

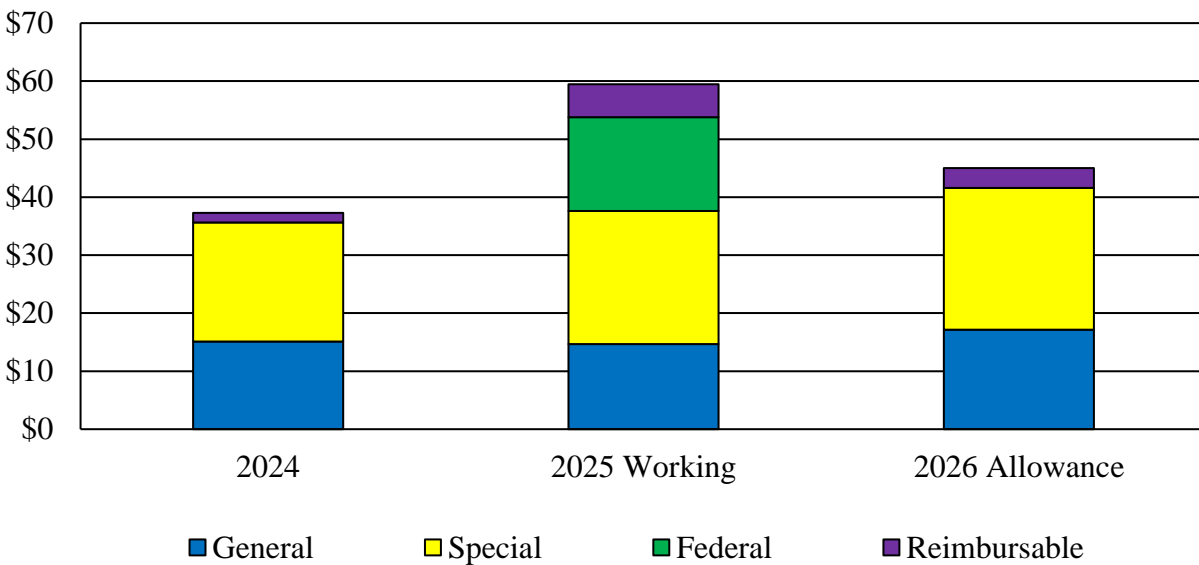
F10A
Department of Budget and Management – Secretary

Executive Summary

The Department of Budget and Management (DBM) provides financial, administrative, and budgeting support to Executive Branch agencies and is responsible for assisting the Governor in the preparation and monitoring of the State’s annual operating and capital budgets. The Central Collection Unit (CCU), which collects delinquent debts, claims, and accounts due to the State government, is also located within the agency.

Operating Budget Summary

**Fiscal 2026 Budget Decreases \$14.5 Million, or 24.3%, to \$45 Million
(\$ in Millions)**



Note: The fiscal 2025 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in the Statewide Program in DBM and are not included in this budget. The fiscal 2026 allowance includes contingent reductions.

- The overall decrease of \$14.5 million in the fiscal 2026 allowance compared to fiscal 2025 is driven by \$15 million of federal funds from the American Rescue Plan Act (ARPA) that may be provided as a maximum award under a contract with government efficiency consultants, if the consultants are able to identify \$75 million in Statewide savings.

Key Observations

- ***ARPA Funds Will Expire December 31, 2026:*** Approximately \$330.1 million, or 9%, of the total allocated funding from Maryland’s State Fiscal Relief Fund grant award is left unspent as of the first two quarters of fiscal 2025. States are required by the grant conditions to expend the funds by December 31, 2026.
- ***Audit and Finance Compliance Unit (AFCU) Performance Measures:*** The AFCU was expanded from 1 staff member to 10 permanent and 1 contractual positions in fiscal 2022. Committee narrative in the 2024 *Joint Chairmen’s Report (JCR)* requested performance measures be developed and reported for the recently expanded AFCU. However, DBM did not submit the measures as requested.
- ***Closeout Issues with State Agencies: The Statewide Review of Budget Closeout Transactions for Fiscal Year 2024*** revealed significant challenges in agencies’ financial reporting, including unreported liabilities, reversions in error, and poor documentation of reconciliations of revenues. AFCU offers guidance on closeout instructions, monitors timeliness of agency activities, and helps resolve deficiencies identified by partner agencies. AFCU’s involvement is focused on resolution of issues rather than preparation of agencies for closeout. However, patterns of findings, significant reversions in error, and unreported shortfalls suggest additional training of fiscal staff is warranted.

Operating Budget Recommended Actions

1. Add language restricting funds pending a report on funds remaining to expend from the State Fiscal Relief Fund award.
2. Add language restricting funds pending receipt of performance measures for the Audit and Finance Compliance Unit.
3. Adopt narrative requesting a report on efforts made to improve training, recruitment, and retention of State agency fiscal staff.
4. Adopt annual narrative requesting submission of budget details for contracts and grants.
5. Amend Section 2 to limit appropriations that can be placed into contingency reserve to items restricted by the General Assembly.
6. Amend Section 17 to add tracking structure necessary for legislative audits and to disallow transfers to other purposes.

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7. Add a section requiring long-term General Fund, Blueprint for Maryland’s Future Fund, and higher education Current Unrestricted Fund accounts.
8. Add a section applying across-the-board reductions to institutions of higher education.
9. Add a section requiring reporting on federal funds received by the State.
10. Add a section defining the use of federal funds in the budget.
11. Add a section requiring consistent presentation of budget data and organizational charts.
12. Add a section requiring reporting on interagency agreements and approval by the Department of Budget and Management.
13. Add a section defining the budget amendment process.
14. Add a section requiring the maintenance of accounting systems for certain programs.

Budget Reconciliation and Financing Act Recommended Actions

1. Modify the provision that would permanently repeal the requirement to provide details for across-the-board reductions to limit it to apply to fiscal 2026 only.

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Operating Budget Analysis

Program Description

DBM is responsible for managing the expenditures of State resources. DBM’s programs are described in the following.

- **Executive Direction** manages the department. It includes executive staff, Attorneys General, and the Equal Opportunity Program. An audit unit focused on enhancing audit compliance and program management across State agencies was expanded in fiscal 2023 to become AFCU.
- **Division of Finance and Administration** is responsible for accounting, budgeting, payroll, purchasing, fleet management, and travel administration.
- **CCU** collects delinquent debts, claims, and accounts due to the State government.
- **Office of Budget Analysis (OBA)** analyzes State agency programs, expenditures, revenues, and performance. The office recommends funding allocations and develops the operating budget within legal requirements and the Administration’s directions.
- **Office of Capital Budgeting (OCB)** develops an annual capital budget, prepares a five year *Capital Improvement Program*, and reviews the master plans of State agencies.

DBM also has an Office of Personnel Services and Benefits (OPSB) that directs the State’s personnel policies and administers the health care benefits programs for State employees and retirees. This office’s budget and related issues are discussed in a separate analysis.

Performance Analysis: Managing for Results

1. CCU Revenues from Administrative Fees 12% Lower Than Prepandemic Averages

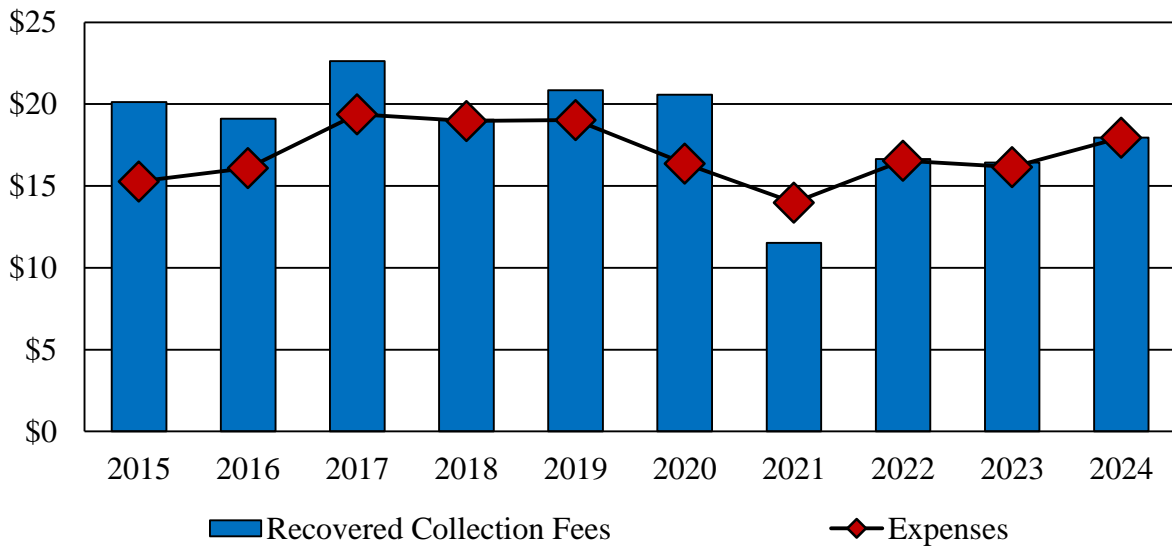
CCU is responsible for collecting delinquent debts, claims, and accounts owed to the State except for taxes, child support payments, and unemployment contributions and overpayments. Typical debts include:

- Motor Vehicle Administration fines;
- student tuition and fees; and

- restitution for damage to State property.

CCU is authorized to charge a 17% administrative fee on the value of outstanding debts referred for collection. Administrative fees are held in the Central Collection Fund, a special fund that supports CCU operating expenses. **Exhibit 1** shows the revenue from administrative fees compared to CCU operating expenses. Until fiscal 2021, CCU made a net profit each year. In that year, collections decreased by approximately 44% compared to fiscal 2019 and 2020. The net loss of funds was temporary, but the net profit has remained limited in the subsequent years. Collections in fiscal 2022 and 2023 were lower than expected, but CCU was able to reduce expenses in line with revenues to still generate a small profit. In fiscal 2024, revenues were 12% lower than the five-year pre-pandemic average. Despite being lower than pre-pandemic averages, CCU revenues increased by 9% in fiscal 2024. In that same year, however, CCU expenses increased by 11%. In the fiscal 2026 Managing for Results (MFR) submission, no net profit was reported, which was the first time since at least fiscal 2015 that neither a profit nor loss was reported. **CCU should discuss any cost containment actions taken to reduce expenditures to the level of available resources and efforts to return to a net profit.**

Exhibit 1
Central Collection Unit Revenues versus Expenses
Fiscal 2015-2024
(\$ in Millions)

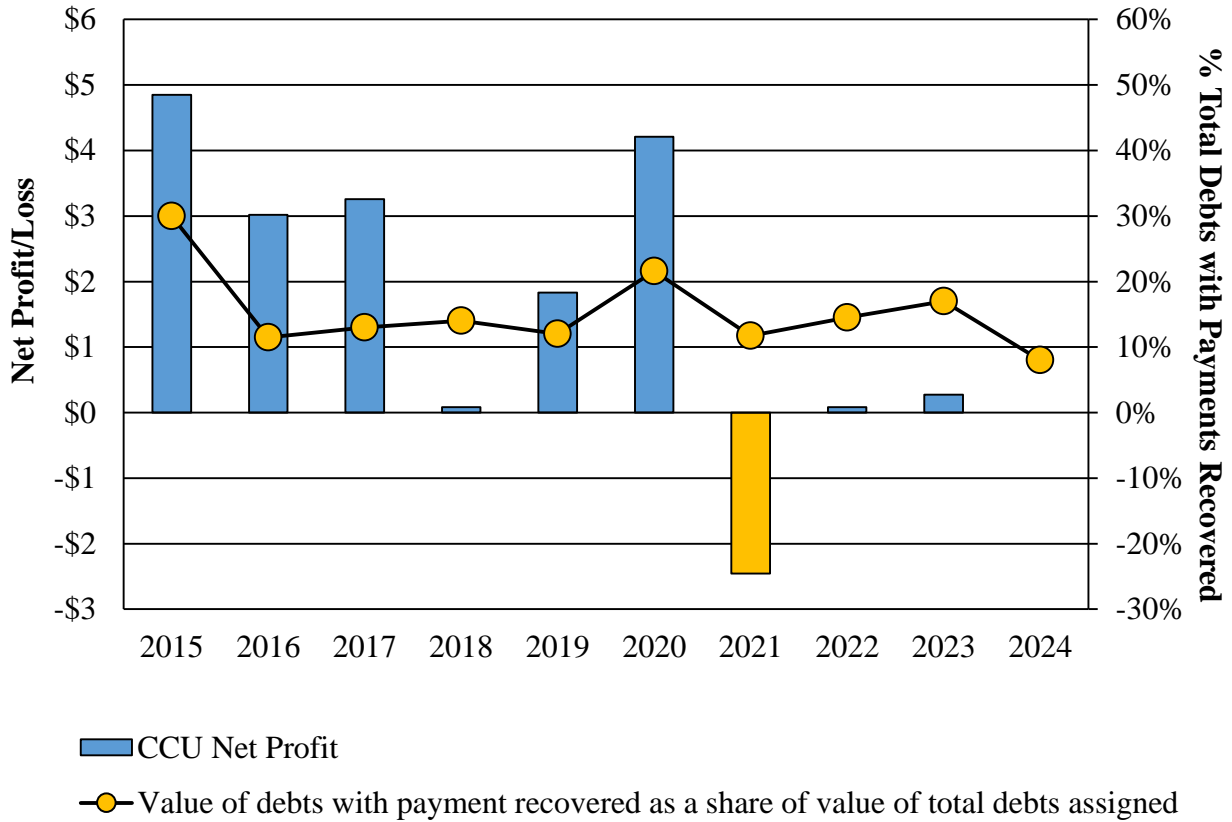


Note: Administrative fees charged on debts assigned to the Central Collection Unit (CCU) are held in the Central Collection Fund. At the end of each fiscal year, any balance in the Central Collection Fund above 15% of CCU’s actual expenditures must be reverted to the General Fund.

Source: Governor’s Fiscal 2026 Budget Books

Exhibit 2 displays the annual net profit or loss against the percentage of debts successfully collected. When the Central Collection Fund balance is 15% above expenses, the excess profit is reverted to the General Fund at fiscal year close. The total value recovered as a share of the total value assigned decreased from 17% in fiscal 2023 to only 8% in fiscal 2024, the lowest rate in the past decade. The share of assigned debts with payment recovered also decreased in fiscal 2024, ending an upward trend that began in fiscal 2019. CCU recovered payments on 16% of assigned debts in fiscal 2024 compared to 23% in fiscal 2023.

Exhibit 2
Trends in CCU Collections and Central Collection Fund
Fiscal 2015-2024
(\$ in Millions)



CCU: Central Collection Unit

Note: Administrative fees charged on debts assigned to CCU are held in the Central Collection Fund. At the end of each fiscal year, any balance in the Central Collection Fund above 15% of CCU’s actual expenditures must be reverted.

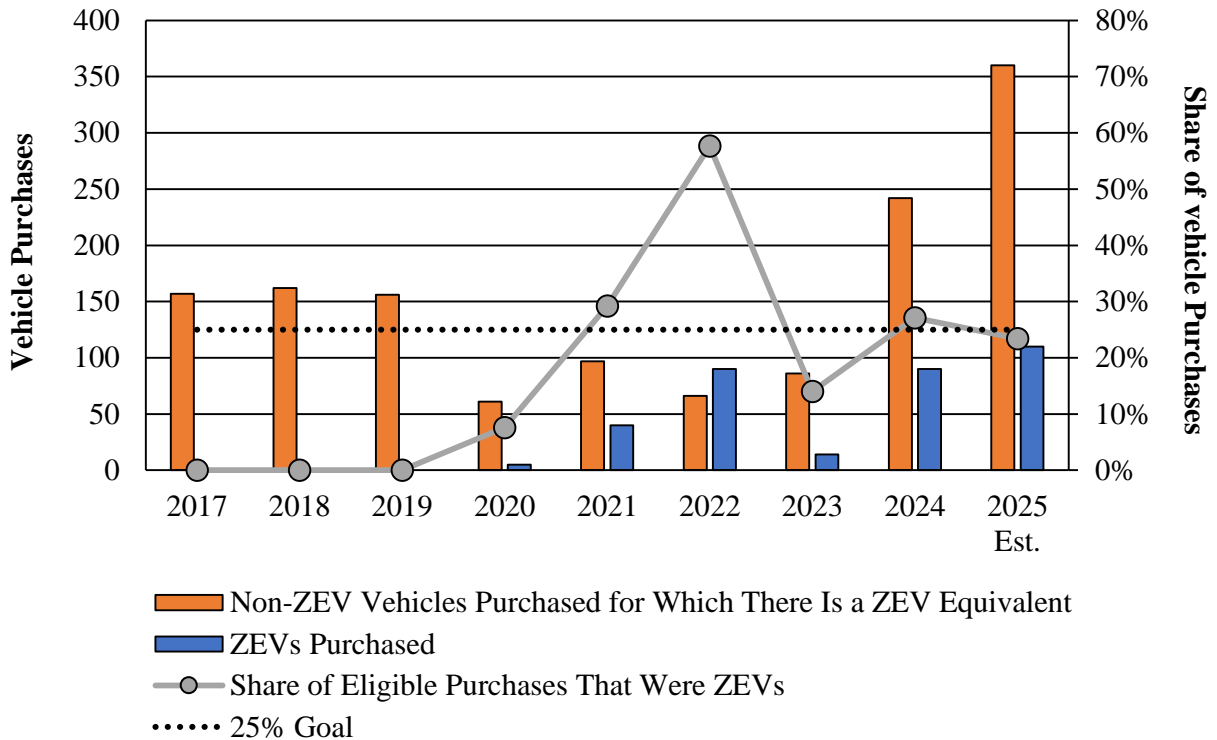
Source: Governor’s Fiscal 2026 Budget Books

2. State Vehicle Fleet Purchases Met Zero-emission Vehicle Goal

The State has a goal of reducing greenhouse gas emissions from State operations by electrifying the State vehicle fleet. The MFR goal is to make sure at least 25% of new vehicles purchased are zero-emission vehicles (ZEV). ZEVs have no internal combustion engine and exclude low-emission alternatives to gasoline engines such as plug-in hybrid electric vehicles, flex fuel vehicles, and hybrid vehicles.

Exhibit 3 shows that in fiscal 2024, ZEVs made up 27% of State fleet purchases for which there was an option available. This surpasses the State goal of 25% and the previous year rate of 14%. The goal has been met in three out of the last five years. DBM expects ZEV purchases to increase in fiscal 2025 and 2026, while an estimated additional 300 to 360 non-ZEV purchases per year would be made despite having a ZEV equivalent. This would place performance just below the goal in fiscal 2025.

Exhibit 3
State Vehicle Fleet ZEV Purchases
Fiscal 2017-2025



ZEV: zero-emission vehicle

Source: Governor’s Fiscal 2026 Budget Books

This performance metric excludes State fleet purchases for which no ZEV option was available. This has a sizable effect on the calculation for meeting the MFR goal. For instance, in fiscal 2021, ZEVs made up 29.2% of State fleet purchases for which there was a ZEV option. However, only 97 of the 321 non-ZEV purchases, or 30.2%, had a ZEV option available. When comparing ZEV purchases to all vehicles purchased, the fiscal 2021 levels only make up 11.1%. The current method for calculating the ZEV percentage in the MFR likely overestimates the State's true performance in reducing State fleet emissions. Some major obstacles to expanding purchases include lack of diversity of ZEV options, insufficient size of the larger ZEV options, and the lack of robust charging infrastructure to ensure that vehicles are charged when needed.

Fiscal 2025

A fiscal 2025 budget amendment increased the federal fund appropriation for DBM – Secretary by \$16.2 million over the legislative appropriation. Four initiatives were funded to make use of remaining ARPA funding prior to the obligation deadline of December 1, 2024.

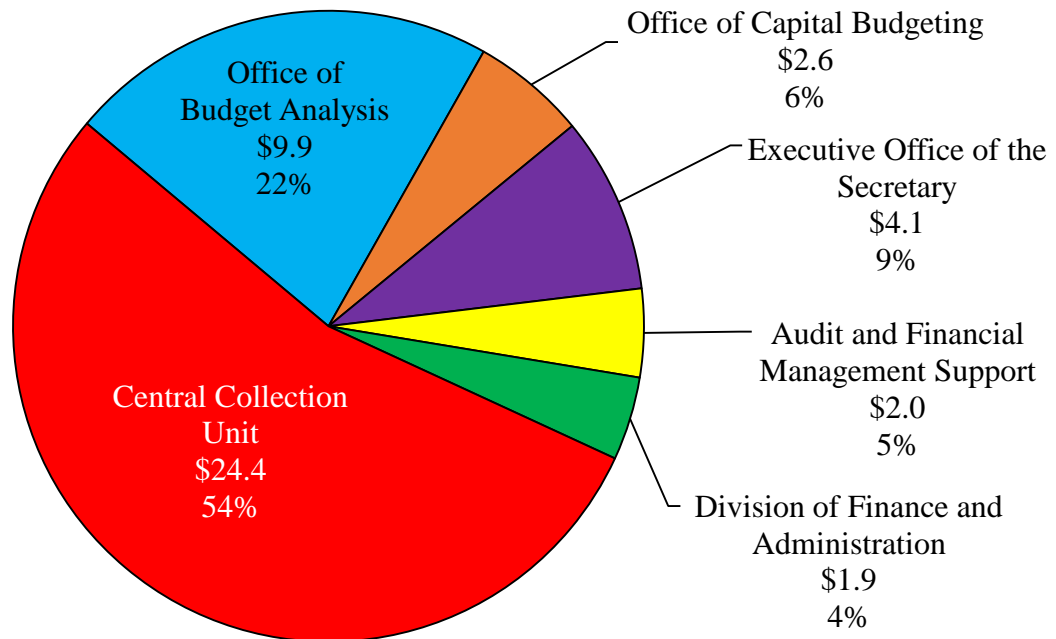
- ***Government Efficiency Initiative (\$15,200,000):*** On October 30, 2024, the Board of Public Works (BPW) approved a contract between DBM and Boston Consulting Group to identify performance and cost inefficiencies in the delivery of State government services. The project focuses on key drivers of State government operations and cost, including information technology (IT) services, procurement contracting, fleet management services, and real estate management. A portion of the funding – \$200,000 – is allocated to support 2 contractual staff to oversee the consultant's work. The fiscal 2026 budget assumes that this project will result in \$50 million in efficiency savings, only two-thirds of the potential savings outlined in the contract for the initiative of \$75 million. DBM has encumbered the maximum \$15 million award to avoid a federal deadline that would have reverted unencumbered ARPA funds on January 1, 2025.
- ***State Culture Survey (\$418,621):*** To support year two of the State Culture Survey contract. The survey contains multiple choice questions that are designed to measure six core values, including inclusivity, integrity, service, meaning, professional growth, and excellence. The survey also includes open-ended comment questions to allow participants to provide more examples in their own words and share about things not otherwise asked about on the survey. This federal fund appropriation frees up \$200,000 in funds remaining in the Dedicated Purpose Account to be used for other similar purposes
- ***Federal Transition Support (\$400,000):*** To engage a third-party firm to provide strategic advisory support services with the goal of positioning the State to be effective in maintaining its federal government priorities.
- ***Analytical Support Services (\$150,000):*** To engage temporary analytical support from the University of Baltimore and the University of Maryland, College Park Campus to support

the Office of the Secretary and OBA in the evaluation of revenue proposals for consideration as part of the fiscal 2026 Budget development.

Fiscal 2026 Overview of Agency Spending

Exhibit 4 displays DBM’s fiscal 2026 allowance by the 6 units under the Secretary’s Office. CCU accounts for a majority (56%, or \$24.4 million) of total expenditures. Administrative fee revenues are the sole budgetary support for CCU spending.

Exhibit 4
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)



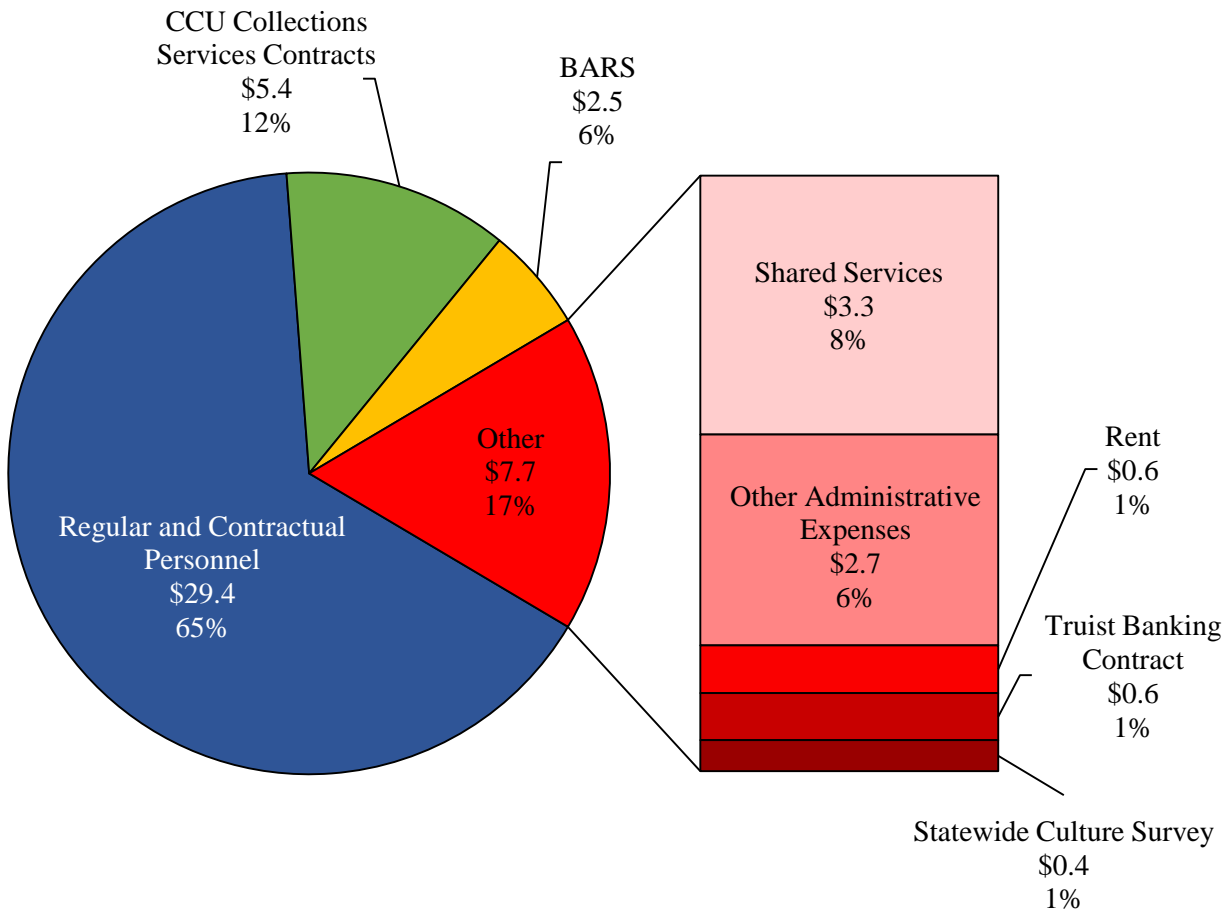
Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Statewide Program in the Department of Budget and Management and are not included in this budget.

Source: Department of Budget and Management; Governor’s Fiscal 2026 Budget Books; Department of Legislative Services

Exhibit 5 reflects the DBM – Secretary fiscal 2026 allowance by use of funds. Regular personnel costs make up a majority of total spending (65%, or \$29.4 million). Contracts for IT and other administrative needs for CCU are supported by \$5.4 million in special funds. Shared services

make up a large portion of the budget at \$3.3 million. Various administrative expenses, including communications, supplies, equipment, and contracts, that support DBM operations account for an additional \$4.3 million.

Exhibit 5
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)



BARS: Budget Analysis and Reporting System
 CCU: Central Collection Unit

Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Statewide Program in DBM and are not included in this budget.

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

Proposed Budget Change

As shown in **Exhibit 6**, the fiscal 2026 allowance decreases by approximately \$14.5 million, or 24.3%, compared to the fiscal 2025 working appropriation. The largest budgetary change is related to the one-time spending of \$15.2 million of ARPA funding in fiscal 2025 to be used as a downpayment (\$200,000) and maximum award (\$15 million) for the government efficiency initiative contractor. Actual expenditures will vary depending on the level of savings generated by the project. Aside from this change, the budget for the Office of the Secretary would increase by \$748,000. Another large change is the end of \$2.9 million in funding for the Capital Reporting, Analysis, and Budgeting System (CRABS) Major Information Technology Development Project, for which limited fiscal 2026 funds are budgeted within the Department of Information Technology (DoIT) in the Information Technology Investment Fund (ITIF).

**Exhibit 6
Proposed Budget
Department of Budget and Management – Secretary
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2024 Actual	\$15,125	\$20,525	\$0	\$1,618	\$37,269
Fiscal 2025 Working Appropriation	14,682	22,917	16,169	5,710	59,477
Fiscal 2026 Allowance	<u>17,183</u>	<u>24,418</u>	<u>0</u>	<u>3,425</u>	<u>45,026</u>
Fiscal 2025-2026 Amount Change	\$2,501	\$1,501	-\$16,169	-\$2,285	-\$14,452
Fiscal 2025-2026 Percent Change	17.0%	6.6%	-100.0%	-40.0%	-24.3%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustment and increments.....	\$2,320
7 new positions added for analysis, supervision.....	945
Employee and retiree health insurance.....	522
Turnover rate decreases from 4.44% to 4.23%.....	50
1 position transferred out to DBM – Personnel.....	-120
Other Changes	
Rent costs for CCU, no current leased space.....	614
CCU collections services contracts.....	346
CCU program oversight allocation to DBM.....	157
Analytical support using ARPA funds.....	-150
Federal transition support using ARPA funds.....	-\$400
State culture survey.....	-437

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Where It Goes:	<u>Change</u>
Cost allocations.....	-475
MITDP Fund reimbursable fund appropriation primarily for CRABS	-2,868
Statewide government efficiency contract.....	-15,000
Other operating expenses.....	45
Total	-\$14,452

ARPA: American Rescue Plan Act
CCU: Central Collection Unit
CRABS: Capital Reporting, Analysis, and Budgeting System
DBM: Department of Budget and Management
MITDP: Major Information Technology Development Project

Note: Numbers may not sum to total due to rounding.

Budget Reconciliation and Financing Act of 2025

A provision in the Budget Reconciliation and Financing Act (BRFA) proposes to repeal the requirement that across-the-board reductions be specified when included in a budget. The provision allows \$50 million in savings to be budgeted in fiscal 2025 in the OPSB Statewide Expenses account without prior knowledge of where the savings will occur or how they will be generated. The Government Efficiency Initiative announced by Governor Wes Moore has yet to determine the agencies or expenditure objects affected by the anticipated reductions. While due to the ongoing work under the initiative, this particular unallocated savings makes sense, the Department of Legislative Services (DLS) is concerned that repealing the requirement that such detail be provided permanently would limit transparency and General Assembly oversight in the future. **DLS recommends modifying the BRFA provision to eliminate the requirement that across-the-board reductions be specified to apply to fiscal 2026 only.**

Personnel Data

	<u>FY 24 Actual</u>	<u>FY 25 Working</u>	<u>FY 26 Allowance</u>	<u>FY 25-26 Change</u>
Regular Positions	190.00	195.00	201.00	6.00
Contractual FTEs	<u>15.00</u>	<u>18.60</u>	<u>13.60</u>	<u>-5.00</u>
Total Personnel	205.00	213.60	214.60	1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	8.21	4.23%
Positions and Percentage Vacant as of 12/31/24	14.00	7.18%
Vacancies Above Turnover	5.79	

The position allotment increases by a net of 6 regular positions for DBM – Secretary in fiscal 2026, including 7 new positions and 1 position transfer out to OPSB. DBM attributes the staffing increase to several factors, including the creation of new agencies, special projects and analytical requirements related to cash and structural shortfalls, and maintenance and testing needs related to the new IT system.

- 1 vacant designated administrator position is transferred from Executive Direction to OPSB, reducing funds by \$119,776, including salary and estimated fringe benefits.
- 1 new senior program manager IV is added to Executive Direction to serve as the director of revenue policy and analysis. The individual will lead the agency’s analysis of State revenues with a focus on the budget and economic impact of various revenue proposals.
- 5 new budget staff with 4 added to OBA (including 2 budget analyst Is, 1 budget analyst II, and 1 senior budget examiner) and 1 new capital budget supervisor added to OCB.

Partially offsetting this increase in regular positions is a reduction of 5 contractual full-time equivalents (FTE). Despite the decrease in contractual FTE, overall funding for contractual employee payroll remains stable due to lower turnover.

As of December 31, 2024, the number of vacant positions exceeds the number needed to meet the fiscal 2026 budgeted turnover by 5.79 positions. Of the 14 vacant positions as of December 31, 2024, 6 are in CCU, 4 are in Executive Direction, 3 are in the Division of Finance and Administration, and 1 is in AFCU. There is no overlap between vacant positions and added positions, but the existence of excess vacancies indicates that DBM should consider reallocating vacancies to areas that require additional staffing.

Issues

1. ARPA Funds Past Obligation Deadline, Spending Deadline Approaching

The ARPA included an award of \$3.7 billion to Maryland in State and Local Fiscal Relief Fund (SLFRF) resources as part of COVID-19 relief. States were required by the grant conditions to encumber the funds by December 31, 2024, and are required to expend them by December 31, 2026.

Appendix R of the Fiscal 2026 Budget Highlights Book shows expended, budgeted, and remaining ARPA funds. Approximately \$3.319 billion was expended from fiscal 2021 to 2024, and an additional \$67.8 million has been expended year to date in fiscal 2025. Approximately \$330.1 million, or 9%, of the total allotment is left unspent as of fiscal 2025, excluding planned fiscal 2025 spending, as shown in **Exhibit 7**.

Exhibit 7
American Rescue Plan Act State Fiscal Relief Fund
Fiscal 2021-2025
(\$ in Millions)

	<u>Total Allocation</u>	<u>Spending (2021-2024)</u>	<u>Fiscal 2025 Reported Expenditures</u>	<u>Unspent Allocation (2021-2025)</u>	<u>Share of Allocated Funds Remaining</u>
Broadband					
Device Subsidy	\$30.0	\$0.1	\$25.5	\$4.4	15%
Digital Inclusion Fund	2.0	1.2	0.1	0.6	31%
Digital Navigators	2.0	0.6	0.1	1.3	67%
Gap Networks	3.0	1.1	0.2	1.7	57%
Network Infrastructure	97.1	30.5	5.2	61.4	63%
Rural Broadband	2.0	2.0			0%
Rural					
Broadband – Legislative Initiative	45.2	32.6	3.7	8.9	20%
Service Fee Subsidy	45.0	39.8	1.9	3.3	7%
USM Digital Divide	4.0	2.2	0.3	1.5	37%
Total – Broadband	\$230.3	\$110.1	\$37.0	\$83.1	36%

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	<u>Total Allocation</u>	<u>Spending (2021-2024)</u>	<u>Fiscal 2025 Reported Expenditures</u>	<u>Unspent Allocation (2021-2025)</u>	<u>Share of Allocated Funds Remaining</u>
Economic Assistance					
Arts Council	\$5.0	\$5.0			0%
Food Bank Grants	10.0	10.0			0%
Hotel, Motel, and Bed and Breakfast Grants	10.0	10.0			0%
Live Entertainment Venues Grants	10.0	10.0			0%
Local Commuter Bus Assistance Grants	8.0	8.0			0%
Main Street Program	2.0	.0			0%
Maryland Legal Services Corporation Grant	3.0	3.0			0%
Maryland Small, Minority, and Women- Owned Business Account	0.0	10.0			0%
Non-Profit Assistance Grants	20.0	20.0			0%
Non-Sales and Use Tax Grants	0.0	10.0			0%
On-Line Sales Framework Grants	0.5	0.5			0%
Private Sector Telework Support	5.0	5.0			0%
Restaurant Grants	2.0	22.0			0%
Rural and Agricultural Business Grants – MARBIDCO	2.0	2.0			0%
Rural and Agricultural Business Grants – TEDCO	1.5	1.5			0%
Small Business Marketing Grants	.0	1.0			0%
Volunteer Fire Department and Rescue Squad Grants	4.0	4.0			0%
Total – Economic Assistance	\$124.0	\$124.0	\$0.0	\$0.0	0%

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Higher Education					
Community					
Colleges – Baltimore					
City Community					
College	\$1.2	\$1.2			0%
Community					
Colleges – Maryland					
Higher Education					
Commission	8.6	8.6			0%
Vaccine Incentive					
Scholarships	1.0	1.0			0%
Total – Higher Education	\$10.8	\$10.8	\$0.0	\$0.0	0%
Housing and Community Development					
Homeownership Works	\$10.1	\$3.4	\$2.7	\$4.1	40%
Maryland Community					
Safety Program	10.3	10.2	0.0	0.0	0%
Project Restore	49.1	28.4	0.8	19.9	41%
Total – Housing and Community Development	\$69.5	\$41.9	\$3.6	\$24.0	34%
K-12 Education					
Adaptive Learning					
Tutoring Program					
(Arnold Venture)	\$10.0	\$0.0		\$10.0	100%
Education Trust Fund					
Backfill	116.1	116.1			0%
Juvenile Education					
Services	0.9	0.9			0%
Math and Science					
Reading Initiative	8.1	0.0		8.1	100%
School Reopening	0.4	0.2		0.2	43%
Student Support Network	1.0	0.9	\$0.0	0.1	12%
Summer School	30.9	9.8		21.1	68%
Supplemental					
Instruction/Tutoring	133.4	114.2		19.2	14%

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Transitional Supplemental Instruction	20.0	17.8	0.1	2.0	10%
Transitional Supplemental Instruction – Blueprint	46.0	46.0			0%
Trauma and Behavioral Health Services	25.0	19.6	0.8	4.6	19%
Total - K-12 Education	\$391.9	\$325.6	\$1.0	\$65.3	17%
Local Aid					
Disparity Grants	\$5.0	\$5.0			0%
Total - Local Aid	\$5.0	\$5.0	\$0.0	\$0.0	0%
Public Assistance					
30-Day Emergency Housing Grants	\$15.0	\$15.0			0%
Fiscal 2022 TCA and TDAP Monthly Supplements	40.2	40.2			0%
Housing Counseling Support	1.1	1.1			0%
Pending Unemployment Insurance Claim Payments	35.6	35.6			0%
Temporary Cash Assistance	140.0	140.0			0%
Temporary Disability Assistance Program	11.3	11.3			0%
Utility Arrearage Retirement	83.0	83.0			0%
Utility Bill Assistance Water and Sewer Assistance	20.0	20.0			0%
19.9	19.9			0%	
Total – Public Assistance	\$366.1	\$366.1			0%
Public Health					
Adult Day Care – Operational Costs	\$14.4	\$14.4			0%

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	<u>Total Allocation</u>	<u>Spending (2021-2024)</u>	<u>Fiscal 2025 Reported Expenditures</u>	<u>Unspent Allocation (2021-2025)</u>	<u>Share of Allocated Funds Remaining</u>
Adverse Childhood Experiences Reduction Programs	3.0	3.0			0%
Assistance 8-507 Providers	5.0	5.0			0%
Behavioral Health Services – Community Services	10.9	10.9			0%
Behavioral Health Services – Community Services Provider Rate Increase	3.5	3.5			0%
Behavioral Health Services – Community Services Provider Rate Increase, Medicaid	1.1	1.1			0%
Behavioral Health Services – Community Services, Medicaid	2.0	2.0			0%
Charlotte Hall Veterans Home	2.6	2.6			0%
Developmental Disabilities Administration Provider Grants	4.9	4.9			0%
Expansion of the Boys & Girls Clubs Maryland	2.0	2.0			0%
Health Zones	11.5	9.8		\$1.7	15%
Healthy Schools/HVAC Hospitals – COVID-19 Support	78.4	7.8	\$17.2	53.3	68%
Local Health	54.9	54.9			0%
Local Health Department Grants	3.7	3.7			0%
Local Health Department Infrastructure Grants	57.7	32.7		25.0	43%
Local Health Department Infrastructure Grants	0.0	4.0			0%
Medicaid Advantage	49.9	49.9			0%
Mobile Crisis and Stand-Alone Crisis Services	7.6	7.6			0%

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Nursing Home Temporary Rate Increase	26.0	26.0			0%
Nursing Homes – COVID-19 Support	48.8	48.8			0%
Overtime – Post-mortem Placeholder for COVID- 19 Support	0.1	0.1			0%
Residential Treatment Center	4.8	4.8			0%
VaxCash 2.0	7.9	7.9			0%
Total – Public Health	\$406.5	\$309.3	\$17.2	\$80.0	20%
Public Safety					
Baltimore City Crime Prevention Initiative	\$1.7	\$0.0	\$0.2	\$1.5	88%
FAMLI Contractual Services	30.0	0.0	3.7	26.3	88%
Home Detention for Early Release	5.0	5.0			0%
Security Personnel for Nonprofit Faith-based Organizations	0.9	0.4	0.4		0%
Summer Safe – DHS	1.0	1.0			0%
Summer Safe – DJS	3.1	2.4	0.1	0.6	19%
Summer Safe – GOCPP	0.8	0.5	0.3		0%
VOCA Safe at Home Address Confidentiality Program	0.4	0.4			0%
VOCA Community Service Coordinators	0.1	0.1			0%
VOCA New Futures Bridge Subsidy	1.0	1.0			0%
VOCA Victim Services	2.4	2.4			0%
Total - Public Safety	\$46.4	\$13.2	\$4.7	\$28.4	61%

F10A – Department of Budget and Management – Secretary

	<u>Total Allocation</u>	<u>Spending (2021-2024)</u>	<u>Fiscal 2025 Reported Expenditures</u>	<u>Unspent Allocation (2021-2025)</u>	<u>Share of Allocated Funds Remaining</u>
State Employee Compensation and Incentives					
Extension of Response					
Pay for State					
Employees	\$61.8	\$61.8			0%
Public Safety Salaries	250.0	250.0			0%
Response/Quarantine Pay	54.1	54.1			0%
Vaccine Incentive (Judiciary and Legislature Only)	0.0	0.0			0%
Total – State Employee Compensation and Incentives	\$366.0	\$366.0	\$0.0	\$0.0	0%
State Government Administration					
Telework for State					
Employees	\$5.0	\$5.0			0%
Administrative Support	17.0	5.4	\$1.3	\$10.3	60%
Analytical Support Services	0.2	0.0		0.2	100%
Broadband Programmatic Support	0.5	0.3		0.2	39%
ENOUGH Act Support	0.3	0.0		0.3	100%
Federal Transition Support Services	0.2	0.0		0.2	100%
Government Efficiency Initiative	15.2	0.0		15.2	100%
Health Insurance	75.0	75.0			0%
Maryland 250 Commission	1.5	0.0		1.5	100%
Software Subscription	0.1	0.0		0.1	100%
State Telework Expansion	2.2	1.8	0.3		0%
Transportation Trust Fund	500.0	500.0			0%
Unemployment Trust Fund	830.0	830.0			0%
Total – State Government Administration	\$1,447.0	\$1,417.6	\$1.6	\$27.8	2%

F10A – Department of Budget and Management – Secretary

	<u>Total Allocation</u>	<u>Spending (2021-2024)</u>	<u>Fiscal 2025 Reported Expenditures</u>	<u>Unspent Allocation (2021-2025)</u>	<u>Share of Allocated Funds Remaining</u>
Transportation					
Additional MDOT Relief	\$40.0	\$40.0			0%
Bus Operations	10.0	10.0			0%
Lost Toll Revenue	1.5	1.5			0%
MDOT – Match for IIIA Project	40.0	40.0			0%
State Systems Maintenance	10.0	10.0			0%
Total – Transportation	\$101.5	\$101.5	\$0.0	\$0.0	0%
Workforce Development					
Employment Training and Apprenticeships	\$75.0	\$56.2	\$2.6	\$16.2	22%
Jobs that Build Local Workforce	14.6	14.6			0%
Development Boards	7.0	7.0		0.0	0%
Staffing Support	50.0	50.0			0%
Total – Workforce Development	\$146.6	\$127.8	\$2.6	\$16.2	11%
Unallocated					
Unallocated	\$5.2	\$0.0		\$5.2	100%
Total – Unallocated	\$5.2	\$0.0	\$0.0	\$5.2	100%
All funds	\$3,716.7	\$3,318.9	\$67.8	\$330.1	9%

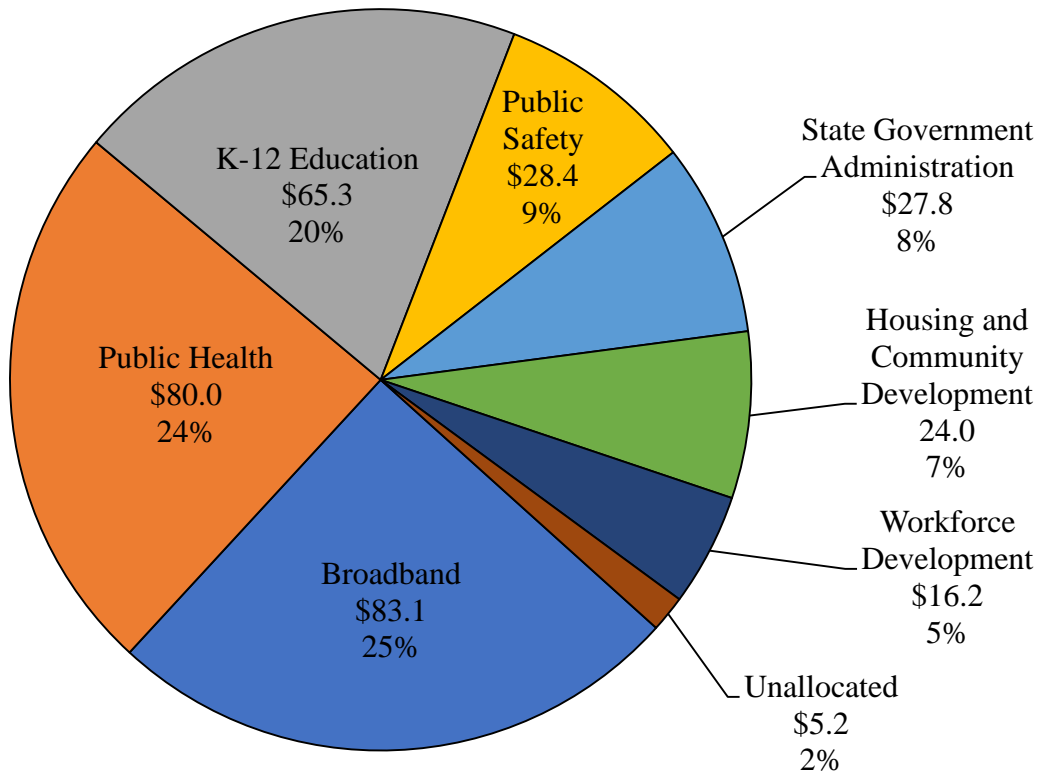
DHS: Department of Human Services
DJS: Department of Juvenile Services
FAMLI: Family and Medical Leave Insurance
GOCPP: Governor’s Office of Crime Prevention and Policy
IIJA: Infrastructure Investment and Jobs Act
MARBIDCO: Maryland Agriculture and Resource-Based
Industry Development Corporation

MDOT: Maryland Department of Transportation
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program
TEDCO: Maryland Technology Development Corporation
USM: University System of Maryland
VOCA: Victims of Crime Act

Source: Governor’s Fiscal 2026 Budget Books

The remaining funding is primarily set aside for broadband expansion and public health projects, particularly Network Infrastructure (\$64.1 million) and Healthy Schools/HVAC (\$53.3 million). **Exhibit 8** summarizes the remaining funding by area.

Exhibit 8
Unexpended American Rescue Plan Act Allocations by Area
Fiscal 2025
(\$ in Millions)



Total Remaining: \$330.1 Million

Source: Governor’s Fiscal 2026 Budget Books

In a September 2024 report to the budget committees, pursuant to fiscal 2025 Budget Bill language restricting funds, data provided by DBM showed unobligated and unexpended balances of \$147.3 million and \$369.7 million, respectively. While the unexpended balance has since decreased to \$330.1 million, it is unclear what balance remains for unobligated funds. The State was required to encumber all ARPA funding by December 31, 2024, so any unobligated funds must now be reverted to the U.S. Department of the Treasury. The State may continue to expend

funds that have been obligated until December 31, 2026. **DBM should discuss whether the State obligated all available funds in advance of the deadline.**

2. Agency Closeout and Accounting Issues

Recent closeout audits have highlighted concerns with agency reconciliations of funds among other concerns. In fiscal 2024, these identified issues led to financial discrepancies and deficits that may require additional funding. These deficiencies indicate broader concerns regarding financial management and oversight within multiple State departments, underscoring the need for improved practices to ensure accountability and transparency in the management of public funds.

Legislative Audit of Budget Closeout Transactions

The Office of Legislative Audits (OLA) released a report on January 29, 2025, that shared concerns with the fiscal 2024 closeout of the State budget. Five agencies were reviewed: Department of Human Services (DHS), Maryland Department of Emergency Management (MDEM), Maryland Department of Health (MDH), Maryland Department of Labor (MD Labor) and Maryland State Department of Education (MSDE). DHS, MDH, and MSDE were selected due to having complex and extensive revenues and expenditures with a significant impact on the overall State budget. MDEM and MD Labor were selected due to issues with federal fund reporting found during the individual agency audits.

Potential General Fund Liabilities

Several agencies had significant shortfalls or liabilities that OLA noted may require general funds to resolve. MDH reported approximately \$273.6 million in general fund liabilities as of June 30, 2024, including:

- \$213.7 million related to estimated Medicaid reimbursements for services rendered in fiscal 2024 to be paid in fiscal 2025, which could not be paid from the fiscal 2024 appropriation due to the levels exceeding the appropriation;
- \$34.2 million related to a recently upheld decision regarding a disallowance related to the Development Disabilities Administration (DDA), the potential liability regarding this disallowance has been reported in closeout audits since fiscal 2015; and
- \$25.7 million for an obligation related to required federal fund spending under the Money Follows the Person program, which has also been reported in prior audits.

Additionally, OLA noted that DHS did not report \$26.0 million in potential general fund liabilities to the Comptroller's General Accounting Division as required. OLA also reported that DHS did not fully support or verify certain expenditures before closing the fiscal year, leading to

funds being incorrectly reverted. Due to recording an incorrect balance, DHS reverted \$64.3 million at fiscal year-end, which OLA noted may have to be replaced with subsequent year appropriations or through a deficiency appropriation.

As OLA expected, a significant amount of general funds were needed to resolve most of these items in the fiscal 2026 budget. Specifically, DLS notes that there were significant deficiencies related to both reported shortfalls and other unreported shortfalls. In total, deficiency appropriations related to prior year shortfalls totaled \$573 million, including \$294.7 million in general funds, the largest of which is related to the Medicaid shortfall. DLS also notes that funding in the fiscal 2026 allowance provides general funds related to the DDA disallowance. Additionally, DLS notes that reversions of funds in error at the fiscal 2024 closeout resulted in required fiscal 2025 deficiency appropriations totaling \$89.1 million in general funds and \$75 million in federal funds to resolve in the Department of General Services (DGS), the Maryland Department of Transportation, DHS, and DBM. Reversions in error have also occurred across multiple agencies in recent years as well, indicating that special attention to training related to closeout activities is warranted.

Reconciliations and Accruals

Several agencies were unable to provide proper documentation to OLA to support the reconciliation of accrued revenues. MDH could not substantiate approximately \$1.7 billion in accrued federal revenue or the subsequent recovery of these funds. MDH used an automated script to record year-end revenue entries to offset positive and negative account balances at year-end without verifying that the amounts recorded were valid and collectable. An evaluation of these year-end account balances at year-end is critical because of the significant amount of federal funds that MDH receives each year, which may mask unrecovered expenditures. This finding is similar to ones reported by OLA in other recent closeout audits.

Similarly, DHS could not provide adequate documentation for \$877.2 million in positive accrued revenue entries or \$500.4 million in negative entries nor could it demonstrate the recovery of these funds. MSDE faced the same issue with \$525.4 million in accrued federal revenues. MDEM was unable to support \$882.1 million in federal fund revenue entries or the recovery of certain of these funds. Furthermore, MD Labor could not substantiate \$204.7 million in accrued federal funds, including \$67.6 million that MD Labor had recognized as unrecoverable and was also unable to demonstrate the subsequent recovery of the funds. While some or all of these amounts may have been or will be recovered to the extent that the federal funds are not available, State general funds may be needed to cover any related deficits. These findings indicate a significant failure in the proper documentation, reconciliation, and verification of accrued revenues.

OLA also noted that DHS had a \$100.2 million deficit in a nonbudgeted clearing account used to record general and federal fund expenditures related to various assistance payments, such as Temporary Cash Assistance that may require general funds to resolve. Furthermore, MSDE and DHS showed year-end deficits in multiple special funds totaling \$36.5 million.

Closeout Assistance Provided by AFCU

In fiscal 2023, AFCU added 2 staff that work with agencies' accounting and budget staff providing technical assistance. This work occasionally includes targeted assistance to agencies related to closeout issues.

- The Audit Compliance team may work with agencies that have an audit finding that is related to year-end closeout. This team provides guidance and support to help agencies monitor agency corrective actions in effort to resolve an audit finding.
- The Finance Compliance team provides technical guidance to a limited number of agencies, targeting agencies that are determined to need assistance as advised by the Comptroller's Office.

AFCU is not currently involved in preparing agencies for closeout. The unit reports that resources would need to be increased to be involved in that process. The Financial Compliance team maintains constant communication with the General Accounting Division (GAD) as well as OBA to discuss issues and concerns related to agencies' accounting and budget functions. Specifically related to closeout:

- AFCU reviews closing instructions to be provided to agencies to provide feedback on any updates or additional information that should be included in the instructions to provide better guidance to agencies' closeout activities.
- Prior to closeout, AFCU discusses with GAD which agencies may need additional technical guidance related to closeout. There are various reasons for an agency to make the "list" (1) a new agency; (2) GAD noted issues with the agency's prior year closeout; or (3) GAD is aware of turnover in the agency's accounting office. GAD and AFCU meet with these agencies as well as any agencies that have reached out for technical assistance.

Timeliness of Agency Closeout

GAD and OBA have established deadlines for activities and reporting required for year-end closeout. GAD has provided AFCU with access to the system used by agencies to submit year-end documentation (Workiva) to best assist agencies. Thus, AFCU has access to information to determine when agencies are submitting documentation for closeout. While AFCU provides closeout technical guidance to agencies, AFCU may be aware of agencies needing extensions for closeout deadlines. However, GAD is responsible for monitoring when agencies have submitted required reporting.

Quality of Agency Closeout

AFCU does not have an established process to assess or audit the content of the agency closeout information provided. When working with agencies during closeout, information is

reviewed with agencies to ensure that closeout transactions and reporting is accurate. While GAD is the unit of government ultimately responsible for providing agencies with instructions and assistance for completing the fiscal year-end closeout process, AFCU is intimately involved with resolving closeout deficiencies as identified by GAD, DLS, and DBM.

DLS is concerned that State agencies show significant need for guidance and assistance in preparing financial documentation, particularly regarding revenues, expenditures, and closeout documents. Additional training and a focus on retention of fiscal staff would also be expected to improve closeout processes. **DLS recommends adopting committee narrative requesting that DBM submit a report, due August 1, 2025, on efforts to improve the training, recruitment, and retention of fiscal staff across State agencies to improve fiscal processes, particularly at closeout.**

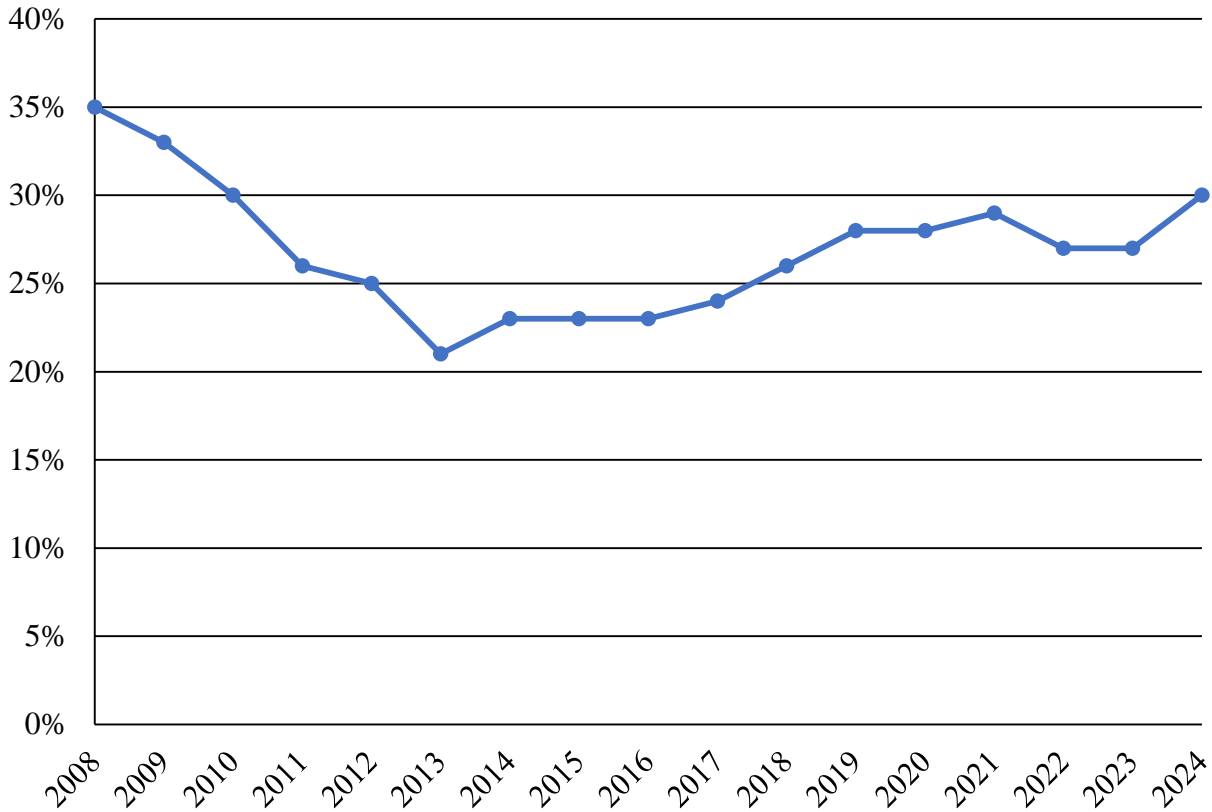
DBM Failed to Submit MFR Measures for Audit Unit as Requested

Committee narrative in the 2024 JCR requested that DBM develop new performance measures for AFCU within the Office of the Secretary. The department's fiscal 2026 MFR submission included no new measures.

AFCU was expanded in fiscal 2023 from 1 individual to an official budgetary subunit of DBM with 10 regular positions and 1 contractual position within the Office of the Secretary, Executive Direction. There are no current MFR goals for this unit nor measures reported for agency activities. Maryland's performance and accountability requirements were originally established under DBM's budget and planning process in calendar 1997 but were not codified in law or under executive order until the 2004 session when the MFR legislation was passed unanimously by both the House and Senate and signed by the Governor. DLS is concerned that the lack of performance measures for AFCU limits public transparency regarding the use of its \$2 million budget in general funds. This lack of transparency is particularly concerning due to the persistent fiscal issues identified by OLA audits before, during, and after expansion of AFCU.

OLA provides annual summaries of fiscal/compliance audit report items by functional area as well as the share of fiscal/compliance audit report items that were repeated from a previous report. **Exhibit 9** shows that there had been a slight decrease in repeat audit findings over the past two years compared to the previous recent peak in fiscal 2021. In fiscal 2024, however, despite the recent expansion of AFCU, findings repeated from previous audits made up 30% of all findings.

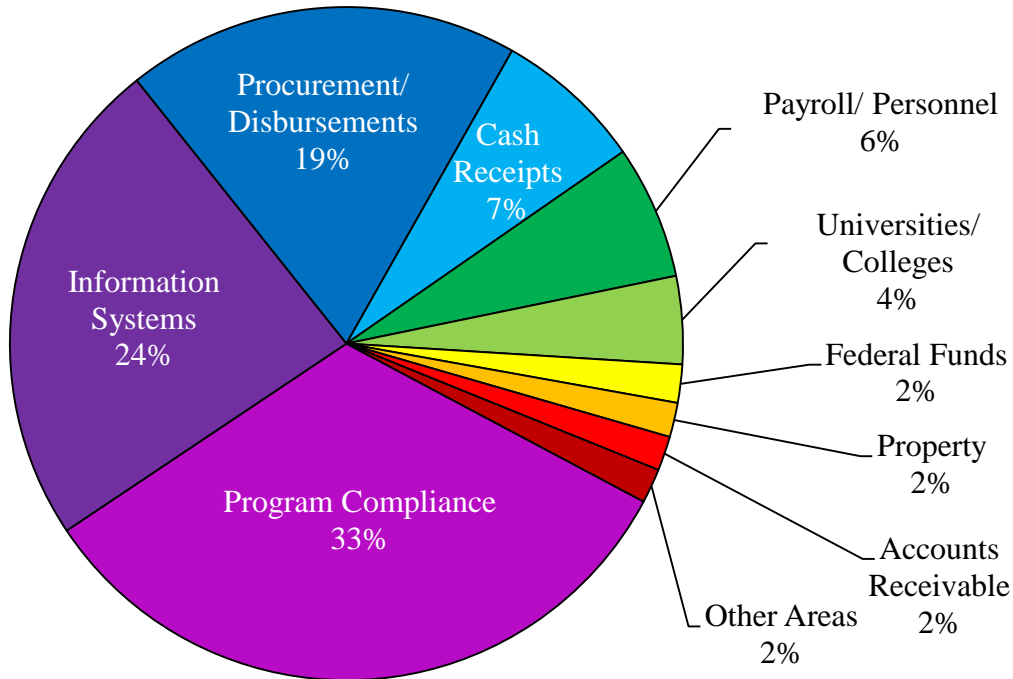
Exhibit 9
Share of Audit Findings Repeated from Previous Audit
Fiscal 2008-2024



Source: Office of Legislative Audits

Exhibit 10 shows the relative share of each major area of OLA fiscal/compliance audits since fiscal 2008. In the fiscal 2024 audits, OLA found 179 issues related to maintaining program compliance, 129 findings related to information systems, and 103 findings related to procurements and disbursements. The audit compliance unit has the stated goal of improving compliance in all areas and provides technical training to agencies for improving program compliance. Additionally, general accounting compliance assistance is coordinated/aligned with the GAD in the Comptroller’s Office.

Exhibit 10
Current Findings on Fiscal/Compliance Audits
Fiscal 2024



Source: Office of Legislative Audits

These figures provide a basic understanding of the broad audit issues facing Maryland government. However, AFCU does not report data on how it is assisting agencies in lowering these figures nor trends in State agency needs. **DLS recommends restricting \$150,000 in general funds pending submission of fiscal 2025 MFR goals, objectives, and measures for outputs and outcomes relevant to AFCU by August 15, 2025.**

3. Timing of Budget Amendments

Annual budget bill language defines a process for certain budget amendments to receive legislative review, such as those increasing a special, federal, or higher education fund appropriation by \$100,000 or more. Typically, before the Governor is able to approve amendments that require legislative review:

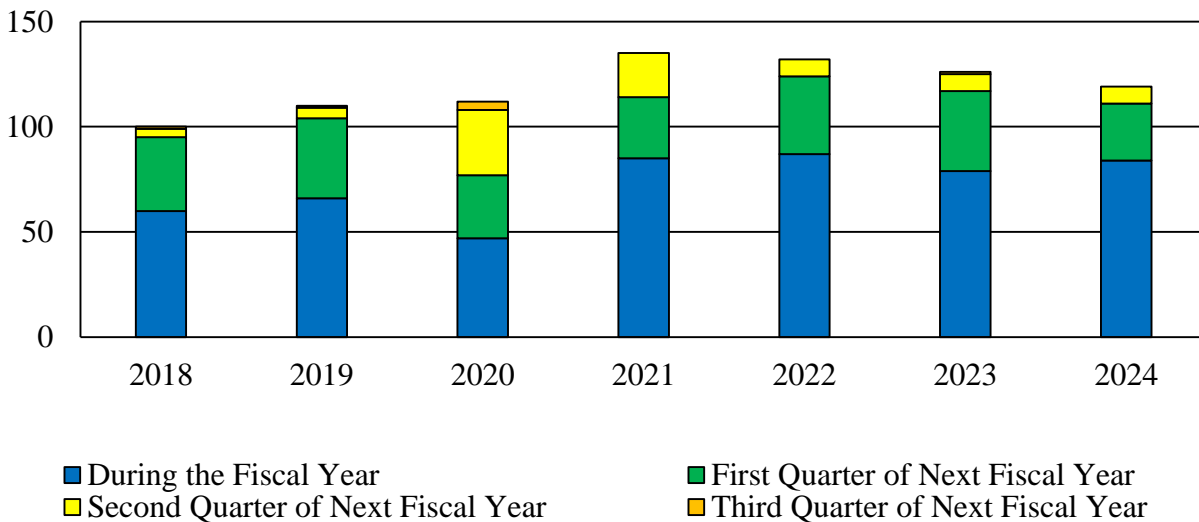
- the amendment must be submitted to DLS; and

- the budget committees or Legislative Policy Committee consider the amendment, or 45 days elapse from the date the amendment is submitted.

The annual language excludes budget amendments from legislative review if they are solely for the purpose of appropriating federal disaster relief funds or if BPW declares that the amendment is essential to maintaining public safety, health, or welfare. DBM submits all amendments to DLS for informational purposes, regardless of whether legislative review is required.

Exhibit 11 reflects the timing of all budget amendments for nonreimbursable funds submitted to DLS. In all fiscal years shown, some budget amendments were submitted to DLS in the following fiscal year after the spending occurred. This is especially the case for closeout amendments that are processed at the end of a fiscal year to realign expenditures as needed. Amendments processed in fiscal 2020 showed the greatest delays, as only 44% were submitted in the fiscal year when the spending occurred. In fiscal 2024, delays into the second quarter after the fiscal year closed impacted eight budget amendments and \$18.4 million in funding. DBM’s delays in submitting budget amendments create challenges in evaluating funding needs in future fiscal years and limit legislative oversight for amendments requiring legislative review. When amendments are submitted well after closeout, any concerns that arise during the legislative review cannot be addressed. Late received budget amendments also limit the ability to understand any potential closeout concerns and evaluate how these funding changes may impact future expenses.

Exhibit 11
Budget Amendment Submissions to the Department of Legislative Services
Fiscal 2018-2024



Source: Department of Legislative Services

DLS recommends adding annual budget bill language but modifying this language from prior years to require budget amendments to be submitted by October 31 of the next fiscal year.

In addition, DBM should discuss efforts it will undertake to submit budget amendments in a timely manner.

4. State Fleet Maintenance and Accident Management Costs Climb as Procurement Stalls

DBM currently has a contract with Element Fleet Management to operate the Maintenance, Repair and Accident Management Program for State-owned Vehicles on behalf of the State. The contractor provides:

- maintenance and repair services through a statewide fleet account network for State-owned vehicles that may not be maintained by in-house State facilities, and
- an Accident Management Program to manage the reporting to DBM’s Fleet Administration Unit of all agency vehicle accidents, vandalism incidents, and repair work for participating agencies.
-

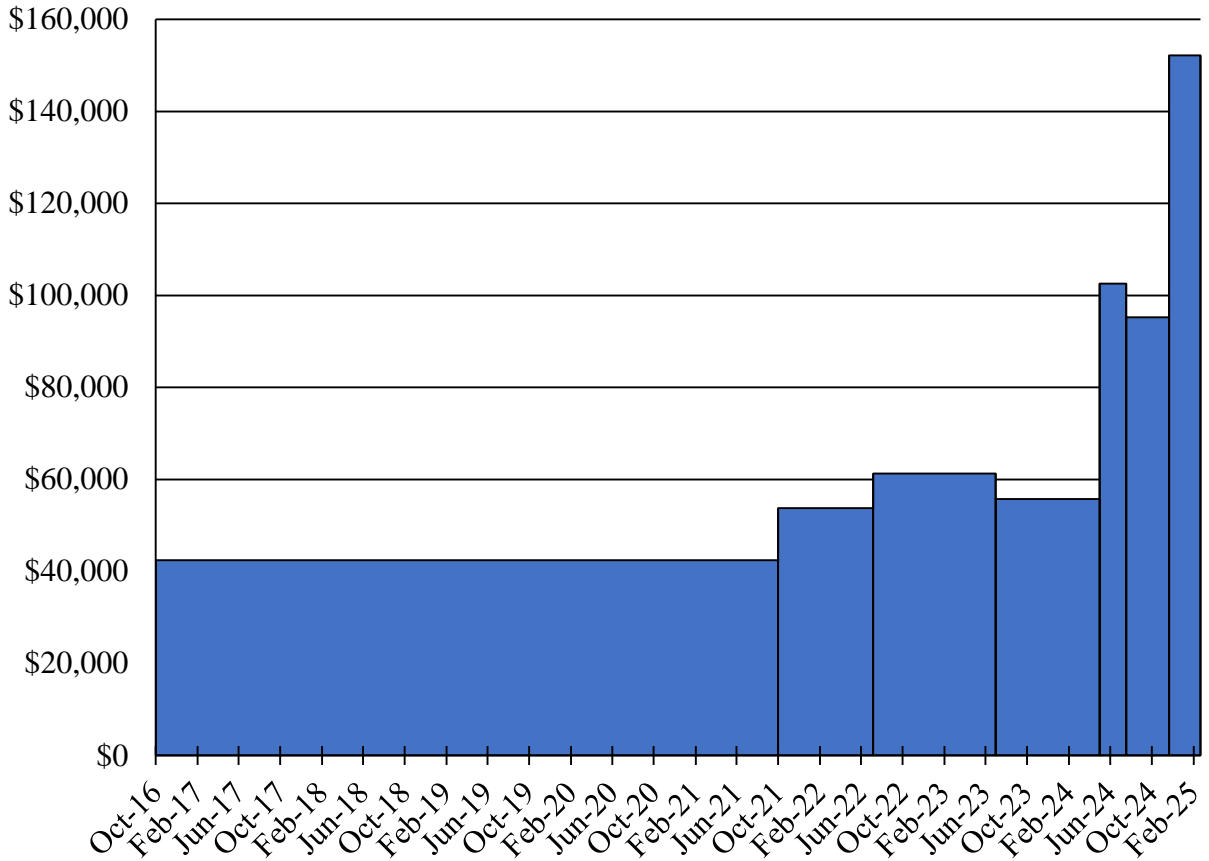
Procurement Delays

DGS began replacement efforts for the current contract by issuing a request for proposals (RFP) in April 2022. The original due date was extended to allow for additional proposals and the remedying of technical issues related to the lack of Minority Business Enterprise documentation from proposals. On August 18, 2022, the first RFP was canceled, and a second RFP was issued. The second RFP closed on September 9, 2022. The procurement stalled in the evaluation phase during calendar 2023 due to staffing changes and corrective actions taken during the procurement process. The procurement was further delayed in calendar 2024 due to contract negotiations. DGS has been finalizing the contract with the potential awardee since May 2023 and previously reported an award was anticipated by January 2025. That award has not yet been made.

Growing Cost of Contract Extensions

Exhibit 12 shows the cost per day over the course of the original contract period and each subsequent extension.

Exhibit 12
Fleet Maintenance and Accident Management Contract Costs Over Time
October 2016 to February 2025



Source: Board of Public Works; Department of Budget and Management; Department of Legislative Services

The most recent contract extension in November 2024 is the most costly extension to date, totaling \$14 million for only three months of contract performance. The cost per day increased by 183% from the first extension in October 2021 to the most recent and now stands at approximately \$152,174 per day. The existing contract extension expires on February 21, 2025. DLS is concerned with the extended procurement delays and accompanying contract extensions due to the rising cost. **DBM should provide more information on the cause of recent procurement delays and the reason for increasing extension costs.**

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

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

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

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

2. Add the following language to the general fund appropriation:

Further provided that \$150,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Budget and Management (DBM) submits a report describing planned performance measures for the Audit and Finance Compliance Unit (AFCU) by August 15, 2025. The performance measures shall be developed in consultation with the Managing for Results (MFR) Guidebook and shall include goals and objectives that correspond to core unit activities. It is the intent of the budget committees that performance measures for AFCU identified in this report be included in the fiscal 2027 MFR submission of DBM and future submissions. The budget committees shall have 45 days from the date of receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: AFCU was expanded to provide enhanced technical support to State agencies facing repeat audit findings, fiscal crises, and other financial management or audit compliance issues. No measures have been reported so far on activities, outputs, or

outcomes of the unit, which could have a significant impact on the financial management and audit compliance needs of State agencies.

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

3. Adopt the following narrative:

Report on Efforts to Improve Training, Recruitment, and Retention of Fiscal Staff:

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

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

4. Adopt the following narrative:

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

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

5. Amend the following section:

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

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

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

- ~~(b)~~ To allot all or any portion of funds coming into the hands of any department, board, commission, officer, school and institution of the State, from sources not estimated or calculated upon in the budget.

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

- ~~(d)~~ (c) To prescribe procedures and forms for carrying out the above provisions.

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

6. Amend the following section:

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

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

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

7. Add the following section:

Section XX Executive Long-term Forecast

SECTION XX. AND BE IT FURTHER ENACTED, That the Governor's budget books shall include a forecast of the impact of the executive budget proposal on the long-term fiscal condition of the General Fund, the Transportation Trust Fund, the Blueprint for Maryland's Future Fund, and higher education Current Unrestricted Fund accounts. This forecast shall estimate aggregate revenues, expenditures, and fund balances in each account for the fiscal year last completed, the current year, the budget year, and four years

thereafter. Expenditures shall be reported at such agency, program or unit levels, or categories as may be determined appropriate after consultation with the Department of Legislative Services. A statement of major assumptions underlying the forecast shall also be provided including, but not limited to, general salary increases, inflation, and growth of caseloads in significant program areas.

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

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

8. Add the following section:

Section XX Across-the-board Reductions and Higher Education

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

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

9. Add the following section:

Section XX Reporting Federal Funds

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

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

Information Request	Author	Due Date
Reporting components of each federal fund appropriation	DBM	With submission of the Governor’s Fiscal 2026 Budget Books

10. Add the following section:

Section XX Federal Fund Spending

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

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

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

11. Add the following section:

Section XX Reporting on Budget Data and Organizational Charts

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

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

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

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

Further provided that DBM shall provide to DLS special and federal fund accounting detail for the fiscal year last completed, current year, and budget year for each fund. The account

detail, to be submitted with the allowance, should at a minimum provide revenue and expenditure detail, along with starting and ending balances.

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

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

Information Request	Author	Due Date
Agency organizational charts and special and federal fund accounting detail	DBM	With submission of the Governor’s Fiscal 2027 Budget Books
List of subprograms	DBM	September 1, 2025

12. Add the following section:

Section XX Interagency Agreements

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

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

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- (5) a description of the nature of the goods and services to be provided;
- (6) the total number of personnel, both full- and part-time, associated with the agreement;
- (7) contact information for the agency and the public institution of higher education for the person(s) having direct oversight or knowledge of the agreement;
- (8) total indirect cost recovery or facilities and administrative (F&A) expenditures authorized for the agreement;
- (9) the indirect cost recovery or F&A rate for the agreement and brief description of how the rate was determined;
- (10) actual expenditures for the most recently closed fiscal year;
- (11) actual base expenditures that the indirect cost recovery or F&A rate may be applied against during the most recently closed fiscal year;
- (12) actual expenditures for indirect cost recovery or F&A for the most recently closed fiscal year; and
- (13) total authorized expenditures for any subaward(s) or subcontract(s) being used as part of the agreement and a brief description of the type of award or contract.

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

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

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

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

13. Add the following section:

Section XX Budget Amendments

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

- (1) This section may not apply to budget amendments for the sole purpose of:
 - (a) appropriating funds available as a result of the award of federal disaster assistance; and
 - (b) transferring funds from the State Reserve Fund – Economic Development Opportunities Account for projects approved by the Legislative Policy Committee (LPC).
- (2) Budget amendments increasing total appropriations in any fund account by \$100,000 or more may not be approved by the Governor until:
 - (a) that amendment has been submitted to the Department of Legislative Services (DLS); and
 - (b) the budget committees or LPC has considered the amendment or 45 days have elapsed from the date of submission of the amendment. Each amendment submitted to DLS shall include a statement of the amount, sources of funds and purposes of the amendment, and a summary of the impact on regular position or contractual full-time equivalent payroll requirements.
- (3) Unless permitted by the budget bill or the accompanying supporting documentation or by any other authorizing legislation, and notwithstanding the provisions of Section 3 216 of the Transportation Article, a budget amendment may not:

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- (a) restore funds for items or purposes specifically denied by the General Assembly;
 - (b) fund a capital project not authorized by the General Assembly provided, however, that subject to provisions of the Transportation Article, projects of the Maryland Department of Transportation (MDOT) shall be restricted as provided in Section 1 of this Act;
 - (c) increase the scope of a capital project by an amount 7.5% or more over the approved estimate or 5.0% or more over the net square footage of the approved project until the amendment has been submitted to DLS, and the budget committees have considered and offered comment to the Governor, or 45 days have elapsed from the date of submission of the amendment. This provision does not apply to MDOT; and
 - (d) provide for the additional appropriation of special, federal, or higher education funds of more than \$100,000 for the reclassification of a position or positions.
- (4) A budget may not be amended to increase a federal fund appropriation by \$100,000 or more unless documentation evidencing the increase in funds is provided with the amendment and fund availability is certified by the Secretary of Budget and Management.
 - (5) No expenditure or contractual obligation of funds authorized by a proposed budget amendment may be made prior to approval of that amendment by the Governor.
 - (6) Notwithstanding the provisions of this section, any federal, special, or higher education fund appropriation may be increased by budget amendment upon a declaration by the Board of Public Works that the amendment is essential to maintaining public safety, health, or welfare, including protecting the environment or the economic welfare of the State.
 - (7) Budget amendments for new major information technology projects, as defined by Sections 3A 301 and 3A 302 of the State Finance and Procurement Article, must include an Information Technology Project Request, as defined in Section 3A 308 of the State Finance and Procurement Article.
 - (8) Further provided that the fiscal 2026 appropriation detail as shown in the Governor’s budget books submitted to the General Assembly in January 2026 and the supporting electronic detail may not include appropriations for budget amendments that have not been signed by the Governor, exclusive of the MDOT pay-as-you-go capital program.

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

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

14. Add the following section:

Section XX Maintenance of Accounting Systems

SECTION XX. AND BE IT FURTHER ENACTED, That:

- (1) The Secretary of Health shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2025 in program M00Q01.03 Medical Care Provider Reimbursements and M00Q01.10 Medicaid Behavioral Health Provider Reimbursements have been disbursed for services provided in that fiscal year and shall prepare and submit the monthly reports by fund type required under this section for that program.
- (2) The State Superintendent of Schools shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2025 to program R00A02.07 Students With Disabilities for nonpublic placements have been disbursed for services provided in that fiscal year and to prepare monthly reports as required under this section for that program.
- (3) The Secretary of Human Services shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2025 in program N00G00.01 Foster Care Maintenance Payments have been disbursed for services provided in that fiscal year, including detail by placement type for the average monthly caseload, average monthly cost per case, and the total expended for each foster care program, and to prepare the monthly reports required under this section for that program.
- (4) For the programs specified, reports must indicate by fund type total appropriations for fiscal 2025 and total disbursements for services provided during that fiscal year up through the last day of the second month preceding the date on

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which the report is to be submitted and a comparison to data applicable to those periods in the preceding fiscal year.

- (5) Reports shall be submitted to the budget committees, the Department of Legislative Services, the Department of Budget and Management, and the Comptroller beginning August 15, 2025, and submitted on a monthly basis thereafter.
- (6) It is the intent of the General Assembly that general funds appropriated for fiscal 2025 to the programs specified that have not been disbursed within a reasonable period, not to exceed 12 months from the end of the fiscal year, shall revert.

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

Information Request	Author	Due Date
Report on appropriations and disbursements in M00Q01.03, M00Q01.10, R00A02.07, and N00G00.01	MDH MSDE DHS	August 15, 2025, and monthly thereafter

Appendix 1
2024 Joint Chairmen’s Report Responses from Agency

The 2024 JCR requested that DBM prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***ARPA funding:*** DBM submitted a report regarding the spending, monitoring, and use of \$3.7 billion in awarded federal SLFRF resources as part of the COVID-19 pandemic stimulus packages. Further discussion of this data can be found in Issue 1 of this analysis.

- ***Competitive Grant Application Summary:*** DBM prepared a comprehensive report that summarizes all competitive grant opportunities pursued by the State from the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA). The report must be submitted quarterly per fiscal 2025 Budget Bill language. As of November 30, 2024, State agencies applied to 153 IIJA and IRA grants. Of the grants applied for, 71 were awarded. Of the grants awarded, 41 required a State match totaling approximately \$777.4 million. State agencies applied to an additional 17 grants that require a State match totaling \$97.9 million but were still pending award by the time of writing the report.

Appendix 2
Capital Reporting, Analysis, and Budgeting System
Major Information Technology Development Project
Department of Budget and Management

New/Ongoing: Ongoing							
Start Date: 02/01/2022				Est. Completion Date: 06/30/2026			
Implementation Strategy: Agile							
(\$ in Millions)	Prior Year	2025	2026	2027	2028	Remaining	Total
GF	\$2.489	\$0.050	\$0.000	0.000	\$0.266	\$0.574	\$3.379
SF	2.670	0.000	0.000	0.000	0.000	0.000	2.670
Total	\$5.159	\$0.050	\$0.000	\$0.000	\$0.266	\$0.574	\$6.049

- **Project Summary:** DBM completed a major IT project in fiscal 2018 for the Enterprise Budget System, which allows for the creation and management of the State operating budget. CRABS will expand on the Enterprise Budget System so that not only can operating budgets be created through the software but also capital budgets. CRABS will address needed functionality, gaps, and deficiencies of OCB’s current system.

- **Need:** The existing Capital Budget Information System is outdated and requires manual entry that has led to inconsistencies and errors. The goal is to reduce manual entry by 80%, increase analyst productivity by 20%, and allow for enhanced data capabilities similar to the operating process.

- **Observations and Milestones:** The project began in fiscal 2021 but was only started in earnest in July 2023. Work was paused in February 2023 due to procurement issues related to the single-source solicitation. a contract award was approved by BPW on April 3, 2024, which was modified on June 5, 2024, to correct the contract term. The contract extends from April 2024 through December 2026 totaling \$4.0 million. The current Enterprise Budget System contract has been extended by two years to allow for the completion of the CRABS project with the final go-live estimated for January 1, 2026. So far, milestones completed include the following.
 - project management plan;
 - solution delivery strategy;
 - detailed technical design (for about 40% of the system components);
 - prototype development and review (for about 40% of the system components); and
 - build and test (for about 20% of the system components).

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- ***Fiscal 2025 Funding:*** DoIT authorized \$2.67 million in ITIF funding in fiscal 2024 for this project, but the funding is recognized in the fiscal 2025 working appropriation due to when DBM requested the funding transfer. This funding was provided via budget amendment.
- ***Other Comments:*** Rudimentary integration with the legislative capital budgeting system is ongoing. DBM expects data conversions to progress to the point of using CRABS data for the publication of the enacted fiscal 2026 budget in May and June 2025.

Appendix 3
Fleet Management System Replacement
Major Information Technology Development Project
Department of Budget and Management

New/Ongoing: Ongoing							
Start Date: 02/01/2024				Est. Completion Date: 04/30/2027			
Implementation Strategy: Agile							
(\$ in Millions)	Prior Year	2025	2026	2027	2028	Remainder	Total
GF	\$0.000	\$0.250	\$1.300	\$0.400	\$0.200	\$0.000	\$2.150
Total	\$0.000	\$0.250	\$1.300	\$0.400	\$0.200	\$0.000	\$2.150

- Project Summary:** DBM Fleet Management division for the Statewide vehicle fleet has initiated a software system acquisition project to obtain a fully functional, customizable fleet management software system to replace the WebFleetMaster system that no longer meets business needs. The project aims to enable effective services for the fleet and house all data records for each State of Maryland vehicle including, but not limited to, acquisition, registration, lease, usage, maintenance, repair, claim, fuel, and disposal data.
- Need:** The system must keep track of vehicles, repairs, usage, drivers, and telematics data. The system must also interface with the existing established fleet maintenance and repair system, fuel vendor system, the State’s Financial Management Information System, eMaryland Marketplace Advantage, the State Comptroller’s Office – Payroll Division, and the State Treasurer’s Office Insurance Division. Currently, the system is not conformant to State IT securities policies.
- Observations and Milestones:** The project team is in the initial process of compiling business and technical requirements for the project. The RFP is currently being drafted. DBM previously expected the RFP to be issued by July 1, 2024, and a vendor award by January 1, 2025. However, the target dates were not met. The RFP was issued on November 13, 2024 and closed to submissions on January 20, 2025. The procurement is in the evaluation stage and an award is expected by June 30, 2025.

Appendix 4
Object/Fund Difference Report
Department of Budget and Management - Secretary

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	190.00	195.00	201.00	6.00	3.1%
02 Contractual	35.00	18.60	13.60	-5.00	-26.9%
Total Positions	225.00	213.60	214.60	1.00	0.5%
Objects					
01 Salaries and Wages	\$ 23,092,589	\$ 24,581,018	\$ 28,298,702	\$ 3,717,684	15.1%
02 Technical and Special Fees	734,052	1,103,253	1,095,692	-7,561	-0.7%
03 Communication	170,251	1,048,500	1,048,500	0	0%
04 Travel	28,300	89,150	89,150	0	0%
07 Motor Vehicles	1,565	9,400	9,400	0	0%
08 Contractual Services	12,441,837	31,996,181	13,025,463	-18,970,718	-59.3%
09 Supplies and Materials	91,452	105,000	105,000	0	0%
10 Equipment – Replacement	9,991	198,000	198,000	0	0%
11 Equipment – Additional	0	0	39,048	39,048	N/A
13 Fixed Charges	698,534	346,991	1,116,979	769,988	221.9%
Total Objects	\$ 37,268,571	\$ 59,477,493	\$ 45,025,934	-\$ 14,451,559	-24.3%
Funds					
01 General Fund	\$ 15,125,241	\$ 14,681,772	\$ 17,182,851	\$ 2,501,079	17.0%
03 Special Fund	20,525,062	22,916,951	24,418,329	1,501,378	6.6%
05 Federal Fund	0	16,168,621	0	-16,168,621	-100.0%
09 Reimbursable Fund	1,618,268	5,710,149	3,424,754	-2,285,395	-40.0%
Total Funds	\$ 37,268,571	\$ 59,477,493	\$ 45,025,934	-\$ 14,451,559	-24.3%

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management Statewide Expense Account.

Appendix 5
Fiscal Summary
Department of Budget and Management - Secretary

<u>Program/Unit</u>	<u>FY 24 Actual</u>	<u>FY 25 Wrk Approp</u>	<u>FY 26 Allowance</u>	<u>Change</u>	<u>FY 25 - FY 26 % Change</u>
01 Executive Direction	\$ 6,581,944	\$ 21,508,903	\$ 6,101,502	-\$ 15,407,401	-71.6%
02 Division of Finance and Administration	2,043,683	1,753,599	1,924,769	171,170	9.8%
03 Central Collection Unit	17,951,073	22,498,329	24,418,329	1,920,000	8.5%
05 Office of The Chief of Information Technology	0	2,868,452	0	-2,868,452	-100.0%
01 Budget Analysis and Formulation	8,724,340	8,758,729	9,939,797	1,181,068	13.5%
01 Capital Budget Analysis and Formulation	1,967,531	2,089,481	2,641,537	552,056	26.4%
Total Expenditures	\$ 37,268,571	\$ 59,477,493	\$ 45,025,934	-\$ 14,451,559	-24.3%
General Fund	\$ 15,125,241	\$ 14,681,772	\$ 17,182,851	\$ 2,501,079	17.0%
Special Fund	20,525,062	22,916,951	24,418,329	1,501,378	6.6%
Federal Fund	0	16,168,621	0	-16,168,621	-100.0%
Total Appropriations	\$ 35,650,303	\$ 53,767,344	\$ 41,601,180	-\$ 12,166,164	-22.6%
Reimbursable Fund	\$ 1,618,268	\$ 5,710,149	\$ 3,424,754	-\$ 2,285,395	-40.0%
Total Funds	\$ 37,268,571	\$ 59,477,493	\$ 45,025,934	-\$ 14,451,559	-24.3%

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management Statewide Expense Account. .