

Understanding the Governor's Budget

Fiscal Year 2027 Proposal

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Maryland Center on Economic Policy



Fiscal Policy Is a Matter of Justice

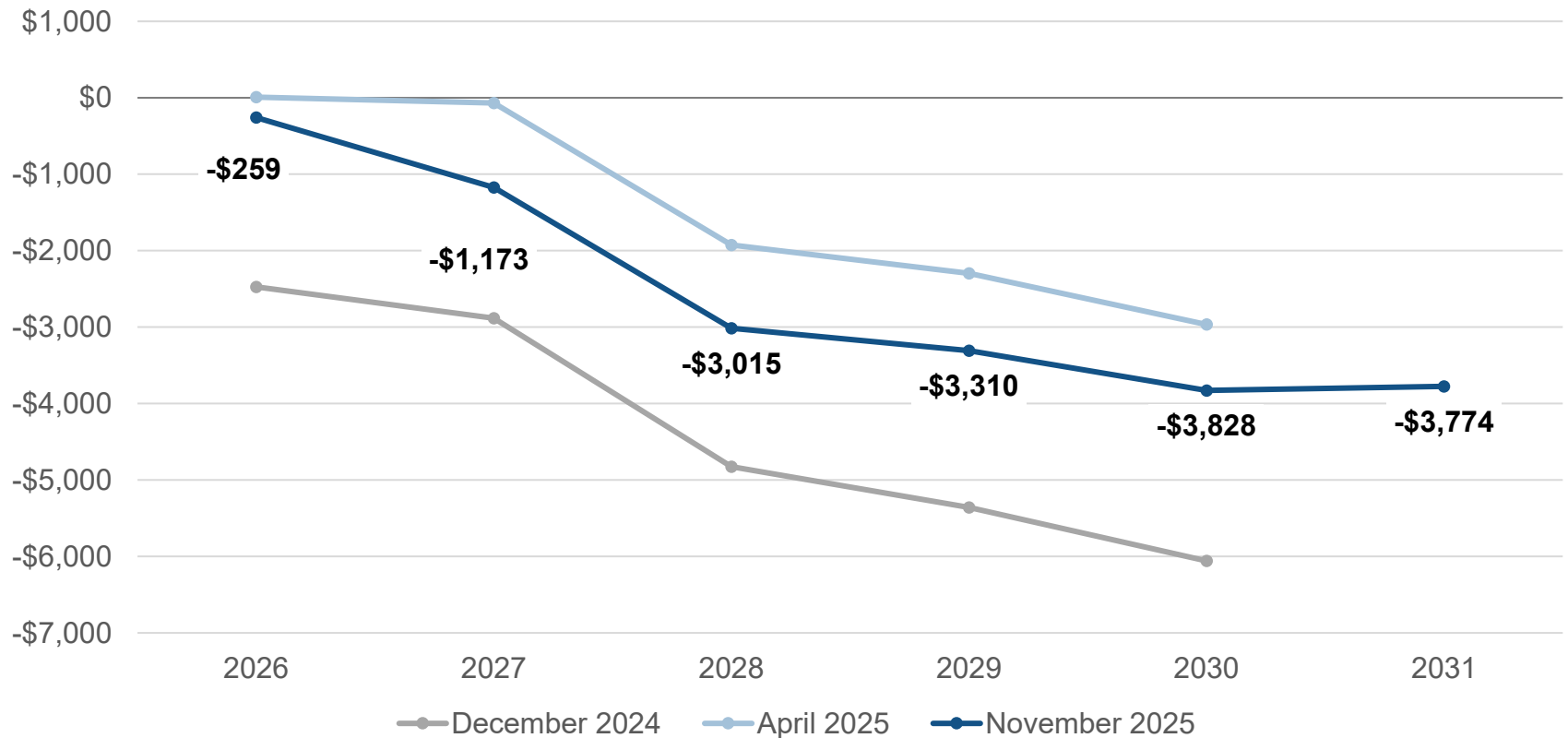


Budget Overview

Context: Long-Term Budget Challenges

Budget Challenges Have Grown Dramatically Since 2025 Session

Projected general fund structural balance, FY 2026–2031 (\$ millions)



Closing the Gap With Fund Shifts

- Governor Moore reduces the need for direct cuts in funding from services through fund shifts
- \$292 million from a fund for clean energy projects and energy assistance
- Moving some programs to capital budget
- Not making a required payment to state reserve funds

Budget Proposes \$1.3B in Cuts

Summary of Major Reductions

- Changing requirements of some programs for people with developmental disabilities, a \$150M reduction in state funds
- Shifting additional costs to local governments
- Keeping state funding levels flat for large programs, including Medicaid provider rates and the Child Care Scholarship

Proposed New Investments

- Providing a state match to federal corporate tax breaks that were part of HR 1
- Implementing HR1 changes to SNAP & Medicaid
- Economic development grants
- ENOUGH Act
- Local policing

Overview of Major Budget Areas

Health



- No provider rate increases
- Implementing requirements of HR 1
- Delaying implementation of program for immigrant health care

Housing

- Primary state investment for housing is in construction and community development projects
- New \$5 million program addressing chronic homelessness
- Level funding for other housing assistance programs



Pre-K-12 Education



- Main education formulas funded
- \$20 million cut to student support services
- Additional funds to prevent losses at high-poverty schools

Colleges and Universities

- Max 3% increase in funding for community colleges and public universities
- Flat funding for state program that supports Maryland students at private universities



Proposed Tax Changes

- Governor, legislative leaders have said they will not consider raising new revenue this year
- Legislature will have to make a decision about matching federal tax changes
 - Governor's budget proposes matching some, not matching others

Supporting Children & Families



- State has to implement federal changes to food assistance (SNAP) and pick up more costs of the program
- Child care scholarship – no new state funding, but budget assumes a slight increase in federal funding
 - Likely to still have a waiting list

Public Safety

- Gov. Moore has said this is a top priority
- Slight increase in funding for local police departments and the state agencies that operate prisons and prevention/intervention programs
- Targeted support to youth violence prevention programs and crime victims fund
- Capital budget includes funds to improve conditions at facilities

Local Governments



- Aid to local governments is up 3.3% mostly due to school funding
- Budget proposes local governments take on greater share of pensions for educators and librarians
- Flat funding for local transportation projects, health departments

Budget Advocacy Basics

- Start with your local legislators
- Submit written testimony on parts of the budget or testify at a hearing
- Contact members of the budget subcommittees



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