
February 10, 2021

The Honorable Maggie McIntosh
Chair, House Appropriations Committee
Room 121, House Office Building
6 Bladen Street
Annapolis, MD 21401

***Re: Letter of Information – House Bill 898 – Operating Budget – Unanticipated
Federal Funds – Authorized Uses***

Dear Chair McIntosh and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 898 but offers the following information for the Committee's consideration.

House Bill 898 prohibits the expenditure of federal fund dollars that are not already included in the FY 2021 and FY 2022 budgets until a budget amendment is processed to recognize those funds. MDOT assumes that the bill is focused on the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, as well as any additional federal relief for COVID-19 that may be provided in the future. Unfortunately, this bill has the unintended consequence of sweeping in all federal aid that MDOT might receive throughout the year but may not be known early enough for inclusion in the FY 2021 and 2022 budgets.

While MDOT recognizes that certain provisions in the bill are meant to mitigate this impact, the provisions do not go far enough. Specifically, the bill exempts transit operating expenses from this provision; however, MDOT regularly receives other federal support for its operating programs, as well as federal support for the capital program. Additionally, the bill has a provision for grant programs already included in the FY 2022 budget bill; however, the exemption is not broad enough to capture other federal grants that MDOT may receive throughout the year.

This bill would prohibit MDOT from leveraging federal funds that routinely become available throughout the year until a budget amendment is processed to recognize those funds. The budget amendment process typically takes at least 60 days to complete. This will create significant hardship for MDOT to recognize these funds as part of the fiscal year-end closing process. In FY 2020, MDOT's closing budget amendment increased federal fund spending, not including funds from the Coronavirus Aid, Relief, and Economic Security Act, by \$38 million. In FY 2019, MDOT's closing budget amendment included \$95 million in additional federal funds. Had this bill been in place, MDOT would not have had sufficient time to recognize those funds in that fiscal year, requiring the use of Transportation Trust Fund dollars

The Honorable Maggie McIntosh
Page Two

rather than federal funds dollars. MDOT routinely seeks to maximize the use of federal fund dollars.

In addition to impacting routine federal support of transportation, this bill will also delay MDOT's ability to utilize federal grants received through competitive and discretionary grant programs like the federal Better Utilizing Investments to Leverage Development (BUILD) grant program.

The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating House Bill 898.

Respectfully submitted,

Melissa Einhorn
State Legislative Officer
Maryland Department of Transportation
410-865-1102