

Transportation Budget Bill

*Jonathan Lee, Budget Analyst
Sean Fouts, Budget Analyst
Allison Thomas, Economist*

Legislative Service Commission

March 2003

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LSC Redbook
for the
Transportation Budget Bill

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Transportation Budget Bill Overview

- Transportation Bill includes increases in the motor fuel tax and in motor vehicle fees
- Total biennial funding for all agencies is \$5.9 billion
- PWC will implement program years 17 and 18 of the SCIP and LTIP Programs
- Public Safety may receive federal Homeland Security Grants

OVERVIEW

Introduction

This transportation budget bill redbook provides an overview of the budgetary priorities of the Department of Transportation (ODOT), the Department of Public Safety (DPS), the Public Works Commission (PWC), and a brief section on the Department of Development (DEV). The format for this analysis includes an overview of each agency, an analysis of funding recommendations, facts and figures, new law provisions, line item descriptions, and appropriation spreadsheets.

The agencies in the Transportation bill are responsible for construction and maintenance of Ohio's state and local transportation systems, funding local infrastructure projects, and ensuring the public's safety. In the fiscal year (FY) 2002-2003 biennium, several major state highway construction projects were completed, homeland security efforts were heightened, and \$211 million in local infrastructure projects were completed. Still, each agency is faced with new challenges in the FY 2004-2005 biennium, such as Public Safety's response to increased terrorist threats after September 11, 2001, such as bioterrorism, weapons of mass destruction, and increased security at state buildings, ODOT's emphasis on maintaining its declining major/new construction program and ensuring an equitable distribution of federal funds, and PWC's implementation of the Clean Ohio Program.

The Transportation Bill

The transportation bill contains recommended funding levels of \$2.97 billion per fiscal year for a total of \$5.9 billion for the FY 2004-2005 biennium, representing an increase of approximately 6% over FY 2002-2003 appropriations. The Ohio Department of Transportation's recommended transportation budget is approximately \$4.59 billion for the biennium, representing a slight increase of .5% above FY 2002-2003 appropriations. The Department of Transportation's budget includes increases in highway construction. These increases are in line with the Governor's transportation financing plan, which calls for a six cent motor fuel tax increase phased in two cents per year over three years. Without this plan, ODOT's estimated budget would be approximately 11% less than FY 2002-2003 appropriations. Also, federal highway revenues are expected to be \$37 million less than FY 2002-2003 biennium levels, and future federal funding levels are uncertain with the expiration of TEA-21 later this year.

Transportation Budget Bill Overview

Public Safety's recommended budget is approximately \$1.19 billion for the biennium, representing an increase of 41% over FY 2002-2003 appropriations. This increase is largely due to a recommended 506% increase in spending authority in line item 763-647, Emergency Management and Training, for the pass through of federal Homeland Security Grants. However, the actual amount of these Homeland Security grants that will be received throughout the biennium is uncertain.

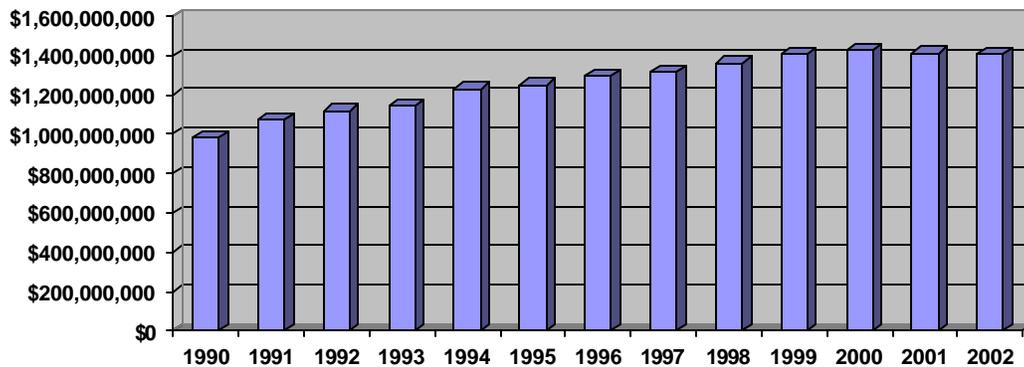
Public Works' recommended budget is approximately \$137 million for the biennium, representing a 10% decrease from past appropriations. Finally, the bill includes no change to Development's Road Work Development Fund. This fund provides grant funding to businesses for road improvements in order to retain and/or attract business in Ohio. The table below displays the appropriations in the transportation bill by fund per fiscal year.

Transportation Bill Appropriations

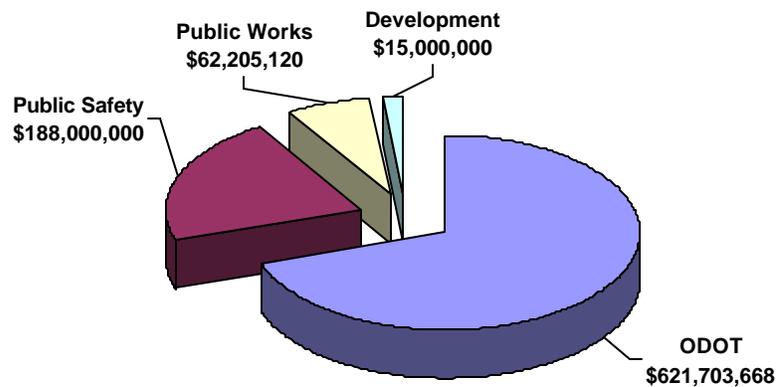
	FY 2004	FY 2005
TRANSPORTATION		
Highway Operating Fund Group	\$ 2,045,828,680	\$ 2,023,156,400
Highway Capital Improvement Fund Group	\$ 220,000,000	\$ 220,000,000
Infrastructure Bank Obligations Fund Group	\$ 40,000,000	\$ 40,000,000
State Special Revenue Fund Group	\$ 5,000	\$ 5,000
TOTAL - Transportation	\$ 2,305,833,680	\$ 2,283,161,400
PUBLIC SAFETY		
State Highway Safety Fund Group	\$ 433,262,417	\$ 449,298,898
Federal Special Revenue Fund Group	\$ 135,191,504	\$ 133,200,504
Liquor Control Fund Group Total	\$ 9,644,288	\$ 9,825,597
General Services Fund Group	\$ 8,928,600	\$ 8,933,656
State Special Revenue Fund Group	\$ 2,228,523	\$ 2,295,523
Holding Account Redistribution Fund Group	\$ 2,135,000	\$ 2,135,000
Agency Fund Group Total	\$ 100,000	\$ 100,000
TOTAL - Public Safety	\$ 591,490,332	\$ 605,789,178
PUBLIC WORKS COMMISSION		
Local Transportation Improvements Fund Group	\$ 67,791,946	\$ 67,798,441
Local Infrastructure Improvements Fund Group	\$ 884,239	\$ 906,324
TOTAL - Public Works Commission	\$ 68,676,185	\$ 68,704,765
DEVELOPMENT		
State Special Revenue Fund Group	\$ 12,699,900	\$ 12,699,900
TOTAL - Development	\$ 12,699,900	\$ 12,699,900
TOTAL - Transportation Budget Bill	\$ 2,978,700,097	\$ 2,970,355,243
TOTAL - FY 2004-2005 Biennium	\$5,949,055,340	

State Motor Vehicle Fuel Tax

Common among the agencies in the Transportation bill is the reliance on the revenues generated from the Motor Fuel Tax. Recently, consumption has declined resulting in less revenue. Revenues have decreased 1% per year since 2001, whereas from 1997 to 2000, revenues were increasing 2% per year. Increased bond repayments, increased agency draws on the fuel tax, use of alternative modes of transportation, seasonal demand, business cycles, hikes in petroleum prices, and improvements in automobile fuel efficiency may be contributing factors to its decline. The chart below displays the net motor fuel tax collected from FY 1990 to FY 2002. Revenues were reported¹ at \$1.427 billion in FY 2000, \$1.414 billion in FY 2001, and \$1.410 billion in FY 2002.



The chart below displays the total amount of FY 2002 motor fuel tax receipts each agency was apportioned².



¹ Source: Ohio Department of Taxation.

² Source: Office of Budget and Management. Amounts may differ slightly from ODOT and Taxation figures due to reporting on an accrual basis or reporting actual cash distributions.

Transportation Financing Plan

The Governor's transportation financing plan calls for a phased-in motor fuel tax increase of two cents per year for three years and an increase in motor vehicle fees. The plan is based on recent recommendations from the Motor Fuel Tax Task Force³, which studied the adequacy and distribution of the motor fuel tax during 2002. According to OBM, when fully phased in, motor fuel tax increases are expected to generate \$250 million annually for ten years for the state's highway construction program, and \$289 million for local government road and bridge projects. ODOT indicates that more state dollars would allow Ohio to divert some of the flexible federal dollars to mass transit projects. Without the plan, ODOT estimates that the state would only be able to pay for 46% of scheduled highway projects; projects in all of Ohio's major cities estimated to cost \$3.45 billion, and several US route projects estimated to cost \$1.7 billion.

The six cent per gallon motor fuel tax increase is implemented as follows:

- 2 cent per gallon increase, effective July 1, 2003;
- 2 cent per gallon increase, effective July 1, 2004;
- 2 cent per gallon increase, effective July 1, 2005.

Motor vehicle fee increases are expected to generate \$175 million annually, and will be used to fund the Highway Patrol instead of the motor fuel tax.

The proposed motor vehicle fees are as follows:

- \$5 additional fee for all drivers' license transactions;
- \$5 additional fee for vehicle registrations;
- \$15 additional fee for vehicle titling transactions (excluding memorandum titles).

³ The Motor Fuel Tax Task Force made the following recommendations: address Ohio's donor state status, provide additional revenue for state and local government road and bridges, use motor fuel tax revenues for the state transportation system only, dedicate the Highway Patrol's motor fuel tax allocation entirely to local governments, adjust motor vehicle registration fees for inflation, reevaluate current force account levels, address the federal ethanol tax penalty.

Transportation Budget Bill

Ohio Department of Transportation

*Jonathan Lee, Budget Analyst
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March 2003

Department of Transportation

- Transportation budget of \$4.59 billion with expected motor fuel tax revenue increases in Highway Construction program series 2
- Maintenance costs rising; highway construction expenditures declining
- Highway and bridge conditions rated in good condition
- TEA-21 set to expire in September 2003

OVERVIEW

The Agency

The Ohio Department of Transportation's mission is to provide a world-class transportation system linking Ohio to a global economy while preserving the state's unique character and enhancing its quality of life. Compared to the national highway system, Ohio has the ninth largest highway system, the fifth largest interstate system, and the second largest number of bridges. A Director and a staff of approximately 6,000 employees oversee and coordinate the agency's responsibilities of planning, building, and maintaining a system of highways, bridges, airports, and railways. The primary funding sources for ODOT include state and federal motor fuel taxes⁴ and bonds.⁵ The Department of Transportation also receives revenues from other sources such as registration fees, fuel use tax revenues, and the General Revenue Fund (GRF). Since last biennium, ODOT has completed several major construction projects; measured highway trends and congestion; designed a new project management system; implemented intelligent transportation system projects; improved and expanded its contracting, partnering, and project delivery methods; and revised its material testing process.

FY 2004-2005 Budget

The Department of Transportation's recommended biennial transportation budget of \$4.59 billion provides for full funding for ODOT's eight program series with increases in the Highway Construction Program. Construction increases are in line with the Governor's transportation financing plan, which calls for a phased in motor fuel tax increase of two cents per year for three years and increases in motor vehicle fees. According to OBM, when fully funded, the six cent increase is estimated to provide ODOT with \$250 million annually for ten years, and local governments with an additional \$289 million annually.

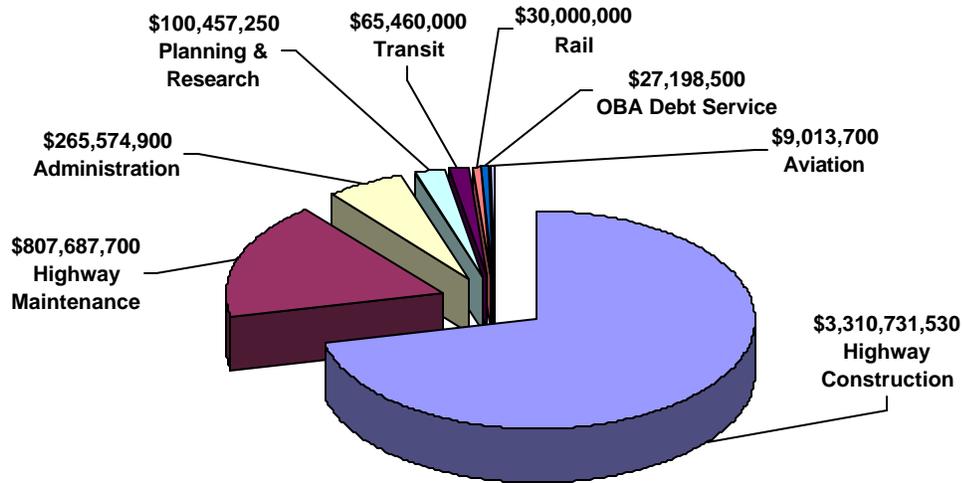
⁴ The state motor fuel tax is currently 22 cents per gallon (cpg) for gasoline and diesel, and the federal motor fuel tax is 18.4 cpg (24.4 cpg for diesel).

⁵ ODOT has the authority to sell highway obligation bonds (2i bonds – limited to issuances of \$100 million per year with a debt ceiling of \$500 million), highway capital improvement bonds (2m bonds – limited to \$220 million per year with a debt ceiling of \$1.2 billion), and Grant Anticipated Revenue Vehicles bonds (GARVEE). GARVEE bonds are issued based on Ohio's anticipated future federal funding and federal dollars are used to pay the debt service. Debt service on 2i and 2m bonds are paid only with motor fuel taxes, and no federal dollars, local government moneys, or GRF dollars are used to pay debt service on these bonds.

However, without the Executive’s proposed FY 2004-2005 financing plan, ODOT prepares for a decreased capital program, rising operating expenses, limited bond issuances, and increased maintenance needs. These preparations are amid uncertainties in motor fuel tax revenue growth, concerns regarding the expiration of TEA-21 in September 2003, and continued efforts to limit the loss of federal revenues for highways and transit due to Ohio’s “donor state”⁶ status and ethanol penalty⁷. Complicating matters more is Ohio’s potential future loss of federal highway dollars from federal sanctions for failure to adopt commercial driver’s license (CDL) regulatory requirements and failure to reduce blood alcohol levels to .08% as a threshold for driving under the influence of alcohol.

The chart below displays ODOT’s FY 2004-2005 appropriations per program series. Further explanation of each program series is provided in the Analysis of Executive Proposal.

FY 2004-2005 Recommended Appropriations per ODOT Program Series



⁶ Federal distribution formulas require ODOT to pay more into the Highway Trust Fund (Highway Account) than it actually receives, resulting in an annual loss of approximately \$140 million annually.

⁷ Since ethanol blended gasoline sold in Ohio is taxed at 13 cents instead of 18.4 cents, Ohio motorists end up paying less in gas tax, yet there is 5.4 cents less contributed to the Highway Trust Fund, resulting in an annual loss of approximately \$160 million.

ANALYSIS OF EXECUTIVE PROPOSAL

This analysis focuses on eight out of nine program series within the Ohio Department of Transportation. Program Series 4 (Intermodal Transportation) is funded by the GRF and is not included in this analysis. The program series for this analysis include the following:

- **Planning & Research**
- **Highway Construction**
- **Highway Maintenance**
- **Public Transportation**
- **Rail Transportation**
- **Aviation**
- **Administration**
- **Debt Service Payments**

Planning & Research

Program Series 1

Program Description: Provides for planning infrastructure investments and research on new materials and methods. Over 80% of the program’s dollars are used for transportation planning with the balance for highway research. Seventy-eight full-time employees carry out the objectives of this program.

Funding Sources: Federal funds (771-412), Motor Fuel Tax and other highway related revenues (771-411)

Line Items: The following table displays the Executive’s recommended funding levels of *all* line items in this program series. No GRF supports this program. See ODOT’s Catalog of Budget Line items (COBLI) for additional detail.

Fund	ALI	Title	FY 2004	FY 2005
002	771-412	Planning & Research – Federal	\$35,193,300	\$35,644,900
002	771-411	Planning & Research – State	\$14,548,950	\$15,070,100
Total funding: Planning & Research			\$49,742,250	\$50,715,000

Implications of the Executive’s recommendations: Full funding. Funding will allow ODOT to support federally mandated planning processes and continue existing service levels.

Highway Construction

Program Series 2

Program Description: Provides for design, right-of-way purchases, building, and rehabilitation of Ohio’s highway system. About 77% of the program is devoted to pavement resurfacing and rehabilitation, major/new construction, and highway bridges and culverts. The balance provides for local government projects, safety improvements/upgrades, rest area upgrades/construction, enhancement projects, public access roads to state facilities, and noise wall retrofits. In FY 2002, ODOT awarded \$1.25 billion construction contract awards. Approximately 1,400 employees carry out the objectives of this program.

Highway & Bridge Conditions: The Department of Transportation reports the overall condition of the state highway system is currently in good condition. Pavement condition ratings indicate 96% of lane miles are rated as acceptable, yet the limited life of rehabilitation improvements necessitates major base repairs in the near future. Also, bridges are reported in good condition. Bridge deficiencies have declined from 1997 to 2002, largely in areas of paint and general appraisals. Deficiencies in bridge floors and wearing surfaces have remained relatively stable.

Funding: Motor fuel tax and other related highway revenues (772-422) and (772-427); Federal funds (772-421), (770-005), (772-423), and (772-426); Bond proceeds (772-723); local government shares (772-424)

Line Item Summary: The following table displays the Executive’s recommended funding levels of all the line items in this program series. No GRF supports this program. See ODOT’s Catalog of Budget Line items (COBLI) for additional information.

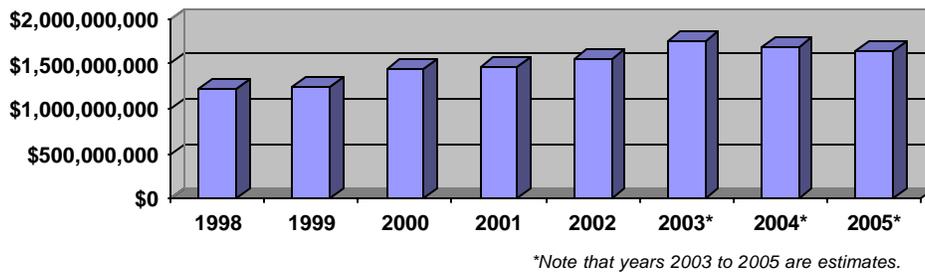
Fund	ALI	Title	FY 2004	FY 2005
002	772-422	Highway Construction – Federal	\$762,964,700	\$766,001,700
002	772-421	Highway Construction – State	\$487,722,430	\$449,847,300
042	772-723	Highway Construction – Bonds	\$220,000,000	\$220,000,000
002	772-424	Highway Construction – Other	\$70,000,000	\$51,000,000
212	772-427	Highway Infrastructure Bank – State	\$11,000,000	\$11,000,000
212	770-005	Infrastructure Debt Service – Federal	\$72,064,200	\$78,696,100
212	772-423	Infrastructure Lease Payments – Federal	\$12,537,800	\$12,537,300
212	772-426	Highway Infrastructure – Federal	\$2,740,000	\$2,620,000
045	772-428	Highway Infrastructure Bank – Bonds	\$40,000,000	\$40,000,000
Total funding: Highway Construction			\$1,679,029,130	\$1,631,702,400

Implications of the Executive’s recommendations: Increased Funding. Recommended funding levels will allow ODOT to make required debt service payments, use state and federal dollars for State Infrastructure Bank Loans, issue bonds for the completion of major projects (South East Ohio Plan Project and Spring Sandusky), and pass federal funds to local governments.

The Executive’s total recommended funding level for this series is \$3,310,731,530, whereas ODOT requested \$2,811,691,030, reflecting an increase of approximately \$500 million. These increases are in 772-412 Highway Construction-State (\$235 million), and 772-723 Highway Construction-Bonds (\$264 million). Overall, these increases are in line with the Executive’s transportation financing plan which partly calls for a phased in motor fuel tax increase of two cents per year for three years starting in FY 2004. Without this plan ODOT estimates a major/new construction program of approximately \$140 million in FY 2004 and zero dollars in FY 2005. Since 1995, ODOT major/new construction program has been funded at \$350 million annually. Also, regarding the increase in ODOT’s bond line item, 772-

723 Highway Construction–Bonds, ODOT initially requested \$102.5 million per fiscal year in bond issuance authority; however, the Executive recommended maximum use of bonding at \$220 million per fiscal year. Initially, ODOT had planned to limit issuances to \$102.5 million per fiscal year in order not to draw revenue from construction. The Department of Transportation may decide to use the full bonding authority since the potential fuel tax increase would make additional revenue available for debt service. The Department of Transportation notes that no new fuel tax revenues will be used to pay debt service on bonds already issued.

The following chart displays actual expenditures for Highway Construction from 1998 to 2005⁸. The chart does not account for the proposed motor fuel tax increase. The estimated decline in highway construction is due to increasing maintenance expenditures, rising debt service, and relatively flat revenues.



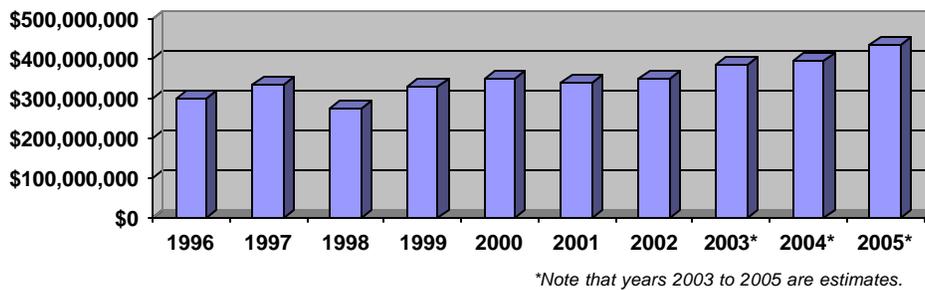
⁸ Source: OBM actual expenditures.

Highway Maintenance

Program Series 3

Program Description: This program maintains the state highway system in a safe and attractive condition and provides tourist information and clean rest areas for the motoring public. This program series consists of nine subprograms: snow and ice control; rest area maintenance; tourist information program; guardrail; pavement marking; traffic signal/lighting; mowing, landscaping, spraying, and erosion control; and heavy truck/equipment maintenance. There are 3,677 full-time employees that carry out the objectives of this program with most services accomplished by ODOT employees while others are performed under contract.

From 1996 to 2002, ODOT’s maintenance expenditures have averaged around \$325 million per year. Estimates for 2003 to 2005 indicate possible increased expenditures. The chart below shows actual and estimated maintenance expenditures from 1996 to 2005.⁹



Funding: Motor Fuel Tax and other highway related revenues

Line Item Summary: The following table displays the Executive’s recommended funding level for the *only* line item that funds this program series. No GRF or federal funds support this program. See ODOT’s Catalog of Budget Line Items (COBLI) for additional information.

Fund	ALI	Title	FY 2004	FY 2005
002	773-431	Highway Maintenance – State	\$394,605,100	\$413,082,600
Total funding: Highway Maintenance			\$394,605,100	\$413,082,600

Implications of the Executive’s recommendation: Full funding. Funding levels will allow ODOT to meet program objectives. Specifically, redefining county priorities to emphasize 11 key roadway maintenance functions, and evaluate and implement new materials and technology into the Department’s snow and ice control activities.

⁹ Source: OBM actual expenditures.

Public Transportation

Program Series 5

Program Description: Provides assistance to 62 transit systems serving portions of 58 counties. About 90% of the funds are used for capital assistance and operating assistance programs. The balance is for elderly and disabled fare assistance, technical assistance, and transit planning and coordination. Nineteen full-time employees carry out the objectives of this program series.

Ridership Levels: Overall, total ridership levels for urban and rural transit systems had been increasing from 1993 to 1998 at an average rate of 2% per year; however since 1998, total ridership has been declining 1.8% per year.¹⁰ This decline is due to low ridership on urban transit systems, whereas rural transit systems which have actually experienced increases in ridership from 1995 to 2002 at an average rate of 3.2%.

Funding: Federal funds (775-452), federal and local funds (775-454) and (775-459). Federal transit funding decreased from FY 2001 to FY 2002 primarily due to the federal discretionary bus program being granted directly to political subdivisions; in the past it was administered by ODOT.¹¹ Additionally, similar to federal highway funding, Ohio is considered a transit “donor state,” such that for every dollar Ohio pays into the Mass Transit Account, it receives back approximately 55 cents of every dollar, or 55.34%.

Line Items: The following table displays the Executive’s recommended funding levels for *three of four* line items in this program series. The other line item¹² is in the Main Operating Bill. See ODOT’s Catalog of Budget Line Items (COBLI) for additional information.

Fund	ALI	Title	FY 2004	FY 2005
002	775-452	Public Transportation – Federal	\$27,000,000	\$27,000,000
002	775-459	Elderly & Disabled Special Equipment	\$4,230,000	\$4,230,000
002	775-454	Public Transportation – Other	\$1,500,000	\$1,500,000
Total funding: Public Transportation			\$32,730,000	\$32,730,000

Implications of the Executive’s Recommendations: Full funding. Funding levels will allow ODOT to meet program objectives.

¹⁰ Source: ODOT State of the Transportation System 2003.

¹¹ Source: ODOT Financial & Statistical Report, FY 2002.

¹² GRF 775-451 Public Transportation – State

Rail Transportation

Program Series 6

Program Description: Assists in railroad planning, railroad loan and grant assistance, and administration of federal highway safety funds. Nineteen full-time employees carry out the objectives of this program series.

Funding Source: Revolving loan (776-664), federal funds (776-662)

Line Items: The following table displays the Executive’s recommended funding levels for *one of five* line items in this program series. The other four line items¹³ are in the Main Operating Bill. See ODOT’s Catalog of Budget Line Items (COBLI) for additional information.

Fund	ALI	Title	FY 2004	FY 2005
002	776-462	Grade Crossing – Federal	\$15,000,000	\$15,000,000
Total funding: Rail Transportation			\$15,000,000	\$15,000,000

Implications of the Executive’s Recommendations: Full funding. Funding levels will allow ODOT to meet program objectives.

¹³ GRF 776-465 Rail Transportation; GRF 776-466 Railroad Crossing/Grade Separation; 3B9 776-662 Rail Transportation – Federal; 4N4 776-663 Panhandle Lease Reserve Payments; and 4N4 776-664 Rail Transportation – Other.

Aviation

Program Series 7

Program Description: Assists 170 public use airports with infrastructure improvements, updates to airport capital improvement plan updates, airport studies, aircraft flight operations, and airport lease payments. Six employees carry out the objectives of this program series.

Airport Conditions: Overall, ODOT reports that Ohio’s airport pavement systems have been in a steady rate of decline over the past ten years. The current condition of general aviation pavements remains below satisfactory levels, largely for taxiways followed by aprons and runways.¹⁴ The Ohio Department of Transportation estimates a satisfactory rehabilitation of the infrastructure would require an estimated \$8 million per year for 20 years.¹⁵

Funding: Motor vehicle fuel tax and other related highway revenues (777-475), federal funds (777-472). The aviation program has seen a decrease in state motor fuel taxes and GRF moneys. GRF money for aviation increased from 1998 to 2000, though decreased in 2001 and 2002. From FY 2001 to FY 2002, GRF for aviation was reduced from \$4.6 million to \$2.6 million, a 43% decrease. For FY 2004, Aviation funding is 13.4% less than FY 2003 estimates. Also, aviation grants rose from 1998 to 2000, however in 2002 they have declined below 1998 levels.

Line Items: The following table displays the Executive’s recommended funding levels for two of four line items in this program series. The other two line items¹⁶ are in the Main Operating Bill. See ODOT’s Catalog of Budget Line Items (COBLI) for additional information.

Fund	ALI	Title	FY 2004	FY 2005
002	777-475	Aviation Administration - State	\$4,064,700	\$4,139,000
002	777-472	Airport Improvements - Federal	\$405,000	\$405,000
Total funding: Aviation			\$4,469,700	\$4,544,000

Implications of the Executive’s recommendations: Full funding. Funding levels will allow ODOT to meet program objectives; specifically, ODOT aircraft maintenance and airport master/ layout planning.

¹⁴ Source: ODOT State of the Transportation System, 2003.

¹⁵ Source: ODOT Aviation Study, 1999.

¹⁶ GRF 777-471, Airport Improvements – State and GRF 777-473, Rickenbacker Lease Payments.

Administration

Program Series 8

Program Description: Consists of the management and support staff for all department programs and funding for major construction or renovation of department facilities. Approximately 770 employees carry out the objectives of this program series.

Funding: Motor vehicle fuel tax and other highway related revenues (779-491), donations (770-609)

Line Items: The following table displays *all* the line items funding this program series and the Executive’s recommended funding levels for the biennium. See ODOT’s Catalog of Budget Line Items (COBLI) for additional detail.

Fund	ALI	Title	FY 2004	FY 2005
002	779-491	Administration – State	\$116,449,900	\$121,986,500
4T5	770-609	ODOT Memorial	\$5,000	\$5,000
Total funding: Administration			\$116,454,900	\$121,991,500

Implications of the Executive’s recommendations: Full funding. Funding will provide for salaries, materials and supply expenses, and office equipment for management staff.

Debt Service Payments

Program Series 9

Program Description: This program series uses state moneys to retire bonds for capital building projects. Bond sales are handled through the Ohio Building Authority (OBA).

Funding: Motor vehicle fuel tax and other highway related revenues

Line Items: The following table displays the *only* line item that funds this program series and the Executive’s recommended funding level for the biennium. See ODOT’s Catalog of Budget Line Items (COBLI) for additional detail.

Fund	ALI	Title	FY 2004	FY 2005
002	770-003	Administration – State – Debt Service	\$13,802,600	\$13,395,900
Total funding: Debt Service Payments			\$13,802,600	\$13,395,900

Implications of the Executive’s recommendations: Full funding. Funding will allow ODOT to meet required debt service payments. Debt service payments on these bonds are declining, and full principal and interest is expected to be paid off in 2011.

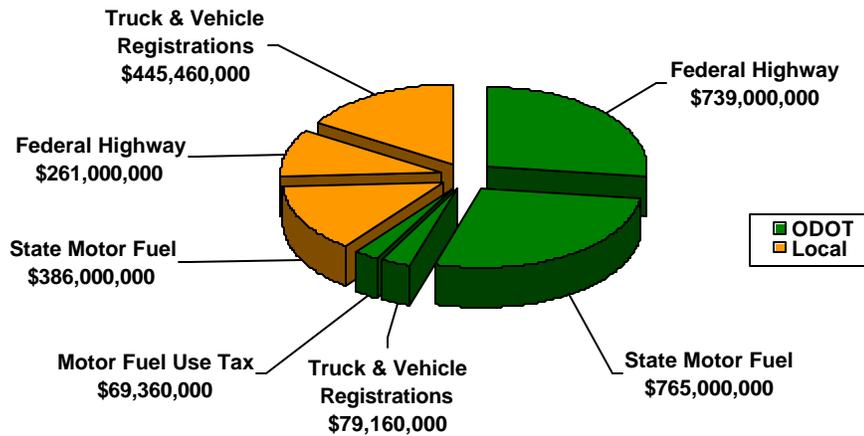
ADDITIONAL FACTS AND FIGURES

The chart below displays ODOT’s biennial staffing levels. Since 1994, ODOT has held its operating costs to a 2% growth rate, which made it possible to reduce staffing levels. By doing this, ODOT has saved millions in payroll and personal service costs due to early retirement buyouts and operating efficiencies. However, with no further planned staff reductions, ODOT estimates payroll costs could grow as much as 6% a year due to future pay increases, retirement benefits, and increasing health care costs.

Program Series/Division	1994	1996	1998	2000	2002
Central Office	1,484	1,262	1,131	1,004	1,025
District One	409	403	384	366	367
District Two	465	427	412	391	393
District Three	490	468	449	413	422
District Four	645	597	551	483	520
District Five	441	416	390	372	374
District Six	552	529	503	473	522
District Seven	525	493	478	439	453
District Eight	649	585	516	462	456
District Nine	466	416	368	329	345
District Ten	444	401	378	357	360
District Eleven	477	445	398	364	344
District Twelve	607	568	478	434	450
Totals	7,654	7,010	6,436	5,887	6,031

The chart below displays State and local highway funding¹⁷ from various sources. For ODOT, the largest sources of revenue are the state and federal motor fuel tax, whereas local governments receive the most revenue from truck and vehicle registrations since counties and municipalities may levy local vehicle registration fees for local road and bridge projects. Local governments also receive federal highway revenue; however, ODOT is only required to pass through about \$71 million in federal funding, yet by discretion ODOT provides an additional \$190 million. ODOT’s recent Local Project Delivery Study found approximately \$50 million in federal funds was left unspent by local governments. ODOT is now working with local governments to improve project delivery and prioritization.

State and Local Highway Funding FY 2002



¹⁷ Source: Ohio Department of Transportation Financial and Statistical Report 2002. State motor fuel tax amounts may differ slightly from ODOT and Taxation figures due to reporting on an accrual basis or reporting actual cash distributions.

PERMANENT LAW AND TEMPORARY LAW

Permanent Law Provisions

This section describes permanent law provisions contained in the executive budget that may affect ODOT's activities and spending decisions during the next biennium.

Motor Fuel Tax Increase (R.C. sections 5735.29 & 5735.291)

Increases one component of the motor fuel tax from the current two cents per gallon to four cents effective July 1, 2003, from four cents per gallon to six cents effective July 1, 2004, and from six cents per gallon to eight cents effective July 1, 2005. This change allocates approximately 75% of the increase to the state and 25% of the increases to local governments. The state Highway Operating Fund would experience revenue gains. Increased revenue is expected to finance state highway and bridge construction. Local governments would experience revenue gains. Increased revenue is expected to finance local road and bridge projects.

Incentive payments (R.C. section 5525.20)

Permits the Director of Transportation to elect to compensate a contractor in the form of a lump sum incentive for completing critical work ahead of schedule. This change may result in savings and efficiencies in the Highway Construction program.

Snow plow exemptions (R.C. sections 4511.04)

This change modifies the civil and criminal liability of state and local government employees when driving snow removal and road surface maintenance equipment. This change may result in decreased court costs and costs associated with court appearances.

Design-build contracting for county engineers (R.C. section 5543.22)

Makes permanent the temporary authority of county engineers to combine the design and construction elements of a project into a single contract, so long as the cost of such a project as bid does not exceed \$1,500,000. Based on pilot project findings, this change will likely increase project delivery efficiencies, time-savings, and reduce overall design and construction costs for local governments.

Design-build contracting for ODOT (R.C. section 5517.011)

Makes permanent the pilot project of ODOT that permits the combining of the design and construction elements of a project into a single contract and limits the total dollar value of contracts made under this provision to \$250 million per biennium. Based on pilot project findings, this change will likely increase project delivery efficiencies, time-savings, and reduce overall design and construction costs for the state.

Career professional service (R.C. section 5501.20)

This change makes the career professional service pilot program of ODOT permanent. This change may create minimal savings due to no longer preparing a biennial evaluation report.

Transfers of property by the Director of Transportation (R.C. section 5501.45)

This change allows the Director of Transportation in a specified manner to convey or transfer to, or permit the use by, the federal government (in addition to, under continuing law, state institutions, agencies, commissions, and instrumentalities, political subdivisions, taxing districts of the state, and institutions receiving financial assistance from the state) lands that (1) are owned by the state, (2) acquired or used for the state highway system or for highways, and (3) are no longer needed by the state for highway or recreation purposes. Also, this change requires all conveyances, transfers, or grants of such lands to be (1) by deed or, if a statutory dedication of public roads is included, by plat, (2) executed by the Director, and (3) in a form prescribed by the Attorney General, and requires the Director to keep a record of all conveyances, transfers, grants, and permits to use pertaining to such lands. The Attorney General may experience minimal costs for prescribing the form of such deeds or plats. Also, the Director of Transportation may experience minimal costs for keeping records of such conveyances, transfers, grants, or permits

Transfers of unneeded highway property (R.C. section 5501.34)

For a conveyance by the Director of Transportation of real property no longer required for highway purposes, clarifies that the deed conveying the property must be executed by the Governor, bear the great seal of the State, and be in the form the Attorney General prescribes, but does not have to satisfy any other requirements of the statute generally controlling the preparation and execution of deeds conveying state-owned property. Thus, the provisions in R.C. section 5301.13 requiring all conveyances of real property by the state to be countersigned by the Secretary of State and drafted and recorded by the Auditor of State do not apply to these conveyances by the Director of Transportation, and the Director must continue to record the conveyances. The Secretary of State may experience minimal savings for not countersigning such conveyances. The Auditor of State may experience minimal savings for not drafting and recording such conveyances.

Payment of bond service charges (R.C. section 5531.10 (A)(6))

Expands the source of federal moneys available for payment of bond service charges in connection with the issuance of State Infrastructure Obligations. This provision would allow the temporary use of federal dollars in the Highway Operating Fund (HOF) to be used to pay the debt service on federal bonds. Traditionally, debt service on these bonds is paid from Fund 212, which then receives federal reimbursement. However, due to low cash balances in the fund, “loans” from the HOF will be used to pay this debt service and then the HOF will be repaid upon receipt of federal reimbursement. This change will ensure required lease and debt service payments are met.

Temporary Law Provisions

This section describes temporary law provisions contained in the executive budget that may affect ODOT's activities and spending decisions during the next biennium.

Bond Issuance

Authorizes the issuance of \$260 million in bonds for highway purposes. In the last transportation budget act, approximately \$258 million was authorized. This change may increase debt service payments slightly.

Maintenance Interstate Highways

Authorizes ODOT to provide maintenance on interstate highways located within the bounds of municipal corporations, and to reimburse municipal corporations for their costs in providing such maintenance if ODOT has an agreement with a municipal corporation.

Transfer of Fund 002 Appropriations

Would allow the Director of Budget and Management to approve requests for the transfer of appropriations between various line items within the Department.

Transfer of Appropriations – Federal Highway and Federal Transit

Would allow the Director of Budget and Management to approve requests for the transfer of appropriations between line items 772-422 and 775-452 within the Department.

Transfer of Appropriations – State Infrastructure Bank

Would allow the Director of Budget and Management to approve requests for the transfer of appropriations between Infrastructure Bank line items and other line items within the Department.

Increase Appropriation Authority – State Funds

Would allow the Director of Transportation to request additional appropriation authority from the Controlling Board in the event that revenues exceed estimates.

Reappropriations

Would specify that appropriations of the Highway Operating Fund, the Highway Capital Improvement Fund, and the Infrastructure Bank funds that remain unencumbered at the end of FY 2003 and FY 2004 automatically be reappropriated for FY 2004 and FY 2005, respectively.

Public Access Roads for State Facilities

Earmarking language requiring the Department of Transportation to utilize \$3.146 million during each year of the biennium for the construction, reconstruction, or maintenance of public access roads to and within state facilities owned or operated by the Department of Natural Resources. Also, earmarking language requiring the Department of Transportation to utilize \$2.228 million during each year of the

biennium for the construction, reconstruction, or maintenance of park drives or park roads within metropolitan parks.

Liquidation of Unforeseen Liabilities

Would authorize any appropriation to the Highway Operating Fund to be used to liquidate unforeseen liabilities arising from contractual agreements of prior years.

Rental Payments - OBA

Would specify the authorized uses for line item 770-003, and that the Director of Transportation shall hold title to any land purchased and structures attributable to this line item.

Public Transportation Highway Purpose Grants

Would authorize the Director of Transportation to use motor vehicle fuel tax revenues to match federal grants for public transportation highway purposes.

Transportation Budget Bill

Ohio Department of Public Safety

*Sean Fouts, Budget Analyst
Legislative Service Commission*

Department of Public Safety

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March 2003

Department of Public Safety

- Fees increased on Driver's Licenses, Vehicle Registrations, and Vehicle Titles; Highway Patrol to be transferred from gas tax to fees
- BMV to replace Automated Title Processing System in FY 2005 at cost of \$9.7 million

OVERVIEW

The Agency

The Department of Public Safety (DPS) is charged with various responsibilities of which the intended impact is to save lives and reduce injuries. The agency is organized into the following six divisions in order to accomplish this mission:

- State Highway Patrol
- Bureau of Motor Vehicles
- Investigative Unit
- Emergency Management Agency
- Emergency Medical Services
- Administration

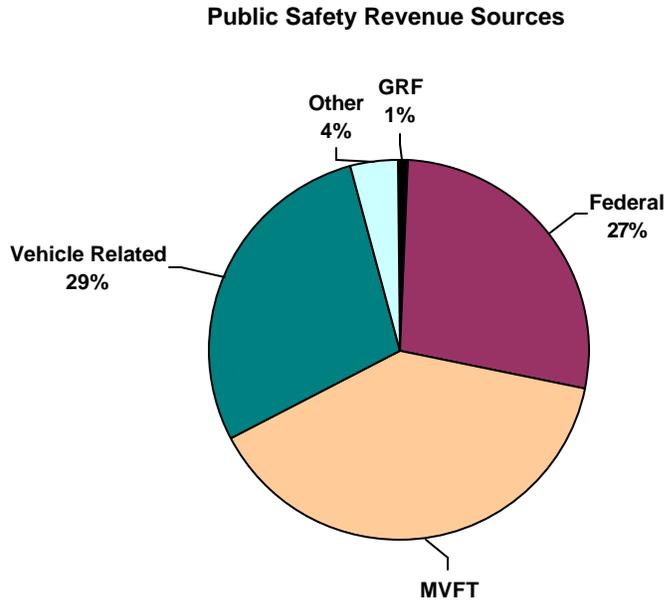
The largest of these divisions is the Ohio State Highway Patrol (OSHP), which employs approximately 2,682 personnel. OSHP is organized into ten districts located throughout the state. The second largest division is the Bureau of Motor Vehicles (BMV), which employs about 915 full-time and 24 part-time personnel. The substantial majority of BMV personnel are located in Columbus. The other divisions are markedly smaller, so that the total personnel employed full-time by the agency numbered about 4,000. Among the smaller divisions: 1) the Investigative Unit investigates liquor violations and food stamp trafficking, 2) the Emergency Management Agency (EMA) coordinates the support for local disaster-relief efforts, and provides support for mitigation programs that would alleviate future disasters, 3) Emergency Medical Services (EMS) tests and certifies Ohio's Emergency Medical Technicians and firefighters, and 4) the Administration Division provides administrative support for the other divisions, and administers highway safety and information programs.

The Budget

The executive proposal calls for a budget of \$591.5 million in fiscal year (FY) 2004, after excluding budget line items to be considered in the main operating budget, and \$605.8 million in FY 2005. The FY 2004 figure represents a 36.5% increase over FY 2003 appropriation levels, and the FY 2005 figure represents a 2.42% increase compared with FY 2004. One particular line item, 763-647, Emergency Management Assistance and Training, increases to a FY 2004 appropriation of \$129,622,000, from

estimated spending in FY 2003 of \$19,622,000. These funds are received through federal grants and alone account for a 560.6% increase.

The agency's budget derives from several revenue sources. Approximately 0.9% of the agency's proposed spending authority for FY 2004 would come from the General Revenue Fund, and will be considered in the state's main operating budget bill. Approximately 27.3% of the agency's proposed spending authority would be funded by federal dollars, 38.9% from the motor vehicle fuel tax, and 28.7% from vehicle license and registration fees and other vehicle-related revenue, such as seat belt fines. Other funding sources add up to about 4.2% of the agency's proposed budget.



Homeland Security and Anti-Terrorism

The terrorist attacks of September 11, 2001, brought homeland security and anti-terrorism issues to the forefront of Federal and state government policy. The Department of Public Safety budget contains many initiatives aimed at stopping and/or responding to terrorist attacks in Ohio. For example, the Governor's recommended budget includes \$129,622,000 in appropriation authority in each year for Emergency Management Assistance and Training, money anticipated from Federal grants through the U.S. Department of Homeland Security. The recommended budget also contains funding to support the Ohio Highway Patrol providing security on state property.

Multi-Agency Radio Communications System

The Department of Public Safety will be one of the heaviest users of the Multi-Agency Radio Communications System, or MARCS. Fourteen state agencies will eventually use MARCS. Within the Department of Public Safety, the Highway Patrol, Emergency Management Agency, and the Investigate Unit will be users.

The first phase of MARCS is complete and is functioning in 13 counties in central Ohio. Another 30 counties should be added to the system by October 2003. The State Highway Patrol will be responsible for the system's maintenance and will need to hire additional dispatchers who are trained in the capabilities provided by MARCS, such as computer-aided dispatching. The EMA operates the MARCS transportable communications system. The Department of Administrative Services (DAS) operates the system.

New Technology at the BMV

The Bureau of Motor Vehicles requested funding, included in the executive proposal, to replace both the mainframe in FY 2004 and the Automated Title Processing System (ATPS) in FY 2005. The ATPS is the system used by the 88 county clerks of courts to administer vehicle titles to Ohio's citizens. The BMV mainframe stores records on license suspensions, reinstatements, etc. It is accessed daily by law enforcement officials in the course of their duties.

Cross-County Titling Reimbursement

Substitute Senate Bill 59 of the 124th General Assembly allows Ohioans to title their motor vehicles in any of Ohio's 88 counties; they are no longer restricted to their county of residence. Since car dealerships process the titling of the car for the purchaser, dealerships are titling in the county most convenient for them. This has caused a shift in titling revenue from counties of residence to counties of convenience for the dealerships. Under Sub. S.B. 59, the Department of Public Safety is to reimburse counties losing revenue due to cross-county titling at a 100% rate in the first year, a 75% rate in the second year, and a 50% rate in the third. Reimbursements began in April 2002, and for the year, DPS spent \$943,888 reimbursing counties for cross-county titling losses. This money comes from the Automated Title Processing Board Fund. The Governor's recommended budget includes \$990,000 in FY 2004 and \$540,000 in FY 2005 for Sub. S.B. 59 reimbursement.

ANALYSIS OF EXECUTIVE PROPOSAL

Highway Safety Information and Education

Program Series 1

Purpose: To save lives, reduce injuries, and minimize loss to Ohioans through dissemination of information regarding the Department of Public Safety’s safety programs and the distribution of federal funds to support safety programs.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
036	761-321	Operating Expense – Information and Education	\$2,900,702	\$3,030,054
036	761-402	Traffic Safety Match	\$277,137	\$277,137
831	761-610	Information and Education – Federal	\$468,895	\$468,982
83N	761-611	Elementary School Seat Belt Program	\$447,895	\$447,895
832	761-612	Traffic Safety – Federal	\$16,577,565	\$16,577,565
844	761-613	Seatbelt Education Program	\$463,760	\$482,095
846	761-625	Motorcycle Safety Education	\$1,780,507	\$1,827,868
847	761-622	Film Production Reimbursement	\$22,000	\$22,000
5J9	761-678	Federal Salvage/GSA	\$100,000	\$100,000
Total funding: Highway Safety Information and Education			\$23,038,548	\$23,233,596

This analysis focuses on the following specific programs within the Highway Safety Information and Education program series:

- **Public Information**
- **Governor’s Highway Safety Office**
- **Motorcycle Safety Education**

Public Information

Program Description: According to DPS, the Public Information program is responsible for preparing and disseminating safety messages through all media forms. Campaigns include “Sober Truth,” a program where law enforcement addresses high school students about the dangers of being arrested for violating alcohol laws and “What’s Holding You Back?,” a campaign to encourage seat belt usage. Other campaigns focus on drunk driving and ensuring that local law enforcement agencies have up-to-date copies of motor vehicle laws.

Funding Sources: Fund 036 (Motor Vehicle Fuel Tax), Fund 831 (Federal dollars), Fund 83N (8% of seat belt fine revenue), Fund 844 (10% of seat belt fine revenue), and Fund 847 (Fees paid by other state agencies), Fund 5J9 (Local governments)

Line Items: 761-321, Operating Expense-Information and Education; 761-610, Information and Education-Federal; 761-611, Elementary School Seat Belt Program; 761-613, Seat Belt Education Program; 761-622, Film Production Reimbursement; 761-678, Federal Salvage/GSA

Implication of the Executive Recommendation: The Governor’s recommended budget of \$4,403,339 in FY 2004 is a 7.1% decrease from estimated spending of \$4,740,446 in FY 2003. The recommended budget of \$4,551,026 in FY 2005 is a 3.4% increase over FY 2004.

The Governor’s recommended budget would allow the Public Information program to operate at current levels. Additional funding in the amount of \$198,223 in FY 2004 and \$209,495 in FY 2005 was provided to expand the Seat Belt Education program. Funding for the program is received through seat belt fines. The Department of Public Safety indicates that the additional funding will be used for various activities associated with seat belt education, including the development of an educational web site for children, replenishment of seat belt safety publications, and to supplement the radio portion of the “What’s Holding You Back?” campaign.

Governor’s Highway Safety Office

Program Description: The Governor’s Highway Safety Office (GHSO) is responsible for distributing federal funds from the National Highway Traffic Safety Administration (NHTSA) and the incentive grants from the Transportation Equity Act of the 21st Century. The GHSO identifies traffic safety goals annually through the Traffic Safety Action Plan. The GHSO then funds traffic safety projects that are likely to affect these statewide goals. The goals are intended to reduce the number and severity of automobile crashes, as well as reduce fatalities and serious injuries. The Department of Public Safety indicates that approximately 75-80% of funds are awarded to county and local agencies.

Funding Sources: Fund 036 (Motor Vehicle Fuel Tax), Fund 832 (Federal dollars)

Line Items: 761-402, Traffic Safety Match and 761-612, Traffic Safety-Federal

Implication of the Executive Recommendation: The Governor’s recommended FY 2004 budget of \$16,854,702 is a 1.75% reduction from estimated FY 2003 spending. The FY 2005 budget is equal to FY 2004.

The Governor’s recommended budget allows the Department of Public Safety to administer and distribute federal funds for the purposes of improving traffic safety.

Motorcycle Safety Education

Program Description: The Motorcycle Ohio program provides three levels of motorcycle safety courses. The 16-hour basic course is required for 16- and 17-year olds wishing to legally operate motorcycles. Other courses are available for experienced riders and for those interested in becoming motorcycle instructors. The mandatory course for teenagers is offered at 21 sites across the state.

Funding Sources: Fund 846 (\$6 of each motorcycle registration fee)

Line Items: 761-625, Motorcycle Safety Education

Implication of the Executive Recommendation: The Governor’s recommended budget represents a 2.7% increase in each fiscal year and allows the Motorcycle Safety Education program to operate at current levels.

Bureau Of Motor Vehicles

Program Series 2

Purpose: To provide services relating to motor vehicle titling, registration of motor vehicles, and driver licenses.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
539	762-614	Motor Vehicle Dealers Board	\$239,902	\$239,902
4W4	762-321	Operating Expense-BMV	\$73,835,912	\$70,152,893
4W4	762-410	Registrations Supplement	\$34,588,363	\$32,480,610
5V1	762-682	License Plate Contribution	\$2,388,568	\$2,388,568
83R	762-639	Local Immobilization Reimbursement	\$850,000	\$850,000
835	762-616	Financial Responsibility Compliance	\$6,303,125	\$6,551,535
849	762-627	Automated Title Processing Board	\$16,800,620	\$26,076,349
Total funding: Bureau of Motor Vehicles			\$134,556,490	\$138,739,857

Program Description: The Bureau of Motor Vehicles provides services related to motor vehicle titling, registration of motor vehicles, and driver licenses.

Funding Sources: Fund 539 (Four cents from each motor vehicle title), Fund 4W4 (Motor vehicle license tax and other sources), Fund 5V1 (Created by the bill; funds from special license plates), Fund 83R (\$100 immobilization fee), Fund 835 (Fines for failure to provide proof of financial responsibility), Fund 849 (\$2 from each motor vehicle title)

Line Items: 762-614, Motor Vehicle Dealers Board; 762-321, Operating Expense-BMV; 762-410, Registrations Supplement; 762-682, License Plate Contribution; 762-639, Local Immobilization Reimbursement; 762-616, Financial Responsibility Compliance; 762-627, Automated Title Processing Board

Implication of the Executive Recommendation: The Governor’s recommended budget of \$134,556,490 in FY 2004 is a 5.7% increase over the estimated spending in FY 2003 of \$127,359,095. The FY 2005 recommended budget of \$138,739,857 is a 3.1% increase over FY 2004.

The Governor’s recommended budget allows the Bureau of Motor Vehicles to operate at current levels. It also allows the Bureau to replace the mainframe in FY 2004 and the Automated Title Processing System (ATPS) in FY 2005. The ATPS is the system used by the 88 county clerks of courts to administer vehicle titles to Ohio’s citizens. The BMV mainframe stores records on license suspensions, reinstatements, etc. It is accessed daily by law enforcement officials in the course of their duties. Funding is also given to reimburse counties for losses due to Sub. S.B. 59 of the 124th General Assembly.

Highway Enforcement

Program Series 3

Purpose: The Ohio State Highway Patrol is charged with enforcing traffic laws, commercial motor safety regulations, protecting state property, protecting the Governor and visiting dignitaries, among other responsibilities.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
036	764-033	Minor Capital Projects	\$1,775,667	\$1,779,664
036	764-321	Operating Expense – Highway Patrol	\$208,447,118	\$217,516,933
036	764-605	Motor Carrier Enforcement Expenses	\$2,544,319	\$2,603,697
83C	764-630	Contraband, Forfeiture, Other	\$622,894	\$622,894
83F	764-657	Law Enforcement Automated Data System	\$6,425,009	\$7,111,198
83G	764-633	OMVI Fines	\$820,927	\$820,927
831	764-610	Patrol-Federal	\$2,371,659	\$2,407,585
831	764-659	Transportation Enforcement – Federal	\$4,635,684	\$4,738,515
837	764-602	Turnpike Policing	\$9,648,265	\$9,653,000
838	764-606	Patrol Reimbursement	\$222,108	\$222,108
840	764-607	State Fair Security	\$1,462,774	\$1,496,283
840	764-617	Security and Investigations	\$8,653,390	\$8,145,192
840	764-626	State Fairgrounds Police Force	\$788,375	\$788,375
841	764-603	Salvage and Exchange – Highway Patrol	\$1,274,101	\$1,274,101
4S2	764-660	MARCS Maintenance	\$232,154	\$237,210
Total funding: Highway Enforcement			\$249,924,444	\$259,417,712

This analysis focuses on the following specific programs within the Highway Enforcement program series:

- **Highway Related Activities and Administration**
- **Non-Highway Related Activities**

Highway Related Activities and Administration

Program Description: The Ohio State Highway Patrol enforces traffic regulations and provides assistance to motorists on Ohio’s highways. In the year 2000, the Highway Patrol investigated 78,680 crashes, had 947,785 incidents (this statistic includes motorist assistance, traffic warnings, arrests, and other incidents), and made 14,316 case investigations.

Funding Sources: Fund 036 (Motor vehicle fuel tax), Fund 83C (Sale of assets seized in drug busts), Fund 83G (Fine revenue from Operating a Vehicle Under the Influence), Fund 831 (Matching Grants), Fund 837 (Reimbursement from Ohio Turnpike Commission), Fund 838 (Rental fees from deputy registrars), Fund 341 (Proceeds from sale of salvaged automobiles and equipment), Fund 4S2 (DAS and MARCS User Agencies)

Line Items: 764-033, Minor Capital Projects; 764-321, Operating Expense-Highway Patrol; 764-605, Motor Carrier Enforcement Expenses; 764-630, Contraband, Forfeiture, Other; 764-633, OMVI Fines; 764-610, Patrol – Federal; 764-602, Turnpike Policing; 764-606, Patrol Reimbursement; 764-603, Salvage and Exchange-Highway Patrol; 764-660, MARCS Maintenance

Implication of the Executive Recommendation: The Governor’s recommended budget for highway related enforcement activities for FY 2004 is \$227,959,212, a 5.2% increase over expected spending in FY 2003 of \$216,736,773. The recommended funding in FY 2005 is \$327,138,149, a 4.0% increase over FY 2004.

The Governor’s recommended budget provides for inflationary factors and allows the Ohio Highway Patrol to operate at current levels. The Ohio Highway Patrol requested additional funding in order to fill an additional 100 trooper positions, due to increased workload. This request is not funded in the recommended budget and is discussed further in the “Requests Not Funded” section.

The Governor’s recommended budget provides additional funding of \$4.03 million in FY 2004 and \$7.39 million in FY 2005 in the Main Operating line item for the purposes of supplementing funding to the Multi-Agency Radio Communications System (MARCS). The bulk of the funding will be used to hire additional Radio Dispatchers. The Department of Public Safety estimates that the salary and benefits of each full-time dispatcher would be \$40,000 to \$45,000 annually. DPS further indicates that if new dispatchers were not hired, troopers would have to be pulled off of highway duty in order to do the dispatching job. The average trooper makes \$68,000 annually in salary and benefits.

Non-Highway Related Activities

Program Description: The Ohio State Highway Patrol is responsible for providing security for the Governor and visiting dignitaries. The Highway Patrol is also responsible for providing security and investigating crimes on state property, including Capital Square and the State Fairgrounds. Other non-highway related activities include the Law Enforcement Automated Data System (LEADS).

Funding Sources: Fund 83F (User fees from local criminal justice organizations), Fund 840 (Fines resulting from arrests)

Line Items: 764-657, Law Enforcement Automated Data System; 764-607, State Fair Security; 764-617, Security and Investigations; 764-626, State Fairgrounds Police Force

Implication of the Executive Recommendation: The Governor’s recommended budget funds non-highway related activities at \$17,329,548 in FY 2004, a 17.0% decrease from FY 2003. Funding in FY 2005 is \$17,541,048, a 1.2% increase from FY 2004. If LEADS is eliminated from the analysis, and only security related line items are considered, funding in FY 2004 is \$10,904,539, a 10.2% increase over FY 2003, and \$10,429,850 in FY 2003, a 4.4% decrease from FY 2004.

The Governor’s recommended budget provides for inflationary factors and allows the Ohio State Highway Patrol to operate at current levels. An additional \$3.65 million in FY 2004 and \$3.14 million in FY 2005 are provided for inflationary purposes, as well as to provide additional personnel for purposes of protecting state office buildings. Currently, state troopers are working overtime hours in order to provide additional security detail to state buildings. Increased security is a result of the terrorist attacks of September 11, 2001.

Additional funding of \$1.2 million in FY 2004 and \$1.8 million in FY 2005 are also provided in the Governor’s recommended budget for the purposes of upgrading equipment and personnel for the Law Enforcement Automated Data System (LEADS). LEADS is a national database of crime enforcement information used by the federal government, the states, and local criminal justice agencies. The upgrades will consist of new work stations, digital scanners and cameras at various locations throughout the state, as well an upgrade in computing power and memory. Furthermore, two new staff positions will be filled related to the LEADS system.

Trauma And Emergency Medical Services

Program Series 4

Purpose: The Division of Emergency Medical Services (EMS) serves as the administrative arm of the EMS Board. Its purpose is to save lives and minimize disability in Ohio by responding to injury, illness, and fire.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
83M	765-624	Operating Expenses – EMS	\$2,519,883	\$2,587,627
83P	765-637	EMS Grants	\$5,836,744	\$5,836,744
831	765-610	EMS-Federal	\$582,007	\$582,007
Total funding: Emergency Medical Services			\$8,938,634	\$9,006,378

Program Description: The Division of Emergency Medical Services (EMS) is the administrative arm of the EMS Board. The 20 members of the Board are appointed by the Governor and represent the medical community, Emergency Medical Technicians (EMT’s) and fire services. The Division of Emergency Medical Services trains and certifies emergency first responders, firefighters and EMT’s, fire safety inspectors, fire instructors, and EMS instructors. The Division of Emergency Medical Services also administers an EMS and Trauma grant program, benefiting local emergency medical service agencies.

Funding Sources: Fund 83M (28% of seat belt fine revenue), Fund 83P (54% of seat belt fine revenue), Fund 381 (Federal dollars)

Line Items: 765-624, Operating Expenses-EMS; 765-637, EMS Grants; 765-610, EMS-Federal

Implication of the Executive Recommendation: The Governor’s recommended budget of \$8,938,634 in FY 2004 is a 4.0% decrease from estimated spending in FY 2003 of \$9,307,490. The Governor’s recommendation increases by 0.8% in FY 2005 to \$9,006,378.

The Governor’s recommended budget provides for inflationary factors and allows EMS to operate at current levels. Funding above the core budget level will allow EMS to fill additional positions in the area of investigations and trauma grants. Additional funding of \$311,945 in each fiscal year is also included to allow EMS to use a grant awarded by the U.S. Department of Health and Human Services to purchase automatic electric defibrillators (AEDs) for local jurisdictions. Automatic electric defibrillators are used to help those experiencing cardiac arrest.

Investigative Unit

Program Series 5

Purpose: The Investigative Unit is responsible for enforcing Ohio’s liquor rules, food stamp rules, and prohibiting the sale of tobacco to minors.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
831	767-610	Liquor Enforcement – Federal	\$514,184	\$514,184
831	769-610	Food Stamp Enforcement - Fed	\$817,177	\$817,177
043	767-321	Liquor Enforcement – Operations	\$9,644,288	\$9,825,597
622	767-615	Investigative Contraband and Forfeiture	\$404,111	\$404,111
850	767-628	Investigative Unit Salvage	\$120,000	\$120,000
Total funding: Investigative Unit			\$11,499,760	\$11,681,069

Program Description: The Investigate Unit is responsible for enforcing Ohio’s liquor rules, food stamp rules, and prohibiting the sale of tobacco to minors. According to DPS, about 17% of the Unit’s activities are related to food stamp rules. (About 50% of this activity is funded from a federal grant that is included in the Transportation budget. The other 50% is funded by the General Revenue Fund and included in the Main Operating Budget.) Priorities are to enforce the laws regarding the sale of alcohol to underage persons. The Unit mainly investigates when it receives complaints from the public.

Funding Sources: Fund 043 (Liquor sales), Fund 622 (Seized assets and cash), Fund 831 (Federal funds)

Line Items: 767-610, Liquor Enforcement-Federal; 769-610, Food Stamp Trafficking Enforcement-Federal; 767-321, Liquor Enforcement-Operations; 767-615, Investigative Contraband and Forfeiture; 767-628, Investigative Unit Salvage

Implication of the Executive Recommendation: The Governor’s recommended budget of \$11,499,760 in FY 2004 is a 0.3% increase over estimated FY 2003 spending of \$11,470,897. The FY 2005 recommendation of \$11,681,069 represents a 1.6% increase over FY 2004.

The Governor’s recommended budget includes partial funding for Public Safety’s request for increased inflationary factors. According to the Department, the Governor’s recommended General Revenue Fund budget in the Main Operating Budget may require cuts in personnel and operations. (This will be discussed further in the Department of Public Safety redbook for the main operating budget.)

The Governor’s recommended budget for the Department of Commerce includes funding of \$71,604 in FY 2004 and \$72,906 in FY 2005 for the purposes of transferring two input operator positions from the DPS Investigative Unit to the Commerce Division of Liquor Control. No corresponding decrease in funding is made in the Governor’s recommended budget for DPS.

Emergency Management Agency

Program Series 6

Purpose The Emergency Management Agency provides statewide preparation, response, and recovery to emergencies and disasters.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
3N5	763-644	U.S. DOE Agreement	\$266,000	\$275,000
329	763-645	Individual/Family Grant-Fed	\$303,504	\$303,504
337	763-609	Federal Disaster Relief	\$5,000,000	\$3,000,000
339	763-647	Emergency Management Assistance and Training	\$129,622,000	\$129,622,000
4V3	763-662	Storms/NOAA Maintenance	\$696,446	\$696,446
533	763-601	State Disaster Relief	\$7,500,000	\$7,500,000
657	763-652	Utility Radiological Safety	\$1,200,000	\$1,260,000
681	763-653	SARA Title III HAZMAT Planning	\$264,510	\$271,510
Total funding: Emergency Management Agency			\$144,852,460	\$142,928,460

Program Description: The Emergency Management Agency (EMA) provides statewide preparation, response, and recovery to emergency and disasters. The Emergency Management Agency operates the Emergency Operations Center and provides a link between local agencies and state and federal resources by coordinating assistance to counties by helping them prepare for disasters or recover from disasters. Traditionally, EMA has focused on natural and chemical disasters. Due to the terrorist attacks of September 11, 2001, increased attention has been given to training and preparation for agriterrorism, bioterrorism, and weapons of mass destruction.

Funding Sources: Fund 3N5 (Federal funds), Fund 329 (Federal funds), Fund 337 (Federal funds), Fund 339 (Federal funds), Fund 4V3 (Reimbursement from owners of rain gauges and others), Fund 533 (State emergency funds from Controlling Board GRF line item 911-401, Emergency Purposes), Fund 657 (Funds from three electric utility companies), Fund 681 (Fee collected by Environmental Protection Agency)

Line Items: 763-644, U.S. DOE Agreement; 763-645, Individual/Family Grant-Fed; 763-609, Federal Disaster Relief; 763-647, Emergency Management Assistance and Training; 763-662, Storms/NOAA Maintenance; 763-601, State Disaster Relief; 763-652, Utility Radiological Safety; 763-653, SARA Title III HAZMAT Planning

Implication of the Executive Recommendation: The Governor’s recommended budget for FY 2004 of \$144,852,460 is a 370.2% increase over FY 2003 estimated spending of \$30,807,948. The recommended FY 2005 budget of \$142,928,460 represents a 1.3% decrease from FY 2004. Most of the increase in FY 2004 is due to anticipated federal grants related to homeland security. If that line item is removed from the analysis, the Governor’s recommended FY 2004 budget represents a 36.2% increase over FY 2003 estimated spending. The recommended FY 2005 budget decreases 12.7% from FY 2004.

The Governor's recommended budget includes \$110 million in spending authority in each fiscal year over core budget levels for the purposes of spending federal grants related to homeland security. The Emergency Management Agency anticipates receiving some federal grants from the newly-created U.S. Department of Homeland Security for the purposes of preparing and responding to terrorist attacks, including bio-terrorism and weapons of mass destruction. The majority of such funding would be passed through to county emergency management agencies. The amount of actual federal grants is uncertain. The United States Congress only recently passed a federal budget, well into the current federal fiscal year. Other federal concerns with high financial costs, especially those related to terrorism, may lead to a lower level of federal grants than anticipated previously.

Other increases in funding over core budget level will allow for the addition of one FTE for oversight at U.S. Department of Energy sites in Ohio. Over the biennium, \$4 million in additional funding is provided for Public Assistance and Hazard Mitigation Grant Program distribution to local jurisdictions.

The operating budget of the Emergency Management Agency is funded through the General Revenue Fund and is included in the Main Operating Budget. The Department of Public Safety redbook for the main operating budget will discuss the implications of the Governor's recommended GRF funding for EMA.

Administration

Program Series 7

Purpose: This program provides upper level management for the Department of Public Safety’s six divisions.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
036	766-321	Operating Expense – Administration	\$4,346,226	\$4,461,836
830	761-603	Salvage and Exchange – Administration	\$22,070	\$22,070
4S3	766-661	Hilltop Utility Reimbursement	\$500,000	\$500,000
Total funding: Administration			\$4,868,296	\$4,983,906

Program Description: Administration provides upper level management for the Department of Public Safety’s six divisions.

Funding Sources: Fund 036 (Motor vehicle fuel tax), Fund 830 (Sale of salvaged equipment), Fund 4S3 (Charge-backs to other funds in Departments of Public Safety and Transportation)

Line Items: 766-321, Operating Expense-Administration; 761-603, Salvage and Equipment-Administration; 766-661, Hilltop Utility Reimbursement

Implication of the Executive Recommendation: The Governor’s recommended FY 2004 budget of \$4,868,296 in FY 2004 represents a 0.8% increase over estimated FY 2003 spending of \$4,831,835. The recommended FY 2005 budget of \$4,983,906 represents a 2.4% increase over FY 2004.

The Governor’s recommended budget provides for inflationary increases and will allow DPS Administration to operate at current levels.

Debt Service Payments

Program Series 8

Purpose: This program is used to retire bonded debt related to various capital projects.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
036	761-401	Lease Rental Payments	\$11,676,700	\$13,663,200
Total funding: Debt Service			\$11,676,700	\$13,663,200

Program Description: This program is used to pay debt service related to various capital projects.

Funding Sources: Fund 036 (Motor vehicle fuel tax)

Line Items: 761-401, Lease Rental Payments

Implication of the Executive Recommendation: The Governor’s recommended FY 2004 budget of \$11,676,000 represents an 8.3% decrease from FY 2003 estimated spending of \$12,783,500. Fiscal Year 2005 funding is increased by 17.0% to \$13,663,200. The Governor’s recommended budget is sufficient to pay existing bonded debt.

Revenue Distribution

Program Series 9

Purpose: This program allows the Bureau of Motor Vehicles and the Ohio State Highway Patrol to give refunds when incorrect payments are received and to hold funds until the revenue is properly identified.

The following table shows the line items that are used to fund this program series, as well as the Governor’s recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
R24	762-619	Unidentified Motor Vehicle Receipts	\$1,850,000	\$1,850,000
R27	764-608	Patrol Fee Refunds	\$35,000	\$35,000
R52	762-623	Security Deposits	\$250,000	\$250,000
Total funding: Revenue Distribution			\$2,135,000	\$2,135,000

Program Description: This program allows the Bureau of Motor Vehicles and the Ohio State Highway Patrol to give refunds when incorrect payments are received and to hold funds until the revenue is properly identified.

Funding Sources: Fund R24 (Deputy registrar receipts for which a final destination cannot be immediately determined), Fund R27 (Contingent money received by Highway Patrol), Fund R52 (Security deposits made by uninsured individuals involved in vehicle accidents)

Line Items: 762-619, Unidentified Motor Vehicle Receipts; 764-608, Patrol Fee Refunds; 762-623, Security Deposits

Implication of the Executive Recommendation: The Governor’s budget of \$2,135,000 in each fiscal year represents a \$100,000 increase over estimated spending in FY 2003 and allows for current levels of operation.

ADDITIONAL FACTS AND FIGURES

The following table shows the staffing levels in the various divisions at the Department of Public Safety as of November 2002.

Division	Emergency Medical Services	Emergency Management Agency	Investigative Unit	Highway Patrol	Bureau of Motor Vehicles	Administration	Total Department
Number of FTE's	24	91	139	2,670	915	104	3,943
Number of Part Time Employees	2	5	0	12	24	1	44
Total	26	96	139	2,682	939	105	3,987

PERMANENT AND TEMPORARY LAW

Permanent Law

This section describes permanent law provisions contained in the executive budget that will affect the Department's activities and spending decisions during the next biennium.

Fee Increases on Driver's Licenses, Vehicle Registrations, and Vehicle Titles (R.C. sections 4503.042, 4503.10, 4505.09, 4506.09, 4506.08, 4507.23, and 5502.02)

This provision makes various fee increases. It increases by \$5 the fee for each new, renewal, or duplicate of a driver's or commercial driver's license, temporary permit, motorcycle endorsement, and motorized bicycle license. According to the Bureau of Motor Vehicles, approximately 3.2 million such licenses were issued in 2002. That would result in \$16 million in additional revenue annually. The provision also increases vehicle registration and renewal fees by \$5. According to BMV, 12 million vehicle registration and renewals were issued in 2002. The increase would result in an additional \$60 million annually in revenue. Furthermore, the provision increases titling fees by \$15 per year. According to BMV, an average of 6.75 million total titling transactions occurred in 2001 and 2002. The increased fee would result in an additional \$101 million in revenue annually. *The estimated total increase in revenue from all three types of increases is \$177 million annually.*

The provision further requires that all fee revenue generated by these changes be deposited into the State Highway Safety Fund, for purposes of defraying the costs of the Department of Public Safety incurs in administering and enforcing the motor vehicle and traffic laws of Ohio. Eventually, the Department of Public Safety would no longer receive money from the motor vehicle fuel tax for the purposes of administering and enforcing the motor vehicle and traffic laws.

Bus Safety Inspection Fees (R.C. sections 4513.52 and 4513.53)

This provision allows the Department of Public Safety to increase bus safety inspection fees from not more than \$100 to not more than \$200. The provision also allows the Director of OBM to reimburse the State Highway Safety Fund from the General Revenue Fund for the amount collected in bus safety inspection fees. Currently, the fees are deposited into the General Revenue Fund, and do not return to the Department of Public Safety. This change could lead to an increase of revenue up to \$280,000 per year. It would also lead to an approximate \$140,000 loss in the General Revenue Fund.

Eliminates Reimbursement for Boat Trailer Military Exemptions (R.C. section 4503.173)

This provision eliminates the General Revenue Fund reimbursement for the amount of revenue lost because boat trailers owned by disabled veterans and prisoners of war are exempt from registration taxes and fees. The provision will have minimal fiscal effect.

Creation of License Plate Contribution Fund (R.C. section 4501.21 and various other sections)

This provision eliminates various separate funds into which revenue received from various specialty license plates is deposited. In their place, it creates the License Plate Contribution Fund. The provision will have no effect on the amount of revenue generated from specialty plates.

Creation of Public Safety Investigative Unit Salvage and Exchange Fund (R.C. section 4501.10)

This provision creates the Public Safety Investigative Unit Salvage and Exchange Fund. Currently, any salvage revenue generated by the Investigative Unit is deposited into the Liquor Control Fund. This money goes to the Department of Commerce and does not return to the Department of Public Safety. The Governor's recommended budget includes \$120,000 of spending authority in each fiscal year from this new fund.

Codification of Emergency Management Agency Service and Reimbursement Fund (R.C. section 5502.39)

This provision codifies the Emergency Management Agency Service and Reimbursement Fund. It was created by the Controlling Board.

Temporary Law

This section describes temporary law provisions contained in the executive budget that will affect the Department's activities and spending decisions during the next biennium.

Federal Highway Safety Program Match (Section 5)

This provision requires that line item 761-402, Traffic Safety Match, be used to provide the nonfederal portion of the federal Highway Safety Program.

Motor Vehicle Registration (Section 5.01)

This provision allows the Registrar of Motor Vehicles to deposit revenue to meet the cash needs of the State Bureau of Motor Vehicles Fund.

Capital Projects (Section 5.01)

This provision authorizes the Registrar to transfer funds from the State Bureau of Motor Vehicles Fund to the State Highway Safety Fund to meet specified obligations.

Transfer of Funds to Fund 5V1 (Section 5.01)

This provision requires the Director of Budget and Management to transfer funds from the separate special license plates funds abolished by a permanent law provision in the bill to the newly created License Plate Contribution Fund.

Collective Bargaining Increases (Section 5.02)

This provision authorizes the Controlling Board to increase the appropriation of any fund as necessary for the Department to pay the increase in costs of employee compensation arising due to new collective bargaining agreements.

Lease Rental Payments for CAP-076 (Section 5.04)

This provision requires the Director of Budget and Management to make cash transfers to the State Highway Safety Fund from other funds to reimburse the Fund for its share of lease rental payments to the Ohio Building Authority that are associated with Investigative Unit MARCS Equipment.

SARA Title III HAZMAT Planning (Section 5.05)

This provision authorizes the SARA Title III HAZMAT Planning Fund to receive grant funds from the Emergency Response Commission to finance the implementation of EMA responsibilities.

State Disaster Relief (Section 5.05)

This provision authorizes line item 763-601 to accept cash and appropriations from Controlling Board appropriation items to fund relief to local governments and nonprofit organizations for costs related to disasters.

EMA Service and Reimbursement Fund (Section 5.05)

This provision requires the Director of Budget and Management to transfer the cash balances in Fund 4Y0 and Fund 4Y1 to the EMA Service and Reimbursement Fund.

OBA Bond Authority/Lease Rental Payments (Section 5.07)

This provision authorizes the Ohio Building Authority to lease capital facilities to the Department of Public Safety, and would specify that line item 761-401 shall be used to make lease payments to OBA.

Hilltop Transfer (Section 5.07)

This provision authorizes the Director of Budget and Management to transfer funds from the Highway Operating Fund to the Highway Safety Fund. The amount that could be transferred would be the Department of Transportation's share of the Hilltop Building Project, such amount to be determined by the Director of Public Safety, with the agreement of the Director of Transportation.

Cash Balance Fund Review (Section 5.09)

This provision requires the Director of Budget and Management to determine annually if any funds within the State Highway Safety Fund Group, except for the State Highway Safety Fund, contain balances which should be transferred to either the State Highway Safety Fund or to the Bureau of Motor Vehicles Fund, and to make the appropriate recommendation to the Controlling Board.

Schedule of Transfers to State Highway Safety Fund (Section 5.09)

This provision requires the Director of Budget and Management to set a cash transfer schedule totaling \$140,137,500 in FY 2004 and \$94,359,250 in FY 2005 from the Highway Operating Fund to the State Highway Safety Fund.

Monthly Transfers to Gasoline Excise Tax Fund (Section 5.09)

This provision requires the Director of Budget and Management to transfer cash in equal monthly increments totaling \$46,712,500 in FY 2004 and \$94,359,250 in FY 2005 from the Highway Operating Fund to the Gasoline Excise Tax Fund. The distribution will give 42.86% to municipal corporations, 37.14% to counties and 20% to townships.

REQUESTS NOT FUNDED

The following charts show supplemental requests by the Department of Public Safety that are unfunded or partially funded in the Governor’s recommended budget. This information was gathered from the agency’s budget request and documentation provided by the Office of Budget and Management. Denial of funding does not always indicate that the Department will be unable to perform some or all of the duties associated with the request.

Highway Safety Information/Education – Statewide Driver Training Program						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
(036)761-321	\$792,087	\$0	(\$792,087)	\$813,157	\$0	(\$813,157)

The Department of Public Safety requested this funding for the creation of nine new positions in order to administer the statewide Driver Training Program. House Bill 407 of the 124th General Assembly moved this responsibility to DPS from the Department of Education. DPS proposed to assess a \$10 handling fee for each Driver Training Certificate in order to fund this request. The fiscal note for H.B. 407 did not indicate any expected increased expenditures due to the transfer to DPS from the Department of Education.

Highway Enforcement – Stationary Load Limit Inspectors						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
(036)764-321	\$1,922,121	\$0	(\$1,922,121)	\$2,084,677	\$0	(\$2,084,677)

This request was to fund additional 38 Stationary Load Limit Inspector positions in order to staff platform scale facilities 24 hours a day, seven days a week.

Highway Enforcement – Additional 100 Troopers						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
(036)764-321	\$4,359,075	\$0	(\$4,359,075)	\$8,572,522	\$0	(\$8,572,522)

This was request was to fund an additional 100 state trooper positions. This request is not funded in the Governor’s recommended budget.

Highway Enforcement – Additional Seven Civilian Positions						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
(036)764-321	\$443,850	\$0	(\$443,850)	\$419,859	\$0	(\$419,859)

The Department of Public Safety requested additional funding for seven additional civilian positions within the Ohio State Highway Patrol. The requested positions were Photo Lab Assistant, Network Administrator 2, three Salvage Motor Vehicle Inspectors, and two field Motor Vehicle Inspectors.

Trauma and Emergency Medical Services – Inflation and Increased Health Care Costs						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
(83M)765-624	\$60,996	\$30,373	(\$30,623)	\$115,491	\$92,223	(\$23,268)

The Department of Public Safety requested additional funding for inflation and medical costs for Emergency Medical Services. The Governor’s recommended budget includes partial funding for this request.

Trauma and Emergency Medical Services – EMS Staff Expansion						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
(83M)765-624	\$378,367	\$196,550	(\$181,817)	\$388,431	\$202,444	(\$202,444)

The Department of Public Safety requested additional funding to increase staff at Emergency Medical Services in order to provide full-time staff instead of part-time and provide support to an increasing grants program. The Governor’s recommended budget partially funded the request and will allow for three new positions.

Investigative Unit - Inflation and Increased Health Care Costs						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
(043)767-321	\$189,787	\$178,451	(\$11,336)	\$415,228	\$359,760	(\$55,468)

The Investigative Unit requested additional funding for inflation and increased health care costs. The Governor’s recommended budget partially funded the requests. Additional funding was also requested in the Investigative Unit’s GRF line item, which is in the Main Operating Budget.

Transportation Budget Bill

Ohio Public Works Commission

*Jonathan Lee, Budget Analyst
Legislative Service Commission*

Public Works Commission

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<i>Attachment: LSC Budget Spreadsheet By Line Item</i>	

March 2003

Public Works Commission

- Reported local need for local capital improvements during the next five years approaches \$28 billion
- For 15 program years, PWC's cumulative approval of 1,600 projects resulted in \$482 million of direct assistance to local governments

OVERVIEW

The Agency

The Public Works Commission (PWC) is responsible for the implementation of three infrastructure assistance programs for local governments: the State Capital Improvements Program (SCIP), the Local Transportation Improvements Program (LTIP), and the new Clean Ohio Conservation Program (COCP). All three programs are designed to preserve and expand public infrastructure of local governments, ensure the public health, safety, and welfare, and create and preserve jobs. The implementation of these programs is done with a staff of 12 who review and approve applications, process project agreements, attend District Public Works Integrating Committee meetings and Natural Resource Assistance Council meetings, process disbursement requests, and monitor projects. The Transportation budget bill contains the operating dollars for both programs, and the capital dollars for the LTIP. The capital money for the SCIP is appropriated in the capital budget bill.

Fiscal Years 2004 – 2005 Budget

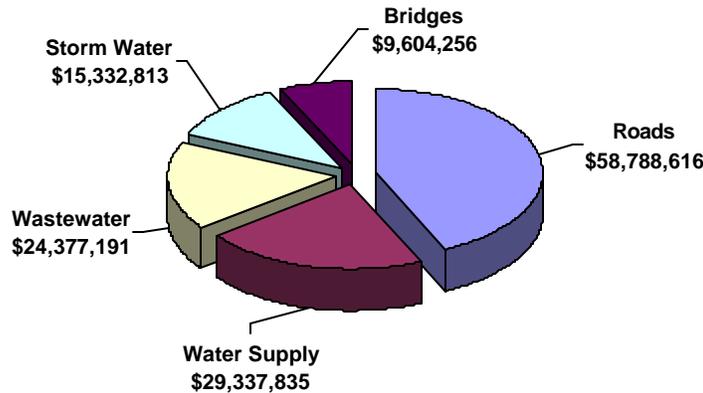
The Transportation bill contains appropriations for PWC's operating expenses for the State Capital Improvement Program (SCIP), and the Local Transportation Improvement Program (LTIP). The bill also contains a capital appropriation for the LTIP program to provide loans and grants to local governments. The capital request for \$67.5 million is based on annual motor fuel tax revenues and interest income. The Public Works Commission requested a FY 2004 budget that is 11% below FY 2003 appropriations, and .01% above FY 2004 levels. The Governor's recommended funding levels of \$137,380,950 in the Transportation bill represent a 10% decrease from FY 2002-2003 appropriations.

State Capital Improvement Program

During the FY 2004-2005 biennium the State Capital Improvement Program will be entering into program year (PY) 17 and 18. The State Capital Improvement Program (SCIP) provides low-interest loans and grants to local governments for projects involving roads and bridges, fresh water supply treatment and distribution systems, waste-water collection and treatment facilities, and storm sewer systems and solid waste disposal facilities. Grant funding comes from \$120 million in bonds each year with the GRF used as debt support. All repayments of loans made under SCIP are deposited into a revolving loan fund.

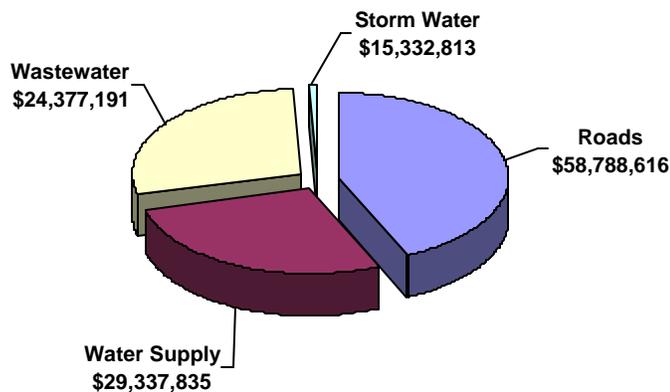
In PY 15 the SCIP program provided \$90,441,002 in grants, \$27,263,019 in loans, \$17,299,407 in revolving loans, and \$2,437,283 in credit enhancements. In PY 15, the majority of SCIP funding went to Cuyahoga County (\$14,214,000), followed by Franklin County (\$9,745,000), and Hamilton County (\$8,754,000). The chart below displays the total amount that was funded per project type under the SCIP program in PY 15.¹⁸

State Capital Improvement Program Year 15 Projects Funded



The SCIP has two subprograms, the Small Government Program, which sets aside \$12 million each fiscal year for villages and townships less than 5,000 in population, and the Emergency Assistance Program, which provides \$2.5 million for infrastructure emergencies. In PY 15, PWC provided the full \$2.5 million in emergency moneys. The chart below displays the total amount that was funded per project under the Small Government Program in PY 15.¹⁹

Small Government Program Year 15 Projects Funded



After moneys are allocated to the above subprograms, PWC allocates remaining moneys to the 19 District Public Works Integrating Committees on a per-capita basis. Therefore, allocations are made to the districts and not to the counties. Although the per capita share is by district, the per capita share by county must still be computed. If a county's per capita share would be less than \$300,000, PWC must allocate to the district in which that county is located an amount equal to the difference between \$300,000

¹⁸ Source: PWC Program Year 15 Annual Report, September 2002.

¹⁹ Source: PWC Program Year 15 Annual Report, September 2002.

and the county's per capita share. The 19 District Committees evaluate the projects using ten criteria established in the Ohio Revised Code. How those criteria are weighted and applied is up to the each committee's discretion. The district committees use the criteria to rank the programs in the district. This list is then submitted to PWC. The ten criteria that must be considered by the District Committees consist of need, age, condition, community importance, cost, local government ability to pay, project planning, federal funding availability, economic health of the local government, and other relevant factors.

SCIP Revolving Loan Program

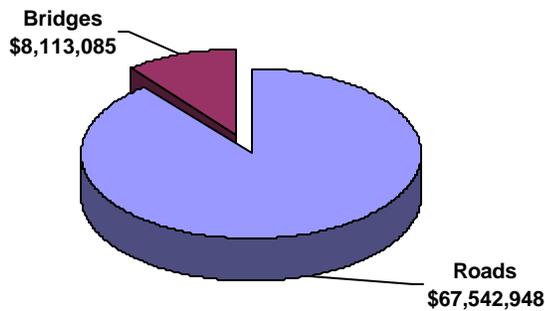
In FY 2002, the Commission released about \$17.3 million from the Revolving Loan Fund for the Revolving Loan Program (RLP). These allocations pay for approximately 50 to 80 loans each fiscal year. Over 15 program years, PWC has approved over 900 loans. Appropriations for RLP were made in the last capital reappropriations budget, Am. Sub. H.B. 524, in the amount of \$37.5 million, plus reappropriations in the amount of \$47,784,131.

Repayment moneys have gone into the Revolving Loan Fund to capitalize the RLP. Each District Public Works Integrating Committee is allocated an amount equal to the sum of all loan repayments made to the SCIP Revolving Loan Fund by local subdivisions that are part of the district. Any investment earning balance is to be allocated to the districts on a per capita basis. Loan repayments for loans from the Small Government Program and those for loans from the Emergency Assistance Program are to be used for each program respectively.

Local Transportation Improvement Program

Local Transportation Improvement Program (LTIP) provides grants and loans to pay for a part (or all) of a local road or bridge project in Ohio’s counties, cities, villages, townships, special districts, and non-profit organizations within the state. The loans and grants are used by these political subdivisions to make cash payments to consultants and contractors for work they have performed on behalf of the local government. Grants and loans distributed on a per capita basis for local road and bridge projects with useful lives of at least seven years. The program receives one cent of the motor fuel tax, which is the equivalent to roughly \$65 million annually. In PY 15 counties received \$31,775,142, cities received \$30,588,995, townships received \$8,123,255, and villages received \$5,168,641. The chart below displays the total amount funded for road and bridge projects under the LTIP program in PY 15.²⁰

Local Transportation Improvement Program Year 15 Projects Funded



²⁰ Source: PWC Program Year 15 Annual Report, September 2002.

ANALYSIS OF EXECUTIVE PROPOSAL

The Transportation bill provides funding for a *portion of two out of three* program series administered by PWC. The capital and operating line items for the Clean Ohio Conservation Program (COCP) are both in the Main Operating Bill. Also, the capital line item that supports the SCIP program is in the Main Operating Bill since the GRF is used as debt service. The two program series include:

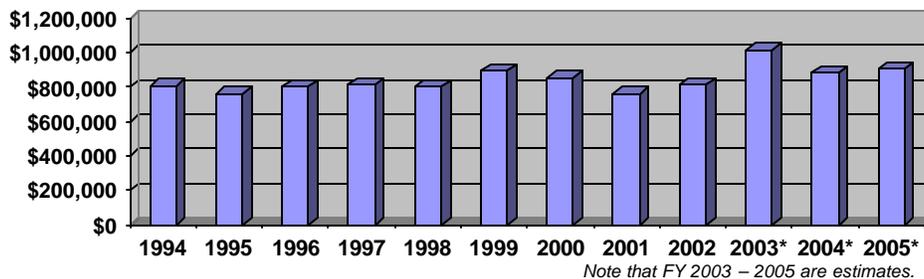
State Capital Improvement Program
Local Transportation Improvement Program

State Capital Improvement Program

Program Series 1

Program Description: State Capital Improvement Program debt proceeds are used to provide assistance in financing local public infrastructure improvements authorized by Section 2k and 2m in Article VIII of the Ohio Constitution. Through this program, PWC provides grants, loans, and debt support to local communities for the improvement of their basic infrastructure systems. Grant funding is from \$120 million in bonds issued each year with the GRF used as debt support, and all repayments of loans made under SCIP are deposited into a revolving loan fund. Eligible projects include improvements to roads, bridges, culverts, water supply systems, wastewater systems, storm water collection systems, and solid waste disposal systems. The SCIP also has two subprograms, the Small Government Program, which sets aside \$12 million each fiscal year for villages and townships less than 5,000 in population, and the Emergency Assistance Program, which provides \$2.5 million for infrastructure emergencies.

The chart below shows the actual operating expenses from FY 1994 to FY 2002.



Funding Source: Interest income

Line Item: The following table displays the Executive’s recommended funding level for *one of two* line items that funds this program series. The other line item²¹ is in the Main Operating Bill. See PWC’s Catalog of Budget Line Items (COBLI) for additional information.

Fund	ALI	Title	FY 2004	FY 2005
038	150-321	SCIP Operating Expenses	\$884,239	\$906,324
Total funding: SCIP Operating Expenses			\$884,239	\$906,324

Implication of the Executive’s Recommendation: Total recommended funding for this line item is \$1,790,563, whereas PWC requested \$1,921,963, representing a *decrease* of \$131,400, or 7%. Core

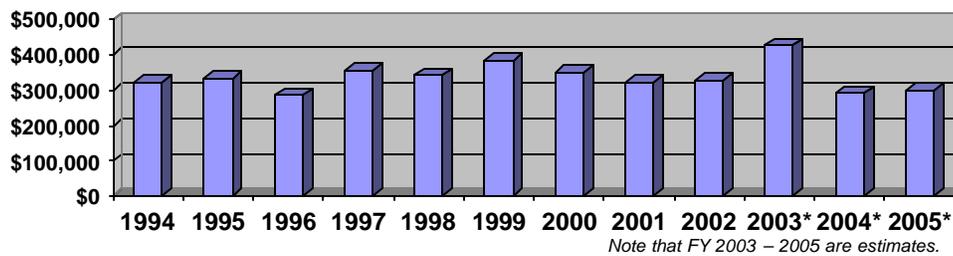
²¹ GRF 150-907 State Capital Improvements G.O Debt Service.

budget level (CBL) decreases were in the line item’s personal services object class, where PWC requested \$1,577,963, but the Executive recommended \$1,446,563. All other object classes were funded at requested levels: maintenance at \$305,000, equipment at \$21,000, and purchased personal services at \$18,000.

Local Transportation Improvement Program

Program Series 2

Program Description: The Local Transportation Improvement Program (LTIP) provides grants and loans to pay for a part (or all) of a local road or bridge project. Grants and loans are distributed on a per capita basis for local road and bridge projects with useful lives of at least seven years. The program receives one cent of the motor fuel tax, which is the equivalent to roughly \$65 million annually. The chart below shows the actual operating expenses from FY 1994 to FY 2002. Note that FY 2003 – 2005 are estimates.



Funding Source: One cent of the motor vehicle fuel tax (150-701), interest income (150-402)

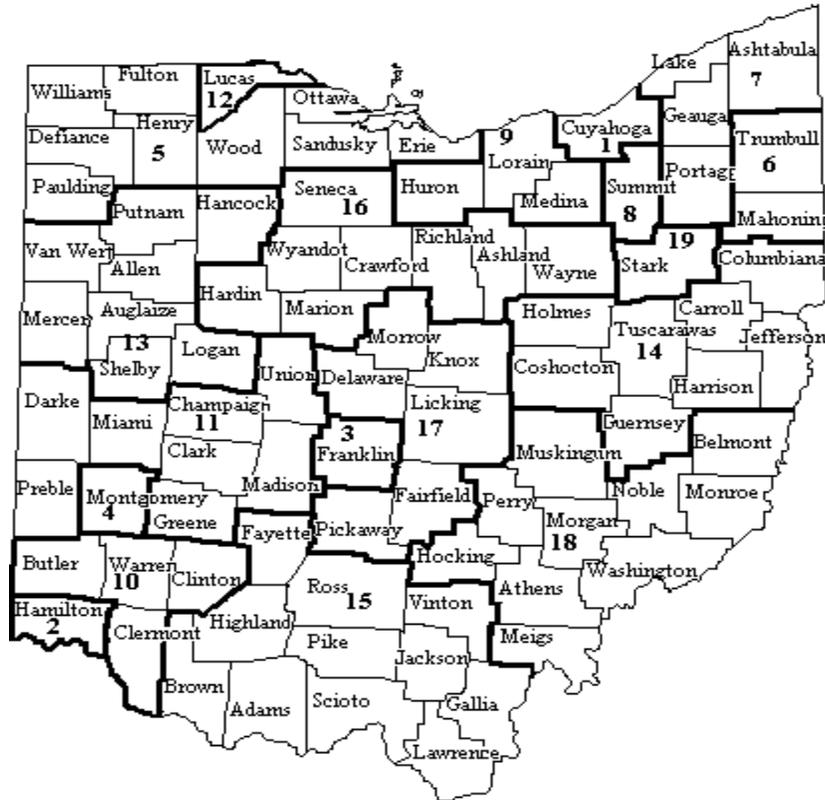
Line Item: The following table displays the Executive’s recommended funding level for *all* line items that fund this program series. This program series has *no* line items in the Main Operating Bill. See PWC’s Catalog of Budget Line Items (COBLI) for additional information.

Fund	ALI	Title	FY 2004	FY 2005
052	150-402	LTIP Operating Expenses	\$291,946	\$298,441
052	150-701	Local Transportation Improvement Program	\$67,500,000	\$67,500,000
Total funding: Local Transportation Improvement			\$67,791,946	\$67,798,441

Implications of the Executive’s Recommendation: The Executive fully funded the CBL level for line item 150-701. This line item only contains a capital object class. This will allow PWC to continue providing loans and grants to local governments.

However, for line item 150-402, the Executive recommended CBL’s of \$590,387, whereas PWC requested \$634,188, representing a decrease of \$43,801, or 7%. CBL decreases were in the line item’s personal services object class, where PWC requested \$525,988 and the Executive recommended \$482,187. All other object classes were funded at requested levels: maintenance at \$101,200 and equipment at \$7,000. This line item contains no funding for the purchased personal services object class.

ADDITIONAL FACTS AND FIGURES



The above map displays the Ohio Public Works Commission district map. Below is a corresponding numbered list of the counties that are in a particular district.

1. Cuyahoga
2. Hamilton
3. Franklin
4. Montgomery
5. Defiance, Erie, Fulton, Henry, Ottawa, Paulding, Sandusky, William, Wood
6. Mahoning, Trumbull
7. Ashtabula, Geauga, Lake, Portage
8. Summit
9. Huron, Lorain, Medina
10. Butler, Clermont, Clinton, Warren
11. Clark, Champaign, Darke, Greene, Madison, Miami, Preble, Union
12. Lucas
13. Allen, Auglaize, Hancock, Logan, Mercer, Putnam, Shelby, Van Wert
14. Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Tuscarawas
15. Adams, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, Vinton
16. Ashland, Crawford, Hardin, Marion, Richland, Seneca, Wayne, Wyandot
17. Delaware, Fairfield, Knox, Licking, Morrow, Pickaway
18. Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Washington
19. Stark

PERMANENT AND TEMPORARY LAW

Permanent Law Provisions

There are no new permanent law provisions in the transportation bill affecting the PWC.

Temporary Law Provisions

District Administration Costs

Authorizes the Director of the Public Works Commission to use investment earnings from the SCIP and LTIP funds for administrative costs incurred by individual Public Works District Integrating Committees. No more than \$760,000 per fiscal year will be available for reimbursement, and individual districts may not receive more than \$40,000 per fiscal year.

Reappropriations

Would specify that all capital appropriations of the Local Transportation Improvement Fund (Fund 052) that remain unencumbered at the end of FY 2003 and FY 2004 are re-appropriated for FY 2004 and FY 2005, respectively. This provision will create no fiscal effect.

REQUESTS NOT FUNDED

State Capital Improvement – P001						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
150-321	\$935,877	\$884,239	\$51,638	\$986,086	\$906,324	\$79,762
Total	\$935,877	\$884,239	\$51,638	\$986,086	\$906,324	\$79,762

Total recommended Core Budget Level (CBL) funding for this line item is \$1,790,563, whereas PWC requested \$1,921,963, representing a *decrease* of \$131,400, or 7%. This decrease is in PWC's personal services object class. This decrease will result in elimination of merit increases in FY 2004 and FY 2005, and elimination of a disability retirement position. Recommended appropriations will fund 12 full-time employees. Recommended funding will allow PWC to purchase requested computer equipment and a copier.

Local Transportation Improvement – P002						
Fund Line Item	FY 2004 Requested	FY 2004 Recommended	Difference	FY 2005 Requested	FY 2005 Recommended	Difference
150-402	\$309,159	\$291,946	\$17,213	\$325,029	\$298,441	\$26,588
Total	\$309,159	\$291,946	\$17,213	\$325,029	\$298,441	\$26,588

The Executive fully funded requested CBL levels for line item 150-701; however, for line item 150-402, the Executive recommended \$590,387, whereas PWC requested \$634,188, representing a decrease of \$43,801, or 7%. The PWC will likely experience similar fiscal effects as in ALI 150-321.

Transportation Budget Bill

Ohio Department of Development

*Allison Thomas, Economist
Legislative Service Commission*

Department of Development

OverviewA55

Catalog of Budget Line ItemsCOBLI 1

Attachment: LSC Budget Spreadsheet By Line item

March 2003

Department of Development

- \$12.7 million per fiscal year for roadwork development grants for businesses

OVERVIEW

Road Work Development

Am. Sub. H.B. 298 of the 119th General Assembly created line item 195-629, Roadwork Development, within the Department of Development. This line item is for grants to businesses to pay for road improvements associated with economic development opportunities that will retain or attract businesses for Ohio. Because it is fully funded by gas tax revenues, the account is restricted to public road projects.

The executive recommendation is \$12.7 million in each fiscal year of the biennium, which is the same amount funded in FYs 2002 and 2003. In FY 2002, as reported by the Department of Development, this program funded 37 projects around the state that resulted in the creation of 6,821 jobs, the retention of 4,649 jobs and \$387 million of private investments. In the upcoming biennium, the Roadwork Development program will seek to fund projects that support the Governor's Third Frontier project, such as projects that provide high wage jobs in high growth industries. The Ohio Department of Transportation and the Controlling Board have final approval on all projects.