

**J00H01**  
**Maryland Transit Administration**  
**Maryland Department of Transportation**

## ***Executive Summary***

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The Maryland Transit Administration (MTA) is responsible for the construction, operation, and maintenance of the Baltimore metropolitan area transit system and commuter services in suburban areas of the State. Transit modes include the Baltimore Metro, light rail, bus (local and commuter), and commuter rail.

## ***Operating Budget Data***

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(\$ in Thousands)

	<b><u>FY 18</u></b> <b><u>Actual</u></b>	<b><u>FY 19</u></b> <b><u>Working</u></b>	<b><u>FY 20</u></b> <b><u>Allowance</u></b>	<b><u>FY 19-20</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
Special Fund	\$797,481	\$789,852	\$824,311	\$34,459	4.40%
Adjustments	0	404	1,601	1,197	
<b>Adjusted Special Fund</b>	<b>\$797,481</b>	<b>\$790,256</b>	<b>\$825,912</b>	<b>\$35,656</b>	<b>4.50%</b>
 Federal Fund	 61,364	 59,552	 62,103	 2,551	 4.30%
Adjustments	0	43	176	134	
<b>Adjusted Federal Fund</b>	<b>\$61,364</b>	<b>\$59,595</b>	<b>\$62,279</b>	<b>\$2,685</b>	<b>4.50%</b>
 <b>Adjusted Grand Total</b>	 <b>\$858,845</b>	 <b>\$849,851</b>	 <b>\$888,191</b>	 <b>\$38,340</b>	 <b>4.50%</b>

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

- Over 43% of the increase in the fiscal 2020 allowance is due to increased personnel expenses. An additional 48% of the increase represents the net increase in transit service contracts.
- The fiscal 2020 budget complies with the mandate imposed by Chapters 351 and 352 of 2018 that MTA's operating budget increase by at least 4.4%.

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

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***PAYGO Capital Budget Data***

(\$ in Thousands)

	Fiscal 2018	Fiscal 2019		Fiscal 2020
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$234,648	\$334,440	\$235,264	\$163,336
Federal	301,526	412,291	368,863	490,269
<b>Subtotal</b>	<b>\$536,174</b>	<b>\$746,731</b>	<b>\$604,127</b>	<b>\$653,605</b>
Other Funds	108,500	64,900	75,700	59,800
<b>Total</b>	<b>\$644,674</b>	<b>\$811,631</b>	<b>\$679,827</b>	<b>\$713,405</b>

- The fiscal 2019 working appropriation is a net \$142.6 million lower than the legislative appropriation. This does not include “other funds” that do not flow through MTA’s budget but do support some of MTA’s capital projects. Some of the larger changes include:
  - \$44.0 million – system preservation and minor projects;
  - \$23.4 million – Maryland Area Regional Commuter (MARC) improvements on Camden, Brunswick, and Penn Lines;
  - \$11.9 million – MARC positive train control;
  - -\$11.4 million – Kirk bus facility replacement;
  - -\$23.4 million metro railcar and signals system overhauls and replacement; and
  - -\$182.4 million – Purple Line Light Rail project.
- The fiscal 2020 allowance increases by a net \$49.5 million over the current year working appropriation, exclusive of other funds. Some of the larger changes include:
  - \$45.1 million – metro railcar and Signal system overhauls and replacement;
  - \$22.6 million – Purple Line Light Rail Project;
  - \$12.7 million – MARC coaches – overhauls and replacement;
  - \$12.3 million – Kirk bus facility replacement;

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- -\$11.6 million – MARC locomotives – overhauls and replacements; and
- -\$26.2 million – system preservation and minor projects.

## ***Operating and PAYGO Personnel Data***

	<b><u>FY 18</u></b> <b><u>Actual</u></b>	<b><u>FY 19</u></b> <b><u>Working</u></b>	<b><u>FY 20</u></b> <b><u>Allowance</u></b>	<b><u>FY 19-20</u></b> <b><u>Change</u></b>
Regular Operating Budget Positions	3,277.00	3,273.50	3,277.00	3.50
Regular PAYGO Budget Positions	<u>89.00</u>	<u>94.00</u>	<u>89.00</u>	<u>-5.00</u>
<b>Total Regular Positions</b>	<b>3,366.00</b>	<b>3,367.50</b>	<b>3,366.00</b>	<b>-1.50</b>
Operating Budget FTEs	13.00	16.00	16.00	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total FTEs</b>	<b>13.00</b>	<b>16.00</b>	<b>16.00</b>	<b>0.00</b>
<b>Total Personnel</b>	<b>3,379.00</b>	<b>3,383.50</b>	<b>3,382.00</b>	<b>-1.50</b>

### **Vacancy Data: Regular Positions**

Turnover and Necessary Vacancies, Excluding New Positions	89.65	2.82%
Positions and Percentage Vacant as of 1/1/19	147.00	4.37%

- The fiscal 2020 allowance includes 1.5 fewer positions for MTA than the current year working appropriation due to the transfer of 1 position to the State Highway Administration and 0.5 position to the Secretary's Office. With these transfers and transfers between MTA's operating and capital programs, the fiscal 2020 operating budget position complement matches the fiscal 2018 actual.
- The MTA vacancy rate of 4.37% as of January 1, 2019, is higher than the budgeted turnover for fiscal 2020 of 2.82%. This leaves capacity within MTA's fiscal 2020 budget to hire an additional 57 positions.

## ***Key Observations***

- Although the fiscal 2020 allowance for MTA includes the increase in funding mandated by the Maryland Metro/Transit Funding Act (Chapters 351 and 352), there are several areas of MTA's budget that may be underfunded. Additionally, the contributions to the MTA pension plan are just 70.4% of the most recent actuarially determined contribution.

- Transit ridership was lower in fiscal 2018 than the prior year, marking the third consecutive year of ridership decline. Low gas prices are cited as a contributing factor for declining transit ridership nationwide, however, on-time performance is also an issue for MTA’s core bus service.

### **Operating Budget Recommended Actions**

1. Add budget bill language stating the intent of the General Assembly that the Maryland Transit Authority Administration increase its pension contributions.

### **PAYGO Budget Recommended Actions**

1. Concur with Governor’s allowance.

### **Updates**

- The Purple Line Light Rail project is under construction, and milestones from the past year are reported. MTA indicates that the revenue service availability date of March 2022 is still valid, and there has been no change to the project cost.
- The fiscal 2020 budget, as introduced, complies with funding requirements mandated by the Maryland Metro/Transit Funding Act (Chapters 351 and 352).
- The MTA report on restarting the Red Line Light Rail project or developing alternatives to address east-west options in Baltimore City cites project costs and lack of resources as obstacles to addressing transit needs in the near term.

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## ***Budget Analysis***

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### **Program Description**

The Maryland Department of Transportation (MDOT) supports transit in Maryland through the Maryland Transit Administration (MTA). MTA consists of the following operating budget programs:

- **Transit Administration** provides executive direction and support services for MTA.
- **Bus Operations** manages bus services in Baltimore City and surrounding counties. These services include the operation of fixed route and paratransit lines and contracts with commuter and paratransit service providers.
- **Rail Operations** includes the Baltimore Metro heavy rail line and the Baltimore area light rail line as well as the management of the Maryland Area Regional Commuter (MARC) contracts with Amtrak and Bombardier.
- **Statewide Programs Operations** provides technical assistance and operating grants to local jurisdictions' transit services, including Montgomery County's "Ride-On," Prince George's County's "the Bus," and Baltimore City's "Charm City Circulator" services. Assistance is also provided to several short-line freight railroads to support the maintenance of State-owned rail lines.

The administration shares the key goals identified by MDOT:

- ensuring a safe, secure, and resilient transportation system;
- maintaining a high standard and modernizing Maryland's multimodal transportation system;
- improving the quality and efficiency of the transportation system to enhance the customer's experience;
- providing better transportation choices and connections;
- facilitating economic opportunity and reducing congestion in Maryland through strategic system expansion;

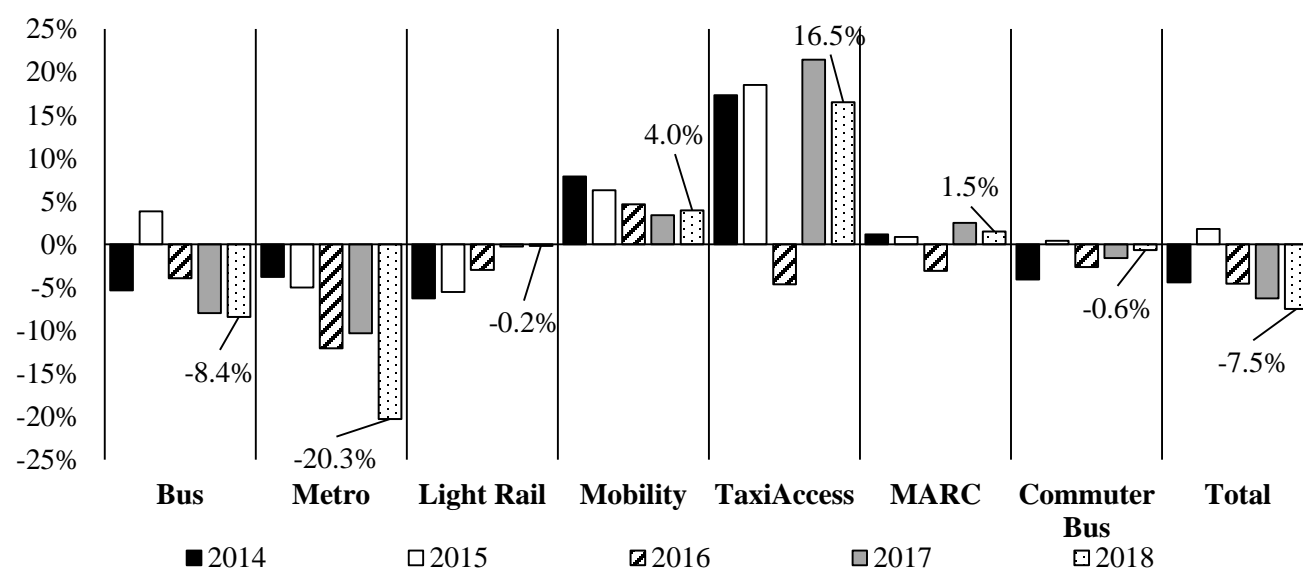
- ensuring environmental protection and sensitivity; and
- promoting fiscal responsibility.

## Performance Analysis: Managing for Results

### 1. Continued Declines in Transit Ridership

MTA has a goal to encourage transit ridership. One method of measuring transit ridership is the number of boardings that occur during a specified period. For all modes of MTA service, there were 96.0 million boardings in fiscal 2018, representing a 7.5% decrease from the prior year. This was the third consecutive year of declines in boardings. **Exhibit 1** shows the percent change in boardings from the prior year for fiscal 2014 through 2018. Core bus services, which accounted for 67.1% of all boardings in fiscal 2018, decreased by 8.4% from the prior year. Boardings were also down in fiscal 2018 for Metro (-20.3%), Light Rail (-0.2%), and commuter bus (-0.6%). MARC, Mobility, and TaxiAccess experienced increased boardings compared to the prior year of 1.5%, 4.0%, and 16.5%, respectively.

**Exhibit 1**  
**Percent Change in MTA Boardings**  
**Fiscal 2014-2018**



MARC: Maryland Area Regional Commuter

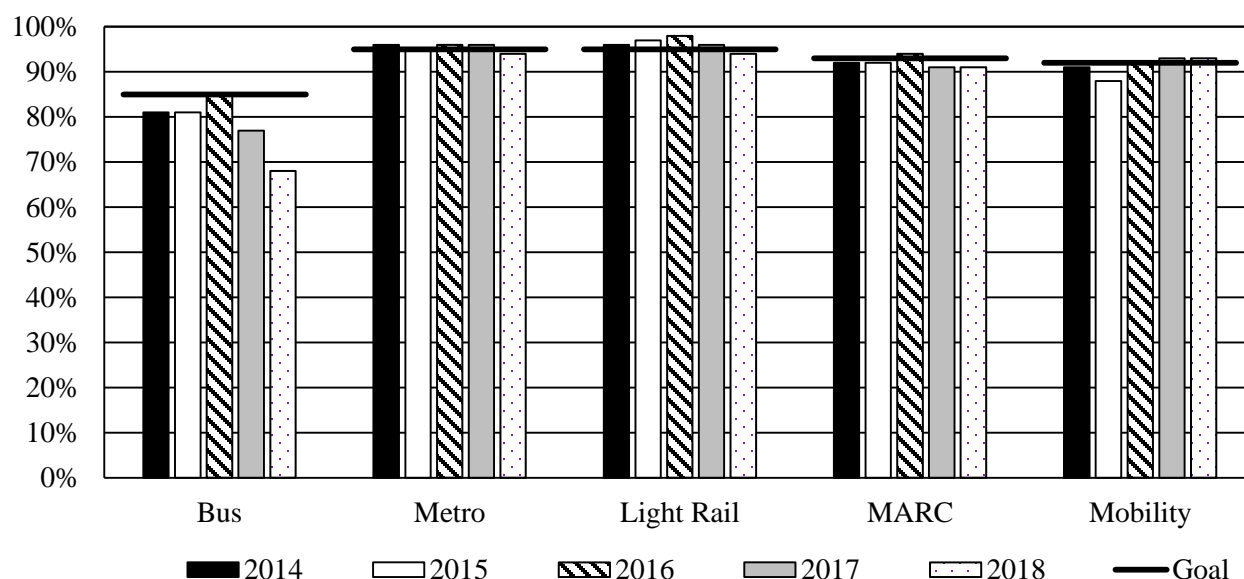
MTA: Maryland Transit Administration

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

## 2. On-time Performance a Challenge for Bus Service

As part of its goal to provide outstanding service to customers, MTA attempts to provide high on-time performance with goals of 85% on-time performance for core bus service, 95% for Metro and Light Rail service, 93% for MARC service, and 92% for Mobility services. **Exhibit 2** shows the percent of on-time service by mode for fiscal 2014 through 2018. With the exception of Mobility, none of the services met these goals in fiscal 2018. Core bus service on-time performance, which in fiscal 2018 was well short of the goal, has only met the goal once in the past five years. **MTA should brief the budget committees on the steps that it is taking to improve on-time performance, especially for core bus service.**

**Exhibit 2**  
**On-time Performance**  
**Fiscal 2014-2018**



MARC: Maryland Area Regional Commuter

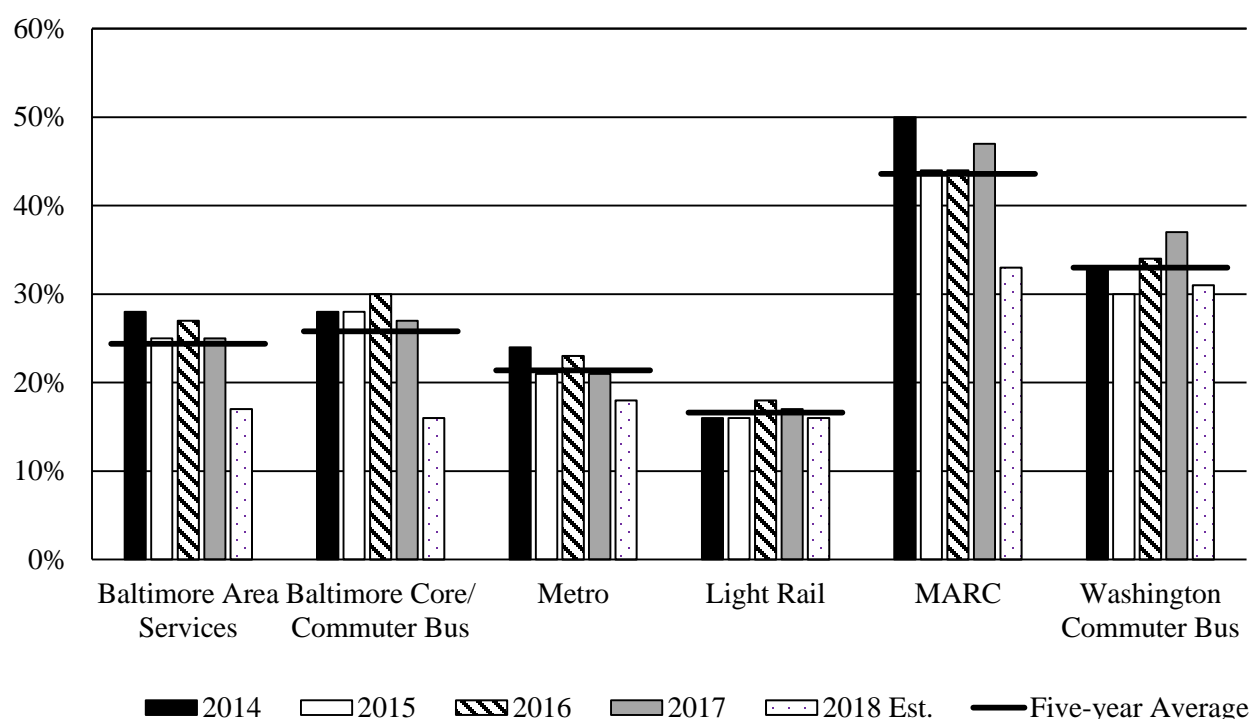
Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

## 3. Farebox Recovery

Although there is no longer a farebox recovery goal set in statute, one of MTA's objectives is to optimize farebox recovery for Baltimore area core services and MARC service. **Exhibit 3** compares the farebox recovery rates by mode of transit and for the Baltimore area services as a whole for fiscal 2014 through 2018 to their five-year average rates. The farebox recovery rates declined in

fiscal 2018 compared to the prior year for all modes. The decline in ridership is a major factor in the decline in the farebox recovery rates.

**Exhibit 3**  
**Farebox Recovery**  
**Fiscal 2014-2018**



MARC: Maryland Area Regional Commuter

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

#### 4. Transit Performance Measures Reported Inconsistently

Section 7-208 of the Transportation Article requires MTA to develop performance goals for passenger trips per vehicle revenue mile, operating expenses per passenger trip, and operating expenses per vehicle revenue mile by transit mode. As a recipient of federal transit funding, MTA is also required to report this and other performance data to the Federal Transit Administration (FTA). **Exhibit 4** shows these performance measures for core bus, Light Rail, and Metro services for fiscal 2017 to 2020 estimated. The fiscal 2017 data shown in Exhibit 4 is what MTA reported to FTA and differs from what MTA reports in the MDOT *Attainment Report* (AR) and in its Managing for Results (MFR) submission.



A review of data submitted to FTA for fiscal 2014 to 2017 showed a number of discrepancies with the data reported in the AR and MFR submissions. While revisions to data can present challenges *vis-à-vis* publication deadlines, current publications should generally report accurate and consistent data for several years in the past. There is little utility in attempting to analyze performance trends when the accuracy of the data is questionable. **MTA should brief the budget committees on why results reported to FTA differ from what is reported in State documents and how it intends to ensure that accurate data is consistently reported.**

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**Exhibit 4**  
**Transit Performance Measures**  
**Fiscal 2017-2020 Est.**

	<u>2017</u>	<u>2018 Est.</u>	<u>2018</u>	<u>2019 Est.</u>	<u>2020 Est.</u>
<b>Core Bus</b>					
Passengers Per Revenue Vehicle Mile	3.50	3.65	3.10	3.10	3.20
Operating Expenses Per Passenger Trip	\$4.34	\$3.78	\$4.78	\$4.21	\$4.28
Operating Expenses Per Revenue Vehicle Mile	\$15.33	\$13.82	\$14.65	\$14.70	\$14.75
<b>Light Rail</b>					
Passengers Per Revenue Vehicle Mile	2.50	2.12	2.50	2.50	2.60
Operating Expenses Per Passenger Trip	\$5.80	\$6.66	\$5.93	\$5.80	\$5.75
Operating Expenses Per Revenue Vehicle Mile	\$14.50	\$14.10	\$14.70	\$14.50	\$14.56
<b>Metro</b>					
Passengers Per Revenue Mile	2.30	2.17	1.90	2.00	2.10
Operating Expenses Per Passenger Trip	\$4.96	\$4.97	\$7.16	\$7.00	\$7.00
Operating Expenses Per Revenue Vehicle Mile	\$11.43	\$10.78	\$13.78	\$12.50	\$12.50

Source: Federal Transit Administration, National Transit Database (2017); Governor's Fiscal 2018-2020 Budget Books

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## **5. MTA Performance Compared to Peer Systems Is Mixed**

MTA is required by statute to submit an annual report that compares MTA to other similar transit systems nationwide. **Exhibit 5** shows this comparison for local bus systems for operating expenses per vehicle revenue mile, operating expenses per passenger trip, and passenger trips per vehicle revenue mile based on fiscal 2017 data, the most recent year for which data is available. MTA's performance compares favorably to its peers for operating expenses per passenger trip and passenger trips per vehicle revenue mile, having the third and second best performance, respectively, among its

peers. On the operating expenses per vehicle revenue mile, however, five of the peer systems have better performance than Baltimore.

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**Exhibit 5**  
**Local Bus Performance Compared to Peer Systems**  
**Fiscal 2017**

	<u>Operating Expenses Per Vehicle Revenue Mile</u>	<u>Operating Expenses Per Passenger Trip</u>	<u>Passenger Trips Per Vehicle Revenue Mile</u>
Baltimore	\$15.33	\$4.34	3.5
Average	14.09	5.67	2.8
Atlanta	7.95	3.63	2.2
Dallas	9.44	8.15	1.2
Houston	9.62	5.73	1.7
New York	29.31	3.65	8.0
Pittsburgh	14.31	5.64	2.5
San Jose	15.73	8.49	1.9
Seattle	15.54	5.15	3.0
Utah	7.88	6.75	1.2
Washington, DC	15.77	5.13	3.1

Note: Shaded entries indicate better performance by the peer system relative to that of Baltimore.

Source: Federal Transit Administration, National Transit Database

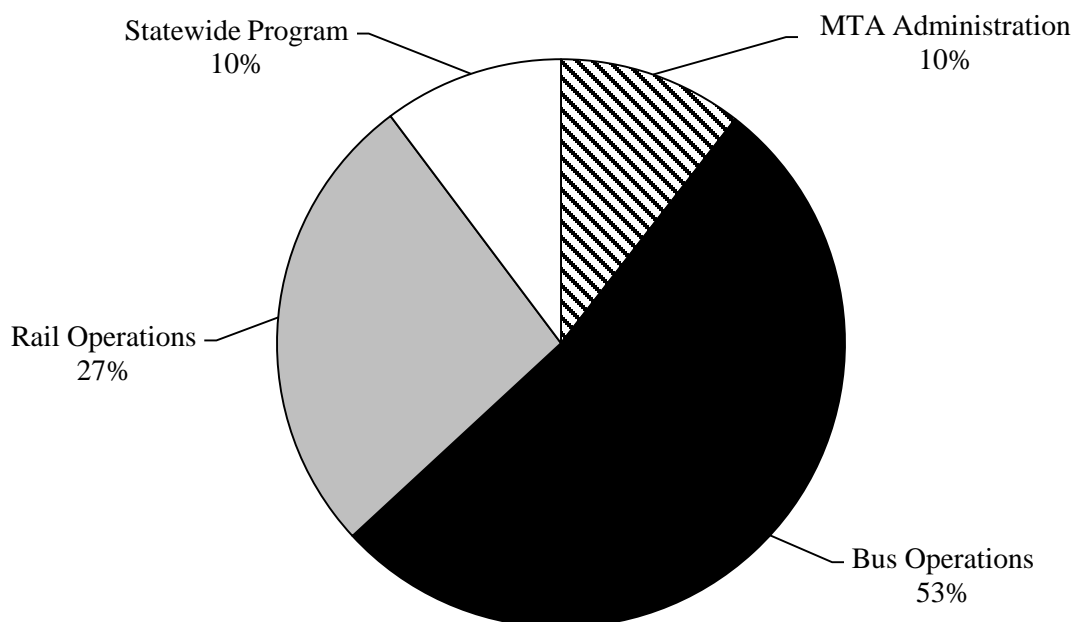
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## **Fiscal 2020 Allowance**

### **Overview of Agency Spending**

**Exhibit 6** shows the share of the fiscal 2020 operating budget that each of the functions within MTA represent. Bus service accounts for over half, and rail service comprises over a quarter of the fiscal 2020 MTA budget.

**Exhibit 6**  
**Maryland Transit Administration Budget by Function**  
**Fiscal 2020**



**Total Operating Budget: \$886.4 Million**

MTA: Maryland Transit Administration

Note: Does not include the fiscal 2020 general salary increase funding that will be added by budget amendment.

Source: Governor's Fiscal 2020 Budget Books

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### **Proposed Budget Change**

As shown in **Exhibit 7**, MTA's fiscal 2020 allowance is \$38.3 million higher than the current year working appropriation. Personnel expenses increase by a net \$16.6 million driven by the workers' compensation premium assessment and reclassifications/hiring above base. Nonpersonnel increases comprise transit administration (\$55,000), bus operations (\$11.6 million), rail operations (\$9.0 million), and statewide operations (\$1.1 million).

**Exhibit 7**  
**Proposed Budget**  
**MDOT – Maryland Transit Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2018 Actual	\$797,481	\$61,364	\$858,845
Fiscal 2019 Working Appropriation	790,256	59,595	849,851
Fiscal 2020 Allowance	<u>825,912</u>	<u>62,279</u>	<u>888,191</u>
Fiscal 2019-2020 Amount Change	\$35,656	\$2,685	\$38,340
Fiscal 2019-2020 Percent Change	4.5%	4.5%	4.5%

**Where It Goes:****Personnel Expenses**

Workers' compensation premium assessment .....	\$6,215
Position reclassifications and hiring above base .....	4,040
Retirement and union pension contributions .....	2,454
Overtime – increase due to increased hourly rate .....	2,000
General salary increase .....	1,712
Annualize fiscal 2019 2% general salary increase .....	514
\$500 bonus funding not carried into fiscal 2020 .....	-1,396
Other fringe benefit adjustments .....	78

**Transit Administration**

Rent .....	114
Subscriptions .....	-6
Utilities – electricity .....	-7
Insurance paid to the State Treasurer .....	-46

**Bus Operations**

TaxiAccess .....	7,891
Paratransit contracts .....	7,309
Vehicle gas and oil – lower than 2018 actual .....	2,278
Intercounty Connector commuter bus contract .....	702
Utilities – electricity .....	106
Rent .....	-4
Baltimore MARC janitorial contract – reduction based on fiscal 2019 trends .....	-100
Utilities – natural gas and propane .....	-101

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**Where It Goes:**

Other motor vehicle charges .....	-260
Baltimore commuter bus contracts .....	-821
Advertising and legal publication – BaltimoreLink rollout marketing advertising .....	-975
Vehicle maintenance and repair .....	-1,000
Washington commuter bus contracts .....	-3,432

**Rail Operations**

MARC line access contracts .....	4,334
MARC third-party operator contract.....	2,609
Vehicle gas and oil – lower than 2018 actual .....	937
Energy conservation loan repayment .....	796
Utilities – electricity.....	609
Other nondata processing contractual services .....	62
Rent .....	28
Utilities – natural gas and propane.....	8
Grounds maintenance contracts – reduction based on fiscal 2019 trends .....	-400

**Statewide Operations**

LOTS Rural Area Operating Assistance grants .....	975
LOTS elderly individuals and individuals with disabilities – county and nonprofit grants....	858
LOTS State Job Access Reverse Commute grants .....	400
LOTS Small Urban Area Operating Assistance grants .....	265
Freight services grant to Maryland and Delaware Railroad Company .....	161
LOTS Americans with Disabilities Act grants.....	-218
LOTS Large Urban State grants.....	-365
Fort Meade ridesharing contract eliminated .....	-1,000

<b>Other</b> .....	1
<b>Total</b>	<b>\$38,340</b>

LOTS: Locally Operated Transit Systems  
MARC: Maryland Area Regional Commuter  
MDOT: Maryland Department of Transportation

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

## **Potential Underfunding**

MTA’s fiscal 2020 budget includes several areas of potential underfunding and one known area of underfunding. The areas of potential underfunding comprise salary and benefit funding for its union workforce, overtime, and grounds maintenance.

With respect to its union workforce, the Collective Bargaining Agreement (CBA) with its largest union, Amalgamated Transit Union – Local 1300, expired June 30, 2018. MTA indicates that negotiations on a new CBA are at an impasse and have been submitted for binding arbitration. In the past, binding arbitration decisions have required MTA to provide retroactive wage and benefit payments. There is no funding in the fiscal 2019 or 2020 MTA budgets to cover any wage or benefit payment increases that may be awarded through the binding arbitration process.

For both overtime and grounds maintenance, the amounts included in the fiscal 2020 budget are significantly below what MTA actually spent in these areas in fiscal 2018. Despite the \$2 million increase in funding for overtime compared to the fiscal 2019 budget, the fiscal 2020 allowance is \$10.7 million less than actual overtime expenditures in fiscal 2018. Funding for grounds maintenance, which includes snow removal activities, decreases by \$500,000 in the fiscal 2020 allowance, resulting in funding that is \$6.9 million lower than actual expenditures in fiscal 2018.

The area of known underfunding is contributions for the MTA pension system that are \$23.1 million below the actuarially determined contribution (ADC) in the fiscal 2019 working appropriation. The amount budgeted in fiscal 2020 is \$19.1 million below ADC for fiscal 2019 – MTA does not obtain an ADC for the allowance year. See Issue 1 of this analysis for further discussion of MTA pension contributions.

## **PAYGO Capital Program**

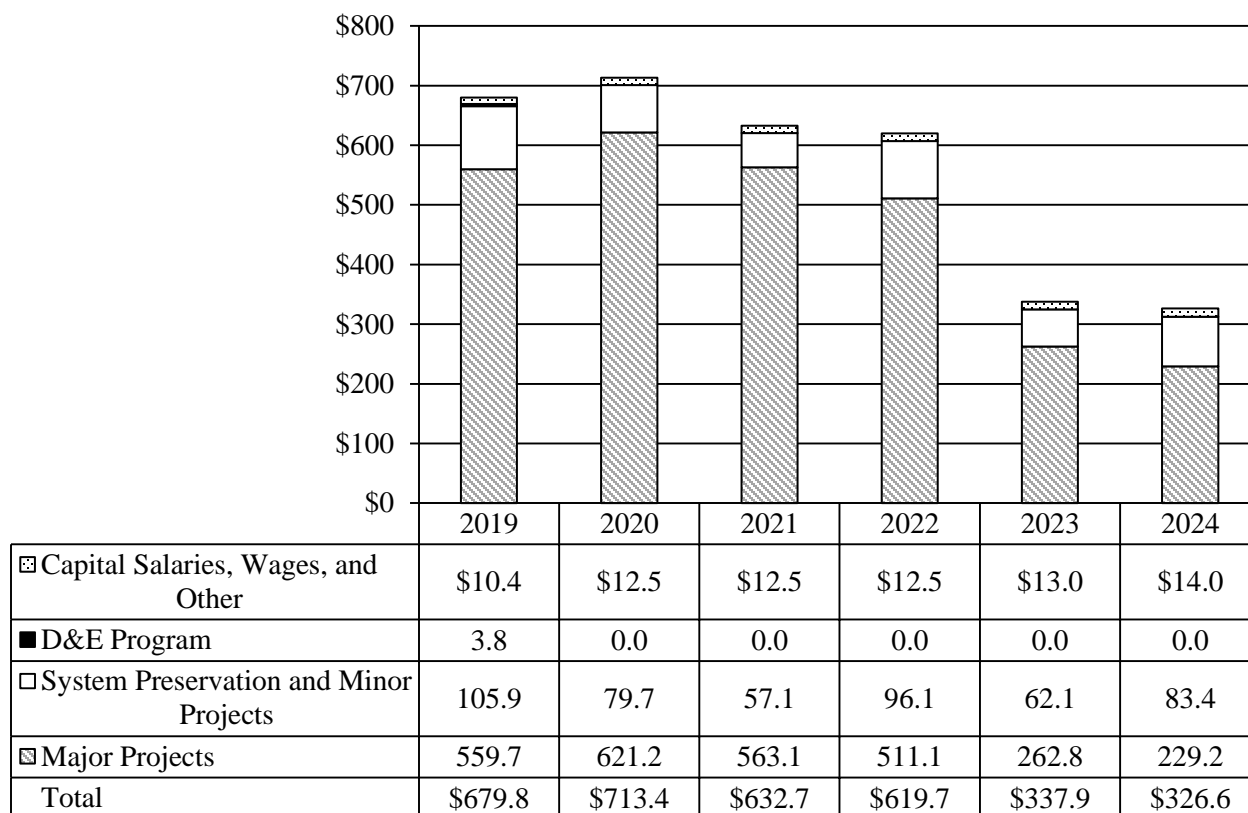
### **Program Description**

MTA’s capital program provides funds to support the design, construction, rehabilitation, and acquisition of facilities and equipment for bus, rail, and statewide programs. The program also provides State and federal grants to local jurisdictions and nonprofit organizations to support the purchase of transit vehicles and the construction of transit facilities.

### **Fiscal 2019 to 2024 Consolidated Transportation Program**

The fiscal 2019 to 2024 six-year capital program for MTA totals \$3.3 billion (including “other” funds that do not flow through the MTA budget), a decrease of \$71.7 million from the prior year six-year program. **Exhibit 8** shows the programmed spending by category for fiscal 2019 to 2024.

**Exhibit 8**  
**Programmed Spending by Category**  
**Fiscal 2019-2024**  
**(\$ in Millions)**



D&E: development and evaluation

Source: Maryland Department of Transportation, Fiscal 2019-2024 *Consolidated Transportation Program*

### Fiscal 2020 PAYGO Capital Allowance

MTA's capital program in fiscal 2020, including other funds that do not flow through MTA's budget, totals \$713.4 million, an increase of \$33.6 million over the current year working appropriation. **Exhibit 9** shows the programmed fiscal 2020 capital spending by project and program along with the estimated total project cost and six-year funding included in the *Consolidated Transportation Program* (CTP).

**Exhibit 9**  
**Maryland Transit Administration PAYGO Capital**  
**Fiscal 2020**  
**(\$ in Millions)**

<b><u>Project/Program Title</u></b>	<b><u>2020</u></b>	<b><u>Total Cost</u></b>	<b><u>Six-year Total</u></b>
<b>Projects</b>			
MARC Maintenance, Layover, and Storage Facility	\$6.4	\$43.9	\$41.3
MARC Improvements on Camden, Brunswick, and Penn Lines	36.9	403.9	184.0
MARC Coaches – Overhauls and Replacement	24.9	246.5	70.6
MARC Locomotives – Overhauls and Replacements	6.1	145.1	97.5
MARC Positive Train Control	5.1	36.8	19.9
MARC BWI Station Upgrades and Repairs	0.2	13.7	7.9
MARC Camden Station Improvements	1.2	7.2	6.4
Homeland Security	0.2	8.1	4.9
Light Rail Vehicle Overhaul	25.2	203.2	100.9
Light Rail Safety Improvements	22.5	86.7	72.2
Metro Railcar and Signal System Overhauls and Replacement	83.2	529.7	450.3
Metro Safety Improvements	7.9	41.0	22.3
Metro Interlocking Renewals	15.3	76.8	52.3
Metro Maintenance Facility Improvements	1.9	10.6	10.6
Kirk Bus Facility Replacement	39.2	182.2	81.8
Bus Communications Systems Upgrade	15.1	45.6	35.2
Bus Network Improvements	3.1	39.0	11.2
Beyond the Bus Stop	0.5	5.6	5.6
North Avenue Rising	6.3	27.3	25.3
Fare Collection System Enhancements and Equipment Preservation	1.5	66.0	26.3
Agencywide Roof Replacement Program	3.0	33.8	19.9
Agencywide Elevator and Escalator Rehabilitation	0.0	56.0	54.3
Agencywide Radio and Telecommunications Upgrade	7.3	30.2	22.5
Purple Line	175.1	1,478.3	609.5
Purple Line – Montgomery County Funded Projects	33.1	144.5	109.7
Transit Innovation Grant	1.5	2.0	2.0
<b>Subtotal – Projects</b>	<b>\$522.7</b>	<b>\$3,963.5</b>	<b>\$2,144.4</b>
<b>Programs</b>			
System Preservation and Minor Projects	\$79.7	\$0.0	\$484.3
Freight Bridge Rehabilitation	5.5	0.0	27.3
Bus Procurement	49.3	0.0	289.5



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<b><u>Project/Program Title</u></b>	<b><u>2020</u></b>	<b><u>Total Cost</u></b>	<b><u>Six-year Total</u></b>
Mobility Vehicle Procurement	8.6	0.0	60.0
Locally Operated Transit Systems Capital Procurement Projects	26.7	0.0	133.2
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	5.7	0.0	27.7
Montgomery County Local Bus Program	2.0	0.0	13.0
Prince George’s County Local Bus Program	0.7	0.0	5.2
Capital Salaries and Wages	12.5	0.0	74.9
<b><i>Subtotal – Programs</i></b>	<b><i>\$190.7</i></b>	<b><i>\$0.0</i></b>	<b><i>\$1,115.2</i></b>
<b>Total – Projects and Programs</b>	<b>\$713.4</b>	<b>\$3,963.5</b>	<b>\$3,259.6</b>

BWI: Baltimore-Washington International Thurgood Marshall Airport

MARC: Maryland Area Regional Commuter

PAYGO: pay-as-you-go

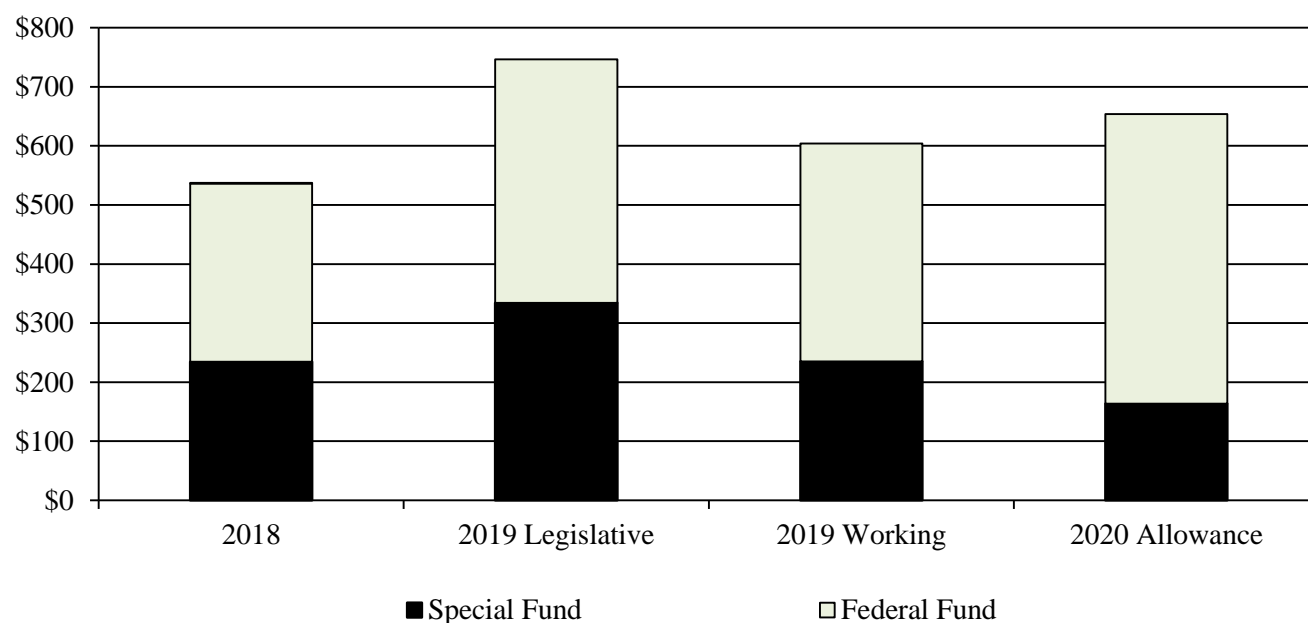
Source: Maryland Department of Transportation, Fiscal 2019-2024 *Consolidated Transportation Program*

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### **Fiscal 2019 and 2020 Cash Flow Analysis**

**Exhibit 10** shows the changes in MTA capital spending (exclusive of “other funds”) for fiscal 2018 through the 2020 allowance and includes both the 2019 legislative and working appropriations. The fiscal 2019 working appropriation is \$142.6 million lower than the legislative appropriation, and the fiscal 2020 allowance is \$49.5 million higher than the fiscal 2019 working appropriation. If other funds are included, the fiscal 2019 working appropriation is \$131.9 million lower than the legislative appropriation, and the fiscal 2020 allowance is \$33.6 million higher than the working appropriation.

**Exhibit 10**  
**Cash Flow Changes**  
**Fiscal 2018-2020**  
**(\$ in Millions)**



Source: Governor's Fiscal 2020 Budget Books

**Cash Flow Analysis – Fiscal 2019 Changes**

As shown in **Exhibit 11**, the net decrease of \$131.9 million (including other funds) between the fiscal 2019 legislative and working appropriations comprises reductions for major projects (-\$176.4 million) and capital salaries and wages (-\$2.1 million) partially offset by increases in funding for system preservation and minor projects (\$44.0 million) and a development and evaluation (D&E) program project (\$2.6 million).

**Exhibit 11**  
**Cash Flow Changes**  
**Fiscal 2019 Legislative to Working Appropriations**  
**(\$ in Millions)**

	<u><b>Change</b></u>
<b>Major Projects</b>	<b>-\$176.4</b>
MARC Improvements on Camden, Brunswick, and Penn Lines	\$23.4
MARC Positive Train Control	11.9
Light Rail Safety Improvements	9.0
Locally Operated Transit Systems Capital Procurement Projects	5.5
Freight Bridge Rehabilitation	5.1
Punch List Spending on Projects in Service	3.9
Homeland Security	3.6
Metro Interlocking Renewals	3.5
Metro Safety Improvements	3.3
Fare Collection System Enhancements and Equipment Preservation	2.0
MARC BWI Station Upgrades and Repairs	1.9
Howard Street Rail and Interlocking Replacement	1.4
Bus Network Improvements	1.0
Prince George's County Local Bus Program	0.7
Agencywide Elevator and Escalator Rehabilitation	0.7
Metro Maintenance Facility Improvements	0.4
MARC Camden Station Improvements	0.3
Beyond the Bus Stop	0.2
Agencywide Roof Replacement Program	0.2
North Avenue Rising	0.1
Purple Line – Montgomery County Funded Projects	-0.1
Montgomery County Local Bus Program	-1.2
Mobility Vehicle Procurement	-1.5
MARC Locomotives – Overhauls and Replacements	-2.5
Light Rail Vehicle Overhaul	-2.5
Bus Communications Systems Upgrade	-2.7
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	-3.0
Agencywide Radio and Telecommunications Upgrade	-5.1
MARC Maintenance, Layover, and Storage Facility	-5.2
MARC Coaches – Overhauls and Replacement	-5.8
Bus Procurement	-7.7
Kirk Bus Facility Replacement	-11.4
Metro Railcar and Signal System Overhauls and Replacement	-23.4
Purple Line	-182.4

	<u><b>Change</b></u>
<b>Development and Evaluation Projects</b>	<b>\$2.6</b>
Corridor Cities Transitway	\$2.6
<b>System Preservation and Minor Projects</b>	<b>\$44.0</b>
<b>Capital Salaries and Wages</b>	<b>-\$2.1</b>
<b>Total Change</b>	<b>-\$131.9</b>

BWI: Baltimore-Washington International Thurgood Marshall Airport

MARC: Maryland Area Regional Commuter

Source: Maryland Department of Transportation, Fiscal 2019-2024 *Consolidated Transportation Program*; Department of Legislative Services

### **Cash Flow Analysis – Fiscal 2019 to 2020 Changes**

As shown in **Exhibit 12**, the fiscal 2020 capital appropriation (including other funds) increases by a net \$33.6 million. Increased funding for major projects (\$61.6 million) and capital salaries and wages (\$2.1 million) is partially offset by decreases in funding for system preservation and minor projects (-\$26.2 million) and a D&E program project (-\$3.8 million).

### **Exhibit 12 Cash Flow Changes Fiscal 2019 Working Appropriation to Fiscal 2020 Allowance (\$ in Millions)**

	<u><b>Change</b></u>
<b>Major Projects</b>	<b>\$61.6</b>
Metro Railcar and Signal System Overhauls and Replacement	\$45.1
Purple Line	22.6
MARC Coaches – Overhauls and Replacement	12.7
Kirk Bus Facility Replacement	12.3
Metro Interlocking Renewals	8.8
Bus Procurement	6.2
Light Rail Safety Improvements	4.5
North Avenue Rising	3.7
Agencywide Radio and Telecommunications Upgrade	3.2
Assistance to Private Nonprofit Agencies for the Transportation of the Elderly and Persons with Disabilities	3.1
MARC Maintenance, Layover, and Storage Facility	3.1
Metro Maintenance Facility Improvements	1.6

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	<u><b>Change</b></u>
Metro Safety Improvements	1.5
Transit Innovation Grant	1.0
Agencywide Roof Replacement Program	0.3
Beyond the Bus Stop	0.2
Mobility Vehicle Procurement	0.2
Locally Operated Transit Systems Capital Procurement Projects	0.1
Montgomery County Local Bus Program	-0.1
Agencywide Elevator and Escalator Rehabilitation	-0.7
Prince George's County Local Bus Program	-0.8
Light Rail Vehicle Overhaul	-1.1
Howard Street Rail and Interlocking Replacement	-1.5
Bus Network Improvements	-1.6
MARC Improvements on Camden, Brunswick, and Penn Lines	-1.8
MARC Camden Station Improvements	-4.1
Freight Bridge Rehabilitation	-4.3
Fare Collection System Enhancements and Equipment Preservation	-4.5
Purple Line – Montgomery County Funded Projects	-4.5
Homeland Security	-4.6
Bus Communications Systems Upgrade	-5.0
Punch List Spending on Projects in Service	-5.9
MARC BWI Station Upgrades and Repairs	-7.0
MARC Positive Train Control	-9.7
MARC Locomotives – Overhauls and Replacements	-11.6
<b>Development and Evaluation Projects</b>	<b>-\$3.8</b>
Corridor Cities Transitway	-\$3.8
<b>System Preservation and Minor Projects</b>	<b>-\$26.2</b>
<b>Capital Salaries and Wages</b>	<b>\$2.1</b>
<b>Total Change</b>	<b>\$33.6</b>

BWI: Baltimore-Washington International Thurgood Marshall Airport  
MARC: Maryland Area Regional Commuter

Source: Maryland Department of Transportation, Fiscal 2019-2024 *Consolidated Transportation Program*; Department of Legislative Services

## **Significant Changes from the Previous CTP**

**Exhibit 13** shows changes to the fiscal 2019 to 2024 CTP and lists projects added to and removed from the construction program as well as projects removed from the D&E program.

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### **Exhibit 13 Major Project Significant Changes to the Fiscal 2019 to 2024 CTP (\$ in Millions)**

#### **Projects Added to the Construction Program**

Metro Maintenance Facility Improvements (New Federal Transit Administration Funding)	\$10.6
Beyond the Bus Stop (Discretionary Grant)	5.6

#### **Projects Removed from the Construction Program**

MARC Growth and Investment Program – Projects Moved to MARC Improvements on Camden, Brunswick, and Penn Line Project

#### **Projects Removed from the Development and Evaluation Program**

Southern Maryland Rapid Transit Study – Study is Complete  
MARC Northeast Maintenance Facility – Project Will Not Move Forward

CTP: *Consolidated Transportation Program*

MARC: Maryland Area Regional Commuter

Source: Maryland Department of Transportation, Fiscal 2019-2024 *Consolidated Transportation Program*

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## ***Issues***

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### **1. MTA Long-term Pension Funding Plan Is Based on Assumptions That Are Unlikely to Be Realized**

Committee narrative in the 2018 *Joint Chairmen's Report* (JCR) requested that MTA brief the Joint Committee on Pensions (JCP) on the features of the MTA pension plan and the actions that it intends to take to improve the funded status of its pension plan and report to the budget committees on the outcome of its discussions with JCP. The committees noted that the MTA pension plan for its unionized workforce had a funded ratio of only 40.9% at the end of fiscal 2017 and that MTA had budgeted only 70.9% of ADC in that year.

#### **Background**

MTA provides a pension plan as a continuation of retirement benefits provided by the Baltimore Transit Company prior to it being taken over by the State in 1970. As a condition of receiving federal transit funding, MTA must comply with the federal Urban Mass Transportation Act, under which employees of transit systems taken over by the public sector are entitled to the continuation of collective bargaining rights, including binding arbitration.

As of July 1, 2018, the MTA pension plan covers 5,092 participants, including 2,638 active participants, 1,933 retirees and beneficiaries, and 521 terminated vested participants and had an unfunded actuarial liability of \$419.4 million and a funded ratio of 43%.

#### **JCR Response**

In the report that MTA submitted in response to the committee narrative, it notes that collective bargaining with binding arbitration has produced a pension system that generally provides union employees with greater benefits at lower employee costs than the State system and that it is severely limited in its ability to make significant reforms to its pension system to reduce costs. To illustrate this point, MTA reports that in order to secure the cost-saving requirement that union employees begin to contribute a portion of their salaries (2%) to the pension fund, MTA had to agree to salary and benefit changes that actually increased the actuarial pension liability by \$100 million. Despite the acknowledgement that the most recent effort to make cost-saving changes to its pension plan did not fare well in the collective bargaining and binding arbitration process, MTA's plan for addressing the low-funded status of its pension plan relies heavily on changes that will be subject to collective bargaining and ultimately binding arbitration.

#### **MTA Long-term Funding Plan**

In its report, MTA proposes a plan to reach full funding of its pension plan by fiscal 2035 that relies on increased contributions from its union employees as well as increased employer contributions. Under the plan, union employee contributions would increase in steps from the 2% of salary currently in effect to 7% by fiscal 2024. The increased employer contributions would be matched dollar for dollar

by increased employer contributions. After fiscal 2024, employer contributions would increase 1.5% each year. MTA notes that in order to achieve full funding by fiscal 2035, this plan assumes no additional pension enhancements and moderate salary increases. MTA also indicates that it will consider pursuing additional changes to the MTA pension system to align it more closely to the State's retirement plan. These changes relate to the benefit multiplier, the number of years used in the average final compensation calculation, retiree cost-of-living allowance caps, exclusion of overtime from pensionable earnings, and retirement eligibility age.

## **Conclusions and Recommendations**

All of the changes outlined by MTA to achieve full-funded status for its pension plan are laudable goals and would bring the MTA pension system more in line with that of the State system. It is unclear, however, why MTA believes that it will be any more successful in obtaining the changes to its pension plan that it outlines in its report than it was in achieving pension cost savings by requiring employee contributions. Until MTA starts to achieve more success in the collective bargaining process, it should implement a steady increase in its contributions to its pension plan until it reaches the actuarially determined contribution level. Budget bill language indicating the intent that MTA annually increase its pension contribution by \$5 million until it reaches the actuarially determined contribution level is included in the Recommended Actions section of this analysis.

## **2. MTA Workers' Compensation**

MTA's workers' compensation premium assessment increases by 45% (\$6.2 million) in fiscal 2020, the largest increase in the past 10 years. Assessments are history-based, indicating a high level of workers' compensation claims by MTA employees. **Exhibit 14** shows the workers' compensation funding history for fiscal 2011 to 2020. **MTA should brief the budget committees on the reasons for the large increase in the assessment in fiscal 2020 and the actions that it is taking to reduce the causes for the increase.**

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**Exhibit 14**  
**MTA Workers' Compensation Premium Assessment**  
**Fiscal 2011-2020**  
**(\$ in Millions)**

<u><b>Fiscal</b></u>	<u><b>Amount</b></u>	<u><b>Change From Prior Year</b></u>	<u><b>% Change</b></u>
2011	\$8.4		
2012	11.7	\$3.3	39.3%
2013	12.0	0.3	2.6%
2014	15.4	3.4	28.3%
2015	16.7	1.3	8.4%



<u>Fiscal</u>	<u>Amount</u>	<u>Change From Prior Year</u>	<u>% Change</u>
2016	14.4	-2.3	-13.8%
2017	13.6	-0.8	-5.6%
2018	13.4	-0.2	-1.5%
2019	13.8	0.4	3.0%
2020	20.0	6.2	44.9%

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

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### **3. MTA Implementing Recommendations from Peer Review Following 2018 Metro Shutdown**

Beginning in February 2018, MTA instituted an unscheduled shutdown of the Baltimore Metro System in order to replace tracks that had been identified during an inspection as having significant defects. The shutdown, which lasted almost a month, prompted MTA to seek a peer review of the practices and procedures used by MTA to inspect and monitor the subway system. The peer review was conducted by the American Public Transportation Association (APTA), the leading national membership organization for public transit systems. MDOT, in its capacity as the federally required State Safety Oversight Agency (SSOA), also conducted an audit of the Metro track inspection and maintenance program.

Committee narrative in the 2018 JCR requested MTA to submit a report summarizing the findings and recommendations of these reviews. MTA was also requested to detail all costs incurred by MTA in responding to the shutdown. **Exhibit 15** lists the findings of the peer review and the audit. APTA provided 46 recommendations related to 7 findings. The SSOA audit includes 8 findings and recommendations.

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#### **Exhibit 15 2018 Baltimore Metro System Shutdown Review Findings**

##### **American Public Transportation Association Peer Review**

	<u>Number of Recommendations</u>
<b>Finding 1:</b> Organizational disconnect between operations and engineering	4
<b>Finding 2:</b> Technology training and utilization	7

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	<b><u>Number of Recommendations</u></b>
<b>Finding 3:</b> Track standard operating procedures and training	12
<b>Finding 4:</b> Human resources and staffing	8
<b>Finding 5:</b> Slow orders	4
<b>Finding 6:</b> Signals and power	11
<b>Finding 7:</b> Other observations – 13 issues observed during the peer review	n/a
<b>Total Recommendations</b>	<b>46</b>

**State Safety Oversight Agency Special Audit**

- Finding 1:** MTA's track standard was revised after the metro shutdown without proper analysis of changes to defect thresholds
- Finding 2:** Mitigating measures for gauge face angle defects are inconsistent with the nature of track conditions
- Finding 3:** MTA's Metro and Light Rail track inspection personnel do not receive consistent training or instruction on how to measure gauge face angles
- Finding 4:** MTA's process for review and update of the field guide for track inspectors was inadequate
- Finding 5:** Maximo is not configured properly for entry of track inspection data, increasing the likelihood of erroneous entry and the possibility of losing important defect information
- Finding 6:** MTA's hard-copy track inspection forms lack an appropriate space for recording of key inspection information
- Finding 7:** MTA has not consistently tracked and resolved defects recorded in track inspection reports
- Finding 8:** Major track defects are not currently recorded in Metro and Light Rail's Hazard Tracking Logs

MTA: Maryland Transit Administration

Source: American Public Transportation Association; Maryland Department of Transportation, State Safety Oversight Agency

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MTA reports that it incurred costs totaling \$5.6 million related to the shutdown. **Exhibit 16** provides a breakdown of the shutdown related expenses.

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**Exhibit 16**  
**Costs Incurred Due to the 2018 Baltimore Metro Shutdown**

<u><b>Activity</b></u>	<u><b>Cost</b></u>
Contractor – Rail Replacement	\$2,644,169.20
Ancillary Contractor – Emergency Repairs	346,106.12
Bus Bridge	1,989,150.00
Construction Management/Ancillary Inspection and Support Services	243,148.63
Systems Ancillary Construction Management/Program Management Services	14,478.90
Safety	9,400.09
Quality Assurance/Quality Control Support	1,431.30
Maryland Transit Administration Employee Labor	174,219.98
Transit Ambassadors	147,881.50
Signage	2,667.50
<b>Total</b>	<b>\$5,572,653.22</b>

Source: Maryland Transit Administration

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**MTA should brief the budget committees on the status of the implementation of the recommendations arising out of the reviews conducted related to the shutdown.**

## ***Operating Budget Recommended Actions***

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1. Add the following language:

It is the intent of the General Assembly that the Maryland Transit Administration (MTA) increases its contributions to the MTA Pension Plan to improve the funded ratio of that plan. Therefore, funds budgeted for pension contributions shall be increased by \$5,000,000 in each fiscal year of the fiscal 2021 to 2025 financial forecast. In addition, each subsequent financial forecast shall increase the budgeted level of pension contributions by \$5,000,000 in each fiscal year until the budgeted level reflects at least the most recent actuarially determined contribution.

**Explanation:** The MTA pension plan had a funded ratio of only 43.01% as of July 1, 2018, and the funding for pension contributions to the MTA pension plan in fiscal 2020 was only 70.4% of the actuarially determined contribution. This language requires MTA to increase its budgeted pension contributions by \$5 million annually until it reflects the actuarially determined contribution level.

## ***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Purple Line Light Rail Project**

With construction well underway on the Purple Line, MTA provided the following milestones reached in the past year:

- Plymouth Tunnel Excavation (1,000 feet) – top heading broke through in the third week of December 2018.
- Work at the Bethesda Station South Entrance elevator shaft commenced in 2018 and is underway. These elevators will connect the Purple Line to the Washington Metropolitan Area Transit Authority Red Line Station in Bethesda.
- Bethesda Station Box work by Carr Properties is complete. Allowing the developer to construct this box enabled a \$500 million residential and commercial development to move forward.
- Work at the Glenridge Operations and Maintenance Facility commenced in fall 2018 and is underway.
- Lyttonsplace Bridge was replaced and opened to traffic in early January 2019.
- Work at the Baltimore/Washington Parkway Temporary Bridge commenced. This work is needed to allow the train to pass under the parkway.
- Concessionaire is assembling the first of 26 light rail vehicles in Elmira, New York.
- Utility relocation underway across the 16.2-mile alignment.
- Wall construction underway across the 16.2-mile alignment.

MTA indicates that the contractual revenue service availability date remains March 2022, and there has been no revision to the project cost.

### **2. Maryland Metro/Transit Funding Act of 2018**

The Maryland Metro/Transit Funding Act (Chapters 351 and 352) includes provisions requiring the Governor to include an appropriation:

- in the fiscal 2020 budget for the operations of MTA that is at least 4.4% greater than the appropriation in the fiscal 2019 budget as introduced; and

- in fiscal 2020 through 2022 for the capital needs of MTA of at least \$29.1 million that is in addition to any other capital funding otherwise available for MTA (\$87.3 million three-year total).

The fiscal 2020 budget, as introduced, includes an increase in MTA's operating budget of 4.4% that complies with the operating budget mandate. The fiscal 2019 to 2024 CTP identifies \$87.3 million in additional capital funding for MTA that complies with the capital budget mandate. **Exhibit 17** lists the uses to which the additional capital funding will be put.

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**Exhibit 17**  
**Uses of Additional Capital Funding Mandated by the**  
**Maryland Metro/Transit Funding Act of 2018**  
**Fiscal 2020-2022**  
**(\$ in Millions)**

<b><u>Project</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
Bus System Preservation	This project includes replacement and repair of bus facility assets, including concrete slab floors, electrical, and mechanical components.	\$10.2
Light Rail System Preservation	This project includes the replacement and repair of light rail system assets, including rail, brackets, ties, electrical, and mechanical components.	47.6
Metro System Preservation	This project includes the replacement and repair of metro facility and system assets, including rail, interlockings, doors, electrical, and mechanical components.	18.2
Agencywide System Preservation	This project includes the replacement and repair of facility and system assets throughout the agency including server infrastructure and fare collection components beyond useful life.	11.3
<b>Total</b>		<b>\$87.3</b>

Source: Maryland Department of Transportation, Fiscal 2019-2024 *Consolidated Transportation Program*

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### **3. Red Line Light Rail Project Restart Report**

The 2018 JCR included committee narrative that requested MTA to evaluate and report on the feasibility of either restarting the Red Line Light Rail project or developing alternatives to address east-west transit options in Baltimore City. MTA submitted the requested report. In the report, MTA notes several challenges to restarting the project. The large cost of the project and lack of resources to devote to it are cited as two of the biggest obstacles. MTA also notes that Chapters 351 and 352 (Maryland Metro/Transit Funding Act) require MTA to “...establish and follow a Central Maryland Regional Transit Plan. Any long-term strategy or project to address east-west transit needs should be identified and prioritized following – not preceding – the Plan’s development.”



**Appendix 1**  
**Current and Prior Year Budgets**  
**MDOT – Maryland Transit Administration**  
**(\$ in Thousands)**

	<b><u>General</u></b> <b><u>Fund</u></b>	<b><u>Special</u></b> <b><u>Fund</u></b>	<b><u>Federal</u></b> <b><u>Fund</u></b>	<b><u>Reimb.</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2018</b>					
Legislative Appropriation	\$0	\$768,592	\$59,501	\$0	\$828,093
Deficiency/Withdrawn Appropriation	0	-732	0	0	-732
Cost Containment	0	0	0	0	0
Budget Amendments	0	29,621	1,863	0	31,484
Reversions and Cancellations	0	0	0	0	0
<b>Actual</b>					
<b>Expenditures</b>	<b>\$0</b>	<b>\$797,481</b>	<b>\$61,364</b>	<b>\$0</b>	<b>\$858,845</b>
<b>Fiscal 2019</b>					
Legislative Appropriation	\$0	\$789,389	\$59,501	\$0	\$848,889
Budget Amendments	0	463	51	0	514
<b>Working</b>					
<b>Appropriation</b>	<b>\$0</b>	<b>\$789,852</b>	<b>\$59,552</b>	<b>\$0</b>	<b>\$849,403</b>

MDOT: Maryland Department of Transportation

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

## **Fiscal 2018**

The fiscal 2018 budget for the Maryland Transit Administration closed out \$30.8 million higher than the legislative appropriation. Special funds closed out a net \$28,888,651 higher comprising a withdrawal of \$732,472 to reflect over budgeted health insurance subsidies and funds added by budget amendment totaling \$29,621,123. Federal funds closed out \$1,863,351 higher reflecting funds added by budget amendment for various federal grant programs.

The special funds added by budget amendment were for the following purposes:

- ***Bus Operations:*** turnover not realized, overtime, utilities and maintenance, consultants, and supplies (\$14,815,767);
- ***Transit Administration:*** overtime, advertising, mobility certification, equipment repair, and contract settlement (\$7,420,399);
- ***Rail Operations:*** consultant services, janitorial, and snow removal (\$7,182,118); and
- ***Statewide Programs:*** rail freight and Howard County grants (\$202,839).

These funds total \$29,621,123.

## **Fiscal 2019**

The fiscal 2019 working appropriation is \$514,041 (\$463,061 in special funds and \$50,980 in federal funds) higher than the legislative appropriation reflecting the addition by budget amendment of funds for the 0.5% general salary increase and a one-time \$500 bonus effective April 1, 2019.

## Appendix 2 Audit Findings

Audit Period for Last Audit:	December 16, 2013 to December 22, 2016
Issue Date:	November 2018
Number of Findings:	11
Number of Repeat Findings:	4
% of Repeat Findings:	36.4%
Rating: (if applicable)	n/a

**Finding 1:** The Maryland Transit Administration (MTA) used certain contracts as a means to obtain services that were outside the scope of those contracts, thereby circumventing competitive procurement requirements and related task orders lacked details of contract deliverables. In addition, increases in hourly rates charged under these task orders were excessive based on MTA guidelines. *MTA concurs in part with the recommendations related to this finding.*

**Finding 2:** **MTA did not always adhere to State procurement regulations with respect to sole source procurements, contract award requirements, and bid documentation, and certain monitoring efforts were not adequate.** *MTA concurs in part with this finding and concurs with the recommendations related to this finding.*

**Finding 3:** **Proper internal controls were not established over the processing of purchasing and disbursement transactions.** *MTA concurs with the recommendation related to this finding.*

**Finding 4:** **MTA used interagency agreements primarily to circumvent State procurement regulations that require competitive bidding.** *MTA concurs with the recommendation related to this finding.*

**Finding 5:** MTA did not follow up on the results of a review conducted by its Office of Audits regarding payments made to and deliverables required from a State university under an interagency agreement. The review disclosed, for example, approximately \$725,000 in payments that should be recovered. *MTA disagrees with the recommendations related to this finding.*

**Finding 6:** **Interagency agreements were not adequately monitored. Task orders were not sufficiently detailed to allow for adequate monitoring by MTA and certain payments were not consistent with or were not provided for in the related task orders.** *MTA concurs with the recommendations related to this finding.*

**Finding 7:** MTA lacked adequate controls to ensure that only eligible individuals received Mobility Paratransit Program services. *MTA concurs with the recommendations related to this finding.*

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- Finding 8:** MTA had not established adequate control over its union payroll and pension processes. All payroll department employees had capabilities granting them complete control over payroll transactions. *MTA concurs with the recommendations related to this finding.*
- Finding 9:** MTA did not adequately control and account for collections received at its Consignment Center and Transit Store, and bus fare collections were not always deposited timely. *MTA concurs with the recommendations related to this finding.*
- Finding 10:** MTA did not ensure that all equipment purchases were properly recorded in its detailed equipment records. *MTA concurs with the recommendation related to this finding.*
- Finding 11:** Malware protection for MTA’s computers was not sufficient to provide MTA with adequate assurance that its computers were properly protected. *MTA concurs in part with the recommendations related to this finding.*

\*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 3**  
**Object/Fund Difference Report**  
**MDOT – Maryland Transit Administration**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	3,277.00	3,273.50	3,277.00	3.50	0.1%
02 Contractual	13.00	16.00	16.00	0.00	0%
<b>Total Positions</b>	<b>3,290.00</b>	<b>3,289.50</b>	<b>3,293.00</b>	<b>3.50</b>	<b>0.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 351,363,514	\$ 347,211,389	\$ 362,512,860	\$ 15,301,471	4.4%
02 Technical and Special Fees	4,851,841	1,136,586	1,136,585	-1	0%
03 Communication	1,816,818	1,210,718	1,210,718	0	0%
04 Travel	647,662	434,855	434,855	0	0%
06 Fuel and Utilities	14,100,147	12,965,706	14,377,831	1,412,125	10.9%
07 Motor Vehicles	56,795,016	60,771,441	62,724,821	1,953,380	3.2%
08 Contractual Services	323,191,578	323,677,019	339,858,617	16,181,598	5.0%
09 Supplies and Materials	7,284,371	5,643,653	5,643,653	0	0%
10 Equipment – Replacement	67,141	111,490	111,490	0	0%
11 Equipment – Additional	16,043	130,635	130,635	0	0%
12 Grants, Subsidies, and Contributions	90,357,838	88,099,042	90,175,721	2,076,679	2.4%
13 Fixed Charges	8,327,624	8,010,882	8,096,287	85,405	1.1%
14 Land and Structures	25,522	0	0	0	0.0%
<b>Total Objects</b>	<b>\$ 858,845,115</b>	<b>\$ 849,403,416</b>	<b>\$ 886,414,073</b>	<b>\$ 37,010,657</b>	<b>4.4%</b>
<b>Funds</b>					
03 Special Fund	\$ 797,481,101	\$ 789,851,772	\$ 824,310,714	\$ 34,458,942	4.4%
05 Federal Fund	61,364,014	59,551,644	62,103,359	2,551,715	4.3%
<b>Total Funds</b>	<b>\$ 858,845,115</b>	<b>\$ 849,403,416</b>	<b>\$ 886,414,073</b>	<b>\$ 37,010,657</b>	<b>4.4%</b>

MDOT: Maryland Department of Transportation

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 4**  
**Fiscal Summary**  
**MDOT – Maryland Transit Administration**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
01 Transit Administration	\$ 94,650,134	\$ 91,737,318	\$ 93,234,858	\$ 1,497,540	1.6%
02 Bus Operations	440,751,207	441,233,958	466,330,158	25,096,200	5.7%
04 Rail Operations	233,045,616	226,660,171	236,000,409	9,340,238	4.1%
05 Facilities and Capital Equipment	529,300,462	578,168,576	638,357,000	60,188,424	10.4%
06 Statewide Programs Operations	90,398,158	89,771,969	90,848,648	1,076,679	1.2%
08 Major IT Development Projects	6,873,992	25,958,000	15,248,000	-10,710,000	-41.3%
<b>Total Expenditures</b>	<b>\$ 1,395,019,569</b>	<b>\$ 1,453,529,992</b>	<b>\$ 1,540,019,073</b>	<b>\$ 86,489,081</b>	<b>6.0%</b>
Special Fund	\$ 1,032,129,469	\$ 1,025,115,348	\$ 987,646,714	-\$ 37,468,634	-3.7%
Federal Fund	362,890,100	428,414,644	552,372,359	123,957,715	28.9%
<b>Total Appropriations</b>	<b>\$ 1,395,019,569</b>	<b>\$ 1,453,529,992</b>	<b>\$ 1,540,019,073</b>	<b>\$ 86,489,081</b>	<b>6.0%</b>

IT: information technology

MDOT: Maryland Department of Transportation

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 5**  
**Budget Amendments for Fiscal 2019**  
**Maryland Department of Transportation**  
**Maryland Transit Administration – Operating**

<u><b>Status</b></u>	<u><b>Amendment</b></u>	<u><b>Fund</b></u>	<u><b>Justification</b></u>
Approved	\$463,061	Special	Funding for 2% general salary increase effective January 1, 2019.
	50,980	Federal	
<b>Total</b>	<b>\$514,041</b>		
Approved	\$404,211	Special	Funding for 0.5% general salary increase and \$500 bonus effective April 1, 2019.
	42,777	Federal	
<b>Total</b>	<b>\$446,988</b>		

Source: Maryland Department of Transportation

**Appendix 6**  
**Budget Amendments for Fiscal 2019**  
**Maryland Department of Transportation**  
**Maryland Transit Administration – Capital**

<b><u>Status</u></b>	<b><u>Amendment</u></b>	<b><u>Fund</u></b>	<b><u>Justification</u></b>
Approved	\$92,522	Special	Funding for 2% general salary increase effective January 1, 2019.
Approved	63,631	Special	Funding for 0.5% general salary increase and \$500 bonus effective April 1, 2019.
Pending	-99,268,624	Special	Adjusts the amended appropriation to agree with the final fiscal 2019 to 2024 <i>Consolidated Transportation Program</i> .
	-43,428,000	Federal	
<b>Total</b>	<b>-\$142,696,624</b>		

Source: Maryland Department of Transportation