

**J00B01**  
**State Highway Administration**  
**Maryland Department of Transportation**

***Operating Budget Data***

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(\$ in Thousands)

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$654,956	\$676,844	\$769,197	\$92,353	13.6%
Federal Fund	<u>20,251</u>	<u>13,775</u>	<u>13,775</u>	<u>0</u>	
<b>Total Funds</b>	<b>\$675,207</b>	<b>\$690,619</b>	<b>\$782,973</b>	<b>\$92,353</b>	<b>13.4%</b>

- The fiscal 2007 allowance for the State Highway Administration (SHA) increases approximately \$92.4 million (13.4%) compared to the fiscal 2006 working appropriation.
- Highway user revenues have increased by \$79.9 million (15.8%) and include the restoration of \$48.5 million that was transferred to the general fund as part of the Budget Reconciliation and Financing Act of 2005.

***PAYGO Capital Budget Data***

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(\$ in Thousands)

	<u>Fiscal 2005</u> <u>Actual</u>	<u>Fiscal 2006</u>		<u>Fiscal 2007</u>	
		<u>Legislative</u>	<u>Working</u>	<u>Request</u>	<u>Allowance</u>
Special	\$406,051	\$548,070	\$486,500	\$484,698	\$478,300
Federal	\$616,586	\$575,402	\$614,972	\$586,200	\$602,400
Reimbursable funds	48				
<b>Total</b>	<b>\$1,022,685</b>	<b>\$1,123,472</b>	<b>\$1,101,472</b>	<b>\$1,070,898</b>	<b>\$1,080,700</b>

- The SHA's capital program decreased \$22 million from the fiscal 2006 legislative appropriation to the working appropriation. This decrease is largely due to the removal of \$30 million from the SHA budget for the InterCounty Connector and the funding being reflected as a transfer to the Maryland Transportation Authority.
- The fiscal 2007 allowance for the SHA capital program decreases by approximately \$20.8 million when compared to the fiscal 2006 working appropriation primarily due to the construction costs for the Woodrow Wilson Bridge having crested and decreasing in the coming years.

Note: Numbers may not sum to total due to rounding.

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***Operating and PAYGO Personnel Data***

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	<b><u>FY 05 Actual</u></b>	<b><u>FY 06 Working</u></b>	<b><u>FY 07 Allowance</u></b>	<b><u>FY 06-07 Change</u></b>
Regular Positions	3,243.00	3,222.00	3,232.00	10.00
Contractual FTEs	<u>4.30</u>	<u>22.00</u>	<u>22.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>3,247.30</b>	<b>3,244.00</b>	<b>3,254.00</b>	<b>10.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	130.57	4.04%
Positions Vacant as of 1/1/06	207.00	6.42%

- SHA is requesting 10 positions in the fiscal 2007 allowance to create the Office of Procurement and Contracts which will consolidate procurement functions. Each district office will be staffed by a Financial Officer/Procurement Manager (7 positions) and 3 positions will staff the newly created office. Five of these positions are in the capital budget, and 5 are in the operating budget.
- Turnover expectancy is set at 4.04% requiring 130.6 vacant positions. At the end of calendar 2005, the agency had 207 vacant positions, allowing for 76.4 funded vacant positions.

## *Analysis in Brief*

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### Major Trends

***Highway Safety Is Slightly Improving:*** While SHA is limited in its ability to improve highway safety due to individual behavior, from fiscal 2004 to 2005, the actual number of traffic fatalities decreased by eight while the number of traffic miles driven increased by 400,000.

***Maintaining a Quality Highway System:*** SHA is committed to maintaining a quality highway system. This is measured by SHA's ability to annually maintain at least 83% of the Maryland SHA pavements in acceptable riding quality condition. The department expects to maintain a rate of 82% of pavement in acceptable riding quality condition. **The department should comment as to why this 82% rate has not changed since 2004 and is not projected to change and what would need to occur to increase the percentage.**

### Issues

***Office of Procurement and Contracts Is Proposed:*** In response to legislative audits and a financial risk assessment, SHA is proposing to create an Office of Procurement and Contracts to consolidate procurement functions. This office will provide oversight of the agency's contracts and procurements with each district office having a staff person (7 new PINs). Central office staff (3 new PINs) will support SHA's procurement and contract process and serve as a liaison between SHA and the Board of Public Works, the Department of General Services, and the Department of Budget and Management. **The Department of Legislative Services (DLS) recommends that SHA comment on what the qualifications for each District Financial Officer/Procurement Manager will be and what the broader impact of these positions will be on the procurement process and financial management.**

***Snow Removal Is Persistently Underbudgeted:*** Each year SHA budgets \$21 million for snow removal, which was set at the ten-year historical average in fiscal 1996; however, from fiscal 1997 to 2005, the average actual expenditure on snow removal was approximately \$37 million. Rather than budgeting for the full cost of snow removal, SHA submits a budget amendment each year to pay for the actual cost of snow removal. **DLS recommends that budget bill language be added requiring the agency to use a rolling five-year historical average to budget for snow removal to more accurately portray the actual cost of snow removal.**

## **Operating Budget Recommended Actions**

	<u><b>Funds</b></u>
1. Reduce funding for 10 new positions.	
2. Add budget language expressing the intent that the State Highway Administration budget snow removal based upon a five-year actual historical average.	
3. Reduce funds for truck replacement.	\$ 288,946
4. Reduce funds for communication device maintenance.	100,000
5. Reduce funds for janitorial services.	248,000
6. Reduce funds for technology consultants.	200,000
7. Increase turnover expectancy for the agency.	438,450
8. Reduce funds for overtime.	200,000
9. Add annual budget bill language stipulating Prince George's County repayment for 1996 road and infrastructure improvements adjacent to what is now FedEx Field.	
<b>Total Reductions</b>	<b>\$ 1,475,396</b>

## **PAYGO Budget Recommended Actions**

	<u><b>Funds</b></u>
1. Reduce funds for replacement vehicles.	\$ 660,000
<b>Total Reductions</b>	<b>\$ 660,000</b>

## **Updates**

***University of Maryland Connector:*** On December 1, 2005, SHA submitted a report to the budget committees as required in the 2005 *Joint Chairmen's Report*. The report included an overview and analysis of 11 transportation-related studies similar to that of the University of Maryland Connector. The report also provided an overview on how the public can review and comment on any plan proposed by SHA. SHA also indicated that during the project development phase, a no-build alternative and improvements to existing facilities will be considered.

***Woodrow Wilson Bridge:*** The Maryland portion of the Woodrow Wilson Bridge contract is on budget. SHA advises that 49% of the Maryland construction is complete, and over 76% of the Maryland construction is under contract. The outer loop is scheduled for completion by 2006. At this time, all traffic will switch to the new outer loop bridge. The inner loop is scheduled for completion in 2008. At this time, traffic will open to both new bridge spans, with a total of 12 lanes.

***Specific Services Signage Report:*** During the 2005 session, the committees requested that SHA submit a report examining the pricing strategy for the Specific Services Signing Program (SSSP). In its report, SHA reviewed each state's signage program including its cost to businesses, the operator of the program, and its revenue strategy. The report concluded that consideration should be given to expanding the current SSSP program to include revenues that benefit other tourist-oriented signing.

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**State Highway Administration**  
**Maryland Department of Transportation**

## ***Budget Analysis***

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### **Program Description**

The State Highway Administration (SHA) is responsible for over 5,200 miles of interstate, primary, and secondary roads, and over 2,500 bridges. SHA employees plan, design, build, and maintain these roads and bridges to safety and performance standards while paying attention to social, ecological, and economic concerns.

SHA employs personnel in seven engineering districts throughout the State and at the Baltimore City headquarters. Each district encompasses a number of adjacent counties, with a district office serving as its headquarters. There is at least one maintenance facility in each county. The districts are responsible for the management of highway and bridge construction contracts, and maintenance functions such as pavement repairs, bridge repairs, snow removal, roadside management, equipment maintenance, and traffic engineering operations.

SHA attempts to manage traffic and congestion through the Coordinated Highways Action Response Team (CHART) program. CHART provides information about traffic conditions and clears incidents on major roadways.

The highway safety program funds the Motor Carrier Division and the State Highway Safety Office. The Motor Carrier Division manages the State's enforcement of truck weight and age limits by inspecting drivers, trucks, and cargo, as well as auditing carriers. The State Highway Safety Office administers highway safety programs and grants to State and local agencies.

The administration has identified the following key goals:

- Safety: Improve highway safety in Maryland.
- Mobility/Congestion relief: Improve mobility for customers.
- System Preservation and Maintenance: Maintain a quality highway system.
- Efficiency in Government: Improve efficiencies in business processes in a fiscally responsible manner.
- Environmental Stewardship: Develop and maintain Maryland State highways in an environmentally responsible manner.
- Customer Satisfaction: Provide services and products to customers that meet or exceed their expectations.

## **Performance Analysis: Managing for Results**

SHA attempts to provide Managing for Results (MFR) performance measures that relate to its mission and goals. SHA's mission is to "efficiently provide mobility for our customers through a safe, well-maintained, and attractive highway system that enhances Maryland's communities, economy, and environment." Two of SHA's goals are safety and system preservation.

### **Safety**

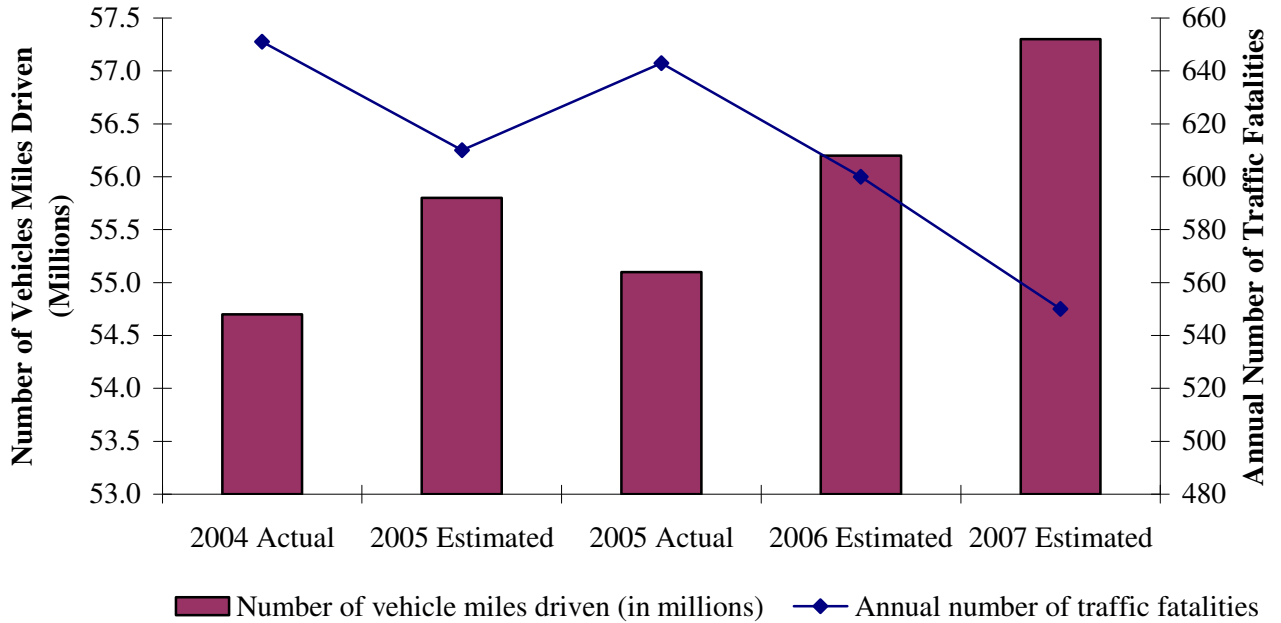
Goal 1 of the SHA MFR submission is to improve highway safety in Maryland with the objectives of reducing the annual number of traffic and pedestrian fatalities. There are many behavioral factors beyond SHA's control that impact this measure. In addition the annual number of miles driven in Maryland continues to increase each year. Considering these two factors, **Exhibit 1** shows that as the number of highway miles driven increases each year, the annual number of traffic fatalities is projected to decrease from 651 fatalities in calendar 2004 to an estimate of 550 in 2006.

Of note is the decrease from the calendar 2005 estimate to calendar 2005 actual. This raises several concerns regarding the estimates in calendar 2007:

- Given the rising gas prices, will the estimate for increase in road miles traveled increase as much as expected?
- Given the increase in traffic fatalities from calendar 2005 estimated to actual, are the estimates for calendar 2006 and 2007 valid?

**The Department of Legislative Services (DLS) recommends that SHA comment on what impact rising gas prices will have road miles traveled and the validity of its estimates for traffic fatalities.**

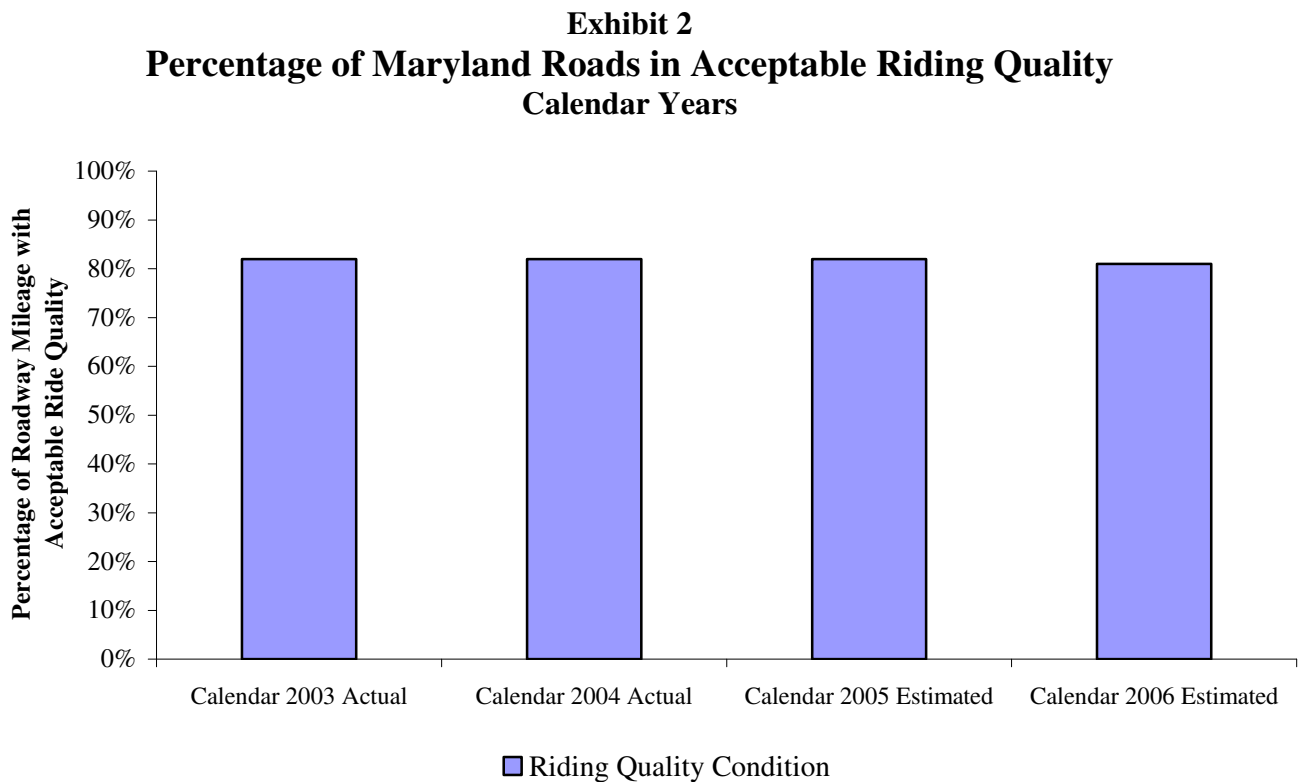
**Exhibit 1**  
**Highway Miles Driven Compared to Fatalities**  
**Calendar Years**



Source: State Highway Administration

## System Preservation

Goal 3 from the SHA MFR submission is “System Preservation and Maintenance: Maintain a quality highway system.” Objective 3.1 is “Maintain annually at least 83% (calendar 2002 pavement conditions) of the Maryland SHA pavements in acceptable riding quality condition.”<sup>1</sup> As highlighted in **Exhibit 2**, SHA achieved an 82% rate in calendar 2004 and expects to achieve the same rate through calendar 2007. **The department should comment as to why this 82% rate has not changed since 2004 and is not projected to change and what would need to occur to increase the percentage.**



Source: State Highway Administration

<sup>1</sup> Ride quality is represented by the International Roughness Index (IRI) which is based on the longitudinal profile of the roadway surface. The index measures pavement roughness in terms of inches per mile that a laser, mounted in a specialized van, jumps as it is driven across interstate and expressway systems. The lower the IRI number, the smoother the ride. Interstate roadways exhibiting IRI values of less than 120 inches/mile and non-interstate roadways exhibiting IRI values of less than 170 inches/mile are considered acceptable.

## **Governor's Proposed Budget**

The fiscal 2007 allowance, as shown in **Exhibit 3**, increases approximately \$92.4 million (13.4%) compared to the fiscal 2006 working appropriation. Of this increase, \$79.9 million is due to an increase in highway user revenues. This increase includes the restoration of \$48.5 million that was transferred to the general fund during the 2005 session as part of the Budget Reconciliation and Financing Act of 2005. (Chapter 444, Acts of 2005)

The SHA operating budget, not including highway user revenues, increases approximately \$12.5 million (6.7%) when compared to the fiscal 2006 working appropriation. The largest increase is in personnel (\$5.5 million) due to increments and the addition of five new positions. The next largest increase is in routine maintenance contract costs due to inflation totaling \$2.5 million. Other major increases are found in \$975,000 for gas and oil increases, \$700,000 increase for contractual services due to cost increases in reflective paint, \$572,000 for additional technical support for major technology initiatives, \$550,000 for highway lighting upgrades, \$400,000 increase in the use of inmate crews, and a \$250,000 increase in janitorial services for maintenance areas and inflation.

**Exhibit 3**  
**Governor's Proposed Budget**  
**MDOT State Highway Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Total</b>
2006 Working Appropriation	\$676,844	\$13,775	\$690,619
2007 Governor's Allowance	<u>769,197</u>	<u>13,775</u>	<u>782,973</u>
Amount Change	\$92,353	\$0	\$92,353
Percent Change	13.6%		13.4%

**Where It Goes:**

**Personnel Expenses**

Employee and retiree health insurance .....	\$2,977
Increments and other compensation .....	1,512
Employee retirement.....	662
Overtime payments.....	402
Five additional positions.....	245
Deferred compensation increase.....	201
Turnover adjustments .....	-391
Other fringe benefit adjustments .....	-123

**Other Changes**

Increase in highway user revenues for local jurisdictions, including the restoration of \$48.5 million .....	79,882
Increase in routine maintenance contracts.....	2,481
Increase in gas and oil .....	975
Increase for reflective paint on highways.....	700
Technology consultants to support major technology initiatives for document management and highway maintenance .....	572
Highway lighting upgrades.....	550
Increase in communication device maintenance related to Coordinated Highway Action Response Team activities.....	466
Increase in the use of inmate crews .....	455
Increase in uniforms to increase visibility of employees and decrease chance of injuries .....	306
Purchase of 16 trucks to reduce reimbursements for privately owned vehicles .....	288
Increase in janitorial services for maintenance areas and inflation .....	248

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Increase for telephone based on two-year historical average .....	163
Decrease in equipment replacement due to one-time purchases in fiscal 2006.....	-626
Other .....	408
<b>Total</b>	<b>\$92,353</b>

Note: Numbers may not sum to total due to rounding.

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## **County and Municipal Funds**

Currently, local jurisdictions receive 30% of the highway user revenues (HUR) credited to the Gasoline and Motor Vehicle Revenue Account. Baltimore City’s share is equal to 11.5% of the total HUR plus 11.5% of the growth in the local share over fiscal 1998. The remaining local share of HUR is allocated based upon a two-part formula.

- the percentage of road miles a county has as a percentage of total county road miles; and
- the percentage of registered motor vehicles as a percentage of total county registered vehicles.

The allocation to a county is shared among the county and municipalities within the county on this same basis.

During the 2005 legislative session, the General Assembly transferred \$48.5 million to the general fund as part of the Budget Reconciliation and Financing Act of 2005. The fiscal 2007 allowance includes the restoration of these funds as well as an increase of \$31.4 million. This increase is largely due to higher than expected revenues from the corporate income tax. **Exhibit 4** displays each jurisdictions share of the highway user revenues.

Although \$271 million in local highway user funds were transferred to the general fund from fiscal 2003 through 2006, revenue growth and the registration fee increase enacted in 2004 have resulted in increased funds over fiscal 2002 beginning in fiscal 2005. **Exhibit 5** provides a summary of the share of local highway user revenues from fiscal 2002, the last year before funds were transferred out, through the fiscal 2007 where local highway user revenues are fully funded. As shown in Exhibit 5 highway user revenues continued to grow throughout the period, except for fiscal 2003 and 2004, even with the transfers out.

Of note is the fact that the last of the county transportation bonds issued by the Maryland Department of Transportation (MDOT) on behalf of local jurisdictions will be retired in November 2006. The payments for these bonds had been taken out of each jurisdictions share of the highway user revenues. Payments are withdrawn a year in advance; therefore, the fiscal 2006 payment represented the final payment.

**Exhibit 4**  
**Apportionments of Estimated Highway User Revenues**  
**Fiscal 2007**

<u>County</u>	<u>Counties</u>	<u>Municipalities and Baltimore City</u>	<u>Total</u>
Allegany	\$5,071,187	\$2,856,779	\$7,927,966
Anne Arundel	31,769,669	2,060,185	33,829,854
Baltimore	45,661,101	0	45,661,101
Calvert	6,243,803	620,387	6,864,190
Caroline	4,418,260	968,425	5,386,685
Carroll	12,515,137	2,748,963	15,264,100
Cecil	6,803,192	1,615,385	8,418,577
Charles	9,814,358	727,419	10,541,777
Dorchester	4,579,246	1,401,826	5,981,072
Frederick	14,532,522	5,461,143	19,993,665
Garrett	5,799,658	1,006,786	6,806,444
Harford	15,308,035	2,143,166	17,451,201
Howard	16,710,990	0	16,710,990
Kent	2,445,560	643,872	3,089,432
Montgomery	40,394,665	7,523,253	47,917,918
Prince George's	31,263,488	10,192,003	41,455,491
Queen Anne's	5,626,204	503,239	6,129,443
St. Mary's	8,025,934	140,896	8,166,830
Somerset	3,110,930	476,827	3,587,757
Talbot	3,568,590	1,361,358	4,929,948
Washington	9,489,017	3,300,840	12,789,857
Wicomico	7,664,850	2,087,196	9,752,046
Worcester	5,637,501	1,778,590	7,416,091
<b>Total Counties</b>	<b>\$296,453,897</b>	<b>\$49,618,538</b>	<b>\$346,072,435</b>
<b>Baltimore City</b>		<b>\$238,838,723</b>	<b>\$238,838,723</b>
<b>Total</b>	<b>\$296,453,897</b>	<b>\$288,457,261</b>	<b>\$584,911,158</b>

Source: Fiscal 2007 Maryland State Budget Book

**Exhibit 5**  
**Local Highway User Distribution**  
**Fiscal 2002 – 2007**

**Highway User Revenue Distribution**

Actual Fiscal 2002	\$440,536,449
Actual Fiscal 2003	431,450,129
Actual Fiscal 2004	377,295,920
Actual Fiscal 2005	456,585,621
Working Appropriation Fiscal 2006	505,028,327
Allowance Fiscal 2007	584,911,158

Source: Department of Legislative Services

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**Cap on Highway User Revenue Share for Baltimore City Set to Expire**

Baltimore City had traditionally received one-half of the 30% of the local share of highway user revenues. Legislation passed during the 1996 session modified the distribution formula for HUR for Baltimore City and localities, whereby Baltimore City received either the greater of 11.5% of HUR in the current fiscal year or \$157.5 million as well as 11.5% of the difference of the growth in the counties' share of HUR from fiscal 1998 to the current year. The legislation provided that should Baltimore City's share drop below 12.25% of HUR in any fiscal year through fiscal 2007, it could not receive more than 12.25%.

In fiscal 2007 Baltimore city's share is capped at 12.25% of the total HUR. Without the cap the city would receive an additional \$2.4 million in fiscal 2007. Beginning in fiscal 2008, Baltimore City will no longer be capped at 12.25% of total HUR. Based upon projections by the Department of Legislative Services, the Baltimore City share will increase slightly each year at progressively smaller annual growth rates, but will never exceed 13.6% of total HUR.

**Funds for One Time Local Grants Appropriated But Remain Undistributed**

At the 2005 session the General Assembly reduced local HUR grants by \$48.5 million and transferred those funds to the general fund. To partially offset the reduction the General Assembly restricted \$25.8 million of the fiscal 2006 Community Safety and Enhancement Program appropriation for a one-time grant to local jurisdictions using the same distribution formula as HUR. Under the law the funds can not be used for any other purpose and if not distributed they become part of the Transportation Fund Trust Fund balance and are available in fiscal 2007.

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To date the one-time grants have not been distributed. MDOT maintains that the funds are not available and because of revenue shortfalls and higher costs does not expect to have the resources that would enable a distribution of the grants. Given that the funds are appropriated in fiscal 2006 and restricted solely for the one-time grants, the funds are available. MDOT has chosen not to distribute the grants. If the grants are not distributed, the \$25.8 million can not be used for any other purpose in fiscal 2006.

**MDOT has indicated that the resources are not available to fund the one-time grants. DLS recommends that MDOT explain why an appropriation restricted solely for one-time grants in the fiscal 2006 budget is not available for distribution and comment on whether the department believes the \$25.8 million restricted for the one-time grants can be utilized for any other purpose in fiscal 2006.**

## **PAYGO Capital Program**

### **Program Description**

The State System Construction program provides funds for the capital program of SHA. Financing is available from current revenues, federal aid, and bond proceeds for construction and reconstruction projects on the State highway system, program-related planning and research, acquisition of major capital equipment, and all other capital expenditures. Funding is also provided for local capital programs through the State Aid in Lieu of Federal Aid program and various federal grants, including bridge replacement and rehabilitation, and the national highway system.

The *Consolidated Transportation Program* (CTP) includes a development and evaluation program (D&E) and a construction program. Generally, projects are first added to the D&E program. In the D&E program, projects are evaluated by planners/engineers, and rights-of-way may be purchased. MDOT also prepares final and draft Environmental Impact Statements for projects in the D&E program. These studies examine a number of alternatives, which include a no-build option and a number of different alignments. Spending on a project while in the D&E program is usually less than 15% of the total project cost. When MDOT wants to move a project forward and begin construction, it is moved into the construction program.

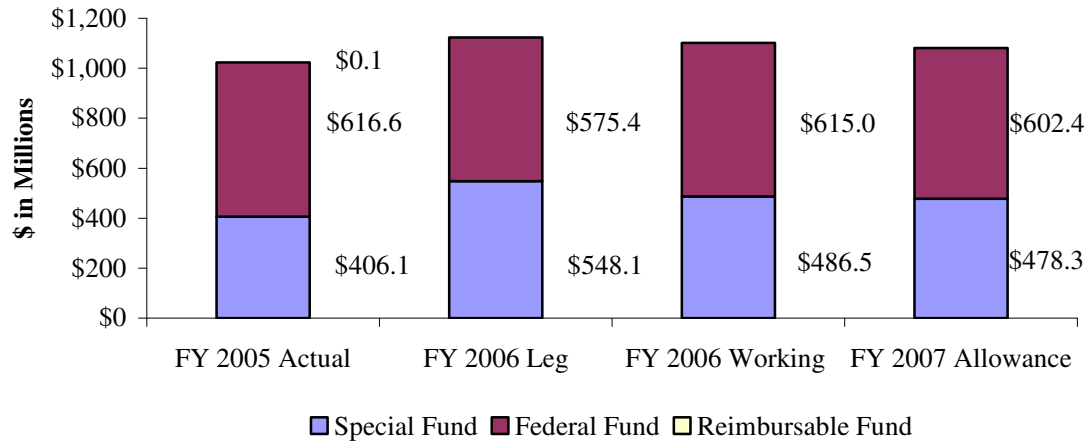
### **Fiscal 2006 and 2007 Cash Flow Analysis**

**Exhibit 6** provides cash flow information for the SHA capital program. Cash flow changes are attributable to a number of different factors, including new projects added to the CTP, projects deferred to later years, and project delays.

The fiscal 2007 allowance decreases by \$20.8 million compared to the fiscal 2006 working appropriation largely due to decreases in the construction costs of the Woodrow Wilson Bridge. MDOT indicates that construction for the Woodrow Wilson Bridge has crested and will continue to decrease in the coming years.

The fiscal 2006 working appropriation decreases \$22 million compared to the fiscal 2006 legislative appropriation. This decrease is largely due to funds for the InterCounty Connector being taken out of the SHA capital budget and being reflected in the forecast as a revenue transfer to the Maryland Transportation Authority.

**Exhibit 6**  
**Cash Flow Changes**  
**Fiscal 2006 to 2007**

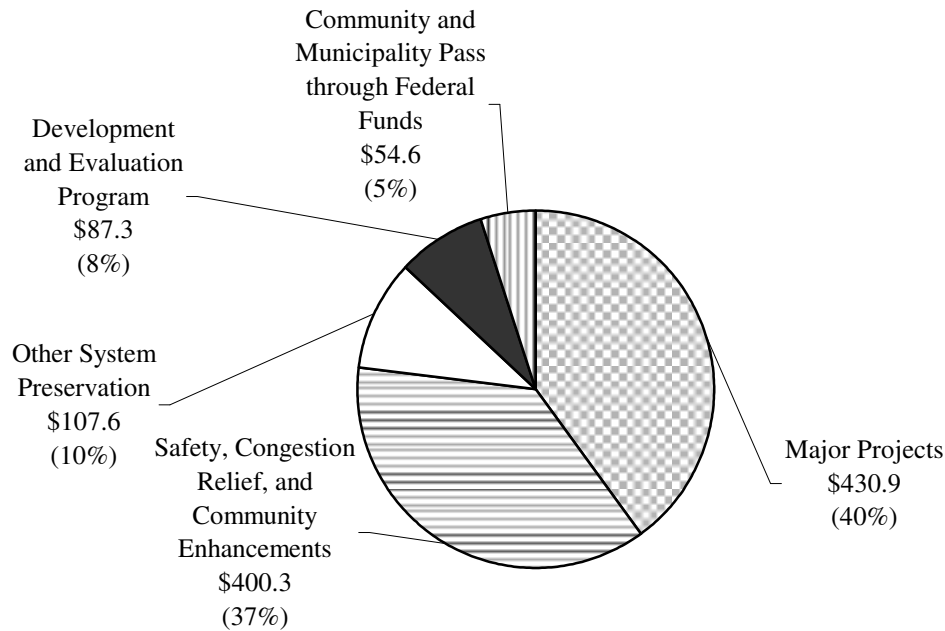


Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

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**Exhibit 7** provides a graph showing the fiscal 2007 SHA capital program by area.

**Exhibit 7**  
**SHA Capital Program by Area**  
**\$1.0 Billion Total Capital Program**  
**Fiscal 2007 Allowance**  
**(\$ in Millions)**



Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

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**SHA Major CTP Construction Projects Funded in Fiscal 2007**

**Exhibit 8** provides a list of the major projects funded in the SHA budget. These 15 projects represent 73.7% of all major projects.

**Exhibit 8**  
**Selected SHA Major CTP Construction Projects**  
**Funded in Fiscal 2007**  
**(\$ in Thousands)**

<u>County</u>	<u>Project</u>	<u>FY 2007</u>	<u>Total \$</u>	<u>Completion of FY Cash Flow</u>
Calvert	MD 2/4 Solomons Island Road – reconstruct intersection at MD 231.	\$3,882	\$22,197	2011
Caroline	MD 404 Shore Highway – upgrade to 4 lane divided highway	6,877	15,197	2008
Carroll	MD 30, Hampstead Bypass – construct a new two-lane limited access highway	20,196	61,390	2009
Charles	MD 5, at Hughesville – construct a new two-lane limited access highway	11,284	29,547	2008
Frederick	I-70, Baltimore National Pike – construct an extension of MD 475	20,525	70,811	2009
Howard	MD 32, Patuxent Freeway – construct a new interchange at Burntwoods Road	4,709	31,385	2009
Montgomery	U.S. 29, Columbia Pike – construct a new interchange at Briggs Chaney Road	8,595	19,814	2007
Prince George’s	I-95/I-495 Woodrow Wilson Bridge Improvement	177,377	619,940	2010
Prince George’s	I-95/I-495 Capital Beltway – reconstruct the interchange of MD 5 and I-95/I-495	9,883	42,299	2010
Prince George’s	I-95/I-495 Capital Beltway – construct interchange at Arena Drive	4,963	30,169	2010
Prince George’s	I-295/I-495 National Harbor – construct access improvements	14,664	41,053	2009
Prince George’s	MD 4, Pennsylvania Avenue – construct a new interchange at MD 4 and Suitland Parkway	6,731	91,817	2010
Prince George’s	MD 201, Kenilworth Avenue – replace bridge over Amtrak	9,651	22,633	2009
Queen Anne’s	MD 404, Shore Highway	5,433	10,555	2008
St. Mary’s	MD 237, Chancellor’s Run Road	13,035	50,732	2010
<b>Total</b>		<b>\$317,805</b>	<b>\$1,159,539</b>	

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

## Projects Added to the Construction Program

As shown in **Exhibit 9**, three projects, totaling \$30.7 million, were added to the construction program.

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**Exhibit 9**  
**SHA CTP Projects Added to the Construction Program**  
**Fiscal 2006 – 2007**  
**(\$ in Thousands)**

<b><u>Project</u></b>	<b><u>FY 06</u></b>	<b><u>FY 07</u></b>	<b><u>Total Project Cost</u></b>
MD 936, Upper George's Creek Road; Replace Bridge 1010 over Neff Run (Allegany)	\$0	\$1,352	\$1,888
MD 36, Lower George's Creek Road, Replace Bridges 1101 over Elklick Run and 1201 over George's Creek (Allegany)	523	2,525	6,154
MD 201, Kenilworth Avenue, Bridges over Amtrak, MD 965, and Beaver Dam Branch (Prince George's)	1,446	9,651	22,633
<b>Total</b>	<b>\$1,969</b>	<b>\$13,528</b>	<b>\$30,675</b>

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

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## Projects Moved from the D&E Program to the Construction Program

As shown in **Exhibit 10**, one project was moved from the D & E program to the construction program.

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**Exhibit 10**  
**SHA CTP Projects Moved from the D&E Program to the Construction Program**  
**Fiscal 2006 – 2007**  
**(\$ in Thousands)**

<b><u>Project</u></b>	<b><u>FY 06</u></b>	<b><u>FY 07</u></b>	<b><u>Total Project Cost</u></b>
MD 2/4, Lusby Connector; Lusby Connector (Calvert)	\$1,352	\$1,187	\$11,436

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

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## Projects Added to the D&E Program

As seen in **Exhibit 11**, six projects totaling \$16.6 million were added to the D&E program.

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**Exhibit 11**  
**SHA CTP Projects Added to the D&E Program**  
**Fiscal 2006 – 2007**  
**(\$ in Thousands)**

<u>Project</u>	<u>FY 06</u>	<u>FY 07</u>	<u>Total Project Cost</u>
US 220, McMullen Highway; Replace Bridge 1060 over Potomac River (Allegany)	\$250	\$1,000	\$2,000
MD 175, Annapolis Road; MD 295 to MD 170 (Anne Arundel)	650	1,350	2,470
US 301, Waldorf Area Project (Prince George's, Charles)	1,072	1,800	4,798
MD 210, Indian Head Highway; interchange at Kirby Hill/Livingston Road (Prince George's)	1,069	2,136	6,410
MD 197, Collington Road; MD 450 to Kenhill Drive (Prince George's)	0	350	700
MD 822, University of Maryland Eastern Shore Access Road; Construct roundabouts at MD 675 and College Backbone Road (Somerset)	185	0	185
<b>Total</b>	<b>\$3,226</b>	<b>\$6,636</b>	<b>\$16,563</b>

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

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## **Construction Schedule Delays**

As shown in **Exhibit 12**, two projects were delayed from the fiscal 2005 - 2010 CTP.

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### **Exhibit 12 SHA CTP Project Delays**

<u><b>Project</b></u>	<u><b>Reason</b></u>	<u><b>Delay</b></u>
MD 732, Guilford Road; Replace Bridge 13029 over CSX Railroad (Anne Arundel, Howard)	Delay in acquisition of needed Right-of-Way	Fiscal 2005 to 2006
MD 7B, Philadelphia Road, Replace Bridge over Mill Creek (Cecil)	Rescoping project based on public comment	Fiscal 2005 to 2006

Source: Maryland Department of Transportation, 2006 – 2011 *Consolidated Transportation Program*

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## ***Issues***

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### **1. Office of Procurement and Contracts Is Proposed**

In response to legislative audits and a financial risk assessment, SHA is proposing the creation of the Office of Procurement and Contracts. This office would consolidate the procurement functions of the SHA into one central office. Specifically the new office will:

- provide oversight for internal controls agencywide;
- provide agency oversight for professional service contracts and commodity purchases;
- oversee development of procurement training and certification;
- provide expertise in the procurement process;
- develop policies and procedures related to agency procurement processes; and
- act as principal contact office for the Board of Public Works, the Department of General Services, and the Department of Budget and Management.

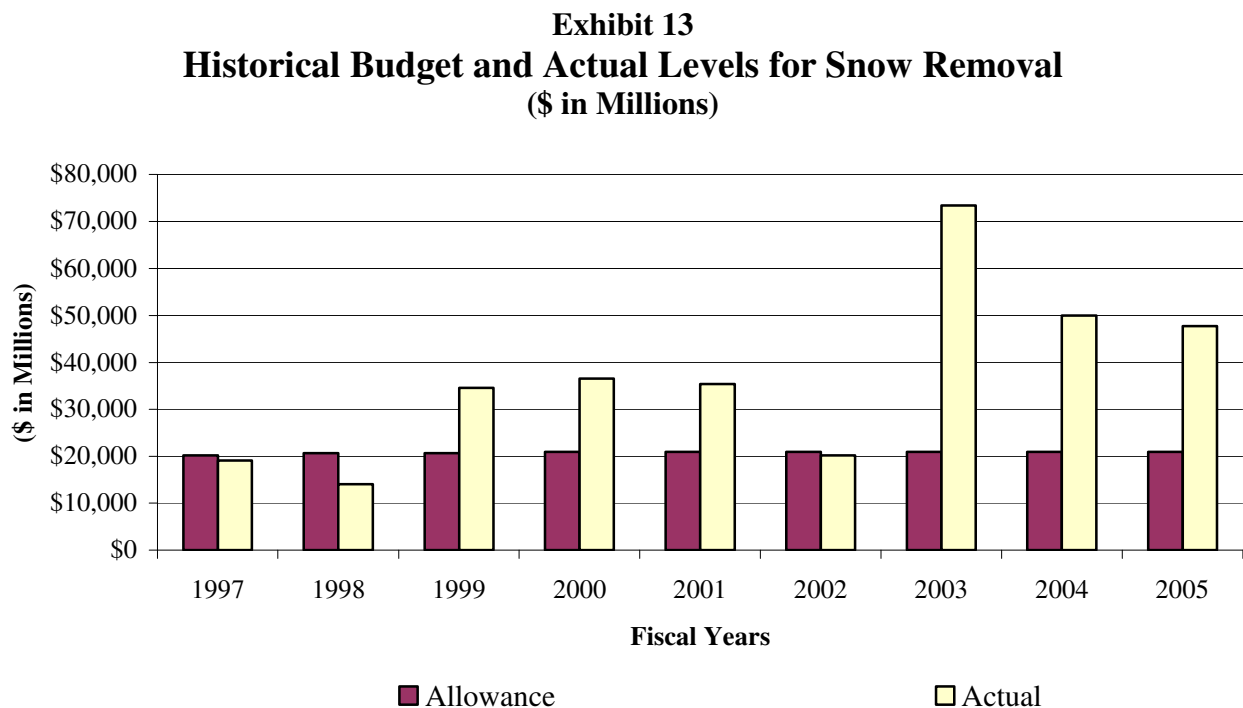
To create the office, SHA is proposing to add 10 regular positions (5 in the operating budget and 5 in the capital program). Seven PINs will be added for each district office to have a financial officer/procurement manager. Three PINs will staff the central office and support each of the positions in the district offices and provide agencywide oversight. Each district office position will be responsible for:

- strengthening the financial internal control environment within the district office where the highest level of purchasing activity takes place;
- enhancing the budget development and monitoring process and ensuring that fiscal policies are followed;
- providing professional expertise in procurement and fiscal management as well as training to the district offices;
- providing oversight for the materials and supplies inventory process as well as capital program projects; and
- providing “audit” assurance that procurement transactions, particularly credit card transactions, are within State and SHA guidelines.

DLS recommends that SHA comment on what the qualifications for each district financial officer/procurement manager will be and what the broader impact of these positions will be on the procurement process and financial management.

## 2. Snow Removal Is Persistently Underbudgeted

The SHA is responsible for removing snow and ice on State highways. This cost includes having individuals on call for predicted snow and ice storms as well as when actual snow and ice falls. **Exhibit 13** provides a historical summary of how much the SHA has budgeted for snow removal and how much was actually spent from fiscal 1997 to 2005.



Source: State Highway Administration

As shown in Exhibit 12, from fiscal 1997 to 2005, SHA has budgeted on average \$21 million for snow removal which was originally set in fiscal 1996 at what was then the ten-year average; however, the average actual amount spent by SHA during this same time frame is approximately \$37 million, a \$15 million dollar difference. SHA on a yearly basis budgets \$21 million for snow removal and then submits a budget amendment to cover the actual cost of snow removal in that year. For example, in fiscal 2006, SHA is projecting a \$24 million budget amendment for snow removal (See **Appendix 5**). There is no yearly adjustment for inflation in contracts or supplies for the next year's budget for snow removal.

*J00B01 – MDOT – State Highway Administration*

This method of budgeting snow removal consistently underbudgets. As a result, the agency does not accurately portray the cost of snow removal and programs this additional funding elsewhere in the agency's budget. In most years MDOT's practice of estimating revenues conservatively and capital project cash flow changes enable SHA to absorb the additional snow removal costs without impacting other programs and projects; however, if revenues do not meet estimates the underbudgeting could require program reductions in other areas. In addition, the budget should represent SHAs best estimate of costs for the upcoming fiscal year.

**DLS recommends that the agency comment on why the agency underbudgets snow removal on a yearly basis rather than more accurately reflecting the actual historical cost of snow removal.**

**DLS also recommends that budget bill language be added expressing the intent that SHA budget for snow removal based upon the actual costs of snow removal using a rolling five-year average fiscal beginning with the fiscal 2008 allowance.**

## Operating Budget Recommended Actions

1. Add the following language:

Provided that the State Highway Administration allowance be reduced by \$488,736 and the following PINs be deleted from the budget: NEW001, NEW002, NEW003, NEW004, NEW005, NEW006, NEW007, NEW008, NEW009, NEW010. These positions shall be funded through the funded vacancies currently available in the Department. The agency may transfer or reclassify positions as needed to implement the position change.

**Explanation:** The Governor’s allowance exceeds the Spending Affordability Committee’s (SAC) recommendation for positions in the budget by 291 positions. To comply with the recommendation of SAC regarding the number of positions, the SHA allowance deletes the 10 new PINs, and provides that the department may create these positions by reclassifying funded vacant positions throughout MDOT. MDOT has its own personnel system and can expeditiously reclassify positions. The 10 PINs are to be taken from operating and capital programs within the agency and the agency is authorized to reclassify existing positions for the functions of the 10 new positions that are abolished.

2. Add the following language:

It is the intent of the General Assembly that the State Highway Administration shall budget funds for snow removal in fiscal 2008 and beyond using a rolling five-year actual historical average.

**Explanation:** This language will require the SHA to more accurately portray the actual of snow removal in its annual budget allowance submission.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Snow Removal Budget	MDOT	Budget Request Data Budget Allowance Data

- |   | <b><u>Amount Reduction</u></b> |
|---|--------------------------------|
| 3. The State Highway Administration proposes to purchase 16 trucks to reduce its reliance on reimbursing individuals who operate privately owned vehicles. Over the long-term reimbursing individuals is more cost-effective than the agency purchasing vehicles. | \$ 288,946 SF                  |
| 4. Reduce funds for communication device maintenance. This action provides \$368,534 for communication device maintenance in fiscal 2007.   | 100,000 SF                     |

*J00B01 – MDOT – State Highway Administration*

- |    |   |         |    |
|----|---|---------|----|
| 5. | Reduce funds for janitorial services. This reduction provides funding equal to the fiscal 2006 working appropriation.   | 248,000 | SF |
| 6. | Reduce funds for technology consultants. This reduction allows for a \$300,000 increase from fiscal 2006 to 2007 for technology consultants to assist in SHA's technology projects.   | 200,000 | SF |
| 7. | This action sets the turnover expectancy at 4.3% requiring 139 vacant positions and putting it in line with historical vacancy rates for the agency. The turnover rate increase is to be allocated across all agency programs, and the agency is authorized to adjust turnover if funds are available and the rate of vacancy is lower than expected. | 438,450 | SF |
| 8. | Regular earnings increased 3.1% for the agency while overtime increased 6%. This reduction provides funding for overtime equal to the increase in regular earnings.   | 200,000 | SF |
| 9. | Add the following language:   |         |    |

Provided that \$1,000,000 of this appropriation, made for the purpose of distributing the share of revenues from the Gasoline and Motor Vehicle Revenue Account to Prince George's County (i.e., highway user revenues) shall be deducted prior to the distribution of funds to the county and be retained by the Transportation Trust Fund. The deduction would occur after the deduction of sinking fund requirements for county transportation bonds from highway user revenues.

**Explanation:** In 1996, an agreement was reached between the State, Prince George's County, and Jack Kent Cooke, Inc. (then owner of the Washington Redskins) concerning road and infrastructure improvement adjacent to a stadium in Prince George's County for the Redskins (now FedEx Field). The agreement included a State grant for local roadway improvements around the stadium, for which the county agreed to reimburse the State \$1.0 million annually through fiscal 2012. The agreement gives the county the option to choose a \$1.0 million deduction or quarterly payments of \$250,000. Previously, the county has opted for the \$1.0 million deduction. The budget bill language adjusts the county's share of highway user revenues, consistent with the 1996 agreement.

**Total Special Fund Reductions** **\$ 1,475,396**

## ***PAYGO Budget Recommended Actions***

	<b><u>Amount Reduction</u></b>
1. This reduction would reduce funds for the SHA to purchase vehicles to reduce reimbursement payments for individual's use of private vehicles. This reduction is necessary due to the reallocation of \$29.3 million for legally restricted appropriations for one-time local grants in the fiscal 2006 appropriation that the department has not accounted for in its capital program or revenue forecast.	\$ 660,000 SF
<b>Total Special Fund Reductions</b>	<b>\$ 660,000</b>

## Updates

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### 1. University of Maryland Connector

The fiscal 2006 budget bill restricted \$421,000 in special funds for SHA for a study of a proposed connector road between the I-95 and I-495 interchange and the University of Maryland, College Park, commonly known as the University of Maryland Connector. Budget bill language withheld the funds until SHA submitted a report addressing:

- the RESOLVE Inc. (a firm specializing in facilitation and mediation services that undertook a stakeholder assessment) recommendation that SHA conduct a transportation study that incorporates information from past and ongoing studies;
- whether there will be opportunity for public review and comment; and
- the alternatives that SHA is considering that would not include a connector road.

*Prior Studies:* On December 1, 2005, SHA submitted a report to the budget committees that included an overview and analysis of 11 transportation-related studies similar to that of the University of Maryland Connector. These studies were performed by State and local agencies as well as the University of Maryland and community groups and date from 1989 to the present. Each of the reports indicated that traffic flow on U.S. 1 was a problem that needed to be addressed. The various reports indicated that a general use or transit connector road would be a way to alleviate the traffic problems on U.S. 1. Based upon these previous analyses, SHA recommends a project planning study that would evaluate alternatives for the proposed University of Maryland Connector to improve access to the campus and reduce congestion on routes serving College Park.

*Public Review and Comment:* The report also provided an overview on how the public can review and comment on any plan proposed by SHA. SHA indicates that its public outreach efforts begin at the initiation of a new project development effort. This would include the development of a project mailing list for individuals in the study area boundaries. In addition, public comment is required at critical stages of project development as part of the National Environmental Policy Act. Two public formal meetings will be held during project planning. The public is also encouraged to provide comments to SHA through phone calls, letters, and emails.

*Alternatives:* SHA also indicated that during the project development phase, a no-build alternative and improvements to existing facilities will be considered. A Transportation Demand Management (TDM) process will also be evaluated. TDM is a process whereby measures designed to maximize the moving capacity of a transportation system are identified and adopted. This would include such measures as High-Occupancy-Vehicle lanes. In addition, a Transportation System Management will be evaluated to achieve short-term cost effective transportation improvements.

## 2. Woodrow Wilson Bridge

MDOT, the Virginia Department of Transportation, the Washington, DC Department of Transportation, and the Federal Highway Administration are in the process of a \$2.4 billion project to replace the Woodrow Wilson Bridge. The current bridge offers six total lanes while the new facility will offer 12 lanes. Eight lanes will match the capacity of I-495; two lanes will be for merging/exiting; and two lanes will be for future rail transit, bus service, or HOV. The project also includes contracts to improve interchanges at I-295 (Maryland), MD 210 (Maryland), Route 1 (Virginia), and Telegraph Road (Virginia).

The Maryland portion of the Woodrow Wilson Bridge contract is on budget. SHA advises that 49% of the Maryland construction is complete, and over 76 percent of the Maryland construction is under contract. The outer loop is scheduled for completion by 2006. At that time, all traffic will switch to the new outer loop bridge. The inner loop is scheduled for completion in 2008. At that time, traffic will open to both new bridge spans, with a total of 12 lanes.

**Exhibit 14** provides a revenue forecast for Maryland’s share of the project. Final amounts and amounts for Virginia will not be available until an approved WWB Financial Plan and revised Project Cost Estimate worksheet are issued. Maryland is projected to provide \$119 million in State funds for the project.

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**Exhibit 14**  
**Woodrow Wilson Bridge**  
**Maryland Revenue Forecast Summary**  
**(\$ in Millions)**

<u>FFY Ending</u>	<u>Obligated Dedicated Federal Funds</u>	<u>Obligated Regular Federal Funds</u>	<u>State Match Cash Flow Maryland</u>
Actual Years	\$968.6	\$60.5	\$47.3
2006	9.6	7.0	21.6
2007	-	15.1	14.0
2008	-	39.6	12.4
2009	-	29.9	8.7
2010	-	18.1	4.6
2011	-	0	0
2012	-	20.7	5.1
2013	-	20.0	5.1
<b>Total</b>	<b>\$978.2</b>	<b>\$210.9</b>	<b>\$118.8</b>

Source: State Highway Administration

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### **3. Specific Services Signage Report**

During the 2005 session, the committees requested that SHA submit a report examining the pricing strategy for the Specific Services Signing Program (SSSP). In its report, SHA reviewed each state's signage program including its cost to businesses, the operator of the program, and its revenue strategy. The report concluded that consideration should be given to expand the current SSSP program to include revenues that benefit other tourist-oriented signing.

SHA operates the SSSP to provide travelers with information on the availability of gas, food, lodging, and camping motorist services. Currently the annual cost to a business for a sign is \$710. By statute, the fee is set to cover the operating expenses of the program. Forty-six other states operate a signing program with 20 of these programs operated by the state and 26 by a private entity. The average fee per year among the 46 states ranges from \$700 to \$3,000 a year. Of the 20 states that provided financial information, none shows revenue that exceeds the cost of the program. Maryland's neighboring states charge the following fees:

- Delaware: \$2,400/year, privatized;
- Pennsylvania: \$5,000-\$10,000/year up front, state operated;
- Virginia: \$1,500/year, privatized; and
- West Virginia: \$500/year, state operated.

SHA and the Department of Business and Economic Development jointly operate the Tourism Area and Corridor (TAC) signing program. This program, different than SSSP, provides information to tourists on historic, cultural, and recreational sites as well as visitor and welcome centers. The TAC program is operated by SHA and is funded through current programs for traffic control under SHA. The TAC program's goal is to broadcast the tourism "essence" of a region by dramatically improving tourist guidance with far fewer signs, cleaning up existing clutter or local tourist signing, and providing a clear marketing edge to Maryland tourism.

SHA proposed the following options for the program:

- State Administered
  - No fee increase: appears to meet needs of businesses, large and small; or
  - Fee increase to expand programs: would provide funding for TAC; however, this may cause problems for smaller businesses and would require legislation to change statute.
- Privatize
  - Fee increase to cover costs: fees raised to cover contractor costs with minimum State staffing for oversight; or
  - Fee increase to expand programs: fees raised to cover additional tourism sign programs and contractor costs with minimum State oversight.

***Current and Prior Year Budgets***

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**Current and Prior Year Budgets  
State Highway Administration  
(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$0	\$552,716	\$13,425	\$0	\$566,141
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	103,471	8,088	0	111,558
Reversions and Cancellations	0	-1,231	-1,261	0	-2,492
<b>Actual Expenditures</b>	<b>\$0</b>	<b>\$654,956</b>	<b>\$20,251</b>	<b>\$0</b>	<b>\$675,207</b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$0	\$675,079	\$13,775	\$0	\$688,854
Budget Amendments	0	1,765	0	0	1,765
<b>Working Appropriation</b>	<b>\$0</b>	<b>\$676,844</b>	<b>\$13,775</b>	<b>\$0</b>	<b>\$690,619</b>

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2005**

Fiscal 2005 expenditures at SHA totaled \$675.2 million, which is \$109.1 million more than the legislative appropriation.

Special funds increased by a net of \$102.2 million, with \$103.5 million in budget amendments and \$1.2 million in cancellations. The amendments were (1) \$75.4 million to adjust local highway user revenues to actual levels due to the revenue enhancement adopted at the 2004 session; (2) \$28.7 million to keep the Maryland transportation system operational during severe weather conditions; (3) a \$4.4 million decrease as the result of a federal reimbursement for damages associated with Hurricane Isabel (4) \$1.0 million to fund the increase in gas and oil; (5) \$1.8 million for additional funding for reimbursable accidents; and (6) \$1.0 million for the cost-of-living adjustment (COLA) increases. The \$1.2 million in cancellations occurred from (1) \$0.7 in county and municipal operating funds due to expenditures not meeting anticipated projections; (2) \$0.3 million from the Highway Safety and Operating Program due to the timing of invoices received; and (3) \$0.2 million from the maintenance program for health insurance, DBM telecommunications, and contractual services that were unable to be performed by June 30, 2005.

Federal funds increased by a net of \$6.8 million with \$8.1 million in budget amendments and \$1.3 million in cancellations. The amendments were (1) \$0.5 million for CHART equipment; (2) \$4.4 million as the result of a federal reimbursement for damages associated with Hurricane Isabel; and (3) and \$3.1 for highway safety operating grants resulting from a cash flow change in the previous year. The \$1.3 million in cancellations occurred from (1) \$1.1 million from the Highway Safety and Operating Program due to the timing of invoices received; and (2) \$0.2 million related to the Coordinated Highways Action Response Team program where equipment orders in fiscal 2005 were not received.

## **Fiscal 2006**

The fiscal 2006 special fund working appropriation has increased by approximately a net of \$1.77 million. This is the result of budget amendments for the following reasons: \$1.04 million for the 1.5% COLA granted to State employees, \$790,000 to fund the increased costs associated with health insurance for active and retired State employees, and decrease of \$30,000 for the telecommunication appropriation to SHA to be transferred to the Secretary's Office and \$30,000 for the relocation of special funds due to the transfer of PINs occurring after the submission of the budget.

## Audit Findings

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Audit Period for Last Audit:	January 1, 2000 – July 31, 2002
Issue Date:	June 2003
Number of Findings:	11
Number of Repeat Findings:	3
% of Repeat Findings:	27.3%
Rating: (if applicable)	n/a

- Finding 1:** Evidence of possible criminal conduct by SHA employees or entities doing business with SHA was not always referred to the Office of the Attorney General – Criminal Investigations Division as required.
- Finding 2:** SHA had not taken timely action to fully resolve \$667,851 in questioned contractor costs reported in a July 2002 audit.
- Finding 3:** SHA had not established adequate procedures for monitoring the propriety of payments and other key contract provisions for a bridge repair contract totaling \$3.9 million.
- Finding 4:** SHA did not refer delinquent accounts receivable to DBM – Central Collection Unit as required.
- Finding 5:** Corporate purchasing card controls were inadequate, and fraudulent purchases were not promptly detected.
- Finding 6:** **Certain collections totaling approximately \$11.1 million were not adequately controlled.**
- Finding 7:** **Proper internal controls were not established over purchasing and disbursement activity.**
- Finding 8:** Controls over inventory withdrawals were inadequate.
- Finding 9:** Access rules over critical production data files were not adequate.
- Finding 10:** SHA did not have a complete and current formal disaster recovery plan.
- Finding 11:** **Physical inventories of sensitive equipment items were not conducted annually as required.**

\*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report  
MDOT State Highway Administration**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1555.00	1553.00	1558.00	5.00	0.3%
02 Contractual	1.00	9.00	8.00	-1.00	-11.1%
<b>Total Positions</b>	<b>1556.00</b>	<b>1562.00</b>	<b>1566.00</b>	<b>4.00</b>	<b>0.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$83,046,193	\$82,953,122	\$88,438,150	\$5,485,028	6.6%
02 Technical & Spec Fees	10,049,145	7,817,360	8,048,420	231,060	3.0%
03 Communication	1,814,344	1,624,631	1,805,000	180,369	11.1%
04 Travel	608,040	463,600	443,200	-20,400	-4.4%
06 Fuel & Utilities	9,261,067	10,280,620	10,343,796	63,176	0.6%
07 Motor Vehicles	17,110,032	12,283,632	12,730,299	446,667	3.6%
08 Contractual Services	61,995,841	46,023,440	50,829,007	4,805,567	10.4%
09 Supplies & Materials	23,741,127	14,398,490	16,028,800	1,630,310	11.3%
10 Equip - Replacement	493,038	865,308	240,110	-625,198	-72.3%
11 Equip - Additional	53,303	242,463	394,684	152,221	62.8%
12 Grants, Subsidies, and Contributions	466,654,826	513,313,289	593,244,278	79,930,989	15.6%
13 Fixed Charges	337,243	353,227	426,930	73,703	20.9%
14 Land & Structures	42,922	0	0	0	0.0%
<b>Total Objects</b>	<b>\$675,207,121</b>	<b>\$690,619,182</b>	<b>\$782,972,674</b>	<b>\$92,353,492</b>	<b>13.4%</b>
<b>Funds</b>					
03 Special Fund	\$654,955,969	\$676,843,809	\$769,197,301	\$92,353,492	13.6%
05 Federal Fund	20,251,152	13,775,373	13,775,373	0	0%
<b>Total Funds</b>	<b>\$675,207,121</b>	<b>\$690,619,182</b>	<b>\$782,972,674</b>	<b>\$92,353,492</b>	<b>13.4%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

**Fiscal Summary  
MDOT State Highway Administration**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 State System Construction and Equipment	\$978,796,347	\$1,055,900,000	\$1,016,000,000	-\$39,900,000	-3.8%
02 State System Maintenance	202,893,694	171,417,318	183,602,350	12,185,032	7.1%
03 County and Municipality Capital Funds	42,862,994	44,272,000	59,100,000	14,828,000	33.5%
04 Highway Safety Operating Program	15,727,806	14,173,537	14,459,166	285,629	2.0%
05 County and Municipality Funds	456,585,621	505,028,327	584,911,158	79,882,831	15.8%
08 Major IT Development Projects	1,025,608	1,300,000	5,600,000	4,300,000	330.8%
<b>Total Expenditures</b>	<b>\$1,697,892,070</b>	<b>\$1,792,091,182</b>	<b>\$1,863,672,674</b>	<b>\$71,581,492</b>	<b>4.0%</b>
Special Fund	\$1,061,007,125	\$1,163,343,809	\$1,247,497,301	\$84,153,492	7.2%
Federal Fund	636,837,054	628,747,373	616,175,373	-12,572,000	-2.0%
<b>Total Appropriations</b>	<b>\$1,697,844,179</b>	<b>\$1,792,091,182</b>	<b>\$1,863,672,674</b>	<b>\$71,581,492</b>	<b>4.0%</b>
Reimbursable Fund	\$ 47,891	\$ 0	\$ 0	\$ 0	0.0%
<b>Total Funds</b>	<b>\$1,697,892,070</b>	<b>\$1,792,091,182</b>	<b>\$1,863,672,674</b>	<b>\$71,581,492</b>	<b>4.0%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

**Budget Amendments for Fiscal 2006**

**Maryland Department of Transportation  
State Highway Administration – Operating**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$1,042,309	Special	Funds the 1.5% COLA adjustment granted to all eligible State employees.
Approved	\$788,880	Special	Funds the increased cost to health insurance for active and retired employees.
Approved	-\$37,000	Special	Reallocates funds between MDOT modes for PIN transfers completed after the submission of the budget.
Approved	-\$29,105	Special	Consolidates all funds for State telecommunications under the Secretary’s Office.
Projected	\$975,000	Special	Fuel based on increased cost and increased usage.
Projected	\$24,000,000	Special	Severe weather and snow.
Projected	\$10,760,821	Special	Adjust Highway User Revenues to anticipated year end spending for County and Municipality funds.
Projected	\$1,700,000	Special	Reimbursable accidents – increase appropriation to cover damage to equipment including guardrails and traffic control devices. Reimbursed to the Trust Fund.

Source: Maryland Department of Transportation

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**Budget Amendments for Fiscal 2006**  
**Maryland Department of Transportation**  
**State Highway Administration – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$1,595,441	Special	Funds the 1.5% COLA adjustment granted to all eligible State employees.
Approved	\$1,099,064	Special	Funds the increased cost to health insurance for active and retired employees.
Approved	-\$50,454	Special	Reallocates funds between MDOT modes for PIN transfers completed after the submission of the budget.
Approved	-\$153,251	Special	Consolidates all funds for State telecommunications under the Secretary's Office.
Projected	-\$64,061,212	Special	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the fiscal 2006-2011 Final CTP.
	<u>\$39,570,017</u>	Federal	
	-\$24,491,195		

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