

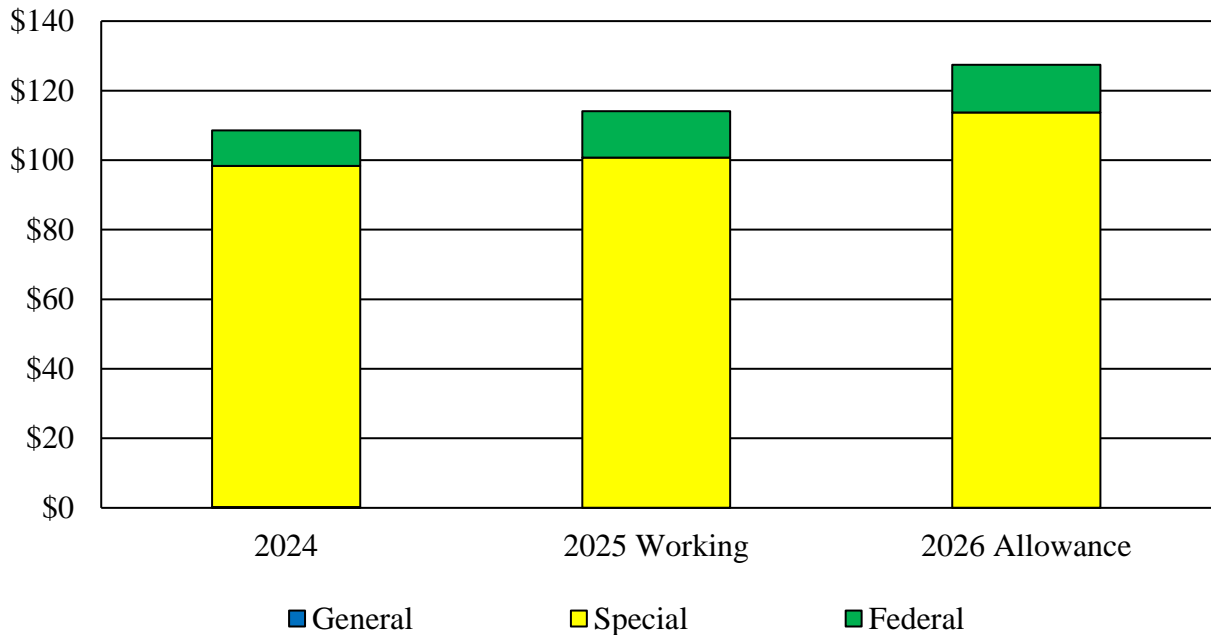
J00A01
The Secretary's Office
Maryland Department of Transportation

Executive Summary

The Secretary's Office (TSO) provides overall policy direction, management, and administrative support to the Maryland Department of Transportation (MDOT). The budget for TSO includes grants to various entities for transportation-related purposes.

Operating Budget Summary

Fiscal 2026 Budget Increases \$13.3 Million, or 11.7%, to \$127.4 Million
(\$ in Millions)



Note: The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency's budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

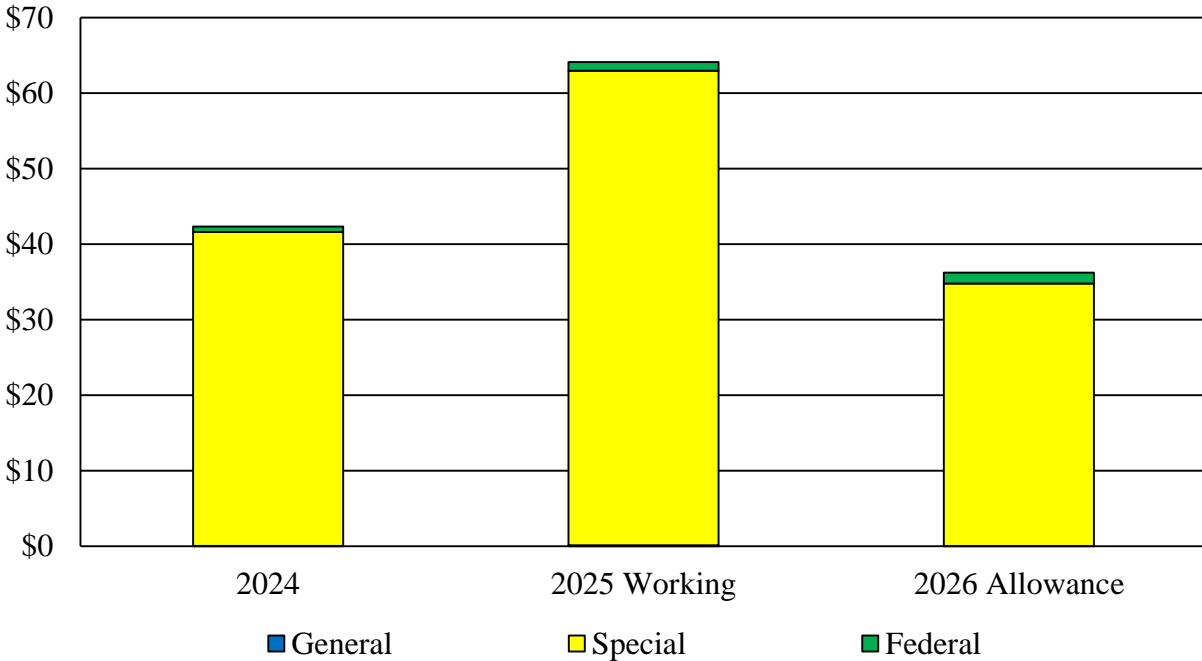
- The fiscal 2025 working appropriation does not include \$6.2 million added by budget amendment primarily to restore funds reduced as cost containment measures in the budget as introduced during the 2024 session. Adjusting for this budget amendment, the increase in fiscal 2026 would be \$7.1 million (5.9%).

For further information contact: Steven D. McCulloch

steve.mcculloch@mlis.state.md.us

PAYGO Capital Budget Summary

**Fiscal 2026 Budget Decreases \$27.9 Million, or 43.5%, to \$36.2 Million
(\$ in Millions)**



Note: The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Key Observations

- ***New Focus on Transit-oriented Development:*** Chapter 512 of 2023 modified the process for designating transit-oriented development (TOD) projects, created a TOD revolving loan fund, and required submission of an annual report.

Operating Budget Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete funding for a new cybersecurity position; the agency should instead reclassify an existing vacant position.	-\$ 132,760	-1.0
2. Add annual language restricting operating grants-in-aid funding.		
Total Net Change	-\$ 132,760	1.0

PAYGO Budget Recommended Actions

1. Add annual language limiting capital project and grant funding to the projects and grants identified in the Consolidated Transportation Program.

J00A01
The Secretary's Office
Maryland Department of Transportation

Budget Analysis

Program Description

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

Key goals of the department are:

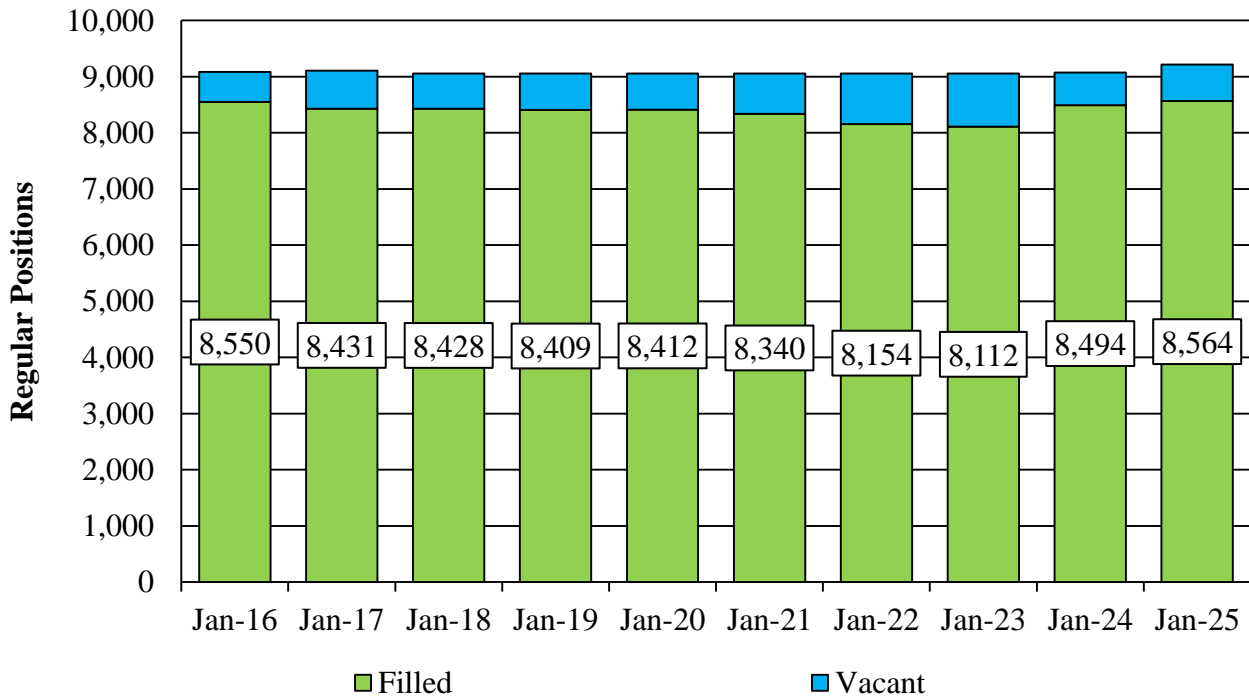
- ensuring a safe, secure, and resilient transportation system;
- maintaining a high standard and modernizing Maryland's multimodal transportation system;
- improving the quality and efficiency of the transportation system to enhance customer experience;
- providing better transportation choices and connections;
- facilitating economic opportunity and reducing congestion in Maryland through strategic system expansion;
- ensuring environmental protection and sensitivity; and
- promoting fiscal responsibility.

Performance Analysis: Managing for Results

1. Productivity and Quality – Recruit and Retain Quality Employees

One of the key factors that affects an agency’s ability to carry out its mission and achieve its goals is having an adequate number of filled positions to do the work. **Exhibit 1** shows the department total for the number of filled and vacant positions on January 1 of each year from 2016 to 2025. There were 70 more filled MDOT positions on January 1, 2025, than the year prior, marking the highest number of filled positions in the past 10 years.

Exhibit 1
Departmentwide Filled and Vacant Positions
On January 1, 2016, to January 1, 2025



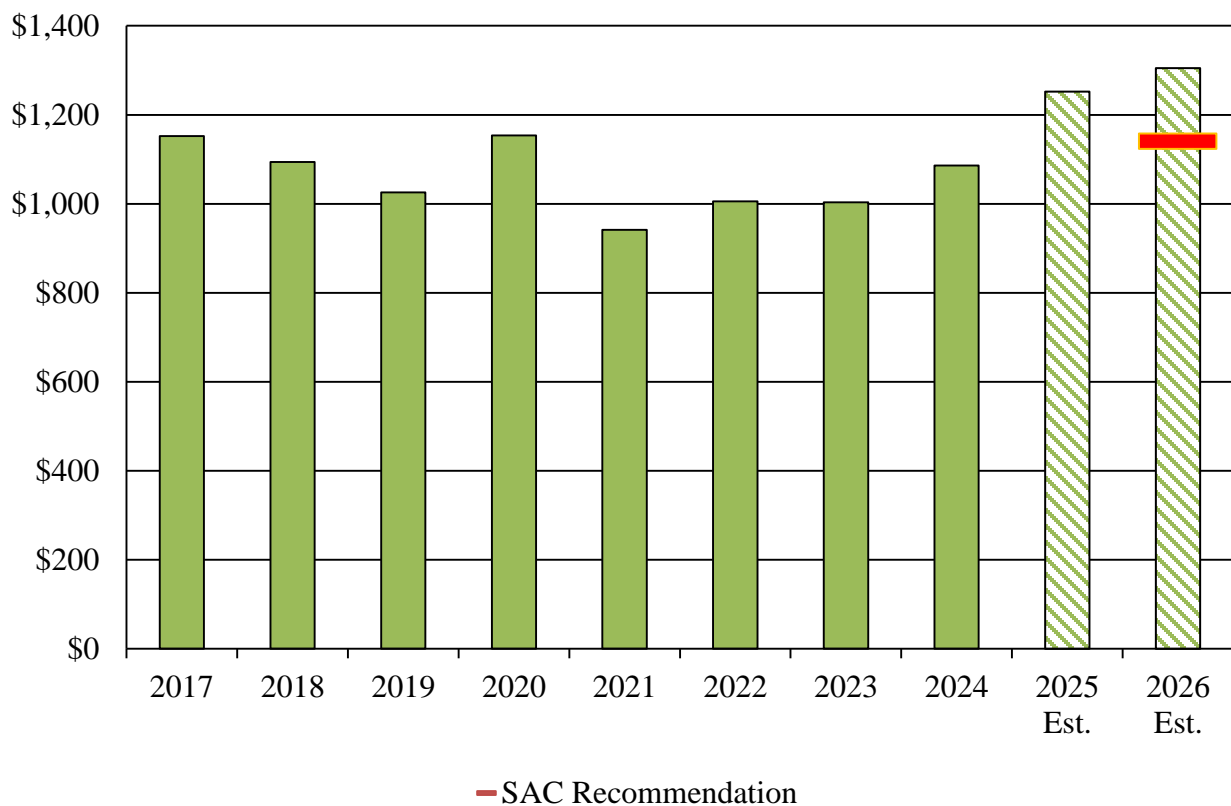
Source: Maryland Department of Transportation; Department of Legislative Services

2. Promote Fiscal Responsibility – System Preservation

One objective of TSO’s goal to deliver a reliable, high-quality, integrated transportation system is to increase the percentage of State-owned or funded facilities and assets in a state of

good repair. The Spending Affordability Committee (SAC), in its 2024 interim report, recommended that MDOT fund system preservation in fiscal 2026 at no less than \$1.14 billion (the average annual amount spent over the previous 10 years). As shown in **Exhibit 2**, the fiscal 2026 budget as introduced complies with the SAC recommendation.

Exhibit 2
System Preservation Funding
Fiscal 2017-2026 Est.
(\$ in Millions)



SAC: Spending Affordability Committee

Source: Maryland Department of Transportation; Department of Legislative Services

Fiscal 2025

The fiscal 2025 working appropriation does not include \$6.2 million added by budget amendment primarily to restore funds reduced as cost containment measures in the budget as

introduced during the 2024 session. Adjusting for this budget amendment, the increase in fiscal 2026 would be \$7.1 million (5.9%).

Implementation of Legislative Priorities

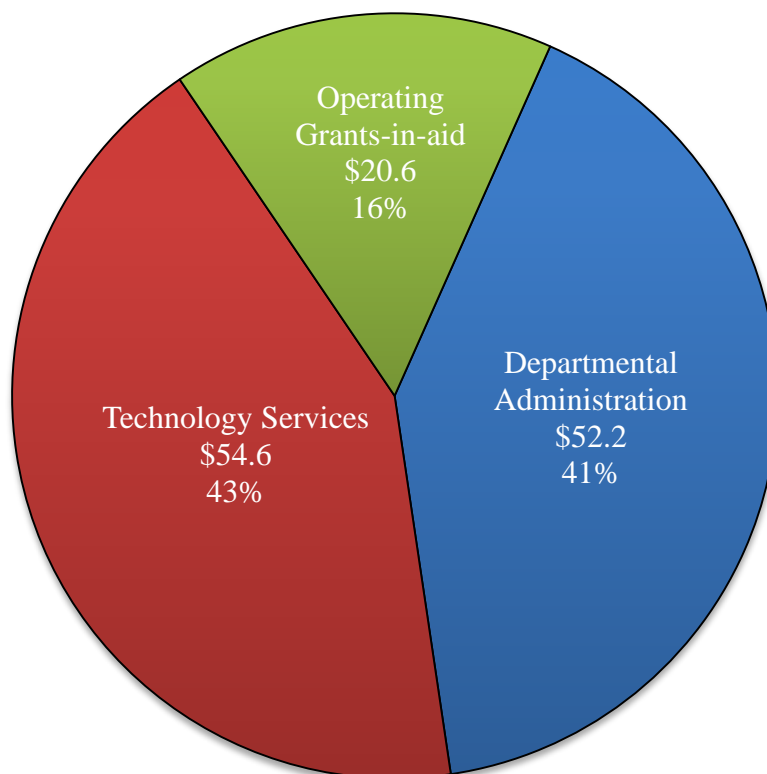
During the 2024 session, the General Assembly added a \$500,000 special fund appropriation to the operating grants-in-aid program in TSO for the purpose of providing Baltimore and Montgomery counties each a grant of \$250,000 to develop pilot projects to increase transportation opportunities for K-12 students not already being bused by public school systems. MDOT reports that it has met with both counties and is prepared to enter into grant agreements. As of the end of January 2025, however, neither county had committed to implementing projects with this funding.

The General Assembly also added a \$100,000 general fund pay-as-you-go appropriation to TSO’s capital program for the purpose of providing a grant to the Town of Forest Heights for traffic management improvements needed to address heavy traffic generated by the casino at National Harbor. MDOT indicates that it has met with representatives of the town and that a grant agreement is being drafted. Once the agreement is signed and reviewed, the town may access the funds on a reimbursable basis by submitting invoices.

Fiscal 2026 Overview of Agency Spending

As shown in **Exhibit 3**, 43% of TSO’s fiscal 2026 operating allowance is devoted to providing IT support to the department. Operating grants-in-aid account for 16% of planned spending with the remaining 41% devoted to departmental administration.

Exhibit 3
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Millions)



Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Maryland Department of Transportation; Department of Legislative Services

Proposed Budget Change

The fiscal 2026 operating allowance for TSO increases by \$13.3 million over the current year working appropriation. **Exhibit 4** shows the fiscal 2024 to 2026 budgets by fund and provides detail on the items comprising the change between the working appropriation and the allowance. The fiscal 2025 working appropriation does not include \$6.2 million added by budget amendment primarily to restore funds reduced as cost containment measures in the budget as introduced during

the 2024 session. Adjusting for this budget amendment, the increase in fiscal 2026 would be \$7.1 million (5.9%).

Exhibit 4
Proposed Budget
Maryland Department of Transportation – The Secretary’s Office
(\$ in Thousands)

How Much It Grows:	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
	Fund	Fund	Fund	
Fiscal 2024 Actual	\$250	\$98,114	\$10,239	\$108,604
Fiscal 2025 Working Appropriation	0	100,766	13,310	114,076
Fiscal 2026 Allowance	<u>0</u>	<u>113,765</u>	<u>13,643</u>	<u>127,408</u>
2025-2026 Amount Change	\$0	\$12,999	\$333	\$13,331
2025-2026 Percent Change		12.9%	2.5%	11.7%
Where It Goes:				<u>Change</u>
Personnel Expenses				
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustment and increments				\$3,481
Restoration of funds from cancellation of fiscal 2025 hiring freeze				2,139
New administrator V position.....				133
Workers’ compensation				-3
Employee and retiree health insurance				-1,692
Departmental Administration				
Restoration of data processing contractual services funds reduced in fiscal 2025 as cost containment.....				3,400
Legal services				810
Financial Management Information System consultant contract				703
Systems software maintenance contracts.....				330
Janitorial services.....				300
Fiscal and accounting services including audit.....				250
Restoration of funds for travel and conferences/seminars/training				175
Electricity usage at fiscal 2024 actual.....				53
Advertising and legal publications				50
Operating Grants-in-aid				
Purple Line Business Impact Grants (reimbursed by Purple Line Transit Partners).....				1,000

J00A01 – MDOT – The Secretary’s Office

Where It Goes:	<u>Change</u>
Restoration of funds for Department of Planning reduced in fiscal 2025 as cost containment	\$400
Grants to metropolitan planning organizations.....	375
Remove one-time pilot K-12 transportation grants	-500
Cost Allocations	
Department of Information Technology services allocation	1,005
Department of Budget and Management paid telecommunications	736
Retirement administrative fee	70
Other changes	116
Total	\$13,331

Note: The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Numbers may not sum to total due to rounding.

Operating Grants-in-aid

As shown in **Exhibit 5**, operating grants-in-aid funding increases by a net \$1.3 million with increased funding for grants to metropolitan planning organizations, a grant to the Maryland Department of Planning, and the addition of funding for Purple Line Business Impact Grants partially offset by the removal of a one-time \$500,000 grant for K-12 transportation pilots in Baltimore and Montgomery counties.

Exhibit 5
Operating Grants-in-aid
Fiscal 2026

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total</u>
Baltimore MPO	\$850,636	\$6,671,062	\$7,521,698
Hagerstown MPO	35,661	285,290	320,951
Lexington Park MPO	21,426	171,409	192,835
Salisbury MPO	26,031	208,251	234,282
Washington MPO	774,342	6,194,743	6,969,085
Wilmington MPO	14,018	112,142	126,160
Department of Commerce (to support the Appalachian Regional Commission)	155,000	0	155,000
Maryland Department of Planning	400,000	0	400,000
Payments in Lieu of Taxes	1,774,074	0	1,774,074
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Purple Line Business Impact Grants	1,000,000	0	1,000,000
Pride of Baltimore	500,000	0	500,000
Total	\$6,951,128	\$13,642,897	\$20,594,025

MPO: metropolitan planning organization

Source: Governor’s Fiscal 2026 Budget Books; Department of Legislative Services

Operating and PAYGO Personnel Data

	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25-26</u> <u>Change</u>
Regular Operating Budget Positions	301.50	309.50	310.50	1.00
Regular PAYGO Budget Positions	<u>16.00</u>	<u>13.00</u>	<u>18.00</u>	<u>5.00</u>
Total Regular Positions	317.50	322.50	328.50	6.00
Operating Budget FTEs	27.00	17.00	17.00	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	27.00	17.00	17.00	0.00
Total Personnel	344.50	339.50	345.50	6.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	20.03	6.27%
Positions and Percentage Vacant as of 12/31/24	40.00	12.40%

Vacancies Above Turnover 19.97

- The allowance includes 1 new cybersecurity operating position and 5 new capital budget positions. **It is recommended that the funding and position identification number for the new cybersecurity position be deleted and that the agency instead reclassify an existing vacant position.**

PAYGO Capital Program

Program Description

The TSO capital program has historically consisted of projects that support the preservation of the MDOT headquarters systems and air quality initiatives in the Baltimore/Washington metropolitan areas. TSO provides capital grants to public and private entities for transportation-related purposes.

Infrastructure Investment and Jobs Act Funding

TSO has been awarded nine discretionary grants in the past year under the Infrastructure Investment and Jobs Act totaling \$127.8 million. **Exhibit 6** lists the federal program and purpose of the grants.

Exhibit 6
Discretionary Grant Awards under the IIJA over the Past Year
(\$ in Millions)

<u>Program</u>	<u>Purpose</u>	<u>Amount</u>
Charging and Fueling Infrastructure Corridor Program	Alternative fueling infrastructure along the I-81 and I-78 corridors.	\$18.6
Railroad Crossing Elimination	Rosedale Maryland Grade Crossing Improvement Project.	3.0
Reconnecting Communities Pilot	Reconnection communities impacted by US 40.	85.5
Advanced Digital Construction Management Systems	Supporting the Montgomery County Department of Transportation in expanding its successful Precise 3D Survey and Engineering of Transportation Infrastructure pilot project.	1.0
Prioritization Process Pilot Program	Improve MDOT’s existing prioritization process for capital programming and develop a new needs identification process for long-range planning.	2.0
Innovative Finance and Asset Concession Grant Program	Evaluate potential transit-oriented development and parking optimization opportunities at commuter rail stations owned by MDOT.	1.0
Electric Vehicle Infrastructure Accessibility and Reliability Accelerator	Pilot electric vehicle charger projects and gather lessons learned and best practices through close coordination with both local governments and the private sector.	4.4
Consolidated Rail Infrastructure and Safety Improvements	Perform an assessment of trespassing on active railroad rights-of-way across the State.	0.8
Consolidated Rail Infrastructure and Safety Improvements	Final design and construction activities to replace three older, non-regulated emission diesel-electric switching locomotives with three new battery electric locomotives and one battery charger at the Port of Baltimore.	11.6
Total Awards		\$127.8

IIJA: Infrastructure Investment and Jobs Act

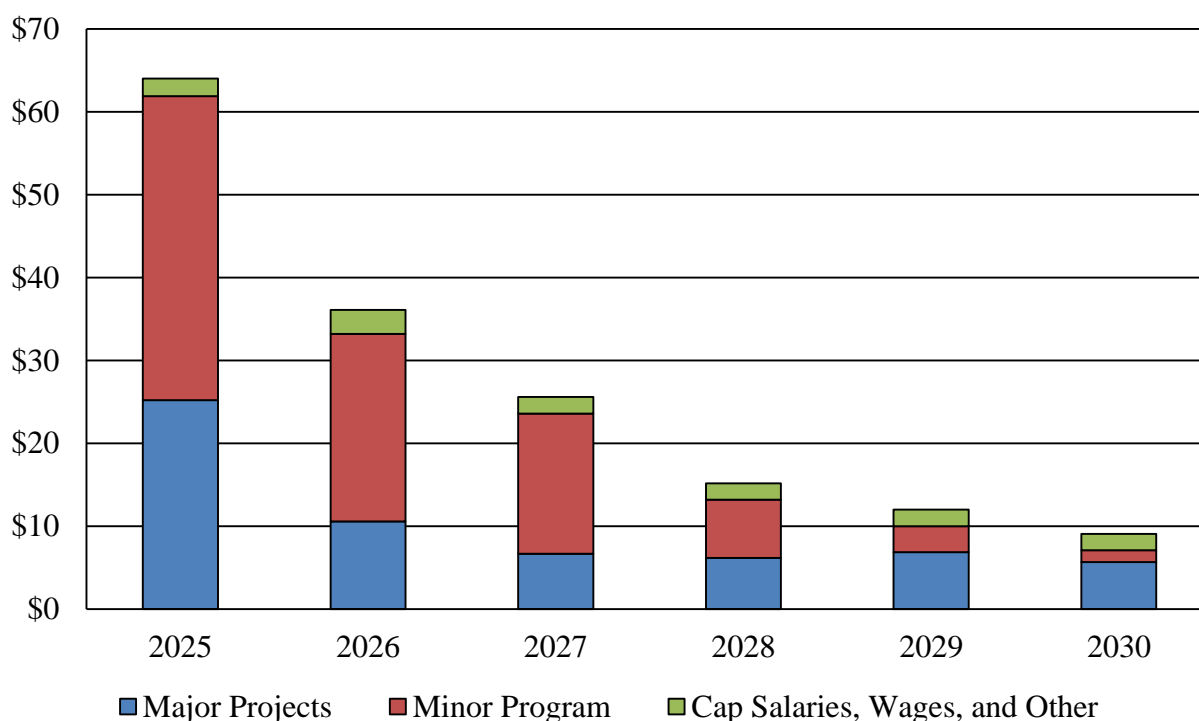
MDOT: Maryland Department of Transportation

Source: Maryland Department of Transportation; Department of Legislative Services

Fiscal 2025 to 2030 Consolidated Transportation Program

The fiscal 2025 to 2030 capital program for TSO totals \$162.0 million, a decrease of \$9.5 million from the prior year six-year program. **Exhibit 7** shows funding by year and by category.

Exhibit 7
Programmed Capital Spending by Category
Fiscal 2025-2030
(\$ in Millions)



Source: 2025 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Fiscal 2026 Capital Allowance

The fiscal 2026 allowance for the TSO capital program, including other funds that do not flow through the TSO budget, totals \$36.2 million. **Exhibit 8** shows the fiscal 2026 capital program by project and program along with the total estimated costs for projects and the six-year funding included in the *Consolidated Transportation Program (CTP)* for both projects and programs.

Exhibit 8
The Secretary’s Office PAYGO Capital Program
Fiscal 2026
(\$ in Millions)

<u>Description</u>	<u>2026</u>	<u>Total Cost</u>	<u>Six-year Total</u>
Projects			
Baltimore City Sidewalk ADA Retrofit	\$2.0	\$10.0	\$8.2
MDOT RSTARS (FMIS) Refactoring Project	1.0	21.4	3.7
Subtotal – Projects	\$3.0	\$31.4	\$11.9
Programs			
Minor Program	\$23.6	\$0.0	\$91.0
Kim Lamphier Bikeways Network Program	4.6	0.0	20.8
Capital Salaries and Wages	2.9	0.0	13.1
Transportation Emission Reduction Program	1.8	0.0	16.3
Transit Oriented Development Planning and Implementation	0.3	0.0	2.2
Subtotal – Programs	\$33.2	\$0.0	\$143.4
Total – Projects and Programs	\$36.2	\$31.4	\$155.2

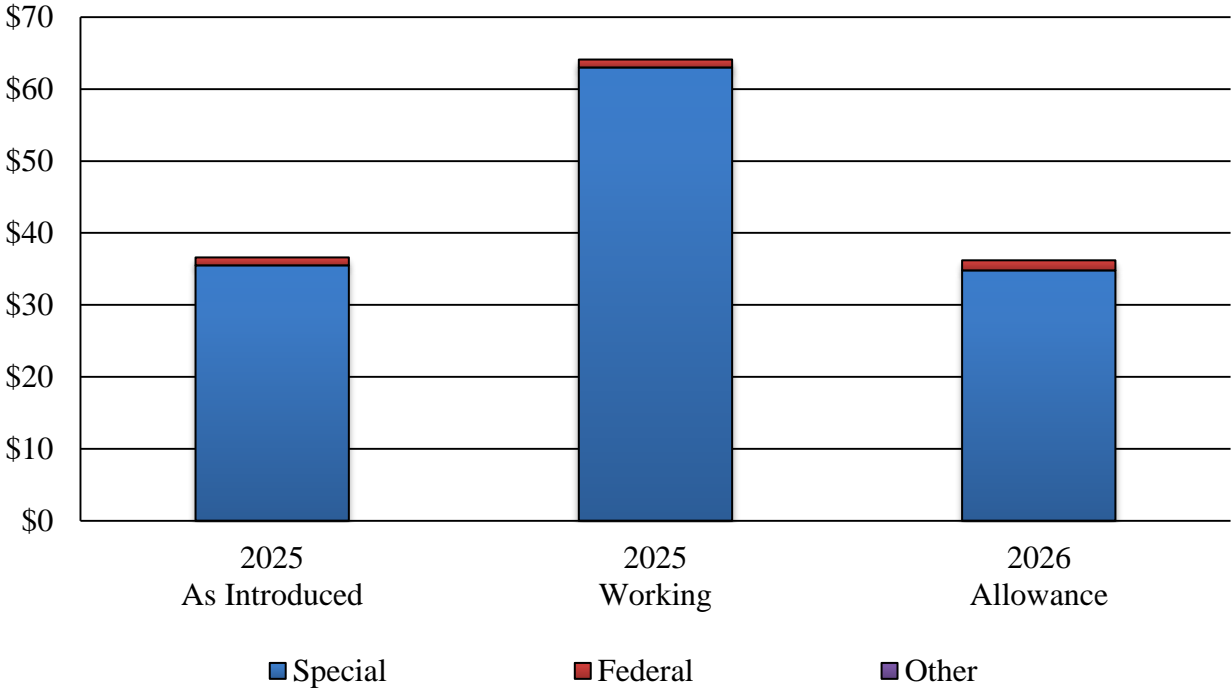
ADA: Americans with Disabilities Act
 FMIS: Financial Management Information System
 MDOT: Maryland Department of Transportation
 PAYGO: pay-as-you-go
 RSTARS: Relational Standard Accounting and Reporting System

Source: 2025 *Consolidated Transportation Program*, Maryland Department of Transportation; Department of Legislative Services

Fiscal 2025 and 2026 Cash Flow Analysis

Exhibit 9 shows the changes in TSO capital funding, including other funds that do not flow through the TSO budget, between the fiscal 2025 budget as introduced, the fiscal 2025 working appropriation, and the fiscal 2026 allowance.

Exhibit 9
Capital Program Cash Flow Changes
Fiscal 2025-2026
(\$ in Millions)



Source: 2024 and 2025 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2025 Changes

The fiscal 2025 working appropriation is \$27.5 million higher than the budget as introduced during the 2024 session. **Exhibit 10** shows the components of this increase.

Exhibit 10
Cash Flow Changes
Fiscal 2025 as Introduced to Fiscal 2025 Working Appropriation
(\$ in Millions)

Major Projects		\$10.7
Transportation Emission Reduction Program	\$3.1	
MDOT RSTARS (FMIS) Refactoring Project	2.7	
Kim Lamphier Bikeways Network Program	2.5	
MDOT Asset Management Program	1.6	
Transit Oriented Development Planning and Implementation	1.0	
Transit Oriented Development Grant Program	0.0	
Baltimore City Sidewalk ADA Retrofit	-0.3	
Minor Program		\$16.5
Capital Salaries and Wages		\$0.2
Total Change		\$27.5

ADA: Americans with Disabilities Act

FMIS: Financial Management Information System

MDOT: Maryland Department of Transportation

RSTARS: Relational Standard Accounting and Reporting System

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

Source: 2024 and 2025 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2025 to 2026 Changes

Exhibit 11 shows the changes between the fiscal 2025 working appropriation and the fiscal 2026 allowance, including other funds that do not flow through the TSO budget.

Exhibit 11
Cash Flow Changes
Fiscal 2025 Working to Fiscal 2026 Allowance
(\$ in Millions)

Major Projects		-\$17.2
Baltimore City Sidewalk ADA Retrofit	-\$0.2	
Transit Oriented Development Planning and Implementation	-0.9	
MDOT RSTARS (FMIS) Refactoring Project	-1.7	
MDOT Asset Management Program	-1.9	
Transportation Emission Reduction Program	-3.5	
Kim Lamphier Bikeways Network Program	-4.0	
Transit Oriented Development Grant Program	-5.0	
Minor Program		-\$11.5
Capital Salaries and Wages		\$0.8
Total Change		-\$27.9

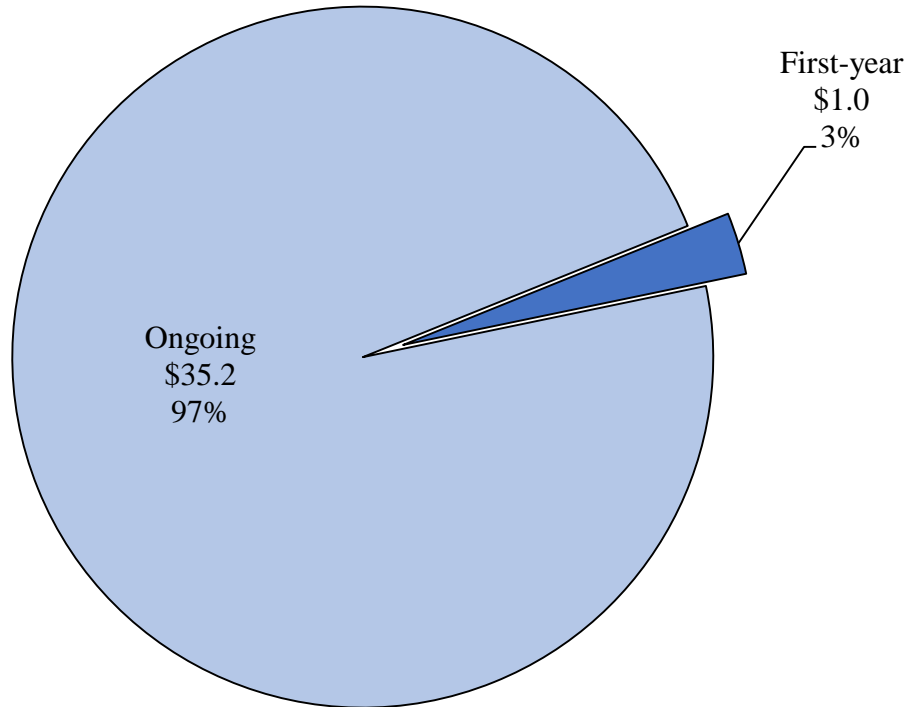
ADA: Americans with Disabilities Act
FMIS: Financial Management Information System
MDOT: Maryland Department of Transportation
RSTARS: Relational Standard Accounting and Reporting System

Source: 2025 Consolidated Transportation Programs, Maryland Department of Transportation; Department of Legislative Services

First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the CTP, beginning with the January 2023 CTP, to include tables listing projects receiving first-year funding for design or construction either in the budget year or the current year (if the funding was not shown in the budget year in the prior year CTP). As shown in **Exhibit 12**, \$1.0 million, or 3%, of TSO’s fiscal 2026 capital funding, which totals \$36.2 million, is first-year funding. The TSO capital projects receiving first-year funding in fiscal 2025 and 2026 are listed in **Exhibit 13**.

Exhibit 12
First-year and Ongoing Programmed Spending – All Funds
Fiscal 2026
(\$ in Millions)



Source: 2025 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Exhibit 13
Projects Receiving First-year Construction and Design Funding
Fiscal 2025-2026
(\$ in Thousands)

	<u>2025</u>	<u>2026</u>	<u>2025-2026</u>
Construction			
Kim Lamphier Bikeways Network Program			
North Laurel Connections Construction	\$490	\$20	\$510
Bike Counter Installation Program	98	0	98
MLK Jr. Sidepath Final Design	50	71	121
Rockville Bike Ped Counters	42	0	42
Salisbury Bike Ped Counters	49	0	49
Transportation Emission Reduction Program			
Commuter Connections Washington Region	173	0	173
Design			
Kim Lamphier Bikeways Network Program			
Oxford Park Connectors	\$24	\$0	\$24
H&F Trail, Northern Branch	400	0	400
Poplar Trail Extension	224	0	224
Monocacy MARC Shared-Use Path Feasibility Study	72	0	72
East Street Rails with Trails Phase 4	200	0	200
Salisbury Rail Trail Phases 2 and 3	140	0	140
MD 611 Shared-Use Path Feasibility Study	24	0	24
Harford Road Phase II	0	96	96
BGE Connector Trail	200	0	200
New Connecting Bike Paths	0	40	40
Indian Head Rail Trail Extension – Phase 1 Engineering	0	240	240
Hanover Parkway Bikeway Final Design	0	320	320
MD 611 Shared Used Path	0	247	247
Total	\$2,187	\$1,034	\$3,220
State (Special)			\$3,220
Federal			\$0
Other			\$0
Total			\$3,220

BGE: Baltimore Gas and Electric
H&F: Hagerstown and Frederick
MLK Jr: Martin Luther King, Jr.

Source: 2025 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Significant Changes from the Previous CTP

TSO has no significant changes from the previous CTP.

Issues

1. New Focus on Transit-oriented Development

Chapter 512 of 2023 modified the process for designating TOD areas, created a TOD revolving loan fund, and required submission of an annual report beginning November 30, 2024.

TOD generally refers to dense, mixed-use development that is deliberately planned in the half-mile radius around a transit station or adjacent to a planned or existing transit corridor. Chapters 122 and 123 of 2008 established TOD as a transportation purpose and provided that TOD designations be made by the Secretary of Transportation in consultation with the Secretary of Commerce, the Secretary of General Services, the Secretary of Housing and Community Development, the Secretary of the Environment, the Secretary of Planning, and the local government or multicounty agency with land use and planning responsibilities. Pursuant to Chapters 122 and 123, MDOT has actively promoted TOD as an approach to increase transit ridership, support economic development, and maximize the efficient use of transportation infrastructure with particular emphasis on the joint development of MDOT/Maryland Transit Administration (MTA)-owned property adjacent to MTA rail stations. Under an administrative agreement with the Department of Legislative Services (DLS), MDOT has provided a status report to the budget committees and DLS each year on its TOD activities.

Chapter 512 of 2023:

- amended the designation process to give the State’s Sustainable Growth Subcabinet (SGSC) the role of issuing TOD designation status to local jurisdictions or multicounty agencies with land use and planning authority;
- established the Transit-Oriented Development Capital Grant and Revolving Loan Fund (TOD Fund) and mandated, beginning with fiscal 2025, that the Governor include in the annual budget bill an appropriation sufficient to ensure a fund balance of at least \$5.0 million at the start of the fiscal year; and
- required, beginning on November 30, 2024, and each year thereafter, that MDOT submit a report to the Governor and the General Assembly on efforts to increase TOD throughout the State, which includes for each TOD in the State:
 - the demographic and socioeconomic indicators present in TOD and surrounding areas;
 - development activity occurring in TOD during the period that the report covers; and
 - transit station utilization rates for TOD.

J00A01 – MDOT – The Secretary’s Office

The initial annual report submitted by MDOT summarizes TOD efforts and activity for each of the 14 State-designated TODs (as of November 2024) which are:

- Aberdeen Train Station;
- Baltimore Penn Station;
- Bowie State MARC Station;
- Branch Avenue Metro Station;
- Dorsey MARC Station;
- Greenbelt Metro Station;
- Naylor Road Metro Station;
- New Carrollton Station;
- North Bethesda Station (formerly White Flint);
- Odenton Station;
- Owings Mills Metro Station;
- Reisterstown Plaza Metro Station;
- Savage/Annapolis Junction MARC Station; and
- State Center Metro Station.

To date, no funds have been disbursed from the TOD Fund. However, in June 2024, SGSC established eligibility and scoring criteria for the fund, and MDOT issued a Notice of Funding Opportunities on February 5, 2025, and is currently accepting applications.

MDOT should brief the committees on the level that it anticipates for utilization of the TOD Fund and the annual appropriation to the fund that will be required as a result.

2. Requested Report on Project Funding Reductions Needed to Cover Purple Line Construction Cost Increases Not Submitted

The 2024 *Joint Chairmen’s Report* (JCR) included committee narrative requesting that TSO submit a report to the budget committees detailing the projects for which funding was reduced to cover construction cost increases for the Purple Line transit project. The due date for the report was December 1, 2024; however, TSO submitted a request for an extension to January 15, 2025, the date by which the CTP was required to be submitted. As of February 7, 2025, the report had not been submitted. **TSO should (1) provide an explanation on why the report was not submitted by the requested extension date and (2) provide the requested information as part of its response to this budget analysis.**

Operating Budget Recommended Actions

	<u>Amount Change</u>		<u>Position Change</u>
1. Delete funding for a new cybersecurity position. The Secretary’s Office had 40 vacant positions as of January 1, 2025, and should reclassify a vacant position instead of adding a new one.	-\$ 132,760	SF	-1.0

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

. provided that no more than \$6,951,128 of this appropriation may be expended for operating grants-in-aid, except for:

(1) any additional special funds necessary to match unanticipated federal fund attainments; or

(2) any proposed increase either to provide funds for a new grantee or to increase funds for an existing grantee.

Further provided that no expenditures in excess of \$6,951,128 may occur unless the department provides notification to the budget committees to justify the need for additional expenditures due to either item (1) or (2) above, and the committees provide review and comment or 45 days elapse from the date such notification is provided to the committees.

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

Information Request	Author	Due Date
Explanation of need for additional special funds for operating grants-in-aid	Maryland Department of Transportation	45 days prior to expenditure
Total Special Fund Net Change		-\$ 132,760
		-1.0

PAYGO Budget Recommended Actions

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

, provided that no funds may be expended by the Secretary’s Office for any capital project or grant with a total project cost in excess of \$500,000 that is not currently included in the fiscal 2025 to 2030 Consolidated Transportation Program, except as outlined below:

- (1) the Secretary shall notify the budget committees of any proposed capital project or grant with a total cost in excess of \$500,000, including the need and justification for the project and its total cost; and
- (2) the budget committees shall have 45 days to review and comment on the proposed capital project or grant.

Explanation: This language provides legislative oversight of capital projects and grants exceeding \$500,000 that are not listed in the current Consolidated Transportation Program (CTP).

Information Request	Author	Due Date
Notification of the intent to fund a capital project or grant exceeding \$500,000 that is not listed in the current CTP	Maryland Department of Transportation	45 days prior to expenditure

Appendix 1
2024 Joint Chairmen's Report Responses from Agency

The 2024 JCR requested that TSO prepare one report. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Project Impacts Resulting from Purple Line Light Rail Cost Escalation:*** As of February 7, 2025, this report had not been submitted. Further discussion of this requested report can be found in Issue 2 of this analysis.

Appendix 2
Budget Amendments for Fiscal 2025
Maryland Department of Transportation
The Secretary’s Office

Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$2,329,398	Special	Increase special and federal funds for statewide salary actions, including cost-of-living adjustments, an increment, annual salary reviews for certain classifications, and an Executive Pay Plan merit increase.
Pending	6,185,468	Special	Increase special fund appropriations to sustain operations across all Maryland Department of Transportation modes and the Washington Metropolitan Area Transit Authority.

Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Pending	\$114,374	Special	Increase special and federal funds for statewide salary actions, including cost-of-living adjustments, an increment, annual salary reviews for certain classifications, and an Executive Pay Plan merit increase.
Pending	27,341,572	Special	Adjusts the amended appropriation to agree with the fiscal 2025-2030 <i>Consolidated Transportation Program</i> .

Appendix 3
Object/Fund Difference Report
Maryland Department of Transportation – The Secretary’s Office

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	301.50	309.50	310.50	1.00	0.3%
02 Contractual	27.00	17.00	17.00	0.00	0%
Total Positions	328.50	326.50	327.50	1.00	0.3%
Objects					
01 Salaries and Wages	\$ 43,043,367	\$ 42,784,172	\$ 46,842,430	\$ 4,058,258	9.5%
02 Technical and Special Fees	1,322,742	1,100,976	854,302	-246,674	-22.4%
03 Communication	5,106,640	6,266,805	7,002,383	735,578	11.7%
04 Travel	148,807	18,627	193,627	175,000	939.5%
06 Fuel and Utilities	231,141	188,494	246,611	58,117	30.8%
07 Motor Vehicles	57,415	48,325	48,489	164	0.3%
08 Contractual Services	42,727,902	43,392,437	50,649,637	7,257,200	16.7%
09 Supplies and Materials	160,367	346,797	346,797	0	0%
10 Equipment – Replacement	6,801	16,018	16,018	0	0%
11 Equipment – Additional	104,030	114,832	114,832	0	0%
12 Grants, Subsidies, and Contributions	15,285,275	19,433,566	20,728,322	1,294,756	6.7%
13 Fixed Charges	409,033	365,130	364,221	-909	-0.2%
Total Objects	\$ 108,603,520	\$ 114,076,179	\$ 127,407,669	\$ 13,331,490	11.7%
Funds					
01 General Fund	\$ 250,000	\$ 0	\$ 0	\$ 0	0.0%
03 Special Fund	98,114,108	100,766,035	113,764,772	12,998,737	12.9%
05 Federal Fund	10,239,412	13,310,144	13,642,897	332,753	2.5%
Total Funds	\$ 108,603,520	\$ 114,076,179	\$ 127,407,669	\$ 13,331,490	11.7%

Note: The fiscal 2026 allowance does not include cost-of-living adjustments.

Appendix 4
Fiscal Summary
Maryland Department of Transportation – The Secretary’s Office

<u>Program/Unit</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Wrk Approp</u>	<u>FY 26</u> <u>Allowance</u>	<u>Change</u>	<u>FY 25 - FY 26</u> <u>% Change</u>
01 Executive Direction	\$ 39,793,256	\$ 94,756,910	\$ 106,813,644	\$ 12,056,734	12.7%
02 Operating Grants-in-aid	15,134,410	19,319,269	20,594,025	1,274,756	6.6%
03 Facilities and Capital Equipment	34,116,849	60,900,071	31,719,266	-29,180,805	-47.9%
07 Office of Transportation Technology Services	53,675,854	0	0	0	0%
08 Major IT Development Projects	8,228,082	3,205,549	4,501,756	1,296,207	40.4%
Total Expenditures	\$ 150,948,451	\$ 178,181,799	\$ 163,628,691	-\$ 14,553,108	-8.2%
General Fund	\$ 300,000	\$ 100,000	\$ 0	-\$ 100,000	-100.0%
Special Fund	139,658,608	163,641,109	148,554,308	-15,086,801	-9.2%
Federal Fund	10,989,843	14,440,690	15,074,383	633,693	4.4%
Total Appropriations	\$ 150,948,451	\$ 178,181,799	\$ 163,628,691	-\$ 14,553,108	-8.2%

Note: The fiscal 2026 allowance does not include cost-of-living adjustments.