



Wes Moore
Governor
Aruna Miller
Lieutenant Governor
Paul J. Wiedefeld
Secretary

**J00A01 Maryland Department of Transportation
The Secretary's Office
Fiscal Year 2025 Operating Budget
Response to Department of Legislative Services Analysis**

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Chair Sarah Elfreth
February 15, 2024

House Appropriations Committee
Transportation and the Environment Subcommittee
Chair Courtney Watson
February 12, 2024

**J00A01 MDOT – The Secretary’s Office
Fiscal Year 2025 Operating Budget
Response to Department of Legislative Services Analysis**

DLS Budget Analysis

1. Productivity and Quality – Recruit and Retain Quality Employees (Page 5)

The Secretary should comment on whether these reductions are expected to impact the department’s employee recruitment and retention efforts.

MDOT Response:

The Maryland Department of Transportation (MDOT) employs more than 9,000 hard-working and dedicated employees who ensure Maryland citizens receive the transportation services they need. From the bus and light rail operators providing essential transit services, to the CHART emergency patrols helping stranded motorists, to the customer service agents at MVA branches, to our law enforcement personnel, to the IT and HR professionals, and everyone in between, MDOT values each of its employees. Although the constrained budget environment may require some modes to prioritize and delay recruitments, MDOT is a 24/7 operation and we will continue to build and maintain the necessary workforce to ensure the safety of the traveling public.

2. Promote Fiscal Responsibility – System Preservation (Page 7)

The Secretary should comment on how the long-term system preservation objective recommended by SAC can be met.

MDOT maintains a vast transportation network that includes over 17,000 State-maintained lane miles, nearly 3,000 bridges and elevated structures, nearly 200 miles of passenger and freight rail track, more than 6,000 vehicles and pieces of equipment, more than 800 buildings, and more than 11,000 structures. This integrated network provides transportation options and accommodates millions of passenger trips, whether by bus, rail, road, sea, or air. Maintaining this massive system requires a significant investment in system preservation.

Ensuring sufficient investments in system preservation is a top priority for MDOT. During the recent reductions that were required to balance the FY 2024-2029 Final Consolidated Transportation Program, MDOT prioritized maintaining system preservation funding. This prioritization will continue, regardless of the level of spending that is available. If funding levels remain at current levels, the ability to perform system preservation projects will continue to be constrained and will result in deferred projects and additional reductions to expansion projects. Continued deferral of system preservation activities may result in the need for more significant and more costly rehabilitation; premature aging of assets; and the need for work to be done on an emergency, rather than planned, basis, which can be more disruptive to customers. Based on the most recent system preservation inventory across all MDOT modes, there are \$11.2 billion in unfunded needs over the next ten years. To eliminate that backlog, additional annual spending just for system preservation projects of \$1.1 billion would be required.

**J00A01 MDOT – The Secretary’s Office
Fiscal Year 2025 Operating Budget
Response to Department of Legislative Services Analysis**

3. Proposed Budget Change (Page 10)

The Secretary should comment on the impacts the ongoing reductions of \$6.4 million will have on the office’s operations.

In order to present a balanced six-year budget, MDOT made significant reductions to both the operating and capital programs. All modes, including the Secretary’s Office, implemented reductions of 8% to its operating budget. MDOT prioritized our customers and our local partners when making the tough decisions about which reductions to make. Across the Department, the reductions will be challenging to implement but are required to maintain fiscal discipline.

At the Secretary’s Office, one-half of the operating budget is to provide enterprise-wide information technology and cybersecurity support to the Department and nearly one-fifth of the operating budget is for various grants to local jurisdictions, metropolitan planning organizations, and others. This leaves only one-third of funding for all other activities.

The Secretary’s Office supports various departmentwide, and statewide, efforts, through the efforts of the Office of Climate Change Resilience and Adaptation, Office of Homeland Security, Office of Cultural Resources, Office of Minority Business Enterprises, and many others. Three-fourths of all spending at the Secretary’s Office is for personnel and contracts; therefore, these areas were most impacted by budget reductions. Although some of the reductions for IT and cybersecurity were restored as a result of the \$150 million one-time provision of general funds by Governor Moore, many other reductions will continue, will require a review of spending and activities to ensure that we are prioritizing the spending of our limited funding, and may limit the speed and depth at which MDOT can advance certain initiatives.

**J00A01 MDOT – The Secretary’s Office
Fiscal Year 2025 Operating Budget
Response to Department of Legislative Services Analysis**

DLS Budget Analysis Issues

1. Flexing Federal Dollars from Highways to Transit (Page 22)

The Secretary should discuss with the committees how the department decides how much should be flexed or transferred from highway aid programs to support transit.

MDOT Response:

MDOT maintains a vast multimodal transportation network that relies on each mode of transportation being adequately maintained and funded to provide critical transportation options to its customers. MDOT takes a holistic view of its capital program and prioritizes the projects that are advanced based on the needs of the entire transportation system. The first priorities for capital funding are safety, system preservation, and priority projects. Whether projects are funded with federal, state, or other funds is a function of many variables, including the projects that are being funded, the availability (both amount and timing) of each funding source, and the uses and limitations of each funding source. It is important to note that flexing federal funds does not increase the overall funding available to MDOT, but it provides a tool, with certain limitations, on how MDOT can utilize those funds.

In making funding decisions related to how the state’s federal transportation dollars are utilized, MDOT prioritizes maximizing the use of federal funds so that no available funding is left on the table. The decision of which projects to use federal funds on are based the composition of projects ready to move forward, the availability of federal funds and the project types they may be used on, and federal matching requirements. Federal funds are subject to Congressional authorization and approval; are designated for certain types of projects; may require approval from federal agencies and metropolitan planning organizations to reprogram; may be time-limited; require matching amounts; are provided on a reimbursable basis only; and carry additional accounting, reporting, and auditing requirements. All of these constraints must be considered when deciding how to use federal dollars.

Generally, to be eligible for federal aid, transit projects must be eligible projects under Title 49 of the U.S. Code and highway projects must be eligible under Title 23 of the U.S. Code. Project eligibility for federal funding depends on which federal funds are being used. In May 2022, the White House issued a guidebook to the Infrastructure Investment and Jobs Act to provide a roadmap to funding available under the law. The guidebook totals 459 pages, including 141 pages dedicated to transportation, and outlines 116 transportation grant programs. Each grant program, whether providing formula funds or discretionary grant funds, has its own requirements for project eligibility. MDOT must review the appropriate circular, notice of apportionment, notice of funding opportunity (NOFO), or other guidance specific to each grant program to be aware of federal fund opportunities and to determine eligibility for each grant program.

**J00A01 MDOT – The Secretary’s Office
Fiscal Year 2025 Operating Budget
Response to Department of Legislative Services Analysis**

Operating Budget Recommended Actions

- 1. Add annual language restricting operating grants-in-aid funding. (Page 24)**

MDOT Response:

The Department concurs with the DLS recommendation.

PAYGO Budget Recommended Actions

- 1. Add annual language limiting capital project and grant funding to the projects and grants identified in the Consolidated Transportation Program. (Page 24)**

MDOT Response:

The Department concurs with the DLS recommendation.