

**J00B01**  
**State Highway Administration**  
**Maryland Department of Transportation**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>	<u>% Change Prior Year</u>
Special Fund	\$684,831	\$345,363	\$581,367	\$236,004	68.3%
Contingent & Back of Bill Reductions	0	0	-241,432	-241,432	
<b>Adjusted Special Fund</b>	<b>\$684,831</b>	<b>\$345,363</b>	<b>\$339,936</b>	<b>-\$5,428</b>	<b>-1.6%</b>
Federal Fund	19,595	15,040	18,040	3,000	19.9%
Contingent & Back of Bill Reductions	0	0	-282	-282	
<b>Adjusted Federal Fund</b>	<b>\$19,595</b>	<b>\$15,040</b>	<b>\$17,758</b>	<b>\$2,718</b>	<b>18.1%</b>
<b>Adjusted Grand Total</b>	<b>\$704,426</b>	<b>\$360,403</b>	<b>\$357,693</b>	<b>-\$2,710</b>	<b>-0.8%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- When adjusting for the estimated impacts of contingent and Back of the Bill reductions, the fiscal 2011 allowance decreases \$2.7 million, or 0.8%; however, the decline is overstated since the fiscal 2010 working appropriation does not reflect downward revenue revisions to the Highway User Revenue formula. After adjusting for this, the fiscal 2011 allowance increases \$5.7 million, or 1.6%.
- In looking at just the operating budget of the State Highway Administration (SHA), net of highway user revenues (HUR), the allowance increases \$6.8 million, or 3.2%, with \$5.0 million of the increase for snow removal expenditures.
- HUR are reduced as proposed by the Budget Reconciliation and Financing Act (BRFA) of 2010. Total funding in fiscal 2010-2012 for local jurisdictions would be \$140.5 million, with the general fund transfer totaling \$321.4 million in fiscal 2010 and \$340.2 million in fiscal 2011 and 2012.

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

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## ***PAYGO Capital Budget Data***

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(\$ in Thousands)

	Fiscal 2009	Fiscal 2010		Fiscal 2011
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$385,366	\$353,281	\$314,598	\$285,770
Federal	\$477,338	\$675,640	\$617,045	\$532,380
Reimbursable	\$1,209	\$0	\$0	\$0
<b>Total</b>	<b>\$863,912</b>	<b>\$1,028,920</b>	<b>\$931,643</b>	<b>\$818,150</b>

- The fiscal 2010 working appropriation is \$97.3 million less than the legislative appropriation. Special funds decrease \$38.7 million, largely due to the March 2009 reduction and fiscal 2009 cash flow carryover. Federal funds decline \$58.6 million, with the American Recovery and Reinvestment Act of 2009 (ARRA) related spending declining \$66.0 million.
- The fiscal 2011 allowance decreases \$113.5 million compared to the fiscal 2010 working appropriation. Special funds decline \$28.8 million, as several large projects end in fiscal 2010. Federal funds decrease a total of \$84.7 million, with \$95.0 million due to reduced ARRA spending offset by additional federal funds being made available.

***Operating and PAYGO Personnel Data***

	<b><u>FY 09 Actual</u></b>	<b><u>FY 10 Working</u></b>	<b><u>FY 11 Allowance</u></b>	<b><u>FY 10-11 Change</u></b>
Regular Operating Budget Positions	1,578.00	1,560.00	1,560.00	0.00
Regular PAYGO Budget Positions	<u>1,650.50</u>	<u>1,615.50</u>	<u>1,615.50</u>	<u>0.00</u>
<b>Total Regular Positions</b>	<b>3,228.50</b>	<b>3,175.50</b>	<b>3,175.50</b>	<b>0.00</b>
Operating Budget FTEs	3.00	4.40	4.40	0.00
PAYGO Budget FTEs	<u>10.30</u>	<u>17.60</u>	<u>17.60</u>	<u>0.00</u>
<b>Total FTEs</b>	<b>13.30</b>	<b>22.00</b>	<b>22.00</b>	<b>0.00</b>
<b>Total Personnel</b>	<b>3,241.80</b>	<b>3,197.50</b>	<b>3,197.50</b>	<b>0.00</b>

**Vacancy Data: Regular Positions**

Turnover and Necessary Vacancies, Excluding New Positions	142.26	4.48%
Positions and Percentage Vacant as of 12/31/09	121.00	3.81%

- In fiscal 2010, SHA had 40 vacant positions reduced as part of budget bill language adopted by the General Assembly in the 2009 session. The Board of Public Works reduced another 13 positions at the August 2009 round of budget reductions.
- The fiscal 2011 vacancy rate is set 4.48%, requiring 142 vacant positions; however, the current vacancy rate for SHA is 3.81%, or 121 positions. To meet the turnover rate in fiscal 2011, SHA will not be able to fill vacant positions or will need to identify reductions elsewhere in its budget.

## *Analysis in Brief*

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### Major Trends

**Safety:** One goal of SHA is to improve highway safety, which can be measured by the number of highway fatalities. It is important to note that there are a number of environmental and behavioral variables that the department cannot control. In calendar 2009 and 2010, the department is projecting an increase in vehicle miles traveled (VMT); however, the number of traffic fatalities is set to decrease. **The Department of Legislative Services (DLS) recommends that SHA brief the budget committees on its efforts to reduce the number of traffic fatalities and what impact increasing VMT may have on traffic fatalities.**

**Congestion:** The Baltimore and Washington metropolitan areas rank near the top of the most congested areas in the country. In calendar 2008, congestion in Maryland improved slightly due to the recession reducing the transport of goods and VMT. For calendar 2009 and 2010, it is estimated that congestion will continue to improve, even though VMT is expected to increase. Furthermore, SHA has indicated that its ability to respond to incidents and reduce congestion may be hindered because of cost containment. **DLS recommends that SHA discuss how congestion can decline despite projected increases in VMT and reduced incident management patrols.**

**System Preservation:** A major goal of SHA is to maintain a quality highway system. In terms of bridges, SHA has met federal requirements for bridges allowing legal loads and has reduced the number of structurally deficient bridges in the State. SHA does note that there are several expensive structurally deficient bridges that will be need to be addressed in the near future. But decreasing revenues, inflation, and cost containment have reduced and eroded the department's spending on system preservation overall. **DLS recommends that SHA discuss how the needed bridge repairs will be made with revenues being constrained, and the impact of inflation and budget reductions on the transportation network in the short and long term.**

### Issues

**Highway User Revenues:** The BRFA of 2010 proposes to transfer to the general fund \$159 million in local HUR in fiscal 2010, as well as a total of \$340 million in fiscal 2011 and 2012. There are several issues regarding the proposed actions, including policy and technical issues regarding how the reductions are allocated. **DLS recommends that the General Assembly delete the current provisions in the BRFA in lieu of a simpler allocation methodology to determine the distribution of funds to the Transportation Trust Fund, general fund, Baltimore City, the counties, and municipalities and to adjust that distribution.**

**SHA Plows through Snow Removal Budget:** The department has far exceeded the budget for snow removal costs in fiscal 2010. The department will likely have to use fund balance, funds from the capital budget, or make further reductions to the operating budget to fund snow removal in fiscal 2010. The possibility of federal disaster assistance for snow removal expenses could help

offset some of the costs to the department, but the increased spending on snow removal has repercussions for the department's financial forecast and ability to issue debt in fiscal 2011. **DLS recommends that SHA discuss how snow removal will be paid in fiscal 2010 and the impact on the fiscal 2011 coverage ratio. DLS also recommends that the department discuss the status of potential federal disaster funding for snow removal.**

***Potential Operating Budget Underbudgeting:*** The fiscal 2011 allowance appears to underbudget contract maintenance and snow removal. In reducing contract maintenance, the department may achieve short-term savings, but the long-term expense of not maintaining the highways may be greater over the long term. Furthermore, if spending does increase for snow removal and contract maintenance in fiscal 2011, this will have an impact on the department's financial forecast. **DLS recommends that SHA discuss the impact of reduced contract maintenance and the impact of underbudgeting on the financial forecast.**

***Speed Camera Legislation Update:*** Chapter 500 of 2009 provided for speed cameras to be placed along expressways and controlled access roadways with a speed limit of at least 45 miles per hour. The program began on October 1, 2009, and since then 11,513 citations have been issued. **DLS recommends that SHA comment on the implementation of the speed camera legislation and the impacts on the budget and highway worker safety.**

## Operating Budget Recommended Actions

	<u>Funds</u>
1. Strike language pertaining to the contingent reduction of Highway User Revenues.	
2. Reduce Highway User Revenues.	\$ 238,336,990
<b>Total Reductions</b>	<b>\$ 238,336,990</b>

## PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

## Updates

***Fiscal 2009 Highway User Revenue Spending:*** Committee narrative requested SHA to collect information on actual HUR spending in fiscal 2009. Based upon the information submitted, almost all counties and municipalities spent their share of HUR.

*J00B01 – MDOT – State Highway Administration*

**J00B01**  
**State Highway Administration**  
**Maryland Department of Transportation**

***Budget Analysis***

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**Program Description**

The State Highway Administration (SHA) is responsible for over 5,200 miles of interstate, primary and secondary roads, and over 2,500 bridges. SHA employees plan, design, build, and maintain these roads and bridges to safety and performance standards while paying attention to social, ecological, and economic concerns.

SHA employs personnel in seven engineering districts throughout the State and at the Baltimore City headquarters. Each district encompasses a number of adjacent counties, with a district office serving as its headquarters. There is at least one maintenance facility in each county. The districts are responsible for the management of highway and bridge construction contracts, and maintenance functions such as pavement repairs, bridge repairs, snow removal, roadside management, equipment maintenance, and traffic engineering operations.

SHA attempts to manage traffic and congestion through the Coordinated Highways Action Response Team (CHART) program. CHART provides information about traffic conditions and clears incidents on major roadways.

The highway safety program funds the Motor Carrier Division and the State Highway Safety Office. The Motor Carrier Division manages the State's enforcement of truck weight and age limits by inspecting drivers, trucks, and cargo, as well as auditing carriers. The State Highway Safety Office administers highway safety programs and grants to State and local agencies.

The administration has identified the following key goals:

- **Safety:** Improve highway safety in Maryland.
- **Mobility/Congestion Relief:** Improve mobility for customers.
- **System Preservation and Maintenance:** Maintain a quality highway system.
- **Efficiency in Government:** Improve efficiencies in business processes in a fiscally responsible manner.
- **Environmental Stewardship:** Develop and maintain Maryland State highways in an environmentally responsible manner.
- **Customer Satisfaction:** Provide services and products to customers that meet or exceed their expectations.

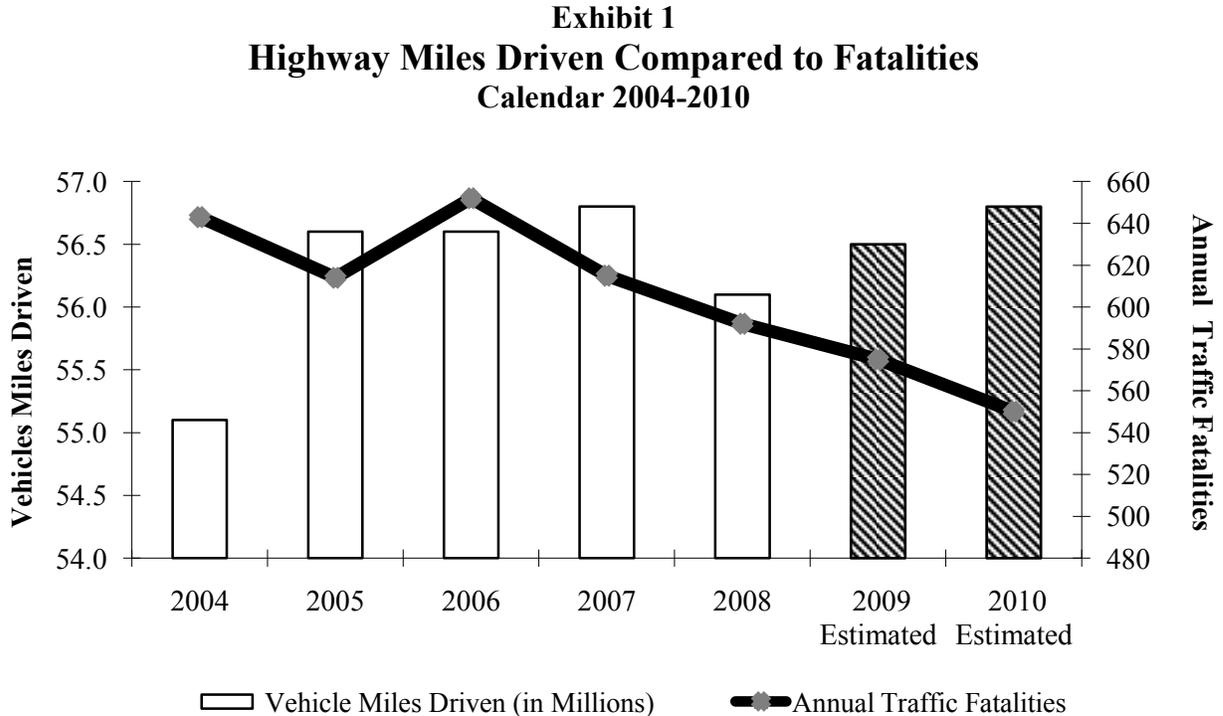
## Performance Analysis: Managing for Results

SHA provides Managing for Results (MFR) performance measures that relate to its mission and goals. SHA’s mission is to “efficiently provide mobility for our customers through a safe, well-maintained, and attractive highway system that enhances Maryland’s communities, economy, and environment.”

### Safety

Goal One of the SHA MFR submission is to improve highway safety in Maryland with the objective of reducing the annual number of traffic and pedestrian fatalities to 550 by the end of calendar 2010. The 2009 session adopted several pieces of legislation that dealt with highway safety, including statewide speed cameras, prohibitions on text messaging while driving, and several drunk driving measures. In the future, these bills are intended to reduce the number of accidents and fatalities in the State.

While there are behavioral factors beyond SHA’s control that impact this measure, **Exhibit 1** shows that in calendar 2007, the number of vehicle miles traveled (VMT) increased while the number of traffic fatalities decreased. In calendar 2008, VMT declined and traffic fatalities continued to decline to 592. Overall, SHA estimates that it will meet its goal of reduced traffic fatalities by 2010, even with projected increases in VMT.



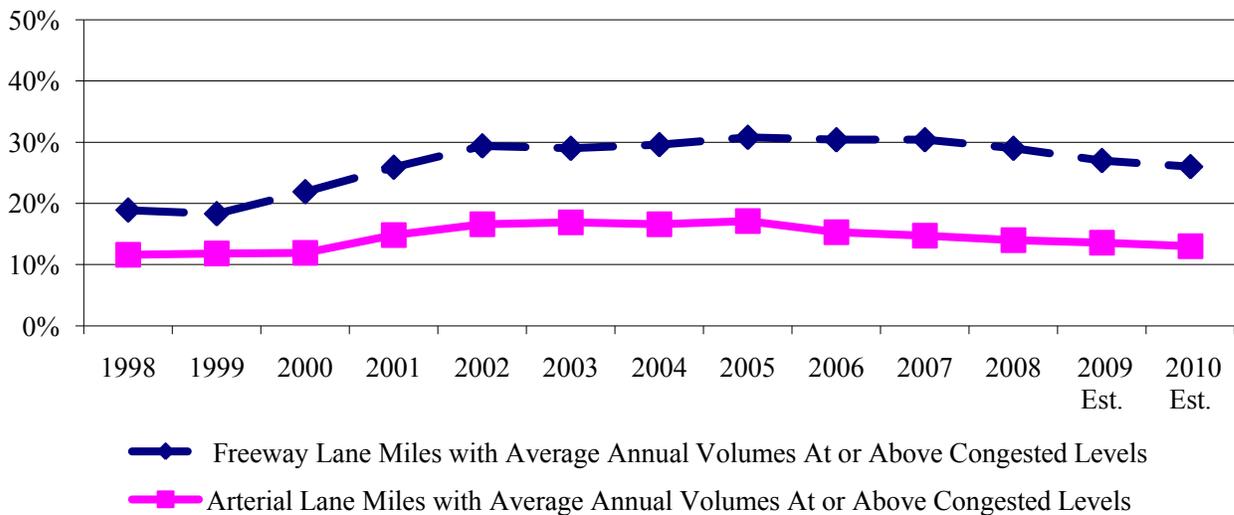
Source: State Highway Administration

An important note for safety, as well as revenue, is that VMT declined in calendar 2008. Nationwide, VMT had been declining each month when compared to the prior year from November 2007 to spring 2009 due to the recession. In its MFR submission, SHA is estimating moderate increases in VMT for calendar 2009 and 2010, even though the economic recovery has been tepid. **The Department of Legislative Services (DLS) recommends that SHA brief the budget committees on efforts to reduce the number of traffic fatalities, the impact of legislation adopted last session, its estimates of VMT, and the potential impact of increasing VMT on safety.**

## Congestion

Several national measures (e.g., Census Bureau, Reason Foundation, and Texas Transportation Institute) indicate that Maryland and the Washington and Baltimore metropolitan regions rank near the top for the highest levels of roadway congestion in the country. **Exhibit 2** shows that the percentage of freeway lane miles that are congested has increased from 19% in calendar 1998 to an estimated 26% in calendar 2010. The level of congestion on freeways was expected to increase in calendar 2008; however, due to the recession, VMT declined, and the level of congestion improved. Congestion is expected to continue to improve on freeways and secondary roadways in calendar 2009 and 2010, even though SHA is estimating an increase in VMT. Of note as well is that CHART, an incident management program intended to help reduce congestion, experienced budget reductions totaling 5% in fiscal 2010. In its MFR explanation, SHA noted that this would impact its ability to respond to as many incidents as it previously had. **DLS recommends that SHA discuss how congestion is expected to decline despite projected increases in VMT and reduced incident management patrols.**

**Exhibit 2**  
**Level of Congested Freeway and Arterial Lane Miles**  
**Calendar 1998-2010**



Source: Maryland Department of Transportation 2010 Attainment Report

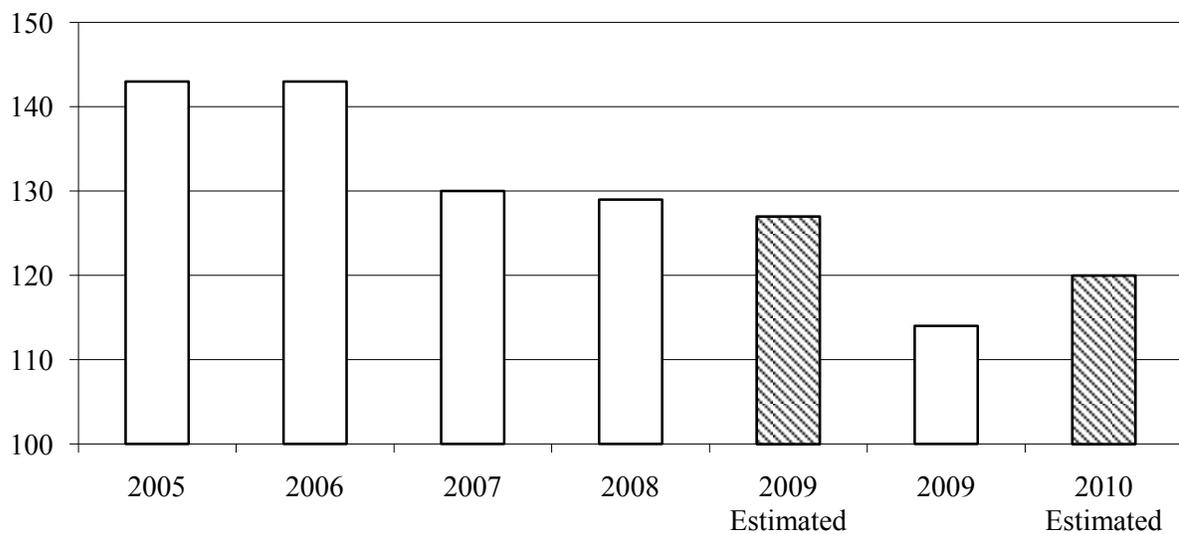
## System Preservation

Goal Three from the SHA MFR submission is “System Preservation and Maintenance: Maintain a Quality Highway System.” Objective 3.2 deals with bridges and has the goal of maintaining a rate of 100% of bridges that will allow for legally loaded vehicles to safely travel. SHA has consistently achieved this goal and maintained a 100% rating for bridges; however, this does not account for the number of bridges that are in need of repair. A better measure is to look at the number of structurally deficient bridges each calendar year as reported to the Federal Highway Administration (FHWA). A structurally deficient bridge means that a bridge is in need of repair or replacement, and a functionally obsolete bridge means that a bridge’s design no longer meets the needs for the transportation system.

**Exhibit 3** shows that the number of structurally deficient bridges decreased from 2008 to 2009 but is estimated to increase in 2010. SHA notes that in the coming years there are several structurally deficient bridges that will have a high dollar cost to repair/replace. The *Consolidated Transportation Program* (CTP) does add several new bridge projects to the construction phase as a result of additional federal funds being made available through the appropriations process because of the Minnesota bridge collapse. **DLS recommends that SHA further discuss with the committees the type and number of high dollar projects that need to be addressed in the future and how these high cost projects will be addressed with diminished revenues. SHA should also discuss why the number of structural deficient bridges is set to increase in calendar 2010**

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**Exhibit 3**  
**Structurally Deficient Bridges in State Highway Network**  
**Calendar 2005-2010**



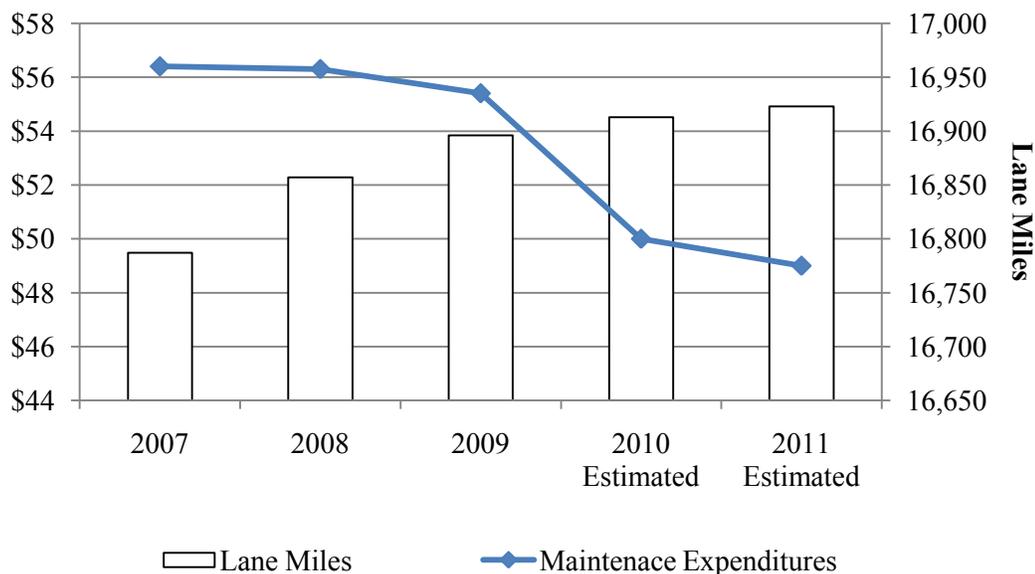
Source: State Highway Administration

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Another measure of system preservation is the percentage of roadway mileage that does not have an acceptable ride quality as measured and presented to FHWA. The level of unacceptable ride quality has been improving and reached a low point of 14% in calendar 2008. Beginning in calendar 2009 and moving forward, it is estimated that the level of unacceptable ride quality will worsen due to budget reductions and inflation. It is also likely that the multiple snow storms during the 2009/2010 winter will exact a heavy toll on the States roadways with potholes and other resurfacing needs becoming apparent once the snow has melted.

The department’s ability to maintain the roadways has been impacted by cost containment and inflation. **Exhibit 4** highlights that the maintenance budget has decreased by 13% from fiscal 2007 to 2011, while the number of lane miles has increased by 1%. Furthermore, inflation has also eroded the purchasing power of a diminished maintenance budget. For example, SHA notes that liquid asphalt costs have increased 39% from July 2007 and tripled since January 2004. In addition, cement increased 55% and steel increased 101% in the Baltimore area from 2004 to 2008. **DLS recommends that SHA discuss with the budget committees what impact the budget reductions and inflation will have on system preservation and the transportation network in the short and long term.**

**Exhibit 4**  
**Maintenance Expenditures Compared to Lane Miles**  
**Fiscal 2007-2011 Estimate**  
**(\$ in Millions)**



Source: State Highway Administration

## **Fiscal 2010 Actions**

### **Impact of Cost Containment**

SHA's fiscal 2010 operating budget was reduced by \$174.5 million through various reductions made by the Board of Public Works (BPW). Reductions included the following:

- \$159.5 million in additional HUR reductions with the available cash to be transferred to the general fund by the BRFA;
- \$12.7 million for a number of operating reductions, including \$2.8 million in overbudgeted electricity costs, \$2.5 million in mowing, \$1.0 reduction in litter pick-up, and smaller reductions to brush and tree cutting, landscaping, bridge repair, pavement repair, and line striping; and
- \$2.3 million for the statewide furlough plan.

## **Proposed Budget**

**Exhibit 5** shows that the SHA budget is expected to decrease \$2.7 million, or 0.8%, when adjusting for contingent actions. SHA's actual operating budget, net of HUR and adjusted for contingent reductions, is expected to increase \$6.8 million, or 3.2%.

### **Impact of Cost Containment**

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, DLS has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings.

### **Personnel Expenditures**

The department's personnel budget is expected to increase by \$3.6 million in the fiscal 2011 allowance, accounting for the estimated impacts of across-the-board reductions. The major increase of \$1.7 million is for payments to the employee retirement system. Other major changes include an additional \$0.4 million to reduce the turnover rate to permit more vacant positions to be filled, and a \$0.3 million decrease in workers' compensation assessments.

**Exhibit 5**  
**Proposed Budget**  
**MDOT – State Highway Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Total</b>
2010 Working Appropriation	\$345,363	\$15,040	\$360,403
2011 Allowance	<u>581,367</u>	<u>18,040</u>	<u>599,407</u>
Amount Change	\$236,004	\$3,000	\$239,004
Percent Change	68.3%	19.9%	66.3%
 Contingent Reductions	 -\$241,432	 -\$282	 -\$241,714
Adjusted Change	-\$5,428	\$2,718	-\$2,710
Adjusted Percent Change	-1.6%	18.1%	-0.8%
 <b>Where It Goes:</b>			
<b>Personnel Expenses</b>			
Employee and retiree health insurance.....			\$177
Employee retirement system .....			1,659
Unemployment compensation .....			121
Workers' compensation premium assessment			-280
Turnover adjustments.....			396
Other fringe benefit adjustments .....			1,575
<b>Other Changes</b>			
Federal highway safety funds based upon prior year spending.....			2,946
Equipment rental, maintenance on vehicles, and supplies and materials related to increase for budgeted snow removal expenditures .....			4,725
Continued maintenance on applications software.....			1,328
Highway User Revenues because the fiscal 2010 working appropriation does not reflect downward revision to revenues .....			-9,468
Electricity costs per Department of Budget and Management instructions .....			-2,685
Various contract maintenance activities as part of cost containment.....			-1,328
Motor vehicle gas and oil expenditures.....			-1,333
Consultant services to develop information technology applications as part of cost containment.....			-232
Purchases of vehicles and equipment based upon need and cost containment .....			-81
Education and training expenditures due to cost containment .....			-72

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**Where It Goes:**

Telephone expenditures based upon prior year actual .....	-55
Acquisition of applications software due to cost containment.....	-40
Other .....	-63
<b>Total</b>	<b>-\$2,710</b>

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

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**Operating Budget**

The largest increase in the operating budget is related to legislative intent that SHA budget snow removal costs on a rolling five-year average and to phase in the increased spending in \$5.0 million increments. Other major increases include the following:

- \$3.0 million increase in federal funds for highway safety grants to reflect actual spending in recent years; and
- \$1.3 million increase in maintenance on applications software as the department focuses its information technology budget on maintaining existing systems rather than expanding.

The largest decrease in the budget is a \$9.5 million decrease for HUR since the working appropriation did not reflect the most recent revenue estimate. HUR will be discussed later as an issue. Other major decreases in the budget include the following:

- -\$2.7 million in electricity expenditures per instructions from the Department of Budget and Management;
- -\$1.3 million in highway contract maintenance activities;
- -\$1.3 million in motor vehicle gas and oil expenditures; and
- -\$0.2 million in consultant services to develop information technology applications as part of cost containment.

## **PAYGO Capital Program**

### **Program Description**

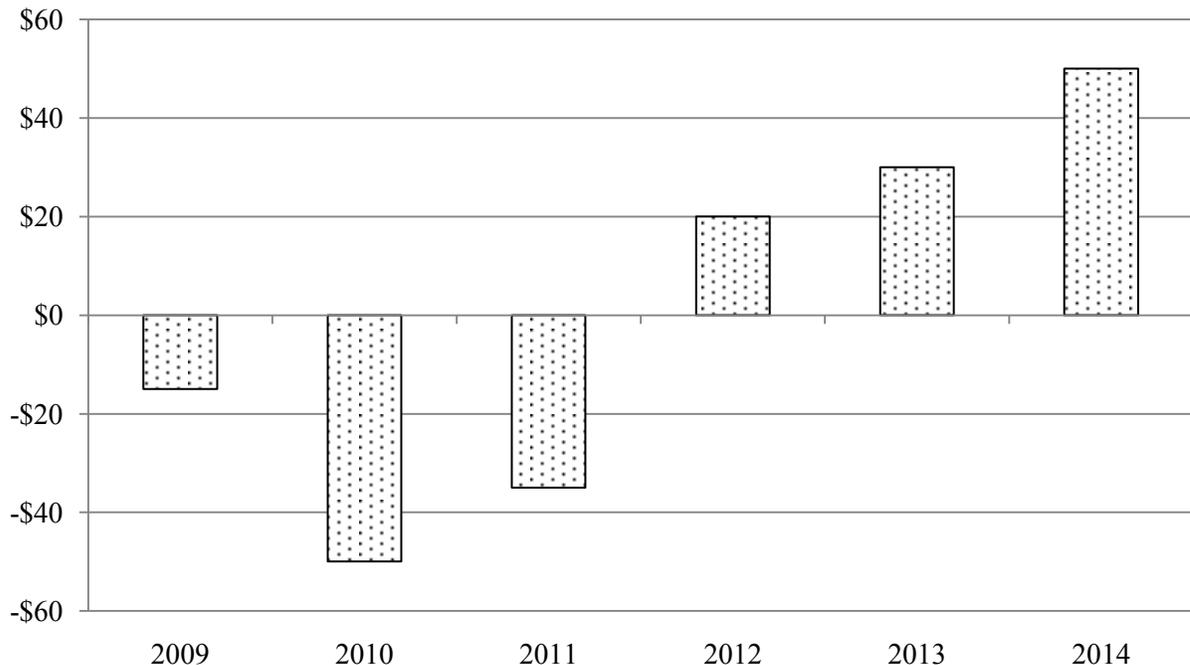
The State System Construction program provides funds for the capital program of SHA. Financing is available from current revenues, federal aid, and bond proceeds for construction and reconstruction projects on the State highway system, program-related planning and research, acquisition of major capital equipment, and all other capital expenditures. Funding is also provided for local capital programs through the State Aid in Lieu of Federal Aid program and various federal grants, including bridge replacement and rehabilitation, and the national highway system.

The CTP includes a development and evaluation program (D&E) and a construction program. Generally, projects are first added to the D&E program where they are evaluated by planners/engineers, and rights-of-way may be purchased. MDOT also prepares final and draft environmental impact statements for projects in the D&E program. These studies examine alternatives which include a no-build option and a number of different alignments. Spending on a project while in the D&E program is usually less than 15% of the total project cost. When MDOT wants to move a project forward, it is moved into the construction program.

### **March 2009 Reductions**

In March 2009, the department submitted a revised financial forecast at the request of the budget committees. That financial forecast showed that revenues had been revised downward and the total capital program was reduced by \$172.5 million in the fiscal 2009-2011 period, with the projects and funding moved into the fiscal 2012-2014 period. The net effect was that funding in the six-year period was not reduced; the department simply moved funding around within the forecast period. SHA's capital program experienced the largest reduction in the fiscal 2009-2011 period, with \$100.0 million being removed from the system preservation program as shown in **Exhibit 6**. The type of projects impacted by the reduction included resurfacing, bridge rehabilitation, safety spot improvements, intersection improvements, and sidewalk improvements.

**Exhibit 6**  
**State Highway Administration Capital Reductions**  
**Fiscal 2009-2014**  
**(\$ in Millions)**



Source: Department of Legislative Services

**Federal Stimulus Funding**

The American Recovery and Reinvestment Act of 2009 (ARRA) provided additional highway formula funding for states to use on highway projects. The ARRA funding did help to offset the \$2.2 billion in reductions made to the capital program as a result of the recession. Maryland received \$431 million for highway formula funding in the ARRA; however, favorable bids resulted in savings that could be used for other projects. Approximately \$17 million of the bid savings was transferred to the Maryland Transit Administration, leaving SHA with \$414 million in ARRA funding. The CTP provides a listing of local ARRA projects, as well as State funded projects, by jurisdiction.

In an effort to move as much funding out as quickly as possible and meet federal deadlines, the department elected to fund system preservation related projects. SHA categorized projects as one of the following: traffic and safety; safety and resurfacing; bridge; congestion management; or environmental. Funds to Baltimore City were distributed based upon existing agreements, and the county share was determined as 30% of the second pot of ARRA funding that was available.

As shown in **Exhibit 7**, there is \$316.5 million in funding for State highway projects and \$97.1 million to local jurisdictions for federal aid eligible projects. Baltimore City received \$35.1 million, with the counties and the municipalities receiving \$62.0 million. Similar to State highway projects, local projects largely focused on resurfacing and safety projects.

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**Exhibit 7**  
**ARRA Funding**  
**(\$ in Millions)**

	<u>Total Allocation</u>	<u>Value of Projects Advertised</u>	<u>Value of Projects Where Work Started</u>	<u>Value of Projects Completed</u>
State Projects	\$316.5	\$316.8	\$212.3	\$28.0
Baltimore City	35.1	25.1	16.9	0.0
Counties and Municipalities	62.0	43.0	1.2	0.0
<b>Total</b>	<b>\$413.6</b>	<b>\$384.9</b>	<b>\$230.4</b>	<b>\$28.0</b>

ARRA: American Recovery and Reinvestment Act of 2009

Source: Maryland Department of Transportation

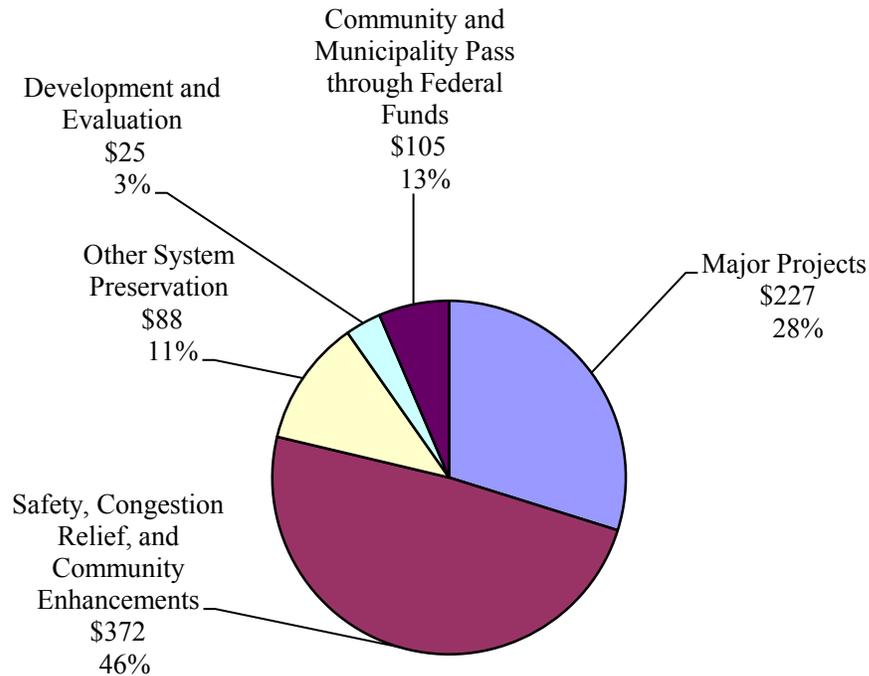
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In reporting on the spending, the department has advertised \$316.8 million of the projects, with Baltimore City advertising \$25.1 million in projects, and the counties having advertised \$43.0 million in contracts. Advertising is a major milestone as defined in the ARRA legislation, as well as an indication that the projects have been selected and contractors have been made aware of the project. Another major milestone for projects is when construction actually begins. As of January 13, 2010, the State had construction starting on projects with a value of \$212.3 million and Baltimore City had project starts totaling \$16.9 million. In total, \$28.0 million in State projects have been completed. **DLS recommends that the department update the committees on its ability to spend the ARRA funds and how local jurisdictions are doing in meeting federal requirements.**

**Fiscal 2010 to 2015 CTP**

SHA's fiscal 2011 pay-as-you-go (PAYGO) allowance totals \$818.2 million, a decrease of \$113.5 million from the fiscal 2010 working appropriation. **Exhibit 8** provides highlights of the funding by program area. As shown, a majority of the funds, 74%, are to be used for major projects, safety, congestion relief, and community enhancement projects.

**Exhibit 8**  
**State Highway Administration Capital Program by Area**  
**Fiscal 2011 Allowance**  
**(\$ in Millions)**



Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

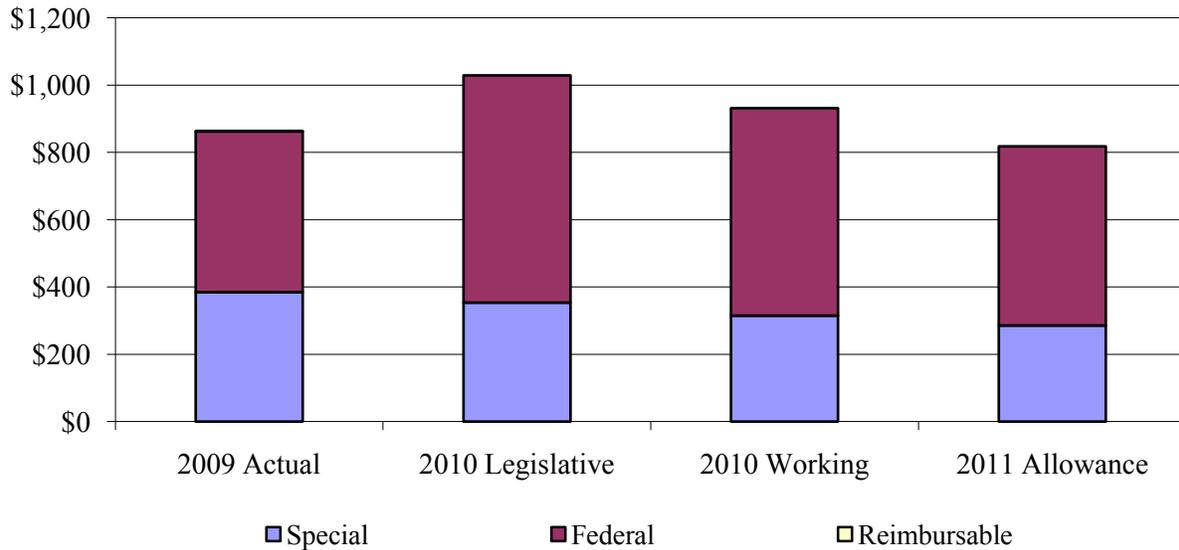
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**Fiscal 2010 and 2011 Cash Flow Analysis**

**Exhibit 9** shows that the fiscal 2010 working appropriation is \$97.3 million less than the legislative appropriation. Special funds decrease \$38.7 million, largely due to the March 2009 reduction and fiscal 2009 cash flow carryover moved into fiscal 2010. Federal funds decline \$58.6 million in total, with ARRA-related spending declining \$66.0 million.

The fiscal 2011 legislative appropriation is \$113.5 million less than the fiscal 2010 working appropriation with special funds declining \$28.8 million, as several large projects end in fiscal 2010. Federal funds decrease a total of \$84.7 million, with \$95.0 million due to reduced ARRA spending offset by additional federal funds being made available.

**Exhibit 9**  
**Cash Flow Changes**  
**Fiscal 2009-2011**  
**(\$ in Millions)**



Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

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**Exhibit 10** provides a list of the major capital projects funded in the fiscal 2011 allowance. These 20 projects account for 72% of the projects in the major construction program and total \$625 million. It should be noted that a large number of bridge projects was added to the CTP as a result of federal bridge funding that was provided after the bridge collapse in Minneapolis.

**Exhibit 10  
Major Construction Projects  
Funded in Fiscal 2011  
(\$ in Thousands)**

<u>County</u>	<u>Project</u>	<u>Fiscal 2011</u>	<u>Total \$</u>	<u>Completion of Fiscal Cash Flow</u>
Allegany	US 220, McMullen Highway – replace bridge 1060 over Potomac River	\$4,240	\$19,981	2014
Anne Arundel	BRAC intersections near Fort Meade – design and construct intersection	15,662	34,405	2012
Anne Arundel	MD 295, Baltimore/Washington Parkway – widen MD 295 from four to six lanes	2,767	12,454	2012
Baltimore	I-695 Baltimore Beltway – replacement of MD 139 bridge	13,792	53,372	2013
Baltimore	I-695 Baltimore Beltway – replace bridge over MD 26	11,319	33,787	2013
Caroline	MD 404, Shore Highway – upgrade shoulders to accommodate bicycles and pedestrians	2,850	14,427	2013
Caroline	MD 328, New Bridge Road – replace bridge 5012 over Tuckahoe Creek	4,709	17,120	2013
Carroll	MD 140, Baltimore Street – streetscape improvements from Harney Road to MD 832	3,358	18,016	2011
Frederick	I-70 Baltimore National Pike – upgrade US 40 Relocated to meet interstate standards	15,565	49,095	2013
Harford	US 40, Pulaski Highway – construct interchange improvements to address operational issues at MD 715	12,351	43,475	2013
Howard	US 40, Baltimore National Pike – replace bridge 3109 over Patapsco River	6,578	30,865	2014
Montgomery	BRAC intersections near Bethesda Naval Center – design and construct intersection improvements	23,930	34,105	2012
Montgomery	MD 124, Woodfield Road – construct six-lane divided highway	8,609	56,031	2011
Montgomery	MD 97, Georgia Avenue – construct interchange improvement at Randolph Road	6,320	62,498	Post-2015
Montgomery	MD 355, Rockville Pike – construct interchange at Randolph Road/Montrose Parkway	5,918	43,885	2012
Prince George’s	MD 5, Branch Avenue – Widen existing MD 5 from four to six lanes	3,566	9,267	2011
St. Mary’s	MD 237, Chancellor’s Run Road	9,271	55,275	2011
Talbot	MD 328, New Bridge Road – replace bridge 5012 over Tuckahoe Creek	4,709	17,120	2013

*J00B01 – MDOT – State Highway Administration*

<u>County</u>	<u>Project</u>	<u>Fiscal 2011</u>	<u>Total \$</u>	<u>Completion of Fiscal Cash Flow</u>
Worcester	US 113, Worcester Highway – upgrade to four-lane divided highway from Goody Hill Road to Massey Branch	6,993	19,675	2012
<b>Total</b>		<b>\$162,507</b>	<b>\$624,853</b>	

BRAC: Base Realignment and Closure

Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

## Projects Added to the Construction Program

The department added 10 projects to the construction program for a total cost of \$130 million as shown in **Exhibit 11**.

**Exhibit 11**  
**Projects Added to the Construction Program**  
**Fiscal 2011**  
**(\$ in Thousands)**

<u>Project</u>	<u>2010</u>	<u>2011</u>	<u>Total Project Cost</u>
MD 36, George’s Creek Road; Replace bridge 1166 over Koontz Run (Allegany)	\$414	\$433	\$1,770
MD 147, Harford Road, Streetscape Improvements from Taylor Avenue to Joppa Road – Parkville (Baltimore)	1,406	0	13,940
I-695, Baltimore Beltway: Replace Bridge 3139 at MD 26 – Liberty Road (Baltimore)	3,578	11,319	33,787
MD 7, Philadelphia Road; Streetscape Improvements from US 40 to I-695 – Rosedale (Baltimore)	3,526	0	15,588
MD 140, Baltimore Street; Streetscape Improvements from Harney Road to MD 832 (Carroll)	6,484	3,358	18,016
I-70, Baltimore National Pike; South Mountain Welcome Center (Frederick)	15,314	0	21,333
MD 464, Point of Rocks Road, Replace Bridge 10091 over Catocin Creek (Frederick)	1,531	3,021	5,213
MD 725, Old Marlboro Road; Replace Bridge 16009 over Federal Spring Branch (Prince George’s)	893	1,085	3,018
MD 667, Rehobeth Road; Replace Bridge 19021 over Puncheon Landing Branch (Somerset)	572	0	665
MD 328, New Bridge Road; Replace Bridge 5012 over Tuckahoe Creek (Caroline, Talbot)	1,330	4,709	17,120
<b>Total</b>	<b>\$35,048</b>	<b>\$23,925</b>	<b>\$130,450</b>

Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

## Projects Moved from the D&E Program to the Construction Program

Three projects totaling \$107 million were moved from the development and evaluation program to the construction program as shown in **Exhibit 12**.

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**Exhibit 12**  
**Projects Moved from the D&E Program to the Construction Program**  
**Fiscal 2011**  
**(\$ in Thousands)**

<u>Project</u>	<u>2010</u>	<u>2011</u>	<u>Total Project Cost</u>
MD 404, Shore Highway; Upgrade MD 404 from Tuckahoe Road to MD 480 (Caroline)	\$2,735	\$2,850	\$14,427
I-70, Baltimore National Pike – I-70, Phase 2D (Frederick)	2,000	15,565	49,095
US 40, Pulaski Highway; Interchange at MD 715 (Harford)	6,402	12,351	43,475
<b>Total</b>	<b>\$11,137</b>	<b>\$30,766</b>	<b>\$106,997</b>

D&E: Development and Evaluation

Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

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## Projects Removed from the D&E Program

Two projects were removed from the development and evaluation program as shown in **Exhibit 13**. One project was moved to system preservation, and the other project was reduced due to the economic downturn.

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**Exhibit 13**  
**Projects Removed From the D&E Program**

<u>Project</u>	<u>Reason</u>
MD 28, Rockville Town Center, at Rockville Town Center (Montgomery)	Project is listed in the system preservation program
I-95/495, University of Maryland Access Study, Bus access to the College Park Campus (Prince George's)	Removed due to economic downturn

D&E: Development and Evaluation

Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

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## ***Issues***

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### **1. Highway User Revenues**

HUR are distributed to Baltimore City, counties, and municipalities for the construction and maintenance of county roads, the cost of transportation facilities, and debt service on county highway bonds. In addition, the funds may be used for the establishment and maintenance of footpaths, bridle paths, horse trails, and bicycle trails.

Currently, local jurisdictions receive 30.0% of the HUR credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). HUR funds are distributed between Baltimore City and counties. Baltimore City's share is equal to 11.5% of the total HUR plus 11.5% of the growth in the local share over fiscal 1998. Baltimore City's share would have equaled approximately 40.0% of the total local distribution in fiscal 2011 without any legislative changes. Historically, Baltimore City has received a larger share of HUR in recognition of the fact the State does not conduct any highway maintenance or construction in Baltimore City as it does in the counties.

The remaining local share of HUR is allocated based upon a two-part formula:

- the percentage of road miles a county has as a percentage of total county road miles; and
- the percentage of registered motor vehicles as a percentage of total county registered vehicles.

The allocation to a county is shared among the county and municipalities within the county on this same basis.

### **Reductions to Highway User Revenue**

The BRFA of 2009 and 2010 each make reductions to the local share of HUR and transfer the funds to the general fund. **Exhibit 14** provides a summary of the actions taken in each session's BRFA. Following is a description of the actions taken in each fiscal year to HUR by each BRFA.

**Exhibit 14**  
**Summary of BRFA Reductions to HUR**

	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
Estimated HUR under Current Law	\$461.9	\$480.8	\$478.9
BRFA of 2009 – HUR Reduction	161.9	101.9	0
BRFA of 2010 – HUR Reduction	159.5	238.4	340.3
<b>Total HUR Reduction and General Fund Transfer</b>	<b>\$321.4</b>	<b>\$340.3</b>	<b>\$340.3</b>
<b>Fiscal Year HUR Allocation</b>	<b>\$140.5</b>	<b>\$140.5</b>	<b>\$138.6</b>

BRFA: Budget Reconciliation and Financing Act  
HUR: highway user revenues

Source: Department of Legislative Services

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### **Fiscal 2010**

The fiscal 2010 appropriation has been reduced by the General Assembly and BPW by \$321.4 million. The fiscal 2010 allowance was \$478.0 million; however, declines in revenues lowered the allowance to \$461.9 million. The General Assembly transferred \$161.9 million from HUR to the general fund to balance the fiscal 2010 budget as part of the BRFA of 2009. The reduction of the \$162.0 million in fiscal 2010 included a \$101.9 million reduction in fiscal 2010, and a \$60.0 million reduction from each county's share based upon a formula using wealth and tax effort in fiscal 2010 only. The municipalities were not impacted by the \$60.0 million reduction. As part of the \$102.0 million reduction, the municipal share was reduced from \$12.0 million to \$8.0 million, and an additional \$8.0 million was cut from the county share.

In addition, as part of the August BPW reductions, HUR was reduced by an additional \$159.5 million, with the municipalities sharing fully in the reduction. The BRFA of 2010 proposes to transfer those funds to the general fund and provides for the allocation of revenue gains between the county, municipalities, and Baltimore City. In total, the current working appropriation is \$140.5 million. Based upon the Governor's allowance books, county reductions range from 95 to 98% with Baltimore City share reduced 31%. **Appendix 7** shows the various actions taken in fiscal 2010 and the final HUR distribution.

### **Fiscal 2011 and 2012**

For fiscal 2011, the BRFA of 2009 reduced HUR by \$101.9 million and provided that the municipal share of the reduction was offset, similar to fiscal 2010. The BRFA of 2010 would reduce HUR in fiscal 2011 by an additional \$238.3 million and transfer it to the general fund, and sets a new distribution for the allocation of the \$340.2 million reduction (the sum of the BRFA actions in the

2009 and 2010 session) where the municipalities share equally in the reduction. A reduction of \$340.2 million to HUR would also be made in fiscal 2012. The practical effect of the BRFA of 2010 is to level fund HUR at \$140.5 million in fiscal 2010, 2011, and 2012. The BRFA of 2010 also spells out the distribution of the \$140.5 million with Baltimore City receiving 93% of the total distribution. In addition, the BRFA of 2010 specifies that if revenues are higher than expected, the excess revenue will be distributed to the counties, municipalities, and Baltimore City. The counties and municipalities will receive 88.5% of the excess revenue and Baltimore City 11.5%. **Appendix 8** shows the planned distributions in fiscal 2011 and 2012.

## **Issues**

The Administration has made its proposal regarding HUR funding; however, there are several policy and technical issues for the General Assembly to consider and rectify.

### **Policy Issues**

- **How Much Money Should Be Transferred to the General Fund in Fiscal 2010-2012?:** The BRFA proposes that \$321.4 million be transferred to the general fund in fiscal 2010 and \$340.3 million in fiscal 2011 and 2012. To the extent the transfer of HUR to the general fund is reduced, the options include (1) reductions elsewhere in the budget; (2) reducing the estimated fund balance; or (3) transfers from the Rainy Day Fund.
- **How Long Should the Transfers to the General Fund Continue?** The Administration proposes to continue the general fund transfer of HUR into fiscal 2012. Since the long-term general fund forecast projects multi-billion dollar ongoing structural deficits, the legislature may want to consider making the reduction to HUR and the general fund transfer permanent. If such action is not taken, the county and municipal share of HUR would increase at least \$340.0 million in fiscal 2013.
- **How Should the Reductions Be Distributed?** The Administration has proposed that Baltimore City receive approximately 93% of HUR funding and that the municipalities share in the reductions that are made in fiscal 2011 and 2012. The General Assembly may want to provide different funding distributions than what is proposed, since the county and municipal share is reduced 95% to 98% in fiscal 2011 and 2012.

### **Technical Issues**

- **Counties Are Underfunded in Fiscal 2010:** In fiscal 2010, the level of funding for the municipalities is greater than the total county share in some instances. This is largely due to the fact that the municipalities did not share equally in all of the fiscal 2010 reductions. This is not a problem in fiscal 2011 and beyond, as the municipalities share equally in the reduction.

- **Fiscal 2012 Does Not Account for Change in HUR Share:** Beginning in fiscal 2012, the local share of HUR decreases to 28.5% as specified in Chapter 487 of 2009 (the BRFA of 2009); however, the BRFA as proposed does not take this into account. Specifically, the amount to be transferred to the general fund and the local aid share is greater than the level of revenue currently forecasted.
- **Prince George’s County Share:** Every year through fiscal 2017, the Prince George’s County share is reduced by \$1 million to pay back the State for the infrastructure work that was done around FedEx field. The current distribution does not provide the county enough funding to make the annual \$1 million repayment.

### **Simplifying the Formula**

The statutory formula for the HUR distribution is complicated and difficult to understand due to the manner in which the Baltimore City share is calculated. The problems with the formula have become more evident as reductions have been made to HUR recently. Specifically, the current formula does not allow for adjustments to Baltimore City, county, or municipalities share of HUR to be easily made or in a manner that is transparent. The idea of current law formulas and distributions has been temporarily suspended with the action to hold the municipalities harmless in the BRFA of 2009. With reductions to HUR to occur in fiscal 2010 and 2011, DLS would recommend simplifying the formula and the manner in which reductions are made with the view of making the proposed changes permanent. Specific changes include the following:

- **Use Percentages to Determine the Share for Baltimore City, the Counties, and Municipalities:** Current law calculates Baltimore City share of HUR first and then distributes the remaining funding to the municipalities and counties. If the legislature wants to make changes to the formula or alter the distribution to the municipalities, there is no simple mechanism to clearly make that adjustment. To provide clarity and ease in the calculation, the shares for each jurisdiction could be expressed as a percentage of total GMVRA revenues. Instead of the total HUR share being 30.0% of GMVRA revenues, Baltimore City, county, and municipal share could be expressed as 12.1%, 15.3%, and 2.6%, respectively of total GMVRA revenues. In the future, if the formula needed to be altered to provide additional funding to municipalities, for example, the percentage could be increased while the percentages to MDOT, the county, or Baltimore City could be adjusted to allow for that.
- **Simplify the Calculation for the City, County, and Municipal Distribution:** Under current law, the municipal share of HUR is based upon that municipality’s share of registration and road miles as a percent of a county’s registrations and roads miles and the county share is calculated as a share of total statewide registrations and road miles. DLS would recommend calculating each municipal’s share as a percent of total municipal registrations and road miles in the State and the same could be done for the counties. The dollar change in the allocation to the counties and municipalities is small and in almost every case where a county loses funding a municipality gains funding or vice versa. **Appendix 9** provides further detail on the allocations under the proposed methodology and current law.

**DLS recommends that the legislature delete the current provisions in the BRFA relating to the HUR reductions in lieu of a simpler allocation methodology to determine the distribution of funds to the Transportation Trust Fund, Baltimore City, the counties, and municipalities or transfers to the general fund. DLS is prepared to assist the budget committees in its deliberations on the percentage allocations for each jurisdiction.**

### **Baltimore City Share of HUR**

Historically, Baltimore City has received a higher portion of HUR because the State does not perform road maintenance or construction within Baltimore City, except for portions of I-95. Not only does Baltimore City receive a greater share of the funding, statute also provides that Baltimore City has more allowable uses for the funding compared to other jurisdictions. **Exhibit 15** shows how Baltimore City spent its share of HUR out of its motor vehicle fund in fiscal 2009, as shown in its approved budget. It should be noted that HUR funding accounts for 93% of the spending shown in the exhibit.

Baltimore City spends approximately \$150.5 million, or 62%, of its HUR allocation on operating and capital transportation expenditures and debt service. Additional HUR expenditures include traffic police, the promotion of the arts, pension obligations, and public works. In total, the transportation operating budget spending totaled \$114.4 million, with \$83.5 million coming out of the motor vehicle fund and \$7.4 million out of Baltimore City's general fund. While the spending shown above is allowable under statute, clearly not all of the HUR funding is being spent on transportation related expenditures as in other jurisdictions.

SHA submitted a report on fiscal 2009 HUR spending by the counties, municipalities, and Baltimore City. That report showed that HUR aid represented approximately 46.0% of local spending on transportation compared to 76.3% for Baltimore City, including all of the allowable statutory spending. This means that the counties and municipalities contribute 54.0% of their own resources to total transportation spending, and Baltimore City contributes approximately 24.0% of its own resources.

**DLS recommends that the Baltimore City share of HUR be reduced \$30 million and redistributed to the counties and municipalities based upon the distribution methodology recommended by DLS for fiscal 2010-2012. Appendix 10 shows the impact of lowering the Baltimore City share by approximately \$30 million and then redistributing that funding amongst the counties and municipalities. This distribution would also help remedy the distribution problems in fiscal 2010.**

**Exhibit 15**  
**Baltimore City Spending of Highway User Revenues**  
**Fiscal 2009**

**Operating Budget Fund Distribution**

Baltimore City Public Schools	\$3,654,000
Civic Promotion	300,000
Senior Services	325,000
Debt Service	14,512,000
Employees Retirement Contribution	7,729,000
Misc. General Expenses	1,458,850
Retirees Benefits	7,269,000
Self Insurance Fund	2,894,554
City Planning	786,000
Traffic Police	12,894,000
Public Works	
Administration	2,820,847
Permits	2,245,330
Engineering	195,419
Solid Waste Special	26,295,185
Solid Waste Collection	1,696,847
Storm Water Maintenance	5,199,968
Recreation and Parks	
General Park Services	500,000
Park and Street Trees	4,092,000
Transportation	99,559,000
<b>Subtotal</b>	<b>\$194,427,000</b>

**Capital Budget**

Public Works	
Erosion	3,000,000
General Services	843,000
Solid Waste	200,000
Storm Water	3,400,000
Recreation and Parks	3,500,000
Transportation	
Alleys	3,350,000
Federal Highway	5,000,000
Local Highway	25,314,000
Street Lighting	918,000
Traffic	1,875,000
<b>Subtotal</b>	<b>\$47,400,000</b>

**Total** **\$241,827,000**

Note: Shading highlights transportation-related expenditures.

Source: Baltimore City 2009 Approved Budget

## **2. SHA Plows through Snow Removal Budget**

Fiscal 2010 has included several large snow storms which have resulted in historic levels of snow and snow removal expenses. The fiscal 2010 budget included \$26 million for snow removal expenditures, with the department setting aside reserves in the capital budget to fund additional snow removal expenditures if necessary. After the snow storms in January and February 2010, the State is well above the level budgeted in fiscal 2010. Since the State declared a state of emergency after two major snow storms in February 2010, the State may be eligible for federal disaster assistance funds to help defray up to 75% of the cost of snow removal to the State and local jurisdictions. The federal government has agreed to count the two snow events of early February as one event, increasing the likelihood of federal disaster funds.

While the costs of the February 2010 storms were not available when the document was written, the total snow removal expenditures will likely exceed \$100 million. Compared to other storms, the cost of the February storms is likely to be more expensive since the snow will need to be hauled away instead of simply moved to the shoulder. There is also the cost of cleaning up fallen trees and broken signs. Finally, as the snow melts, there are likely to be potholes and other preservation needs that will need to be addressed either in the operating or capital budget.

The department had previously directed the modes to fund extra snow removal expenses from the existing operating and capital budgets; however, due to the cost containment actions in fiscal 2010, additional reductions to the operating budget are likely to have significant impacts on service, safety, and maintenance. MDOT has indicated that the department could fund snow removal out of the capital budget by transferring funds to the operating budget or out of the department's fund balance, but each action has implications for the department's financial forecast.

### **Impact on Financial Forecast**

As previously discussed in the MDOT Overview, the department is close to falling below the agreed upon level with bondholders for the net income debt service coverage test. Any additional spending will count against the net income test. To the extent federal disaster funds are provided, the federal funds will offset some of the additional costs and mitigate the impact of the additional spending on the coverage ratio.

In the financial forecast, the department has a cushion of approximately \$65 million in additional spending or revenue losses before it falls below the agreed upon level. With snow removal expenditures for just SHA already significantly higher than budgeted, the department's ability to stay above the agreed upon level is in question. The department has agreed with bondholders not to issue any debt in a fiscal year until it is above the agreed upon level in a fiscal year. For example, if the department falls below the agreed upon level, it cannot issue \$205 million in debt in fiscal 2011 for the capital budget. To maintain the 2.0 times coverage ratio, the department will have to tightly manage spending.

## **Lack of Transparency**

Currently, the CTP reflects \$372 million in system preservation funding; however, a portion of that funding is not tied to specific projects and has been set aside in an unidentifiable account for snow removal expenses in fiscal 2010. The CTP does not reflect a line item for snow removal so that the General Assembly would have no way of knowing that this reserve of funding was there unless it was actually spent on snow removal or capital projects in the spring of 2010 as indicated by MDOT. DLS has previously expressed concerns about the underbudgeting of snow removal and an agreement was reached to phase in an increased level of budgeting for snow removal. DLS is also concerned that the capital budget now includes reserves of funding for operating budget expenditures, instead of properly showing this spending in the operating budget. Furthermore, the CTP as presented to the legislature presents one level of system preservation funding, a priority for the department, but the reality of that spending is quite different.

**DLS recommends that SHA discuss the following:**

- **how snow removal costs will be paid given the cost containment actions already taken;**
- **what steps will be taken to avoid falling below the 2.0 debt service coverage level with bondholders;**
- **what impact the recent snow storms will have on the roadways and the maintenance budget;**
- **what is the likelihood of the State and local jurisdictions receiving federal disaster aid and when that funding might be available;**
- **why it has reserved funding in the capital program for operating budget expenditures; and**
- **if the fiscal 2011 includes funding reserves for snow removal.**

**DLS also recommends that the budget committees consider adding a provision to the BRFA that would prohibit the department from transferring PAYGO funds to the operating budget similar to restrictions in current law that apply to general fund PAYGO programs.**

### **3. Potential Operating Budget Underbudgeting**

Due to cost containment and inflation, highway contract maintenance and snow removal may be underbudgeted in fiscal 2011. Highway contract maintenance is an important aspect of the department's efforts to maintain the highway network and keep it safe, as discussed in the performance measure discussion. Activities can include mowing, litter pick-up, brush clearing, line

striping, and other ongoing maintenance efforts. In fiscal 2010, highway contract maintenance was reduced as part of cost containment by approximately \$8.0 million and spending in fiscal 2011 is \$1.3 million less than in fiscal 2010. As previously discussed, inflation and cost containment will likely require greater spending than is currently budgeted or road quality will suffer. In addition, the demands for maintenance activities after the winter snow storms will likely result in greater pressure for spending. While in the short term, operating budget reductions may be necessary due to revenue constraints, the long-term expense of not maintaining highways may be greater than the immediate savings achieved.

In fiscal 2011, snow removal is budgeted at \$31 million, which is \$10 million more than the department had been budgeting for snow removal. While not every fiscal year will have the historic amounts of snow as the winter of 2009/2010 has had, the past several fiscal years have demonstrated that snow removal expenditures will likely be closer to \$40 million or \$50 million per year on average. Unlike other areas of the budget that may be underbudgeted and can be deferred temporarily, snow removal has to be completed.

### **Impact on Financial Forecast**

The potential underbudgeting of snow removal and contract maintenance not only impacts the department's budget, but it also impacts the financial forecast and the long-term ability of MDOT to issue debt for the capital budget. In the short term, the department's ability to maintain its coverage ratio in fiscal 2011 is largely predicated on its ability to maintain spending at the levels in the forecast. To the extent snow removal or contract maintenance exceeds the budgeted level, this will lower the department's coverage ratio. Over the long term, the deferral of contract maintenance expenditures and inflation likely mean that operating budget expenditures will increase more rapidly than in the past and likely more than currently forecasted. To the extent the operating budget is higher than forecasted over the long term, this will impact the level of cash for the capital budget and adversely impact the coverage ratio.

#### **DLS recommends that the agency discuss the following:**

- **how the agency will balance the demands of system preservation against the budget constraints the department is facing;**
- **what the long-term impact of deferring maintenance activities will have on the operating budget in future years; and**
- **the budgeting of snow removal and contract maintenance expenditures and the impact of underbudgeting snow removal on SHA's budget and the financial forecast.**

#### **4. Speed Camera Legislation Update**

During the 2009 legislative session, Chapter 500 of 2009 was enacted that allowed for speed cameras to be placed along expressways and controlled access roadways with at least a 45 miles per hour (MPH) speed limit. A “conspicuous” road sign must be warning drivers of the use of the speed camera and a citation can only be issued if a driver is going at least 12 MPH over the speed limit. If a driver is issued a citation, the fine is \$40, as determined by the District Court. Revenue from the fines will be first used to cover the administrative costs of the program with the remaining balance going to the State Police for roadside enforcement activities for three years. After three years, the revenue will go to the Transportation Trust Fund.

SHA is the State agency responsible for implementing the program. It currently has a contract with an outside vendor to photograph violators with the Maryland State Police verifying that a violation occurred. The projected contract cost for the speed cameras is \$1 million. The law went into effect on October 1, 2009, with a warning period in place until October 31 that was later extended to November 15. Since the law was put in place, there have been 11,513 citations, with 6,523 in fines collected, 1,586 in State late payment notices, and 488 out-of-state late payment notices. **DLS recommends that SHA comment on the implementation of the speed camera legislation and the impacts on the budget and highway worker safety.**

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

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1. Strike the following language:

~~Further provided that \$238,336,930 of this appropriation shall be reduced contingent upon the enactment of legislation reducing the required appropriation for the local share of Highway User Revenues.~~

**Explanation:** This is a technical amendment to reflect the budget action.

	<b><u>Amount Reduction</u></b>
2. Reduce Highway User Revenues. This action reduces the local share of Highway User Revenues equal to the amount in the Budget Reconciliation and Financing Act of 2010.	\$ 238,336,990 SF
<b>Total Special Fund Reductions</b>	<b>\$ 238,336,990</b>

***PAYGO Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Fiscal 2009 Highway User Revenue Spending**

The 2008 *Joint Chairmen's Report* requested that SHA obtain information from HUR recipients as to how the funding was used in fiscal 2009. SHA submitted a report that included information regarding how Baltimore City, the 23 counties, and municipalities used their share of HUR and following is a summary of the major highlights.

- SHA distributed \$465.1 million in fiscal 2009 to Baltimore City, the 23 counties, and eligible municipalities. HUR recipients spent a total of \$844.3 million for transportation eligible projects.
- Almost all counties and municipalities reported spending more for transportation than was received in HUR disbursements. A small number of jurisdictions reported spending less than what was received in HUR. It is unclear for what the additional funding was used.
- For the total transportation spending by local jurisdictions, \$327.9 million was used for capital projects and roadway related expenditures, \$446.7 million was used for roadway maintenance related expenditures, and \$69.7 million placed in reserve.

In conclusion, it appears that for the most part, counties and municipalities that receive HUR are using it in accordance with statutory requirements.

***Current and Prior Year Budgets***

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**Current and Prior Year Budgets  
MDOT – State Highway Administration  
(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2009</b>					
Legislative Appropriation	\$0	\$754,758	\$14,803	\$0	\$769,561
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	-49,005	4,974	0	-44,031
Cost Containment	0	-1,426	0	0	-1,426
Reversions and Cancellations	0	-19,496	-182	0	-19,678
<b>Actual Expenditures</b>	<b>\$0</b>	<b>\$684,831</b>	<b>\$19,595</b>	<b>\$0</b>	<b>\$704,426</b>
<b>Fiscal 2010</b>					
Legislative Appropriation	\$0	\$514,824	\$15,040	\$0	\$529,864
Cost Containment	0	-174,461	0	0	-174,461
Budget Amendments	0	5,000	0	0	5,000
<b>Working Appropriation</b>	<b>\$0</b>	<b>\$345,363</b>	<b>\$15,040</b>	<b>\$0</b>	<b>\$360,403</b>

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

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## **Fiscal 2009**

Actual fiscal 2009 expenditures for SHA totaled \$704.4 million, a net decrease of \$65.1 million from the legislative appropriation. Special fund budget amendments withdrew a net of \$49.0 million for the following purposes:

- \$23.1 million increase for winter maintenance expenditures;
- \$1.7 million increase for reimbursable accidents that will be offset by insurance payments;
- \$1.6 million for the 2% cost-of-living adjustment (COLA) for State employees;
- \$0.3 million increase in highway safety operating funds;
- \$4,900 to fund an annual salary review adjustment;
- \$70.4 million decrease in HUR due to declining revenues;
- \$5.0 million decrease for cost containment actions taken throughout the agency largely for summer maintenance activities and information technology expenses; and
- \$0.3 million decrease in CHART funding to reflect an additional available federal funds.

Special fund cost containment by BPW totaled \$1.4 million, with \$0.9 million for employee furloughs and \$0.5 million for overbudgeted health insurance.

Special fund cancellations total \$19.5 million, with \$13.2 million cancelled from HUR due to revenue underattainment, \$1.7 million for health benefit expenses that were less than the amount budgeted, and \$4.6 million in maintenance activities that were not spent due to the wet spring and cost containment.

Federal fund budget amendments increased spending a net of \$5.0 million. Federal fund increases included \$4.6 million to support an increased level of safety grants, \$0.3 million increase to supplant special funds for CHART expenditures, and \$0.1 million to support the 2% COLA for State employees. There was also a \$35,000 reduction by BPW for overbudgeted health insurance funds.

## **Fiscal 2010**

The fiscal 2010 legislative appropriation decreases a net of \$169.5 million compared to the legislative appropriation. Reductions included \$159.5 million in HUR taken by BPW in August 2009, \$2.3 million for furloughs, and \$12.7 million in various operating budget reductions

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taken at the November 2009 BPW meeting. These reductions are offset by an increase for snow removal totaling \$5.0 million consistent with legislative intent.

## ***Audit Findings***

Audit Period for Last Audit:	November 16, 2005 – July 31, 2008
Issue Date:	August 2009
Number of Findings:	9
Number of Repeat Findings:	3
% of Repeat Findings:	33%
Rating: (if applicable)	

***Finding 1:*** **Process for verifying the accuracy of labor charges for design contracts were not comprehensive.**

***Finding 2:*** Excess real property sales were not timely completed as required by State law.

***Finding 3:*** **Controls over materials and supplies inventories were inadequate.**

***Finding 4:*** Local jurisdictions were not always required to share costs incurred by SHA for traffic signal construction projects.

***Finding 5:*** **Construction contractors purchased sensitive equipment on SHA’s behalf and retained these items upon completion of the related projects.**

***Finding 6:*** Certain collections were not adequately controlled or timely deposited.

***Finding 7:*** Controls were inadequate over card issues.

***Finding 8:*** Fuel usage of State-owned vehicles was not adequately monitored.

***Finding 9:*** Recordkeeping and physical inventory procedures for certain equipment and vehicles were inadequate.

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

**Object/Fund Difference Report  
MDOT – State Highway Administration**

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,578.00	1,560.00	1,560.00	0	0%
02 Contractual	3.00	4.40	4.40	0	0%
<b>Total Positions</b>	<b>1581.00</b>	<b>1564.40</b>	<b>1564.40</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 94,012,165	\$ 94,254,389	\$ 100,279,956	\$ 6,025,567	6.4%
02 Technical and Spec. Fees	10,486,849	8,771,423	9,103,097	331,674	3.8%
03 Communication	1,374,939	1,349,500	1,295,000	-54,500	-4.0%
04 Travel	579,872	408,738	421,186	12,448	3.0%
06 Fuel and Utilities	15,239,750	16,092,009	13,647,454	-2,444,555	-15.2%
07 Motor Vehicles	12,731,252	14,742,868	14,252,628	-490,240	-3.3%
08 Contractual Services	68,121,655	49,328,792	50,286,735	957,943	1.9%
09 Supplies and Materials	23,964,117	16,922,930	18,885,080	1,962,150	11.6%
10 Equipment – Replacement	128,118	412,897	552,491	139,594	33.8%
11 Equipment – Additional	174,939	259,777	294,131	34,354	13.2%
12 Grants, Subsidies, and Contributions	477,280,358	157,561,090	390,060,004	232,498,914	147.6%
13 Fixed Charges	331,668	298,411	329,254	30,843	10.3%
<b>Total Objects</b>	<b>\$ 704,425,682</b>	<b>\$ 360,402,824</b>	<b>\$ 599,407,016</b>	<b>\$ 239,004,192</b>	<b>66.3%</b>
<b>Funds</b>					
03 Special Fund	\$ 684,831,049	\$ 345,363,145	\$ 581,367,337	\$ 236,004,192	68.3%
05 Federal Fund	19,594,633	15,039,679	18,039,679	3,000,000	19.9%
<b>Total Funds</b>	<b>\$ 704,425,682</b>	<b>\$ 360,402,824</b>	<b>\$ 599,407,016</b>	<b>\$ 239,004,192</b>	<b>66.3%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary  
MDOT – State Highway Administration**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 State System Construction and Equipment	\$ 811,080,794	\$ 838,718,000	\$ 702,158,000	-\$ 136,560,000	-16.3%
02 State System Maintenance	220,051,087	196,759,902	202,628,897	5,868,995	3.0%
03 County and Municipality Capital Funds	46,081,196	86,875,000	110,092,000	23,217,000	26.7%
04 Highway Safety Operating Program	19,295,983	14,665,312	17,933,119	3,267,807	22.3%
05 County and Municipality Funds	465,078,612	148,977,610	378,845,000	229,867,390	154.3%
08 Major Information Technology Development Projects	6,750,358	6,050,000	5,900,000	-150,000	-2.5%
<b>Total Expenditures</b>	<b>\$ 1,568,338,030</b>	<b>\$ 1,292,045,824</b>	<b>\$ 1,417,557,016</b>	<b>\$ 125,511,192</b>	<b>9.7%</b>
Special Fund	\$ 1,070,197,051	\$ 659,961,145	\$ 867,137,337	\$ 207,176,192	31.4%
Federal Fund	496,932,146	632,084,679	550,419,679	-81,665,000	-12.9%
<b>Total Appropriations</b>	<b>\$ 1,567,129,197</b>	<b>\$ 1,292,045,824</b>	<b>\$ 1,417,557,016</b>	<b>\$ 125,511,192</b>	<b>9.7%</b>
Reimbursable Fund	\$ 1,208,833	\$ 0	\$ 0	\$ 0	0.0%
<b>Total Funds</b>	<b>\$ 1,568,338,030</b>	<b>\$ 1,292,045,824</b>	<b>\$ 1,417,557,016</b>	<b>\$ 125,511,192</b>	<b>9.7%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Budget Amendments for Fiscal 2010  
Maryland Department of Transportation  
State Highway Administration – Operating**

<b><u>Status</u></b>	<b><u>Amendment</u></b>	<b><u>Fund</u></b>	<b><u>Justification</u></b>
Approved	-\$161,738,470	Special	Reductions made at the August 2009 BPW meeting
Pending	-12,722,217	Special	Reductions made at the November 2009 BPW meeting
Pending	5,000,000	Special	Increase for snow removal expenditures consistent with fiscal 2010 budget bill language
<b>Total</b>	<b>-\$169,460,687</b>		

BPW: Board of Public Works

Source: Maryland Department of Transportation

**Budget Amendments for Fiscal 2010  
Maryland Department of Transportation  
State Highway Administration – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	-\$3,672,456	Special	Reductions made at the August 2009 BPW meeting
Pending	-2,006,250	Special	Reductions made at the November 2009 BPW meeting
Pending	-33,003,841	Special	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflect in the <i>Consolidated Transportation Program</i>
	-58,594,878	Federal	
	-91,598,719	Total	
<b>Total</b>	<b>-97,277,425</b>		

BPW: Board of Public Works

Source: Maryland Department of Transportation

**Fiscal 2010 Working Appropriation  
(\$ in Millions)**

<u>County</u>	<u>Allowance FY 2010</u>	<u>101.9 Million HUR Reduction</u>	<u>60.0 Million HUR Reduction</u>	<u>Total Leg. App.</u>	<u>BPW Reduction Aug 2009</u>	<u>Revenue Revision</u>	<u>Work App. FY 2010</u>	<u>Percent Reduction</u>
Allegany	\$6,278	-\$1,832	-\$319	\$4,127	-\$3,714	-\$103	\$310	95.1%
Anne Arundel	27,406	-7,997	-9,059	10,350	-9,315	-450	585	97.9%
Baltimore City	189,215	-19,871	-2,963	166,381	-31,612	-3,847	130,922	30.8%
Baltimore	36,865	-10,757	-8,901	17,207	-15,487	-605	1,116	97.0%
Calvert	6,092	-1,778	-1,193	3,121	-2,809	-100	212	96.5%
Caroline	4,360	-1,272	-304	2,784	-2,506	-71	207	95.3%
Carroll	12,311	-3,592	-1,639	7,080	-6,372	-202	505	95.9%
Cecil	6,822	-1,991	-1,004	3,828	-3,445	-113	270	96.0%
Charles	8,836	-2,578	-1,551	4,706	-4,236	-146	325	96.3%
Dorchester	4,821	-1,407	-320	3,094	-2,785	-79	230	95.2%
Frederick	16,239	-4,738	-2,573	8,928	-8,035	-268	625	96.2%
Garrett	5,459	-1,593	-350	3,516	-3,164	-90	262	95.2%
Harford	14,297	-4,172	-2,150	7,975	-7,178	-235	562	96.1%
Howard	13,574	-3,961	-3,202	6,411	-5,770	-224	418	96.9%
Kent	2,450	-715	-239	1,496	-1,347	-41	109	95.5%
Montgomery	38,505	-11,236	-12,088	15,181	-13,663	-636	882	97.7%
Prince George's	33,545	-9,788	-5,600	18,157	-16,341	-548	1,268	96.2%
Queen Anne's	5,045	-1,472	-682	2,891	-2,602	-83	206	95.9%
St. Mary's	6,782	-1,979	-947	3,856	-3,471	-112	273	96.0%
Somerset	2,913	-850	-108	1,955	-1,759	-48	148	94.9%
Talbot	4,015	-1,172	-968	1,876	-1,688	-66	122	97.0%
Washington	10,445	-3,048	-1,349	6,048	-5,444	-172	433	95.9%
Wicomico	8,141	-2,376	-569	5,197	-4,677	-134	386	95.3%
Worcester	5,982	-1,746	-1,921	2,316	-2,084	-97	134	97.8%
<b>Total</b>	<b>\$470,400</b>	<b>-\$101,920</b>	<b>-\$59,999</b>	<b>\$308,481</b>	<b>-\$159,502</b>	<b>-\$8,470</b>	<b>\$140,509</b>	<b>70.1%</b>

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BPW: Board of Public Works  
Source: Department of Legislative Services

HUR: highway user revenues

Appendix 7

**Reductions to Highway User Revenues in Fiscal 2011 and Proposed Fiscal 2011-2012 Allocations**

<b>County</b>	<b><u>Statutory Funding Level</u></b>	<b><u>2009 BRFA Reduction</u></b>	<b><u>2010 BRFA Contingent Reduction</u></b>	<b><u>Proposed Reductions</u></b>	<b><u>Proposed Funding Level</u></b>	<b><u>Percent Reduction</u></b>
Allegany	\$6,387,531	-\$1,831,846	-\$4,245,923	-\$6,077,769	\$309,762	-95.2%
Anne Arundel	27,895,443	-7,996,894	-19,313,102	-27,309,996	585,447	-97.9%
Baltimore City	193,923,000	-19,871,424	-43,130,070	-63,001,494	130,921,506	-32.5%
Baltimore	37,511,924	-10,757,194	-25,638,515	-36,395,709	1,116,215	-97.0%
Calvert	6,235,183	-1,777,551	-4,245,993	-6,023,544	211,639	-96.6%
Caroline	4,433,838	-1,272,303	-2,954,593	-4,226,896	206,942	-95.3%
Carroll	12,563,512	-3,592,233	-8,465,789	-12,058,022	505,490	-96.0%
Cecil	7,008,274	-1,990,712	-4,747,747	-6,738,459	269,815	-96.2%
Charles	9,058,322	-2,578,168	-6,155,496	-8,733,664	324,658	-96.4%
Dorchester	4,922,052	-1,406,739	-3,285,210	-4,691,949	230,103	-95.3%
Frederick	16,646,169	-4,738,497	-11,283,170	-16,021,667	624,502	-96.2%
Garrett	5,559,213	-1,592,885	-3,704,314	-5,297,199	262,014	-95.3%
Harford	14,603,727	-4,171,792	-9,869,761	-14,041,553	562,174	-96.2%
Howard	13,870,861	-3,960,732	-9,492,571	-13,453,303	417,558	-97.0%
Kent	2,515,801	-714,961	-1,691,757	-2,406,718	109,083	-95.7%
Montgomery	39,452,563	-11,235,610	-27,334,594	-38,570,204	882,359	-97.8%
Prince George's	33,995,832	-9,788,358	-22,939,638	-32,727,996	1,267,836	-96.3%
Queen Anne's	5,149,407	-1,472,251	-3,471,016	-4,943,267	206,140	-96.0%
St. Mary's	6,973,170	-1,979,073	-4,720,840	-6,699,913	273,257	-96.1%
Somerset	2,957,488	-849,884	-1,959,793	-2,809,677	147,811	-95.0%
Talbot	4,094,971	-1,171,692	-2,801,695	-3,973,387	121,584	-97.0%
Washington	10,683,042	-3,047,889	-7,202,474	-10,250,363	432,679	-95.9%
Wicomico	8,284,887	-2,375,652	-5,523,065	-7,898,717	386,170	-95.3%
Worcester	6,038,794	-1,745,660	-4,158,870	-5,904,530	134,264	-97.8%
<b>Total</b>	<b>\$480,765,004</b>	<b>-\$101,920,000</b>	<b>-\$238,335,996</b>	<b>-\$340,255,996</b>	<b>\$140,509,008</b>	<b>-70.8%</b>

Analysis of the FY 2011 Maryland Executive Budget, 2010

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JOB01 - MDOT - State Highway Administration

BRFA: Budget Reconciliation and Financing Act

Source: Department of Legislative Services

Appendix 8

**Current Law Compared to Revised Allocation in Model – Fiscal 2011**

	<u>Current Law</u>	<u>Simulation</u>	<u>Difference</u>
<b>Baltimore City</b>	\$193,923,000	\$193,908,550	-\$14,450
<b>County Share</b>	245,727,280	245,190,150	-537,130
<b>Municipal</b>	41,114,720	41,666,300	551,580

<u>County</u>	<u>County Share</u>			<u>Municipal Share</u>		
	<u>Current Law</u>	<u>Simulation<sup>1</sup></u>	<u>Difference</u>	<u>Current Law</u>	<u>Simulation<sup>2</sup></u>	<u>Difference</u>
Allegany	\$4,164,042	\$4,253,832	\$89,790	\$2,223,489	\$2,276,997	\$53,508
Anne Arundel	26,200,468	26,038,515	-161,953	1,694,975	1,796,343	101,368
Baltimore City	193,923,000	193,908,550	-14,450	0	0	0
Baltimore	37,511,924	37,340,751	-171,172	0	0	0
Calvert	5,698,912	5,651,167	-47,745	536,271	522,096	-14,175
Caroline	3,566,360	3,642,419	76,059	867,478	779,447	-88,030
Carroll	10,195,727	10,120,279	-75,448	2,367,785	2,466,095	98,310
Cecil	5,863,613	5,837,070	-26,543	1,144,661	1,143,742	-919
Charles	8,410,817	8,334,172	-76,646	647,504	673,461	25,957
Dorchester	3,730,582	3,981,164	250,581	1,191,469	920,113	-271,357
Frederick	12,058,307	12,071,850	13,543	4,587,861	4,605,246	17,384
Garrett	4,718,069	4,809,804	91,736	841,144	707,001	-134,143
Harford	12,723,696	12,614,060	-109,636	1,880,032	1,998,814	118,783
Howard	13,870,861	13,804,345	-66,516	0	0	0
Kent	2,009,840	2,069,599	59,759	505,961	432,147	-73,814
Montgomery	33,211,014	32,921,658	-289,356	6,241,549	6,611,907	370,358
Prince George's	25,845,605	25,631,054	-214,550	8,150,228	8,579,285	429,057
Queen Anne's	4,817,090	4,786,529	-30,561	332,316	290,855	-41,461
St. Mary's	6,844,918	6,778,107	-66,811	128,251	130,136	1,884
Somerset	2,557,081	2,589,094	32,013	400,407	340,200	-60,207
Talbot	2,879,483	2,979,384	99,901	1,215,488	1,128,164	-87,324
Washington	7,948,191	7,934,757	-13,434	2,734,851	2,829,668	94,817

<b>County</b>	<b>County Share</b>			<b>Municipal Share</b>		
	<u><b>Current Law</b></u>	<u><b>Simulation<sup>1</sup></b></u>	<u><b>Difference</b></u>	<u><b>Current Law</b></u>	<u><b>Simulation<sup>2</sup></b></u>	<u><b>Difference</b></u>
Wicomico	6,449,261	6,421,703	-27,558	1,835,626	1,947,176	111,550
Worcester	4,451,420	4,578,835	127,416	1,587,374	1,487,406	-99,967
<b>Total</b>	<b>\$439,650,280</b>	<b>\$439,098,700</b>	<b>-\$51,580</b>	<b>\$41,114,720</b>	<b>\$41,666,300</b>	<b>\$551,580</b>

<sup>1</sup>County road miles and registrations compared to total county road miles and registrations.

<sup>2</sup>Municipal road miles and registrations compared to total municipal road miles and registrations.

Source: Department of Legislative Services

**2011 BRFA Distribution Compared to Revised Allocation in Model**

	<u>BRFA Allocation</u>	<u>Simulation</u>	<u>Percentage Input</u>	<u>Difference</u>
	<b>2011 and 2012</b>	<b>2011</b>		
Total	\$1,602,550,000	\$1,602,550,000		
MDOT	1,121,785,000	1,121,785,000	70.0%	\$0
General Fund	340,255,990	339,740,600	21.2%	-515,390
Baltimore City	130,916,460	100,960,650	6.3%	-29,955,810
County Share	8,115,407	27,243,350	1.7%	19,127,943
Municipal	1,477,143	12,820,400	0.8%	11,343,257
<b>Total</b>	<b>\$1,602,550,000</b>	<b>\$1,602,550,000</b>	<b>100.0%</b>	<b>\$0</b>

<u>County</u>	<u>County Share</u>			<u>Municipal Share</u>		
	<u>Fiscal 2011 BRFA</u>	<u>Simulation<sup>1</sup></u>	<u>Difference</u>	<u>Fiscal 2011 BRFA</u>	<u>Simulation<sup>2</sup></u>	<u>Difference</u>
Allegany	\$202,432	\$472,648	\$270,216	\$108,093	\$700,614	\$592,521
Anne Arundel	550,321	2,893,168	2,342,847	35,602	552,721	517,119
Baltimore City	130,916,460	100,960,650	-29,955,810	0	0	0
Baltimore	1,115,641	4,148,972	3,033,331	0	0	0
Calvert	193,921	627,907	433,987	18,248	160,645	142,397
Caroline	166,137	404,713	238,576	40,411	239,830	199,419
Carroll	410,500	1,124,475	713,975	95,332	758,799	663,467
Cecil	225,714	648,563	422,849	44,063	351,921	307,858
Charles	301,375	926,019	624,644	23,201	207,219	184,018
Dorchester	174,654	442,352	267,697	55,781	283,112	227,331
Frederick	452,935	1,341,317	888,381	172,330	1,416,999	1,244,669
Garrett	222,996	534,423	311,427	39,756	217,539	177,783
Harford	489,681	1,401,562	911,881	72,355	615,020	542,665
Howard	417,312	1,533,816	1,116,504	0	0	0
Kent	87,556	229,955	142,400	22,041	132,968	110,927

<b>County</b>	<b>County Share</b>			<b>Municipal Share</b>		
	<b><u>Fiscal 2011 BRFA</u></b>	<b><u>Simulation<sup>1</sup></u></b>	<b><u>Difference</u></b>	<b><u>Fiscal 2011 BRFA</u></b>	<b><u>Simulation<sup>2</sup></u></b>	<b><u>Difference</u></b>
Montgomery	742,798	3,657,962	2,915,164	139,599	2,034,433	1,894,834
Prince George's	963,544	2,847,895	1,884,351	303,847	2,639,780	2,335,933
Queen Anne's	193,218	531,837	338,618	13,330	89,494	76,164
St. Mary's	268,953	753,123	484,170	5,039	40,042	35,002
Somerset	127,560	287,677	160,117	19,974	104,677	84,703
Talbot	85,958	331,043	245,084	36,285	347,127	310,843
Washington	321,980	881,640	559,660	110,788	870,667	759,879
Wicomico	300,788	713,523	412,735	85,612	599,131	513,519
Worcester	99,432	508,759	409,328	35,457	457,664	422,206
<b>Total</b>	<b>\$139,031,867</b>	<b>\$128,204,000</b>	<b>-\$10,827,867</b>	<b>\$1,477,143</b>	<b>\$12,820,400</b>	<b>\$11,343,257</b>

BRFA: Budget Reconciliation and Financing Act  
MDOT: Maryland Department of Transportation

<sup>1</sup>County road miles and registrations compared to total county road miles and registrations.

<sup>2</sup>Municipal road miles and registrations compared to total municipal road miles and registrations.

Source: Department of Legislative Services