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Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

YAAKOV "JAKE" WEISSMANN
Acting Secretary

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**STATE RESERVE FUND
FY 2027 Budget Hearing**

**Testimony of
Yaakov "Jake" Weissmann, Acting Secretary
Department of Budget and Management**

**Senate Budget & Taxation Committee
February 17, 2026**

**House Appropriations Committee
February 27, 2026**

The Administration appreciates the thorough analysis put forward by the Department of Legislative Services (DLS).

As noted in the analysis, in light of current economic uncertainty, the Moore Administration has budgeted to maintain the Rainy Day Fund at \$2.2 billion in FY 2027 (8.0% of General Fund revenue). The Administration and the Department of Budget and Management (DBM) look forward to working together with the General Assembly to ensure Maryland remains on a fiscally responsible, sustainable path forward that best serves Marylanders now and in the future.

DBM's responses to the DLS recommendations in the analysis are below. We are available to answer any questions.

DLS Recommendations and DBM Responses

(1) Page 3: The Department of Legislative Services (DLS) recommends deleting the \$449.8 million Rainy Day Fund appropriation and deleting language making this reduction contingent on legislation.

DBM concurs.

(2) Page 6: DLS recommends deleting Higher Education Research Grant funds (\$42 Million) stating that providing one-time funding for research appears unlikely to provide benefits to the State.

DBM disagrees with this recommendation. Universities in Maryland have been severely impacted by the unprecedented attack on higher education by the Trump Administration. Research institutions have borne much of the brunt of these attacks, with the University System of Maryland alone facing over \$100 million in lost federal research funding. While the analysis states that one-time funding for research would be unlikely to benefit the state, this significant investment is strategically not intended to sustain university research operations but instead to assist research centers as they transition towards energy, resiliency, and climate-related research fields, and to ensure that Maryland continues to be a leader in these vital sectors. Maryland's higher education institutions are key drivers of our economy, workforce, and social fabric, and the proposed \$42 million will play a critical role in mitigating the impacts of federal action while also positioning our universities as leaders in fields essential to our collective future.

(3) Page 7: DLS recommends modifying language in the BRFA of 2026 to make the \$82 million SEIF special fund appropriation contingent on legislation expanding the allowable uses of the SEIF to be more specific on the expansion that relates to the appropriation in the DPA.

DBM concurs.

(4) Page 7: DLS recommends deleting the \$30 million provided for Legislative Priorities, which will create the capacity to add funds for specific legislative priorities.

DBM concurs.

(5) Page 8: DLS notes that the Administration's proposal to transfer \$187,609,007 from the Fiscal Responsibility Fund overstates the available funding by \$9.1 million. An amendment to the BRFA is necessary to correct the error.

DBM will correct this amount through a supplemental budget and an amendment to the Budget Reconciliation Act of 2026.

(6) Page 12: DLS recommends modifying the BRFA provision transferring funds from the DPA to the General Fund to transfer an additional \$1,135,648 to the General Fund from the following dedicated purposes due to unused remaining balances: Comptroller Cybersecurity: \$931,074; Rebuild State Government and Modernize HR Practices: \$197,530; and Food Banks: \$7,044.

DBM partially disagrees with this recommendation. The Comptroller indicated that they plan to carry the remaining \$931,075 into FY 2027 to be used as they reassess their system security posture with the launch of the new payroll and personal income tax systems, and secure integrations between their CRM and tax systems.

(7) Page 13: DLS recommends adding a section that restricts funds in DBM and the Office of the Comptroller pending submission of a report on funds returned to the DPA by the original budget amendment that transferred the funds and identifying by budget bill purpose to the extent practical. The recommended language further expresses intent that the Comptroller, in the annual fiscal year-end closeout reports, identify the budget amendment of origin for funds returned to the DPA or the budget bill purpose in each fiscal year.

DBM partially disagrees with this recommendation. As the agency that oversees the monitoring of funding in the Dedicated Purpose Account, DBM can certainly provide the requested information. However, as this is the first time this specific information has been requested of DBM, we ask that funds not be withheld in the DBM budget. As the Comptroller's Office handles accounting transactions but not the monitoring of the purpose of funds, we ask that funding not be withheld in the Office of the Comptroller.