

MDOT RESPONSE TO DLS ANALYSIS

Transportation Trust Fund Overview

DLS recommends that MDOT discuss the following (page 16)

- *its revenue forecast, and in particular the titling tax, given the change in vehicle purchases that is occurring as mentioned in the CTP;*
- *the likelihood of constraining operating costs as envisioned based on the potential underfunding of transit expenses, snow removal, and historical experience;*
- *its strategies to return to the 2.5 administrative debt service coverage levels if projections of revenue growth and spending restraint are not realized*
- *its ability to deliver current capital commitments based on MDOT and statewide debt limitations, federal reauthorization issues, insufficient revenues to pursue three major transit lines, and the multitude of needs;*
- *how it will be able to meet any unfunded capital needs over the next six- year period.*

MDOT is currently required to submit an updated TTF forecast in March 2010. DLS suggest that the agency should properly account for the loss of Seagirt revenues and interest revenue and provide up-to-date expenditure estimates to account for snow removal and transit collective bargaining expenses and other unaccounted expenses.

MDOT Response:

The methodology MDOT uses to forecast its revenues consists of reviewing current and historical trends, analyzing projections made by national economic forecasting firms, and reviewing analyses prepared by industry experts.

In preparing its titling tax forecast, MDOT relies on estimates of light vehicle sales provided by the econometric firms Global Insight and Economy.com, as well as experts in the light vehicle sales industry (e.g., CSM Worldwide, JD Edwards, etc.). These firms are projecting growth in light vehicle sales of over 16% in FY2011 and up to nearly 20% in FY 2012.

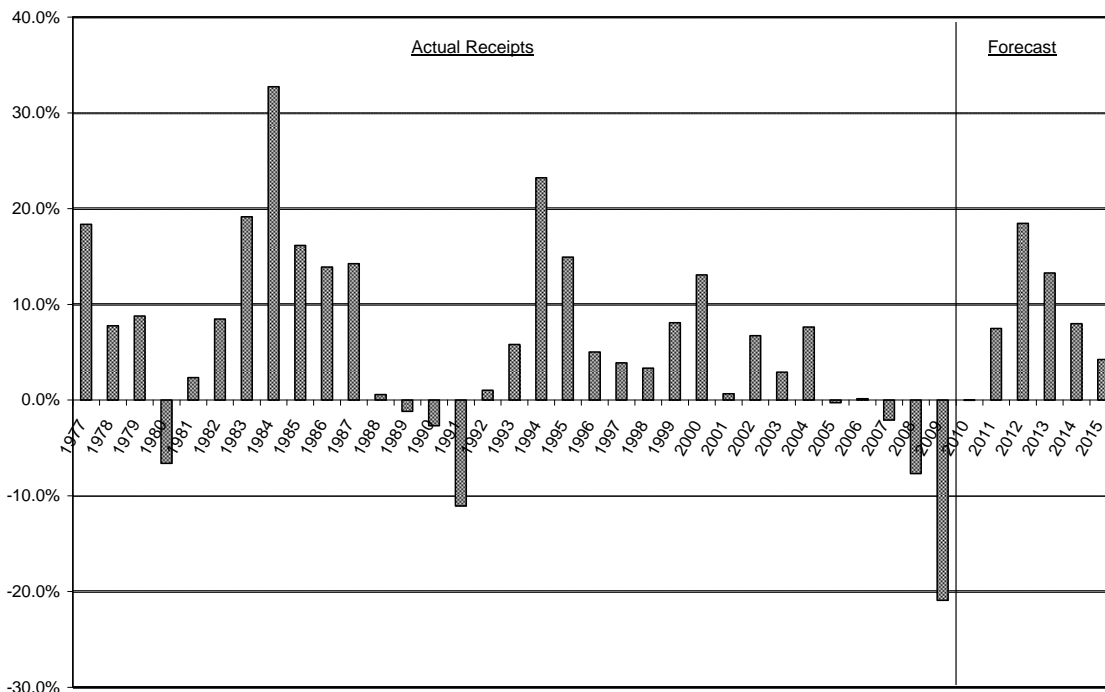
J00 – MDOT – Fiscal 2011 Budget Overview

MDOT RESPONSE TO DLS ANALYSIS

Transportation Trust Fund Overview (Continued)

The Department also reviews the historical performance of vehicle sales in Maryland to generate its forecast. As seen in the titling tax growth rate chart below, MDOT has experienced post-recession single year sales growth rates of 18.4%, 19%, 32.7%, and 23.2%. The growth rates used in MDOT’s current financial plan are consistent with the current projections and historical experience of growth seen in prior recoveries. In some instances, the projected growth rates are lower than what has been experienced in the past. The growth rates have been moderated to account for possible fundamental shifts in the light vehicle industry. However, the upswing in light vehicle sales is likely to occur well before the unemployment rate returns to pre-recession levels because the unemployment rate is a lagging economic indicator.

Titling Tax Growth Rate
Fiscal 1977 - 2015



There are two components of titling revenue, unit sales and price. The increase in price is expected to be moderate. Most of the increase forecasted in the near term is in unit sales. In the near-term, MDOT does not anticipate a significant increase in price. However, long-term, price may be a more significant factor as manufacturers comply with the federal CAFÉ standards, which are projected to increase the purchase price of a new vehicle.

J00 – MDOT – Fiscal 2011 Budget Overview

MDOT RESPONSE TO DLS ANALYSIS

Transportation Trust Fund Overview (Continued)

Forecasting the timing of an economic recovery is not an exact science. Should the recovery be delayed further, take longer, or be less robust than currently projected, MDOT will make appropriate adjustments to its capital and/or operating programs, as it has always done, to operate within its means.

This economic recession has caused every State to assess their priorities and make difficult choices to manage the challenges it has presented. As noted in the DLS analysis, the Department has been making tough choices to stay in line with our financial resources. The capital program is concentrated on system preservation, while the operating program is focused to constrain costs and reduce spending. These measures have set a new baseline from which growth will be managed as funding recovers; and when unexpected expenditures hit, we will make the adjustments necessary for the Department to comply with its financial parameters.

MDOT has presented a six-year financial plan that returns to the 2.5 debt service coverage level by fiscal year 2014. Compared with the financial plan presented to the budget committees in March 2009, the current financial plan has stronger coverage ratios. In March, coverage ratios dipped below 2.5 in four of the six years, with two of the years at the 2.1 coverage level. The current financial plan shows coverage ratios below 2.5 in just three of the six years, and an annual coverage ratio no lower than 2.2.

As will be discussed in more detail later, federal funding is the key to delivering the capital program. The uncertainty of federal funding levels coming to Maryland is a primary constraint to the capital program. Expanding funding for the transit New Starts program is vital to securing funds for MDOT's three new starts projects. The Baltimore Red Line, Purple Line and Corridor Cities Transit way are all moving forward. While the delays in the federal Authorization legislation have not impacted any of the projects yet, we are anxious to see a new long-term bill to ensure the backlog of projects does not increase, making the competition for federal funds even more challenging. Continued infrastructure investment is critical to the long-term strength of both Maryland and the national economy.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues

1. Update on Stimulus Spending (Page 32 - 34)

DLS recommends that MDOT discuss with the committees if there is an opportunity that the MOE requirement may be waived and how other states are responding to the MOE requirement (page 32).

DLS recommends that MDOT discuss with the committees its progress in distributing the stimulus funds and any issues associated with the first or potential second round of stimulus (page 34).

MDOT Response:

There is very little opportunity for the Maintenance of Effort (MOE) requirements to be waived. Despite that, we will continue to advocate for a change in that mandate. By all accounts, the majority of other states are having difficulty in this area. We will know more in March, after the states submit MOE reports to the United States Department of Transportation (USDOT).

MDOT has received \$580 million for over 300 ARRA projects from formula distributed funds and one FAA grant. Of these projects, 140 are state projects totaling \$440 million. The local projects account for the remaining \$140 million.

Generally, there are three major steps to get these projects approved. First, all ARRA projects need to be included in the Statewide Transportation Improvement Program (STIP), which includes getting projects in Metropolitan Planning Organization (MPO) areas into their respective Transportation Improvement Programs (TIPs). The next step is to get the projects certified by the Governor as qualifying and complying projects and appropriate uses of taxpayer dollars. Lastly, all the ARRA projects need to have their funds obligated by the beginning of March 2010, approximately one year after passage of the bill. As of the end of January, all of the Maryland projects have STIP approval and have been accepted by US DOT as certified by the Governor. Only eight projects remain to be obligated, which will be completed by the middle of February 2010.

As of the end of January 2010, all but two of the state projects have been advertised. However, there are still almost 100 smaller local projects left to be advertised for \$66.4 million. There are 115 projects that have started construction for over \$300 million. There are 27 projects that have finished construction for \$44 million. Lastly, MDOT has paid contractors \$125 million for work performed.

J00 – MDOT – Fiscal 2011 Budget Overview

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

The number of employees supported by the ARRA projects is derived from the actual hours worked on these projects. As of December 31, 2009, these ARRA funds have resulted in almost direct 800,000 hours worked, a number that translates into 4,600 full-time people, for a month. In addition to direct jobs, ARRA funding has also supported indirect jobs (supplier) as well as induced jobs (jobs supported by direct and indirect jobs, such as marketplace positions – retail, restaurants).

In turning to another stimulus bill, the Jobs for Main Street Act of 2010 bill passed the House in December, but the Senate has yet to formally act. The bill appears to be considering a smaller amount for transportation infrastructure. In the House bill, the biggest difference in ARRA requirements is that the first 50% of funding for projects needs to be **under contract** (construction contract signed by State entity and contractor) within 90 days from signature of the bill. Because it usually takes at least 90 days from advertisement to get a contract signed for most projects, this provision is a serious concern for MDOT and all state transportation agencies across the country.

Other major changes in the House bill include no funding for discretionary programs such as TIGER and HSIPR and no funding for engineering work, unless a project is also funded for construction and will be completed in the 3 year, timeframe for all projects.

Transportation Funding To Maryland Within House Jobs Bill

MD Highway Apportionment - \$431 million (same as ARRA)

\$288.8 million (67%) for statewide projects

\$129.3 million (30%) set aside for sub-allocation using the Surface Transportation Program (STP) formula

\$12.9 million (3%) for Transportation Enhancement (TE) projects

MD Transit Apportionment - \$141.68 million (about \$6M higher than ARRA)

Via WMATA and SEPTA - \$15.3 million

**WMATA receives the entire Washington, DC Urbanized Area apportionment of \$190.97M. Of this, \$54.68M is attributable to Maryland based on Maryland population factors in the region (29%). However, based on a previous agreement with WMATA, Maryland only receives 7.86%, or \$15.0 million.*

**SEPTA receives the entire Philadelphia Urbanized Area apportionment of \$167.69M. Of this, \$0.32M is attributable to Maryland based on Maryland population factors in the region (0.2%). However, based on a previous agreement with SEPTA, Maryland only receives 0.18%, or \$0.3 million.*

J00 – MDOT – Fiscal 2011 Budget Overview

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

The projects being proposed for Phase 1 of the funding (required to be under contract in 90 days) need to meet multiple goals. First, federal sub-allocations and an emphasis on economically distressed areas (EDA) need to be taken into account. Second, SHA will look for a statewide distribution, while MTA will look for a distribution throughout their different modes with an emphasis on Baltimore City as an EDA. Third, the projects have to have a high likelihood of being under contract within 90 days.

These factors will result in most if not all of the Phase 1 projects being system preservation projects, many which were deferred last year with the economic downturn. Phase 2 is still unclear, but MDOT does expect to again provide funding to local jurisdictions. How these funds are allocated is still under discussion, and final decisions will not be made until a final bill is passed and the full extent of requirements is known.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

2. Federal Aid Issues (Page 34 -36)

DLS recommends that MDOT discuss with the committees the following (pages 35-36):

- *what impact has the rescission and the uncertainty of the continuing resolution had on the capital program; and*
- *what MDOT views as the most critical issues in the upcoming debate and if federal transportation funding will dramatically change?*

MDOT Response:

- **what impact has the rescission and the uncertainty of the continuing resolution had on the capital program; and**

MDOT had been planning for some time for the rescissions in Federal Fiscal Year (FFY) 2009 and the uncertainty of a multi-year authorization bill being passed. As in previous years, the Department took a conservative approach in the estimation of federal funding in developing last year's Consolidated Transportation Program (CTP). The conservative approach allowed the Department to anticipate the impact of the rescissions on federal fund balances well before the FFY 2009 closeout.

As a result of careful planning, MDOT was able to meet the requirements of rescissions without the loss of federal funds. However, the rescission did create low balances in several of the federal fund categories that we use on a regular basis.

Additionally, FFY 2010 has been operating under a Continuing Resolution, since a highway authorization has not been enacted. The Department expects to receive federal funding under Continuing Resolutions for the remainder of FFY 2010 and possibly beyond, and thus our projection of federal dollars continues to be conservative. These periodic and sometimes unpredictable federal deposits are much more difficult to manage than an annual apportionment. MDOT would prefer one large extension to several short ones to maintain fund balances.

J00 – MDOT – Fiscal 2011 Budget Overview

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

While a conservative approach to estimating federal funds allowed us to maintain the level of funding in the current CTP, the rescission did create other challenges. It continues to have an impact on the apportionments received under the four Continuing Resolutions. Not only did the new FFY begin with low unobligated balances, apportionments are being allocated in FFY 2010 net of the FFY 2009 rescissions, resulting in a 30% reduction in apportionments.

The expectation is that the lower level of apportionments will be offset by higher levels of Obligation Authority (level consistent to prior years). However, lower apportionment levels could cause problems within specific categories. In an extreme example, the Department could end up in a situation where a project is ready to get under way but the appropriate category of apportioned federal funds is temporarily depleted and the project is not readily eligible to receive funds transferred from any of the other programs that may have sufficient balances. In that case, MDOT would have to wait for funds to build up in an eligible program. While most programs have rules that allow transfers, the constant monitoring of program levels, transfer of balances, and explanation of how federal funds are being used is an extremely inefficient way of doing business in the long term.

More importantly, lack of a long-term bill forces MDOT and all transportation agencies to focus on immediate short-term needs, remain conservative in our programming approach, and further delay both transit and highway projects that address capacity and significant reconstruction projects.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

- **what MDOT views as the most critical issues in the upcoming debate and if federal transportation funding will dramatically change?**

There are several thematic issues at the forefront of the Authorization debate in Congress. Unfortunately, the issue of timing has dominated the debate over the past year. The combination of the national recession and other Congressional priorities has, as indicated by DLS, caused the debate to center on the length of the short term extension and the level of funding being included in those extensions.

As indicated in the previous response, many experts are predicting that a long-term authorization bill is not likely to be adopted for at least 12 months. The issues that MDOT is monitoring closely in the debate on the long term bill include the following:

- 1) **Simplification and consolidation of programs**, as indicated by DLS, would benefit all states by reducing the number of programs and streamlining program delivery.
- 2) **The establishment of meaningful performance measures** and increased accountability is being seen as a way to eliminate specific programs and instead focus on outcomes. Maryland supports these efforts but wants to ensure that Congress allows states to work closely with the USDOT in establishing these measures, so that individual state factors can be considered, and states performing well in certain areas (e.g. safety or bridge preservation) are not penalized if they show less improvement than states that have already achieved certain standards.
- 3) **Greater emphasis on multimodal solutions and partnerships with local governments and other agencies.** Increasingly, we are seeing proposals to move federal funding priorities closer to priorities Maryland has established over the past decade. In that regard, Maryland is closely monitoring efforts to encourage regional planning and the adoption of transportation solutions such as “complete streets” programs and livable community initiatives that support our older established communities and transit oriented development.
- 4) **Increased focus on sustainability and the environment.** While state DOTs and federal agencies often talk about streamlining the project development process, it is also clear that transportation projects will undergo increasing scrutiny to ensure that impacts on mobility, and access, development patterns, water quality and the climate have been identified and calculated into the costs and benefits of these projects. While MDOT’s multimodal structure and increased emphasis on the efficient movement of freight will benefit from this focus, it will also require even more documentation of the need for and the impact of projects on environmental issues.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

While the above issues are critical for the national debate there are several other issues of importance to Maryland that we must address in the next Authorization. These include:

- 1) **Expanded funding for the transit New Starts program is vital to securing funds for Maryland's three new starts projects.**

The Baltimore Red Line, Purple Line, and Corridor Cities Transitway are all moving forward. While the delays in the Authorization legislation have not impacted any of the projects yet, we are anxious to see a new long-term bill to ensure the backlog of projects doesn't increase and make the competition for federal funds even more challenging.

- 2) **Additional federal funding and support for our MARC commuter rail system.**

Unfortunately, federal funding for MARC has not kept pace with the demand for this service. While our congressional delegation has been successful in obtaining earmarks, there is a limit to what we can obtain under existing programs. MARC is neither a New Starts project nor "Intercity Passenger Rail." While both of those programs will be important we are pursuing changes to federal funding that recognizes the importance of the MARC system to the I-95 corridor, the Nations Capital, and the Baltimore Region, as well as our growing military installations.

- 3) **Increased federal responsibility for the impacts of growth related to the Base Realignment and Closure (BRAC) process is necessary.**

Existing funding policies and program levels need to be addressed in either the surface transportation act or military authorizations and appropriations. Changes to current policies that fail to recognize the need for shuttle bus operations or the impact of growth in urban areas are being pursued by Maryland.

In addition to these surface transportation issues, Maryland is also anxious to see Congress pass a long term Federal Aviation Authorization Act so that BWI Thurgood Marshall Airport can develop comprehensive plans for the future and a Water Resources Development Act, so that the long term dredging needs of the Port of Baltimore can be addressed.

Despite the recent attention to the infrastructure needs and the inability of the gas tax to address those needs, it is questionable whether there will be a dramatic shift in policy with the next authorization act. That said, we are hopeful that the legislation lays the groundwork for meaningful change. Infrastructure investment is vital to the long term strength of both the Maryland and national economy.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

3. Altering the Sales Tax Distribution (Page 36)

DLS recommends that a provision be included in the Budget Reconciliation and Financing Act of 2010 that would make the 5.3% distribution to the TTF permanent. This action would relieve funding pressure on the general fund but reduce funding to the TTF. Making the change now would allow the department sufficient time to make changes to its capital program to adjust for the change in revenue (page 36).

MDOT Response:

The increase in the sales tax distribution, from its temporarily reduced rate of 5.3% to the 6.5% rate approved during the 2007 Special Session, is needed by the Department to return to its recommended level of financial stability. Reducing the distribution rate would make it more difficult for MDOT to return to the 2.5 coverage ratio within the six year planning period and to maintain that coverage in the future without further reductions and/or delays in its capital program. The reduction is more than the straight loss of revenues, calculated to be \$55-\$60 million a year, because MDOT can leverage those revenues through bond sales. This combined loss will hinder the Department's ability to deliver its capital program and may result in higher interest rates on borrowed funds should MDOT not return to 2.5 times coverage within the program period.

In addition, sales and use tax revenues are one of MDOT's pledged revenues. It has been represented to bondholders in MDOT's Official Bond documents that these revenues are scheduled to return to the 6.5% distribution level in FY14.

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

4. **Homeland Security Costly, Yet Vital (Page 37 - 39)**

DLS recommends that MDOT discuss homeland security initiatives currently underway and how the department will fund future projects given the current economic situation (page 39).

MDOT Response:

The Maryland Department of Transportation (MDOT) plays one of the largest roles in Homeland Security and Emergency Management. From supporting, coordinating, consolidating and integrating our 6 Modal Agency activities, to supporting the Governor’s 12 Core Goals on Homeland Security, to the National priorities and requirements set forth in HR1, *Implementing the Recommendations of the 911 Commission Act of 2007*, MDOT has assumed a leadership role.

Many of the requirements for Homeland Security are developed and directed from the Federal level. This includes activities occurring at BWI Marshall Airport, The Port of Baltimore, and Maryland Transit Administration operations.

BWI Marshall Airport:

Past Homeland Security initiatives included enhanced lighting, fencing, and cyber locks (computer controlled) at key access points. BWI ID cards have access control capabilities and incorporate passwords as a second security feature. CCTV cameras have been enhanced with analytics added to the backend. The Emergency Operations Center has been upgraded. Passenger screening areas, including the “Checkpoint of the Future” have been installed. Enhanced cargo screening capabilities have been installed. MAA has purchased and implemented an 800 MHz radio system throughout the Airport. This system will be incorporated into the Statewide 700/800 MHz Interoperable Radio System. BWI Marshall has received very high scores for its safety and security during FBI/TSA Vulnerability Assessments.

Current and future projects will include replacement iCCTV systems, and integration with the Department of Transportation Operations Center (DOTOPS) and other entities.

The Port of Baltimore:

Past Homeland Security initiatives have included new high intensity lighting, enhanced fence-line, gates, cyber locks, and access control points. The Transportation Worker Identification Credential was implemented with MPA being the model for the Country. A complete intelligent Closed Circuit Television (iCCTV) Perimeter Surveillance System was installed and is operational. Equipment and training has been standardized. The Port of Baltimore has received a near-perfect Security Rating from the USCG for the second year in a row.

J00 – MDOT – Fiscal 2011 Budget Overview

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

Current and future projects include expanding the iCCTV system into the Port operating areas and integrating the system into (DOTOPS) and other entities.

MD Transit Administration:

Past Homeland Security initiatives have been target-hardening of facilities utilizing lighting, fencing, and gates. An enhanced iCCTV system with analytics is in place, as are access control systems. Training for both the workforce and system users has occurred.

Current and future initiatives include: expanding the iCCTV network to cover more train, light rail and bus stations and integrating the MTA iCCTV system into Baltimore's CitiWatch Center, DOTOPS and other entities.

Motor Vehicle Administration:

Current and future initiatives will include a comprehensive iCCTV system including biometrics, License Plate Readers (LPR), and an access control systems, linking each of the facilities with Headquarters, DOTOPS and other entities.

State Highway Administration:

Past Homeland Security initiatives include: establishing the CHART network, a series of cameras and sensors to monitor traffic, incidents and events on our interstate and state highway system; building and operating the Statewide Operations center, which becomes DOTOPS during major incidents/events; developing a Transcoder to take disparate CCTV signals and convert them to FLASH for viewing on desktop, laptop, and PDA's without special software or dedicated workstations; planning, modeling, and exercising mass evacuation procedures in the DELMARVA, Baltimore and the National Capital Region (NCR), Urban Area Security Initiative (UASI) of the State; and training all highway workers on Homeland Security awareness.

Current and future initiatives include significant expansion of the CHART network to include enhanced real-time traffic monitoring and a more robust iCCTV network to include analytics.

J00 – MDOT – Fiscal 2011 Budget Overview

MDOT RESPONSE TO DLS ANALYSIS

DLS Budget Analysis Issues (Continued)

MD Transportation Authority:

Past initiatives have included target-hardening all of its facilities, an iCCTV surveillance and detection system including analytics, enhanced training for its employees, and the standardization of equipment and training for its officers. The Authority also has a GIS mapping system for all its facilities and structures. The Authority currently has 2 fixed LPR systems (Bay Bridge/Ft McHenry Tunnel).

Current and future initiatives include enhancement and expansion of the iCCTV system to include new access controls with biometrics.

The majority of the projects mentioned (past, current, future) have been paid in part or full through Federal Grant dollars and Passenger Screening Costs. Each grant has different State (Agency) match requirements that vary from year to year. Some grants (Statewide Emergency Management) have a 50% hard (cash) match. The Economic Stimulus Grants (ARRA) and UASI (Balto/NCR) Grants have no match. All other grants have a 25% match, either hard (cash) or soft (in-kind). As mentioned previously, many of the programs/projects for the federally regulated facilities are required to provide these advanced levels of protection. The application of State funds is necessary to move these projects forward.

MDOT RESPONSE TO DLS ANALYSIS

Recommended Actions

1. **Add annual budget language pertaining to capital budget changes (Page 40).**

It is the intent of the General Assembly that projects and funding levels appropriated for capital projects, as well as total estimated project costs within the Consolidated Transportation Program (CTP), shall be expended in accordance with the plan approved during the legislative session. The department shall prepare a report to notify the budget committees of the proposed changes in the event the department modifies the program to:

- (1) add a new project to the construction program or development and evaluation program meeting the definition of a “major project” under Section 2-103.1 of the Transportation Article that was not previously contained within a plan reviewed in a prior year by the General Assembly and will result in the need to expend funds in the current budget year: or
- (2) change the scope of a project in the construction program or development and evaluation program meeting the definition of a “major project” under Section 2-103.1 of the Transportation Article that will result in an increase of more than 10 percent or \$1,000,000, whichever is greater, in the total project costs as reviewed by the General Assembly during a prior session.

For each change, the report shall identify the project title, justification for adding the new project or modifying the scope of the existing project, current year funding levels, and the total project cost as approved by the General Assembly during the prior session compared with the proposed current year funding and total project cost estimate resulting from the project addition or change in scope.

Notification of changes in scope shall be made to the General Assembly concurrent with the submission of a draft and final CTP. Notification of new construction project additions, as outlined in paragraph (1) above, shall be made to the General Assembly prior to the expenditure of funds or the submission of any contract for approval to the Board of Public Works.

MDOT Response: MDOT concurs with the recommended language.

MDOT RESPONSE TO DLS ANALYSIS

Recommended Actions (Continued)

2. **Add annual budget language on non-transportation expenditures (Page 41).**
It is the intent of the General Assembly that funds dedicated to the Transportation Trust Fund shall be applied to purposes bearing direct relation to the State transportation program, unless directed otherwise by legislation. To implement this intent for the Maryland Department of Transportation (MDOT) in fiscal 2011, no commitment of funds in excess of \$250,000 may be made nor such an amount may be transferred, by budget amendment or otherwise, for any project or purpose not normally arising in connection with the ordinary ongoing operation of MDOT and not contemplated in the approved budget or the last published Consolidated Transportation Program without 45 days of review and comment by the budget committees.

MDOT Response: MDOT concurs with the recommended language.

MDOT RESPONSE TO DLS ANALYSIS

Recommended Actions (Continued)

3. Add budget bill language to establish an annual position ceiling (Pages 41 -42).

The Maryland Department of Transportation (MDOT) shall not expend funds on any job or position of employment approved in this budget in excess of xxx positions and xxx contractual full-time equivalents paid through special payments payroll (defined as the quotient of the sum of the hours worked by all such employees in the fiscal year divided by 2,080 hours) of the total authorized amount established in the budget for MDOT at any one time during fiscal 2011. The level of contractual full-time equivalents may be exceeded only if MDOT notifies the budget committees of the need and justification for additional contractual personnel due to:

- (1) business growth at the Helen Delich Bentley Port of Baltimore or Baltimore/Washington International Thurgood Marshall Airport which demands additional personnel; or
- (2) emergency needs that must be met (such as transit security or highway maintenance).

The Secretary shall use the authority under Sections 2-101 and 2-102 of the Transportation Article to implement this provision. However, any authorized job or position to be filled above the regular position ceiling approved by the Board of Public Works shall count against the Rule of 50 imposed by the General Assembly. The establishment of new jobs or positions of employment not authorized in the fiscal 2011 budget shall be subject to Section 7-236 of the State Finance and Procurement Article and the Rule of 50.

MDOT Response: MDOT concurs with the recommended language.

MDOT RESPONSE TO DLS ANALYSIS

Recommended Actions (Continued)

4. Add budget bill language updating the financial forecast (Page 42 -43).

Further provided that the Maryland Department of Transportation shall submit a revised financial forecast to the budget committees no more than three days after the Board of Revenue Estimates releases its March 2011 revenue estimate including actual and estimated snow removal costs. The revised financial forecast shall include information on the last actual full fiscal year and the subsequent six fiscal years as well as the following:

- (1) a schedule of operating expenses for each specific modal administration;
- (2) a schedule of revenues, including tax and fee revenues, deductions from revenues for other agencies, department program and fees, Motor Vehicle Administration cost recovery, deductions for highway user revenues, operating revenues by modal administration, and miscellaneous revenues; and;
- (3) a summary schedule for the Transportation Trust Fund that includes the opening and closing fund balance, revenues, transfers, bond sales, bond premiums, any other revenues, expenditures for debt service, operating expenses, amounts available for capital expenses, bond interest rates, bond coverage ratios, total bonds outstanding, federal capital aid, and the total amount for the Transportation Capital Program.

MDOT Response: The Department concurs with the recommended language.