



OVERVIEW OF FINAL CTP

MARYLAND
CONSOLIDATED TRANSPORTATION PROGRAM
FY2024–FY2029

December 5, 2023

Dear Maryland Residents,

Throughout the fall, I have traveled the state to meet with residents, elected officials, business and civic leaders, and key industry stakeholders to share the Moore-Miller Administration's vision for our transportation system that enhances social equity, environmental protection, sustainable communities, and a thriving economy. However, the state's financial headwinds place immense pressure on our ability to deliver this vision. Simply put, the Department's operating costs are expected to increase seven percent annually while our revenues increase one percent per year. And, just like Maryland families are doing, we must tighten our belt to live within our resources.

This document outlines the tough choices that the Maryland Department of Transportation (MDOT) intends to make to address a multi-billion-dollar revenue gap in the FY2024-2029 Final Consolidated Transportation Program (CTP) that will be published in January 2024.

Despite these challenges, we are still delivering a significant capital program to improve Maryland's transportation system. The final CTP plans to invest nearly \$20 billion over six years. It will advance major projects like the Red Line, the Southern Maryland Rapid Transit project, and the Frederick Douglass Tunnel, while also maintaining funding for safety programs and the planning and engineering of major expansion projects.

I want to express my sincere thanks and gratitude to all of MDOT's stakeholders for their partnership and feedback since the release of the draft CTP in September. We will continue to work with you in the coming months and years to improve Maryland's transportation system.

Sincerely,

Paul J. Wiedefeld
Secretary

Executive Summary

The Moore-Miller Administration is committed to making investments that grow an inclusive economy and build a stronger Maryland for all.

On September 1, the Maryland Department of Transportation (MDOT) released the FY 2024-2029 Draft Consolidated Transportation Program (CTP) totaling \$21.2 billion. This document highlighted a \$2.1 billion fiscal imbalance between revenues and planned expenditures over the six-year program period. The final CTP must be balanced before it is published in January 2024 and ultimately approved by the General Assembly during the upcoming legislative session. Balancing the budget requires making tough decisions on how to spend limited resources for both the capital and operating budgets.

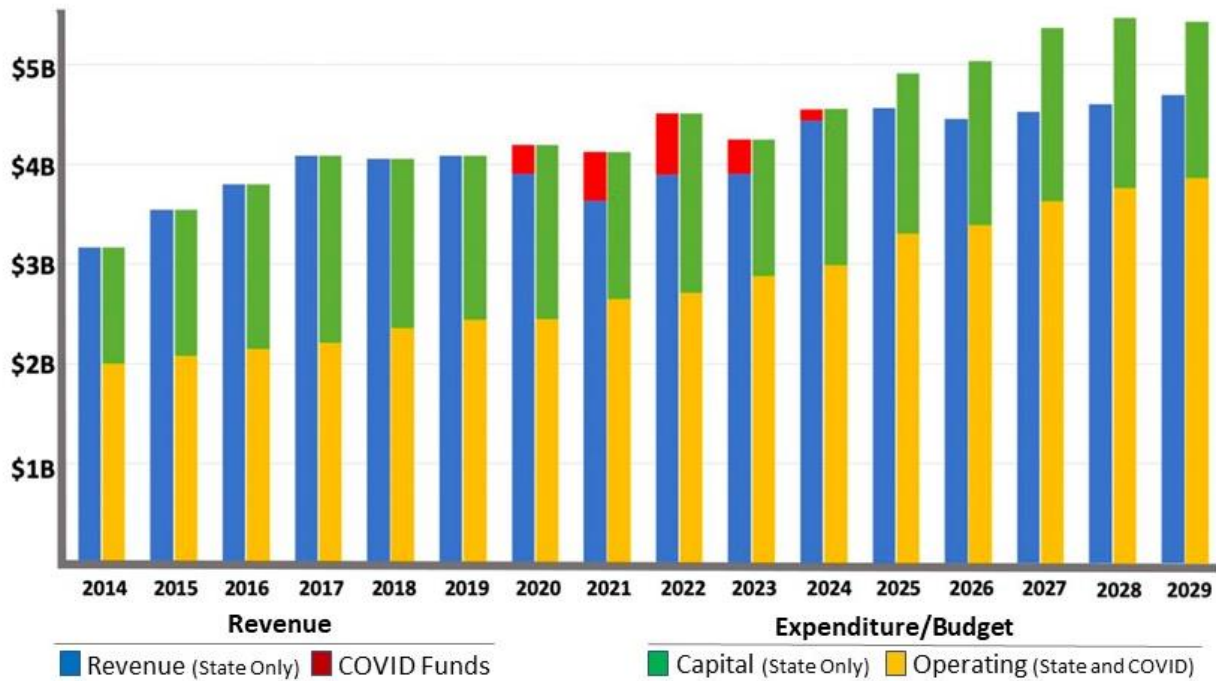
To balance the budget, MDOT is tightening its belt across all modes and The Secretary's Office (TSO). Each mode and TSO will reduce its operating budget by eight percent, in addition to reductions to each modes' capital program. This document outlines the many steps necessary to produce a balanced CTP, including reductions internal to the Department and delays to capital projects and programs delivering results across the state. With a planned January 2024 release for the final CTP, this document reflects the difficult reality of the Department's funding situation and associated feedback received from each county and Baltimore City as part of the Department's CTP visits this fall.

States across the nation are struggling with how to best fund transportation systems in a rapidly changing economy as the efficacy of traditional sources of revenue, like the gas tax, continues to decline. Fixing the state's transportation funding program will require a comprehensive solution that not only funds today's projects but ensures the long-term solvency of our Transportation Trust Fund.

How did we get here?

Today, MDOT is in a position where a reduction in planned state Transportation Trust Fund (TTF) expenditures of \$3.3 billion over the next six years is required. This situation did not happen overnight but is the cumulative effect of several factors, many of which have been known and compounding for years.

How We Got Here: MDOT Revenue & Capital-Operating Expenditure/Budget FY2014-FY2029



In 2019, the Department of Legislative Services identified that Maryland’s transportation revenues were failing to meet the Department’s capital needs. In 2020, one-time federal COVID relief money provided \$1.8 billion to MDOT and \$2.8 billion to the Washington Metropolitan Area Transportation Authority (WMATA) to help sustain critical transportation services despite the significant impacts of COVID on transportation usage and revenues. These funds will be fully exhausted in FY 2024, and the structural budget deficits present in 2019 will return if no action is taken.

MDOT is unique among state transportation departments in that it directly supports the operations of two of the largest transit systems in the country – WMATA and the Maryland Transit Administration (MTA). While Maryland receives immense economic, societal, and environmental benefit from its transit operations, this funding responsibility, and the lack of a dedicated funding source for each transit agency, places additional pressures on the TTF.

Additional drivers influencing MDOT’s budget, include:

- Construction costs, which have increased 76 percent since 2013, more than twice the rate of inflation;
- MDOT’s operating budget has increased by 50 percent since 2013, largely due to the impacts of wage growth and contractual increases;

- Fuel tax revenue is declining over time due to increased fuel efficiency and electrification of vehicles; and
- Transit ridership and revenue at MTA and WMATA have not recovered from the COVID-19 pandemic, and the long-term recovery of ridership and revenue remains uncertain.

Over the life of the CTP, MDOT's revenues are expected to grow by one percent annually while operating costs are increasing seven percent per year. This has a two-fold impact on the capital program.

1. Operating expenses are funded before capital projects. As a result, any increase in the operating budget reduces available state funding for capital projects on a dollar-for-dollar basis.
2. As operating expenses consume a larger portion of available resources, it reduces MDOT's ability to issue additional bonds to help fund the capital program.

Since publishing the draft CTP in September, MDOT has added a discrete set of investments to meet MDOT modal administration funding and federal grant obligations, including support to WMATA. These additions increased the funding shortfall from \$2.1 billion to \$3.3 billion. Major drivers of this increase are:

- Funding to reduce the impact of WMATA's fiscal operating cliff;
- Funding required to fully fund the Purple Line; and
- Matching funds for discretionary federal grants such as the Frederick Douglass Tunnel and the Mid-Bay Islands Ecosystem Restoration project.

How is MDOT planning to address this situation?

Throughout the fall, the Department has been engaging residents, elected officials, business and civic leaders, and key industry stakeholders about the road ahead. Based on this feedback, MDOT intends to move forward with a targeted and balanced approach to reduce its operating budget and capital program.

To help balance its budget, MDOT intends to reduce operating spending and increase several cost recovery fees. Each modal administration was directed to reduce its FY 2025 planned operating budget by eight percent in ongoing reductions that will be sustained in future years, including reductions to operating grants for Locally Operated Transit Systems. These reductions are difficult and not without impacts to Marylanders. For example, the MTA will eliminate commuter bus service as ridership across commuter bus remains less than 35 percent of pre-COVID levels. At the Motor Vehicle Administration (MVA), there will be a reduction in service hours and service locations. Cost recovery fees are proposed for MVA, Maryland Aviation Administration (MAA), and Maryland Port Administration (MPA)-related services. The State Highway Administration (SHA) will reduce roadway cleaning, mowing and litter pickup.

Even with these meaningful operating reductions, substantial capital reductions were still required. MDOT developed the following priorities to guide the necessary reductions to each administration's capital program:

- Fully fund federal match requirements for discretionary grants and leverage each federal formula dollar.
- Remove construction funding for any major expansion projects not expected to be advertised by the end of 2023.
- Reduce funding for system preservation activities as a last resort.

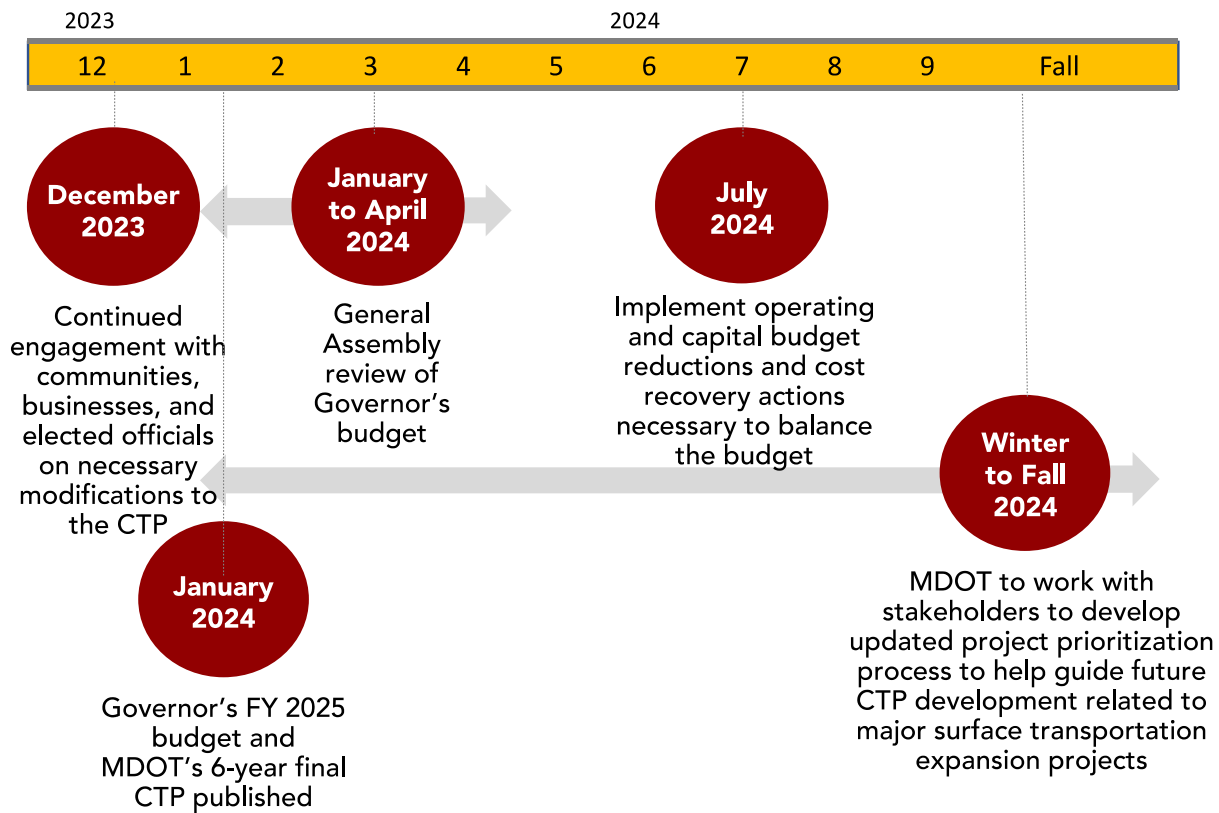
Examples of impacts include removing \$438 million in state funding from all major expansion projects at SHA; reducing planned increases over the next three years for Highway User Revenue (HUR) grants to local governments; maintaining current funding levels to local governments; and reducing \$77 million from landside projects at the MPA. The actions taken to reduce state capital funding in the final CTP will lower funding for the state of good repair of Maryland's transportation system. In retaining capital projects, MDOT is prioritizing initiatives that are safety related in the final CTP.

The final CTP will make targeted investments to advance key state priorities, including:

- Funding for core transit operations in the Baltimore metro area and for WMATA;
- Matching funds for the Mid-Bay Island Ecosystem Restoration Project;
- Funding for infrastructure to support the new FBI headquarters at Greenbelt;
- Matching funds for the historic \$7 billion federal rail grants to improve MARC Penn Line and Amtrak Northeast Corridor services;
- Funding for workforce development, complete streets and bikeways, and transit-oriented development activities;
- Full funding for the Purple Line project;
- Funding for the planning and development of the Red Line, Southern Maryland Rapid Transit, and a multimodal American Legion Bridge program; and
- Funding to continue planning and engineering for major expansion projects where construction funding will be impacted by reductions.



What is the timeline moving forward?



Conclusion

MDOT remains committed to creating a safe and reliable transportation system that connects Marylanders to economic opportunities through a network of transit, roads, bridges, trails, ports and airports. The Department will continue to maximize its use of federal infrastructure money to advance projects that are vital to the state's continued economic growth.

Just like the Marylanders we serve, the state needs to live within its means. To do so, the state is making tough decisions to balance its budget by reducing its operating and capital programs. A long-term solution will take all levels of government working together to restructure how the state invests in a better transportation system for all Marylanders. Our federal, legislative and local partners will be key stakeholders in finding a sustainable solution.

MDOT Operating and Cost Recovery Adjustment

Whether you are riding on an MTA bus, driving along the interstate, flying out of BWI Marshall Airport, receiving goods delivered through the Port of Baltimore or renewing your license, Maryland citizens are touched every day by the services that MDOT provides. MDOT's operating budget ensures the state has the talent and capacity needed to operate and maintain its multimodal transportation system. When the draft Consolidated Transportation Program (CTP) was released in September, the draft FY 2025 operating budget totaled \$2,729 million, including \$2,240 million to support MDOT's more than 9,000 employees and to adequately fund contracts, such as MTA Mobility paratransit, MARC operations, repair and maintenance of MDOT's facilities and equipment, and maintaining critical IT infrastructure; and \$489 million to pay Maryland's share of WMATA's operating budget.

Since releasing the draft CTP in September, MDOT made targeted investments in operations across the Department to fund:

- 108 new positions at MTA to improve service reliability;
- In conjunction with the Department of Budget and Management (DBM), increased salaries and benefits to rebuild state government and improve employee recruitment and retention;
- additional resources for various contracts to meet required inflation adjustments; and
- additional resources needed to reduce the impact of WMATA's fiscal cliff.

Without offsetting reductions, MDOT's annual operating budget would have grown to nearly \$3 billion.

Growth in the operating budget has a multiplying effect on funds available for MDOT's six-year capital program. First, although operating budgets are approved on an annual basis, since most operating costs are ongoing in nature, MDOT must consider not only the impact of the change in that year, but also in each subsequent year of its six-year program. Second, as operating costs increase, that reduces both dollars and debt capacity available to help fund the capital program. To balance its budget, MDOT intends to adjust certain cost recovery fees and

reductions to its operating budget to offset the planned additional operating investments. Cost recovery fee increases will generate approximately \$80 million per year and primarily include increases to various MVA fees (excluding vehicle registration fees) and parking fees at BWI Marshall Airport. In addition, each of MDOT’s modal administrations identified reductions of approximately eight percent to its FY 2025 operating budget, for total annual savings of roughly \$170 million. Together, these actions reduce the funding shortfall by more than \$1 billion over the six-year period covered by the CTP.

MDOT’s FY 2025 Operating Budget

As Shown in FY23-28 Final CTP	As Shown in FY24-29 Draft CTP	Additions	Reductions	As Shown in FY24-29 Final CTP
\$2,558	\$2,729	\$192	(\$184)	\$2,737

* Figures in millions



What is Included	What is Reduced
<p>MDOT intends to retain the following key investments in the final FY 2025 Operating Budget:</p> <ul style="list-style-type: none"> • Maintain the size of the workforce that delivers critical transportation services to Marylanders. • Maintain investments made to rebuild MDOT’s workforce through various recruitment and retention strategies. • Expand the number of operators and operations supervisors for MTA to improve service reliability. • Maintain core transit service for MTA’s Baltimore metro area – bus, light rail, Mobility, and Metro. • Provide additional funding to WMATA of \$150M for FY 2025 and 2026, increasing to \$250M in FY 2027 and beyond. 	<p>To help balance the final CTP, MDOT intends to reduce the Operating Budget starting in FY 2025 as follows:</p> <ul style="list-style-type: none"> • Eliminate MTA commuter bus service, where ridership is at 17% of capacity and less than 35% of pre-COVID levels. • Reduce two of three MARC Brunswick daily trips to West Virginia and forgo option to expand service at additional periods of the day. • Reduce operating assistance for Locally Operated Transit Systems (LOTS) by 40%. • Reduce roadway sweeping, mowing, litter pick-up, drainage maintenance, curb and gutter repair, and guardrail replacement. • Reduce funding for the processing of access permit applications, inspections, and releases. • Close MVA offices on Saturdays and eliminate extended Thursday hours. • Close Walnut Hill and Parkville MVA limited-service branch offices. • Reduce funding for various contracts, including repair and maintenance of facilities, information technology subscriptions and support, and janitorial services throughout MDOT.

Annual Operating Budget Reductions by the Numbers

Maryland Transit Administration

-\$98 million

or 8% of its \$1,228M budget

State Highway Administration

-\$31 million

or 8% of its \$382M budget

Maryland Port Administration

-\$5 million

or 8% of its \$57M budget

Maryland Aviation Administration

-\$21 million

or 8% of its \$256M budget

Motor Vehicle Administration

-\$19 million

or 8% of its \$240M budget

The Secretary's Office

-\$10 million

or 8% of its \$119M budget

Maryland Transit Administration (MTA) Capital Reductions

MTA’s capital investments help to maintain and enhance transit services for travelers in the Baltimore metro area and throughout the state. Transit connects Marylanders to jobs and opportunities, increasing the state’s competitiveness and commuter choices while also reducing greenhouse gas emissions.

MTA represents more than a third of the spending in the CTP. The draft CTP released in September contained \$4,638 million in funding for transit services, excluding WMATA. MDOT intends to reduce funding for MTA by roughly 13, down to \$4,487 million in the final CTP.

FY23-28 Final CTP	FY24-29 Draft CTP	MTA Additions	LOTS Reductions	MTA Reductions	FY 24-29 Final CTP
\$4,417.8	\$4,638.4	\$500.7	(\$52.7)	(\$599.5)	\$4,486.9

* Figures in millions

What is Included	What is Reduced
<p>MDOT intends to retain the following investments in the final CTP:</p> <ul style="list-style-type: none"> • Fund planning and design for the Red Line project. • Fund planning and design for the Southern Maryland Rapid Transit project. • Fully fund federal discretionary grants including the Mondawmin Station, Penn-Camden Connector, Frederick Douglass Tunnel, and Penn Station. • Fully fund the Purple Line project. 	<p>To help balance the final CTP, MDOT intends to reduce the MTA capital program as follows:</p> <ul style="list-style-type: none"> • Delay or cancel funding for MTA bus upgrades, including the downtown Baltimore hub and the transit priority initiative. • Reduce Locally Operated Transit Systems (LOTS) grants by 40 percent. See LOTS Appendix. • Delay a number of MTA light rail, MTA Metro and Maryland Area Rail Commuter (MARC) state of good repair (SGR) projects. • Lower MTA’s SGR funding level below the level required by the Maryland Transit Safety and Investment Act. • Delay MTA’s zero emission bus transition.

Capital Reductions by the Numbers

MTA Bus

-\$217 million

MTA Light Rail

-\$78 million

MTA Metro

-\$62 million

Locally Operated Transit Systems (LOTS)

-\$53 million

by reducing funding levels for these programs by 12%. See **LOTS Appendix**.

Mobility Paratransit

-\$41 million

MARC

-\$33 million

Agencywide

-\$168 million

State Highway Administration (SHA) Capital Reductions

SHA’s capital investments in a multimodal, complete transportation system, including roads, bridges, bike lanes, and pedestrian infrastructure, enables mobility for Maryland travelers and provides increased economic opportunities for Maryland citizens and businesses.

SHA represents 39 percent of spending in the CTP, and Highway User Revenue (HUR) Capital Transportation Grants represent 11 percent of CTP spending. The draft CTP released in September contained \$10,626 million in funding for roads and bridges. MDOT intends to reduce funding for roads and bridges by nearly 13 percent, down to \$9,292 million in the final CTP. Capital reductions for SHA prioritize safety above all.

FY23-28 Final CTP	FY24-29 Draft CTP	SHA Additions	SHA Reductions	HUR Reductions	FY24-29 Final CTP
\$10,323.9	\$10,625.6	\$142.4	(\$1,231.3)	(\$245.0)	\$9,291.7

* Figures in millions

What is Included	What is Reduced
<p>MDOT intends to retain the following investments in the final CTP:</p> <ul style="list-style-type: none"> • Fund for key safety and system preservation investments. • Fund for preliminary planning and engineering for a refined, multimodal program to address the American Legion Bridge and I-270 corridors based on community feedback. • Fund for major state of good repair (SGR) investments for the I-68 Cumberland Viaduct and I-695 Interchange at I-70 (Triple Bridges). • Fund \$250 million to support the Federal Bureau of Investigation Headquarters relocation to Greenbelt. 	<p>To help balance the final CTP, MDOT intends to reduce the following SHA capital program and grants to local governments:</p> <ul style="list-style-type: none"> • Remove construction funding for all major expansion projects that will not be advertised by the end of the calendar year. • Significantly reduce funding for minor expansion projects. • Reduce funding for state of good repair initiatives. • Maintain the portion of transportation revenues shared with local governments at the FY 2024 rate (15.6%), resulting in a planned reduction in growth of this funding for FY 25 through FY 27. See HUR Appendix.

Capital Reductions by the Numbers

Major Expansion Projects

-\$438 million

by removing construction funding from all major expansion projects to be advertised after 2023

Minor Expansion Projects

-\$142 million

by reducing funding levels for these programs by 85%

Funds that maintain SHA assets, including roads and bridges

-\$651 million

by reducing funding levels for these programs by 13%

Highway User Revenue Grants to local governments

-\$245 million

by maintaining the local share of transportation revenues at 15.6% throughout the six-year, an 11% reduction in grant amounts. See **Appendix B**.

Details on Proposed Reductions to the Capital Budget

Major Expansion Project Reductions	
Allegany	\$7.0M from US 220 Cresaptown
Anne Arundel	\$38.6M from I-97 Widening
Baltimore	\$33.9M from I-795 Dolfield Interchange
Carroll	\$5.9M from MD 32 2nd Street to Main Street
Frederick	\$105.6M from US 15, Frederick Freeway
Garrett	\$25.9M from US 219 Old Salisbury to PA state line
Howard	\$9.0M from I-70: MD 32 to I-695
Montgomery	\$6.5M from MD 97 Montgomery Hills
Montgomery	\$68.5M from I-495/I-270 Phase I South*
Prince George's	\$54.2M from I-495/ Medical Center Drive Interchange
St. Mary's	\$15.0M from MD 5 Great Mills
Washington	\$68.0M from I-81 Phase II Widening

Minor Expansion Project Reductions	
Charles -	\$2.3M MD 6 Streetscape
Harford –	\$3.5M US 1 Bypass at MD 24
\$136.1M from Intersection Capacity fund	

* reduced D&E funds

State of Good Repair (SGR) Reductions
\$27.6M from Communications fund
\$7.2M from Truck Weight fund
\$42.1M from Equipment fund
\$11.2M from Environmental Preservation fund
\$13.1M from Environmental Compliance fund
\$41.1M from Facilities fund
\$12.4M from Sound Barriers fund
\$33.0M from Total Maximum Daily Load fund
\$79.3M from Traffic Management fund
\$64.1M from State Planning and Research fund
\$5.7M from Urban Reconstruction fund
\$129.6M from Bridge Replacement and Rehabilitation fund
\$40.5M from Emergency fund
\$118.5M from Resurfacing fund
\$22.0M from Office of Transportation Mobility and Operations fund
\$3.9M from Park and Ride fund

Maryland Port Administration (MPA) Capital Reductions

MPA’s capital program helps the Port of Baltimore to grow the Maryland economy through more than 100,000 direct and indirect jobs. The capital program funds projects that repair existing port facilities, improve the efficiency and environmental stewardship of operations, as well as expand the capacity of the Port.

MPA represents approximately seven percent of spending in the CTP. The draft CTP released in September contained \$1,415M in funding to improve the Port of Baltimore and support multimodal access to Port facilities. Since the draft CTP was released, MDOT added money for key investments including the Mid-Bay Islands Ecosystem Restoration Project. MDOT intends to remove \$105 million in projects at MPA.

FY23-28 Final CTP	FY24-29 Draft CTP	Additions	Reductions	FY24-29 Final CTP
\$1,409.2	\$1,414.8	\$213.6	(\$105.2)	\$1,523.2

* Figures in millions

What is Included	What is Reduced
<p>MDOT intends to retain the following priorities in the final CTP:</p> <ul style="list-style-type: none"> • Provide initial state share for Mid-Bay Islands Ecosystem Restoration project and maintains funding for the 20-year dredged material management program. • Fund the Fairfield and Masonville Stormwater Management project through the federal PROTECT Program. 	<p>To help balance the final CTP, MDOT intends to reduce the MPA capital program as follows:</p> <ul style="list-style-type: none"> • Remove construction funding for major ‘landside’ and environmental projects not expected to be advertised by the end of the year. • Delay several system preservation projects and equipment purchases.

Maryland Aviation Administration (MAA) Capital Reductions

MAA’s capital program helps Maryland travelers and businesses to obtain efficient, safe, and cost-effective air travel for people and cargo by ensuring a seamless and secure experience through its airports.

MAA represents approximately five percent of spending in the CTP. The draft CTP released in September contained \$1,131 million in funding for the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall), Martin State Airport (MTN), and Maryland regional airports. MDOT intends to reduce funding for aviation related projects by \$13 million, however this proposed reduction is offset by increased use of Passenger Facility Charge backed funds for ongoing projects at BWI Marshall Airport. MAA has the benefit of generating revenue from airlines, and passenger and customer fees at its airports that must be used on airport-related activities.

FY23-28 Final CTP	FY24-29 Draft CTP	Additions	Reductions	FY24-29 Final CTP
\$ 1,176.3	\$1,131.5	\$13.5	(\$13.4)	\$1,131.6

* Figures in millions

What is Included	What is Reduced
<p>MDOT intends to retain the following priorities in the final CTP:</p> <ul style="list-style-type: none"> • Maintain funding for all current projects at BWI Marshall Airport, including the A/B Connector and Baggage Handling System Replacement project. • Retain all federal funds by maintaining needed matching funds. 	<p>To help balance the final CTP, MDOT intends to reduce the MAA capital program as follows:</p> <ul style="list-style-type: none"> • Reduce Regional Aviation Program grants by 25%. • Delay several system preservation projects.

Motor Vehicle Administration (MVA) Capital Reductions

MVA touches the lives of nearly every Maryland resident, providing exemplary customer service and best-in-class operations. MVA represents approximately one-half of one percent of spending in the CTP. The Draft CTP released in September contained \$111 million in funding to improve the customer service, efficiency, and safety of MVA business activities. MDOT intends to reduce funding of MVA projects by \$18 million, down to \$95.0 million in the final CTP.

FY23-28 Final CTP	FY24-29 Draft CTP	Additions	Reductions	FY 24-29 Final CTP
\$ 116.6	\$110.6	\$2.6	(\$18.2)	\$95.0

* Figures in millions

What is Included	What is Reduced
<p>MDOT intends to retain the following priorities in the final CTP:</p> <ul style="list-style-type: none"> • Fund key information technology (IT) improvements to deliver better customer service and efficiency. • Fund safety and security related improvements at MVA facilities. 	<p>To help balance the final CTP, MDOT intends to reduce the MVA capital program as follows:</p> <ul style="list-style-type: none"> • Extend the life cycle of IT equipment by two years. • Delay several system preservation actions.

The Secretary's Office (TSO) Capital Reductions

TSO serves as the hub for transportation policymaking and planning at the Department. TSO represents approximately seven tenths of a percent of spending in the CTP. The draft CTP released in September contained \$149 million in funding to support policy and cross-agency needs of MDOT managed by the TSO. Additional funding since September added \$17.8 million. MDOT intends to reduce funding by \$2.8 million to \$163.9 million in the final CTP.

FY23-28 Final CTP	FY24-29 Draft CTP	Additions	Reductions	FY 24-29 Final CTP
\$188.7	\$148.9	\$17.8	(\$2.8)	\$163.9

* Figures in millions

What is Included	What is Reduced
<p>MDOT intends to retain the following priorities in the final CTP:</p> <ul style="list-style-type: none"> • Fund the Bikeways Program at \$2M annually. • Fund critical enterprise-wide IT projects. • Allocate \$5M to launch the Transit-Oriented Development Fund. 	<p>To help balance the final CTP, MDOT intends to reduce the TSO capital program as follows:</p> <ul style="list-style-type: none"> • Reduce funds for the Electric Vehicle (EV) Readiness Program.



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