J00A04
Debt Service Requirements
Maryland Department of Transportation

Operating Budget Data

($ in Thousands)

	FY 15 Actual	FY 16 Working	FY 17 Allowance	FY 16-17 Change	% Change Prior Year
Special Fund	$248,348	$282,667	$309,912	$27,245	9.6%
Adjusted Special Fund	**$248,348**	**$282,667**	**$309,912**	**$27,245**	**9.6%**
Adjusted Grand Total	**$248,348**	**$282,667**	**$309,912**	**$27,245**	**9.6%**

- The fiscal 2017 allowance for debt service payments on Consolidated Transportation Bonds (CTB) totals $309.9 million, an increase of $27.2 million (9.6%) compared to the fiscal 2016 working appropriation. The fiscal 2016 working appropriation is overstated, however, because it has not been adjusted to reflect the smaller bond issuances in fiscal 2015 and 2016 than had been assumed when the fiscal 2016 budget was approved. Based on the actual amount of debt issued in fiscal 2015 and the lower projected level of issuances for fiscal 2016, debt service payments in fiscal 2016 will be $264.4 million.

- The Maryland Department of Transportation's (MDOT) financial forecast shows that it plans to issue $450.0 million of debt in fiscal 2016 (down from the $875.0 million level projected when the budget was approved) and $685.0 million in fiscal 2017. Debt outstanding at the end of fiscal 2017 is projected at $2.8 billion. Nontraditional debt outstanding at the end of fiscal 2017 is projected at $609.6 million.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

Debt Service Coverage Ratios Remain Above Minimum Requirements: The ability of MDOT to issue debt is limited by the statutory debt outstanding limit of $4.5 billion and two bond resolution provisions, which require annual net income and pledged taxes in the prior year to be at least 2.0 times greater than the maximum level of future debt service payments on outstanding debt. The department's two coverage ratios are projected to be 5.8 for the pledged taxes test and 3.7 for the net income test in fiscal 2017. By fiscal 2021, the last year of the forecast period, the net income ratio is projected at 3.0, and debt outstanding is projected at $4.3 billion. **The use of capital grants to increase local transportation aid, however, skews the net income debt coverage ratio test. If local aid capital grant funding is not included in the net income estimates, the net income coverage ratio falls to 2.6 in fiscal 2021 much closer to the MDOT administrative minimum debt service coverage level than is showing in the MDOT forecast.**

Issues

Debt Service Taking Bigger Bite of the Transportation Revenue Pie: Debt service coverage ratios imposed under bond covenants do not ensure the affordability of transportation debt vis-à-vis transportation revenues. **Committee narrative requesting MDOT to work with the Capital Debt Affordability Committee to develop affordability criteria specific to CTB debt is included in the recommended action section of this analysis.**

Operating Budget Recommended Actions

1. Add annual budget bill language establishing the debt outstanding limit for Consolidated Transportation Bonds.

2. Add annual budget bill language requiring reports on nontraditional debt.

3. Add annual budget bill language establishing the debt outstanding limit for nontraditional debt.

4. Adopt committee narrative requesting the Maryland Department of Transportation to work with the Capital Debt Affordability Committee to develop Consolidated Transportation Bond-specific affordability criteria.

Budget Analysis

Program Description

Consolidated Transportation Bonds

The Maryland Department of Transportation (MDOT) issues 15-year Consolidated Transportation Bonds (CTB), which are tax-supported debt. Bond proceeds are dedicated for construction projects. Revenues from taxes and fees and other funding sources are combined in the Transportation Trust Fund (TTF) to pay debt service and operating budget requirements and to support the capital program. Debt service on CTBs is payable solely from the TTF.

Nontraditional Debt

MDOT also uses nontraditional debt, which is any debt instrument that is not a CTB or a Grant Anticipation Revenue Vehicle (GARVEE) bond. This includes, but is not limited to, Certificates of Participation (COP); debt backed by customer facility charges, passenger facility charges, or other revenues; and debt issued by the Maryland Economic Development Corporation (MEDCO), the Maryland Transportation Authority (MDTA), or any other third party on behalf of MDOT.

Proposed Budget

The fiscal 2017 allowance for CTB debt service is $309.9 million, an increase of $27.2 million (9.6%) from the fiscal 2016 working appropriation. The fiscal 2016 working appropriation is overstated, however, because it has not been adjusted to reflect the smaller bond issuance in fiscal 2015 ($401.0 million, down from the $490.0 million level projected when the budget was passed) and the reduction in planned issuances for fiscal 2016 ($450.0 million, down from the $875.0 million level projected when the budget was passed). Adjusting for the lower level of fiscal 2016 debt service, the fiscal 2017 allowance increases by $45.5 million (17.2%) over the current year.

Debt Service Coverage Ratios Remain Above Minimum Requirements

State law and agency debt practices limit CTB issuances with three criteria: a debt outstanding limit and two coverage tests. The debt outstanding limit is set in statute at $4.5 billion. The statute further requires the General Assembly to establish in the budget for each fiscal year the maximum outstanding aggregate amount of these bonds at the end of the fiscal year, which may not exceed the overall statutory limit. The statutory limit is periodically increased to reflect the revenue growth and potential of the TTF and was last increased in the 2013 session. CTBs are included within the State debt affordability limits, and the level of debt service and debt outstanding are, therefore, evaluated annually by the Capital Debt Affordability Committee.

The two coverage tests are established in the department's bond resolutions and require that annual net income and pledged taxes from the prior year each equal at least 2.0 times the maximum level of future debt service payments on all CTBs outstanding and to be issued. The department has adopted a management practice that requires minimum coverages of 2.5 times maximum future debt service. The net income coverage test is the ratio of all the prior year's income (excluding federal capital, bond proceeds, and third-party reimbursements) minus prior year operating expenses, debt service payments, deductions for nontransportation agencies, and local transportation aid to maximum annual future debt service and typically is the limiting coverage ratio. The pledged taxes coverage test measures annual net revenues from vehicle excise, motor fuel, rental car sales, and corporate income taxes (excluding refunds and all statutory deductions) as a ratio of maximum future annual debt service. If either of these coverage ratios fall below the 2.0 times level, the department is prohibited under its bond covenants from issuing additional debt until the ratios are once again at the minimum 2.0 times level.

Projected CTB issuances in fiscal 2016 will increase the total amount of debt outstanding to almost $2.3 billion, and the debt service coverage ratios in fiscal 2016 are estimated to be 5.7 times for pledged taxes and 3.4 times for the net revenues test. In fiscal 2017, the level of debt outstanding is expected to increase to almost $2.8 billion, with the pledged taxes coverage ratio improving to 5.8 times, and the net income ratio improving to 3.7 times maximum future annual debt service. In fiscal 2021, the final year of the current forecast, the net income to maximum annual debt service is expected to be 3.0, and the pledged taxes are projected at 4.8 times maximum annual debt service. Debt outstanding will total almost $4.3 billion in fiscal 2021.

Local Transportation Capital Grants Skew Debt Service Coverage Tests

The Governor has stated his goal on many occasions to phase-in an increase in the share of Highway User Revenues (HUR) going to local governments from the current statutory level of 9.6% to 30.0% to match the level local governments had been receiving prior to the change in the local aid formula made in the 2010 session. Legislation submitted by the Administration during the 2015 session would have increased the local share of HUR to 12.5% in fiscal 2017 and increased each year thereafter by 2.5 percentage points until the local share reached 30.0% in fiscal 2024, but it failed to pass. The fiscal 2017 budget as introduced provides a $53.6 million capital grant to local governments which, when combined with local HUR in the operating budget, is equal to 12.5% of total HUR. The capital grant does not require legislation to implement. One consequence of providing local transportation aid through a capital grant, however, is that it makes the debt service coverage ratios higher than they would be were the additional local funds provided through the HUR formula because the funds are not deducted from net income but rather flow first to the department. If the increased local share of HUR were to be provided through the statutory formula instead of as capital grants, the net income to debt service ratio in fiscal 2021 would fall to 2.6 – much closer to the MDOT administrative minimum debt service coverage level than is showing in the MDOT forecast. **MDOT should comment on whether the effect providing local aid through capital grants has on the debt service coverage ratio calculations was considered as part of the decision to provide local aid via capital grants, whether it believes bondholders will view this change as an attempt to circumvent debt service coverage requirements established in bond covenants, and whether it has considered revising its debt**

service coverage calculations to remove capital aid to locals from the net income amounts used to calculate coverage ratios.

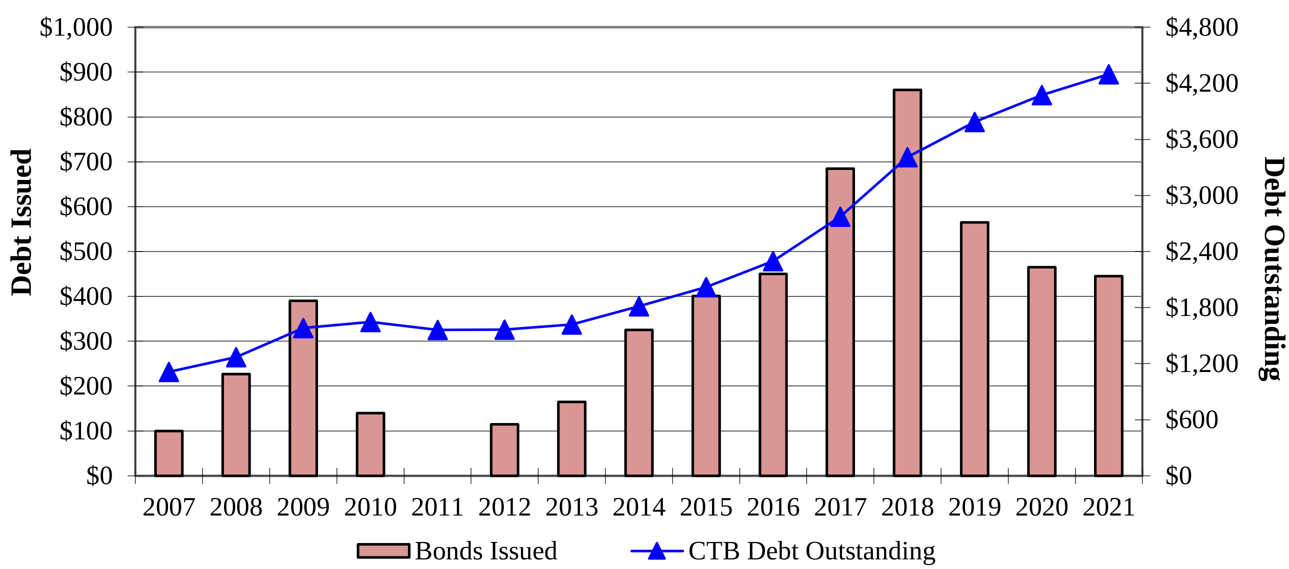
Based on current revenue and debt issuance projections, CTB debt levels meet both the statutory limit on maximum debt outstanding and the pledged taxes and net income to maximum annual debt service ratios set forth in bond resolutions for the entire six-year period of the forecast. If the local aid capital grant funding is subtracted from the amount going to the department, the debt service coverage ratios still meet the minimum set forth in bond resolutions. As minimum debt service coverage levels are approached, revenue underattainment and higher than projected operating expenses become bigger risk factors in a possible breach of the debt service coverage ratios.

Section 3-202 of the Transportation Article requires the General Assembly to establish the maximum amount of CTB debt in the budget that may be outstanding at the end of each fiscal year. It is recommended that the limit for fiscal 2017 be set at $2.77 billion. Language is included in the Recommended Actions section of this analysis to implement this recommendation.

Historical Trends in CTB Debt

Exhibit 1 shows annual new CTB issuances and net debt outstanding from fiscal 2007 to 2021.

Exhibit 1
Bond Sales and Debt Outstanding
Fiscal 2007-2015 Actual and Fiscal 2016-2021 Estimated
($ in Millions)



CTB: Consolidated Transportation Bonds

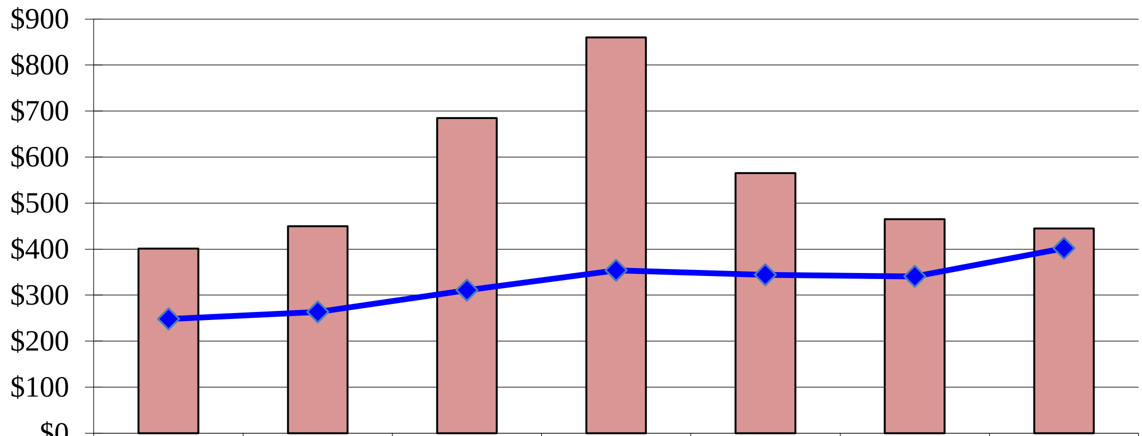
Source: Maryland Department of Transportation

The limit on debt outstanding was increased during the 2007 special session to $2.6 billion, made possible by revenue increases passed in that session. To maintain capital spending during the recession, the department chose to increase the amount of debt it issued in fiscal 2008 and 2009 compared to the amount it had issued during the preceding three years. From fiscal 2010 to 2013, the department issued smaller amounts of debt, relying instead on higher than expected fund balances and using cash to support the capital program. At the 2013 session, gas tax and farebox revenue increases were passed with the gas tax revenues being phased in over three years. At the same time, the limit on debt outstanding was increased to $4.5 billion. MDOT added $4.4 billion in new capital projects to the six-year capital program, which required an increased reliance on debt issuances due to the scheduled phase-in of the revenue increase.

CTB Debt Outlook

As **Exhibit 2** shows, new CTB debt issuances totaling $450 million in fiscal 2016 and $685 million in fiscal 2017 are planned. Issuance levels are projected to increase again in fiscal 2018 to $860 million and then decline through the final three years of the forecast. The projected increases in issuances naturally leads to increasing levels of debt outstanding and debt service costs.

Exhibit 2
Debt Service Payments and Bond Issuances
Fiscal 2015 Actual Data and Fiscal 2016-2021 Estimated Data
($ in Millions)



	2015	2016	2017	2018	2019	2020	2021
Bonds Issued	401	450	685	860	565	465	445
Debt Service	248	264	310	354	344	341	402

Source: Maryland Department of Transportation

The fiscal 2016 to 2021 MDOT forecast includes projected debt issuances totaling $3.47 billion, $120 million less than projected in the prior six-year forecast. Debt outstanding is projected to more than double between fiscal 2015 and 2021 to $4.3 billion, and debt service grows by almost 62% during this period to $402 million in fiscal 2021. **Appendix 3** shows debt service and debt outstanding by fiscal year for current CTB debt (debt outstanding as of December 31, 2015).

As shown in **Exhibit 3**, however, MDOT does not usually end up issuing as much debt as forecasted. Actual debt issued was less than originally projected for 15 out of 20 MDOT forecasts from fiscal 1991 to 2010. The trend from fiscal 2008 to 2010, however, was of actual issuance levels getting closer to projected levels.

Nontraditional Debt

In addition to CTBs, the department uses nontraditional debt. Nontraditional debt is any instrument that is not a CTB or a GARVEE bond. This includes, but is not limited to, COPs; debt backed by customer facility charges, passenger facility charges, or other revenues; and debt issued by MEDCO, MDTA, or any other third party on behalf of MDOT.

Exhibit 4 shows that the department currently has 11 nontraditional debt issuances outstanding with 1 additional issuance planned. Combined, these issuances are projected to have $609.6 million in unpaid principal outstanding at the end of fiscal 2017, not including the $35.0 million planned issuance. The planned issuance is for the construction of a parking garage at the proposed State Center development. MEDCO will issue the debt for the State Center garage with the debt service to be paid by parking revenues and the TTF. **Appendix 4** shows debt service and debt outstanding by fiscal year for current nontraditional debt (debt outstanding as of December 31, 2015).

The General Assembly began placing limits on COPs in fiscal 2002 and then all of the MDOT nontraditional debt in fiscal 2005. The limits on nontraditional debt are established in the same manner as the limits placed on CTBs. The General Assembly limits the amount of nontraditional debt outstanding to the amount proposed by the department during the legislative session. If the agency finds that circumstances warrant additional issuances, the department must report to the budget committees on any proposed debt and provide the committees with 45 days to review and comment on the proposal. **It is recommended that the General Assembly continue the policy of limiting total nontraditional debt outstanding and that the amount of debt outstanding at the end of fiscal 2017 be limited to $609.6 million.**

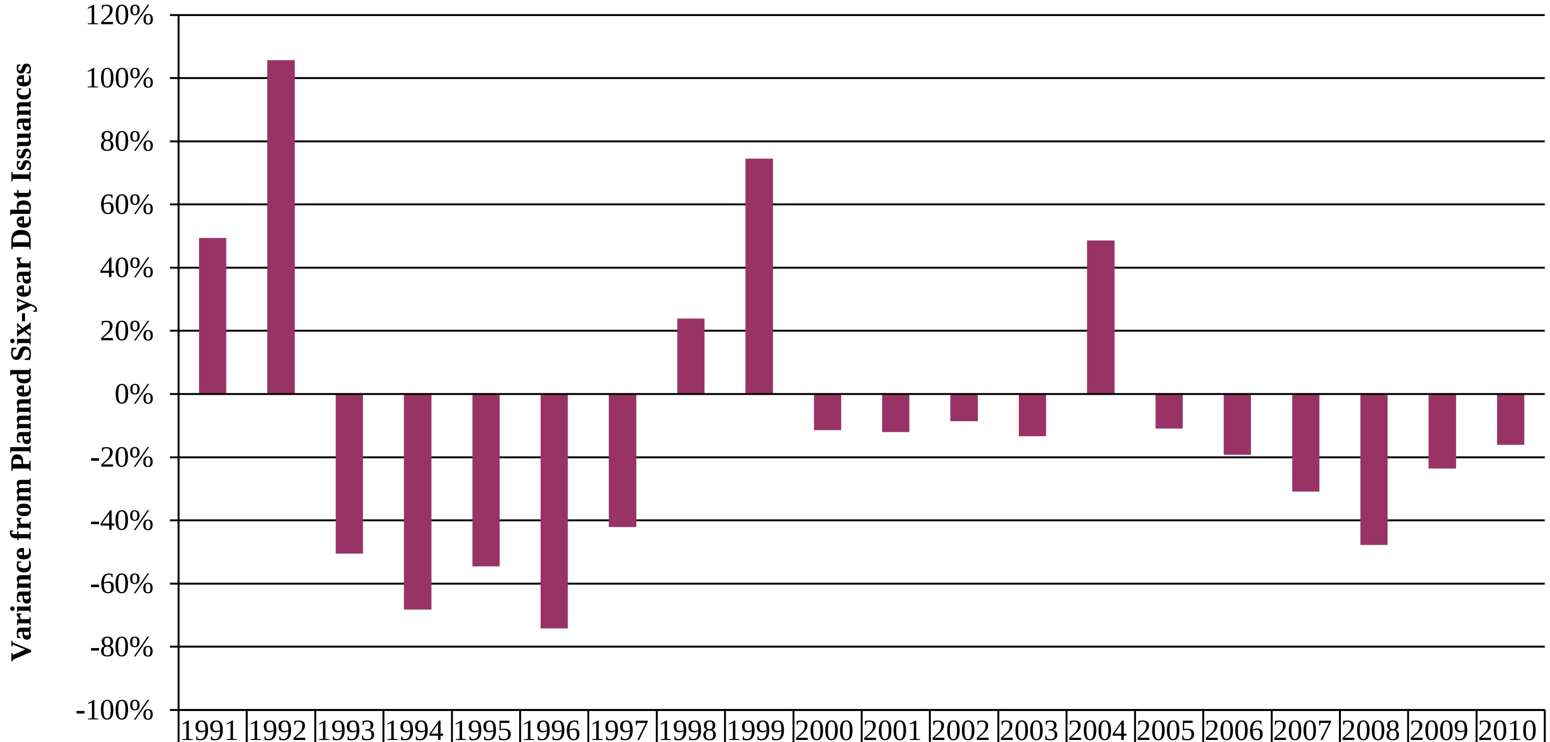
The General Assembly annually requires that MDOT report to the budget committees on nontraditional debt when it releases its September and January forecasts. Specifically, the language requires that MDOT report on the outstanding and proposed issuances, debt service costs, and annual debt outstanding. The report should cover the current fiscal year and the following 10 fiscal years. **It is recommended that the General Assembly again require that the department report on the costs of nontraditional debt when it releases its September and January forecasts.**

Exhibit 3

Variance from Six-year Planned Debt Issuance Level

MDOT Six-year Forecasts: 1991-2010

($ in Millions)



	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
■ Variance from Planned	49%	106%	-51%	-68%	-55%	-74%	-42%	24%	75%	-11%	-12%	-9%	-13%	49%	-11%	-19%	-31%	-48%	-24%	-16%
Six-year Planned Issuances	415	175	485	520	440	485	475	460	510	1,005	1,040	1,110	1,260	765	1,075	1,185	1,405	1,985	1,485	1,365
Actual Six-year Issuances	620	360	240	165	200	125	275	570	890	890	915	1,015	1,092	1,137	957	957	972	1,037	1,135	1,146

MDOT: Maryland Department of Transportation

Source: Maryland Department of Transportation

Exhibit 4
Nontraditional Debt Outstanding and Debt Service Payments
($ in Thousands)

Year Issued and Maturity	Principal Outstanding (06/30/17)	Fiscal 2017 Debt Service Payment	Purpose
Certificates of Participation			
2010-2025	$11,280	$1,670	Expand Pier B and a de-icing facility at the Baltimore/Washington International (BWI) Thurgood Marshall Airport.
2010-2025	8,695	1,161	Construction of a parking garage at Maryland Area Regional Commuter Amtrak station near BWI Marshall Airport.
2004-2016*	0	1,222	Purchase buses for parking garage shuttle operations at BWI Marshall Airport.
2006-2024*	14,645	2,372	Construction of a paper shed at South Locust Point.
Subtotal	***$34,620***	***$6,424***	
Maryland Transportation Authority Revenue Bonds			
2012-2027	$136,900	$18,558	Construction of Elm Road parking garage near BWI Marshall Airport, roadway improvements, enhanced pedestrian access, and upgrading of utility plants. Bonds backed by parking fees.
2002-2032	87,830	8,971	Construction of consolidated rental car facility at BWI Marshall Airport. Bonds back by customer facility charge of $3.25 per vehicle rental per day.
2012-2032	41,535	4,008	Passenger Facility Charge revenue bonds to construct B/C concourse connector.
2012-2027/32	112,910	10,139	Passenger Facility Charge to complete Runway Safety Area and Pavement Management Program improvements.
2014-2034	36,535	2,956	Passenger Facility Charge revenue bonds to construct D/E concourse connector.
Subtotal	***$415,710***	***$44,631***	

Year Issued and Maturity	Principal Outstanding (06/30/17)	Fiscal 2017 Debt Service Payment	Purpose
Maryland Economic Development Corporation Debt			
2002-2022*	$12,385	$2,792	Construction of new Maryland Department of Transportation headquarters building.
2012-2030	146,915	14,774	Construction of a new 11-gate Concourse A and reconstruction of a portion of Concourse B at BWI Marshall Airport.
Subtotal	***$159,300***	***$17,566***	
Total – Issued Debt	**$609,630**	**$68,622**	
Pending TBD	$35,000	$0	Construction of a parking garage at State Center.
Total – Issued and Pending	**$644,630**	**$68,622**	

TBD: to be determined

*State tax-supported debt.

Source: Maryland Department of Transportation

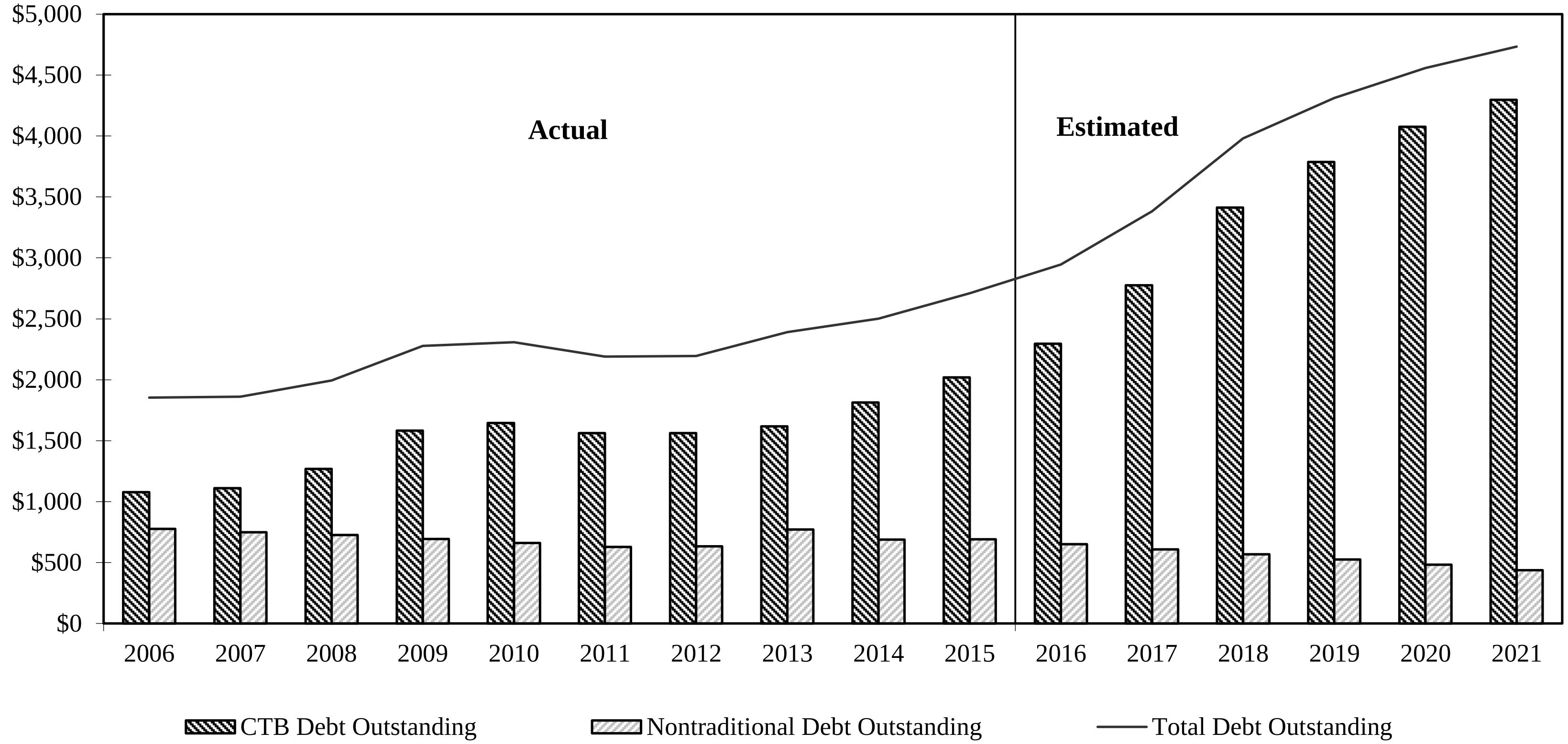
Total Debt Outstanding

Exhibit 5 shows that MDOT total debt outstanding from all sources was $1.9 billion in fiscal 2006 and is projected to increase to $4.7 billion by fiscal 2021. Debt outstanding from nontraditional debt is expected to total just over 9% of all debt in fiscal 2021.

Grant Anticipation Revenue Vehicles

GARVEEs are transportation bonds that are issued by states and public authorities that are backed by future federal aid highway and transit appropriations. While the source of funds used to repay GARVEE issuances originates with the federal government, the federal government's agreement to the use of its funds in this manner does not constitute any obligation on the part of the federal government to make these funds available. If for any reason federal appropriations are not made as anticipated, the obligation to repay GARVEEs falls entirely to the State agency or authority that issued them. To increase the GARVEE bond rating and reduce borrowing costs, the State pledges TTF revenues should federal appropriations be insufficient to pay GARVEE debt service. Since paying the debt is an obligation of the State, and TTF revenues have been pledged, GARVEE bonds are considered State debt.

Exhibit 5
Total Transportation Debt Outstanding
Fiscal 2006-2021
($ in Millions)



CTB: Consolidated Transportation Bonds

Source: Maryland Department of Transportation; Department of Legislative Services

Chapters 471 and 472 of 2005 authorized the use of GARVEE bonds for the InterCounty Connector (ICC) project. The law stipulates that the State may issue no more than $750.0 million in GARVEE bonds, and that bond maturity may not exceed 12 years after date of issue. MDTA issued $325.0 million in GARVEE bonds on May 22, 2007, with a net premium of $16.9 million to support construction of the ICC. A second GARVEE debt issuance of $425.0 million was issued on December 11, 2008, with a net premium of $17.7 million. GARVEE debt service payments are $87.5 million from fiscal 2010 to 2019 and $51.4 million in fiscal 2020, the last year of debt service payments.

Issues

1. Debt Service Taking Bigger Bite of the Transportation Revenue Pie

Under Maryland's debt affordability process, one criteria used to ensure that debt remains affordable is that debt service on tax-supported debt should not exceed 8.0% of revenues. CTB debt is considered tax-supported, and MDOT revenues are included in the State's debt affordability calculations, thus ensuring that total State tax-supported debt remains affordable. The affordability of CTB debt vis-à-vis TTF revenues is not similarly limited. The heavy reliance on debt to fund the transportation capital program is causing debt service to take an ever larger share of transportation revenues. In fiscal 2015, debt service equaled 8.4% of net MDOT revenues, already above the level used for all State tax-supported debt. With the large bond issuances planned for the next few years, debt service as a percent of net revenues is projected to increase and will consume almost 11.0% of net TTF revenues in fiscal 2021. Furthermore, in fiscal 2021, MDOT expects to issue $445 million to support the capital program but will need to pay $402 million in debt service.

While the debt service coverage ratios do limit the amount of CTB debt MDOT can issue, they do not ensure that the debt is affordable. Indeed, a net-income to debt service ratio of 2.0 (the minimum allowed under bond covenants) would mean that debt service is consuming an amount equal to half the net revenues from the prior year. With out-year coverage ratios approaching minimum levels required under bond covenants and potentially breaching the MDOT administrative policy minimum (depending on how local transportation aid capital grants are treated), development of affordability criteria specific to CTB debt is advisable. Furthermore, this effort is given greater weight by the fact that total State tax-supported debt is approaching the affordability limits and increasing levels of transportation debt may limit the State's ability to address capital needs in other areas. **Committee narrative requesting MDOT to work with the Capital Debt Affordability Committee to develop affordability criteria specific to CTB debt is included in the recommended action section of this analysis.**

Operating Budget Recommended Actions

1. Add the following language:

   Consolidated Transportation Bonds may be issued in any amount provided that the aggregate outstanding and unpaid balance of these bonds and bonds of prior issues may not exceed $2,773,900,000 as of June 30, 2017. Further provided that the amount paid for debt service shall be reduced by any proceeds generated from net bond sale premiums, provided that those revenues are recognized by the department and reflected in the Transportation Trust Fund forecast. Further provided that the appropriation for debt service shall be reduced by any proceeds generated from net bond sale premiums. To achieve this reduction, the Maryland Department of Transportation (MDOT) may either use the proceeds from the net premium to reduce the size of the bond issuance and/or apply the proceeds from the net premium to eligible debt service.

   Explanation: Section 3-202 of the Transportation Article requires the General Assembly to establish the maximum debt outstanding each year in the budget bill. The level will be based on outstanding debt as of June 30, 2016, plus projected debt issued during fiscal 2017 in support of the transportation capital program.

2. Add the following language:

   MDOT shall submit with its annual September and January financial forecasts information on:

   (1) anticipated and actual nontraditional debt outstanding as of June 30 of each year; and

   (2) anticipated and actual debt service payments for each outstanding nontraditional debt issuance from fiscal 2016 through 2026.

   Nontraditional debt is defined as any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle bond; such debt includes, but is not limited to, Certificates of Participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any other third party on behalf of MDOT.

   Explanation: The General Assembly is interested in monitoring the use of nontraditional debt by MDOT. The information requested provides the budget committees with additional information on the usage and annual costs of nontraditional debt.

Information Request	**Author**	**Due Date**
Nontraditional debt outstanding and anticipated debt service payments	MDOT	With the September forecast

Nontraditional debt outstanding and anticipated debt service payments	MDOT	With the January forecast

3. Add the following language:

The total aggregate outstanding and unpaid principal balance of nontraditional debt, defined as any debt instrument that is not a Consolidated Transportation Bond or a Grant Anticipation Revenue Vehicle bond issued by MDOT, may not exceed $609,630,000 as of June 30, 2017. Provided, however, that in addition to the limit established under this provision, MDOT may increase the aggregate outstanding unpaid and principal balance of nontraditional debt so long as:

(1) MDOT provides notice to the Senate Budget and Taxation Committee and the House Appropriations Committee stating the specific reason for the additional issuance and providing specific information regarding the proposed issuance, including information specifying the total amount of nontraditional debt that would be outstanding on June 30, 2017, and the total amount by which the fiscal 2017 debt service payment for all nontraditional debt would increase following the additional issuance; and

(2) the Senate Budget and Taxation Committee and the House Appropriations Committee have 45 days to review and comment on the proposed additional issuance before the publication of a preliminary official statement. The Senate Budget and Taxation Committee and the House Appropriations Committee may hold a public hearing to discuss the proposed increase and shall signal their intent to hold a hearing within 45 days of receiving notice from MDOT.

Explanation: This language limits the amount of nontraditional debt outstanding at the end of fiscal 2017 to the total amount that is projected to be outstanding from all previous nontraditional debt issuances as of June 30, 2016. The language allows MDOT to increase the amount of nontraditional debt outstanding in fiscal 2017 by providing notification to the budget committees regarding the reason that the additional issuances are required. Any plan to issue debt for the State Center Project would require notification under this language.

Information Request	**Author**	**Due Date**
Justification for increasing nontraditional debt outstanding	MDOT	45 days prior to publication of a preliminary official statement

4. Adopt the following narrative:

Consolidated Transportation Bond Debt Affordability Criteria: The committees are concerned about the increasing share of Transportation Trust Fund (TTF) revenues being consumed by debt service payments on Consolidated Transportation Bond (CTB) debt. By fiscal 2021, the end of the current TTF forecast period, debt service is projected to require almost 11.0% of net TTF revenues. Furthermore, in fiscal 2021, the TTF forecast anticipates that debt service will equal an amount equivalent to over 90.0% of projected bond issuances. Given that CTB debt is part of total State tax-supported debt and total State tax-supported debt is approaching the State's affordability limits, it is desirable that CTB-specific affordability criteria be developed. The committees therefore request that the Maryland Department of Transportation (MDOT) work with the Capital Debt Affordability Committee (CDAC) to develop affordability criteria that may be used to ensure CTB debt remains affordable vis-à-vis TTF resources. MDOT should submit a report to the committees detailing the recommended affordability criteria developed through this effort by December 1, 2016.

Information Request	**Authors**	**Due Date**
Report on recommended affordability criteria	MDOT CDAC	December 1, 2016

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
MDOT – Debt Service Requirements
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2015					
Legislative Appropriation	$0	$255,370	$0	$0	$255,370
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	-7,022	0	0	-7,022
Actual Expenditures	**$0**	**$248,348**	**$0**	**$0**	**$248,348**
Fiscal 2016					
Legislative Appropriation	$0	$282,667	$0	$0	$282,667
Budget Amendments	0	0	0	0	0
Working Appropriation	**$0**	**$282,667**	**$0**	**$0**	**$282,667**

MDOT: Maryland Department of Transportation

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding

Fiscal 2015

Fiscal 2015 expenditures were $7,022,216 lower than the legislative appropriation due to a $130 million reduction in the amount of debt issued compared with the estimate upon which the budget was based; interest savings resulting from issuing some debt in the spring instead of all debt in the fall sale; and use of Build America Bond subsidy funds to partially offset debt service costs.

Fiscal 2016

The fiscal 2016 legislative appropriation remains unchanged.

Object/Fund Difference Report
MDOT – Debt Service Requirements

Object/Fund	FY 15 Actual	FY 16 Working Appropriation	FY 17 Allowance	FY 16 - FY 17 Amount Change	Percent Change
Objects					
13 Fixed Charges	$ 248,347,697	$ 282,666,738	$ 309,911,986	$ 27,245,248	9.6%
Total Objects	**$ 248,347,697**	**$ 282,666,738**	**$ 309,911,986**	**$ 27,245,248**	**9.6%**
Funds					
03 Special Fund	$ 248,347,697	$ 282,666,738	$ 309,911,986	$ 27,245,248	9.6%
Total Funds	**$ 248,347,697**	**$ 282,666,738**	**$ 309,911,986**	**$ 27,245,248**	**9.6%**

MDOT: Maryland Department of Transportation

Note: The fiscal 2016 appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

Appendix 3

Consolidated Transportation Bonds
Debt Service and Debt Outstanding
On Debt Outstanding as of December 31, 2015

Fiscal Year	Debt Service	Debt Outstanding at End of Fiscal Year
2016	$264,357,924	$2,146,085,000
2017	300,632,136	1,938,900,000
2018	305,197,261	1,717,190,000
2019	272,367,036	1,517,780,000
2020	233,704,086	1,347,530,000
2021	241,193,736	1,161,605,000
2022	234,987,611	973,050,000
2023	228,648,436	783,220,000
2024	162,355,524	651,180,000
2025	148,144,049	527,315,000
2026	129,446,636	416,645,000
2027	130,117,444	301,345,000
2028	118,865,750	193,030,000
2029	102,684,738	96,470,000
2030	70,124,619	29,230,000
2031	29,668,450	0

Source: Maryland Department of Transportation

Appendix 4

Nontraditional Debt
Debt Service and Debt Outstanding
On Debt Outstanding as of December 31, 2015

Fiscal Year	Debt Service	Debt Outstanding at End of Fiscal Year
2016	$68,744,961	$650,370,000
2017	68,621,554	609,630,000
2018	67,056,435	568,955,000
2019	66,975,780	526,710,000
2020	66,978,501	482,695,000
2021	65,971,954	437,815,000
2022	65,452,518	391,660,000
2023	62,274,440	346,780,000
2024	62,285,720	300,015,000
2025	59,726,252	253,870,000
2026	57,985,628	207,525,000
2027	56,815,090	160,405,000
2028	39,403,050	128,665,000
2029	39,388,333	95,475,000
2030	39,406,983	60,710,000
2031	25,710,749	38,000,000
2032	25,716,726	14,075,000
2033	11,740,591	2,840,000
2034	2,953,600	0

Source: Maryland Department of Transportation