



Meeting Summary

August 24, 2023

1. Welcome and Opening Remarks

Chairman Frank Principe Jr. opened the meeting and welcomed the Commission members and those attending in-person and online. Chairman Principe thanked the Governor, Senate President, and House Speaker for his appointment as Chairman of the Commission. He joins the Commission after a more than 30-year career in public service and hopes to serve as a bridge between all levels of government and with all of stakeholders to promote collaboration. The Commission will do its work together, with a focus on transparency, partnership and service.

Mr. Paul J. Wiedefeld, Secretary of Transportation, thanked the Commission members for the time and effort it will take to address the tough issues ahead. Secretary Wiedefeld pledged that it is a new day at the Maryland Department of Transportation (MDOT) and MDOT is committed to working in partnership and transparency with the communities that it serves. The Moore-Miller Administration has been listening and partnering over the last eight months and heard from stakeholders about the need to invest in a more balanced transportation system that meets the needs of all Marylanders. MDOT will deliver services and facilities with a focus on social equity, environmental protection, and sustainable communities. Most importantly, MDOT will build and maintain a transportation network that provides both physical mobility and economic mobility to lift all Marylanders and communities and preserve the multi-billion dollar investment already made in existing transit, airport, port, bridge, and road facilities.

2. Introduction of Members

Each member of the Commission introduced themselves to fellow members and to the public.

3. Organizational Matters and Commission Work Plan

Ms. Michele Lambert, Department of Legislative Services (DLS), reviewed the charge of the Commission as established by Chapter 455 of 2023. An interim report from the Commission is due to the Governor and General Assembly by January 1, 2024, and a final report is due by January 1, 2025. MDOT and DLS will co-staff the Commission all questions can be directed to Ms. Lambert (DLS) or Ms. Jaclyn Hartman (MDOT).

Ms. Hartman noted that five Commission meetings are scheduled in 2023, starting in August and continuing once per a month. Meetings will be open to the public for in-person attendance, livestreamed, and available on-demand for later viewing. Opportunities for public comment will be available throughout the process. Meeting materials will be available in advance of the meetings and a meeting summary will be provided after.

4. Transportation Overview

Mr. Steve McCulloch, DLS, provided an overview of transportation in Maryland, including organization and funding of MDOT, the Maryland Transportation Authority (MDTA), the Washington Metropolitan Area Transit Authority (WMATA), and the Transportation Trust Fund.

5. MDOT Capital Program Overview

Mr. Joe McAndrew, MDOT, provided an overview of MDOT's capital program, including the funding and development of the Consolidated Transportation Program (CTP). The CTP details the capital projects planned by MDOT and MDTA over the next six-years, as well as detailing Maryland's investments in WMATA's system. The CTP is part of a larger planning framework that includes the Maryland Transportation Plan and the annual Attainment Report, and involves many stakeholders.

6. Fiscal Cliff Looming for Transit Agencies

Mr. Ward McCarragher, American Public Transportation Association (APTA), provided an overview of the fiscal realities that many transit agencies are now facing. Transit ridership saw dramatic declines in ridership during the early days of the COVID-19 pandemic yet continued to serve essential workers – healthcare workers, pharmacy technicians, and grocery store clerks – and helped communities to survive. Ridership continues to make steady, but somewhat slow, recovery and today ridership is at approximately 72% of pre-pandemic levels. The loss of ridership, and thus fare revenue, has a significant impact on transit agencies' operating budgets. On average, more than two-thirds of all operating expenses for transit agencies are for salaries and benefits. At the federal level, investments in public transit are primarily focused on funding for capital projects. Federal law prohibits transit agencies in large, urbanized areas, such as Baltimore and Washington, from using federal funds for operating expenses.

During the COVID-19 pandemic, the U.S. Congress recognized the essential role of transit and the potential impact to operations of the reduced ridership and revenue and provided nearly \$70 billion of emergency funding for operating assistance to transit agencies nationwide through three separate Congressional acts. More than 99% of these funds are now obligated or fully spent, thus creating a significant operating budget shortfall, or fiscal cliff for many transit agencies. In May 2023, APTA surveyed its public transit agency members and 51% said they are facing a fiscal cliff in the next five years. For agencies with operating budgets greater than \$200 million, this increased to 71%. For most agencies that will face a fiscal cliff, it will hit by fiscal year 2026, if not before. The operating budget shortfalls that the largest agencies expect to encounter range from 10 to 30% of their operating budgets, and the amount grows over time.

7. 2023 Outlook on Fuel Tax Sustainability

Mr. Ed Regan provided an overview of the impact of increased fuel economy standards and electric vehicle ownership on the sustainability of the motor fuel tax. The motor fuel tax has

served as an efficient proxy for a direct user fee for almost 100 years, but it is a system at risk. Increased fuel efficiency and a shift toward electric vehicles has dramatically affected the viability of the motor fuel tax as a long-term source for transportation revenue. Annual U.S. fuel sales saw continued growth from 2012 through 2019, but there was a significant drop in 2020 associated with the COVID-19 pandemic. Although vehicle miles traveled has recovered since then, gasoline sales have not returned to pre-pandemic levels, suggesting that the nation reached peak fuel consumption in 2019. Looking ahead through 2050, fuel sales are expected to continue to decline by more than 20-50% depending on the scenario.

8. IIJA in Action: Transportation Construction and Market Conditions Update

Dr. Joshua Hurwitz, American Road & Transportation Builders Association (ARTBA), provided a national transportation construction market update with an emphasis on the early impacts of the Infrastructure Investment and Jobs Act (IIJA). On average, federal funding accounts for more than 50% of state department of transportation highway and bridge capital outlays and thus is a key pillar in transportation construction funding. Over the five-year period from federal fiscal years 2022 through 2026, there is about \$300 billion in federal formula funding and \$48 billion in discretionary funds available nationwide. From federal fiscal year 2021 to 2022, federal funding increased by about 38%, which is one of the highest increases since 1956. Information about federal obligations made by Maryland are available [here](#).

States have increased transportation budget authority over the last several years, with higher growth over the last two years. The increased budget authority is allowing states to increase contract awards and spending. Construction spending is being impacted by high inflation and cost increases for energy and many materials. Impacts were most severe in 2021 and 2022, particularly relative to the preceding decade, with some easing occurring in 2023. Despite the high inflation, there are signs of real growth in the highway and bridge construction market, with an increase in the number of projects and the demand for materials. Overall, the impact of IIJA has been positive, despite any market or implementation challenges, and we are just starting to see the full potential impact of its implementation.

9. Closing Remarks and Adjournment

Chairman Principe noted that the next meeting will be held on September 13, 2023, and closed the meeting.

.