



MDH ATTENDEES: Laura Herrera Scott, MD, MPH, Secretary
Dr. Nilesh Kalyanaraman, Deputy Secretary, Public Health
Amalie Brandenburg, Chief Financial Officer

Available For Questions: TBD

Maryland Department of Health (MDH) Public Health Administration
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray
February 7, 2025

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Emily Shetty
February 12, 2025

The Department thanks the Governor, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank the Department of Legislative Services for its insightful budget analysis.

PHA should comment on the reason for the December 2024 vacancies, including the contractual conversions, and the impact of the 18.65% vacancy rate on PHA operations (p. 6).

As of January 1, 2025, PHS had filled 11 of the 26 vacancies that were vacant for longer than a year. Of the remaining vacancies, two have identified candidates with offer letters, eight are being reclassified, and the other five are in various stages of recruitment. PHA vacancies are spread throughout the administration and range in job classifications, including program administrators, program managers, laboratory scientists, and operational staff such as grants specialists. Current staff and leadership assume additional responsibilities in order to maintain essential services and program delivery.

Of the 42 new PHS FY25 PINs that were created as of December 31, 2024, 22 of them have been filled as of January 31. Nineteen were filled by contractual conversion of existing SPP employees and three were filled by recruitment. Many conversions were set for the first weeks of

January to allow for SPP staff to use remaining leave that would not transfer. The remaining FY25 PINs are being reclassified to align with their intended conversion targets or to be filled by recruitment. MDH continues to work closely with DBM on the large volume of reclasses. These contractual conversions have supported retaining highly skilled talent within MDH and maintaining mission critical functions such as reducing drug overdoses and the impact of related harm, preparing for and responding to emergencies, and building the capacity of critical public health and health care workforce teams to improve workforce development activities across Maryland.

PHA should provide a breakdown of the \$25.0 million federal fund appropriation for LHDs by jurisdiction (p. 7).

The Department, in conjunction with the Department of Budget & Management, executed a cost containment fund swap in January 2025. ARPA funds were provided in lieu of General Funds and did not change overall CORE funding. The fund swap only impacted four jurisdictions:

Baltimore City	\$10,393,438
Baltimore County	\$ 6,807,610
Montgomery County	\$ 5,046,815
Prince George's County	<u>\$ 2,758,137</u>
	\$25,000,000

DLS recommends cutting the unexplained [CPHS] increase (p. 7).

The Department respectfully disagrees with the DLS recommendation to reduce the Allowance. The \$2,301,830 amount that is included in the FY 2026 Allowance reflects full annualization of FY 2025 salary enhancements that have not yet been brought into the FY 2025 budget. The recommended action would leave the LHDs without adequate FY 2026 state support for FY 2025 salary enhancements.

In order to better understand the increases allocated to LHDs, MDH and DBM should provide the total amount of funding allocated for COLAs and increments for State employees at LHDs from fiscal 2021 through 2026. MDH and DBM should also provide salary information and the number of State employees used to calculate COLAs and increments for LHDs in fiscal 2025 and 2026 (p. 7).

See table below.

Fiscal Year	COLA/Increment
FY2021	\$12,667,751
FY2022	\$18,803,122
FY2023	\$38,864,251
FY2024	\$66,580,278

Salary item amounts reflected in the above table mostly were generated based on payroll data for filled positions per Workday during the fiscal year in which the support was initially provided.

Statewide support for payroll enhancements is centrally budgeted within the Department of Budget and Management, and will be brought into our budget in FY 2025 and in FY 2026 via budget amendment. Those amounts are not yet available.

Therefore, DLS recommends that the committees add budget bill language stating the intent of the General Assembly that beginning in fiscal 2027, COLAs and any other salary adjustments allocated for State employees at LHDs be budgeted in a separate program from CPHS funding and that the formula growth factors required by statute apply only to CPHS grant funding, exclusive of salary adjustments, from the prior year (p. 10).

The Department concurs with the DLS recommendation.

The Department currently applies the formula growth factors required by statute only to CPHS grant funding, exclusive of salary adjustments, from the prior year.

MDH should comment on why it is appropriate to require a match of State funds for salary adjustments for State employees (p. 12).

Since 1996, the local share match requirement has been applied to the total legislative appropriation for each jurisdiction, including the Core Base, growth formula, and salary adjustments from prior fiscal years. Core funding provides flexible funding to local health departments to invest in personnel and programs that are local priorities. The local match ensures a consistent investment in local public health that is commensurate with the state's investment. The annual increase in the appropriation over the period from 2014 to 2025 has averaged 10%. The only outlier was the 55% increase from SFY 2023 to SFY 2024. This was addressed through exemptions granted to the 5 counties that requested it. The Department has submitted a JCR proposing a regulatory change that would cap the annual local match increase to 10% plus CPI. Removing salary adjustments from the local match would decrease total local public health funding which would have long-term detrimental effects on the health of Marylanders.