Maryland
DEPARTMENT OF LABOR

Maryland Department of Labor
FY 2026 Budget Hearing

Testimony of
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Maryland Department of Labor

Senate Budget and Taxation Committee
Education, Business, and Administration Subcommittee
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House Appropriations Committee
Education and Economic Development Subcommittee
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The Maryland Department of Labor (MD Labor) thanks the committee for the opportunity to present on its fiscal 2026 budget, and respond to the thorough analysis put forward by the Department of Legislative Services (DLS).

Maryland is at a pivotal moment in its trajectory. In addition to existing structural challenges with our State budget, disruptions and cuts at the federal level have the potential to massively impact our economy. Now, more than ever, the State needs to prioritize economic growth, diversification, and resilience; building pathways of opportunity; and strengthening economic safety nets and critical protections.

MD Labor's budget responds directly to these needs by focusing on four key imperatives:

- Growing Maryland's skilled workforce, particularly in lighthouse and growth sectors like cybersecurity, biotechnology, aerospace, healthcare, and infrastructure;
- Creating more opportunities and pathways for Marylanders through registered apprenticeship, licensing, and education and training programs, which will also provide the talent that Maryland businesses need to grow;
- Safeguarding Marylanders' economic and financial security through sound regulation and protecting workers and consumers; and
- Buttressing our social safety net systems to support Marylanders during these uncertain economic times.

While MD Labor's fiscal allowance exceeds $700 million, general funds only account for 11% of the total budget. Federal funds account for one-third of the funding, primarily dedicated to investments in workforce needs and supporting administration of unemployment insurance—two areas most critical to responding to layoffs and continued uncertainties at the federal level.

It is imperative that Maryland diversify its economy through workforce investment, both to provide greater financial stability in this volatile time and to develop sustained economic growth moving forward. Maryland employers still can't find the skilled workers to fill vacancies. In December 2024, there were only 71 unemployed workers for every 100 job postings in Maryland, according to the Bureau of Labor Statistics. Growing the pipeline of skilled talent in Maryland will enable us to leverage our strengths, and attract and develop industry.

Toward this end, the Governor's fiscal 2026 allowance includes increased funding for the Employment Advancement Right Now (EARN) Maryland program by $5 million in the Dedicated Purpose Account (DPA), which is expected to train 1,600 workers to move into good jobs in in-demand fields. EARN is a nationally-recognized, gold-standard program that yields results. It has already directly supported more than 25,000 Maryland workers: helping over 15,000 workers to upskill and nearly 11,000 workers to get good jobs. Every dollar invested in EARN leads to over $18 in total economic impact, and demand for the program continues to outpace supply of available EARN funds. The proposal also includes $1 million for MD Labor's Office of Strategic Initiatives (OSI) in the DPA to meet workforce needs in sectors such as cybersecurity, biotechnology, healthcare, infrastructure, and clean energy that offer clear competitive advantage and can generate increased economic opportunity and growth.

The budget also proposes $5 million in funds for the Cyber Maryland Program ($3 million in general funds contingent on legislation and $2 million in Economic Growth DPA) for fiscal 2026. **MD Labor respectfully requests that the budget committees reject the cut proposed by DLS to cyber workforce investments**. Maryland and the District of Columbia have the largest supply-demand gap for cyber roles in the country, with thousands of open cybersecurity jobs just waiting for qualified candidates.These jobs have a median wage of over $130K, and other states are vying for them by making investments in this critical moment.

The Cyber Maryland Board and Governor's Workforce Development Board (GWDB) have developed a strategy to rapidly expand the cybersecurity talent pool in the state, and this budget proposal is critical to implementing that strategy, through the development of apprenticeship programs/intermediaries and expansion of work experience opportunities, including cyber clinics, with a focus on meeting operational technology needs in critical sectors. This funding will also enable Maryland to leverage millions of dollars in philanthropic investments that are already poised to begin work, leading to even greater impact.

Registered Apprenticeship provides employers with a strong model to train new talent and skill existing workers to higher level positions so that their businesses can grow. Apprenticeship also provides direct pathways to good jobs for Marylanders. Greater flexibility, innovation and investment are needed to unlock this model's potential for our economy. The RAISE Act and MD Labor's related budgetary proposal align with the recommendations from the Apprenticeship

2030 Commission. As proposed, these investments largely pull from the existing Apprenticeship DPA created by the General Assembly to make targeted investments in developing high-quality, registered apprenticeships.

The proposed budget also continues investments in divisions that are responsible for safeguarding Maryland workers, consumers, and the public–in particular, the Office of Financial Regulation, the Division of Labor and Industry (DLI), and Occupational and Professional Licensing. MD Labor appreciates the support from the General Assembly to continue these activities and invest in key personnel to promulgate standards, provide compliance assistance, and to enforce Maryland’s laws.

Finally, vital social safety nets, such as unemployment insurance, must be there to support Marylanders during uncertain times. MD Labor’s Division of Unemployment Insurance (DUI), like many UI programs across the nation, faces significant challenges. Federal government allocations to cover program administration continue to be insufficient (these costs cannot be paid from the State trust fund and existing State Agency Expenditure Funds revenues are not sufficient to cover projected shortfalls). Given the potential for significant and potentially rapid increases in UI claims, including from federal employees and federal contractors, it is imperative that UI program administration be adequately supported.

MD Labor’s budget submission includes a general fund deficiency of $19 million to close the projected gap in funding for DUI operations in this current fiscal year; however, the gap is projected to grow in fiscal 2026 to in excess of $30 million, largely due to federal funding failing to keep pace with rising personnel and contract costs. As an alternative to ongoing general funding support to address the structural deficit in DUI, MD Labor has proposed a 0.15% fee on the UI taxable wage base (currently set at a maximum of $8,500) to support UI operational costs. This proposal includes a provision to decrease employers’ required contributions into the UI Trust Fund by a comparable rate, so that employers experience no additional costs as a result of the UI administrative fee. **MD Labor asks for the Budget Committee’s support of these provisions in the Budget Reconciliation and Financing Act (BRFA).**

The Department also maintains its commitment to paid Family and Medical Leave Insurance (FAMLI). The Department has proposed a delay to the implementation timeline, but continues to work apace to build and implement a strong paid leave program that will benefit Maryland’s workers, businesses, and economy.

We appreciate the budget committee's continued support of the Department, and ask that you support the fiscal 2026 budget as proposed.

Questions and Concerns Raised by DLS

The DLS analyst asked MD Labor to respond to the following questions and concerns listed below in the analysis.

MD Labor should discuss steps that it has taken or plans to take to address this finding and improve its closeout processes.

MD Labor acknowledges these findings by the Office of Legislative Audits (OLA) and is eager to address them. Going forward, all year-end accruals will be calculated and supported by the federal draw in July of each year. In addition, MD Labor will strengthen internal controls to ensure all year-end revenue transactions are properly documented through enhanced oversight, reconciliations, and staff training.

MD Labor should comment on the uses and status of these legislative additions.

- **$2 million in Executive Direction as a one-time addition to fund start-up costs for joint or group registered apprenticeships, or to pay per apprentice to scale existing joint or group registered apprenticeships.**

  This item was initially passed in the fiscal 2025 budget bill at $2 million and was later reduced to $1.5 million through Board of Public Works' cost containment actions in July 2024. The Division of Workforce Development and Adult Learning (DWDAL) is using these funds to provide pay-per-apprentice funding to scale existing joint or group registered apprenticeships. DWDAL operates an existing pay-per-apprentice program known as the Sponsor Apprenticeship Incentive Reimbursement (SAIR) program. To start, this initiative was funded with time-limited federal dollars that the department secured through a competitive grant application process with USDOL. This state investment allowed for the agency to continue offering the SAIR. To date, $191,020 in pay-per-apprentice awards have been obligated, and an additional 11 applications, totaling $742,276 are in the process of being awarded. DWDAL anticipates fully spending the allocated $1.5 million. The funding is expected to support the training of 400 apprentices who are registered to group or joint apprenticeship programs, with an average per apprentice cost of $2,500.

  It is worth noting that the RAISE Act builds on the success of the SAIR program by introducing the Maryland Apprenticeship Incentive Program.

- **$1 million in Workforce Development within DWDAL as a one-time addition to provide a grant to the Dwyer Workforce Development to support healthcare workforce training.**

  In fiscal 2025, Dwyer Workforce Development (Dwyer) received $1 million to support individuals with Certified Nursing Assistance (CNA) and Geriatric Nursing Assistant (GNA) healthcare training coupled with supportive services including transportation, housing, and childcare assistance. MD Labor expects Dwyer to meet the following grant deliverables:

- At least 400 served;
- Certification attainment: 80% of participants (320 individuals) will obtain industry-recognized healthcare certifications; and
- Employment: At least 75% of the 400 participants (300 individuals) will secure employment in the healthcare sector within 6 months of training completion.

As of December 31, 2024, Dwyer had already surpassed their credential attainment goal, reporting that 345 individuals had been supported. They reported 140 individuals had gained employment in the same report, which indicates they are on track to meet this deliverable by the grant end on June 30, 2025.

- **$500,000 to support 9.0 new positions for field inspectors in Employment Standards within DLI.**

Ch. 716 of the 2024, Section 21. (38) provided for 9 new field inspectors in fiscal 2025. The Division has prioritized increased Spanish language capability across all programs, given that a significant proportion of the workers we protect are native Spanish speakers, particularly in the construction sector, which is the focus of both the Workplace Fraud law and the Prevailing Wage Law.

Two of the nine PINs were reclassified to entry-level translator/investigative aide positions, a role designed to facilitate field communications between monolingual investigators and Spanish-speaking workers and employers. It is also our hope that this entry-level position will provide a pathway to this career track for the State's Latino communities. One of these translator PINs is assigned to the Prevailing Wage unit, and the other is assigned to the Workplace Fraud unit. Hiring selections for these positions have been made and are awaiting processing.

One investigator position was transferred to the Employment Standards Service, which administers general wage and hour laws, including overtime, minimum wage, sick and safe leave, and the new paystub and pay transparency laws passed in the 2024 General Assembly Session. The Employment Standards position was filled in mid-September 2024.

Six investigator PINs were transferred to the Prevailing Wage Unit, which enforces labor standards on state-funded construction projects. Three investigators were hired and onboarded in the last quarter of 2024. The remaining three investigator positions are designated exclusively for bilingual (Spanish) investigators. One has been hired, with a starting date in March. The other two positions are in active recruitment, with interviews scheduled for next week.

The additional investigative capacity has been a key factor in bolstering DLI's investigative and enforcement effectiveness. In fiscal 2024, DLI recovered $1 million in restitution for workers under the Prevailing Wage Law, which was more than the three previous years combined. The unit is on track to exceed this figure in fiscal 2025, with almost $900,000 in restitution recovered through mid-January.

- **$300,000 in Executive Direction to award grants under the EARN Maryland program to train, prepare, and connect job seekers with careers in the residential rental housing industry.**

  In January 2025, DWDAL released a call for proposals to train jobseekers for careers in the residential rental housing industry. Proposals are due March 31, 2025 and awards will begin on June 1, 2025. DWDAL expects to fully obligate the grant funds by making two grant awards via this solicitation process.

- **$250,000 in the Governor's Workforce Development Board (GWDB) in order to conduct a study of bus driver wages in accordance with Chapter 662 of 2022.**

  In fiscal 2024, the General Assembly tasked GWDB with conducting a comprehensive classification and compensation study on primary and secondary school bus drivers through House Bill 753. This legislatively mandated study will evaluate wages, benefits, and workforce stability across the state. Currently, the study is in progress, with a Request for Proposal (RFP) being posted for bid to secure a contractor for the analysis. The closing date for proposals is March 7, 2025.

- **$150,000 in Workforce Development within the DWDAL to provide a grant to Humanim.**

  In fiscal 2025, Humanim received $150,000 to provide vocational support to individuals with disabilities and other barriers to employment who are transitioning into a supported housing program or increasing levels of independent living. Funding is used to support job readiness services, including barrier removal, workplace etiquette, resume and cover letter assistance, interviewing skills, motivation, and financial literacy. To allow DWDAL to effectively monitor this investment, the grantee was asked to develop deliverables and a budget to guide the award. With these funds, the Department expects Humanim to support 25 unemployed individuals to obtain employment. As of December 31, 2024, 24 individuals have obtained employment through support from these grant dollars.

- **$150,000 in GWDB to conduct a study on approaches to advancing skills-based hiring.**

  In fiscal 2024, the General Assembly tasked GWDB, in collaboration with MD Labor, to conduct a study on skills based hiring across Maryland's public and private sectors. MD Labor expects to submit a contract to procure an external vendor to complete the study for BPW approval in March 2025.

- **$75,000 within DWDAL to provide a grant to Lincoln Technical Institute to support a regional technical fair for high school students.**

  In fiscal 2025, Lincoln Technical Institute was awarded $75,000 to support a regional technical fair for high school students. To date, the grantee has used funds for planning purposes and expects to hold the career fair in Spring 2025.

MD Labor should comment on the contractual services that would be provided by using this deficiency.

As identified by DLS, $17.2 million of the $19 million general fund deficiency for DUI is for contract costs. These expenses mainly support Accenture for call center services, Sagitech for administering UI's BEACON system, and Lexis Nexis to combat identity fraud. MD Labor is in the process of transitioning call center services in-house, with the goal of eventually eliminating the Accenture contract and resulting in ongoing cost savings. Shifting from contractor staff to experienced state staff will also ensure that claimants receive direct and efficient assistance.

MD Labor should describe the activities supported by the increase of $10.6 million for the Office of Unemployment Insurance and $21.1 million in the Division of Paid Leave.

MD Labor is working in collaboration with the Department of Budget and Management (DBM) to adjust contract costs in fiscal 2026 for both DUI and the FAMLI program.

For DUI, $33 million in special fund revenue was added to MD Labor's fiscal 2026 allowance during budget submission. A corresponding special fund expenditure was also added, but a corresponding reduction in federal fund expenditures was not made. This revenue is going toward existing spending, not creating new spending. Once this adjustment has been made, DUI projected spend on contracts is $30.5 million, reflecting a $2 million decrease from fiscal 2025. This decrease is due to a variety of factors, with the primary reason being the eventual elimination of the Accenture contract and shifting call center services in-house.

FAMLI's contract costs will increase from fiscal 2025 to 2026 as the MD Labor staff continues to execute the implementation plan needed to create this complex, large-scale program from scratch, but this increase will be less than what is currently reflected in the fiscal 2026 allowance. FAMLI's contracts are to procure the services and tools necessary for the design and implementation of the State's new FAMLI program. This includes modern software development vendors supporting the build of FAMLI's online system, communications and marketing experts to support the team to inform the State's 180,000+ employers and 2.5 million workers, accounting consultants to support the development of a compliant financial and accounting system capable of properly managing a $1.5 billion annual program, actuarial services, and all of the software tools and licenses needed to build and operate the program.

MD Labor should comment on its plans for use of the additional $1 million for planning and administration of workforce development programs and $5 million for EARN.

As mentioned in the DLS analysis, the Governor's proposed budget included $1 million for staffing and administrative costs for the OSI and $5 million in additional funding for EARN, both funded in the Economic Growth DPA.

Funds for OSI administration are critical to the Governor's economic growth strategy, which identifies lighthouse sectors that offer clear competitive advantage and present potential to generate both increased economic opportunities for communities, and to general revenues to fund public services and priorities. This investment in OSI will support 7 positions, including 1 economist, to support data-driven decision making. OSI's portfolio includes sectoral investments in cybersecurity, biotechnology, healthcare, infrastructure, clean energy, and more. MD Labor will also leverage OSI staffing to advance partnership with philanthropy and to bring in new resources.

The additional $5 million in EARN funds is projected to serve an additional 1,600 workers in industries such as healthcare, biotechnology, infrastructure, and other key growth sectors. It is well-known that EARN Maryland is already an effective workforce and economic growth tool, supporting 26,000 Marylanders and 1,500+ employers since its inception. Through the first three quarters of 2024 alone, EARN helped 1,400 residents find a new job and 2,100 advance their skills. For every dollar invested in EARN, the State sees over $18 in economic activity. In a recent survey, 96% of participating employers reported that EARN has positively impacted their business. Demand for the program has far exceeded supply: in the most recent 2024 competitive solicitation process, MD Labor received 48 proposals requesting more than $9.9 million, but less than half of those applicants could be funded due to fiscal constraints. More funding will allow MD Labor to deliver much needed workforce solutions to more employers and workers at a critical time.

MD Labor should comment on efforts to reduce the vacancy rate.

MD Labor has actively worked to reduce its vacancy rate through recruitment, retention, and workforce development strategies. These efforts include:

- Streamlined recruitment and onboarding procedures to reduce the time to fill vacancies, including utilizing statewide and agency-specific job fairs, using direct hiring authority when appropriate, and digital recruitment tools. MD Labor increased the number of new monthly job postings by 10%.
- Increased access to professional development programs and mentorship initiatives, expanded new employee orientation, including curriculum specific to newly hired supervisors and managers, and introduced stay and exit surveys to improve retention.
- Increased outreach efforts to attract qualified candidates, including partnerships with professional organizations, affinity groups, universities, colleges, and DWDAL's Professional Outplacement Assistance Center, to reach a diverse talent pool.
- Expanded initiatives focusing on employee well-being, workplace inclusivity, and leadership development to foster a positive work environment and reduce turnover.

MD Labor should discuss its planned timeline to shift FAMLI implementation for introducing these amendments and in which bill these would be proposed.

MD Labor is working with the General Assembly to introduce amendments to adjust the timeline for the FAMLI program as soon as possible. Under the new recommended plan:

- Payroll deductions would begin January 1, 2027 (current statutory date: July 1, 2025); and
- Benefits would become available on January 1, 2028 (current statutory date: July 1, 2026).

MD Labor is committed to rolling out FAMLI as soon as possible. The full magnitude of the federal transition, and its impacts on Maryland's workforce, employers, and economy has yet to be realized. MD Labor believes 18 months is the appropriate amount of time to allow for greater stability and clarity for workers and employers, and provides the time necessary to build and implement the paid leave program Maryland deserves.

SB 255 is MD Labor's departmental bill; however the bill as introduced only contains language amending the optional self-employed component. This bill may be used as the legislative vehicle, or another vehicle may be introduced.

MD Labor should describe costs that would still be required with the proposed delay in fiscal 2026 and the types of expenses included in the fiscal 2026 allowance that would be delayed. MD Labor should discuss the anticipated general fund need to support costs that will occur, if other funds may be available to support the costs, and when the replacement funding would be expected to be appropriated.

MD Labor will make adjustments to hiring and operational plans for FAMLI, which will reduce expected costs in fiscal 2026. In particular, the delay of hiring of frontline staff (such as our customer care agents, which were scheduled to start onboarding in fiscal 2025) and other staff that support functions that come online later (such as claims processors) will result in cost savings in fiscal 2026.

MD Labor will be reviewing costs associated with other operational components and adjust appropriately. However, the majority of FAMLI's contract costs are funded using federal American Rescue Plan Act (ARPA) dollars, which requires spending to occur by December 31, 2026. MD Labor will remain on track to spend down these funds by the deadlines set by the U.S. Treasury.

Additionally, certain contracts must continue to run in tandem with MD Labor's digital build for FAMLI to prevent disruptions and implementation delays. MD Labor needs to continue to operate its existing contracts in order to stay on track even with the new proposed timeline. MD Labor is collaborating with DBM on these revised budget impacts and identifying fund sources, and will share this information with the General Assembly and Department of Legislative Services (DLS) as soon as possible.

DLS recommends reducing funding for Maryland Department of Health (MDH) provider reimbursements for FAMLI contributions contingent on the enactment of legislation delaying contributions beyond fiscal 2026.

MDH should weigh in on this recommendation, as this funding pertains to its budget; however, MD Labor acknowledges an 18-month delay for the FAMLI program would make contributions to the FAMLI program unnecessary.

MD Labor should discuss the anticipated impact on costs and service by bringing call center functionality at UI in house.

MD Labor has been transitioning the call center function from Accenture back to State staff since January 2025. MD Labor has procured a contract with the Labor Omni-Channel Contract Center System (LOCCS) to provide call center functionality, and has been in the process of hiring UI associates and professionals who will staff the call center, as well as process claims. These staff are being hired as contractual full-time equivalents (FTEs), with the intention of converting these positions into State regular PINs, which are included in MD Labor's fiscal 2026 allowance. To date, 61 call center staff have been hired, with 33 pending offers and 97 interviews in progress.

The implementation of LOCCS, with the additional personnel needed and ramp-down and eventual elimination of Accenture, is expected to result in annual savings of $20 million.

MD Labor should provide additional information on loan repayment as well as a timeline of when the Maryland Small Business Retirement Savings Board (MSBRSB) is expected to repay the loans and if there are any performance-related or other conditions on the loans related to progress towards becoming self-sustaining.

Per the terms of the MOU, MSBRSB will repay loans as they become self-sufficient, from the administrative fees collected, but no later than seven (7) years from the date of each loan installment. MD Labor anticipates that repayment for the referenced loans will begin no later than fiscal 2031. There are no performance-related or other conditions on the loans related to progress towards becoming self-sustaining.

DLS Recommendations and MD Labor Responses

MD Labor's responses to the DLS recommendations in the analysis are below.

Operating Budget Recommended Actions

1) **Add language restricting funds pending resolution of repeat audit findings.**

   MD Labor respectfully disagrees with this recommendation. According to a letter submitted to the budget committees from OLA on June 11, 2025, DUI had four repeat audit findings under review: findings #2, #3, #6, and #7 from the last audit cycle. MD Labor has fully addressed finding #2 related to the identification and investigation of foreign IP addresses. The department has put in place controls that restrict BEACON from being accessed outside of the US. OLA initiated benefits audits last month and this area is currently being tested.

   Several audit findings identified by OLA are recommendations that MD Labor cannot complete. For instance, finding #3a recommends that MD Labor establish procedures to match State higher education institution enrollment records to identify and follow-up on claimants who are attending school full-time but failed to disclose this status. MD Labor's has received legal guidance that meeting this recommendation is not possible due to federal Family Educational Rights and Privacy Act (FERPA) restrictions, which protects the privacy of students' education records. Additionally, MD Labor is unable to claw back certain fraudulent payments due to a statute of limitation of 3 years, and the department is unable to recoup unspent funds remaining on debit cards until an exit agreement with Bank of America has been finalized.

   Funding restrictions on MD Labor's Office of the Secretary (OOS) would hamper the department's ability to respond to the evolving situation at the federal level, including possibly being required to stand up the federal employee loan program in response to a federal government shutdown. The department acknowledges the importance of addressing audit findings, and will continue to work to ensure sufficient cost controls with OLA.

2) **Add language to reduce the special fund appropriation for the Purse Dedication Account contingent on the enactment of legislation reducing the share of video lottery terminal revenue distributed for this purpose.**

   MD Labor respectfully disagrees with this recommendation. The racing industry has already had to reduce purses and breeding incentives for the current year. The proposed reduction will cause the racetrack to reduce racing dates. Maryland already struggles competing with purse structure and breeding incentives from surrounding states. Fewer incentives and purse money will continue to drive racing people out of the state for better options.

The $13.8 million recommended reduction would be broken down accordingly: 80% ($11 million) would go to the thoroughbreds and $2.8 million would go to the standardbreds. The $11 million for the thoroughbreds is broken down to 89% goes into the purse account ($9.8 million) and the 11% goes into the bred fund account ($1.2 million). Same could be said for the standardbreds with 89% going to purses ($2.5 million) and the 11% ($296,000) goes into the bred fund. The $9.8 million would cover roughly 30 days of racing for the thoroughbreds. The thoroughbreds currently run 127 days; therefore this reduction would take them down to 97 days of racing per year. Without year-round racing scheduled, breeders will look to other states to breed where racing is more viable.

For the Standardbreds, Rosecroft Raceway races 60 nights throughout the year. With this purse cut, they will only be able to operate at the minimum days required of 40. For Ocean Downs, unless their operator CDI gives them the money taken away to keep the purse structure the same, they will have to run for less purse money.

3) **Add language to make the special fund appropriation from the Unemployment Insurance Administrative Expense Fund contingent on legislation establishing the administrative fee.**

   MD Labor concurs.

4) **Adopt committee narrative requesting a report on the Division of Unemployment Insurance efforts to reach payment goals and address backlog of appeals.**

   MD Labor concurs.

5) **Add language to reduce the special fund appropriation for the Division of Paid Leave contingent on the enactment of legislation delaying implementation of the FAMLI Program.**

   MD Labor concurs with a cut to the FAMLI program’s special fund appropriation contingent on enactment of legislation delaying the implementation of the program beyond current statutory timelines; however, MD Labor is working with DBM to determine specific funding needs for the program in fiscal 2026, and therefore cannot concur with specific dollar amounts listed by DLS at this time.

6) **Reduce special funds in the Division of Paid Leave that are more than needed to pay for costs in fiscal 2026.**

   MD Labor concurs with a cut to FAMLI's special fund appropriation in fiscal 2026; however, MD Labor is working with DBM to determine specific funding needs for the program, and therefore cannot concur with specific dollar amounts listed by DLS at this time.

Budget Reconciliation and Financing Act Recommended Actions

1) **Add a provision to reduce the amount of video lottery terminal proceeds distributed to the Purse Dedication Account from 6% to 5% with the additional revenue going to the General Fund in fiscal 2026 and 2027 and then the Blueprint for Maryland's Future Fund beginning in fiscal 2028.**

   MD Labor respectfully disagrees with this recommendation. Please see MD Labor's rationale provided above under the operating budget recommendations.