

J00A01
The Secretary's Office
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$60,435	\$65,769	\$68,121	\$2,352	3.6%
Federal Fund	<u>6,004</u>	<u>9,684</u>	<u>8,364</u>	<u>-1,320</u>	<u>-13.6%</u>
Total Funds	\$66,439	\$75,453	\$76,485	\$1,032	1.4%

- The fiscal 2009 allowance increases a net of \$1.0 million, or 1.4%, compared to the fiscal 2008 working appropriation; however, when adjusting for health insurance and Other Post Employment Benefits (OPEB) funding which distorts year-to-year comparisons, the budget allowance decreases \$214,000, or -0.3%, from the fiscal 2008 working appropriation to the fiscal 2009 allowance.
- The largest increase in the fiscal 2009 allowance is the introduction of funding for the State's long-term OPEB liability which totals \$1.0 million in fiscal 2009.
- Operating grants-in-aid decrease approximately \$1.4 million due to funding decreases for metropolitan planning organizations to more accurately reflect the actual expenditures of the organizations.

Paygo Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2007</u> <u>Actual</u>	<u>Fiscal 2008</u>		<u>Fiscal 2009</u> <u>Allowance</u>
		<u>Legislative</u>	<u>Working</u>	
Special	\$34,271	\$12,748	\$32,281	\$22,412
Federal	\$1,660	\$7,495	\$6,895	\$2,214
Reimbursable	\$0	\$0	\$0	\$38
Total	\$35,931	\$20,243	\$39,176	\$24,664

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

For further information contact: Jonathan D. Martin

Phone: (410) 946-5530

J00A01 – MDO T– The Secretary’s Office

- The fiscal 2008 working appropriation increased \$18.9 million due to cash flow carry over from fiscal 2007 as well as a number of capital grants being added in fiscal 2008.
- The fiscal 2009 allowance decreases \$14.5 million largely due to spending in system preservation and minor projects decreasing \$12.3 million as a number of smaller projects will end in fiscal 2008.

Operating and PAYGO Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Operating Budget Positions	314.00	314.00	317.00	3.00
Regular PAYGO Budget Positions	<u>16.00</u>	<u>17.00</u>	<u>20.00</u>	<u>3.00</u>
Total Regular Positions	330.00	331.00	337.00	6.00
Operating Budget Contractual FTEs	3.10	5.00	5.00	0.00
PAYGO Budget Contractual FTEs	<u>0.60</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total FTEs	3.70	6.00	6.00	0.00
Total Personnel	333.70	337.00	343.00	6.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	24.97	7.41%
Positions Vacant as of 12/31/07	30.00	9.09%

- The fiscal 2009 allowance has a net increase of six personnel, eight new positions were added in the allowance with four Minority Business Enterprise positions to assist with compliance and certification, one position was transferred from the Maryland Transit Administration to the Secretary’s Office, and three environmental compliance positions are proposed for the PAYGO budget.
- Two vacant positions were abolished as part of the statewide abolition of 500 positions through the Board of Public Works at the end of January 2008.
- The turnover rate is set at 7.41% requiring 24.97 vacant positions. As of January 1, 2007, the agency had 30.0 vacant positions for a vacancy rate of 9.1%. Approximately 3.0 positions have been vacant for over 12 months.

Analysis in Brief

Major Trends

Departmentwide Vacancy Increases: The department saw its vacancy rate for all modes increase from fiscal 2006 to 2007. However, in fiscal 2008 and 2009, the vacancy rate is expected to drop to 5.0% despite the hiring freeze still in effect and a number of new positions being added to the fiscal 2009 allowance. **The Department of Legislative Services (DLS) recommends the agency discuss the effect of the hiring freeze on the department’s ability to fill critical positions.**

System Preservation Funding Exceeds Goal: The department has established a goal of funding system preservation at \$600 million in fiscal 2009. The department typically exceeds this goal and projects that it will do so again in fiscal 2009 with funding at \$734 million; however, the 2008 to 2013 *Consolidated Transportation Program* indicates system preservation funding totals \$846 million after the revenue increase. **DLS recommends that the agency discuss what a more appropriate goal for system preservation funding may be as a result of the revenue increase.**

Debt Ratios Are within Prudent Limits: To ensure that the department is fiscally prudent, two bond coverage ratio tests are used as a measure. In fiscal 2009, the department has managed its debt issuances within the prescribed and fiscally prudent limits.

Issues

Transit-oriented Development and Public-private Partnerships: Public-private partnerships are increasingly being used as creative ways to finance new transportation facilities. One type of public-private arrangement is transit-oriented development; whereby, the department attempts to work with the private sector to create neighborhoods around transit stations. Transit-oriented developments, or other agreements in other modes, are not always subject to legislative review and comment because of the financially creative way in which projects are being structured. **DLS recommends that the Maryland Department of Transportation discuss this issue in further detail and that legislation be considered that would further strengthen legislative oversight for these types of arrangements.**

Operating Budget Recommended Actions

	<u>Funds</u>
1. Reduce funding for in-state travel to conferences and seminars.	\$ 27,590
2. Reduce funds for consulting.	150,000
3. Reduce funds for additional assistance.	99,575
4. Reduce funds for consultant.	86,700
5. Add annual language to cap special fund grants pending budget committee review.	
Total Reductions	\$ 363,865

PAYGO Budget Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete three new regular positions.	\$ 155,492	3.0
Total Reductions	\$ 155,492	3.0

J00A01
The Secretary's Office
Maryland Department of Transportation

Budget Analysis

Program Description

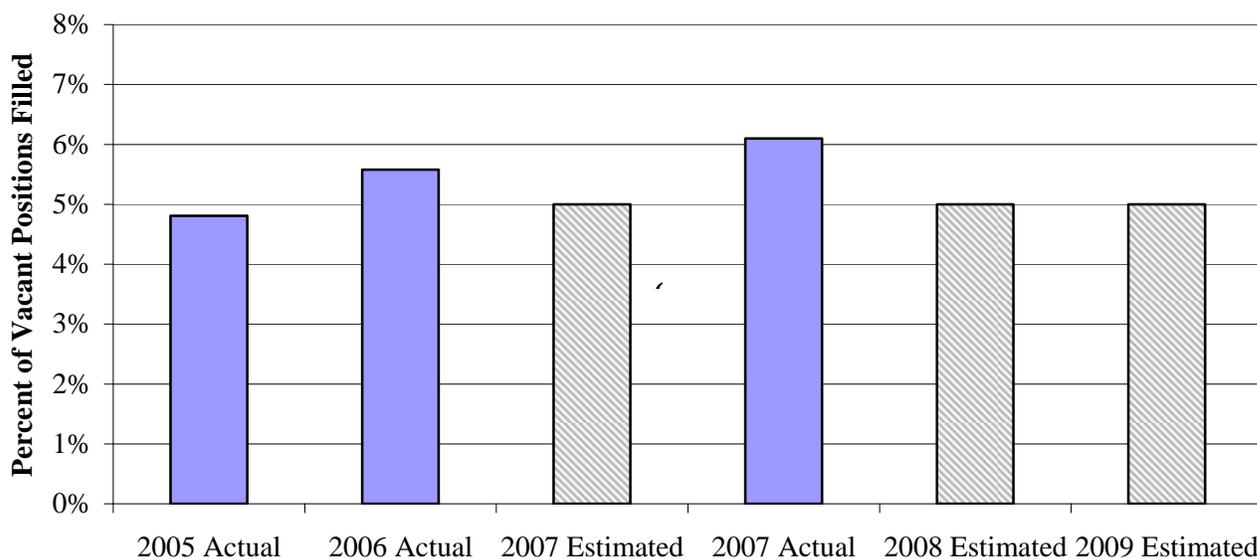
The Secretary's Office (TSO) provides overall policy direction and management to the Maryland Department of Transportation (MDOT). Units within the office provide support in the areas of finance, procurement, engineering, audits, administrative services, planning and capital programming, human resources, freight logistics, and Minority Business Enterprise (MBE) certification. Executive staff support is also provided for management services, public affairs, the general counsel's office, and policy and governmental relations. Within TSO, the Office of Transportation Technology Services (OTTS) provides centralized computing, network, infrastructure, and general information technology services for MDOT. TSO also makes grants to various entities for transportation-related purposes.

Performance Analysis: Managing for Results (MFR)

TSO has the goal of achieving an average vacancy rate of 5.0% or less by the end of fiscal 2009. As shown in **Exhibit 1**, the department achieved the vacancy rate goal in fiscal 2005; however, the rate increased in fiscal 2006 to 5.6% and then to 6.1% in fiscal 2007. MDOT indicates that the reason for the higher vacancy rate is either delays or denials of hiring freeze requests by the Department of Budget and Management (DBM) as well as well as the transition between Administrations.

Overall, the average vacancy rate during fiscal 2007 decreased from 6.2% in July 2006 to 5.8% in June 2007, for an average vacancy of 6.1%. The number of vacancies over 12 months did increase in fiscal 2007 from 20 to 36. MDOT estimates that its agencywide vacancy rate will remain at 5.0% in fiscal 2008 and 2009 even with the net gain of new positions to the department in fiscal 2009 as well as the statewide hiring freeze. **The Department of Legislative Services (DLS) recommends that the agency discuss what efforts are being taken to reduce the vacancy rate across the department and what impact the statewide hiring freeze is having on the department's ability to reduce its vacancy rate and fill critical positions.**

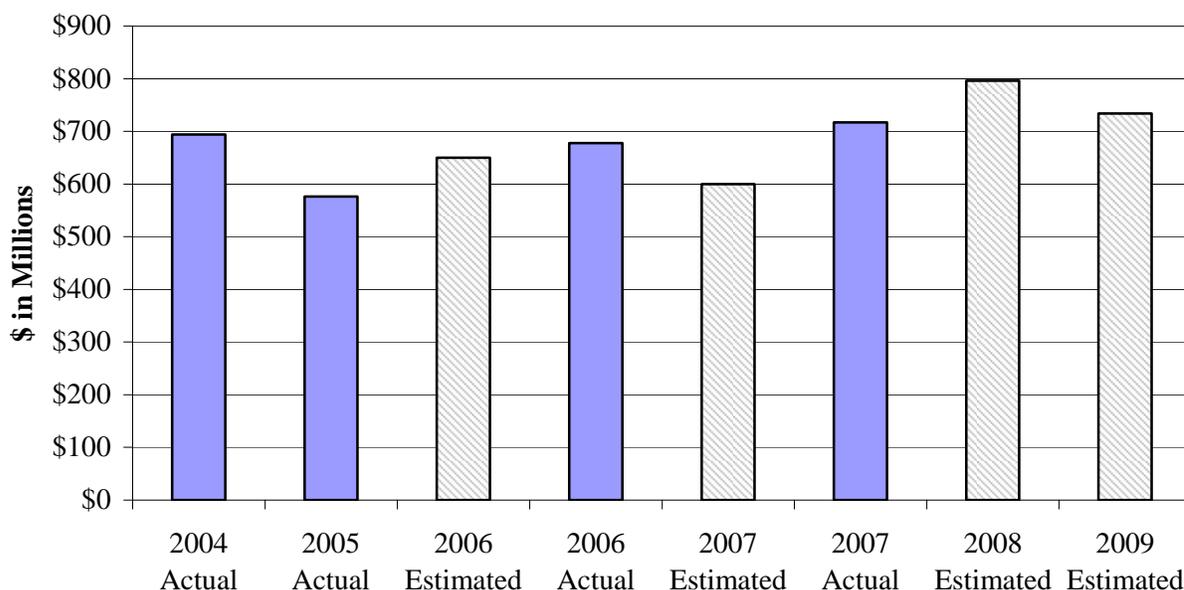
Exhibit 1
Departmentwide Vacancy Rate
Fiscal 2005-2009



Source: Maryland Department of Transportation

In addition, TSO has a number of goals to ensure the ongoing financial and operational success of the Transportation Trust Fund (TTF) and the State’s transportation network. Goal 2 of TSO’s MFR submission provides that TSO adequately fund system preservation needs in the *Consolidated Transportation Program (CTP)* at \$600 million in fiscal 2009. As seen in **Exhibit 2**, TSO plans to achieve this goal with funding at \$734 million in fiscal 2009, similar to prior years. However, it should be noted that the CTP shows system preservation funding at \$846 million in fiscal 2009. The reason for the discrepancy is due to a timing issue from when the CTP is finalized and when the MFR information is submitted and that not all of the additional spending associated with the revenue increase was included in the MFR submission. **DLS recommends that the department discuss the need for adjusting the MFR goal and what it considers to be an appropriate level of system preservation funding for the transportation network based upon the revenue increase.**

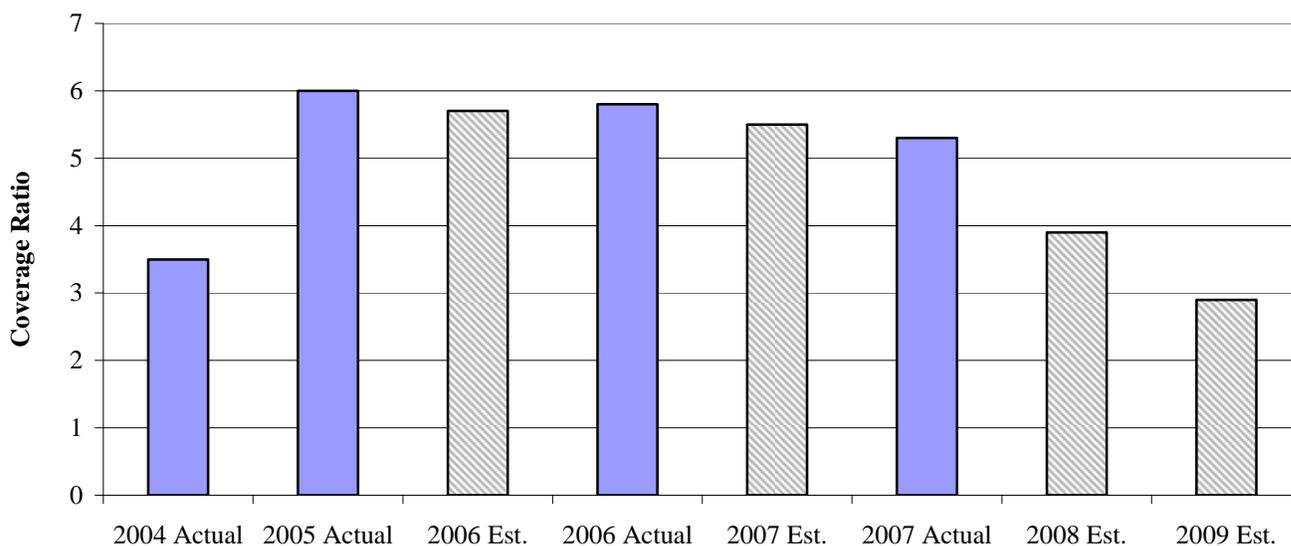
**Exhibit 2
System Preservation Funding Levels
Fiscal 2004-2009**



Source: Maryland Department of Transportation

Goal 3 in the TSO’s MFR submission is to provide stable funding for transportation while remaining fiscally prudent. MDOT uses two debt service coverage tests for Consolidated Transportation Bonds (CTB) based on either pledged taxes, or net revenues to the Transportation Trust Fund. The agency must maintain at least 2.0 times coverage of maximum debt service per its bond agreements but uses an administrative level of 2.5. Since the pledged tax coverage rate is typically far above 2.0, the net revenues test is usually the limiting factor. **Exhibit 3** indicates that net revenues have been sufficient to maintain a coverage ratio of 3.9 times in fiscal 2008 and estimated to be 2.9 times in fiscal 2009. These numbers, however, have not been updated to reflect the additional revenue provided to the department. The department’s financial forecast indicates the net revenues test will be 4.2 times in fiscal 2008 and 3.0 in fiscal 2008. CTB debt is also constrained by a statutory cap of \$2.6 billion on debt outstanding, which based on actions taken at the 2007 special session is currently serving to constrain the amount of CTB debt issued.

Exhibit 3
Bond Coverage Ratio
Fiscal 2004-2009



Source: Maryland Department of Transportation

Governor’s Proposed Budget

The fiscal 2009 allowance for TSO increases a total of \$1.0 million, or 1.4%, compared to the fiscal 2008 working appropriation. When adjusting for the actions taken in fiscal 2008 and 2009 regarding health insurance and the associated liability for current and retired employees, TSO’s fiscal 2009 allowance decreases \$214,000, or 0.3%. **Exhibit 4** provides a summary of the major changes in the Governor’s allowance.

Exhibit 4
Governor’s Proposed Budget
MDOT – The Secretary’s Office
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2008 Working Appropriation	\$65,769	\$9,684	\$75,453
2009 Governor’s Allowance	<u>68,121</u>	<u>8,364</u>	<u>76,485</u>
Amount Change	\$2,352	-\$1,320	\$1,032
Percent Change	3.6%	-13.6%	1.4%

Where It Goes:

Personnel Expenses

Four new Minority Business Enterprise positions to assist in compliance and certification processes.....	\$216
Two abolished/transferred positions from actions taken in 2007 special session	-121
Health insurance – reduce long-term Other Post Employment Benefits liability	1,022
Increments and other compensation	392
Health insurance – pay-as-you-go costs for current and retired employees	209
Additional assistance for intern program	100
Workers’ compensation premium assessment.....	45
Turnover adjustments	-181
Other fringe benefit adjustments	100

Executive Direction

Increase for additional legal support to assist in environmental compliance and remediation efforts.....	235
Increase for lobbying firm to represent State in upcoming federal transportation reauthorization.....	150
Increase in funding for maintenance of Maryland Department of Transportation Headquarters given expiring warranties and age of the facility	98
Decrease in purchase of new vehicles as there are no new vehicle purchases	-56
Decrease in contractual payments due to two positions having reduced salaries to fill other functions	-63

Operating Grants-in-aid

Decrease in funds for the Baltimore Metropolitan Planning Organization	-826
Decrease in funds for the Washington Metropolitan Planning Organization.....	-562

Office of Transportation Technology Services

Increase in rate and usage in the Department of Budget and Management paid telecommunications.....	655
Decrease in the contract maintenance cost for the departmentwide information technology network.....	-225
Decrease in in-state conferences and operations travel costs.....	-96
Decrease in the contractual cost of telecommunication lines and modems.....	-66
Other Changes	
Other.....	6
Total	\$1,032

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

Executive Direction

The Executive Direction unit increases by \$1.4 million compared to the fiscal 2008 working appropriation. Almost all of the increase, \$1.2 million, is associated with increased personnel costs. However, when adjusting for health insurance, personnel expenditures increase a net \$350,000 from the fiscal 2008 working appropriation to the fiscal 2009 allowance. Most of the increase for personnel expenditures in Executive Direction is for increments and the addition of four new positions to the MBE program to assist with compliance and certification efforts.

Other major changes include \$235,000 for additional legal support, largely to have two legal firms assist the department in its environmental remediation and compliance programs. There is also an increase of approximately \$150,000 for MDOT to pay for a lobbying firm to advocate on the State’s behalf during debate for the upcoming federal transportation funding reauthorization.

Operating Grants-in-aid

Operating grants-in-aid decrease \$1.4 million (10.1%) in fiscal 2009, largely due to a decrease in federal funds to more accurately reflect actual expenditures by the Metropolitan Planning Organizations (MPO) in a fiscal year. The agency reduction is a reflection of actual spending on the part of MPOs; whereas, in other fiscal years the unused funds were cancelled at the end of the fiscal year. Of note is the addition of the Metropolitan Area Transportation Operation Coordination Program which is a collective effort of the Washington Metropolitan Departments of Transportation to address traffic incidents in the region.

Exhibit 5 provides a summary of the amount of operating-in-aid, by special and federal funds, included in the fiscal 2009 allowance. The major decreases are for the level of federal aid received by the Baltimore and Washington MPOs.

Office of Transportation Technology Services

The allowance for the Office of Transportation Technology Services increases \$1.0 million (2.8%). Most of the increase is associated with personnel expenses; however, the charge assessed by DBM for use of telecommunication services across the department increases \$655,000.

Exhibit 5
Recipients of Operating Grants-in-aid
Fiscal 2009

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Cumberland MPO	\$10,517	\$84,131	\$94,648
Salisbury MPO	11,701	93,609	105,310
Hagerstown MPO	17,222	137,771	154,993
Baltimore MPO	558,411	4,467,284	5,025,695
Wilmington MPO	5,425	43,399	48,824
Washington MPO	442,275	3,538,201	3,980,476
Tri-County Planning Organization	50,000	0	50,000
DBED (to support the Appalachian Regional Commission)	58,905	0	58,905
Metropolitan Area Transportation Operation Coordination Program	53,334	0	53,334
Maryland Department of Planning	258,230	0	258,230
Payments In Lieu of Taxes	1,005,222	0	1,005,222
Pride of Baltimore	164,000	0	164,000
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Total	\$4,035,182	\$8,364,395	\$12,399,577

DBED: Department of Business and Economic Development

MPO: Metropolitan Planning Organizations

Source: Maryland Department of Transportation

Impact of Cost Containment

The agency has indicated that in fiscal 2009 it is taking approximately \$290,000 in cost containment actions for a number of small reductions in administrative functions across the agency. In addition, two positions are abolished as part of the statewide abolition of 500 positions through the Board of Public Works. The reduction for TSO totals \$93,000.

PAYGO Capital Program

Program Description

TSO’s capital program has historically consisted of projects that support the preservation of MDOT’s headquarters systems and air quality improvement initiative in the Baltimore and Washington, DC metropolitan areas. TSO also provides capital grants to public and private entities for transportation-related purposes.

Fiscal 2008 to 2013 Consolidated Transportation Program

The fiscal 2009 allowance for the capital program in TSO totals \$24.7 million. System preservation and minor projects account for the largest portion of capital funding at \$19.7 million as shown in **Exhibit 6**. Large system preservation and minor projects include:

- \$6.0 million for a transfer to the Maryland Transportation Authority in lieu of federal aid;
- \$3.6 million for network hardware and software replacement costs; and
- \$3.0 million for the further development of transit-oriented development projects in the State, this is a revenue increase project.

Exhibit 6
The Secretary’s Office Major Ongoing Projects
Funded in Fiscal 2009
(\$ in Millions)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>Fiscal 2009</u>	<u>Total Project Costs</u>
Baltimore and Washington, DC	Transportation Emissions Reduction Program	\$3.0	\$16.2
Statewide	System Preservation and Minor Projects	19.7	99.2
Statewide	Capital Salaries, Wages, and Other Costs	2.0	12.4
Total		\$24.7	\$127.8

Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

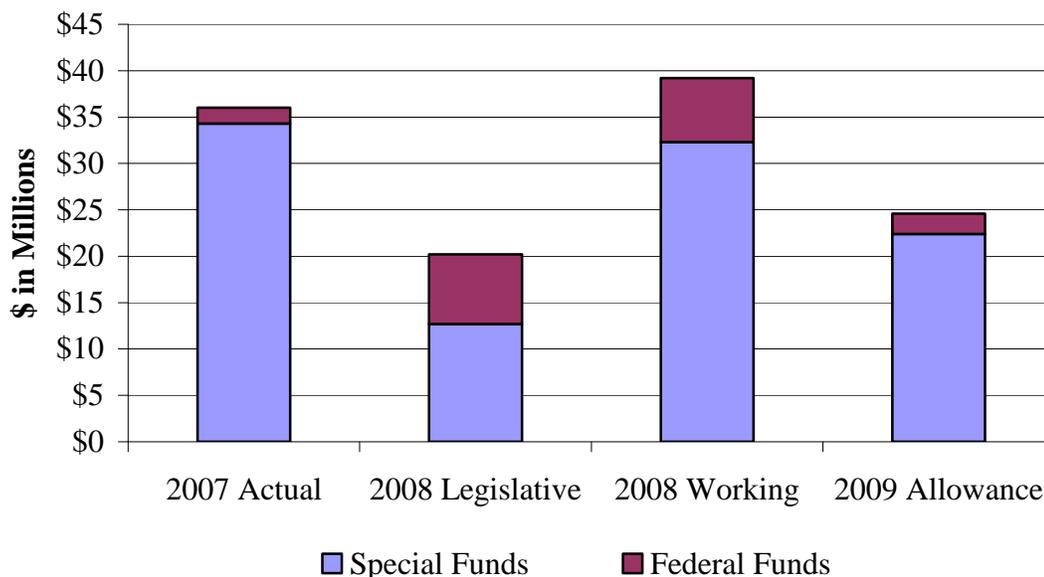
Fiscal 2008 and 2009 Cash Flow Analysis

The fiscal 2008 working appropriation increases \$18.9 million compared to the legislative appropriation as indicated in **Exhibit 7**. The increase is due to cash flow carry over from fiscal 2007 for a number of small projects and a number of capital grants being added to the fiscal 2008 working appropriation.

The fiscal 2009 allowance is \$14.5 million less than the fiscal 2008 working appropriation. The decrease is due to a number of system preservation and minor projects ending in fiscal 2008. These projects include:

- \$5.5 million for one-time payment associated with payment to retain airline business at Baltimore/Washington International Thurgood Marshall Airport;
- \$1.0 million for a grant to Dorchester County for flood damage;
- \$1.0 million for a new time entry system; and
- \$7.0 million in a number of smaller projects ending in fiscal 2008.

Exhibit 7
Cash Flow Changes
Fiscal 2007-2009



Source: Maryland Department of Transportation, 2008-2013 *Consolidated Transportation Program*

Issues

1. Transit-oriented Development and Public-private Partnerships

Background

Public-private partnerships are increasingly being promoted as alternative ways to develop transportation facilities. This issue has been discussed in prior sessions with one of the main issues presented being the role of the legislature in the approval of these types of arrangements. Chapter 383 of 2007 provided a definition of a public-private partnership as well as a process for legislative oversight for projects approved by the Maryland Transportation Authority. The definition indicates that a public-private partnership agreement involves an agreement where the private entity would be responsible for the operation and maintenance of a transportation facility. Under the legislation, the budget committees and the House Committee on Ways and Means would be provided 45 days notice of when a notice of procurement is to be issued and 45 days before entering into an agreement.

What Is Transit-oriented Development (TOD)?

According to MDOT, a TOD “creates compact, walkable neighborhoods around transit stations.” A TOD can occur in a variety of settings provided that transit service is in close proximity and can include commercial, residential, or mixed-use development. MDOT currently has seven TOD projects under development including the Odenton MARC Station, Owing Mills Metro Station, Savage MARC Station, and State Center in Baltimore. In addition, \$3 million was added to the fiscal 2009 allowance as part of the revenue increase for TOD implementation.

In Maryland, TOD projects typically involve the private sector and may include public-private partnerships. For example, the State Center project has a private development team that is looking at how residential and commercial elements can be incorporated into the State Center complex as well as provide for additional office space. Another example would be the Savage MARC Station where State property was transferred to provide for office and residential space as well as a parking garage for MARC riders.

Within the Secretary’s Office is the Office of Real Estate which is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations and port-related development. The office currently has a staff of 10 individuals. Besides the disposition of land, the Office of Real Estate in recent years has been working on transit-oriented development projects. In addition, Senate Bill 204 has been introduced which would define transit-oriented development in the Transportation Article and state that transit-oriented development is a transportation priority.

Issue

Not all transit-oriented development projects fall under the public-private partnership program or legislative notice requirement. For example the transit oriented development project at the Savage MARC Station involves the Maryland Transit Administration (MTA) transferring land to a private developer in exchange for a parking garage for MARC riders with the total development cost of the project estimated to be \$200 million. The project also involves tax increment financing (TIF), whereby a property tax increment of \$973,000 annually will be available to retire a TIF bond issued by Howard County but with all the risk assumed by the private developer. There was no legislative review and comment of the project under the public-private partnership provision of statute due to the fact that MTA would operate and maintain the garage and not meet the requirements of the law regarding public-private partnerships.

Legislative notification of the disposition of the land was provided to the budget committees on June 27, 2007. The notification, at the time, simply indicated that the land was to be disposed of. Under a description of improvements, it was noted that “Surface MARC commuter parking lot with approximately 870 spaces.” There was no additional information provided regarding the type of agreement or who would operate and maintain the parking lot.

A broader concern is that MDOT and its modes may be entering into agreements, either transit-oriented development or some other agreement, with private entities where a benefit is received from a private entity; however, the legislature is not aware of the full magnitude and impact of the project. To the extent that MDOT continues to look toward the private sector to assist in the development of transportation facilities, the role of legislative oversight will continually need to be discussed.

DLS recommends that the agency discuss with the committees the value and importance of transit-oriented development projects and the role of legislative oversight in these agreements with the private sector.

DLS recommends that legislation be considered that would improve the legislative oversight of any transportation related project involving the private sector and/or the Maryland Transportation Authority (MdTA) or MDOT. This could include, but not be limited to the following: design, build, operate, and maintain projects; concession agreements, land swaps, in-kind contributions, federal tax exempt private sector bonds, MdTA conduit financing, Consolidated Transportation Bonds, private sector leases, and capital leases; or any other debt or cash financing, revenue agreement to the TTF or MdTA, or any other debt with a value greater than \$5 million.

Operating Budget Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce funding for in-state travel to conferences and seminars. This reduction will provide funding equal to the fiscal 2008 working appropriation which still provides for a \$29,802, or 121%, increase over actual expenditures in fiscal 2007.	\$ 27,590	SF
2. Reduce funds for consulting. Due to the upcoming federal transportation reauthorization, the Secretary’s Office (TSO) has contracted with a consulting firm to assist with technical knowledge regarding the transportation reauthorization process. The Governor’s Office has staff in Washington, DC to lobby the federal government and assist TSO in the reauthorization process. MDOT also has a governmental relations office to assist in the federal reauthorization process. The General Assembly made a similar reduction of \$350,000 from TSO for consulting in 2005 session for the reasons indicated above.	150,000	SF
3. Reduce funds for additional assistance. The fiscal 2009 allowance increases \$99,575 from the fiscal 2008 working appropriation. This increase is attributed to the Secretary’s Fellows programs which is an intern program. This reduction will provide funding equal to the fiscal 2008 working appropriation.	99,575	SF
4. Reduce funds for consultant. A consultant position was added in fiscal 2008 to assist with federal transit issues and funding. The Governor’s Office has a Washington, DC office to lobby on behalf of the State for funding and other related issues and the department also has a governmental affairs office who can also assist in advocating on the State’s behalf. Furthermore, the Maryland Transit Administration has a passel of positions working on federal transit policy and funding issues.	86,700	SF

5. Add the following language to the special fund appropriation:

, provided that no more than \$4,035,182 of this appropriation may be expended for operating grants-in-aid, except for:

- (1) any additional special funds necessary to match unanticipated federal fund attainments; or
- (2) any proposed increase either to provide funds for a new grantee or to expand funds for an existing grantee; and

Further provided that no expenditures in excess of \$4,035,182 may occur unless the department provides notification to the budget committees to justify the need for additional expenditures due to either provision (1) or (2) above, and the committees provide review and comment or 45 days elapse from the date such notification is provided to the committees.

Explanation: This annual language caps the level of special funds provided for operating grants-in-aid. The cap may be increased to match unanticipated federal dollars or to provide new or expanded grant funding upon notification to the budget committees.

Information Request	Author	Due Date
Explanation of need for additional special funds for grants-in-aid	Maryland Department of Transportation	As needed
Total Special Fund Reductions		\$ 363,865

PAYGO Budget Recommended Actions

	<u>Amount Reduction</u>	<u>Position Reduction</u>
1. Delete three new regular positions. The Secretary’s Office (TSO) capital budget includes three new positions to implement a department environmental system. These positions were proposed in the fiscal 2008 allowance and deleted by the General Assembly due to the agency’s high vacancy rate. Currently TSO has a vacancy rate of 9.0%, or 30 positions. The department may reclassify existing vacant positions from across TSO or other modes, to add the three new positions if necessary.	\$ 155,492 SF	3.0
Total Special Fund Reductions	\$ 155,492	3.0

Current and Prior Year Budgets

Current and Prior Year Budgets The Secretary’s Office (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$0	\$67,331	\$10,253	\$0	\$77,584
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	431	0	0	431
Reversions and Cancellations	0	-7,328	-4,249	0	-11,577
Actual Expenditures	\$0	\$60,434	\$6,004	\$0	\$66,438
Fiscal 2008					
Legislative Appropriation	\$0	\$65,296	\$9,684	\$0	\$74,980
Cost Containment	0	0	0	0	0
Budget Amendments	0	473	0	0	473
Working Appropriation	\$0	\$65,769	\$9,684	\$0	\$75,453

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

Fiscal 2007

Fiscal 2007 actual expenditures for TSO totaled \$66.4 million, approximately \$11.2 million less than the legislative appropriation of \$77.6 million.

Special funds decreased by a net of \$6.9 million, with a \$431,000 increase through budget amendment and \$7.3 million in cancellations. The budget amendment increase was to fund the 2.0% cost-of-living adjustment for State employees in fiscal 2007.

Special fund cancellations totaled \$7.3 million due to:

- \$5.6 million in overbudgeted health insurance funds not being transferred to the State Reserve Fund to partially offset the costs of pension enhancements;
- \$0.6 million in salary and fringes;
- \$0.5 million for metropolitan planning organizations inability to expend all of the funds;
- \$0.2 million in mandated payment in lieu of taxes payments due to funds being over budgeted for those purposes;
- \$0.2 million in ground rent payments for the MDOT headquarters building; and
- \$0.2 million for miscellaneous operating expenses.

Federal fund cancellations totaled \$4.2 million with \$3.4 million from metropolitan planning organizations inability to expend all of the funds and \$0.8 million in health insurance expenditures due to a higher than anticipated turnover and vacancy rate.

Mandated Appropriations

The fiscal 2007 payments in lieu of taxes associated with property at the Maryland Port Administration totaled \$818,598 compared to the appropriation of \$1,005,222. The reason for the difference is that a higher property value was assumed than was accurate as found by the Office of Legislative Audits.

Fiscal 2008

The fiscal 2008 legislative appropriation for the special funds increased \$473,000 to fund the cost-of-living adjustment and other salary benefits provided for in the fiscal 2008 budget.

**Object/Fund Difference Report
MDOT – The Secretary’s Office**

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	314.00	314.00	317.00	3.00	1.0%
02 Contractual	3.10	5.00	5.00	0	0%
Total Positions	317.10	319.00	322.00	3.00	0.9%
Objects					
01 Salaries and Wages	\$ 23,664,817	\$ 24,887,176	\$ 26,669,201	\$ 1,782,025	7.2%
02 Technical and Spec. Fees	437,536	462,125	623,737	161,612	35.0%
03 Communication	237,776	1,082,797	1,731,075	648,278	59.9%
04 Travel	255,816	440,625	355,830	-84,795	-19.2%
06 Fuel and Utilities	318,152	383,935	383,611	-324	-0.1%
07 Motor Vehicles	115,255	175,643	81,311	-94,332	-53.7%
08 Contractual Services	28,282,376	30,503,753	30,560,085	56,332	0.2%
09 Supplies and Materials	327,631	351,045	366,075	15,030	4.3%
10 Equip. – Replacement	36,381	14,330	11,000	-3,330	-23.2%
11 Equip. – Additional	44,977	31,500	12,500	-19,000	-60.3%
12 Grants, Subsidies, and Contributions	9,461,611	13,821,276	12,428,577	-1,392,699	-10.1%
13 Fixed Charges	3,256,545	3,299,165	3,262,213	-36,952	-1.1%
Total Objects	\$ 66,438,873	\$ 75,453,370	\$ 76,485,215	\$ 1,031,845	1.4%
Funds					
03 Special Fund	\$ 60,434,639	\$ 65,769,230	\$ 68,120,820	\$ 2,351,590	3.6%
05 Federal Fund	6,004,234	9,684,140	8,364,395	-1,319,745	-13.6%
Total Funds	\$ 66,438,873	\$ 75,453,370	\$ 76,485,215	\$ 1,031,845	1.4%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
MDOT – The Secretary’s Office**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 Executive Direction	\$ 22,606,253	\$ 24,630,605	\$ 26,029,044	\$ 1,398,439	5.7%
02 Operating Grants-in-aid	9,441,773	13,795,526	12,399,577	-1,395,949	-10.1%
03 Facilities and Capital Equipment	35,299,467	38,269,872	24,663,851	-13,606,021	-35.6%
07 Office of Transportation Technology Services	34,390,847	37,027,239	38,056,594	1,029,355	2.8%
08 Major IT Development Projects	631,340	906,000	0	-906,000	-100.0%
Total Expenditures	\$ 102,369,680	\$ 114,629,242	\$ 101,149,066	-\$ 13,480,176	-11.8%
Special Fund	\$ 94,705,631	\$ 98,050,102	\$ 90,532,506	-\$ 7,517,596	-7.7%
Federal Fund	7,664,049	16,579,140	10,578,395	-6,000,745	-36.2%
Total Appropriations	\$ 102,369,680	\$ 114,629,242	\$ 101,110,901	-\$ 13,518,341	-11.8%
Reimbursable Fund	\$ 0	\$ 0	\$ 38,165	\$ 38,165	N/A
Total Funds	\$ 102,369,680	\$ 114,629,242	\$ 101,149,066	-\$ 13,480,176	-11.8%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Budget Amendments for Fiscal 2008
Maryland Department of Transportation
Agency – Operating**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$472,972	Special	This amendment funds the cost-of-living adjustment granted to all eligible State employees.
Projected	\$8,000	Reimbursable	Mediation training funds provided through the Maryland Judiciary.

Source: Maryland Department of Transportation

**Budget Amendments for Fiscal 2008
Maryland Department of Transportation
Agency – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$26,599	Special	This amendment funds the cost-of-living adjustment granted to all eligible State employees.
Projected	\$19,452,857	Special	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the 2008-2013 CTP.
	<u>-600,000</u>	Federal	
	\$18,852,857		
Projected	\$53,143	Reimbursable	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the 2008-2013 CTP.

Source: Maryland Department of Transportation