

Guidelines for the Submission of Funding Requests for State Budget Support from Non-Governmental Organizations

Moore-Miller Administration

FY 2026

The State of Maryland is required by the Constitution to balance its budget every year. The State must have the revenue to cover all spending, which means adequate tax revenues are critical for sufficient support of State services. This also means that the first priority for use of State funding must be the investment needs of the State agencies who are responsible for the provision of State government services.

A second priority for the use of State funding is to reserve cash in the Rainy Day Fund and other designated reserves to help address the impact of unexpected disruptions, such as natural disasters and economic downturns; these reserve funds are essential for sound fiscal management.

Third, we must prioritize State funding for the Governor's priorities as articulated to the voters who elected the Governor.

Assuming the aforementioned priorities are met and there is additional funding available for investment in mission priorities, the Moore-Miller Administration may selectively consider funding requests from Maryland's county governments as well as from Maryland-based non-profit organizations and institutions who contribute directly toward the Administration's goals and priorities for State government through public-private partnership.

On July 17, 2024, the Board of Public Works (BPW) approved an item reducing the FY 2025 General Fund budget by nearly \$150 million. These reductions are primarily in response to budget pressures created by two entitlement programs with enrollment success that has well exceeded expectations: Medicaid and the Child Care Scholarship (CCS) program. Updated Medicaid and CCS projections have also worsened the outlook for FY 2026 where the Department of Legislative Services (DLS) had already forecast a \$1.7 billion General Fund budget shortfall. These spending cuts help us to balance the budget, invest in key programs, and strengthen the economy, but this is just the first step as the Administration will continue to monitor spending and revenues in the months ahead.

For these reasons, we expect there will be limited capacity for new capital funding to non-governmental organizations. For a funding request from a non-governmental organization to be considered for State funding, the project or initiative must align directly with the role of State government, as articulated below, and directly support a public purpose.

State government's primary responsibilities include:

- Economic development (businesses rely on an educated workforce, a well-functioning transportation system, workforce supports such as quality and affordable childcare, and dependable and adequate infrastructure)
- Public safety (including corrections)
- Education (Pre-K-12 and higher education)
- Health care/public health
- Human services

- Infrastructure (transit, highways, bridges, utility infrastructure, housing, blight removal, etc.)
- Environmental protection and stewardship
- Judiciary
- Parks and recreation

Given the significant investment opportunities and needs across these key areas of responsibility, State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

Requests for Operating Support

The State of Maryland operates many programs through which nonprofit entities access annual operating support such as the Maryland State Arts Council's Grants for Organizations, the Maryland Community Health Resources Commission (CHRC), and the Maryland Department of Health's Opioid Operational Command Center. These programs currently provide operating support to hundreds of entities per year. Part of the rationale in establishing these programs was to insulate the Executive and Legislative branches from annual requests from organizations that fall into these broad areas as well as to ensure that requests are closely aligned with existing authorized State programs, priorities, and the general scope of State government. This helps ensure the optimal use of State funds in a focused manner. There are agency-determined eligibility criteria, application and renewal processes, and regular reporting requirements for participating programs.

Any organization seeking operating support from State government should work through these existing programs or through the State agency that best aligns with their mission and activities. The Department of Budget and Management will refer any requests for operating support to these agencies for review and response.

Requests for Capital Support

Historically, capital grants to organizations outside of State government represent a very small portion of the State's overall capital budget given the significant capital needs within State government including for public schools and other State buildings, transportation, etc. The demand for State capital grants far exceeds the resources available in any year, especially in FY 2026. Therefore, the Administration must be extremely judicious and strategic with how it allocates funding for capital grants.

In addition to clear alignment with one of the 8 key areas of responsibility for State government mentioned earlier, proposals for State funding for capital projects will be evaluated based on the extent to which they:

- **Leverage other funding** from the federal government, local governments, or other private or non-profit funders; ideally State funding is the last funding committed and should represent no more than 20% of total project funding
- Have a completed **feasibility study, defined scope and funding plan**; ideally the project should be "shovel-ready"
- Result in **new jobs for Maryland residents**, with an emphasis on permanent jobs, thereby improving the overall economic vitality of the State
- Make **critical improvements to existing infrastructure** that will further the mission of the organization and benefit the general public
- **Prioritize constituencies that traditionally have been overlooked** or not competitive for State investment

- Produce **measurable improvements within 3-5 years in key outcome indicators** for the State; specifically what challenge is this investment helping to solve that without this funding would go unaddressed?
- A documented **business plan for covering ongoing operating expenses** associated with the capital investment

State funds should not be used for projects with a religious purpose.

Submission Instructions

Maryland-based organizations who wish to request State capital funding in the State's FY 2026 capital budget can submit a proposal that addresses how the project aligns with the State's key areas of responsibility and how the project aligns with the evaluation criteria outlined on pages 2-3 of this document. Proposals should include a total project cost estimate, a cash flow schedule and timeline by year (using the State fiscal year which runs from July through June with FY 2026 starting July 1, 2025) along with detail regarding the other sources of funding allocated to the project. Proposals should be no longer than 10 pages in total inclusive of tables, appendices, etc.

All requests for funding in the FY 2026 budget should be submitted to the Department of Budget and Management at **FY2026Funding.Requests@Maryland.gov** by **November 1, 2024**.

For organizations who have already submitted requests for capital funding in the Governor's FY 2026 budget, you can resubmit with additional information to address the evaluation criteria and other information requested herein or we can evaluate the request relative to other requests based on the information submitted previously.

For your information and awareness, we have included with this document a list of the existing capital grant programs administered by State agencies for consideration for future funding requests or if your organization is not successful with its request for inclusion in the FY 2026 State capital budget through this process.

The Moore-Miller Administration appreciates your interest in partnering with State government to deliver the critical services that our citizens deserve.

Existing State Capital Grant & Loan Programs for Nonprofits & Local Governments

AGENCY	PROGRAM(S)
Aging	Senior Centers Capital Grant Program
Commerce	Maryland Arts Capital Grant Program
Emergency Management (Operating Funds)	Volunteer Company Assistance Fund Resilient Maryland Revolving Loan Fund
Environment	Bay Restoration Fund Wastewater Program Comprehensive Flood Management Program Maryland Water Quality Revolving Loan Fund Maryland Drinking Water Revolving Loan Fund Supplemental Assistance Program Water Supply Financial Assistance
Health	Community Health Facilities Grant Program
Housing and Community Development	Baltimore Regional Neighborhoods Initiative Business Façade Improvement Program Community Legacy Program National Capital Strategic Economic Development Fund Partnership Rental Housing Program Seed Community Development Anchor Institution Fund Shelter and Transitional Housing Facilities Grant Program Strategic Demolition Fund
Natural Resources	Community Parks and Playgrounds Greenspace Equity Program Program Open Space Resiliency Through Restoration Initiative Waterway Improvement Program Whole Watershed Restoration Partnership
Planning/Maryland Historical Trust	African American Heritage Preservation Grant Program Historic Preservation Grant Fund Historic Preservation Loan Fund
Maryland Independent Colleges and Universities Association	Independent Colleges and Universities Capital Grant Program
Maryland Hospital Association	Private Hospital Capital Grant Program
Maryland State Library Agency	Public Library Capital Grant Program