



Fiscal Year 2027 Operating Budget
Family Investment Administration - N00100
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services
Senator Cory McCray
February 26, 2026

House Appropriations Committee
Health and Social Services
Delegate Emily Shetty
March 2, 2026

Honorable Chair and Members of the Subcommittee, on behalf of the Maryland Department of Human Services (DHS), we thank Governor Moore, Lieutenant Governor Miller, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank Department of Legislative Services Analyst Tonya Zimmerman for her analysis and assistance leading up to today's hearing. Joining me at the table is Augustin Ntabaganyimana, Executive Director of the Family Investment Administration (FIA), Roman Napoli, Chief Financial Officer, and Webster Ye, Chief of Staff. We have senior members of our leadership team, including FIA leaders, and directors of our local departments of social services (LDSS) present in the audience as well.

Our vision for Maryland is one where all children and vulnerable adults are safe, children have permanent homes, and families thrive.

When we began the hard work of realizing this vision three years ago, we knew we had to rebuild trust and modernize a system that had fallen behind.

Since 2023, the Family Investment Administration has been focused on making much needed, long-overdue changes to provide Maryland families with the tools and resources they need to thrive.

Today, we can report that this progress is delivering results and continues in several critical areas:

Minimizing Harm & Preserving Access to Lawful Benefits As We Implement H.R. 1

We are committed to building a DHS that works for all Marylanders and tackling the long-standing and systemic issues that have limited opportunities for Marylanders in the past. We must acknowledge that a great deal of the time, attention, and resources of the Family Investment Administration have been focused on minimizing the harm that Marylanders are facing as a result of unnecessary, unwanted, and burdensome 2025 federal changes to the Supplemental Nutrition Assistance Program (SNAP).

SNAP is a vital piece of America's social safety net. For over 680,000 Marylanders, including more than 262,000 children, 128,700 people with disabilities, and 121,600 seniors, SNAP ensures that people can put food on their tables.

[H.R. 1 \(2025\)](#)'s harmful impacts are already being felt, and are about to get much worse after the unnecessary chaos of the fall 2025 federal government shutdown.

Among these changes, H.R. 1 subjects up to 80,000 additional Marylanders to work requirements, including:

- Adults aged 55-64;
- Adults 18-64 who do not have a child younger than 14 in the home;
- Veterans, homeless individuals, and former foster youth up to age 24 who aged out of care.

In October 2026, Maryland's share of SNAP administrative costs will shift from 50% to 75%, resulting in an estimated \$43.1 million in additional cost to Maryland's general fund as the federal government shirks its responsibility to provide a social safety net for the most vulnerable.

The newly imposed eligibility obstacles and restrictions as well as the reduced benefit amounts that went into effect in November 2025, mean new applicants are already facing these new challenges, and even more current SNAP customers will begin feeling the impact on a rolling basis in March during their recertification period.

Each and every day since H.R. 1 was passed by Congress and signed by President Trump, our team has been working to minimize the harm of these federal changes to SNAP and preserve lawful access for eligible Marylanders.

To best serve Marylanders, our team is focused on:

- **Preserving access** by using every tool available to prevent procedural terminations and keep eligible Marylanders connected to benefits.

- **Being human-centered** by building user-friendly tools and using plain language focused on the real-world impacts on our clients.
- **Building practical, data-driven solutions**, like cross-agency workgroups, to reduce administrative burden.
- **Working in partnership** and transparently with sister agencies and stakeholders to co-design strategies for the challenges ahead.

We have already taken important steps to better support customers newly subject to work requirements by increasing SNAP Employment & Training (E&T) funding by 19% and expanding our partner network from 30 to 48 organizations across the state. Every county now has as a minimum of three dedicated SNAP E&T partners. As a result, service capacity has more than doubled—from 3,764 to 7,500 slots—allowing us to serve an additional 3,736 SNAP participants with job readiness, skills training, and employment support services. This expansion ensures equitable, statewide access and positions Maryland to proactively respond to the more than 80,000 individuals newly subject to work requirements.

We created a new screening tool to help customers more easily identify exemptions for which they are qualified, and are communicating frequently with community organizations and advocates that are helping explain changes to customers and ensure exemptions are correctly applied.

We're working to find new ways to make government more accessible and services more seamless, to deliver the world-class customer service that Marylanders deserve. Through a \$1.2 million award grant from the Public Benefit Innovation Fund, we're leading a partnership with the Maryland Department of Health, Maryland Benefits, and the Maryland Health Benefit Exchange to develop AI tools that streamline work verification for SNAP and Medicaid customers.

We're partnering with the Maryland Health Care Commission (MHCC) to use diagnostic data to automatically identify and exempt customers from the new work requirements based on their known medical conditions.

And we're working hand in hand with the Maryland Department of Labor, Maryland Department of Aging, community-based organizations, and philanthropic partners to expand access to education and training opportunities. Together, these investments reflect a comprehensive strategy to strengthen compliance, improve customer experience, and advance economic self-sufficiency for Maryland's SNAP participants.

DHS and MDH have conducted over a dozen joint briefings to stakeholders to get the word out about the impact of H.R.1 on Marylanders and have produced shared collateral pieces on the [overall impact of the law](#).

For more information, please see the attached (Exhibit 1) H.R. 1 and SNAP payment error rate briefings presented to the Senate Budget and Taxation and House Appropriations Committees earlier in the 2026 session.

Maintaining Access to SNAP Benefits Despite the Federal Government Shutdown

When the The Trump Administration stopped funding SNAP on November 1, 2025, the Moore-Miller Administration stepped in to fill the gap and ensure that Marylanders had access to benefits to keep food on the table. Following a federal judge's order that the federal government provide contingency funding, we made [\\$62 million available to make sure that SNAP customers quickly received their entire benefit amount for November](#) and ensured that [Marylanders continued to receive critical home energy benefits](#). When the federal shutdown ended on November 13th, the federal government began funding SNAP benefits again and we moved with urgency to restore full benefit SNAP payments by November 18th.

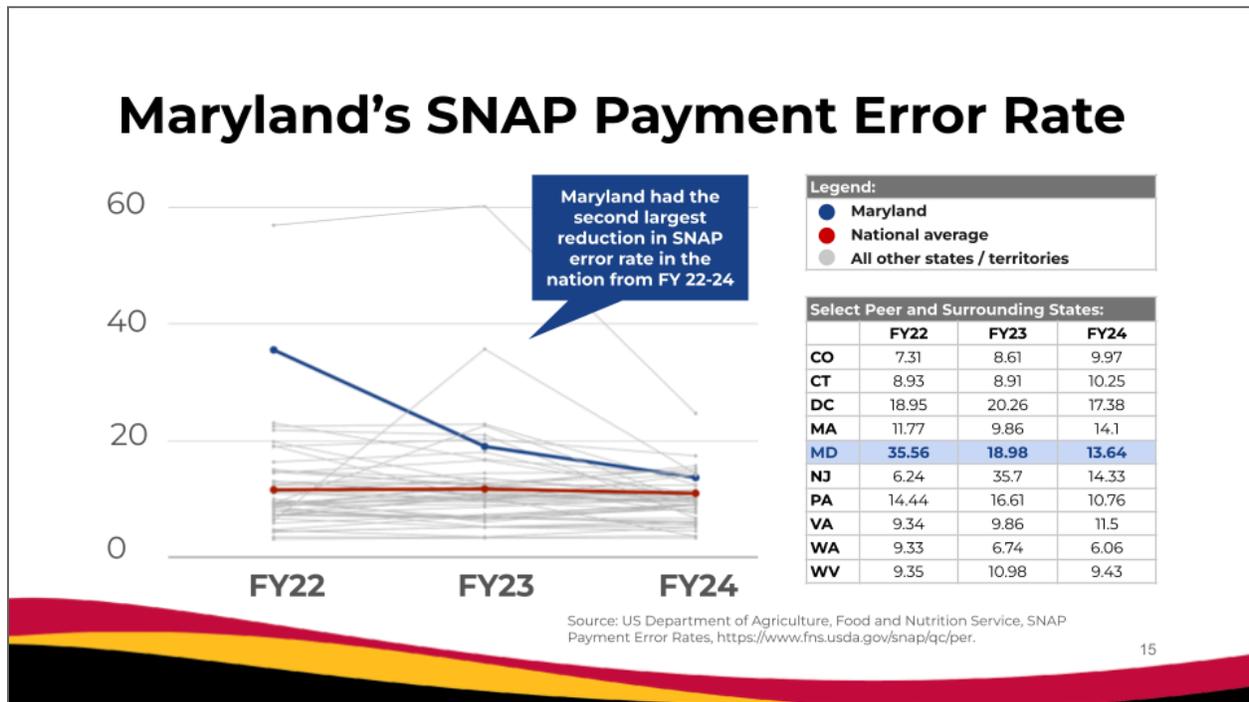
The threat of a federal shutdown and the uncertainty of whether SNAP would be funded during October and November, along with delays in the typical guidance from the U.S. Department of Agriculture's Food and Nutrition Service meant that the same teams that were already stretched thin preparing to implement unnecessary administrative burdens brought on by H.R. 1, were also working day and night to maintain SNAP access for Marylanders.

In the aftermath, we will hold the federal government to its commitment in [Section 118 of P.L. 119-37](#) to reimburse for state funds used during the federal government shutdown. As of February 20, 2026, we have not heard from the U.S. Department of Agriculture on its process for states to apply for that reimbursement.

In addition, with the help of partners across the Moore-Miller Administration and trusted service providers across the state, [we were able to inject an additional \\$10 million in emergency grants to support Maryland's food banks and community food pantries](#).

Making Meaningful Reforms That Continue to Bring Down Maryland's SNAP Payment Error Rate

When the Moore-Miller Administration came into office, we inherited a 35.56% SNAP Payment Error Rate, the second-highest in the nation. We've cut the rate by more than 60%, down to 13.64%.



The SNAP Payment Error Rate (PER) is a federal measure of how accurately states determine eligibility and benefit amounts by checking the number of under- and overpayments. The Payment Error Rate is a quality control check on a state agency's administrative processes.

As [noted by USDA](#):

SNAP error rates are not fraud rates; payment accuracy errors in SNAP are largely unintentional and can happen in one of two ways:

- An applicant is determined eligible when they are not.
- An eligible participant is certified to receive either more or less benefits than they are entitled to.

SNAP error rates reflect program waste. USDA takes payment errors very seriously and will continue to work with states to address the root causes of these mistakes.

DHS is committed to effectively and equitably distributing federal assistance benefits to all eligible Marylanders and has been deliberately and proactively implementing measures to drive down the error rate since 2023 based on supporting our people, policy, and practice.

Reducing Staff Caseloads & Turnover

Since January 2023, DHS has hired nearly 200 new Family Investment caseworkers and supervisors statewide, reducing our vacancy rate by almost three quarters from a peak of 19.4% in April 2022 to 4.62% on February 12, 2026. Of note, the vacancy rate in these positions has been under 5% consistently since February 2025.

Filling caseworker vacancies is an important step, but we're also leveraging technology to reduce the administrative burden of new H.R. 1 requirements and improve training to meet the moment. Our front line team members need and deserve every support that we can offer them to respond to these federally driven changes. New AI-powered interactive training modules are specifically designed for H.R. 1 changes, including knowledge checks and providing real-life scenarios for caseworkers to practice applying new requirements for new and existing customers. At the same time, we're also automating select administrative functions (such as no-change periodic reports) to free up staff time for work that cannot be automated.

Addressing Changes in Federal Policy and State Practice

In March 2025, Maryland will join eighteen other states in implementing the National Accuracy Clearinghouse (NAC), an interstate database designed to prevent the simultaneous issuance of SNAP benefits by more than one state—a practice known as interstate duplicate participation. By enabling states to identify and prevent duplicate enrollment, NAC strengthens program integrity while reinforcing data security and accountability across state eligibility systems. The secure interconnection between state eligibility systems and the NAC allows states to share limited information on active SNAP participants solely for the purpose of preventing and detecting duplicate participation. This system-to-system approach improves operational efficiency, enhances data security, and supports accurate and timely benefit delivery without increasing administrative burden for frontline staff or creating additional barriers for eligible households.

The department is partnering with organizations such as Code for America, U.S. Digital Response, and Maryland Benefits, to deploy technology solutions to implement H.R.1 in a way that minimizes disruption and reduces errors associated with policy changes. These partnerships support churn reduction by redesigning forms and notices in plain language so eligible families clearly understand requirements and can maintain their benefits.

The work also includes mapping the full customer journey—from application through renewal—to identify precisely where administrative barriers cause Marylanders to fall off. In parallel, we are analyzing the root causes of SNAP payment

errors and building data-driven tools that prevent mistakes at the point of application, improving both accuracy and customer experience.

We are actively participating in the National Governor's Association SNAP E&T Policy Academy to leverage technical assistance to deliver improved service delivery, strengthen partnerships, and turn policy goals into real practice that better serves our customers.

We hired more team members, prioritized close partnerships with our frontline teams, revamped training, identified information system defects, and moved urgently to address challenges brought to our attention by our frontline team members. We are focused on creating a culture of catching errors and quickly correcting them.

Making Benefits More Secure and Easier to Access for Marylanders

Simplifying Applications Through Maryland Benefits

In December 2024, we launched [Maryland's first ever interagency online tool](#) that was designed as a person-centered and mobile-first tool to help Marylanders check their eligibility in under 5 minutes for Medicaid, Supplemental Nutrition Assistance Program (SNAP), Emergency Assistance, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Home Energy Assistance benefits.

We intentionally built on the eligibility tool to launch Maryland's first ever unified benefits application ("the One Application") to make it easier for Marylanders to apply for and access the benefits they deserve in one place, at one time. Since July 2025, Marylanders have completed more than 302,000 applications for critical benefits through [the Maryland Benefits One Application](#), a mobile-friendly tool that helps customers apply for vital benefits. The One Application provides a centralized and easy-to-use online location that allows Marylanders to apply for Medicaid, SNAP, Temporary Cash Assistance (TCA), WIC programming, and energy assistance in under 30 minutes.

Leading the Way With More Secure Chip-Based EBT Cards

We are on track to be among the first few states in the nation to implement new Electronic Benefits Transfer (EBT) Cards with Europay, Mastercard, and Visa (EMV) technology this summer. The new cards feature chip and tap technology designed to better protect customer benefits by making it significantly harder for global criminals to copy card information or commit fraud.

We are transitioning now to our new EBT vendor, Fidelity Information Services (FIS). Work is currently underway and will be completed during the transition-in period, in the first half of 2026, with the statewide EMV rollout scheduled for July 2026.

Replacing Stolen Benefits So Marylanders Aren't Harmed By Global Criminals

Maryland was the first state in the nation to replace stolen benefits, first using federal funding and then state funding, to ensure that our customers do not unfairly suffer from global criminals. Since spring 2023, we have replaced over \$48.3 million in stolen benefits and helped over 74,000 impacted households.

Making an unprecedented investment to end child poverty through SUN Bucks

Many children lose access to free and reduced-price meals from school during the summer, forcing families to stretch their grocery budgets. As a result, children may experience greater food insecurity—which can have serious consequences for their health, well-being, and educational success. Maryland SUN Bucks helped address these challenges and fed a record 630,000 students in 2025 through targeted efforts to expand access and improve data sharing.

The 2025 SUN Bucks program built on the success of our initial 2024 investment, launching an artificial intelligence (AI)-enabled chatbot tool developed in partnership with Code for America and No Kid Hungry to answer customer questions. The tool had more than 45,000 interactions across over 16,000 unique users, providing answers to frequently asked questions and using an eligibility quiz to simplify how Marylanders get the information that they need to access SUN Bucks.

Putting Service at the Center of Helping Marylanders Access and Retain Benefits

Last year, we launched a new cross-agency partnership that brings together the CASH Campaign of Maryland and the Department of Service and Civic Innovation (DSCI) to establish Volunteer Income Tax Assistance (VITA) sites at Local Departments of Social Services in Baltimore and Prince George's Counties.

Our partnership leverages Maryland Corps Members, who receive specialized tax preparation training and IRS certification through the CASH Campaign, while being supported by DSCI. VITA programs provide free tax preparation to low and moderate-income households. Tax preparation helps customers retain more of their hard-earned money and access valuable credits like the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). Research demonstrates the EITC and CTC are effective in reducing childhood poverty. We completed 176 tax returns, with an average refund of \$2,542 per filing. Through these efforts, we've helped families retain approximately \$447,392 of their hard-earned money.

In 2026, we are expanding this successful initiative to two additional jurisdictions including Baltimore City and Washington County.

Connecting SNAP Customers to Human Service Careers

In April 2025, we launched a job training program in partnership with Hunger Free America to create a direct workforce pathway for SNAP customers into human services careers. The inaugural cohort consisted of eight SNAP participants who completed a 16-week job training program that combined classroom instruction with paid experiential learning in Baltimore County. Participants received stipends tied to program compliance, structured as a Guaranteed Basic Income model to ensure that participation did not jeopardize eligibility for SNAP or other public benefits. The first cohort successfully graduated in July 2025, and 60 percent of graduates either had a job or a job offer in place. Building on this strong early success, a second cohort of 14 SNAP participants began training in Baltimore City. This initiative is now in the 2026 SNAP E&T State Plan to help our customers achieve long-term economic self-sufficiency through meaningful employment.

Maintaining Support for Refugee Resettlement

DHS continues to monitor significant federal policy changes affecting refugees and immigrants. While some recent Executive Orders reiterate existing law, others have materially disrupted refugee resettlement operations.

The early 2025 suspension of the U.S. Refugee Admissions Program (USRAP) halted new arrivals and triggered a pause in federal funding tied to resettlement activity. As a result, local resettlement agencies have reduced staffing and scaled back operations. These reductions have led to delays in core services such as school enrollment, employment support, and Social Security card processing.

Although admissions remain mostly suspended, refugees who arrived prior to the order — as well as Afghan Special Immigrant Visa holders — remain eligible for services.

On March 21, 2025, the federal government reduced Refugee Cash Assistance (RCA) eligibility from 12 months to 4 months, effective May 5, 2025. While the change does not impact current recipients, individuals who arrive or receive asylum after that date will have only four months of cash assistance. This compressed timeframe significantly increases the risk of financial instability, housing insecurity, and reliance on emergency systems for those unable to secure employment quickly.

To mitigate these impacts, we have strategically deployed a portion of the FY 2026 \$5 million in general funds to stabilize resettlement agencies and provide targeted support to impacted refugees during this period of federal transition.

Response to DLS Analysis

- 1. DHS should discuss the cause of higher denial rates in recent months of available data and if there have been any changes to application processing that have contributed to these increases. (pg. 11 of the DLS Analysis)***

DHS Response: Based on our review to date, there is no direct cause for the higher denial rates; we are undertaking additional analysis to see what changes to application processing or broader economic conditions might have contributed to these increases. Broadly, we are seeing an increase in applications, likely driven in part by our strategies to increase benefits access, such as the launch of the One Application. We are monitoring for any changes to the nature of benefits applicants as a result – including trends around submissions from households who are ultimately not eligible.

We noted in our [recent JCR on application processing, denials, and case closures \(August-October 2025\)](#), the following on this subject:

The percentages of applications denied in the reporting period of August-October 2025 are reported below. Broadly, we are seeing an increase in applications, likely driven in part by our strategies to increase benefits access, such as the launch of the One Application. We are monitoring for any changes to the nature of benefits applicants as a result – including trends around submissions from households who are ultimately not eligible. This may be driving the increase in denial rates, including September 2025, where we had a higher denial rate for SNAP (43%) than is typical (range of 23-39%). The TCA and TDAP denial rates were also higher than average in September, at 87% and 92% respectively.

Id. at 2.

2. DHS should discuss any changes to its processes to ensure that language in the budget bill restricting the use of [SUN Bucks Administrative] funds for particular purposes is followed. (pg. 24 of the DLS Analysis)

DHS Response: DHS's failure to reallocate the restricted funds was an administrative oversight in our Finance Office. The funding was not erroneously spent, as we conveyed to DLS last year, below:

DHS did not initially respond to the SUN Bucks Admin restriction through an oversight. We discussed reallocating the appropriation from N00G00.08 to N00I00.04 as a deficiency request during the FY2026 Budget submission. However, the completion of this submission was inadvertently omitted. Although the general fund was not reverted from N00G00.08, DHS reverted a total of \$39M from the general fund at the end of FY2025, with \$4.1M specifically from N00I00.04. In addition, G00.08-7H98 reported \$0 GFs in the FY 25 agency actuals for this grant line, as opposed to the \$5.8 million GF budgeted originally, suggesting the money was not erroneously spent.

We have made significant changes to the DHS Office of Budget and Finance (OBF) leadership team, and will focus on fully staffing OBF in the first half of 2026. The new leadership team's focus is to complete quarterly reviews of expenditures and establish additional levels of review to ensure budgetary language and restrictions are followed, and all appropriate staff have awareness of relevant policies and procedures. DHS is also adopting a tracking report for withheld funding following the current legislative session to track the large increase in DLS recommendations going forward.

3. DHS should comment on how it could have general fund expenditures of less than half of the reported expenditures of federal SNAP administrative match and Medicaid expenditures when the programs generally require a dollar-for-dollar match. DHS should also discuss how it will ensure that actual expenditures in fiscal 2026 and 2027 better align with available federal matches. (pg. 25 of the DLS Analysis)

DHS Response: DHS revalidated our expenditure data and confirmed that general funds used to match federal SNAP administrative expenditures appear outside of N00G00.02 and N00I00. Consistent with our federal reports for FY 2025, we reflected a 50/50 match for our programs, based on our cost allocation process. The cost allocation process takes place outside of the FMIS system, therefore it requires a manual reconciliation process to properly allocate expenditures; the same process will take place for FY26 and FY27. We will brief DLS separately on this expected allocation for FY 2026.

4. DHS should comment on the status of the reimbursement of these funds [\$2,685,524 in state funds]. DLS recommends deleting the unused Fiscal Responsibility funds. (pg. 28 of the DLS Analysis)

DHS Response: We concur with the budget recommended action.

[P.L. 119-37, Section 118](#) provides that states shall be reimbursed for expenses that would have been paid by the federal government to continue carrying out a federal program, in this instance, SNAP.

We have not received any formal guidance from USDA on how to submit for reimbursement of those state-issued SNAP benefits. We have been asking USDA to provide that formal guidance since November 2025. We continue to work with USDA on securing the reimbursement of these funds. We will pursue every option until the federal government reimburses these state funds.

5. DHS should provide an update on the status of this [MD Community Action Partnership] grant agreement and timing of distribution of funds. (pg. 29 of the DLS analysis)

DHS Response: We executed the grant agreement on February 20, 2026, after receiving MCAP's signed grant agreement on the 17th. We are now engaged with MCAP on the distribution of funds.

6. DLS recommends deleting the overstated federal fund amount [of \$11.7 million, including \$8.0 million in federal funds for the employment and income verification contract]. (pg. 29 of the DLS analysis)

DHS Response: We respectfully do not concur. We have had to modify the contract since the contract's inception. We continue to use this critical contract to verify income for various programs including SNAP, Medicaid, TCA, TDAP, EAFC, PAA, Burial Assistance, LIHEAP, and EUSP. The contract requires a mix of special, general, and federal funds. We spent \$14.8 million for the contract period of April 2024 through March 2025. We are on track to spend approximately \$14.5 million for the period of April 2025 through March 2026. The risk of not having adequate funding is that we could be forced to stop income checks for applicants which would inevitably increase the SNAP Payment Error Rate.

We will connect with DLS further to show our internal funding allocations and to further discuss the funding allocation presented at the [March 13, 2024 Board of Public Works \(DGS Agenda 32-S-MOD\)](#) as 52% federal funds, 47% general funds, 1% special funds.

7. DHS should explain the rationale for not providing the required benefit increases until January 2026 despite having calculated the benefit increase by mid-October. (pg. 31 of the DLS analysis)

DHS Response: The Department needs to maintain the January 1 implementation date for MLL/TCA benefit adjustments. The January 1 effective date is necessary because the upstream inputs and approvals required to set accurate benefit levels are not reliably available early enough to support an October 1 rollout. The Department typically receives the annual SNAP Cost of Living Adjustments (COLA)—a critical component of the MLL calculation—in mid-to-late August, and staff require at least two weeks to analyze the data and calculate updated TCA benefit levels. Any proposed adjustment must then be vetted internally and coordinated with DBM and the Governor’s Office.

In addition, our ability to increase benefits often depends on the availability of TANF Contingency Funds, and the U.S. Department of Health and Human Services’ Administration for Children and Families (ACF) does not consistently notify states until October or the start of the federal fiscal year, which can materially affect the fiscal viability of an adjustment. This has been impacted recently with federal budget continuing resolutions and/or shutdowns. After a final decision is reached, changes must be configured, tested, and implemented in the Eligibility and Enrollment (E&E) system to ensure accurate benefit issuance.

In prior years, these timing constraints frequently caused us to miss the October 1 implementation date, requiring retroactive benefit adjustments that increased administrative workload, complicated system operations, and created confusion for clients. Maintaining a January 1 implementation date avoids these recurring issues and ensures benefit changes are implemented accurately, predictably, and on time, supporting sound fiscal management and operational stability.

- 8. DLS recommends reducing SNAP funding by \$200,000,000 to better align the fiscal 2027 allowance with recent experience. This funding level would still leave an appropriation near the level of fiscal 2025, in the event caseload or benefit reductions do not materialize. (pg. 40 of the DLS analysis)**

DHS Response: We respectfully do not concur with this recommendation and instead support the Governor's budget. In this time of economic and federal government uncertainty, we do not recommend that federal funding flexibility be reduced.

- 9. DHS recommends adopting committee narrative requesting information on participation and administrative costs for the [SUN Bucks] program and expressing intent that administrative costs be budgeted in the planned area of expenditure. (pg. 43 of the DLS analysis)**

DHS Response: We concur.

- 10. DHS should discuss its partnership and collaboration with MDH and other agencies to reduce the impact of OBBBA changes on customers. (pg. 46 of the DLS analysis)**

DHS Response: As noted in our narrative above, DHS, MDH, and MHBE are working urgently to align policy, technology, and operations to reduce administrative burden and maintain lawful benefit access for SNAP and Medicaid customers. DHS and MDH have conducted over a dozen joint briefings to stakeholders as part of a roadshow aimed at getting the word out about the impact of H.R.1 on Marylanders and have produced shared collateral pieces on the [overall impact of the law](#).

For more information, please see our attached committee briefing document (Exhibit 1).

- 11. DLS recommends deleting the equivalent amount of federal funds [in the Local Family Investment Administration; the FY 2027 Governor's Allowance provides \$43.1 million of additional general funds] to more accurately reflect the availability of funds. (pg. 49 of the DLS analysis)**

DHS Response: We concur.

12. DHS should discuss the process by which the general funds will be allocated to the appropriate programs and when this allocation will occur [regarding the appropriation of SNAP administrative state funds to a single program in FIA instead of where costs will be claimed]. (pg. 49 of the DLS analysis)

DHS Response: DHS only has manual cost allocation tools for this purpose. We make every effort to ensure costs are properly accounted for across every relevant cost center that SNAP Admin should be charged against. Until new systems are available, administrative costs for SNAP will continue to be charged in this manner with increased oversight from OBF leadership. Additional SNAP-related programs are not subject to the cost sharing changes, namely SUN Bucks or SNAP E&T.

13. DLS recommends deleting these [FY 2027 Governor's Allowance for SNAP-Education] funds which will not be needed due to the program repeal [of SNAP-Education]. (pg. 52 of the DLS analysis)

DHS Response: We concur.

14. DHS should comment on how it is working with OCR to ensure that it is not deemed noncompliant for failing to meet these deadlines and its efforts to complete these activities. (pg. 54 of the DLS analysis)

DHS Response: On September 17, 2025, OCR provided DHS with written confirmation that the Department is in good standing under the VRA.

DHS maintains an ongoing working relationship with the U.S. Department of Health and Human Services Office for Civil Rights (OCR) to ensure continued progress under the Voluntary Resolution Agreement (VRA). DHS and OCR hold monthly check-in meetings to review implementation status, discuss outstanding items, and address any emerging compliance concerns. DHS will continue its monthly engagement with OCR and remains committed to the timely completion of all remaining VRA activities and their sustainable implementation.

Response to DLS Operating Recommended Actions (pg. 56 of the DLS Analysis)

- 1. Delete funds for the Supplemental Nutrition Assistance Program Nutrition Education Program. This program was repealed effective at the end of federal fiscal 2025 as part of the One Big Beautiful Bill Act. States were able to continue to spend funds in federal fiscal 2026 if the state had unused appropriation from federal fiscal 2025. However, the fiscal 2027 budget does not account for the repeal of the program by appropriating funds at the same level as the fiscal 2026 budget as enacted, prior to the repeal of the program.***

Budget action: -\$377,639 GF -\$8,893,211 FF

DHS Response: We concur.

- 2. Delete funds intended to be used to implement departmental legislation. However, this legislation has been withdrawn. Therefore, the funds are no longer required.***

Budget action: -\$250,000 GF

DHS Response: We concur.

- 3. Reduce the appropriation for Supplemental Nutrition Assistance Program (SNAP) benefits to better align with benefit levels. The fiscal 2027 allowance provides \$1.66 billion in federal funds for SNAP benefits, which is approximately \$172 million more than was spent in fiscal 2025, despite caseload declines since fiscal 2025. This action reduces the appropriation for SNAP while leaving an appropriation that is more than \$200 million higher than forecasted levels in the event that caseload and benefit reductions are lower than anticipated***

Budget action: -\$200,000,000 FF

DHS Response: We do not concur with this recommendation and instead support the Governor's budget. In this time of economic and federal government uncertainty, we do not recommend that federal funding flexibility be reduced.

- 4. Reduce the federal fund appropriation in the Family Investment Administration to reflect the decrease in the federal share of Supplemental Nutrition Assistance Program (SNAP) administrative match beginning October 1, 2026. The fiscal 2027 budget includes \$43.12 million***

of general funds in the Local Family Investment Program to reflect the increase in the State share of the SNAP administrative match from 50% to 75%. However, the fiscal 2027 budget does not reflect the equivalent reduction in federal fund appropriation. This action reduces the equivalent amount of federal fund appropriation. The department is authorized to allocate the reduction among programs to reflect the areas of reduced federal fund availability.

Budget action: -\$43,120,000 FF

DHS Response: We concur.

5. Add the following language to the general fund appropriation:

, provided that \$250,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services submits quarterly reports to the budget committees on application processing times, application denial rates, and case closures for benefit programs. In particular, the report shall include:

(1) the number of applications processed by benefit type for Temporary Cash Assistance (TCA), Supplemental Nutrition Assistance Program (SNAP), Temporary Disability Assistance Program (TDAP), and Public Assistance to Adults (PAA) separately by month;

(2) the average number of days to process applications by benefit type for TCA, SNAP, TDAP, and PAA separately by month;

(3) the percentage of applications processed in 0 to 30 days, 31 to 45 days, and longer than 45 days by benefit type for TCA, SNAP, TDAP, and PAA separately by month of application;

(4) the number and percentage of applications denied by benefit type for TCA, SNAP, TDAP, and PAA separately by month;

(5) the number and percentage of applications denied by reason for denial and by benefit type for TCA, SNAP, TDAP, and PAA separately by month;

(6) the number of case closures by benefit type for TCA, SNAP, TDAP, and PAA separately by month; and

(7) the number of case closures separately by reason for case closure by benefit type for TCA, SNAP, TDAP, and PAA separately by month.

The first quarterly report shall include data for February through April 2026, and each subsequent report shall provide data for the appropriate quarter. The first report shall be submitted by August 1, 2026, the second report shall be submitted by November 1, 2026, the third report shall be submitted by February 1, 2027, the fourth report shall be submitted by May 1, 2027, and the budget committees shall have 45 days from the date of the receipt of the fourth report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

DHS Response: We concur.

6. Add the following language to the general fund appropriation:

Further provided that \$100,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services submits a report to the budget committees including the calculation of the Maryland Minimum Living Level annual inflationary adjustment including details of the calculation, and the resulting Temporary Cash Assistance benefit levels separately by size of the assistance unit. The report shall also include the date for which the resulting benefit changes will become effective, and if applicable, an explanation for the reason for an effective date beyond October 1, 2026. The report shall be submitted by October 1, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

DHS Response: We concur, but request a report due date of December 1, 2026 in order to ensure that our calculations are correct. Data that our calculations depend upon will likely not be available by October 1st. With regard to the effective date of the benefit level increase, see our explanation above for why we plan for a January 1 effective date. We will include this explanation in the report that we submit.

7. Add the following language:

Provided that all appropriations provided for program N00G00.08 Assistance Payments are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose. Funds not expended shall be reverted or canceled.

DHS Response: We concur.

8. Adopt the following narrative:

SUN Bucks Participation and Administration: The fiscal 2027 budget includes funding to support the third year of participation in the SUN Bucks program. The committees are interested in continuing to monitor the operation of the program. The committees request that the Department of Human Services (DHS) submit a report that:

- ***details administrative cost by object and purpose separately by budgetary program for fiscal 2026 and fiscal 2027;***
- ***the number of regular positions and contractual full-time equivalents (FTE) supporting the program (including total and filled) and how these positions and contractual FTEs are allocated by budgetary program and jurisdiction (if allocated within specific jurisdiction position complements) in fiscal 2026 and 2027;***
- ***the number of children receiving benefits by jurisdiction and month of issuance, the total number of unique customers, and the dollar amount of benefits provided by jurisdiction and month of issuance for the summer 2026 program;***
- ***the number of children receiving benefits that were directly certified and the number of children receiving benefits for which a separate application was submitted for the summer 2026 program;***
- ***a description of outreach to households with children attending Community Eligibility Provision schools to inform the households about the availability of the program and application requirements; and***
- ***an update on the status of the summer 2027 program including the timing of submission of the Notice of Intent to participate and Final Plan of Operations.***

It is the intent of the committees that DHS begin reporting expenditures within the object and comptroller subobject related to that spending and

in the budgetary program for which the expenditures occur beginning with the fiscal 2028 budget submission.

SUN Bucks participation and administration [report due date] December 1, 2026

DHS Response: We concur in part with this recommendation but would like to request a deadline of January 1, 2027 to better align with the time needed to reconcile fiscal data and performance measures. While most SUN Bucks benefits are issued during the summer months, benefits for children certified after the academic year ends are issued during the fall and through December. The delayed reporting date will allow additional time to prepare and submit more accurate reports.

Total Net Change to FY 2027 Allowance -\$252,640,850

9. Reduce the federal funds for a deficiency appropriation for the Employment and Income Verification contract. The Department of Human Services indicates that the federal funding need for this deficiency appropriation is \$4.1 million rather than the \$8.0 million provided. This action aligns the deficiency appropriation with the projected need.

DLS Recommended Budget Action: -\$3,772,306 FF

DHS Response: We respectfully do not concur for the reasons previously stated.

10. Add the following section:

Section XX Reduce Unneeded Fiscal Responsibility Funds in Fiscal 2026 Section XX. AND BE IT FURTHER ENACTED, That funds are reduced immediately upon passage of this budget from the fiscal 2026 appropriation in the following manner: \$59,314,476 in special funds from the Fiscal Responsibility Fund is reduced from the appropriation for program N00G00.08 Assistance Payments within the Department of Human Services that was made for the purpose of providing partial State-funded Supplemental Nutrition Assistance Program benefits during the federal government shutdown.

DHS Response: We concur.

EXHIBIT 1



H.R. 1 (2025) Impact on Marylanders: Supplemental Nutrition Assistance Program (SNAP)

Senate Budget and Tax Committee
February 3, 2026

Background

SNAP is vital to America's social safety net. It makes sure families can put food on their tables when they're struggling financially.

SNAP serves over **680,000 Marylanders**, including:

- 262,248 **children**
- 128,705 **people with disabilities**
- 121,615 **seniors**
- 28,843 **unhoused persons**

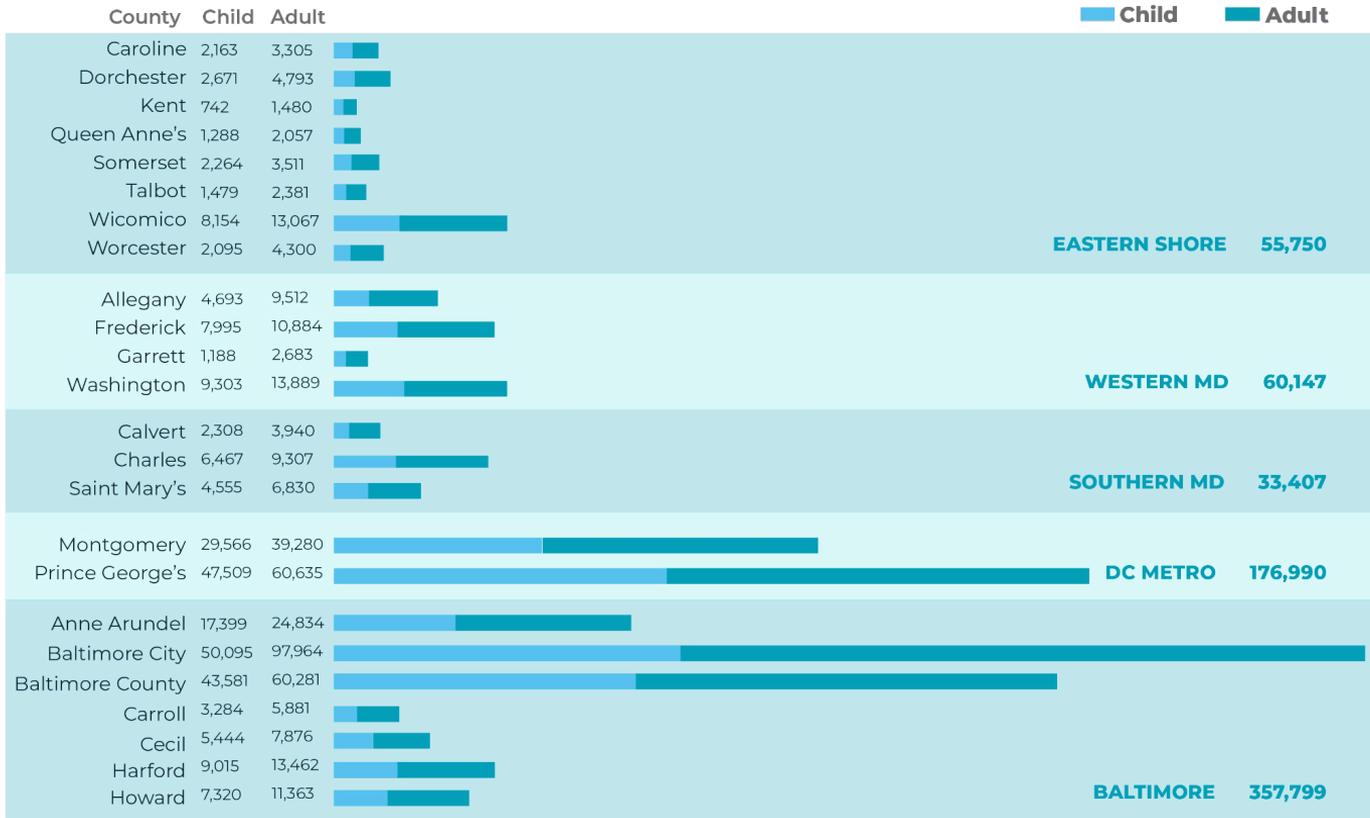
As of May 2025

\$1.6 Billion: total SNAP benefits issued annually to Marylanders

\$180: average monthly SNAP benefit per person

Before H.R.1, SNAP benefits were 100% federally funded and administrative costs were split 50/50 between the federal government and the states.

SNAP Customers Served Monthly Average



Total Served

Child **270,578**

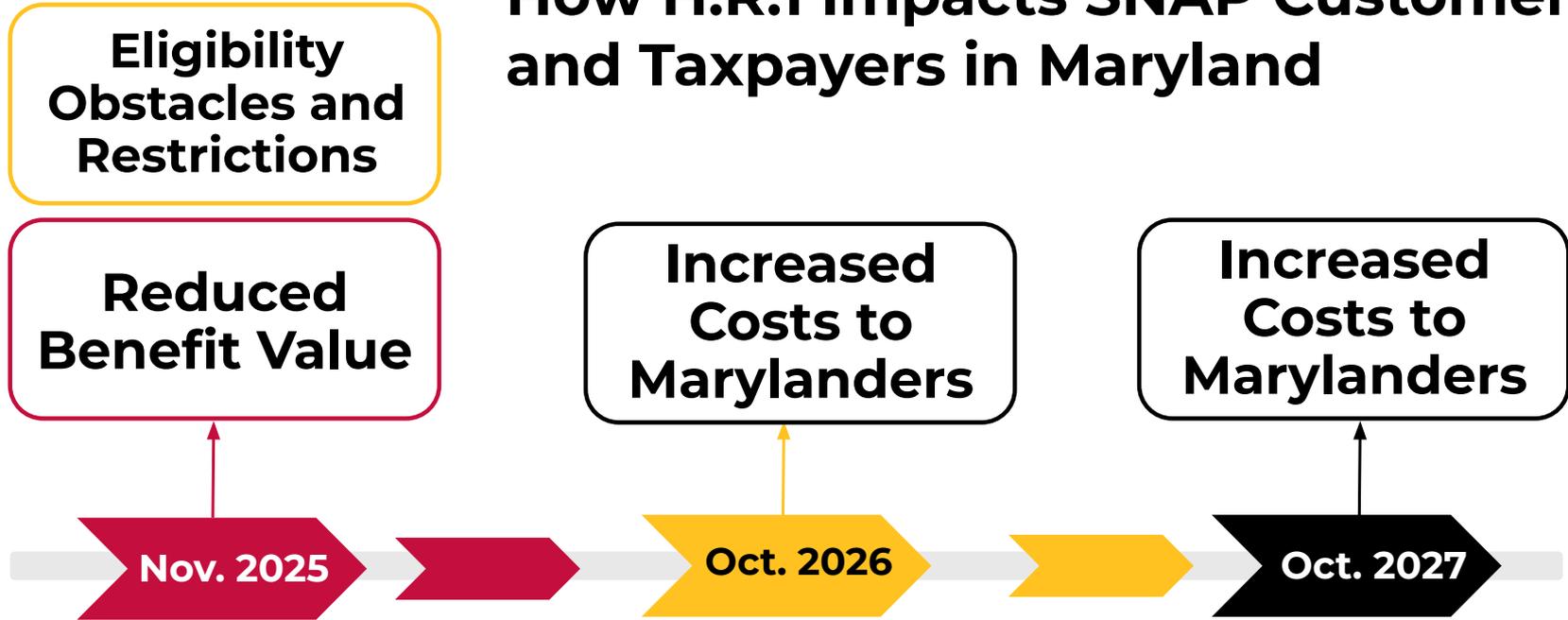
Adult **413,515**

Totals represent monthly average customers served in State Fiscal Year 2025 to date (July 2024 - April 2025). Children are age 0-17.

Federal Shutdown Impact on SNAP

- The Trump Administration stopped funding SNAP on November 1, 2025
- Maryland stepped in to fill the gap:
 - The Moore-Miller Administration announced a \$10 million emergency grant to support Maryland's food banks and community food pantries.
 - The Moore-Miller Administration made \$62 million available to make SNAP customers whole following a federal judge's order that the federal government provide contingency funding for the program.
- On November 13, the federal shutdown ended and the federal government began funding all SNAP benefits again.
- Maryland rapidly restored SNAP benefits issuance by November 18th.

How H.R.1 Impacts SNAP Customers and Taxpayers in Maryland



H.R. 1 SNAP Changes Currently In Place

As of November 1, Maryland implemented the following required provisions of H.R. 1:

- Expanded work requirements are in effect;
- Most refugees and people granted asylum are no longer eligible for SNAP unless they are also Lawful Permanent Residents; and
- Households without elderly or disabled member no longer automatically receive the Standard Utility Allowance.

New applicants are immediately subject to these restrictions and requirements.

Current participants will feel the effects of these provisions in the months ahead as they recertify their eligibility for SNAP on a rolling basis.

Expanded Work Requirements

- H.R. 1 subjects up to 80,000 additional Marylanders to work requirements, including:
 - Adults aged 55-64;
 - Adults 18-64 who do not have a child younger than 14 in the home;
 - Veterans, homeless individuals, and former foster youth up to age 24 who aged out of care.



Expanded Work Requirements (Continued)

- The table below shows how H.R. 1 expanded the universe of who is considered an Able-Bodied Adults Without Dependents (ABAWDs) and therefore subject to work requirements. Our initial estimates indicate **up to 80,000 Marylanders** will be newly considered ABAWDs.

Pre-H.R.1 ABAWDs	Post-H.R.1 ABAWDs
Adults 18-54 who do not have a child under 18 in the house	Adults 18-64 who do not have a child under 14 in the house
Veterans, homeless individuals, and former foster youth under age 24 who aged out of care are exempted	Veterans, homeless individuals, and former foster youth under age 24 who aged out of care are NOT exempted
People who are disabled, who are in an alcohol or drug treatment program, or who are “mentally or physically unfit for employment” are exempted	

Expanded Work Requirements (Continued)

- If subject to work requirements, SNAP recipients must be working, volunteering, or in an employment & training program for 20 hours per week. In most cases, education does not count.
 - Because of how the law is written, someone working at the MD minimum wage needs to work 14.5 hours per week to meet the requirement.
- Marylanders not meeting this requirement can only receive SNAP for 3 months in any 36-month period.



Eligibility Obstacles and Restrictions

H.R.1 **removes SNAP eligibility from refugees and people granted asylum** unless they are also Lawful Permanent Residents (green card holders), Cuban or Haitian entrants, or individuals from the Federated States of Micronesia and the Republic of the Marshall Islands.

On 12/9, FNS issued updated guidance on immigrant eligibility that clarifies refugees and asylees are not subject to the 5-year bar on Lawful Permanent Residents receiving benefits; therefore, these groups will be eligible for SNAP immediately upon converting to LPR status (i.e. getting a green card). Maryland joined multi-state litigation on FNS guidance issued 10/31 that resulted in the corrected 12/9 guidance.

As of January 23, 2026, we have made MD Benefits system improvements to more accurately capture immigration status to help us implement these new federal requirements.



Reduced Benefit Value

Households without an elderly or disabled member no longer automatically receive the Standard Utility Allowance (SUA)

- Marylanders were previously eligible for higher SNAP benefits through a \$557 SUA because they received an energy assistance payment.
- H.R.1 eliminated this flexibility for households without an elderly or disabled member. Some SNAP households will still qualify for the SUA, but will have to provide additional documentation to verify their eligibility.
- This change means **thousands of Marylanders will need to jump through additional hoops to avoid seeing lower SNAP benefit amounts each month.**



Increased Costs to Marylanders

The **state's share of SNAP administrative costs will rise** due to H.R. 1's federal cost sharing from 50% to 75% beginning October 1, 2026 (Q2, SFY27).

- Maryland currently spends approximately \$115 million in General Funds to administer SNAP.
- For SFY27, we estimate the impact to be an additional \$43.1 million, for a new state total of \$158.1 million in General Funds.
- This **does not** include additional funds needed for staffing, IT, employment and training, and other resources needed to comply with more onerous federal requirements from H.R. 1.



Increased Costs to Marylanders

Before H.R. 1, the federal government paid 100% of SNAP benefits. New provisions will require Maryland to pay a portion of benefit costs based on our Payment Error Rate (PER).

- On Oct. 1, 2027 **Maryland could be responsible for 15% of benefit costs, or \$240 million** in SNAP benefits based on $PER \geq 10\%$.
- Our current federally assessed FFY24 PER is 13.64%. The final cost share amount will be based on our FFY25 or FFY26 PER.

Benefit Cost Share Formula

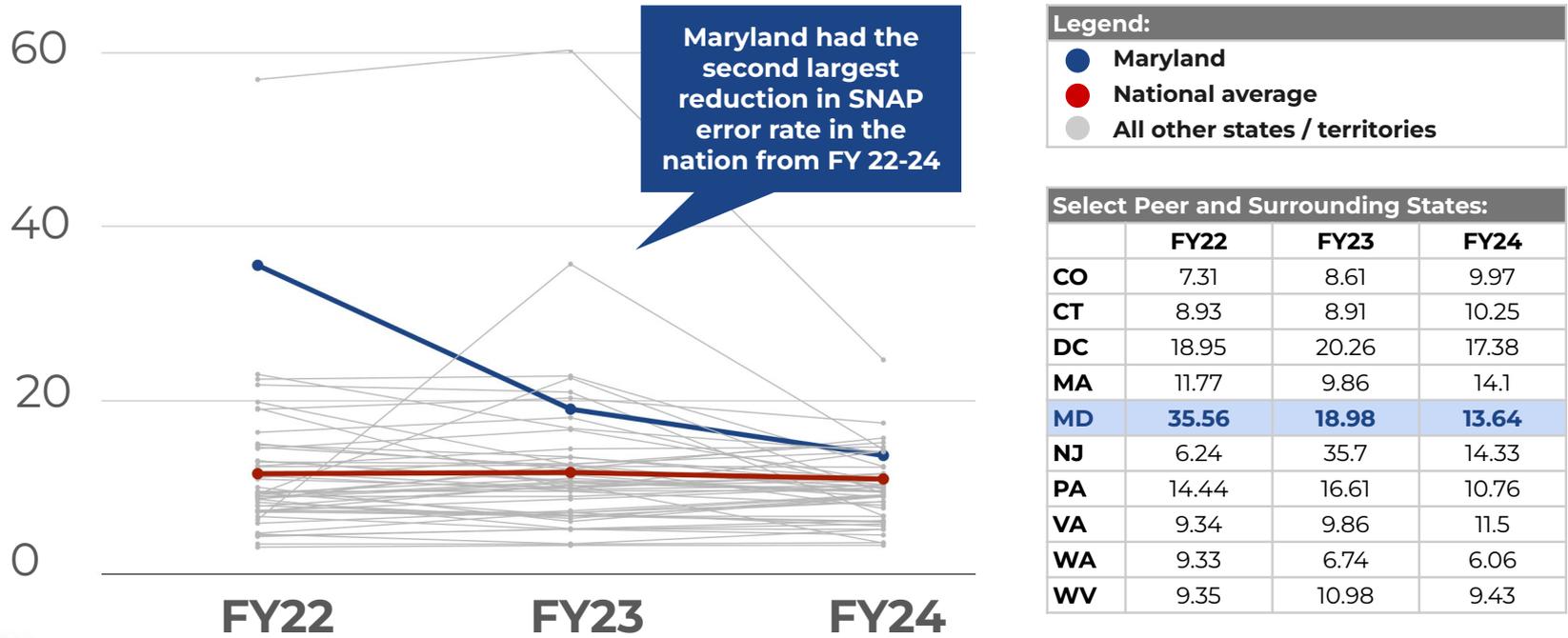
PER < 6%	0% state match
PER \geq 6% but < 8%	5% state match
PER \geq 8 but < 10%	10% state match
PER \geq 10%	15% state match



SNAP Payment Error Rate (PER)

- The SNAP Payment Error Rate (PER) is a federal measure of how accurately states determine eligibility and benefit amounts by checking the number of under or overpayments.
 - Underpayments: when a household receives less benefits than they are entitled to
 - Overpayments: when a household receives more benefits than they are entitled to
- The SNAP PER is **not a measure of customer fraud**, nor is it a measure of state fraud, waste, or abuse.
- The Payment Error Rate is a quality control check on a state agency's administrative processes.

Maryland's SNAP Payment Error Rate



Source: US Department of Agriculture, Food and Nutrition Service, SNAP Payment Error Rates, <https://www.fns.usda.gov/snap/qc/per>.

Payment Error Rate: What we know

- DHS is committed to effectively and equitably distributing federal assistance benefits to all eligible Marylanders
- We have been proactively implementing measures to drive down error rate since 2023.
 - When the Moore-Miller Administration came into office, we inherited a **35.56%** SNAP Payment Error Rate, the second-highest in the nation. We've cut the rate by more than **60%**, down to **13.64%**.
- Key drivers of error rate include:
 - Staff caseloads & turnover
 - System issues
 - Changes in federal policy

Payment Error Rate: What We Know (FFY 2024)

SNAP Caseload

Average Total Households	382,044
Average Total Recipients	694,393

Quality Control Sample Data

Total Sampled Cases	1,143
Total Error Cases	146
Total Dollar Value of Errors	\$33,663
Average Error Amount	\$231
Lowest Error Amount	\$13
Highest Error Amount	\$797

Note: Maryland's FFY2023 error rate was derived from a random sampling. This information was used by the USDA to calculate that figure.

Total Overpayment (Statistical Sample)	91
Total Dollar Value of Errors	\$22,385
Average Error Amount	\$246
Lowest Error Amount	\$13
Highest Error Amount	\$789

Total Underpayment (Statistical Sample)	55
Total Dollar Value of Errors	\$11,278
Average Error Amount	\$205
Lowest Error Amount	\$58
Highest Error Amount	\$797

Payment Error Rate: What We Are Doing

Rebuilding the state human services workforce

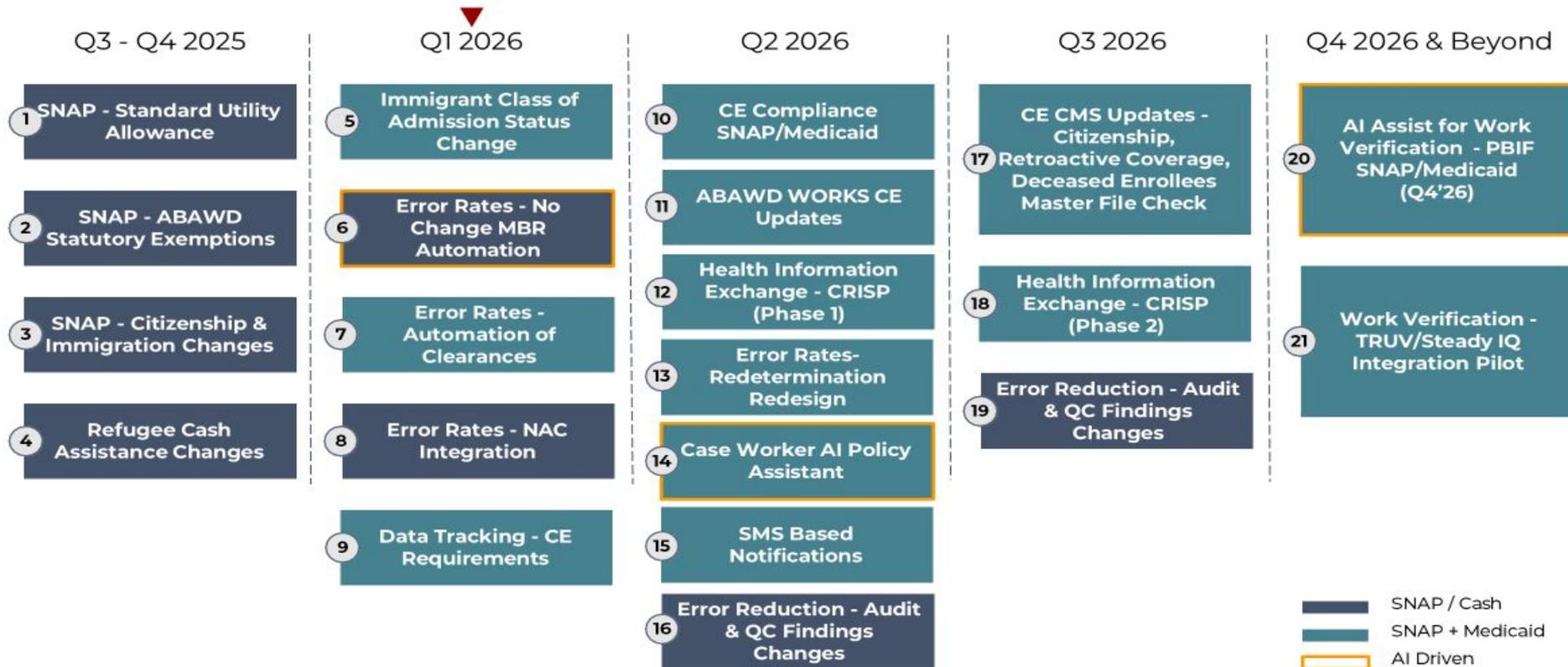
- Since January 2023, DHS hired nearly 200 new Family Investment caseworkers and supervisors statewide, reducing our vacancy rate by almost three quarters from a peak of 19.4% in April 2022 to 4.28% on January 16, 2026.
- We are focused on continuous hiring to fill every vacancy, and iterative, statewide, consistent training to ensure that all of our staff have the latest information.

Payment Error Rate: What We Are Doing (Continued)

Leveraging technology to reduce administrative burden and improve training

- We are rolling out AI-powered interactive trainings specifically for H.R. 1 changes, including knowledge checks, providing real-life scenarios for caseworkers to practice applying H.R.1 changes for new and existing customers.
- We are automating select functions (such as no-change periodic reports) to free up staff time for work that cannot be automated.

Maryland Benefits H.R.1 Roadmap



- SNAP / Cash
- SNAP + Medicaid
- AI Driven

Payment Error Rate: What We Are Doing (Continued)

Addressing changes in federal policy

- Implementing the National Accuracy Clearinghouse (NAC), a new nationwide data-comparison system that prevents people from receiving SNAP benefits in more than one state simultaneously.
- Partnering with organizations such as Georgetown University, Code for America, U.S. Digital Response, Maryland Benefits to deploy technology solutions implementing HR1 while reducing errors that result from change.
- Leveraging a performance improvement consulting services contract with BerryDunn.

H.R.1 Implementation Approach

Our mission is to **minimize harm** and **preserve lawful benefit access** as we implement this new federal law.

- **Preserve Access:** We will use every tool available to prevent procedural terminations and keep eligible Marylanders connected to benefits.
- **Be Human-Centered:** Building user-friendly tools and using plain language, focusing on the real-world impacts on our clients.
- **Build Practical Solutions:** Creating practical, data-driven solutions—like cross-agency workgroups—to reduce administrative burden.
- **Work in Partnership:** Working transparently with sister agencies and stakeholders to co-design strategies for the challenges ahead.

DHS Strategies to Minimize Harm & Preserve Lawful Benefit Access

- Launched mobile-friendly **Maryland Benefits One Application** to more easily apply for benefits.
- Expanded our **SNAP E&T partner network** from 30 to 48 organizations to support customers and increasing our overall funding by 19%.
- Created a **new ABAWD screening tool** to easily identify exemptions for customers who qualify, and communicate with community orgs and advocates to help explain changes to customers and ensure exemptions are correctly applied.
- Developed a [new webpage](#) as a central hub for all H.R. 1 information.

DHS Strategies to Minimize Harm & Preserve Lawful Benefit Access (Continued)

- Received a grant from the Public Benefits Innovation Fund (PBIF) to **leverage AI and other tools to improve the customer experience.**
- Working with the Maryland Health Care Commission (MHCC) to **use diagnostic data to automatically identify and exempt customers** from the ABAWD requirements based on their medical conditions.
- We are partnering with MD Labor, CBOs, MDOA, and philanthropic partners to expand access to education and training opportunities for ABAWDs.

Additional Resources

- [DHS H.R.1 resource portal](#)
- SNAP [Employment & Training resource page](#)
- Emergency food resources: [The Maryland Food Bank](#) and [Capital Area Food Bank](#), as well as [211 Maryland](#) with customers seeking help finding food.

We encourage Marylanders to continue to update their information, check their eligibility, and apply for help at [MarylandBenefits.gov](#).

Marylanders with questions are invited to call our Customer Service hotline 1-800-332-6347. For TTY, dial the Maryland Relay Service: 800-735-2258.