
Fiscal Briefing

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Contributing Staff

Writers

Arnold Adja
Anne Braun
Hiram L. Burch
Jacob C. Cash
Emily R. Haskel

Matthew D. Klien
David C. Romans
Theresa M. Tuszynski
Samuel Quist
Tonya D. Zimmerman

Reviewers

Ryan Bishop
Victoria L. Gruber
David C. Romans

For further information concerning this document contact:

Library and Information Services
Office of Policy Analysis
Department of Legislative Services
90 State Circle
Annapolis, Maryland 21401

410-946-5400 • 1-800-492-7122, Extension 5400

TTY: 410-946-5401

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Quick Look at Fiscal 2027 Budget

Budget Growth Fiscal 2026-2027 (\$ in Millions)

	<u>2026 Plan</u>	<u>2027 Plan</u>	<u>\$ Change</u>	<u>% Change</u>
All Funds	\$70,238	\$70,743	\$505	0.7%
General Funds	27,871	27,717	-154	-0.6%
Special Funds*	20,877	21,852	974	4.7%
Federal Funds	21,490	21,174	-315	-1.5%

*Includes higher education funds and excludes double counts.

- The Governor's spending plan leaves a general fund balance of \$108 million at the end of fiscal 2027.
- The Revenue Stabilization Account (Rainy Day Fund) ends fiscal 2027 with a balance of \$2.17 billion (8% of general fund revenues). Combined cash balances at the close of fiscal 2027 of \$2.3 billion equal 8.4% of general fund revenues.
- Ongoing spending in the fiscal 2027 allowance exceeds ongoing revenues by \$394 million, meeting the Spending Affordability Committee's (SAC) goal of limiting the structural deficit to no more than \$600 million.
- The budget includes \$3 billion in deficiency appropriations, including \$986 million of general funds.
- General fund spending declines due to cost containment efforts and the fiscal 2026 budget including \$322 million to pay fiscal 2025 costs that could not be absorbed in the fiscal 2025 budget. Removing the fiscal 2025 costs from the fiscal 2026 budget results in the General Fund growing \$168 million (0.6%) in fiscal 2027.
- Federal spending declines in fiscal 2027 due primarily to lower federal Medicaid claims reflecting fiscal 2026 spending on fiscal 2025 bills. Growth in special fund spending is spurred by a \$357 million increase in the Blueprint for Maryland's Future (Blueprint) Fund spending on education, a \$287 million increase in spending for transportation, and \$70 million to administer the paid leave program.
- The Administration's budget plan includes revenue and spending adjustments with a combined general fund impact of \$1.536 billion that are contingent on legislation.

General Fund Impact of Governor's Legislative Proposals
Fiscal 2027
(\$ in Millions)

Fiscal 2027 Closing Balance Before Legislative Action		-\$1,427.8
Revenue Adjustments		\$356.5
Local Income Tax Reserve Account	\$150.0	
Decouple from OBBBA Depreciation Allowance for Production Property	122.5	
Fund Various Land/Open Space Programs with Bonds and Divert Cash	71.7	
Partially Decouple from OBBBA Bonus Depreciation	10.3	
Uninsured Motorist Fines from Repeal of Driver Education Grant	2.0	
Transfers to General Fund		586.4
SEIF	259.0	
Fiscal Responsibility Fund	187.6	
Bay Restoration Fund (Backfilled with Bonds)	70.0	
Surplus SEIF Funds for MEA Administration	33.0	
Waterway Improvement Fund (Backfilled with Bonds)	13.1	
Maryland Loan Assistance Repayment Program for Nurses	10.0	
Maternal and Child Health Population Improvement Fund	6.7	
Other	7.0	
Spending Reductions Contingent on Enactment of Legislation		592.9
No Appropriation to the Rainy Day Fund	449.8	
Reduce State Share of K-12 Teacher Retirement	36.2	
Fund Disparity Grant at Fiscal 2026 Formula Level	27.0	
Cap Community College Formula Growth at 3%	21.0	
Divert Cigarette Restitution Funds from HBCU Settlement to Medicaid	8.4	
Fund Swap – Recognize Higher Education Investment Fund Revenue from Decoupling from Certain OBBBA Tax Provisions	6.8	
Fund Swap – MEMSOF to Support State Police Aviation Division	5.5	
Level Fund Foster Care Rates	5.0	
Level Fund Seller Aid to Independent Colleges and Universities	4.5	
Level Fund Nonpublic Placement Rates	2.5	
Reduce State Share of Community College and Library Retirement	3.0	
Other Reductions	23.2	
Fiscal 2027 Governor's Proposed Closing Balance		\$108.0

HBCU: historically Black colleges and universities

MEA: Maryland Energy Administration

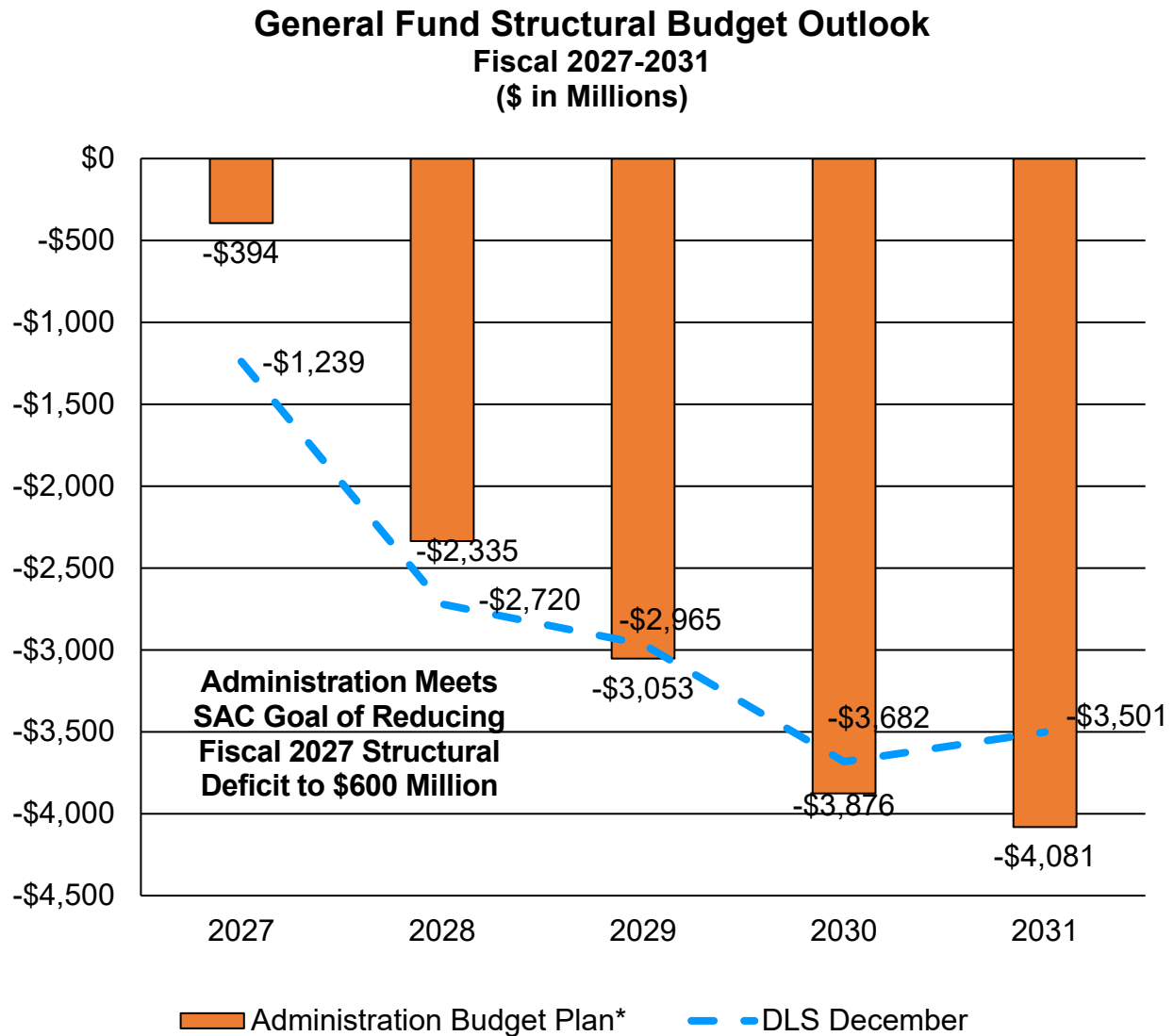
MEMSOF: Maryland Emergency Medical System Operations Fund

OBBBA: One Big Beautiful Bill Act

SEIF: Strategic Energy Investment Fund

Structural Outlook

- Despite considerable progress in reducing the structural deficit for fiscal 2027, a significant structural gap remains in the out-years.
- The Administration projects higher out-year costs than assumed by the Department of Legislative Services (DLS) in its December 2025 forecast for SAC. Employee salary and benefit expenses, teachers' retirement, and human service spending are among the drivers of the more pessimistic out-year forecast.



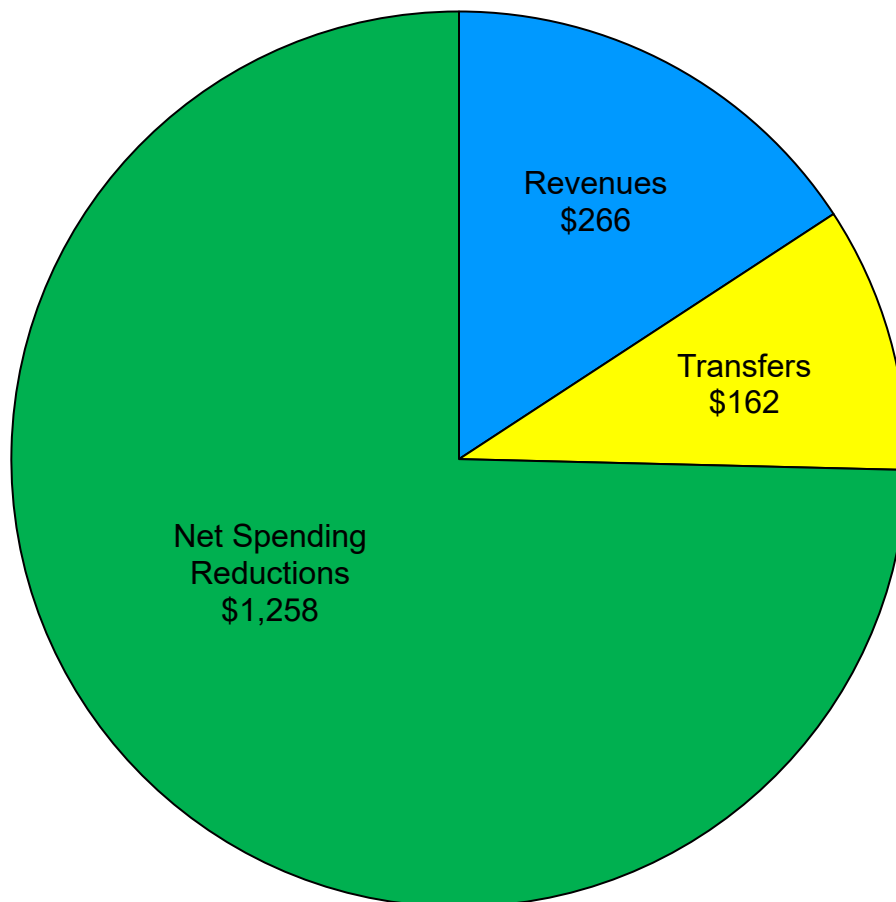
*DLS calculation of the structural shortfall.

DLS: Department of Legislative Services
SAC: Spending Affordability Committee

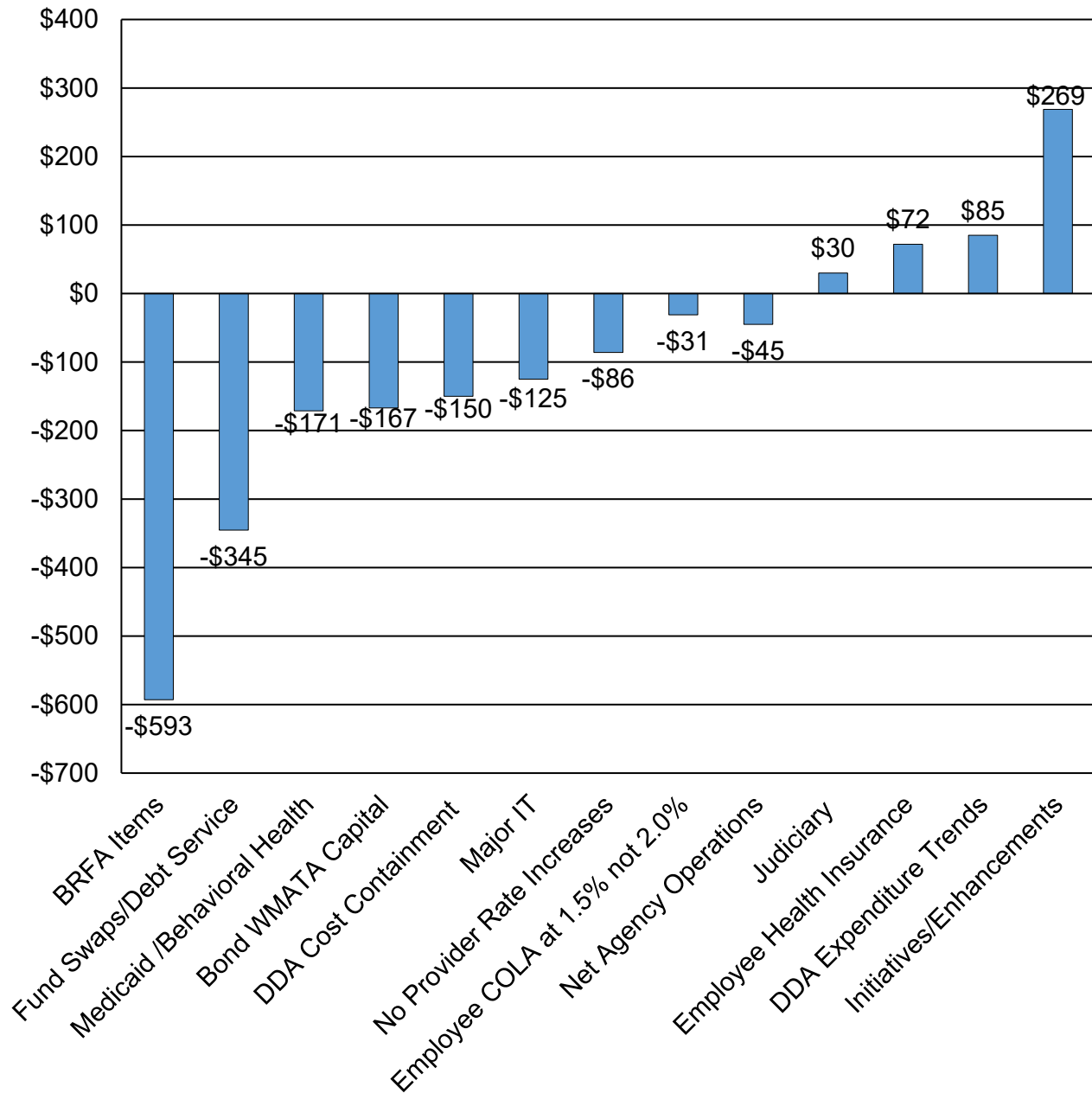
How Did the Governor Eliminate the Projected \$1.6 Billion Cash Deficit?

- In December 2025, DLS estimated that the State faced a cash shortfall of \$17 million in fiscal 2026 and \$1.562 billion in fiscal 2027, assuming the Rainy Day Fund balance remained at 8% of general fund revenues for fiscal 2027.
- The Governor's budget plan erases the deficit by reducing spending (75% of solution), proposing modest revenue enhancements, and transferring funds from various balances and accounts to the General Fund.

Governor's Balancing Strategy Erases Projected \$1.6 Billion Cash Deficit (\$ in Millions)



What Accounts for the \$1.3 Billion of Spending Reductions? Allowance Compared to DLS December Forecast (\$ in Millions)



BRFA: Budget Reconciliation and Financing Act
 COLA: cost-of-living adjustment
 DDA: Developmental Disabilities Administration
 IT: information technology
 WMATA: Washington Metropolitan Area Transit Authority

Budget Includes Enhancements

- The budget plan includes at least \$269 million of funding for enhancements not anticipated in the DLS forecast. Almost half of the funding is targeted toward stimulating economic growth.

Initial Summary of Discretionary Enhancements (\$ in Millions)

<u>General Fund Discretionary Enhancements</u>	<u>Amount</u>
Adjustments to Employee Pay Scale	\$42
Placeholder for Legislative Priorities	30
DPSCS Emergency Facility Maintenance	30
MCAP Assessments – Cost Increases	29
IonQ for New Headquarters	20
Sunny Day Fund (Business Attraction and Closing)	16
ENOUGH Act Expansion	15
AstraZeneca Facilities	15
Allegany County Infrastructure Repairs	12
Sphere Maryland	10
University of Maryland Enterprise Corporation – Quantum Initiative	10
Grant to Baltimore City for Computer-aided Dispatch System	8
State Aid for Police Protection and Other Local Public Safety Grants	6
Repeat Audit Finding Solutions	5
Permanent Supportive Housing Program	5
Expansion of Medicaid Biomarker Coverage	4
Montevue Senior Living Facility	3
School Safety Grants	3
Prieto Battery Corporate Headquarters Relocation	3
Maryland Train – Upskill Workers at Small/Mid-sized Business in AI Era	2
State Fiscal Leadership Capacity	2
Total	\$269

AI: artificial intelligence

DPSCS: Department of Public Safety and Correctional Services

MCAP: Maryland Comprehensive Assessment Program

Other Key Features

- Due to surging Regional Greenhouse Gas Initiative and Alternative Compliance Payment revenues, the State has accumulated a substantial Strategic Energy Investment Fund (SEIF) surplus. As shown in the chart below, the Governor proposes allocating about \$333 million to budget relief and \$392 million to enhancements. After these actions, a SEIF balance of \$164 million remains.

Proposed Use of SEIF Surplus (\$ in Millions)

Budget Relief (\$333 Million)

Transfer to General Fund (Includes Balance in Administration Account)	\$292
Capital Budget Projects	30
Fund Swaps	11

New Investments (\$392 Million)

Ratepayer Credits	\$100
Incentives for Solar and Clean Energy Projects to Backfill Federal Cuts	100
Refocus Higher Education Research on Energy/Resiliency/Climate	42
Energy Resource Adequacy and Planning Act	25
Enhanced Renewable/Clean Energy and Energy Efficiency Activities	125

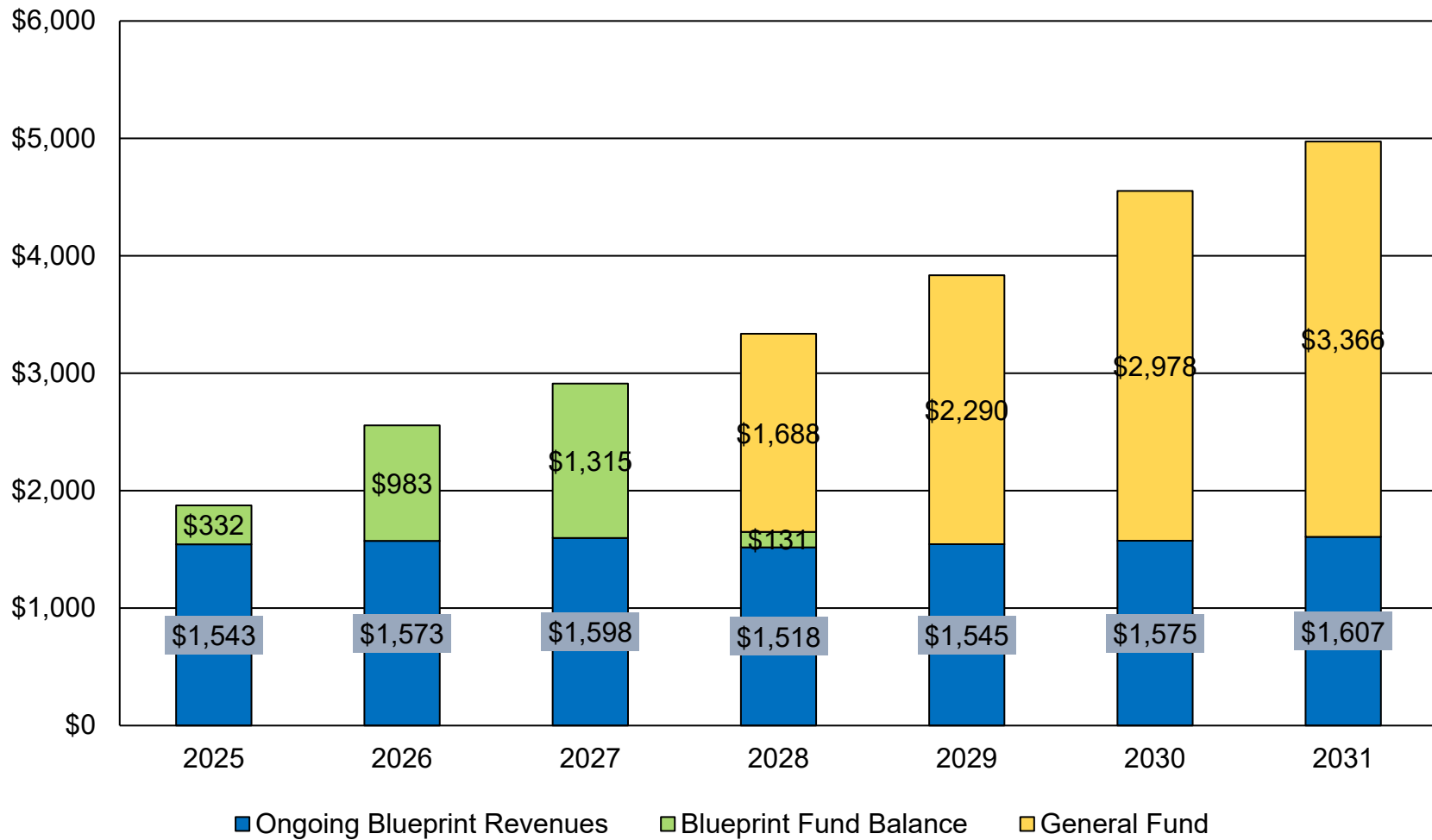
- K-12 education funding increases by \$359 million (3.7%), which includes \$228 million of discretionary funds from the Blueprint Fund to hold schools covered by the Community Eligibility Provision harmless from declines in Free and Reduced-price Meal (FARMS) counts. The Administration will propose legislation to extend the hold harmless indefinitely.
 - Growth in education aid is dampened by enrollment declines. Full-time equivalent enrollment drops 1%, while English Language Learner and FARMS counts fall 4% and 2%, respectively.
 - Every school system except Garrett County receives an increase in direct aid in fiscal 2027.
- No funding is provided for a rate increase for health and human service providers. Other cost containment actions save \$150 million of general funds in the Developmental Disabilities Administration (DDA).
 - DDA actions include a cap on the maximum benefit, elimination of the wage exception process, and changes to reasonable and customary charges and dedicated hours policies.

- \$56 million of State funds to implement One Big Beautiful Bill Act (OBBBA) provisions, including \$43 million to cover an increase in the State share of Supplemental Nutrition Assistance administrative costs and \$13 million related to Medicaid requirements.
- Base funding for the State's public higher education institutions increases by \$71 million (3%) in fiscal 2027, including \$42 million to pivot the focus of research activities to energy, resiliency, and climate issues.
- The allowance includes \$144 million of general funds for salary increases, including a 1.5% cost-of-living adjustment for most employees, increments for members of the State Law Enforcement Officers Labor Alliance, targeted salary adjustments for hard to fill classes of positions, and modifications to the salary schedule to provide a 2% raise at each step.
- The budget plan shifts \$39 million of costs to local governments by requiring locals to pay a larger share of teachers' retirement costs. Cost containment actions impacting local aid level fund the Disparity Grant (saving \$27 million) and cap growth for each community college at 3% (saving \$21 million). School systems, however, receive \$228.4 million more than required by statute.
- Capital spending from general obligation (GO) bonds is funded at \$1,750 million, the level recommended by SAC. Another \$74.8 million of GO capacity is created through deauthorizations of previously approved projects. GO bonds are supplemented by \$5 million in bond premiums and \$58 million in general fund cash.
- The Therapeutic Treatment Center project is deferred until future years, creating capacity in the capital budget for operating budget relief.
- \$322 million of operating relief is provided by bonding activities that would otherwise be funded with cash, including a Washington Metropolitan Area Transit Authority capital grant (\$167 million) and various natural resources and environmental programs (\$155 million).
- The budget reserves \$75 million for the General Assembly to allocate for capital priorities. Of the \$111 million in legislative preauthorizations from the 2025 session, about \$58.8 million are funded.
- The budget dedicates \$453.5 million in GO bonds to school facility needs.

Potential Legislative Issues

- The long-term sustainability of the budget.
- Ongoing federal policy changes create substantial uncertainty. Additional cuts to federal employment and/or aid to State governments will adversely impact the Maryland economy and budget. To mitigate these risks, the General Assembly should consider increasing cash reserves.
- While the Governor proposes decoupling from certain OBBBA tax provisions, additional decoupling opportunities are available.
 - Decoupling from a provision allowing businesses to deduct all research and experimental expenditures in the year that they are incurred would generate about \$100 million of revenue for the State over fiscal 2026 and 2027.
 - Decoupling from a provision increasing the amount of business interest expenses that can be deducted would generate \$28 million of revenue for the State over fiscal 2026 and 2027.
- The adequacy of funding for behavioral health. The budget anticipates about \$170 million less than forecast by DLS in December 2025. Demand for behavioral health services by adults enrolled in Medicaid has surged over the last 24 months. DLS will explore whether the budget appropriately captures current trends.
- At the close of fiscal 2025, the Office of Legislative Audits identified \$1.4 billion of federal revenue assumed by the Maryland Department of Transportation for which there was no supporting documentation. There is a risk that State funds will be needed to backfill for a portion of this revenue.
- The affordability of State employee health insurance. Costs are projected to increase by 9% in fiscal 2027.
- The Child Victims Act of 2023 allows a survivor of sexual abuse to file a civil lawsuit against the State with no statute of limitations. The State's liability is capped at \$890,000 per occurrence for people who filed before June 1, 2025. Approximately 12,000 claims were filed before the deadline. These claims expose the State to an enormous potential liability for which the State has no dedicated resources to fund.

Estimated Blueprint Costs and Funding Sources **Fiscal 2025-2031** (\$ in Millions)



Source: Department of Budget and Management

Maryland Economic Performance Year-over-year Percent Change

<u>Month/Year</u>	<u>Unemployment Rate</u>	<u>Initial UI Claims</u>	<u>Continuing UI Claims</u>	<u>Initial Federal UI Claims</u>	<u>Vehicle Sales</u>	<u>Existing Home Sales</u>	<u>Median Home Price</u>
January 2025	3.0%	-3.0%	4.6%	57	0.7%	2.1%	5.5%
February 2025	3.0%	-0.1%	4.0%	348	-6.7%	-9.6%	2.3%
March 2025	3.0%	-6.0%	7.0%	268	8.5%	-10.0%	3.7%
April 2025	3.1%	0.0%	7.2%	109	5.1%	-7.0%	4.8%
May 2025	3.2%	0.1%	6.4%	250	-0.2%	-10.6%	2.3%
June 2025	3.3%	4.7%	15.0%	139	2.6%	-1.3%	3.3%
July 2025	3.4%	-3.1%	16.2%	467	-4.0%	-9.6%	2.8%
August 2025	3.6%	-7.4%	18.8%	311	2.5%	-9.1%	2.4%
September 2025	3.8%	0.6%	24.5%	294	2.2%	-0.1%	1.4%
October 2025	n.a.	16.7%	26.8%	4,775	-6.3%	-5.3%	2.9%
November 2025	4.2%	-2.1%	24.6%	854		-12.9%	1.2%
December 2025		-4.5%	9.2%	156		-4.4%	1.4%
CY 2024 YTD	3.0%	144,362	23,621	571	737,735	69,337	\$418,860
CY 2025 YTD	3.4%	143,704	26,794	8,028	741,936	64,693	\$430,000
<i>Percent Change</i>		-0.5%	13.4%	1306.0%	0.6%	-6.7%	2.7%

CY: calendar year
UI: unemployment insurance
YTD: year to date

Note: The unemployment rate is based on seasonally adjusted data. Monthly unemployment insurance claims and claims for the Unemployment Compensation for Federal Employees program (UCFE) come from the U.S. Department of Labor. UCFE claims are the sum of the weekly numbers. Vehicle sales from the Maryland Motor Vehicle Administration includes both new and used vehicles. Existing home sales and the median home price from the Maryland Association of Realtors.

Federal Government in Maryland

- In 2024, there were about 162,000 civilian federal jobs located in Maryland (5.7%) with wages totalling \$25 billion, around 11% of total wages. Virginia and the District of Columbia each have around 193,000 federal jobs, and many Marylander's commute to those jurisdictions.
- Since January, there has been a significant reduction in federal employment. Maryland has seen the largest decline of any state. The decline puts federal employment just below the level in 2010 when there were 139,900 jobs in the state.

	<u>Jan. 2025</u>	<u>Nov. 2025</u>	<u>Change</u>	<u>% Change</u>	<u>Rank</u>
Maryland	163,100	138,200	-24,900	-15.3%	51
D.C.	192,800	169,000	-23,800	-12.3%	50
Virginia	196,700	173,200	-23,500	-11.9%	49
	552,600	480,400	-72,200	-13.1%	
	<u>Jan. 2025</u>	<u>Dec. 2025</u>	<u>Change</u>	<u>% Change</u>	
U.S.	3,015,000	2,736,000	-279,000	-9.3%	

Maryland Employment: November 2025 vs. January 2025

- Since January, Maryland has lost almost 25,000 federal government jobs, a decline of 15.3%. Strong growth in State and local government employment has partially offset this, but total government jobs are still down 3.0%
- Private-sector job growth has been very weak since January (0.1%). Declines across a variety of sectors were offset by growth in four: construction; education; health care; and leisure and hospitality services
- Overall, Maryland employment has fallen by almost 20,000 jobs (-0.7%) since the beginning of the year. Maryland ranks forty-ninth out of the 50 states and the District of Columbia.

<u>Jan. 2025</u>	<u>Nov. 2025</u>	<u>Change</u>	<u>% Change</u>	
163,100	138,200	-24,900	-15.3%	Federal Government
124,000	126,200	2,200	1.8%	State Government
267,400	273,600	6,200	2.3%	Local Government
159,100	163,200	4,100	2.6%	Construction, Natural Resources and Minin
110,000	108,000	-2,000	-1.8%	Manufacturing
117,700	111,300	-6,400	-5.4%	Transportation, Warehousing, Utilities
360,600	355,500	-5,100	-1.4%	Retail and Wholesale Trade
34,500	33,600	-900	-2.6%	Information
142,400	141,600	-800	-0.6%	Financial Activities
479,300	474,100	-5,200	-1.1%	Professional and Business Services
87,500	89,900	2,400	2.7%	Educational Services
410,700	419,900	9,200	2.2%	Health Care and Social Assistance
268,200	274,000	5,800	2.2%	Leisure and Hospitality Services
121,900	117,600	-4,300	-3.5%	Other Services
2,846,400	2,826,700	-19,700	-0.7%	Total
554,500	538,000	-16,500	-3.0%	Government
2,291,900	2,288,700	-3,200	-0.1%	Private Sector

General Fund Revenues: Fiscal 2025 (\$ in Millions)

	Fiscal 2024		Fiscal 2025			Fiscal 2024-2025 Percent Change	
	<u>Actual</u>	<u>Estimate</u>	<u>Actual</u>	<u>\$ Diff.</u>	<u>% Diff.</u>	<u>Estimated</u>	<u>Actual</u>
Personal Income Tax	\$13,617	\$14,301	\$14,565	\$264	1.8%	5.0%	7.0%
Corporate Income Tax	1,904	1,924	1,877	-47	-2.4%	1.0%	-1.4%
Sales and Use Tax ⁽¹⁾⁽²⁾	5,897	5,976	6,049	72	1.2%	1.3%	2.6%
State Lottery	655	523	519	-4	-0.8%	-20.2%	-20.8%
Tobacco Tax ⁽³⁾	405	363	370	7	1.8%	-10.3%	-8.7%
Interest on Investments	380	335	359	24	7.1%	-11.8%	-5.6%
Other	1,856	1,772	1,978	205	11.6%	-4.5%	6.6%
Ongoing General Funds	\$24,713	\$25,195	\$25,716	\$521	2.1%	2.0%	4.1%
GAAP Transfer ⁽⁴⁾	150	0	0	0			
Total General Funds	\$24,863	\$25,195	\$25,716	\$521	2.1%	1.3%	3.4%

⁽¹⁾ The Blueprint for Maryland's Future Fund (BMFF) share of certain sales and use tax revenues increased from 11.0% in fiscal 2024 to 11.3% in fiscal 2025.

⁽²⁾ Chapters 254 and 255 of 2023 imposed a 9% sales tax on cannabis. Fiscal 2024 general fund revenue includes \$30.5 million. Total revenue from cannabis sales increased 12.6% in fiscal 2025, but the portion devoted to the administrative costs of the Maryland Cannabis Administration increased from \$2.8 million in fiscal 2024 to \$30.1 million in fiscal 2025 resulting in general fund revenue of \$20.8 million. Total cannabis revenue underattained the fiscal 2025 estimate by \$15.1 million.

⁽³⁾ The Budget Reconciliation and Financing Act of 2024 (Chapter 717) increased tobacco tax rates and added a new distribution of tobacco revenues to the BMFF. In fiscal 2025, the distribution was set at \$88.3 million equal to the expected impact of the rate increases.

⁽²⁾ The Comptroller's annual analysis of the local income tax reserve account determined the account was overfunded at the end of fiscal 2023 by \$315.7 million. The Board of Revenue Estimates (BRE) chose to transfer a little less than half that amount to reduce the overfunding in the account.

Note: The estimate from March 2025 has been adjusted for actions taken at the 2025 legislative session.

Source: Office of the Comptroller; Board of Revenue Estimates

General Fund Revenue Forecast (\$ in Millions)

	Fiscal 2025	Fiscal 2026 Estimate				Percent Change vs. Fiscal 2025	Fiscal 2027 Estimate				Percent Change vs. Fiscal 2026
	<u>Actual</u>	<u>September</u>	<u>December</u>	<u>\$ Diff.</u>	<u>%Diff.</u>		<u>September</u>	<u>December</u>	<u>\$ Diff.</u>	<u>%Diff.</u>	
Personal Income Tax ⁽¹⁾	\$14,565	\$15,342	\$15,421	\$79	0.5%	5.9%	\$15,679	\$15,789	\$110	0.7%	2.4%
Corporate Income Tax	1,877	1,791	1,694	-97	-5.4%	-9.7%	1,748	1,658	-90	-5.1%	-2.1%
Sales and Use Tax ⁽²⁾⁽³⁾	6,049	6,639	6,563	-77	-1.2%	8.5%	6,949	6,870	-79	-1.1%	4.7%
State Lottery	519	532	543	11	2.0%	4.6%	475	475	0	0.0%	-12.4%
Tobacco Taxes ⁽⁴⁾	370	273	262	-11	-4.1%	-29.1%	262	252	-11	-4.0%	-4.0%
Other ⁽⁵⁾	2,336	2,069	2,255	186	9.0%	-3.5%	1,989	2,068	79	4.0%	-8.3%
Ongoing General Funds	\$25,716	\$26,647	\$26,738	\$91	0.3%	4.0%	\$27,103	\$27,112	\$9	0.0%	1.4%
Transfer Tax	0	25	25	0	n.a	n.a	25	25	0	n.a	n.a
Total General Funds	\$25,716	\$26,672	\$26,763	\$91	0.3%	4.1%	\$27,128	\$27,137	\$9	0.0%	1.4%

⁽¹⁾ The Budget Reconciliation and Financing Act (BRFA) of 2025 (Chapter 603) included several personal income tax provisions: (1) added two new income tax brackets at the top of rate schedule, increasing the top rate from 5.75% to 6.5%; (2) increased the standard deduction in tax year 2025; (3) capped itemized deductions for taxpayers with federal adjusted gross income over specified levels; (4) increased the income eligibility threshold for the child tax credit; and (5) imposed a 2% surtax on certain net capital gains income for taxpayers with federal adjusted gross income over \$300,000 with 37.5% of the revenue distributed to the Transportation Trust Fund and the remainder to the General Fund. Combined the provisions were projected to increase general fund revenue by \$580 million in fiscal 2026 and \$440 million in fiscal 2027.

⁽²⁾ The Blueprint for Maryland's Future Fund (BMFF) share of non-cannabis sales tax revenues after other distributions increases from 11.3% in fiscal 2025 to 11.7% in fiscal 2026 and 12.1% in fiscal 2027.

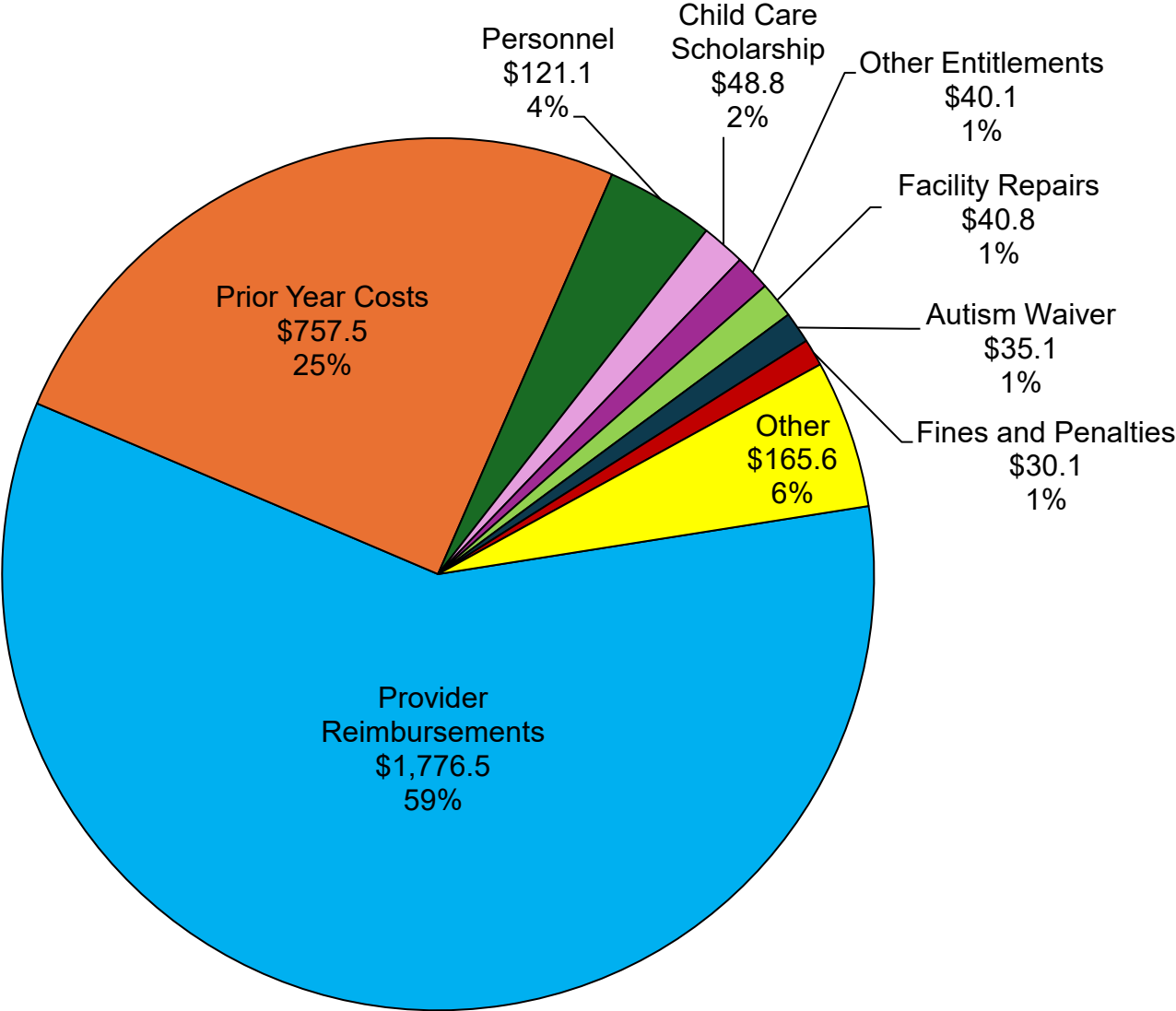
⁽³⁾ The BRFA of 2025 included several sales tax provisions: (1) increased the rate on cannabis from 9% to 12% and directed the first 25% to the General Fund; (2) repealed the exemptions for snack food in vending machines and photographic equipment; (3) imposed the sales tax on the sale of certain precious metal coins and bullion; and (4) imposed a 3% tax on certain data and information technology services with all revenue going to the General Fund. Combined the provisions were projected to increase general fund revenues by \$549.7 million in fiscal 2026 and \$757.6 million in fiscal 2027.

⁽⁴⁾ The BRFA of 2024 (Chapter 717) increased tobacco tax rates and added a new distribution of tobacco revenues to the BMFF. In fiscal 2025, the distribution was set at \$88.3 million. In fiscal 2026, the distribution is equal to 32.6% of tobacco tax revenues, rising to 33.2% in fiscal 2027.

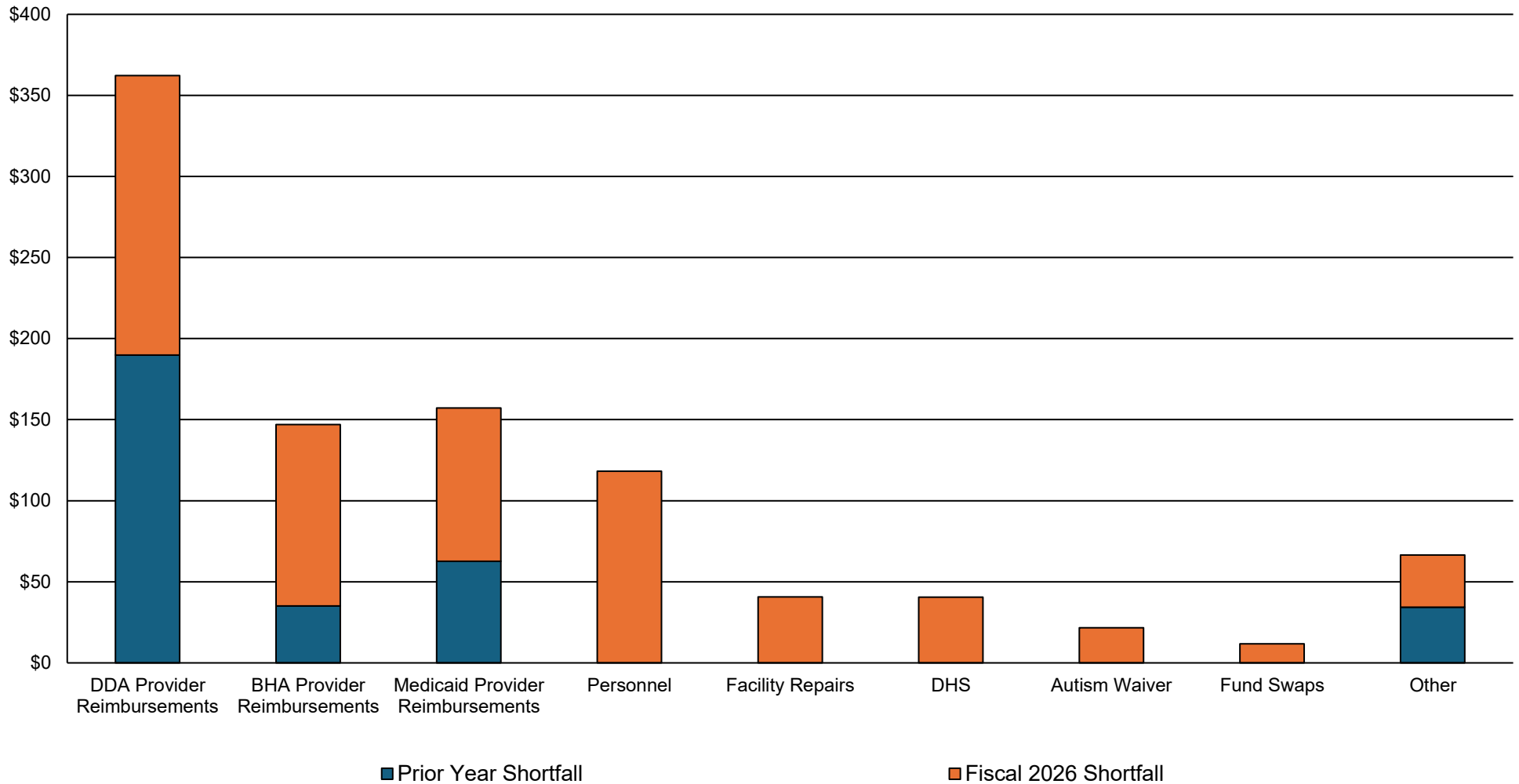
⁽⁵⁾ December estimate Includes \$28.0 million in fiscal 2026 and \$28.5 million in fiscal 2027 from sports wagering revenue. The BRFA of 2025 increased the tax on mobile sports wagering from 15% to 20% and distributed the extra 5% to the general fund beginning in fiscal 2026.

Source: Board of Revenue Estimates

Fiscal 2026 Proposed Deficiency Appropriations Total \$3.0 Billion
(\$ in Millions)

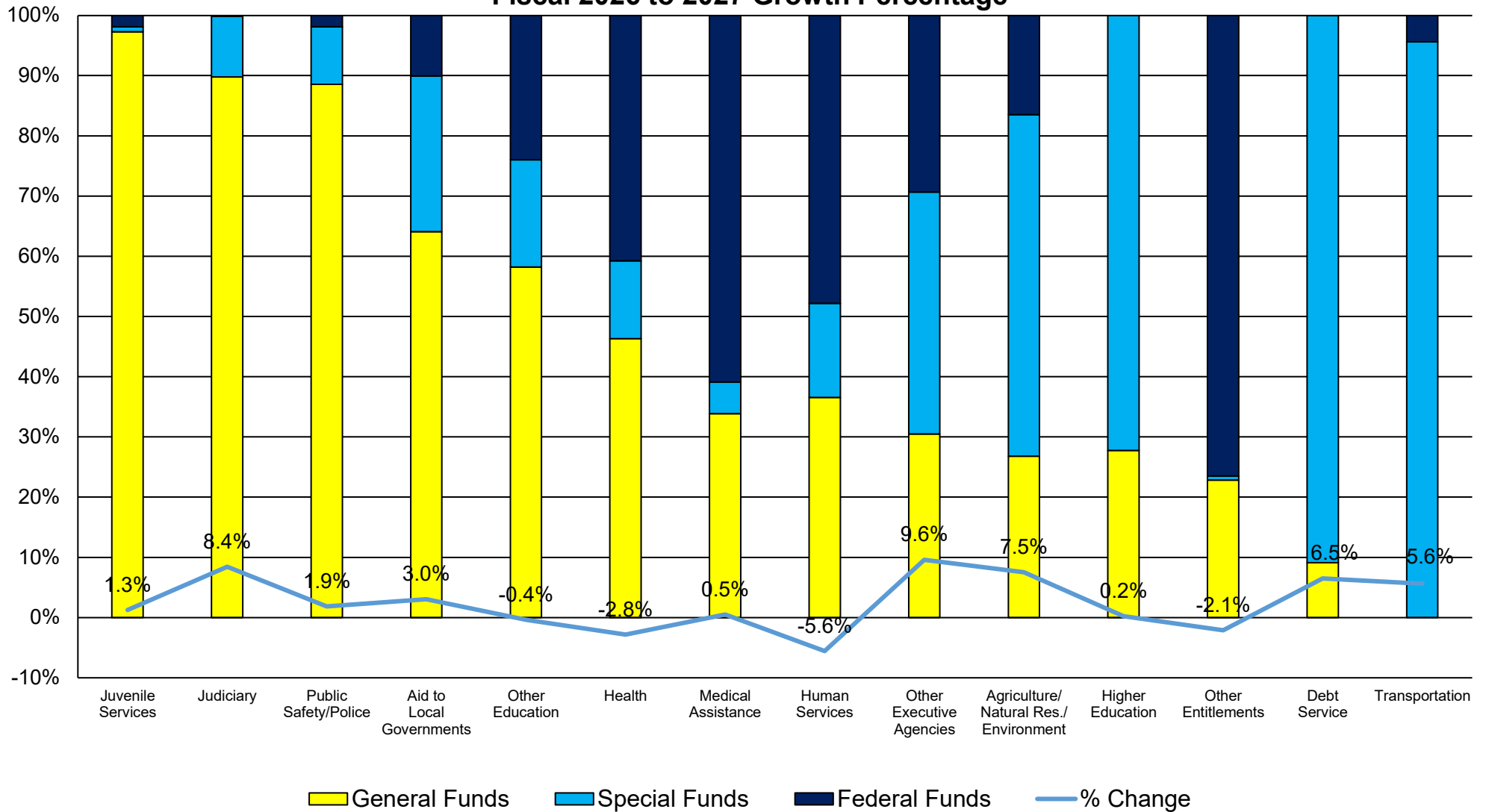


General Fund Deficiency Appropriations Total \$965.8 Million, Accounting for Planned Reversions, Approximately 34% of Fiscal 2026 Proposed Deficiency Appropriations Cover Prior Year Costs
(\$ in Millions)



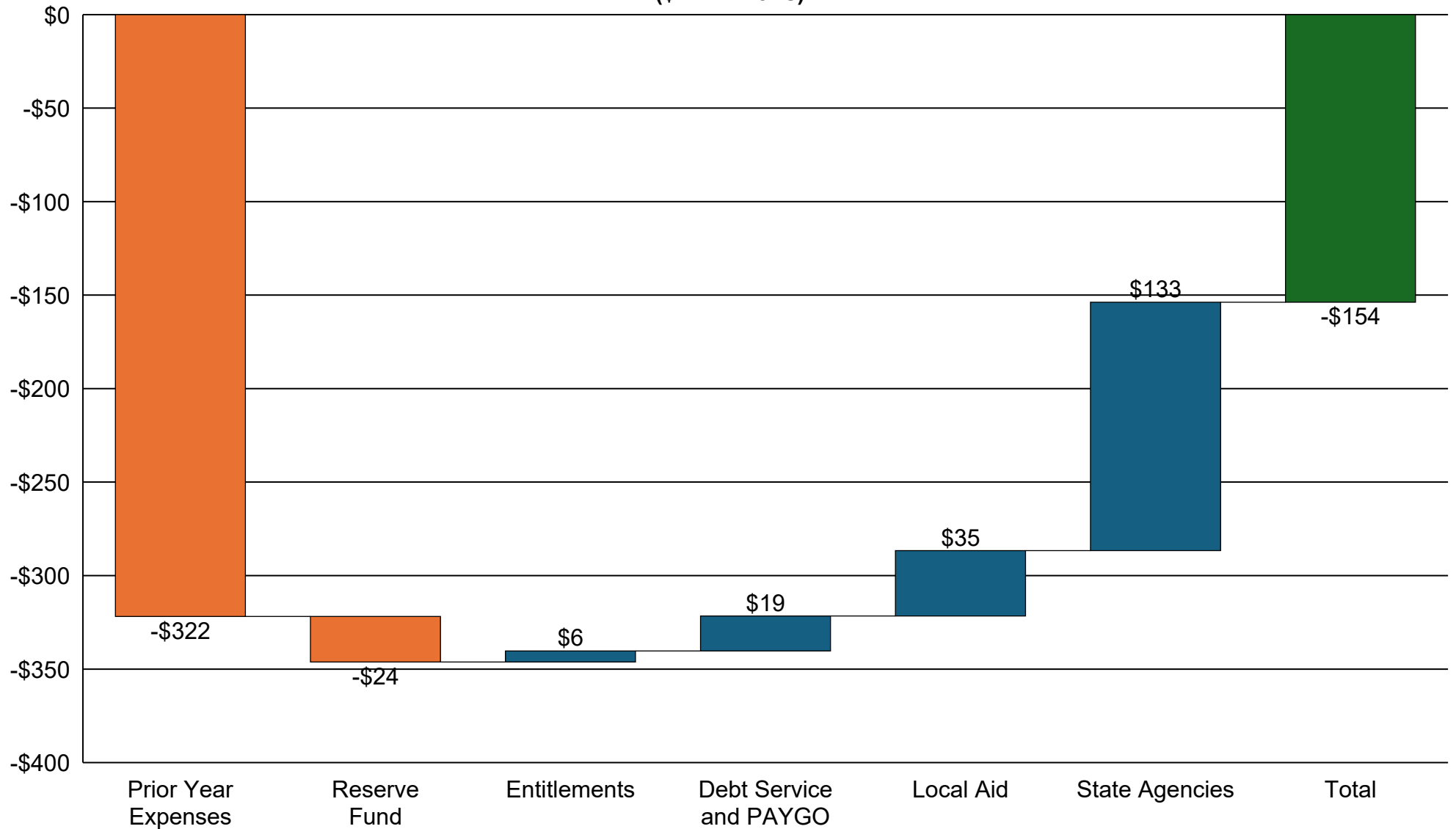
BHA: Behavioral Health Administration
 DDA: Developmental Disabilities Administration
 DHS: Department of Human Services

Fiscal 2027 Operating Budget by Fund Type and Fiscal 2026 to 2027 Growth Percentage

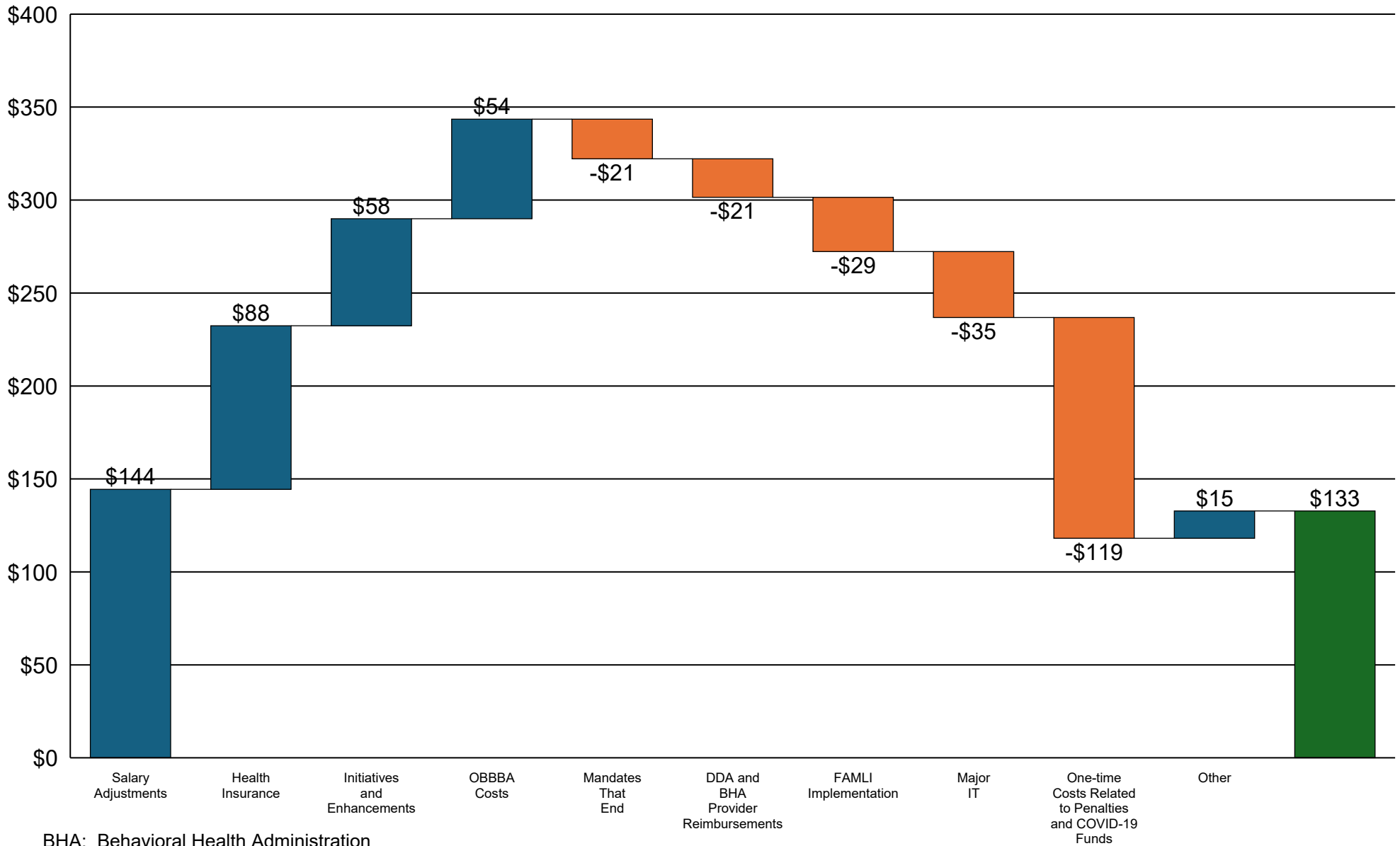


Note: In fiscal 2026, excludes proposed deficiency appropriations related to fiscal 2025 costs. Accounts for deficiency appropriations, targeted reversions, and contingent reductions.

**General Funds Decrease by \$153.8 Million in Fiscal 2027, After Accounting for Deficiency
Appropriations and Contingent Reductions, Excluding Prior Year Costs,
General Funds Would Increase by \$168.0 Million
(\$ in Millions)**

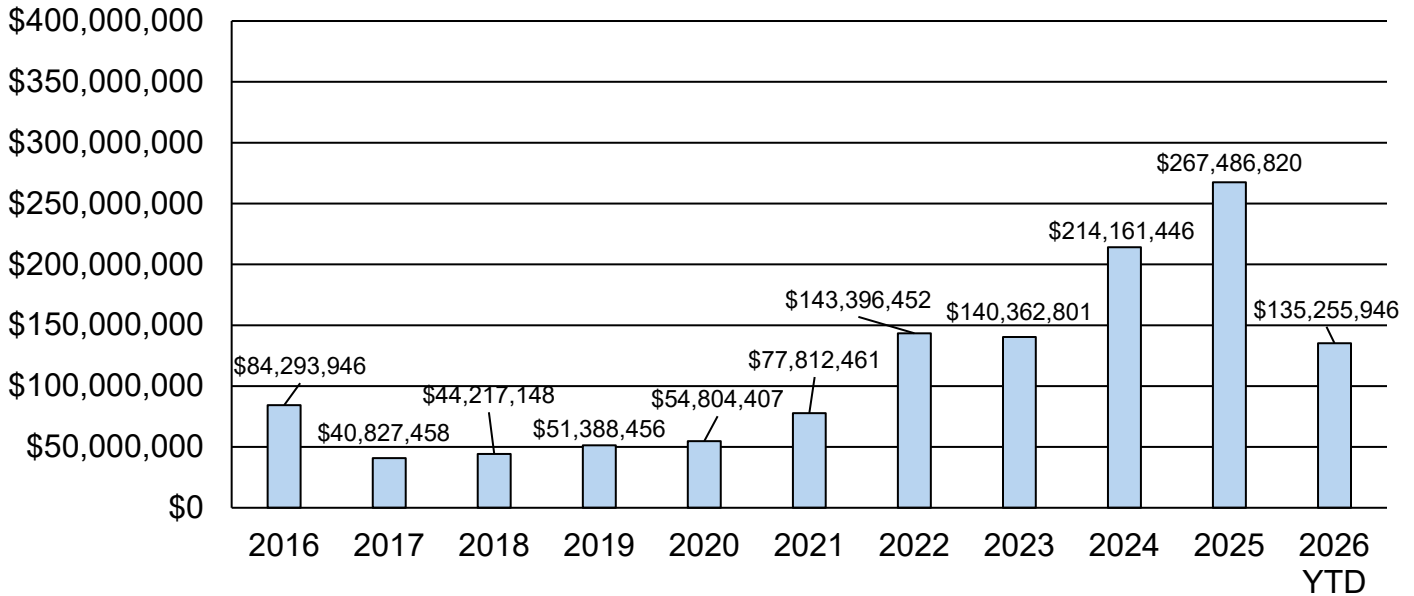


General Funds for State Agency Costs Increase by \$132.8 Million (\$ in Millions)

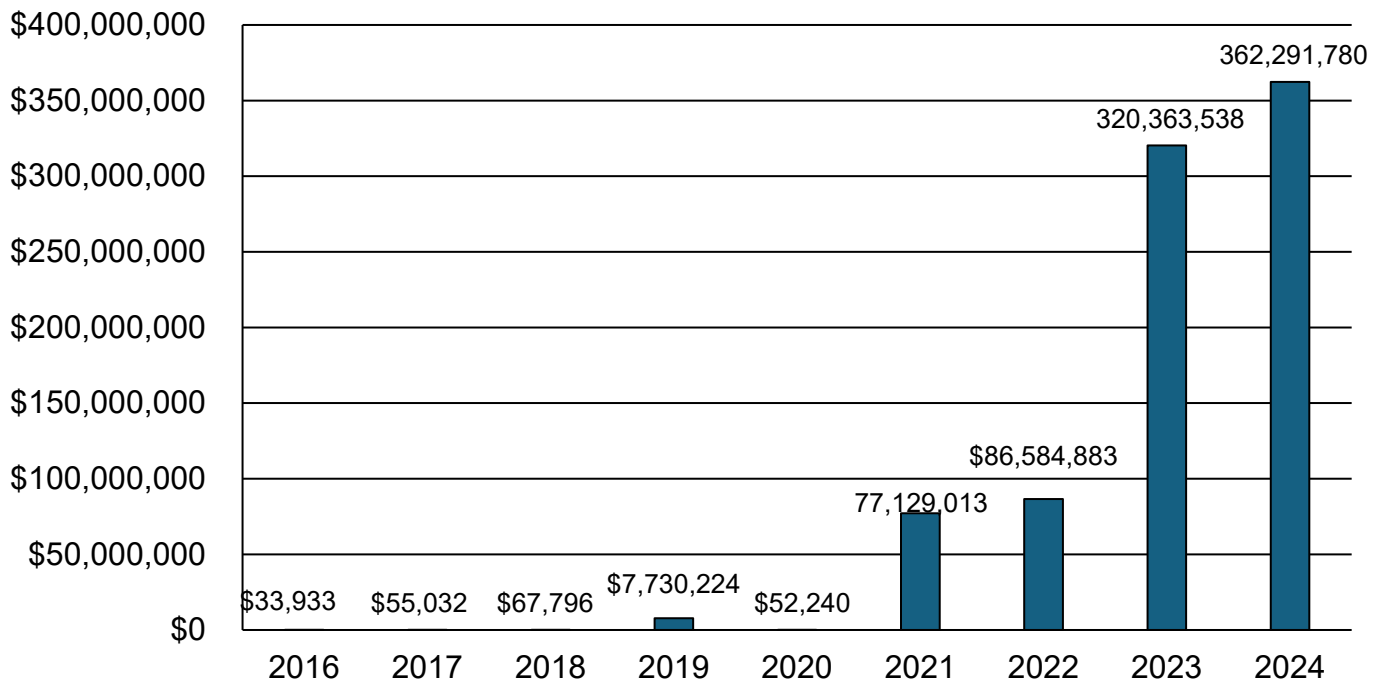


BHA: Behavioral Health Administration
 DDA: Developmental Disabilities Administration
 FAMILI: Family and Medical Leave Insurance
 IT: information technology
 OBBBA: One Big Beautiful Bill Act

**Fiscal 2025 Actual Revenue Totaled \$267.5 Million
Fiscal 2026 on Pace for a Similar Level
RGGI Auction Revenue**



**Alternative Compliance Revenue Totaled \$362.3 Million in
Calendar 2024
Budget Assumes \$336.9 Million will be Received in
Fiscal 2026 and 2027**



YTD: year to date
RGGI: Regional Greenhouse Gas Initiative

Proposed Budget and Legislation Reduces the SEIF Balance to Approximately \$164 Million in Fiscal 2027

Expanded Uses Allowable Under Existing Law

Expand community and multifamily vehicle charging infrastructure through MEA (\$18 million) and DHCD (\$2 million)	RGGI	\$20,000,000
Residential Energy Equity Program in MEA	RGGI	17,750,000
Higher Education – PAYGO	RGGI	17,015,000
Expand low- and moderate-income residential energy efficiency measures in DHCD	RGGI	10,000,000
Energy efficiency and affordable electrification in commercial and multifamily buildings through DHCD	RGGI	10,000,000
DNR Power Plant Research Program	RGGI	5,000,000
Extending funding for the Climate Catalytic Capital Fund following the end of the mandated funding	RGGI	5,000,000
Facilities Renewal – PAYGO	RGGI	3,500,000
Total		\$88,265,000

Expanded Uses Requiring Legislation

Rate credits	ACP	\$100,000,000
New gap financing initiative (\$70 million) and replacement tax credit incentives (\$30 million) to support solar and other clean energy projects due to federal disruptions	ACP	100,000,000
Assist higher education research centers to transition to energy, resiliency, and climate related research	ACP	42,000,000
Energy Resource Adequacy and Planning Act (Chapter 7 and 9 of the 2025 session) implementation	ACP	25,000,000
Installing clean energy on State properties	RGGI	20,000,000
Grid-enhancing technologies	ACP	15,000,000
Establishing processes for high voltage transmission lines to be colocated along existing highways	ACP	10,000,000
Comprehensive Flood Management Grant Program – PAYGO	RGGI	9,485,000
Chesapeake Conservation and Climate Corps (\$1.5 million per year beginning in fiscal 2026)	RGGI	3,000,000
Positions in the Maryland Department of Planning, MDEM, Comptroller of Maryland, DNR Power Plant Research Program Environmental Review Program, DHCD, Maryland Department of the Environment	RGGI	1,735,181
MDEM to include resiliency efforts of the department and the annual report of the Office of Resilience (fiscal 2026 and 2027)	RGGI	1,565,530
Total		\$327,785,711

Transfers

ACP Balance	ACP	\$259,000,000
Administration Account Balance	RGGI	33,000,000
Total		\$292,000,000

Balances	Alternative Compliance Payments
2025 Actual Balance	\$393,416,410
2026 Est. Balance	332,329,620
2027 Est. Balance	242,830
	RGGI-sourced Revenue
2025 Actual Balance	\$438,213,982
2026 Est. Balance	269,604,707
2027 Est. Balance	160,174,994
Other SEIF Balances (Fiscal 2027 est.)	3,498,714
Total Estimated Fiscal 2027 SEIF Balance	\$163,916,538

ACP: Alternative Compliance Payments
 DHCD: Department of Housing and Community Development
 DNR: Department of Natural Resources
 MDEM: Maryland Department of Emergency Management
 MEA: Maryland Energy Administration
 PAYGO: pay-as-you-go
 RGGI: Regional Greenhouse Gas Initiative
 SEIF: Strategic Energy Investment Fund

Budget Reconciliation and Financing Act

General Fund Revenue Actions – Fiscal 2027

^Local Income Tax Reserve Account	\$150.0
Decouple from a provision in the OBBBA that creates a Qualified Production Property Deduction Transfer Tax Revenue that would otherwise be distributed to POS Local, Natural Resources Development Fund, and Rural Legacy Program is distributed to the General Fund in fiscal 2027 funds are replaced with GO bonds	122.5
Partially decouple from a provision in the OBBBA to allow for a 20% deduction for eligible investments (instead of 100% in the OBBBA)	71.7
Repeal the Driver Education in Public High Schools Grant Program and Fund allowing the Uninsured Motorist Fine Revenue to go to the General Fund	10.3
	2.0
Total General Fund Revenue Actions	\$356.5

Fund Balance Transfers

2026

Alternative Compliance Payments – SEIF	\$259.0
Fiscal Responsibility Fund	187.6
SEIF Administration Account	33.0
Maryland Loan Assistance Repayment Program for Nurses and Nursing Support Staff	10.0
Performance Incentive Grant Fund	2.0
DPA fiscal 2023 appropriations for domestic violence centers (\$350,760), assisted living facilities (\$201,292), DSP Gun Center (\$152,732), crossing jurisdictional boundaries (\$100,001), violence prevention and interruption organizations (\$75,988), Greater Baltimore Regional Integrated Crisis System (\$51,600)	1.0
	\$492.6

2027

Bay Restoration Fund	\$70.0
Waterway Improvement Fund	13.1
Maternal and Child Health Population Improvement Fund	6.7
POS Local Reserve Fund	0.2
	\$90.0
Total Transfers to the General Fund	\$582.6

Contingent General Fund Reductions

Reserve Fund – Eliminate the required appropriation to the Rainy Day Fund in fiscal 2027 only	\$449.8
MSDE, Aid to Community Colleges, MSLA – alters the state share of retirement costs for teachers, community colleges, and librarians	39.3
Payments to Civil Divisions – Level fund the Disparity Grant at the fiscal 2026 formula funding level through 2029	27.0
MHEC – Cap growth for community colleges in the Cade Funding Formula at 3%	21.0
MDH – Alter the allowable uses of Cigarette Restitution Funds that would otherwise be required to be used for HBCU Settlement Funds in fiscal 2027 only to be used for Medicaid	8.4
*Higher Education – Increased level of Higher Education Investment Funds due to decoupling from OBBBA provisions	6.8
*DSP – Extend the expansion of allowable uses of MEMSOF to support general operations in the Aviation Program through fiscal 2029	5.5
DHS – Level fund provider rates for foster care at the rates in effect on January 21, 2026	5.1

*DoSEM – Expand the allowable uses of the Cannabis Business Assistance Fund to include operations of DoSEM from fiscal 2027 through 2029	5.0
MHEC – Level fund the Sellinger Funding Formula for private institutions of higher education	4.5
*BPW – Expand the allowable uses of the SEIF to include the Chesapeake Conservation and Climate Corps beginning in fiscal 2026 (includes actions in fiscal 2026 and 2027)	3.0
MSDE – Level fund provider rates for nonpublic placements at the rates in effect on January 21, 2026	2.5
*MDH – Allow for the special fund balance for the Board of Physicians to support the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants	2.0
MDP – Reduce the mandate for the Small Commercial Historic Revitalization Tax Credit to \$1.5 million	1.5
MHEC – Reduce the mandate for the Maryland Loan Assistance Repayment Program for Police Officer and Probation Agents to \$500,000	1.5
MHEC – Reduce the mandate for the Police Officer and Probation Agents Scholarship Program to \$500,000	1.5
*MDH – Expanding the allowable uses of the Advance Directives Fund to include maternal and child health quality initiatives	1.0
MDH – Reduce the mandated funding from the Cigarette Restitution Fund in the Community Health Resources Commission allowing for additional these funds to support Medicaid (fiscal 2027 only)	1.0
MHEC – Reduce the mandated funding for the Community College Promise Scholarship Program	1.0
*DNR – Expand the allowable uses of the SEIF to include the Environmental Research Program in the Power Plant Research Program	0.8
MDH – Eliminate the mandate for tobacco use prevention programs	0.7
MD Labor – Reduce the mandate for the Growing Apprenticeships and the Public Safety Program from \$550,000 to \$390,000 beginning in fiscal 2026 (fiscal 2026 and 2027)	0.7
BCCC – Reduce the State support per FTES funding that BCCC receives from 68.5% to 67.5%	0.7
*DHCD, MDE, MDP, Comptroller – Expand the allowable uses of the SEIF to include climate change mitigation and climate change resiliency efforts – to support climate change, resiliency, and energy efficiency personnel	0.6
*MDH – Authorize the use of special fund balance from the Board of Counselors to be used for behavioral health services	0.5
*MDEM – Expand the allowable uses of the SEIF to include resiliency efforts of the department	0.3
*MDE – Expand authority to issue civil and administrative penalties	0.3
USM and MDA – Eliminate the mandate for the Native Plant Specialist at USM and the Native Plants Program at MDA	0.3
MD Labor – Reduce the mandated appropriation for the Career Pathways for Healthcare Workers Program from \$500,000 to \$350,000	0.2
MD Labor – Reduce the mandate for the Prince George’s County Re-Entry Employment Incentive Program from \$500,000 to \$350,000	0.2
*MDP – Alter the POS funding formula to include Jefferson Patterson Park	0.1
MDA – Reduce the mandate for the Urban Agriculture and Power Grant Program and Fund from \$500,000 to \$400,000 (mandate ends after fiscal 2027)	0.1
MDA – Reduce the mandate for the Healthy Soils Program from \$500,000 to \$400,000 (mandate scheduled to end in fiscal 2028)	0.1
MSDE – Eliminate the mandate for the Lacrosse Opportunities Program	0.04
DBM – Eliminate the requirement to print the Governor’s Budget Books	0.04
Total General Fund Reductions	\$592.9

Contingent Special Fund Reductions

DNR – Delete the appropriation from the transfer tax for POS Local (\$49.6 million), Rural Legacy (\$13.4 million), and the Natural Resources Development Fund (\$8.8 million) to be funded instead with GO Bonds in fiscal 2027 only	\$71.9
MDH – Reducing the mandate for the Consortium for Coordinated Community Supports to \$80.0 million	20.0
MSDE – Eliminate the mandate for the Driver Education in Public High Schools Grant Program	2.0
MDH – Reduce the mandated funding from the Cigarette Restitution Funds in the Community Health Resources Commission allowing for these funds to support Medicaid	1.0
MDA – Reduce the mandate for the Tri-County Council for Southern Maryland from \$1.0 million to \$700,000	0.3
DNR – Alter the POS funding formula to include Jefferson Patterson Park	0.3
DNR – Eliminate the mandate for the Waterway Improvement Fund distribution to a Maryland-based historic preservation nonprofit	0.3
DHS – Level fund provider rates for foster care at the rates in effect on January 21, 2026	0.1

Total Special Fund Contingent Reductions \$95.9**Contingent Special Fund Appropriations (Excludes Contingent Appropriations Related to Contingent Reductions)**

^PSC – Expand the allowable uses of the SEIF to include rate credits	\$100.0
gap financing initiative to support solar and other clean energy projects impacted by federal actions	100.0
at higher education institutions to transition energy resilience and climate activities, implementation of the Energy Resource Adequacy and Planning Act, and grid-enhancing technologies	82.0
properties	20.0
MDOT – Expand the allowable uses of the SEIF to include establishing processes for high voltage transmission lines to be co-located along existing highways	10.0
MDE – Expand the allowable uses of the SEIF to include the Comprehensive Flood Management Program	9.5
DNR – Clarify that the Heritage Conservation Fund is considered as part of the POS State Land Acquisition balance	5.6
MDEM – Expand the allowable uses of the SEIF to include a mandated study by the Office of Resilience (fiscal 2026 only)	0.4

Total Contingent Special Fund Appropriations (Excludes Contingent Appropriations Related to Contingent Reductions \$327.5**Contingent Federal Fund Reductions**

*MDEM – Expand the allowable uses of the 911 Trust Fund to replace federal fund losses beginning in fiscal 2026 (fiscal 2026 and 2027)	\$6.5
DHS – Level fund provider rates for foster care at the rates in effect on January 21, 2026	1.3
*MDEM – Expand the allowable uses of the SEIF to include resiliency efforts of the department	1.2

Total Federal Fund Contingent Reductions \$8.9

Other Provisions

- Require reimbursement by local jurisdictions for counties that opt to have MDH operate the Assisted Outpatient Treatment Program in their jurisdiction beginning in fiscal 2028, with the required reimbursement increasing from 25% to 100% by fiscal 2031.
- Alter the participation targets in the Department of Service and Civic Innovation.
- Authorize rather than require MDH to apply for an implementation grant for the Certified Community Behavioral Health Clinics, and alter the date for which the application would be authorized.
- Make a technical correction related to the authorization to transfer the Local Income Tax Reserve Account included in the BRFA of 2025.
- Authorize reallocations of funds using the State Fiscal Recovery Fund for HVAC upgrades at public school buildings to ensure the meeting of spending deadlines for these funds.
- Authorize funds allocated to the College of Southern Maryland for the purchase of certain historical properties in fiscal 2018 from the DNR PAYGO appropriation to be used instead for POS State land acquisition.
- Expand the authorized uses of funds restricted in the fiscal 2026 budget for the reopening of the Alfred D. Noyes Children's Center as an adolescent drug treatment center to drug treatment services at other facilities.

* Denotes items has an associated contingent special fund appropriation to complete the fund swap.

^ Denotes items contingent on legislation other than the Budget Reconciliation and Financing Act.

BCCC: Baltimore City Community College

BPW: Board of Public Works

DBM: Department of Budget and Management

DPA: Dedicated Purpose Account

DGS: Department of General Services

DHCD: Department of Housing and Community Development

DHS: Department of Human Services

DJS: Department of Juvenile Services

DNR: Department of Natural Resources

DoSEM: Department of Social and Economic Mobility

DPA: Dedicated Purpose Account

DSP: Department of State Police

FTES: full-time equivalent student

GO: general obligation

HBCU: historically Black college and university

MDA: Maryland Department of Agriculture

MDE: Maryland Department of the Environment

MDEM: Maryland Department of Emergency Management

MDH: Maryland Department of Health

MD Labor: Maryland Department of Labor

MDOT: Maryland Department of Transportation

MDP: Maryland Department of Planning

MEA: Maryland Energy Administration

MEMSOF: Maryland Emergency Medical System Operations Fund

MHEC: Maryland Higher Education Commission

MSDE: Maryland State Department of Education

MSLA: Maryland State Library Agency

OBBBA: One Big Beautiful Bill Act

PAYGO: pay-as-you-go

POS: Program Open Space

PSC: Public Service Commission

SEIF: Strategic Energy Investment Fund

USM: University of Maryland

State Aid by Governmental Entity
Amount and Percent of Total
(\$ in Millions)

	<u>FY 2027 State Aid Amount</u>	<u>Percent of Total</u>
Public Schools	\$10,118.7	85.0%
Libraries	103.0	0.9%
Community Colleges	518.1	4.4%
Local Health	115.2	1.0%
County/Municipal	1,043.4	8.8%
Total	\$11,898.4	100.0%

Change in State Aid
(\$ in Millions)

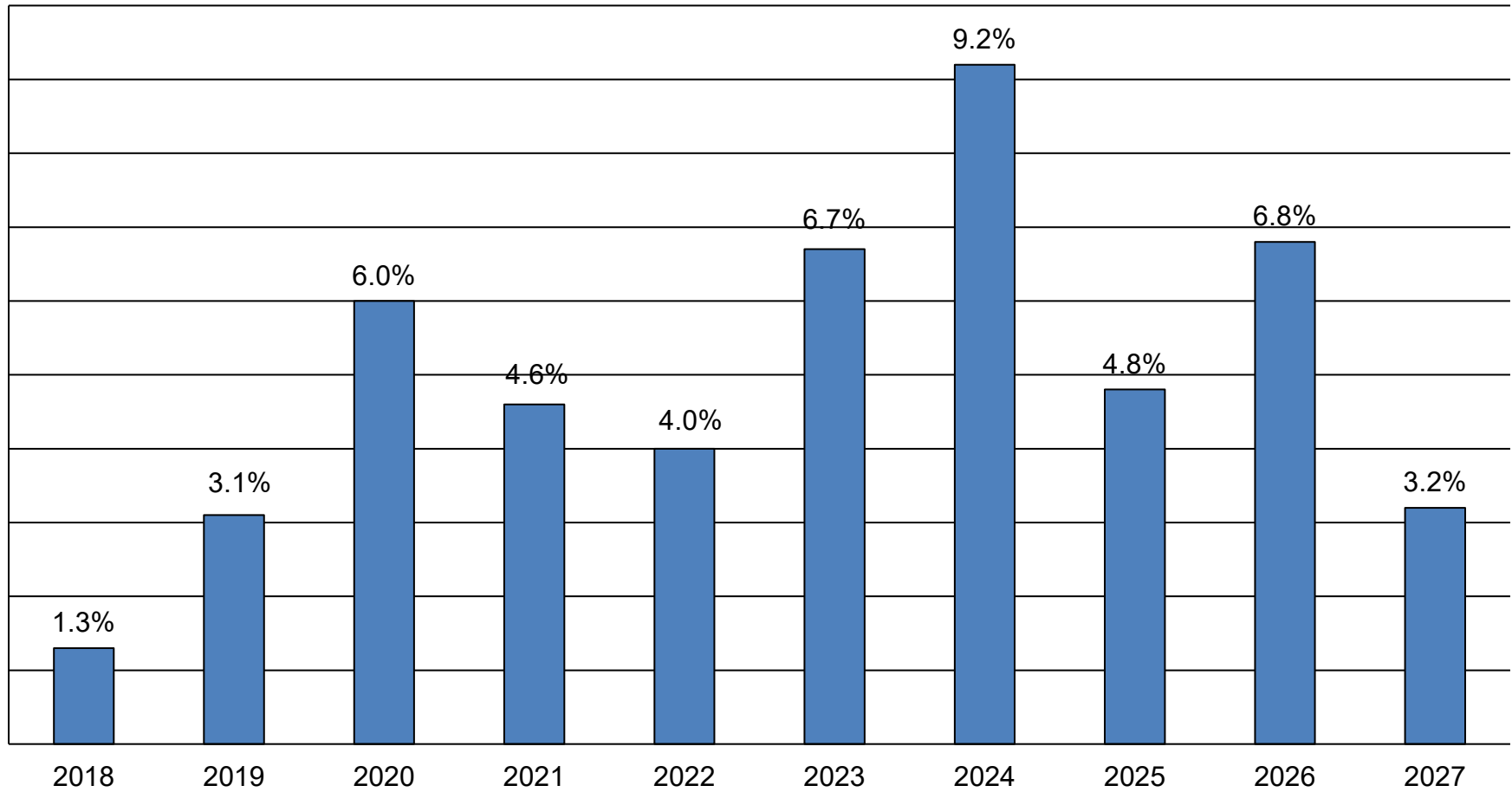
	<u>FY 2027 Aid Change</u>	<u>Percent Change</u>
Public Schools	\$358.8	3.7%
Libraries	2.2	2.2%
Community Colleges	13.0	2.6%
Local Health	0.0	0.0%
County/Municipal	-3.6	-0.3%
Total	\$370.5	3.2%

State Aid by Major Programs
Fiscal 2025-2027
State Funds
(\$ in Millions)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Difference</u>	<u>Percent Difference</u>
Public Schools					
Foundation Programs	\$3,934.9	\$4,141.4	\$4,276.8	\$135.4	3.3%
Compensatory Aid	1,715.3	1,778.6	1,738.2	-40.4	-2.3%
Concentration of Poverty Grant	361.7	492.6	572.7	80.1	16.3%
English Learners Grant	519.5	554.5	542.0	-12.4	-2.2%
Special Education – Formula Aid	531.3	589.8	691.1	101.3	17.2%
Special Education – Nonpublic	172.5	147.1	123.0	-24.1	-16.4%
Student Transportation	369.6	381.9	387.0	5.1	1.3%
Full Day Prekindergarten	129.9	172.6	257.4	84.8	49.1%
Guaranteed Tax Base	74.9	65.0	69.0	4.0	6.2%
Education Effort Adjustment	96.5	145.4	166.6	21.2	14.6%
Other Education Programs	260.5	309.2	276.8	-32.4	-10.5%
Subtotal Direct Aid	\$8,166.6	\$8,778.1	\$9,100.7	\$322.6	3.7%
Retirement Payments	917.2	981.8	1,018.0	36.2	3.7%
Total Public School Aid	\$9,083.8	\$9,759.9	\$10,118.7	\$358.8	3.7%
Libraries					
Library Aid Formula	\$49.5	\$50.5	\$52.0	\$1.5	2.9%
State Library Network	22.3	22.6	23.1	0.5	2.1%
Subtotal Direct Aid	\$71.8	\$73.1	\$75.0	\$1.9	2.6%
Retirement Payments	24.2	27.7	28.0	0.3	1.0%
Total Library Aid	\$96.0	\$100.8	\$103.0	\$2.2	2.2%
Community Colleges					
Community College Formula	\$384.8	\$404.5	\$415.2	\$10.7	2.6%
Other Programs	38.9	42.5	42.6	0.0	0.1%
Subtotal Direct Aid	\$423.7	\$447.1	\$457.8	\$10.7	2.4%
Retirement Payments	54.3	58.0	60.3	2.3	4.0%
Total Community College Aid	\$478.0	\$505.0	\$518.1	\$13.0	2.6%
Local Health Grants	\$110.8	\$115.2	\$115.2	\$0.0	0.0%
County/Municipal Aid					
Transportation	\$420.4	\$477.1	\$470.8	-\$6.3	-1.3%
Public Safety	226.9	213.6	215.2	1.6	0.8%
Disparity Grant	188.5	193.7	176.6	-17.1	-8.8%
Gaming Impact Aid	102.9	102.1	102.7	0.6	0.6%
Other Grants	85.4	60.5	78.2	17.6	29.1%
Total County/Municipal Aid	\$1,024.1	\$1,047.0	\$1,043.4	-\$3.6	-0.3%
Total State Aid	\$10,792.6	\$11,527.9	\$11,898.4	\$370.5	3.2%

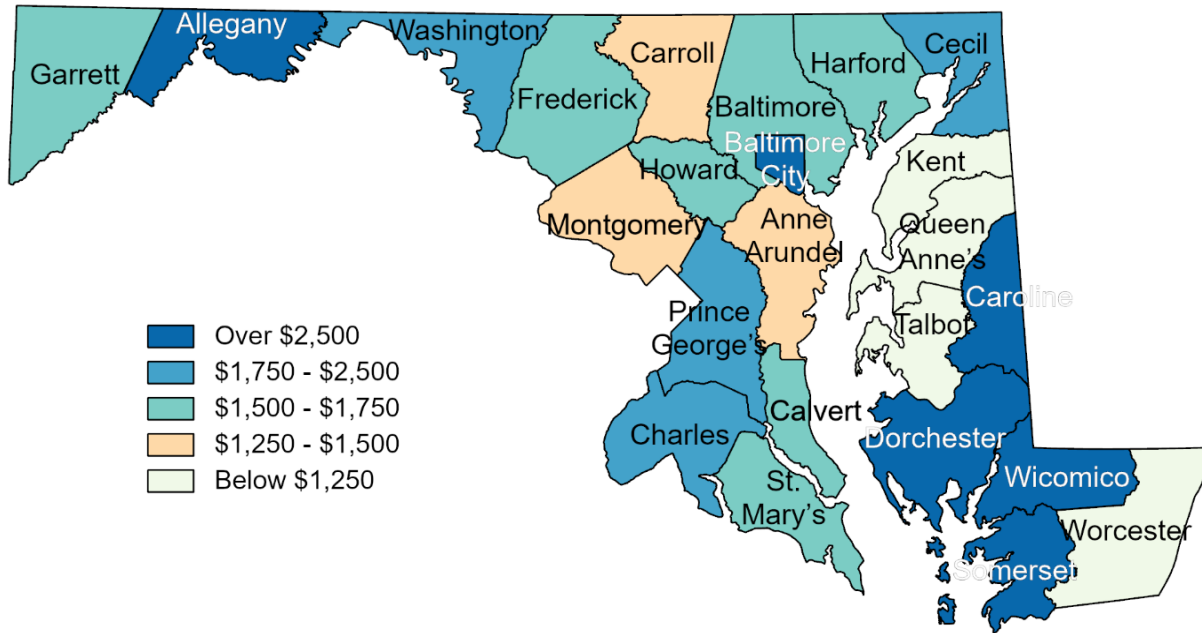
Source: Department of Legislative Services

Annual Change in State Aid to Local Governments Fiscal 2018-2027

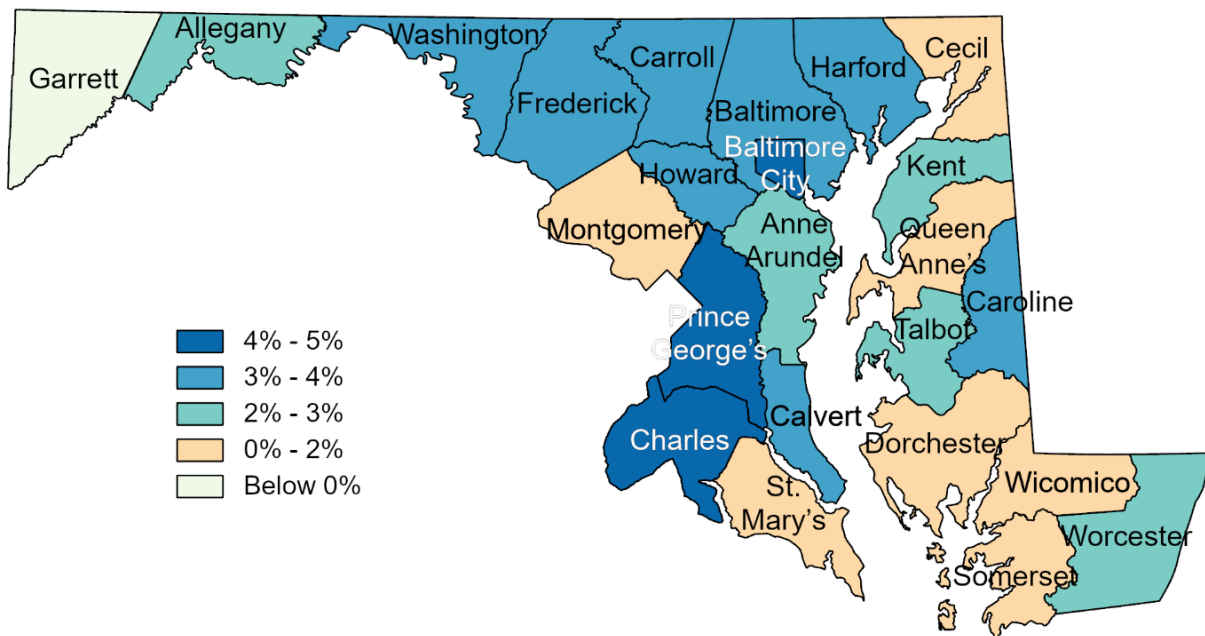


State Aid to Local Governments

**Per Capita State Aid
FY 2027**



**Annual Percent Change
FY 2027**



Proposed Changes to State Aid
Fiscal 2027
(\$ in Millions)

Aid Program	Fiscal Impact
Public Schools	
Revised FRPM Count - Formula Aid	\$228.4
Innovative Programs - Driver Education	-2.0
<i>Subtotal</i>	\$226.4
Community Colleges	
Cade Formula Aid	-\$21.0
County Governments	
Disparity Grants	-\$27.0
Public Safety Grants - Prince George's County	-0.2
Public Safety Grants - Baltimore City	5.6
Dispatch System - Baltimore City	8.0
<i>Subtotal</i>	-\$13.5
Retirement Payments - Cost Shift to Local Government	
Public Schools	-36.2
Libraries	-0.7
Community Colleges	-2.3
<i>Subtotal</i>	-\$39.3
Total State Aid	\$152.6

FRPM: free and reduced-priced meals

Source: Department of Legislative Services

Change in Student Enrollment Count for Free and Reduced-price Meals

Current Law and Governor Proposal

County	Under Current Law				Under Governor Proposal				Difference	
	Fiscal 2026	Fiscal 2027	Difference	Percent Difference	Fiscal 2026	Fiscal 2027	Difference	Percent Difference	Additional Students	Share of Total
Allegany	4,720	4,135	-585	-12.4%	4,720	4,650	-70	-1.5%	515	1.5%
Anne Arundel	34,268	33,374	-894	-2.6%	34,268	33,374	-894	-2.6%	0	0.0%
Baltimore City	63,322	48,651	-14,671	-23.2%	63,322	62,037	-1,285	-2.0%	13,386	39.9%
Baltimore	57,904	53,703	-4,201	-7.3%	57,904	55,991	-1,913	-3.3%	2,288	6.8%
Calvert	4,048	3,988	-60	-1.5%	4,048	3,988	-60	-1.5%	0	0.0%
Caroline	3,724	3,016	-708	-19.0%	3,724	3,677	-47	-1.3%	661	2.0%
Carroll	7,159	7,130	-29	-0.4%	7,159	7,130	-29	-0.4%	0	0.0%
Cecil	7,733	6,962	-771	-10.0%	7,733	6,983	-750	-9.7%	21	0.1%
Charles	12,624	12,174	-450	-3.6%	12,624	12,738	114	0.9%	564	1.7%
Dorchester	2,988	2,845	-143	-4.8%	2,988	2,878	-110	-3.7%	33	0.1%
Frederick	15,394	15,240	-154	-1.0%	15,394	15,240	-154	-1.0%	0	0.0%
Garrett	1,776	775	-1,001	-56.4%	1,776	1,772	-4	-0.2%	997	3.0%
Harford	14,690	14,208	-482	-3.3%	14,690	14,213	-477	-3.2%	5	0.0%
Howard	16,491	16,410	-81	-0.5%	16,491	16,596	105	0.6%	186	0.6%
Kent	1,083	1,046	-37	-3.4%	1,083	1,092	9	0.8%	46	0.1%
Montgomery	65,548	58,509	-7,039	-10.7%	65,548	63,850	-1,698	-2.6%	5,341	15.9%
Prince George's	86,296	79,069	-7,227	-8.4%	86,296	86,870	574	0.7%	7,801	23.2%
Queen Anne's	2,598	2,577	-21	-0.8%	2,598	2,577	-21	-0.8%	0	0.0%
St. Mary's	6,363	6,055	-308	-4.8%	6,363	6,171	-192	-3.0%	116	0.3%
Somerset	1,878	1,914	36	1.9%	1,878	1,915	37	2.0%	1	0.0%
Talbot	2,482	2,398	-84	-3.4%	2,482	2,398	-84	-3.4%	0	0.0%
Washington	13,135	11,910	-1,225	-9.3%	13,135	12,830	-305	-2.3%	920	2.7%
Wicomico	9,293	8,472	-821	-8.8%	9,293	9,063	-230	-2.5%	591	1.8%
Worcester	3,388	3,301	-87	-2.6%	3,388	3,393	5	0.1%	92	0.3%
Total	438,905	397,862	-41,043	-9.4%	438,905	431,426	-7,479	-1.7%	33,564	100.0%

Position Changes in the Fiscal 2027 Budget
October 2025

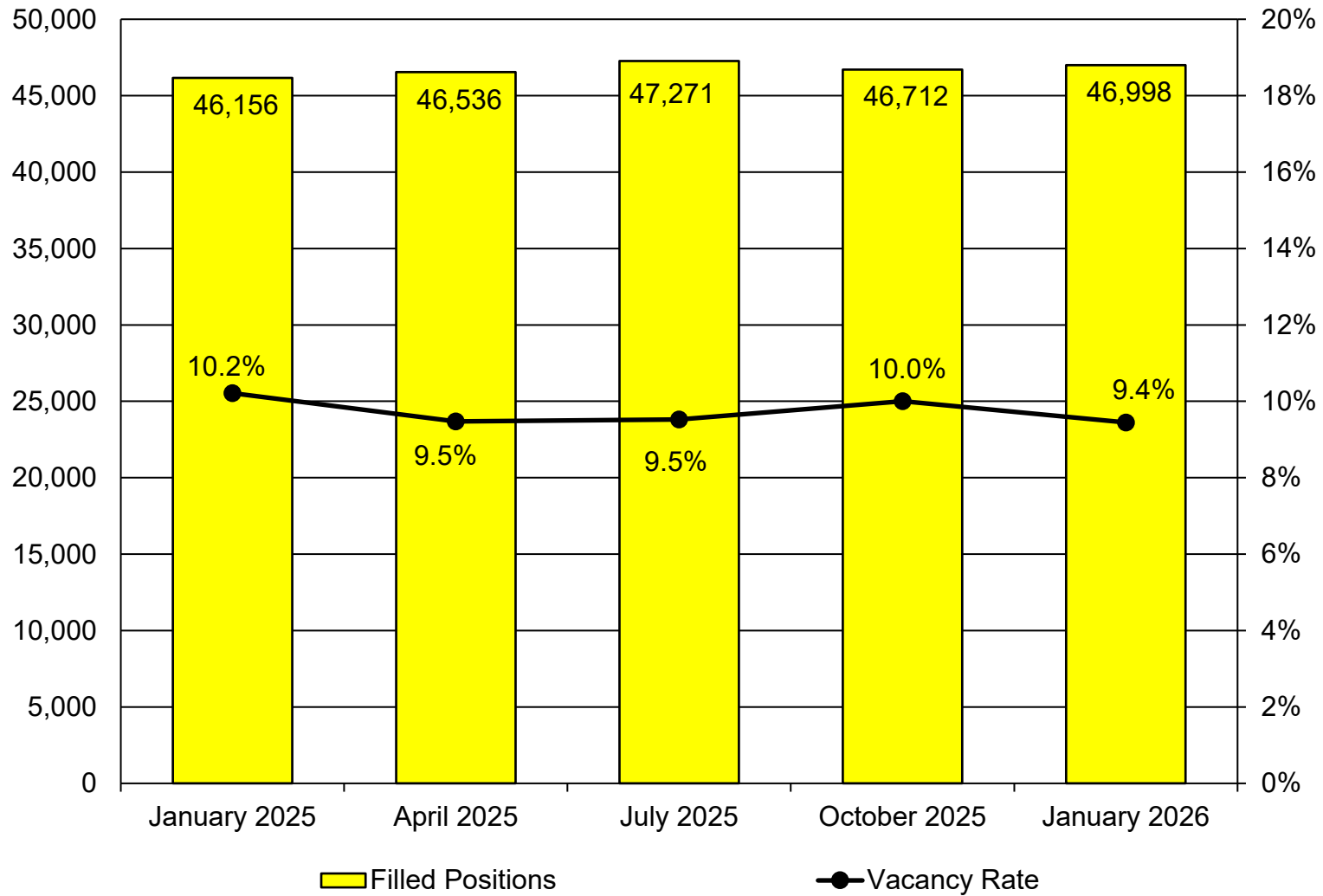
<u>Department/Service Area</u>	<u>Fiscal 2026 Leg. Approp. Adjusted*</u>	<u>Fiscal 2027 Allowance</u>	<u>Change</u>
Health and Human Services			
Health	7,263.6	7,246.6	-17.0
Human Services	5,888.4	5,870.4	-18.0
Juvenile Services	2,135.0	2,135.0	0.0
Subtotal	15,286.9	15,251.9	-35.0
Public Safety			0.0
Public Safety and Correctional Services	9,199.4	9,199.4	0.0
Police and Fire Marshal	2,574.0	2,574.0	0.0
Subtotal	11,773.4	11,773.4	0.0
Transportation	9,328.5	9,438.5	110.0
Other Executive			0.0
Legal (Excluding Judiciary)	1,777.0	1,784.0	7.0
Executive and Administrative Control	2,134.5	2,163.5	29.0
Financial and Revenue Administration	2,438.2	2,438.2	0.0
Budget and Management and IT	583.0	616.0	33.0
Retirement	204.0	204.0	0.0
General Services	727.0	750.0	23.0
Service and Civic Innovation	56.0	66.0	10.0
Natural Resources	1,521.0	1,533.0	12.0
Agriculture	430.5	438.5	8.0
Labor	1,936.9	1,933.9	-3.0
MSDE and Other Education	2,050.4	2,052.8	2.4
Housing and Community Development	446.0	447.0	1.0
Commerce	209.0	209.0	0.0
Environment	1,004.0	1,003.0	-1.0
Subtotal	15,517.4	15,638.8	121.4
Executive Branch Subtotal	51,906.2	52,102.6	196.4
Higher Education	29,406.3	29,115.1	-291.2
Judiciary	4,173.0	4,224.0	51.0
Legislature	814.0	819.0	5.0
Grand Total	86,299.5	86,260.7	-38.8

IT: information technology

MSDE: Maryland State Department of Education

Note: Fiscal 2026 legislative appropriation reflects impacts of the Voluntary Separation Program (VSP) and Section 41 of the fiscal 2026 Budget Bill. Section 41 required a reduction of 150.5 vacant or new positions. The Governor authorized VSP effective July 10, 2025.

Filled Positions and Vacancy Rate



Analysis of Executive Branch Vacancies and Turnover Rate
Fiscal 2027 Allowance Compared to January 2026 Vacancies

<u>Department/Service Area*</u>	<u>Positions**</u>	<u>Budgeted Turnover Rate</u>	<u>Vacancies To Meet Turnover</u>	<u>January Vacancies**</u>	<u>Vacancies Above (or Below) Turnover</u>	<u>January Vacancy Rate</u>
Public Safety, Health, and Human Services						
Public Safety and Correctional Services	9,199	9.6%	882	765	-117	8.3%
Health	7,247	10.2%	740	952	211	13.1%
Human Services	5,870	7.0%	411	395	-16	6.7%
Police and Fire Marshal	2,574	9.0%	233	359	126	13.9%
Juvenile Services	2,135	7.4%	157	247	90	11.6%
Subtotal	27,025	9.1%	2,424	2,718	294	10.1%
Other Executive						
Legal (Excluding Judiciary)	1,784	5.5%	97	172	75	9.6%
Executive and Administrative Control	2,164	4.8%	104	239	135	11.1%
Financial and Revenue Administration	2,438	6.9%	169	185	16	7.6%
Budget and Management and DoIT	616	6.4%	40	51	11	8.3%
Retirement	204	5.7%	12	15	3	7.4%
General Services	750	9.3%	70	59	-11	7.9%
Service and Civic Innovation	66	8.8%	6	8	2	12.1%
Natural Resources	1,533	7.8%	119	171	52	11.2%
Agriculture	439	6.0%	26	40	13	9.0%
Labor	1,934	8.4%	162	306	144	15.8%
MSDE and Other Education	2,053	4.4%	90	165	74	8.0%
Housing and Community Development	447	5.7%	25	17	-8	3.8%
Commerce	209	8.9%	19	18	-1	8.6%
Environment	1,003	8.3%	83	91	8	9.1%
Subtotal	15,639	6.4%	1,022	1,536	514	9.8%
Executive Branch	42,664	7.4%	3,446	4,254	808	10.0%
Transportation	9,439	4.6%	435	650	214	6.9%

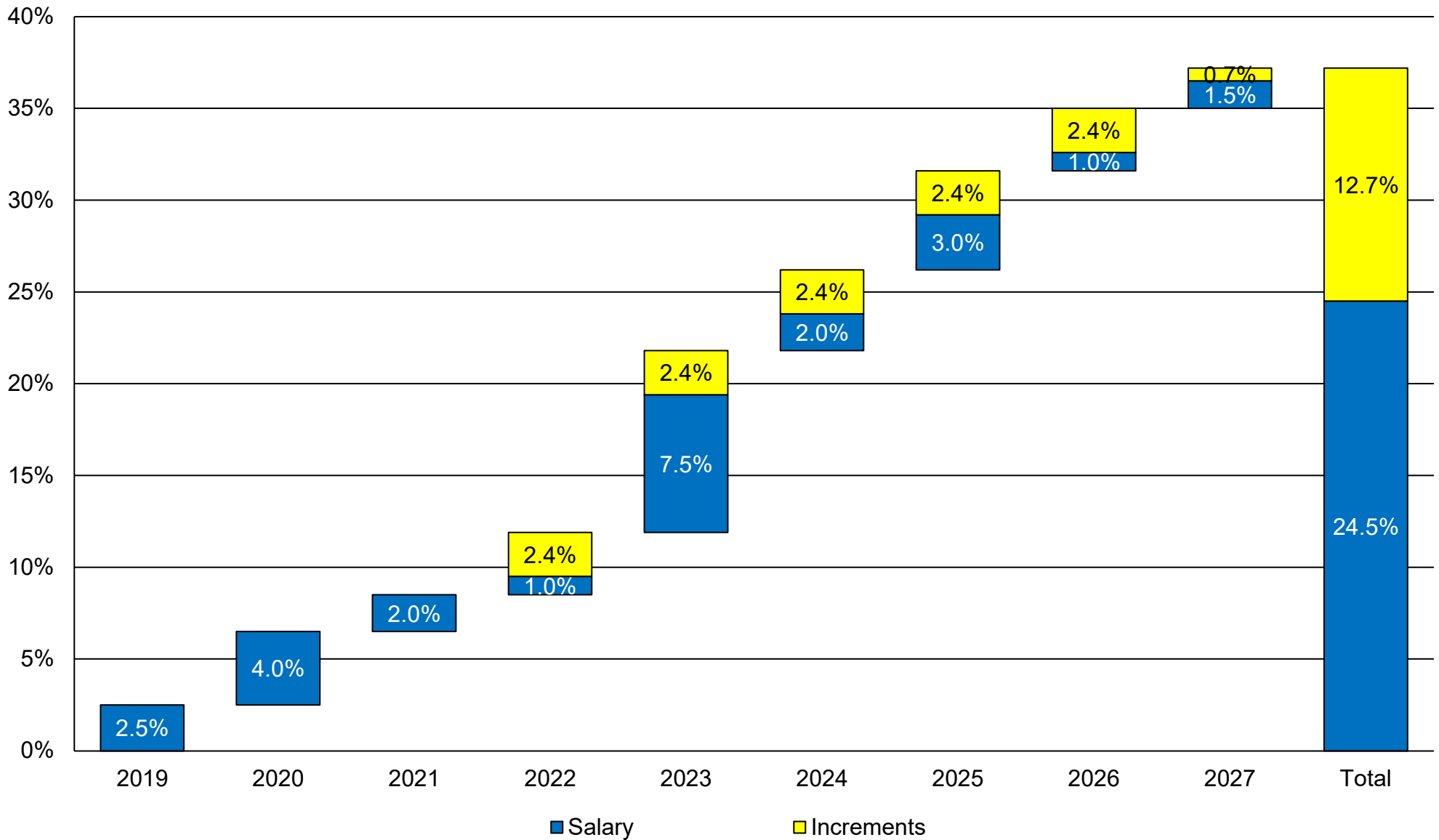
DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

*Excludes Higher Education.

** Assumes 25% vacancy rate for newly created positions that are not contractual conversions.

Source: Department of Budget and Management; Department of Legislative Services

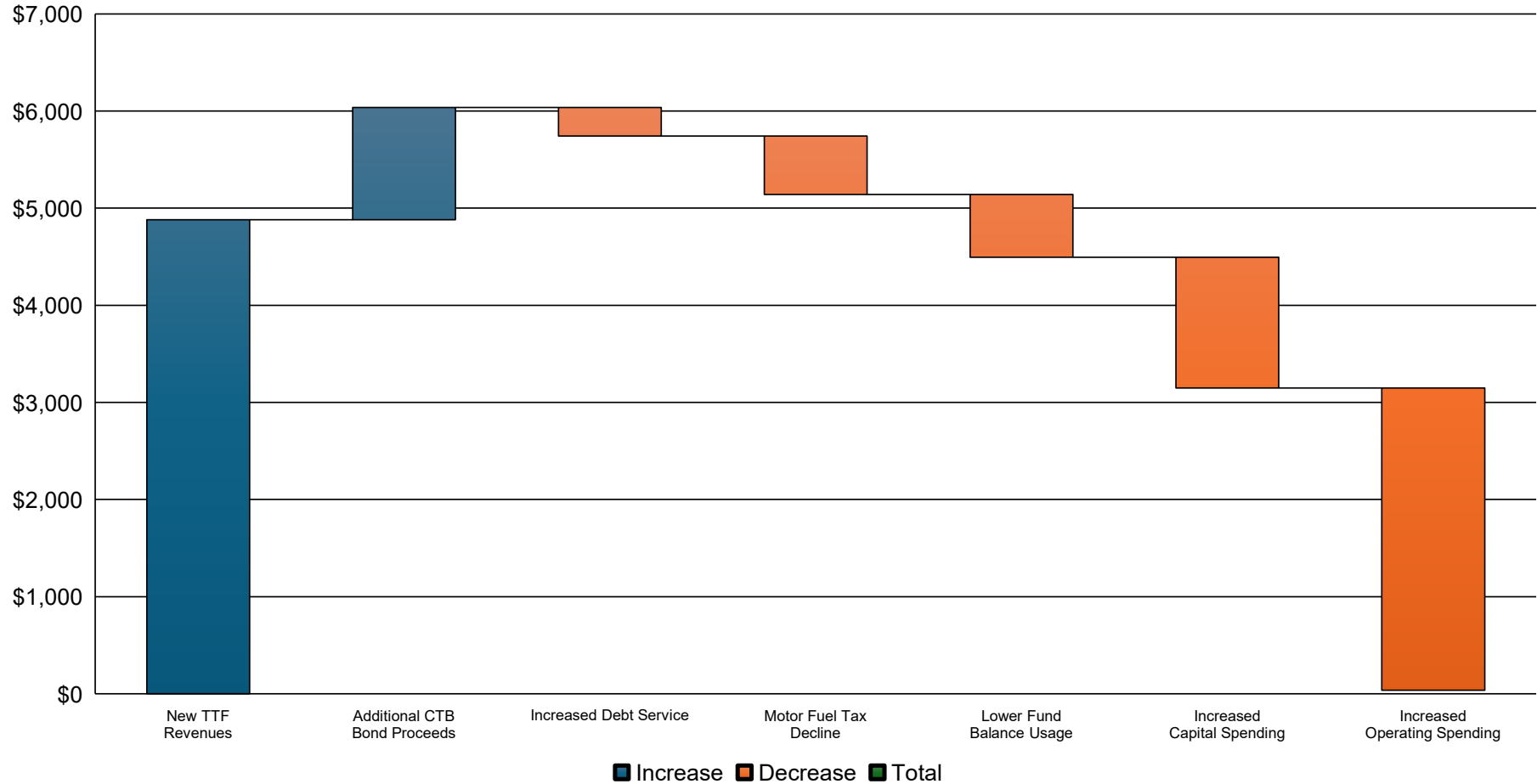
Salary Increases Fiscal 2019-2027



Note: The fiscal 2026 legislative appropriation includes funding for salary step increases for employees represented by a bargaining unit. Employees not represented by a bargaining unit are excluded.

Use of New TTF Revenues
(Comparison of January 2026 MDOT Financial Plan vs. January 2024 MDOT Financial Plan)
Fiscal 2025-2031

(\$ in Millions)



CTB: Consolidated Transportation Bonds
 MDOT: Maryland Department of Transportation
 TTF: Transportation Trust Fund

Comparison of Transportation Trust Fund Forecasts
Fiscal 2025-2030 v. Fiscal 2026-2031
(\$ in Millions)

<u>Revenues</u>	<u>Jan. 2025</u> <u>2025-2030</u>	<u>Jan. 2026</u> <u>2026-2031</u>	<u>Difference</u>
Taxes and Fees			
Motor Vehicle Fuel Taxes	\$8,246	\$7,967	-\$279
Titling Taxes	6,921	8,130	\$1,209
Sales Tax – Rental Vehicles	266	278	\$12
Corporate Income Tax	2,898	2,637	-\$261
Capital Gains Surcharge	0	704	\$704
Registration Fees	3,595	3,951	\$356
Miscellaneous Motor Vehicle Fees	1,972	2,995	\$1,023
Electric Vehicle Surcharge	245	242	-\$3
Transportation Network Company Fee	258	301	\$43
New Tire Fee	0	132	\$132
2025 Session Contingencies for New TTF Revenues	2,150	0	-\$2,150
Subtotal – Taxes and Fees	\$26,551	\$27,337	\$786
Other Revenues			
Operating Revenues	\$3,061	\$3,076	\$15
Federal Operating Assistance	845	863	\$18
Bond Proceeds/Premiums	2,155	3,206	\$1,051
Other	411	615	\$204
General fund transfers in	965	729	-\$236
Change in Fund Balance	106	-223	-\$329
Subtotal – Other Revenues	\$7,543	\$8,266	\$723
Total Revenues	\$34,094	\$35,603	\$1,509
Expenditures			
Debt Service	\$2,756	\$2,997	\$241
Operating Budget	19,953	21,030	\$1,077
Highway User Revenues Capital Grants	2,355	2,298	-\$57
State Capital Program	8,451	8,661	\$210
Deductions to Other Agencies	579	617	\$38
Total Expenditures	\$34,094	\$35,603	\$1,509
Capital Summary			
Special Fund Capital (excl. HUR)	\$8,450	\$8,659	\$209
HUR Grants	2,355	2,298	-\$57

Net Federal Capital (Cash Flow)	7,753	8,644	\$891
Other Funds	2,645	2,505	-\$140
Total Capital	\$21,203	\$22,106	\$903

HUR: Highway User Revenue

TTF: Transportation Trust Fund

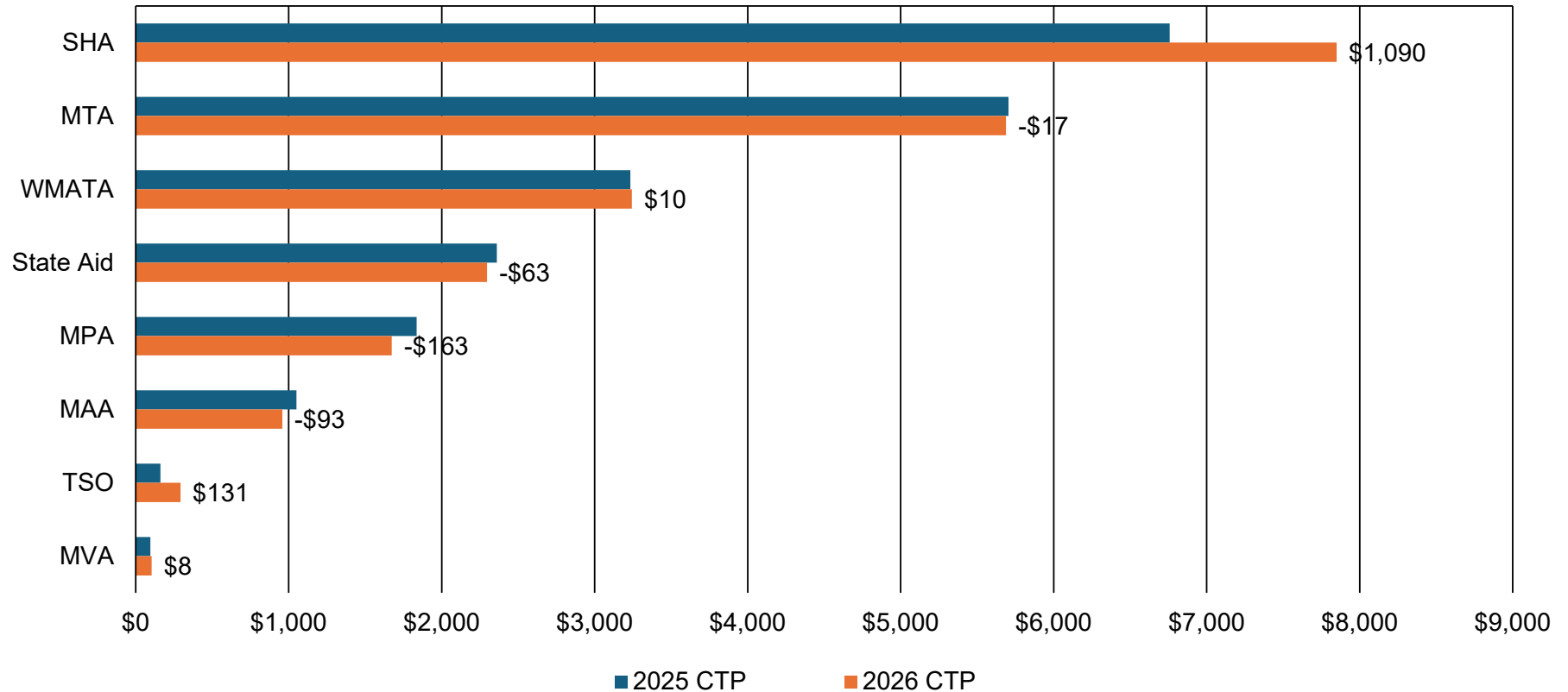
CTP Funding Comparison
Fiscal 2026-2031
(\$ in Million)

	<u>2025 CTP</u>	<u>2026 CTP</u>	<u>Change</u>
Special	\$9,955	\$10,099	\$144
General Fund Transfers	760	769	9
Subtotal Special	10,714	10,868	154
 Federal	 \$7,754	 \$8,644	 \$890
Other	\$1,901	\$1,686	-\$215
Other State Funds	586	565	-21
GARVEE	249	343	94
Subtotal Other	\$2,735	\$2,594	-\$141
 Total	 \$21,204	 \$22,106	 \$903

CTP: Consolidated Transportation Program

GARVEE: Grant Anticipation Revenue Vehicle

CTP Funding Comparison Cont.
Fiscal 2026-2031
(\$ in Millions)



CTP: *Consolidated Transportation Program*

MAA: Maryland Aviation Administration

MPA: Maryland Port Administration

MTA: Maryland Transit Administration

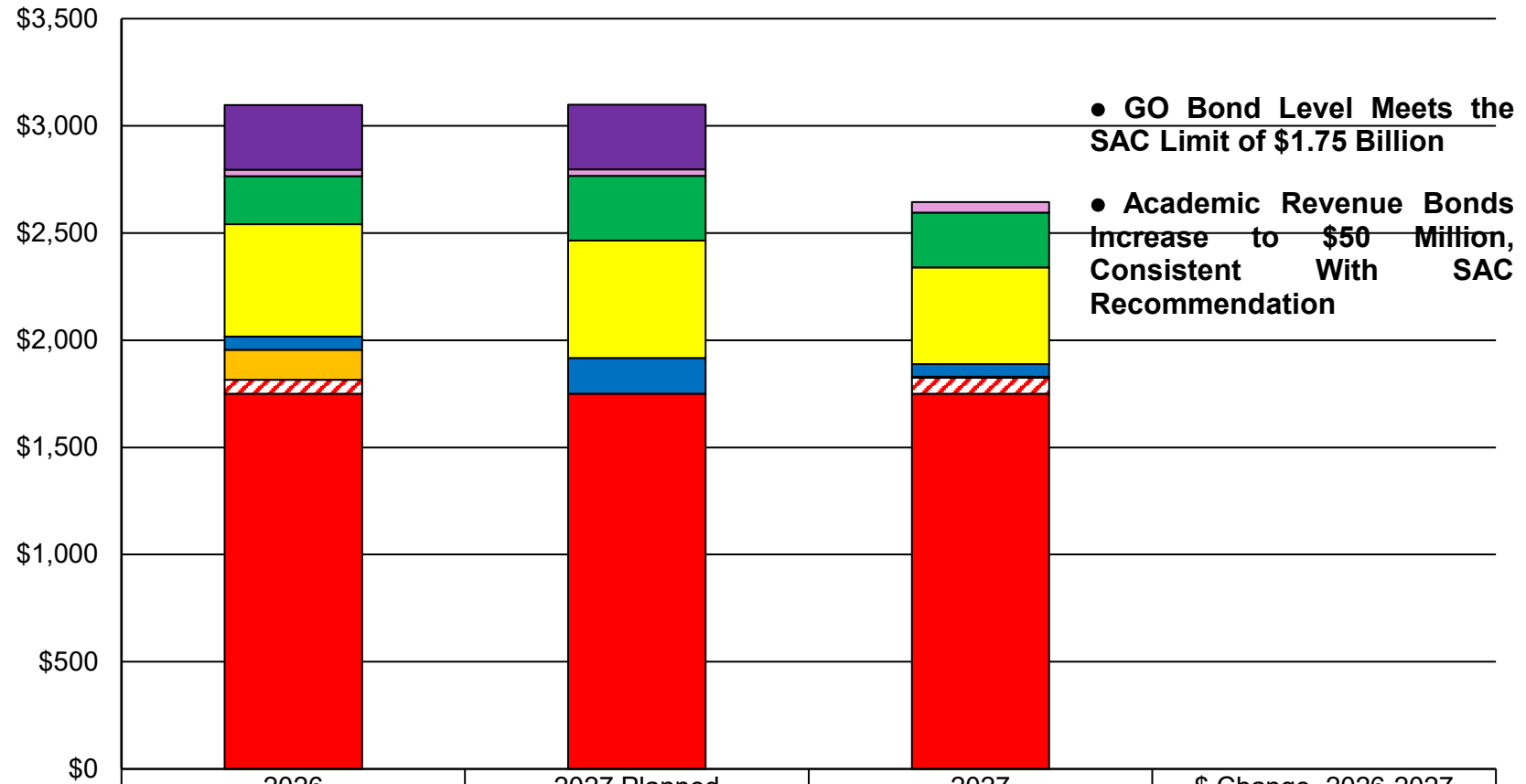
MVA: Motor Vehicle Administration

SHA: State Highway Administration

TSO: The Secretary's Office

WMATA: Washington Metropolitan Area Transit Authority

Capital Program by Fund Source

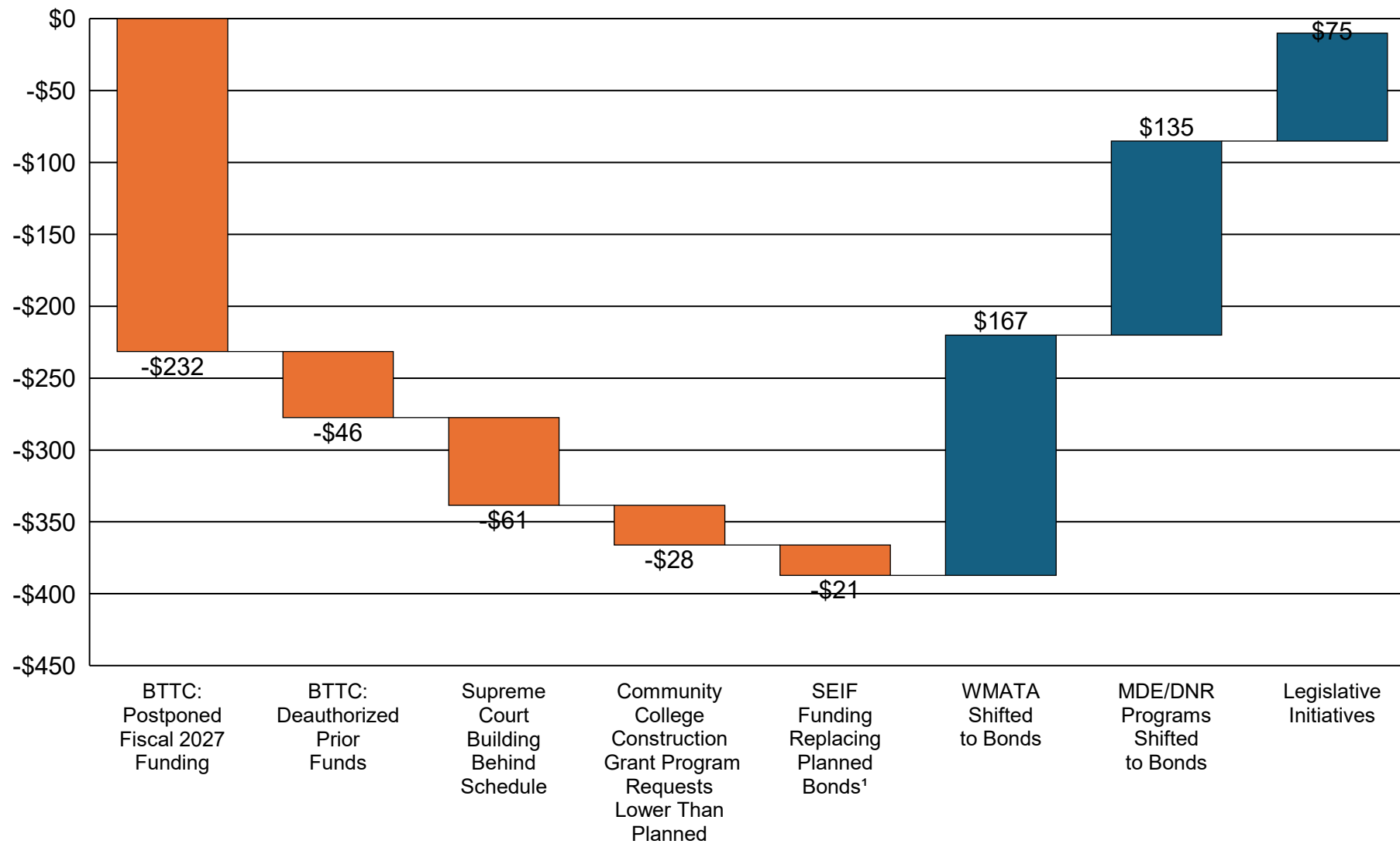


	2026	2027 Planned	2027	\$ Change, 2026-2027
Total	\$3,098	\$3,099	\$2,645	-\$453
■ Built to Learn Bonds	302	302	0	-302
■ Academic Revenue Bonds	30	30	50	20
■ Federal Funds	224	301	255	32
■ Special Funds	525	548	452	-73
■ General Funds	62	168	58	-4
■ Bond Premium	140	0	5	-135
▨ GO Bonds – Recycled	65	0	75	10
■ GO Bonds – New	1,750	1,750	1,750	0

GO: general obligation

SAC: Spending Affordability Committee

How Did the Governor Make Room? (\$ in Millions)



BTTC: Baltimore Therapeutic Treatment Center
 DNR: Department of Natural Resources
 MDE: Maryland Department of the Environment
 MSU: Morgan State University
 SEIF: Strategic Energy Investment Fund
 WMATA: Washington Metropolitan Area Transit Authority

¹ The fiscal 2027 allowance includes \$30.0 million of SEIF funds for higher education capital projects, Department of General Services facility renewal, and the MDE Comprehensive Flood Management Grant Program. This funding replaces \$21.0 million of planned general obligation bonds.

Appendix 1
State Expenditures – General Funds
Fiscal 2025-2027
(\$ in Millions)

Category	2025 Actual	2026 Working Appropriation	2027 Allowance	Contingent Reductions	2027 Adjusted Allowance	\$ Change 2026 to 2027	% Change
Debt Service	\$397.1	\$154.7	\$177.7	\$0.0	\$177.7	\$23.0	14.9%
County/Municipal	\$417.2	\$396.3	\$424.8	-\$27.1	\$397.6	\$1.3	0.3%
Community Colleges	478.3	504.3	541.4	-23.3	518.1	13.8	2.7%
Education/Libraries	7,379.5	7,429.2	7,488.6	-39.5	7,449.1	19.9	0.3%
Health	85.8	115.2	115.2	0.0	115.2	0.0	0.0%
Aid to Local Governments	\$8,360.8	\$8,445.0	\$8,569.9	-\$90.0	\$8,479.9	\$35.0	0.4%
Foster Care Payments	\$279.0	\$336.4	\$351.2	-\$5.1	\$346.1	\$9.7	2.9%
Assistance Payments	208.1	139.8	139.5	0.0	139.5	-0.3	-0.2%
Medical Assistance	5,652.3	5,680.4	5,694.0	-9.4	5,684.6	4.2	0.1%
Property Tax Credits	96.0	98.3	90.5	0.0	90.5	-7.8	-7.9%
Entitlements	\$6,235.4	\$6,254.9	\$6,275.3	-\$14.5	\$6,260.8	\$5.9	0.1%
Health	\$3,054.3	\$3,333.2	\$3,278.5	-\$4.2	\$3,274.3	-\$59.0	-1.8%
Human Services	471.4	572.5	553.5	0.0	553.5	-19.0	-3.3%
Juvenile Services	341.9	367.2	371.4	0.0	371.4	4.1	1.1%
Public Safety/Police	2,208.8	2,235.7	2,284.8	-5.5	2,279.3	43.5	1.9%
Higher Education	2,433.3	2,410.9	2,411.3	-7.7	2,403.7	-7.3	-0.3%
Transportation	196.9	1.1	0.0	0.0	0.0	-1.1	-100.0%
Other Education	1,048.2	1,046.7	1,064.6	-8.5	1,056.1	9.4	0.9%
Agriculture/Natural Res./Environment	214.4	201.5	211.9	-1.5	210.5	9.0	4.5%
Other Executive Agencies	1,448.5	1,623.0	1,722.0	-9.4	1,712.5	89.5	5.5%
Judiciary	708.3	708.0	771.4	0.0	771.4	63.4	9.0%
Legislative	165.0	163.5	163.6	0.0	163.6	0.1	0.1%
State Agencies	\$12,291.0	\$12,663.4	\$12,833.0	-\$36.8	\$12,796.2	\$132.8	1.0%
Deficiencies (For Prior Years)	\$0.0	\$321.8	\$0.0	\$0.0	\$0.0	-\$321.8	-100.0%
Total Operating	\$27,284.3	\$27,839.8	\$27,855.9	-\$141.3	\$27,714.6	-\$125.2	-0.4%
Capital	\$146.1	\$62.4	\$58.1	\$0.0	\$58.1	-\$4.3	-6.8%
Subtotal	\$27,430.4	\$27,902.2	\$27,914.0	-\$141.3	\$27,772.7	-\$129.4	-0.5%
Reserve Funds	\$2.5	\$68.5	\$493.9	-\$449.8	\$44.1	-\$24.4	-35.6%
Appropriations	\$27,432.9	\$27,970.7	\$28,407.9	-\$591.0	\$27,816.8	-\$153.8	-0.5%
Reversions	\$0.0	-\$100.0	-\$100.0	\$0.0	-\$100.0	\$0.0	0.0%
Grand Total	\$27,432.9	\$27,870.7	\$28,307.9	-\$591.0	\$27,716.8	-\$153.8	-0.6%

Note: The fiscal 2026 working appropriation includes anticipated deficiencies of \$985.9 million and general fund targeted reversions of \$25.8 million.

Appendix 2
State Expenditures – Special and Higher Education Funds*
Fiscal 2025-2027
(\$ in Millions)

Category	2025 Actual	2026 Working Appropriation	2027 Allowance	Contingent Reductions	2027 Adjusted Allowance	\$ Change 2026 to 2027	% Change
Debt Service	\$1,532.3	\$1,673.4	\$1,770.8	\$0.0	\$1,770.8	\$97.5	5.8%
County/Municipal	\$599.8	\$650.4	\$645.6	\$0.0	\$645.6	-\$4.8	-0.7%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	1,795.3	2,431.5	2,774.6	-2.0	2,772.6	341.1	14.0%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$2,395.0	\$3,081.9	\$3,420.2	-\$2.0	\$3,418.2	\$336.3	10.9%
Foster Care Payments	\$1.4	\$4.3	\$4.4	-\$0.1	\$4.4	\$0.1	2.3%
Assistance Payments	12.0	73.4	12.3	0.0	12.3	-61.1	-83.2%
Medical Assistance	822.6	862.1	883.1	0.0	883.1	21.0	2.4%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$835.9	\$939.8	\$899.8	-\$0.1	\$899.8	-\$40.0	-4.3%
Health	\$704.8	\$918.0	\$936.5	-\$21.0	\$915.5	-\$2.5	-0.3%
Human Services	162.6	251.7	237.0	0.0	237.0	-14.7	-5.8%
Juvenile Services	3.3	3.5	3.3	0.0	3.3	-0.2	-5.1%
Public Safety/Police	196.4	242.9	246.0	0.0	246.0	3.1	1.3%
Higher Education	6,008.2	6,234.8	6,261.3	0.0	6,261.3	26.6	0.4%
Other Education	300.6	342.8	322.8	0.0	322.8	-20.0	-5.8%
Transportation	2,823.2	2,932.9	3,104.3	0.0	3,104.3	171.4	5.8%
Agriculture/Natural Res./Environment	351.2	415.0	445.8	-0.6	445.3	30.2	7.3%
Other Executive Agencies	1,415.7	1,967.3	2,256.4	0.0	2,256.4	289.1	14.7%
Judiciary	73.2	83.5	86.4	0.0	86.4	2.9	3.5%
State Agencies	\$12,039.2	\$13,392.3	\$13,899.8	-\$21.6	\$13,878.2	\$485.9	3.6%
Deficiencies (For Prior Years)	\$0.0	-\$1.0	\$0.0	\$0.0	\$0.0	\$1.0	-100.0%
Total Operating	\$16,802.5	\$19,086.4	\$19,990.7	-\$23.6	\$19,967.0	\$880.6	4.6%
Capital	\$1,990.5	\$1,791.1	\$1,874.9	-\$72.3	\$1,802.7	\$11.6	0.6%
Transportation	1,450.5	1,330.5	1,391.7	0.0	1,391.7	61.2	4.6%
Environment	209.6	205.7	169.1	0.0	169.1	-36.6	-17.8%
Other	330.3	254.9	314.1	-72.3	241.8	-13.0	-5.1%
Subtotal	\$18,793.0	\$20,877.5	\$21,865.6	-\$95.9	\$21,769.7	\$892.3	4.3%
Reserve Funds	\$90.0	\$0.0	\$82.0	\$0.0	\$82.0	\$82.0	n/a
Grand Total	\$18,883.0	\$20,877.5	\$21,947.6	-\$95.9	\$21,851.7	\$974.3	4.7%

* Includes higher education funds (current unrestricted and current restricted) net of general and special funds.

Note: The fiscal 2026 working appropriation includes anticipated deficiencies of \$106.8 million. Fiscal 2025 excludes \$70.3 million, fiscal 2026 excludes \$68.4 million, and fiscal 2027 excludes \$92.0 million of special funds that double counts general fund spending.

Appendix 3
State Expenditures – Federal Funds
Fiscal 2025-2027
(\$ in Millions)

Category	2025 Actual	2026 Working Appropriation	2027 Allowance	Contingent Reductions	2027 Adjusted Allowance	\$ Change 2026 to 2027	% Change
Debt Service	\$4.1	\$2.6	\$0.8	\$0.0	\$0.8	-\$1.8	-68.3%
County/Municipal	\$100.8	\$82.1	\$82.2	\$0.0	\$82.2	\$0.1	0.1%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	1,202.2	1,232.8	1,251.6	0.0	1,251.6	18.7	1.5%
Health	25.0	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$1,328.0	\$1,315.0	\$1,333.7	\$0.0	\$1,333.7	\$18.8	1.4%
Foster Care Payments	\$130.8	\$85.1	\$86.4	-\$1.3	\$85.1	\$0.0	0.0%
Assistance Payments	1,765.4	1,840.3	1,844.7	0.0	1,844.7	4.5	0.2%
Medical Assistance	9,885.5	10,168.8	10,225.4	0.0	10,225.4	56.6	0.6%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$11,781.7	\$12,094.2	\$12,156.6	-\$1.3	\$12,155.3	\$61.1	0.5%
Health	\$2,822.1	\$3,026.6	\$2,881.0	\$0.0	\$2,881.0	-\$145.6	-4.8%
Human Services	786.5	779.9	724.5	0.0	724.5	-55.4	-7.1%
Juvenile Services	8.2	6.3	7.2	0.0	7.2	0.8	13.0%
Public Safety/Police	34.3	48.5	49.0	0.0	49.0	0.5	1.0%
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	384.2	431.5	435.1	0.0	435.1	3.6	0.8%
Transportation	129.2	140.5	142.8	0.0	142.8	2.3	1.6%
Agriculture/Natural Res./Environment	95.1	113.8	129.4	0.0	129.4	15.6	13.7%
Other Executive Agencies	1,105.7	1,533.2	1,651.3	-4.4	1,646.9	113.7	7.4%
Judiciary	1.2	1.0	1.4	0.0	1.4	0.4	36.8%
Legislature	0.0	0.0	0.0	0.0	0.0	0.0	n/a
State Agencies	\$5,366.4	\$6,081.4	\$6,021.7	-\$4.4	\$6,017.3	-\$64.1	-1.1%
Deficiencies (For Prior Years)	\$0.0	\$430.7	\$0.0	\$0.0	\$0.0	-\$430.7	-100.0%
Total Operating	\$18,480.1	\$19,923.9	\$19,512.8	-\$5.7	\$19,507.1	-\$416.7	-2.1%
Capital	\$1,506.2	\$1,565.8	\$1,667.2	\$0.0	\$1,667.2	\$101.4	6.5%
Transportation	1,107.9	1,342.2	1,413.0	0.0	1,413.0	70.7	5.3%
Environment	173.2	174.6	217.4	0.0	217.4	42.8	24.5%
Other	225.1	48.9	36.8	0.0	36.8	-12.1	-24.7%
Grand Total	\$19,986.4	\$21,489.6	\$21,180.0	-\$5.7	\$21,174.3	-\$315.3	-1.5%

Note: The fiscal 2026 working appropriation includes deficiencies of \$1.9 billion.

Appendix 4
State Expenditures – State Funds
Fiscal 2025-2027
(\$ in Millions)

Category	2025 Actual	2026 Working Appropriation	2027 Allowance	Contingent Reductions	2027 Adjusted Allowance	\$ Change 2026 to 2027	% Change
Debt Service	\$1,929.4	\$1,828.1	\$1,948.5	\$0.0	\$1,948.5	\$120.5	6.6%
County/Municipal	\$1,017.0	\$1,046.8	\$1,070.3	-\$27.1	\$1,043.2	-\$3.6	-0.3%
Community Colleges	478.3	504.3	541.4	-23.3	518.1	13.8	2.7%
Education/Libraries	9,174.8	9,860.7	10,263.2	-41.5	10,221.7	361.0	3.7%
Health	85.8	115.2	115.2	0.0	115.2	0.0	0.0%
Aid to Local Governments	\$10,755.8	\$11,526.9	\$11,990.1	-\$92.0	\$11,898.1	\$371.2	3.2%
Foster Care Payments	\$280.4	\$340.6	\$355.7	-\$5.2	\$350.5	\$9.8	2.9%
Assistance Payments	220.1	213.2	151.9	0.0	151.9	-61.4	-28.8%
Medical Assistance	6,474.9	6,542.5	6,577.1	-9.4	6,567.8	25.2	0.4%
Property Tax Credits	96.0	98.3	90.5	0.0	90.5	-7.8	-7.9%
Entitlements	\$7,071.3	\$7,194.7	\$7,175.2	-\$14.6	\$7,160.6	-\$34.1	-0.5%
Health	\$3,759.1	\$4,251.2	\$4,215.0	-\$25.2	\$4,189.8	-\$61.5	-1.4%
Human Services	634.1	824.3	790.6	0.0	790.6	-33.7	-4.1%
Juvenile Services	345.1	370.7	374.7	0.0	374.7	4.0	1.1%
Public Safety/Police	2,405.2	2,478.6	2,530.7	-5.5	2,525.2	46.6	1.9%
Higher Education	8,441.6	8,645.7	8,672.7	-7.7	8,665.0	19.3	0.2%
Other Education	1,348.8	1,389.5	1,387.4	-8.5	1,378.9	-10.6	-0.8%
Transportation	3,020.1	2,934.0	3,104.3	0.0	3,104.3	170.3	5.8%
Agriculture/Natural Res./Environment	565.6	616.5	657.8	-2.0	655.7	39.3	6.4%
Other Executive Agencies	2,864.2	3,590.4	3,978.4	-9.4	3,969.0	378.6	10.5%
Judiciary	781.5	791.4	857.7	0.0	857.7	66.3	8.4%
Legislative	165.0	163.5	163.6	0.0	163.6	0.1	0.1%
State Agencies	\$24,330.2	\$26,055.7	\$26,732.8	-\$58.3	\$26,674.4	\$618.7	2.4%
Deficiencies (For Prior Years)	\$0.0	\$320.8	\$0.0	\$0.0	\$0.0	-\$320.8	-100.0%
Total Operating	\$44,086.8	\$46,926.2	\$47,846.5	-\$164.9	\$47,681.7	\$755.5	1.6%
Capital	\$2,136.5	\$1,853.4	\$1,933.1	-\$72.3	\$1,860.8	\$7.4	0.4%
Transportation	1,454.6	1,336.5	1,391.7	0.0	1,391.7	55.2	4.1%
Environment	210.6	206.3	169.6	0.0	169.6	-36.7	-17.8%
Other	471.3	310.6	371.7	-72.3	299.4	-11.2	-3.6%
Subtotal	\$46,223.4	\$48,779.6	\$49,779.6	-\$237.1	\$49,542.5	\$762.8	1.6%
Reserve Funds	\$92.5	\$68.5	\$575.9	-\$449.8	\$126.1	\$57.6	84.1%
Appropriations	\$46,315.9	\$48,848.1	\$50,355.5	-\$686.9	\$49,668.6	\$820.4	1.7%
Reversions	\$0.0	-\$100.0	-\$100.0	\$0.0	-\$100.0	\$0.0	0.0%
Grand Total	\$46,315.9	\$48,748.1	\$50,255.5	-\$686.9	\$49,568.6	\$820.4	1.7%

Note: The fiscal 2026 working appropriation includes deficiencies of \$1.1 billion and general fund targeted reversions of \$25.8 million. Fiscal 2025 excludes \$70.3 million, fiscal 2026 excludes \$68.7 million, and fiscal 2027 excludes \$92.0 million of special funds that double counts general fund spending.

Appendix 5
State Expenditures – All Funds
Fiscal 2025-2027
(\$ in Millions)

Category	2025 Actual	2026 Working Appropriation	2027 Allowance	Contingent Reductions	2027 Adjusted Allowance	\$ Change 2026 to 2027	% Change
Debt Service	\$1,933.4	\$1,830.7	\$1,949.4	\$0.0	\$1,949.4	\$118.7	6.5%
County/Municipal	\$1,117.8	\$1,128.9	\$1,152.5	-\$27.1	\$1,125.4	-\$3.5	-0.3%
Community Colleges	478.3	504.3	541.4	-23.3	518.1	13.8	2.7%
Education/Libraries	10,377.0	11,093.5	11,514.8	-41.5	11,473.3	379.7	3.4%
Health	110.8	115.2	115.2	0.0	115.2	0.0	0.0%
Aid to Local Governments	\$12,083.8	\$12,841.8	\$13,323.8	-\$92.0	\$13,231.9	\$390.0	3.0%
Foster Care Payments	\$411.2	\$425.8	\$442.1	-\$6.5	\$435.6	\$9.8	2.3%
Assistance Payments	1,985.4	2,053.5	1,996.6	0.0	1,996.6	-56.9	-2.8%
Medical Assistance	16,360.4	16,711.3	16,802.6	-9.4	16,793.2	81.9	0.5%
Property Tax Credits	96.0	98.3	90.5	0.0	90.5	-7.8	-7.9%
Entitlements	\$18,853.0	\$19,288.9	\$19,331.7	-\$15.9	\$19,315.8	\$26.9	0.1%
Health	\$6,581.1	\$7,277.8	\$7,096.0	-\$25.2	\$7,070.8	-\$207.0	-2.8%
Human Services	1,420.6	1,604.1	1,515.0	0.0	1,515.0	-89.1	-5.6%
Juvenile Services	353.3	377.0	381.8	0.0	381.8	4.8	1.3%
Public Safety/Police	2,439.6	2,527.1	2,579.7	-5.5	2,574.2	47.1	1.9%
Higher Education	8,441.6	8,645.7	8,672.7	-7.7	8,665.0	19.3	0.2%
Other Education	1,733.0	1,821.0	1,822.5	-8.5	1,814.0	-7.0	-0.4%
Transportation	3,149.3	3,074.5	3,247.1	0.0	3,247.1	172.7	5.6%
Agriculture/Natural Res./Environment	660.6	730.2	787.2	-2.0	785.1	54.9	7.5%
Other Executive Agencies	3,969.9	5,123.6	5,629.8	-13.8	5,615.9	492.3	9.6%
Judiciary	782.7	792.5	859.1	0.0	859.1	66.7	8.4%
Legislative	165.0	163.5	163.6	0.0	163.6	0.1	0.1%
State Agencies	\$29,696.7	\$32,137.1	\$32,754.5	-\$62.7	\$32,691.7	\$554.7	1.7%
Deficiencies (For Prior Years)	\$0.0	\$751.6	\$0.0	\$0.0	\$0.0	-\$751.6	n/a
Total Operating	\$62,567.0	\$66,850.0	\$67,359.4	-\$170.6	\$67,188.8	\$338.8	0.5%
Capital	\$3,642.8	\$3,419.2	\$3,600.2	-\$72.3	\$3,528.0	\$108.8	3.2%
Transportation	2,562.6	2,678.7	2,804.7	0.0	2,804.7	126.0	4.7%
Environment	383.9	381.0	387.1	0.0	387.1	6.1	1.6%
Other	696.3	359.5	408.5	-72.3	336.2	-23.3	-6.5%
Subtotal	\$66,209.7	\$70,269.2	\$70,959.6	-\$242.8	\$70,716.7	\$447.5	0.6%
Reserve Funds	\$92.5	\$68.5	\$575.9	-\$449.8	\$126.1	\$57.6	84.1%
Appropriations	\$66,302.2	\$70,337.7	\$71,535.5	-\$692.6	\$70,842.8	\$505.1	0.7%
Reversions	\$0.0	-\$100.0	-\$100.0	\$0.0	-\$100.0	\$0.0	0.0%
Grand Total	\$66,302.2	\$70,237.7	\$71,435.5	-\$692.6	\$70,742.8	\$505.1	0.7%

Note: The fiscal 2026 working appropriation includes anticipated deficiencies of \$3.0 billion and general fund targeted reversions of \$25.8 million. Fiscal 2025 excludes \$70.3 million, fiscal 2026 excludes \$68.4 million, and fiscal 2027 excludes \$92.0 million of special funds that double counts general fund spending.

Appendix 6
Traditional Lottery Revenue Forecast
Fiscal 2024-2031
(\$ in Millions)

	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Total Net Sales	\$2,736.9	\$2,638.3	\$2,710.2	\$2,669.4	\$2,668.7	\$2,678.5	\$2,688.4	\$2,699.7
<i>Year-over-year Percent Change</i>	-1.2%	-3.6%	2.7%	-1.5%	0.0%	0.4%	0.4%	0.4%
 Total Net Revenue	 \$699.6	 \$667.2	 \$685.8	 \$666.2	 \$662.5	 \$663.3	 \$664.2	 \$665.5
<i>Year-over-year Percent Change</i>	-2.1%	-4.6%	2.8%	-2.9%	-0.6%	0.1%	0.1%	0.2%
Distributions	\$44.6	\$148.2	\$143.0	\$190.8	\$193.5	\$197.5	\$197.7	\$198.6
Share of Net Revenue	6.4%	22.2%	20.9%	28.6%	29.2%	29.8%	29.8%	29.8%
 General Fund	 \$655.0	 \$519.0	 \$542.7	 \$475.3	 \$469.0	 \$465.8	 \$466.4	 \$466.9
<i>Year-over-year Percent Change</i>	-0.1%	-20.8%	4.6%	-12.4%	-1.3%	-0.7%	0.1%	0.1%
 Distribution Detail:								
Stadium Facilities Fund	\$14.2	\$13.4	\$11.3	\$3.4	\$3.4	\$3.4	\$3.4	\$3.4
Baltimore City School Construction Fund	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Camden Yards Football Sports Facility Fund		34.7	34.7	45.0	45.0	45.0	45.0	45.0
Camden Yards Baseball Sports Facility Fund			13.5	41.6	41.6	41.6	41.6	41.6
Bus Rapid Transit Fund		27.0	17.0	17.0	17.0	17.0	17.0	17.0
Prince George's County Blue Line Corridor Fund	1.1	27.0	27.0	27.0	27.0	27.0	27.0	27.0
Sports Entertainment Facility Fund		12.4	12.4	25.0	25.0	25.0	25.0	25.0
Major Sports/Entertainment Event Fund	8.2	7.6	6.8	6.8	10.0	10.0	10.0	10.0
Veterans Trust Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Michael Erin Busch Sports Fund	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Maryland Humanities Council	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Maggie McIntosh School Arts Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Prince George's County Local Impact Grant		3.0	3.0	3.0	3.0	3.0	3.0	3.0
VLT Local Impact Grant Hold Harmless	1.7	1.3	1.4	1.3	1.1	0.9	0.8	0.6
Racetrax Local Impact Grants			0.3	0.3				
Racetrack Renewal – Net Transfer	-2.3		-5.9	-1.1	-1.2	2.9	3.3	4.3

VLT: video lottery terminals

Source: Board of Revenue Estimates

Appendix 7
State Aid to Local Governments
Fiscal 2027 Allowance
(\$ in Thousands)

County	County – Municipal	Community Colleges	<i>Direct State Aid</i>				Retirement	Total	Change Over FY 2026	Percent Change
			Public Schools	Libraries	Health	Subtotal				
Allegany	\$18,086	\$11,778	\$121,533	\$917	\$4,659	\$156,974	\$10,882	\$167,856	\$4,088	2.5%
Anne Arundel	57,528	47,114	613,506	3,359	9,614	731,121	100,461	831,582	23,581	2.9%
Baltimore City	423,924	0	1,353,603	9,962	13,071	1,800,559	90,978	1,891,538	86,822	4.8%
Baltimore	37,149	74,693	1,060,170	8,062	8,627	1,188,702	135,440	1,324,142	38,419	3.0%
Calvert	7,917	4,997	117,618	661	2,799	133,991	17,933	151,924	4,890	3.3%
Caroline	7,446	3,070	89,974	397	2,043	102,930	6,299	109,228	4,045	3.8%
Carroll	11,159	15,498	203,087	1,353	4,453	235,551	29,209	264,760	8,498	3.3%
Cecil	11,319	9,953	152,139	1,030	3,174	177,615	18,182	195,797	3,115	1.6%
Charles	8,021	10,251	289,386	1,489	4,722	313,870	31,363	345,233	15,322	4.6%
Dorchester	9,172	2,269	64,781	369	2,525	79,115	5,656	84,772	1,326	1.6%
Frederick	17,820	24,602	414,190	2,092	5,060	463,764	54,500	518,264	15,152	3.0%
Garrett	7,565	6,272	25,855	116	2,503	42,312	4,574	46,886	-2,107	-4.3%
Harford	13,164	20,118	347,145	2,277	5,847	388,552	45,688	434,240	15,315	3.7%
Howard	13,555	36,928	414,808	1,364	5,607	472,262	81,103	553,365	18,291	3.4%
Kent	2,160	949	13,668	139	2,204	19,120	2,591	21,711	458	2.2%
Montgomery	73,753	79,796	1,054,318	4,134	6,304	1,218,306	221,748	1,440,054	17,069	1.2%
Prince George's	150,908	54,818	1,807,124	9,297	10,039	2,032,186	160,811	2,192,997	87,818	4.2%
Queen Anne's	3,589	3,728	47,227	228	2,004	56,777	7,975	64,752	1,193	1.9%
St. Mary's	5,391	6,130	155,104	1,003	3,560	171,189	18,162	189,351	3,330	1.8%
Somerset	10,489	1,501	48,653	352	1,876	62,871	3,624	66,495	1,171	1.8%
Talbot	4,424	2,748	25,276	146	1,862	34,456	5,625	40,081	919	2.3%
Washington	12,896	20,414	278,117	1,684	4,402	317,513	24,551	342,064	11,907	3.6%
Wicomico	22,208	10,080	233,031	1,333	4,692	271,345	18,887	290,232	3,319	1.2%
Worcester	11,185	3,468	34,152	208	3,510	52,522	10,039	62,561	1,277	2.1%
Unallocated	102,607	6,588	136,234	23,053	0	268,482	0	268,482	5,261	2.0%
Total	\$1,043,437	\$457,761	\$9,100,702	\$75,026	\$115,158	\$10,792,083	\$1,106,283	\$11,898,367	\$370,478	3.2%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Appendix 8
State Aid to Local Governments
Fiscal 2026 Working Appropriation
(\$ in Thousands)

County	County - Municipal	Community Colleges	Direct State Aid				Retirement	Total
			Public Schools	Libraries	Health	Subtotal		
Allegany	\$18,884	\$11,477	\$116,694	\$913	\$5,258	\$153,225	\$10,543	\$163,768
Anne Arundel	57,406	45,798	596,918	3,234	9,455	712,811	95,190	808,001
Baltimore City	415,321	0	1,284,420	9,812	10,405	1,719,957	84,758	1,804,715
Baltimore	38,594	72,823	1,026,973	7,825	6,819	1,153,033	132,690	1,285,724
Calvert	7,894	5,001	112,046	629	3,426	128,996	18,039	147,035
Caroline	8,565	3,211	84,754	382	2,186	99,097	6,086	105,183
Carroll	11,132	15,074	196,594	1,351	4,671	228,821	27,442	256,263
Cecil	11,304	9,693	149,572	1,013	3,399	174,981	17,701	192,682
Charles	7,991	9,768	276,619	1,442	5,300	301,120	28,790	329,911
Dorchester	10,112	2,118	62,439	364	3,006	78,039	5,407	83,446
Frederick	17,767	23,978	401,216	2,067	5,154	450,183	52,929	503,112
Garrett	7,737	6,175	27,546	144	2,953	44,556	4,438	48,993
Harford	13,126	19,602	333,508	2,249	6,002	374,487	44,438	418,925
Howard	13,496	36,024	397,558	1,311	6,283	454,672	80,402	535,073
Kent	2,155	906	12,990	135	2,620	18,804	2,449	21,253
Montgomery	76,760	77,768	1,041,495	3,959	5,065	1,205,047	217,938	1,422,985
Prince George's	170,047	53,030	1,713,745	8,838	8,321	1,953,981	151,198	2,105,179
Queen Anne's	3,577	3,581	45,649	224	2,296	55,326	8,234	63,559
St. Mary's	5,378	6,327	151,233	975	4,029	167,941	18,079	186,021
Somerset	12,007	1,435	45,579	344	2,104	61,470	3,855	65,325
Talbot	4,408	2,614	24,546	141	2,186	33,895	5,267	39,162
Washington	13,114	21,019	266,114	1,667	4,453	306,367	23,790	330,157
Wicomico	25,682	9,690	226,669	1,300	5,416	268,757	18,156	286,913
Worcester	11,171	3,445	32,473	203	4,353	51,645	9,639	61,284
Unallocated	83,385	6,499	150,753	22,583	0	263,220	0	263,220
Total	\$1,047,011	\$447,057	\$8,778,101	\$73,105	\$115,158	\$10,460,432	\$1,067,457	\$11,527,889

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Appendix 9
State Aid to Local Governments
Dollar Difference Between Fiscal 2027 Allowance and Fiscal 2026 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	-\$798	\$301	\$4,839	\$5	-\$598	\$3,749	\$339	\$4,088
Anne Arundel	122	1,316	16,588	125	159	18,310	5,271	23,581
Baltimore City	8,604	0	69,183	150	2,665	80,602	6,220	86,822
Baltimore	-1,445	1,870	33,197	237	1,809	35,669	2,750	38,419
Calvert	23	-4	5,572	31	-627	4,995	-106	4,890
Caroline	-1,119	-141	5,220	15	-143	3,833	212	4,045
Carroll	28	424	6,494	2	-218	6,730	1,768	8,498
Cecil	15	260	2,567	17	-226	2,633	481	3,115
Charles	30	482	12,768	47	-577	12,750	2,573	15,322
Dorchester	-940	151	2,342	5	-480	1,077	249	1,326
Frederick	53	623	12,974	25	-94	13,581	1,571	15,152
Garrett	-172	97	-1,691	-27	-450	-2,243	137	-2,107
Harford	38	516	13,637	28	-154	14,065	1,249	15,315
Howard	60	904	17,250	52	-676	17,590	701	18,291
Kent	5	43	679	4	-415	316	143	458
Montgomery	-3,008	2,028	12,823	176	1,239	13,258	3,810	17,069
Prince George's	-19,140	1,789	93,380	459	1,717	78,205	9,613	87,818
Queen Anne's	12	147	1,579	4	-291	1,451	-258	1,193
St. Mary's	13	-197	3,872	28	-469	3,247	83	3,330
Somerset	-1,518	66	3,074	8	-228	1,401	-230	1,171
Talbot	17	134	729	5	-324	561	358	919
Washington	-218	-605	12,003	17	-51	11,146	761	11,907
Wicomico	-3,474	389	6,363	33	-724	2,587	732	3,319
Worcester	14	23	1,678	5	-843	877	400	1,277
Unallocated	19,223	89	-14,519	469	0	5,261	0	5,261
Total	-\$3,574	\$10,704	\$322,600	\$1,921	\$0	\$331,652	\$38,826	\$370,478

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Appendix 10
State Aid to Local Governments
Percent Change: Fiscal 2027 Allowance over Fiscal 2026 Working Appropriation

County	County - Municipal	Community Colleges	<i>Direct State Aid</i>				Subtotal	Retirement	Total
			Public Schools	Libraries	Health				
Allegany	-4.2%	2.6%	4.1%	0.5%	-11.4%		2.4%	3.2%	2.5%
Anne Arundel	0.2%	2.9%	2.8%	3.9%	1.7%		2.6%	5.5%	2.9%
Baltimore City	2.1%	n/a	5.4%	1.5%	25.6%		4.7%	7.3%	4.8%
Baltimore	-3.7%	2.6%	3.2%	3.0%	26.5%		3.1%	2.1%	3.0%
Calvert	0.3%	-0.1%	5.0%	5.0%	-18.3%		3.9%	-0.6%	3.3%
Caroline	-13.1%	-4.4%	6.2%	4.0%	-6.5%		3.9%	3.5%	3.8%
Carroll	0.2%	2.8%	3.3%	0.2%	-4.7%		2.9%	6.4%	3.3%
Cecil	0.1%	2.7%	1.7%	1.7%	-6.6%		1.5%	2.7%	1.6%
Charles	0.4%	4.9%	4.6%	3.3%	-10.9%		4.2%	8.9%	4.6%
Dorchester	-9.3%	7.1%	3.8%	1.4%	-16.0%		1.4%	4.6%	1.6%
Frederick	0.3%	2.6%	3.2%	1.2%	-1.8%		3.0%	3.0%	3.0%
Garrett	-2.2%	1.6%	-6.1%	-19.0%	-15.2%		-5.0%	3.1%	-4.3%
Harford	0.3%	2.6%	4.1%	1.3%	-2.6%		3.8%	2.8%	3.7%
Howard	0.4%	2.5%	4.3%	4.0%	-10.8%		3.9%	0.9%	3.4%
Kent	0.2%	4.8%	5.2%	2.7%	-15.8%		1.7%	5.8%	2.2%
Montgomery	-3.9%	2.6%	1.2%	4.4%	24.5%		1.1%	1.7%	1.2%
Prince George's	-11.3%	3.4%	5.4%	5.2%	20.6%		4.0%	6.4%	4.2%
Queen Anne's	0.3%	4.1%	3.5%	1.9%	-12.7%		2.6%	-3.1%	1.9%
St. Mary's	0.2%	-3.1%	2.6%	2.9%	-11.6%		1.9%	0.5%	1.8%
Somerset	-12.6%	4.6%	6.7%	2.2%	-10.8%		2.3%	-6.0%	1.8%
Talbot	0.4%	5.1%	3.0%	3.3%	-14.8%		1.7%	6.8%	2.3%
Washington	-1.7%	-2.9%	4.5%	1.0%	-1.1%		3.6%	3.2%	3.6%
Wicomico	-13.5%	4.0%	2.8%	2.6%	-13.4%		1.0%	4.0%	1.2%
Worcester	0.1%	0.7%	5.2%	2.5%	-19.4%		1.7%	4.1%	2.1%
Unallocated	23.1%	1.4%	-9.6%	2.1%	n/a		2.0%	n/a	2.0%
Total	-0.3%	2.4%	3.7%	2.6%	0.0%		3.2%	3.6%	3.2%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

State Aid to Local Governments – Comparison by Per Capita Aid and Annual Change

Fiscal 2026-2027

<u>\$ in Millions</u>								
<u>County</u>	<u>2026</u>	<u>2027</u>	<u>Difference</u>	<u>Percent Difference</u>	<u>Per Capita State Aid</u>		<u>Annual Change in State Aid</u>	
Allegany	\$163.8	\$167.9	\$4.1	2.5%	1. Baltimore City	\$3,329	1. Baltimore City	4.8%
Anne Arundel	808.0	831.6	23.6	2.9%	2. Caroline	3,189	2. Charles	4.6%
Baltimore City	1,804.7	1,891.5	86.8	4.8%	3. Wicomico	2,730	3. Prince George's	4.2%
Baltimore	1,285.7	1,324.1	38.4	3.0%	4. Somerset	2,634	4. Caroline	3.8%
Calvert	147.0	151.9	4.9	3.3%	5. Dorchester	2,558	5. Harford	3.7%
Caroline	105.2	109.2	4.0	3.8%	6. Allegany	2,502	6. Washington	3.6%
Carroll	256.3	264.8	8.5	3.3%	7. Prince George's	2,269	7. Howard	3.4%
Cecil	192.7	195.8	3.1	1.6%	8. Washington	2,176	8. Calvert	3.3%
Charles	329.9	345.2	15.3	4.6%	9. Charles	1,979	9. Carroll	3.3%
Dorchester	83.4	84.8	1.3	1.6%	10. Cecil	1,842	10. Frederick	3.0%
Frederick	503.1	518.3	15.2	3.0%	11. Frederick	1,731	11. Baltimore	3.0%
Garrett	49.0	46.9	-2.1	-4.3%	12. Garrett	1,651	12. Anne Arundel	2.9%
Harford	418.9	434.2	15.3	3.7%	13. Harford	1,635	13. Allegany	2.5%
Howard	535.1	553.4	18.3	3.4%	14. Howard	1,629	14. Talbot	2.3%
Kent	21.3	21.7	0.5	2.2%	15. St. Mary's	1,626	15. Kent	2.2%
Montgomery	1,423.0	1,440.1	17.1	1.2%	16. Calvert	1,601	16. Worcester	2.1%
Prince George's	2,105.2	2,193.0	87.8	4.2%	17. Baltimore	1,553	17. Queen Anne's	1.9%
Queen Anne's	63.6	64.8	1.2	1.9%	18. Carroll	1,495	18. Somerset	1.8%
St. Mary's	186.0	189.4	3.3	1.8%	19. Anne Arundel	1,381	19. St. Mary's	1.8%
Somerset	65.3	66.5	1.2	1.8%	20. Montgomery	1,331	20. Cecil	1.6%
Talbot	39.2	40.1	0.9	2.3%	21. Queen Anne's	1,206	21. Dorchester	1.6%
Washington	330.2	342.1	11.9	3.6%	22. Worcester	1,151	22. Montgomery	1.2%
Wicomico	286.9	290.2	3.3	1.2%	23. Kent	1,110	23. Wicomico	1.2%
Worcester	61.3	62.6	1.3	2.1%	24. Talbot	1,048	24. Garrett	-4.3%
Unallocated	263.2	268.5	5.3	2.0%				
Total	\$11,527.9	\$11,898.4	\$370.5	3.2%	Statewide Average	\$1,900	Statewide Average	3.2%

Appendix 12
Proposed Changes to State Aid to Local Governments
Fiscal 2027
(\$ in Thousands)

County	Public Schools	Community Colleges	Disparity Grants	Special Grants	Retirement Payments	Total State Aid
Allegany	\$3,198	-\$219	-\$6,313	\$0	-\$386	-\$3,720
Anne Arundel	15	-3,818	0	0	-3,605	-7,408
Baltimore City	113,939	0	0	13,604	-3,239	124,304
Baltimore	7,243	-2,900	0	0	-4,770	-427
Calvert	-155	-210	0	0	-637	-1,001
Caroline	4,234	-17	-842	0	-224	3,152
Carroll	-276	-595	0	0	-1,038	-1,908
Cecil	-197	-72	0	0	-637	-905
Charles	2,497	-430	0	0	-1,115	953
Dorchester	-51	-13	-665	0	-204	-933
Frederick	-618	-1,480	0	0	-1,974	-4,072
Garrett	3,497	0	-84	0	-160	3,254
Harford	-547	-609	0	0	-1,613	-2,769
Howard	166	-909	0	0	-2,866	-3,610
Kent	157	-5	0	0	-90	62
Montgomery	18,893	-3,116	0	0	-7,893	7,884
Prince George's	67,614	-4,479	-17,517	-150	-5,675	39,794
Queen Anne's	0	-21	0	0	-283	-303
St. Mary's	290	-257	0	0	-643	-610
Somerset	-110	-182	-762	0	-129	-1,183
Talbot	1	-15	0	0	-198	-213
Washington	4,996	0	-316	0	-882	3,798
Wicomico	3,364	-1,223	-498	0	-674	969
Worcester	297	-421	0	0	-350	-473
Unallocated	-2,000	0	0	0	0	-2,000
Total	\$226,448	-\$20,990	-\$26,997	\$13,454	-\$39,284	\$152,631

Source: Department of Legislative Services

Appendix 13
Proposed Reductions to Retirement Payments
Fiscal 2027

County	Public Schools	Libraries	Community Colleges	Total Amount
Allegany	-\$301,093	-\$5,907	-\$78,793	-\$385,793
Anne Arundel	-3,250,064	-79,028	-276,049	-3,605,141
Baltimore City	-3,158,309	-80,744	0	-3,239,053
Baltimore	-4,262,584	-114,708	-393,159	-4,770,451
Calvert	-588,079	-21,678	-27,468	-637,225
Caroline	-205,507	-4,927	-13,671	-224,105
Carroll	-940,501	-34,339	-63,025	-1,037,865
Cecil	-581,919	-17,371	-37,279	-636,569
Charles	-1,034,506	-23,702	-56,350	-1,114,558
Dorchester	-191,188	-2,827	-10,105	-204,120
Frederick	-1,815,827	-41,498	-116,496	-1,973,821
Garrett	-127,976	-4,653	-27,028	-159,657
Harford	-1,449,286	-46,471	-116,917	-1,612,674
Howard	-2,636,778	-83,462	-145,922	-2,866,162
Kent	-82,025	-3,439	-4,226	-89,690
Montgomery	-7,367,029	0	-526,025	-7,893,054
Prince George's	-5,344,176	-84,091	-247,009	-5,675,276
Queen Anne's	-256,884	-9,070	-16,602	-282,556
St. Mary's	-592,653	-16,952	-33,700	-643,305
Somerset	-118,035	-3,288	-7,186	-128,509
Talbot	-179,703	-6,281	-12,238	-198,222
Washington	-792,601	-18,713	-70,706	-882,020
Wicomico	-617,981	-8,229	-48,264	-674,474
Worcester	-321,473	-11,592	-16,606	-349,671
Total	-\$36,216,177	-\$722,970	-\$2,344,824	-\$39,283,971

Source: Department of Legislative Services

Change in Student Enrollment Counts from Prior Year

Fiscal 2026 and 2027

Full-time Equivalent Enrollment					English Language Learners			
County	Fiscal 2026	Fiscal 2027	Difference	Percent Difference	Fiscal 2026	Fiscal 2027	Difference	Percent Difference
Allegany	7,635.25	7,595.25	-40.00	-0.5%	46	48	2	4.3%
Anne Arundel	82,242.00	81,923.25	-318.75	-0.4%	9,114	8,912	-202	-2.2%
Baltimore City	71,474.50	71,486.00	11.50	0.0%	10,762	10,399	-363	-3.4%
Baltimore	105,636.50	103,655.25	-1,981.25	-1.9%	13,375	13,268	-107	-0.8%
Calvert	14,494.25	14,333.00	-161.25	-1.1%	228	236	8	3.5%
Caroline	5,325.25	5,229.50	-95.75	-1.8%	575	567	-8	-1.4%
Carroll	25,636.00	25,199.25	-436.75	-1.7%	571	519	-52	-9.1%
Cecil	14,056.25	13,836.75	-219.50	-1.6%	436	426	-10	-2.3%
Charles	26,995.25	26,692.75	-302.50	-1.1%	1,444	1,443	-1	-0.1%
Dorchester	4,239.00	4,161.00	-78.00	-1.8%	303	288	-15	-5.0%
Frederick	46,315.25	46,190.75	-124.50	-0.3%	3,869	3,735	-134	-3.5%
Garrett	3,189.75	3,140.00	-49.75	-1.6%	8	6	-2	-25.0%
Harford	36,593.00	36,132.50	-460.50	-1.3%	1,126	1,085	-41	-3.6%
Howard	55,776.75	55,357.75	-419.00	-0.8%	4,057	3,883	-174	-4.3%
Kent	1,586.75	1,608.00	21.25	1.3%	107	119	12	11.2%
Montgomery	153,090.25	150,929.00	-2,161.25	-1.4%	32,514	30,725	-1,789	-5.5%
Prince George's	125,705.50	125,854.25	148.75	0.1%	34,888	33,507	-1,381	-4.0%
Queen Anne's	7,155.00	7,115.00	-40.00	-0.6%	434	425	-9	-2.1%
St. Mary's	16,370.00	16,050.00	-320.00	-2.0%	496	475	-21	-4.2%
Somerset	2,599.00	2,572.00	-27.00	-1.0%	144	154	10	6.9%
Talbot	4,161.50	4,121.00	-40.50	-1.0%	679	661	-18	-2.7%
Washington	21,584.00	21,513.25	-70.75	-0.3%	1,208	1,219	11	0.9%
Wicomico	14,854.75	14,677.25	-177.50	-1.2%	2,273	2,240	-33	-1.5%
Worcester	6,405.50	6,337.50	-68.00	-1.1%	205	186	-19	-9.3%
Total	853,121.25	845,710.25	-7,411.00	-0.9%	118,862	114,526	-4,336	-3.6%

Appendix 15
Budget Reconciliation and Financing Act
Contingent Special Fund Appropriations Replacing General Fund Reductions

Higher Education – Increase the level of Higher Education Investment Funds due to decoupling from OBBBA provisions	\$6.8
MDEM – Expand the allowable uses of the 911 Trust Fund to replace federal fund losses beginning in fiscal 2026 (fiscal 2026 and 2027)	6.5
DSP – Extend the expansion of allowable uses of MEMSOF to support general operations in the Aviation Program through fiscal 2029	5.5
DoSEM – Expand the allowable uses of the Cannabis Business Assistance Fund to include operations of DoSEM in fiscal 2027 through fiscal 2029	5.0
BPW – Expand the allowable uses of the SEIF to include the Chesapeake Conservation and Climate Corps beginning in fiscal 2026 (includes actions in fiscal 2026 and 2027)	3.0
MDH – Allow for the special fund balance for the Board of Physicians to support the Maryland Loan Assistance Repayment Program for Physicians	2.0
MDEM – Expand the allowable uses of the SEIF to include resiliency efforts of the department	1.5
MDH – Reducing the mandated funding from the Cigarette Restitution Funds in the Community Health Resources Commission allowing for additional these funds to support Medicaid	1.0
MDH – Expand the allowable uses of the Advance Directives Fund to include include Maternal and Child Health Quality Initiatives	1.0
DNR – Expand the allowable uses of the SEIF to include Environmental Research Program in the Power Plant Research Program	0.8
MDH – Authorize the use of special fund balance from the Board of Counselors to be used for behavioral health services	0.5
MDP – Alter the POS funding formula to include Jefferson Patterson Park	0.3
MDE – Authorize expanded authority to issues civil and administrative penalties	0.3
DHCD – Expand the allowable uses of the SEIF to include climate change mitigation and climate change resiliency efforts – will support 2 positions related to energy efficiency and implementation of the Climate Solutions Now Act of 2022	0.2
MDE – Expand the allowable uses of the SEIF to include climate change mitigation and climate change resiliency efforts – will support a Senior Climate Advisor	0.2
MDP – Expand the allowable uses of the SEIF to include climate change mitigation and climate change resiliency efforts – will Support a Community Resilience Specialist	0.1
Comptroller – Expand the allowable uses of the SEIF to include climate change mitigation and climate change resiliency efforts – will support a Climate Resilience Director	0.1
Total	\$0.3

BPW: Board of Public Works
DHCD: Department of Housing and Community Development
DoSEM: Maryland Department of Social and Economic Mobility
DNR: Department of Natural Resources
DSP: Department of State Police
MDE: Maryland Department of the Environment
MDEM: Maryland Department of Emergency Development

MDH: Maryland Department of Health
MDP: Maryland Department of Planning
MEMSOF: Maryland Emergency Medical System Operations Fund
OBBBA: One Big Beautiful Bill
POS: Program Open Space
SEIF: Strategic Energy Investment Fund

Appendix 16
General Fund – Proposed Fiscal 2027 Changes Over Adjusted Fiscal 2026 Spending
(\$ in Millions)

Aid to Local Governments	\$35.0
Teacher, community college, and librarian retirement aid, including contingent reductions to alter State share	39.3
Election aid primarily due to new voting system and other major IT costs	23.3
New or enhanced grants for Baltimore City Computer-Aided Dispatch replacement, Baltimore City Safe Streets, and Group Violence Reduction Strategies	12.4
Cade Funding Formula for Community Colleges and other community college grants, net of contingent reduction	11.3
Other education and library aid	7.1
Other local aid	2.3
End of mandate for the Warrants and Absconding grants	-1.0
End of Police Accountability grants	-4.0
End of the Teacher Retirement Supplemental Grant due to BRFA of 2025	-13.8
One-time legislative additions	-17.9
Nonpublic placements, after contingent reduction to level fund provider rates, primarily due to the second year of the phase down of the State share of costs	-24.1
Entitlements	\$5.9
Medicaid provider reimbursements, net of contingent reductions related to Cigarette Restitution fund swaps, including an expansion of biomarker testing	\$27.1
Foster care maintenance payments, net of contingent reduction to level fund provider rates	9.7
Benefits payments for Cash Assistance and Temporary Disability Assistance Program, and Supplemental SNAP benefits for Seniors due to caseload and benefit level changes	7.2
Cash assistance and SNAP EBT fraud replacement benefits based on anticipated reduced fraud due to new card security features	-7.5
Homeowners Tax Credit and Enterprise Zone Tax Credit	-7.8
Behavioral health provider reimbursements	-22.8
Major Personnel Costs	\$232.4
COLA (2.0% for Maryland School for the Deaf, no COLA for SLEOLA employees, 1.5% for all other employees)	\$92.5
Health Insurance	88.0
Ensure 2.0% difference between each step on certain salary schedules	42.8
Increments for SLEOLA employees	7.5
Annual Salary Review Adjustments	1.5
State Agency Operations	-\$99.6
Maryland Department of Health	
Provider reimbursements for behavioral health services not covered by Medicaid for and for uninsured, net of a contingent reduction to allow the use of special funds from a health occupation board	\$26.3
Provider contributions for FAMLI	7.4
Assisted outpatient treatment implementation	5.0
Funding for local health department for pregnant and parenting women experiencing or recovering from Substance Use Disorder	4.3
Harm Reduction grants	3.4
Other costs including a fiscal 2026 fund swap for the Buprenorphine Initiative (\$2.6 million) more than offset by behavioral health investments (-\$1.0 million), one-time costs related to fines for delays in placements and a grievance settlement (-\$2.1 million), the use of special fund balance from a health occupation board to support the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistances (-\$2.0 million)	-2.6
DDA disallowance for certain costs paid in fiscal 2026	-39.3
DDA provider reimbursements due to cost containment, partially offset by utilization growth and one-time fund swaps in fiscal 2026	-47.0
Replacement of funds for COVID-19 related expenses, for which federal funds were determined to be not available	-49.4
Other State Agency Operations	
OBBBA implementation costs: Change in SNAP Administrative Cost Share due to OBBBA in DHS (\$43.1 million), as well as MDH and MHBE staffing and contract costs related to implementing federal Medicaid eligibility changes (\$10.5 million)	53.6
Judiciary: Personnel costs including 51 new positions, increments, and anticipated increased salaries for judges (\$22.3 million), support for local court functions (\$6.3 million), contracts for the Maryland Court Help Center, security infrastructure and other building repairs, and IT-related costs (\$4.5 million)	33.1
Higher Education: USM and Morgan State University funding (excluding HBCU funding) after contingent reductions (\$25.7 million), St. Mary's College of Maryland due to funding formula (\$2.7 million), and BCCC after a contingent reduction to alter the funding formula (\$0.2 million)	28.6
ENOUGH grant funding	15.0
Commerce: More Jobs for Marylanders Tax Credit primarily due to the lower availability of special funds (\$20.0 million), a new grant related to the relocation of the Prieto Battery corporate headquarters (\$2.5 million), increase in funding for the Maryland Tech Council for Biohub Maryland (\$1.5 million), restoration of mandated funding for the Maryland New Start Microloan Program (\$0.3 million), partially offset by the end of the mandate for the Western Maryland Economic Future Investment Fund (-\$10.0 million) and available fund balance to support the Maryland Biotechnology Investment Tax Credit (-\$4.0 million)	10.3
Maryland Benefits	8.8

DSCI: Additional funding for the Service Year Pathway and Young Adult Service Year Pathway due to mandated funding and to support participation targets	8.5
MSDE: Academic Excellence Fund (\$10.9 million), assessments contract (\$4.4 million), Center for School Safety (\$3.0 million), mandated costs for the Therapeutic Child Care Program (\$2.2 million), partially offset by the Autism Waiver (-\$10.9 million)	9.5
DHCD: New Permanent Supportive Housing program (\$4.9 million), supplemental funding for the Montgomery County Façade Refresh Grant Program for businesses near the Purple Line (\$3.0 million), a new mandate for Community Action Agencies established in Chapter 288 of 2025 (\$250,000), partially offset by the end of mandated funding for energy efficiency under the Climate Solutions Now Act (-\$5.0 million)	3.1
Comptroller: Projects to improve collection efforts (\$1.5 million) and Fraud detection contract (\$1.4 million)	2.9
MDP: Historic Revitalization Tax Credit to restore to mandated level, after accounting for a contingent reduction	2.5
SBE: One-time deficiency appropriations for the New Campaign Finance Reporting System (-\$1.0 million) and warehouse reimbursement (-\$0.6 million) and lower costs for the election judge bonus pay due to the election cycle (-\$0.9 million)	-2.5
MD Labor: New program (MD TRAIN) to upskill workers at small/mid-sized business in the AI era (\$2.0 million) more than offset by a one-time mandate for Rosecroft Raceway (-\$4.5 million)	-2.5
DoSEM: Use special funds from the Cannabis Business Assistance Fund to support administrative costs contingent on legislation	-4.0
DJS: Overtime at facilities (\$2.6 million), food (\$1.2 million), partially offset by non residential per diems (-\$4.3 million) and legal services (-\$6.1 million)	-6.9
MHEC: Primarily due to Teacher Development and Retention Program (\$1.0 million), Community College Promise Scholarship Program and Loan Assistance Repayment Program for Police Officers and Probation Agents after contingent reductions (\$1.4 million), more than offset by Education Excellence Awards due to available fund balance (-\$9.8 million)	-7.5
HBCU funding primarily due to available special funds	-36.2
VOCA funding due to the availability of federal funds	-10.8
General funds provided in fiscal 2026 for the Division of Paid Leave no longer needed due to FMLI Implementation	-36.6
DHS: One-time deficiency appropriations due to SNAP payment error rate penalties (-\$28.0 million), call center contract (-\$4.0 million), lower expected costs for the Child Support Management System and CJAMS (-\$2.8 million), lower expected costs for certain income and asset verification contracts (-\$2.0 million), and EBT system contract (-\$1.6 million)	-38.5
ITIF: Funding for expedited projects (\$3.0 million), more than offset by lower funding for projects	-38.5
One-time legislative additions	-25.9
Other changes	26.0
Reserve Fund	- \$24.4
DPA: Legislative priorities	\$30.0
DPA: Funding for new fiscal 2027 activities including addressing repeat audit findings (\$5.0 million), implementation of Certified Community Behavioral Health Clinics at 2 sites for one-half of the year (\$4.6 million), OBBBA implementation (\$2.5 million), fiscal leadership capacity and recruitment (\$2.0 million)	14.1
DPA: Fiscal 2026 funding that does not continue including DPSCS emergency maintenance (-\$30.0 million), Allegany County infrastructure repairs (-\$12.0 million), DPSCS Division of Parole and Probation staffing (-\$5.0 million), MEDCO for the MDH office move and a study (-\$4.0 million) and funds for the Capital of Quantum transferred to capital at a lower level (-\$17.5 million)	-68.5
Capital	- \$4.3
New PAYGO Initiatives: AstraZeneca facility expansion (\$14.6 million), Sphere Maryland (\$10.0 million), Montevue Senior Living Facility (\$3.0 million)	\$27.6
Additional funding for projects provided funding in fiscal 2026: Capital of Quantum (\$10.0 million) and IonQ receiving a total of \$20 million (\$10 million increase)	20.0
One-time fiscal 2026 funding and other PAYGO changes to align with CIP: Tradepoint Atlantic (-\$22.0 million), Randallstown Library (-\$12.0 million), Downtown Frederick Hotel and Conference Center (-\$7.5 million), Cannabis Incubator (-\$5.0 million), DPSCS Life Skills and Re-Entry Center for Women (-\$2.0 million), State Center Demolition (-\$0.8 million), SEED School (-\$0.5 million), and Hazardous Substance Cleanup (-\$0.1 million)	-51.8
Debt Service	\$23.0
Fiscal 2025 costs paid in fiscal 2026 net of prior year planned reversions	-321.8
Total	- \$153.8
<div> <div> AI: artificial intelligence BCCC: Baltimore City Community College BRFA: Budget Reconciliation and Financing Act COLA: cost-of-living adjustment Commerce: Department of Commerce DDA: Developmental Disabilities Administration DHCD: Department of Housing and Community Development DHS: Department of Human Services DJS: Department of Juvenile Services DoSEM: Department of Social and Economic Mobility DPA: Dedicated Purpose Account DPSCS: Department of Public Safety and Correctional Services DSCI: Maryland Department of Service and Civic Innovation EBT: Electronic Benefit Transfer FMLI: Family and Medical Leave Insurance HBCU: historically Black college and university </div> <div> IT: information technology ITIF: Information Technology and Innovation Foundation MDH: Maryland Department of Health MDP: Maryland Department of Planning MD Labor: Maryland Department of Labor MEDCO: Maryland Economic Development Corporation MHBE: Maryland Health Benefit Exchange MHEC: Maryland Higher Education Commission MSDE: Maryland State Department of Education OBBBA: One Big Beautiful Bill Act PAYGO: pay-as-you-go SBE: State Board of Elections SLEOLA: State Law Enforcement Officers labor Alliance SNAP: Supplemental Nutrition Assistance Program USM: University of Maryland VOCA: Victims of Crime Act </div> </div>	

Appendix 17
New Transportation Trust Fund Revenues
Fiscal 2025-2031
(\$ in Millions)

	Actual							2025-2031
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>Total</u>
Enacted 2024 Session								
Vehicle Registration Fee Increases ¹	\$142	\$254	\$255	\$252	\$255	\$257	\$260	\$1,533
Transportation Network Company Fee	41	43	45	48	51	55	59	301
Electric Vehicle Surcharge	8	19	24	31	41	55	72	242
SHA Highway Workzone Safety	7	10	10	9	9	8	8	53
Sales Tax - Electricity	1	1	1	1	1	1	1	7
Subtotal - Enacted 2024 Session	\$199	\$327	\$335	\$341	\$357	\$376	\$400	\$2,136
Enacted 2025 Session								
Capital Gains Surtax		\$141	\$108	\$110	\$112	\$113	\$113	\$697
Certificate of Title Fee Increase		104	104	104	104	104	104	624
Vehicle Excise Tax Increase to 6.5%		88	96	100	103	107	112	606
VEIP Fee Increase (Including Late Fee)		30	30	30	30	30	30	180
Increase Cap on MVA Cost Recovery		20	42	38	56	63	70	289
Historic Tags Eligibility Alterations		4	4	4	4	4	4	24
New Tire Fee of \$5		12	24	24	24	24	24	132
Rental Vehicle Excise Tax of 3.5%		28	29	29	29	29	30	174
Rental Vehicle Registration Fee Alteration		3	3	3	3	3	3	18
Subtotal - Enacted 2025 Session		\$430	\$440	\$442	\$465	\$477	\$490	\$2,744
Total Enacted	\$199	\$757	\$775	\$783	\$822	\$853	\$890	\$4,880

¹ Fiscal 2026 Estimate Includes Revenues Attributable to the Accelerated Phase In of Registration Fee Increase Enacted During 2025 Session

MVA: Motor Vehicle Administration

SHA: State Highway Administration

VEIP: Vehicle Emissions Inspection Program

Appendix 18
One Big Beautiful Bill Act Impact on State Expenditures
Fiscal 2026-2031
(\$ in Millions)

	Budgeted Amounts		DLS Estimates – Fall 2025			
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
SNAP						
Administrative Cost Share Increased from 50% to 75%		\$43.1	\$79.5	\$81.1	\$82.7	\$84.3
Benefit Cost Sharing up to 15% *			182.9	251.9	260.2	268.8
Heat and Eat			-23.5	-31.3	-31.3	-31.3
Expanded Work Requirements and Loss of Benefits for Refugee and Asylees			-15.1	-20.8	-21.5	-22.2
Medicaid						
Work Requirements (starting January 1, 2027) and Eligibility Redetermination Starting Every 6 Months (Calendar 2027) for Affordable Care Act Expansion Population**		-\$9.5	-\$143.2	-\$163.6	-\$170.5	-\$177.1
Cost of Administering New Requirements ***	\$1.3	14.8	10.0	10.0	10.0	10.0
Net Impact (Medicaid and SNAP)	\$1.3	\$48.5	\$90.6	\$127.2	\$129.6	\$132.5

DLS: Department of Legislative Services

SNAP: Supplemental Nutrition Assistance Program

*Assumes Error Rate remains above 10% but below levels that would allow for a delay. If delayed, impacts would begin in either fiscal 2029 or 2030.

** Could be delayed to January 1, 2029, if Maryland receives a good faith effort exemption. Fiscal 2027 impact reflects DLS estimate.

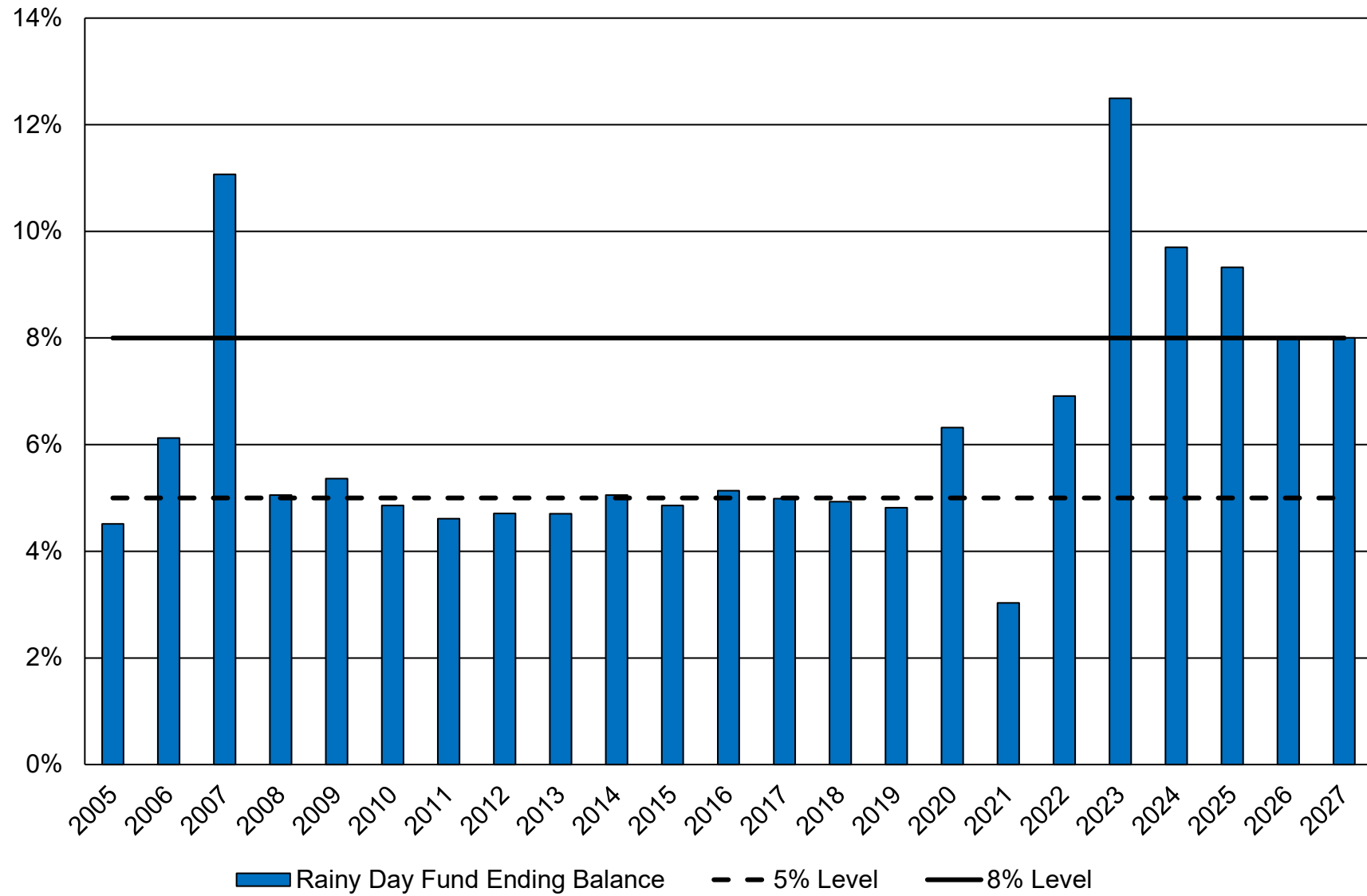
***Costs in the Maryland Department of Health and the Maryland Health Benefit Exchange for new positions and reclassifications, marking, call center, information technology, and printing costs. Also includes \$2.5 million in the Dedicate Purpose Account for innovative solutions to limit coverage and benefit losses (fiscal 2027).

Enrollee Impacts

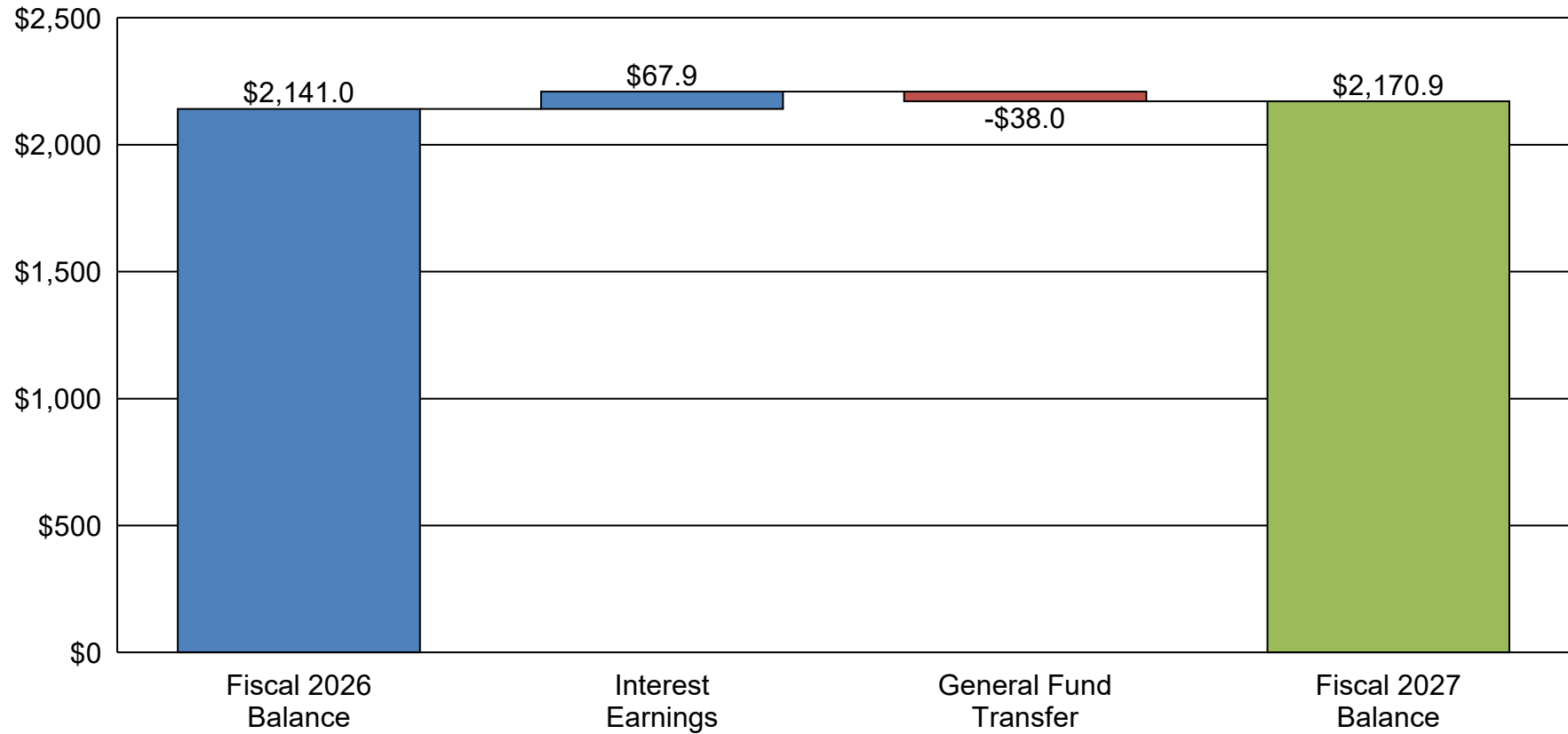
DLS estimates 7,555 SNAP case closures in fiscal 2026, increasing to 31,466 in fiscal 2027 and a net reduction of 140,000 Medicaid recipients.

The Department of Human Services estimates up to 118,700 households may see a reduction in SNAP benefits due to the changes to Heat and Eat. DLS estimates some households may be able to document utility costs to maintain benefit levels.

Appendix 19
Rainy Day Fund Balance as a Percentage of General Fund Revenues
Fiscal 2005-2027 Est.



Appendix 20
Rainy Day Fund Summary
(\$ in Millions)



Appendix 21

Capital Budget – Status of 2025 Session Legislative Preauthorizations for Fiscal 2027

<u>Agency</u>	<u>Project Title</u>	<u>Preauthorization Amount</u>	<u>2027 Funded Amount</u>	<u>Underfunded</u>	<u>Overfunded</u>
DNR	Waterway Improvement Fund – Somers Cove Marina	\$8,727,000	\$8,727,000	\$0	\$0
UMCP	Graduate Student Housing	5,000,000	0	-5,000,000	0
UMGC	Global Campus Administration Building Renovation	3,200,000	0	-3,200,000	0
UMBC	New Student Services Building	6,000,000	0	-6,000,000	0
BCCC	Acquisition of Unidentified Properties	9,000,000	0	-9,000,000	0
MHA	Private Hospital Grant Program	20,000,000	14,000,000	-6,000,000	0
MISC	Ellicott City North Tunnel Extension Project*	10,000,000	22,950,774	0	12,950,774
MISC	Luminis Health Doctors Community Medical Center – New Obstetrical Care Tower	10,000,000	10,000,000	0	0
MISC	MedStar Southern Maryland	10,000,000	8,000,000	-2,000,000	0
MISC	Bowie Mill Bike Trail	2,100,000	1,750,000	-350,000	0
MISC	Pikesville Armory	3,000,000	1,500,000	-1,500,000	0
MISC	Westminster Fiber	1,000,000	1,000,000	0	0
MISC	Glen Echo Park Spanish Ballroom Renovation	1,500,000	1,000,000	-500,000	0
MISC	Baltimore Symphony Orchestra	1,500,000	1,000,000	-500,000	0
MISC	Catholic Charities – Intergenerational Center	2,000,000	1,000,000	-1,000,000	0
MISC	Ascension Saint Agnes – Family Birthing Center	1,000,000	500,000	-500,000	0
MISC	The Johns Hopkins Hospital – Pediatric Emergency Department Psychiatric Unit Expansion	650,000	300,000	-350,000	0
MISC	Damascus Sidewalk Repair	250,000	0	-250,000	0
MISC	Springsong Museum	1,000,000	0	-1,000,000	0
MISC	Young Artists of America, Inc.	1,500,000	0	-1,500,000	0
MISC	MD 32 Noise Mitigation for Fox Valley Estates	1,800,000	0	-1,800,000	0
MISC	Maryland Center for History and Culture – Enoch Pratt House and Collections Storage	2,500,000	0	-2,500,000	0
MISC	Southern Bridge Career and Education Center	2,500,000	0	-2,500,000	0
MISC	B & O Railroad Museum	3,000,000	0	-3,000,000	0
MISC	Kent County Public Schools**	4,000,000	0	-4,000,000	0
Total		\$111,227,000	\$71,727,774	-\$52,450,000	\$12,950,774

BCCC: Baltimore City Community College
 DNR: Department of Natural Resources
 MHA: Maryland Hospital Association
 MISC: miscellaneous
 UMBC: University of Maryland, Baltimore County
 UMGC: University of Maryland Global Campus
 UMCP: University of Maryland, College Park Campus

*Funded under the Maryland Water Quality Revolving Loan Fund in the Maryland Department of the Environment.

**The legislature preauthorized an additional \$4.0 million for this project for fiscal 2028, which is also not included in the capital budget as introduced.