

MARYLAND DEPARTMENT OF TRANSPORTATION RELEASES UPDATED BUDGET PLAN FOCUSED ON FISCAL SUSTAINABILITY, SAFETY AND INCLUSIVE ECONOMIC GROWTH

IMMEDIATE RELEASE:

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*Capital, Operating Budgets Adjusted in Response to Structural Financial
Deficits*

HANOVER, MD (December 5, 2023) – The Maryland Department of Transportation is announcing an overview of the final FY 2024-2029 Consolidated Transportation Program (CTP) to reflect a structural financial deficit in state transportation funding. The final, nearly \$20 billion CTP will be released in January. The six-year program will include corresponding reductions across the department while maintaining an essential focus on safety, maintenance and strategic investment. The updated program retains project development funds for Baltimore's Red Line, Southern Maryland Rapid Transit, the Frederick Douglass Tunnel Project, the replacement American Legion Bridge and other key projects.

"Families all across Maryland are still feeling the effects of inflation and making decisions and sacrifices to live within their means and balance their household budgets. It's vital that state government does the same," said Maryland Transportation Secretary Paul J. Wiedefeld. "This is not a new problem for our state. In 2020, the Department of Legislative Services identified that Maryland's transportation program had a structural issue with operating costs increasing faster than overall revenues. Since 2020, these issues have been exacerbated by historic inflation impacting labor and materials costs, depleted COVID-19 relief funding, and the gradual decline of transportation's largest revenue source – motor fuel tax revenue."

The department will address declining revenue projections through a balanced approach of roughly \$1 billion in reductions in its operating budget, \$2 billion from its capital program and about \$400 million in limited reductions in grants to local governments. These cuts will be made across modal administrations over the next six years to ensure they can deliver for the state. While these reductions are difficult, they are targeted to limit the overall impact on Marylanders and will not jeopardize safety or key economic investments.

The department also will continue to pursue federal funding for projects throughout the state. The final FY 2024-2029 CTP will provide state matching funds for key federal grant awards including the recent historic investment from the U.S. Department of Transportation of \$7 billion for rail grants to greatly enhance MARC Penn Line and Amtrak Northeast Corridor services, relieve major Northeast Corridor bottlenecks and spur job and economic growth throughout the region, including \$4.7 billion for the new Frederick Douglass Tunnel Program.

"Federal dollars – and our outstanding federal partnerships – will help us strengthen our assets and grow our economy in the long-term," Secretary Wiedefeld said. "Maryland's economy is making tremendous progress, and strategic investment in transportation is vital to keep it growing, thriving and evolving while supporting people and communities."

For highway and transit expansion projects, the department intends to develop a project prioritization system that will evaluate project benefits in terms of meeting state transportation goals relative to cost. This system will be used to help prioritize projects included in future CTPs.

The six-year CTP is funded through the state's Transportation Trust Fund, along with federal grants and other sources. Years of flat revenue – including declines in the motor fuel tax as more efficient cars and electric vehicles enter the market – have accentuated the problem. Over the next several years, Maryland state's revenues are expected to grow 1% annually while the department's operating costs alone will increase 7% a year.

During the department's recent tour of Maryland counties and Baltimore City, Secretary Wiedefeld told local officials the draft program anticipated a shortfall of \$100 million for FY 2025, and \$2.1 billion over six years. In recent weeks, revenue projections have declined further.

"The Moore-Miller Administration has been transparent and straightforward about structural funding issues and budget shortfalls that have long been forecast. Maryland has known for several years its existing model for

transportation funding is unsustainable," Secretary Wiedefeld said. "We must tighten our belts and make tough decisions now to create a sustainable, balanced budget that affirms our transportation priorities and makes key investments to grow Maryland's economy. That's exactly what this budget will accomplish."

Next steps

While taking bold steps to reset Maryland's transportation spending priorities and limitations, the department understands changes are needed to address the long-term structural revenue issues and provide funding now and in the future to invest in safe, accessible, equitable transportation options for all.

The department has been closely involved with the Maryland Commission on Transportation Revenue and Infrastructure Needs, which was established by the General Assembly to review, evaluate and make recommendations on subjects including funding sources and structure of the Transportation Trust Fund, short- and long-term transportation funding needs and practices for prioritizing project funding.

"Ultimately, we know a long-term solution is going to take everyone – our federal, state and local officials and our community partners – working together to redefine how the state pays for transportation projects," Secretary Wiedefeld said. "Governor Moore has given us guiding principles: take a balanced approach, use data to inform strategy, and prioritize spending in a way that strengthens our assets and grows our economy in the long term."

An overview of the FY 2024-2029 Final CTP is available [here](#). Other documents related to the CTP are available [here](#).

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