

**J00B01 Maryland Department of Transportation
State Highway Administration
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Services Analysis**

House Appropriations Committee
Transportation and the Environment Subcommittee
Chair Courtney Watson
February 24, 2025

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Chair Michael Jackson
February 27, 2025

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DLS Budget Analysis

1. Infrastructure Investment and Jobs Act Funding (Page 15)

SHA should brief the committees on any impacts the FHWA memo will have on Maryland's efforts to build out electric vehicle charging infrastructure, as well as on any other impacts recent federal directives may have on discretionary grants it has already been awarded.

MDOT Response:

On February 6, 2025, the Federal Highway Administration (FHWA) issued a memo to all State Department of Transportation Directors rescinding all prior National Electric Vehicle Infrastructure (NEVI) Formula Program Guidance and aiming to publish new guidance for public comments in the spring. The memo also suspends approvals of State Electric Vehicle Infrastructure Deployment Plans for all fiscal years. As approved deployment plans are required to obligate NEVI Formula Funding, no new NEVI Formula Program obligations may occur until updated final guidance is issued and new state plans are submitted and approved. Reimbursement of existing obligations will continue unimpeded.

Round One of Maryland's NEVI Program is unaffected by this updated FHWA guidance as funding was previously obligated. The Maryland Department of Transportation (MDOT) is finalizing contracts for 22 corridor charging sites yielding 126 new direct current fast charging (DCFC) ports for a total of almost \$12 million in NEVI Formula funds. Design and construction work is expected to be completed by spring 2026.

For Round Two of Maryland's NEVI Program, a request for proposals (RFP) was issued in December 2024 for up to 29 additional corridor charging sites yielding at minimum 116 additional DCFC ports. Proposals were originally due on March 26, 2025, to award up to \$30 million in NEVI Formula funds, but this date has been delayed until at least June 30, 2025, to review the updated NEVI guidance.

The U.S. Department of Transportation (U.S. DOT) has paused the approval of all federal discretionary grant funding noticed for award but not yet approved for obligation. MDOT awaits further guidance from U.S. DOT on two EV charging grants awarded to SHA that are impacted by this pause: Electric Vehicle Charger Reliability and Accessibility Accelerator (EVC-RAA) and Charging and Fueling Infrastructure (CFI). The projects awarded under these grant programs seek to repair and replace broken public EV chargers and deploy medium- and heavy-duty charging depots for zero-emission freight traveling along the I-81 and I-78 corridors from Maryland to New Jersey, respectively. MDOT continues work to position these grants for

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agreement, obligation and reimbursement during this pause, including efforts to place both grants in each metropolitan planning organization’s Transportation Improvement Program (TIP) and the Statewide Transportation Improvement Program (STIP) – a prerequisite step for obligation of federal funding.

MDOT remains committed to meeting state clean transportation and climate goals pursuant to the Climate Solutions Now Act and the Moore-Miller Administration’s State Plan and Climate Executive Order by electrifying Maryland’s transportation sector. MDOT will leverage available resources and seek funding opportunities to achieve these results regardless of challenges from our federal partners. Strategically and rapidly deploying public charging infrastructure is a key strategy. MDOT is therefore pursuing other planning and deployment opportunities in addition to the NEVI Program, as will be described in Maryland’s forthcoming Zero Emission Vehicle Infrastructure Plan.

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Operating Budget Recommended Actions

- 1. Delete funding for new positions; the agency should reclassify existing vacant positions instead. (Page 31)**

MDOT Response:

The Department respectfully does not concur with the DLS recommendation. The eight positions will address critical areas of asset management and program management to reduce reliance on contracted resources, ensure state employees are performing inherently governmental functions, and focus on increasing SHA's ability to maximize receipt of federal funding.

One position will be dedicated to leading and enhancing the federal authorization process to federalize more operating and capital expenses and timely process increasing subrecipient federal funding reimbursements. Two positions will be dedicated to asset management to greater federalize the operating and capital programs and support for fund management. This will ensure SHA is optimizing assets and funds in a strategic manner that will apply life cycle management best practices to all asset classes. Two positions will be dedicated to program management and federal grant administration, including supporting programs to meet climate and safety goals.

One position will be focused on toll credits to ensure SHA is receiving maximum reimbursement for toll credits. Lastly, two positions will be dedicated to the Office of Traffic and Safety to meet the newly established resource needs for administering statewide camera programs, including the expanded requirements from the Governor's Work Zone Safety Group recommendations and the 2024 Road Worker Protection Act. These positions will meet critical safety needs across the State of Maryland.

Over the last decade, SHA has taken on additional roles and responsibilities, yet it operates with less State positions today than it had then. Reallocating SHA's current positions to these new and increased business needs create negative ramifications for SHA's level of service delivery, its ability to meet federally mandated obligations, and may require SHA to rely on consultant and contractor resources to effectively deliver the services that Maryland citizens rely on.

The Department has been aggressively filling vacancies through its 'Taking you Places' recruitment campaign and has one of the lowest vacancy rates amongst all state agencies. SHA has maintained an average 6.1% vacancy rate over the past eleven months, going as low as 5.6% in November 2024. All existing SHA vacant positions are tied to existing business needs that are being actively advanced to fill.

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PAYGO Budget Recommended Actions

1. Concur with Governor's allowance. (Page 37)

MDOT Response:

The Department concurs with the DLS recommendation.



Maryland Department of Transportation State Highway Administration

Fiscal Year 2026 Budget Overview
Presentation to Budget Committees

2025 Session



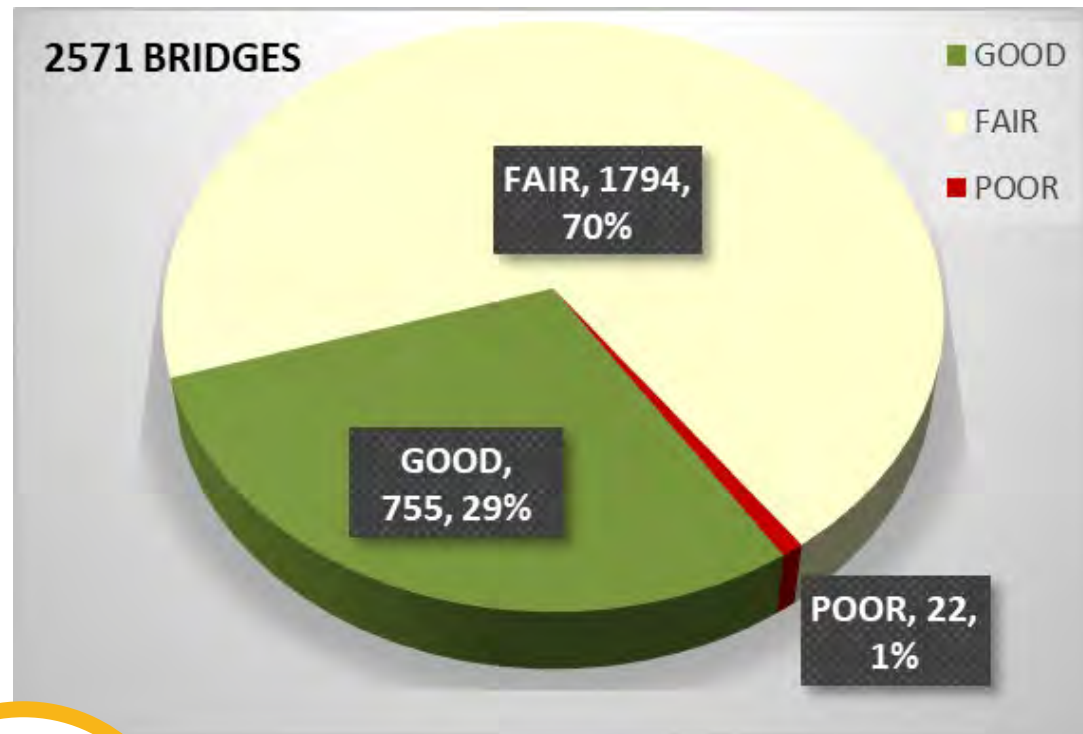
Economic Impact

- Major projects that support growth and job generators
 - US 15 (from I-70 to MD 26) in Frederick County, fastest growing in Maryland, with major job generators, like significant data center project(s)
 - I-81 in Washington County is one of the top five highest freight corridors in Maryland, based on truck volumes and as percentage of traffic, supporting significant interstate commerce and major job centers, like the Volvo powertrain facility
 - Continued funding for FBI headquarters in Maryland
- Maryland Roads to Careers Program – MDOT and Maryland Department of Labor collaborating to grow tomorrow's workforce to meet transportation construction industry needs



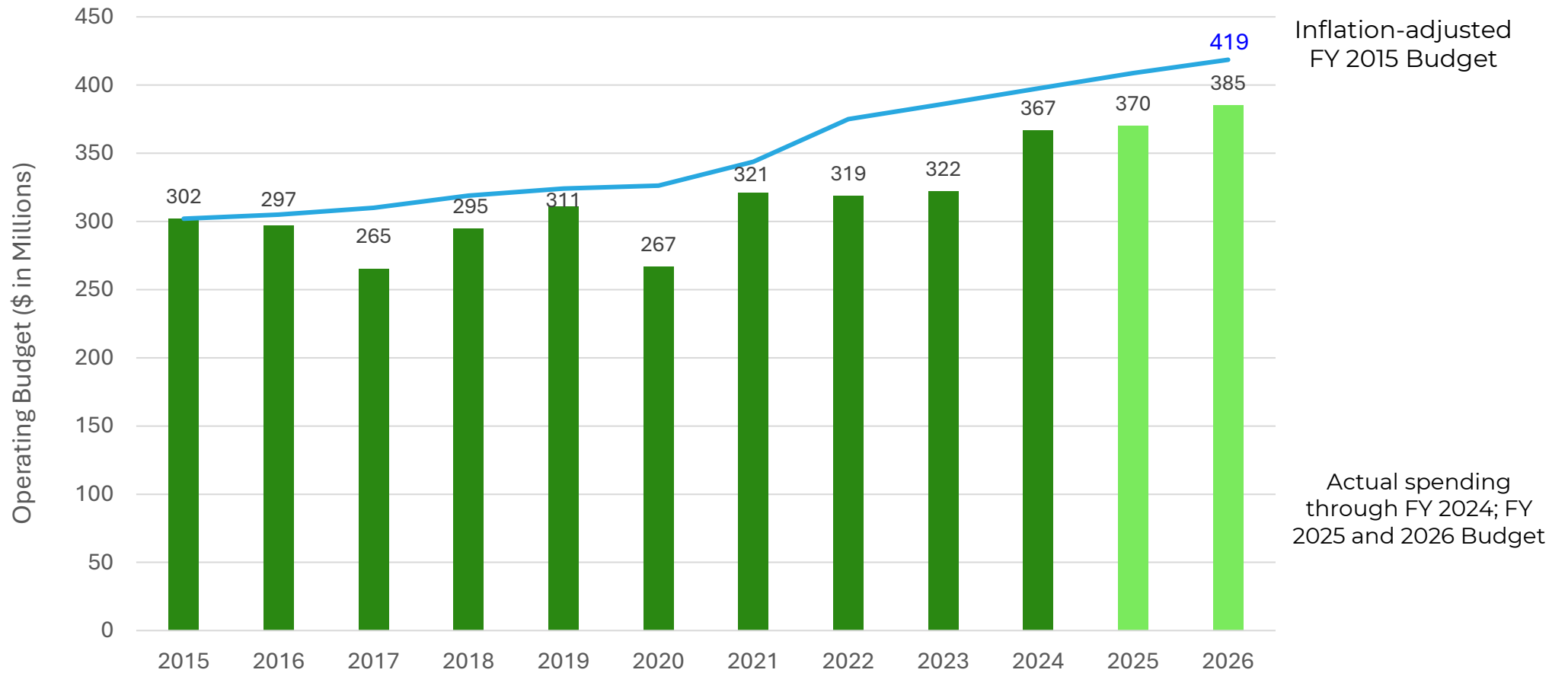
Performance Metrics

Bridge Ratings



- SHA maintains over 2,500 bridges and 4,000 small structures
- Recorded 22 poor rated bridges in March 2024
- Maryland's performance on poor rated bridges (22 poor rated of 2,571 bridges, 1%) exceeds most other states
- Efficient use of federal funds for current bridge replacement projects and bridge rehabilitation and preservation program
- Nearly half of our bridges were constructed prior to 1970 and are over 50 years old
- A continued investment is needed to maintain the small number of bridges in "poor" condition rating and aging monumental bridges, like American Legion, Thomas Johnson, MD 90 into Ocean City, etc.

Operating Budget Growth Has Not Kept Pace with Inflation; Requires Continued Efficiencies to Maintain Critical Operations



Operating Budget Adjustment Highlights

FY25 Restoration
Brush and Tree
Cutting \$3.75M



FY26 Guardrail
\$3.0M



FY26
Mowing
and Litter
\$4.0M



FY26 Winter
Budget Decrease
-\$5.6M



FY25 Restoration
Drainage Structure
Maintenance
\$1.25M



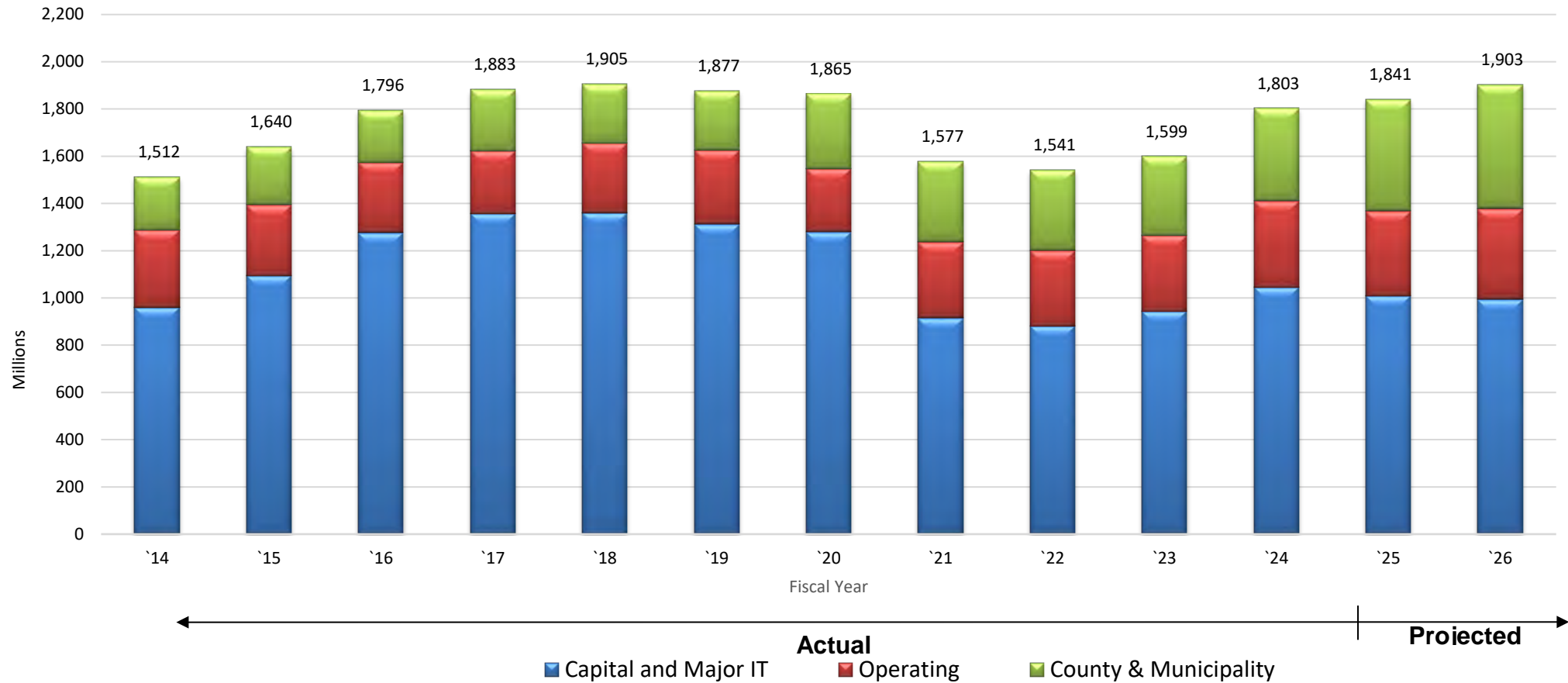
FY26 Equipment
Usage
\$4.8M



FY26 Drainage
Structure
Maintenance
\$1.5M

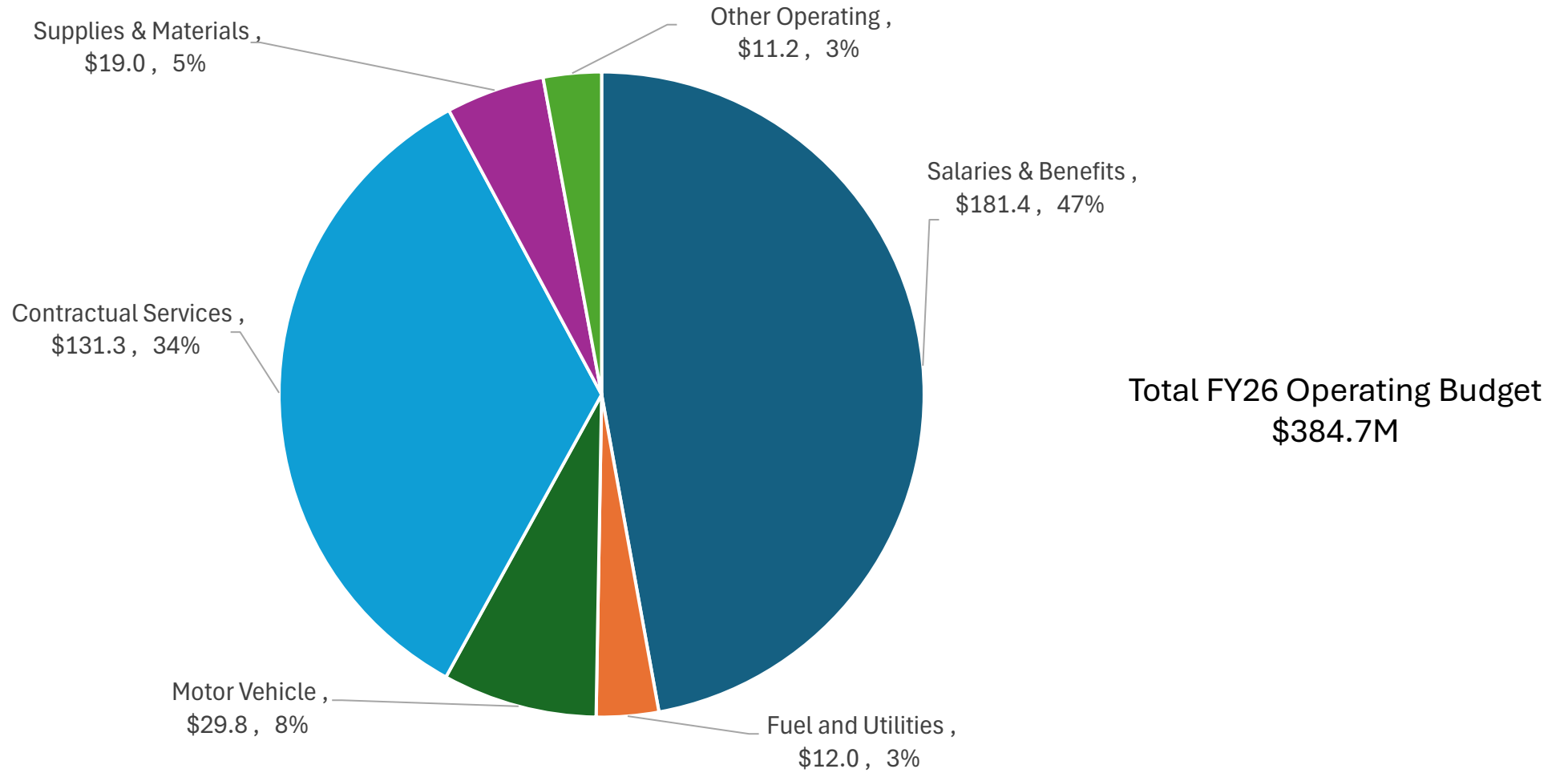


State Highway Administration Total Budget



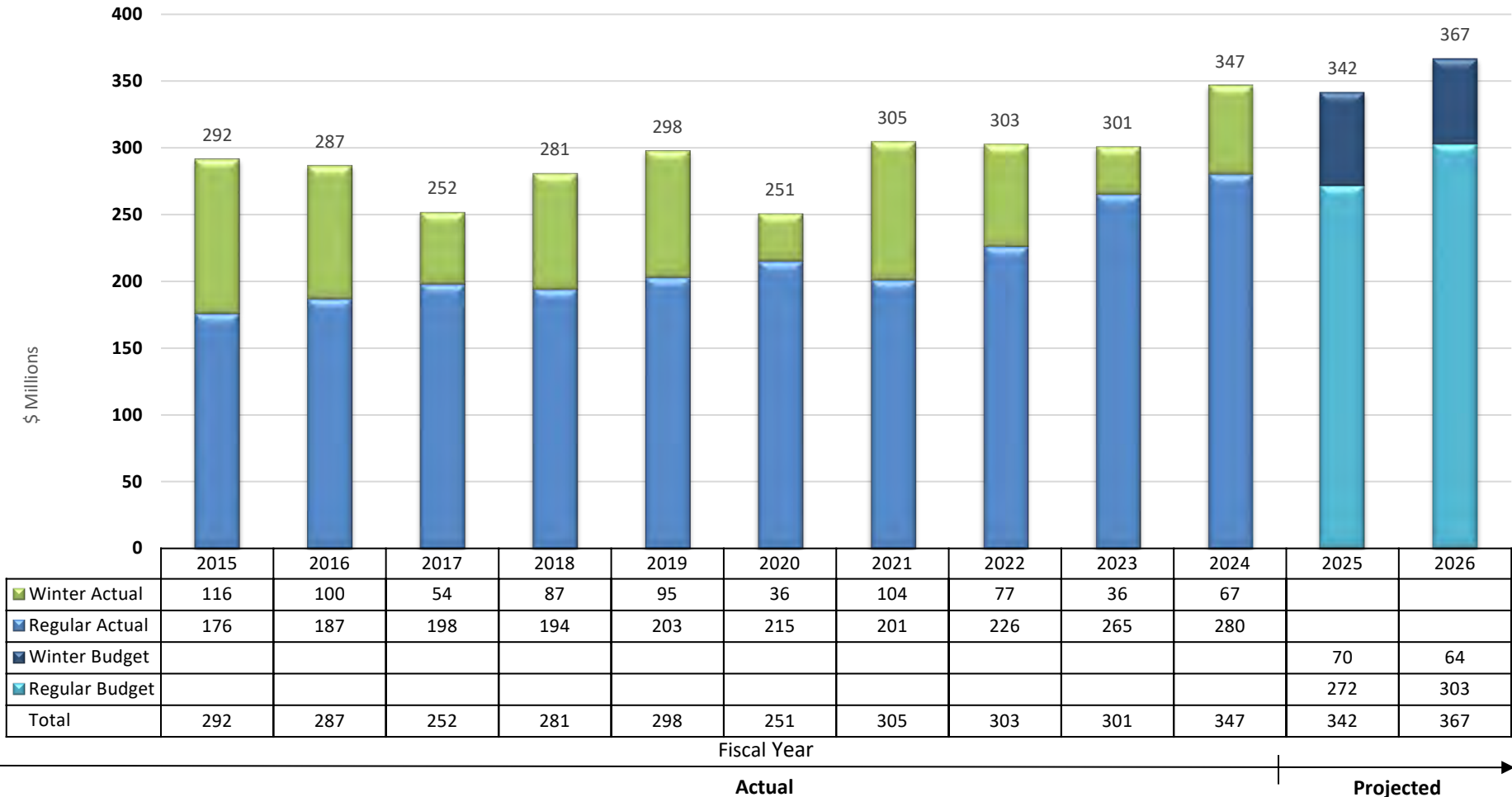
* General Obligation Bonds are included in FY2026.
 * Amendments for salary adjustments and the restoration of funds are not reflected in FY2025.

FY 2026 Total Operating Budget



* The above includes a Winter Budget of \$64.2M.

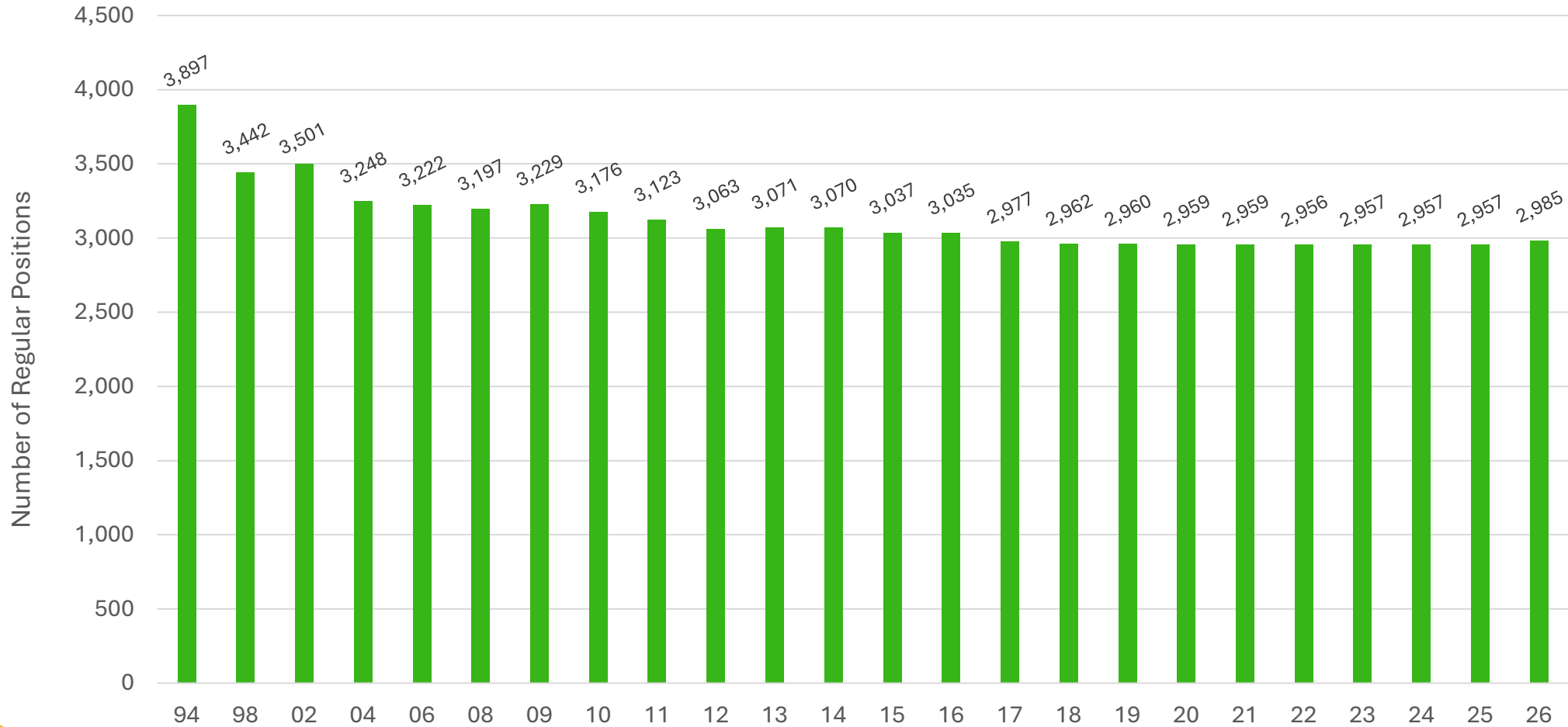
State Highway Administration Maintenance Program-Regular and Winter



* Salary adjustment for Longevity is not included in FY2026.
 * Amendment for salary adjustments and the restoration of funds are not selected in FY2025.



Budgeted Position Overview



* For FY26, SHA requested 8 new regular positions to support priority areas of Asset Management and Project Delivery.

Workforce Development Programs

- Apprenticeship Maryland Program (AMP)-
 - Partnership between
 - local schools,
 - Maryland Department of Labor,
 - Maryland State Department of Education, and the employer
 - Specific to Heavy Equipment Maintenance Technicians
 - 11 apprentices completed the program in FY2024
 - 9 of the original apprentices were retained for a second year
 - 48 apprentices and work study students placed in FY 2025
- State's Roads to Careers Program – focused on serving MD jobseekers that face barriers to employment.

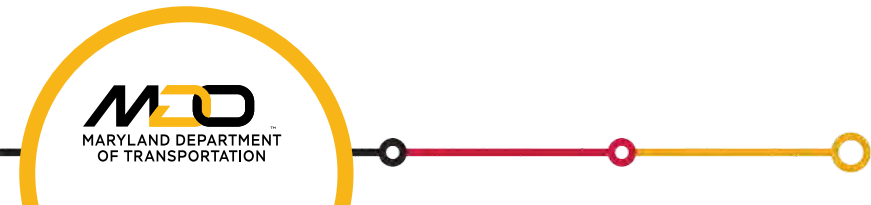


Workforce Development Programs

- AASHTO STEM Outreach Solutions Program



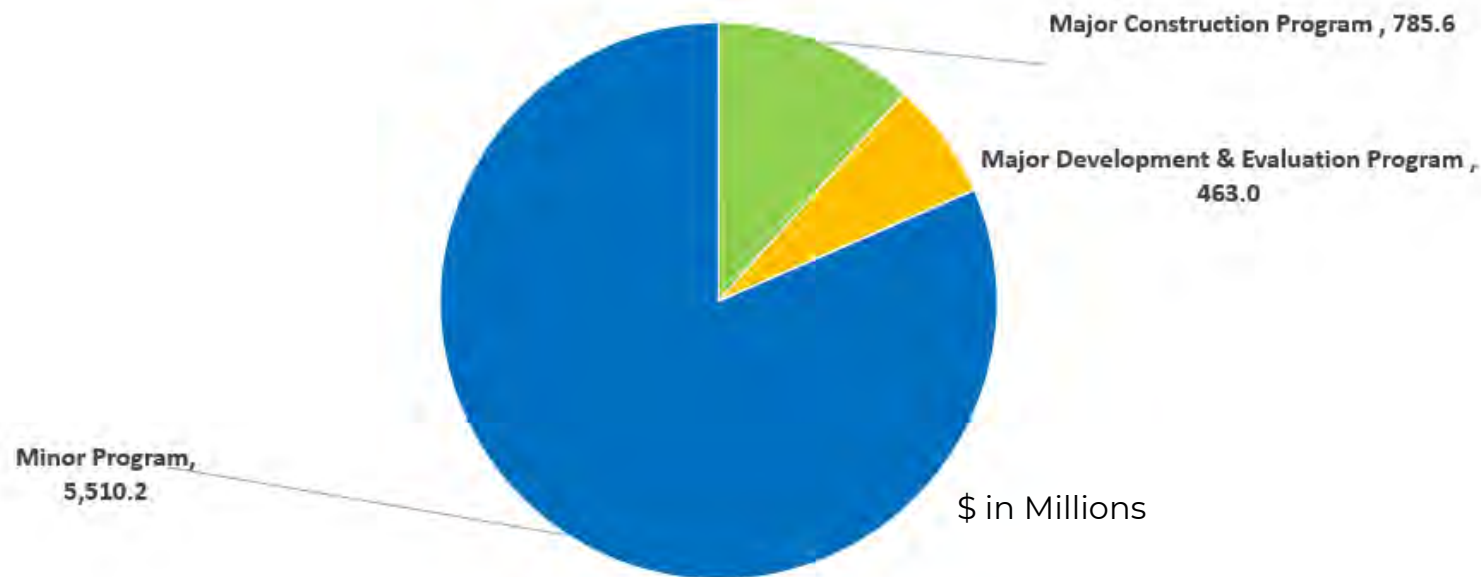
- Leadership Development is the backbone of SHA's Team Excellence strategy



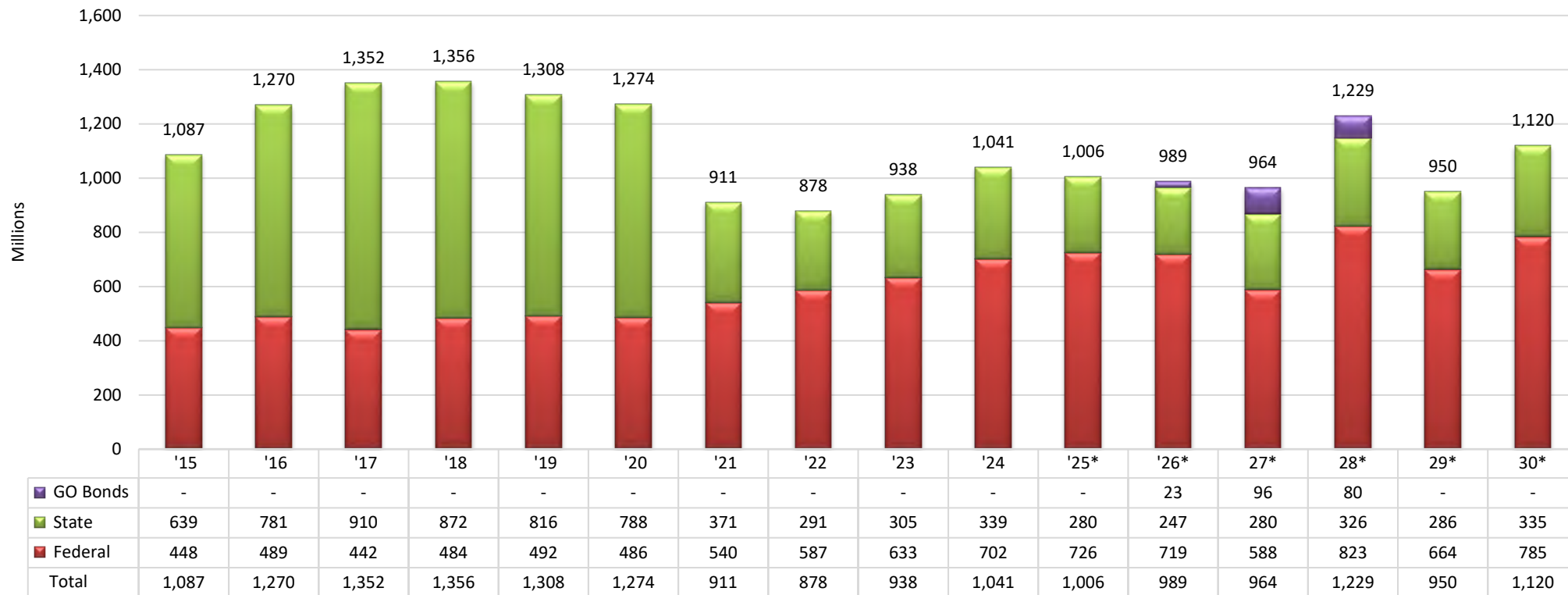
\$6.8 Billion 6-Year Capital Investment in SHA

SHA's 6-year capital budget includes \$6.8 billion in Transportation Trust Fund dollars, \$4.8 billion in federal funds, \$1.7 billion in State General Funds, \$200 million in GO bonds, and \$90 million in other funds.

- Major Construction:
 - US 15 (from I-70 to MD 26) in Frederick County
 - I-81 in Washington County
 - Complete Streets
- Major Development & Evaluation: I-95/I-495/Medical Center Drive, US 1 Phase 2 & 3 in College Park, etc.
- Minor/System Preservation Program: MD 231 at MD 508 (Intersection Safety Improvements) in Calvert County.



State Highway Administration Capital Program State and Federal



← Fiscal Year | →

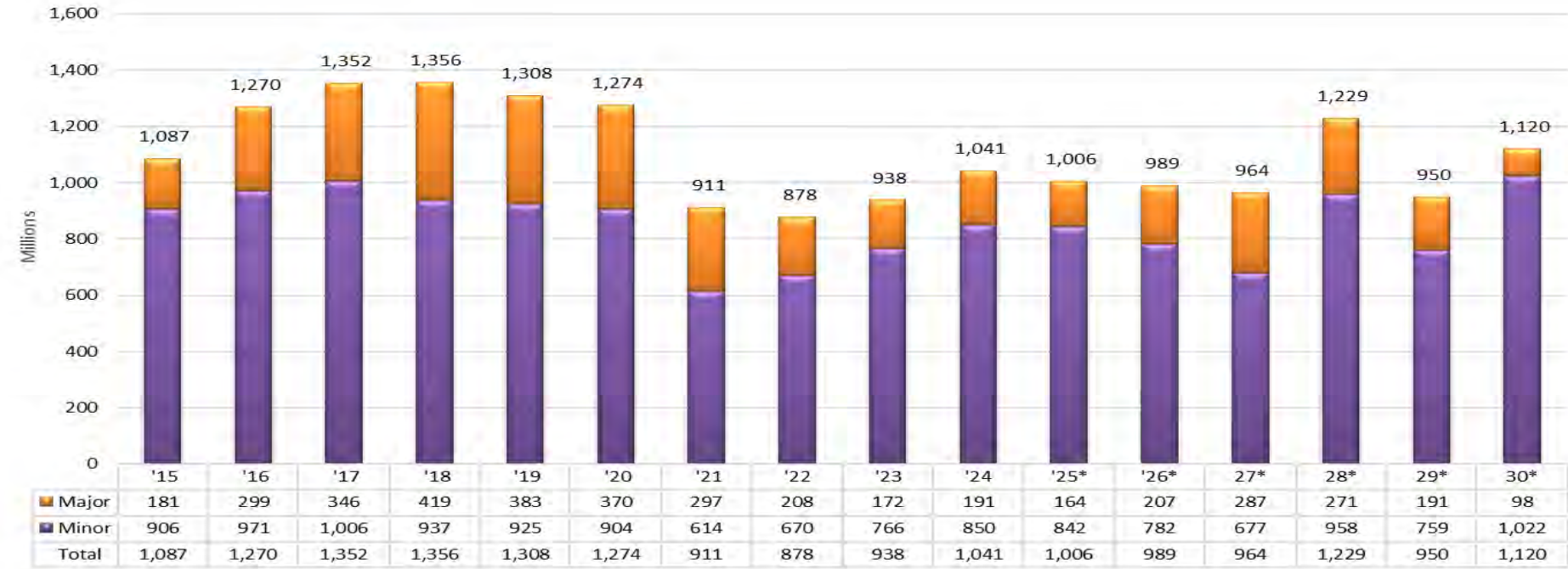
Actual | **Projected**

*The Capital Program is based on the FY2025-2030 Final CTP submission less Program 3 (County and Municipality Program), Program 5 (County and Municipality-Highway User Revenue), and Program 8 (IT Major Projects).

* Federal funds are unlocked by available State dollar match



State Highway Administration Capital Program Projects by Type



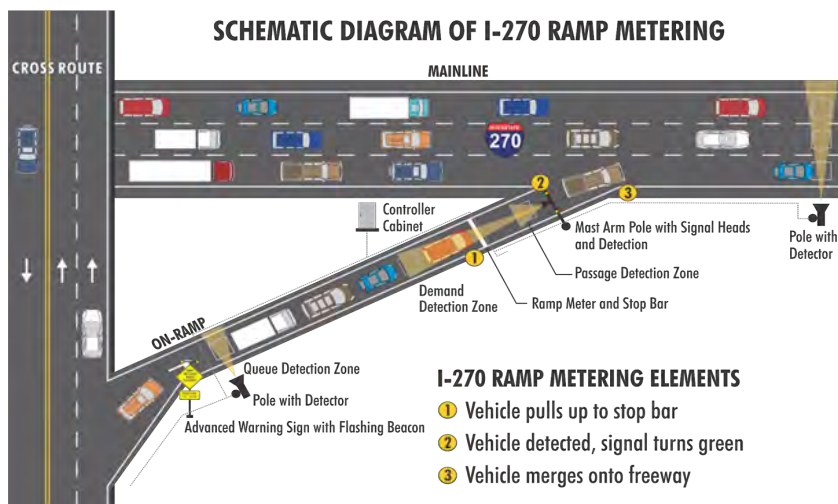
Fiscal Year

← Actual | Projected →

*The Capital Program is based on the FY2025-2030 Final CTP submission less Program 3 (County and Municipality Program), Program 5 (County and Municipality-Highway User Revenue), and Program 8 (IT Major Projects). Minor consists of Safety, Congestion Relief, Community Enhancement, Highway and Bridge Preservation and Other. Reimbursables are reflected in the minor category.



Capital Projects








- I-270 ICM
- MD 97 in Montgomery Hills
- I-70 695 to MD32
- I-795 at Dolfield Road
- MD 22 – MD 462 to Mount Royal
- MD 32 Linden Church Road
- MD 5 North of Auth Way
- MD 197 – Kenhill
- I-95/I-495 Medical Center Drive
- MD 5 Great Mills
- MD 90 (US 50 – MD 528)
- I-97 Widening/TSMO

Key Priorities – Strategic Plan 2025

Northbound 2.0



SHA Strategic Plan Core Areas

-  People First
-  Team Excellence
-  Organizational Efficiency & Modernization
-  Program and Project Development and Delivery
-  Culture of Safety

Key Priorities – Investments and Outcomes

- Safety investments to address critical needs to reduce fatalities and crashes on Maryland roads
- Major projects that address longstanding needs, address safety, and promote growth and economic development
- State of Good Repair investments using sound asset management principles to advance deferred maintenance and repair needs





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