Spending Affordability Briefing

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

November 18, 2026

Federal Government in Maryland

- In 2024, there were 161,700 civilian federal jobs located in Maryland, accounting for 5.7% of the total. Federal wages were 10.7% of total wages, or $25.1 billion. Virginia and the District of Columbia each had around 193,000 federal jobs, and many Marylanders' commute to those jurisdictions.

- Federal employment reductions substantially impacted the Washington, DC area. Although the region accounted for 18.3% of federal civilian jobs in January 2025, it absorbed almost 25% of total job cuts by September 2026 (82,200). Maryland alone accounted for 8.8% of the reduction (29,300) and experienced the largest percentage decline in federal employment among all states (18.1%).

- Federal contract spending is important to the Maryland private sector economy. In federal fiscal year 2024, federal contract obligations for work performed in Maryland totaled $47.5 billion, which was equal to 11.0% of Maryland's private sector gross state product. The Department of Defense (DOD) and the Department of Health and Human Services (HHS) accounted for about 41% and 18%, respectively. In federal fiscal year 2025, contract spending in Maryland fell by $6.8 billion (14.4%) to $40.7 billion. Contract spending by DOD increased by 2.9% ($574 million), but HHS obligations fell by $1.5 billion (-17.5%).

	Jan. 2025	Sep. 2026	Change	% Change	Rank
Maryland	162,000	132,700	-29,300	-18.1%	51
D.C.	192,200	165,300	-26,900	-14.0%	49
Virginia	195,700	169,700	-26,000	-13.3%	48
	549,900	467,700	-82,200	-14.9%	
U.S.	3,010,000	2,678,000	-332,000	-11.0%	

Maryland Employment: January 2025 to September 2026

- During calendar 2025, Maryland lost almost 29,000 federal government jobs, a decline of 17.6%. Growth in the much larger State and local government sector partially offset the decline in federal government jobs, but total government employment was still down by 4.0%, or almost 22,000 jobs.
- In 2025, private sector jobs fell by 23,100 (1.0%). Only the construction and health care sectors posted growth, while major declines were seen in transportation/warehousing, retail/wholesale trade, and professional and business services.
- In the first nine months of 2026, the Maryland labor market has stabilized somewhat. Overall, employment is down by 600 since January, with growth in the government almost offsetting a 0.2% decline in the private sector. A few hard hit sectors, like professional and business services, have started to grow again. But construction employments has fallen, and growth has declerated in the health care sector.

Jan. 2025	Jan. 2026	Change	% Change	Sep. 2026	Change	% Change	
162,000	133,500	-28,500	-17.6%	132,700	-800	-0.6%	Federal Government
116,000	116,900	900	0.8%	118,100	1,200	1.0%	State Government
267,000	272,700	5,700	2.1%	276,600	3,900	1.4%	Local Government
164,000	170,600	6,600	4.0%	165,100	-5,500	-3.2%	Construction, Natural Resources, and Mining
111,300	110,700	-600	-0.5%	110,800	100	0.1%	Manufacturing
114,400	109,100	-5,300	-4.6%	104,200	-4,900	-4.5%	Transportation, Warehousing, Utilities
352,900	346,200	-6,700	-1.9%	343,900	-2,300	-0.7%	Retail and Wholesale Trade
34,700	33,600	-1,100	-3.2%	33,000	-600	-1.8%	Information
141,400	139,900	-1,500	-1.1%	137,700	-2,200	-1.6%	Financial Activities
477,900	461,800	-16,100	-3.4%	467,900	6,100	1.3%	Professional and Business Services
87,900	85,700	-2,200	-2.5%	85,800	100	0.1%	Educational Services
413,600	419,700	6,100	1.5%	422,500	2,800	0.7%	Health Care and Social Assistance
271,900	270,700	-1,200	-0.4%	271,700	1,000	0.4%	Leisure and Hospitality Services
124,900	123,800	-1,100	-0.9%	124,300	500	0.4%	Other Services
2,839,900	2,794,900	-45,000	-1.6%	2,794,300	-600	0.0%	Total
545,000	523,100	-21,900	-4.0%	527,400	4,300	0.8%	Government
2,294,900	2,271,800	-23,100	-1.0%	2,266,900	-4,900	-0.2%	Private Sector

Source: Seasonally adjusted payroll employment from the U.S. Department of Labor, Bureau of Labor Statistics.

Maryland Economic Forecasts

Year-over-year Percentage Change

Calendar	Employment		Wage and Salary Income*	
Year	Mar. 2026	Sep. 2026	Mar. 2026	Sep. 2026
2023	1.7%	1.7%	5.3%	5.4%
2024	1.9%	2.2%	6.4%	6.5%
2025	0.3%	-0.5%	3.2%	2.4%
2026E	-0.5%	-0.8%	2.7%	2.4%
2027E	0.2%	0.4%	3.8%	3.8%
2028E	0.2%	0.4%	3.6%	3.6%
2029E	0.3%	0.4%	3.6%	3.6%

Calendar	Personal Income*		Taxable Capital Gains Income*	
Year	Mar. 2026	Sep. 2026	Mar. 2026	Sep. 2026
2023	7.1%	7.1%	-5.0%	-12.1%
2024	5.8%	5.8%	35.0%	33.0%
2025	3.7%	3.9%	10.0%	25.0%
2026E	3.3%	2.5%	-15.0%	5.0%
2027E	4.0%	4.1%	3.0%	-18.0%
2028E	4.1%	4.3%	2.0%	3.0%
2029E	4.2%	4.5%	1.0%	1.2%

* The figures for 2025 wage and personal income growth under the Mar. 2026 column are estimates. For capital gains income, the calendar 2024-2025 figures are estimates for both March and September.

Source: Board of Revenue Estimates

General Fund Revenues: Fiscal 2026
($ in Millions)

	Fiscal 2025	Fiscal 2026				Fiscal 2025-2026 Percent Change	
	Actual	Estimate	Actual	$ Diff.	% Diff.	Estimated	Actual
Personal Income Tax	$14,565	$15,618	$15,873	$255	1.6%	7.2%	9.0%
Corporate Income Tax	1,877	1,643	1,778	135	8.2%	-12.5%	-5.3%
Sales and Use Tax [1][2]	6,049	6,430	6,478	48	0.7%	6.3%	7.1%
State Lottery	519	543	538	-4	-0.8%	4.6%	3.7%
Estate and Inheritance Taxes	227	585	601	16	2.8%	157.2%	164.4%
Tobacco Tax [3]	370	262	276	14	5.4%	-29.1%	-25.3%
Interest on Investments	359	275	323	48	17.5%	-23.3%	-9.9%
Other [4]	1,750	1,733	1,784	51	3.0%	-1.0%	1.9%
Ongoing General Funds	**$25,716**	**$27,088**	**$27,652**	**$564**	**2.1%**	**5.3%**	**7.5%**
GAAP Transfer [5]	0	380	380	0			
Transfer Tax	0	25	25	0			
Total General Funds	**$25,716**	**$27,493**	**$28,057**	**$564**	**2.0%**	**6.9%**	**9.1%**

GAAP: General Accepted Accounting Principles

[1] The Blueprint for Maryland's Future Fund (BMFF) share of certain sales and use tax revenues increased from 11.3% in fiscal 2025 to 11.7% in fiscal 2026.

[2] Chapters 254 and 255 of 2023 imposed a 9% sales tax on cannabis. Chapter 604 of 2025 increased the tax rate to 12% and distributed the first 25% to the General Fund. In fiscal 2026, general fund cannabis revenues totaled $50.5 million. Chapter 604 also imposed a 3% tax on certain data and information technology services with all of the revenue going to the General Fund. The tax raised about $100.8 million in fiscal 2026.

[3] Chapter 717 of 2024 increased tobacco tax rates and added a new distribution of tobacco revenues to the BMFF. In fiscal 2025, the distribution was set at $88.3 million with future years equal to specified percentages of total revenues. In fiscal 2026, the distribution was $133.6 million, equal to 32.6% of total revenues.

[4] Includes $32.6 million in fiscal 2026 from sports wagering revenue. Chapter 604 of 2025 increased the tax on mobile sports wagering from 15% to 20% and distributed the extra 5% to the General Fund beginning in fiscal 2026.

[5] The Comptroller's annual analysis of the local income tax reserve account determined the account was overfunded at the end of fiscal 2025 by $150.6 million but by $380.6 million when adjusted for a $230 million receivable that was inadvertently not booked in fiscal 2025. The Budget Reconciliation and Financing Act of 2026 (Chapter 6) authorized the transfer of $380 million to the General Fund in fiscal 2026.

Note: The estimate from March 2026 has been adjusted for actions taken at the 2026 legislative session.

Source: Office of the Comptroller; Board of Revenue Estimates

General Fund Revenue Forecast
($ in Millions)

	Fiscal 2026 Actual	Fiscal 2027 Estimate March	Fiscal 2027 Estimate September	$ Diff.	%Diff.	Percent Change vs. Fiscal 2026	Fiscal 2028 Estimate	Percent Change vs. Fiscal 2027
Personal Income Tax	$15,873	$15,918	$16,182	$264	1.7%	1.9%	$16,553	2.3%
Corporate Income Tax [(1)]	1,778	1,772	1,772	1	0.0%	-0.3%	1,951	10.1%
Sales and Use Tax [(2)(3)]	6,478	6,592	6,395	-197	-3.0%	-1.3%	6,796	6.3%
State Lottery	538	460	448	-12	-2.6%	-16.8%	442	-1.3%
Estate and Inheritance Taxes	601	280	297	18	6.3%	-50.5%	305	2.6%
Tobacco Taxes [(5)]	276	252	263	11	4.3%	-5.0%	321	22.3%
Interest on Investments	323	100	250	150	150.0%	-22.6%	125	-50.0%
Other	1,784	1,723	1,809	86	5.0%	1.4%	1,836	1.5%
Ongoing General Funds	**$27,652**	**$27,096**	**$27,416**	**$320**	**1.2%**	**-0.9%**	**$28,330**	**3.3%**
GAAP Transfer	380	0	0	0	n.a	n.a	0	n.a
Transfer Tax	25	25	25	0	n.a	n.a	25	n.a
Total General Funds	**$28,057**	**$27,121**	**$27,441**	**$320**	**1.2%**	**-2.2%**	**$28,355**	**3.3%**

GAAP: Generally Accpeted Accounting Principles

(1) The Transportation Trust Fund's share of corporate income tax net receipts declines from 18.67% in fiscal 2026 and 2027 to 16.97% in fiscal 2028.

(2) The sales tax estimate for fiscal 2027 reflects $326.8 million in refunds including $280 million as the result of the State losing a case brought by Potomac Edison. The Board of Revenue Estimates anticipates additional refunds related to the case of about $15 million in fiscal 2028.

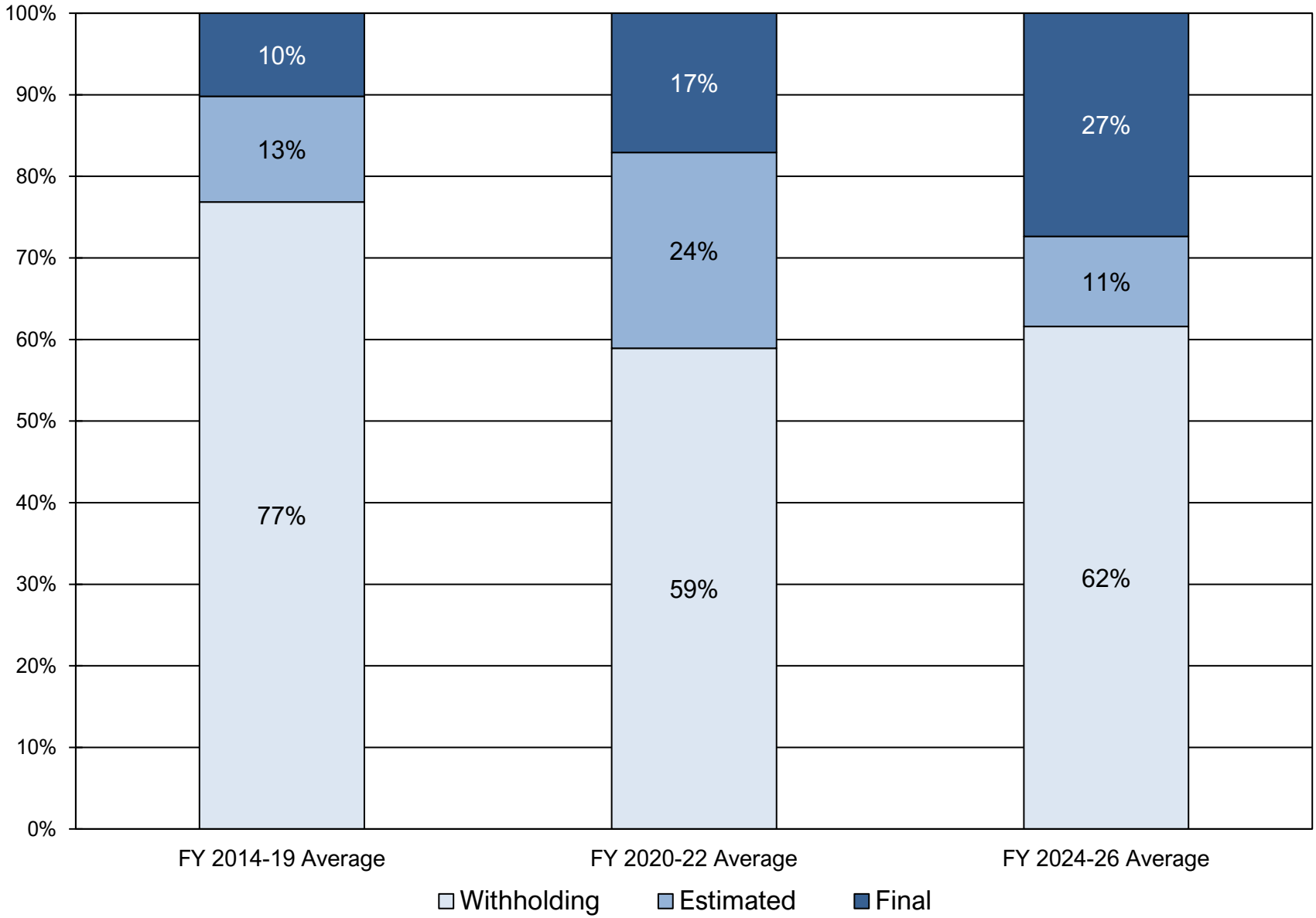
(3) The Blueprint for Maryland's Future Fund (BMFF) share of certain sales tax revenues increases from 11.7% in fiscal 2026 to 12.1% in fiscal 2027 and 2028.

(5) The Budget Reconciliation and Financing Act of 2024 (Chapter 717) increased tobacco tax rates and added a new distribution of tobacco revenues to the BMFF. In fiscal 2026, the distribution was equal to 32.6% of tobacco tax revenues, rising to 33.2% in fiscal 2027. Beginning in fiscal 2028, the distribution drops to 16.2%.

Note: The estimate from March 2026 has been adjusted for actions taken at the 2026 legislative session.

Source: Board of Revenue Estimates

Personal Income Tax Gross Receipts: Contributions to Annual Growth



Recession Scenario

- The Department of Legislative Services simulated the impact of recession on the three largest revenue sources: the personal income tax; the sales tax; and the corporate income tax. Revenue was estimated using a recession scenario from Moody's Analytics contrasted with their baseline economic forecast from September 2026.

- Under the recession scenario, U.S. inflation-adjusted gross domestic product declines, on a quarter-over-quarter basis, for three quarters beginning in the fourth quarter of 2026. U.S. employment falls, peak to trough, by 2.9%, or 4.6 million jobs, between the third quarter of 2026 and the third quarter of 2027. The U.S. unemployment rate increases from 4.1% to a peak of 7.1% in the thrid quarter of 2027. The U.S. economy recovers the jobs lost during the recession in the fourth quarter of 2028.

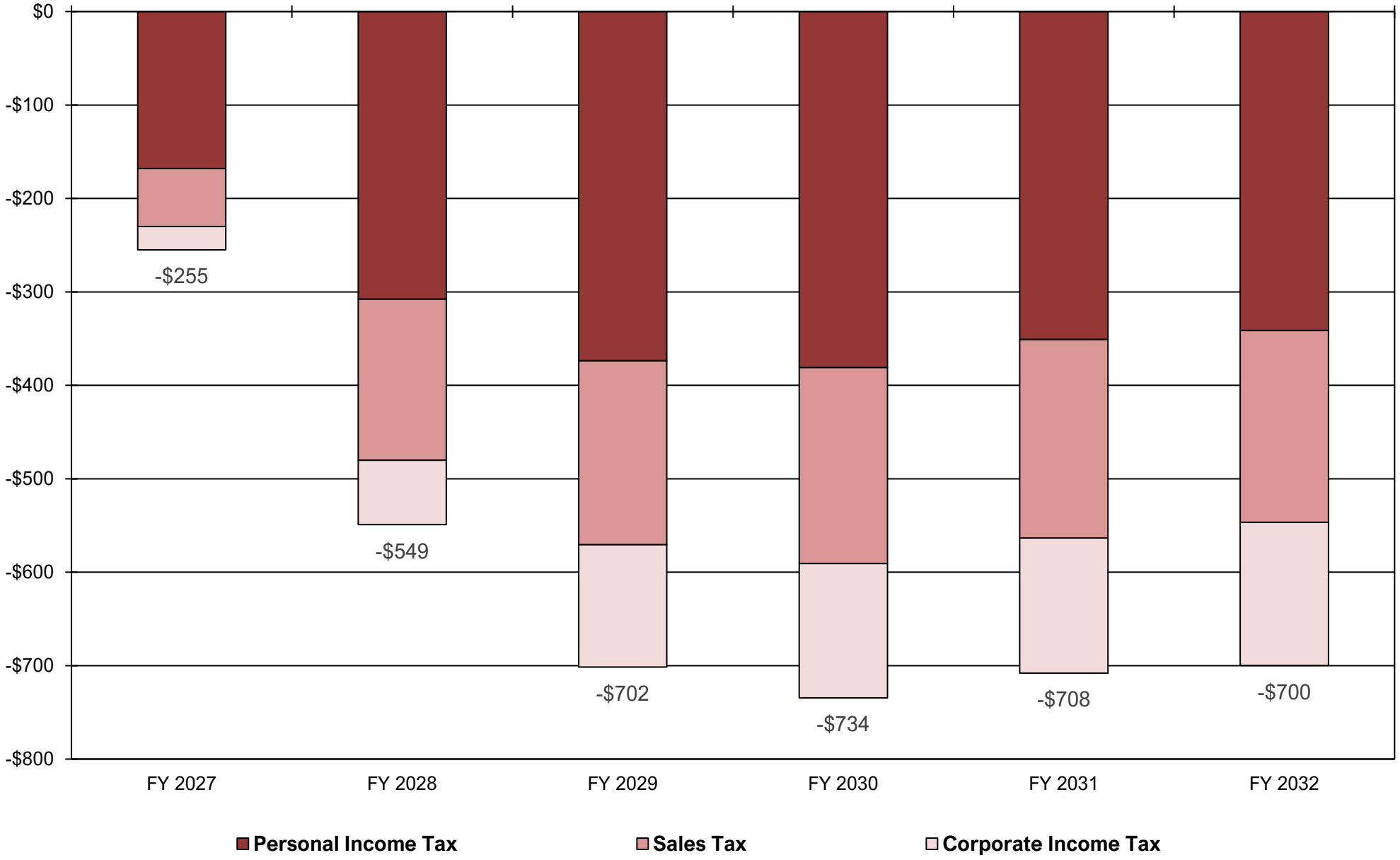
- The impact of Moody's recession scenario on Maryland is similar to the national economy, although it takes longer to fully recover the lost jobs. Total employment falls by 2.8%, or about 79,000 jobs, from the third quarter of 2026 to the third quarter of 2027. The unemployment rate increases from 4.2% to a peak of 5.8% in the third quarter of 2027. Maryland, under this scenario, does not fully recoup the jobs lost during the recession until the second quarter of 2029.

- Maryland personal income growth slows under the recession scenario. Total personal income grows 2.4% in calendar 2027 compared to 4.7% under the baseline forecast. Wage and salary income grows by 1.6% in 2027 versus baseline growth of 3.7%.

Moody's Analytics Forecast: Maryland Economic Variables

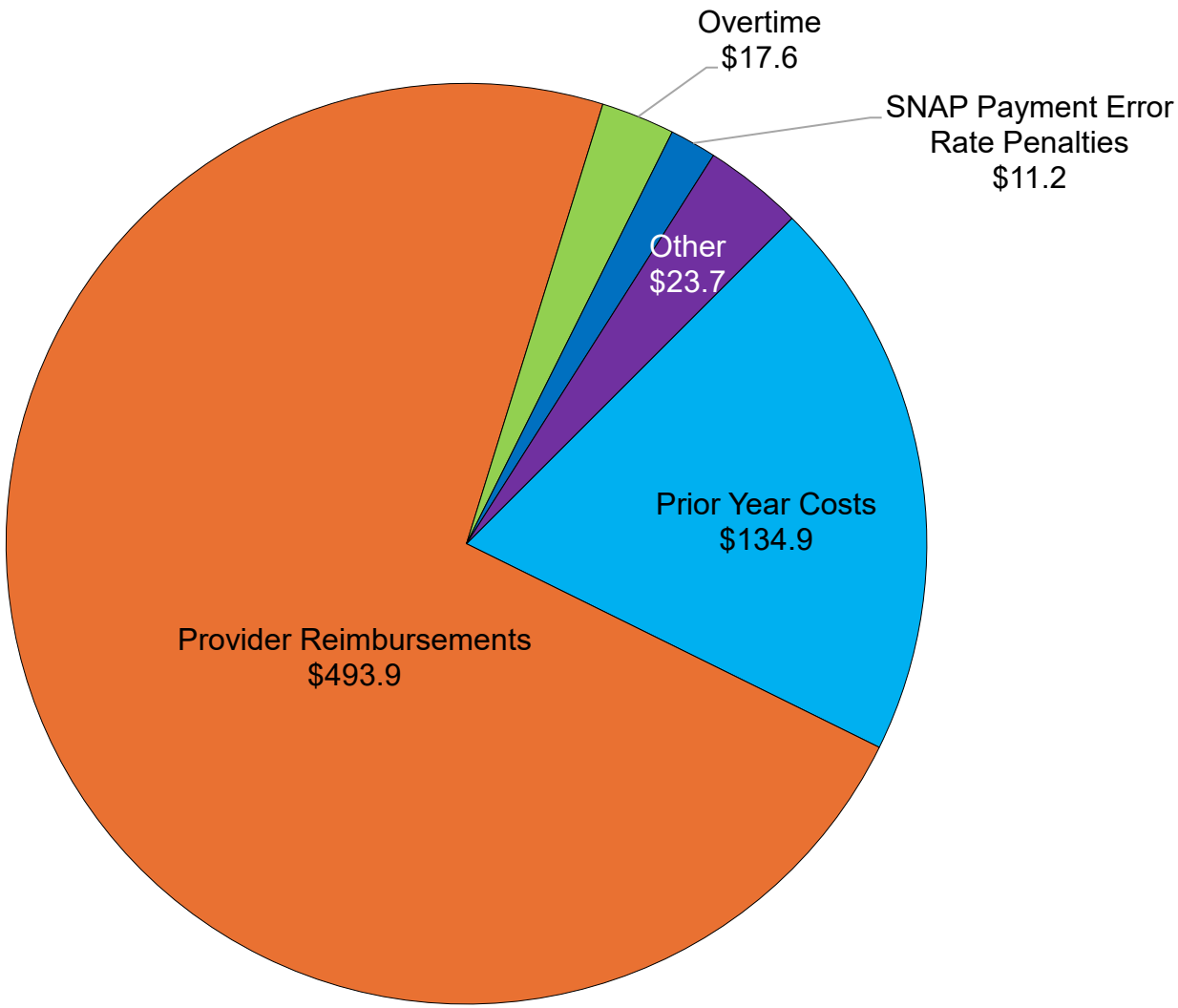
		CY 2026	CY 2027	CY 2028	CY 2029
Employment	Baseline	-0.4%	0.3%	0.3%	0.4%
	Recession	-0.7%	-1.9%	1.6%	1.1%
Unemployment Rate	Baseline	4.3%	4.2%	4.1%	4.0%
	Recession	4.4%	5.7%	4.7%	4.1%
Personal Income	Baseline	2.8%	4.7%	4.2%	4.3%
	Recession	2.6%	2.4%	3.4%	4.6%

Impact of Recession Scenario on General Fund Income, Sales, and Corporate Taxes
Difference from BRE September 2026 Forecast
($ in Millions)



General Fund Deficiency Appropriations, Net of Anticipated Reversions, Total $681 Million

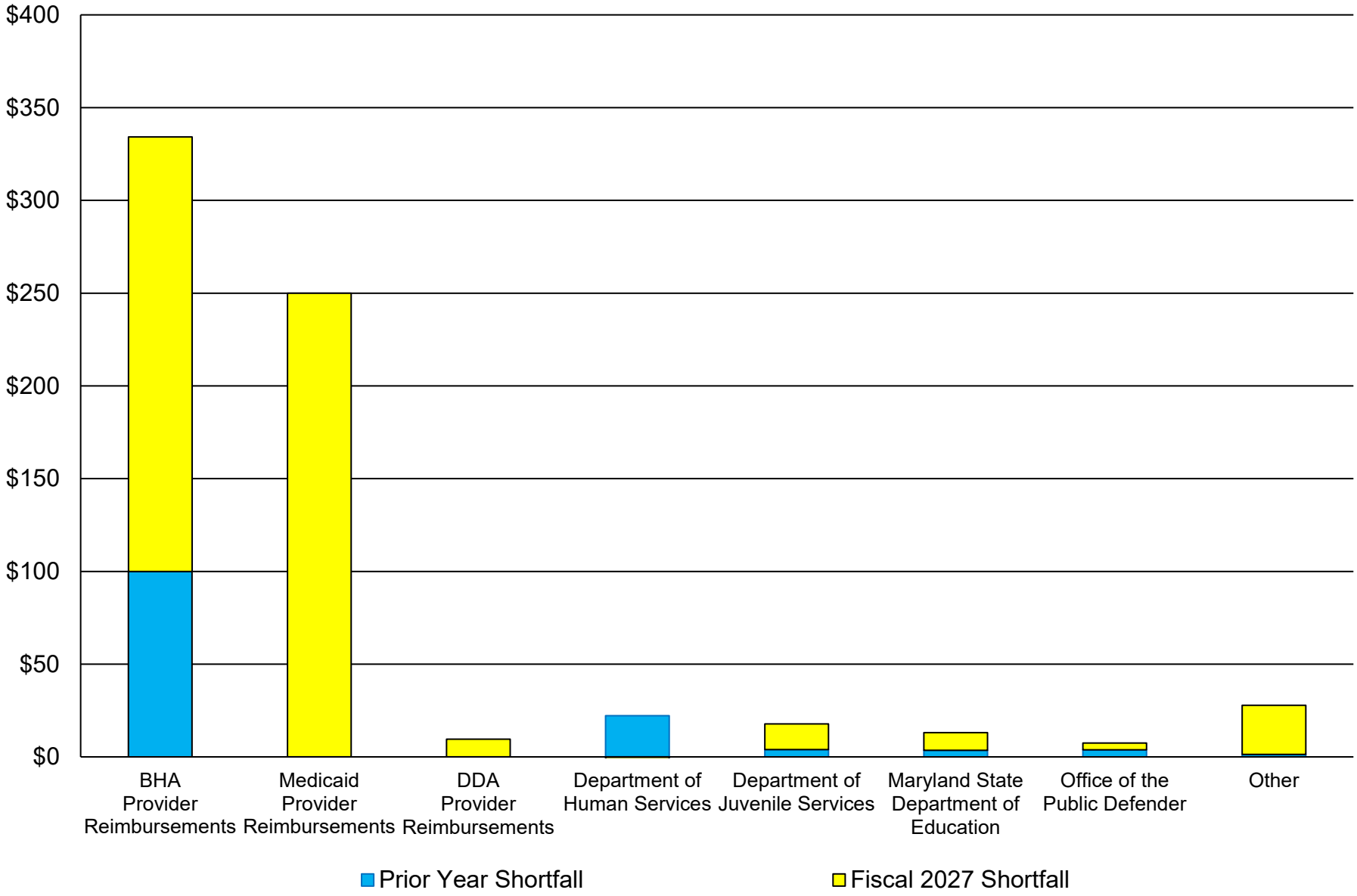
($ in Millions)



SNAP: Supplemental Nutrition Assistance Program

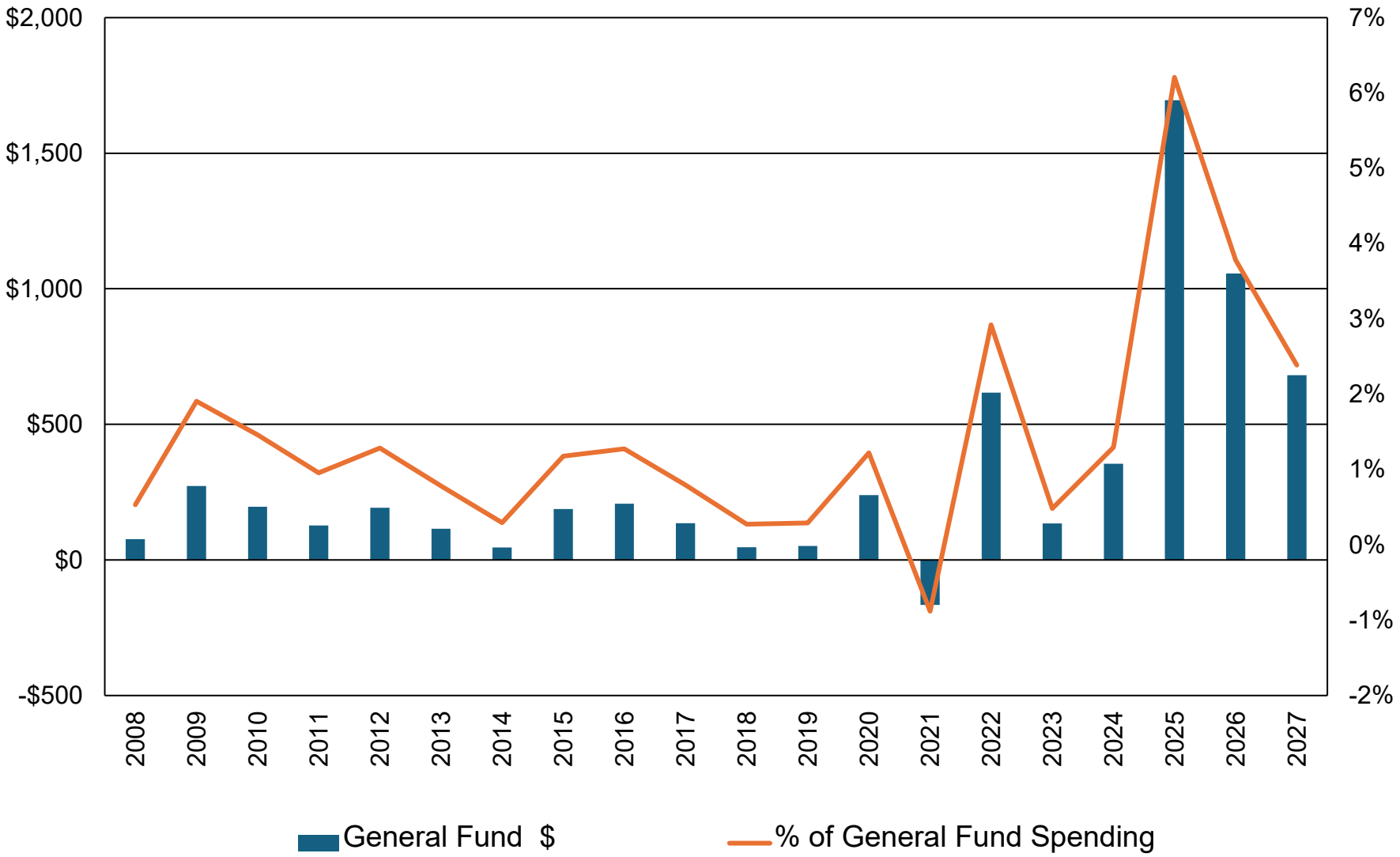
Fiscal 2027 Deficiencies Cover Prior Year Shortfalls

($ in Millions)

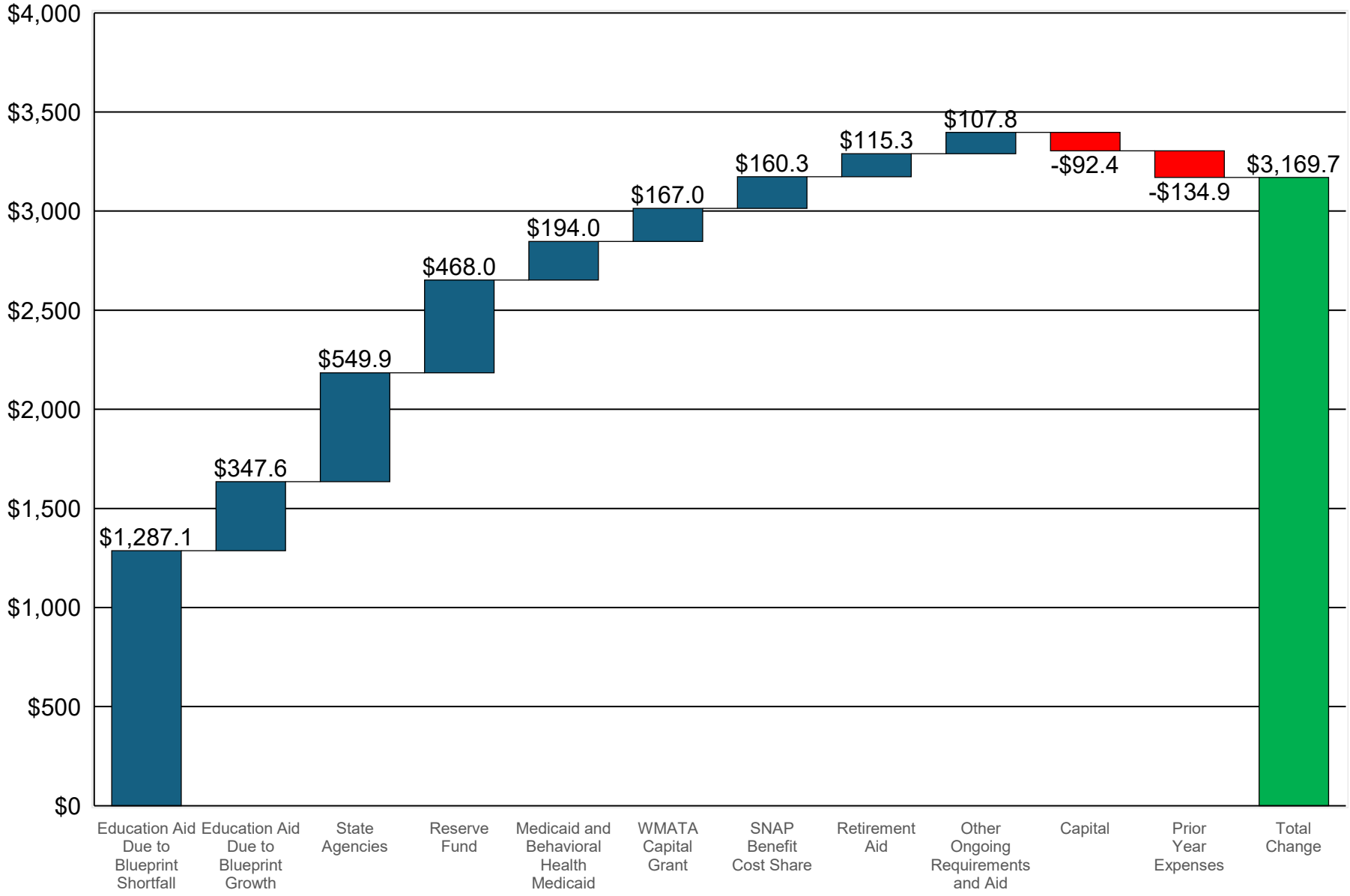


BHA: Behavioral Health Administration
DDA: Developmental Disabilities Administration

General Fund Deficiency Amount and as % of General Fund Spending
Fiscal 2008-2027
($ in Millions)

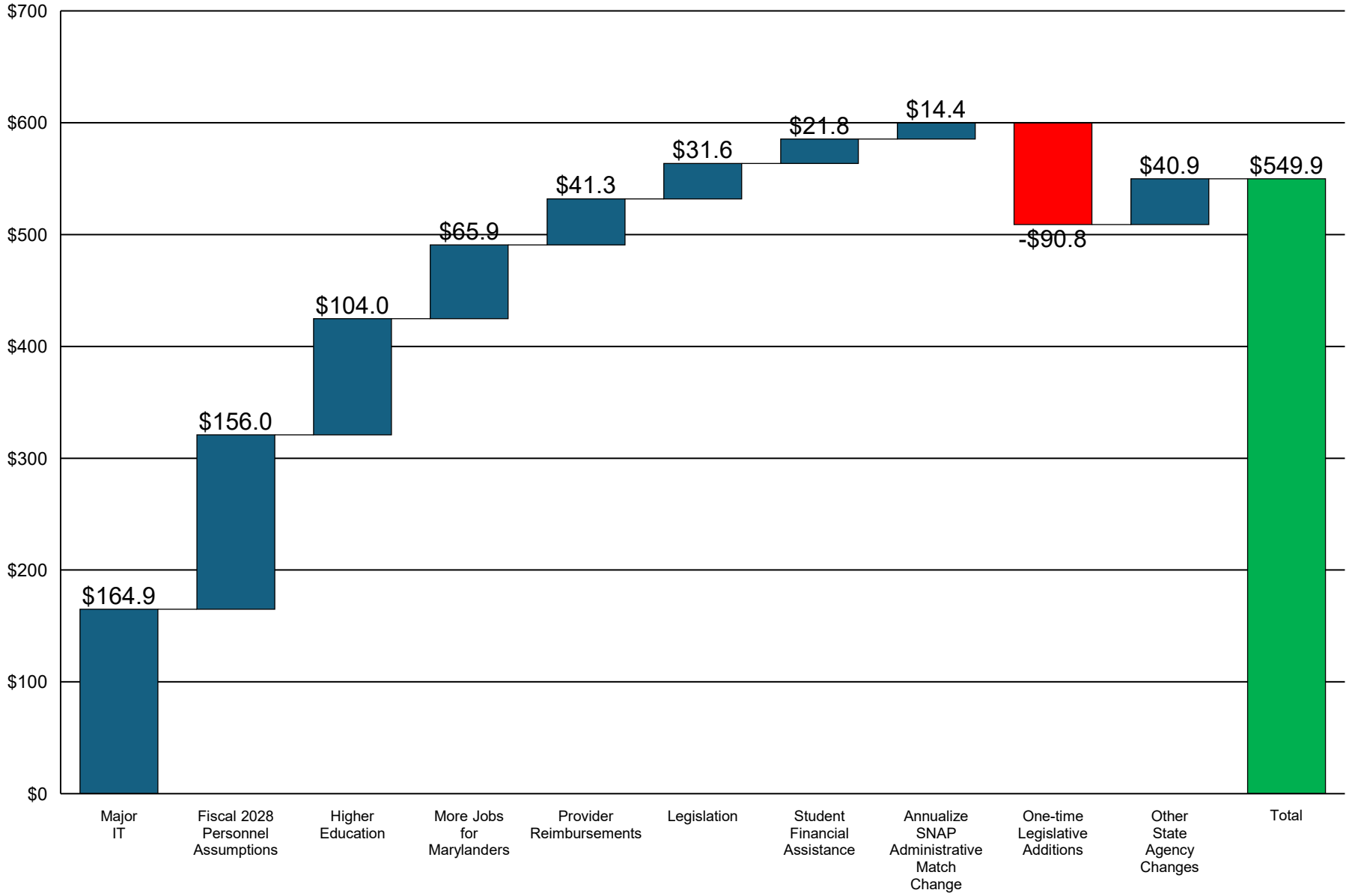


General Fund Spending Increases by $3.17 Billion, Net of Deficiency Appropriations
($ in Millions)



SNAP: Supplemental Nutrition Assistance Program
WMATA: Washington Metropolitan Area Transit Authority

General Funds Increase by $550 Million in State Agencies, Net of Deficiency Appropriations
($ in Millions)



IT: information technology
SNAP: Supplemental Nutrition Assistance Program

General Fund: End-of-year Balances
Fiscal 2026-2028
($ in Millions)

	2026 Actual	2027 Working	2028 Baseline
Total Funds Available	$28,882	$28,659	$29,269
Total Spending	27,830	28,528	31,698
Cash Balance	**$1,052**	**$131**	**-$2,429**
Structural Balance (Ongoing Revenues Less Ongoing Spending)	**$462**	**-$794**	**-$2,576**
Ratio (Ongoing Revenues/Ongoing Operating Costs)	101.7%	97.2%	91.7%
Estimated Rainy Day Fund Balance – June 30	$2,342	$2,390	$2,268
Rainy Day Fund Balance in Excess of 5%	$1,005	$1,020	$852

How Has Near-term Outlook Changed Since End of Session?

Fiscal 2027-2028

($ in Millions)

	2027	2028
Revenues		
Fiscal 2026 Closeout	$299	
Revenues Adjustments BRE – Fiscal 2027	320	$231
Other Miscellaneous Revenue Adjustments	-5	2
Smaller Closing Balance Available from Fiscal 2027		-67
Spending		
Higher Spending Primarily Due to Medicaid and Behavioral Health	-$681	-275
Rainy Day Fund		
Mandated Appropriation to Rainy Day Fund of Fiscal 2026 Surplus		-$491
Use Rainy Day Fund Balance in Excess of 8%		689
Net Change in Fiscal Outlook	**-$67**	**$89**

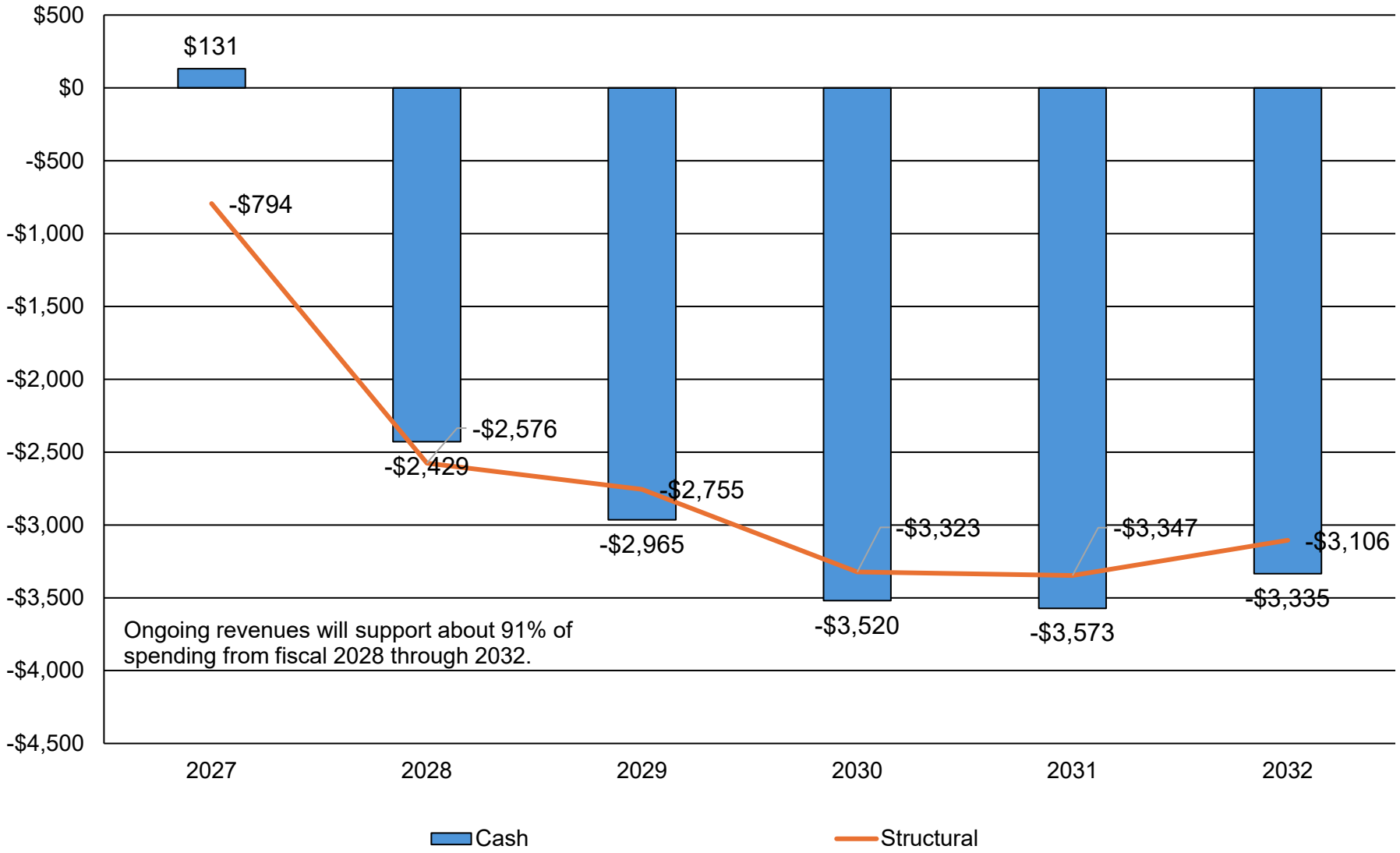
BRE: Board of Revenue Estimates

Rainy Day Fund: Revenue Stabilization Account

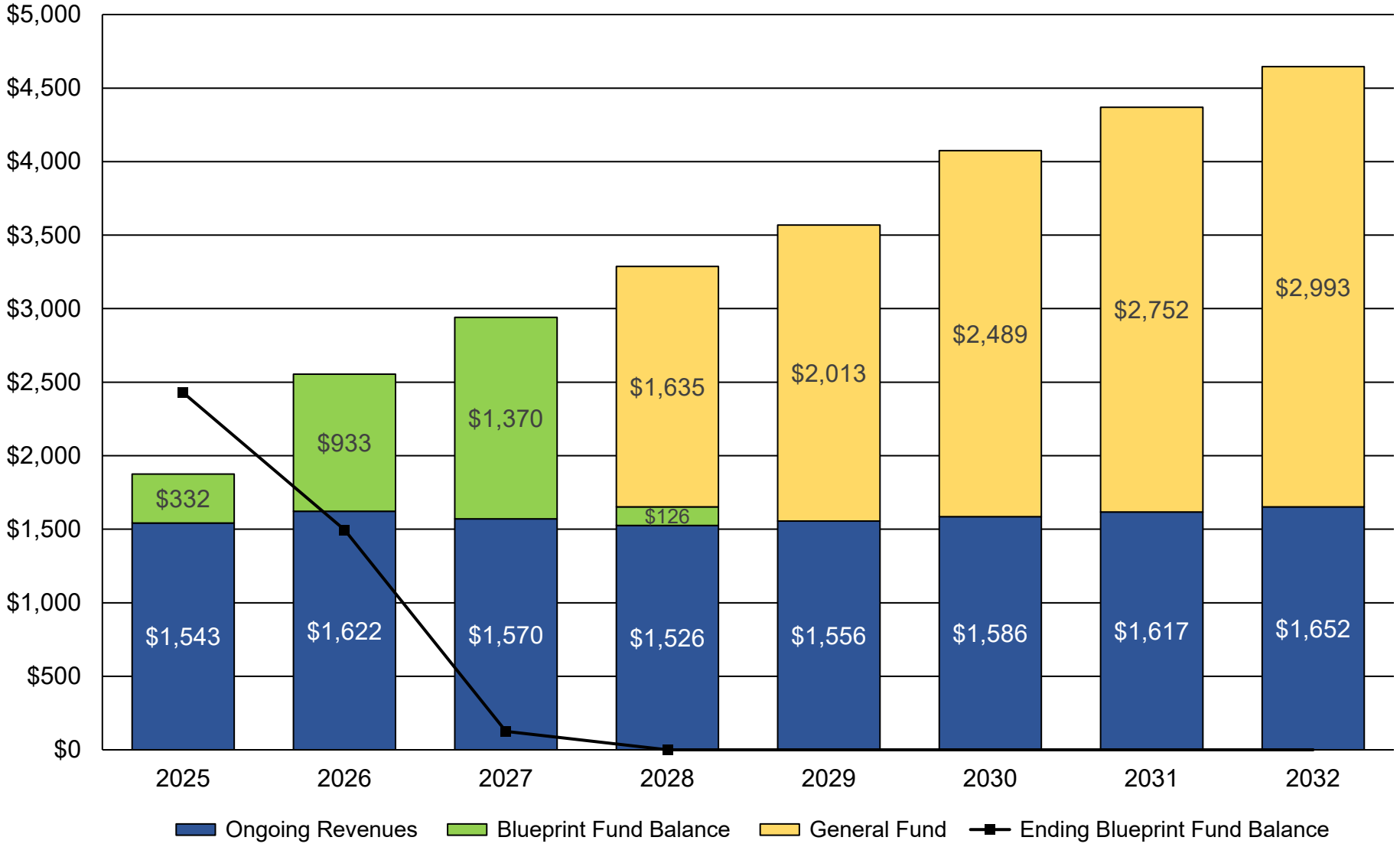
Cash and Structural Budget Shortfalls with Rainy Day Fund at 8% of Revenues

Fiscal 2027-2032

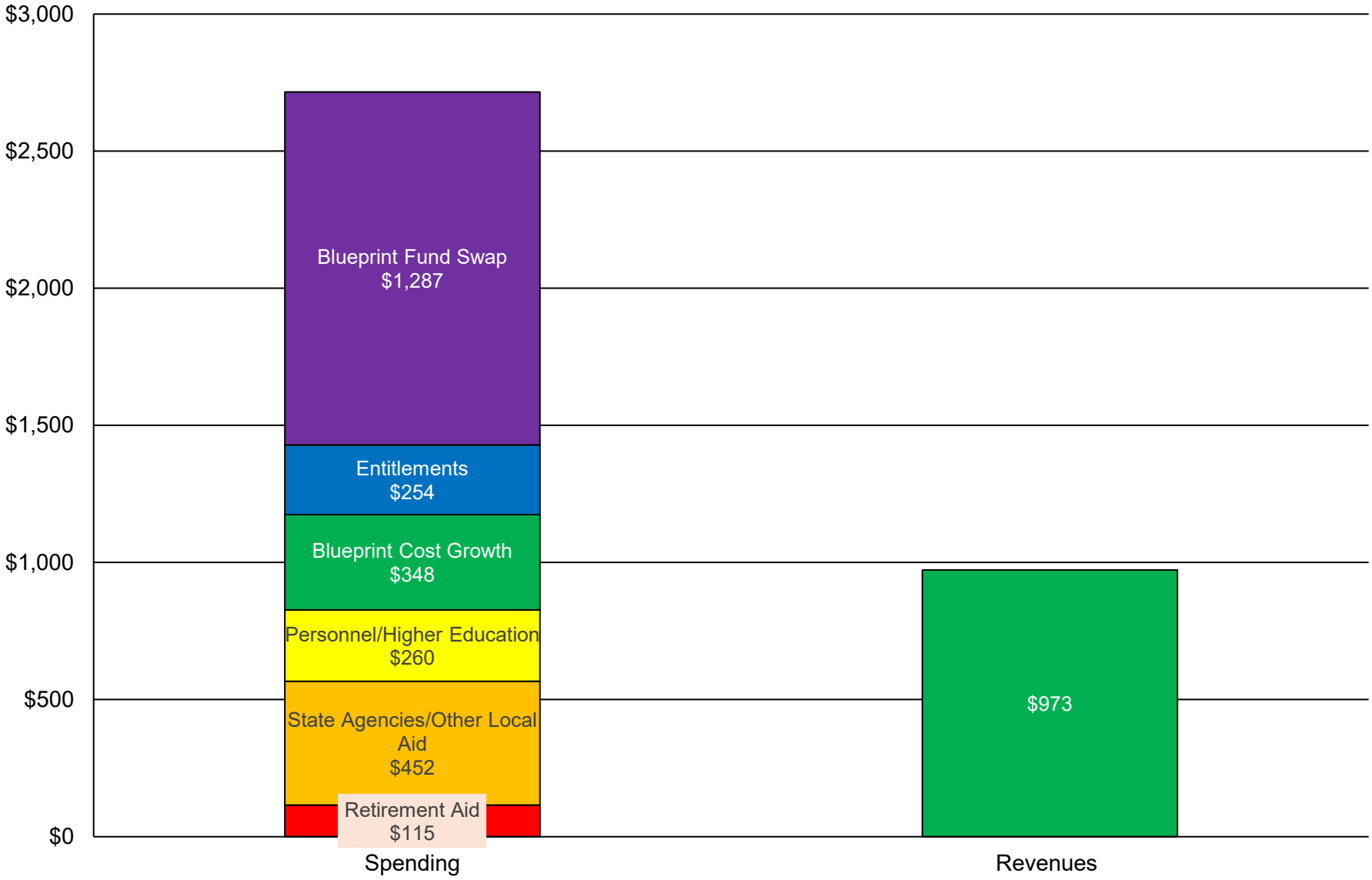
($ in Millions)



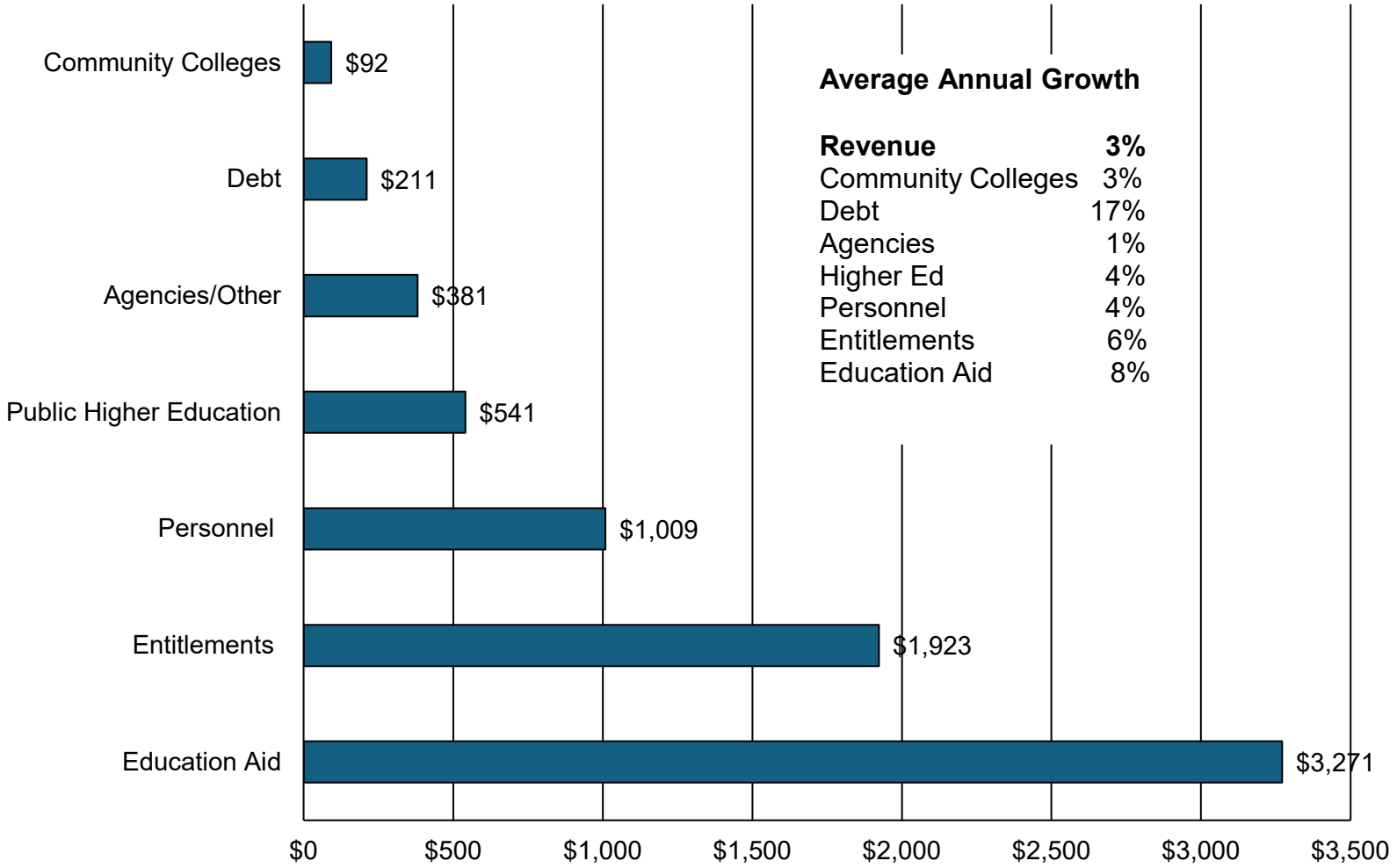
Estimated Blueprint Costs and Funding Sources
Fiscal 2025-2032
($ in Millions)



Fiscal 2028 Growth in Structural Revenues and Spending
($ in Millions)



Drivers of Ongoing General Fund Spending Growth
Fiscal 2027 to 2032
($ in Millions)



Risks to Expenditure Forecast

Risks That Costs Are Understated

- ***Federal Actions That Undo Medicaid Provisions in the One Big Beautiful Bill Act:*** Repealing Medicaid work requirements, more frequent eligibility redetermination requirements for some adults, and the loss of coverage for certain qualified immigrants would add about $150 million of annual costs in the out-years.

- ***Statutory Changes That Maintain a Hold Harmless for K-12 Free and Reduced-price Meal (FRPM) Counts Beyond Fiscal 2028:*** Maintaining FRPM counts at or near the current hold harmless level would add $200 to $300 million annually to out-year costs.

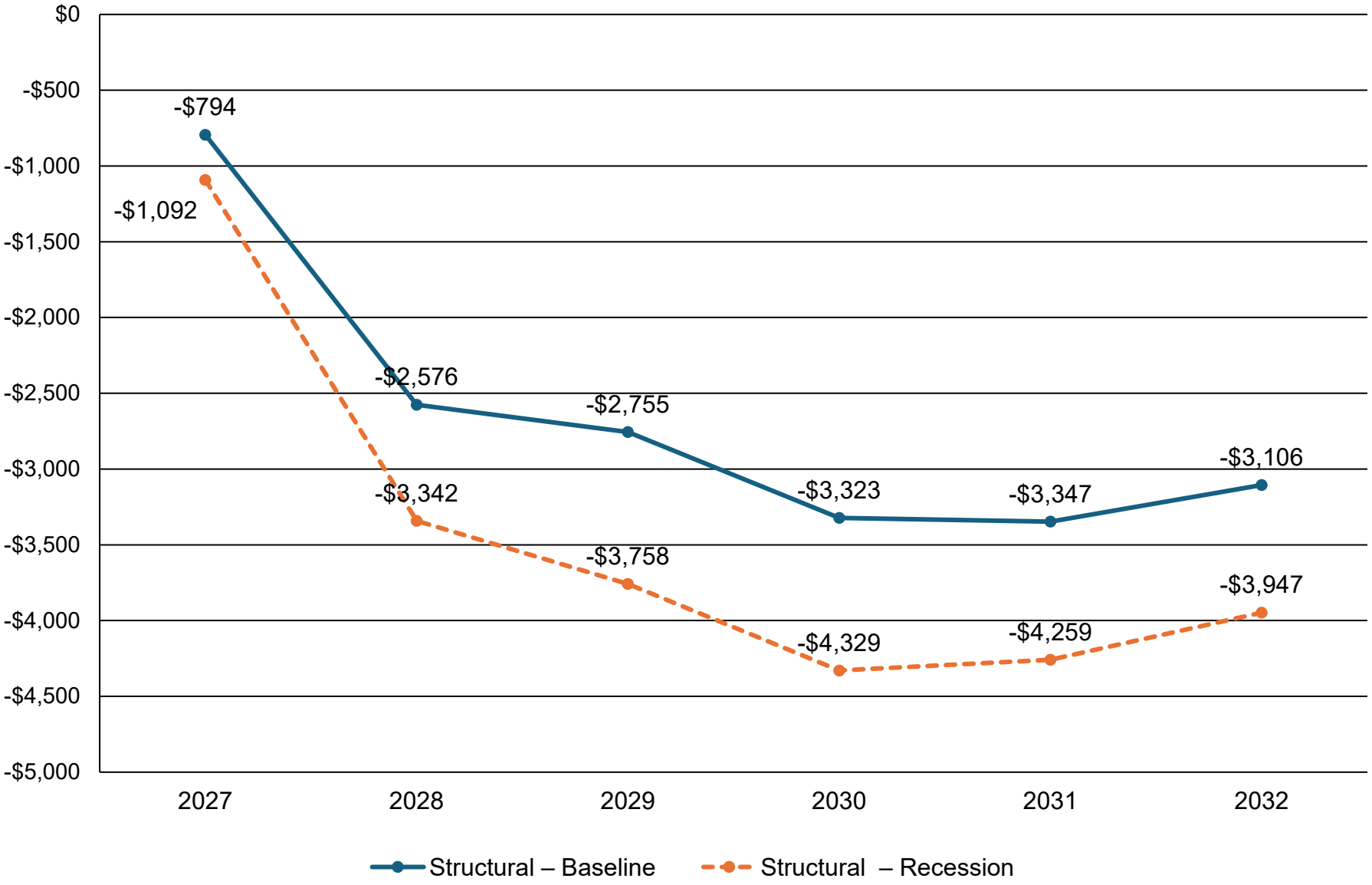
- ***Out-year Expenses for Child Victims Act Judgments/Settlements.***

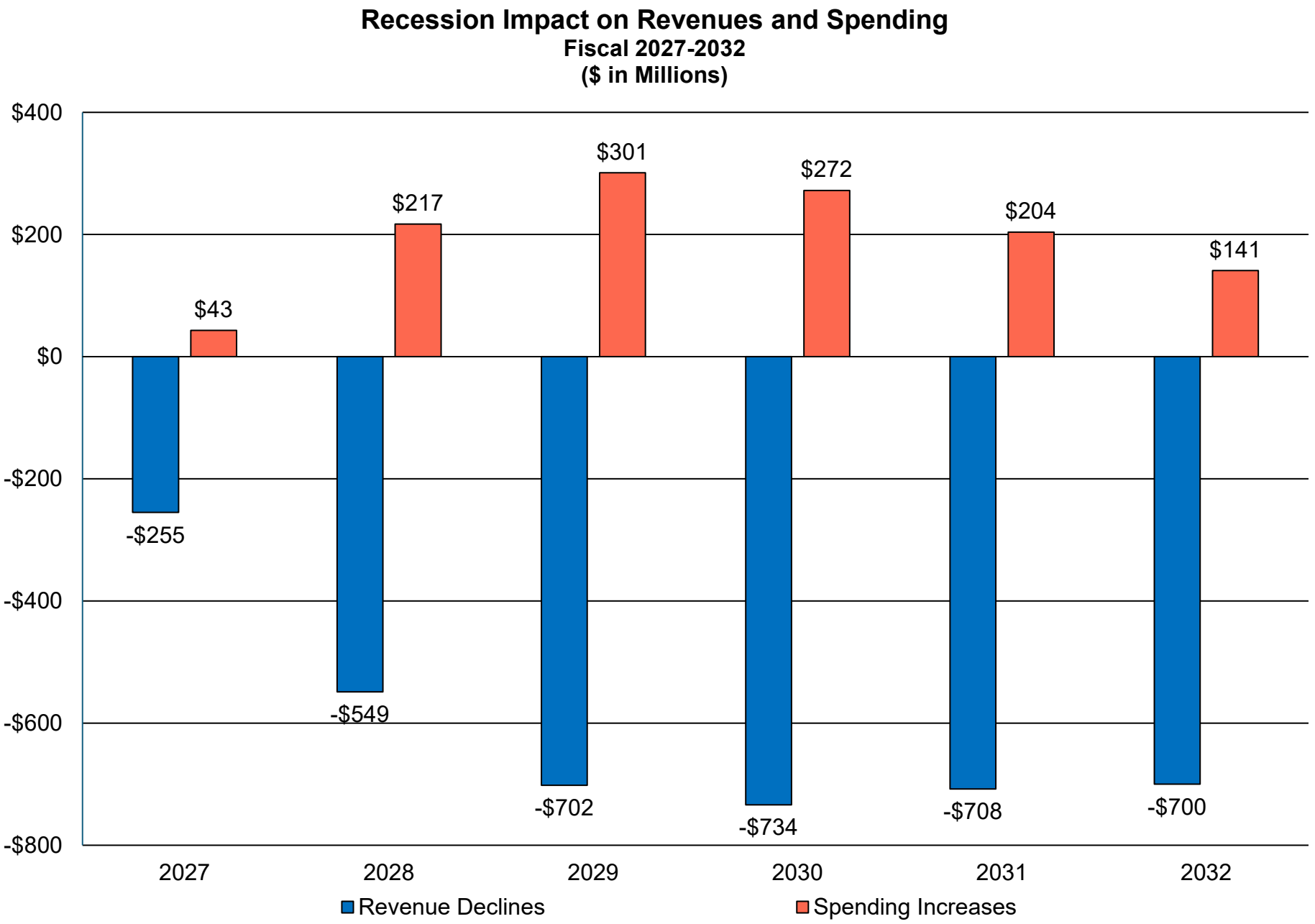
- ***Faster Than Projected Developmental Disabilities Administration (DDA) and Behavioral Health Cost Growth:*** The baseline assumes DDA grows at a more normal annual rate of 4%+, and Medicaid behavioral health costs grow a rate more in line with health care inflation.

Risks That Costs Are Overstated

- ***K-12 Enrollment Counts Fall Short of Estimates:*** The Department of Legislative Services forecast may overstate both overall enrollment for the current year and the English language learner enrollment, which would lead to savings in fiscal 2028 and subsequent years. The Maryland State Department of Education is required to report the official enrollment count on December 1.

Structural Outlook Deteriorates Under Moderate Recession
Fiscal 2027-2032
($ in Millions)




Recession Impact on Revenues and Spending
Fiscal 2027-2032
($ in Millions)
$400
$200
$0
-$200
-$400
-$600
-$800
$43
$217
$301
$272
$204
$141
-$255
-$549
-$702
-$734
-$708
-$700
2027
2028
2029
2030
2031
2032
Revenue Declines
Spending Increases

Analysis of Vacancies and Turnover Rate
Executive Branch, Excluding Higher Education
Fiscal 2027 Legislative Appropriation Compared to October 2026 Vacancies

Department/Service Area	Positions	Budgeted Turnover Rate	Vacancies to Meet Turnover	October Vacancies	Vacancies Above (or Below) Turnover	October Vacancy Rate
Largest Six State Agencies						
Transportation	9,441.5	5.6%	527	770	243	8.2%
Public Safety and Correctional Services	9,199.4	9.6%	879	1,001	123	10.9%
Health	7,259.6	10.6%	772	812	40	11.2%
Human Services	5,871.4	7.1%	418	361	-57	6.1%
Police and Fire Marshal	2,574.0	9.7%	250	296	46	11.5%
Juvenile Services	2,135.0	7.5%	160	182	22	8.5%
Subtotal	***36,480.8***	**8.3%**	***3,006***	***3,422***	***416***	***9.4%***
Other Executive						
Legal (Excluding Judiciary)	1,797.0	5.7%	103	162	59	9.0%
Executive and Administrative Control	2,188.5	5.0%	110	205	95	9.4%
Financial and Revenue Administration	2,492.2	7.7%	193	184	-9	7.4%
Budget and Management and DoIT	625.0	8.0%	50	80	30	12.8%
Retirement	218.0	7.7%	17	24	7	11.0%
General Services	750.0	10.0%	75	94	18	12.5%
Service and Civic Innovation	66.0	10.4%	7	19	12	28.8%
Natural Resources	1,533.0	7.7%	118	199	81	13.0%
Agriculture	438.5	6.3%	28	52	24	11.7%
Labor	1,933.9	8.1%	157	296	139	15.3%
MSDE and Other Education	2,053.8	5.8%	119	158	38	7.7%
Housing and Community Development	447.0	5.8%	26	21	-5	4.7%
Commerce	209.0	9.3%	19	16	-3	7.7%
Environment	1,003.0	8.3%	84	101	17	10.1%
Subtotal	***15,754.8***	**7.0%**	***1,105***	***1,609***	***504***	***10.2%***
Executive Branch Subtotal	**52,235.6**	**7.9%**	**4,111**	**5,031**	**920**	**9.6%**

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

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

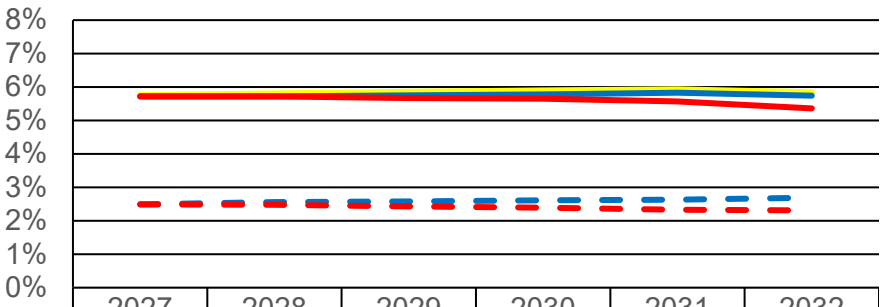
Filled Positions and Vacancy Rate



State Debt Affordability Ratios

- The Capital Debt Affordability Committee (CDAC) develops State debt policy. CDAC has two affordability criteria:
  - State debt service cannot exceed 8% of State revenues; and
  - State debt outstanding cannot exceed 4% of personal income.
- Projected debt service and debt outstanding is well within affordability limits for both the CDAC's slow issuance assumptions and the *Joint Chair's Report* Workgroup issuance assumptions.
- State Debt includes capital leases consistent with the Governmental Accounting Standards Board 62 historical standards; hence the recent Prieto Battery lease is State debt.

Affordability Ratios
Fiscal 2027-2032



	2027	2028	2029	2030	2031	2032
Recession DS Ratio	5.76%	5.81%	5.86%	5.90%	5.93%	5.84%
JCR Workgroup DS Ratio	5.72%	5.72%	5.75%	5.78%	5.83%	5.74%
Slow Issuance DS Ratio	5.72%	5.72%	5.67%	5.65%	5.57%	5.36%
JCR Workgroup DO Ratio	2.49%	2.56%	2.58%	2.61%	2.63%	2.69%
Slow Issuance DO Ratio	2.49%	2.48%	2.43%	2.39%	2.33%	2.31%

JCR: *Joint Chair's Report* DO: Debt Outstanding
DS: Debt Service

Source: Board of Revenue Estimates; Maryland Department of Transportation; State Treasurer's Office; Maryland Stadium Authority; Maryland Department of the Environment; Capital Debt Affordability Committee; State Department of Assessments and Taxation; Department of Legislative Services

General Obligation Bond Authorizations, Issuances, and Debt Service

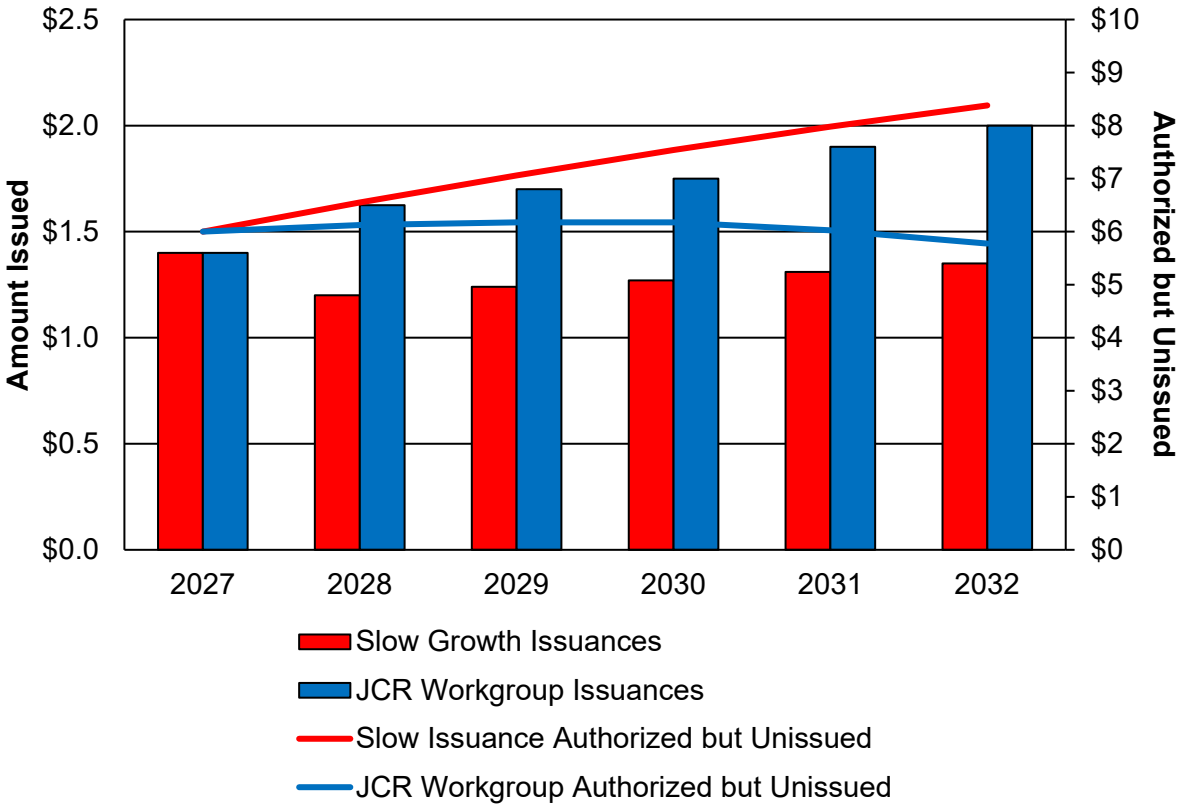
- The 2025 Operating Budget *Joint Chair's Report* (JCR) directed the State Treasurer's Office to work with the Department of Budget and Management and the Department of Legislative Services to convene a workgroup evaluating the issuance assumptions used by the Capital Debt Affordability Committee (CDAC).

- The JCR workgroup recommended that beginning with the 2025 CDAC analysis, the issuance assumptions used by CDAC should be based on the 10-year moving weighted average of actual project expenditures per capital budget bill.

- The Administration uses alternative issuance assumptions that have much slower issuance increases.

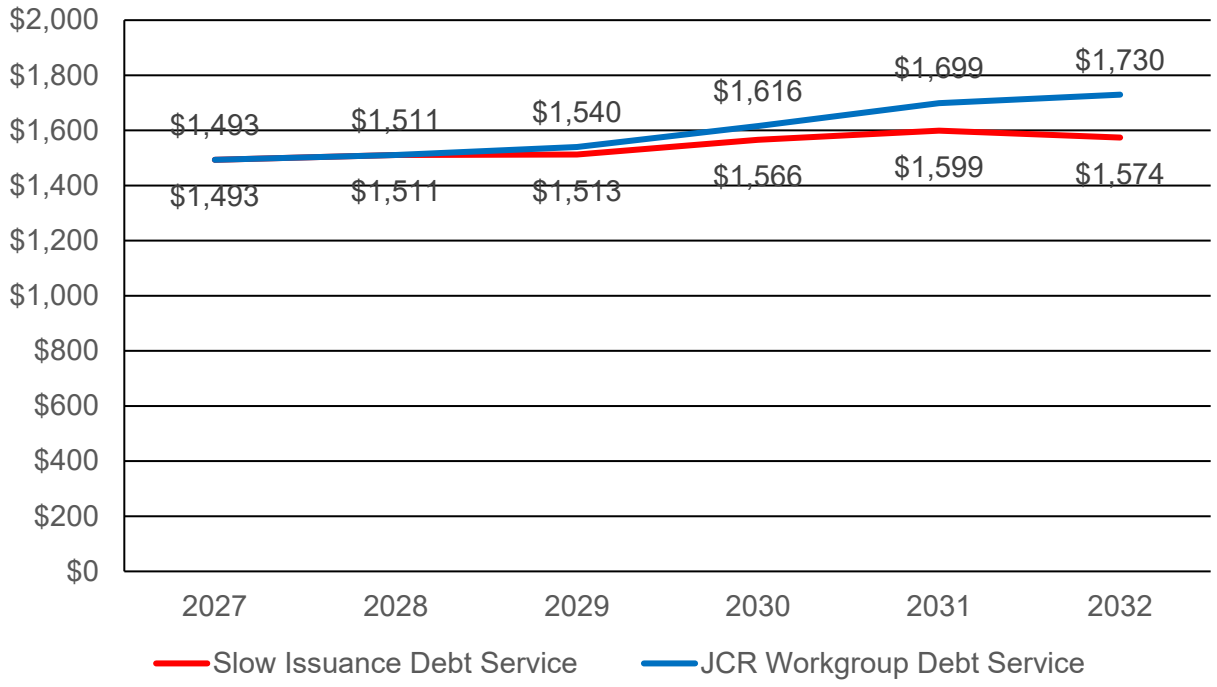
Comparing 10-year Average Issuances to Slow Issuance Increase

($ in Billions)



JCR: *Joint Chair's Report*

Comparing 10-year Average Debt Service Costs to Slow Issuance Growth Debt Service Costs
Fiscal 2027-2032
($ in Millions)



JCR: *Joint Chair's Report*

By Any Measure, Maryland Is a High-debt State: Comparing Maryland's Long-term Liabilities to AAA-rated States

State	Total Long-term Liabilities to Revenues	State Debt to Personal Income	Implied Debt Service to Revenues	Pension Liability to Revenues	OPEB Liability to Revenues	Capital Asset Depreciation Ratio
Maryland	7	7	6	6	8	5
Delaware	8	4	7	26	3	36
Texas	13	33	32	12	6	49
Virginia	12	16	14	37	31	46
Ohio	32	22	15	32	48	9
Missouri	24	45	37	16	18	26
South Carolina	17	38	42	10	20	43
Minnesota	41	22	25	46	32	14
Florida	36	33	31	35	22	25
Georgia	38	28	20	33	46	17
Indiana	42	42	46	31	43	1
North Carolina	40	33	35	40	17	50
Iowa	46	42	42	43	33	18
Utah	34	38	37	42	47	41
South Dakota	43	38	35	44	44	47
Tennessee	50	46	46	48	29	37

OPEB: Other Postemployment Benefits

Note: Rankings compare 50 states and do not include the District of Columbia or territories. Lower ranking numbers signify larger liabilities. AAA-rated states with larger liabilities than Maryland are shaded. States are sorted from largest to smallest combined liabilities. Moody's includes debt supported by lottery revenues in its state debt comparisons. Implied debt service normalizes debt service costs so that all debt is amortized over 20 years. Pension liabilities are normalized with a standard discount rate.

Source: Moody's Investor Services, September 2026

Maryland's Rainy Day and General Fund Balances Compared to AAA-rated States
Fiscal 2026

	Rainy Day Fund Only			General Fund and Rainy Day Fund		
State	Rainy Day Fund State Rank	Days State Could Run on Rainy Day Fund	Rainy Day Fund As % of Expenditures	General Fund Balance as % of Expenditures	Rainy Day Fund and General Fund Balance as % of Expenditures	Rainy Day Fund and General Fund Balance as % of Expenditures
Texas	7	85	23.3%	1.0%	24.3%	7
South Carolina	23	50	13.8%	29.4%	43.2%	23
Georgia	24	49	13.4%	10.0%	23.4%	22
Ohio	27	46	12.6%	2.8%	15.4%	27
Virginia	28	45	12.4%	6.9%	19.3%	28
South Dakota	29	45	12.4%	0.6%	12.9%	29
North Carolina	31	40	11.1%	3.4%	14.5%	31
Utah	32	40	10.9%	2.2%	13.0%	32
Minnesota	33	39	10.6%	12.8%	23.4%	33
Indiana	36	35	9.5%	5.2%	14.7%	38
Iowa	38	33	9.0%	13.0%	22.0%	24
Florida	41	32	8.6%	18.5%	27.1%	16
Tennessee	42	31	8.5%	6.5%	14.9%	42
Maryland	43	28	7.8%	1.1%	8.8%	46
Missouri	45	21	5.8%	13.8%	19.5%	45
Delaware	47	19	5.1%	30.4%	35.5%	10

Rainy Day Fund: Revenue Stabilization Account

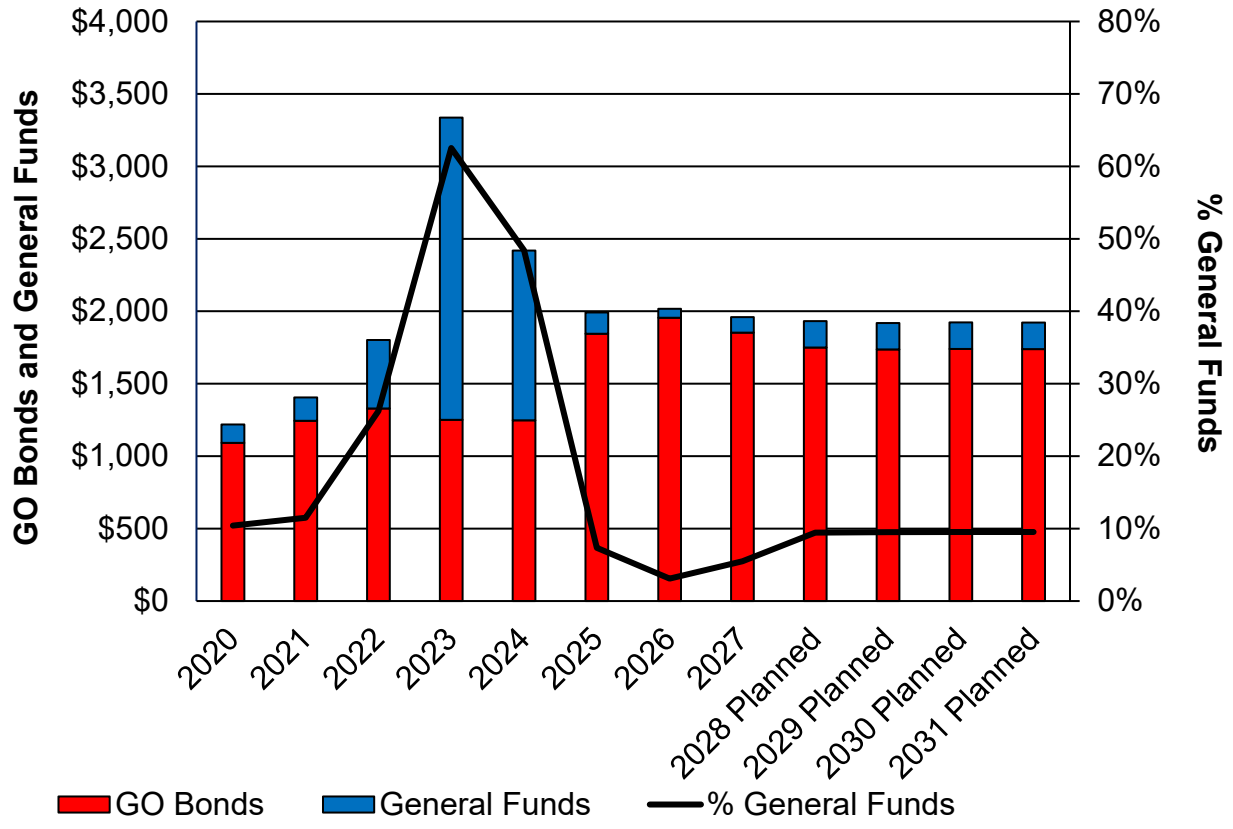
Note: Rankings compare 50 states and do not include the District of Columbia or territories. Lower ranking numbers signify small balances. AAA-rated states with smaller balances than Maryland are shaded.

Source: Pew Center on States, October 2026

Capital Program

- **The Capital Debt Affordability Committee Recommends Maintaining a $1.75 Billion General Obligation (GO) Bond Authorization Level Annually throughout the Five-year Planning Period:** This is consistent with the level assumed by the 2026 *Capital Improvement Program* (CIP). The CIP also planned $182 million annually in pay-as-you-go (PAYGO) general funds, primarily for Washington Metropolitan Area Transit Authority (WMATA) grants.

GO Bond and General Fund Components of Capital Program
Fiscal 2020-2031
($ in Millions)



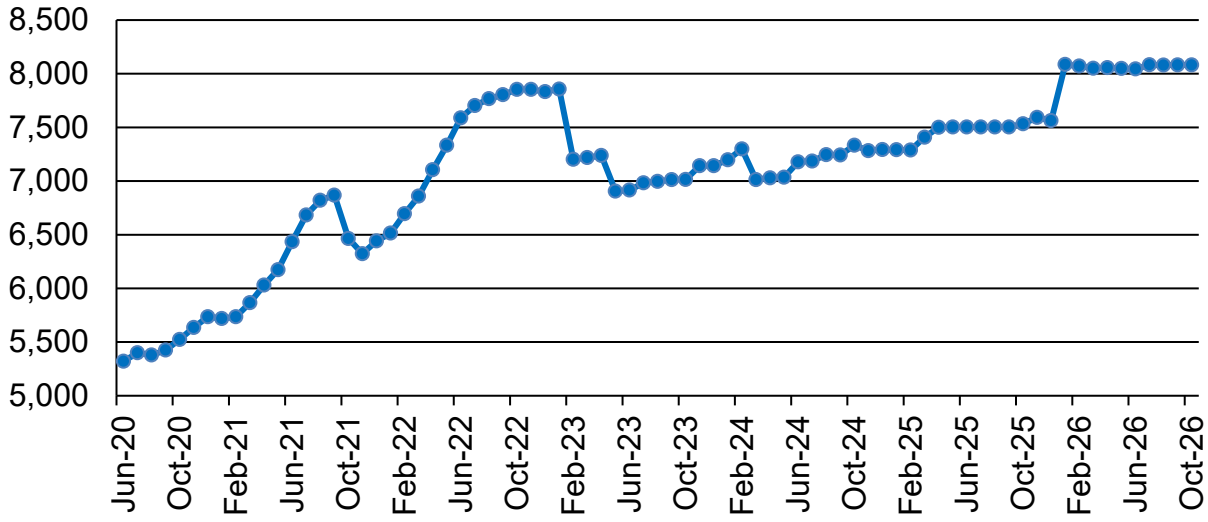
GO: general obligation

- **Fiscal Responsibility Fund Receives $196.1 Million:** These funds are available to support K-12 and higher education capital projects. Alternatively, these funds can be transferred to provide operating budget relief, as occurred in fiscal 2027.

- **Preauthorizations above the CIP Total $100.6 Million for Fiscal 2028:** These projects reflect legislative initiatives preauthorized for the upcoming session. The full list of legislative preauthorized projects can be found in **Appendix 16**.

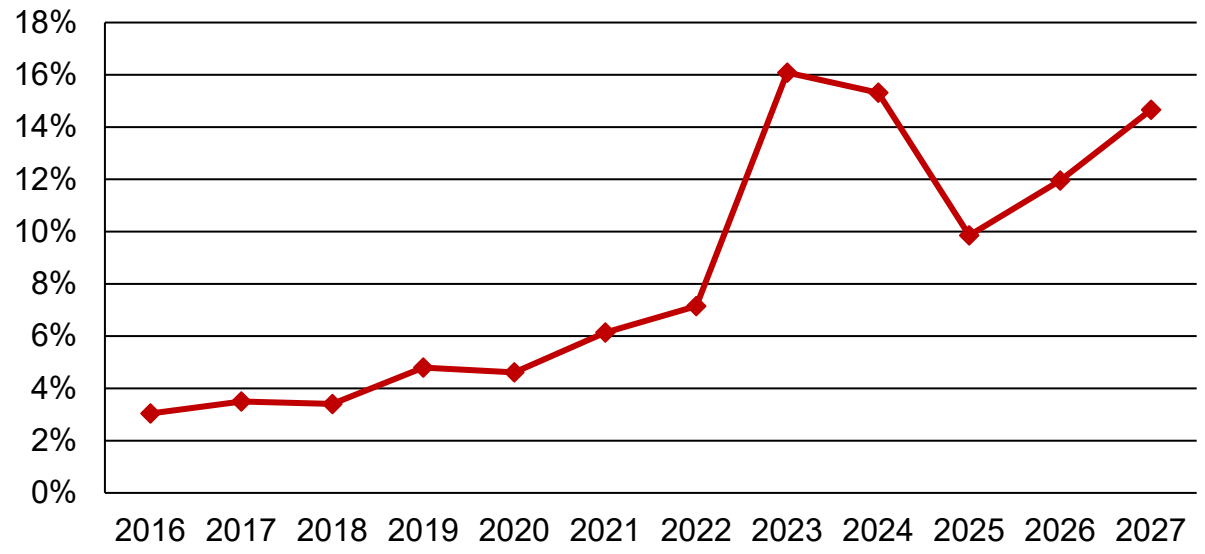
- **Continued Construction Inflation Puts Pressure on Capital Budget:** Although inflation has leveled off since January 2026, the cumulative effect of elevated inflation over the last several years has eroded the purchasing power of the capital budget. Although the GO bond authorization level increased significantly in fiscal 2025, this primarily recognized shifting planned general funds to bonds rather than accounting for inflation in the construction market.

Building Cost Index – Baltimore Region
June 2020 to October 2026

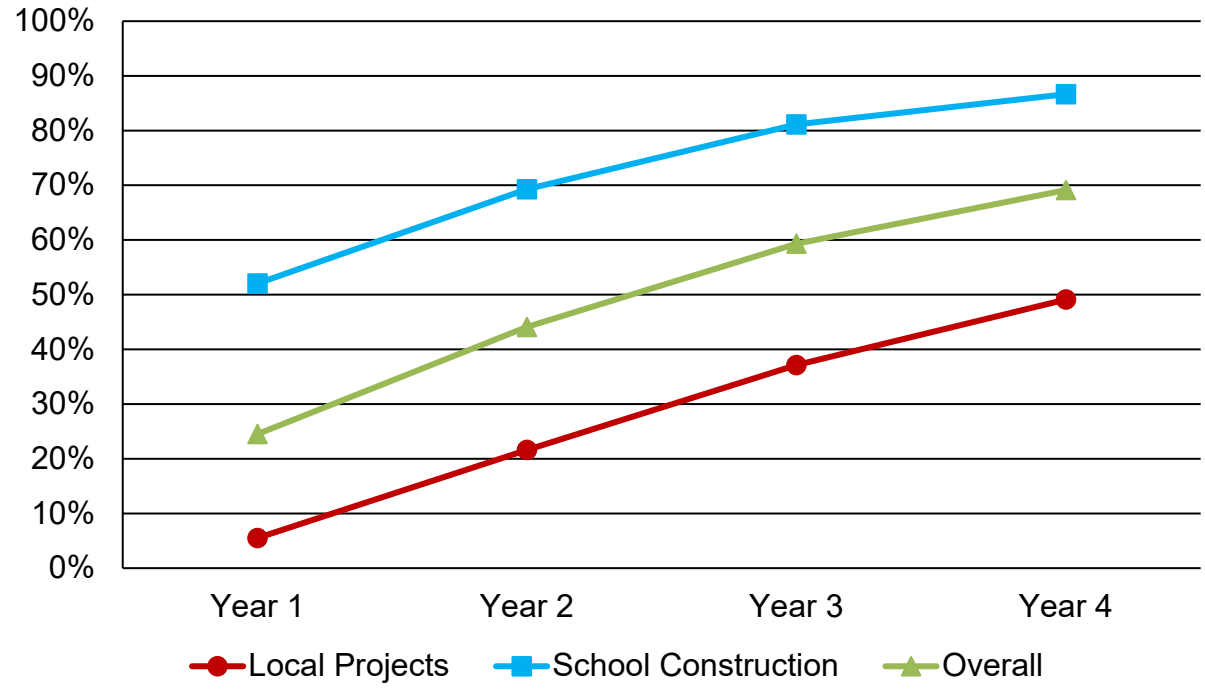


- **Local Projects Account for a Growing Share of the Capital Budget; Drive Low GO Bond Expenditure Rates:** Local projects accounted for nearly 15% of the fiscal 2027 capital program. The share of the capital program allocated to local projects jumped significantly in fiscal 2023, when a large surplus of general funds was used for one-time capital projects. The surplus and elevated share for local projects continued in fiscal 2024. However, when general fund surpluses were no longer available, the share of the capital budget allocated to local projects did not return to previous levels. The increased share of the budget going to local projects also drives the recent trend of overall slow expenditures of GO bond authorizations. In the first four years following authorization, approximately 50% of authorized funds for local projects are expended, compared to 77% for all other authorizations.

Share of Capital Budget for Local Projects
Fiscal 2016-2027



Cumulative GO Bond Expenditure Rates by Years Since Authorization
2020-2022 Session Authorizations



GO: general obligation

New Transportation Revenues Enacted 2024 and 2025 Sessions
Fiscal 2025-2032
($ in Millions)

	Actual 2025	Actual 2026	2027	2028	2029	2030	2031	2032	2027-2032
Enacted 2024 Session									
Vehicle Registration Fee Increases[1]	$142	$261	$263	$254	$258	$261	$264	$267	$1,568
Transportation Network Company Fee	41	39	42	44	47	51	54	58	297
Electric Vehicle Surcharge	8	19	22	28	35	44	56	70	255
SHA Highway Work Zone Safety	14	20	27	27	26	26	26	25	157
Sales Tax – Electricity	1	1	1	1	1	1	1	1	4
Subtotal – Enacted 2024 Session	**$206**	**$340**	**$355**	**$354**	**$367**	**$382**	**$400**	**$422**	**$2,281**
Enacted 2025 Session									
Capital Gains Surcharge		$115	$96	$98	$100	$101	$101	$103	$599
Certificate of Title Fee Increase		83	83	83	84	84	85	85	504
Vehicle Excise Tax Increase to 6.5%		80	89	93	98	102	106	109	597
VEIP Fee Increase (Including Late Fee)		29	29	30	30	31	32	32	184
Increase Cap on MVA Cost Recovery		25	36	36	36	36	36	36	216
Historic Tags Eligibility Alterations		4	4	0	0	0	0	0	8
New Tire Fee of $5		7	24	24	24	24	24	24	145
Rental Vehicle Excise Tax of 3.5%		30	28	29	29	30	31	31	178
Rental Car Registration Fee Alteration		5	5	5	5	5	5	5	30
Subtotal – Enacted 2025 Session		***$378***	***$395***	***$398***	***$406***	***$413***	***$419***	***$426***	***$2,457***
Total New Revenues	**$206**	**$717**	**$750**	**$752**	**$773**	**$796**	**$819**	**$848**	**$4,738**

[1] Includes revenues attributable to the accelerated phase-in of the vehicle registration fee increases enacted during the 2025 session.

MVA: Motor Vehicle Administration
SHA: State Highway Administration
VEIP: Vehicle Emission Inspection Program

Source: Maryland Department of Transportation; Department of Legislative Services

- Actual fiscal 2026 revenue attainment from new revenue sources enacted during the 2024 and 2025 sessions was $717 million, or $59 million lower than projected in the January 2026 Maryland Department of Transportation (MDOT) Transportation Trust Fund (TTF) financial forecast.

- Revenue attainment from all new revenue sources enacted during the 2024 and 2025 legislative sessions is projected to average just under $800 million annually across the six-year forecast period.

Transportation Trust Fund Six-year Forecast Comparisons
Fiscal 2026-2032
($ in Millions)

	MDOT Jan. 2026	MDOT Sept. 2026	Difference	DLS Nov. 2026	Difference
Revenues					
Net Revenues and Fund Balance Use	$31,780	$32,441	$661	$32,939	$498
Bond Proceeds and Premiums	3,206	3,610	404	3,240	-370
Total Revenues	**$34,986**	**$36,051**	**$1,065**	**$36,179**	**$128**
Expenditures					
Debt Service	$2,997	$3,214	$217	$3,080	-$134
Operating Budget	21,030	21,739	709	21,822	83
State Funds Available for Capital	10,959	11,098	139	11,277	179
Total Expenditures	**$34,986**	**$36,051**	**$1,065**	**$36,179**	**$128**
Capital Summary					
State Program (Excluding HUR)	$8,658	$8,905	$247	$9,074	$169
Highway User Revenues	2,298	2,192	-106	2,203	11
Net Federal Capital (Cash Flow)	8,644	8,656	12	8,656	-
Other Funds	2,505	2,174	-331	2,174	-
Total Capital	**$22,106**	**$21,927**	**-$178**	**$22,107**	**$180**

DLS: Department of Legislative Services
HUR: Highway User Revenue
MDOT: Maryland Department of Transportation

Note: Numbers may not sum to total due to rounding

- New revenues primarily cover increased operating expenses that increase due to employee compensation growth and additional new positions to improve transit service, escalation in major contracts, and projected operating expenses related to the opening of the Purple Line in fiscal 2028. MDOT operating costs have also been impacted by high rates of inflation and fuel costs.

- Across the six-year forecast period, operating expenses in the September 2026 MDOT financial forecast total over $21.7 billion, an increase of $709 million, or 3.2%, from the January 2026 MDOT forecast.

- MDOT's six-year *Draft 2027 Consolidated Transportation Program* (CTP) decreases by $173 million, or 0.7%, compared to the 2026 CTP.

The Department of Legislative Services (DLS) forecast reflects:

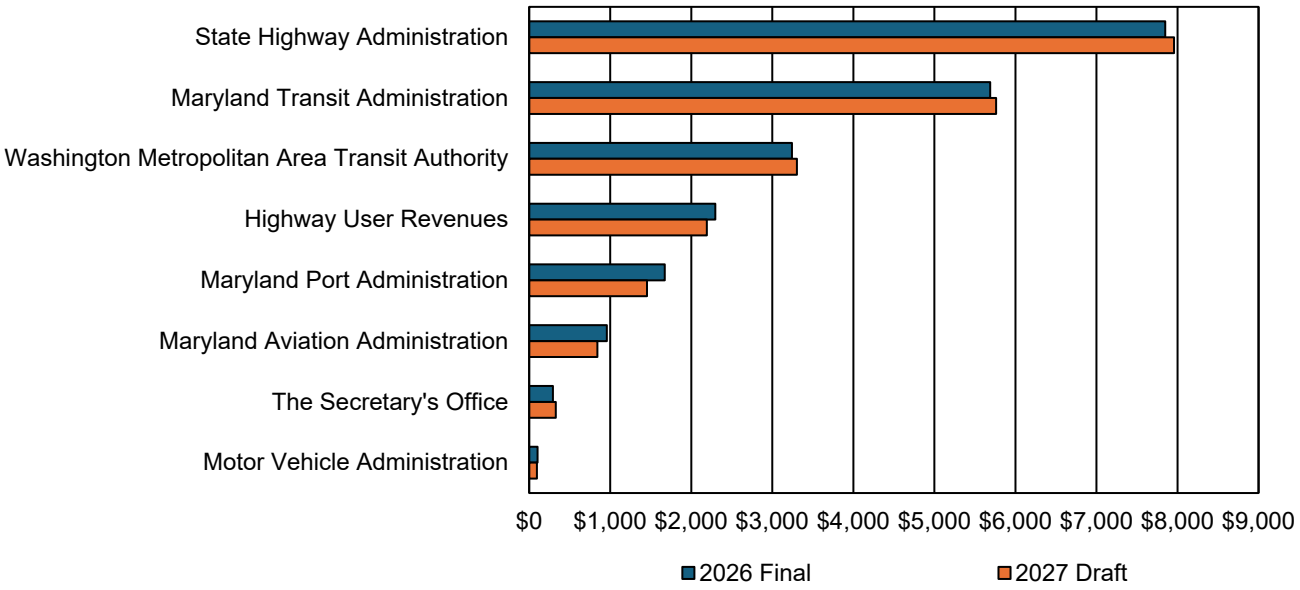
- The actual fiscal 2026 closing balance, which is $326 million higher than assumed in the MDOT September 2026 forecast that was released before closeout was finalized;

- DLS projected revenue attainment from motor fuel taxes and titling taxes, which is a net $143.1 million higher than assumed in the September 2026 MDOT forecast. DLS projects higher attainment in motor fuel revenue across all years of the forecast period and lower attainment in titling tax revenue in fiscal 2029 through 2032, resulting in a net increase relative to the MDOT forecast.

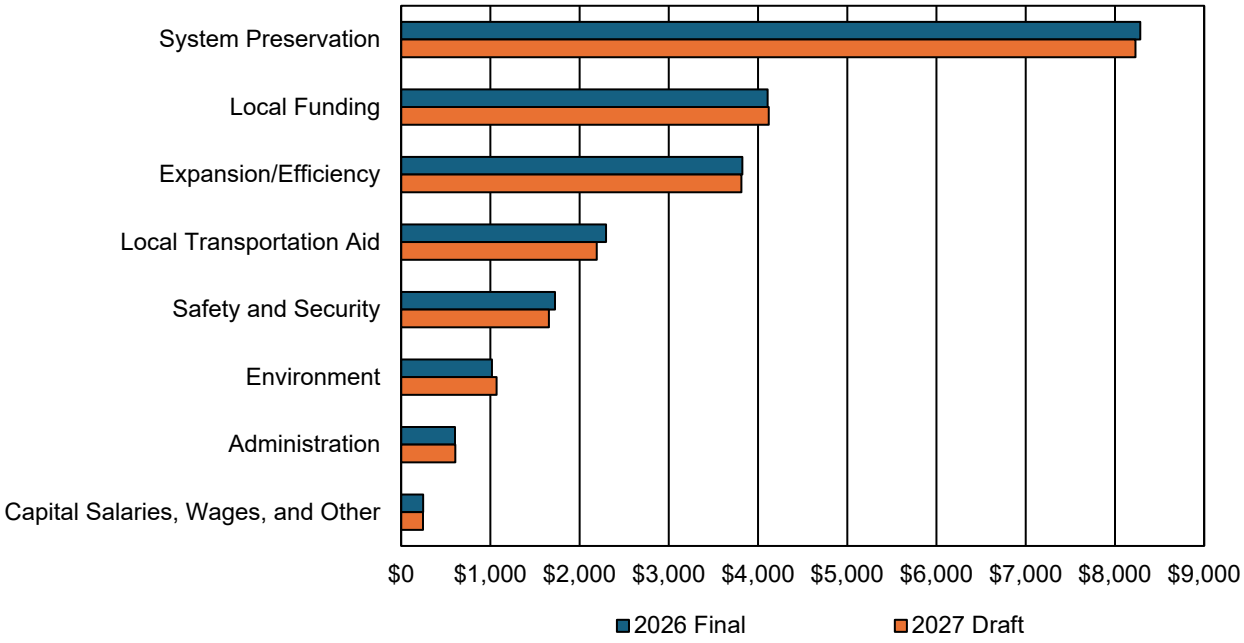
- DLS projected debt issuances and debt service costs reflect less debt issuances, primarily due to the amount of bonds sold at MDOT's most recent bond sale held in October 2026, which were $300 million less than assumed in the September 2026 forecast. In addition, DLS projects that MDOT will have slightly less capacity for new bond issuances in later fiscal years in order to maintain adequate debt service coverage ratios throughout the six-year forecast period. Overall, the DLS forecast projects $370 million less debt issuances and $134 million lower debt service costs over the six-year forecast period, accounting for these differences.

- DLS projected operating expense growth, reflecting baseline projections in fiscal 2028 and projected growth rates in fiscal 2029 to 2032 of between 3.5% and 4.0% annually for MDOT modes and 3% annually for the Washington Metropolitan Area Transit Authority. Additional operating expense growth in the Maryland Transit Administration (MTA) is assumed in fiscal 2028 and 2029 due to the annualization of operating expenses for the newly opened Purple Line. DLS projects that operating expenses will be $83 million higher than the MDOT estimate over the six-year period.

Consolidated Transportation Program Comparison by Mode
2026 Final v. 2027 Draft
($ in Millions)



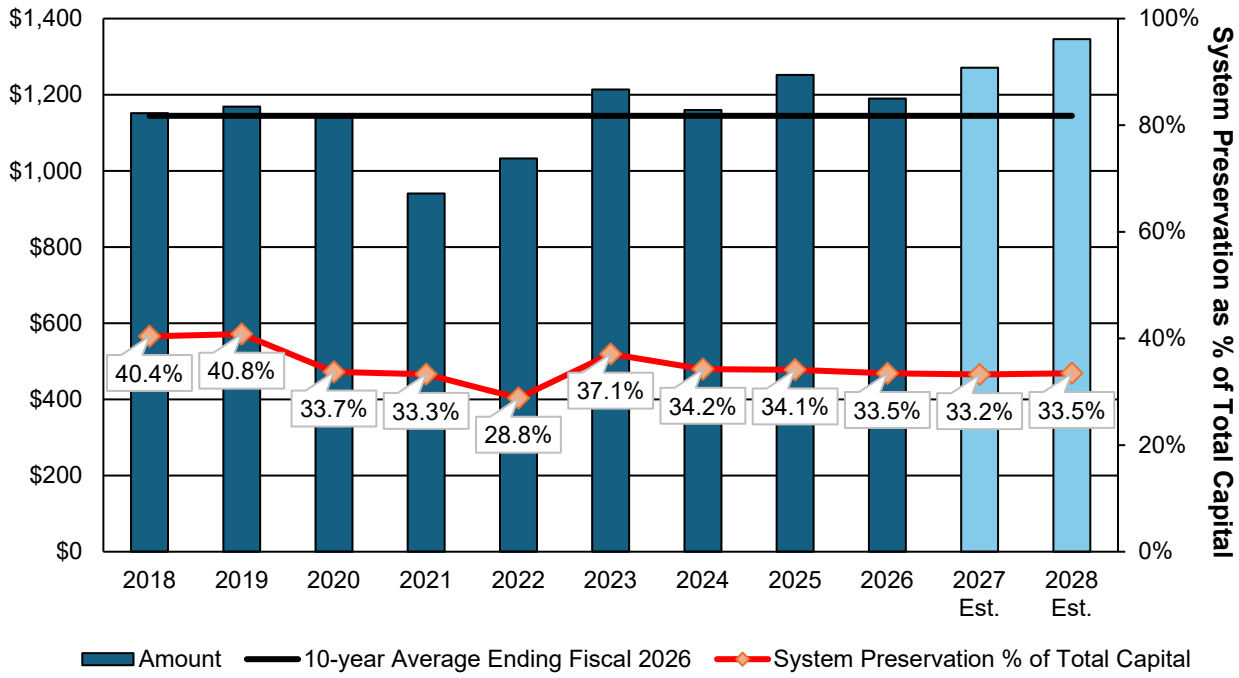
Consolidated Transportation Program Comparison by Investment Category
2026 Final v. 2027 Draft
($ in Millions)



Consolidated Transportation Program Fiscal 2027 and 2028 System Preservation Programmed Funding

Fiscal 2018 to 2028 Est.

($ in Millions)



- Average annual spending for system preservation for the 10-year period ending with fiscal 2026 was $1.145 billion. The draft CTP includes $1.346 billion for system preservation projects in fiscal 2028, which is $201 million greater than the 10-year average.

- Chapters 27 and 563 of 2022 require the Spending Affordability Committee to include recommendations in the report that it submits to the Legislative Policy Committee and the Governor on:

  - a recommended fund balance for the TTF; and

  - a recommended minimum expenditure level for system preservation by MDOT.

- MDOT's target closing balance for the TTF is set to meet projected working cash flow needs. The draft TTF forecast has a target closing balance of $500 million in fiscal 2028. This level is a decrease of $50 million from the target closing balance of $550 million anticipated in the January 2026 financial forecast and is reasonable based on expected revenue and spending levels.

Appendices

Appendix 1

Traditional Lottery Revenue Forecast

Fiscal 2025-2032

($ in Millions)

	Actual **2025**	Actual **2026**	Estimate **2027**	Estimate **2028**	Estimate **2029**	Estimate **2030**	Estimate **2031**	Estimate **2032**
Total Net Sales	$2,638.3	$2,682.5	$2,613.8	$2,607.9	$2,605.5	$2,611.4	$2,619.0	$2,627.9
Year-over-year Percent Change	*-3.6%*	*1.7%*	*-2.6%*	*-0.2%*	*-0.1%*	*0.2%*	*0.3%*	*0.3%*
Total Net Revenue	$667.2	$681.6	$654.8	$650.7	$647.7	$647.6	$647.7	$648.1
Year-over-year Percent Change	*-4.6%*	*2.2%*	*-3.9%*	*-0.6%*	*-0.5%*	*0.0%*	*0.0%*	*0.1%*
Distributions	$148.2	$143.1	$206.8	$208.3	$212.2	$212.4	$213.2	$213.0
Share of Net Revenue	22.2%	21.0%	31.6%	32.0%	32.8%	32.8%	32.9%	32.9%
General Fund	**$519.0**	**$538.4**	**$448.1**	**$442.5**	**$435.6**	**$435.2**	**$434.5**	**$435.1**
Year-over-year Percent Change	*-20.8%*	*3.7%*	*-16.8%*	*-1.3%*	*-1.6%*	*-0.1%*	*-0.2%*	*0.1%*
Distribution Detail								
Stadium Facilities Fund	$13.4	$11.3	$3.4	$3.4	$3.4	$3.4	$3.4	$3.4
Baltimore City School Construction Fund	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Camden Yards Football Sports Facility Fund	34.7	34.6	45.0	45.0	45.0	45.0	45.0	45.0
Camden Yards Baseball Sports Facility Fund		13.5	41.6	41.6	41.6	41.6	41.6	41.6
Bus Rapid Transit Fund	27.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Prince George's County Blue Line Corridor Fund	27.0	27.0		29.0	29.0	29.0	29.0	29.0
Blue Line Corridor Fund – Capital Projects			27.0					
Sports Entertainment Facility Fund	12.4	12.4	25.0	25.0	25.0	25.0	25.0	25.0
Major Sports/Entertainment Event Fund	7.6	6.8	10.0	10.0	10.0	10.0	10.0	10.0
Veterans Trust Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Michael Erin Busch Sports Fund	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Maryland Humanities Council	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Maggie McIntosh School Arts Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Prince George's County Local Impact Grant	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
VLT Local Impact Grant Hold Harmless	1.3	1.4	1.7	1.5	1.4	1.2	1.1	0.9
Racetrax Local Impact Grants		0.3	0.3					
Racetrack Renewal – Net Transfer		-5.9	11.1	11.0	15.0	15.4	16.4	16.3

VLT: video lottery terminals

Source: Board of Revenue Estimates

Appendix 2
Key Baseline Budget Assumptions

- The baseline budget is an estimate of the cost of government services in the next budget year based on a set of assumptions. Assumptions include that current laws, policies, and practices are continued; federal mandates and multi-year commitments are observed; legislation adopted at the prior session is funded; and full-year costs of programs, rate increases, and any other enhancements started during the previous year are included.

- The baseline and forecast account for the continued implementation of the One Big Beautiful Bill Act (OBBBA).

    - Annualization of the change in the administrative cost share for the Supplemental Nutrition Assistance Program (SNAP) estimated at $14.4 million in general funds;

    - A 15% benefit cost share beginning October 1, 2027, for SNAP based on the federal fiscal 2025 payment error rate estimated at $160.4 million. General fund need is based on forecasted caseload and benefits. For every additional 10,000 recipients, an additional $4.6 million would be needed in fiscal 2028.

    - Medicaid work requirements are expected to begin to impact enrollment beginning in February 2027, but some impacts of the change are expected to be delayed until the second half of fiscal 2028 due to the ability to self attest to meeting for the first year. There is considerable uncertainty about the timing and number of enrollment declines due to these changes. If an additional 10,000 Affordable Care Act adults are enrolled in Medicaid, the additional general fund cost would be $16.4 million ($165.7 million in total funds).

- K-12 enrollment is projected to slightly decrease, with decreases also anticipated in the Compensatory Education and English Language Learners enrollment; however, actual enrollment will not be known until December 1, 2026, when the Maryland State Department of Education is required to release the official enrollment counts for the current school year.

    - The general fund and Blueprint forecasts assume current law for the counting of free and reduced-price meal (FRPM) enrollment, so that beginning with counts for fiscal 2029 (the September 30, 2027 counts) schools with Community Eligibility Provision are counted using only either the number of FRPM eligible students using the U.S. Department of Agriculture count or alternative state form or the number of students directly

certified instead of the previously authorized counts which included FRPM counts from prior to participation in Community Eligibility. This change is expected to substantially lower counts and reduce spending. If any changes are made to the method of counting, including any changes resulting from a required review of the methodology for counting low-income students, general fund spending would be expected to increase potentially significantly.

- Foster care and most public assistance entitlement caseload trends reflect current experience. SNAP and Medicaid caseload trends account for both current experience and the implementation of the OBBBA changes.

Caseload Assumptions
Fiscal 2026-2028

	2026	2027	2028	% Change 2027-2028
Pupil Enrollment*	853,121	845,710	842,136	-0.4%
Medicaid/Maryland Children's Health Program	1,463,530	1,441,719	1,375,553	-4.6%
Temporary Cash Assistance	45,000	42,749	42,749	0.0%
Supplemental Nutrition Assistance Program**	361,503	345,236	345,236	0.0%
Foster Care/Adoption/Guardianship	10,567	10,637	10,674	0.3%
Prison Population***	18,287	17,865	17,828	-0.2%

* Data for fiscal 2026 and 2027 reflect actual full-time equivalent enrollments. Fiscal 2027 is a projection.
** Data is based on the number of cases which may include multiple recipients.
***Data for fiscal 2027 is based on three months of the actual population, with projections for the remaining nine months.

- $290.2 million of fiscal 2027 legislative additions are assumed to be one time, including $140.1 million in general funds and $150.1 million in special funds.

- Tuition and fee increases at the public higher education institutions are estimated at 2%.

- Required appropriation to the Revenue Stabilization Account (Rainy Day Fund) in fiscal 2028 totals $490.6 million. The fiscal 2028 baseline assumes a transfer of $689.4 million from the Rainy Day fund balance in fiscal 2028 to leave a balance of 8% of general fund revenues in fiscal 2027.

- Personnel assumptions for fiscal 2028 include:

- 2% general salary increase effective July 2027 and increment funded for all State employees; and

- no increases in employee and retiree health insurance costs due in part to available balance from fiscal 2026.

- Higher than expected inflation will result in the need for deficiency appropriations to cover certain fiscal 2027 costs: food ($24.3 million); natural gas ($5.8 million); gas/oil ($2.1 million); and electricity ($1.8 million). These deficiency appropriations result in a net increase of $17.9 million in general funds.

- Inflation, after accounting for deficiency appropriations, anticipated for fiscal 2028 will increase costs for postage (9.0%), natural gas (6.0%), prescription drugs (3.5%), food (3.3%), and electricity (1.0%). Costs are expected to remain stable from the fiscal 2027 legislative appropriation for gas and oil.

- The baseline and forecast do not make any assumptions about spending needs related to any State liability under the Child Victims Act.

Appendix 3
State Expenditures – General Funds
Fiscal 2026-2028
($ in Millions)

Category	Working Appropriation 2026	Adj. Legislative Appropriation 2027	Baseline 2028	$ Change 2027 to 2028	% Change 2027 to 2028
Debt Service	$154.7	$177.7	$221.0	$43.3	24.4%
County/Municipal	$395.9	$420.0	$438.0	$18.0	4.3%
Community Colleges	504.3	518.5	528.7	10.3	2.0%
Education/Libraries	7,429.2	7,465.6	9,233.4	1,767.8	23.7%
Health	115.2	115.2	117.9	2.7	2.4%
Aid to Local Governments	***$8,444.6***	***$8,519.2***	***$10,318.1***	***$1,798.8***	***21.1%***
Foster Care Payments	$336.4	$347.4	$355.7	$8.3	2.4%
Assistance Payments	139.8	126.0	293.7	167.7	133.0%
Medical Assistance	5,626.2	6,170.1	6,364.1	194.0	3.1%
Property Tax Credits	98.3	90.5	90.5	0.0	0.0%
Entitlements	***$6,200.7***	***$6,734.0***	***$7,104.0***	***$369.9***	***5.5%***
Health	$3,387.4	$3,328.2	$3,407.9	$79.7	2.4%
Human Services	572.5	561.2	586.0	24.8	4.4%
Juvenile Services	367.2	386.0	385.1	-0.9	-0.2%
Public Safety/Police	2,231.7	2,286.4	2,353.3	66.9	2.9%
Higher Education	2,410.9	2,403.4	2,546.1	142.8	5.9%
Transportation	1.1	3.0	0.0	-3.0	n.a.
Other Education	1,049.9	1,076.4	1,115.6	39.2	3.6%
Agriculture/Natural Res./Environment	201.5	214.3	217.8	3.4	1.6%
Other Executive Agencies	1,628.2	1,744.6	1,914.2	169.7	9.7%
Judiciary	708.0	764.0	785.4	21.4	2.8%
Legislative	163.5	164.4	170.3	5.9	3.6%
State Agencies	***$12,721.9***	***$12,931.9***	***$13,481.8***	***$549.9***	***4.3%***
Deficiencies (for Prior Years)	$321.8	$134.9	$0.0	-$134.9	n/a
Total Operating	**$27,843.7**	**$28,497.7**	**$31,124.9**	**$2,627.1**	***9.2%***
Capital	$114.6	$107.7	$182.3	$74.6	69.3%
Subtotal	***$27,958.3***	***$28,605.5***	***$31,307.2***	***$2,701.7***	***9.4%***
Reserve Funds	$79.5	$22.6	$490.6	$468.0	2070.8%
Appropriations	**$28,037.8**	**$28,628.1**	**$31,797.8**	**$3,169.7**	**11.1%**
Reversions	-$100.0	-$100.0	-$100.0	$0.0	n/a
Grand Total	**$27,937.8**	**$28,528.1**	**$31,697.8**	**$3,169.7**	**11.1%**

Note: The fiscal 2027 adjusted legislative appropriation reflects anticipated deficiencies of $681.3 million.

Appendix 4
State Expenditures – Special and Higher Education Funds*
Fiscal 2026-2028
($ in Millions)

Category	Working Appropriation 2026	Adj. Legislative Appropriation 2027	Baseline 2028	$ Change 2027 to 2028	% Change 2027 to 2028
Debt Service	$1,673.4	$1,760.9	$1,759.4	-$1.5	-0.1%
County/Municipal	$649.9	$644.1	$543.0	-$101.1	-15.7%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	2,431.5	2,781.3	1,484.9	-1,296.4	-46.6%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	***$3,081.4***	***$3,425.4***	***$2,027.9***	***-$1,397.4***	***-40.8%***
Foster Care Payments	$4.3	$2.3	$2.3	$0.0	0.0%
Assistance Payments	14.1	11.1	12.1	1.0	9.0%
Medical Assistance	862.1	926.1	924.3	-1.8	-0.2%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$880.5***	***$939.6***	***$938.7***	***-$0.8***	***-0.1%***
Health	$903.0	$1,032.8	$994.9	-$37.9	-3.7%
Human Services	251.7	238.9	368.8	129.9	54.4%
Juvenile Services	3.5	3.3	3.4	0.1	3.1%
Public Safety/Police	242.9	248.0	256.8	8.7	3.5%
Higher Education	6,170.8	6,234.2	6,311.6	77.4	1.2%
Other Education	342.8	372.4	318.3	-54.0	-14.5%
Transportation	2,932.9	3,104.3	3,216.0	111.7	3.6%
Agriculture/Natural Res./Environment	415.0	430.9	432.1	1.2	0.3%
Other Executive Agencies	2,024.3	2,359.7	2,276.6	-83.1	-3.5%
Judiciary	83.5	80.2	88.5	8.3	10.4%
Legislative	0.0	0.0	0.0	0.0	n/a
State Agencies	***$13,370.2***	***$14,104.7***	***$14,267.1***	***$162.4***	***1.2%***
Deficiencies (for Prior Years)	-$1.0	$0.2	$0.0	-$0.2	-100.0%
Total Operating	**$19,004.5**	**$20,230.7**	**$18,993.2**	**-$1,237.5**	**-6.1%**
Capital	$1,855.1	$1,941.7	$2,338.6	$396.8	20.4%
Transportation	1,330.5	1,396.2	1,544.7	148.4	10.6%
Environment	205.7	169.1	205.0	35.9	21.2%
Other	318.9	376.4	588.9	212.5	56.4%
Subtotal	***$20,859.6***	***$22,172.5***	***$21,331.8***	***-$840.7***	***-3.8%***
Reserve Funds	$0.0	$136.8	$2.5	-$134.3	-98.2%
Grand Total	**$20,859.6**	**$22,309.3**	**$21,334.3**	**-$975.0**	**-4.4%**

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

Note: The fiscal 2027 adjusted legislative appropriation reflects anticipated deficiencies of $193.0 million. Fiscal 2026 excludes $68.7 million, fiscal 2027 excludes $95.0 million, and fiscal 2028 excludes $279.7 million of special funds that double count general fund spending.

Appendix 5
State Expenditures – Federal Funds
Fiscal 2026-2028
($ in Millions)

Category	Working Appropriation 2026	Adj. Legislative Appropriation 2027	Baseline 2028	$ Change 2027 to 2028	% Change 2027 to 2028
Debt Service	$2.9	$0.8	$0.2	-$0.6	-75.7%
County/Municipal	$82.1	$82.2	$82.2	$0.0	0.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	1,232.8	1,251.6	1,251.6	0.0	0.0%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	***$1,315.0***	***$1,333.7***	***$1,333.7***	***$0.0***	***0.0%***
Foster Care Payments	$85.1	$91.0	$92.1	$1.2	1.3%
Assistance Payments	1,840.3	1,579.7	1,453.1	-126.6	-8.0%
Medical Assistance	10,001.6	11,164.8	10,678.4	-486.4	-4.4%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$11,927.0***	***$12,835.5***	***$12,223.7***	***-$611.9***	***-4.8%***
Health	$3,081.9	$3,146.9	$3,153.6	$6.6	0.2%
Human Services	779.9	679.4	667.0	-12.4	-1.8%
Juvenile Services	6.3	7.2	7.3	0.1	1.9%
Public Safety/Police	48.5	49.0	50.7	1.7	3.4%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	431.5	435.1	439.5	4.3	1.0%
Transportation	140.5	142.8	145.3	2.5	1.7%
Agriculture/Natural Res./Environment	113.8	128.4	129.9	1.5	1.2%
Other Executive Agencies	1,530.2	1,654.8	1,656.5	1.7	0.1%
Judiciary	1.0	1.4	1.4	0.0	0.0%
Legislature	0.0	0.0	0.0	0.0	n/a
State Agencies	***$6,133.7***	***$6,245.0***	***$6,251.1***	***$6.1***	***0.1%***
Deficiencies (for Prior Years)	$430.7	$211.2	$0.0	-$211.2	-100.0%
Total Operating	**$19,809.2**	**$20,626.3**	**$19,808.7**	**-$817.6**	**-4.0%**
Capital	$1,565.8	$1,668.2	$1,670.3	$2.2	0.1%
Transportation	1,342.2	1,413.0	1,520.8	107.8	7.6%
Environment	174.6	217.4	55.0	-162.4	-74.7%
Other	48.9	37.8	94.5	56.7	150.1%
Grand Total	**$21,375.0**	**$22,294.5**	**$21,479.1**	**-$815.4**	**-3.7%**

Note: The fiscal 2027 adjusted legislative appropriation reflects $1.2 billion in anticipated deficiencies.

Appendix 6
State Expenditures – State Funds
Fiscal 2026-2028
($ in Millions)

Category	Working Appropriation 2026	Adj. Legislative Appropriation 2027	Baseline 2028	$ Change 2027 to 2028	% Change 2027 to 2028
Debt Service	$1,828.1	$1,938.6	$1,980.4	$41.8	2.2%
County/Municipal	$1,045.9	$1,064.1	$981.1	-$83.0	-7.8%
Community Colleges	504.3	518.5	528.7	10.3	2.0%
Education/Libraries	9,860.7	10,246.9	10,718.4	471.4	4.6%
Health	115.2	115.2	117.9	2.7	2.4%
Aid to Local Governments	***$11,526.0***	***$11,944.6***	***$12,346.0***	***$401.4***	***3.4%***
Foster Care Payments	$340.6	$349.7	$358.0	$8.3	2.4%
Assistance Payments	153.9	137.2	305.8	168.7	123.0%
Medical Assistance	6,488.3	7,096.2	7,288.4	192.1	2.7%
Property Tax Credits	98.3	90.5	90.5	0.0	0.0%
Entitlements	***$7,081.2***	***$7,673.6***	***$8,042.7***	***$369.1***	***4.8%***
Health	$4,290.4	$4,361.0	$4,402.8	$41.8	1.0%
Human Services	824.3	800.1	954.8	154.8	19.3%
Juvenile Services	370.7	389.3	388.4	-0.8	-0.2%
Public Safety/Police	2,474.6	2,534.5	2,610.1	75.6	3.0%
Higher Education	8,581.7	8,637.6	8,857.8	220.2	2.5%
Other Education	1,392.7	1,448.7	1,433.9	-14.8	-1.0%
Transportation	2,934.0	3,107.3	3,216.0	108.7	3.5%
Agriculture/Natural Res./Environr	616.5	645.2	649.9	4.7	0.7%
Other Executive Agencies	3,652.5	4,104.3	4,190.8	86.6	2.1%
Judiciary	791.4	844.2	874.0	29.7	3.5%
Legislative	163.5	164.4	170.3	5.9	3.6%
State Agencies	***$26,092.1***	***$27,036.6***	***$27,748.9***	***$712.3***	***2.6%***
Deficiencies (for Prior Years)	$320.8	$135.0	$0.0	-$135.0	n/a
Total Operating	**$46,848.2**	**$48,728.5**	**$50,118.1**	**$1,389.6**	**2.9%**
Capital	$1,969.6	$2,049.5	$2,520.9	$471.4	23.0%
Transportation	1,336.5	1,396.2	1,711.7	315.4	22.6%
Environment	206.3	169.6	205.8	36.1	21.3%
Other	426.8	483.6	603.4	119.9	24.8%
Subtotal	***$48,817.8***	***$50,777.9***	***$52,639.0***	***$1,861.0***	***3.7%***
Reserve Funds	$79.5	$159.4	$493.1	$333.7	209.3%
Appropriations	**$48,897.3**	**$50,937.3**	**$53,132.1**	**$2,194.7**	**4.3%**
Reversions	-$100.0	-$100.0	-$100.0	$0.0	n/a
Grand Total	**$48,797.3**	**$50,837.3**	**$53,032.1**	**$2,194.7**	**4.3%**

Note: The fiscal 2027 adjusted legislative appropriation reflects anticipated deficiencies of $874.3 million. Fiscal 2026 excludes $68.7 million, fiscal 2027 excludes $95.0 million, and fiscal 2028 excludes $279.7 million of special funds that double count general fund spending.

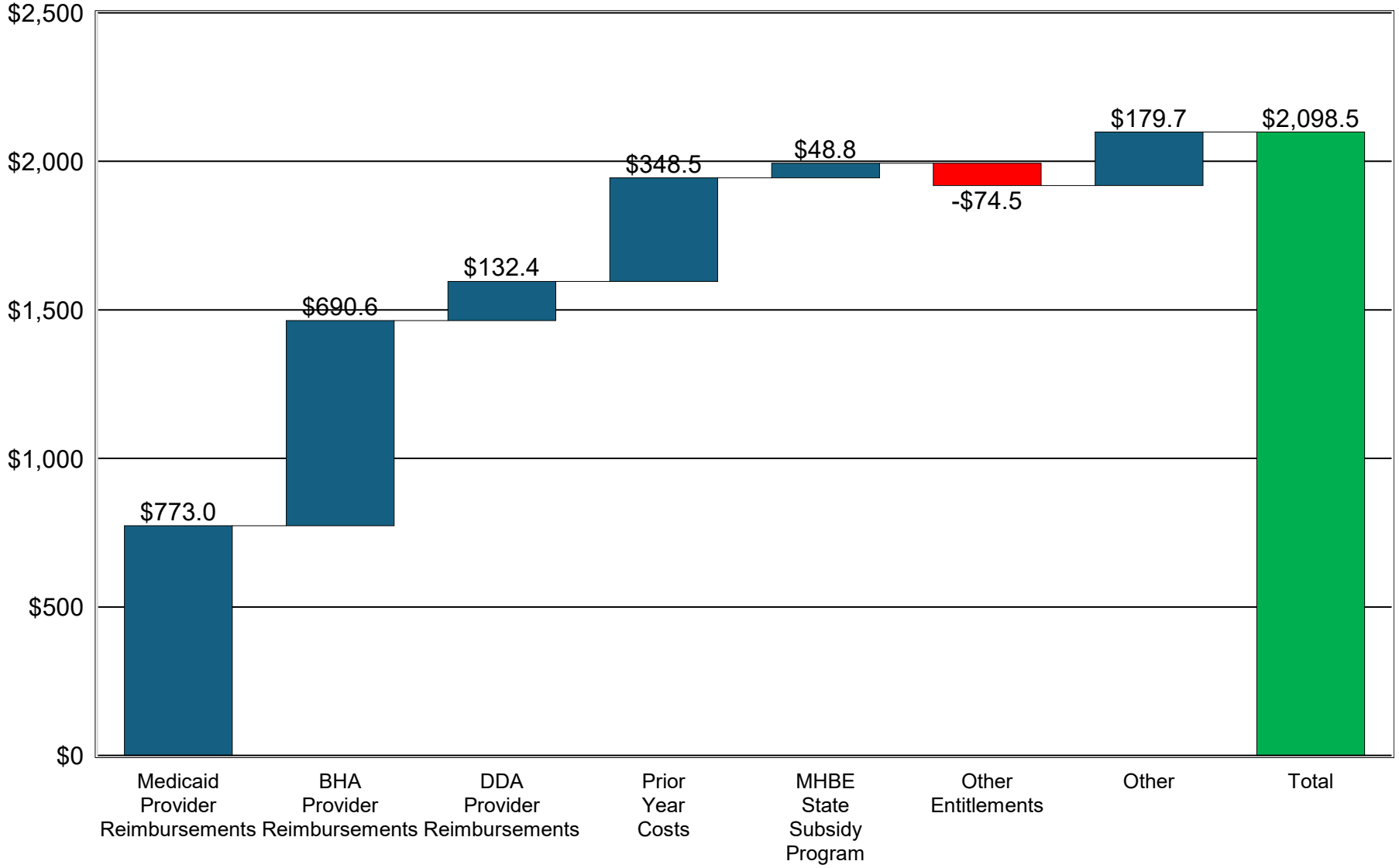
Appendix 7
State Expenditures – All Funds
Fiscal 2026-2028
($ in Millions)

Category	Working Appropriation 2026	Adj. Legislative Appropriation 2027	Baseline 2028	$ Change 2027 to 2028	% Change 2027 to 2028
Debt Service	$1,830.9	$1,939.4	$1,980.6	$41.2	2.1%
County/Municipal	$1,128.0	$1,146.2	$1,063.2	-$83.0	-7.2%
Community Colleges	504.3	518.5	528.7	10.3	2.0%
Education/Libraries	11,093.5	11,498.5	11,969.9	471.4	4.1%
Health	115.2	115.2	117.9	2.7	2.4%
Aid to Local Governments	***$12,841.0***	***$13,278.4***	***$13,679.8***	***$401.4***	***3.0%***
Foster Care Payments	$425.8	$440.7	$450.1	$9.4	2.1%
Assistance Payments	1,994.2	1,716.9	1,758.9	42.0	2.4%
Medical Assistance	16,489.9	18,261.0	17,966.8	-294.2	-1.6%
Property Tax Credits	98.3	90.5	90.5	0.0	0.0%
Entitlements	***$19,008.2***	***$20,509.1***	***$20,266.4***	***-$242.8***	***-1.2%***
Health	$7,372.3	$7,508.0	$7,556.4	$48.4	0.6%
Human Services	1,604.1	1,479.4	1,621.8	142.4	9.6%
Juvenile Services	377.0	396.4	395.7	-0.7	-0.2%
Public Safety/Police	2,523.1	2,583.5	2,660.8	77.3	3.0%
Higher Education	8,581.7	8,637.6	8,857.8	220.2	2.5%
Other Education	1,824.2	1,883.9	1,873.4	-10.4	-0.6%
Transportation	3,074.5	3,250.1	3,361.3	111.2	3.4%
Agriculture/Natural Res./Environment	730.2	773.6	779.9	6.2	0.8%
Other Executive Agencies	5,182.7	5,759.1	5,847.3	88.3	1.5%
Judiciary	792.5	845.6	875.4	29.7	3.5%
Legislative	163.5	164.4	170.3	5.9	3.6%
State Agencies	***$32,225.8***	***$33,281.7***	***$34,000.1***	***$718.4***	***2.2%***
Deficiencies (for Prior Years)	$751.6	$346.2	$0.0	-$346.2	n/a
Total Operating	**$66,657.4**	**$69,354.8**	**$69,926.8**	**$572.1**	**0.8%**
Capital	$3,535.4	$3,717.6	$4,191.2	$473.6	12.7%
Transportation	2,678.7	2,809.2	3,232.5	423.3	15.1%
Environment	381.0	387.1	260.8	-126.3	-32.6%
Other	475.7	521.4	698.0	176.6	33.9%
Subtotal	***$70,192.8***	***$73,072.4***	***$74,118.0***	***$1,045.6***	***1.4%***
Reserve Funds	$79.5	$159.4	$493.1	$333.7	209.3%
Appropriations	**$70,272.3**	**$73,231.8**	**$74,611.1**	**$1,379.3**	**1.9%**
Reversions	-$100.0	-$100.0	-$100.0	$0.0	n/a
Grand Total	**$70,172.3**	**$73,131.8**	**$74,511.1**	**$1,379.3**	**1.9%**

Note: The fiscal 2027 adjusted legislative appropriation reflects anticipated deficiencies of $2.1 billion. Fiscal 2026 excludes $68.7 million, fiscal 2027 excludes $95.0 million, and fiscal 2028 excludes $279.7 million of special funds that double count general fund spending.

Appendix 8

Deficiency Appropriations Total $2.1 Billion
$681 Million in General Funds
($ in Millions)



BHA: Behavioral Health Administration
DDA: Developmental Disabilities Administration
MHBE: Maryland Health Benefit Exchange

Appendix 9

$681 Million in Potential General Fund Deficiencies

($ in Millions)

Behavioral Health Administration Provider Reimbursements: Fiscal 2027 shortfall for Medicaid-eligible services ($231.4 million), fiscal 2026 bills for which there was insufficient appropriation ($105.9 million), and fiscal 2027 net shortfall for non-Medicaid-eligible services ($2.9 million), partially offset by anticipated federal reimbursement for certain prior year services (-$6.0 million)	$334.2
Medicaid Provider Reimbursements: Fiscal 2027 shortfall primarily driven by Managed Care Organization rate increases	250.0
Department of Human Services Closeout Errors: Reversions in error ($36.4 million) partially offset by anticipated reversions due to overreported expenditures in the Assistance Payments program ($14.1 million)	22.3
Department of Juvenile Services: Child Victims Act legal services to align with fiscal 2026 spending ($9.0 million), overtime ($4.8 million), and fiscal 2026 spending for which there was insufficient appropriation ($4.0 million)	17.8
Maryland State Department of Education: Fiscal 2027 shortfall for the Nonpublic Placement Program ($9.5 million), fiscal 2026 spending for which there was insufficient appropriation for the Autism Waiver Program ($2.5 million) and Nonpublic Placement Program ($1.1 million)	13.1
Overtime in the Department of Public Safety and Correctional Services	12.8
Supplemental Nutrition Assistance Program Payment Error Rate Penalties: Remaining costs for the federal fiscal 2024 penalty and fiscal 2025 penalty	11.2
Developmental Disabilities Administration Provider Reimbursements: Primarily due to delays in the implementation of cost containment and adjustments to fund splits to reflect experience	9.6
Office of the Public Defender: Fiscal 2026 spending for which there was insufficient appropriation ($3.8 million) and fiscal 2027 shortfall to align spending with fiscal 2026 expenditures ($3.8 million)	7.5
Entitlement Programs in the Department of Human Services: Foster care maintenance payments ($1.3 million), more than offset by lower than expected caseloads in the Assistance Payments Program primarily for Temporary Cash Assistance ($13.5 million)	-12.2
Agency Expenses: Statewide expenses for food, natural gas, electricity, and gas/oil ($17.9 million), fiscal 2026 expenditures in the Department of General Services for which there was insufficient appropriation ($1.2 million), Maryland Commission on African American History and Culture fiscal 2026 shortfalls and fiscal 2027 shortfall in electricity ($0.2 million); payments to erroneously confined individuals ($0.1 million); study required by Chapter 669 of 2026 in the Maryland State Lottery and Gaming Control Agency ($0.1 million); partially offset by available special funds to replace general funds in the Department of State Police (-$2.1 million)	17.4
Savings from Government Modernization Initiative	-2.4
Total Deficiencies	**$681.3**

Appendix 10

Summary of Baseline Budget Growth Compared to Adjusted Legislative Appropriation

($ in Millions)

Local Aid	$1,798.8
State Agency Costs	549.9
Entitlements	369.9
Debt Service	43.3
Growth in Operating Budget, Accounting for Anticipated Deficiencies	**$2,762.0**
Appropriation to Reserve Fund	$468.0
PAYGO	74.6
One-time deficiency appropriations for prior year expenses	-134.9
Total Baseline Change In General Fund Expenditures	**$3,169.7**

Ongoing Requirements/Entitlements

15% SNAP benefit cost share beginning October 1, 2027	$160.3
Medicaid and Maryland Children's Health Program provider reimbursements due to enrollment changes, provider rate increases, and utilization	120.2
Medicaid-eligible behavioral health provider reimbursements, including impacts of the first year of the Certified Community Behavioral Health Clinic demonstration sites	73.7
Debt Service and other entitlements	43.3
Foster care maintenance payments primarily due to anticipated changes in caseload, provider rate increases, and special and federal fund availability	8.3
Other public assistance benefits primarily due to anticipated caseload and benefit increases in the Temporary Disability Assistance Program and anticipated benefit increases in the Temporary Cash Assistance program	7.3
	$413.3

Local Aid

Education Aid as Blueprint revenue and balance is insufficient to support Blueprint costs	$1,287.1
Education Aid for Blueprint programs due to formula increases and enrollment estimates	347.6
Retirement aid for teachers, libraries, and community colleges	115.3
Disparity Grant formula	26.4
Other education and library aid	23.4
Community colleges due to formula growth	6.4
Local health department funding formula	2.7
One-time legislative additions	-2.2
One-time funding for Baltimore City Computer Aided Dispatch System	-8.0
Other local aid	0.1
	$1,798.8

State Agency Costs

Statewide Personnel and Standard Inflation Adjustments

2% general salary increase for State regular positions and contractual full-time equivalents and increments for State regular positions, excluding higher education	$156.0
Retirement rate changes	10.1
Food	1.5
Other inflationary adjustments including postage, prescription drugs, and gasoline/oil	1.3
Electricity and natural gas	1.0
	$169.9

Impact of Legislation and New Mandates

Chapter 423 of 2026 established the Suitland Development Authority	$10.0

Chapter 767 of 2026 costs to administer the Maryland Public Charter School Facilities program and mandated funding based on enrollment in the prior year	5.2
Chapter 376 of 2026 mandates funding in fiscal 2028 only for backstretch housing facilities at Laurel Park	5.0
Increases associated with Judicial ($3.3 million), General Assembly ($0.2 million), and Constitutional Officer ($0.01 million) Compensation Increases	3.5
Chapters 351 and 352 of 2026 altered the RISE program eligibility and transferred the program to MEDCO resulting in anticipated increases in expenditures in the program	3.0
Chapter 381 of 2026 established the Maryland Growth Initiative and requires $5.0 million annually in the budget bill for the program, the fiscal 2027 budget includes $4.0 million	1.0
Other Select Legislation and Mandates	3.9
	$31.6

Other Major Agency Programmatic and Operating Expenses

Information Technology Investment Fund	$164.8
Higher Education Institutions: USM and MSU to account for statewide personnel adjustments for State-supported positions, new and ended mandates, and availability of special funds from the Higher Education Investment Fund ($72.8 million); HBCU settlement funds due to the availability of Cigarette Restitution Funds to support costs in fiscal 2027 partially offset by reduced settlement funds for BSU and MSU due to changes in proportional shares of enrollment ($33.7 million); SMCM formula ($2.3 million)	108.9
Commerce: More Jobs for Marylanders due in part to a one-time cap and the use of fund balance to support costs in fiscal 2027 ($65.9 million) and Maryland State Arts Council formula growth ($0.9 million), partially offset by fiscal 2027 funds to provide additional capitalization to the Child Care Capital Support Revolving Loan Fund (-$2.2 million) and one-time grants for the Baltimore Symphony Orchestra, Western Maryland Economic Future Investment Fund, and Prieto Battery (-$4.0 million)	60.6
MDH Provider Reimbursements: DDA including an anticipated 2% provider rate increase and utilization changes partially offset by the annualization of fiscal 2027 cost containment ($33.1 million); behavioral health services for the uninsured due to an anticipated 2% provider rate increase, utilization increases, and changes in special fund availability ($9.2 million); partially offset by behavioral health services for Medicaid eligible individuals for non-Medicaid eligible services primarily due to Medicaid enrollment decreases, and utilization changes	41.3
MHEC: Educational Excellence Awards due to reduced availability of special funds from the Need-based Student Financial Assistance Fund and increased awards based on anticipated tuition increase ($21.5 million); legislative scholarships due to increased awards based on anticipated tuition increase ($0.3 million); and reduced availability of special funds to support the Title IX Legal Representation Program mandate ($0.3 million)	22.1
MDH: Anticipated payment to MEDCO for the capital lease for the agency's new building ($11.3 million); annualization of required payments to providers related to the FAMLI program ($7.4 million); anticipated cost of nurse survey contract partially due to fund swap ($3.2 million), one-time special fund availability in fiscal 2027 in the Public Health Administration and Prevention and Health Promotion Administration ($3.0 million); non Medicaid costs of the Certified Community Behavioral Health Clinics ($1.6 million); and higher estimated costs of energy performance contracts ($0.3 million); partially offset by lower anticipated costs for financial management and data analytic contracts in fiscal 2028 (-$5.3 million)	21.5
DHS: Annualization of change in the administrative match rate for SNAP ($14.4 million) and inflationary increase to Montgomery County Block Grant and adjustment to fund splits to align with historical experience ($8.9 million). Savings from removal of a one-time deficiency appropriation for SNAP payment error rate penalties (-$11.2 million).	12.1

DSCI: Increase in funding to support costs associated with meeting the statutory target for participation in the service year pathways	10.3
SDAT: End of availability of higher authorized use of the Expedited Service Fund to support administrative costs (BRFA of 2025 authorized for fiscal 2026 and 2027 only)	9.8
MSDE: Lower availability of Cigarette Restitution Funds to support the BOOST program ($4.5 million); Autism Waiver due to an anticipated 2% provider rate increase ($1.1 million); and the Maryland School for the Blind funding formula ($0.2 million)	5.8
MPBC: Mandated funding based on the decline in special fund revenue from the Corporation for Public Broadcasting resulting from federal grants ($3.5 million); formula growth ($0.5 million)	4.0
DPSCS: Costs of the health care contract ($3.8 million) partially offset by lower anticipated costs of capital leases and energy performance contracts (-$1.3 million)	2.4
Judiciary: One-time costs associated with security needs for circuit court proceedings	-5.6
DJS: Anticipated 2% provider rate increase for residential and nonresidential per diems ($0.3 million) more than offset by funding for lower anticipated legal services needs associated with Child Victims Act	-9.3
One-time legislative additions	-90.8
Other Agency Personnel and Operating Expenses	-9.4
	$348.5
Reserve Fund	
Required appropriation to the Rainy Day Fund, no appropriation provided in fiscal 2027	$490.6
One-time appropriations to the Dedicated Purpose Account in fiscal 2027 for addressing repeat audit findings (-$10.0 million), Certified Community Behavioral Health Clinics (-$4.6 million), State fiscal leadership capacity and recruitment (-$4.0 million), One Big Beautiful Bill Act implementation (-$2.5 million), and for MDH for operations of a substance use treatment program for children in the juvenile justice system (-$1.5 million)	-22.6
	$468.0
PAYGO	
Appropriation in the Dedicated Purpose Account to support WMATA Capital as planned in the *Capital Improvement Program*	$167.0
DHCD: Shift funding for the Baltimore Vacants Reinvestment Initiative back to GO bonds	-42.2
DGS: Remove one-time/limited funding for 22 grants	-50.4
Other changes	$0.2
	$74.6
Fiscal 2026 Shortfalls and Reversions in Error Funded through Deficiency Appropriation, partially offset by anticipated reversions	**-$134.9**
Total	**$3,169.7**

Blueprint: Blueprint for Maryland's Future
BOOST: Broadening Options and Opportunities for Students Today
BSU: Bowie State University
Commerce: Department of Commerce
DDA: Developmental Disabilities Administration
DGS: Department of General Services
DHCD: Department of Housing and Community Development
DHS: Department of Human Services

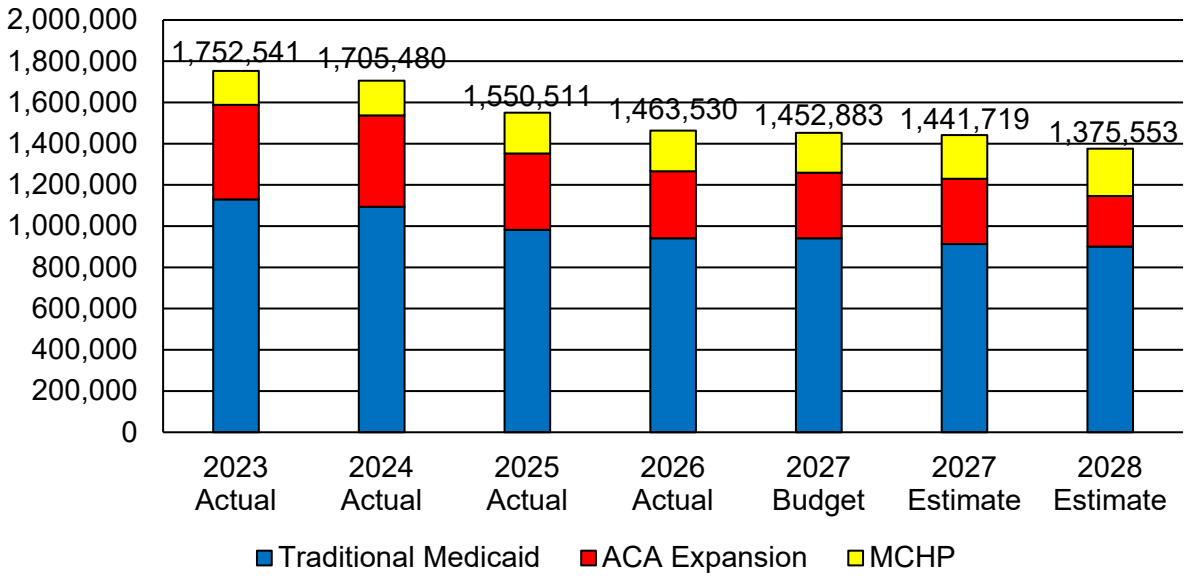
DJS: Department of Juvenile Services
DPSCS: Department of Public Safety and Correctional Services
DSCI: Department of Service and Civic Innovation
FAMLI: Family and Medical Leave Insurance
HBCU: historic Black college and university
MCA: Maryland Cannabis Administration
MDH: Maryland Department of Health
MEDCO: Maryland Economic Development Corporation
MHEC: Maryland Higher Education Commission
MPBC: Maryland Public Broadcasting Commission
MSDE: Maryland State Department of Education
MSU: Morgan State University
PAYGO: Pay-as-you-go
SDAT: State Department of Assessments and Taxation
SMCM: St. Mary's College of Maryland
SNAP: Supplemental Nutrition Assistance Program
USM: University System of Maryland
WMATA: Washington Metropolitan Area Transit Authority

Appendix 11
Medicaid

- Between fiscal 2023 and 2026, combined Medicaid and Maryland Children's Health Program (MCHP) enrollment decreased from 1.75 million to 1.46 million due to ongoing unwinding processes and system reconciliation following the end of the COVID-19 public health emergency (during which disenrollments were frozen as a condition of states receiving enhanced federal funding) as well as economic improvements.

- Adults served through the Affordable Care Act (ACA) expansion and traditional Medicaid enrollees drove the overall decline, while MCHP participation increased. MCHP serves low-income children with household incomes that exceed eligibility for Medicaid; therefore, the resumption of eligibility redetermination and economic improvements moved children from Medicaid into the higher MCHP income threshold.

Medicaid and MCHP Average Monthly Enrollment
Fiscal 2023-2028 Estimate



ACA: Affordable Care Act
MCHP: Maryland Children's Health Program

Note: Beginning in fiscal 2024, MCHP includes noncitizen pregnant women served through the Healthy Babies initiative.

Source: Maryland Department of Health; Department of Legislative Services

- Average monthly enrollment, primarily for ACA expansion adults, in fiscal 2027 and 2028 is expected to further decrease as major eligibility provisions in the One Big Beautiful Bill Act (OBBBA), including work requirements and more frequent eligibility checks, take effect in January 2027, and disenrollments phase in through fiscal 2028. Based on monthly caseloads through September 2026, the baseline projects fiscal 2027 enrollment of 1.44 million, which is slightly lower than the 1.45 million enrollees assumed in the budget. The baseline estimates fiscal 2028 enrollment of approximately 1.38 million as disenrollments from OBBBA provisions phase in. Enrollment among ACA expansion adults decreases by 25% from 325,084 in fiscal 2026 to 245,200 in fiscal 2028.

- The implementation of OBBBA provisions, specifically work requirements, causes significant uncertainty for Medicaid due to several factors.

    - Federal guidance allows individuals to self attest to meeting working requirements or eligibility for exemption in calendar 2027, which is expected to limit early losses.

    - Federal regulation and guidance is still being developed or is being challenged through the court system, including the exemption related to medical frailty, which could limit or expand the number of people able to receive an exemption.

    - The timing of implementation may change if Maryland applies for and receives federal approval for a good faith effort waiver to delay the effective date to calendar 2029.

- Despite the decline in enrollment, estimated Medicaid expenditures outpace the fiscal 2027 budget as increases in health care costs and utilization drive higher per capita spending. Major drivers of recent cost and utilization increases in somatic Medicaid include hospital services and high-cost drugs, such as medications to treat HIV and glucagon-like peptide-1 medication (commonly referred to as GLP-1s). These spending trends have led to unanticipated rate increases for managed care organizations, including average increases of 2.2% for midyear calendar 2026 adjustments and 6.1% for calendar 2027.

- Utilization of Medicaid-eligible behavioral health services increased substantially across all service categories, a portion of which may be attributable to challenges associated with the transition of the Administrative Services Organization distorting year-to-year changes. Utilization increases were particularly large for inpatient treatment, psychiatric rehabilitation, applied behavioral health, and community-based outpatient services. Although growth has slowed or begun to decline in some categories early in fiscal 2027, the fiscal 2026 and 2027 budgets were built on substantially lower utilization.

- As a result of projected cost and utilization trends, the baseline estimates deficiency appropriations totaling $1.78 billion ($587.3 million in general funds). Of this funding, $317 million ($105.9 million in general funds) supports a shortfall in funds carried over to pay for fiscal 2026 services billed in the following fiscal year. The remaining $1.46 billion covers projected deficits for fiscal 2027 costs. Of this amount, $773 million ($250 million in general funds) is for somatic Medicaid and MCHP costs and $687.7 million ($231.4 million in general funds) is for Medicaid-funded behavioral health services.

Medicaid and MCHP Total and Per Capita Expenditures
Fiscal 2026-2028 Baseline

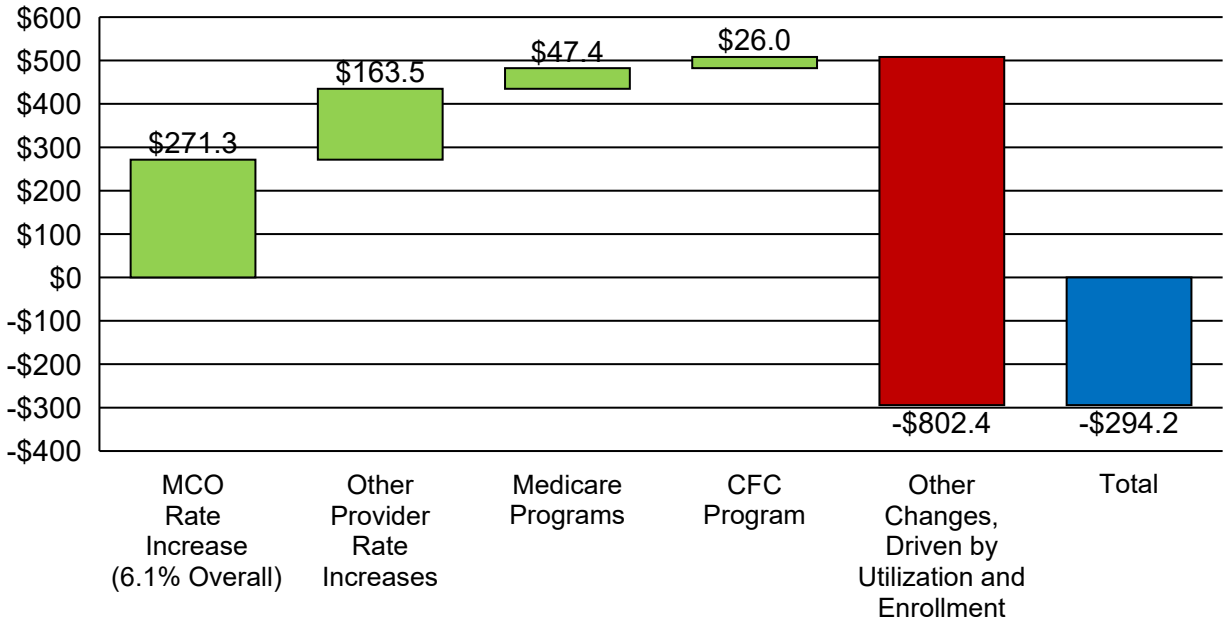
	Actual 2026	Adjusted 2027	Baseline 2028	$ Change 2027 Adj.-2028 Est.	% Change 2027 Adj.-2028 Est.
Total Expenditures ($ in Millions)					
General Funds	$5,790.7	$6,170.1	$6,364.1	$194.0	3.1%
Special Funds	904.8	926.1	924.3	-1.8	-0.2%
Federal Funds	10,494.8	11,164.8	10,678.4	-486.4	-4.4%
Total	**$17,190.4**	**$18,261.0**	**$17,966.8**	**-$294.2**	**-1.6%**
Cost per Enrollee					
Medicaid	$12,008	$13,015	$13,554	$538	4.1%
MCHP	3,980	4,468	4,592	$124	2.8%
ACA Expansion	13,336	14,846	15,564	$718	4.8%
Total	**$11,219**	**$12,160**	**$12,414**	**$255**	**2.1%**

ACA: Affordable Care Act MCHP: Maryland Children's Health Program

Note: Expenditures reflect provider payments (including Medicaid-funded behavioral health services) and some administrative costs. Fiscal 2026 expenditures include $317 million to account for insufficient funds carried over to reimburse fiscal 2026 bills in fiscal 2027. Fiscal 2027 includes anticipated deficiencies.

- Although health care costs and utilization continue to increase in fiscal 2028, the rate of growth is projected to slow, and savings from projected OBBBA disenrollments fully offset provider rate increases and other utilization growth. The fiscal 2028 baseline for Medicaid and MCHP decreases by $294.2 million in total funds compared to fiscal 2027 after accounting for estimated deficiencies. The largest component of this decline is a net reduction of $802.4 million driven by enrollment and utilization trends, particularly among ACA expansion adults.

Fiscal 2028 Total Fund Spending Change from Fiscal 2027
($ in Millions)

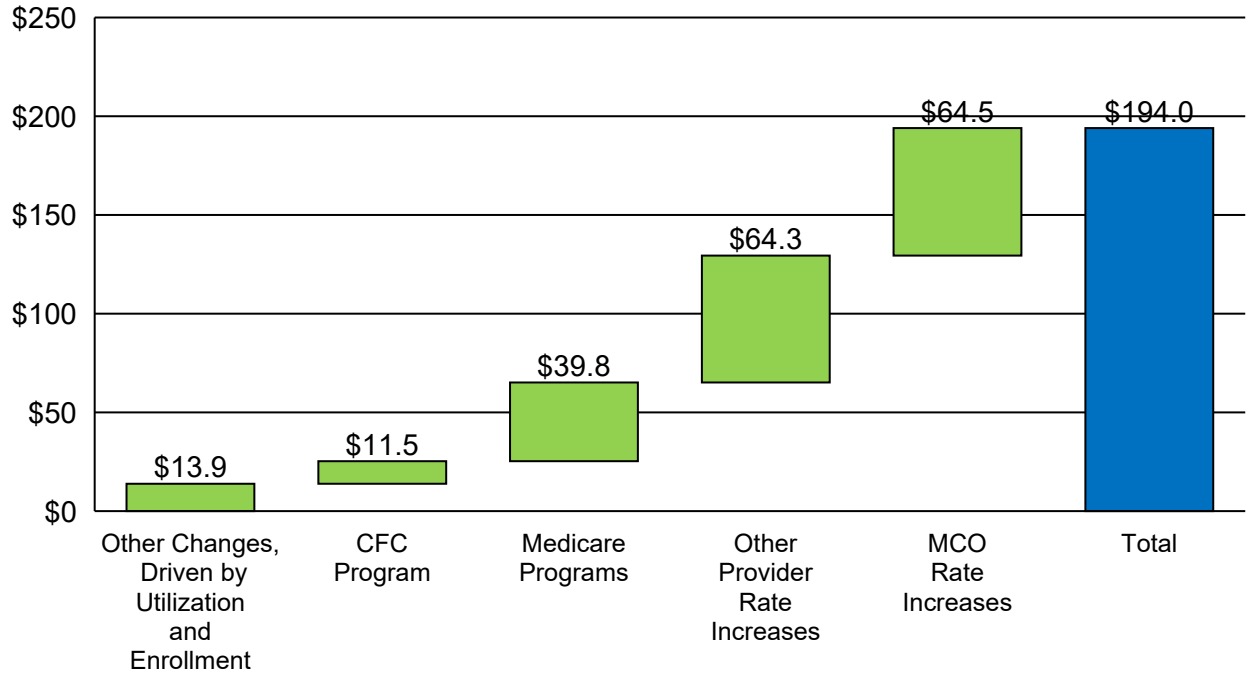


CFC: Community First Choice
MCO: managed care organization

- The largest factor driving total fund growth in fiscal 2028 is a total of $434.8 million ($128.8 million in general funds) for provider rate increases. Provider rate increase assumptions include:
  - an average 6.1% increase in calendar 2027 managed care organization rates totaling $271.3 million ($64.5 million in general funds);
  - 2% rate increases for long-term services and supports and community behavioral health providers, effective July 1, 2027, totaling $91.7 million ($35.9 million in general funds); and
  - a 4.4% increase in regulated hospital rates for calendar 2027 and other rate increases totaling $71.8 million ($28.3 million in general funds).
- While Medicaid and MCHP spending decreases overall, general fund spending in fiscal 2028 increases by a net $194 million. Due to the enhanced federal match of 90% for ACA expansion adults, most savings from the projected OBBBA disenrollments would be federal funds rather than general funds. Utilization and

enrollment growth among groups that receive the typical 50% or enhanced 65% federal matching rate is expected to fully offset the estimated general fund savings.

Fiscal 2028 General Fund Spending Growth Over Fiscal 2027
($ in Millions)



CFC: Community First Choice
MCO: managed care organization

Appendix 12
Baseline Position Changes

Department/Service Area	Fiscal 2027 Leg. Approp.	Fiscal 2028 Adjustments	Fiscal 2028 Baseline
Health and Human Services			
Health	7,259.6	2	7,261.6
Human Services	5,871.4	0	5,871.4
Juvenile Services	2,135.0	0	2,135.0
Subtotal	***15,265.9***	***2.0***	***15,267.9***
Public Safety			
Public Safety and Correctional Services	9,199.4	4	9,203.4
Police and Fire Marshal	2,574.0	5	2,579.0
Subtotal	***11,773.4***	***9.0***	***11,782.4***
Transportation	9,441.5	5	9,446.5
Other Executive			
Legal (Excluding Judiciary)	1,797.0	20	1,817.0
Executive and Administrative Control	2,188.5	4	2,192.5
Financial and Revenue Administration	2,492.2	4	2,496.2
Budget and Management and IT	625.0	0	625.0
Retirement	218.0	0	218.0
General Services	750.0	1	751.0
Service and Civic Innovation	66.0	10	76.0
Natural Resources	1,533.0	2.5	1,535.5
Agriculture	438.5	1	439.5
Labor	1,933.9	2.5	1,936.4
MSDE and Other Education	2,053.8	7	2,060.8
Housing and Community Development	447.0	0	447.0
Commerce	209.0	1	210.0
Environment	1,003.0	6	1,009.0
Subtotal	*15,754.8*	*59.0*	*15,813.8*
Executive Branch Subtotal	***52,235.6***	***75.0***	***52,310.6***
Higher Education	28,853.7	-238.4	28,615.3
Judiciary	4,221.0	-	4,221.0
Legislature	827.0	-	827.0
Grand Total	**86,137.3**	**-163.4**	**85,973.9**

IT: information technology
MSDE: Maryland State Department of Education
VSP: Voluntary Separation Program

Appendix 13
State Aid by Governmental Entity
Amount and Percent of Total
($ in Millions)

	FY 2028 State Aid Amount	Percent of Total
Public Schools	$10,610.7	86.0%
Libraries	106.6	0.9%
Community Colleges	528.7	4.3%
Local Health	117.9	1.0%
County/Municipal	981.1	7.9%
Total	**$12,345.0**	**100.0%**

Change in State Aid
($ in Millions)

	FY 2028 Aid Change	Percent Change
Public Schools	$473.5	4.7%
Libraries	3.0	2.9%
Community Colleges	10.3	2.0%
Local Health	2.7	2.4%
County/Municipal	-83.0	-7.8%
Total	**$406.5**	**3.4%**

Appendix 14
State Aid by Major Programs
State Funds
Fiscal 2025-2028
($ in Millions)

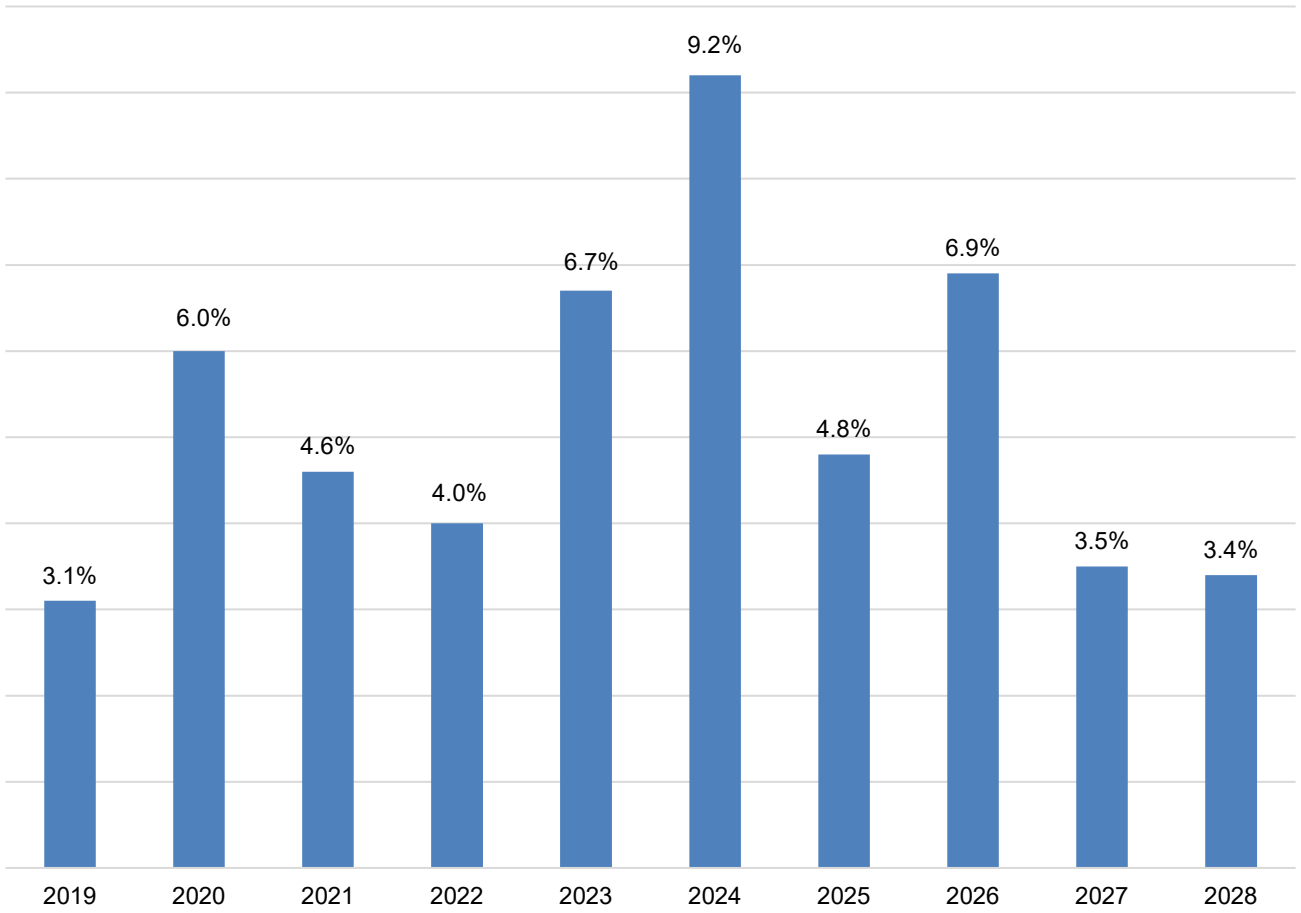
	2025	2026	2027	2028	Difference	Percent Difference
Public Schools						
Foundation Programs	$3,934.9	$4,141.4	$4,277.0	$4,352.7	$75.7	1.8%
Compensatory Aid	1,715.3	1,778.6	1,738.2	1,733.6	-4.6	-0.3%
Concentration of Poverty Grant	361.7	492.6	572.7	708.5	135.8	23.7%
English Learners Grant	519.5	554.5	542.0	550.7	8.7	1.6%
Special Education – Formula Aid	531.3	589.8	691.4	792.3	100.9	14.6%
Special Education – Nonpublic	172.5	154.5	135.0	137.7	2.7	2.0%
Student Transportation	369.6	381.9	387.0	394.0	7.0	1.8%
Full Day Prekindergarten	129.9	172.6	249.1	253.9	4.8	1.9%
Guaranteed Tax Base	74.9	65.0	69.0	73.1	4.1	6.0%
Education Effort Adjustment	96.5	145.4	165.5	181.9	16.4	9.9%
Other Education Programs	260.5	309.2	292.2	304.5	12.3	4.2%
Subtotal Direct Aid	***$8,166.6***	***$8,785.5***	***$9,119.2***	***$9,483.0***	***$363.8***	***4.0%***
Retirement Payments	917.2	981.8	1,018.0	1,127.7	109.8	10.8%
Total Public School Aid	**$9,083.8**	**$9,767.2**	**$10,137.2**	**$10,610.7**	**$473.5**	**4.7%**
Libraries						
Library Aid Formula	$49.5	$50.5	$52.5	$53.1	$0.6	1.1%
State Library Network	22.3	22.6	23.1	23.9	0.9	3.8%
Subtotal Direct Aid	***$71.8***	***$73.1***	***$75.6***	***$77.0***	***$1.5***	***1.9%***
Retirement Payments	24.2	27.7	28.0	29.6	1.6	5.6%
Total Library Aid	**$96.0**	**$100.8**	**$103.6**	**$106.6**	**$3.0**	**2.9%**
Community Colleges						
Community College Formula	$384.8	$404.5	$415.3	$422.1	$6.8	1.6%
Other Programs	38.9	42.5	42.8	42.8	0.0	-0.1%
Subtotal Direct Aid	***$423.7***	***$447.1***	***$458.1***	***$464.9***	***$6.8***	***1.5%***
Retirement Payments	54.3	58.0	60.3	63.8	3.5	5.8%
Total Community College Aid	**$478.0**	**$505.0**	**$518.5**	**$528.7**	**$10.3**	**2.0%**
Local Health Grants	**$110.8**	**$115.2**	**$115.2**	**$117.9**	**$2.7**	**2.4%**
County/Municipal Aid						
Transportation	$420.4	$477.1	$470.8	$369.7	-$101.1	-21.5%
Public Safety	226.9	213.6	215.2	215.1	-0.1	0.0%
Disparity Grant	188.5	193.7	203.6	230.0	26.4	13.0%
Gaming Impact Aid	102.9	101.3	100.0	100.6	0.6	0.6%
Other Grants	85.4	60.3	74.4	65.6	-8.9	-11.9%
Total County/Municipal Aid	**$1,024.1**	**$1,046.1**	**$1,064.1**	**$981.1**	**-$83.0**	**-7.8%**
Total State Aid	**$10,792.6**	**$11,534.3**	**$11,938.4**	**$12,345.0**	**$406.5**	**3.4%**

Source: Department of Legislative Services

Appendix 15

Annual Change in State Aid to Local Governments

Fiscal 2019-2028



Appendix 16

Legislative General Obligation Bond Preauthorizations Above the CIP

Agency	Project Title	2027 Session
DNR	Natural Resources Development Fund – Gwynns Falls State Park	$2,000,000
UBalt	101 W. Mt. Royal Ave., Baltimore Property Acquisition	7,100,000
MISC	City of Cambridge – Multiple Bridge Improvements	2,000,000
MISC	Kingdom Care Center	500,000
MISC	Luminis Health Doctors Community Medical Center – New Obstetrical Care Tower	10,000,000
MISC	MedStar Southern Maryland Hospital	13,000,000
MISC	Mount Vernon Place Conservancy – North and South Squares Revitalization	250,000
MISC	Olney Satellite Police Station and Community Facility	2,000,000
MISC	Pikesville Armory Foundation – Pikesville Armory Renovation	3,000,000
MISC	Suitland – Silver Hill Redevelopment	10,000,000
MISC	Westminster Fiber Project	1,000,000
MISC	Ambassador Theater	250,000
MISC	Arts Every Day	2,500,000
MISC	Asian American Healthcare, Inc.	200,000
MISC	Athlife Foundation	500,000
MISC	B&O Railroad Museum Restoration	3,000,000
MISC	Bel Air Community Park	2,000,000
MISC	Bluebird Education Network, Clay Hill Public Charter School	1,000,000
MISC	Bowleys Quarters Volunteer Fire Department	1,400,000
MISC	Burtonsville Park and Ride	2,000,000
MISC	Former GEICO Headquarters Redevelopment	2,500,000
MISC	Howard County Chinese School Expansion for Cultural and Educational Enrichment	100,000
MISC	Howard House Revitalization	1,330,000
MISC	Inner Harbor Promenade	600,000
MISC	International Union of Painters and Allied Trades, District Council 51	350,000
MISC	MD 32 Noise Mitigation for Fox Valley Estates	2,500,000

MISC	Montgomery County Fraternal Order of Police Lodge No. 35	250,000
MISC	National Aquarium in Baltimore – Infrastructure Improvements	4,000,000
MISC	North Locust Point Terminal	5,000,000
MISC	Olney Boys and Girls Club	500,000
MISC	Owings Mills High School – Field Improvements	1,000,000
MISC	Port Discovery Capital Upgrades-Phase B	800,000
MISC	Sandy Spring Volunteer Fire Department	1,450,000
MISC	Schucks Road Regional Complex	500,000
MISC	Solo Gibbs Recreation Center	1,000,000
MISC	White Oak Redevelopment	15,000,000
Total		**$100,580,000**

CIP: *Capital Improvement Program*

DNR: Department of Natural Resources

MISC: miscellaneous

UBalt: University of Baltimore

Note: Excludes $1.0 million of additional preauthorized funds for the National Aquarium that is already included in the CIP, as well as $250,000 for the Dowden Chapel project within the Maryland Department of Planning's African American Heritage Preservation Grant Program, which is assumed to be funded as part of the $5.0 million programmed in the CIP.