



**MARYLAND  
STATE  
TREASURER**

**TREASURERS REPORT TO  
LEGISLATIVE POLICY  
COMMITTEE**

**June 2025**

**Dereck E. Davis**

**State Treasurer**

## **EXECUTIVE SUMMARY**

As required under § 5-104 of the State Government Article, the Treasurer must provide updates on issues of legislative importance to the Legislative Policy Committee. To satisfy this requirement, the report that follows covers important issues and updates for the State Treasurer's Office (STO) from January 2, 2025, through June 30, 2025.

As the only statewide Constitutional officer elected by the General Assembly, the State Treasurer oversees the investment of billions of dollars, serves on the Board of Public Works (BPW), the Board of Revenue Estimates, and more than 20 other boards and commissions, and chairs the Capital Debt Affordability Committee and the Board of Trustees of the State Retirement and Pension System. The broad reach of the position encompasses these critical financial and procurement responsibilities, necessitating updates to the Committee.

The items contained within this report detail recent achievements. STO is always available to provide additional information or answer questions regarding these and other issues.

# BOARD OF PUBLIC WORKS

Between January 1 and June 30, 2025, the Board of Public Works (BPW) convened ten times to review and act upon a range of matters vital to the effective functioning and stewardship of State resources. These included:

- **State Procurements:** Evaluation and approval of procurement contracts to ensure transparency, fairness, and fiscal responsibility in State spending.
- **Expenditures of Capital Appropriations:** Oversight of the allocation and expenditure of capital funds appropriated by the General Assembly
- **Acquisition, Use, and Transfer of State Assets:** Consideration of transactions involving the management and disposition of State-owned properties.
- **Issuance of Licenses to Dredge and Fill Wetlands:** Review and authorization of permits to balance developmental needs with environmental protections.
- **Land and Easement Acquisitions:** Approval of strategic land and easement acquisitions in support of the following programs:
  - *Program Open Space*
  - *Conservation Reserve Enhancement Program (CREP)*
  - *Rural Legacy Program*
  - *Agricultural Land Preservation Program*

In addition to these core responsibilities, and beyond the State General Obligation Bond authorization addressed in the Debt Management section of this report, BPW also reviewed a variety of other significant matters related to the efficient management of public funds and natural resources.

## Erroneous Conviction Payments

As required under the **Walter Lomax Act** (Chapters 76 and 77 of the Acts of 2021), the Board of Public Works (BPW) is responsible for compensating individuals who have been erroneously convicted and subsequently exonerated. Compensation is determined by a statutory formula and may include additional reimbursement for attorney fees and housing costs.

Between January and June 2025, BPW approved the following recommendations from the Office of Administrative Hearings for compensation:

- Mr. Marando Warthen
  - Compensation: \$2,806,773.70
  - Attorney's Fees: \$228,189.50
  - Housing Expenses: \$89,100
  - Date Approved: February 12, 2025

- Mr. Tyrone Jones
  - Compensation: \$976,233.85
  - Attorney's Fees: \$246,861.00 *(Note: The original figure appears to be a typographical error; \$246,861,000 likely should be \$246,861.00)*
  - Housing Expenses: \$89,100
  - Date Approved: May 7, 2025

## Maryland Stadium Authority (MSA)

January 8, 2025

- Approved the MSA to issue up to **\$135 million in revenue bonds**. Proceeds will finance capital projects at **Oriole Park at Camden Yards**, fund capitalized interest, cover costs associated with the private sale and placement of the bonds and pay bond issuance expenses.

February 26, 2025

- Approved a **Memorandum of Agreement** between MSA and the **Baltimore Ravens Limited Partnership** related to capital funding for ongoing projects at **M&T Bank Stadium**.

April 23, 2025

- Approved the issuance of MSA's **second series of bonds** in a principal amount not to exceed **\$121,505,000 (Series 2025 Bonds)**. Also approved the **Comprehensive Financing Plan** and a **Memorandum of Agreement** with the **City of Aberdeen** related to **Leidos Field at Ripken Stadium**.

May 7, 2025

- Approved a request to award **GMP Package 1** for the redevelopment of **Maryland Racing Facilities at Pimlico**.
- Approved the **purchase of a 328.37-acre farm property** (4926 Woodbine Road, Woodbine) to serve as a **thoroughbred training center**.

May 21, 2025

- Approved **GMP Package #1** for renovation projects at **Oriole Park at Camden Yards**.

## Procurement Approvals

January 8, 2025

- Approved a **revenue-generating contract** to provide monetary rebates on all milk-based and soy-based infant formula purchased through the **Maryland WIC Program**.

January 29, 2025

- Approved a contract award, in the face of a protest, for a **new Dental Benefits Administrator** under the **Medicaid Program**.
- Approved the use of **expedited procurement** to repair the **heating and domestic water system** at **Clifford T. Perkins Hospital**.
- Approved a contract to provide **statistical and econometric analysis** supporting the **Maryland Disparity Study**.

February 12, 2025

- Approved a contract to **develop, implement, and maintain** a **Licensing and Records Management System (LRMS)** for the **Maryland Cannabis Administration**.

February 26, 2025

- Approved an **IT contract** for the **Maryland Higher Education Commission** to manage student data, financial aid, and state education needs.
- Approved multiple **statewide contracts** to provide **Agile teams and technical resources** to support technology modernization across three functional areas.

April 23, 2025

- Approved an expedited procurement for a **new public announcement system** at **Clifford T. Perkins Hospital**.
- Approved a contract for a **Plan Administrator** for **Maryland's Supplemental Retirement Plans**.

May 7, 2025

- Accepted an **Emergency Procurement Report** related to implementation of the **Federal Worker Emergency Loan Program** (Chapter 97 of 2025).
- Approved a contract to provide **external quality review** services to evaluate nine **Medicaid managed care organizations** under the **Health Choice Program**.
- June 11, 2025 Approved a contract to **manage and operate** the State's **vehicle emissions inspection program**, including 18 centralized stations, 10 self-service kiosks, and the **Fleet Inspection Station Program** across 13 counties and Baltimore City. Approved a **revenue-generating contract** to implement a **corporate purchasing card program** for all State agencies and the **University System of Maryland** for small purchases generally under \$5,000.

## State Personnel

February 12, 2025

- Approved a request to create **six new positions** for the **Federal Accountability Unit** within the **Office of the Attorney General**. These positions will be funded through **Consumer Protection Division recoveries**.

May 21, 2025

- Approved the transfer of the **MD THINK Platform Operator designation** from the **Department of Human Services (DHS)** to the **Department of Information Technology (DoIT)**, along with the associated funding for MD THINK personnel costs.

## State Property / Leases

February 12, 2025

- Approved the **Department of Natural Resources' acquisition of 445.8 acres** to establish the **first state park in Wicomico County**

April 23, 2025

- Approved an **intergovernmental lease** between the **Maryland Economic Development Corporation (MEDCO)** and the **Maryland Department of Health (MDH)**. The lease supports:
  - The **sale of MEDCO tax-exempt bonds**
  - **Renovation of an existing office building**

**Construction of a new 1,172-space parking garage.**

## Transportation

January 8, 2025

- Approved a contract to **reconstruct the collapsed Francis Scott Key Bridge**.

January 29, 2025

Approved a contract to **expand the security screening checkpoint** between the domestic ticket counters (Concourse D) and international ticket counters (Concourse E) at **BWI Thurgood Marshall Airport**

February 12, 2025

- Approved three contracts for **construction management and inspection services** for the **Francis Scott Key Bridge reconstruction**, including both traditional and alternative delivery methods.

- Approved a resolution authorizing the **Maryland Department of Transportation (MDOT)** to issue and sell up to **\$200 million in new Consolidated Transportation Bonds (CTB)** and up to **\$650 million in 15-year refunding CTBs**.
- Approved a **revenue-generating contract** to **develop, renovate, lease, and manage** retail, restaurant, and commercial services at **BWI Airport**.

## **University System of Maryland**

January 8, 2025

- Approved a contract to **renovate the softball and baseball fields** at the **University of Maryland Eastern Shore**. This project addresses **gender equity and safety disparities** identified by the U.S. Department of Education's Office for Civil Rights.

• May 21, 2025

- Approved a request by the **University of Maryland, College Park** to **acquire a 6.99-acre parcel** located within its **Discovery District**. The property includes a **three-story office building** with approximately **150,898 rentable square feet**.

• June 11, 2025

- Approved a **multiple-award contract** for **advertising and media buying services** at the **University of Maryland Global Campus (UMGC)**.

# DEBT MANAGEMENT DIVISION

## General Obligation Bonds

Since the last report to this committee, the State has conducted one General Obligation bond sale in the amount of nearly \$1.6 billion. The transaction included a mix of new money bonds to support capital project costs authorized in the State's capital program and a refunding component to generate debt service savings in the budget.

To assist in the outreach regarding Maryland's bonds and enhance communication with potential investors, the State Treasurer's Office launched a revamped investor relations website, [www.stateofmarylandbonds.com](http://www.stateofmarylandbonds.com), in March 2025.

## Rating Agency Update

In May of 2025, as part of the sale of Maryland's General Obligation Bonds State and Local Facilities Loan of 2025, First Series, the State Treasurer's Office (STO) met with analysts from Fitch Ratings, Moody's Ratings, and S&P Global to review the State's credit profile. In response to significant interest and detailed questions about the quality of the State's credit, the meeting with analysts from Moody's was held in person, hosted by the Treasurer at the Treasury Building and attended by the Governor, Presiding Officers, Comptroller, and several executive and legislative staff. A collaborative presentation prepared by STO, the Department of Budget and Management, the Department of Legislative Services, and the Bureau of Revenue Estimates provided all three rating agencies with a comprehensive update on efforts undertaken by the State to address projected cash and structural imbalances in the near and long-term budget forecasts, a summary of recent economic and revenue trends, and discussion of the potential consequences and efforts to mitigate the impact from recent federal actions targeting state budgets and the Maryland economy.

Subsequent to those meetings, Fitch and S&P retained the State's AAA stable rating. Moody's downgraded the State's debt to Aa1 but with a return to a stable outlook. They had previously assigned the State a AAA rating with a negative outlook in May 2024. The rating reports from the recent sale are available on the Treasurer's website at <https://treasurer.state.md.us/debt-management/general-obligation-bonds/rating-agency-reports/> and on the State's investor relations website referenced above.

## Overview of Maryland's Credit

Despite the divergence in ratings, there remains a broad consensus about the State's credit strengths and challenges. An overview of some of those factors follows but should not be considered exhaustive. The rating agencies also frequently issue general research reports pertaining to credit issues and challenges which are available upon request.

## Credit Strengths

**Strong fiscal and debt management institutions:** One of Maryland's greatest credit strengths is its fiscal management, which is supported by strong institutionalized tools. These include the Capital Debt Affordability Committee (CDAC) process, which ensures State tax-supported debt remains within affordable levels; the Board of Revenue Estimates process, which produces a consensus revenue forecast agreed upon by the different branches of government; the Board of Public Works' ability to make midyear spending adjustments; the lack of a supermajority requirement for tax increases; and rapid 15-year amortization of general obligation debt required by the Constitution, among other things.

**Record of excellent fiscal management:** The State also has a proven track record of proactive fiscal management. Operating budgets are balanced and nearly always passed within the 90-day legislative session. BPW has made numerous spending adjustments in response to new revenue and expenditure information over the years, and adjustments such as tax increases and reforms to the pensions system have been made when necessary. Maryland's tradition of proactive cooperation on fiscal matters is a critically important factor in the State's credit rating.

**Highly educated population and above average income:** The State's population ranks in the top echelon of the U.S. in terms of its educational attainment status and income level, creating a dynamic and reliable revenue base. Policies that help maintain the State's status as highly educated and wealthy are critical to its ability to retain its AAA bond rating.

### **Credit Challenges**

**Pensions, debt, and other long-term liabilities:** Long-term liabilities in Maryland are considered to be high relative to peer AAA states. The State's debt burden is considered moderate, and the Constitutional requirement to retire debt within fifteen years, though a credit positive overall, leads to higher annual debt service costs. Maryland also directly funds a large portion of school construction needs for its counties, which is unusual among states. The State's pension plans are still below the ideal levels of funded status, though the rating agencies credit Maryland for its 2011 reforms. Taking steps to manage these long-term liabilities while still meeting Marylanders' need for State services is crucial.

**Vulnerability to swings in federal spending:** The state's economy receives substantial benefits from the proximity to the nation's capital, including a large federal agency presence and associated private contracting. While the strong federal presence can provide a certain degree of stability, exposure to changes in the federal budget that include budget cuts and other forms of retrenchment, pose disproportionate uncertainty for Maryland compared to most other states. This concern was a notable contributing factor in the downgrade by Moody's.

**Factors that Could Contribute to a Future Negative Rating Action or Downgrade:** All three rating agencies note that continuing budget pressure remains a significant concern for the State's credit. Comparative analysis to other states, particularly regarding reserve fund balances and projected budget imbalances, featured more prominently in the most recent analyses than in prior years. To the extent that economic and financial deterioration result in deficits, reliance on fund transfers and other non-recurring budget balancing measures, or insufficient plans for replenishment and structural balance, the State's credit rating could be negatively impacted. Failure to adhere to policies, particularly those relating to addressing pension and other long-term liabilities, is also a noted factor that could result in a negative revision to either the outlook or the rating.

**Factors that Could Contribute to an Upgrade:** The Moody's Ratings analysis indicates that the State could be considered for an upgrade by demonstrating reduced vulnerability to federal action, outperforming the national pace of real GDP growth, and implementing sustainable measures to eliminate out-year budget gaps linked to education funding or other programs. An upgrade or other positive rating action is not applicable from S&P Global or Fitch, as AAA-stable is the highest possible rating that could be assigned to the State.

## **General Obligation Bond Sale, 2025 First Series Outcome**

The 2025 First Series was sold on June 11, 2025, and closed on June 25, 2025. The sale consisted of issuance amounts totaling \$900 million in tax-exempt new money bonds and \$656,730,000 in tax-exempt refunding bonds.

- Series A Bidding Group 1 consisted of \$485,195,000 in tax-exempt new money bonds. The proceeds were used to finance new projects. Bidding Group 1 received an All-In True Interest Cost (TIC) of 3.14%.
- Series A Bidding Group 2 consisted of \$414,805,000 in tax-exempt new money bonds. The proceeds were used to finance new projects. Bidding Group 2 received an All-In TIC of 4.05%.
- Series B Bidding Group 1 consisted of \$361,995,000 in tax-exempt refunding bonds. The proceeds were used to refinance debt issued in 2015 and 2016. Bidding Group 1 received an All-In TIC of 2.81%.
- Series Bidding Group 2 consisted of \$294,735,000 in tax-exempt refunding bonds. The proceeds were used to refinance debt issued in 2015 and 2016. Bidding Group 2 received an All-In TIC of 2.81%

Despite the loss of the triple-AAA status from Moody's, Maryland debt remains highly rated and of significant interest to the investor community. Each of the four bidding groups in the sale received six bids, which is high for such a large transaction. Although the transaction priced comparatively high to previous State sales, feedback from the investor community provided immediately following the transaction indicated this was not attributable to the downgrade from Moody's, but rather reflective of the historically high issuance volume in the municipal market the week of and the week preceding the State's sale (more than \$35 billion in issuances across the two-week period), and generally higher market volatility in response to April 2025 tariff announcements and other federal uncertainties.

In total, the issuance of the new money bonds generated approximately \$90.8 million in additional premium revenues available to cover the debt service on the bonds or capital projects. The refunding transaction generated approximately \$34.8 million in debt service savings, all of which are applied against fiscal 2026 debt service costs, consistent with assumptions made in the fiscal 2026 budget.

At this time, STO does not anticipate engaging the bond market with another transaction until calendar 2026.

## **Capital Leases**

The Debt Management Division administers two capital lease programs on behalf of State agencies. The Equipment Lease-Financing Program allows State agencies to acquire equipment and pay for those items over a 3- or 5-year time frame. The Energy Lease-Financing Program allows State agencies to acquire equipment necessary for an Energy Performance Contract (EPC) and pay for the equipment portion of the EPC over multiple years using the utility savings generated by the project.

On May 19, 2023, this committee authorized \$18.0 million of aggregate capital equipment for the Equipment Lease-Financing Program, of which a balance of approximately \$8.0 million remains to fund capital projects through June 2025. This committee also authorized \$20.0 million for the Energy Lease-Financing Program, also through June 2025, which was not utilized.

The Debt Management Division has a Master Lease-Purchase Financing Agreement for capital equipment in an amount up to \$10.0 million with Banc of America Public Capital Corp, which was approved by the Board of Public Works on August 2, 2023. Since the last report to this committee, one draw, totaling over \$1.1 million financed critical equipment for various State agencies.

On June 13, 2025, this committee approved the authorization of a new term for the State’s capital lease financing program, authorizing \$24.0 million \$24 million of aggregate capital equipment lease and \$45 million of aggregate energy performance financing contracts for the period beginning July 1, 2025, through June 30, 2027. The Debt Management Division anticipates procuring and making a draw against a new Master Lease Agreement for the Equipment-Lease Financing Program in the first quarter of fiscal 2027.

## Commission on State Debt

Debt service on General Obligation Bonds is paid from the Annuity Bond Fund, which is primarily funded by the State’s real property tax revenue. The Commission on State Debt, chaired by the Treasurer, met on April 11, 2025, to review the State’s debt profile and the status of the Annuity Bond Fund. Based on the information presented below, the Commission recommended there be no change in the current property tax rates for fiscal 2026. This recommendation was approved by the Board of Public Works on April 23, 2025.

### Annuity Bond Fund, Fiscal Year 2024 – 2030

(\$ in Millions)

	2024 Act.	2025 Est.	2026 Est.	2027 Est.	2028 Est.	2029 Est.	2030 Est.
<b>Beginning Balance</b>	\$71.3	\$200.9	\$293.2	\$18.2	\$10.0	\$10.0	\$10.0
Total Property Tax Collections	985.3	1,049.7	1,115.6	1,136.1	1,158.8	1,182.0	1,205.6
General Fund Appropriation	425.1	397.1	154.7	391.3	399.6	450.2	517.7
Bond Sale Premium	139.5	140.1	0.0	0.0	0.0	0.0	0.0
Federal Subsidy for ARRA Bonds	6.4	4.9	2.6	0.9	0.2	0.0	0.0
Transfer Tax	7.0	7.0	1.7	0.0	0.0	0.0	0.0
Other Cash Receipts	(1.0)	2.1	2.1	2.1	2.1	2.1	2.1
Capital Projects	0.0	(5.0)	(140.1)	0.0	0.0	0.0	0.0
Debt Service	<u>(1,432.7)</u>	<u>(1,503.7)</u>	<u>(1,411.4)</u>	<u>(1,538.6)</u>	<u>(1,560.7)</u>	<u>(1,634.3)</u>	<u>(1,725.4)</u>
<b>Ending Balance</b>	<u>\$200.9</u>	<u>\$293.2</u>	<u>\$18.2</u>	<u>\$10.0</u>	<u>\$10.0</u>	<u>\$10.0</u>	<u>\$10.0</u>

\*Data in the exhibit is current as of April 11, 2025. Assumes no increase in property tax rates.

# TREASURY MANAGEMENT DIVISION

## Banking Division

The primary mission of the Banking Division is to manage and control relationships with vendors providing financial services for the State of Maryland, to anticipate agency banking requirements, and to respond timely to agency requests.

The Banking Division ensures the accurate and timely recordation of State funds, and the reconciliation of the State's bank accounts to its R\*STARS accounting system. The Division must account for the receipt of all warranted deposits and the disbursement of all warranted payments. To meet these responsibilities, a comprehensive daily cash reconciliation is performed which allows the Banking Division to proactively resolve agency banking issues. Even as the volume of transactions has increased, the processes and controls developed by the Banking Division continue to result in a timely, accurate, and well documented reconciliation of the State's cash accounts.

As of June 30, 2025, total cash receipts and disbursements exceeded \$1.5 trillion this fiscal year. The State's bank accounts continue to be reconciled to the penny to the State's general ledger.

In addition to the reconciliation duties, the division performs daily operational functions that are critical to the movement of funds into and out of the State's bank accounts and to the recordation of these transactions in R\*STARS. These include:

- Processing the drawdown of funds from federal programs and grants;
- Initiating Federal Reserve wire payments;
- Managing foreign currency transactions;
- Processing check stop payments, cancellations, and reissues;
- Initiating replacement checks for failed ACH payments;
- Recovering funds for fraudulent check presentments;
- Providing transaction research assistance to State agencies;
- Managing the Unpresented and Undeliverable Check Funds;
- Recordation in R\*STARS of all bank adjustments; and
- Maintenance of tables to allow for accurate posting of electronic receipts.

Another responsibility of the Division is to ensure protection of all State funds on deposit with financial institutions through monitoring of bank account and collateral balances. Utilizing the Agency Bank Account Portal, the Banking Division monitors agency bank accounts at designated financial institutions.

The Agency Bank Account Portal reported 1,337 open agency bank accounts managed by the Banking Division at 21 financial institutions as of June 30, 2025. The total posted collateral on June 30, 2025, was \$1.7 billion (unaudited).

The Banking Division continues to serve as the State’s authority for the development, control, and maintenance of statewide policies and procedures for banking products and services. The Division strives to stay at the forefront of changes in banking products and services offered in the financial industry and will continue to explore new financial products and improved data delivery methods. Such advances will increase the Banking Division’s capabilities to provide efficient and cost-saving banking and financial services to all State agencies.

## Investment Division

The objectives of the Maryland State Treasurer’s Investment Policy are to provide sufficient funds to meet cash flow needs and to achieve a return on investment all while maintaining safety of principal. STO compares the State’s cash management and investment policies and practices with those of peer AAA-rated states to ensure the best practices are implemented and followed and actively works to seek improved ways to protect the State of Maryland’s funds.

The Treasurer’s prudent investment policy and practices focus primarily on the safety of principal to ensure protection of Maryland State Funds. The information in this report is based on the daily verification of investments for fiscal year 2025 to date. The balance of the Total Investment Portfolio for June 30, 2025, was \$20.171 billion with a yield of ~4.00% compared to \$20.867 billion on June 30, 2024, with a yield of 4.36%. The portfolio decreased by ~ \$695 million over the past year. Diversification into higher yielding assets to offset lower legacy holdings did help offset the lower rates and smaller portfolio. The Federal Reserve lowered rates by 100 bps this past fall and rates have been static since. The portfolio took advantage of the static front-end rates to help offset lower rates overall. The Fed is expected to be eased again in September through December 2025 (fiscal year 2026).

Note the difference in the overall portfolio size of ~\$20.171 billion and the General Fund assets of ~\$18.5 billion are funds assigned to both sinking funds and other General Obligation issued funds. Those funds are separated to comply with IRS rate arbitrage rules.

Overall & Net General Fund Sizes:

Fiscal Year	General Fund	Total Portfolio
2013	\$5,841,495,771	\$6,190,816,363
2014	\$5,196,101,472	\$5,630,056,930
2015	\$5,930,355,096	\$6,342,494,086
2016	\$6,808,765,345	\$7,525,279,855
2017	\$6,219,709,820	\$6,542,842,871
2018	\$6,791,343,280	\$7,157,098,873
2019	\$8,404,280,100	\$8,742,823,303
2020	\$6,515,168,590	\$6,909,212,409
2021	\$12,258,375,417	\$12,811,493,029
2022	\$17,774,825,863	\$19,096,382,845
2023	\$20,771,062,416	\$21,729,300,960
2024	\$19,625,656,893	\$20,867,238,362
2025	\$18,448,067,138	\$20,171,839,686

The portfolio earned on average 4.00% for fiscal year 2025 vs 4.36% in fiscal year 2024. Given the overall drop-in Federal Funds rate the portfolio performed well.

**The portfolio Breakdown at the end of fiscal year 2025 on June 30th, 2025, was as follows**

**Portfolio Composition for June 30, 2025**

Assets

Investment Type	Dollar Amount	Percentage
Repurchase Agreement:	\$4,589,150,808	22.75%
Money Market Funds	\$3,517,172,501	17.44%
Government Sponsored	\$4,218,653,182	20.91%
Supra Sovereigns	\$1,092,267,786	5.41%
Commercial Paper	\$3,401,625,477	16.86%
US Treasuries	\$831,345,776	4.12%
Corporate Notes	\$2,446,786,335	12.13%
Other Investments	\$74,837,820	0.37%
<b>Total</b>	<b>\$20,171,839,686</b>	<b>100.00%</b>

The General Fund’s gross earnings for fiscal year 2025 were ~\$752 million. That compared to ~\$900 million for the full 2024 fiscal year. The difference in earnings was a combination of the Federal Reserve lowering rates as well as changes in the portfolio size. Overall though the diversification of the portfolio into multiple new asset classes aided in the overall return and continued to offset the lower coupon rates on older securities. The average of ~ 51% of the fund has been allocated by Statute to Agencies in the state on a prorated basis based on their account balances throughout fiscal year 2025. Senate Bill 362 and Budget Reconciliation and Financing Act (BRFA) -2024, Section 8 did change the agencies that were allocated separate interest. That was in place for all fiscal year 2025 and will continue through 2028. The allocation to agencies has been reduced from ~60% overall to ~51% currently but fluctuates based on the balances in the various accounts.

The Federal Reserve stopped raising interest rates in late summer of 2023 and then sat on hold through much of the 1<sup>st</sup> half of 2024 and finally lowered rates starting the middle of the year. The Fed lowered rates by a total of 100 basis points in the 1<sup>st</sup> half of our fiscal year 2025 with the last move on November 8, 2024. During the summer the Federal Reserve had suggested that inflation was not a major issue and was well on the way to its target of 2% and that the labor market was their focus. The labor markets have stayed very resilient with the unemployment rate still at a low historically at 4.2% nationally and job creation has stayed moderately robust. Maryland’s Unemployment Rate was 3.3% as of the end May 2025 up from 2.1% in late 2023 but only up .2% from a year ago and well below the national average of 4.2%. Unfortunately, progress on getting inflation lower has stalled and that has propelled inflation to stay above the Fed’s inflation target. The Federal Reserve has been on hold since last fall.

Overall, the STO was able to take advantage of the reasonably high short-term rates and maintain the portfolio returns. Currently the Federal Reserve’s general forecast is for 2 interest rate cuts in the 2<sup>nd</sup> half of 2025. The financial markets are currently not pricing in another move in rates until the September 2025 (end of 1<sup>st</sup> quarter fiscal year 2026) meeting. The markets will continue to move around, and interest rates will move down or up will affect returns on the portfolio. There is a fair amount of uncertainty for the future economic condition as the prospect of how the new tariff regime and fiscal

changes will impact inflation and employment the Federal Reserve’s dual mandate. Pressure is currently on the Federal Reserve to lower rates, and it remains to be seen if politics will have any impact or will inflation and fiscal irresponsibility handcuff them and the rates markets.

As can be seen in the chart below, the General Fund underperformed the average return on the 3 Month T Bill rate for fiscal year 2025. Once again much like fiscal year 2023 and fiscal year 2024, the reason for this was the divergence in fixed income / bond prices on longer term older securities and the newer shorter securities that were purchased for the portfolio. As rates rose through the 1<sup>st</sup> half of fiscal year 2024 bond prices dropped and older securities that were in the portfolio going back to fiscal years 2018 – 2021 that had low coupons hurt both the interest rate return and the capital value of the portfolio. Active diversification into securities with higher returns that still maintained safety and liquidity helped to offset some of the negative returns. In addition, a shift to shorter maturities aided returns. It will take time for these securities to mature and get replaced with higher returns more current coupon securities. For a more accurate comparison, the longer historical securities yield on average 1.58% while the securities in the remainder of the portfolio yield approximately 4.75%. The bulk of the low coupon securities will mature and roll off in 2026.

Fiscal Year	General Fund	3 Mon Treasury Bill Rate
2013	0.88%	0.08%
2014	1.03%	0.04%
2015	1.03%	0.02%
2016	1.04%	0.18%
2017	1.47%	0.56%
2018	1.56%	1.42%
2019	1.82%	2.29%
2020	1.43%	1.22%
2021	0.29%	0.06%
2022	0.49%	0.36%
2023	4.70%	4.36%
2024	4.37%	4.98%
2025	4.00%	4.19%

The following chart tracks the percentage of agency accounts that receive an interest allocation from the total interest earned on the investment portfolio:

Fiscal Year	General Fund Total	Allocated to State Agencies	Net to General Fund	% Allocated to State Agencies
2013	\$49,357,458.21	\$40,710,863.09	\$8,646,595.12	82%
2014	\$71,835,570.12	\$52,602,770.79	\$19,232,799.33	73%
2015	\$62,588,250.07	\$55,460,767.19	\$7,127,482.88	89%
2016	\$75,991,110.40	\$60,075,482.99	\$15,915,627.41	79%
2017	\$87,460,317.62	\$84,108,491.92	\$3,351,825.70	96%
2018	\$115,824,244.37	\$94,860,659.60	\$20,963,584.77	82%
2019	\$151,015,417.00	\$116,577,195.00	\$34,438,222.00	77%
2020	\$131,849,158.86	\$96,214,619.04	\$35,634,539.82	73%
2021	\$29,521,282.49	\$18,608,563.57	\$10,912,718.92	63%
2022	\$70,712,551.13	\$34,359,271.67	\$36,353,279.46	49%
2023	\$613,039,576.67	\$361,330,338.03	\$251,709,238.64	59%
2024	\$897,146,238.30	\$526,749,509.06	\$370,396,729.24	59%
2025*	\$751,849,062.04	\$380,122,602.93	\$371,726,459.11	51%

SB362 Went into effect on 6/1/2024 - Overall 51% has been allocated to agencies through FY25 So far.

## The Maryland Local Government Investment Pool (MLGIP)

The Maryland Local Government Investment Pool's (MLGIP) AAAM (Money Market rating) and was reaffirmed by S&P Global Ratings on May 27, 2025. The MLGIP has maintained the AAAM rating since April 2000. The MLGIP's balance, which is the amount invested by all participants, on June 30, 2025, the portfolio was **\$11,478,002,469** compared with **\$9,267,014,154** at the end of fiscal year 2024, an increase of **~23.86%, \$2.211 billion**. The participants receive the bulk of their annual funds from Local Income Tax quarterly disbursements. There are currently 257 distinct institutions with 787 separate accounts in the fund. The drop in institutions from the previous few years was a purposeful clean-up of older accounts that were no longer being used.

The Effective Annual MLGIP yield for fiscal year 2025 was 4.69% after fiscal year 2024's 5.49%. Given the structure of the MLGIP fund and its under 1 year in maximum maturities the reduction of rates by the Federal Reserve has a meaningful impact, however the MLGIP team was well positioned to capture the rates prior to the Fed's move. MLGIP has also taken advantage of the updated State Investment Policy to augment returns. MLGIP's return compared favorably with the S&P AAA & AA Rated LGIP Index that had an average return of 4.75% for the period.

The MLGIP contract is up for renewal and will be put out via the State's Procurement process.

Fiscal Year	Fund Balance as of June 30	Number of of Participants	Actual Yield Previous 12 Months	\$ Inc (Dec) Assets Assets Previous year
2013	2,848,875,911	301	0.12%	14.86%
2014	3,127,026,184	302	0.05%	9.76%
2015	3,424,585,598	302	0.05%	9.52%
2016	3,779,521,886	303	0.22%	10.36%
2017	3,727,516,877	305	0.56%	-1.38%
2018	5,251,410,838	305	1.34%	29.02%
2019	6,050,482,835	305	2.27%	15.22%
2020	8,924,858,860	305	1.49%	47.51%
2021	9,722,107,828	305	0.09%	11.19%
2022	9,666,453,434	305	0.27%	-0.57%
2023	9,561,634,818	275	0.27%	-1.65%
2024	9,267,014,154	275	5.49%	-4.13%
2025	11,478,002,469	257*	4.80%	23.86%

\* 257 Distinct Institutions - 787 separate accounts

# INSURANCE DIVISION

The Insurance Division is responsible for administering the State's insurance programs, which include both commercial insurance and self-insurance. Commercial insurance policies are procured to cover catastrophic property and liability losses and to fulfill obligations derived from State contracts, statutes, and regulations. Among the several exposures covered by commercial policies are State-owned toll bridges, tunnels and roads, the Baltimore Washington International Thurgood Marshall Airport, the Port of Baltimore, Maryland Transit Administration (MTA) liability, assorted professional liability exposures, and student athlete accident insurance. The State self-insures a significant portion of its exposures and maintains the State Insurance Trust Fund (SITF) to pay claims and the costs associated with handling those claims. Self-insurance includes damage for State-owned real and personal property, vehicles, and liability claims covered under the Maryland Tort Claims Act.

The Insurance Division has four units: Underwriting, Claims, which include Tort Litigation, Loss Prevention, and Worker's Compensation. The Division's goal is to provide statewide risk management through loss protection (Underwriting), loss control (Loss Prevention), third party administrator contract administration (Worker's Compensation), loss restoration, and liability protection (Claims and Tort Litigation).

## Underwriting Unit

The Insurance Division procures broker services for the purchase of commercial insurance to protect the State Insurance Trust Fund from catastrophic loss, to meet statutory or regulatory requirements, and for compliance with agency contractual agreements.

Underwriting highlights during the past six months include:

The annual meeting with Maryland State Police Aviation Command (MSPAC), University of Maryland Eastern Shore (UMES), aviation underwriters, broker Willis, and STO Insurance Division staff was held April 2, 2025, at Martin State Airport. MSPAC introduced their new Director of Flight Operations and discussed the agency's plans to maintain staff stability and develop pilot pipelines for the future. The presentation from UMES included information regarding their partnerships with commercial airlines, growth in student enrollment, and additional aircraft required for their programs. The University anticipates launching a new aviation maintenance technician program this Fall which is federally certified.

On April 22, 2025, Maryland Transit Administration representatives met virtually with London and Bermuda underwriters, broker Willis, and Insurance Division staff to promote the agency's commercial insurance program expiring July 1, 2025. Directors for Bus, Light Rail, MARC, Metro and Mobility shared historical exposure data and highlighted new efforts, like Zero Emissions Bus fleet and Communication-Based Train Control (CBTC) signaling equipment for Metro. Discussions included claims review with Transit Insurance Group (TIG), passenger and site security overview by MTA Police, Emergency Response planning presented by MTA's Chief Safety Officer, and closing comments by Administrator Holly Arnold.

University of Maryland, College Park Risk Management and Insurance Division staff conducted a Stewardship meeting in Annapolis on May 13, 2025. Agenda items included the University of Maryland's Enterprise Risk Management (ERM) initiatives, focus on campus Youth Protection

compliance, updates for the Purple Line Light Rail construction project, and expectations for renewal of the State's commercial cyber, property, and boiler and machinery insurance programs.

## **Commercial Insurance Program Renewals**

January 1, 2025 – June 30, 2025

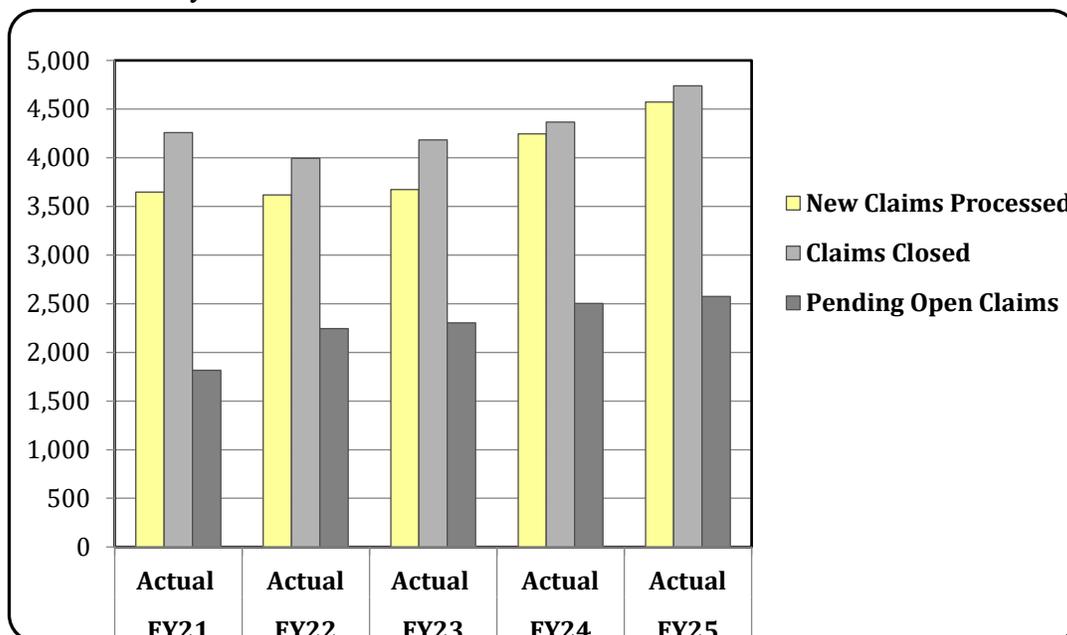
- Maryland Port Administration's commercial auto coverage renewed effective January 1, 2025-2026. The overall pricing was up from \$106,631 to \$112,513. This was an increase of \$5,882 or approximately 5.5% compared to expiring cost.
- State-owned vessel Protection and Indemnity (P&I), which is liability coverage, renewed effective January 1, 2025-2026. The overall pricing increased from \$58,367 to \$61,330.04. This was an increase of \$2,963.04, or approximately 5.1% compared to expiring cost.
- Maryland Department of Health's Willow Brook Square Resident Fund Trust Account surety bond renewed effective January 1, 2025-2026. The overall pricing decreased from \$350 to \$200. This was a decrease of \$150, or approximately 42.9% compared to expiring cost.
- University of Maryland, Global Campus's tuition bond for the State of Washington renewed effective January 1, 2025-2026. The overall pricing decreased from \$623 to \$475. This was a decrease of \$150, or approximately 24% compared to expiring cost.
- The University of Maryland, College Park's Customs Bond renewed effective January 3, 2025-2026. The overall pricing decreased from \$650 to \$420. This was a decrease of \$230, or approximately 35.4% compared to expiring cost.
- Maryland Port Administration's liability and terrorism coverages renewed effective January 31, 2025-2026. The overall pricing increased from \$648,529 to \$680,069.50. This was an increase of \$31,540.50, or approximately 4.9% compared to expiring cost.
- Maryland Institute for Emergency Medical Services Systems' General Liability policy renewed effective February 18, 2025-2026. The overall pricing remained the same as expiring, at \$4,000.
- Maryland Department of Housing & Community Development's crime policy renewed effective March 1, 2025-2026. The overall pricing decreased from \$19,250 to \$17,200. This was a decrease of \$2,050, or approximately 10.6% compared to expiring cost.
- Blanket Fine Art on Loan policy renewed effective March 1, 2025-2026. The policy limit remained at \$15 million. Overall pricing decreased from \$18,102 to \$12,674. This was a decrease of \$5,428, or approximately 30% compared to expiring cost.
- University of Maryland, Global Campus's tuition bond for the State of Colorado renewed effective March 1, 2025-2026. The overall pricing decreased from \$930 to \$780. This was a decrease of \$150, or approximately 16.1% compared to expiring cost.
- Maryland Transit Administration's Crime policy renewed effective March 10, 2025-2026. The overall pricing decreased from \$17,592 to \$16,192. This was a decrease of \$1,400, or approximately 8% compared to expiring cost.

- Maryland Department of Human Services and Maryland Department of Juvenile Services Foster Parent General Liability coverage renewed March 15, 2025-2026. The prior carrier did not offer renewal terms, and coverage was moved to a new carrier, Mercer. The overall pricing increased from \$341,410 to \$664,615. This was an increase of \$323,205, or approximately 94.7% compared to expiring cost.
- Blanket excess property policy renewed effective April 1, 2025-2026. The overall pricing decreased from \$18,772,047.05 to \$18,063,406.34. This was a decrease of \$708,640.71, or approximately 3.8% compared to the expiring cost.
- Maryland 529 crime policy renewed effective April 1, 2025-2028. This year, the policy changed from a one-year term to a three-year term. Overall pricing for three years was \$6,204. The average annual price decreased from \$3,047 to \$2,068. This was a decrease of \$979, or approximately 32.1% compared to expiring cost.
- Maryland Department of Commerce foreign liability policy renewed effective May 1, 2025-2026. The overall pricing remained the same as last year, at \$3,500.
- Blanket Aviation Hull & Liability for State owned and leased aircraft renewed effective June 30, 2025-2026. There were three new aircraft added over the prior policy year. This year, the sublimit for UMES was increased from \$5 million to \$10 million. A new carrier, USAIG, replaced two existing carriers on the program. Overall pricing decreased from \$1,664,112 to \$1,528,283. This was a decrease of \$135,829, or approximately 8.2% compared to expiring cost.

## Claims Unit

The Insurance Division’s Claims Unit investigates and resolves claims filed under the Maryland Tort Claims Act for property damage and personal injury. The unit also handles claims for State-owned property arising from sudden and accidental perils, such as collision and comprehensive losses to autos, and perils such as fire, hail, lightning, and wind, for damage to State structures, equipment, and contents.

The open and closed claims are tracked to gauge activity, inventory and to identify any trends. From July 1, 2024, through June 30, 2025, there were 4,571 new claims processed, and 4,739 claims closed. The chart below shows claims detail of all claims by fiscal year. There are currently 2,576 open pending claim files for fiscal year 2025.



**Recently Reported Major Claims** - From January 1, 2025, through June 30, 2025, the Insurance Division received notice of 89 claims that present potential liability of \$75,000.00 or more. The reserve is set at \$75,000.01 for reporting purposes and to identify any potential exposure.

### **Tort/Auto/Omission & Errors**

- On September 17, 2020, a claim alleging that a person with developmental disabilities was assaulted while in custody at Maryland Department of Health.
- On July 22, 2022, a claim alleging that the claimant fell in a storm drain and injured themselves.
- On February 17, 2023, a claim alleging that a state vehicle struck the claimant vehicle while in the Baltimore Harbor Tunnel and injured the claimant.
- On March 13, 2023, a claim alleging that the driver of the state vehicle struck and injured the claimant.
- On October 22, 2023, a claim alleging that the claimant tripped and fell on uneven sidewalk and was injured.
- On January 17, 2024, a claim alleging that an inmate was assaulted and stabbed while housed at Jessup Correctional Institution.
- On February 1, 2024, a claim alleging that an incarcerated individual at Baltimore Central Booking and Intake Center was stabbed by a gang of six individuals.
- On August 9, 2024, a claim alleging that an inmate was found unresponsive with multiple stab wounds at Western Correctional Institute. The inmate was pronounced deceased by emergency medical personnel.
- On January 15, 2025, a claim alleging misconduct by correctional officers to an inmate housed at North Branch Correctional Institution.
- On February 27, 2025, a claim alleging that a state vehicle went through a flashing red light and struck the claimant's vehicle. The claimant sustained injuries.
- On March 13, 2025, a claim alleging that an inmate was assaulted by another inmate, resulting in fatality at Roxbury Correctional Institution.
- As of May 31, 2025, there have been 235 suits with numerous plaintiffs filed related to the Child Victim Sexual Abuse Claims (CVA) against the State.
  - The Treasurer's Office has been served with approximately 150 additional CVA suits, which need to be processed.

- *Claims submitted as a result of any sexual assaulted minor individuals may not be subject to compensation under the Maryland Tort Claims Act. This number is likely to increase with time.*

## **Property/Boiler**

- On October 17, 2022, St. Mary's College of Maryland's contractor ignited insulation when brazing pipes, causing fire damage to several floors of newly renovated Calvert Hall. Estimated loss increased to \$2,210,777.26, subrogation anticipated.
- In December 2022, the State suffered a \$10,072,518.65 large property loss, named Cat Loss 2273. Only one SITF deductible amount of \$2,500,000 was incurred due to the loss. The seven agencies impacted have been reimbursed for their damage. The agencies' portion of the deductible will be calculated based on the amount of damage each agency incurred. The commercial carrier portion of the loss totaled \$7,572,518.65.
- On September 13, 2021, a claim was reported involving broken pipes which caused property damage at University of Maryland, College Park.
- On July 10, 2023, during a scheduled outage, a blow down valve failure caused the room to be filled with steam. The fire sprinklers were activated resulting in damage at University of Maryland, College Park.
- On August 15, 2023, a tornado caused extensive damage at University of Maryland, College Park.
- On March 26, 2024, the Francis Scott Key Bridge collapsed. As a result, there have been 32 claims filed.
- On April 7, 2024, there was a water pipe leak at University of Maryland, Baltimore on the 6<sup>th</sup> and 7<sup>th</sup> floors resulting in damage.
- On August 2, 2024, a bus owned by University of Maryland, College Park, caught fire while parked and was considered a total loss.
- On October 17, 2024, a fire in a dorm room at Towson University resulted in damage to multiple dorms.
- On November 15, 2024, a water main break caused flooding at University of Maryland, Baltimore County.
- On January 21, 2025, a boiler in the penthouse mechanical room caught fire and caused damage at Baltimore City Community College (BCCC). There are two agency property claims impacted by this incident (BCCC and Department of General Services).
- On January 22, 2025, a pipe fitting failed causing damage to research equipment at the University of Maryland, College Park.
- On January 23, 2025, the sprinkler system pipe froze resulting in water damage above the pendulum in the atrium area at Frostburg State University.

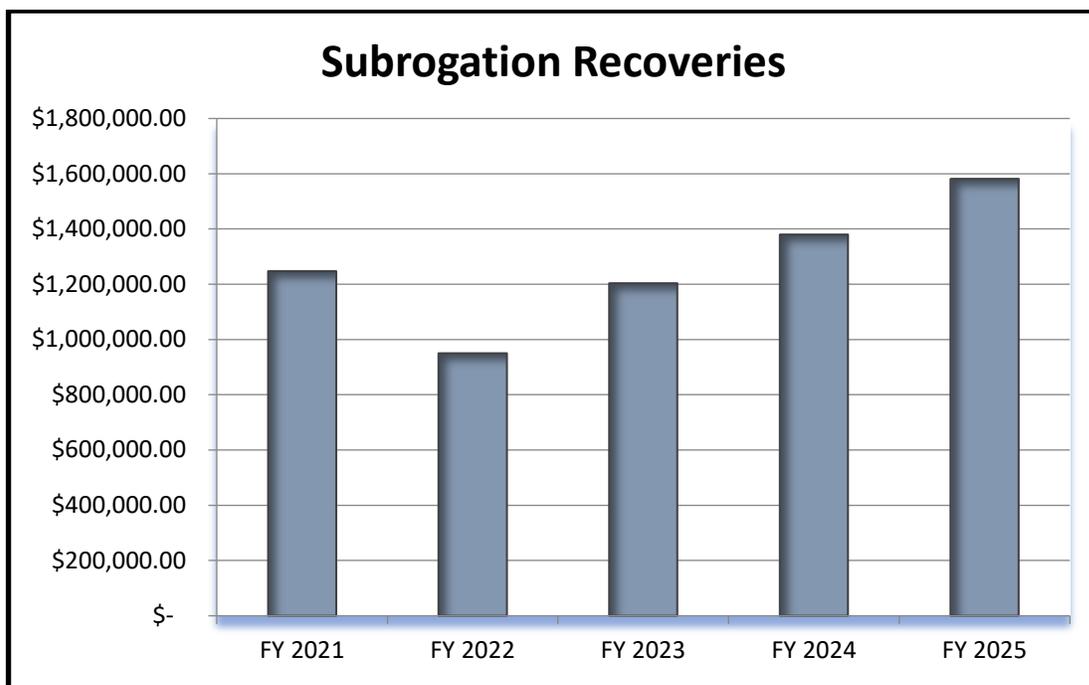
- On March 6, 2025, a water valve assembly burst causing water to run continuously at University of Maryland, Baltimore.
- On April 4, 2025, a contractor completed maintenance on the hot water valve, which was still under pressure when removed, causing water damage to the elevator cab and shaft at University of Maryland, Shady Grove.
- On April 19, 2025, a State Highway Administration salt dome was destroyed by strong winds.

## Subrogation Recoveries

In addition to adjusting claims filed under the Maryland Tort Claims Act, the unit is also charged with recovering the cost of damage to State automobiles and property caused by others. This subrogation recovery process helps to offset State Insurance Trust Fund liabilities and positively affects the fund’s solvency. Since 2007, the Claims Unit has renewed its focus on increasing subrogation recoveries by designating specific claims personnel to pursue these debts.

Year-to-date subrogation recoveries for fiscal year 2025 total \$1,478,036.00 as of June 30, 2025. This is a continued area of focus and is a priority within the Claims Unit.

Subrogation recoveries for fiscal year 2025 are impacted due to delayed responses to the State’s subrogation requests, supply chain challenges for auto parts or other repairs, and staffing issues in the insurance industry.

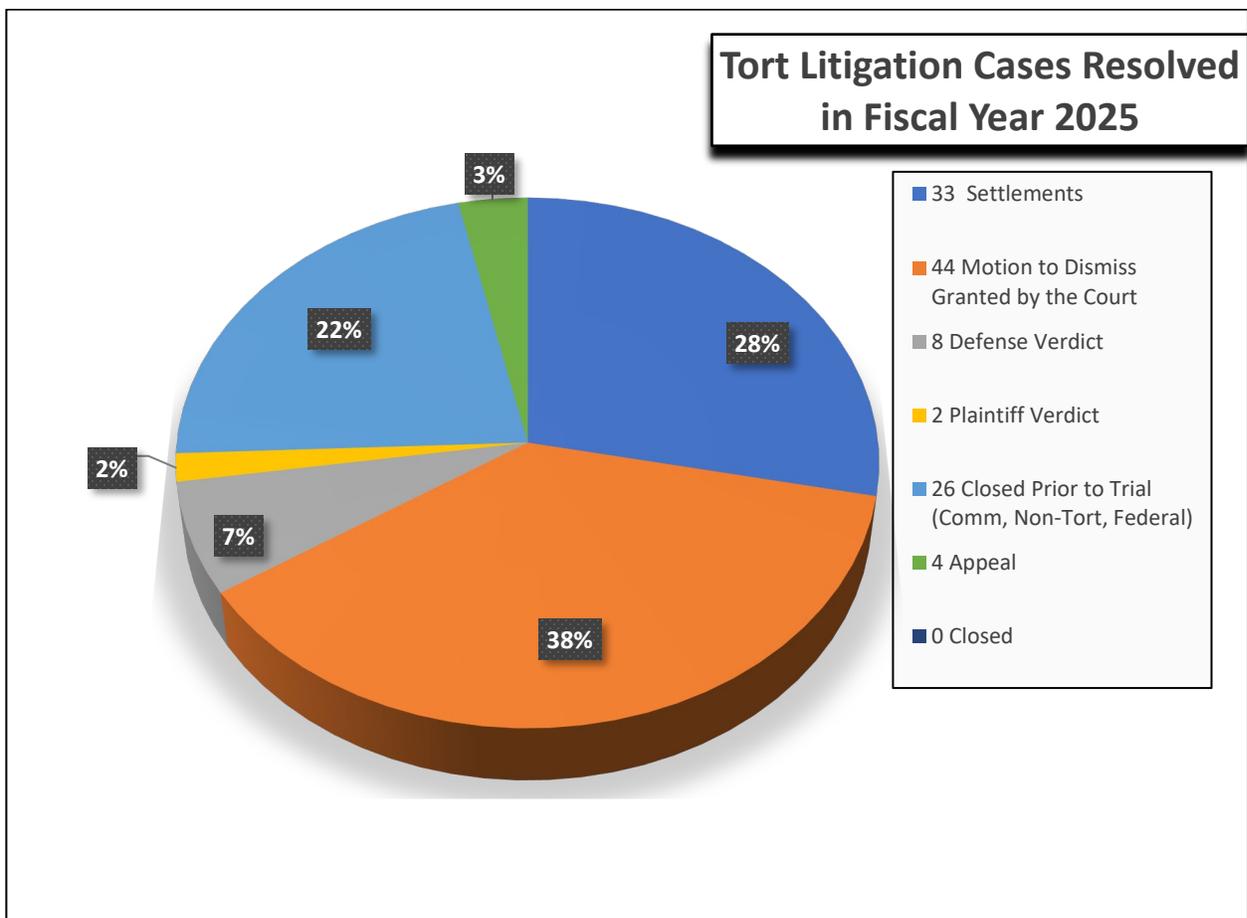


## Tort Litigation Management

The Casualty Claims Litigation Specialists work closely with the Office of the Attorney General to proactively resolve cases in litigation. The Casualty Claims Litigation Specialists investigate, evaluate, and extend settlement authority on behalf of the Treasurer to the Office of the Attorney General. In cases valued over \$400,000, the Casualty Claims Litigation Specialists brief the Insurance Review Committee, which includes the Chief Deputy Treasurer, the Director of the Insurance Division, the Tort Attorneys, and other stakeholders requesting settlement authority.

Settlement and litigation expense costs for the period of January 1, 2025, through June 30, 2025, totaled \$1,829,898.48 and \$696,512.39 respectively, for a total of \$2,526,410.87. The Casualty Claims Litigation Specialists attend settlement conferences and other court-mandated activities and provide periodic updates on the status of litigation claims, as requested. The Casualty Claims Litigation Specialists provide feedback to adjusters during the discovery process and upon resolution, as required.

The Tort Unit handles a rolling docket of approximately 150 - 175 litigation claims. The current litigation caseload, which includes the CVA suits, is approximately 464 as of June 30, 2025. The Casualty Claims Litigation Specialists actively monitor trial verdicts and appeals and assess the potential impact on the State Insurance Trust Fund. The Casualty Claims Litigation Specialists also analyze data to track litigation outcomes.



The Casualty Claims Litigation Specialists will continue to monitor litigation outcomes and provide relevant data and analytical information to the Insurance Director, Loss Prevention, Underwriting, and Claims units, which will be used to determine future risk prevention activities.

## **Loss Prevention**

The primary goal of the unit is to assist in the preservation of State-owned assets, including buildings, computers, machinery, and specialized equipment. Agency wide communications for weather threats, proactive site pre-inspections, and monitoring compliance with carrier recommendations are tools utilized to accomplish this objective.

## **Property Inspections and Recommendations**

Each year, the commercial property insurance company, AIG, inspects 10 locations, typically those with higher values. The purpose is to assist in the identification of hazards that may lead to loss and to provide recommendations to mitigate such losses.

Inspections involve a physical survey of the site and visual examination of buildings and their operating systems. A report is generated by the insurer's representative describing general conditions and observations of any potential issues. Inspection reports are shared with each agency to review the recommendations and discuss intended actions. Inspections for the current cycle have been identified and are now being scheduled.

Fiscal year 2026 inspection sites include:

- Towson University
- Morgan State University
- University of Maryland, Eastern Shore
- Maryland Aviation Administration – BWI
- Motor Vehicle Administration – Glen Burnie Headquarters
- MTA – Cromwell Light Rail Maintenance Shop
- Department of General Services – Sweeney District Court – Annapolis
- Department of General Services - Legislative Services Building
- University of Maryland, College Park – Institute for Biosciences and Biotechnology Research Building (IBBR)

## Communications

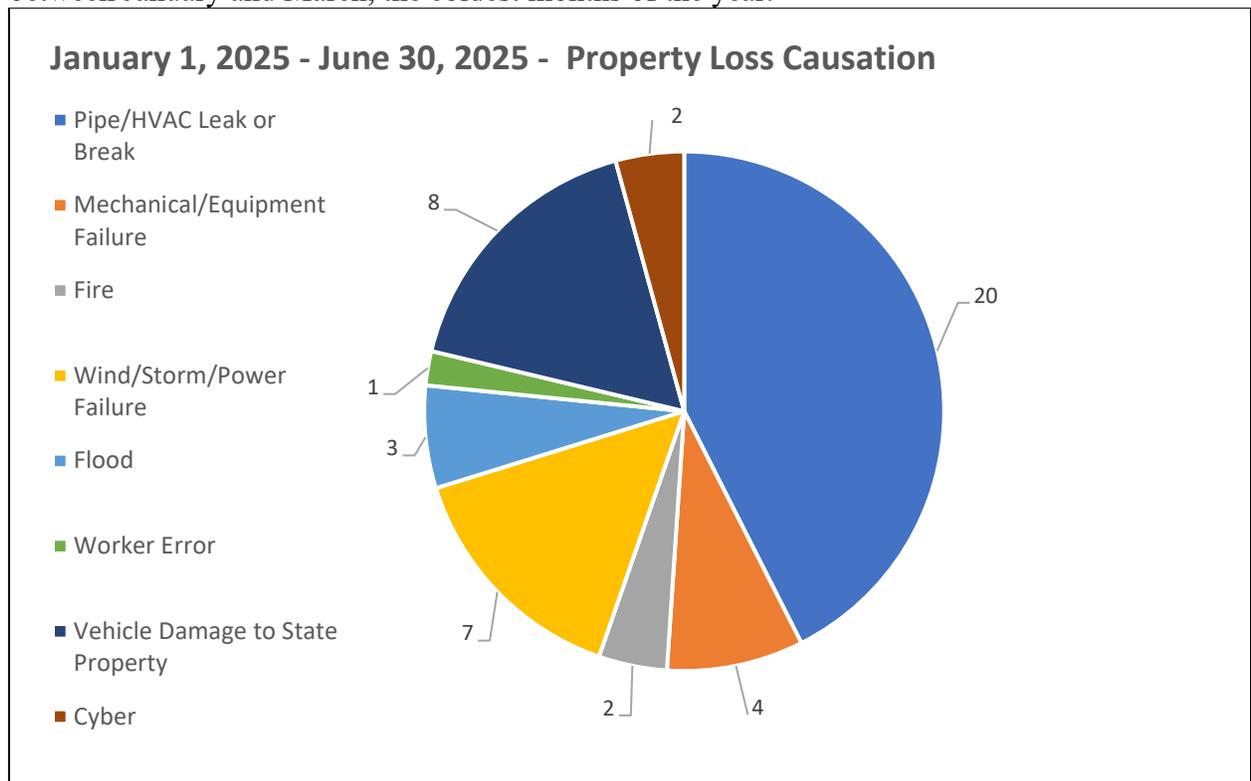
Loss Prevention sent bulletins to over 100 agency and institutional contacts in preparation of weather events including “Prepare for Extreme Cold Weather”, “2025 State of Maryland Hurricane Preparedness Reminder”, and “Loss Prevention – Roof Inspections”.

## Loss Prevention Claim Inspections

Loss Prevention works with the Insurance Division Claims unit to inspect large losses to State assets which are \$75,000 or greater. The purpose of the inspections is to visually inspect the damage, identify the proximate cause of the loss, and make recommendations to avoid similar claims from occurring.

## Property Loss Claims – Proximate Cause

From January 1, 2025, to June 30, 2025, there were 47 property claims reported. The leading cause of loss was pipe and HVAC breaks, which accounted for 20 events. Of those 20 events, 13 occurred between January and March, the coldest months of the year.



## Workers' Compensation

The Memorandum of Understanding and Side Agreement with Inured Worker's Insurance Fund (IWIF) for Third Party Administrator (TPA) services were finalized February 21, 2025. These agreements outline expected services, scope of work, and compensation for the State's program.

Monthly claim reviews include financial audits, new first report of injury reviews, State Employee Risk Management Administration (SERMA) trends and training. Quarterly visits with IWIF's Claim

Manager include Special Investigations Unit (SIU) developments and reinsurance and subrogation possibilities.

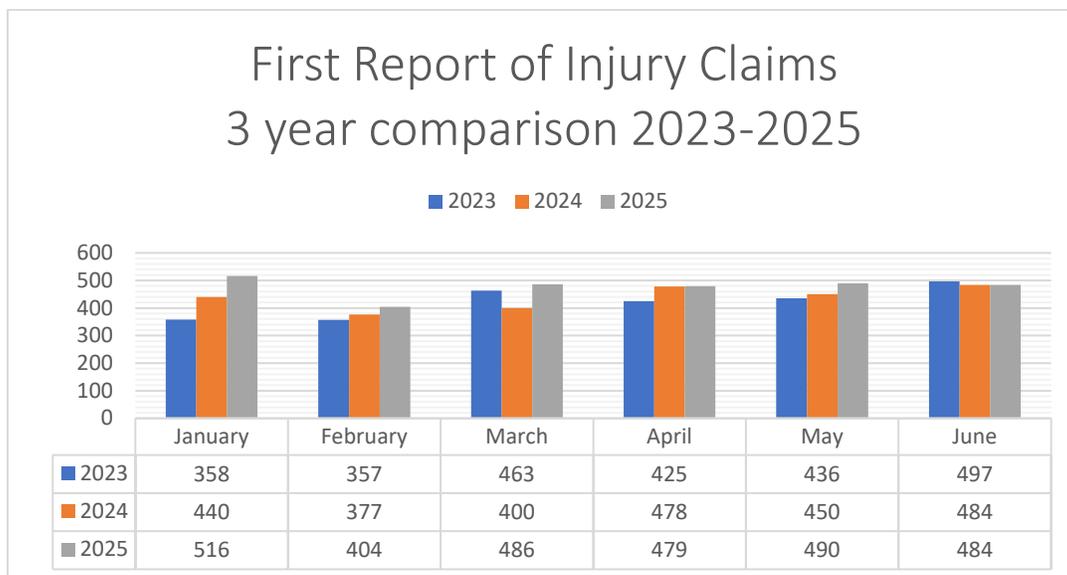
IWIF’s new Risk Management Program, Origami, is SOC 2 Compliant. Origami provides two levels of claim reporting access, which SERMA’s loss control specialists are prioritizing in agency training. Goals include analyzing agency claim data to establish and improve safe work cultures.

Training for the new Maryland Occupational Safety and Health Heat Stress Standards under COMAR 09.12.32 have been presented to over 260 agency staff. Emphasis has also been placed on Drivers Education programs with new training available through IWIF’s Safety Center.

This year’s SERMA Conference, with the highest attendance on record, was held May 22, 2025. The Maryland Insurance Administration and Lyndsey Meninger of IWIF opened the session. Annual awards were announced, including the Notable Injury Reduction Awards presented to:

- Washington County Department of Social Services (-47%)
- Maryland School for the Deaf-Columbia (-43%)
- University of Maryland Eastern Shore (-43%)
- Salisbury University (-55%)
- Baltimore City Correctional Center (-58%)

First Reports of Injury filed with Injured Workers Insurance Fund for new employee injury claims from January to June 2025 show an increasing trend over the same periods in 2023 and 2024. Cold weather conditions this year may be a contributing factor to the increase in employee injuries.



## **Maryland 529 Division**

Maryland 529 is the state-administered program designed to help families save for education and disability-related expenses. It comprises three components aimed at offering flexible and tax-advantaged savings options for Maryland residents.

### **Maryland Senator Edward J. Kasemeyer College Investment Plan (MCIP)**

Commonly referred to as the Maryland College Investment Plan, this plan allows participants to invest in a range of portfolios managed by T. Rowe Price. The MCIP is a 529 college savings plan that offers tax-deferred growth and tax-free withdrawals when funds are used for qualified education expenses. It is open to new investors and provides a flexible savings vehicle for certain K-12 and higher education costs.

### **Maryland Senator Edward J. Kasemeyer Prepaid College Trust**

The Prepaid College Trust is a prepaid tuition savings program that allowed families to prepay future college tuition at today's rates. The program closed to new enrollments on June 1, 2023, following strategic changes in the administration of Maryland 529. With the transfer of oversight of Maryland 529 to the Maryland State Treasurer's Office, the division implemented and successfully completed a four-phase policy plan designed to address the program's history, current status, and future direction. This comprehensive plan introduced several significant programmatic policy changes:

1. Phase One – Rebuilding Confidence:
  - Established earnings rates
  - Increased transparency and communication with account holders.
  - Established stronger oversight and accountability measures.
2. Phase Two – Operational Improvements:
  - Restructured internal processes to ensure timely and accurate account updates.
  - Implemented new data systems for more efficient management of account records.
3. Phase Three – Restitution and Reconciliation:
  - Addressed previous calculation errors and account discrepancies.
  - Provided compensatory adjustments through a claims process where necessary.
4. Phase Four – Transition to Defined Benefit Plan and Ongoing Planning:
  - Implemented a strategy for managing the Trust's long-term obligations.
  - Conducted a full review of past operational issues.
  - Continued commitment to supporting existing account holders through benefit fulfillment and financial stability.

### **Maryland ABLE Program**

*The Achieving a Better Life Experience (ABLE)* program provides individuals with disabilities and their families the opportunity to save for disability-related expenses without jeopardizing eligibility for federal and state benefits such as SSI or Medicaid. The Maryland ABLE Program is tax-advantaged and offers several investment options.

Maryland 529 provides a suite of savings tools tailored to diverse financial and educational needs. While the Prepaid College Trust has closed to new entrants, the College Investment Plan and ABLE Program remain active and essential resources for Maryland families planning for future education and disability-related expenses.