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Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Budget Analysis

House Appropriations Committee

Public Safety and Administration Subcommittee

Chair, Delegate Gabriel Acevero (District 39)

House Office Building, Room 150, Annapolis, MD

1:00 PM | February 19, 2026

Senate Budget and Taxation Committee

Public Safety, Transportation, and Environment Subcommittee

Chair, Senator Shelly Hettleman (District 11)

Miller Senate Building, Schweinhaut Room, 4th Floor, Annapolis, MD

11:30 AM | February 20, 2026

Thank you for the opportunity to respond to the Department of Legislative Services' Fiscal Year (FY) 2027 budget analysis. I appreciate and support the dedicated work of the General Assembly.

As the Chief Legal Officer for the State of Maryland, I am elected by the citizens of Maryland to supervise and direct the legal business of the State. Under my leadership, the attorneys and professional staff who comprise the Office of the Attorney General (OAG) work together to advise and represent the State, its institutions, agencies, boards, commissions, and officials. I also enforce and uphold the rule of law, using the authority of my Office to protect Marylanders and promote the public good. I lead the OAG with a key focus on equity, justice, and fairness.

I am deeply committed to ensuring that my Office has the resources it needs to deliver excellent services for our clients and Marylanders. This includes making sure that the members of my team have the tools they need to do their jobs well and to grow in their professional roles and pursuits. It is because of our talented attorneys, investigators, paralegals, administrative and operational staff, clerks, and volunteers that OAG has a meaningful impact across our State.

Fiscal Year 2025 and Fiscal Year 2026 (Year-To-Date) In Review

Since taking office three years ago, we have made many positive changes at the Office of the Attorney General. I am incredibly proud of what our team of over 1,059 attorneys and professional staff has accomplished in just three years. Yet the challenges my Office faces are more complex than ever, and to keep pace with these demands, OAG has committed itself to modernizing our resources and improving our organizational efficiency to produce data-driven, cost-effective solutions for our workforce, clients, and the public.

Federal Accountability Response

We cannot reflect on 2025 without acknowledging the unprecedented federal attacks on our State and democratic values. In 2025, my office took decisive action to respond to sweeping federal actions that threatened Maryland's economy, workforce, and essential services. After creating a Federal Accountability Unit (FAU) in late 2024 to prepare for anticipated federal actions, we led or joined more than 50 lawsuits to protect the State's interests, in addition to joining or leading numerous multistate comment letters and amicus briefs. Through this work, we safeguarded billions of dollars in federal funding supporting healthcare, education, public safety, infrastructure, environmental protection, and disaster response. Our efforts also protected federal agencies and employees located in Maryland, prevented large-scale workforce disruptions, and challenged attempts to dismantle programs that serve consumers, research institutions, and vulnerable communities.

At the same time, we acted to safeguard civil rights and the daily well-being of Marylanders. We challenged federal actions affecting immigrants, birthright citizenship, voting access, and critical benefits such as SNAP, Medicaid, housing assistance, and victim services. We also protected education funding for schools and universities, preserved research and mental-health resources, and defended clean energy, disaster resilience, and environmental protections. Our work further addressed public safety concerns, data privacy, fair lending, and nondiscriminatory contracting.

Together, these efforts were aimed at preventing economic harm, maintaining essential public services, and upholding constitutional rights across our State. I appreciate Governor Moore's support for providing \$1.5 million in General Funds in FY2027 to sustain FAU's operations.

FAU will continue to be instrumental for safeguarding Marylanders' rights and countering federal actions that may jeopardize the health and wellbeing of Maryland residents. FAU will continue to lead, coordinate, and participate in critical federal and multistate litigation efforts, from opposing federal funding and regulatory rollbacks to defending environmental laws, protecting civil rights and ensuring the rule of law in Maryland. The investment in this unit is minimal yet critical compared to the substantial savings and financial stability it helps secure.

Key Strategic, Personnel, and Budget Highlights

Last year, I released OAG's [Strategic Plan](#). The plan details the mission, vision, and values, as well as five strategic priorities that my office is committed to daily:

1. Strengthening public safety and law enforcement;
2. Protecting consumers, workers, and promoting fair business practices;
3. Upholding civil rights and promoting equal justice;
4. Safeguarding good stewardship of our public and natural resources; and
5. Modernizing the Office of the Attorney General and improving organizational efficiency.

This plan forms the roadmap for OAG to continue building on the successes of the last three years. With a plan for the future of the State's legal services in place, it is critical that OAG is well-resourced to deliver on its commitments to Marylanders.

OAG's current FY2026 budget funds 403.95 positions (396.50 regular and 7.45 contractual). Nonetheless, I oversee approximately **1,059** attorneys (720) and administrative professionals (339) across the State government. Over the last year to date, we have hired, promoted, or transferred **154 employees** and OAG currently holds a vacancy rate of **5% as of February 2026**, despite a State hiring freeze. Before the hiring freeze went into effect, OAG's vacancy rate was 3%, one of the lowest in the agency's history.

In FY2025, I spent **100% of my General Funds** appropriation, demonstrating a strong commitment to using the Office's resources responsibly. These funds continued to support important upgrades to OAG's operations and aging infrastructure, including improvements in information technology, human resources, facilities, and professional development. In FY2026, I continue to prioritize modernization so the Office can effectively serve State government in the 21st century. Although the FY2027 budget does not include new investments, OAG's operational needs remain significant.

The most urgent need is a **modern matter and case management system**. Today, the Office relies on a patchwork of many different tools and systems, many of which cannot be accessed across divisions or units. As a result, information is scattered, reporting is inconsistent, and attorneys and staff do not have a reliable and easy way to track cases, deadlines, or workloads. This also makes it difficult for leadership to understand staffing needs, allocate fewer resources, and respond efficiently to the public and our clients.

A unified system would allow the Office to track cases, documents, deadlines, and communications in one secure place. It would improve coordination across divisions, support better planning and accountability, and help ensure timely, consistent service. This is not simply a technology upgrade – it is essential for OAG to function as one office and to deliver efficient, transparent, and high-quality legal services to the State and the public. I look forward to working closely with the Department of Budget and Management (DBM) to advance procurement of a modern case management system essential to OAG's operations.

While I have prioritized streamlining hiring, exercising strong fiscal management, and operating within available resources to modernize the OAG, ongoing reductions to my General Funds significantly constrain my ability to fully support the agency's operational and legal priorities.

FY2027 OAG Budget Outlook

Continuing General Funds Reductions

In FY2025 and FY2026 **OAG's General Funds were reduced by \$2.9M**. This target reduction was met by replacing general funds with special funds, including DBM transferring certain salaries and fringes from the General Funds of two Programs (Legal Counsel and Advice and Civil Litigation Division) to the Securities Registration Special Fund ("Securities Fund"). My FY2026 budget maintained the OAG's personnel levels in these programs by leveraging special revenue resources. We took this approach to ensure that OAG could maintain existing legal services to clients like the General Assembly, the Judiciary, State's Attorneys, Clerks of the Court, State Boards of Elections, and several others. Subsequently, OAG's General Funds allocation has been **further reduced by \$1.8M in FY2026 due to statewide legislative reductions**.

In FY2027, OAG's General Funds carried a **total reduction of \$3.6M**. These funding decreases reduce the OAG's flexibility to maintain a well-resourced office capable of carrying out its complex responsibilities. OAG's budget is mostly personnel at **87%** (higher than the 71% in the DLS analysis as funds appropriated to the MSLC are not part of OAG's budget) and any reductions pose critical challenges to our legal service levels.

Greater Dependency on Diminishing Special Revenue Funds

OAG has two primary special revenue sources that support the personnel and operations of two divisions: the Securities Registration Fund, which funds the Securities Division, and the Consumer Protection Special Revenue Recoveries, which funds the Consumer Protection Division. Both revenue balances are at risk of being depleted in a few years due to limited revenue projections and recently added expenditures.

By the end of FY2027, the Securities Fund balance could decrease from \$11.1M to \$8.2M, making it impossible to maintain current staffing levels.

By the end of FY2027, the Consumer Protection Fund balance could decrease from \$16.1M to \$5.1M, making it incredibly difficult to fund the Divisions' staffing levels.

Potential Solutions to Maximize or Increase Special Revenues for Enforcement Work

HB0705 Office of the Attorney General Enforcement Recovery Fund Establishment

I respectfully ask the General Assembly to support [HB0705 Office of the Attorney General Enforcement Recovery Fund Establishment](#), as it provides the Office of the Attorney General a practical and accountable way to strengthen enforcement on behalf of Marylanders while adding

a modest and limited supplemental funding mechanism. Importantly, this bill is not intended to resolve broader special fund pressures or to create a significant revenue stream. Our office does not routinely obtain large civil penalties, and the amounts available under this legislation will be variable and unpredictable from year to year.

The bill creates a special, non-lapsing Enforcement Recovery Fund that allows my office to retain a limited portion – up to 25 percent, capped at \$7.5 million per fiscal year – of certain penalties obtained in consumer protection, antitrust, and securities cases, and only when those funds are not otherwise designated for restitution or another specific purpose. This approach preserves the core purpose of our enforcement work: obtaining restitution and relief for harmed Marylanders. Restitution remains the priority outcome in our cases, and this legislation does not change that focus. In fact, because only penalties may be deposited into the Fund, the bill avoids any incentive to replace consumer recoveries with penalties, which would both disadvantage victims and reduce funds returning to the State.

This is a performance-based but limited tool: when we successfully hold bad actors accountable, we may reinvest a modest share of certain penalties into future investigations, expert analysis, technology, training, and public education. Any balance above the cap returns to the General Fund, and the legislation makes clear these funds supplement, not replace, appropriated funding.

Just as important, the bill protects victims first. Restitution is never reduced, and only penalties – not compensation owed to harmed consumers – may be deposited into the Fund. Because significant penalties are relatively infrequent and case-dependent, the Fund is best understood as a capacity-stabilization measure that allows us to respond when complex cases arise, not as an ongoing or reliable source of operating support. These resources will allow us to use modern investigative tools, retain expert witnesses, and train staff to address increasingly complex financial fraud and corporate misconduct that threaten families, small businesses, and honest competitors across the State. With clear fiscal guardrails, Treasurer oversight, and Comptroller accounting, the measure maintains transparency and legislative control while improving our ability to enforce the law.

In short, this bill is a careful, victim-centered capacity-building tool that will help my office better protect Marylanders and ensure the marketplace remains fair and lawful while preserving the State's primary interest in restitution and General Fund recoveries.

OAG Budget Reconciliation and Financing Act (BRFA) Amendment to Increase Fees

In addition, I also ask for the General Assembly's support for an OAG Budget Reconciliation and Financing Act (BRFA) amendment to increase fees in our Consumer Protection Division (CPD) and Securities Division.

CPD plays a vital role in safeguarding Maryland residents from unfair and deceptive practices – and its ability to fulfill that mission in part depends on registration programs that are adequately and sustainably funded. The Division's current registration fees are no longer sufficient to fully fund two of its key programs. The Home Builder Registration program, whose fees have

been unchanged since 2016, has failed to keep pace with a 36% CPI increase over the past decade, requiring the Home Builder Registration Fund to rely on Consumer Recoveries Fund subsidies to cover ongoing shortfalls. The Health Club Registration program faces a similar problem, with its registration unit operating at a deficit and on track to exhaust its fund balance entirely without a fee increase. The proposed increases for both programs are intended to bring fees in line with actual operating costs and restore the financial sustainability of each program.

The Securities Division serves as a critical line of defense for Maryland investors, regulating the securities industry to prevent fraud and ensure market integrity – work that cannot continue without a stable funding base. The Division's funding pressures stem largely from fees that have remained static for an extended period. Most fees have gone unchanged for 25 to 35 years – Franchise and Investment Adviser fees were last increased in 1990, Corporate Finance fees in 1996, and many others have never been increased at all. The only exception has been broker-dealer agent fees, raised from \$35 to \$50 in 2017 and again to \$65 in 2025. This matters significantly because the Securities Fund's sole source of revenue is its share of those broker-dealer agent fees – just 12.2% of all securities fees collected. That narrow revenue base has been further strained by General Fund reductions shifted onto the Securities Fund under the 2025 BRFA, leaving the fund projected to reach a diminished balance in FY2027.

The decision to propose fee increases was made after a comprehensive review of /historical data, other States' fees, and increasing demands on our special funds. Given the impact of sustained budget reductions and ongoing underfunding, the fee increases are required to help support continued operations and to ensure OAG can continue providing essential services. Even with the fee increases, sufficient general funds are still required to maintain our core functions.

OAG FY2026 Projected Deficit

As OAG partners with DBM to do the best we can to support addressing the State's deficit, my ask from the Governor, DBM, and the General Assembly is that OAG have its cuts restored once the State's fiscal posture is in a better place. I also ask that OAG not take any further General Funds or Special Revenue Fund cuts. Otherwise, with the potential for further cuts, OAG will not be able to maintain current legal and enforcement service levels on behalf of the State. As of now, I project that **I will need to submit a deficiency of \$2.5M to address my agency's deficit forecast to address gaps created by reductions in my budget.**

I appreciate the General Assembly's support with ensuring my Office is adequately resourced.

Sincerely,



Anthony G. Brown

DLS Recommendations

DLS Recommendation (Page 2): \$200,000 for the Consumer Protection Division to support efforts to investigate and enforce ticket scalping. This one-time addition will support a contract to provide additional resources for the Consumer Protection Division's investigation efforts. OAG should comment on the planned timeline for when a contract will be procured and the funds will be expended.

OAG Response: OAG has spent \$12,383.45 in FY2026 as a cost-share for ticket scalping enforcement in one of our multistate efforts. While OAG will not pursue a contract, the agency will use the remaining balance this year towards experts and other cost-sharing enforcement needs in multistate investigations, as needed.

DLS Recommendation (Page 6): Given the State's fiscal outlook, the Department of Legislative Services (DLS) recommends reducing \$100,000 in special funds budgeted for in-State conferences and training under the Legal Counsel and Advice Division.

OAG Response: We respectfully request that the proposed \$100,000 reduction to the Office of the Attorney General's training budget not be applied. Professional development is a core operational requirement for a public law office responsible for statewide litigation, appellate advocacy, enforcement, and legal advice to State agencies. This year we implemented our first agencywide Continuing Education (CE) Policy, and 97% of staff achieved compliance. The policy requires annual structured learning for all employees, including mandatory Ethics and AI training, 12 hours of CE for legal staff, and 6 hours for non-legal staff. We also launched our first learning management system, OWL (OAG Workplace Learning), which centralizes training, tracks compliance, and allows us to deliver CLE-eligible instruction internally for the entire agency. OWL is a smart investment in the professional growth of our staff and a cost-containment measure – reducing travel and external seminar costs – while ensuring attorneys remain current on evolving law, discovery obligations, practice skills, and emerging technologies. Limiting training funding would directly halt OAG's progress and undermine our training compliance efforts.

It is important to underscore OAG's continued investment in procurement training across executive agencies. Statewide procurement practices vary, and the OAG frequently dedicates significant time to training agency procurement personnel and, in some instances, assisting with procurement-related functions. Strengthening procurement competency helps the State reduce errors, improve efficiency, and save taxpayer dollars. Procurement legal training is also critical within the OAG, and we have launched robust learning opportunities to ensure our attorneys can effectively and efficiently support agencies' procurement legal needs. This remains an ongoing area of professional development.

OAG has intentionally built a structured, accountable professional learning program, and cutting funding at this stage would undermine both compliance and organizational effectiveness. For these reasons, we respectfully request restoration of the \$100,000 training allocation.

DLS Recommendation (Page 7): DLS recommends deleting the 2 new positions for the People's Insurance Counsel and the Consumer Protection Division and instead filling the roles by reclassifying vacant positions.

OAG Response: The vacancy data used by DLS was pulled as of December 31, 2025. Since that time, 15 of the 25 vacant positions have been filled. The remaining 10 vacancies have already been posted and are in active recruitment.

All of these positions are essential to maintaining operational effectiveness and cannot be repurposed, as they provide critical capacity in the Independent Investigations Division, Consumer Protection Division, Criminal Division, Information Technology Division, and the Medicaid Fraud and Vulnerable Victims Unit.

OAG respectfully requests that the two (2) new positions for the People's Insurance Counsel and the Consumer Protection Division be allowed to move forward. Both positions are funded with special revenue funds.

The Home Builder Guaranty Fund (HBRU) provides relief to consumers who lose money to home builders that fail to perform construction, provide defective construction or breach a warranty. The Home Builder Guaranty Fund receives approximately 100 claims a year. Of that number, about 10% are resolved through mediation. The rest must be prepared for hearing. We anticipate that an attorney will have approximately 40 cases at some stage in the process at any given time. The HBRU has one attorney who currently is devoted full time to the Guaranty Fund and a second attorney who works on both larger home builder cases and Guaranty Fund cases. The current staffing is inadequate to keep up with the incoming claims.

Currently, we have about 280 cases waiting to be scheduled for hearing at OAH. One additional attorney would allow us to reduce the number of cases awaiting hearing at the OAH, while also handling Final Orders that have been appealed and responding to Public Information Act requests.

The People's Insurance Counsel Division (PICD) is statutorily authorized under State Government Article §6-303 to employ specialized personnel, including actuaries, to carry out its insurance-regulation duties. Currently, PICD relies on an actuarial consulting contract costing \$400,675 for two years and limited to approximately 705 hours annually. By contrast, a permanent State actuary would provide roughly 1,800 hours of work per year at a lower long-term cost, while also allowing PICD to build in-house expertise and continuity. The request is particularly justified because PICD's staffing has remained unchanged for nearly twenty years (two AAGs and two administrative staff), even as the Division's workload has expanded dramatically.

PICD's responsibilities and public demand have increased across every measurable category. Legislative reviews rose from about 10 bills in 2022 to 81 in 2024; consumer contacts more than doubled since FY22; Maryland Insurance Administration complaints increased from 317 in FY22 to 723 in FY25; outreach grew from roughly two annual events pre-pandemic to 28 events per year; and actuarial and internal filing reviews have surged significantly. These expanding duties require consistent actuarial analysis that cannot be efficiently or economically

sustained through limited contract hours. Importantly, PICD is funded through insurer assessments deposited into the People's Insurance Counsel Fund, meaning the position is supported by dedicated funding rather than general taxpayer revenue. For these fiscal and operational reasons, approving a permanent actuary position is both cost-effective and necessary for PICD to fulfill its legislatively mandated role protecting Maryland insurance consumers.

DLS Recommendation (Page 10): OAG should discuss current efforts and estimated resources needed to implement the recommendations made in the report to improve MFCU efficiency. DLS determined the report to be in compliance with the language and recommends the release of \$100,000 in withheld general funds. DLS will process a letter to this effect if no objections are raised by the committees.

OAG Response: The data-mining function is currently performed by the Office of the Inspector General for Health (OIGH). Under the terms of our grant, the MFVVU must obtain a data-mining waiver from the U.S. Department of Health and Human Services (HHS) before we may conduct these activities independently. In the interim, the MFVVU submits data-mining requests to OIGH, and they have been very responsive and cooperative in completing these projects. We are presently awaiting the results of our most recent request, which focuses on providers who submitted claims during the January snowstorm, when operations would have been difficult, if not impossible (for example, adult medical day care centers).

Separately, we have secured access to JSURS, the Medicaid paid-claims database required for data mining. OIGH provided one license at no cost, and the vendor is coordinating with Auditor Danielle Beatty to schedule her training. Once she is fully onboarded and able to access the data, we will submit our data-mining waiver application to HHS. The application has already been drafted, and we have amended our MOU with OIGH to meet the approval requirements.

The only potential challenge is that the State's JSURS vendor has approximately one year remaining on its contract, and the successor vendor has not yet been identified. As a result, it is difficult to project the long-term costs of expanding our data-mining operations beyond this initial implementation phase.

DLS Recommendation (Page 13): DLS recommends the adoption of committee narrative requesting a report on the operations of the ACE program, the estimated costs of the program in fiscal 2028, and future costs.

OAG Response: All Access to Counsel in Evictions (ACE) recommendations should be addressed by the Maryland Legal Services Corporation (MLSC).

DLS Recommendation (Page 13): OAG should discuss the federal funds that were preserved and which agencies and programs were impacted. DLS recommends adopting committee narrative requesting a report on the FAU's actions and expenditures in fiscal 2026 and 2027 year to date.

OAG Response: My Office has established a publicly accessible Federal Actions Response page on our website (oag.maryland.gov) to ensure transparency regarding how the office is defending Maryland against harmful federal actions. The [page](#) provides a centralized location where the public and stakeholders can view the lawsuits the OAG has joined or led, the posture of each case, and status updates. OAG has also issued a detailed [press release](#) outlining the impact of these efforts, including the preservation of billions in federal funding and identifying the specific agencies and programs affected.

While OAG welcomes interest in reporting on the Federal Actions Unit's work, a separate report may not be necessary because all cases and their statuses are already posted and regularly updated on the [website](#). In addition, stakeholders may independently track multi-state litigation, including Maryland's actions, through the Progressive State Leaders Committee (PSLC) [federal litigation tracker](#). Finally, OAG will be happy to provide year-end expenditure information at the close of FY2026 and FY2027.

DLS Recommendation (Page 14): OAG should comment on the number of plaintiffs who have filed cases under the CVA, the potential financial costs to the State, and the estimated timeline for current litigation and for payouts to begin.

OAG Response: About 12,000 claimants have now filed suit under the CVA. Given the \$890,000 cap in damages per claimant, the potential maximum liability to the State is in multiple billions of dollars. The litigation and the mediation are on two separate timelines, but we would not expect payouts to begin under either a negotiated global settlement or in jury verdicts for at least another year. Mediation and litigation costs and fees, however, will continue.

I appreciate your consideration of my requests and look forward to answering any questions. Thank you.

Sincerely,



Anthony G. Brown