

Greenbook
LSC Analysis of Enacted Budget

Transportation Budget Bill

(H.B. 26 of the 132nd General Assembly)

Department of Transportation

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Legislative Service Commission

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ATTACHMENT:

Budget in Detail – Department of Transportation

Department of Transportation

- H.B. 26 provides a total budget of \$6.50 billion for the FY 2018-FY 2019 biennium
- Over 86% of funding supports the highway construction and maintenance program (\$5.60 billion)
- Around 2% annual federal highway funding increases from passage of FAST Act

OVERVIEW

The Ohio Department of Transportation (ODOT) plans, designs, constructs, and maintains the state's network of highways and bridges and provides financial and technical assistance to the state's public transit systems, general aviation airports, and railways. ODOT's primary funding sources include state and federal motor fuel taxes and bonds, the proceeds of which are appropriated in the transportation budget bill. Funding from these sources is appropriated under H.B. 26, the transportation budget act for the FY 2018-FY 2019 biennium. ODOT also receives a small portion of its funding from the GRF for nonhighway programs, such as rail, transit, and aviation. These GRF appropriations are contained in H.B. 49, the main operating budget act for the FY 2018-FY 2019 biennium, and are discussed in a separate LSC Greenbook. ODOT is the state's second largest agency by headcount, with a staff of around 5,500, of whom roughly 4,900 are full-time permanent employees. ODOT operations are conducted out of 12 districts throughout the state, as well as headquarters in Columbus.

Appropriation Overview

Fund Group	FY 2017*	FY 2018	% Change, FY 2017-FY 2018	FY 2019	% Change, FY 2018-FY 2019
Highway Operating	\$2,997,231,022	\$2,752,812,939	-8.2%	\$2,787,242,384	1.25%
Capital Projects	\$293,875,445	\$552,392,939	87.97%	\$395,224,740	-28.5%
Dedicated Purpose	\$1,583,890	\$4,495,800	183.85%	\$3,495,800	-22.2%
TOTAL	\$3,375,416,765	\$3,309,701,678	-0.50%	\$3,185,962,924	-3.7%

*FY 2017 figures represent actual expenditures.

As shown in Table 1 above, ODOT's budget under H.B. 26 is \$3.31 billion in FY 2018 and \$3.19 billion in FY 2019. In all, H.B. 26 appropriations under the Highway Operating Fund Group provide 85.3% of the operating and capital support for ODOT programs over the FY 2018-FY 2019 biennium. The state and federal bond proceeds that support highway construction in the Capital Projects Fund Group account for 14.6% of the biennial funding for ODOT under the transportation budget. The small amount remaining (0.1%) is set aside for a rail loan program and a county airport grant program

budget under the Dedicated Purpose Fund Group. Aviation and rail also receive Highway Operating Fund Group funding in H.B. 26.

Funding Distribution

By Functional Category

As shown in Table 2 below, the vast majority of ODOT's budget continues to be dominated by highway construction and maintenance, comprising about \$5.60 billion (86.2%) of appropriations over the biennium. The amount appropriated for debt service is \$372.4 million (5.7%). Administration, public transportation, and planning and research each make up between 2% and 3% of the budget, ranging from around \$130 million to \$200 million over the two years. Finally, \$58.4 million (0.9%) is for rail and aviation. Recall, however, that additional GRF funding for transit, rail, and aviation is provided under the main operating budget bill.

Functional Category	FY 2018	FY 2019	Biennium Total	% of Total Budget
Highway Construction & Maintenance	\$2,877.2	\$2,724.2	\$5,601.4	86.2%
Debt Service	\$172.6	\$199.8	\$372.4	5.7%
Administration	\$98.2	\$99.6	\$197.8	3.0%
Public Transportation	\$67.7	\$67.7	\$135.4	2.1%
Planning & Research	\$64.4	\$65.8	\$130.2	2.0%
Rail	\$20.2	\$19.2	\$39.4	0.6%
Aviation	\$9.4	\$9.6	\$19.1	0.3%
TOTAL	\$3,309.7	\$3,186.0	\$6,495.7	100.0%

Note: Figures may not add to totals due to rounding.

By Category of Expense

Table 3 below shows the budget by category of expense. Of the \$6.50 billion in appropriations, approximately 68.1% is budgeted for capital improvements. Capital spending is planned to grow by 6.7%, from \$2.15 billion in FY 2017 estimated spending to \$2.30 billion in FY 2018. ODOT's personnel expenses are slated to increase by 3.4%, from \$470.5 million in FY 2018 to \$486.4 million in FY 2019. Debt service will rise by approximately \$27.3 million (15.8%) from FY 2018 to FY 2019.

Category of Expense	FY 2018	FY 2019	Biennium Total	% of Total Budget
Capital Improvements	\$2,297.2	\$2,127.9	\$4,425.0	68.1%
Personal Services	\$470.5	\$486.4	\$956.9	14.7%
Supplies and Maintenance	\$192.8	\$194.1	\$386.9	6.0%
Debt Service	\$172.6	\$199.8	\$372.4	5.7%
Equipment	\$60.9	\$64.1	\$125.0	1.9%
Purchased Services	\$51.4	\$50.4	\$101.8	1.6%
Subsidies	\$43.5	\$43.5	\$87.0	1.3%
Transfers and Other	\$20.8	\$19.8	\$40.6	0.6%
TOTAL	\$3,309.7	\$3,186.0	\$6,495.7	100.0%

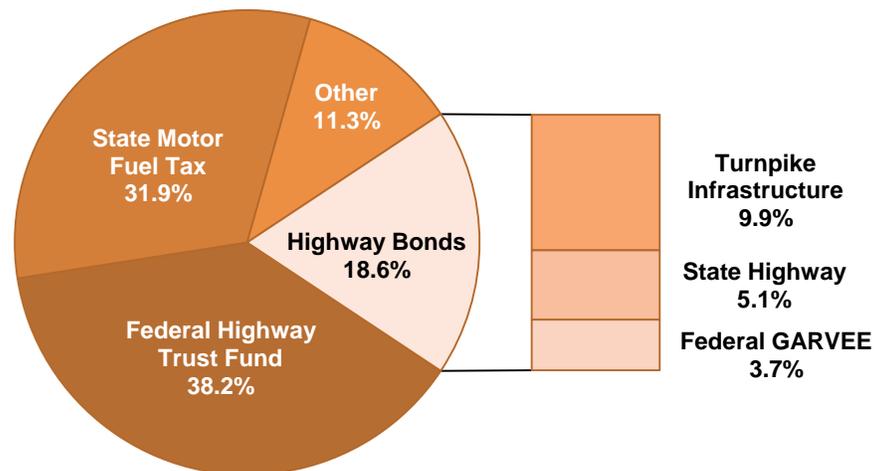
Note: Figures may not add to totals due to rounding.

ODOT Revenue Sources

Overview and Recent History

Revenue supporting ODOT operations and capital expenditures derives from three main sources. These are (1) the federal Highway Trust Fund, (2) the Ohio motor fuel tax, and (3) highway bond proceeds. Chart 1 below displays these sources of revenue over the four-year period from FY 2013 to FY 2016. Overall, ODOT funding in these years totaled approximately \$12.22 billion, averaging about \$3.06 billion per year.

Chart 1: ODOT Revenue Sources, FY 2013-FY 2016



Ohio's Federal Highway Trust Fund Allocations

In December 2015, the Fixing America's Surface Transportation (FAST) Act was signed into law in Washington, D.C., authorizing federal highway and other transportation funding over the five-year period from FY 2016 to FY 2020. This was the

first long-term transportation funding legislation on the national level to be passed since 2005. In general, the FAST Act is a continuation of funding from prior years. The vast majority of the federal funding continues to come to ODOT via formula aid through various apportionment programs, but with a greater bump in funding occurring annually than in recent years. As a whole, Ohio will receive funding increases of about 2.2% per year over the five-year period from FY 2016 to FY 2020. Over that time, Ohio is slated to receive approximately \$7.10 billion in formula funding through the FAST Act, averaging \$1.42 billion per fiscal year. Besides these apportionments, ODOT also receives federal funding under various smaller programs, such as competitive Transportation Investment Generating Economic Recovery (TIGER) grants.

The 2.2% annual rate of increase in federal apportionments is generally consistent for each of the separate federal highway programs. The two largest of these programs are the National Highway Performance Program and the Surface Transportation Program (renamed the Surface Transportation Block Grant Program), which together provide the vast majority of federal highway construction and maintenance dollars. These two programs account for 83.1% of all FAST Act apportionment funding to Ohio, or around \$5.90 billion from FY 2016 to FY 2020. The Congestion Mitigation and Air Quality (CMAQ) Improvement Program and Highway Safety Improvement Program, respectively, will provide 7% (\$496.7 million) and 5.4% (\$385.0 million) of all federal apportionment funding over the five years, respectively.

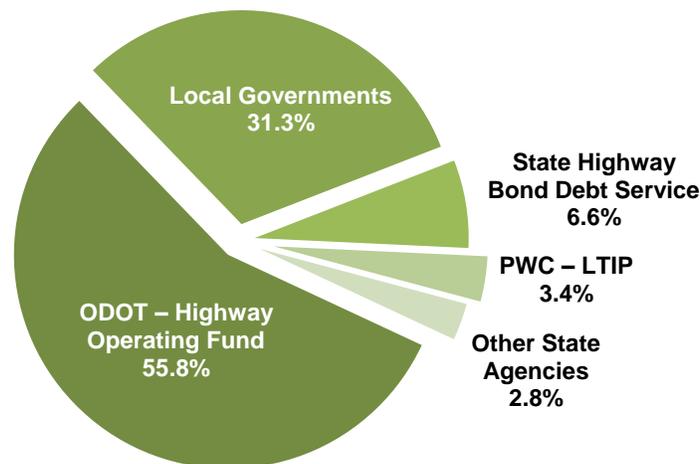
The FAST Act created one new major program, called the National Highway Freight Program. Ohio is projected to receive approximately \$213.8 million for the program over the FY 2016-FY 2020 period, or about \$42.8 million per year. The goal of the program is to efficiently move freight by investing in infrastructure and improving safety. Projects must meet certain eligibility requirements, but it appears there is some discretionary authority for usage of funds for planning, analysis, design, or construction purposes. To comply with the program requirements, each state must develop a State Freight Plan by December 2017. The plan must align with the National Highway Freight Network maintained by the Federal Highway Administration (FHWA), which sets out strategic freight performance portions by critical need and accessibility. This new program accounts for 3% of all federal apportionment funding authorized for states.

Ohio Motor Fuel Tax

The state motor fuel tax (MFT) of 28 cents per gallon is another major source of revenue for ODOT. Revenue from the tax is distributed to various state agencies and local governments using a statutory formula. H.B. 26 consolidates the five individual levies constituting the state MFT under a single levy. Although this alters the formula for distributing this revenue, the net share of state MFT that affected state agencies and local governments will receive is unchanged.

MFT receipts totaled about \$1.85 billion in FY 2016, a slight rise over revenue of \$1.83 billion in FY 2015. These last two years were the first years to top \$1.8 billion since the pre-recession period of FY 2008. In fact, revenue has ticked up at a modest and steady rate of about 1.3% per year in the last three fiscal years. Altogether, after accounting for statutory distributions to other state and local entities, along with debt service on highway bonds, the MFT has provided roughly \$950.0 million to \$1.0 billion in revenue for ODOT in recent fiscal years. The percentage share that each statutorily designated recipient of state MFT received in FY 2016 is shown in Chart 2 below.

Chart 2: Ohio Motor Fuel Tax Distribution, FY 2016 (\$1.85 billion)



Highway Bonds

In addition to state motor fuel tax funds and federal highway aid, ODOT also receives proceeds from three types of bond issuances in order to finance highway projects. The three types of bonds that are issued on behalf of ODOT include (1) state highway bonds, which are retired with state motor fuel tax revenues, (2) federal grant anticipation revenue vehicle (GARVEE) bonds, which are backed by future federal highway program revenues, and (3) Turnpike infrastructure bonds, which are private revenue bonds issued by the Ohio Turnpike and Infrastructure Commission and paid for by Turnpike toll receipts.

The bond-funded component of ODOT's budget consists only of state highway and federal GARVEE bonds. Overall, the transportation budget bill provides bond appropriations of \$947.6 million over the FY 2018-FY 2019 biennium using these two sources. ODOT does plan to spend another \$250 million in the biennium using revenue from Turnpike infrastructure bonds in the FY 2018-FY 2019 biennium, as discussed in more detail below.

State Highway Bonding

The transportation budget bill provides the authority to issue up to \$255 million in state highway bonds over the FY 2018-FY 2019 biennium, 18.5% below the \$313 million authorized in the FY 2016-FY 2017 biennium. However, the bond authorization language allows the state to issue debt above that mark, in an amount equal to the bond amounts that were authorized in prior years, but not issued. The Ohio Constitution allows up to \$220 million to be issued in any single fiscal year and no more than \$1.2 billion in outstanding principal at any one time. H.B. 26 includes \$355.4 million in bond-funded appropriations over the biennium, the entirety of which is to be dedicated to preservation pavement and bridge projects.

The main operating budget includes the appropriations for debt service payments on these state highway bonds, placed under the budget of the Commissioners of the Sinking Fund. The FY 2018-FY 2019 appropriations for this purpose are \$117.6 million and \$135.6 million, respectively. ODOT maintains a policy of dedicating no more than 20% of state revenue dedicated to debt service on these bonds.

GARVEE Bonding

H.B. 26 provides GARVEE bond appropriations of \$592.2 million over the biennium. Under the bill, like usage of state highway bond funding, all of the GARVEE bond funding will pay for pavement and bridge preservation work. The debt service on GARVEE bonds is paid out of the Highway Operating Fund (Fund 7002), and consequently receives appropriations in H.B. 26. The GARVEE bond debt service is estimated to amount to \$160.2 million in FY 2017 (15% from state MFT funds and 85% from federal highway funds), and appropriations for this purpose are \$160.2 million in FY 2018 and \$181.0 million in FY 2019. Similar to the policy on state debt service costs, ODOT aims to have no more than 20% of federal highway revenue dedicated to GARVEE bond debt service.

Turnpike Infrastructure Bonding

To provide for a way to finance additional road construction across the state, H.B. 51, the transportation budget for the FY 2014-FY 2015 biennium, created a funding partnership between the Ohio Turnpike and Infrastructure Commission (OTIC) and ODOT to pay for additional highway projects. While OTIC already had authority to issue bonds backed by toll revenue to pay for road construction projects along the Ohio Turnpike, H.B. 51 expanded bonding authority to allow OTIC to issue bonds to pay for highway infrastructure projects to be managed and completed by ODOT. Between FY 2014 and FY 2019, the goal is to issue a total of \$1.5 billion of Turnpike revenue bonds for ODOT infrastructure projects. Thus far, \$1.13 billion in funding has been approved for projects. Of this amount, \$762.2 million has actually been spent. Another

\$250 million in Turnpike bond financing is slated for approval in January 2018, bringing the total amount for use by ODOT to \$1.38 billion.

Transportation Budget Highlights

Permanent Law Provisions

Changes to Ohio MFT Revenue Distribution Process

Under the state law prior to H.B. 26, the Ohio MFT consisted of five separate tax levies that add up to 28 cents per gallon of motor fuel. Initially when the MFT is received by the state, two state funds hold revenue from the tax temporarily before distributing it to the end user: the Gasoline Excise Tax Fund (Fund 7060) and the State and Local Government Highway Distribution Fund (Fund 7068). From these funds, the MFT revenue is subsequently apportioned, including to the Highway Operating Fund for ODOT to use, other state funds for the other state agencies as described relating to Chart 2 above, and municipalities, counties, and townships. The Ohio Revised Code currently specifies separate distribution formulas for each of the five levies.

H.B. 26 consolidates the five levies into one 28 cents per gallon levy and adjusts the revenue distribution law. These changes are effective January 1, 2018. Overall, the new formula essentially preserves the current distribution of revenue across state and local funds. The exception is Fund 7068, which is to be eliminated effective January 1, 2018, with any remaining balance in Fund 7068 to be transferred to Fund 7060. Thenceforth, Ohio MFT distributions will be made exclusively from Fund 7060.

Variable Speed Limits

H.B. 26 authorizes ODOT to establish speed limits that differ from the statutory speed limits on three interstate routes in three portions of the state: (1) all or portions of I-670, which is in the Columbus metropolitan area, (2) all or portions of I-275, which is in the Cincinnati vicinity, and (3) the portion of I-90 between I-71 and the Pennsylvania border, in the Cleveland and Greater Northeast Ohio region. The Department may use this authority if it determines that the variable speed limits will facilitate the safe and orderly movement of traffic. ODOT is to set criteria for determining the use of variable speed limits by considering such factors as the time of day, weather conditions, and traffic incidents, among other factors that could affect the safe speed on a street or highway. H.B. 26 specifically prohibits ODOT from establishing a variable speed limit that is based on a particular type or class of vehicle, such as a truck or a passenger automobile. This provision will result in costs to the Highway Operating Fund (Fund 7002) to pay for planning, analysis, and the installation of the new signs. There will also be an increase in costs to the Department of Public Safety for State Highway Patrol to enforce the variable speed limits.

According to ODOT, the variable speed limits are expected to be ready for rollout on the portions of I-670 and I-90 by the fall of 2018, while the rollout for I-275 may be at a later date. The Department has stated that the I-670 speed limit changes will be in conjunction with hard-shoulder running, the process of converting the hard shoulder into a temporary additional lane for traffic to be managed more efficiently. ODOT reported that I-670 is the only location planned for hard-shoulder running at this time.

Codification of the Ohio Bridge Partnership Program

H.B. 26 codifies the Ohio Bridge Partnership Program in the Ohio Revised Code through the end of FY 2019. The program has operated since 2013, but without any permanent law governing the program. Under the program, ODOT provides financing to repair and replace county and municipal bridges across the state. In order to qualify for funding under the Ohio Bridge Partnership Program, a bridge (1) must meet the federal definition of a bridge and be more than 20 feet long, (2) must be currently open to traffic, and (3) must be designated as "structurally deficient." As a condition for receiving federal aid, ODOT must spend at least 15% of its federal allocations on bridges that are not part of the National Highway System. Spending on the Ohio Bridge Partnership Program will be counted toward that requirement.

Since the founding of the program, ODOT has used portions of money in the Highway Operating Fund to pay for the program. Specifically, ODOT has used a combination of federal GARVEE bond funding and federal highway aid. A total of \$130 million in funds have been allocated for the program since 2013. Although not required under H.B. 26, ODOT intends to devote another \$5 million in each of FY 2018 and FY 2019 for this purpose. The bill does, however, require ODOT to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives recommending ways to continue to fund the program.

ODOT and Local Government Vehicles Exempt from Some Local Traffic Laws

H.B. 26 exempts highway maintenance vehicles owned by the state or political subdivisions from some traffic law provisions. The exemptions apply when the driver of the vehicle is traveling to or from a manufacturer, maintenance provider, or a work location. The traffic laws exempt under this provision relate to slow speed, lanes of travel and passing, and vehicle weight, load, and size limits.

Highway Signage and Notices

Memorial Highway Designations

The FY 2018-FY 2019 transportation budget act designates nine new memorial highways and bridges on portions of various state routes and interstate highways throughout Ohio. Table 4 below summarizes these highway designations in the order

that they appear in the bill, including the location of the highway and the entity responsible for paying any signage costs. The commemorations generally honor members of the armed forces of the United States and first responders who have passed away.

The cost of signage to mark the highways is paid either wholly by ODOT or shared between ODOT and the municipal corporations through which the roadway passes, pursuant to ODOT's Traffic Engineering Manual. In most cases, ODOT will be responsible for the costs of producing and installing signs to mark the designated roads. In cases where municipal corporations contain designated memorial highways entirely within their boundaries, the municipalities would be responsible for the costs to install the signs.

Overall, ODOT and the associated municipalities would incur no more than minimal costs to produce and install signs on each of the designated memorial highways in the bill. According to ODOT, the cost to manufacture and install a single set of flatsheet signs at one location is approximately \$350 to \$400 per sign, depending on sign size and equipment needed. Once a set of signs is installed, there are typically no maintenance costs unless the signs are damaged. Signs are usually in need of replacement every 12 to 15 years. When a highway or bridge is designated as a memorial, ODOT's policy is to install a marker in a rest area, scenic overlook, recreational area, or other appropriate location. If this is not practical, a marker is installed along the highway or near the bridge instead. Two markers are usually installed, one in each direction at each location.

Table 4. H.B. 26 Memorial Highway and Bridge Designations			
Designation	Road to be Named	County	Sign Costs Paid By
PFC Burt "Rusty" Miller Memorial Highway	SR-193	Summit	ODOT and City of New Franklin
Lcpl Bret M. Poklar Memorial Highway	SR-2	Lake	ODOT, City of Mentor, and City of Willoughby
Officer David Fahey Memorial Highway	I-90	Cuyahoga	ODOT
Ohio Inspector General David D. Sturtz Memorial Highway	SR-541	Coshocton	ODOT
Officer Thomas W. Cottrell Jr. Memorial Highway	SR-205	Knox	ODOT and Village of Danville
Army Corporal Carl H. Bernhart Memorial Highway	SR-43	Jefferson	ODOT
Sgt. Bruce R. Jones Memorial Bridge	SR-46	Trumbull	ODOT and City of Niles
Specialist Lawrence George Stapleton Memorial Highway	I-90	Cuyahoga	ODOT
Virginia E. "Ginny" Kirsch Memorial Highway	SR-7	Trumbull	ODOT

In addition to these new designations, H.B. 26 amends existing law designating U.S. Route 24 in Defiance County as the Defiance County Veterans Memorial Highway so that ODOT may pay signage costs to replace the memorial signs, rather than the prior requirement under the law that private funds be used for the signage.

National Parks System Highway Signs

H.B. 26 includes a provision requiring that all signs indicating National Park System areas and that are erected on state highway system highways to display the arrowhead symbol of the National Park Service next to the name of the area, but permits currently erected signs to remain without displaying the symbol until the signs are replaced. This provision will result in minimal costs to ODOT and political subdivisions when applicable signage needs to be replaced.

Notices of Establishment of Limited Access Highways

The transportation budget requires ODOT to provide notice of the proposed establishment of a limited access highway or freeway (i.e., a highway that may only be accessed at intersections and not directly by abutting property owners) in the same manner as the current process to provide notice of a road closure. Altogether, this should result in a minimal increase in administrative costs out of the Highway Operating Fund.

Vetoed Provisions

Limited Access Ramps on Certain Parts of Interstate Routes

A provision vetoed by the Governor sought to require that ODOT install entrance ramps on interstate routes in certain situations. Specifically, ODOT was to ensure that limited access exit and entrance ramps must be present on an interstate at least every four miles when the interstate runs through two adjacent municipalities under the following conditions: (1) the adjacent municipal corporations both have populations above 30,000, (2) the adjacent municipal corporations are located in different counties, and (3) at least one of the municipal corporations is located in a county with a population above one million. The only two counties in Ohio with a population above one million are Cuyahoga and Franklin.

Creation of the Smart Transportation Action Advisory Team

The Governor also vetoed a provision establishing the Smart Transportation Action Advisory Team (STAAT), consisting of nine members: five appointed by the Governor, two appointed by the President of the Senate, and two appointed by the Speaker of the House of Representatives. STAAT was to hear testimony, evaluate concepts, and make nonbinding recommendations to the General Assembly regarding the use of public money for smart transportation initiatives and ways to promote cooperation at a state level for strategic investments by both ODOT and JobsOhio.

"Smart transportation initiatives" are defined as any research, development, and testing related to advances in transportation technology, including (1) automated and autonomous technology and vehicles, (2) equipment used on and inside a vehicle pertaining to the function of the vehicle and the safety of the driver and passengers, and (3) methods of controlling traffic flow and reducing congestion on highways.

Smart Mobility and Connected Vehicle Projects. In the FY 2016-FY 2017 biennium, ODOT entered into the Smart Mobility Initiative, an effort led by a consortium of technology, research, and transportation entities including the Department, OTIC, JobsOhio, the Ohio State University, Honda's Transportation Research Center, and other partners. The partners formally meet quarterly to discuss projects, research, and collaborations on smart mobility and smart transportation technologies.

As part of this Initiative, in the last few months ODOT has announced two funding commitments for projects to support these goals. First, ODOT will invest \$7.5 million into U.S. Route 33 to pay for infrastructure that will help test autonomous driving and connected vehicle technologies. The route is dubbed the "Smart Mobility Corridor" and is located northwest of Columbus on a stretch from Dublin to East Liberty. The state investment will go toward the installation of fiber optic cable and sensors, which can be used to link researchers and traffic monitors with road conditions and performance statistics. Several other partners have committed funding toward the project, and construction was scheduled for May 2017, although no announcements have been made on construction commencing as of early June 2017.

The second smart project is related to the first, in which ODOT pledged approximately \$9.6 million for the Transportation Research Center in East Liberty for autonomous vehicle research. In total, \$40 million in state and JobsOhio funding will support this project, including \$25 million from the Ohio State University, \$7.5 million from JobsOhio, ODOT's portion, and other sources.

Besides these two funding commitments, ODOT plans to develop smart corridors on I-270 in Columbus, as well as I-90 in Cleveland. The Department's spending for the Initiative derives from federal highway and state MFT dollars deposited into the Highway Operating Fund.

Temporary Law Provisions

Use of Flexible Federal Funds for Public Transit Assistance

For FY 2018 and FY 2019, H.B. 26 designates \$33 million per year in flexible Federal Highway Administration (FHWA) dollars to assist transit agencies. This is an increase above the \$23 million budgeted in each year of the FY 2016-FY 2017 biennium.

Of the total amount, around \$10 million per year is anticipated to be distributed to transit systems by formula while the remaining \$23 million annually will be competitively awarded to fund replacement of transit vehicles that are beyond their

useful lives, capitalized operating expenses (e.g., preventive maintenance, tires, and fuel), and facility rehabilitation and renovation. More detail concerning this arrangement can be found in "**Category 3: Public Transit.**"

Tow Truck Exception to Vehicle Size and Weight Limits

H.B. 26 includes a two-year exemption of certain towing vehicles from size and weight limitations on roads. The exemption applies when the vehicle is: (1) engaged in the initial towing or removal of a wrecked or disabled motor vehicle from the site of an emergency on a public highway to the nearest storage facility, (2) en route to the site of an emergency on a public highway to tow or remove a wrecked or disabled motor vehicle, or (3) returning from delivering a wrecked or disabled motor vehicle to the nearest site where the vehicle can be brought into conformance with the statutory size and weight requirements, the nearest qualified repair facility, or the nearest storage facility. This two-year exemption would likely result in a reduction in fine revenue over this period for the state and political subdivisions that under prior law could issue size and weight fines for towing vehicles inside their jurisdictions.

Eastern Bypass Report

H.B. 26 requires ODOT to provide a report on the Eastern Bypass of Southwest Ohio and Greater Cincinnati area to the President of the Senate and Speaker of the House of Representatives by December 31, 2017. The report is to collaborate with the study conducted by the state of Kentucky, which seeks to review the previous analysis and recommendations concerning the Brent Spence Bridge and related traffic management improvements. This could result in some additional administrative costs to the Planning Division within ODOT, although the costs would likely be absorbed into ongoing operating expenses of the Division.

Ohio MFT Fund Transfers, Distributions, and Tax Credits

"Off the Top" Deposit of MFT Revenue for the Highway Operating Fund

H.B. 26 requires the Treasurer of State to deposit the first 2% of the MFT received each month into the Highway Operating Fund before making the other distributions required by law in the FY 2018-FY 2019 biennium. The same provision was in place for the current biennium, and results in slightly more revenue to the Highway Operating Fund and an offsetting decrease in revenue to the other state and local government funds that receive state motor fuel tax distributions by formula under permanent law. ODOT estimates that the fiscal impact of this provision is about \$14.0 million in additional annual revenue to the Highway Operating Fund. There is a corresponding drop in revenue for the local governments and other state agencies due to receive MFT distributions.

Transfers to the Gasoline Excise Tax Fund

H.B. 26 requires the Office of Budget and Management (OBM) to transfer cash in equal monthly amounts from the Highway Operating Fund (Fund 7002) to the Gasoline Excise Tax Fund (Fund 7060). The total required cash transfers are \$170.4 million in FY 2018 and \$172.4 million in FY 2019. Municipal corporations receive 42.86%, counties receive 37.14%, and townships receive 20% of the revenues from this source. These exact amounts represent a slight increase from the cash transfers totaling around \$165.7 million in each of FY 2016 and FY 2017.

Evaporation Discount for Fuel Dealers and Wholesalers

The Ohio Revised Code currently requires motor fuel dealers to report and pay the MFT on the number of gallons of taxable fuel handled. Statutorily, motor fuel dealers are allowed to subtract 3% of those gallons as an allowance for shrinkage (except that only 2% could be claimed for fuel sold to a retail dealer) while retail dealers of motor fuel are permitted to apply for a refund under the tax base of 1% of the gallons that they handle on which tax has been paid.

Transportation budget bills in prior years have included uncodified law to temporarily reduce the amount of these credits. H.B. 26 continues this approach for the FY 2018-FY 2019 biennium by allowing wholesalers to subtract 1% of those gallons as an allowance for shrinkage minus 0.5% on gallons sold to retailers. Retail dealers, with some exceptions, may apply for a refund of 0.5% of the gallons that they handle. Retail dealers in motor fuel do not pay the MFT directly, but they purchase fuel from wholesalers who have paid the tax. The price that retailers pay to wholesalers therefore includes the MFT. Overall, this provision in H.B. 26 would result in additional retained motor fuel tax revenue, amounting to approximately \$18 million per fiscal year. This revenue is distributed from the Highway Operating Fund to various entities as statutorily prescribed by formula, with more than half of the MFT revenue kept by ODOT.

Authority for Transfers of ODOT Appropriations and Reappropriations

The bill includes several continuing provisions of temporary law that provide for the transfer of appropriations and cash in the Highway Operating Fund and other funds, including the reappropriation of unspent amounts. The bill allows OBM to approve ODOT requests to (1) transfer appropriations between various line items within the Highway Operating Fund (Fund 7002) to cover emergency situations and optimize the use of federal funds, (2) transfer appropriations and cash between various State Infrastructure Bank funds and line items, (3) transfer appropriations and cash from the Highway Operating Fund to the State Infrastructure Bank funds subject to certain requirements, and (4) transfer appropriations and cash from the Ohio Toll Fund and any subaccounts created within the Ohio Toll Fund. Additionally, the bill permits

the Director of Transportation to request the Controlling Board to increase appropriations out of the Highway Operating Fund in the event that revenues or apportionments or allocations from the federal and local governments exceed estimates. Finally, the bill specifies that appropriations from certain funds – the Highway Operating Fund (Fund 7002), the Highway Capital Improvement Fund (Fund 7042), and the State Infrastructure Bank funds – that remain unencumbered at the end of FY 2017 and FY 2018 be reappropriated for the same purposes in FY 2018 and FY 2019, respectively, subject to approval by OBM.

OHIO'S TRANSPORTATION SYSTEM STATISTICS

Ohio's public roadway system consists of federal interstate routes, U.S. routes, state routes, and local public roadways. The entire system contains 254,555 lane miles of roadway (the total miles including each of the lanes). Overall, Ohio's number of lane miles position the Buckeye State at eighth in the nation.

As Table 5 indicates below, local governments maintain most miles of roadway in the state, around 84% of all roads. ODOT maintains the other 16%, including all interstate highways (excluding the Ohio Turnpike) and U.S. and state routes outside municipalities. Municipal corporations (cities and villages) are responsible for U.S. routes, state routes, and local roads within their borders, while counties and townships take care of local roads in unincorporated areas.

Roadway Type	Locally Maintained	ODOT Maintained	Total	% ODOT Maintained
Interstate Routes	0	6,929	6,929	100.0%
U.S. Routes	2,691	8,203	10,894	75.3%
State Routes	6,539	24,832	31,371	79.2%
Local Public Roadways	205,361	0	205,361	0.0%
TOTAL	214,591	39,964	254,555	15.7%

In calendar year (CY) 2015, there were 322.8 million vehicle miles traveled (VMT) per day on Ohio roads. Thus, over the entire year, there was a total of 117.82 billion VMT. Of these, 90.2% of VMT were traveled by passenger vehicles each day and 9.8% were traveled by trucks. As may be expected, a greater share of trucks was on interstate routes, comprising about 16.1% of traffic on those roads. Ohio's VMT per capita is 31st in the nation, coming in at 26.7 daily miles per capita. This is slightly more than the national average of 25.9 daily VMT per capita.

Vehicle Type	Interstate Routes	U.S. and State Routes	Local Public Roads	Total
Passenger Vehicles	65.3	96.8	129.0	291.1
Trucks	12.5	10.3	9.0	31.8
TOTAL	77.8	107.1	138.0	322.9

In other noteworthy national rankings, Ohio sits second in bridges (43,537), third in total active rail miles (5,338 route miles), and 14th in transit ridership rate (Ohioans took 117 million transit trips in 2014).

ANALYSIS OF ENACTED BUDGET

Introduction

This section provides an analysis of the H.B. 26 appropriations for each non-GRF appropriation item in ODOT's budget. The Department's GRF appropriations are provided in the main operating budget bill for the FY 2018-FY 2019 biennium, H.B. 49 of the 132nd General Assembly. In this analysis, ODOT's line items are grouped into seven major categories. For each category a table is provided listing the appropriation in each year of the biennium. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are in H.B. 26. If the appropriation is earmarked, the earmarks are listed and described. The seven categories used in this analysis are as follows:

1. Highway Construction and Maintenance
2. Planning and Research
3. Public Transportation
4. Rail
5. Aviation
6. Debt Service
7. Administration

To aid the reader in finding each item in the analysis, Table 7 on the following page indicates the category into which each appropriation has been put, listing the line items in order within their respective fund groups and funds. This is the same order that the items appear in the transportation budget bill.

Table 7. Categorization of ODOT's Line Items for Analysis of Enacted Budget				
Fund	ALI	ALI Name	Category	
Highway Operating Fund Group				
2120	772426	Highway Infrastructure Bank – Federal	1	Highway Construction & Maintenance
2120	772427	Highway Infrastructure Bank – State	1	Highway Construction & Maintenance
2120	772430	Infrastructure Debt Reserve Title 23-49	6	Debt Service
2130	772431	Roadway Infrastructure Bank – State	1	Highway Construction & Maintenance
2130	772433	Infrastructure Debt Reserve – State	6	Debt Service
2130	777477	Aviation Infrastructure Bank – State	5	Aviation
7002	770003	Transportation Facilities Lease Rental Bond Payments	6	Debt Service
7002	771411	Planning and Research – State	2	Planning & Research
7002	771412	Planning and Research – Federal	2	Planning & Research
7002	772421	Highway Construction – State	1	Highway Construction & Maintenance
7002	772422	Highway Construction – Federal	1	Highway Construction & Maintenance
			3	Public Transportation
			4	Rail
7002	772424	Highway Construction – Other	1	Highway Construction & Maintenance
7002	772437	Major New State Infrastructure Bond Debt Service – State	6	Debt Service
7002	772438	Major New State Infrastructure Bond Debt Service – Federal	6	Debt Service
7002	773431	Highway Maintenance – State	1	Highway Construction & Maintenance
7002	775452	Public Transportation – Federal	3	Public Transportation
7002	775454	Public Transportation – Other	3	Public Transportation
7002	775459	Elderly and Disabled Special Equipment	3	Public Transportation
7002	776462	Grade Crossings – Federal	4	Rail
7002	777472	Airport Improvements – Federal	5	Aviation
7002	777475	Aviation Administration	5	Aviation
7002	779491	Administration – State	7	Administration
Dedicated Purpose Fund Group				
4N40	776664	Rail Transportation – Other	4	Rail
5W90	777615	County Airport Maintenance	5	Aviation
Capital Projects Fund Group				
7042	772723	Highway Construction – Bonds	1	Highway Construction & Maintenance
7045	772428	Highway Infrastructure Bank – Bonds	1	Highway Construction & Maintenance

Category 1: Highway Construction and Maintenance

This category of appropriations includes the major sources of state and federal funding for the design, purchase of right-of-way, building, and rehabilitation of the highway system. Table 8 below displays the recommended appropriations for this purpose in rows, descending from highest funding in the biennium to lowest.

Table 8. Appropriations for Highway Construction and Maintenance				
Fund	ALI	ALI Name	FY 2018	FY 2019
Highway Operating Fund Group				
7002	772422	Highway Construction – Federal	\$1,160,997,789	\$1,179,432,221
7002	772421	Highway Construction – State	\$514,762,440	\$486,923,447
7002	773431	Highway Maintenance – State	\$552,255,739	\$565,762,658
7002	772424	Highway Construction – Other	\$80,000,000	\$80,000,000
2120	772427	Highway Infrastructure Bank – State	\$9,825,000	\$9,825,000
2120	772426	Highway Infrastructure Bank – Federal	\$3,500,000	\$3,500,000
2130	772431	Roadway Infrastructure Bank – State	\$3,500,000	\$3,500,000
Highway Operating Fund Group Subtotal			\$2,324,840,968	\$2,328,943,326
Capital Projects Fund Group				
7045	772428	Highway Infrastructure Bank – Bonds	\$404,960,585	\$187,239,264
7042	772723	Highway Construction – Bonds	\$147,432,354	\$207,985,476
Capital Projects Fund Group Subtotal			\$552,392,939	\$395,224,740
Total Funding: Highway Construction and Maintenance			\$2,877,233,907	\$2,724,168,066

Highway Construction and Maintenance

Summary of Funding Sources

A group of six line items funds ODOT's highway construction and maintenance programs using a combination of federal, state, and local participation funds: 772421, 772422, 772424, 772428, 772723, and 773431. This collection of appropriations comprises the largest component of ODOT's budget, totaling approximately \$5.57 billion in the FY 2018-FY 2019 biennium, making up 85.7% of total appropriations to ODOT in the transportation budget bill.

Table 9 below provides a summary of all highway construction and maintenance appropriations in H.B. 26. Please note that appropriations for the State Infrastructure Bank – line items 772426, 772427, and 772431 – are not included in the table, as they are a separate usage from ODOT's highway spending. The State Infrastructure Bank allocates competitive subsidies to local governments, not actually counting as part of the state's highway expenditures for this category in the biennium. Also note that a portion of the appropriations for line items 772421 and 772422 additionally include funding directed toward public transit and rail-highway grade crossings, which are

discussed in the Public Transportation and Rail categories of this Greenbook. These funding amounts are not included in Table 9.

Table 9. Funding Sources of Highway Construction and Maintenance Appropriations, FY 2018-FY 2019 (in millions)*			
Funding Source	Line Item(s)	Biennium Total	% of Total Appropriations
Federal Aid – Fund 7002	772422*	\$2,340.4	42.0%
State Revenues – Fund 7002	772421* 773431	\$2,119.7	38.1%
Local Participation – Fund 7002	772424	\$160.0	2.9%
Total Highway Operating Fund (Fund 7002)		\$4,620.1	83.0%
Federal GARVEE Bonds	772428	\$592.2	10.6%
State Highway Bonds	772723	\$355.4	6.4%
Total Bond Funding (Fund 7042 and Fund 7045)		\$947.6	17.0%
TOTAL ALL FUNDING SOURCES		\$5,567.8	100.0%

*These line items also are used for funding in the Public Transportation and Rail categories of this Greenbook. Only the amounts to be used for highways are included in the table. Totals are rounded.

Highway Operating Fund Appropriations (772422, 772421, 773431, and 772424)

As Table 9 above illustrates, federal highway aid, sent to the state from the federal Highway Trust Fund, represents 42.1% (\$2.34 billion) of all highway appropriations for the biennium. Line items 772421 and 773431 use state revenue primarily sourced from proceeds from the state motor fuel tax, and together make up 38.1% (\$2.12 billion) of the appropriations. Line item 772424, Highway Construction – Other, uses local participation dollars that come to the state for financial management reasons. In total these four Highway Operating Fund (Fund 7002) line items make up 83% (\$4.62 billion) of ODOT highway appropriations.

Bond-Funded Appropriations

The other 17% (\$947.6 million) of funding for highways in the FY 2018-FY 2019 biennium is provided from the proceeds of bonds. Issuing bonds allows ODOT to finance large construction projects to avoid tying up cash that could be used elsewhere. The entirety of the bond funding in the FY 2018-FY 2019 biennium is allocated to support the preservation of pavement and bridges.

Federal GARVEE Bonds (772428)

This line item funds system preservation projects with GARVEE bonds, which are issued against and retired primarily with ODOT's federal Highway Trust Fund revenues. Although the line item references the "Infrastructure Bank," it is not related to the State Infrastructure Bank Bond and Loan Program. GARVEE bond appropriations are \$405.0 million in FY 2018 (substantially more than the \$140.8 million spent in

FY 2017) and \$187.2 million in FY 2019. These increases are largely attributable to the augmented federal funding authorized in the federal FAST Act, the first long-term federal transportation funding legislation to have been enacted in over a decade.

Highway Construction – Bonds (772723)

H.B. 26 provides state highway bond appropriations of \$147.4 million in FY 2018 and \$208.0 million in FY 2019 for a biennial total of \$355.4 million under Highway Capital Improvement Fund (Fund 7042) appropriation item 772723, Highway Construction – Bonds. State highway bond funding typically fluctuates from around \$100 million to \$200 million per year, based on ODOT project management, funding needs, and the bond market.

Bond-Related Temporary Law

New Bond Issuance Authorization. The bill authorizes the state to issue up to \$255 million in general obligation (GO) bonds over the FY 2018-FY 2019 biennium to finance highway projects. The debt service on the bonds is paid from state motor fuel tax revenues from the Highway Operating Fund (Fund 7002). For cash management flexibility, the bill also permits the Director of Budget and Management to transfer cash from the Highway Operating Fund (Fund 7002) to the Highway Capital Improvement Fund (Fund 7042) and to transfer the amounts from Fund 7042 to Fund 7002 up to the amounts previously transferred. The issuance of these bonds is constitutionally restricted to no more than \$220 million in any fiscal year and no more than \$1.2 billion can be outstanding at any one time. The debt service on the bonds issued is covered under the budget of the Commissioners of the Sinking Fund in H.B. 49, the main operating budget for the FY 2018-FY 2019 biennium.

Summary of Programmatic Allocations

Table 10 below summarizes the highway construction and maintenance appropriations by program for the six line items involved.

Table 10. Highway Construction and Maintenance Program Allocations (in millions)		
Program	FY 2018	FY 2019
Preservation of Pavement and Bridges	\$1,447.4	\$1,231.5
Highway Operating	\$687.6	\$671.0
Local Government Programs	\$397.1	\$415.4
Other Construction Programs	\$129.7	\$156.7
Safety Programs	\$104.5	\$106.4
Major New Construction	\$59.1	\$59.8
Highway Maintenance Contracts	\$35.0	\$66.6
TOTAL	\$2,860.4	\$2,707.3

Preservation of Pavement and Bridges

The transportation budget bill provides \$1.45 billion in FY 2018 and \$1.23 billion in FY 2019 within the amount allocated for the Preservation of Pavement and Bridges area of funding. This compares to spending of \$1.05 billion for these purposes in FY 2017. The program provides funds to ODOT districts in order to maintain the existing programs on two-lane state routes (the General System); interstate routes, freeways, and multi-lane roads (the Priority System); and U.S. and state routes within municipal boundaries (the Urban System). In addition, the program remedies deficiencies in bridge paint condition, wearing surfaces, and deck condition.

All of the money under this program will be budgeted for capital expenditures, such as engineering and design services, right-of-way acquisition, utility relocation, construction, and construction inspection. The funding is allocated to the 12 ODOT district offices throughout the state and based on roadway condition indicators. Generally, two-thirds of the program's funding is budgeted for pavement projects and the remaining one-third is allocated to bridge projects. Pavement and bridge preservation needs are usually fully funded prior to addressing new capacity or congestion reduction projects as outlined under ODOT's "fix-it first" policy.

Highway Operating

This program funds the vast majority of operating costs of ODOT, supporting over 4,200 full-time equivalent (FTE) employees whose work relates to highway construction and maintenance. Under H.B. 26, ODOT will devote \$687.6 million in FY 2018 and \$671.0 million in FY 2019 to cover the operating costs, such as payroll, supplies, and equipment for all of ODOT's highway construction programs.

Besides personnel costs, this area of funding includes facilities and equipment management, aerial and geotechnical engineering, real estate management, snow and ice control, special hauling permits, coordination with federal authorities, traffic policies and procedures, legal counsel and contract administration, and construction project administration. ODOT's facilities include the central office in Columbus, 12 district headquarters, 90 full service highway service facilities, 130 outposts or yard locations, and 90 rest areas. The Department maintains a fleet of around 160 trucks to manage snow and ice control.

Local Government Programs

This program allocates federal funds for several local government programs, which are described in further detail below. The bill provides \$397.1 million in FY 2018 and \$415.4 million in FY 2019 for these programs.

Metropolitan Planning Organizations. This program provides funds to each of the 17 Metropolitan Planning Organizations (MPOs) and five large cities outside MPOs for multi-modal transportation system improvement projects and programs in Ohio's

urban areas. The MPOs are located in urban regions with populations of more than 50,000 people, while the five large cities have populations between 25,000 and 50,000.

In all, \$226 million was available for MPOs and large cities in FY 2016. Of this federal funding, there were further allocations to three MPO/large city programs:

1. Surface Transportation Block Grant Program (STP) – providing funds to preserve local roads, bridges, pedestrian and bicycle infrastructure, and transit projects. ODOT supplies STP funding for the local organizations by population. A total of about \$132 million was spent in FY 2016 on STP.
2. Congestion Mitigation and Air Quality (CMAQ) Program – awards moneys to MPOs and the large cities to meet federal Clean Air Act requirements. A total of around \$63 million was spent in CMAQ allocations from FY 2016 funds.
3. Transportation Alternatives (TA) Program – provides funding for various surface transportation projects, such as the conversion of unused railroad corridors to bike trails and the building of safe routes for nondrivers. In FY 2016, ODOT allocated \$9 million for the TA Program.

Local Participation. Local participation funding represents the local share of construction projects to be awarded and administered by ODOT. Funding could be supplied entirely by the local government or funded 80% by the federal government with the local government supplying the 20% match. The transportation budget bill gives ODOT more flexibility in paying for the local match. In current law, section 5531.08 of the Revised Code, ODOT can only pay local costs for actual construction. However, the suggested policy change would allow ODOT to pay for local costs of preconstruction, such as preliminary studies, right-of-way acquisitions, and engineering and design work.

Local Bridge Programs. ODOT uses federal funding, which is passed down to local governments for bridge projects, under three programs: (1) the County Local Bridge Program, (2) the Municipal Bridge Program, and (3) the Bridge Partnership Program. The County Local Bridge (CLB) Program is managed by the County Engineers Association of Ohio (CEAO), responsible for project selection, funding criteria, and program priorities. The program provides counties with ongoing federal money for bridge replacement or rehabilitation. Each county has a \$7.5 million federal funding limit for projects within any four-year program period. The CLB Program was allocated a total of \$34 million in FY 2017 funds. The Municipal Bridge Program provides federal funds for municipal bridge projects, of which up to 80% may be used for construction. Approximately \$10 million was provided for projects under this program in FY 2017. The Bridge Partnership Program began in FY 2015. Thus far, a total of \$138 million has been allocated to utilize federal funds for 204 bridge projects. ODOT plans to continue

the program with \$5 million per year in each of FY 2018 and FY 2019. H.B. 26 codifies the program through FY 2019 and tasks ODOT with identifying a permanent funding stream for the fiscal years thereafter.

County Surface Transportation Program. The County Surface Transportation (CST) Program, like the CLB Program, is managed by CEAO, and aims to provide regular construction funding for roadway improvements. With the standard federal share of 80%, each county is permitted to program eligible construction projects up to a \$2 million limit per project. The program was allocated \$14 million in FY 2017.

Small City Program. This federally funded program provides assistance to cities with populations between 5,000 and 24,999 and not within an MPO in Ohio. This program may be used for construction only to support any road, safety, or signal project on the federal-aid highway system. The program received \$10 million in FY 2017.

Safe Routes to Schools. This program provides funds to local communities to make walking and bicycling to school a safe and routine activity. Funding is available for a wide variety of programs and projects, from building safer street crossings to establishing programs that encourage children and their parents to walk and bicycle safely to school. In FY 2017, \$4 million was provided for this purpose.

Other Construction Programs

There are a number of programs that fall under the Other Construction Programs banner, for which H.B. 26 provides \$129.7 million in FY 2018 and \$156.7 million in FY 2019. The funding, derived from state MFT and the federal Highway Trust Fund, is used for many purposes, including, but not limited to, the following:

1. The allocation of federally earmarked funds to the appropriate local government entity;
2. Oversight of ODOT's funding of the new federal National Highway Freight Program that was created by the FAST Act;
3. The construction of the Appalachian corridor highways in Ohio;
4. Assistance for geological site management projects, including slopes and slides, rockfalls, underground mines, and erosion;
5. A provision of emergency funds for the repair or reconstruction of federal-aid highways and roads on federal lands that have suffered serious damage by natural disasters or catastrophic failures from an external cause;
6. Grant assistance to businesses through the Jobs and Commerce Unrestricted Program in removing transportation barriers in order to create jobs;

7. Administration of the disadvantaged business enterprises (DBE) and on the job training (OJT) programs to ensure businesses owned by women and minorities can fairly compete for transportation contracts;
8. The exploration and development of Public Private Partnership (P3) projects;
9. Funding for the replacement and rehabilitation for the rest areas on the state and national highway system;
10. The construction, reconstruction, and maintenance of public access roads to and within facilities owned or operated by the Department of Natural Resources, the Ohio Expositions Commission, the Ohio History Connection, and within the boundaries of metropolitan parks;
11. Retrofitting of roadways with noise barriers statewide; and
12. Transportation improvement projects that improve safety for motorists and horse drawn vehicles in areas with substantial Amish populations.

Safety Programs

This program provides funding for safety projects that contribute to improving safety and reducing the severity, frequency, and rate of crashes on the state highway system and local roads. The program's goals are to reduce the state's crash fatality rate by 2% annually. In CY 2015, 1,110 people were killed on Ohio roadways according to data collected by the National Highway Traffic Safety Administration (NHTSA). This 2015 figure is above the average of just under 1,050 fatalities per year over the five-year period from CY 2011 to CY 2015. However, when accounting for fatalities per 100 million vehicle miles traveled, Ohio averages under 1 fatality, at 0.99 per 100 million VMT, on average over those five years, compared to the national average of 1.11 per 100 million VMT. Eligible safety projects include signing, striping, clearing brush, traffic signal coordination, two-way left turn lanes, additional lanes, and other roadway modifications.

The transportation budget bill includes \$104.5 million in FY 2018 and \$106.4 million in FY 2019 for safety purposes, which is in line with spending on safety in recent years. Of the total funding in the next biennium, 21.3% comes from state MFT revenues, and the remaining 78.7% is derived from federal highway aid distributions.

Major New Construction

This program provides funding for projects that increase mobility, provide connectivity, ease accessibility of a region for economic development, grow the capacity of a transportation facility, and reduce congestion throughout the state. These projects must have costs of \$12 million or more and are approved by the Transportation Review Advisory Council (TRAC). The Council typically approves each project annually through a series of phases before completion. These phases include planning and

engineering, design, right-of-way acquisition, and construction. Since the Major New Program is funded last on ODOT's list of funding priorities, the program usually absorbs the brunt of the impact if state and federal revenues decrease or if other program costs escalate.

Major New Program funding averages \$59.5 million per year in the FY 2018-FY 2019 biennium, considerably less than the amount spent in this area during FY 2017. However, this is not to suggest that funding in this area is being reduced. Recall that ODOT is planning on \$250 million in Turnpike infrastructure bond funding in the Major New projects area in FY 2019. Additionally, ODOT has pursued the financing of large Major New projects through P3 agreements in recent years. This has led to the private financing and building of the Portsmouth Bypass, estimated to cost \$1.2 billion. This financial arrangement allows the state to make payments over a negotiated period of time, reducing the amount of upfront outlays needed to pay for these types of projects.

Highway Maintenance Contracts

These contracts provide for the maintenance of the state highway system, including keeping the system in a safe and attractive condition, collecting traffic management information, providing tourist material and clean rest areas for the motoring public, and maintaining ODOT facilities and equipment. The amounts budgeted for these functions are \$35.0 million in FY 2018 and \$66.6 million in FY 2019.

Temporary Law Provisions Affecting Highway Construction

Indefinite Delivery Indefinite Quantity Contracting

The transportation budget bill continues temporary law from the FY 2016-FY 2017 biennium allowing ODOT to enter into up to two indefinite delivery indefinite quantity (IDIQ) contracts per year. The bill defines an IDIQ contract as a contract for an indefinite quantity, within stated limits, of supplies or services that will be delivered by the awarded bidder over a defined contract period. Subject to the terms and conditions that ODOT develops in setting the conditions of these IDIQ contracts, this additional flexibility could also lead to potential savings on the selected projects that utilize the IDIQ contract opportunity, depending on the supplies or services to be provided, and the circumstances involved with the projects. On the other hand, the IDIQ contracts might result in higher costs than could have been agreed to under ODOT's standard operating procedure, if other variables transpired.

During the FY 2016-FY 2017 biennium, four contracts were awarded totaling a maximum of \$3.4 million. Three of these contracts were maintenance projects, including the maintenance of lighting, guardrails, and bridges, each in specific ODOT districts. The fourth contract was a statewide Intelligent Transportation Systems (ITS) project.

The mission of ITS is generally to utilize technologies to better perform traffic management, such as connected vehicle technology.

Construction at Metropolitan Parks and Sites for Other State Agencies

H.B. 26 includes uncodified law carried over from previous biennia specifying that portions of appropriation item 772421, Highway Construction – State, are to be used for the construction, reconstruction, or maintenance of certain roads that support local governments and other state agencies. Specifically, the language requires that the line item pay for work on public access roads, including support features, to and within state facilities owned or operated by the Department of Natural Resources. Additionally, the bill earmarks \$2,562,000 in each fiscal year from the line item to be used for the maintenance of roads within the boundaries of metropolitan parks. Funding under this line item may also be used to perform road reconstruction or maintenance work on behalf of the Ohio Expositions Commission at the state fairgrounds and for the Ohio History Connection, at state historic sites. These provisions affecting line item 772421 have also been included in recent transportation budget acts.

State Funding for Transportation Improvement Districts

The transportation budget bill also earmarks \$4.5 million in each fiscal year for distribution to transportation improvement districts (TIDs) out of line item 772421, Highway Construction – State. These funds are to be distributed to TIDs to assist with eligible transportation improvement projects, up to \$250,000 per project. Funds may be used for preliminary engineering, detailed design, right-of-way acquisition, and construction costs, but may not be used for administrative or staffing expenses. A similar provision was in place for the FY 2016-FY 2017 biennium, except the earmark was \$3.5 million per fiscal year.

State Infrastructure Bank Assistance (772426, 772427, and 772431)

These line items support the State Infrastructure Bank (SIB) revolving loan program. A total of \$33.7 million is appropriated for the SIB Program in the FY 2018-FY 2019 biennium. The program provides direct loans to public entities for local highway projects in order to accelerate projects and spur economic development. Funds can be used for right-of-way and construction costs. Local governments may pledge their gas tax revenues as loan repayments. SIB was originally capitalized in 1997 with \$137.0 million in federal and state funds.

The three line items making up the funding are separate because of the funding source: 772426 must meet federal highway funding requirements, 772427 is partially limited by federal regulations, and 772431 is state funded. Of the \$33.7 million appropriated to these three line items during the FY 2018-FY 2019 biennium, 58.4% (\$19.7 million) is budgeted under line item 772427, while the remaining 41.6%

(\$14.0 million) is split evenly among the other two line items, or \$7.0 million in each fiscal year over the FY 2018-FY 2019 biennium.

The availability of funding is dependent upon SIB activity and loan repayments. SIB may also issue bonds on behalf of the borrower. There is no set limit and 100% financing is available. Loans have ranged in size from \$72,000 up to \$20.0 million. Loans are offered to projects that typically do not qualify for federal or state funds. The average loan size is just under \$3.0 million, and the average bond amount is \$6.7 million. Most SIB funding goes to highway-related projects, though rail, transit, airport, and bikeway projects have also been funded.

Two other line items (772430 and 772433) are used to pay debt service on bonds issued to further capitalize the SIB Program in the mid-2000s. These line items are discussed in more detail in the Debt Service category of this Greenbook.

Category 2: Planning and Research

This category of appropriations is used to support the Division of Planning within ODOT, comprised of various offices. Three offices within the Division together coordinate the management of statewide planning efforts: (1) Statewide Planning and Research, (2) Program Management, and (3) Asset Inventory and Systems Integration. These three offices' duties include long-range transportation planning, collaboration with other agencies and district offices, the production of traffic forecasts, and the conducting of research to address transportation issues. The Office of Environmental Services reviews and monitors compliance with state and federal environmental regulations. ODOT collects data on Ohio's roadways and traffic systems through the Office of Technical Services. Finally, the Office of Local Programs coordinates construction projects with local governments. The Office of Transit is also under the Division, but its operations are discussed under "**Category 3: Public Transportation.**"

Table 11. Appropriations for Planning and Research				
Fund	ALI	ALI Name	FY 2018	FY 2019
Highway Operating Fund Group				
7002	771412	Planning and Research – Federal	\$38,094,971	\$38,884,608
7002	771411	Planning and Research – State	\$26,279,451	\$26,934,801
Total Funding: Planning and Research			\$64,374,422	\$65,819,409

Planning and Research – Federal (772412)

This line item provides the federal dollars to support planning and research operations. The transportation budget bill provides \$38.1 million in such funding in FY 2018 and \$38.9 million for this purpose in FY 2019.

Current federal law requires that states set aside 2% of their federal-aid highway program apportionments for statewide planning and research. Within this set-aside, states must use at least 25% for research purposes, including research, development, and technology transfer activities necessary for planning, constructing, and maintaining highway, public transit, transportation alternatives, and intermodal systems. Most research and development requires a 20% state match, the funding for which is provided in line item 771411, described immediately below. ODOT is also required by the federal government to support urban transportation planning programs in each of Ohio's 17 MPOs, which cover 30 urban counties. Those programs are 80% federally funded with 10% matches each from the state and local governments.

Planning and research funds can be used for transportation planning for highways, transit (intercity passenger rail, urban passenger rail, and other transit services), and rail freight. Planning operations include traffic and roadway monitoring, roadway inventory, local road mileage certification, computer mapping and database

development, air quality monitoring, special planning projects, updates to the Department's long-range plan, coordination with MPOs, and review of traffic congestion and travel demand. Research projects are conducted through contracts with research institutions. The Department also participates in pooled fund studies led by other states or the Federal Highway Administration, which generates substantial research with minimal financial investment.

Planning and Research – State (771411)

H.B. 26 establishes appropriations of \$26.3 million in FY 2018 and \$26.9 million in FY 2019 for the state planning and research line item, supported by state MFT revenue. In addition to being the state match for federal planning and research dollars, activities funded under this line item include the collection, analysis, and maintenance of various data, such as traffic information, the state's official road inventory, pavement condition ratings, environmental, geotechnical, travel demand models, and geographic information systems. The line item also funds the Local Technical Assistance Program (LTAP), which assists local government personnel in understanding and adopting the latest data concerning roads, bridges, safety regulations, and transportation.

Related Provisions

Variable Speed Limits

The bill authorizes ODOT to establish speed limits that differ from the statutory speed limits on interstate routes in three areas of the state. Depending on the criteria established by ODOT, this provision could result in costs to the Highway Operating Fund (Fund 7002) to pay for planning, analysis, and costs to install the new signs. Most of these costs would presumably be spent from line item 771411 and line item 771412.

Eastern Bypass Report

H.B. 26 requires ODOT to provide a report on the Eastern Bypass of Southwest Ohio and Greater Cincinnati area to the President of the Senate and Speaker of the House of Representatives by December 31, 2017. The report is to collaborate with the study conducted by the state of Kentucky, which seeks to review the previous analysis and recommendations concerning the Brent Spence Bridge and related traffic management improvements. This could result in some additional administrative costs to the Planning Division within ODOT, although the costs would likely be absorbed as part of the ongoing operating expenses of the Division.

Category 3: Public Transportation

This category of appropriations funds ODOT's Office of Transit, which provides capital, operating, technical, and planning assistance to the 61 transit systems receiving state assistance. Of the 61 transit systems, 27 systems are in urban areas and 34 are in rural areas. Data gathered by ODOT show that over 112 million passenger trips were provided by the state's transit systems during CY 2015. In rural areas, many public transit services are used heavily by senior citizens and the disabled. Table 12 shows appropriations for public transit included in the transportation budget bill. Funding is also provided from the state GRF, which is appropriated under H.B. 49, the main operating budget act.

Table 12. Appropriations for Public Transportation				
Fund	ALI	ALI Name	FY 2018	FY 2019
Highway Operating Fund Group				
7002	775452	Public Transportation – Federal	\$33,232,549	\$33,232,549
7002	772422	Highway Construction – Federal	\$33,000,000	\$33,000,000
7002	775454	Public Transportation – Other	\$1,500,000	\$1,500,000
Total Funding: Public Transportation			\$67,732,549	\$67,732,549

The appropriations in this bill support various purposes relating to public transit in the state. Table 13 below breaks down the ODOT program funding allocations to utilize the funding appropriated in H.B. 26. More information about each program is provided below the table.

Table 13. ODOT Public Transportation Program Allocations in H.B. 26 FY 2018-FY 2019 (in \$ millions)			
Program	Line Item	FY 2018-FY 2019 Biennium Total	% of Total
Public Transit Assistance	772422	\$66.0	48.7%
	775452	\$56.0	41.4%
	Total – Program	\$122.0	90.1%
Specialized Transportation	775452	\$8.7	6.4%
	775454	\$3.0	2.2%
	Total – Program	\$11.7	8.6%
Technical Assistance	772452	\$1.7	1.3%
	Total – Program	\$1.7	1.3%
TOTAL ALL PROGRAMS		\$135.5	100.0%

Public Transit Assistance Program (772422 and 775452)

Appropriations to support this program amount to \$122.0 million over the FY 2018-FY 2019 biennium. Services under this program are funded by two types of federal funding: (1) formula aid that arrives to ODOT from the Federal Transit Agency (FTA) and spent through line item 775452, and (2) funding originally slated for highways that the FHWA allows states to "flex" out as public transit support and allocated through line item 772422. Ultimately, the federal funding under this program provides subsidy assistance to transit systems in the form of both operating costs and capital purchases.

Ohio Public Transportation Grant Program. The money for this program in H.B. 26 mainly supports medium-sized urban systems. The program awards grants to transit systems to cover wages, fuel, insurance, training, and vehicle and facility maintenance, as well as for planning assistance and capital purchases. Funds are allocated to transit systems based on the number of passengers transported, miles traveled, cost per mile, and the amount of local funds contributed. Capital items that are covered under the grant program include purchasing transit vehicles, computer equipment, and the construction of transit buildings. The program also typically supports small urban and rural transit systems as well. However, this funding derives from the GRF, which is appropriated in the main operating budget bill.

Ohio Transit Preservation Partnership Program. This program is mainly used by the eight largest transit agencies in the state, taking advantage of the flexible FHWA funding of \$33 million per year. The federal funding requires a 20% local match, with the larger transit agencies most often able to provide this match. The program is generally used for capital costs, to replace transit vehicles, and assist with facilities.

The program money is usually split into two pots – one (smaller) amount of funding that is allocated to transit systems by formula, and a larger amount of funding that is competitively distributed as grants. In prior years, the split was \$6 million for formula and \$17 million competitive, but since the total amount is increasing to \$33 million per year for the biennium, using the same proportions, around \$10 million will be for formula and the remaining \$23 million will be competitively awarded.

Various FTA Grant Programs. FTA funds pass through ODOT to transit systems for other specific purposes, including rural formula grants, bus and bus facilities grants, and capital investment grants. Local match and other requirements are set on a program-by-program basis.

Specialized Transportation Program (775452 and 775454)

This program receives about \$4.4 million per year in FTA funding through line item 775452, used to help transit systems purchase vehicles for urban and rural nonprofit agencies providing transportation services to the elderly and people with

disabilities. A 20% local match is required, the funds for which are deposited into the Highway Operating Fund (Fund 7002) and expended through line item 775454. ODOT is recognized as the recipient of the federal funds and is required to oversee their distribution and subsequent investment in local transportation services. Thus, ODOT purchases the vehicles on behalf of the recipient agencies and receives reimbursement from the FTA.

Ohio Technical Assistance Program (775452)

This program provides funding to public entities to assist in the coordination of service, or for other purposes like contract rate analysis, the establishment of an operating service plan, and the development of transit materials for employees of systems and citizens. ODOT staff and contractors serve as consultants to public transit systems, offer guidance on ODOT grant programs, and conduct program reviews and quality assurance reviews, site visits, and training workshops. This includes oversight of the rail fixed guideway systems.

Related Provisions

Rail Fixed Guideway Systems Oversight Costs

The bill prohibits a rail fixed guideway system from providing funding to ODOT for the Department's duties relating to overseeing the systems' safety practices. This provision appears to clarify the state law to comply with FTA requirements. The two transit systems in the state that have rail systems are in the Cincinnati and Cleveland metropolitan areas, and are operated by the Southwest Ohio Regional Transit Authority (SORTA) and the Greater Cleveland Regional Transit Authority (GCRTA), respectively.

Transit Support Language

Temporary law continuing from previous biennia allows ODOT to use Ohio MFT revenue to match approved federal grants awarded to the Department, regional transit authorities, or eligible public transportation systems, for public transportation highway purposes, or to support local or state-funded projects for public transportation highway purposes. Under the Ohio Constitution, state MFT revenues may not be used for operating assistance or for the purchase of vehicles, equipment, or maintenance facilities.

Category 4: Rail

Rail transportation funding is administered by the Ohio Rail Development Commission (ORDC), an independent commission within ODOT. ORDC's programs funded in H.B. 26 support economic development and rail-highway safety, including equipment upgrades and removal of hazardous rail crossings. ORDC also has historically received GRF funding in the main operating budget bill, used for administrative expenses as well as additional financial assistance to railroads, businesses, and communities for rail-related infrastructure.

Table 14. Appropriations for Rail				
Fund	ALI	ALI Name	FY 2018	FY 2019
Highway Operating Fund Group				
7002	776462	Grade Crossing – Federal	\$14,172,000	\$14,172,000
7002	772421	Highway Construction – State	\$1,131,000	\$1,131,000
7002	772422	Highway Construction – Federal	\$1,000,000	\$1,000,000
Highway Operating Fund Group Subtotal			\$16,303,000	\$16,303,000
Dedicated Purpose Fund Group				
4N40	776664	Rail Transportation – Other	\$3,875,800	\$2,875,800
Dedicated Purpose Fund Group Subtotal			\$3,875,800	\$2,875,800
Total Funding: Rail			\$20,178,800	\$19,178,800

Rail Safety

Grade Crossing – Federal (776462)

The FY 2018-FY 2019 transportation budget includes \$14.2 million in each year for this line item. This appropriation constitutes about 72% of the funding in the rail transportation category. It provides federal funds for eliminating hazards at highway-railroad grade crossings by installing flashing lights and gates, closing and consolidating crossings, constructing grade separations, and resurfacing grade crossings. Implementing these safety measures helps to eliminate collisions between vehicles and trains.

According to the Railroad Information System, a database that is maintained by ORDC and the Public Utilities Commission of Ohio that contains a comprehensive listing of highway-railroad grade crossings in the state, there are around 5,750 public, at-grade crossings open to traffic. Of this amount, approximately 3,250 (56.5%) have lights and gates, 600 (10.4%) have lights only, and the remaining 1,900 (33%) have neither lights nor gates.

ORDC uses these funds to operate four grade crossing safety programs: (1) a formula-based program, allocated by statewide hazard rankings, (2) a corridor-based program, under which stretches of track with multiple grade crossings receive upgrades and improvements, including closures of redundant crossings, (3) a constituent-identified program, based on referrals from county task forces, railroads, local governments, county engineers, and ODOT districts to identify hazards and locations where warning device upgrades may be necessary, and finally (4) a preemptive program to interconnect grade crossings and nearby highway traffic signals so that the normal sequence of a traffic signal is interrupted to clear the grade crossing area of vehicular traffic before a train arrives. In total, ORDC initiated 138 projects under the programs in FY 2015 and FY 2016.

Highway Construction (772421 and 772422)

H.B. 26 supplements the federal funding for grade crossing safety with about \$2.1 million per fiscal year in state motor fuel tax and federal highway funds appropriated under line items 772421 and 772422. The state funding of \$1.1 million is consistent with prior fiscal years; however, the \$1.0 million in annual federal funding provided under the latter line item is new to the FY 2018-FY 2019 biennium.

Rail Transportation – Other (776664)

H.B. 26 provides approximately \$3.9 million in FY 2018 and \$2.9 million in FY 2019 for line item 776664. This funding is used by ORDC to award subsidies to railroads, businesses, and communities for projects under the Rail Development Grant and Loan Program. This line item provides for the loan component of the program. The loans support the rehabilitation of rail lines, the construction of rail interchanges or connections, maintenance of rail properties purchased by the state, as well as the acquisition of rail transportation or rail property. Grants for these same purposes are provided through GRF line item 776465, Rail Development, under H.B. 49, the main operating budget act for the FY 2018-FY 2019 biennium. H.B. 49 provides about \$1.0 million each year for such grants.

Category 5: Aviation

This category of appropriations supports the operations of the Office of Aviation and the Ohio/Indiana Unmanned Aircraft Systems (UAS) Center. These appropriations are typically supplemented with GRF funding appropriated in the main operating budget bill each General Assembly.

Table 15. Appropriations for Aviation				
Fund	ALI	ALI Name	FY 2018	FY 2019
Highway Operating Fund Group				
7002	777475	Aviation Administration	\$6,420,000	\$6,610,000
2130	777477	Aviation Infrastructure Bank – State	\$2,000,000	\$2,000,000
7002	777472	Airport Improvements – Federal	\$405,000	\$405,000
Highway Operating Fund Group Subtotal			\$8,825,000	\$9,015,000
Dedicated Purpose Fund Group				
5W90	777615	County Airport Maintenance	\$620,000	\$620,000
Dedicated Purpose Fund Group Subtotal			\$620,000	\$620,000
Total Funding: Aviation			\$9,445,000	\$9,635,000

Aviation Administration (777475)

This line item, along with a portion of a GRF allocation funded under H.B. 49, funds the activities of both the Office of Aviation and the UAS Center. The transportation budget bill includes appropriations of \$6.4 million in FY 2018 and \$6.6 million in FY 2019 for the line item.

Office of Aviation

About \$4.9 million in FY 2018 and \$5.1 million in FY 2019 supports the Office of Aviation, which is responsible for (1) maintaining the state's aircraft fleet, (2) working with airports to meet national safety standards and coordinating with the Federal Aviation Administration (FAA), (3) allocating funding to local airports to make infrastructure improvements under the Ohio Airport Grant Program, and (4) registering aircraft.

ODOT aircraft are used to transport state officials, including the Governor, legislators, and state personnel on official business, and to perform ODOT missions such as aerial photography, emergency management, forestry missions, homeland security, prisoner transfers, Department of Natural Resources (DNR) missions, wild animal inoculations, and assisting in marijuana eradication. ODOT maintains a fleet of 25 state aircraft, which includes 17 owned by the Ohio State Highway Patrol, three by DNR, and five by ODOT itself. Any costs arising from nonhighway use of the aircraft, such as special mission flights for DNR, the Department of Public Safety, or other state

agencies, must be reimbursed to ODOT. The line item also funds the oversight of about 8,000 FAA-registered general aviation aircraft based in Ohio.

Ohio/Indiana UAS Center

Approximately \$1.5 million pays the operating costs of the Center, which was established in 2013 under ODOT, but in partnership with the state of Indiana. Located in Springfield, Ohio, the UAS Center has developed partnerships and agreements with several other entities, including local and state government agencies, academia, and industry organizations. Their work has two purposes: (1) supporting UAS research and development by seeking the approval and certification of FAA uses and operations, and (2) advancing the commercialization of UAS technology through testing, evaluation, and FAA certification of systems or system components. The UAS Center has five ODOT employees at the present time.

Aviation Infrastructure Bank – State (777477)

This line item supports the Aviation Infrastructure Bank Loan Program, which provides an additional resource that publicly owned airports may use to fund aviation projects. Like the Transit Infrastructure Bank loans, the Aviation Infrastructure Bank Loan Program is a component of the State Infrastructure Bank (SIB) Program. Moneys from an initial program capitalization of GRF, federal, and motor fuel tax funds allow the program to operate as a revolving loan program. The line items are used to provide low-interest loans to local governments to fund either aviation capital improvement projects at 100% or to match available federal funding. H.B. 26 provides \$2.0 million each fiscal year for Aviation Infrastructure Bank loans, equal to the amounts appropriated in FY 2016 and FY 2017. Since the program's inception, \$28.4 million in loans has been authorized for 14 aviation projects.

Ohio Airport Grant Program (777615 and 777472)

These line items fund the non-GRF component of the Ohio Airport Grant Program, providing funds to publicly owned airports for pavement maintenance and obstruction removal. In all, the transportation budget bill contains just over \$1 million in each of FY 2018 and FY 2019 for the program. The GRF program funding is contained in H.B. 49.

Grants under the program cover 90% of the cost of obstruction removal or pavement resurfacing or reconstruction, not including project design expenses. There are currently 96 publicly owned airports eligible for these grants. In FY 2016, the program awarded 14 grants totaling approximately \$4.2 million.

The non-GRF state funding, appropriated through line item 777615, derives from a general aviation license tax of \$15 per aircraft seat and an annual flat rate of \$15 for gliders and balloons that is deposited into the Airport Assistance Fund (Fund 5W90).

Fund 5W90 received around \$470,000 in revenues from these sources in FY 2016. The bill includes funding of \$620,000 in each fiscal year for the line item.

The federal funding contained in line item 777472 is used any time the FAA awards funding to ODOT to support this purpose. H.B. 26 provides \$405,000 annually for this line item, the same amounts as in FY 2016 and FY 2017.

Related Provision

Annual Reporting of Local Airport Spending

The bill requires all counties and regional transit authorities to provide an annual report to ODOT and the Department of Taxation on local spending for airports. The spending is to include any airport-related capital and operating costs, or other airport-related activities, in the prior fiscal year. This could result in an increase in administrative costs to the affected local government entities to comply with this permanent law provision.

Category 6: Debt Service

This category of appropriations provides funding for debt service on bonds issued to pay for highway construction and maintenance, as well as other infrastructure projects under the State Infrastructure Bank. In addition to the appropriations in H.B. 26 and listed in the table below, H.B. 49 includes appropriations for debt service payments on state highway bonds under the budget of the Commissioners of the Sinking Fund. To pay this debt service, funding is transferred out of the Highway Operating Fund (Fund 7002) to the Highway Capital Improvement Bond Retirement Fund (Fund 7072).

Table 16. Appropriations for Debt Service				
Fund	ALI	ALI Name	FY 2018	FY 2019
Highway Operating Fund Group				
7002	772438	Major New State Infrastructure Bond Debt Service – Federal	\$137,960,800	\$155,599,300
7002	772437	Major New State Infrastructure Bond Debt Service – State	\$22,265,500	\$25,398,100
7002	770003	Transportation Facilities Lease Rental Bond Payments	\$11,155,700	\$17,656,700
2130	772433	Infrastructure Debt Reserve – State	\$650,000	\$650,000
2120	772430	Infrastructure Debt Reserve Title 23-49	\$525,000	\$525,000
Total Funding: Debt Service			\$172,557,000	\$199,829,100

Federal GARVEE Bond Debt Service (772437 and 772438)

Appropriation items 772438 and 772437 provide the annual debt service for the next two years to pay principal and interest on outstanding GARVEE bonds as of the end of FY 2016. Issuing GARVEE bonds allows the state to finance qualified construction projects using the expected federal motor fuel tax revenues distributed from the federal Highway Trust Fund. The state share of debt service, supported by the Ohio motor fuel tax and other highway-related revenues, is paid through line item 772437. Overall, H.B. 26 provides \$341.2 million in appropriations under these line items in the FY 2018-FY 2019 biennium.

Transportation Facilities Lease Rental Bond Payments (770003)

This line item is appropriated around \$28.8 million in total over the biennium. This represents the amount required to cover debt service payments on the bonds issued for the rehabilitation and construction of ODOT facilities. Approximately \$84.3 million in bonds were issued by the state in January 2015 for this purpose, the proceeds of which are to fund improvements to between 15 and 25 of ODOT's full-service maintenance facilities, outposts, and supply storage facilities statewide.

**Infrastructure Debt Reserve – State and Infrastructure Debt Reserve Title 23-49
(772433 and 772430)**

Appropriation items 772433 and 772430 both pay debt service on bonds that were issued in the mid-2000s by the state to capitalize the State Infrastructure Bank (SIB) Program. A total of \$10.0 million in bonds were issued, the proceeds of which were used to make loans to political subdivisions for transportation infrastructure projects. Revenue from the loan repayments is used to make the debt service payments. Between the two line items, H.B. 26 appropriates \$1.2 million in each fiscal year for these purposes.

Category 7: Administration

The appropriation under this category provides for the management support of all the Department's programs.

Table 17. Appropriations for Administration				
Fund	ALI	ALI Name	FY 2018	FY 2019
Highway Operating Fund Group				
7002	779491	Administration – State	\$98,180,000	\$99,600,000
Total Funding: Administration			\$98,180,000	\$99,600,000

Administration – State (779491)

This line item provides the management support needed to administer the Department's programs, including the Director's executive leadership staff, quality and human resources, financing and forecasting, information technology, and local programs. The line item supports approximately 419 FTE positions with an operating program budget of about \$197.8 million over the FY 2018-FY 2019 biennium (\$98.2 million in FY 2018 and \$99.6 million in FY 2019). FY 2017 spending on these functions was \$94.1 million.

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FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2016	FY 2017	Appropriation FY 2018	FY 2017 to FY 2018 % Change	Appropriation FY 2019	FY 2018 to FY 2019 % Change
Report For Transportation Budget								
Version: As Enacted								
DOT Department of Transportation								
2120	772426	Highway Infrastructure Bank - Federal	\$ 7,891,888	\$ 18,653,977	\$ 3,500,000	-81.24%	\$ 3,500,000	0.00%
2120	772427	Highway Infrastructure Bank - State	\$ 11,166,138	\$ 25,497,021	\$ 9,825,000	-61.47%	\$ 9,825,000	0.00%
2120	772430	Infrastructure Debt Reserve Title 23-49	\$ 553,273	\$ 550,697	\$ 525,000	-4.67%	\$ 525,000	0.00%
2130	772431	Roadway Infrastructure Bank - State	\$ 446,993	\$ 3,319,433	\$ 3,500,000	5.44%	\$ 3,500,000	0.00%
2130	772433	Infrastructure Debt Reserve - State	\$ 531,120	\$ 529,130	\$ 650,000	22.84%	\$ 650,000	0.00%
2130	777477	Aviation Infrastructure Bank - State	\$ 116,656	\$ 446,783	\$ 2,000,000	347.64%	\$ 2,000,000	0.00%
7002	770003	Transportation Facilities Lease Rental Bond Payments	\$ 8,182,639	\$ 8,154,488	\$ 11,155,700	36.80%	\$ 17,656,700	58.28%
7002	771411	Planning and Research - State	\$ 20,286,362	\$ 23,934,042	\$ 26,279,451	9.80%	\$ 26,934,801	2.49%
7002	771412	Planning and Research - Federal	\$ 32,448,172	\$ 36,010,132	\$ 38,094,971	5.79%	\$ 38,884,608	2.07%
7002	772421	Highway Construction - State	\$ 586,106,237	\$ 558,663,946	\$ 515,893,440	-7.66%	\$ 488,054,447	-5.40%
7002	772422	Highway Construction - Federal	\$ 1,176,824,518	\$ 1,241,252,129	\$ 1,194,997,789	-3.73%	\$ 1,213,432,221	1.54%
7002	772424	Highway Construction - Other	\$ 92,077,193	\$ 77,679,146	\$ 80,000,000	2.99%	\$ 80,000,000	0.00%
7002	772425	Highway Construction - Turnpike	\$ 310,674,538	\$ 209,528,095	\$ 0	N/A	\$ 0	N/A
7002	772437	Major New State Infrastructure Bond Debt Service - State	\$ 25,787,732	\$ 24,635,747	\$ 22,265,500	-9.62%	\$ 25,398,100	14.07%
7002	772438	Major New State Infrastructure Bond Debt Service - Federal	\$ 150,614,228	\$ 126,005,109	\$ 137,960,800	9.49%	\$ 155,599,300	12.79%
7002	772454	Department of Agriculture - Federal	\$ 60,693	\$ 0	\$ 0	N/A	\$ 0	N/A
7002	773431	Highway Maintenance - State	\$ 544,906,515	\$ 498,638,872	\$ 552,255,739	10.75%	\$ 565,762,658	2.45%
7002	775452	Public Transportation - Federal	\$ 29,851,473	\$ 31,858,963	\$ 33,232,549	4.31%	\$ 33,232,549	0.00%
7002	775454	Public Transportation - Other	\$ 1,114,493	\$ 709,934	\$ 1,500,000	111.29%	\$ 1,500,000	0.00%
7002	775459	Elderly and Disabled Special Equipment	\$ 3,140,614	\$ 149,193	\$ 0	N/A	\$ 0	N/A
7002	776462	Grade Crossings - Federal	\$ 10,473,790	\$ 11,226,606	\$ 14,172,000	26.24%	\$ 14,172,000	0.00%
7002	777472	Airport Improvements-Federal	\$ 58,268	\$ 0	\$ 405,000	N/A	\$ 405,000	0.00%
7002	777475	Aviation Administration	\$ 4,839,539	\$ 5,686,967	\$ 6,420,000	12.89%	\$ 6,610,000	2.96%
7002	779491	Administration - State	\$ 84,161,258	\$ 94,100,612	\$ 98,180,000	4.34%	\$ 99,600,000	1.45%
Highway Operating Fund Group Total			\$ 3,102,314,333	\$ 2,997,231,022	\$ 2,752,812,939	-8.15%	\$ 2,787,242,384	1.25%

FY 2018 - FY 2019 Final Appropriation Amounts

All Fund Groups

Line Item Detail by Agency

			FY 2016	FY 2017	Appropriation FY 2018	FY 2017 to FY 2018 % Change	Appropriation FY 2019	FY 2018 to FY 2019 % Change
DOT Department of Transportation								
4N40	776664	Rail Transportation - Other	\$ 2,771,070	\$ 1,270,763	\$ 3,875,800	205.00%	\$ 2,875,800	-25.80%
5W90	777615	County Airport Maintenance	\$ 117,063	\$ 313,127	\$ 620,000	98.00%	\$ 620,000	0.00%
Dedicated Purpose Fund Group Total			\$ 2,888,133	\$ 1,583,890	\$ 4,495,800	183.85%	\$ 3,495,800	-22.24%
7042	772723	Highway Construction - Bonds	\$ 202,351,987	\$ 153,046,508	\$ 147,432,354	-3.67%	\$ 207,985,476	41.07%
7045	772428	Highway Infrastructure Bank - Bonds	\$ 111,124,484	\$ 140,828,938	\$ 404,960,585	187.55%	\$ 187,239,264	-53.76%
Capital Projects Fund Group Total			\$ 313,476,470	\$ 293,875,445	\$ 552,392,939	87.97%	\$ 395,224,740	-28.45%
3B90	776662	Rail Transportation - Federal	\$ 34,000	\$0	\$0	N/A	\$0	N/A
Federal Fund Group Total			\$ 34,000	\$0	\$0	N/A	\$0	N/A
Department of Transportation Total			\$ 3,418,712,937	\$ 3,292,690,357	\$ 3,309,701,678	0.52%	\$ 3,185,962,924	-3.74%