

Department of Emergency Management

Fiscal Year 2027 Operating Budget

Response to Department of Legislative Services Analysis

Appropriations Committee

Public Safety and Administration
Subcommittee
Delegate Gabriel Acevero, Chair
Delegate Julian Ivey, Vice Chair
Hearing Date: 19 FEB 2026

Budget and Taxation Committee

Public Safety, Transportation, and
Environment Subcommittee
Senator Shelly Hettleman, Chair
Hearing Date: 20 FEB 2026

Department Response to DLS Analysis

Introduction

The Maryland Department of Emergency Management (MDEM) appreciates this opportunity to update the Committee on the activities of the Department and to respond to the recommendations and requested updates contained in the Operating Budget analysis prepared by the Department of Legislative Services (DLS).

Operating Budget Summary

Fiscal 2026 Proposed Deficiency

MDEM should brief the committee on how it plans to cover \$3.2 million in reduced federal funds to support its operations if the proposed legislation expanding allowable uses of the 9-1-1 Trust Fund beginning in fiscal 2026 is not enacted or cannot be implemented. (p. 2-3)

MDEM and the Department of Budget and Management (DBM) are working closely to resolve the matter. Additional questions related to this can be directed to DBM, and DBM will address this in their upcoming testimony on the Budget Reconciliation and Financing Act (BRFA).

Fiscal 2027

Federal Actions and Their Impacts on Federal Fund Sources

MDEM should brief the committees on how the department plans to continue its operations if federal funds are further reduced or unavailable and comment if the department is considering alternate funding sources. (p.7)

MDEM's approach is to prioritize mission-essential capabilities in order to protect the State's ability to respond to emergencies. Since January 2025, the department has taken cost-cutting measures to offset federal fund reductions and delays, including:

- Administrative controls and efficiency measures (tightened hiring, spending controls, contract and operating cost management, and standardized financial reconciliation/oversight to ensure remaining funds are executed properly);
- Scope prioritization to maintain minimum statutory and operational requirements while reducing or pausing lower-priority activities if necessary; and
- Working with DBM and the Administration to identify State funding that could backfill critical gaps needed to sustain core statewide emergency management functions.

However, reductions in federal funding and changes to the federal funding spending requirements will continue to impact MDEM's operating budget. Without relief, these measures would include workforce reductions and corresponding reductions in scope and capacity.

MDEM has not identified alternate funding sources outside of the State budget process. The Department will continue to maximize allowable federal cost recovery mechanisms (e.g., appropriate indirect cost recovery where available) and prioritize preserving primary mission essential functions where feasible; however, absent additional State funding, sustained reductions in federal funding would necessitate corresponding reductions, including reductions in staffing and operational capacity.

The Department of Legislative Services (DLS) recommends adopting committee narrative requesting a report on the status of the various federal fund sources in MDEM, including the timing of receiving the federal funds and the department's contingency plan if federal funds are not available as anticipated. (p.7)

MDEM acknowledges this recommendation.

Because the total combined balance of the two funds is \$2.1 million less than the SAC minimum recommended level, MDEM and DBM should comment on how the agencies plan to maintain the total combined closing balance of \$15 million for the two funds. (p. 8)

The Administration appreciates SAC's advice, but believes the balances of the two funds to be sufficient in light of the larger fiscal context of the budget. Additional questions regarding the SAC recommendations can be directed to DBM.

Proposed Budget Change

MDEM should comment on the reason for the significant increase in grants supported with 9-1-1 surcharge revenue for county shares. (p.8)

The increase in local aid funding reflects a reporting change, rather than a material increase in funding to county governments. Previously, only funding associated with projects approved by the

Maryland 9-1-1 Board using the 9-1-1 State Trust Fund dollars was reported through the local aid report. After a thorough review and discussions with the Department of Budget and Management, this year MDEM included local 9-1-1 surcharge distributions, prepaid wireless revenues, interest payments, in addition to Maryland 9-1-1 Board approved project funding. This accounts for the increase in local aid funding reported.

Budget Reconciliation and Financing Act

DLS recommends adding more specificity to the contingent language so that it more closely matches the applicable BRFA provision. (p. 9)

MDEM acknowledges this recommendation.

Personnel Data

DLS recommends deleting funding for the 1 new position. MDEM should instead reclassify 1 of the existing long-term vacant positions. (p. 10)

MDEM disagrees with this recommendation. The 9-1-1 Board currently has two vacancies, both of which are in recruitment processes:

1. PIN # 078008 has a candidate selected which will begin in March
2. PIN #087428 is in open recruitment and has already held candidate interviews.

Key Observations

1. Resilient Maryland Revolving Loan Fund

MDEM should brief the committee on the status of the two projects that received RMRLF loans in fiscal 2025, including an estimated project completion timeline. MDEM should also provide an update on the remaining five projects, planned utilization of the \$6.5 million in federal fiscal 2023 STORM funds received, and whether the agency has applied for federal fiscal 2025 STORM funds. (p. 12)

Current Loan Status. MDEM successfully issued two loans in May 2025 to Howard County for the North Tunnel and Culvert projects for a total of \$10 million in funding. The loans are expected to be repaid over 20 years in annual payments in May of each year. The state is expected to gain \$552,555 in interest over the 20 year repayment period, which ends in 2045.

Remaining Projects. The City of Crisfield was originally selected to receive FY 2023 (FFY) Safeguarding Tomorrow Revolving Loan Fund (STORM Act) funding to fulfill the non-federal match of a \$36 million Building Resilient Infrastructure and Communities (BRIC) grant they were selected for. The City's planned project would have been transformational to the southern portion of Crisfield, implementing critical infrastructure changes which would have significantly mitigated flooding in the area which routinely impacts businesses, residents and visitors.

The federal government cancelled the BRIC program in April 2025, including the Crisfield BRIC project, leaving the City without an immediately viable alternative for funding the project. While the RLF cannot fully fund the project in its original conception, the Department is working with Crisfield to determine alternative solutions, including potentially funding smaller, discreet portions of the originally planned project.

As a result of the federal actions, MDEM staff is actively working with FEMA, Crisfield and the City of Wheaton to adjust administrative requirements to issue loans from the FFY23 STORM Act and the Resilient Maryland Revolving Loan Fund that would obligate the full \$6.5 million federal award as well as \$2.6 million in state RLF funds. Currently, these efforts are expected to result in executed loans in mid-May 2026.

MDEM applied for the federal fiscal year 2024 (FFY24) STORM Act funding. For the second year in a row, Maryland was successful in its application for this funding; with notification that Maryland would be awarded the entire requested amount of \$14.2 million. However, as of today, MDEM has not yet received an award letter and the funds are not available for drawdown in the FEMA grants system. FEMA personnel have indicated the delay is due to a technical glitch in their grant systems and that processing is moving forward.

The Department has identified two projects submitted by Howard County in the first year of applications but were not funded, which will support the mitigation efforts in Ellicott City. Originally the award would also have supported the Wheaton project mentioned above, but since this is able to be funded through the first year award and available special funds, MDEM is working with the City of Annapolis to develop an application for funds that will be utilized as part of the City Dock project. While this application has not been finalized, the expected loan amount is \$3 million.

Revolving Loan Fund Anticipated Balance. Taking into account the BRFA provision to transfer \$9 million of RLF funds to Blueprint, after the May 2026 loans are issued using the FFY23 STORM funding and associated non-federal share of \$2.6 million, the balance will be reduced to \$1.7 million. Of this balance, \$1.42 million is required for the non-federal share for the FFY24 STORM award. In addition to the work with Annapolis to develop a loan application, MDEM staff is also actively accepting notices of interest in the program, which is expected to increase as federal clarity is expected on BRIC and other Hazard Mitigation Grant Programs. The loan can serve as a flexible, low cost option for local jurisdictions to address mitigation needs with an all-hazards approach.

The federal government has not released a Notice of Funding Opportunity (NOFO) for the federal fiscal year 2025 (FFY25) STORM Act, and FEMA has not made any indications of the future of the program.

DLS recommends adopting committee narrative requesting that MDEM submit a report on the RMRLF, including a status update on the projects that are approved, in process, or under consideration, including new projects. The report should also include an update on the status of the federal funds, including project applications submitted for federal funding, planned utilization of the federal funds, and the estimated current balance of the RMRLF.

MDEM acknowledges this recommendation.

2. State and Local Cybersecurity Efforts

MDEM should provide an update on the federal fiscal 2024 awards and its fund allocation by project and purpose. (p. 14)

MDEM has not yet awarded federal fiscal year 2024 (FFY24) or federal fiscal year 2025 (FFY25) State and Local Cybersecurity Grant Program (SLCGP) funds. MDEM is finalizing the applications for projects and will be opening the submission period in quarter 2 of calendar year 2026. MDEM anticipates using general funds in the Local Cybersecurity Support Fund to support the SLCGP match requirements and anticipates releasing an application by the end of quarter 3 of calendar year 2026. This application process will complement the federal fiscal 2024 and 2025 SLCGP grant program to provide local jurisdiction entities with maximum project funding opportunities.

The Local Cybersecurity Support Fund (LCSF) was initially funded with \$3.6 million and planned use as SLCGP match funds, LCSF allocated projects funds, and LCSF management costs; MDEM anticipates the fund will be depleted by the end of state fiscal year 2026. The match requirement for federal fiscal 2024 is \$2,134,363.71 and the match requirement for federal fiscal 2025 is \$1,074,777.33 for a total of \$3,209,141.05.

If the federal SLCGP program was to be terminated at the end of federal fiscal year 2026, this would impact MDEM and DoIT with the loss of the 20% state share allocation that funds personnel and programs providing technical cybersecurity services and non-technical cybersecurity preparedness, including planning, training, and exercise direct technical assistance and support, for local jurisdictions. Local jurisdictions would lose the ability to fund cybersecurity technical enhancement projects, cybersecurity personnel, and cybersecurity technical training and certifications from the 80% local share allocation.

DLS recommends adopting committee narrative requesting a report on the status of federal fiscal 2024 and 2025 SLCGP funding distributions, including the distribution of grant applicants and

grant awards by jurisdiction. The report should also include any anticipated use of general funds in the Local Cybersecurity Support Fund and the department's plan for the future of this program if the federal program ends at the end of federal fiscal 2026. (p. 14)

MDEM acknowledges this recommendation.

3. Repeat Finding in the Review of Budget Closeout Transactions for Fiscal 2025

MDEM should provide an update on how much of the \$86 million in federal fund revenue entries has been recovered and whether the listed agencies have approved the requests for federal fund reimbursement. (p. 14)

MDEM has been working with our partner agencies to close out the remaining federal fund revenue entries. Since the FY25 audit, we have received \$323K from the Department of Public Safety and Correctional Services. We are actively working with the Maryland Department of Health (\$66.4M), the Department of Budget and Management (\$11.1M), and the Maryland State Department of Education (\$84K) to finalize the necessary documentation and navigating the specific review and approval protocols required by each agency for these federal reimbursements. Table 1 below depicts the current status for each agency.

Table 1: Federal Fund Revenue Status

Agency	Status	Amount
Dept. of Public Safety & Correctional Services	Recovered / Received	\$323K
Maryland Department of Health	Review & Approval Phase	\$66.4M
Department of Budget and Management	Review & Approval Phase	\$11.1M
Maryland State Department of Education	Review & Approval Phase	\$84K
MDEM (Internal)	Internal Reconciliation	\$8.093M

MDEM has administered over \$2 billion in obligated FEMA public assistance awards for the COVID-19 disaster alone, and have drawn down \$456.5 million in federal funds since May 2025. MDEM has ensured Federal reimbursement of public assistance grant expenditures follow Federal policy and will continue to seek reimbursements for eligible activities until the end of this grant.