

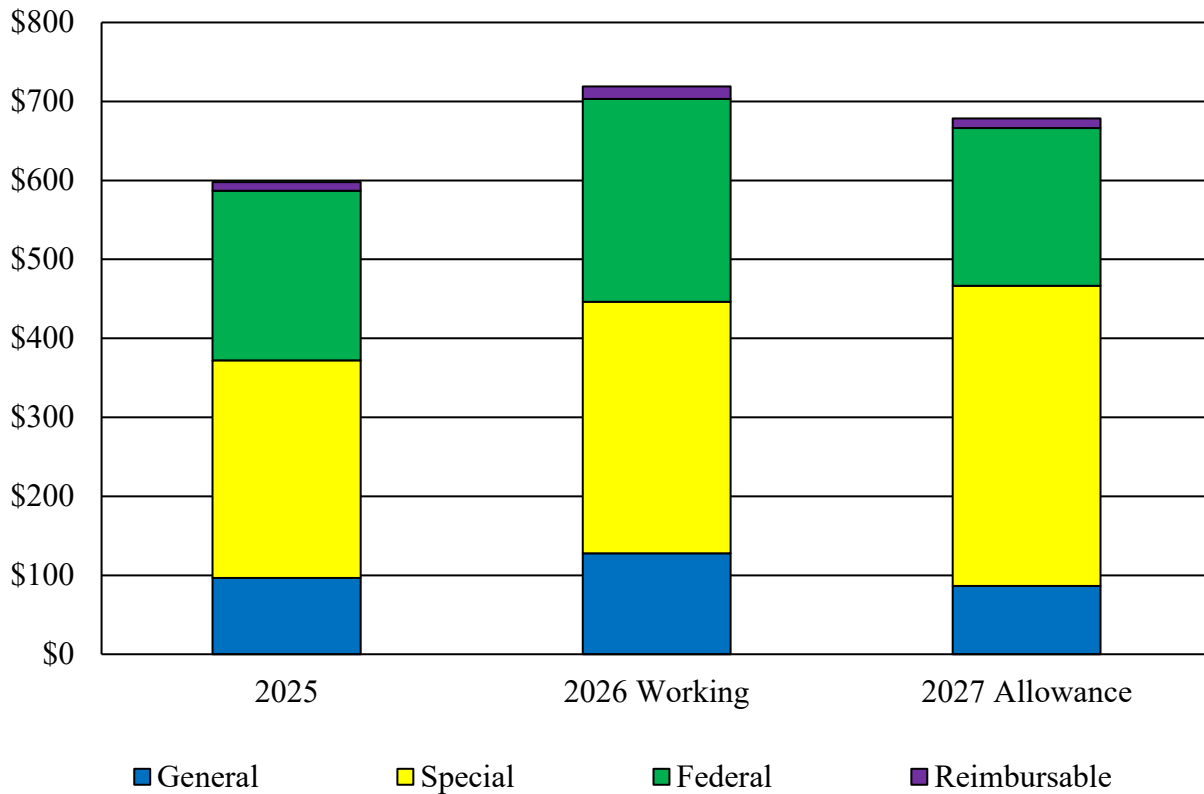
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Maryland Department of Labor

Executive Summary

The Maryland Department of Labor (MD Labor) is responsible for administering workforce development, adult education, paid family leave, and unemployment insurance (UI) programs. The department also includes many of the State’s agencies and boards responsible for licensing and regulating various businesses, professions, and trades.

Operating Budget Summary

**Fiscal 2027 Budget Decreases \$40.6 Million, or 5.6%, to \$678.5 Million
(\$ in Millions)**



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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- In the fiscal 2027 allowance, special funds increase by \$61.7 million (19.4%) compared to the fiscal 2026 working appropriation. This is primarily due to \$70 million included from the Family and Medical Leave Insurance (FAMLI) Fund for the Division of Paid Leave, which is expected to be available when required contributions begin for the FAMLI program in January 2027.
- All other funds decrease compared to the fiscal 2026 working appropriation, including general funds (32.3%), federal funds (22.2%), and reimbursable funds (24.7%).

Key Observations

- ***FAMLI Program Prepares for Implementation:*** Chapter 48 of 2022 established the FAMLI program to provide up to 12 weeks of paid leave to covered individuals. Originally slated to begin receiving contributions from employees and employers on October 1, 2023, that date has been moved back three times, most recently by Chapter 363 of 2025. Chapter 363 established a start date of January 1, 2027, for required contributions along with a start date between January 1, 2027, and January 3, 2028, as determined by the Secretary of Labor, for benefit payments. As of February 2026, MD Labor is on track to meet the deadlines established by Chapter 363 and plans to begin benefit payments in January 2028.
- ***UI Claims Volume Increases, Processing and Appeals Backlogs Remain:*** The number of UI claims increased in calendar 2025, from 1.2 million to 1.4 million. Although these levels are consistent with prepandemic levels, MD Labor continues to struggle with processing timeliness and large appeals backlogs. Overall, MD Labor’s budget for administering the UI program in the fiscal 2027 allowance is \$103.5 million, a 29.5% decrease compared to the fiscal 2026 working appropriation. This decrease is primarily due to completing the transition of call center functions in house and overbudgeting of federal funds in fiscal 2026 after a projected increase in the federal administrative allocation did not materialize.
- ***Increase in Active Apprentices, Decline in New Apprentices and Apprenticeship Graduates:*** The total number of active apprentices increased by 651 between fiscal 2024 and 2025, to 12,171 total apprentices. Despite this increase, the number of new apprentices fell by 143, and the number of apprenticeship graduates fell by 516 in fiscal 2025. A total of \$13 million for apprenticeship initiatives remains available in the Dedicated Purpose Account (DPA) from prior years, of which MD Labor intends to utilize \$10 million in fiscal 2027.

Operating Budget Recommended Actions

	<u>Amount</u>
1. Delete funding for Maryland Teaching Residents Artificial Intelligence Now!	-\$2,000,000
2. Reduce funding for the Dwyer Workforce Development grant to the fiscal 2026 level.	-\$250,000
3. Reduce funding for the Adult High School External Program to the fiscal 2026 level after a proposed deficiency.	-\$400,000
Total Net Change to Fiscal 2027 Allowance	-\$2,650,000

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision modifying the date for a \$37.3 million transfer from the Local Income Tax Reserve Account to the General Fund from on or before June 1, 2025, to on or before June 1, 2026, as the modified date is in the past and prior to the bill's effective date.

Updates

- The fiscal 2022 and 2023 budgets included \$75 million in federal American Rescue Plan Act (ARPA) funds to supplement local workforce area (LWA) funding for workforce development. As of December 31, 2025, LWAs have expended 93% of ARPA funds. LWAs have until June 2026 to expend these funds, and MD Labor anticipates that LWAs will meet this deadline.
- In fiscal 2026, an additional \$5 million was allocated to MD Labor for the Employment Advancement Right Now (EARN) program, bringing total grant funding for fiscal 2026 to \$12.8 million. MD Labor reports that the additional funding has been used to support 2,000 workers and 200 new employers across the State. The fiscal 2027 allowance maintains the increased level of funding for the EARN program.

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Operating Budget Analysis

Program Description

MD Labor administers employment service and adult learning programs and is also responsible for licensing and regulating various businesses, professions, and trades. In addition to administrative offices, which include the Governor's Workforce Development Board, the department contains the following divisions:

- **Workforce Development and Adult Learning** operates workforce development programs, including job services, the Workforce Innovation and Opportunity Act (WIOA), and labor market information programs. It also manages adult education programs, including adult literacy programs and skills training for correctional institutions. Its mission is to support the State's economic growth through a workforce development, education, and training system that is responsive to the needs of adult learners, job seekers, employers, and all system partners.
- **Unemployment Insurance** operates the UI programs. Its mission is to provide prompt temporary partial wage replacement to eligible individuals who are unemployed, help facilitate their return to work, and collect UI tax contributions from employers.
- **Labor and Industry** is responsible for safety inspections of boilers, elevators, amusement rides, and railroads. The division also enforces certain protective labor laws and administers the Maryland Occupational Safety and Health (MOSH) Act. The division's mission is to protect Maryland citizens' health, safety, and employment rights.
- **Occupational and Professional Licensing** includes 30 licensing boards and commissions that license, regulate, and monitor 25 different professions and trades. The division's mission is to ensure that regulated occupations and professions have practitioners that are competent and compliant with State laws, regulations, and standards.
- **Racing**, which houses the Maryland Racing Commission, regulates thoroughbred and harness racing tracks across the State. The division's responsibilities include assigning racing days, regulating wagering on races, collecting the wagering tax, licensing all racetrack employees, and operating a testing laboratory. The division also pays the salaries and stipends of all racetrack employees that are appointed by the Maryland Racing Commission.
- **Financial Regulation** charters, licenses, registers, and regulates commercial banks; trust companies; credit unions; mortgage lenders, originators, brokers, and servicers; collection agencies; and consumer loan companies, among other entities. Its mission is to ensure appropriate licensing, registration, and compliance with laws in order to maintain the safety

and soundness of Maryland’s financial services industry and protect financial services consumers.

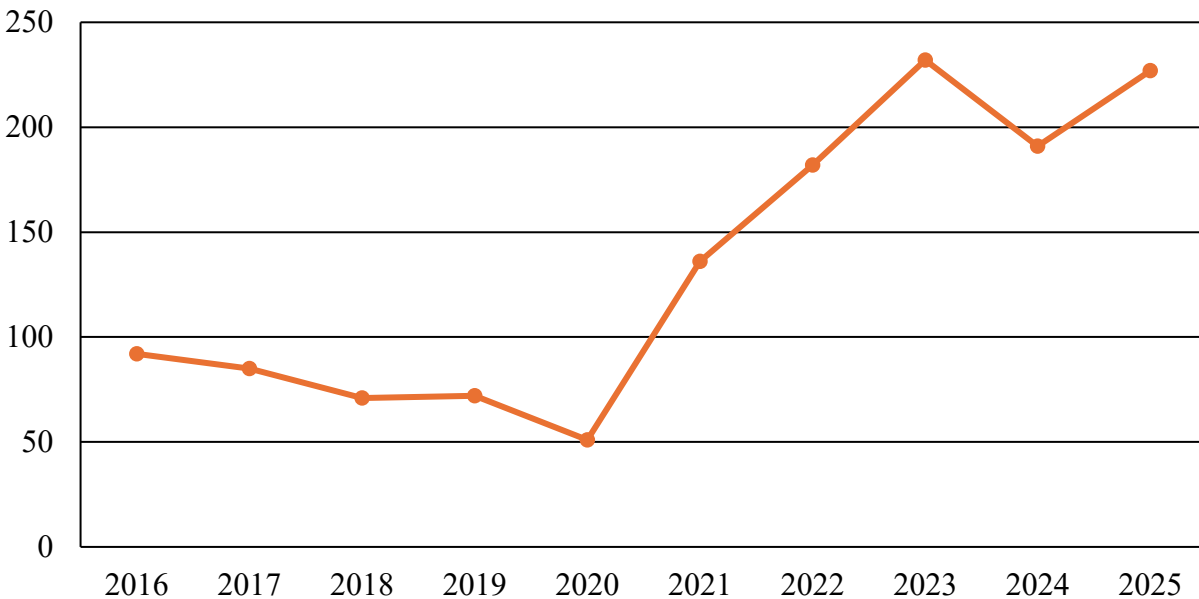
- **FAMLI** is the newest division, formed in calendar 2023 to implement the FAMLI program. The program will provide up to 12 weeks of paid leave to a covered individual who is taking leave from employment due to caring for certain family members, the individual’s own serious health condition, or a qualifying exigency arising out of a family member’s military deployment.

Performance Analysis: Managing for Results

1. Occupational Safety and Health Complaints Increased in Fiscal 2025

The MOSH Act generally requires employers to provide each employee with employment and a place of employment that is safe, healthful, and free from recognized hazards that cause or are likely to cause death or serious physical harm to the employee. MD Labor is responsible for administering the MOSH program in Maryland, including investigating health and safety complaints. **Exhibit 1** shows the number of occupational health and safety complaints investigated by the department from fiscal 2016 to 2025. Complaints investigated by MOSH had been declining in the years prior to the COVID-19 pandemic but increased significantly in fiscal 2021 and continued to increase in fiscal 2022 and 2023 to historically high levels. Despite a decrease in fiscal 2024, complaints investigated increased again in fiscal 2025 to 227, just below fiscal 2023’s record 232 complaints. Nationally, complaint inspections conducted by the Occupational Safety and Health Administration, which oversees states that do not administer their own program, have also increased since the COVID-19 pandemic, though not as sharply as in Maryland. This nationwide increase has been attributed in part to COVID-19 workplace safety violations and a federal campaign encouraging workers to file complaints. MD Labor also attributes Maryland’s increase in part to an easier electronic complaint filing method that debuted in fiscal 2022. These complaints reflect only a small share of MOSH investigations annually, and investigating complaints takes precedence over conducting preventive inspections.

Exhibit 1
Occupational Safety and Health Complaints Investigated
Fiscal 2016-2025

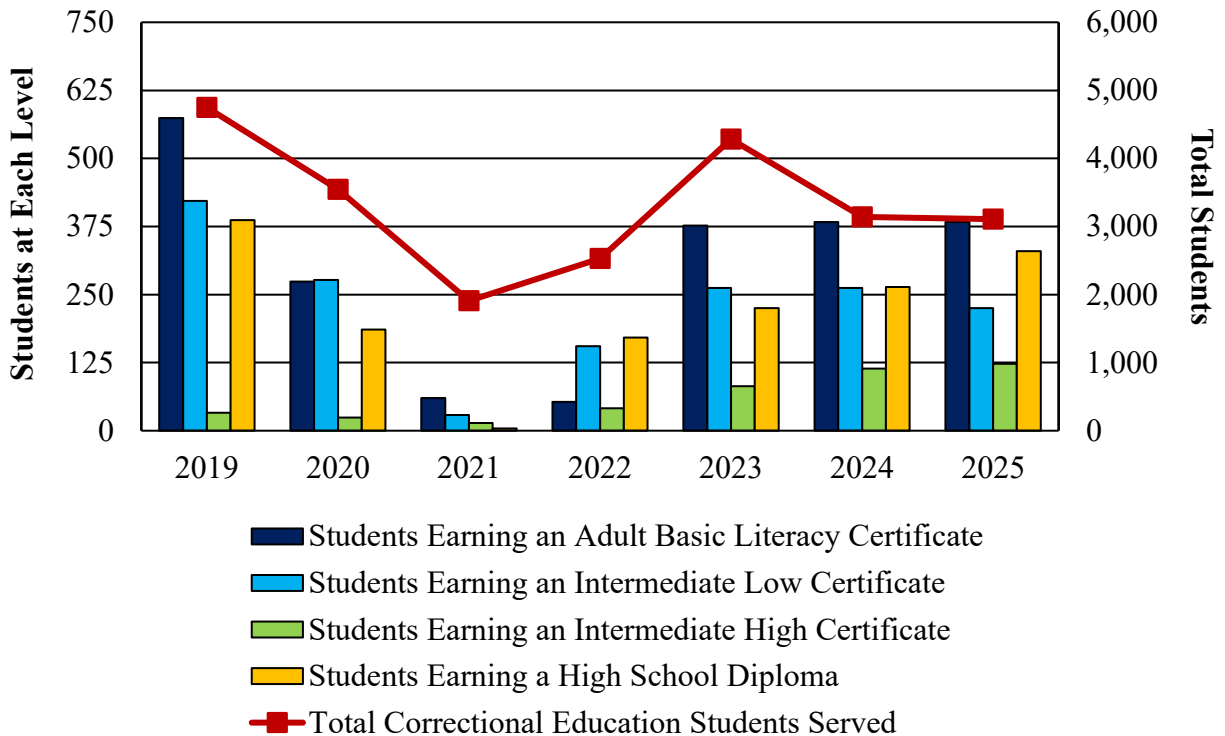


Source: Department of Budget and Management; Department of Labor

2. Correctional Education Sees Few Changes, Report Outlines New Strategies

In 2008, the Correctional Education Council (CEC) was established as a partnership between MD Labor and the Department of Public Safety and Correctional Services (DPSCS) to develop educational and workforce training programs for correctional institutions. CEC works closely with the Correctional Education (CE) staff at MD Labor to provide educational programs for inmates. The academic programs provided by CE consist of adult education services, GED preparation and testing, English as a Second Language, and social and emotional competency. **Exhibit 2** shows the total number of students served as well as the number of certificates received at each literacy level in the CE program. The number of CE students had been declining prior to the COVID-19 pandemic due to a combination of the decline in the total prison population as well as staff vacancies, but the number served has been less consistent since, increasing between fiscal 2021 and 2023 before declining in fiscal 2024. Between fiscal 2024 and 2025, the total number of students served decreased by less than 1%, from 3,140 to 3,110 students.

**Exhibit 2
Correctional Education Students Served
Fiscal 2019-2025**



Source: Department of Budget and Management; Department of Labor

While the number of students earning adult literacy certificates also saw little change in fiscal 2025, the number of students earning a high school diploma increased by 25% in fiscal 2025 to 330 students, continuing a long-term trend upward after declining to just 4 students in fiscal 2021 during the height of the COVID-19 pandemic. MD Labor attributes this growth to a variety of factors, including a stronger focus on data and monitoring, expansion of professional learning for staff, and new technology like GED Academies.

Prison to Honest Jobs Report

The 2024 *Joint Chairmen’s Report* (JCR) requested that MD Labor work with DPSCS and the Maryland Higher Education Commission (MHEC) to prepare a report outlining strategies to maximize the number of incarcerated individuals with jobs upon release from incarceration. In this report, which was submitted in December 2025, several new initiatives were outlined. These include:

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- creating a new Student Success Specialist position within MD Labor’s Office of Correctional Education (OCE), hired in July 2025, who is tasked with supporting incarcerated individuals enrolled in OCE programming who are within 180 days of release from incarceration;
- a pilot program, launched in December 2025, to realign the role of MD Labor’s 12 existing reentry navigators to focus on improving employment outcomes for incarcerated individuals;
- upgrading technology and expanding virtual and individualized programming, including a pilot program allowing incarcerated individuals to check out secure tablets with educational material that they can access on their own time which is being expanded statewide; and
- developing partnerships to expand registered apprenticeship opportunities for individuals exiting incarceration and piloting an apprenticeship program that incorporates incarcerated individuals on work release.

In addition to the new initiatives, three potential future initiatives were also discussed in the report. The first involves expanding the Virtual Academy program to provide off-site classrooms for instructors with lessons live-streamed into correctional facilities. This would expand the number of classes that are offered as space constraints in many correctional facilities currently restrict the number of classes that can be offered at one time. The second potential initiative would involve offering night classes to support incarcerated individuals who work paid prison jobs during the day and cannot currently attend classes when they are offered. However, the report notes that both of these potential initiatives would require monetary and staffing resources beyond what is currently allocated.

The third potential future initiative would involve integrating the National External Diploma Program, which allows individuals to earn a high school diploma through independent tasks and competencies rather than passing the GED exam, which is currently the only pathway offered for incarcerated individuals in Maryland. While this would not require additional funds or staff, it would require open access to the Internet, which is currently prohibited in correctional facilities. However, the report indicates that OCE is working with staff from the National External Diploma Program to identify possible alternatives.

Fiscal 2025

One finding contained in the *Statewide Review of Budget Closeout Transactions for Fiscal Year 2025*, released in December 2025 by the Office of Legislative Audits (OLA), involved MD Labor. Specifically, OLA noted that MD Labor could not provide documentation to support the propriety of accrued federal fund revenue entries totaling \$63 million or the subsequent recovery of a \$61 million entry, which was an accumulation of deficits going back to fiscal 2020.

Additionally, MD Labor could not document how it addressed a \$67.6 million deficit at the end of fiscal 2024 that MD Labor had determined was not recoverable because it had exceeded available federal funding. **MD Labor should comment on how much of the federal fund revenue accruals have been collected since the close of fiscal 2025.**

Federal Recissions

In May 2025, the U.S. Department of Labor (DOL) terminated grant funding that it had provided to states to modernize UI systems through the ARPA, and all remaining unobligated balances under those grants were rescinded. This funding included approximately \$23.5 million that had been awarded to MD Labor. A total of \$1.7 million of the terminated grants had been obligated and expended and thus was not affected.

Additionally, at the end of calendar 2024, MD Labor received preliminary approval for an Inflation Reduction Act grant through the U.S. Department of Energy to modernize energy codes. A total of \$857,880 in funding was included in the fiscal 2026 budget for MD Labor’s Building Codes Unit in anticipation of the award. However, this funding was canceled by executive order in January 2026, and the award was never received.

Fiscal 2026

Status of Legislative Additions

The legislature added \$425,000 in general funds in fiscal 2026 for the following items in MD Labor:

- \$250,000 within the Division of Workforce Development and Adult Learning (DWDAL) to provide a grant to Dwyer Workforce Development to support health care workforce training. The fiscal 2027 allowance includes \$500,000 for the same purpose;
- \$100,000 within DWDAL as a one-time addition to provide a grant to the Foundation for Educational Development, Inc. for the STEM City Baltimore Workforce Development Initiative; and
- \$75,000 within DWDAL to provide a grant to Lincoln Technical Institute, Inc. to support a regional technical career fair for high school students.

MD Labor reports that as of February 2026, all funds have been committed to grantees and will be provided on a reimbursable basis throughout the grant agreement period. **The Department of Legislative Services (DLS) recommends reducing the fiscal 2027 allowance for MD Labor by \$250,000 to level-fund the Dwyer Workforce Development grant at the fiscal 2026 level.**

Proposed Deficiencies

The fiscal 2027 budget includes the following proposed deficiencies in MD Labor for fiscal 2026:

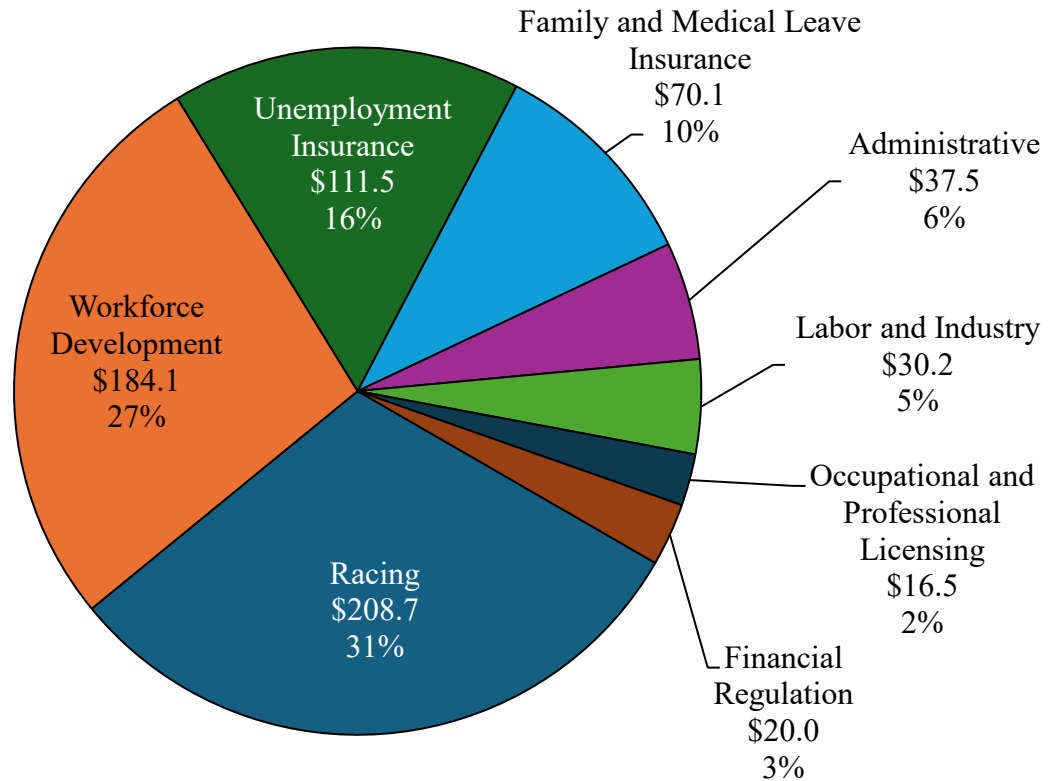
- \$500,000 in general funds to fund the Prince George’s County Reentry Employment Incentive grant that was erroneously reverted during fiscal 2025 closeout. This funding is mandated by Chapter 791 of 2023;
- A \$400,000 reduction in general funds for the Adult High School External Program due to a shortage of applicants. In fiscal 2025, actual spending in the program was \$173,137. After the proposed deficiency, the fiscal 2026 appropriation will be \$336,414. The fiscal 2027 allowance includes \$736,414 for this program, level with the predeficiency fiscal 2026 appropriation; and
- A \$360,000 reduction in general funds for the Public Safety Apprenticeship Program that is contingent on a provision in the Budget Reconciliation and Financing Act (BRFA) of 2026 to reduce mandated funding for the program to \$390,000. Additional information can be found in the BRFA section of this analysis.

DLS recommends reducing the fiscal 2027 allowance by \$400,000 to level fund the Adult High School External Program at the post-deficiency fiscal 2026 amount.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance for MD Labor totals \$678.5 million. As shown in **Exhibit 3**, the Division of Racing accounts for 31% (\$208.7 million) of the fiscal 2027 allowance. Most of the funding for this division is from gaming revenue, which is used for local impact aid for localities that house casinos or racetracks as well as for racetrack facility redevelopment and horse racing purses. Actual racing operations account for less than 1% of the overall fiscal 2027 allowance. Additionally, workforce development programs account for 27% (\$184.1 million) of the fiscal 2027 allowance, and 16% (\$111.5 million) is for UI. In the fiscal 2027 allowance, 100% of UI costs are funded by federal and special funds.

Exhibit 3
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)



Note: The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2027 Budget Books

Proposed Budget Change

As shown in **Exhibit 4**, the fiscal 2027 allowance for MD Labor decreases by \$40.6 million compared to the fiscal 2026 working appropriation after accounting for proposed deficiency appropriations and contingent reductions. The Division of Unemployment Insurance accounts for \$36.7 million of this decrease, primarily due to lower contract expenses, which is discussed further in Issue 2 of this analysis.

**Exhibit 4
Proposed Budget
Maryland Department of Labor
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2025 Actual	\$96,610	\$275,516	\$214,670	\$10,842	\$597,637
Fiscal 2026 Working	127,730	318,580	256,756	16,045	719,111
Fiscal 2027 Allowance	86,481	380,261	199,717	12,077	678,536
Fiscal 2026-2027 \$ Change	-\$41,250	\$61,681	-\$57,039	-\$3,968	-\$40,575
Fiscal 2026-2027 % Change	-32.3%	19.4%	-22.2%	-24.7%	-5.6%

Where It Goes:

Change

Personnel Expenses

Turnover rate decreases from 16.27% to 7.52%, primarily due to decrease within Division of Paid Leave	\$18,572
Salary increases and associated fringe benefits	15,072
Employee and retiree health insurance	9,668
Deferred compensation match due to statewide change in budgeting	457
Workers' compensation	80
Other fringe benefit adjustments	-1

Workforce Development

MD TRAIN initiative providing AI training for workers	2,000
Adult High School External Program, after accounting for proposed fiscal 2026 deficiency	400
Dwyer Workforce Development for health care training and job placement services.....	250
Salesforce digital services	200
Contingent reduction for Career Pathways for Health Care Workers Program.....	-150
Contingent reduction for Prince George's County Reentry Employment Incentive Program.....	-150
Fiscal 2026 legislative additions for STEM City Baltimore and Lincoln Technical Institute.....	-175
WIOA grants estimate	-236
Talent Innovation Program due to shift in focus to areas with specific workforce challenges	-2,000

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Where It Goes:	<u>Change</u>
Correctional education contracts due to moving providers to State contractual employees	-2,008
Dedicated Purpose Account funding for fiscal 2026 implementation of RAISE Act	-12,000
Unemployment Insurance	
IT Support Center agreement with U.S. Department of Labor	-877
Web developers	-1,083
Contractual telephone services now being provided by LOCCS.....	-1,344
Accenture call center contract.....	-1,836
Project management services	-2,188
LOCCS IT project contract	-5,670
Special funds for personnel costs budgeted incorrectly as contractual services in fiscal 2026.....	-9,139
Omni-Channel communication contract for call center and on-call staffing	-10,852
Other contract costs for Office of Unemployment Insurance, primarily due to fiscal 2026 double budgeting.....	-20,060
Horse Racing and VLT	
Purse Dedication Account.....	-1,262
Local jurisdictions’ share of VLT and table games revenues	-1,846
Racetrack Facility Renewal Account.....	-1,871
One time grant payment to Maryland Jockey Club for redevelopment of Rosecroft Raceway	-4,500
Family and Medical Leave Insurance Program	
Travel expenses for conferences and training	281
Contract overbudgeting in fiscal 2026, actual costs expected to increase in fiscal 2027	-2,161
Adult Corrections Program	
Resource Sharing Agreements	282
Education and training contracts	-2,508
Other Changes	
Contractual employees, including net increase of 25.17 FTE positions	1,155
Phone costs.....	-563
Cost allocations	-722
Cancelled DOE grant funding for the Building Codes Unit	-858

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Where It Goes:	<u>Change</u>
ELMo Project	-3,298
Other.....	366
Total	-\$40,575

- AI: artificial intelligence
- DOE: U.S. Department of Energy
- ELMo: Electronic Licensing Modernization
- FTE: full-time equivalent
- IT: information technology
- LOCCS: Labor Omni-Channel Contact Center System
- MD TRAIN: Maryland Teaching Residents Artificial Intelligence Now!
- RAISE: Registered Apprenticeship Investments for a Stronger Economy
- STEM: science, technology, engineering, and mathematics
- VLT: video lottery terminal
- WIOA: Workforce Innovation and Opportunity Act

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Additionally, the fiscal 2027 allowance for DWDAL decreases by \$12 million compared to the fiscal 2026 working appropriation due to a fiscal 2026 budget amendment that added \$12 million from the DPA for implementation of the Registered Apprenticeship Investments for a Stronger Economy (RAISE) Act (Chapter 2 of 2025). Additional discussion of the RAISE Act and plans for an additional transfer from the DPA in fiscal 2027 can be found in Issue 3.

Countering decreases elsewhere in the fiscal 2027 allowance, personnel expenses increase by \$43.8 million compared to the fiscal 2026 working appropriation. However, that amount overstates MD Labor’s actual projected increases in personnel costs. In fiscal 2026, special funds from the new Special Administrative Expense Fund were placed in the budget as contractual services costs to be allocated by MD Labor at a later date, including approximately \$9.1 million that MD Labor indicates is being used for salary and fringe benefit costs. MD Labor estimates that the increase in personnel expenses between fiscal 2026 and 2027 is closer to \$34.7 million. This is mainly due to a decrease in MD Labor’s turnover rate, which increases personnel expenses by \$18.6 million in the fiscal 2027 allowance compared to fiscal 2026.

Additionally, contractual employee expenses increase by \$1.2 million in the fiscal 2027 allowance compared to the fiscal 2026 working appropriation, primarily due to a net increase of 25.17 contractual positions. This increase in contractual positions is due to a shift of CE providers from contract agreements with community colleges to State contractual employees. This shift leads to a \$2 million decrease in CE contracts in the fiscal 2027 allowance.

The fiscal 2027 allowance also includes \$2 million for Maryland Teaching Residents Artificial Intelligence Now! (MD TRAIN), a new initiative to provide artificial intelligence (AI)

literacy and special skills training for small and mid-sized businesses to help workers whose jobs are undergoing changes due to AI. MD Labor estimates that in fiscal 2027, MD TRAIN would support 1,000 workers across the State for an average cost of \$2,000 per worker. **DLS recommends deleting the fiscal 2027 allowance for MD TRAIN due to the fiscal condition of the State.**

Budget Reconciliation and Financing Act

The BRFA includes four provisions related to MD Labor – three would reduce mandates, and one is technical to correct double budgeting of funds for the FAMLI program.

Chapter 25 of 2019 created the Law Enforcement Cadet Apprenticeship Program to provide competitive grants to law enforcement agencies to help offset costs associated with hiring apprentices. Chapter 25 required the Governor to include \$750,000 annually for the program beginning in fiscal 2021. However, in the first years of the program, no awards were made, and funds were typically reverted at closeout. Chapter 708 of 2024 renamed the program to the Public Safety Apprenticeship Program and expanded eligibility for grants beyond traditional law enforcement agencies. Additionally, maximum grant awards were increased. These changes were in part to incentivize participation in the program. While MD Labor launched an updated policy for the program in May 2025, less than \$30,000 had been obligated to the program as of January 31, 2026, due to a continued lack of applicants. A provision in the BRFA would reduce the mandated appropriation for the program to \$390,000 annually beginning in fiscal 2026, and the fiscal 2027 budget includes a reduction of \$360,000 in general funds contingent on this provision. As noted in the Proposed Deficiency section, a proposed deficiency would also reduce the general fund appropriation by \$360,000 in fiscal 2026 contingent on this provision.

Chapter 403 of 2022 created the Career Pathways for Health Care Workers Program to provide matching grants to hospitals or related institutions to pay for training programs attended by healthcare workers with the goal of providing increased opportunities for healthcare workers to receive training across the State. Chapter 403 required the Governor to include \$1 million annually for the program beginning in fiscal 2023. The BRFA of 2025 (Chapter 604) reduced the mandate for the program to \$500,000 annually beginning in fiscal 2025. A provision in the BRFA of 2026 would further reduce the mandate to \$350,000 beginning in fiscal 2027. Language in the fiscal 2027 Budget Bill would reduce the general fund appropriation by \$150,000 contingent on this provision.

Chapter 791 of 2023 required the Governor to include \$500,000 each year from fiscal 2025 through 2028 for the Prince George’s County Reentry Employment Incentive Program. This program, which is operated by Prince George’s County, provides financial incentives for businesses that hire Prince George’s County residents with criminal backgrounds. A provision in the BRFA would reduce this mandate to \$350,000 per year for fiscal 2027 and 2028. Language in the fiscal 2027 Budget Bill would reduce the general fund appropriation by \$150,000 contingent on this provision.

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The BRFA of 2025 required the Maryland Comptroller to distribute \$37.3 million from the Local Income Tax Reserve Account (LITRA) to the Division of Paid Leave within MD Labor on or before July 31, 2025. It requires MD Labor to repay the \$37.3 million to the LITRA within two years after contributions to the FAMILI program begin. However, MD Labor also received a separate \$37.3 million general fund appropriation in fiscal 2026. In order to prevent the double payment to MD Labor (from general funds and LITRA), a provision in this year’s BRFA would change the recipient of this LITRA transfer from the Division of Paid Leave to the General Fund. The BRFA also changes the timing of this transfer to on or before June 1, 2025. **DLS recommends amending the modified date to on or before June 1, 2026, as the proposed modified date is in the past and prior to the bill’s effective date.**

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,968.57	1,933.87	1,933.87	0.00
Contractual FTEs	<u>190.71</u>	<u>144.20</u>	<u>169.37</u>	<u>25.17</u>
Total Personnel	2,159.28	2,078.07	2,103.24	25.17

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	145.43	7.52%
Positions and Percentage Vacant as of 12/31/2025	539.50	27.90%
Vacancies Above Turnover	394.07	

- In October 2025, the Board of Public Works (BPW) approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In MD Labor, 31.7 positions were abolished, of which 15.7 were vacant and 16 were due to the VSP. The largest number of abolished positions was in DWDAL, which abolished 19.7 positions.

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- As of December 31, 2025, MD Labor had 539.5 vacant positions, for a vacancy rate of 27.9%. However, 298 (55.2%) of these positions were within the Division of Paid Leave. These vacancies include 244 positions that MD Labor does not intend on filling in fiscal 2026 due to the delayed start date for FAMLII program. Additional discussion on staffing and hiring plans for the Division of Paid Leave can be found in Issue 1 of this analysis.
- Excluding the Division of Paid Leave, MD Labor’s vacancy rate as of December 31, 2025, was 15.4% with 241.5 vacant positions across all other divisions. This includes 96.5 vacant positions in DWDAL (22.8% vacancy rate), 48 of which had been vacant for more than one year. **MD Labor should comment on the reasons for the high vacancy rate in DWDAL as well as plans to fill vacant positions across the department.**
- The fiscal 2027 allowance for the Department of Budget and Management (DBM) includes \$309,198 in annual salary review adjustments for 5 positions in MD Labor, including MOSH compliance officers as well as wage and hour investigator roles. These funds will be transferred by budget amendment during the fiscal year.

Issues

1. Family and Medical Leave Insurance Implementation

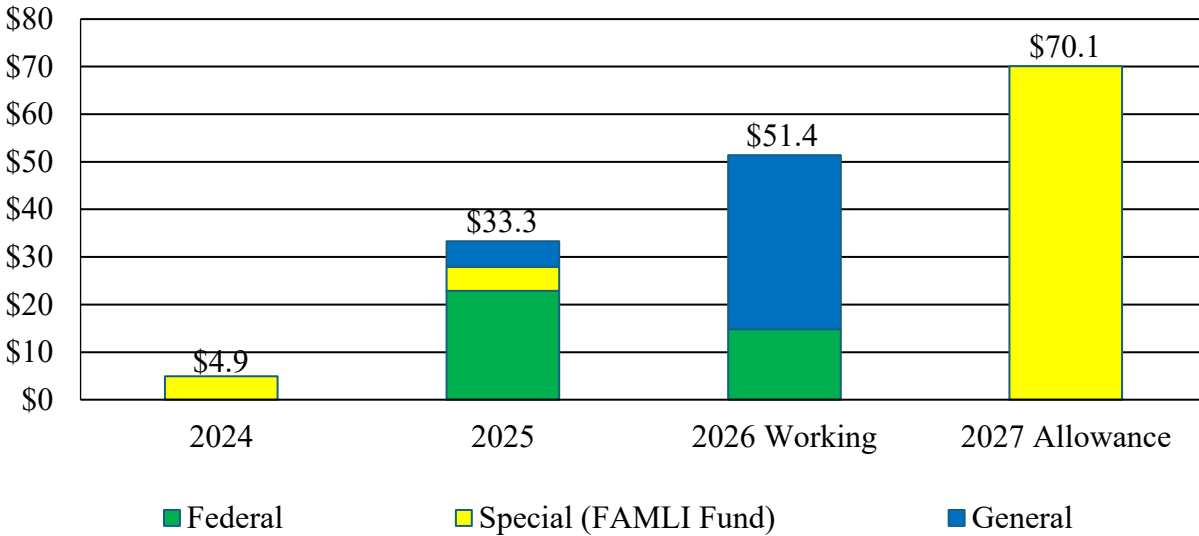
Chapter 48 established the FAML I program, which will provide up to 12 weeks of benefits to a covered individual who is taking leave from employment due to caring for certain family members, the individual’s own serious health condition, or a qualifying exigency arising out of a family member’s military deployment. The weekly benefit is based on an individual’s average weekly wage and is indexed to inflation. Required contributions to the program, which are shared between employers and employees, are also based on employee wages. Generally, all employers with at least one employee in Maryland must contribute to and participate in a leave program, whether through the State program or a qualifying private plan.

Contributions to the FAML I program were originally slated to begin on October 1, 2023, with claims for benefits beginning January 1, 2025. However, legislation has been passed in each of the last three years to delay implementation, most recently through Chapter 363. The Act delayed the start date for required contributions to January 1, 2027, with benefit payments beginning between January 1, 2027, and January 3, 2028, as determined by the Secretary of Labor. In September 2023, MD Labor set the initial total rate of contribution at 0.9% of covered wages, though an updated actuarial report is being prepared that may necessitate a change in that rate. Under current law, the total rate cannot exceed 1.2% of wages up to the Social Security income cap. Once contributions begin, employers may withhold up to 50% of the total contribution rate from employees’ paychecks. Employers with 15 or fewer total employees will only be required to remit 50% of the contribution rate, the entirety of which they may deduct from their employees’ pay. As of January 2026, MD Labor anticipates starting benefit payments in January 2028.

Budget

Generally, program implementation costs require the use of general and federal funds until employer and employee contributions to the FAML I Fund are sufficient to cover the costs of administration. **Exhibit 5** shows the funding provided for FAML I administrative costs by fund source since fiscal 2024. As the FAML I program prepares to launch, funding increases significantly in fiscal 2027, from \$51.4 million in fiscal 2026 to \$70.1 million in fiscal 2027, a 36.4% increase year over year. In addition, the fiscal 2027 allowance represents a substantial change in spending fund source, with all funds coming from the FAML I special fund following the start of contributions to the fund in January 2027.

Exhibit 5
FAMLI Funding
Fiscal 2024-2027 Allowance
(\$ in Millions)



FAMLI: Family and Medical Leave Insurance

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget. While fiscal 2025 and 2026 include a total of \$37.7 million in federal funds from the American Rescue Plan Act (ARPA), only \$30 million of ARPA funds were provided in those two years. The Maryland Department of Labor reports that a portion of funds obligated in fiscal 2025 were not expended, primarily due to the delayed FAMLI implementation. Any excess funds will need to be canceled at fiscal 2026 closeout.

Source: Governor’s Fiscal 2027 Budget Books

Staffing

Personnel costs account for 53.6% of the fiscal 2027 allowance, totaling \$37.6 million, a 120% increase from the \$17.1 million in the fiscal 2026 working appropriation. This is primarily due to a decrease in the turnover rate for the division from 60.64% to 8.06%. The fiscal 2027 allowance includes 365 full-time equivalent (FTE) positions in the FAMLI program, a decrease of 1 position from the fiscal 2026 working appropriation. The majority of new positions within FAMLI were added in fiscal 2025, when the position count increased from 38 to 368. However, due to the delays in starting the program, the pace of hiring has been slow. As of February 2026, 74 positions have been filled in the FAMLI program, resulting in a 79.8% vacancy rate. As of February 2026, MD Labor anticipates filling 47 additional positions within FAMLI

through the remainder of fiscal 2026. The department anticipates filling the remaining 244 positions in fiscal 2027 and into fiscal 2028. In fiscal 2026, MD Labor is primarily onboarding leadership roles and staff to prepare for the collection of contributions. Because benefit payments will not begin until January 2028, staff who handle those functions are not yet needed.

Contracts

Other than personnel costs, funding for contracts make up the largest portion of the fiscal 2027 allowance for FAMLII, totaling \$29 million, a 6.9% decrease over the fiscal 2026 working appropriation. However, this does not represent MD Labor’s projected change in contract expenses. Although the fiscal 2026 working appropriation for FAMLII contract expenses totals \$31.1 million, MD Labor currently only projects \$21.5 million in contract expenses for fiscal 2026. This is due to cost savings in several main contracts, primarily due to later start dates resulting from the delayed FAMLII implementation date. Additionally, MD Labor reports that \$3 million in contract expenses that were assumed in the fiscal 2026 budget have been eliminated due to down scoping of needs and moving planned user research in-house.

In fiscal 2027, MD Labor’s largest contracts are for information technology (IT) vendors Nava and Fearless, which are budgeted at \$20 million in the fiscal 2027 allowance. These vendors are building out FAMLII’s website and platform in anticipation of the start of the program. In the first part of fiscal 2026, MD Labor launched a new public website, set up and connected financial systems, and created workflows allowing for registration, power of attorney assignment, eligibility checks, and applications to take leave. In October 2025, the platform underwent its first round of user testing to prepare for a broader rollout in fall 2026. In fiscal 2027, MD Labor plans to begin employer registration, collect employer declarations of intent to use private insurance plans, receive and process quarterly wage and hour reports, and begin collecting FAMLII contribution funds.

Additional notable FAMLII contracts in fiscal 2027 include \$2.7 million for strategic communications, \$1.5 million for Salesforce licenses, and \$1.1 million for verification system and penetration testing to evaluate the security of FAMLII systems.

2. Unemployment Insurance

UI provides partial wage replacement to workers who become unemployed through no fault of their own and meet necessary eligibility criteria. MD Labor’s fiscal 2027 allowance for administering the UI program is \$103.5 million, a 29.5% decrease from the \$146.8 million in the fiscal 2026 working appropriation. Personnel expenses make up 63.2% of the fiscal 2027 allowance, funding 501.9 FTE employees and 34 FTE contractual positions.

Much of the decrease in funding in the Division of Unemployment Insurance is due to double budgeting of federal and special funds in the fiscal 2026 working appropriation and is not reflective of a decrease in planned spending between fiscal 2026 and 2027. While \$105.5 million in federal funds from the UI administrative allocation is included in the fiscal 2026 working

appropriation for the Division of Unemployment Insurance, as of February 2026, MD Labor only anticipates receiving approximately \$63.8 million of this funding in fiscal 2026. This is because an increase in the administrative allocation to states provided by DOL was assumed, but due to federal budget continuing resolutions, this anticipated increase did not actually occur. MD Labor reports that many contracts that were originally funded with federal funds in the fiscal 2026 budget as enacted are being supported by special funds from a new administrative fee on employers, which is discussed further in the following section. The fiscal 2027 allowance includes \$65.2 million in federal administrative funding in the Division of Unemployment Insurance.

New Administrative Fee

The BRFA of 2025 established an administrative fee of 0.15% for all taxable employers, with associated revenue going into the Special Administrative Expense Fund. Since the COVID-19 pandemic, federal funds have been insufficient to cover administrative expenses related to UI, and a mixture of general funds and federal ARPA funds has been used to fill the gap. The Special Administrative Expense Fund provides a dedicated stream of funding to support these costs. The BRFA also reduced the UI tax rate on all taxable employers by 0.15% subject to a minimum overall tax rate of 1.0% for all new employers. This essentially redirects tax contributions that would have otherwise been deposited in the UI Trust Fund to be used instead for UI administrative expenses. The fiscal 2027 allowance includes \$37.2 million from the administrative fee in the Division of Unemployment Insurance, a slight increase from the \$33 million included in the fiscal 2026 working appropriation due to higher revenue than originally anticipated.

Staffing and Contracts

In order to handle increased UI claims volume during the pandemic, MD Labor contracted with several vendors for UI call center staffing, adjudicating claims, and dealing with increased fraud. MD Labor's contract for claims adjudication services ended in May 2022, while MD Labor continued to rely on outsourced call center staffing through Accenture. In fiscal 2025, this contract cost \$23.7 million. In an effort to reduce costs and increase efficiency, MD Labor has been working to move the call center in house through the Labor Omni-Channel Contact Center System (LOCCS). In fiscal 2026, 125 positions were added to the Division of Unemployment Insurance to serve as in-house support for the UI call center. As of December 31, 2025, 88 of the 125 additional positions (70.4%) have been filled. The contract with Accenture ended in September 2025, when all functions were moved in house.

The fiscal 2027 allowance includes \$22.1 million in contract expenses for the Division of Unemployment Insurance, a sharp decrease from the \$74.2 million included in the fiscal 2026 working appropriation. Much of this decrease is due to the completion of transitioning call center functions in house. In the fiscal 2027 allowance, decreases include the end of the outsourced call center contract through Accenture (\$1.8 million), the wrapping up of the LOCCS major IT project (\$5.7 million), and the end of the Omni-Channel communications contract for staffing (\$10.9 million). These changes result in significant savings from the fiscal 2026 working appropriation. Additionally, as discussed in the proposed budget change section, approximately \$9.1 million included as contract expenses in the fiscal 2026 working appropriation is actually

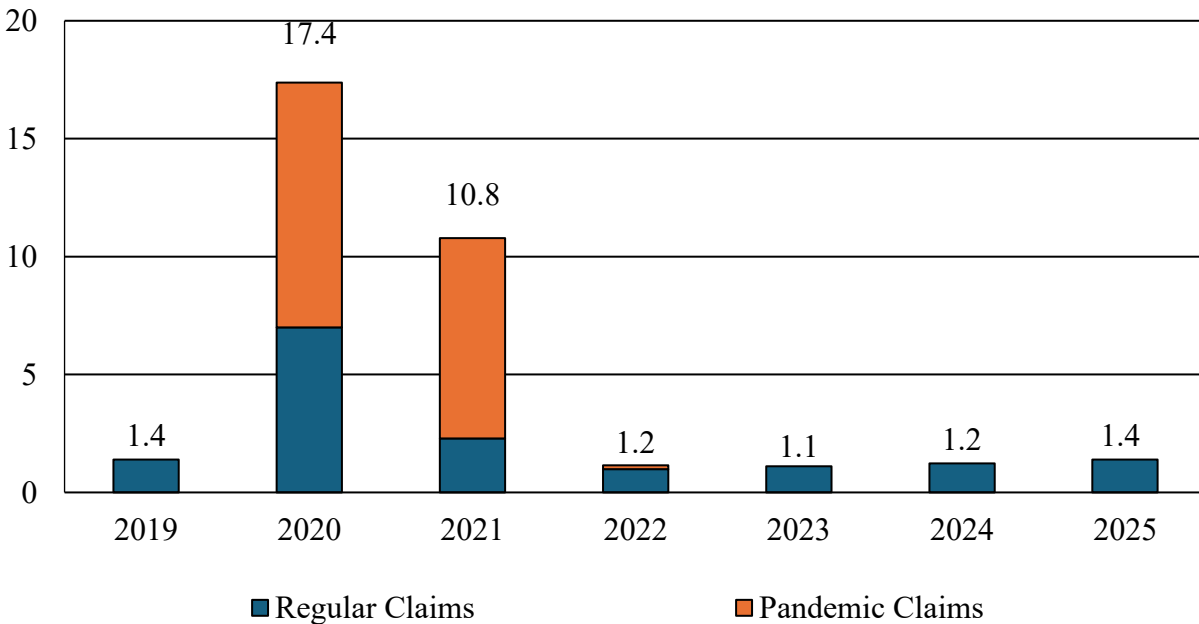
being utilized for personnel expenses. Most of the remaining decrease is due to the double budgeting of federal and special funds in fiscal 2026.

In fiscal 2027, major contracts include training contracts for Trade Adjustment Assistance (a federal program for workers who lost their jobs due to foreign trade) (\$5.7 million), an IT Support Center cooperative agreement with DOL (\$5.5 million), and identity theft and fraud detection services through LexisNexis (\$3.7 million).

Claims Volume Increases Slightly

As shown in **Exhibit 6**, unemployment claims handled by MD Labor have declined significantly since the COVID-19 pandemic, when an unprecedented volume of claims were received that included both regular claims and claims from newly created federal pandemic UI programs. In calendar 2025, the number of claims increased from 1.2 million to 1.4 million, following a similar increase in calendar 2024. Despite this increase, the number of claims was approximately the same level as in calendar 2019.

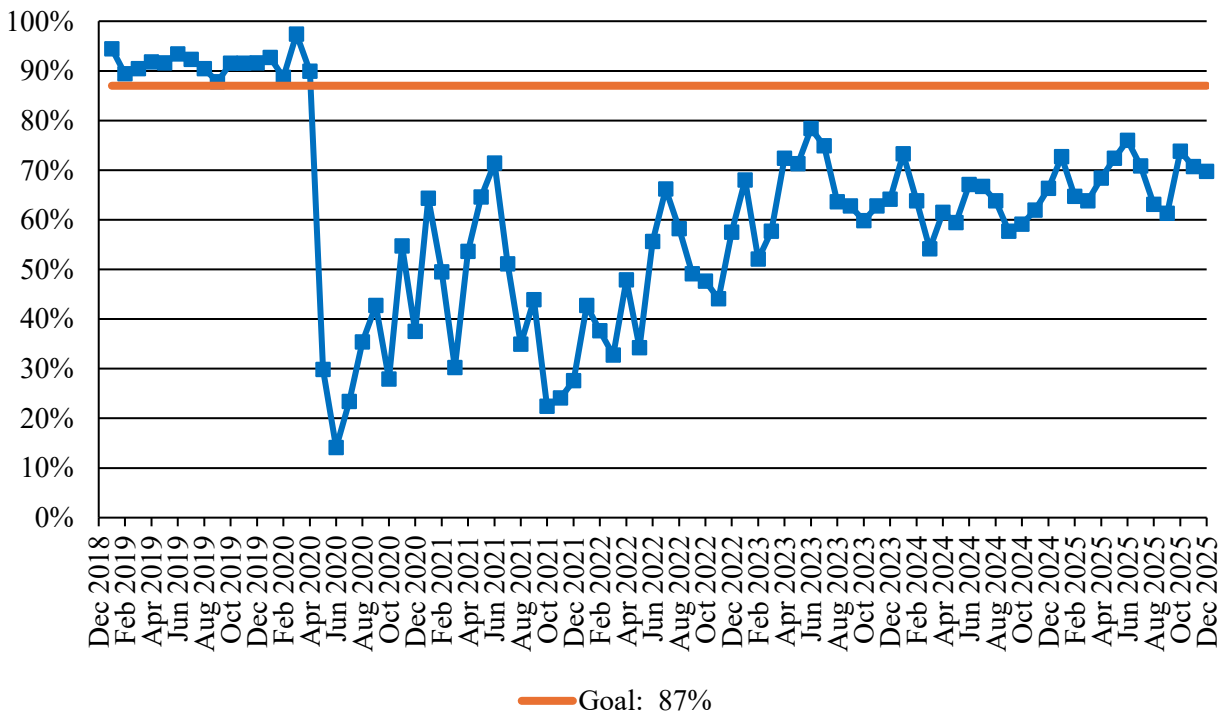
Exhibit 6
Unemployment Insurance Continued Claims Volume
Calendar 2019-2025
(in Millions)



Source: U.S. Department of Labor

During the pandemic, MD Labor struggled to pay claimants in a timely manner. DOL has set a timeliness standard that 87% of claimants receive benefits within three weeks of filing a claim. As shown in **Exhibit 7**, MD Labor has historically achieved this goal but began falling short during the pandemic due to the overwhelming number of claims filed. Despite a decline in claims volume to historical averages, MD Labor continues to perform well below the 87% standard with just 67% of initial claims paid within 21 days in fiscal 2025. However, MD Labor notes that this measure includes payments made on aged backlog cases that were initially denied, contributing to lower payment timeliness rates. An internal performance measure used by MD Labor of the percentage of new applicants each week who receive an initial eligibility determination within 21 days of filing shows decision timeliness runs higher – typically around 10 percentage points higher than the benefit receipt measure. Data provided by MD Labor shows that in December 2025, weekly decision timeliness ranged from 77% to 89% within 21 days of filing a claim compared to 65% to 70% for the first payment measure.

Exhibit 7
Unemployment Insurance Claims Paid within 21 Days of Initial Claim
Calendar 2019-2025



Note: This data is for regular unemployment insurance claims only. Neither the U.S. Department of Labor nor the Maryland Department of Labor report timeliness data for the federal COVID-19 unemployment insurance programs.

Source: U.S. Department of Labor

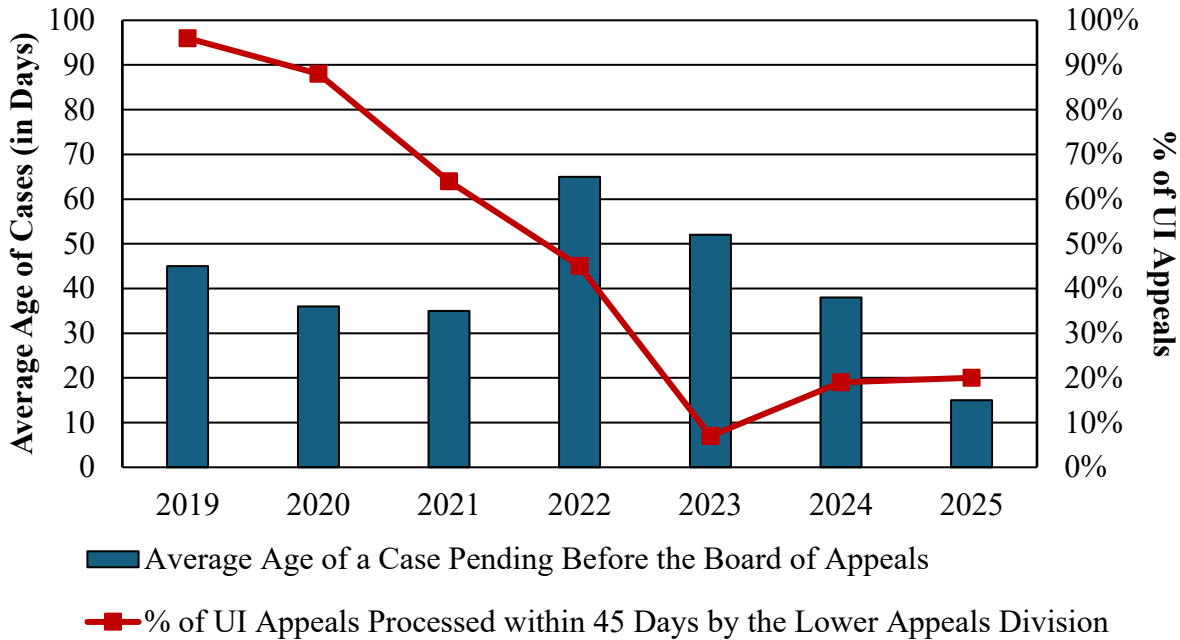
In a January 2026 response to committee narrative in the 2025 JCR, MD Labor outlined five main factors contributing to the continued underperformance in claims processing: system design limitations in the BEACON system, where many issues require manual review; missing or inconsistent information from claimants and employers; a high number of claimants exclusively utilizing mail for communication; a large increase in the number of claims that are suspected of fraud and must be investigated; and an increase in the number of unemployment claims from federal employees. However, MD Labor noted corrective actions that have been taken in fiscal 2025 and 2026, including system fixes and process improvements, a new UI strike force to overhaul the UI system, and a partnership with the Harvard Government Performance Lab to update first pay assignment worksheets utilized by staff in order to improve performance.

In this report, MD Labor noted that payment timeliness improved from 63.5% of claimants receiving benefits within three weeks of filing a claim in calendar 2024 to 69.5% in calendar 2025, with the fourth quarter of calendar 2025 (October to December) reaching 72.4%. This increase in performance was despite a 6% increase in claims volume in calendar 2025. While not yet implemented, the Division of Unemployment Insurance is building a new analytics platform and claims control center that will replace spreadsheets with data exploration and visualization tools that MD Labor believes will further improve UI operations beyond payment timeliness.

Appeals Performance

The timeliness to process appeals performance in fiscal 2025 varied significantly by appeals level. The standard set by DOL for a UI appeal to be processed by the Lower Appeals Division (LAD) is within 45 days. If a claimant is not satisfied with the decision of LAD, they may request an appeal from the Board of Appeals that has a processing time goal of 40 days. **Exhibit 8** shows that while the Board of Appeals processed cases much faster than its goal in fiscal 2025, with an average pending case age of just 15 days, LAD performance lagged behind. In fiscal 2025, just 20% of LAD UI appeals were processed within 45 days, a 1 percentage point increase from fiscal 2024. MD Labor attributes this performance discrepancy to two main factors. The first is that LAD has a statutory obligation to conduct full hearings before making a decision, while the Board of Appeals can deny review, which allows for much faster resolution in many cases. Additionally, while LAD received nearly 30,000 new appeals in fiscal 2025, the Board of Appeals received only 3,143.

Exhibit 8
Case Processing Time for the Lower Appeals Division and Board of Appeals
Fiscal 2019-2025



UI: unemployment insurance

Source: Department of Budget and Management; Maryland Department of Labor

In the January 2026 response to committee narrative, MD Labor discussed measures that have been implemented to improve appeals processing timeliness. These measures include scheduling more appeals per day in select cases, reducing standby examiners to increase daily hearing coverage, and enhancing performance monitoring and reporting. MD Labor reported that, as a result of these changes, at the end of June 2025, LAD performance had increased to 54.2% of appeals processed within 45 days, a sharp increase from the fiscal 2025 average. If sustained, this would be the highest percentage since fiscal 2021, when 64% of LAD appeals were processed within 45 days.

Benefit Overpayments

In January 2026, an OLA audit of unemployment benefits within MD Labor’s Division of Unemployment Insurance found that the division had not timely pursued recovery of overpayments to claimants totaling \$807.4 million, resulting in up to \$760.7 million that is no longer collectable because the statute of limitations had run out. Overpayments occur when

individuals receive UI benefit payments that they were not qualified to receive and can occur for a variety of reasons including working while receiving benefits, not accurately reporting earnings, or claiming benefits from multiple states. During the COVID-19 pandemic, Division of Unemployment Insurance collections of UI overpayments were sporadic before being paused entirely in January 2022 due to a lawsuit. That lawsuit alleged that overpayment notices did not adequately inform UI claimants of their rights for appeal, and a settlement agreement mandated several changes to how the division notifies claimants of benefit overpayments. While the Division of Unemployment Insurance resumed issuing overpayment determinations on new claims in September 2023, collections did not resume until January 2026.

In December 2025, the Division of Unemployment Insurance began reissuing retroactive overpayment determinations to more than 200,000 claimants who were overpaid an estimated \$1.3 billion in UI benefits during collection pauses but whose notice did not include full appeal rights. Approximately 43,000 claimants who were overpaid an estimated \$250 million but had never received an overpayment notice have also been notified as of January 2026. Collection activities, which include wage garnishments, liens, and lawsuits among other methods, restarted in January 2026. **MD Labor should comment on the total amount of unrecoverable overpayments as well as how much of the unrecoverable overpayments would have been returned to the UI Trust Fund versus returned to the federal government as part of federal pandemic UI. Additionally, MD Labor should comment on collection activities to date, including how many overpayments have been repaid since collection activities resumed.**

3. Apprenticeships

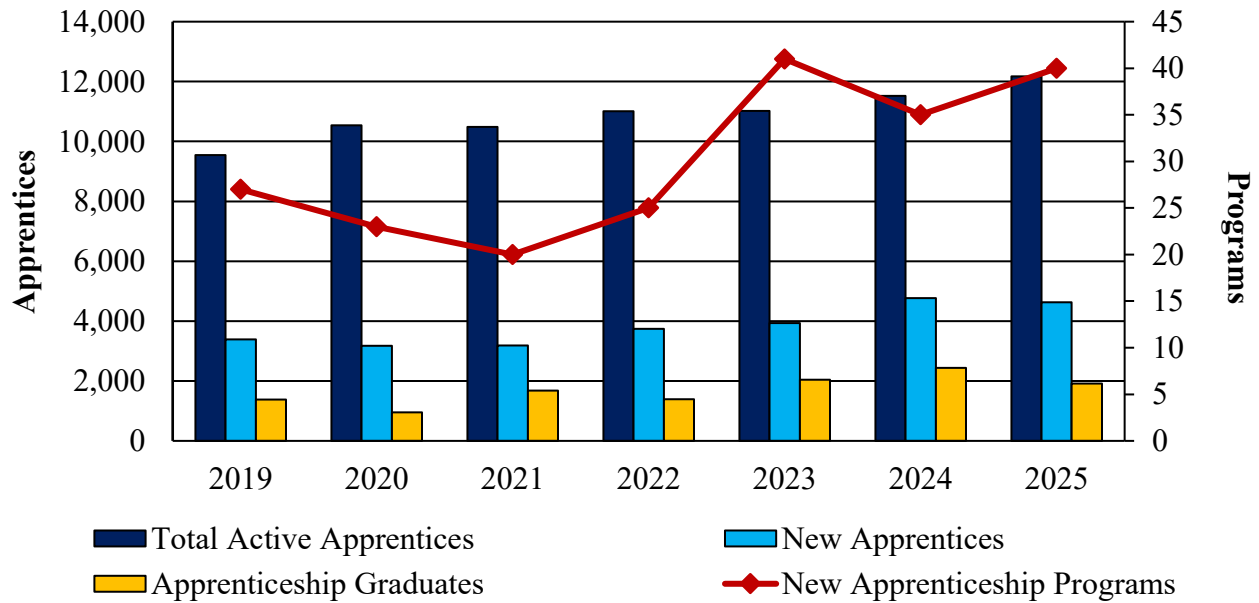
In recent years, apprenticeship programs have garnered attention both nationally and at the state level as a way to alleviate workforce challenges and serve the needs of both employers and workers across industries. MD Labor is responsible for approving new apprenticeship programs as well as changes to current programs and ensuring compliance with State and federal requirements. Apprenticeships are available to individuals aged 16 and older and can last anywhere from one to six years, although most last three to four years. Apprenticeships involve a minimum of 144 hours of classroom instruction per year and at least 2,000 hours of on-the-job training per year.

Funding for Maryland’s registered apprenticeship programs has increased significantly over the years, and the State has engaged in increased efforts to study and improve the apprenticeship system, including through the Apprenticeship 2030 Commission established by Chapter 168 of 2023 as well as public-sector apprenticeship workgroups created through the 2022 JCR.

Exhibit 9 shows the number of active apprentices in Maryland, which grew from 11,520 in fiscal 2024 to 12,171 in fiscal 2025, continuing a long-term trend upwards. Likewise, the number of new apprenticeship programs grew from 35 in fiscal 2024 to 40 in fiscal 2025, slightly below fiscal 2023’s peak of 41. Despite these increases, the number of new apprentices fell by approximately 3%, from 4,770 in fiscal 2024 to 4,627 in fiscal 2025. However, this number is still

above each year from fiscal 2019 to 2023. The number of apprenticeship graduates also fell, from 2,434 in fiscal 2024 to 1,918 in fiscal 2025. This represents a drop of over 21% and is also below fiscal 2023’s 2,043 apprenticeship graduates. MD Labor indicates this decline is likely due to the processing dates for apprentices’ certificates of completion; the decline is not reflected in calendar 2025 data.

**Exhibit 9
Participation in Registered Apprenticeship Programs
Fiscal 2019-2025**



Source: Department of Budget and Management; Department of Labor

Apprenticeship 2030 Commission

The Apprenticeship 2030 Commission was established by Chapter 168 to examine and make recommendations to reduce skill shortages in high-demand occupations and provide affordable training for career pathways for young people by:

- expanding registered apprenticeships in industry sectors with skill shortages;
- growing the number of registered apprentices to at least 60,000 by calendar 2030; and
- reaching the Blueprint for Maryland’s Future goal for 45% of high school graduates completing the high school level of a registered apprenticeship.

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In March 2025, the commission released their final report, making 23 recommendations for expanding registered apprenticeships and meeting the goals listed above. These recommendations include:

- embracing the tangible goal of increasing active registered apprenticeships to at least 2.3% of Maryland’s labor force;
- creating a Maryland Office of Registered Apprenticeship Development (MORAD) with an advisory committee;
- marketing apprenticeships, including promoting apprenticeships through local governments and the federal government;
- expanding the pay per apprentice program;
- using State tools to incentivize and promote registered apprenticeships;
- extending and reforming the Maryland apprenticeship tax credit;
- providing startup and scale up grants to incentivize apprenticeships;
- using \$25 million previously appropriated in the DPA for apprenticeships to fund startup costs for the commission’s recommendations; and
- identifying a permanent revenue source for registered apprenticeships.

The RAISE Act (Chapter 2 of 2025)

Several of the recommendations from the Apprenticeship 2030 Commission were included in the RAISE Act. This bill established MORAD to increase registered apprenticeships throughout the State. The bill also established the Registered Apprenticeship Development Advisory Board to help MORAD in this mission and created two new programs:

- ***Registered Apprenticeship Qualified Intermediary Program (RAQI)***: a program designed to attract and fund apprenticeship intermediaries throughout Maryland, which connect sponsors, employers, and participants to registered apprenticeship programs and help develop new registered apprenticeship programs; and
- ***Maryland Pay Per Apprentice Program (MPPA) and Fund***: MPPA helps employers and registered apprenticeship sponsors offset costs associated with hiring apprentices, including recruitment and training, and is supported by the MPPA fund, which is to be used to provide incentives under the program as well as fund administrative expenses. While

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MD Labor previously had a small pay per apprentice program, named the Sponsor Apprenticeship Incentive Reimbursement Program, this program was originally funded through a DOL Apprenticeship Expansion Grant that was completed at the end of fiscal 2023. In fiscal 2025, \$1.5 million in general funds was included for the Sponsor Apprenticeship Incentive Reimbursement Program as a legislative addition.

On January 28, 2026, MD Labor launched the MPPA program, which has been branded the Maryland Apprenticeship Incentive Program. This program will offer apprenticeship sponsors and employers up to \$3,000 for every adult and \$7,500 for every high school-aged apprentice they hire. MD Labor launched RAQI, which has been branded the Industry Apprenticeship Accelerator, on February 23, 2026. This program will provide up to \$2.5 million to organizations that create or expand Registered Apprenticeships in new industries or parts of the State. Funding through the Industry Apprenticeship Accelerator can support staffing, recruitment, curriculum development, employer convenings, and related expenses.

Funding in the DPA

A total of \$25 million in general funds was allocated in the DPA in fiscal 2023 for apprenticeship initiatives. In October 2025, MD Labor submitted a budget amendment to transfer \$12 million from the DPA, and the department anticipates another transfer of \$10 million in fiscal 2027. These transfers support \$5 million in grants each for RAQI and MPPA in both fiscal 2026 and 2027 along with \$2 million for technology infrastructure upgrades for fiscal 2026 only. Utilization of this funding is consistent with recommendations by the Apprenticeship 2030 Commission. After the anticipated fiscal 2027 transfer, \$3 million will remain in the DPA for apprenticeships. **MD Labor should comment on plans for utilizing the remaining \$3 million in the DPA.**

4. Federal Government Employee Loans

The Federal Government Employee Assistance Loan Fund (FGEALF), formerly known as the Federal Government Shutdown Employee Assistance Loan Fund, is administered by MD Labor to provide no-interest loans to federal employees who are required to report to work in Maryland but are not being paid due to a federal government shutdown. Eligible employees can receive a \$700 no-interest loan, which is to be repaid after the shutdown ends, and the employee has received backpay from the federal government. In the event of an extended shutdown, a second loan may be offered if funds are available. Funds required to administer the FGEALF in the event of a government shutdown come from the Catastrophic Event Account (CEA), which is administered by DBM under the State Reserve Fund.

Chapter 97 of 2025 expanded the purposes of this fund to provide financial assistance to former federal employees who experience financial hardship from the closure, relocation, or mass layoff of a federal agency. Chapter 97 also renamed the fund and authorized a \$5 million transfer from the Revenue Stabilization Account (Rainy Day Fund) to the FGEALF in fiscal 2025 in anticipation of potential mass layoffs from the federal government. While no transfer from the

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Rainy Day Fund occurred, MD Labor did submit a fiscal 2025 budget amendment to transfer \$903,211 from the CEA in July 2025 to support the administration of the FGEALF. However, due to the timing of the amendment, it was not processed before fiscal year close. MD Labor has indicated that it intends to reprocess the amendment in fiscal 2026. **MD Labor should comment on the timeline for submitting an updated fiscal 2026 budget amendment. Additionally, MD Labor should comment on the total amount needed from the CEA to cover FGEALF expenditures in fiscal 2026.**

As of February 23, 2026, MD Labor has made 3,605 loans through the FGEALF in fiscal 2026, totaling approximately \$2.5 million. A total of 3,483 loans at a cost of \$2.4 million were provided during the federal government shutdown from October 1, 2025, to November 12, 2025. Those recipients had until January 26, 2026, to repay their loans. As of February 23, 2026, \$1.1 million of these loans have been repaid to MD Labor. MD Labor indicates that it intends to pursue payments for 90 days past the due date before sending them to DBM's Central Collections Unit. Additionally, as of February 23, 2026, 122 loans at a cost of \$85,400 had been provided through the newly expanded purposes of the fund provided by Chapter 97. Recipients have 180 days after signing the loan agreement to repay the loans and, as of February 23, 2026, 6 of the loans had been repaid, totaling \$4,200.

Operating Budget Recommended Actions

		<u>Amount Change</u>	
1.	Delete funding for Maryland Teaching Residents Artificial Intelligence Now! due to the fiscal condition of the State.	-\$2,000,000	GF
2.	Reduce funding for the Dwyer Workforce Development grant to the fiscal 2026 level.	-\$250,000	GF
3.	Reduce funding for the Adult High School External Program to the fiscal 2026 level after a proposed deficiency.	-\$400,000	GF
Total Net Change to Fiscal 2027 Allowance		-\$2,650,000	

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision modifying the date for a \$37.3 million transfer from the Local Income Tax Reserve Account to the General Fund from on or before June 1, 2025, to on or before June 1, 2026, as the modified date is in the past and prior to the bill's effective date.

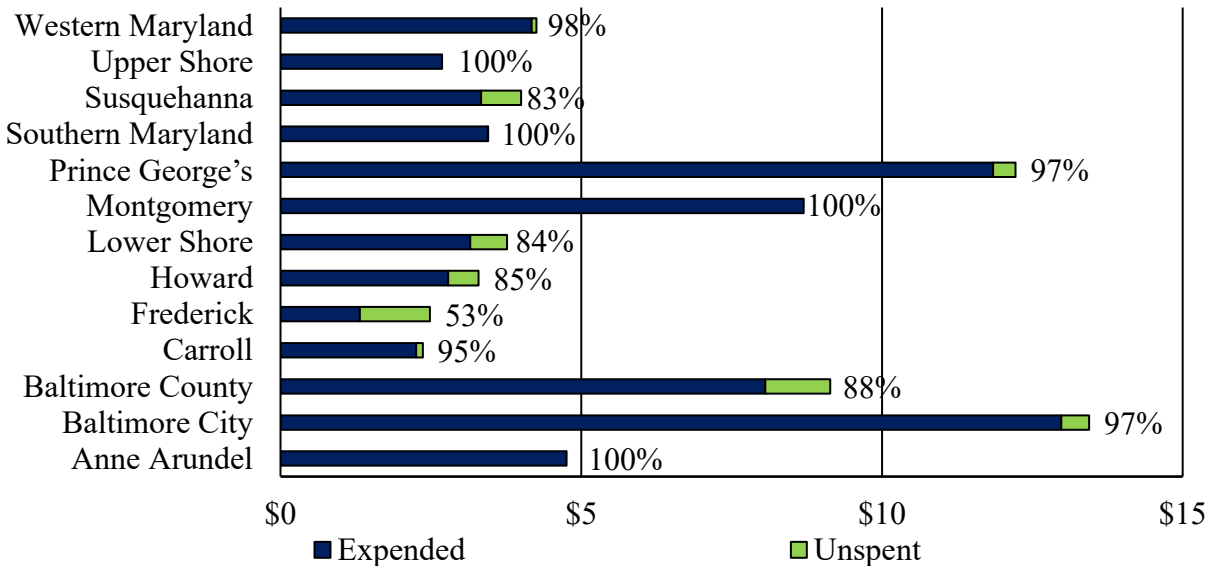
Updates

1. American Rescue Plan Act Funding for Workforce Development

The fiscal 2022 and 2023 budgets provided \$75 million in ARPA federal funding to supplement regular WIOA program funding. While all funding has been distributed to LWAs using the same formula as WIOA adult program and dislocated worker funds, not all funding has been expended. Federal guidelines require the funds to be expended by December 2026; MD Labor set an earlier expenditure deadline for LWAs of June 2026.

MD Labor receives quarterly programmatic and fiscal reports submitted by each LWA. **Exhibit 10** shows the progress each LWA has made in expending funds from its ARPA awards as of December 31, 2025. At that time, 93% of awarded funds had been spent by LWAs, including 100% of awarded funds in Anne Arundel and Montgomery counties as well as the Upper Shore of Maryland. MD Labor anticipates that LWAs will spend all remaining funds by the expenditure deadline of June 2026.

Exhibit 10
ARPA Workforce Development Expenditures by Local Workforce Area
As of December 31, 2025
(\$ in Millions)



ARPA: American Rescue Plan Act

Note: Percentages are the percent of awarded funds that have been expended.

Source: Maryland Department of Labor

In general, there are fewer restrictions on the use of ARPA funds when compared to regular funding through the WIOA. In addition to using the funds to provide training, job search assistance, and supportive services, many jurisdictions elected to spend funds on one-time investments, such as mobile career centers or on uses not supported by regular WIOA funding, including offering training outside the regular WIOA training system on in-demand skills such as welding, coding, and biotechnology. LWAs are directing funding to serve populations disproportionately impacted by the pandemic, such as low-income households and individuals that lost jobs due to pandemic closures; to support pandemic-impacted small businesses through wage subsidies; and to provide training in impacted or high-growth sectors such as health care, biotechnology, and IT. Several LWAs are also using ARPA funds to provide digital literacy training.

MD Labor reports that, as of December 31, 2025, ARPA funding has served a total of 82,579 individuals across the State. This funding has resulted in 6,357 individuals receiving a credential, 773 individuals enrolling in a registered apprenticeship program, and 3,321 youth participating in summer employment and training programs.

2. Employment Advancement Right Now Maryland Investments

EARN is a competitive grant program within MD Labor’s DWDAL that awards funds to local governments, businesses, and nonprofits. Through strategic partnerships, EARN seeks to address the demands of businesses by focusing on industries over a long period of time, eliminating barriers, creating formal career paths, and encouraging mobility through skill development. In fiscal 2026, an additional \$5 million was allocated to MD Labor for the EARN program, bringing total grant funding to \$12.8 million. The fiscal 2027 allowance also includes \$12.8 million for EARN grants.

MD Labor reports that the additional funding will support 2,000 workers and 200 additional employers across the State. Half of this \$5 million enhanced funding is being used to expand investments for existing grantees who meet specific performance and spending requirements. The other half is being used to create a new competitive grant in partnership with the Governor’s Office for Children and the Department of Human Services. This grant funding is focused on Engaging Neighborhoods, Unions, Governments, and Households (ENOUGH) Act communities as well as Supplemental Nutrition Assistance Program (SNAP) households in an effort to combat child poverty and support SNAP recipients with meeting new work requirements. MD Labor reports that of the \$2.5 million awarded through these new grants, approximately two-thirds support ENOUGH Act communities, and just under 40% support job training programs for SNAP recipients.

3. Cyber Maryland Transfer

The Cyber Maryland Program was established by Chapter 578 of 2023 to study cybersecurity workforce needs throughout the State and help address said needs through research

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and innovation as well as training, education, and cross-sector partnerships. Originally funded through the Maryland Technology Development Corporation (TEDCO), Chapter 218 of 2025 transferred the Cyber Maryland program to MD Labor beginning in fiscal 2026. Chapter 218 also repealed a \$99,000 per year funding mandate and requires the Cyber Maryland Program to seek alternative funding sources. Additionally, Chapter 218 requires Cyber Maryland to award competitive grants or contracts for cybersecurity workforce development and make changes to who is eligible for grants from the program.

The fiscal 2026 budget provided \$4.4 million in general funds for Cyber Maryland, a significant increase over the \$99,000 appropriated for TEDCO had Chapter 218 not been enacted. In February 2026, MD Labor announced the award of \$1.5 million in grants for cyber and AI clinics for Maryland workers through the Cyber Maryland program. Three applicants were awarded funds and are expected to train approximately 600 Marylanders between calendar 2027 and 2029. At the same time, MD Labor announced a \$1.5 million initiative awarding grants of up to \$150,000 to support internships in Maryland's lighthouse sectors (life sciences, technology, aerospace and defense, as well as manufacturing). While a portion of these grants will be funded through the Talent Innovation Program, Cyber Maryland is also providing funding. Additionally, the fiscal 2026 budget provides \$1.3 million for the Baltimore Cyber Range, which provides hands-on training for cybersecurity professionals. The fiscal 2027 allowance level funds Cyber Maryland at \$4.4 million.

Appendix 1
2025 Joint Chairmen’s Report Responses from the
Maryland Department of Labor

The 2025 JCR requested that MD Labor prepare four reports. In addition, the 2024 JCR requested that MD Labor prepare one additional report due in the 2025 interim. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Status of Corrective Actions Related to the MD Labor’s Division of Unemployment Insurance – Part 2 Audit:*** A November 2022 audit of the Division of Unemployment Insurance contained four repeat audit findings, resulting in the fiscal 2024 Budget Bill restricting \$100,000 in administrative funding pending a report submitted to OLA with determinations that each repeat finding was corrected. While MD Labor did submit this report, a review by OLA released in May 2024 determined that Division of Unemployment Insurance had not yet taken sufficient actions to resolve any of the four findings. Due to the unresolved findings, the fiscal 2026 Budget Bill included language restricting \$250,000 in administrative funding pending a report by OLA determining that three of the repeat audit findings have been corrected. This report is due 45 days prior to the release of funds and has not been submitted as of the time of writing.
- ***Status of Corrective Actions Related to Matching Enrollment Records to UI Claimants:*** The fourth repeat audit finding from the Division of Unemployment Insurance’s November 2022 Part 2 Audit pertained to ensuring that UI claimants who were full-time students were eligible for benefits and that all claimants were enrolled in the Maryland Workforce Exchange System. OLA recommended that the Division of Unemployment Insurance establish procedures to identify and follow up on claimants who are attending school full time but fail to disclose it. In the Division of Unemployment Insurance’s report to OLA, it stated that they could not obtain detailed data from educational institutions required to resolve this finding due to privacy laws. The committee requested that the Division of Unemployment Insurance submit a report on steps taken to address the finding but did not restrict funding if the Division of Unemployment Insurance is unable to resolve it. This report is due May 1, 2026.
- ***Efforts to Prioritize High School Registered Apprenticeships:*** The budget committees requested that the Maryland Registered Apprenticeship Development Advisory Board include in its annual report submitted to the General Assembly efforts by MORAD to prioritize registered apprenticeships starting in high school. While the report was due December 31, 2025, MD Labor has indicated that they were unable to submit the report on time because the board had not yet appointed all members and begun meeting. MD Labor anticipates that the report will be submitted by February 27, 2026.
- ***Division of Unemployment Insurance Performance:*** The committees requested that the Division of Unemployment Insurance submit a report identifying factors impacting the performance of the office, along with corrective actions that have been or will be taken to

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address lagging performance. This report was submitted in January 2026, and further discussion can be found in Issue 2 of this analysis.

- ***Prison to Honest Jobs Report:*** In the 2024 JCR, the committees directed MD Labor to work with DPSCS and MHEC to prepare a report outlining strategies to maximize the number of incarcerated individuals with jobs upon release from incarceration. An interim report was submitted in February 2025, and the final report was submitted in December 2025. Further discussion can be found in the Performance Analysis section of this analysis.

Appendix 2
Division of Unemployment Insurance
Part 1: Unemployment Insurance Tax Contributions
Audit Findings

Audit Period for Last Audit:	November 16, 2020 – January 31, 2024
Issue Date:	April 2025
Number of Findings:	6
Number of Repeat Findings:	2
% of Repeat Findings:	33.3%
Rating: (if applicable)	n/a

Finding 1: The Division of Unemployment Insurance did not periodically reconcile its record of all tax collections received from employers to tax payments posted to employer accounts receivable records to ensure amounts posted to employer accounts were valid and complete.

Finding 2: The Division of Unemployment Insurance had not verified that unemployment tax collections were properly deposited and recorded since September 2020 due to the inability to generate certain required reports from the BEACON system.

Finding 3: The Division of Unemployment Insurance did not pursue liens and wage garnishments for delinquent unemployment taxes due from employers.

Finding 4: The Division of Unemployment Insurance did not pursue reimbursement of unemployment benefits paid on behalf of employers who were exempt from paying unemployment taxes.

Finding 5: Redacted cybersecurity-related finding.

Finding 6: The Division of Unemployment Insurance had not determined the cause and full extent of inaccurate accounts receivable records.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
Office of the Secretary, Division of Administration, and Division of Workforce
Development and Adult Learning
Audit Findings

Audit Period for Last Audit:	October 16, 2020 – July 31, 2024
Issue Date:	April 2025
Number of Findings:	5
Number of Repeat Findings:	1
% of Repeat Findings:	20%
Rating: (if applicable)	n/a

Finding 1: MD Labor could not support accrued federal fund revenue entries totaling \$204.7 million, including \$67.6 million that MD Labor had determined was not recoverable. In addition, MD Labor could not document the subsequent recovery of the accrued funds.

Finding 2: **MD Labor did not submit requests for reimbursement of federal fund expenditures in a timely manner, resulting in lost interest income totaling at least \$450,000.**

Finding 3: MD Labor did not independently and timely approve certain manually processed adjustments to employee pay and leave.

Finding 4: MD Labor did not ensure all timesheet discrepancies were resolved timely.

Finding 5: Redacted cybersecurity-related finding.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 4
Division of Occupational and Professional Licensing
Audit Findings

Audit Period for Last Audit:	April 1, 2021 – January 15, 2025
Issue Date:	July 2025
Number of Findings:	2
Number of Repeat Findings:	1
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

Finding 1: **The Division of Occupational and Professional Licensing did not ensure that individuals who were issued occupational and professional licenses met all required qualifications.**

Finding 2: Redacted cybersecurity-related finding.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 5
Closeout Audit Findings – Related to Maryland Department of Labor

This audit is discussed further in the Fiscal 2025 section of this analysis.

Audit Period for Last Audit:	Fiscal 2025
Issue Date:	December 2025
Number of Findings:	1
Number of Repeat Findings:	1
% of Repeat Findings:	100%
Rating: (if applicable)	n/a

Finding 7: MD Labor could not provide documentation to support the propriety of accrued federal fund revenue totaling \$63 million or the subsequent recovery of \$61 million, which MD Labor determined was not recoverable because it exceeded the related authorized federal funding.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 6
Division of Unemployment Insurance
Part 2: Unemployment Benefits
Audit Findings

This audit is discussed further in Issue 2 of this analysis.

Audit Period for Last Audit:	November 16, 2020-January 15, 2025
Issue Date:	January 2026
Number of Findings:	6
Number of Repeat Findings:	2
% of Repeat Findings:	33.3%
Rating: (if applicable)	n/a

Finding 1: The Division of Unemployment Insurance did not timely pursue recovery of claimant overpayments totaling \$807.4 million resulting in up to \$760.7 million that is no longer collectable.

Finding 2: **The Division of Unemployment Insurance did not have procedures to require supervisory reviews of claims and adjudications processed by Division of Unemployment Insurance and staffing vendor employees, which may have contributed to certain fraudulent activity not being detected timely.**

Finding 3: **The Division of Unemployment Insurance did not adjust claimant account balances in BEACON for \$493.9 million in potentially fraudulent debit card funds removed from claimants’ debit cards and could not document the disposition of \$3 million of those funds.**

Finding 4: The Division of Unemployment Insurance did not have comprehensive procedures to timely investigate the results of data matches that identified individuals receiving unemployment benefits who also received wages.

Finding 5: Redacted cybersecurity-related finding.

Finding 6: Redacted cybersecurity-related finding.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 7
Electronic Licensing Modernization
Major Information Technology Development Project
Maryland Department of Labor

New/Ongoing: Ongoing					
Start Date: September 2022				Est. Completion Date: June 2027	
Implementation Strategy: Agile					
(\$ in Millions)	Prior Year	2026	2027	Remainder	Total
GF	\$3.200	\$1.300	\$6.475	\$0.000	\$10.975
SF	2.450	0.000	0.000	0.000	2.450
Total	\$5.650	\$1.300	\$6.475	\$0.000	\$13.425

- **Project Summary:** The Electronic Licensing Modernization (ELMo) project will modernize and update both the back- and front-end licensing systems for the Division of Occupational and Professional Licensing in order to streamline office procedures and enhance online services for applicants, licensees, and consumers.
- **Need:** MD Labor uses the licensing system to oversee 30 licensing boards, commissions, and programs. MD Labor reports that the current system is outdated and that many system customers use technologies that are not supported by the legacy system.
- **Observations and Milestones:** An Agile project manager was procured in June 2025 and began initial research for the licensing boards and commissions overseen by the Division of Occupational and Professional Licensing. As of January 2026, a pilot is scheduled to be delivered in the third quarter of fiscal 2026, with rollout of the new licensing systems in waves through June 2027.
- **Concerns:** The ELMo team has seen significant staff changes with 3 of the 4 staff members originally working on the project leaving for new roles. While MD Labor still projects completion in June 2027, fiscal 2025 saw significant delays that may impact on time completion.

Appendix 8
Labor Omni-Channel Contact Center System
Major Information Technology Development Project
Maryland Department of Labor

This project is discussed further in Issue 2 of this analysis.

New/Ongoing: Ongoing					
Start Date: October 2021				Est. Completion Date: June 2027	
Implementation Strategy: Agile					
(\$ in Millions)	Prior Year	2026	2027	Remainder	Total
FF	\$9.208	\$7.009	\$1.339	\$0.000	\$17.556
Total	\$9.208	\$7.009	\$1.339	\$0.000	\$17.556

- Project Summary:** LOCCS is intended to manage call center interactions between UI claimants and Division of Unemployment Insurance staff and replace functions that were outsourced during the COVID-19 pandemic. The project will deploy a commercial off-the-shelf solution that will provide interactive voice response, workforce optimization, quality management, voice recording, and transcription, among other functionalities. The project has three phases: (1) ability to support UI claimants calling the department; (2) adding functionality to support calls for other users, such as employers, as well as handling public-facing emails and webforms; and (3) full system integration with Salesforce and BEACON as well as extended support to the seven UI field offices across the State.
- Need:** The volume of UI claims during the COVID-19 pandemic stressed MD Labor’s existing UI call center beyond what the department could manage, and MD Labor procured outside call center services to handle the increased workload. The LOCCS project will replace the outsourced call center and provide a modernized and consolidated platform for managing the call center needs of the Division of Unemployment Insurance.
- Observations and Milestones:** While the LOCCS contract was originally awarded to Voxai solutions, that contract was voided after Voxai indicated that it could not meet Minority Business Enterprise requirements. An expedited procurement was approved by BPW, and the contract was awarded to CenturyLink Communications in December 2024. Due to delays in awarding the LOCCS contract, the contract for the outsourced call center was extended multiple times before ending in September 2025. Planned completion of the LOCCS project has been delayed from an original estimate of June 2024 to June 2027, after which the project will enter a maintenance phase. Despite this delay, key capabilities were added in calendar 2025, including call recording and transcription as well as a call back feature. A chatbot and integrated email support were being finalized as of December 2025.

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- **Concerns:** MD Labor has expressed concerns about the ability of the in-house call center to handle a high volume of calls, similar to what occurred at the onset of the COVID-19 pandemic. While MD Labor plans to join the State’s surge staffing contract, access would be limited to an additional 25 trained agents during emergencies.

Appendix 9
Family and Medical Leave Insurance
Major Information Technology Development Project
Maryland Department of Labor

This project is discussed further in Issue 1 of this analysis.

New/Ongoing: New					
Start Date: July 2023			Est. Completion Date: 2029		
Implementation Strategy: Agile					
(\$ in Millions)	Prior Year	2026	2027	Remainder	Total
SF	\$0.000	\$0.000	\$22.657	\$37.343-\$47.343	\$60.000-\$70.000
Total	\$0.000	\$0.000	\$22.657	\$37.343-\$47.343	\$60.000-\$70.000

- Project Summary:** FAMLIs digital platform will provide front-facing services for workers, employers, and third-party administrators related to Maryland’s paid family and medical leave insurance program. The system will also support various in-house operations including claims and appeals servicing, customer service, and compliance functions and will connect with a banking vendor to facilitate payments.
- Need:** With the start of the paid family and medical leave insurance program in January 2027, all employers with at least 1 employee in Maryland are required to register for FAMLIs and either enroll in the State plan or obtain approval for an alternate plan. A new platform is required to support the 2.6 million covered workers, at least 180,000 employers, and an estimated 160,000 claims each year.
- Observations and Milestones:** Though this is the first time FAMLIs IT build has been included as a major IT project, the project has been underway since calendar 2023. In the first half of fiscal 2026, MD Labor launched a website that will host the platform, built electronic forms, and began building user workflows in anticipation of employer registration for select employers beginning in spring 2026. Additional workflows and integration of FAMLIs financial system into the platform have also begun. Additional information about MD Labor’s progress in launching the FAMLIs program can be found in Issue 1.

Appendix 10
Object/Fund Difference Report
Maryland Department of Labor

<u>Object/Fund</u>	<u>FY 25</u> <u>Actual</u>	<u>FY 26</u> <u>Wrk. Approp.</u>	<u>FY 27</u> <u>Allowance</u>	<u>FY 26 - 27</u> <u>\$ Change</u>	<u>% Change</u>
Positions					
01 Regular	1,968.57	1,933.87	1,933.87	0.00	0.0%
02 Contractual	190.71	144.20	169.37	25.17	17.5%
Total Positions	2,159.28	2,078.07	2,103.24	25.17	1.2%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$174,430,590	\$201,921,494	\$246,169,167	\$44,247,673	21.9%
02 Technical and Special Fees	8,687,255	9,962,911	11,160,618	1,197,707	12.0%
03 Communications	2,694,924	4,498,546	3,690,201	-808,345	-18.0%
04 Travel	1,146,743	2,701,455	2,887,805	186,350	6.9%
05 Food	1,784	0	0	0	n/a
06 Fuel and Utilities	849,729	813,241	460,728	-352,513	-43.3%
07 Motor Vehicle Operation and Maintenance	826,881	1,683,052	1,494,893	-188,159	-11.2%
08 Contractual Services	96,866,593	144,611,065	81,562,633	-63,048,432	-43.6%
09 Supplies and Materials	2,639,675	3,268,865	3,322,135	53,270	1.6%
10 Equipment – Replacement	199,407	2,193,280	2,218,255	24,975	1.1%
11 Equipment – Additional	4,592,186	433,149	659,320	226,171	52.2%
12 Grants, Subsidies, and Contributions	295,362,442	339,469,719	317,910,734	-21,558,985	-6.4%
13 Fixed Charges	9,315,093	7,553,776	7,659,299	105,523	1.4%
14 Land and Structures	23,979	0	0	0	n/a
Total Objects	\$597,637,281	\$719,110,553	\$679,195,788	-\$39,914,765	-5.6%
Funds					
01 General Funds	\$96,609,815	\$127,730,234	\$87,140,682	-\$40,589,552	-31.8%
03 Special Funds	275,516,231	318,579,759	380,261,084	61,681,325	19.4%
05 Federal Funds	214,669,523	256,755,542	199,716,968	-57,038,574	-22.2%
09 Reimbursable Funds	10,841,712	16,045,018	12,077,054	-3,967,964	-24.7%
Total Funds	\$597,637,281	\$719,110,553	\$679,195,788	-\$39,914,765	-5.6%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 11
Fiscal Summary
Maryland Department of Labor**

<u>Program/Unit</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk. Approp.</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
A01 Office of the Secretary	\$37,313,328	\$46,851,592	\$23,580,450	-\$23,271,142	-49.7%
B01 Division of Administration	22,919,271	23,335,368	24,575,719	1,240,351	5.3%
C01 Division of Financial Regulation	13,660,246	19,361,668	20,003,266	641,598	3.3%
D01 Division of Labor and Industry	24,899,713	28,594,600	30,156,725	1,562,125	5.5%
E01 Division of Racing	202,071,495	217,736,605	208,667,328	-9,069,277	-4.2%
F01 Division of Occupational and Professional Licensing	11,728,805	18,474,644	16,507,891	-1,966,753	-10.6%
G01 Division of Workforce Development and Adult Learning	144,954,576	166,555,150	182,100,688	15,545,538	9.3%
H01 Division of Unemployment Insurance	106,786,084	146,795,951	103,496,293	-43,299,658	-29.5%
J01 Division of Paid Leave	33,303,763	51,404,975	70,107,428	18,702,453	36.4%
Total Expenditures	\$597,637,281	\$719,110,553	\$679,195,788	-\$39,914,765	-5.6%
General Funds	\$96,609,815	\$127,730,234	\$87,140,682	-\$40,589,552	-31.8%
Special Funds	275,516,231	318,579,759	380,261,084	61,681,325	19.4%
Federal Funds	214,669,523	256,755,542	199,716,968	-57,038,574	-22.2%
Total Appropriations	\$586,795,569	\$703,065,535	\$667,118,734	-\$35,946,801	-5.1%
Reimbursable Funds	\$10,841,712	\$16,045,018	\$12,077,054	-\$3,967,964	-24.7%
Total Funds	\$597,637,281	\$719,110,553	\$679,195,788	-\$39,914,765	-5.6%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.