

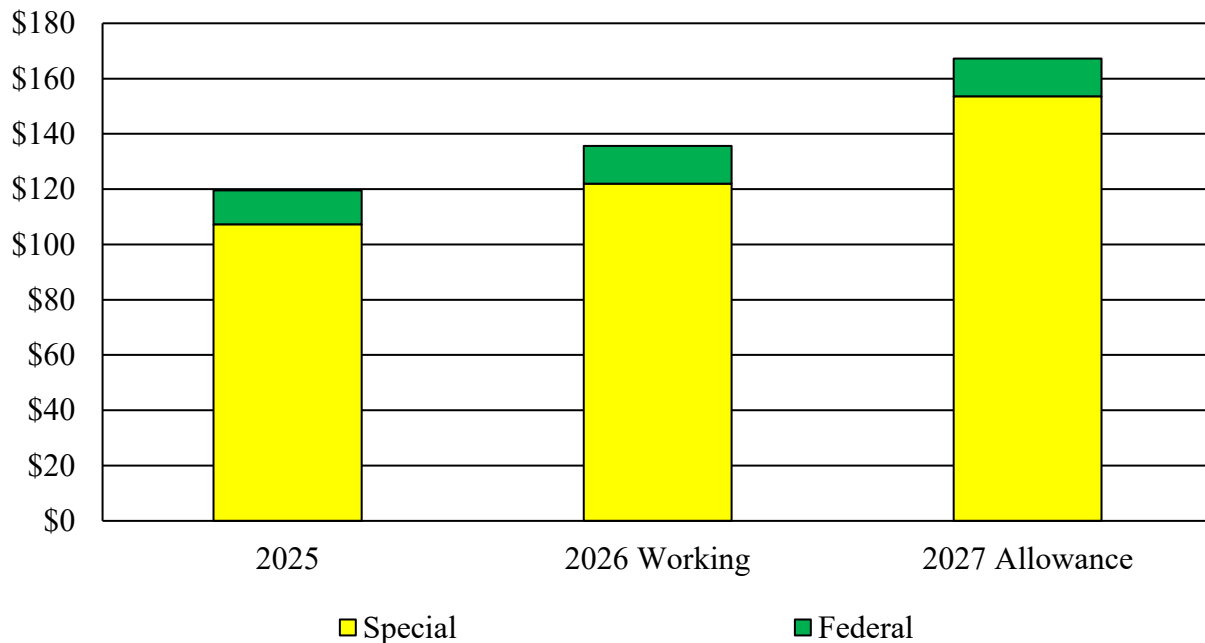
J00A01
The Secretary's Office
Maryland Department of Transportation

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 2027 Budget Increases \$31.6 Million, or 23.3%, to \$167.3 Million
(\$ in Millions)**



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

- The fiscal 2027 allowance includes the transfer of 184 positions from across the various MDOT modes and the creation of 44 positions for the Maryland Transportation Authority's (MDTA) information technology (IT) staff to move to TSO in an effort to consolidate MDOT's IT operations.

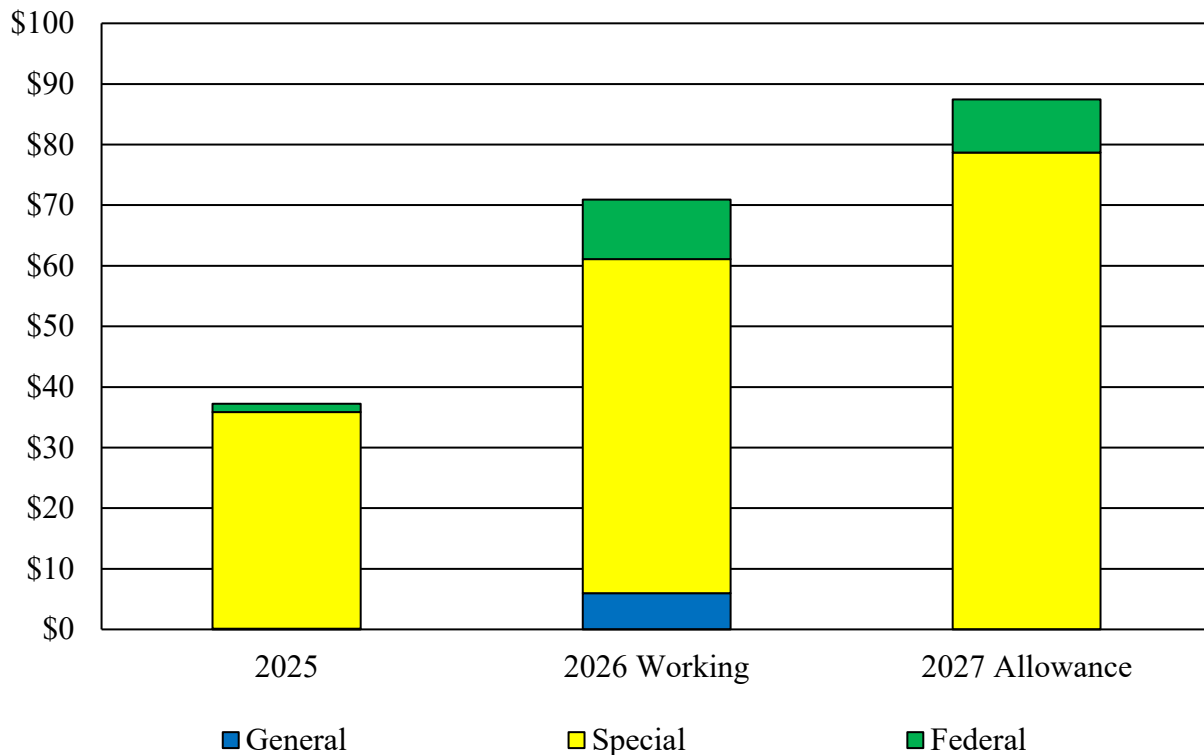
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- The fiscal 2027 budget includes a total of \$5.3 million in special funds as fiscal 2026 deficiency appropriations for software licenses (\$4.3 million), building maintenance and security (\$416,000), and employee onboarding and development (\$535,000).

PAYGO Capital Budget Summary

Fiscal 2027 Budget Increases \$16.6 Million, or 23.4%, to \$87.4 Million (\$ in Millions)



Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget. The fiscal 2027 allowance does not include \$0.7 million in nonbudgeted funds included in the 2026 *Consolidated Transportation Program*.

- The growth in fiscal 2027 is driven by a \$28.8 million increase in major construction that is partially offset by a \$11.1 million decrease to the minor program.
- The largest project is the MD Solar Implementation project to install parking lot canopy solar arrays at 35 MDOT sites that is funded by Strategic Energy Investment Fund (SEIF) Alternative Compliance Payments.

Key Observations

- ***Office of Minority Business Enterprises (OMBE) Moves from MDOT:*** Chapter 605 of 2025 established the Department of Social and Economic Mobility (DoSEM). Chapter 605 requires OMBE to move from MDOT to DoSEM, transferring OMBE's funds and staff to the new agency, with annual funding provided from the Transportation Trust Fund (TTF).
- ***New Interim Final Rule for Disadvantaged Business Enterprises (DBE):*** The U.S. Department of Transportation (USDOT) issued a new interim final rule for its DBE program. This new rule changes the definition and determination of what qualifies as a DBE, leading to the need to recertify the State's DBEs.

Operating Budget Recommended Actions

1. Add annual language restricting operating grants-in-aid funding.

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.

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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 certifications. 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 IT services for MDOT. TSO also makes grants to various entities for transportation-related purposes.

Key goals of the department are:

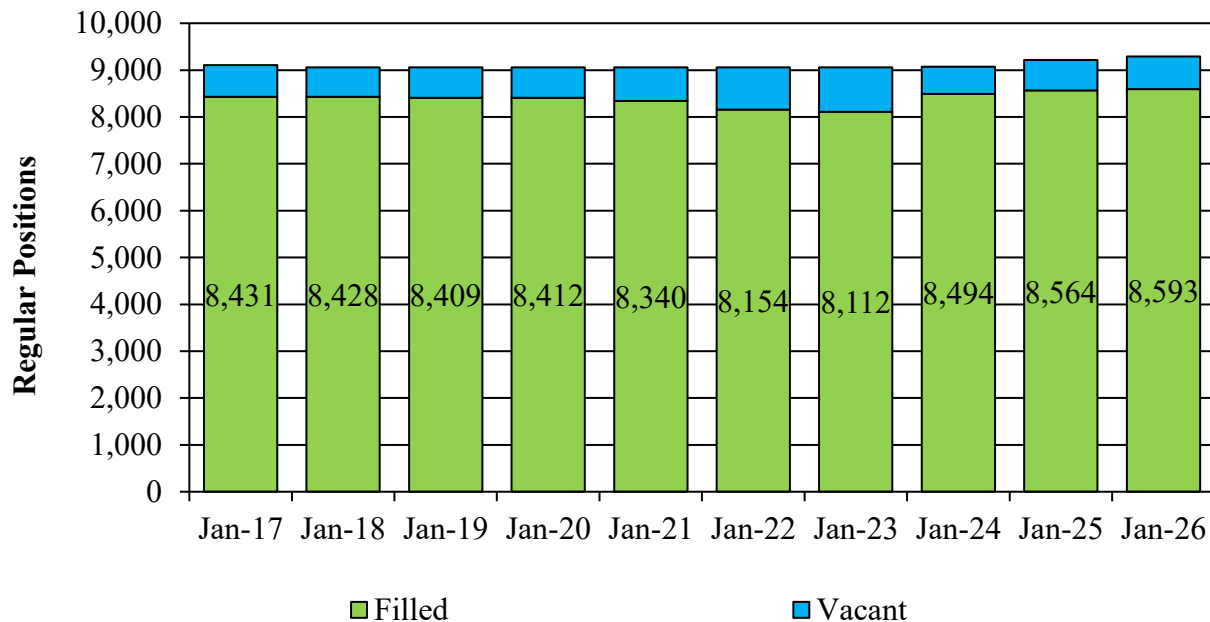
- ensuring a safe, secure, and resilient transportation system;
- maintaining a high standard and modernizing Maryland's multimodal transportation system;
- improving the quality and efficiency of the transportation system to enhance customer experience;
- providing better transportation choices and 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 fiscal year from 2017 to 2026. There were 29 more filled MDOT positions on January 1, 2026, than the year prior, continuing a trend of increasing filled positions. The vacancy rate in January 2026 of 7.5% is higher than in January 2025 (7.1%) but remains below the high of 10.4% in January 2023.

Exhibit 1
Departmentwide Filled and Vacant Positions
On January 1, 2017, to January 1, 2026



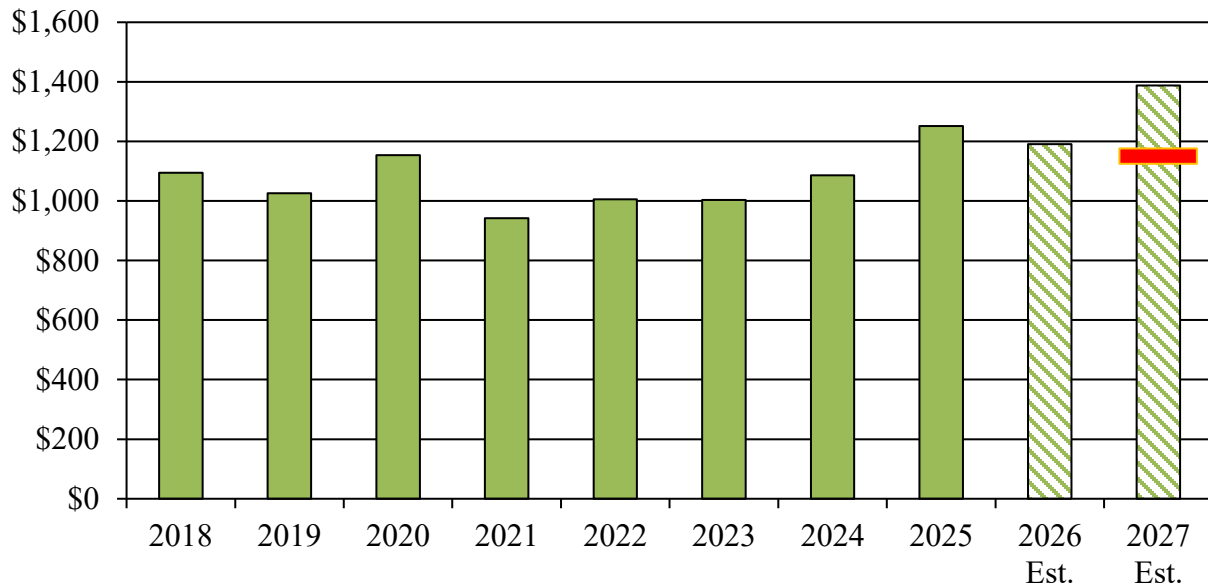
Source: Maryland Department of Transportation; Department of Legislative Services

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 2025 interim report,

recommended that MDOT fund system preservation in fiscal 2026 at no less than \$1.15 billion (the average annual amount spent over the previous 10 years). As shown in **Exhibit 2**, the fiscal 2027 budget as introduced complies with the SAC recommendation.

Exhibit 2
System Preservation Funding
Fiscal 2018-2027 Est.
(\$ in Millions)



— SAC Recommendation

SAC: Spending Affordability Committee

Source: Maryland Department of Transportation; Department of Legislative Services

Fiscal 2026

Chapter 605 established DoSEM. This new agency was created in part through functions from other agencies responsible for matters related to social and economic mobility. MDOT’s OMBE is one of the functions transferred to the new department. Fiscal 2026 included the transfer of 37 positions and \$4.4 million in special funds to the new agency. The amount of special funds transferred to the DoSEM Fund is prorated in fiscal 2026 as Chapter 605 went into effect on October 1, 2025. OMBE will continue to be funded through the TTF going forward as required in

Chapter 605, with \$6.7 million included in the fiscal 2027 allowance, increasing by \$2.3 million from fiscal 2026.

Status of Legislative Additions

Section 21 of the fiscal 2026 Budget Bill added a total of \$12.9 million to the appropriation for TSO, including \$12.6 million to the capital program and \$250,000 for the operating program. These additions were:

- a \$6.6 million special fund appropriation to TSO’s capital program for the purpose of providing equal grants to Montgomery and Prince George’s counties to improve pedestrian and bicycle access to Purple Line stations;
- a \$6.0 million general fund appropriation to TSO’s capital program for the purpose of providing a grant to the Maryland Economic Development Corporation for the dredge material placement costs associated with the Tradepoint Atlantic Sparrows Point Container Terminal project; and
- a \$250,000 special fund appropriation to the operating grants-in-aid program in TSO for the purpose of providing the Associated Jewish Federation of Baltimore a grant to develop a pilot project to increase transportation opportunities for K-12 students not already being bused by public school systems.

The agency should provide an update on the status of the use of these funds, including the status of grant agreements and distributions.

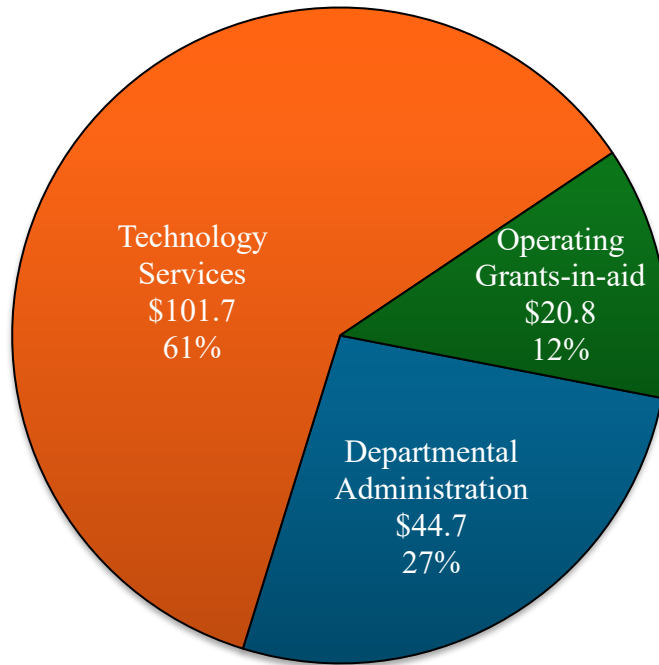
Proposed Deficiency

The fiscal 2027 budget includes a proposed deficiency appropriation of \$5.3 million in special funds to provide additional funding for increased costs for software licenses (\$4.3 million), building maintenance and security (\$416,000), and employee onboarding and development (\$535,000).

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance totals \$167.3 million. As shown in **Exhibit 3**, \$101.7 million, or 61%, of TSO’s fiscal 2027 operating allowance is devoted to providing IT support to the department. The share of the budget dedicated to IT support increases substantially over fiscal 2026, when it was 43%, due to the consolidation of the mode’s IT operations under TSO. Operating grants-in-aid account for 12% of planned spending, with spending staying at the fiscal 2026 level, and the remaining 27% is devoted to departmental administration.

Exhibit 3
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)



Note: The fiscal 2027 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 2027 operating allowance for TSO increases by \$31.6 million compared to the fiscal 2026 working appropriation after accounting for deficiency appropriations. **Exhibit 4** shows the fiscal 2025 to 2027 budgets by fund and provides details on the items comprising the change between the fiscal 2026 working appropriation and the fiscal 2027 allowance. Personnel expenses increase by 61.4% over the fiscal 2026 working appropriation and represent 98.3% of the overall increase in fiscal 2027, primarily due to the transfer of 184 positions to TSO from other modes.

**Exhibit 4
Proposed Budget
MDOT – The Secretary’s Office
(\$ in Thousands)**

| How Much It Grows: | Special Fund | Federal Fund | Total |
|---|-------------------------|-------------------------|----------------------|
| Fiscal 2025 Actual | \$107,309 | \$12,202 | \$119,511 |
| Fiscal 2026 Working | 121,996 | 13,643 | 135,639 |
| Fiscal 2027 Allowance | 153,630 | 13,643 | 167,273 |
| Fiscal 2026-2027 \$ Change | \$31,634 | \$0 | \$31,634 |
| Fiscal 2026-2027 % Change | 25.9% | 0.0% | 23.3% |
| Where It Goes: | | | <u>Change</u> |
| Personnel Expenses | | | |
| Salary increases and associated fringe benefits due to transfer of 184 positions from MDOT modes in effort to consolidate IT operations..... | | | \$28,029 |
| Employee and retiree health insurance..... | | | 5,295 |
| Turnover adjustment (rate change from 6.36% to 6.67%) | | | -2,285 |
| Other fringe benefit adjustments | | | 58 |
| Departmental Administration | | | |
| Various contracts related to additional marketing funds, project management training to improve IT project delivery, process improvement assessment, and contractor support for U.S. Department of Homeland Security..... | | | 515 |
| Conferences/seminars/training | | | 558 |
| Building maintenance..... | | | 282 |
| Administrative fee to Washington Suburban Transit Commission..... | | | 200 |
| Legal services | | | 156 |
| Office assistance..... | | | 140 |
| Systems software acquisition | | | -107 |
| Cost allocations | | | -1,328 |
| Other changes | | | 121 |
| Total | | | \$31,634 |

IT: information technology
MDOT: Maryland Department of Transportation

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Operating Grants-in-aid

Operating grants-in-aid funding holds steady from the 2026 working appropriation. As shown in **Exhibit 5**, the fiscal 2027 allowance continues the \$250,000 addition for a K-12 transportation pilot project.

Exhibit 5 Operating Grants-in-aid Fiscal 2027

| <u>Grant Recipient</u> | <u>Special Funds</u> | <u>Federal Funds</u> | <u>Total Funds</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 |
| Pilot K-12 Transportation | 250,000 | 0 | 250,000 |
| Purple Line Business Impact Grants | 1,000,000 | 0 | 1,000,000 |
| Pride of Baltimore | 500,000 | 0 | 500,000 |
| Total | \$7,201,128 | \$13,642,897 | \$20,844,025 |

MPO: metropolitan planning organization

Source: Governor’s Fiscal 2027 Budget Books; Department of Legislative Services

Operating and PAYGO Personnel Data

| | FY 25 | FY 26 | FY 27 | FY 26-27 |
|------------------------------------|----------------------|-----------------------|-------------------------|----------------------|
| | <u>Actual</u> | <u>Working</u> | <u>Allowance</u> | <u>Change</u> |
| Regular Operating Budget Positions | 309.50 | 313.50 | 499.50 | 186.00 |
| Regular PAYGO Budget Positions | <u>13.00</u> | <u>18.00</u> | <u>16.00</u> | <u>-2.00</u> |
| Total Regular Positions | 322.50 | 331.50 | 515.50 | 184.00 |
| Operating Budget FTEs | 17.00 | 16.00 | 17.00 | 1.00 |
| PAYGO Budget FTEs | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Total FTEs | 17.00 | 16.00 | 17.00 | 1.00 |
| Total Personnel | 339.50 | 347.50 | 532.50 | 185.00 |

Vacancy Data: Regular Positions

| | | |
|--|-------|--------|
| Turnover and Necessary Vacancies, Excluding New Positions | 33.30 | 6.67% |
| Positions and Percentage Vacant | 63.00 | 12.22% |
| Vacancies Above Turnover | 29.70 | |

- The allowance includes a net increase of 184 positions primarily due to the transfer of positions from the MDOT modes to TSO. These positions were transferred to TSO to move toward IT consolidation to improve efficiency, enhance cybersecurity, and standardize governance in MDOT. MDOT’s budget for IT will now be concentrated within TSO and no longer spread across the modes. The transferred positions from other modes follows the creation of 44 positions in the fiscal 2026 budget to move MTA IT staff to TSO. MDTA cannot transfer positions to MDOT.
- In October 2025, the Board of Public Works (BPW) approved the abolition of 502.7 positions statewide, including vacant positions and positions associated with the Voluntary Separation Program (VSP). The fiscal 2026 budget, as enacted, included 328.5 regular positions for TSO. Of these positions, 3 were abolished through the VSP for a total of approximately \$443,461 in salary savings.

PAYGO Capital Program

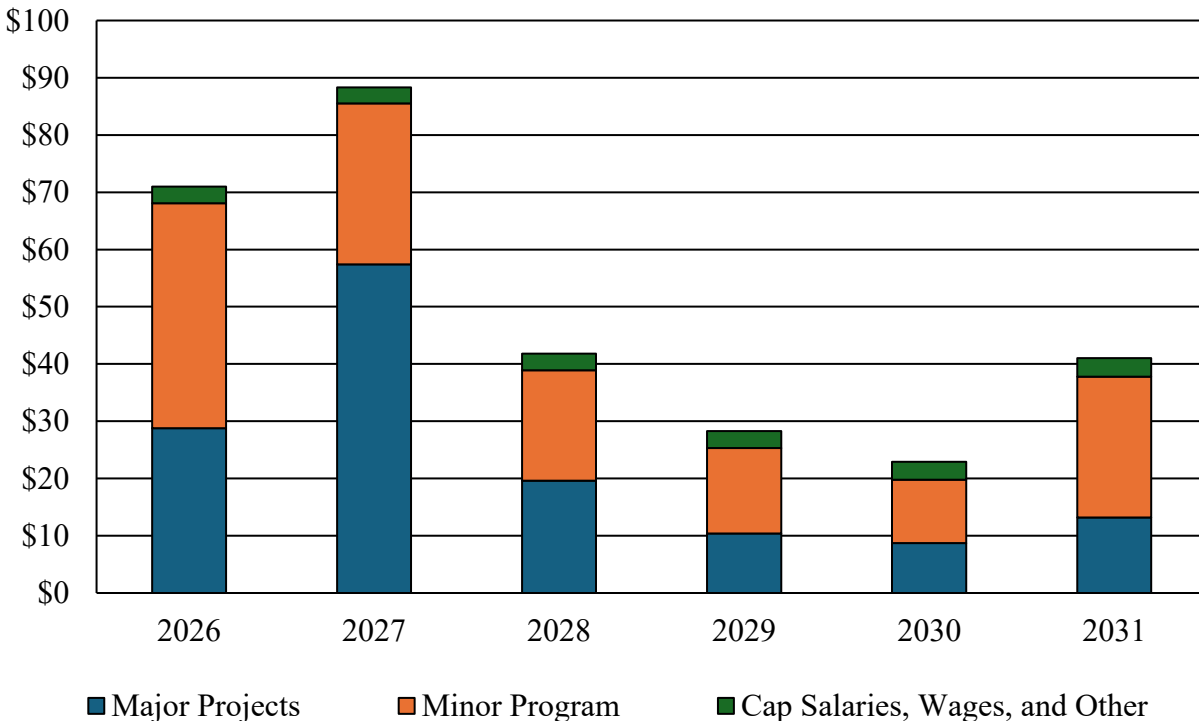
Program Description

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.

Fiscal 2026 to 2031 Consolidated Transportation Program

The fiscal 2026 to 2031 capital program for TSO totals \$293 million, an increase of \$131 million from the prior six-year program. **Exhibit 6** shows funding by year and by category.

Exhibit 6
Programmed Capital Spending by Category
Fiscal 2026-2031
(\$ in Millions)



Source: 2026 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Fiscal 2027 Capital Allowance

The fiscal 2027 allowance for the TSO capital program, including other funds that do not flow through the TSO budget, totals \$88.4 million. **Exhibit 7** shows the fiscal 2027 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 7
The Secretary’s Office PAYGO Capital Program
Fiscal 2027
(\$ in Millions)

| <u>Description</u> | <u>2027</u> | <u>Total Cost</u> | <u>Six-year Total</u> |
|--|----------------------|----------------------|-----------------------|
| Projects | | | |
| MDOT Solar Implementation | \$40.0 | \$50.0 | \$50.0 |
| Baltimore City Sidewalk ADA Retrofit | 2.0 | 10.0 | 7.0 |
| <i>Subtotal – Projects</i> | <i>\$42.0</i> | <i>\$60.0</i> | <i>\$57.0</i> |
| Programs | | | |
| Minor Program | \$28.9 | \$0.0 | \$146.4 |
| Transportation Emission Reduction Program | 5.7 | 0.0 | 36.0 |
| Transit Oriented Development Grant Program | 5.5 | 0.0 | 9.8 |
| Kim Lamphier Bikeways Network Program | 2.9 | 0.0 | 18.6 |
| Capital Salaries and Wages | 2.8 | 0.0 | 17.9 |
| Transit Oriented Development Planning & Implementation | 0.6 | 0.0 | 2.1 |
| <i>Subtotal – Programs</i> | <i>\$46.4</i> | <i>\$0.0</i> | <i>\$228.6</i> |
| Total – Projects and Programs | \$88.4 | \$60.0 | \$285.7 |

ADA: Americans with Disabilities Act
MDOT: Maryland Department of Transportation
PAYGO: pay-as-you-go

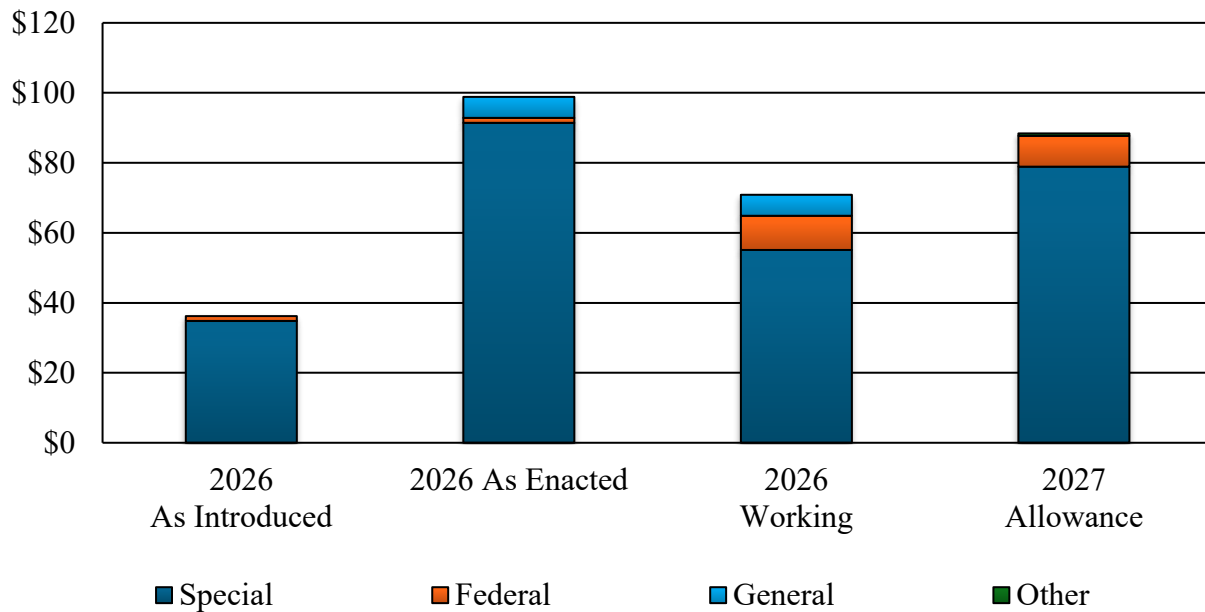
Note: The fiscal 2027 allowance includes \$0.7 million in other funds.

Source: 2026 *Consolidated Transportation Program*, Maryland Department of Transportation; Department of Legislative Services

Fiscal 2026 and 2027 Cash Flow Analysis

Exhibit 8 shows the changes in TSO capital funding, including other funds that do not flow through the TSO budget, between the fiscal 2026 budget as introduced, the fiscal 2026 enacted, the fiscal 2026 working appropriation, and the fiscal 2027 allowance. The fiscal 2026 as enacted includes the \$36.2 million initially requested as well as \$12.6 million in legislative additions and \$50 million from the SEIF, which were transferred from the Dedicated Purpose Account to MDOT through Supplemental Budget No. 1. These funds were contingent on the enactment of legislation authorizing an expansion of the use of revenues from Alternative Compliance Payments in the SEIF in fiscal 2026 only. The Budget Reconciliation and Financing Act of 2025 authorized, for fiscal 2026 only, the expansion of the use of these revenues for solar development on State government property. The current CTP reflects a shift of the majority of these funds to fiscal 2027 (\$40 million) with an additional portion (\$9.5 million) planned for fiscal 2028. TSO has indicated that the \$50 million will be transferred to the TTF in fiscal 2026 and spent as TTF revenue. **TSO should discuss the shifting of the timeline for use in the CTP given the authorization of the expanded use in fiscal 2026 only.**

Exhibit 8
Capital Program Cash Flow Changes
Fiscal 2026-2027
(\$ in Millions)



Note: The fiscal 2027 allowance includes \$0.7 million in other funds.

Source: Governor’s Fiscal 2027 Budget Books; 2025 and 2026 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2026 Changes

The fiscal 2026 working appropriation is \$34.7 million higher than the budget as introduced during the 2025 session. **Exhibit 9** shows the components of this increase. Documents note that the \$6 million in general funds added for dredging is included as part of the minor program (although details of the status and plans for use are unclear), but the \$6.6 million in special funds added for pedestrian and bicycle access is not clearly identified in the CTP. **TSO should provide an explanation on how the \$12.6 million in legislative additions is being expended in the fiscal 2026 working appropriation.**

Exhibit 9
Cash Flow Changes
Fiscal 2026 as Introduced to Fiscal 2026 Working Appropriation
(\$ in Millions)

| | | |
|--|-------|-------------------|
| Major Projects | | \$19.1 |
| Transportation Emission Reduction Program | \$5.3 | |
| Transit Oriented Development Grant Program | 4.3 | |
| Kim Lamphier Bikeways Network Program | 2.8 | |
| MDOT RSTARS (FMIS) Refactoring Project | 1.9 | |
| MDOT Asset Management Program | 1.4 | |
| Baltimore City Sidewalk ADA Retrofit | 1.0 | |
| MDOT Statewide Rail Trespass Study | 1.0 | |
| Transit Oriented Development Planning and Implementation | 0.9 | |
| MDOT Solar Implementation | 0.5 | |
| Minor Program | | \$15.6 |
| Capital Salaries and Wages | | \$0.0 |
| Total Change | | \$34.7 |

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

Note: The minor program includes the \$6.0 million legislative addition for a grant to the Maryland Economic Development Corporation for dredging Tradepoint.

Source: 2025 and 2026 *Consolidated Transportation Programs*, Maryland Department of Transportation; Department of Legislative Services

Cash Flow Analysis – Fiscal 2026 to 2027 Changes

Exhibit 10 shows the changes between the fiscal 2026 working appropriation and the fiscal 2027 allowance, including other funds that do not flow through the TSO budget.

Exhibit 10
Cash Flow Changes
Fiscal 2026 Working to 2027 Allowance
(\$ in Millions)

| | |
|--|----------------|
| Fiscal 2026 to 2027 Change | \$27.9 |
| Major Projects | |
| MDOT Solar Implementation | \$39.5 |
| Transit Oriented Development Grant Program | 1.2 |
| Transit Oriented Development Planning and Implementation | -0.6 |
| MDOT Statewide Rail Trespass Study | -1.0 |
| Baltimore City Sidewalk ADA Retrofit | -1.0 |
| MDOT Asset Management Program | -1.4 |
| Transportation Emission Reduction Program | -1.4 |
| MDOT RSTARS (FMIS) Refactoring Project | -2.9 |
| Kim Lamphier Bikeways Network Program | -4.5 |
| Minor Program | -\$10.3 |
| Capital Salaries and Wages | -\$0.1 |
| Total Change | \$17.5 |

ADA: Americans with Disabilities Act

FMIS: Financial Management Information System

MDOT: Maryland Department of Transportation

RSTARS: Relational Standard Accounting and Reporting System

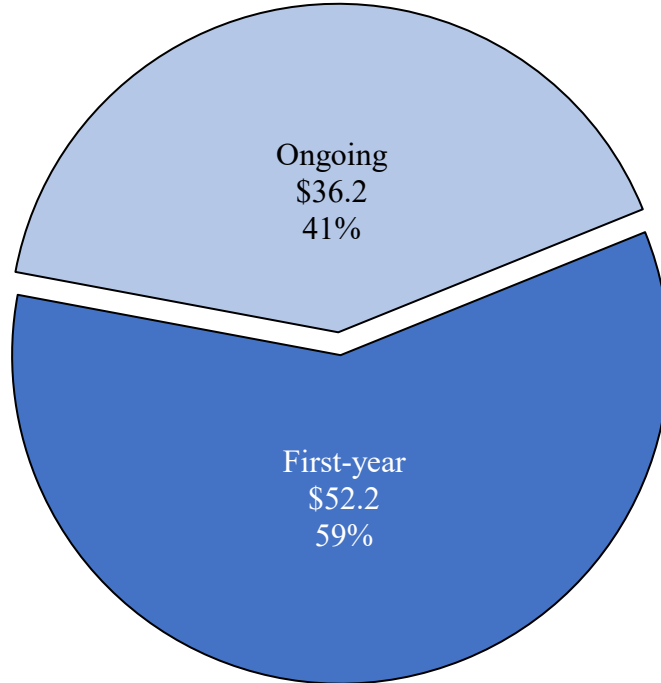
Note: The fiscal 2027 allowance includes \$0.7 million in other funds.

Source: 2026 *Consolidated Transportation Program*, Maryland Department of Transportation; Department of Legislative Services

First-year Construction and Design Funding

Chapters 27 and 563 of 2022 require the 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 11**, \$52.2 million, or 59%, of TSO’s fiscal 2027 capital funding, which totals \$88.4 million, is first-year funding. The TSO capital projects receiving first-year funding in fiscal 2026 and 2027 are listed in **Exhibit 12**.

Exhibit 11
First-year Ongoing Programmed Spending – All Funds
Fiscal 2027
(\$ in Millions)



Source: 2026 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Exhibit 12
Projects Receiving First-year Construction and Design Funding
Fiscal 2026-2027
(\$ in Thousands)

| | <u>2026</u> | <u>2027</u> | <u>2026-2027</u> |
|--|-------------|-------------|------------------|
| Construction | | | |
| <i>Kim Lamphier Bikeways Network Program</i> | | | |
| South Shore Trail Connection Gaps – Housley/Bestgate | \$0 | \$240 | \$240 |
| Hospital Hill to Anacostia River Trail | 80 | 160 | 240 |
| Easton Community Bicycle Parking Initiative | 5 | 0 | 5 |
| Citywide Bike Rack Expansion for Equitable Multimodal Connectivity | 64 | 0 | 64 |
| <i>Transportation Emission Reduction Program</i> | | | |
| Commuter Connections Employer Outreach | \$466 | \$0 | \$466 |
| Commuter Connections Operations Center | 194 | 0 | 194 |
| Commuter Connections Marketing | 1,752 | 0 | 1,752 |
| Commuter Connections Evaluation and Monitoring | 261 | 0 | 261 |
| Commuter Connections Baltimore Region Guaranteed Ride Home | 110 | 0 | 110 |
| Commuter Connections Washington Region Guaranteed Ride Home | 271 | 0 | 271 |
| Commuter Connections | 4,992 | 5,368 | 10,360 |
| <i>TOD Grant Program</i> | | | |
| TOD Grant Program | \$3,544 | \$5,000 | \$8,544 |
| TOD Grant – Odenton Parking Garage | 396 | 354 | 750 |
| <i>MDOT Solar Implementation</i> | | | |
| Solar Implementation – SEIF ACP funded | \$500 | \$40,000 | \$40,500 |
| Design | | | |
| <i>Kim Lamphier Bikeways Network Program</i> | | | |
| Oxford Park Connectors | \$24 | \$0 | \$24 |
| BGE Connector Trail | 200 | 0 | 200 |
| Remington Avenue Separated Bicycle Lane – 30% Design | 0 | 160 | 160 |
| #8 Streetcar Path and Frederick Road Complete Street | 56 | 0 | 56 |
| Thomas Johnson-Clemson Corner Connector | 32 | 128 | 160 |
| US 40 Shared Use Path – Havre de Grace to Aberdeen Train Station | 12 | 100 | 112 |
| Cherry Lane Bikeway 65% Design | 40 | 160 | 200 |
| Rails 2 Trail Crossing 27 | 44 | 176 | 220 |

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| | <u>2026</u> | <u>2027</u> | <u>2026-2027</u> |
|---|-----------------|-----------------|------------------|
| Purple Line Connector | 42 | 170 | 212 |
| Safe Streets for All Action Plan and Demonstration Projects | 18 | 70 | 88 |
| <i>Transit Oriented Development Grant Program</i> | | | |
| TOD Grant – Project Connect | \$183 | \$67 | \$250 |
| TOD Grant – Wabash Avenue Multimodal Access Plan | 194 | 56 | 250 |
| <i>MDOT Statewide Rail Trespass Study</i> | | | |
| Statewide Rail Trespass Study | \$1,000 | \$0 | \$1,000 |
| Total | \$14,480 | \$52,209 | \$66,689 |
| State (Special) | | | \$54,547 |
| Federal | | | 12,142 |
| Other | | | 0 |
| Total | | | \$66,689 |

ACP: Alternative Compliance Payment

SEIF: Strategic Energy Investment Fund

BGE: Baltimore Gas and Electric

TOD: transit-oriented development

MDOT: Maryland Department of Transportation

Source: 2026 Consolidated Transportation Program, Maryland Department of Transportation; Department of Legislative Services

Significant Changes from the Previous CTP

Exhibit 13 shows the significant changes to major projects from the 2025 CTP.

**Exhibit 13
Major Changes from the 2025-2030 CTP
(\$ in Millions)**

| <u>Projects Added to the Construction Program</u> | <u>Project Cost</u> |
|---|---------------------|
| MDOT Solar Implementation | \$50.0 |
| MDOT Statewide Rail Trespass Study | 1.0 |

CTP: Consolidated Transportation Program

MDOT: Maryland Department of Transportation

Source: Maryland Department of Transportation, 2026 Consolidated Transportation Program

Issues

1. New Federal Rule for the Disadvantaged Business Enterprise Program

On October 3, 2025, USDOT issued an interim final rule stating that its DBE program and Airport Concession Disadvantaged Business Enterprise (ACDBE) Program will now operate “in a nondiscriminatory fashion – in line with law and the U.S. Constitution” and “removes race and sex-based presumptions of social and economic disadvantage that violates the U.S. Constitution.” This action effectively requires businesses to prove their status as socially and economically disadvantaged to qualify as a DBE or ACDBE on a case-by-case basis. USDOT issued this interim final rule following a federal judge’s ruling that the DBE program’s use of race and gender in determining whether a business is disadvantaged may be unconstitutional in the case of *Mid-America Milling Company v. United States Department of Transportation*. The judge issued a preliminary injunction in the case, but it was limited to contracts to which the plaintiffs were bidding. However, USDOT agreed with the stance that the rebuttable presumption that businesses owned by women and racial minorities are socially disadvantaged was indeed unconstitutional and issued the interim final rule. In addition to the removal of the rebuttable presumption, the new interim final rule:

- replaces the terms “race-neutral” and “race-conscious” with “DBE-neutral” and “DBE-conscious;”
- defines social and economic disadvantage as “any individual who is a citizen (or lawfully admitted permanent resident) of the United States and who a certifier finds to be socially and economically disadvantaged on a case-by-case basis;”
- requires the re-evaluation of all currently certified DBEs under Unified Certification Programs (UCP) that are refocused to the new definition of social and economic disadvantage and the new process outlined in the interim final rule; and
- requires state departments of transportation to reset overall DBE goals based on the refocused UCP and to determine whether the agency can meet its overall goal solely using DBE-neutral means, or whether it must use DBE-conscious contract goals on DOT-assisted contracts to meet its overall goal.

In response to the interim final rule, MDOT, on behalf of DoSEM, received approval from BPW for an expedited procurement to begin the process of recertification of currently certified DBEs and ACDBEs in the State. Without the new certification, MDOT cannot set DBE and ACDBE goals for federally funded contracts or monitor participation on active contracts funded by federal funds. In January 2026, two vendors were awarded six-month contracts to conduct this recertification process with OMBE in DoSEM. MDOT’s expedited procurement report was accepted by BPW on February 18, 2026. An applicant for DBE certification is now required to

submit a personal narrative to prove social and economic disadvantage. The narrative is required to:

- establish the existence of disadvantage by a preponderance of the evidence based on individualized proof regarding specific instances of economic hardship, systemic barriers, and denied opportunities that obstructed the owner's progress or success in education, employment, or business, including obtaining financing on terms available to similarly situated persons who did not face barriers in obtaining terms;
- state how and to what extent the barriers caused the owner economic harm, including a full description of the type and extent, and must establish that the owner is economically disadvantaged in fact relative to similarly situated nondisadvantaged individuals; and
- include a current personal net worth statement and any other financial information the DBE applicant considers relevant.

TSO should comment on what are the next steps for MDOT once DoSEM finishes the recertification process.

Operating Budget Recommended Actions

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

, provided that no more than \$7,201,128 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 \$7,201,128 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 |

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 2026 to 2031 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
2025 Joint Chairmen’s Report Responses from Agency

The 2025 *Joint Chairmen’s Report* (JCR) requested that TSO prepare three reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Vessel Collision Vulnerability of State Bridges:*** Language was added to the fiscal 2026 Budget Bill restricting \$500,000 of TSO appropriation for administration pending submission of a report on the vulnerability of certain State bridges to vessel collisions following the collapse of the Francis Scott Key Bridge. The funds were authorized for release in December 2025 when MDOT and MDTA submitted a report that detailed the vulnerability assessment and plans to reduce vessel collisions of certain bridges under MDTA authority. Further discussion of this report can be found in the Issues section of the analysis for J00J00 – MDTA.

- ***Reorganization of Transit Services:*** Language was added to the fiscal 2026 Budget Bill restricting \$150,000 of TSO appropriation for administration pending submission of a report from the workgroup on the reorganization of the Maryland Transit Administration (MTA). Further discussion of the workgroup’s report can be found in the Issues section of the analysis for J00H01 – MDOT – MTA.

- ***Purple Line Security Cooperation:*** Committee narrative requested MDOT and MTA to submit a report detailing the agreement for the Washington Metropolitan Area Transit Authority (WMATA) to provide law enforcement services along the Purple Line in areas already served by WMATA police. An agreement was not made between MTA and WMATA for both agencies to provide police resources to the Purple Line. MTA police will be solely responsible for security along the Purple Line.

Appendix 2
Budget Amendments for Fiscal 2026
Maryland Department of Transportation
The Secretary's Office

Operating

| <u>Status</u> | <u>Amendment</u> | <u>Fund</u> | <u>Justification</u> |
|---------------|------------------|-------------|---|
| Approved | \$3,206,068 | Special | Transfers funds to the newly established DoSEM for personnel and one-time funding for 6 additional temporary employees with a tenure of six months. |
| Approved | \$1,228,927 | Special | Transfers funds to DoSEM for operating expenses and four PINs that were omitted in the above amendment. |

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

| <u>Object/Fund</u> | <u>FY25</u> <u>Actual</u> | <u>FY 26</u> <u>Work Approp.</u> | <u>FY 27</u> <u>Allowance</u> | <u>FY 26 - 27</u> <u>\$ Change</u> | <u>% Change</u> |
|--|------------------------------|-------------------------------------|----------------------------------|---------------------------------------|-----------------|
| Positions | | | | | |
| 01 Regular | 322.50 | 331.50 | 515.50 | 184.00 | 55.5% |
| 02 Contractual | 17.00 | 16.00 | 17.00 | 1.00 | 6.3% |
| Total Positions | 339.50 | 347.50 | 532.50 | 185.00 | 53.2% |
| Objects | | | | | |
| 01 Salaries, Wages, and Fringe Benefits | \$48,441,648 | \$53,558,620 | \$84,639,432 | \$31,080,812 | 58.0% |
| 02 Technical and Special Fees | 7,913,475 | 13,220,339 | 9,759,217 | -3,461,122 | -26.2% |
| 03 Communications | 5,719,282 | 6,992,783 | 7,017,956 | 25,173 | 0.4% |
| 04 Travel | 141,484 | 209,508 | 257,358 | 47,850 | 22.8% |
| 06 Fuel and Utilities | 240,637 | 246,611 | 255,588 | 8,977 | 3.6% |
| 07 Motor Vehicle Operation and Maintenance | 36,604 | 48,489 | 46,859 | -1,630 | -3.4% |
| 08 Contractual Services | 63,230,929 | 75,280,888 | 108,052,660 | 32,771,772 | 43.5% |
| 09 Supplies and Materials | 313,423 | 346,428 | 345,928 | -500 | -0.1% |
| 10 Equipment – Replacement | 1,073,585 | 226,018 | 18,018 | -208,000 | -92.0% |
| 11 Equipment – Additional | 288,545 | 1,894,576 | 555,012 | -1,339,564 | -70.7% |
| 12 Grants, Subsidies, and Contributions | 28,798,180 | 54,114,148 | 43,460,597 | -10,653,551 | -19.7% |
| 13 Fixed Charges | 521,418 | 368,855 | 300,185 | -68,670 | -18.6% |
| Total Objects | \$156,719,210 | \$206,507,263 | \$254,708,810 | \$48,201,547 | 23.3% |
| Funds | | | | | |
| 01 General Funds | \$100,000 | \$6,000,000 | \$0 | -\$6,000,000 | -100.0% |
| 03 Special Funds | 143,081,970 | 177,091,324 | 232,289,916 | 55,198,592 | 31.2% |
| 05 Federal Funds | 13,537,240 | 23,415,939 | 22,418,894 | -997,045 | -4.3% |
| Total Funds | \$156,719,210 | \$206,507,263 | \$254,708,810 | \$48,201,547 | 23.3% |

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

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

| <u>Program/Unit</u> | <u>FY25 Actual</u> | <u>FY 26 Work Approp.</u> | <u>FY 27 Allowance</u> | <u>FY 26 - 27</u> | |
|--|------------------------|-------------------------------|----------------------------|---------------------|-----------------|
| | | | | <u>\$ Change</u> | <u>% Change</u> |
| 01 Executive Direction | \$101,159,002 | \$107,069,643 | \$146,428,692 | \$39,359,049 | 36.8% |
| 02 Operation Grants-in-Aid | 18,352,071 | 20,844,025 | 20,844,025 | 0 | 0.0% |
| 03 Facilities and Capital Equipment | 35,397,147 | 66,451,115 | 85,455,750 | 19,004,635 | 28.6% |
| 07 Office of Transportation Technology Services | 0 | 7,725,142 | 0 | -7,725,142 | -100.0% |
| 08 Major Information Technology Development Projects | 1,810,990 | 4,417,338 | 1,980,343 | -2,436,995 | -55.2% |
| Total Expenditures | \$156,719,210 | \$206,507,263 | \$254,708,810 | \$48,201,547 | 23.3% |
| General Funds | \$100,000 | \$6,000,000 | \$0 | -\$6,000,000 | -100.0% |
| Special Funds | 143,081,970 | 177,091,324 | 232,289,916 | 55,198,592 | 31.2% |
| Federal Funds | 13,537,240 | 23,415,939 | 22,418,894 | -997,045 | -4.3% |
| Total Appropriations | \$156,719,210 | \$206,507,263 | \$254,708,810 | \$48,201,547 | 23.3% |

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.