WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Public Testimony in Support of HB 198

Transportation – WMATA Operating Assistance – Alteration
Maryland Metro Funding Act of 2024

Before the House Appropriations Committee

January 23, 2024

Mr. Chairman, members of the committee, thank you for allowing me to testify today. For the record, my name is Charlie Scott and I am the Senior Government Relations Officer for the Washington Metropolitan Area Transit Authority (WMATA). I am here to urge your strong support for House Bill 198.

I want to thank Chairman Korman for his steadfast support of transportation across our state, and particularly his leadership across Maryland in support of transit. The legislation passed by the General Assembly in 2018, which was championed by Delegate Korman and which this bill amends, has been critical to returning our Metro system to a state of good repair. With our annual capital program now exceeding $2 billion, in the past five years we have made steady progress to address a backlog of capital needs that had built up over decades. The result for our customers and the region is a safer, more reliable system, with improved on time performance and customer satisfaction.

The 2018 legislation also included a provision to cap, with limited exceptions, the growth of Metro's operating subsidy at 3% annually. As we all know, a lot has changed since 2018, and transit agencies across the country are facing new fiscal realities.

For WMATA specifically, a one-time COVID-era credit to the funding jurisdictions, along with the suspension of the 3% cap increase for two years, resulted in $690 million in foregone subsidy for Metro.

With federal COVID relief funding now mostly expended, ridership – particularly on rail – still below 2019 levels, and recent inflationary pressures on Metro's operating expenses, WMATA is facing a structural operating deficit of $750 million.

With this 3% cap in statute in both Maryland and Virginia and to stay within that cap, this week WMATA's Board of Directors is expected to authorize public hearings on a proposed FY25 budget that would drastically cut Metrorail, Metrobus and MetroAccess service, while charging customers more and utilizing capital funds to cover eligible operating preventive maintenance expenses.

Specifically, Metro is proposing to close the FY25 funding gap through the following actions:

- $183M reduction achieved through:
    - $95M in one-time savings from FY23 budget management actions
    - $50M in newly identified recurring operating cost efficiencies
    - $38M in salary and wage freezes (assumes 0% increase for Non-represented, Local 689, and Local 922 employees)
- $59M increase due to:
    - $67M increase for FY25 revenue adjustment
    - $8M decrease for CPI reduction to 3.5%
- $193M flexing federal formula funds from capital to operating budget to support preventive maintenance activities.
- $433M remaining budget gap is proposed to be solved through service cuts and fare increases:
    - Eliminate Metrobus service on 67 of 135 lines, major Metrorail frequency reductions, 10PM system closure, 10 stations closed, MetroAccess service area reduced with reductions to fixed routes
    - Elimination of almost 2,300 positions and a 20% general increase in fares and parking rates

Fortunately, in Maryland, Governor Wes Moore has included an additional $150 million for WMATA in his proposed budget. With proportionate shares from Virginia and the District of Columbia, an additional $450-500 million to address our operating deficit would allow Metro to avert significant service cuts and the associated layoffs of almost 2,300 staff.

Allowing this additional $150 million to be approved in Maryland's budget, however, also requires that this statutory 3% cap not apply to the FY25 budget. HB198 achieves this necessary statutory change, and for those reasons I urge a favorable report.