10A02
Department of Budget and Management – Personnel

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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Information Request	Author	Due Date
Quarterly State medical, dental, and prescription drug plan performance reports	DBM	September 15, 2025 December 15, 2025 March 15, 2026 June 15, 2026

2. Adopt the following narrative: Concur. Adopt.

Health Insurance Account Closeout Report: The committees request a report on the fiscal 2025 closeout of the Employee and Retiree Health Insurance Account. This report shall include:

- the closing fiscal 2025 fund balance;
- the actual provider payments due in the fiscal year broken out by medical payments for active employees, medical payments for non-Medicare-eligible retirees, medical payments for Medicare-eligible retirees, prescription drug payments for active employees, prescription drug payments for non-Medicare-eligible retirees, and prescription drug payments for Medicare-eligible retirees;
- State employee and retiree contributions, broken out by active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees;
- an accounting of rebates, recoveries, and other costs, broken out into rebates, recoveries, and other costs associated with active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees;
- any closeout transactions processed after the fiscal year ended; and
- actual incurred but not received costs.

F10A02
Department of Budget and Management – Personnel

Information Request	Author	Due Date	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
Report on fiscal 2025 closeout data for the Employee and Retiree Health Insurance Account	Department of Budget and Management	October 1, 2025						
3. Reduce funding for the fiscal 2026 1% cost-of-living adjustment due to the collective impact of recent salary enhancements and the fiscal condition of the State.			-\$ 70,894,524 GF -\$ 12,871,394 SF -\$ 11,798,777 FF			Disagree. DBM advises that the State negotiated these increases with the representatives of the bargaining units. DBM feels strongly that the negotiated agreements should be honored, and this provision should not be modified.	Reject.	
4. Reduce funding for fiscal 2026 increments due to the collective impact of recent salary enhancements and the fiscal condition of the State.			-\$ 109,624,810 GF -\$ 17,364,538 SF -\$ 15,917,493 FF			Disagree. DBM advises that the State negotiated these increases with the representatives of the bargaining units. DBM feels strongly that the negotiated agreements should be honored, and this provision should not be modified.	Reject.	
5. Adopt the following narrative:						Concur.	Adopt.	

Funding of Supplemental Retirement Match: The fiscal 2026 budget includes a planned reversion of \$11.95 million in general funds for the Supplemental Retirement Match program. The Department of Budget and Management (DBM) has reported that agencies will not receive centralized funding in fiscal 2025 for the Supplemental Retirement Match program but will use savings from other areas of the budget. Additionally, no centralized funding is provided for the Supplemental Retirement Match in fiscal 2026. The budget committees request that DBM provide a report, due

F10A02
Department of Budget and Management – Personnel

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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September 15, 2025, that specifies the amount of the match contributed in fiscal 2025 and anticipated for fiscal 2026 and discuss the areas where savings were identified in agency budgets to support these costs. To increase transparency in the budgeting process, the committees also request that beginning with the fiscal 2027 submission, funding for the supplemental retirement match be accounted for within the budgets of State agencies in a subobject identified for this purpose.

Information Request	Author	Due Date
Accounting of vacancy savings and supplemental retirement match	DBM	September 15, 2025

6. Add the following section: Concur. Adopt.

Section 30 Positions Abolished in the Budget

SECTION 30. AND BE IT FURTHER ENACTED, That no position identification number assigned to a position abolished in this budget may be reassigned to a job or function different from that to which it was assigned when the budget was submitted to the General Assembly. Incumbents in positions abolished may continue State employment in another position.

Explanation: This language prevents employees from being moved into positions abolished in the budget. It also allows that incumbents in abolished positions may continue State employment in another position.

7. Add the following section: Concur. Adopt.

Section 31 Injured Workers’ Insurance Fund Accounts

SECTION 31. AND BE IT FURTHER ENACTED, That the General Accounting Division of the Comptroller of Maryland shall establish a subsidiary ledger control account to debit all State agency funds budgeted under subobject 0175 (Workers’ Compensation) and to credit all payments disbursed to the Injured Workers’ Insurance Fund (IWIF) via transmittal. The

F10A02
Department of Budget and Management – Personnel

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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control account shall also record all funds withdrawn from IWIF and returned to the State and subsequently transferred to the General Fund. IWIF shall submit monthly reports to the Department of Legislative Services concerning the status of the account.

Explanation: This section provides continuation of a system to track workers’ compensation payments to IWIF for payments of claims, current expenses, and funded liability for incurred losses by the State.

Information Request	Author	Due Date
Report on the status of ledger control account	IWIF	Monthly beginning July 1, 2025

8. Add the following section: Concur. Adopt.

Section 32 The “Rule of 100”

SECTION 32. AND BE IT FURTHER ENACTED, That the Board of Public Works (BPW), in exercising its authority to create additional positions pursuant to Section 7-236 of the State Finance and Procurement Article, may authorize during the fiscal year no more than 100 positions in excess of the total number of authorized State positions on July 1, 2025, as determined by the Secretary of Budget and Management. Provided, however, that if the imposition of this ceiling causes undue hardship in any department, agency, board, or commission, additional positions may be created for that affected unit to the extent that an equal number of positions authorized by the General Assembly for the fiscal year are abolished in that unit or in other units of State government. It is further provided that the limit of 100 does not apply to any position that may be created in conformance with specific manpower statutes that may be enacted by the State or federal government nor to any positions created to implement block grant actions or to implement a program reflecting fundamental changes in federal/State relationships. Notwithstanding anything contained in this section, BPW may authorize additional positions to meet public emergencies resulting from an act of God and violent acts of man that are necessary to protect the health and safety of the people of Maryland. BPW may authorize the creation

F10A02
Department of Budget and Management – Personnel

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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of additional positions within the Executive Branch provided that 1.25 contractual full-time equivalents (FTE) are abolished for each regular position authorized and that there be no increase in agency funds in the current budget and the next two subsequent budgets as the result of this action. It is the intent of the General Assembly that priority is given to converting individuals that have been in contractual FTEs for at least two years. Any position created by this method may not be counted within the limitation of 100 under this section. The numerical limitation on the creation of positions by BPW established in this section may not apply to positions entirely supported by funds from federal or other non-State sources so long as both the appointing authority for the position and the Secretary of Budget and Management certify for each position created under this exception that:

- (1) funds are available from non-State sources for each position established under this exception; and
- (2) any positions created will be abolished in the event that non-State funds are no longer available. The Secretary of Budget and Management shall certify and report to the General Assembly by June 30, 2026, the status of positions created with non-State funding sources during fiscal 2023 through 2026 under this provision as remaining, authorized, or abolished due to the discontinuation of funds.

Explanation: This annual language, the Rule of 100, limits the number of positions that may be added after the beginning of the fiscal year to 100 and provides exceptions to the limit.

Information Request	Author	Due Date
Certification of the status of positions created with non-State funding sources during fiscal 2023 through 2026	Department of Budget and Management	June 30, 2026

F10A02
Department of Budget and Management – Personnel

<u>Amount</u> <u>Change</u>	<u>Position</u> <u>Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House</u> <u>Decisions</u>	<u>Senate</u> <u>Decisions</u>
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9. Add the following section:

Concur.

Adopt.

Section 33 Annual Report on Authorized Positions

SECTION 33. AND BE IT FURTHER ENACTED, That immediately following the close of fiscal 2025, the Secretary of Budget and Management shall determine the total number of full-time equivalent (FTE) positions that are authorized as of the last day of fiscal 2025 and on the first day of fiscal 2026. Authorized positions shall include all positions authorized by the General Assembly in the personnel detail of the budgets for fiscal 2025 and 2026, including nonbudgetary programs, the Maryland Transportation Authority, the University System of Maryland self-supported activities, and Maryland Correctional Enterprises. The Department of Budget and Management shall also prepare a report during fiscal 2026 for the budget committees upon creation of regular FTE positions through Board of Public Works action and upon transfer or abolition of positions. It shall note, at the program level:

- (1) where regular FTE positions have been abolished;
- (2) where regular FTE positions have been created;
- (3) from where and to where regular FTE positions have been transferred; and
- (4) where any other adjustments have been made. Provision of contractual FTE information in the same fashion as reported in the appendices of the Governor’s Fiscal 2026 Budget Books shall also be provided.

Further provided that this report shall also be submitted as an appendix with the Governor’s Fiscal 2027 Budget Books, and that the report shall provide information that is consistent with information in the individual agency pages of the Budget Books and with data provided to the Department of Legislative Services.

Explanation: This annual language provides reporting requirements for regular positions and contractual FTEs.

F10A02
Department of Budget and Management – Personnel

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
Information Request		Author		Due Date		
Total number of FTEs on June 30, 2025, and July 1, 2025		Department of Budget and Management (DBM)		July 14, 2025		
Report on the creation, transfer, or abolition of regular positions		DBM		With the Governor’s fiscal 2027 budget submission and as needed		
10. Add the following section:			Concur.		Adopt.	

Section 34 Annual Report on Health Insurance Receipts and Spending

SECTION 34. AND BE IT FURTHER ENACTED, That the Secretary of Budget and Management shall include as an appendix in the Governor’s Fiscal 2027 Budget Books an accounting of the fiscal 2025 actual, fiscal 2026 working appropriation, and fiscal 2027 estimated revenues and expenditures associated with the employees’ and retirees’ health plan. The data in this report should be consistent with the budget data submitted to the Department of Legislative Services. This accounting shall include:

- (1) any health plan receipts received from State agencies, as well as prescription rebates or recoveries, or audit recoveries, and other miscellaneous recoveries;
- (2) any health plan receipts received from employees and retirees, broken out by active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees;
- (3) any premium, capitated, or claims expenditures paid on behalf of State employees and retirees for any health, mental health, dental, or prescription plan, as well as any administrative costs not covered by these plans, with health, mental health, and prescription drug expenditures broken out by medical payments for active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees, and prescription drug expenditures broken out by active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees; and

F10A02
Department of Budget and Management – Personnel

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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(4) any balance remaining and held in reserve for future provider payments.

Explanation: This language provides an accounting of the health plan revenues received and expenditures made on behalf of State employees and retirees. The language proposes that the language in the report be consistent with the budget data submitted with the budget bill.

Information Request	Author	Due Date
Accounting of the employee and retiree health plan revenues and expenditures	Department of Budget and Management	With the submission of the Governor’s Fiscal 2027 Budget Books

11. Add the following section:

Section 38 Vacancy Savings

SECTION 38. AND BE IT FURTHER ENACTED, That funds appropriated for salary and fringe adjustments and other personnel expenses are hereby reduced by \$59,611,402 in general funds, \$15,953,094 in special funds, and \$9,669,343 in federal funds to account for vacant positions. Funding shall be reduced from within programs in the Executive Branch, Legislative Branch, and Judicial Branch agencies in Section 1 of this Act in accordance with a schedule determined by the Governor, the Presiding Officers, and the Chief Judge.

Disagree. DBM is concerned that if the recommended reduction is taken, there will need to be a deficiency backfilling funds during fiscal 2026 as agencies face operating budget shortfalls.

Modify, see below.

Explanation: The fiscal 2026 allowance assumes employee turnover of 7.26% on average across Executive Branch agencies, excluding higher education. Vacancies in the first half of fiscal 2025 have been 10% of the total position allotment on average. This action increases the average budgeted turnover rate to 8.63%, approximately halfway between current and budgeted vacancies.

F10A02
Department of Budget and Management – Personnel

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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First House Modification

Add the following section:

Adopt.

Section 38 Vacancy Savings

SECTION 38. AND BE IT FURTHER ENACTED, That funds appropriated for salary and fringe adjustments and other personnel expenses are hereby reduced by \$109,611,402 in general funds, \$18,629,276 in special funds, and \$11,291,406 in federal funds to account for vacant positions. Funding shall be reduced from within programs in the Executive Branch, Legislative Branch, and Judicial Branch agencies in Section 1 of this Act in accordance with a schedule determined by the Governor, the Presiding Officers, and the Chief Judge.

Explanation: The fiscal 2026 allowance assumes employee turnover of 7.26% on average across Executive Branch agencies, excluding higher education. Vacancies in the first half of fiscal 2025 have been 10% of the total position allotment on average. This action increases the average budgeted turnover rate to 9.50%.

12. Add the following section:

Disagree.

Adopt.

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 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

Additional First House Actions

Amount
Change

Position
Change

Agency Response Hearing Notes

House
Decisions

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1. Adopt the following narrative:

Adopt.

Statewide Overtime Reports: The budget committees are concerned with the high level of spending on overtime across State agencies. It is the intent of the budget committees that the State reduce overtime hours worked and pay expended, as overtime earnings are more expensive than regular earnings. The budget committees request that the Department of Budget and Management submit two reports, due December 1, 2025 and May 1, 2026, on specific actions taken to work with agencies to reduce overtime. The reports should specifically address agencies with the highest amount of overtime hours and spending, including providing data on the current staffing levels and necessary staffing levels to eliminate or significantly reduce overtime. The reports should also address the financial impact of staffing shortfalls by comparing overtime expenses to the cost of filling the needed positions.

Information Request	Author	Due Date
Statewide overtime reports	Department of Budget and Management	December 1, 2025 May 1, 2026

2. Adopt the following narrative:

Adopt.

Job-Sharing Feasibility Study: The budget committees request that the Department of Budget and Management establish a comprehensive feasibility study of job-sharing arrangements in State government, examining technical, administrative, financial, and operational aspects of job-sharing. The study should apply generally to agencies in the State Personnel Management System and include feedback from the Maryland Department of Transportation. The report should include the following:

- Workday system capabilities regarding position sharing, including:

F10A02
Department of Budget and Management - Personnel

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<ul style="list-style-type: none"> • workarounds for benefits tracking, leave accrual, and payroll processing; and • the required system modifications and associated costs. 					
<ul style="list-style-type: none"> • Administrative process implications, including: <ul style="list-style-type: none"> • development of criteria for position eligibility; • performance evaluation frameworks for job-sharing employees; • leave management and scheduling coordination; and • change in workload on supervisors. 					
<ul style="list-style-type: none"> • Financial implications, including: <ul style="list-style-type: none"> • benefit costs for part-time employees at 50% full-time equivalent who remain eligible for full benefits; • potential additional costs or benefit per additional employee; • total projected costs across affected agencies; • estimated tax revenue impacts from maintaining employment that might otherwise be lost; and • comparison of benefits against the anticipated implementation costs. • Long-term positive financial outcomes stemming from retirement and health coverage for job-share employees’. 					

F10A02
Department of Budget and Management - Personnel

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<ul style="list-style-type: none"> ● Recruitment considerations, including: <ul style="list-style-type: none"> ● strategies for advertising shared and part-time positions; ● addressing possible issues about job sharing responsibilities; and ● analysis of historical challenges filling part-time professional roles. ● Organizational change management considerations for agency adoption of job-sharing arrangements, including: <ul style="list-style-type: none"> ● projected impact on employee morale and job satisfaction; ● potential reduction in attrition rates and associated cost savings from decreased recruitment and training expenses; and ● benefits of retaining a skilled and experienced workforce. ● Recommendations for successful implementation of a job-sharing program among State agencies. 					

It is the intent of the budget committees that the report also be submitted to the Governor.

Information Request	Author	Due Date
Job-sharing feasibility study	Department of Budget and Management	December 1, 2025

F10A02
Department of Budget and Management - Personnel

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
3. Add the following section:				Adopt.	

Section 40 Supplemental Statewide Funding Reduction

SECTION 40. AND BE IT FURTHER ENACTED, That for fiscal year 2026, the general fund appropriations in Section 1 of this Act for Executive Branch shall be reduced by \$97,000,000. This reduction may be allocated to any object or subobject of expenditure related to agency operations in accordance with a schedule determined by the Governor, except that the reduction shall not be applied to: (1) Debt Service; (2) K-12 Education; (3) the Maryland Department of Health Developmental Disabilities Administration; (4) the Department of Human Services Assistance Payments Program; or (5) Medical Assistance eligibility. The Department of Budget and Management shall submit detail on the allocation of these reductions by program, to the budget committees and the Department of Legislative Services by July 1, 2025.

Explanation: This action represents a placeholder for reductions expected in a Supplemental Budget No. 2.

Information Request	Author	Due Date
Reduction Detail	DBM	July 1, 2025

G20J01
State Retirement Agency

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Concur with Governor's allowance.

Concur.

Adopt.

G50L00
Maryland Supplemental Retirement Plans

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Concur with Governor's allowance.

Concur.

Adopt.

I00
Department of Service and Civic Innovation

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Reduce funding for a new customer relationship management system due to the fiscal condition of the State and the early stages of implementing Maryland Corps.	-\$ 1,038,500 GF		Disagree – DSCI anticipates the software will reduce inefficiencies and improve communication and compliance more broadly for the department.	Reject.	
2. Reduce 21 new positions and \$1,658,223 in funding corresponding to 17 admin officer III positions (\$1,351,723), 2 administrator II positions (\$143,598), and 2 administrator IV positions (\$162,903). This action reduces general funds provided for Young Adult Service Year Option Pathway grants and requires that special funds that are currently allocated for 21 positions be used to backfill the reduced grant funding. This action recognizes that existing administrator vacancies should be used in lieu of adding new administrator positions. This action maintains an increase of 5 admin officer III positions and the current staff-to-participant ratio of 1:50.	-\$ 1,658,223 GF	-21.00	Concur in part – DSCI agrees to lower the amount of new coaches, but proposes a reduction of 10 rather than 21.	Adopt.	

R00A03
MSDE – Funding for Education Organizations

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<p>4. Add the following language to the special fund appropriation:</p> <p><u>Further provided that \$617,522 of this appropriation shall be used only to provide an additional award for each student with special needs that is at least equal in amount to the Broadening Options and Opportunities for Students Today (BOOST) Program scholarship award that a student is awarded in accordance with paragraph (6) above.</u></p> <p><u>Further provided that the Maryland State Department of Education (MSDE) shall submit a report to the budget committees by January 15, 2026, that includes the following:</u></p> <p><u>the number of students receiving BOOST Program scholarships;</u></p> <p><u>the amount of the BOOST Program scholarships received;</u></p> <p><u>the number of certified and noncertified teachers in core subject areas for each nonpublic school participating in the BOOST Program;</u></p> <p><u>the assessments being administered by nonpublic schools participating in the BOOST Program and the results of these assessments. MSDE shall report the assessment results reported by nonpublic schools to the budget committees in an aggregate manner that does not violate student data privacy;</u></p> <p><u>in the aggregate, for each BOOST Program scholarship awarded (a) the nonpublic school and grade level attended by the student; (b) the school attended in the 2024-2025 school year by the student; and (c) if the student attended the same nonpublic school in the 2024-2025 school year, whether, what type, and how much nonpublic scholarship aid the student received in the 2024-2025 school year and will receive in the 2025-2026 school year;</u></p> <p><u>the average household income of students receiving BOOST Program scholarships;</u></p> <p><u>the racial breakdown of students receiving BOOST Program scholarships;</u></p>			Concur.		Adopt	

R00A03
MSDE – Funding for Education Organizations

**Amount
Change**

**Position
Change**

Agency Response Hearing Notes

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Decisions**

the number of students designated as English language learners receiving BOOST Program scholarships;

the number of special education students receiving BOOST Program scholarships;

the county in which students receiving BOOST Program scholarships reside;

the number of students who were offered BOOST Program scholarships but declined them as well as their reasons for declining the scholarships and the breakdown of students attending public and nonpublic schools for students who declined scholarships;

the number of students who received BOOST Program scholarships for the 2024-2025 school year who are attending public school for the 2025-2026 school year as well as their reasons for returning to public schools; and

the number of students who received BOOST Program scholarships for the 2024-2025 school year who withdrew or were expelled from the nonpublic schools they were attending and the reasons for which they withdrew or were expelled; the schools they withdrew or were expelled from; and the length of time students receiving BOOST Program scholarships were enrolled at a nonpublic school before withdrawing or being expelled.

Explanation: This language requires MSDE to report by January 15, 2026, on the distribution of the BOOST scholarships; information on the students receiving BOOST scholarships; teacher certifications for nonpublic schools participating in the BOOST Program; and assessments being administered in nonpublic schools participating in the BOOST Program, including student performance. The language also requires that MSDE report on students who choose to decline scholarships or attend public schools after participating in the BOOST Program in the past, along with their reasons for doing so, and information on students receiving scholarships for the 2024-2025 school year who withdrew or were expelled from the nonpublic schools that they were attending. Finally, the language requires that the BOOST Advisory Board shall take into account the special needs of students with disabilities as it is determining scholarship

R00A03
MSDE – Funding for Education Organizations

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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award amounts and that \$617,522 of the BOOST appropriation shall be used to provide higher awards for these students.

Information Request	Author	Due Date
BOOST Program participation	MSDE	January 15, 2026

X00A00
Public Debt

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Reduce general obligation bond debt service to be consistent with a \$900 million June 2025 bond sale. The fiscal 2026 allowance assumes that \$1,390 million in new par value bonds will be issued in June 2025. The State Treasurer’s Office advises that the current estimate is that \$900 million will be issued, so the allowance overbudgets debt service costs. Savings from the smaller bond sale are partially offset by the assumption the State will maximize the present value of savings from a refunding issuance by spreading the savings out over multiple years rather than front loading the savings.	-\$ 2,900,000	GF	Disagree.	Modify, see below.	
First House Modification Reduce general obligation bond debt service to be consistent with a \$900 million June 2025 bond sale and \$30 million in upfront savings from a June 2025 refunding bond sale.	-\$ 27,000,000	GF		Adopt.	
2. Adopt the following narrative:			Disagree.	Adopt.	
<p>Adopt State Policy of Having Multiple General Obligation (GO) Bond Sales: State procurement policy goals include providing a framework whereby procurements allow the State to get maximum benefits from its purchasing power. Consistent with this policy, GO bonds are sold by competitive sealed bids. Generally, at least three bidders are required for each sale. To further increase purchasing power, the State Treasurer’s Office (STO) has divided tax-exempt GO bonds into multiple bidding groups in each sale. These policies strengthen the State’s purchasing power. To keep costs low, Maryland has historically divided issuances into multiple sales in each fiscal year. Since fiscal 2022, the State has combined issuances into one large bond sale. Advantages to having multiple sales each year include (1) smaller and more competitive sales; (2) diversification of risks associated with the timing of bond sales; and (3) reduced budgetary uncertainty when approving annual operating</p>					

X00A00
Public Debt

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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budgets. STO should return to the policy of having multiple annual bond sales if total issuances exceed \$700 million. If there are two sales, the second sale’s competitive bids should be opened before the second week of March so that debt service costs are known before the operating budget is enacted.

3. Adopt the following narrative:

Concur.

Adopt.

Study Group to Reevaluate General Obligation (GO) Bond Issuance

Assumptions: The budget bill authorizes GO bonds. There are no costs to these authorizations until bonds are sold. Capital projects often take years to complete, so there has been a consistent level of authorized but unissued debt. To estimate GO bond issuances, the State relies on a formula developed over 30 years ago. In recent years, the pace of capital spending has slowed. Historically, the amount of authorized but unissued debt has been about 20% of all authorized debt. This increased to 24% at the end of fiscal 2023 and 27% at the end of fiscal 2024. In recognition of recent trends, the State Treasurer’s Office (STO) should convene an interim study group to evaluate GO bond issuances and determine if revised policies are appropriate. The study group should report its findings to the Capital Debt Affordability Committee at its calendar 2025 briefings. The study group should include the Department of Budget and Management and the Department of Legislative Services.

Information Request	Author	Due Date
Review GO bond issuance formulas	STO	October 1, 2025

Y01A
State Reserve Fund

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
7. Reduce funds for Strategic Infrastructure Revolving Fund due to the State's fiscal condition.	-\$ 2,500,000	GF		Disagree. DBM cites significant demand for the fund for eligible projects ready for development that would not be met if the appropriation is reduced.	Reject.	
8. Reduce funds for Certified Site Program due to the State's fiscal condition.	-\$ 3,500,000	GF		Disagree. DBM advises that Maryland remains behind competitor states in preparing sites for development, and disagrees that the program should be delayed or reduced in size due to the fiscal condition of the State.	Reject.	
9. Reduce funds for Cyber Workforce Grants due to the State's fiscal condition and the availability of other funds for this purpose.	-\$ 2,000,000	GF		Disagree. DBM advises that the funding is a necessary component of efforts to build a skilled workforce in Maryland in the cyber industry.	Reject.	
10. Reduce funds for Capital of Quantum Initiative, as the personnel spending for the 20 new quantum science faculty is expected to grow over time and only a portion of personnel costs are needed at this time.	-\$ 1,750,000	GF		Disagree. DBM and University of Maryland, College Park advise that slowing hiring will have adverse effects on the Capital of Quantum Initiative.	Reject.	
11. Reduce funds for Economic Agenda Information Technology (IT) Investments allocated for a customer management system and other IT tools in the Department of Commerce.	-\$ 800,000	GF		Disagree. DBM advises that the Department of Commerce lacks modern technologies to remain effective, and the Governor's Maryland Economic Council recommended improving the "deficiency in modernization".	Reject.	

Y01A
State Reserve Fund

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
12. Reduce funds for Biomarker testing, delaying implementation, due to the State's fiscal condition.	-\$ 8,000,000 GF		Disagree. DBM advises that the \$8 million appropriation already represents a reduced amount and does not believe there should be a delay in implementation of expanded Biomarker testing.	Reject.	
14. Add the following language to the special fund appropriation: <u>, provided that this appropriation for the purpose of implementation of the State's Climate Pollution Reduction Plan is contingent on the enactment of legislation expanding to use Alternative Compliance Payment revenues in the Strategic Energy Investment Fund in fiscal 2026 only.</u>			Disagree. DBM does not believe there is an issue with the use of funds as proposed.	Reject.	

Explanation: This action makes special fund appropriation to the Dedicated Purpose Account contingent on legislation authorizing the expanded use of funds.

Sections

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Add the following section:

Adopt

Section 19 Fiscal 2025 Reductions

SECTION 19. AND BE IT FURTHER ENACTED, That funds are reduced immediately upon passage of this budget from the fiscal 2025 appropriation in the following manner:

- (1) \$9,000,000 in general funds is reduced from the fiscal 2025 appropriation for program M00L01.03 Community Services for Medicaid State Fund Recipients within the Behavioral Health Administration that was made for the purpose of provider reimbursements for behavioral health services for the uninsured population;
- (2) \$8,000,000 in general funds is reduced from the fiscal 2025 appropriation for program R62I00.56 Teacher Development and Retention Program within the Maryland Higher Education Commission that was made for the purpose of the Teacher Development and Retention Program;
- (3) \$4,000,000 in special funds is reduced from the fiscal 2025 appropriation for program R62I00.49 Teaching Fellows for Maryland Scholarship Program within the Maryland Higher Education Commission that was made for the purpose of the Teaching Fellows for Maryland Scholarship Program;
- (4) \$3,000,000 in general funds is reduced from the fiscal 2025 appropriation for program R62I00.48 Maryland Community College Promise Scholarship Program within the Maryland Higher Education Commission that was made for the purpose of the Maryland Community College Promise Scholarship Program; and
- (5) \$900,000 in general funds is reduced from the fiscal 2025 appropriation

Sections

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for program D26A07.03 Community Services within the Department of Aging that was made for the purpose of the Senior Care program.

1. Add the following section:

Adopt

Section 20 Fiscal 2025 Legislative Additions

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 any dedicated hours it removed from an individual's plan in fiscal 2025 that would have been in compliance with this policy; and

Sections

Amount **Position**
Change **Change**

Agency Response **Hearing Notes**

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(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.

1. Add the following section:

Adopt

Section 21 Fiscal 2026 Legislative Additions

SECTION 21. AND BE IT FURTHER ENACTED, That funds are added to the fiscal 2026 appropriation in the following manner:

(1) \$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 (MDH) 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 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;

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(b)	<u>\$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 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%;</u>					
(c)	<u>\$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;</u>					
(d)	<u>\$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;</u>					
(e)	<u>\$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</u>					
(f)	<u>\$2,000,000 for the Low Intensity Supports Services (LISS) program. Further provided that DDA shall establish a cap of \$500 per LISS participant per fiscal year.</u>					
	<u>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;</u>					
(2)	<u>\$27,000,000 in special funds is added for the purpose of funding the</u>					

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<u>following programs and projects with pay-as-you-go funds in the following budget codes:</u>					
(a)	<u>\$9,000,000 in special funds from the energy efficiency, all other sectors distribution of the Strategic Energy Investment Fund (SEIF) is added to the appropriation for program R75T00.01 Support for State Operated Institutions for Higher Education for R13M00 Morgan State University to fund the design and construction of the new Science Center. 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 SEIF;</u>				
(b)	<u>\$9,000,000 in special funds from the energy efficiency, all other sectors distribution of the SEIF is added to the appropriation for program R75T00.01 Support for State Operated Institutions for Higher Education for R30B24 Towson University to fund the construction and capital equipping of the demolition, renovation, and reconstruction of Smith Hall for the College of Fine Arts and Communication. 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 SEIF;</u>				
(c)	<u>\$5,000,000 in special funds from the energy efficiency, all other sectors distribution of the SEIF is added to the appropriation for program R75T00.01 Support for State Operated Institutions for Higher Education for R30B21 University of Maryland, Baltimore Campus to fund the construction of a new School of Social Work building. 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 SEIF; and</u>				
(d)	<u>\$4,000,000 in special funds from the energy efficiency, all other sectors distribution of the SEIF is added to the appropriation for program R75T00.01 Support for State Operated Institutions for</u>				

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(5)	<p><u>\$10,000,000 in general funds is added to the appropriation for program R75T00.01 Support for State Operated Institutions of Higher Education for R30B22 University Maryland, College Park for the purpose of providing funding to the University of Maryland Enterprise Corporation for quantum. 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;</u></p>					
(6)	<p><u>\$10,000,000 in special funds from the Expedited Service Fund is added to the appropriation for program E50C00.01 Office of the Director within the State Department of Assessments and Taxation (SDAT) for the purpose of general operating expenses contingent on the enactment of HB 352 or SB 321 expanding the allowable use of expedited service fees collected by SDAT to include general operating costs. Funds for this added purpose may be transferred across programs within SDAT for the same purpose. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled;</u></p>					
(7)	<p><u>\$6,622,088 in special funds from the Transportation Trust Fund is added to the appropriation for program J00A01.03 Facilities and Capital Equipment - The Secretary's Office within the Maryland Department of Transportation, The Secretaries Office for the purpose of providing equal grants to Montgomery County and Prince George's County to improve pedestrian and bicycle access to Purple Line stations. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled;</u></p>					
(8)	<p><u>\$5,000,000 in special funds from the Safe Schools Fund is added to the appropriation for program R00A06.02 Maryland Center for School Safety – Grants within the Maryland Center for School Safety for the purpose of funding the School Resource Officer grant program. 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 Safe Schools Fund;</u></p>					

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(9)	<p><u>\$4,700,000 in general funds and \$4,700,000 in federal funds is added to the appropriation for N00I00.04 Director’s Office within the Family Investment Administration within the Department of Human Services to be used for administrative expenses for the federal SUN Bucks program. 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 or be canceled;</u></p>					
(10)	<p><u>\$3,000,000 in general funds is added to the appropriation for program M00L01.02 Community Services within the Behavioral Health Administration within MDH for the purpose of addressing pediatric hospital overstays. 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;</u></p>					
(11)	<p><u>\$2,200,000 in general funds and 9.0 regular positions are added to the appropriation for program F10A02.08 Statewide Expenses within the Department of Budget and Management for the purpose of transferring funds and 9 regular positions to a new department created by HB 1253, contingent on the enactment of HB 1253 establishing the department. Funds for this added purpose may be transferred to the new department for the same purposes. 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;</u></p>					
(12)	<p><u>\$2,000,000 in special funds from the Cigarette Restitution Fund is added to the appropriation for program M00F03.04 Family Health and Chronic Disease Services within the Prevention and Health Promotion Administration within MDH for the purpose of funding Statewide Academic Health Center Cancer Research Grants. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled;</u></p>					
(13)	<p><u>\$1,500,000 in general funds is added to the appropriation for program</u></p>					

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
					<p><u>C81C00.01 Legal Counsel and Advice within the Office of the Attorney General for the purpose of supporting operations. Funds may be transferred within the Office of Attorney General for the purpose of supporting operations of the Office. 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;</u></p>
(14)					<p><u>\$1,500,000 in general funds is added to the appropriation for program R75T00.01 Support for State Operated Institutions of Higher Education for R30B28 University of Baltimore for the purpose of providing funding to the Schaefer Center for Public Policy. 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;</u></p>
(15)					<p><u>\$1,500,000 in general funds is added to the appropriation for program R00A03.03 Other Institutions within Funding for Educational Organizations within the Maryland State Department of Education for the purpose of providing a grant to Living Classrooms Foundation, Inc. to support Baltimore’s Sail 250. 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;</u></p>
(16)					<p><u>\$1,295,435 in general funds and 11.0 regular positions are added within the Comptroller of Maryland for the following uses:</u></p> <ul style="list-style-type: none">(a) <u>\$1,000,000 to the appropriation for program E00A05.01 Compliance Administration for the purpose of 8.0 auditor positions to establish a high value audit team to complete complex business audits;</u>(b) <u>\$195,849 to the appropriation for program E00A01.02 Financial and Support Services for the purpose of 1.0 human resources specialist trainee position in the Office of Human Resources and</u>

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<u>1.0 administrator position in the Office of Equity and Transformation; and</u>						
(c)	<u>\$99,586 to the appropriation for program E00A08.01 Office of Policy, Public Works and Investment, The Office of Public Engagement and Communications, General Accounting for the purpose of 1.0 research statistician position.</u>					
<u>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;</u>						
(17)	<u>\$1,000,000 in general funds is added to the appropriation for program D21A01.01 Administrative Headquarters within the Governor’s Office of Crime Prevention and Policy for the purpose of awarding a grant to the Maryland Coalition Against Sexual Assault for support of community rape crisis centers. 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;</u>					
(18)	<u>\$1,000,000 in general funds is added to the appropriation for program J00D00.01 Port Operations within the Maryland Port Administration within the Maryland Department of Transportation for the purpose of providing a grant to Baltimore Operation Sail, Ltd., also known as Sail Baltimore, for maintenance dredging in the Baltimore Harbor, including tipping fees for the placement of dredged material, in preparation for Sail250. 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;</u>					
(19)	<u>\$1,000,000 in general funds is added to the appropriation for program D40W01.07 Management Planning and Educational Outreach within the Department of Planning for the purpose of providing a grant to the Maryland Center for History and Culture. Funds not expended for this</u>					

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
					<p><u>added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund;</u></p>
(20)					<p><u>\$500,000 in general funds is added to the appropriation for program R75T00.01 Support for State Operated Institutions of Higher Education for R30B22 University of Maryland, College Park for the purpose of providing a grant to The Judge Alexander Williams, Jr. Center for Education, Justice and Ethics. 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;</u></p>
(21)					<p><u>\$300,000 in general funds is added to the appropriation for program R62I00.05 within the Senator John A. Cade Funding Formula for the Distribution of Funds to Community Colleges within the Maryland Higher Education Commission for the purpose of funding additional funding for the College of Southern Maryland. 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;</u></p>
(22)					<p><u>\$250,000 in general funds is added to the appropriation for program C00A00.10 Clerks of the Circuit Court within the Judiciary for the purpose of funding to support additional staffing for the Baltimore City Circuit Court. 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;</u></p>
(23)					<p><u>\$250,000 in general funds is added to the fiscal 2026 appropriation for program D05E01.10 Miscellaneous Grants to Private Nonprofit Groups within Board of Public Works (BPW) for the purpose of providing a grant to the City of Hagerstown for the Hagerstown Public Safety Project Feasibility Study. 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;</u></p>

Sections

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(24)	<u>\$200,000 in general funds is added to the appropriation for program C81C00.05 Consumer Protection Division within the Office of the Attorney General for the purpose of ticket scalping investigations and enforcement. 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;</u>				
(25)	<u>\$200,000 in general funds is added to the appropriation for program Y01A02.01 Dedicated Purpose Account within the State Reserve Fund for the purpose of providing funds to the Maryland Economic Development Corporation to conduct an economic and land use study for Greater Bladensburg. 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; and</u>				
(26)	<u>\$100,000 in general funds is added to the appropriation for program M00L01.02 Community Services within the Behavioral Health Administration within the Maryland Department of Health for the purpose of a grant to Hygea Healthcare to support operations of the Middle River facility. 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.</u>				

C81C
Office of the Attorney General

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<p>2. Add the following language to the general fund appropriation:</p> <p><u>, provided that this appropriation shall be reduced by \$350,000 contingent upon the enactment of legislation reducing modifying the mandate for general funds in the Consumer Protection Division.</u></p> <p>Explanation: This language is a technical correction to align the text of the budget bill with the Budget Reconciliation and Financing Act.</p>				Concur.	Adopt.	
<p>3. Add the following language to the special fund appropriation:</p> <p><u>, provided that \$350,000 of the appropriation is contingent upon the enactment of legislation reducing modifying the mandate for general funds in the Consumer Protection Division.</u></p> <p>Explanation: This language is a technical correction to align the text of the budget bill with the Budget Reconciliation and Financing Act.</p>				Concur.	Adopt.	
<p>1. Add the following language to the special fund appropriation:</p> <p><u>, provided that this appropriation shall be funded with special funds from the Mortgage Loan Servicing Practices Settlement Fund only contingent on the enactment of legislation expanding the allowable uses of the fund.</u></p> <p>Explanation: This action requires the appropriation for Legal Counsel and Advice, C81C00.01, to be funded with special funds from the Mortgage Loan Servicing Practices Settlement Fund only and makes the appropriation contingent on language allowing the fund to be used for this purpose. As introduced, Supplemental No. 1 would have funded this appropriation with the Consumer Protection funds.</p>					Adopt.	

M00Q01
MDH – Medical Care Programs Administration

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Reduce special funds for Medicaid expenses supported with the Cigarette Restitution Fund (CRF) to transfer the CRF support to Statewide Academic Health Center cancer research grants. A separate action backfills this special fund reduction with general funds.	-\$ 15,000,000 SF			Adopt.	

S00
Department of Housing and Community Development – PAYGO

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Strike the following language from the general fund appropriation: provided that this appropriation shall be reduced by \$50,000,000 contingent upon the enactment of legislation allowing mandated funds for the Continuing the CORE Partnership Fund to be funded through general obligation bonds				Adopt.	
Explanation: This is a technical amendment to strike a contingency.					
2. Delete general funds for Baltimore Vacants Reinvestment Initiative (BVRI) under the Strategic Demolition Fund that are contingently reduced by the Budget Reconciliation and Financing Act of 2025. BVRI is fully funded using general obligation bond funds.	-\$ 50,000,000 GF		Concur.	Adopt.	

P00
Maryland Department of Labor

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1.						
Add the following language to the special fund appropriation: <u>, provided that the appropriation made for the purpose of the Purse Dedication Account (PDA) shall be reduced by \$13,849,244 contingent on the enactment of legislation reducing the share of video lottery terminal proceeds distributed to the PDA from 6% to 5%.</u>				Disagree due to reductions already occurring for the racing industry in fiscal 2026.	Reject	
Explanation: This action reduces \$13.8 million from the special fund appropriation for the PDA contingent on the enactment of legislation reducing the share of video lottery terminal proceeds distributed to the PDA from 6% to 5%.						
2.						
Add the following language to the special fund appropriation: <u>, provided that \$33,000,000 of this appropriation made for the purpose of the Unemployment Insurance Administrative Expense Fund is contingent on the enactment of legislation establishing an administrative fee for unemployment insurance.</u>				Concur.	Adopt	
Explanation: This action adds language making the \$33.0 million from the new special fund (Unemployment Insurance Administrative Expense Fund) for the Office of Unemployment Insurance contingent on the enactment of legislation establishing the administrative fee.						

F50
Department of Information Technology

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Strike the following language on the general fund appropriation:					Concur.	Adopt
<p>Further provided that this appropriation shall be reduced by \$13,820,979 contingent upon the enactment of legislation eliminating the mandate for expedited projects.</p> <p>Explanation: This action strikes contingent language on the general fund reduction in the mandated appropriation for expedited projects as a technical correction. The language specifies that the reduction of \$13,820,979 in general funds is contingent on legislation eliminating the mandate for expedited projects. A separate action deletes all of the funding for expedited projects.</p>						
2. Delete general funds for expedited projects in the Information Technology Investment Fund. This action will delete general funds set aside in fiscal 2026 for expedited funds considering the delay in setting up criteria to define which Modernization Major Information Technology Development Projects are eligible to be determined expedited projects.	-\$ 28,820,979	GF		Disagree. The Department of Information Technology (DoIT) expects to have criteria for expedited projects in place before the beginning of fiscal 2026. DoIT recommends reducing the expedited funds by 50% from \$28.8 million to \$14.4 million in fiscal 2026.		Adopt

Y01A
State Reserve Fund

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Strike the following language to the general fund appropriation: , provided that \$419,999,483 of this appropriation shall be reduced contingent upon enactment of legislation eliminating the required Revenue Stabilization Account appropriation for fiscal 2026.			Concur.	Adopt.	
Explanation: This action strikes contingent language that is not needed for the General Assembly to reduce the appropriation directly.					
2. Reduce the appropriation to the Revenue Stabilization-\$ 419,499,483 GF Account. Adequate funding exists to meet Spending Affordability Committee goals without the statutory appropriation in fiscal 2026.			Concur.	Adopt.	
3. Strike the following language to the general fund appropriation: , provided that \$25,000,000 of this appropriation shall be reduced contingent upon enactment of legislation eliminating the fiscal 2026 payment to the Retirement Health Benefits Trust Fund.			Concur.	Adopt.	
Explanation: This action strikes contingent language that is not necessary for the General Assembly to reduce the appropriation directly.					
4. Strike the following language to the general fund appropriation: Further provided that \$25,000,000 of this appropriation shall be reduced contingent upon enactment of legislation reducing the amount of retirement reinvestment contributions.			Concur.	Adopt.	
Explanation: This action strikes contingent language that is not necessary for the General Assembly to reduce the appropriation directly.					

Y01A
State Reserve Fund

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
5. Amend the following language to the general fund appropriation:			No response.		Modify, see below.
Economic Agenda Information Technology Investments	2,000,000	<u>1,200,000</u>			
Strategic Infrastructure Revolving Fund	10,000,000	<u>7,500,000</u>			
Certified Sites Program	7,000,000	<u>3,500,000</u>			
Capital of Quantum Initiative	17,500,000	<u>15,750,000</u>			
Biomarker Bill		8,000,000			
Hagerstown Public Safety Project Feasibility Study		250,000			
EARN Maryland Program		5,000,000			
Cyber Workforce Grants		2,000,000			
Baltimore Cyber Ranges		1,300,000			
Labor Office of Strategic Initiatives		1,000,000			
Child Care Capital Revolving Fund		2,200,000			
OPEB Sweeper		25,000,000			
Pension Sweeper		25,000,000			

Explanation: This action amends line-item appropriations for funds that are being reduced by the General Assembly.

First House Modification

Amend the following language to the general fund appropriation:

OPEB Sweeper	25,000,000
Pension Sweeper	25,000,000

Explanation: This action amends line-item appropriations for funds that are being reduced by the General Assembly.

6. Delete funds for the Pension Trust Fund sweeper -\$ 25,000,000 GF contribution. Adequate funding exists to meet State obligations without the statutory appropriation in fiscal 2026.	Concur.	Adopt.
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Y01A
State Reserve Fund

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
13. Delete funds for the other postemployment benefits trust fund sweeper contribution. -\$ 25,000,000 GF			Concur.	Adopt.	

T00
Department of Commerce

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Strike the following language in the general fund appropriation: , provided that this appropriation shall be reduced by \$119,451 contingent upon the enactment of legislation that eliminates the Maryland State Arts Council's General Fund mandate				No response. Commerce does not have the necessary expertise to weigh in on whether the contingency language is necessary.	Reject	
Explanation: This action strikes contingent language that is not needed for the General Assembly to reduce the appropriation directly.						
2. Reduce Maryland State Arts Council base funding to the fiscal 2025 working appropriation level.	-\$ 437,220	GF		Disagree. Commerce recommends that if a reduction is necessary, it should be the \$119,451 reduction in the proposed budget. Reducing MSAC funding would mean MSAC would offer fewer grants to Maryland's artists and arts community.	Reject	

R00A02
MSDE – Aid to Education

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Add the following language to the general fund appropriation: <u>, provided that this appropriation shall be reduced by \$92,937,289 \$185,874,577 contingent upon the enactment of legislation altering the local share of teacher retirement costs.</u>			Disagree, the agency supports the Governor's allowance.	Reject	

Explanation: This action increases the amount of the reductions in general funds to \$185.9 million for Aid for Local Employees Fringe Benefits, R00A02.03, that is contingent on the enactment of legislation that reduces the State share of annual employer pension contributions for members of the Teachers’ Retirement System/Teachers’ Pension System employed by local school systems and community colleges.

M00L
MDH – Behavioral Health Administration

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Modify the following language to the general fund appropriation:

, provided that ~~\$4,017,728~~10,077,123 of this appropriation shall be reduced contingent upon the enactment of legislation authorizing the transfer of excess special fund balance from ~~the State Board of Acupuncture, the State Board of Dietetic Practice, the State Board of Chiropractic Examiners, the State Board of Examiners in Optometry, the State Board of Physical Therapy Examiners, the State Board of Social Work Examiners, the State Board of Audiologists, Hearing Aid Dispensers and Speech Language Pathologists, the State Commission on Kidney Disease, and the State Board of Physicians~~ various health occupation boards to the Behavioral Health Administration.

Disagree – MDH referred to the Boards's opposition to the authorization to transfer balances, and the proposed increase in authorized amount.

Modify, see below.

Explanation: A provision in the Budget and Reconciliation Financing Act (BRFA) of 2025 authorizes the transfer of excess board balances to the Behavioral Health Administration. Language in the fiscal 2026 Budget Bill reduces the general fund appropriation contingent on this legislation and increases the special fund appropriation by the same amount. An action in the BRFA alters the health occupation boards from which funds are transferred and increases the total transfer. This action alters the language to reflect changes in the boards from which the transfers will occur and increases the general fund reduction contingent on the authorized transfer. The Maryland Department of Health is authorized to process a budget amendment to increase the special fund appropriation by the additional \$6,059,395 that is transferred under the modified provision.

First House Modification

- Modify the following language to the general fund appropriation:

Adopt.

, provided that ~~\$4,017,728~~9,489,874 of this appropriation shall be reduced contingent upon the enactment of legislation authorizing the transfer of excess special fund balance from ~~the State Board of Acupuncture, the State Board of Dietetic Practice, the State Board of Chiropractic Examiners, the State Board of Examiners in Optometry, the State Board of Physical Therapy Examiners, the State Board of Social~~

M00L
MDH – Behavioral Health Administration

Additional First House Actions	<u>Amount</u> <u>Change</u>	<u>Position</u> <u>Change</u>	<u>Agency Response</u> <u>Hearing Notes</u>	<u>House</u> <u>Decisions</u>	<u>Senate</u> <u>Decisions</u>
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~~Work Examiners, the State Board of Audiologists, Hearing Aid Dispensers and Speech Language Pathologists, the State Commission on Kidney Disease, and the State Board of Physicians various health occupation boards to the Behavioral Health Administration.~~

Explanation: A provision in the Budget and Reconciliation Financing Act (BRFA) of 2025 authorizes the transfer of excess board balances to the Behavioral Health Administration. Language in the fiscal 2026 Budget Bill reduces the general fund appropriation contingent on this legislation and increases the special fund appropriation by the same amount. An action in the BRFA alters the health occupation boards from which funds are transferred and increases the total transfer. This action alters the language to reflect changes in the boards from which the transfers will occur and increases the general fund reduction contingent on the authorized transfer. The Maryland Department of Health is authorized to process a budget amendment to increase the special fund appropriation by the additional \$5,472,146 that is transferred under the modified provision.

M00Q01

MDH – Behavioral Health Administration

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
2. Reduce general funds within the Medicaid program and authorize a budget amendment to be processed to replace these funds with special funds in recognition of available Cigarette Restitution Fund support.	-\$ 25,000,000	GF	Disagree, due to uncertain timing of payment from litigation with tobacco manufacturers.	Reject.	
6. Reduce general funds budgeted to account for hospital assessment revenue collected by the Health Services Cost Review Commission to be transferred to the Medicaid Primary Care Fund and authorize a budget amendment to replace these funds with special funds.	-\$ 16,000,000	GF	Disagree, agency indicates it would add contingent language through a supplemental budget to reduce the funds.	Reject.	

K00A05
Department of Natural Resources – PAYGO

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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| 1. Add the following language to the special fund appropriation: | | | | Adopt. | |
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Further provided that the appropriation made for the purpose of the Rural Legacy Program to purchase interests in real property shall be reduced by \$9,979,342 contingent on the enactment of SB321 or HB352 authorizing the transfer of State land preservation funding to the General Fund from fiscal 2026 through 2029.

Explanation: This action reduces a portion of the Rural Legacy Program fiscal 2026 special fund appropriation contingent on the Budget Reconciliation and Financing Act of 2025 authorizing the transfer of \$25.0 million in State land preservation funding to the General Fund from fiscal 2026 through 2029. The other programs affected by the transfers are Program Open Space State land acquisition, which does not receive a fiscal 2026 special fund appropriation, and the Maryland Agricultural Land Preservation Program administered by the Maryland Department of Agriculture.

L00A.11.11
Department of Agriculture – PAYGO

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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| 1. Add the following language to the special fund appropriation: | | | | Adopt. | |
|------------------------------------------------------------------|--|--|--|--------|--|

, provided that the appropriation made for the purpose of the Maryland Agricultural Land Preservation Program to acquire agricultural land easements shall be reduced by \$15,020,658 contingent on the enactment of SB321 or HB352 authorizing the transfer of State land preservation funding to the General Fund from fiscal 2026 through 2029.

Explanation: This action reduces a portion of the Maryland Agricultural Land Preservation Program fiscal 2026 special fund appropriation contingent on the Budget Reconciliation and Financing Act of 2025 authorizing the transfer of \$25.0 million in State land preservation funding to the General Fund from fiscal 2026 through 2029. The other programs affected by the transfers are Program Open Space State land acquisition, which does not receive a fiscal 2026 special fund appropriation, and the Rural Legacy Program, both of which are administered by the Department of Natural Resources.

U00A
Department of the Environment

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Add the following language to the general fund appropriation:			Disagree. The Clean Water Commerce Act efficiently allocates resources, delivering excellent outcomes for taxpayers. Using these funds for water quality and infrastructure improvements aligns with the recommendations of the Chesapeake Bay Comprehensive Evaluation of System Response report and has been endorsed by the budget committees in the past as a pay-for-performance measure.	Reject	
<u>Further provided that \$20,000,000 of this appropriation made for the purpose of operating expenses is reduced contingent upon enactment of HB 352/SB 321 authorizing the appropriation for the Clean Water Commerce Account to support operating expenses in the Water and Science Administration in fiscal 2026 only.</u>					
Explanation: The Clean Water Commerce Account receives an annual special fund appropriation of \$20.0 million from the Bay Restoration Fund (BRF)–Wastewater Account to purchase nitrogen reductions from environmental practices with a life of at least 10 years. The BRF Advisory Committee’s 2025 annual status report – dated January 2025 – notes that the Maryland Department of the Environment is in the process of finalizing, scoring, and ranking of projects from the fiscal 2024 Clean Water Commerce Act solicitation. This suggests that there is a delay in soliciting funds for projects. In addition, statute authorizes that any unencumbered funds not used during the fiscal year for projects in specified categories become available in subsequent fiscal years for eligible environmental practices. Therefore, this action authorizes the fiscal 2026 funding for the Clean Water Commerce Account to be used to defray operating expenses in the Water and Science Administration in fiscal 2026 only, given the delay in solicitations, the ability to use prior year unencumbered funds, and the fiscal situation of the State.					

F10A02
Department of Budget and Management – Personnel

Additional First House Actions	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<p>1. Add the following language to the general fund appropriation:</p> <p><u>Further provided that the appropriation made for the purpose of funding health reimbursement accounts is reduced by \$3,118,182 contingent on the enactment of legislation expanding the use of Senior Prescription Drug Assistance Program.</u></p> <p>Explanation: This action provides General Fund relief by using Senior Prescription Drug Assistance Program funding to support health reimbursement account costs for retirees transitioned to Medicare Part D contingent on legislation expanding the authorized uses of the fund.</p>				Adopt.	
<p>2. Add the following language to the special fund appropriation:</p> <p><u>Further provided that \$3,118,182 of this appropriation made for the purpose of funding health reimbursement accounts is contingent on the enactment of legislation expanding the use of Senior Prescription Drug Assistance Program.</u></p> <p>Explanation: This action makes \$3.1 million of the special fund appropriation to the Statewide Expenses account contingent on legislation authorizing the expanded use of funds. The funds are currently appropriated through the Senior Prescription Drug Assistance Program (SPDAP) to the Statewide account to fund health reimbursement accounts for retirees transitioned to Medicare Part D. While the BRFA of 2024 authorized use of these funds for this purpose in fiscal 2025, no such authorization exists for fiscal 2026. While the Department of Budget and Management stated that the \$3.1 million was mistakenly identified as SPDAP funding, this action maintains the appropriation due to the fiscal condition of the State and the need for General Fund relief.</p>				Adopt.	