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Maryland Department of Health (MDH) Office of the Secretary
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Emily Shetty
February 19, 2026

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray
February 20, 2026

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.

MDH should provide an explanation for the high levels of overtime in fiscal 2025 and 2026 and discuss efforts that it is taking to reduce overtime usage (p. 8).

Overtime costs have continued to increase for a variety of reasons. First, successive years of COLA and step increments have increased the cost of overtime regardless of hours used. Second, the MDH Healthcare System (HCS) is unique within MDH as its facilities require 24/7 specialized staffing across clinical and operational positions. When taken together, vacancy rates and paid leave, including leave authorized through the Family and Medical Leave Act (FMLA), compound to increase reliance on overtime to staff shifts. Third, due to the high acuity of patients in our HCS facilities, we have dozens of patients who require 1-to-1, 2-to-1, and as

much as 4-to-1 care, further increasing staffing demands. For those patients that require medical services in alternative locations, up to four staff are needed to accompany them for safety reasons. Those staff are required to remain with the patient for the duration of the appointment or hospital visit, adding to staffing needs on-site. Current staffing models do not reflect the sustained, increased need for high acuity patients requiring enhanced staffing levels.

The department is addressing overtime costs by filling vacant merit positions, especially those in security and nursing classifications that drive overtime utilization, and partnering with HR to explore options to review overtime regulations, which currently allow employees to earn overtime for hours worked above the eight-hour work day and/or 40-hour work week, inclusive of leave, including FMLA.

MDH should clarify if the fiscal 2027 allowance includes funding for State Allocation purposes and discuss its plans to spend down the [Opioid Restitution Fund revenue] balance (p. 13).

Response from the Maryland Office of Overdose Response (MOOR):

The 2027 allowance of \$28 million includes:

- \$14,524,936 of Targeted Abatement Grant (TAG) funds to be distributed to subdivisions upon receipt and approval of a Local Abatement Plan.
- \$10,000,000 of State Discretionary Abatement Funds (SDAF) to be awarded via grant programs, and support the current two-year grant programs.
- \$50,000 to support the Buprenorphine Optional Protocol training grant program (from SDAF)
- \$357,741 to support MOOR Staff responsible for the ORF Grants and ORF Program Director
- \$4,007,520 was budgeted to expected settlement payments from the State Allocation (SA) to support funding for projects identified for funding by the State. Projections for FY27 SA expenditures are:
 - SB 1099 Automated External Defibrillator (AED) and Naloxone Co-Location Initiative \$202,889
 - Planned Projects/Grants \$4,300,000
 - Opioid Settlement Dashboard \$72,000
 - Fiscal Map Contract \$87,800

To support the balance of ORF SA expenditures, we will submit a budget amendment. Additionally, the balance of ORF SA revenue is sufficient to support these planned expenditures.

We're completing an internal review of resources available to the state for addressing substance use and overdose, which will provide critical insight. We'll utilize that information, the ORF Advisory Council recommendations, input from subject matter experts and community members, and Maryland's Overdose Response Strategy to develop a long term plan for ORF spending. When reviewing the potential to distribute these funds, it is critical to consider with intentionality allocating funds effectively and create the greatest impact to help those most impacted by the

opioid crisis. Given the current ambiguous landscape of funding for substance use programming, it is even more imperative that a sustainable plan for utilization of ORF dollars that prioritizes highest impact programs is in place before significant expenditures begin.

MDH should provide a reason for the position abolitions given the facility's challenges with vacancies. Additionally, MDH should comment on the amount of savings resulting from abolishing the positions and discuss the impact that the position abolitions will have on facility operations (p. 14).

Fifteen merit positions at Perkins are abolished in the FY 2027 Allowance to offset the cost of reclassifying 26 other Perkins positions. The abolishments and reclassifications did not result in any reduction to the facility's budget. All 15 positions were authorized for creation in FY 2025 and have never been filled, so their closures have no operational impact.

The 26 reclassed positions better align with current operational needs—strengthening the nursing bench with additional nurse supervisor and management-level roles to stabilize coverage and oversight; expanding administrative support positions to bolster core operational functions; increasing staffing for the Work Adjustment Training Program and Social Work to accelerate treatment progression and discharge planning; adding an Alcohol and Drug Abuse Professional Counselor to expand substance use services; and adding psychologist capacity to increase timely psychological testing that directly supports patient management and treatment planning.

MDH should comment on the reason for the [contractual FTE] increase in each program (p. 15).

The 12.00 FTE increase for contractual positions at Clifton T. Perkins Hospital Center is for patient work opportunities. The FY 2027 Governor's Budget establishes a budget for this longstanding initiative, called the Work Adjustment Program, which provides structured, therapeutic work placements that promote skill development, accountability, and readiness for community reintegration among forensic psychiatric patients.

Patients who are part of the program participate in supervised roles essential to hospital operations, including Dietary Services, Laundry, Horticulture, Plant Management, Library Services, Chart Courier functions, and Clifton's Corner retail operations. The program is currently serving 26 patients, with an additional 15 patients on a waiting list, reflecting sustained demand and limited staffing capacity.

The program supports:

- Development of transferable vocational and task-completion skills
- Reinforcement of work habits and responsibility
- Improvement in executive functioning and behavioral regulation
- Increased readiness for step-down levels of care and eventual community reintegration

The 11.56 contractual FTE increase in Office of the Secretary is for newly-budgeted positions in

FY 2027, within the Office of Enterprise Technology (OET). The job functions relate to cybersecurity response activities. We note that the budget for these positions is not new, but rather was realigned from other budget objects. See chart below showing position details.

Location	Class	FY25 FTE	FY26 FTE	FY27 FTE	FY27 - FY26	Comments
A281/OET	2588	0	0	1.00	1.00	This is MDH's Continuity of Operations Program (COOP) Manager. The MDH COOP Manager is primarily responsible for ensuring all units within the Department have an up-to-date and fully tested COOP plan. This position is currently filled. This position was previously funded by a federal grant that is no longer available.
A281/OET	4412	0	0	1.00	1.00	This resource is stationed at the MDH Preston Street location but is used to provide IT user support for users at multiple MDH locations. This position is currently filled.
A281/OET	4413	10.80	0	6.00	6.00	Three (3) of these resources work on supporting Active Directory, End Point Patching, and mitigating security vulnerabilities. Two (2) of these resources work on supporting the network infrastructure, primarily keeping operating systems up-to-date (maintaining cybersecurity hygiene), and in so-doing addresses an audit finding. The final resource provides end user support at the Thomas B Finan Center. All positions are currently filled.
A281/OET	4488	0	0	2.00	2.00	These positions provide technical support for the Maryland Electronic Vital Records Registration System (EVRRS) system.
A281/OET	4503	0	0	2.00	2.00	One of these resources is the lead over two workforce members who support MDH network infrastructure. This resource also provides network support but is additionally a subject matter expert and provides technical guidance to other resources that performs similar work. The other resource in this space is responsible for managing MDH's

Location	Class	FY25 FTE	FY26 FTE	FY27 FTE	FY27 - FY26	Comments
						enterprise server backup solution. The enterprise server backup solution ensures that a backup of MDH data is available offsite for servers hosted at local sites. This is critical technology that would support recovery of data were MDH ever to suffer another cyber incident or a catastrophic network failure. Both positions are currently filled.
A283/OET	4471	0.60	0	1.00	1.00	IT Programmer Analyst Lead doing cybersecurity-related work. This position is currently filled.

MDH should clarify if the realigned PINs will be supported with the \$3 million supplement included in the fiscal 2026 budget or supported with existing resources in the JLG RICA budget (p. 15).

Yes, payroll for the 31 realigned PINs staffing the Pediatric Overstays Unit will be supported by the \$3 million line item included in the FY 2026 budget.

MDH should comment on how other facilities will accommodate the reduction in medium or minimal security units at Perkins (p. 17).

Planned renovations at Springfield Hospital Center will add one new admissions unit and one new subacute unit to the MDH Hospital System for a total of 47 additional beds. It is expected that 10 of the minimum security patients at Perkins will be discharged within the next year. The new subacute unit at Springfield will house 22 of the Perkins minimum security patients. The remaining patients will be transferred to one of the other MDH facilities.

MDH should comment on how it will fill these positions and clarify why it transferred vacant PINs to JLG RICA while the facility maintains a high vacancy rate with its existing authorized positions (p. 17).

JLG RICA's current high vacancy rate, 20.7% as of 1/31/26, is the result of 68 new merit PINs authorized in FY 2025 to staff new units in Cottage 2 as well as the realignment of 31 merit PINs to staff the Pediatric Overstays Unit in Cottage 2. The initial addition of 68 merit positions increased the facility's vacancy rate from 5.1% in October 2024 to 21.2% in November 2024. The vacancy rate has fallen steadily since then, to 11.8% in November 2025, as the facility filled the new PINs and opened two of the new units. The vacancy rate increased again after the December 2025 addition of the 31 positions for Pediatric Overstays Unit to 21.1%. We expect the vacancy rate to fall back to its historic levels as the new PINs continue to be filled.

Once the 31 vacant merit PINs are filled, the facility's overall vacancy rate will fall below 10%. This process has included working with MDH Office of Human Resources to reclass these positions to the appropriate classifications to staff the Pediatric Overstays Unit. Recruitments are open, and wherever possible the facility is conducting "open" interviews to expedite hiring. The facility anticipates filling vacant positions beginning in March.

MDH should clarify if operational funding for a FFC at Noyes would be budgeted in MDH or DJS and how much it would cost to operate an additional FFC (p. 19).

The Facility for Children (FFC) will be budgeted within MDH. The estimated annual cost to operate the facility is \$5.7 million.

MDH should explain why these positions were eliminated and whether the number of authorized positions in fiscal 2027 aligns with the department's goal to maintain adequate staffing levels at hospital facilities (p. 20).

The 15 abolished positions were vacant, and have never been filled, so will not impact existing staffing levels. Realignment of budget resources that supported these positions will be used to fill 26 existing vacant positions in the therapeutic and administrative classifications that are most needed by Perkins (see above response).

MDH is actively exploring procurement options for a third-party analysis of facility staffing levels, not just at Perkins but across the entire 11-facility MDH Healthcare System. Our understanding is that AFSCME is planning to conduct its own staffing analysis as well. These analyses will inform future budget discussions around adequate staffing levels.

The Department of Legislative Services (DLS) recommends adopting committee narrative requesting a report on staffing at the State facilities (p. 20).

The Department concurs with this recommendation.

MDH should explain why the estimated remaining cost is listed at a level more than twice the amount needed for the project to meet the maximum estimated total cost. MDH should also comment if it anticipates project costs to exceed the estimated maximum total cost of \$40 million listed in the Governor's Fiscal 2027 Budget Books (p. 24-25).

According to MDH records the Electronic Health Records (EHR) Major Information Technology Project (MITDP) has spent roughly \$15M of the total appropriations allotted to the project. The project estimate at completion is approximately \$32M and based on our calculations the estimated remaining cost is around \$17M. At this time MDH is not estimating total cost at completion to exceed the \$40 million listed in Budget Highlights Appendix N.