

**J00B01 Maryland Department of Transportation  
State Highway Administration  
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  
March 6, 2026

House Appropriations Committee  
Transportation and the Environment Subcommittee  
Chair Courtney Watson  
March 9, 2026

**J00B01 MDOT – State Highway Administration  
Fiscal Year 2027 Operating Budget  
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***DLS Budget Analysis***

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**1. Congestion (Page 6)**

*The agency should provide an estimate of the calendar 2025 metrics.*

**MDOT Response:**

The Department publishes the Annual Attainment Report on Transportation Performance each year ([https://www.mdot.maryland.gov/OPCP/AR/ARReport\\_2025.pdf](https://www.mdot.maryland.gov/OPCP/AR/ARReport_2025.pdf)). For calendar year 2025, the State Highway Administration (SHA) estimates 14% of unreliable travel time (which is slightly above the 2024 estimate) and approximately 242.5 million annual person hours of delay.

**2. Federal Rescissions (Page 9)**

*SHA should discuss the status of the projects for which the grant funding has been rescinded and include whether the projects will be completed with other funds.*

**MDOT Response:**

As noted in the DLS analysis, the One Big Beautiful Bill Act (OBBA) rescinded unobligated funds provided through several grant programs established by the Inflation Reduction Act (IRA) of 2022. The United States Department of Transportation (USDOT) programs for which SHA was awarded grant funding include the Low-Carbon Transportation Materials and Neighborhood Access and Equity Grant Programs.

In November 2024, SHA was awarded a \$32 million under the Low-Carbon Transportation Materials grant program that would support SHA's adoption of low-carbon materials and products that would reduce greenhouse gas emissions on federal aid construction projects. Unfortunately, due the rescission of funding, SHA will be unable to pursue this innovative work as there are not other state or federal funds available to cover the costs.

In March 2024, SHA was awarded \$3.3 million under the Neighborhood Access and Equity grant program to support the US 50 Accessibility and Safety project in Easton, Maryland. SHA reallocated funds from both SHA's system preservation program and the Highway Safety Improvement Program to cover the award that was rescinded.

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***DLS Budget Analysis Issues (continued)***

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In March 2024, the Town of Berlin was awarded a \$950,000 under the Neighborhood Access and Equity grant program to support planning and design of a pedestrian and bicycle bridge over Route 113. SHA was able to work collaboratively with the Town of Berlin and the Federal Highway Administration to enter into agreement on \$250,000 of the original award to support the project feasibility study. Furthermore, with the support of the Town of Berlin's \$128,000 local match, SHA was able to reallocate an unused federal earmark of \$463,000 to advance preliminary engineering following the feasibility study.

**3. Fiscal 2026 Proposed Deficiency (Page 9)**

*SHA should discuss the new accounting practices that prompted the need for this proposed deficiency.*

**MDOT Response:**

In 2024, the Maryland General Assembly passed, and Governor Moore signed into law, the Road Worker Protection Act. The implementation of the new provisions requires SHA to administer a tiered fine system and altered the distribution of revenues generated by the Maryland Safe Zones Program. Previously, only net revenues (revenues less expenditures) were shown for the program. Moving forward, gross revenues (revenues only) will be shown and the expenses will be separately accounted for in the budget. The change was made to provide a more transparent accounting of the program's revenues and expenses. Thus, the \$10 million proposed deficiency is not additional money for program expenses, rather it represents existing program expenses.

**4. Winter Maintenance and Snow Removal (Page 12)**

*SHA should address how they will address the higher than expected snow removal expenditures in fiscal 2026.*

**MDOT Response:**

As of March 2, 2026, SHA's winter budget expenditures are \$101.3 million, which is \$37.1 million more than the budget. The budgeted amount was set in accordance with the General Assembly's intent that the budget be set at the rolling five-year average of prior expenses. Moving forward, MDOT will set the budget *at least* at the five-year average to meet the General Assembly's intent, but will set the budget at a higher amount as may be necessary. For FY 2026, the increased winter expenditures will need to be offset by lower than expected spending in other areas of the budget or from utilizing MDOT's contingency funding to cover the expense.

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***DLS Budget Analysis Issues***

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**1. Office of Legislative Audits Concerns over SHA’s Federal Fund Accounting. (Page 35)**

*SHA should discuss how much of this total is for initial authorized amounts and how much is for overages, as well as whether these funds are only for fiscal 2026 or also for other fiscal years.*

**MDOT Response:**

The Department concurs with the DLS recommendation for committee narrative on federal funding reimbursements and will provide an update and details on this item in the committee narrative.

**2. Federal Funds Instability (Page 36)**

*SHA should address how it is navigating the new federal environment and how it is planning to account for the lack of stability from its federal partners.*

**MDOT Response:**

Despite some of the challenges with the new federal landscape, SHA continues to work in collaboration and has a positive working relationship with our federal partners at the Federal Highway Administration. SHA continues to receive our share of appropriated federal formula dollars that enables us to advance critical infrastructure projects for Maryland.

The Office of Attorney General (OAG) has taken legal actions to address concerns with federal actions related to immigration and the environment. The Department has supported and will continue to support the OAG actions by providing all requested information.

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***Operating Budget Recommended Actions***

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- 1. Adopt committee narrative on the State Highway Administration’s ability to recover federal reimbursements for expenditures exceeding the initial authorized amount. (Page 37)**

**MDOT Response:**

The Department concurs with the DLS recommendation.

***PAYGO Budget Recommended Actions***

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- 1. Modify contingent language on the special fund appropriations to more closely align with the applicable provision. (Page 37)**

**MDOT Response:**

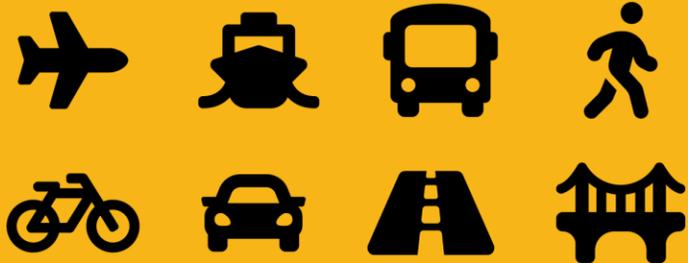
The Department concurs with the DLS recommendation.



# Maryland Department of Transportation State Highway Administration

## Fiscal Year 2027 Budget Overview Presentation to Budget Committees

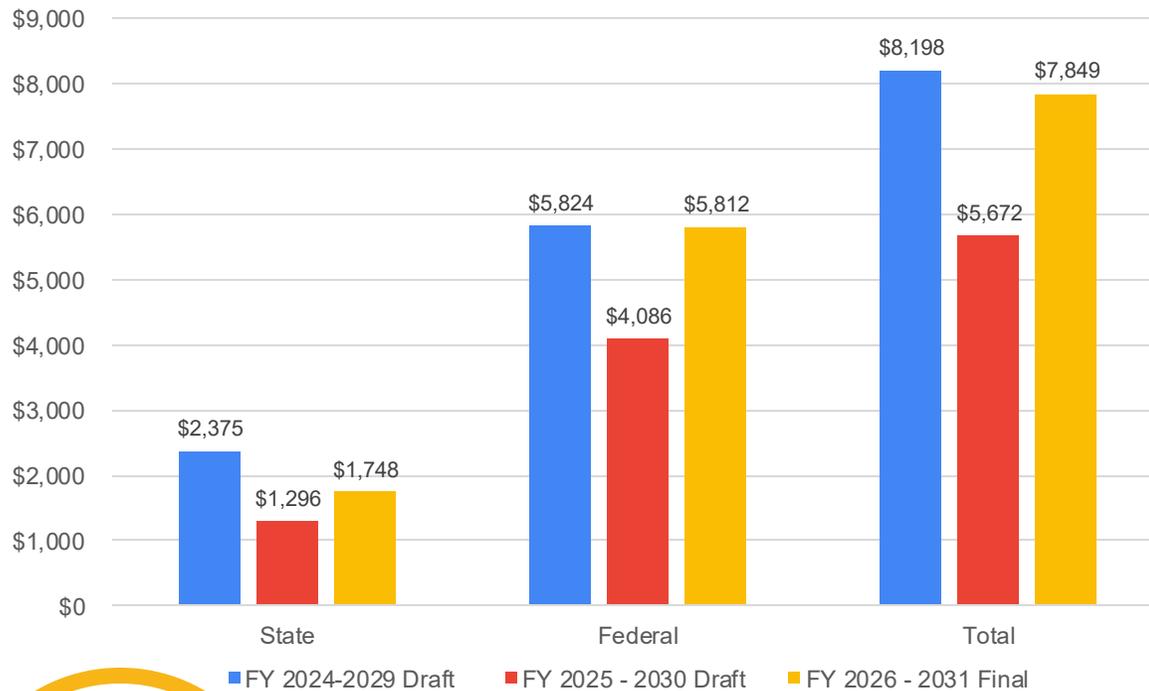
2026 Session



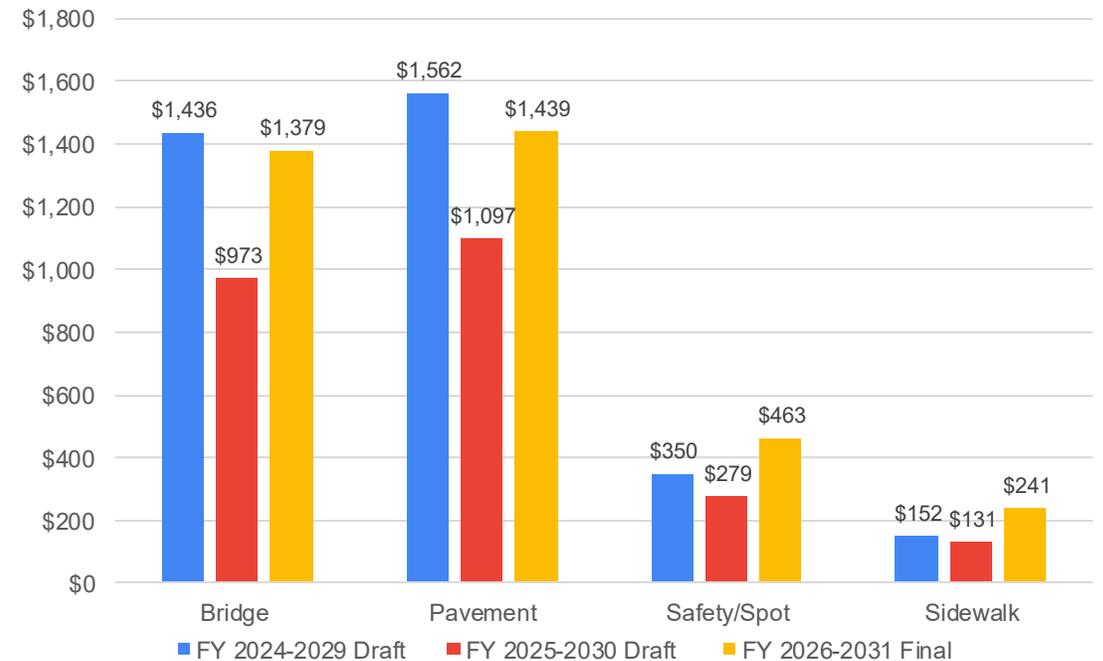
# Investments From Revenue Increase

- Increase in funding for critical system preservation and safety projects
- Full funding for safety focused, economic generating project like I-81, US 15, and MD 97 Montgomery Hills, MD 5 Great Mills
- Advancing development of large infrastructure like MD 90, I-795 Dolfield Interchange, US 1 Phases 2 & 3.

## Investment from Revenue Increase



## System Preservation Investment - Revenue Increase



# SHA Driving Economic Impact

- Major projects that support economic growth and regional job centers:
  - **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 Phase 2** in Washington County
    - One of the top five highest freight corridors in Maryland. Supporting significant interstate commerce and major job centers, like the Volvo powertrain facility
  - **I-97 from MD 32 to US 50** in Anne Arundel County
    - Funded in partnership with County to enhance mobility and safety in the Baltimore-Annapolis region
  - **American Legion Bridge +I-270** in Montgomery County
    - Supports \$6.5B in economic activity and increases access to job centers with new travel options through multimodal solutions
    - Improves the worst freeway corridor for truck travel and the most congested freeway in Maryland

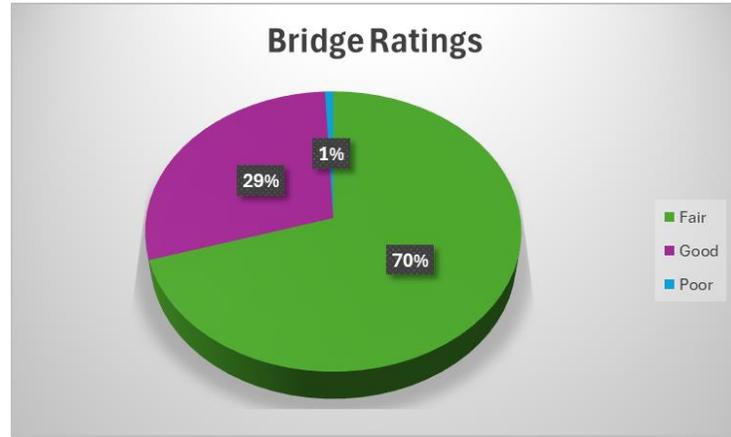


Governor Moore announcing full funding for the US 15 project in Frederick County

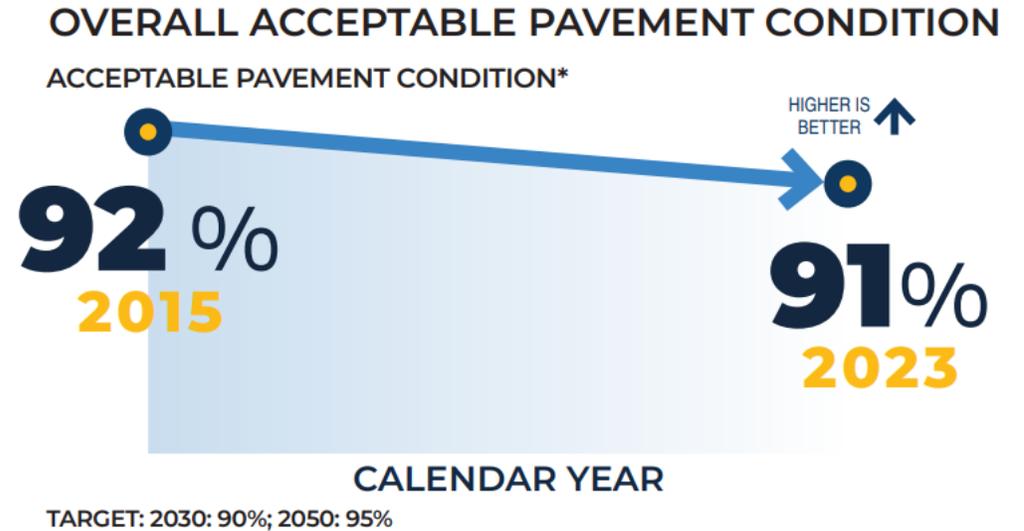


MDOT, in partnership with Anne Arundel County, announced full funding for the I-97 Mobility project.

# Performance Metrics – Bridge and Pavement



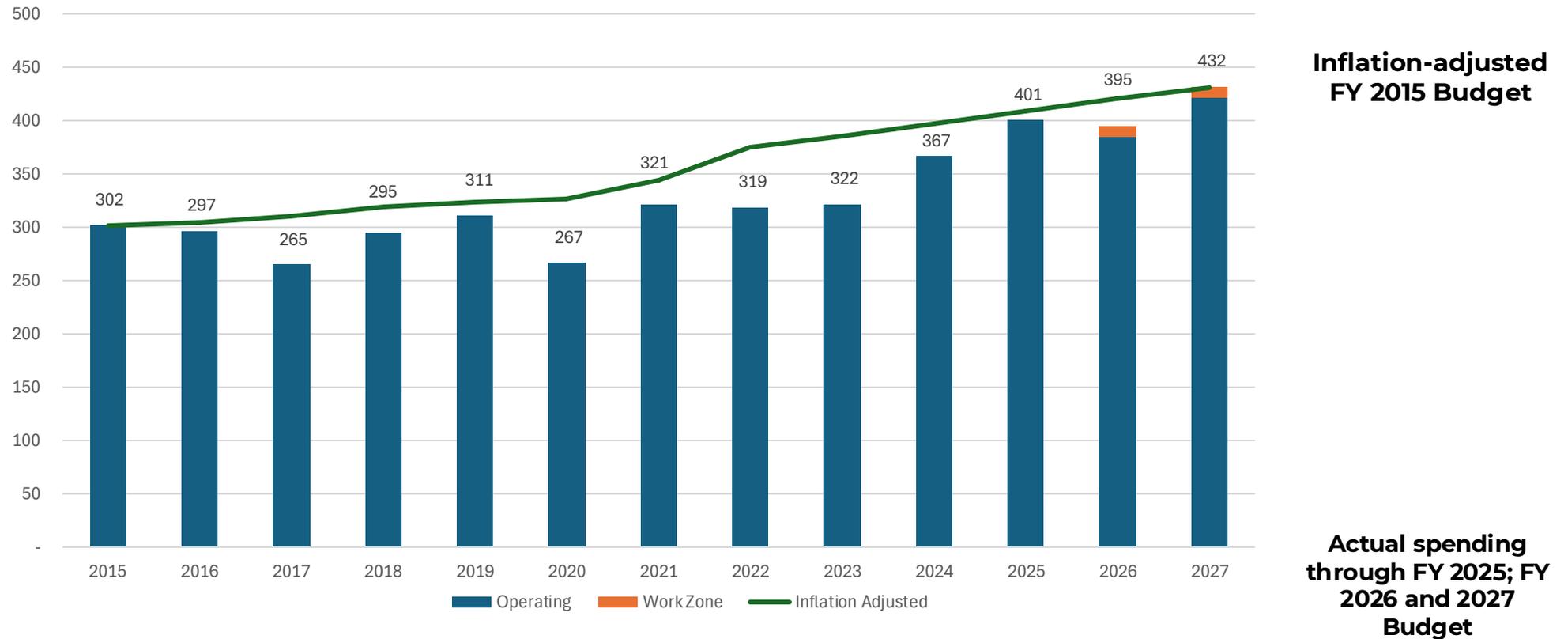
- SHA maintains 2,574 bridges and nearly 4,000 small structures
- Overall bridge ratings as of March 2025:
  - 746 Good rated bridges
  - 1808 Fair rated bridges
  - 20 Poor rated bridges
- A continued investment is needed to maintain the small number of bridges in “poor” condition rating
- Aging large bridge structure like American Legion, Thomas Johnson, and MD 90 into Ocean City, etc.



- 17,404 lane miles owned and maintained
- Expected that percentage of pavement in "Acceptable" condition will decline to 82% after 2027
- Poor pavement expected to increase from 10% to 13% by 2028 with current funding projections.
- Refer to the *Road and Bridge safety JCR (2025)* for addition details, see:

[https://dlslibrary.state.md.us/publications/JCR/2025/2025\\_110.pdf](https://dlslibrary.state.md.us/publications/JCR/2025/2025_110.pdf)

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



- FY2026 and FY2027 include \$10M and \$11.1M for the Work Zone Safety program due to a change in accounting for program expenses.

# FY2027 Operating Budget Adjustment Highlights



**Winter**  
**\$15.4M**



**Mowing & Litter**  
**\$3.0M**



**Brush & Tree Cutting**  
**\$1.2M**



**Guardrail Repair**  
**\$1.5M**



**Drainage Structure Maintenance**  
**\$900K**



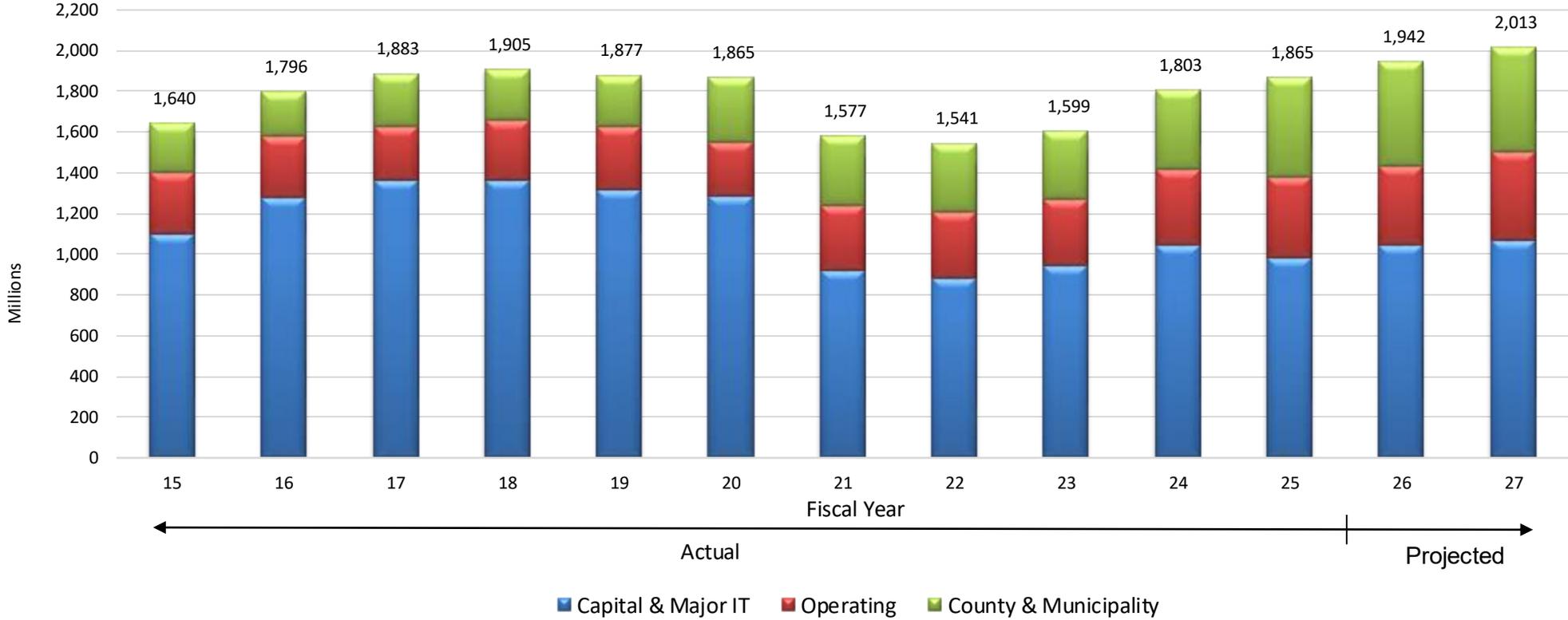
**CHART**  
**\$749K**

Other Programs	
Leased Lighting	\$2.5M
Access Permits	\$1.8M
Other Miscellaneous	\$1.13M
Lighting Maintenance	\$600k
Motor Carrier Safety Assistance Program	\$500k

*Other Miscellaneous includes the following – \$600K Sweeping, \$360K Utility Checks, \$150K Vue Works, and \$25.6K Oracle Java.*

**SHA FY2027 Increased Funding: \$29.3M**

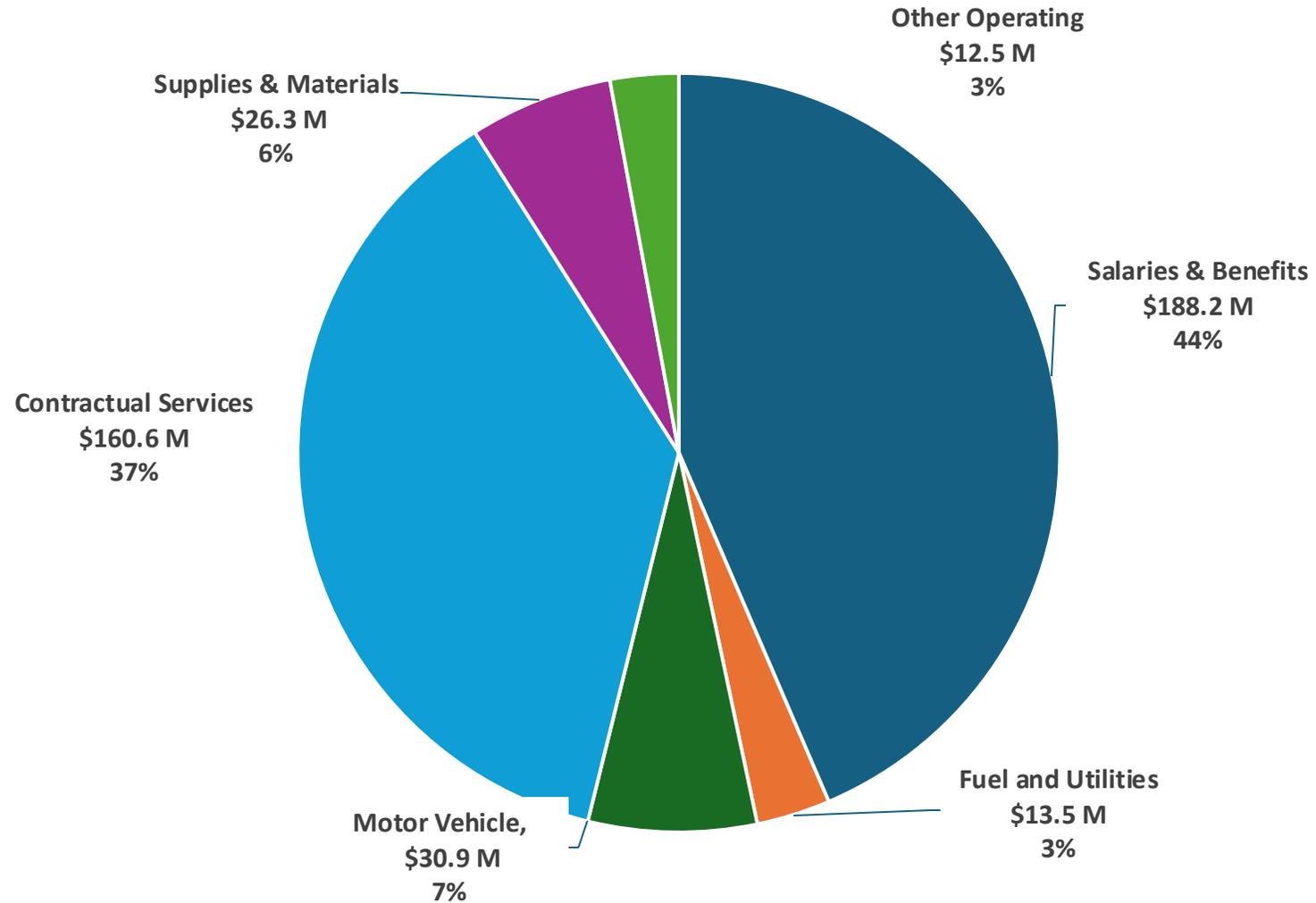
# State Highway Administration Total Budget



- General Obligation Bonds are not included in FY2026 and FY2027.
- Amendments for salary adjustments and the restoration of funds are not reflected in FY2026.



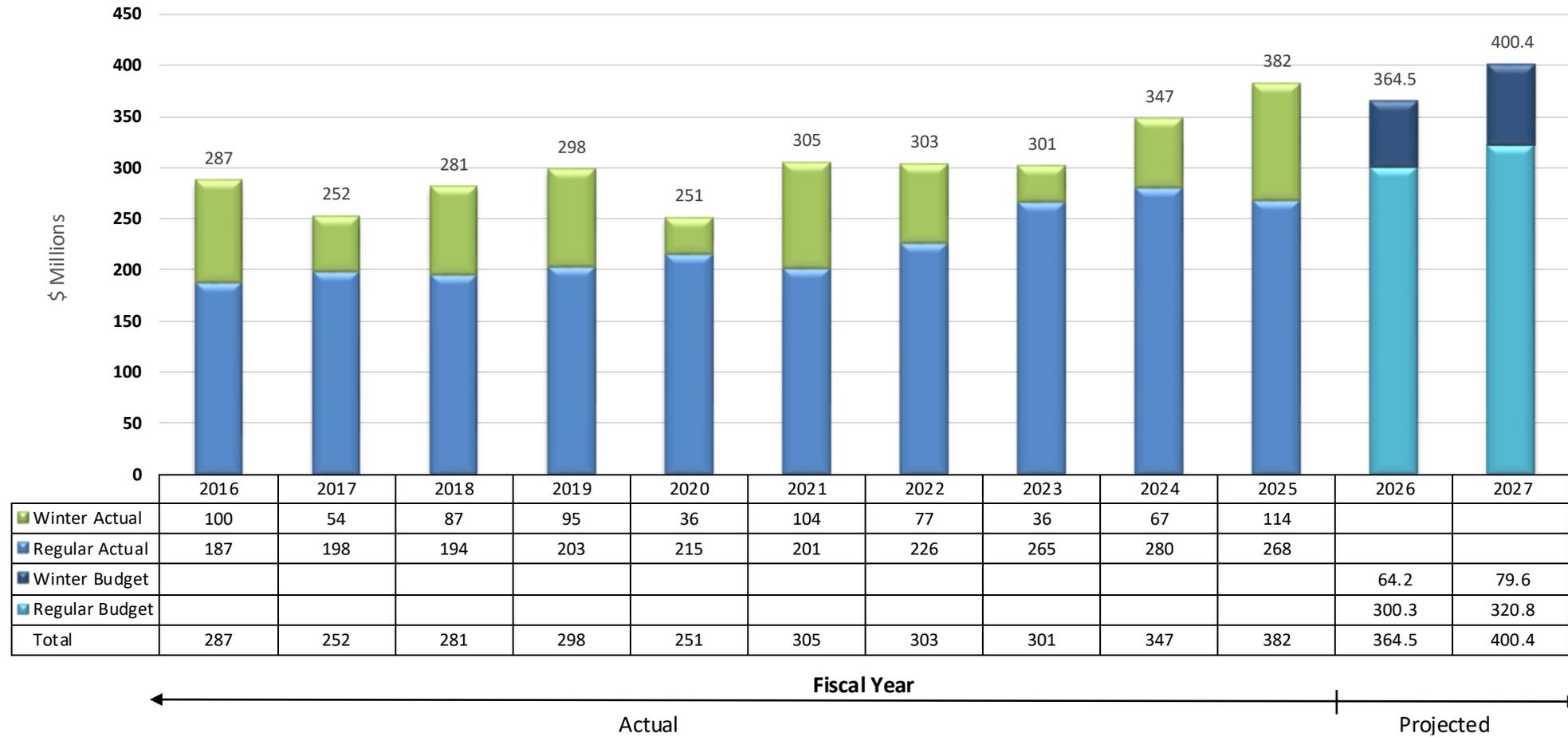
# FY 2027 Total Operating Budget (Millions)



**Total FY27  
Operating Budget  
\$432.1M**

• The above includes a Winter Budget of \$79.6M.

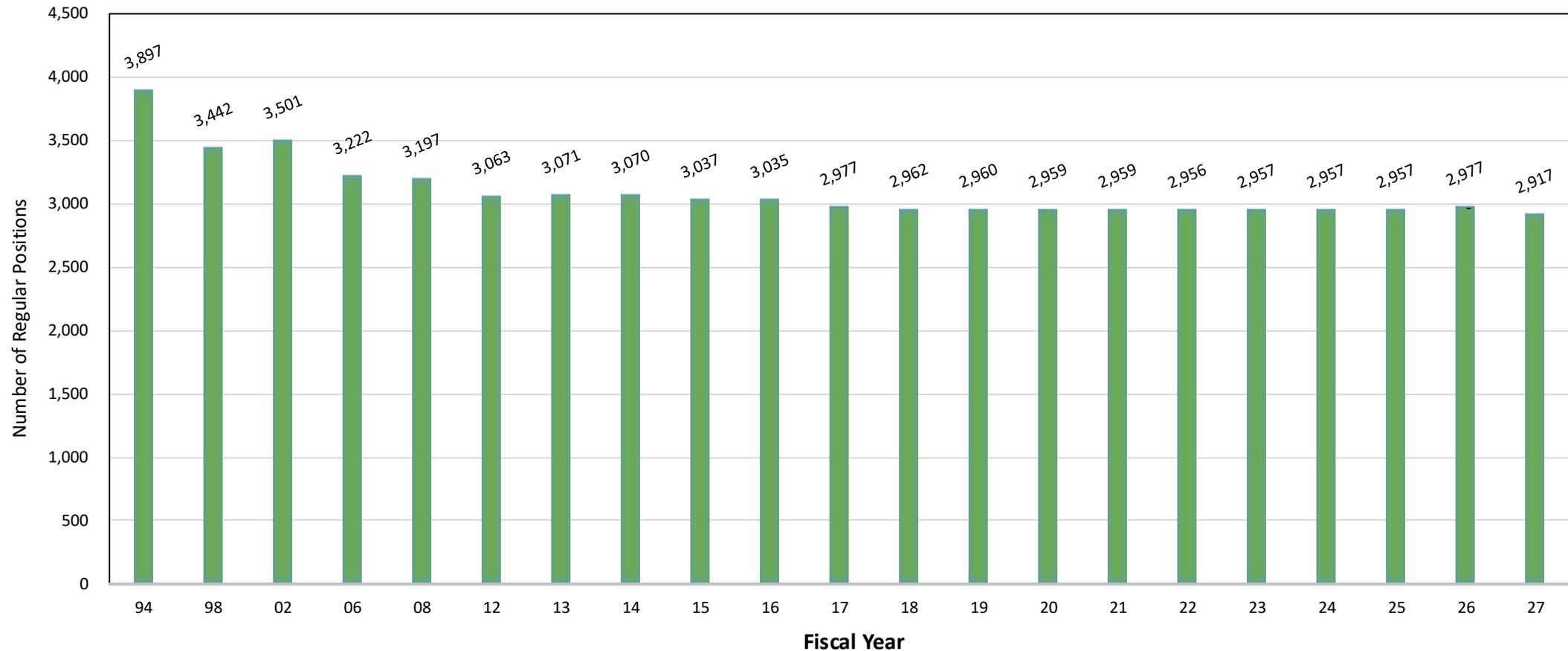
# State Highway Administration Maintenance Program-Regular and Winter



- FY 26 Actual Winter expenditures as of 03/02/2026 are \$101.3 million.



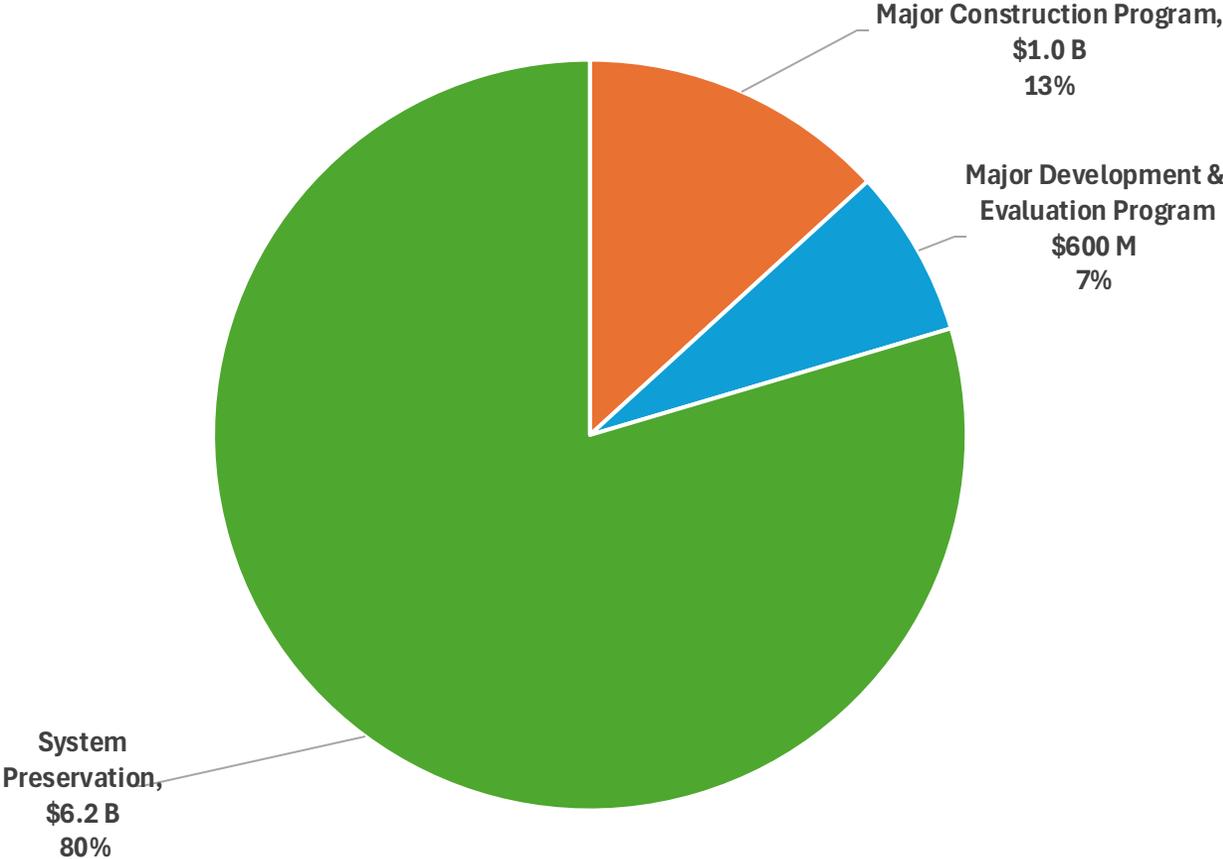
# Budgeted Position Overview



- SHA has requested 8 additional positions for FY2027 to support Federal Aid Processing.
- SHA lost 9 positions to the Voluntary Separation Program.
- Further reduction in PINs in FY 2027 represents a transfer of PINs and responsibility for IT as part of MDOT-wide IT consolidation.

# 6-Year Capital Investment in SHA

Fund Category	Investments
State Funds	\$1.7B
Federal Funds	\$5.8B
GO Bonds	\$200M
Other Funds	\$90M
<b>Total</b>	<b>\$7.8B</b>



# Capital Projects – Major Projects

- **MD 97 Montgomery Hills** in Montgomery County
- **MD 5 Great Mills** in St. Mary's County
- **I-70 from I-695 to MD 32** in Baltimore and Howard County
- **I-795 at Dolfield Road** in Baltimore County
- **I-95 at I-495 Medical Center Drive** in Prince George's County
- **MD 90 from US 50 to MD 528** in Worcester County
- **US 1 Phase 2 and 3** in Prince George's County
- **Pedestrian Safety Action Plan Projects** - Statewide

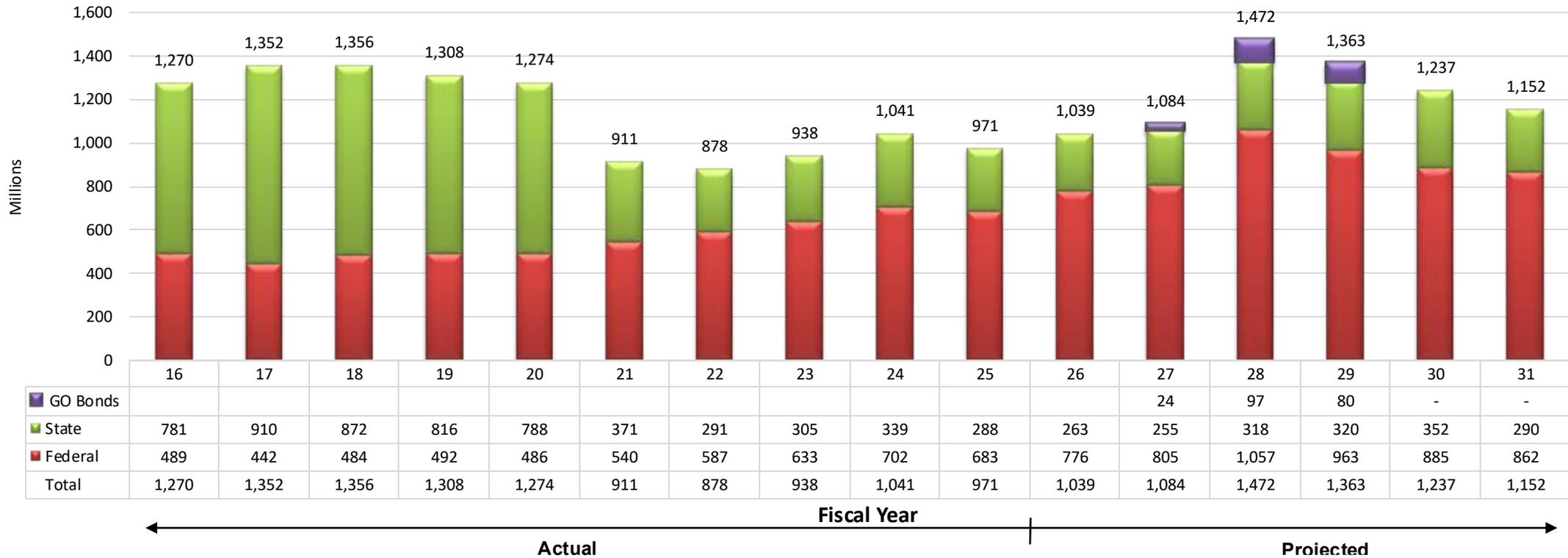


MDOT and elected leaders announced Round 3 projects in the Pedestrian Safety Action Plan,



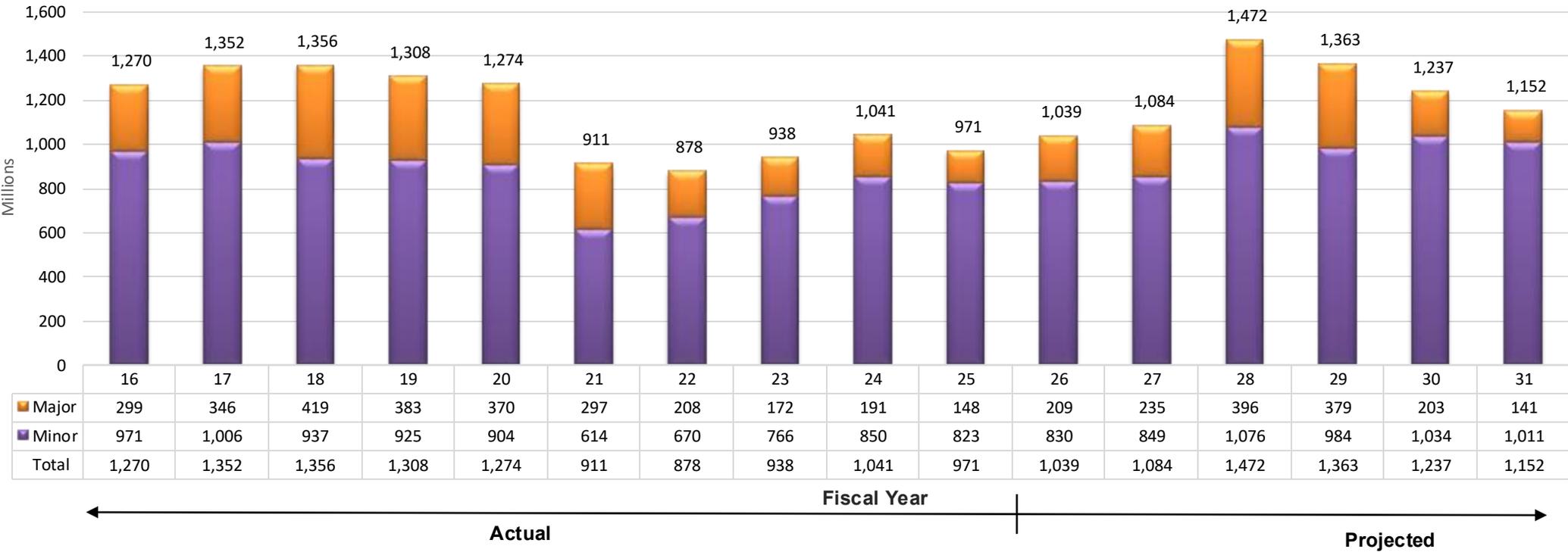
In September 2025, SHA announced full funding for the MD 97 (Montgomery Hills) project in Montgomery County.

# State Highway Administration Capital Program State and Federal



- The Capital Program is based on the FY26-FY31 Final CTP submission less Program 3 (County and Municipality), Program 5 (County and Municipality – Highway User Revenue, and Program 8 (IT Major Projects).
- FY2027 includes \$10 million in special funds from the Strategic Energy Investment Fund (SEIF). This amount is contingent on legislation authorizing the use of funds for this specific purpose.
- Federal funds are unlocked by available State dollar match.

# State Highway Administration Capital Program Projects by Type

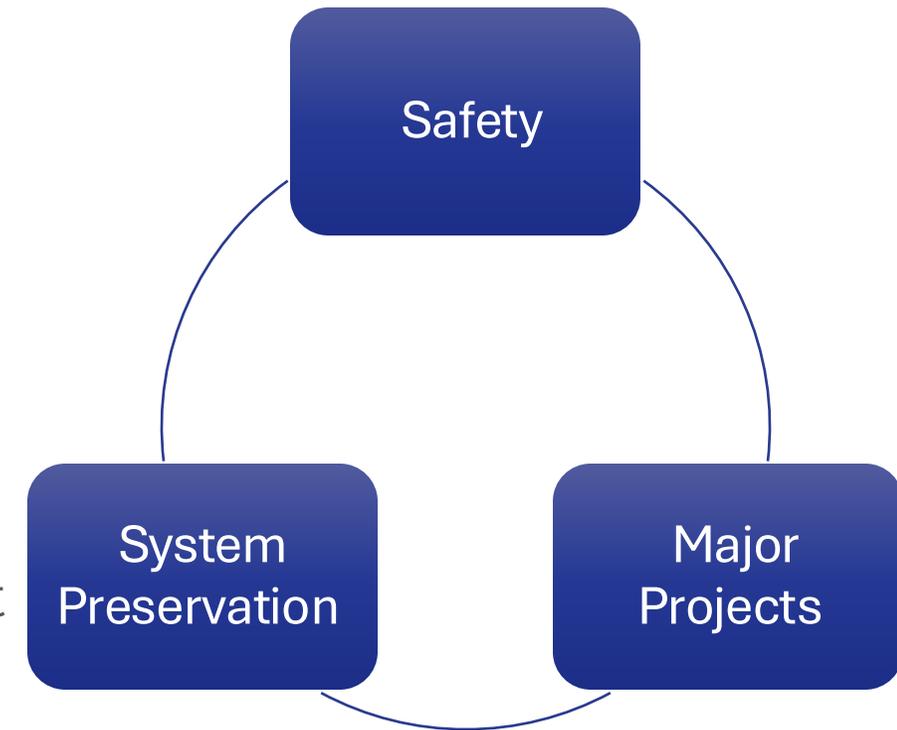


- The Capital Program is based on the FY26-FY31 Final CTP submission less Program 3 (County and Municipality Program), Program 5 (County and Municipality–Highway User Revenue, and Program 8 (IT Major Projects).
- Minor consist of Safety, Congestion Relief, Community Enhancement, Highway and Bridge Preservation and other. Reimbursables are reflected in the Minor category.
- GO Bonds are included in Major.

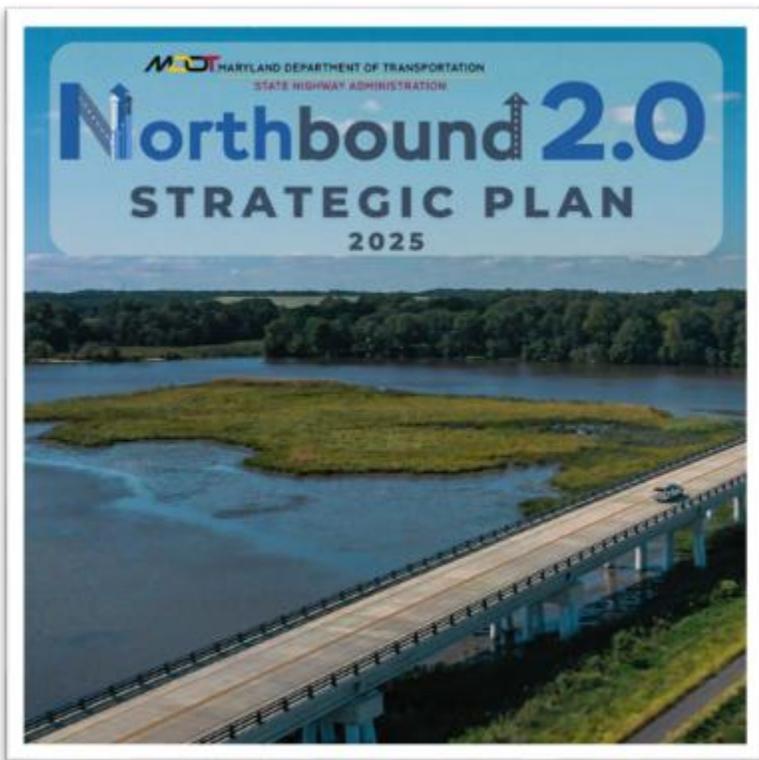


# Key Priorities – Investments and Outcomes

- **Safety** investments to advance Maryland's Vision Goal to reduce crashes, serious injuries, and fatalities; Complete Street projects and investments.
- **System Preservation** investments using sound asset management principles to keep Maryland's infrastructure in a state of good repair.
- **Major Projects** that address critical infrastructure needs, improve safety, enhance mobility, and support economic growth and development.



# Key Priorities – Strategic Plan 2025



## MISSION

The State Highway Administration team will deliver a safe, sustainable, reliable, and equitable transportation network for Maryland, providing multimodal access, connectivity, and value for the communities and customers we serve.



## VISION

To enable mobility choices for all state highway customers through bicycle, pedestrian, and transit connectivity to our highway network while supporting Maryland's growing communities, economy, and environment.



## VALUES

**SAFETY** - Improving safety for all customers and roadway workers on our highways.

**ACCOUNTABILITY** - Taking ownership and pride in our work and recognizing our impact on communities and customers.

**ENGAGEMENT** - Collaborating with the public and our workforce to promote inclusive, informed, and coordinated decision-making.

**SERVICE** - Creating a culture that supports an empowered and customer-focused workforce that serves Maryland with pride and purpose.

**ENVIRONMENT** - Mitigating impacts on our environment and natural resources through stewardship and innovative practices.

# Strategic Plan Accomplishments



## PEOPLE FIRST

- Enhanced external communications and public engagement standards
- Created efficiencies in customer service systems
- Updating Project Portal to provide timely and up-to-date project details
- Enhanced employee recognition and appreciation



## TEAM EXCELLENCE

- Strengthened rotational programs for employee professional development
- Sent 175 employees through internal and external leadership trainings
- Implementation of AI- solutions and new dashboards for greater transparency and performance tracking
  - IT and HR virtual agents
  - Access Permits, Design Requests, Federal Spend Authority



## ORGANIZATIONAL EFFICIENCY & MODERNIZATION

- Reduced standard procurement timelines from 22 months to 14 months
- Developed and actively piloting Third Party Expedited Review process to support residential develop
- Established Access Management Work Group to support Governor Moore Affordable Housing

# Strategic Plan Accomplishments



- Delivered construction of the 1st PSAP Project in record time.
- Advanced project development on all 23 high risk corridors identified in PSAP
- Reestablished the Local Public Agencies (LPA) Council
- Procured contracts to streamline local project delivery.



- Implemented critical elements of Road Worker Protection Act of 2024
  - Effectively reduced work zone crashes and citations issued in 2025 by 17%.
- Advancing Complete Streets Initiative through record levels of investment and manual updates.
- Completed updated Vulnerable Road User Safety Assessment, published with updated Strategic Highway Safety Plan

# SHA Year in Review - 2025



# 2025 Year in Review



Scan the QR Code Above or use the link [here](#).

