
March 20, 2024

The Honorable Ben Barnes
Chair, House Appropriations Committee
121 House Office Building
Annapolis MD 21401

RE: Letter of Support as Amended – Senate Bill 126 – Transportation – WMATA Operating Assistance – Alteration (Maryland Metro Funding Act of 2024)

Dear Chair Barnes and Committee Members:

The Maryland Department of Transportation (MDOT) supports Senate Bill 126 as amended as it serves as a required mechanism for addressing the Washington Metropolitan Area Transit Authority's (WMATA) fiscal cliff.

As amended, Senate Bill 126 resets the 3% WMATA operating budget subsidy cap in FY 2028. Doing so will allow MDOT to implement the additional subsidy level proposed in the Governor's Budget, while retaining the 3% cap as a useful budget management tool for future fiscal years. Further, the legislation provides that the Secretary may withhold 35% of the funds available in a given fiscal year if the chair of the Board of Directors does not rotate every two years between jurisdictions, or if the Purple Line does not appear on WMATA's system maps.

In FY 2025, WMATA faces a \$750 million fiscal cliff as a result of the exhaustion of federal COVID-19 funding support, increased operating costs, previous subsidy credits to funding jurisdictions including Maryland, and a new post-pandemic ridership landscape. This context is similar to what is seen at transit agencies across the country, including the Maryland Transit Administration (MTA).

To address the fiscal cliff, the Governor's Budget proposes a \$150 million increase in Maryland's operating budget subsidy. If comparatively matched by other funding jurisdictions, this increased subsidy will help to fill the FY 2025 – FY 2027 budget gaps alongside modifications to fares, service levels, and fiscal management policies including administrative costs.

Existing law only permits a 3% increase in the operating subsidy annually, with a set of statutory exemptions that allow for larger increases. This legislation is required to set a new baseline for the operating subsidy consistent with the proposed budget. The consequences of not taking action are substantial. The WMATA General Manager's Proposed Budget, which articulates the necessary service cuts if operating subsidies are not increased, indicates large-scale service reductions. These reductions would include the loss of 67 bus routes and substantial deterioration of rail service frequency. Thousands of WMATA employees, the large majority of whom live in Maryland, would be threatened with layoffs.

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The Governor's commitment of the additional needed subsidy alongside this legislation can avert those devastating impacts.

The Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 126 as amended, a favorable report.

Respectfully submitted,

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