

**J00A01 Maryland Department of Transportation
The Secretary's Office
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis**

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Chair Shelly Hettleman
February 26, 2026

House Appropriations Committee
Transportation and the Environment Subcommittee
Chair Courtney Watson
March 2, 2026

**J00A01 MDOT – The Secretary’s Office
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis**

DLS Budget Analysis

1. Status of Legislative Additions (Page 7)

The agency should provide an update on the status of the use of these funds, including the status of grant agreements and distributions.

MDOT Response:

Section 21 of the FY 2026 Budget Bill added a total of \$12.9 million in grant funds to the budget for the Secretary’s Office. The status of each is provided below.

- Grant to the Maryland Economic Development Corporation for dredge material placement costs associated with the Tradepoint Atlantic Sparrows Point Container Terminal – The grant agreement is in final draft and anticipated to be executed shortly. Project work is expected to commence promptly upon execution with funds expended or encumbered no later than the end of the fiscal year.
- Grant to the Associated Jewish Federation of Baltimore to support a pilot project expanding transportation access for K-12 students not already served by public school systems - The grant agreement was fully executed in July 2025, but to date no funds have been expended.
- Grants to Montgomery and Prince George’s counties to improve pedestrian and bicycle access to Purple Line stations – The MDOT is committed to improving roadway safety for all users. As part of the Purple Line project, approximately 19 miles of sidewalks will be added or improved. MDOT recently completed a mapping of existing and planned sidewalk improvements and a gap analysis for all sidewalks along the Purple Line alignment, including projects planned or completed as part of the Purple Line, as well as those being undertaken by the Maryland State Highway Administration, Montgomery County, and Prince George’s County. That effort produced information that is critical to ensuring that the grant dollars are best targeted to remaining needs. Consideration must also be given to the timing of when those sidewalk improvements are made so that the construction does not delay the critical work underway to complete major construction of the Purple Line. As such, grant agreements with the counties have not yet been developed. MDOT remains fully committed to providing these grants to Montgomery and Prince George’s counties to further improve pedestrian access to Purple Line stations.

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2. Fiscal 2026 and 2027 Cash Flow Analysis (Page 14)

TSO should discuss the shifting of the timeline for use in the CTP given the authorization of the expanded use in fiscal 2026 only.

MDOT Response:

TSO was appropriated \$50 million in SEIF funds in FY 2026 in Supplemental Budget No. 1 of the FY 2026 Budget Bill. This is one-time cash transfer to the Transportation Trust Fund to support MDOT’s efforts to expand solar sites on MDOT property. MDOT currently has five photovoltaic systems installed at its facilities and is working greatly expand this number.

The one-time cash transfer of funding to the Transportation Trust Fund that occurred in FY 2026 is the only direct expenditures of SEIF funds to support the project. MDOT’s Consolidated Transportation Program (CTP) reflects the projected cashflow of funds on a fiscal year basis for the project, showing expenditures in the fiscal years in which funds are anticipated to be spent rather than when cash is received. Accordingly, \$0.5 million is programmed in FY 2026, \$40 million in FY 2027, and the remaining \$9.5 million in FY 2028.

3. Cash Flow Analysis – Fiscal 2026 Changes (Page 15)

TSO should provide an explanation on how the \$12.6 million in legislative additions is being expended in the fiscal 2026 working appropriation.

MDOT Response:

As discussed above, the \$12.6 million in grant funding will be expended for their intended purpose. Grant agreements are under development and expenditures may begin once the grant agreements are in place. It is possible that not all funds will be expended in FY 2026. If so, MDOT will ensure the funding remains available in FY 2027.

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DLS Budget Analysis Issues

1. New Federal Rule for the Disadvantaged Business Enterprise Program (Page 20)

TSO should comment on what are the next steps for MDOT once DoSEM finishes the recertification process.

MDOT Response:

Since the transfer of the Office of Minority Business Enterprise to the newly created Department of Social and Economic Mobility (DoSEM) on October 1, 2025, and the issuance of the Interim Final Rule (IFR) on October 3, 2025, MDOT and DoSEM have worked closely together to navigate the changing federal landscape. Among other things, the IFR requires all firms that were certified as Disadvantaged Business Enterprises (DBE) or Airport Concessions Disadvantaged Business Enterprises (ACDBE) prior to the issuance of the IFR to undergo a re-evaluation to determine if they will maintain their certification under the new certification requirements. DoSEM is currently accepting re-evaluation applications under this requirement.

Once that process is complete, MDOT must notify the U.S. Department of Transportation that the re-evaluation process is complete and update its overall DBE and ACDBE goals. MDOT will resume setting DBE and ACDBE goals on new contracts and will also need to review DBE and ACDBE goals on existing contracts to determine if changes are needed to that goal based on the firms that are able and willing to do the work at that time.

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Operating Budget Recommended Actions

- 1. Adopt annual language restricting operating grants-in-aid funding. (Page 22)**

MDOT Response:

The Department concurs with the DLS recommendation.

PAYGO Budget Recommended Actions

- 1. Adopt annual language limiting capital project and grant funding to the projects and grants identified in the Consolidated Transportation Program. (Page 23)**

MDOT Response:

The Department concurs with the DLS recommendation.



Maryland Department of Transportation Secretary's Office

Fiscal Year 2027 Budget Overview
Presentation to Budget Committees

2026 Session



MDOT's Statewide Transportation Goals

Enhance Safety and Security:

Protect the safety and security of all residents, workers, and visitors.



Promote Environmental Stewardship:

Minimize and mitigate the environmental effects of transportation.



Deliver System Quality:

Deliver a reliable, high-quality, integrated transportation system.



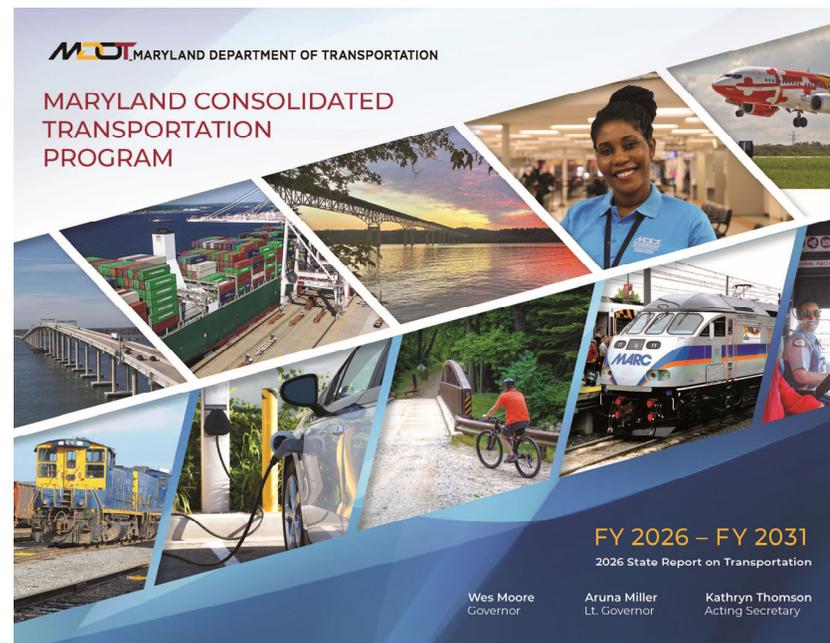
Serve Communities & Support the Economy:

Expand transportation options to allow Maryland's diverse communities to access opportunities and to support the movement of goods.



Capital Budget Plan

- **Balanced Six-Year Budget**
- **\$22.1 Billion** Over Six Years
- Over **\$400 Million** per Year in new funding supports adding **\$700 Million** in Federal funding to the program.



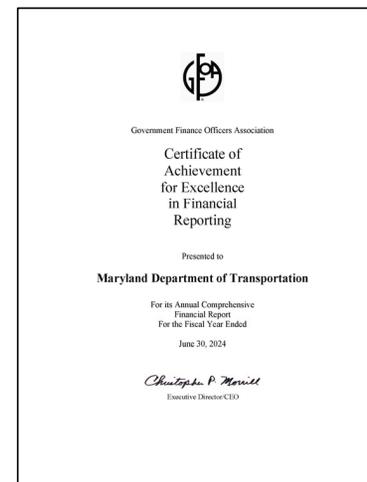
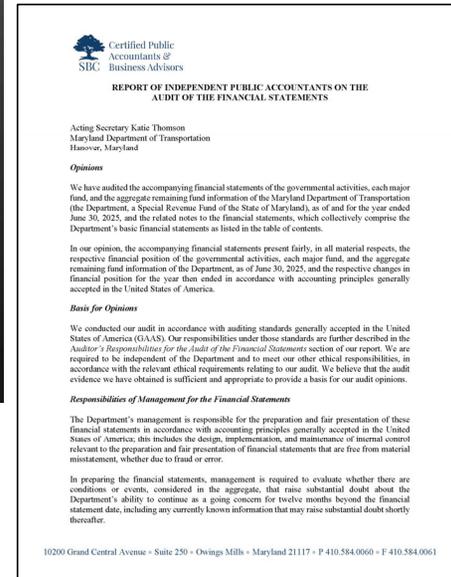
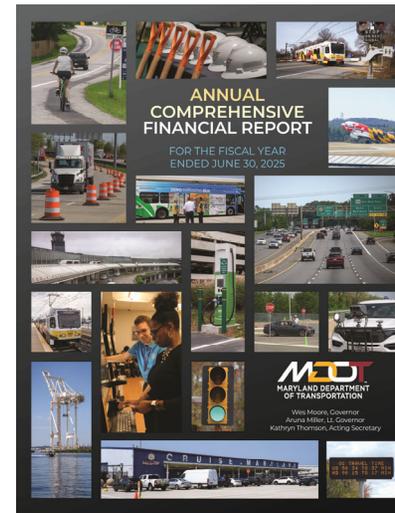
Investments from Revenue Increase

- Light Rail Modernization
- US 15
- I-81
- MD 97
- MD 90
- Medical Center Drive
- Baltimore Light Rail Modernization
- Port of Baltimore Economic Competitiveness
- BWI Thurgood Marshall & Martin State Airport System Preservation & Safety Needs



Performance Metrics

- 25 consecutive years receiving the GFOA Certificate of Achievement for Excellence in Financial Reporting
- FY 2025 ACFR issued with an unmodified (clean) audit opinion
 - Accurate financial reporting supporting legislative oversight, bondholders, and public accountability



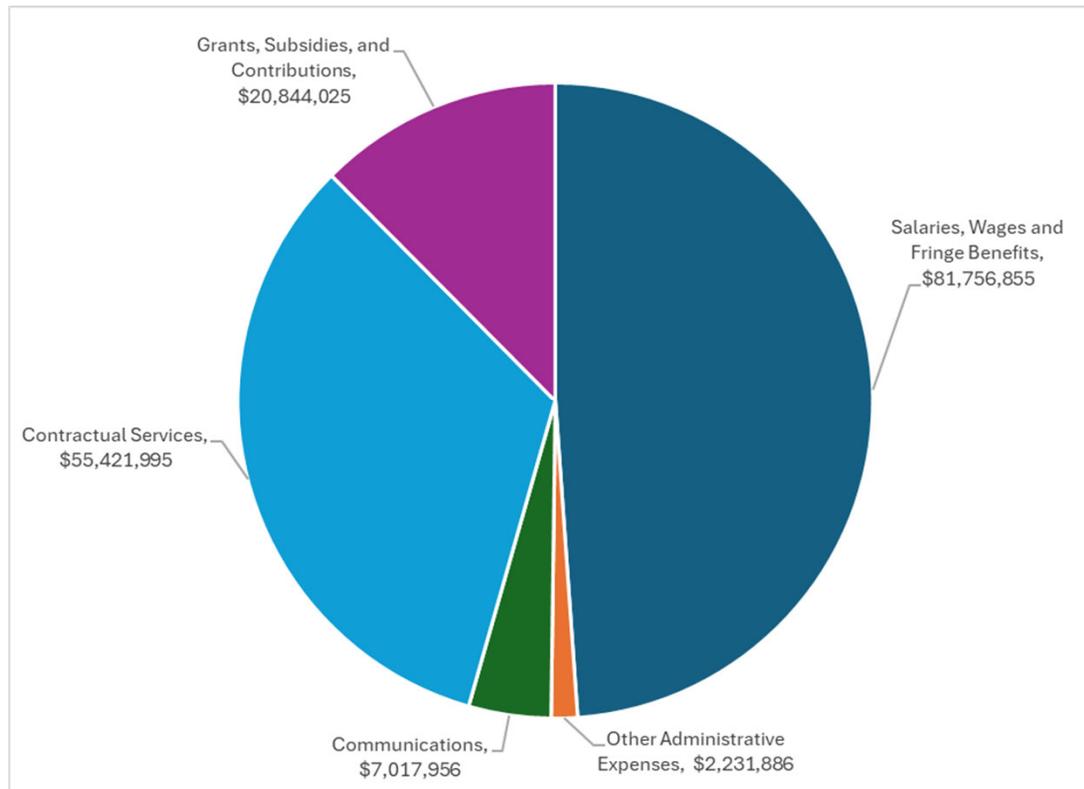
Support for MDOT Operations

TSO supports Department-wide operations in critical areas, including:

- Information technology,
- Human resources,
- Financial and budget management,
- Procurement,
- Debt issuance and management, and
- Legislative support and government affairs.



FY 2027 Operating Budget



Highlights from Capital Program

- \$50M for Department-wide solar implementation.
- \$34M to support the Commuter Connections program which aims to reduce transportation related emissions.

