

**Greenbook**  
**LSC Analysis of Enacted Budget**

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**Department of  
Transportation**

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### **ATTACHMENT:**

Budget Spreadsheet By Line Item

# Department of Transportation

- Total funding of \$27.6 million from the GRF for the FY 2018-FY 2019 biennium
- This GRF funding is a \$3.0 million decrease compared to GRF appropriations to ODOT in the prior FY 2016-FY 2017 biennium

## OVERVIEW

The Ohio Department of Transportation (ODOT) is the agency charged with planning, building, and maintaining the state's transportation system. Most of ODOT's resources are devoted to the state's system of highways, but the Department also spends some money overseeing its responsibilities in the areas of rail, aviation, and public transportation. Nearly the entirety of ODOT's total budget for all transportation modes is derived from federal sources, the state motor fuel tax, and bond revenue. About one-half of 1% of ODOT's overall funding for the FY 2018-FY 2019 biennium comes from the GRF, amounts that are contained in H.B. 49, the main operating budget act for the FY 2018-FY 2019 biennium. This small component of the Department's budget supplements funding for the state's public transportation, rail, and aviation programs. The other 99.5% of ODOT's appropriations come through H.B. 26, the transportation budget bill for the FY 2018-FY 2019 biennium.

## Appropriation Overview

As Table 1 below shows, H.B. 49 provides GRF funding of approximately \$14.2 million in FY 2018 and \$13.4 million in FY 2019 for ODOT operations. This is a decrease in appropriations compared to the prior biennium, in which \$15.3 million in GRF was appropriated in each of FY 2016 and FY 2017.

Fund	FY 2018	FY 2019	% change, FY 2018-FY 2019
General Revenue	\$14,190,000	\$13,410,000	-5.5%

Of the total transportation funding in H.B. 49, \$13.0 million (47.1%) of appropriations over the biennium are for public transportation. This is followed by aviation, which accounts for \$12.4 million (44.8%) of the overall transportation funding under H.B. 49. Rail accounts for just under \$2.0 million (7.2%) of the transportation funding in the main budget act. Finally, the bill includes a \$250,000 earmark in FY 2018 for a highway construction project, accounting for 0.9% of the transportation funding included in H.B. 49. The dollar allocations are shown alongside FY 2017 spending for these transportation modes in Table 2 below.

<b>Table 2. FY 2018-FY 2019 GRF Budget by Functional Category (\$ in millions)</b>					
<b>Functional Category</b>	<b>FY 2017*</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2018-FY 2019 Total</b>	<b>% of FY 2018-FY 2019 Budget</b>
Public Transportation	\$4.9	\$6.5	\$6.5	\$13.0	47.1%
Aviation	\$4.5	\$6.5	\$5.9	\$12.4	44.8%
Rail	\$1.5	\$1.0	\$1.0	\$2.0	7.2%
Highway Construction	\$0.0	\$0.3	\$0.0	\$0.3	0.9%
<b>TOTAL**</b>	<b>\$10.9</b>	<b>\$14.2</b>	<b>\$13.4</b>	<b>\$27.6</b>	<b>100.0%</b>

\*FY 2017 figures represent actual expenditures.

\*\*Amounts may not add to totals due to rounding.

## **Overall Funding of Nonhighway Transportation Modes – H.B. 26 and H.B. 49**

The GRF appropriations in H.B. 49 supplement funding for nonhighway transportation modes contained in H.B. 26, the transportation budget bill for the FY 2018-FY 2019 biennium. When combining appropriations in each of the bills, the total funding over the two-year biennium equals approximately (1) \$148.5 million for public transportation, (2) \$41.3 million for rail, and (3) \$31.4 million for aviation.

### **Public Transportation**

There are four sources of funding among the two budget bills that altogether comprise \$74.2 million per fiscal year for transit – \$148.5 million for the biennium. The sole H.B. 49 source is GRF funding of \$6.5 million in each year. This money mainly supports the operating and capital costs for rural transit systems and small urban transit systems, but also pays for a portion of the operating expenses of ODOT's Office of Transit.

On the other hand, H.B. 26 funding for transit mostly assists the large urban transit systems, and contains funding from three sources: (1) \$33.2 million per year in Federal Transit Administration (FTA) pass-through formula distributions to Ohio transit agencies, (2) \$33.0 million annually in Federal Highway Administration (FHWA) moneys that ODOT plans to "flex" out for allowable transit purposes under federal guidelines, and (3) local matching funding of \$1.5 million per year that comes to ODOT under program guidelines.

Of the four sources of transit funding, the two sources that ODOT elects to support for transit in each year are the \$6.5 million in H.B. 49 GRF funding, plus the \$33.0 million in H.B. 26 flex FHWA funding.

### **Rail**

Total funding for rail is \$41.3 million over the biennium under both H.B. 26 and H.B. 49. Of this total, rail receives \$21.2 million in FY 2018 and \$20.2 million in FY 2019. H.B. 49 provides GRF funding of about \$1.0 million in each fiscal year for grants under the Rail Development Grant and Loan Program.

Under H.B. 26, the money is apportioned as follows: (1) \$14.2 million per year in federal funding designated for grade crossing projects, (2) \$2.1 million in each year in a combination of federal and state highway dollars that are set aside for additional grade crossing support, (3) \$2.9 million in FY 2018 and \$1.9 million in FY 2019 for loans under the Rail Development Grant and Loan Program, and (4) about \$1.0 million in each fiscal year for operating costs of the Ohio Rail Development Commission.

### **Aviation**

Across both budget bills, aviation receives \$31.4 million, comprising \$15.9 million in FY 2018 and \$15.5 million in FY 2019. H.B. 49 includes approximately \$6.5 million in FY 2018 and \$5.9 million in FY 2019 for aviation purposes. Most of the GRF funding is slated for grant subsidies to be awarded through the Ohio Airport Grant Program. Under the program, grants go toward capital improvements at publicly owned airports that do not receive FAA passenger or air cargo entitlements. These are typically small general aviation airports. Non-GRF funding for the program in H.B. 26 totals about \$1.0 million in each year of the FY 2018-FY 2019 biennium.

In all, H.B. 26 appropriates around \$9.5 million per year for aviation. Besides the Ohio Airport Grant Program funding, H.B. 26 budgets (1) about \$5.0 million per year for Office of Aviation operating costs, (2) \$2.0 million in each year for the aviation component of ODOT's State Infrastructure Bank (SIB) Loan Program, and (3) \$1.5 million per year for costs in overseeing the Ohio/Indiana Unmanned Aerial System (UAS) Center.

## **H.B. 49 Provisions Affecting ODOT Operations**

### **Diesel Emissions Reduction Grant Program**

H.B. 49 authorizes the continuation of the Diesel Emissions Reduction Grant (DERG) Program overseen by the Ohio Environmental Protection Agency (EPA). Under this program, the EPA provides grants to public and private diesel fleet owners to replace, repower, and retrofit diesel engines or install anti-idle equipment in their diesel-powered vehicles. The bill also authorizes DERG funds to be used for projects that involve the purchase or use of hybrid and alternative fuel vehicles pursuant to federal guidance. Although the program is overseen by the Ohio EPA, it is funded by federal Congestion Mitigation and Air Quality (CMAQ) funds under ODOT's budget. The bill provides appropriations of \$10.0 million over the FY 2018-FY 2019 biennium from the Highway Operating Fund (Fund 7002) for the program. In the current biennium, total expenditures for the program were limited to \$5.0 million in FY 2017, with no funding in FY 2016.

Under the program, public entities are reimbursed from moneys in Fund 7002 designated for the DERG Program. Private entities are reimbursed in a slightly different

manner. For private entity projects, both ODOT and the local public sector agency project sponsor must approve the reimbursement. These reimbursements are then paid from Fund 7002 in the form of direct payments to the vendor doing the work in a prorated share of federal/state participation.

### **Vetoed Provision – Creation of the Ohio Maritime Assistance Program**

H.B. 49 sought to establish the Ohio Maritime Assistance Program, under which certain cities and port authorities could apply to ODOT for grants to construct new marine cargo terminals or to improve existing terminals located on the shores of the Ohio River, Lake Erie, or a tributary of Lake Erie. The bill created the Ohio Maritime Assistance Fund (Fund 5QT0) and capitalized the fund with \$2.0 million in each of FY 2018 and FY 2019 via a transfer from the Facilities Establishment Fund (Fund 7037), which is used by the Development Services Agency. The Governor vetoed this provision.

In the Governor's veto message, it was noted that ODOT is in the process of conducting a statewide assessment of the state's maritime assets, and that funding maritime projects will be pursued after the completion of the assessment. The message states that ODOT's assessment will conclude by the end of calendar year 2017.

### **Rest Areas along Scenic Byways**

The bill prohibits ODOT from closing any rest area that is located along a scenic byway. If ODOT had planned to close a rest area on such a roadway, this provision could potentially lead to additional costs than budgeted out of Fund 7002.

## ANALYSIS OF ENACTED BUDGET

### Category 1: Public Transportation

This category of appropriations provides GRF support for capital, operating, technical, and planning assistance to 61 transit systems. These systems can be managed by a county, regional government entity, or a government-designated nonprofit corporation. Of the 61 transit systems, 27 are present in urban areas, while 34 lie in rural areas. Service under each of the systems varies, but can broadly be categorized into two types based on population densities: (1) fixed routes, which are prevalent in big cities and (2) demand response, used often in and around small cities and rural areas. Altogether, the transit network provided over 115 million trips in 2013, which is the 14th highest transit ridership ranking in the nation.

According to 2013 data on Ohio transit, the most recent available, approximately 3,400 nonrail transit vehicles were operating in the state. The eight largest transit agencies possess around 67% of these vehicles, about 2,100 in all. These eight transits are all regional transit authorities (RTAs) operating in the following urban areas: Greater Cleveland Regional Transit Authority (Cleveland), Southwest Ohio RTA (Cincinnati), Central Ohio Transit Authority (Columbus), Greater Dayton RTA (Dayton), Metro RTA (Akron), Toledo Area RTA (Toledo), Laketran (Northeast Ohio), and Stark Area RTA (Canton). The 34 rural agencies operate 15% of the statewide fleet, or roughly 500 vehicles. Two transit agencies operate rail service: the Greater Cleveland Regional Transit Authority and the Southwest Ohio Regional Transit Authority, which began streetcar service in Cincinnati in September 2016.

ODOT's Office of Transit oversees federal compliance of transit agencies on the state level, awards grant funding from state and federal sources, provides transit agencies with support in the form of technical assistance, and offers assistance in the coordination of transit service.

Appropriations for Public Transportation				
Fund	ALI and Name		FY 2018	FY 2019
<b>General Revenue Fund</b>				
GRF	775451	Public Transportation – State	\$6,500,000	\$6,500,000

#### Public Transportation – State (775451)

This line item is used for three purposes: (1) about \$3.9 million per year to supplement the federal funding for the Ohio Public Transportation Grant Program, (2) around \$2.2 million per year to fund all of the Elderly and Disabled Fare Assistance Program, and (3) approximately \$400,000 per year to pay for operating costs of ODOT's Office of Transit.

### **Ohio Public Transportation Grant Program**

Around \$3.9 million is allocated in each year for ODOT to award state funds for operating assistance and capital projects to the urban and rural transit systems operating throughout the state under the Ohio Public Transit Grant Program (OPTGP). The funding is divided for two categories of ODOT-administered programs: the Urban Transit Program and the Rural Transit Program. This GRF funding for the Urban Transit Program would support only the 19 small urban systems across the state, plus all of the rural transit systems assisted under the Rural Transit Program. The eight large urban transit systems receive federal money under the Urban Transit Program, appropriated in H.B. 26, the transportation budget act for the FY 2018-FY 2019 biennium.

ODOT has historically given priority to the Rural Transit Program over the Urban Transit Program in allocating GRF funding, as rural transit systems are generally more reliant on state assistance. In the next biennium, \$3.1 million per year will be allocated for rural transits, while about \$800,000 annually will assist the small urban transit systems.

Once ODOT allocates the GRF funds for each of the rural and urban components, the assistance to each transit system is distributed by formula. For the urban transit systems, the formula takes into account factors such as ridership, revenue service miles, farebox revenue, cost per hour, passengers carried per mile, and fare recovery rates. For rural systems, OPTGP funds are apportioned based on a formula that takes into account the number of passengers, revenue vehicle miles, and local contributions.

### **Elderly and Disabled Fare Assistance Program**

The Elderly and Disabled Fare Assistance Program offers affordable transportation for the elderly and people with disabilities by providing some state funding to public transit agencies that offer half fares or lower to qualifying riders. The program receives around \$2.2 million annually from the GRF appropriations for public transit. According to ODOT, this program supported over two million trips on public transit vehicles in FY 2015. For rural areas, the elderly and disabled populations accounted for around 31% of all rural transit trips in FY 2015.

The allocation of funds to individual transit systems under the program is based on a formula. Currently, 44 public transit systems (out of 61) offer half fares and receive assistance under this program. The eight large urban systems are not eligible for GRF assistance, however. If they were eligible, ODOT estimates that it would cost another \$11.1 million annually to reimburse those systems under current program funding guidelines. The remaining 17 transit systems have chosen not to offer reduced fares for financial reasons.



**Public Transit Operating**

A portion of the funding under the line item is used to cover the operating costs for ODOT's Office of Transit, including payroll, supplies, and equipment. The GRF allocation should amount to between \$350,000 and \$400,000 annually, in line with past years. The Office's administration and oversight duties include program development, application review and project selection, contract preparation, invoice payment, quality assurance, site visits, data collection reviews, drug and alcohol audits, financial audits, training, and technical assistance. To reduce GRF expenses, the Office of Transit has in recent years moved eligible payroll to federal sources of reimbursement, among other cost-saving measures, funding them under appropriations included in H.B. 26.

## Category 2: Aviation

This category of appropriations provides funding that enables the Office of Aviation to work with airports to meet national safety standards, provide grants for infrastructure improvements at airports, coordinate with the Federal Aviation Administration (FAA), register aircraft, provide air transportation to state officials, and maintain the state's aircraft fleet. The following table shows the GRF funding in H.B. 49 that supplements ODOT's overall funding for aviation oversight and assistance provided by the Office of Aviation.

Appropriations for Aviation				
Fund	ALI and Name		FY 2018	FY 2019
<b>General Revenue Fund</b>				
GRF	777471	Airport Improvements – State	\$6,455,000	\$5,910,000

### Airport Improvements – State (777471)

Overall, H.B. 49 includes approximately \$6.5 million in FY 2018 and \$5.9 million in FY 2019 for this line item. Approximately \$5.0 million each fiscal year will be slated for grants under the Ohio Airport Grant Program. This is followed by around \$900,000 per year that will be budgeted for Office of Aviation operating costs. Finally, \$555,000 in FY 2018 is earmarked for two aviation-related projects, one at the John Glenn International Airport in Columbus and the other at the Akron-Canton Airport.

#### Ohio Airport Grant Program

The program provides capital improvement grants to publicly owned airports that do not receive FAA passenger or air cargo entitlements. These are typically small general aviation airports. Given these criteria, there are currently 96 publicly owned airports eligible to receive program funding. Grant funds may provide up to 90% of the construction costs associated with airport pavement resurfacing, obstruction removal, and marking projects.

H.B. 49 should provide GRF grant funding of around \$5.0 million in each fiscal year for this program. GRF funding for airport grants is augmented by funding of \$620,000 per fiscal year in aircraft license tax revenues deposited into the Airport Assistance Fund (Fund 5W90), money that is appropriated in H.B. 26. Together, these sources provide a grant program of about \$5.6 million per year for the upcoming biennium. This will support projects for about six airports. In FY 2017, the Office of Aviation awarded 13 grants totaling approximately \$4.3 million in funding.

#### Operating Costs of the Office of Aviation

About \$900,000 in GRF funding each fiscal year under this line item is devoted to the operating expenses of the Office of Aviation. Activities funded by the GRF include conducting safety and pavement condition inspections at 157 noncommercial service

public use airports on a three-year cycle to ensure airport operations comply with FAA standards and the Ohio Airport Protection Law. The funding is also used to enforce the airport protection law for Ohio airports by reviewing any proposed construction that will take place near airports and issuing permits. Finally, this portion of GRF funding is used by the Office of Aviation to monitor grant awards under the Ohio Airport Grant Program.

Aside from this GRF funding, the Office of Aviation is provided about \$5.0 million in Highway Operating Fund appropriations under H.B. 26, the transportation budget bill for the FY 2018-FY 2019 biennium. Specifically, this money is appropriated under line item 777475, Aviation Administration. Much of the H.B. 26 funding, however, is used for maintaining the state air fleet, comprising 25 aircraft. Additionally, the line item is budgeted approximately \$1.5 million in each fiscal year for the operating costs of the Ohio/Indiana Unmanned Aerial Systems (UAS) Center, which is located in Springfield.

#### ***H.B. 49 Provision Affecting Office of Aviation – Oversight of Navigable Airspace***

The bill alters various provisions of law governing the oversight and permitting of navigable airspace conducted by ODOT's Office of Aviation. Altogether, these changes appear to have minimal fiscal effect and are intended to conform state law dealing with construction and alteration of the physical environment around airports with federal guidelines. Moreover, the Department stated that, under their current responsibilities, the Office approves about 2,800 of these permits per year, and the bill's changes should result in only a negligible increase in permit applications annually. Any additional oversight costs as a result of these provisions, nonetheless, would likely be borne out of Highway Operating Fund (Fund 7002) appropriation item 777475, Aviation Administration, but could also come from GRF appropriation item 777471, Airport Improvements – State.

#### **Earmarks for Aviation Projects**

H.B. 49 includes two earmarks from the line item in FY 2018. First, \$455,000 will be used to support expenses related to renaming the former Port Columbus International Airport as the John Glenn International Airport. This airport name change was initially authorized in S.B. 159 of the 131st General Assembly. The earmark may be used for replacing signage and for reimbursing the airport for costs already incurred for this purpose. The second earmark is \$100,000 in FY 2018 to support the installation of four new airline gates at the Akron-Canton airport.

### Category 3: Rail

This category of appropriations is administered by the Ohio Rail Development Commission (ORDC). The Commission administers programs that promote economic development projects involved with rail, as well as rail-highway safety. Overall, Ohio has around 5,300 route miles of freight railroad lines in the state, which is third in the nation. The rail safety funding, comprising mostly federal dollars but also some state highway funding, is entirely appropriated in H.B. 26. The following table shows the funding for the GRF appropriation item that supports the Rail category.

Appropriations for Rail				
Fund	ALI and Name		FY 2018	FY 2019
<b>General Revenue Fund</b>				
GRF	776465	Rail Development	\$985,000	\$1,000,000

#### Rail Development (776465)

This line item is used by ORDC to award grants under the Rail Development Grant and Loan Program. Overall, H.B. 49 includes \$985,000 in FY 2018 and \$1.0 million in FY 2019 for this purpose. The program provides financial assistance to railroads, businesses, and communities for the rehabilitation, acquisition, preservation, or construction of rail and rail-related infrastructure. Loan funding is appropriated in H.B. 26 under Fund 4N40 line item 776664, Rail Transportation – Other. About \$2.9 million in FY 2018 and \$1.9 million in FY 2019 is appropriated for loan assistance under H.B. 26. Fund 4N40 line item 776664 also includes appropriations that would allocate around \$965,000 in each year for ORDC's payroll and administrative costs.

Loans and grants under this program are awarded to public entities, railroads, and private companies. ORDC coordinates with JobsOhio, the Development Services Agency, and other offices within ODOT in packaging incentives for development projects and awarding funds under the program.

**Category 4: Highway Construction**

The state budgeting for highway construction is typically paid for entirely through the transportation budget bill passed each biennium. H.B. 26, the transportation budget bill for the FY 2018-FY 2019 biennium, included appropriations of approximately \$5.60 billion to be used for highway construction and maintenance over the two-year period.

Appropriations for Highway Construction				
Fund	ALI and Name		FY 2018	FY 2019
<b>General Revenue Fund</b>				
GRF	772502	Local Transportation Projects	\$250,000	\$0

**Local Transportation Projects (772502)**

The sole line item funded in H.B. 49 for highway construction is earmarked for a Regional Transportation Improvement Project (RTIP) in Carroll, Columbiana, and Stark counties. This funding represents the first GRF appropriation for a road project in at least ten years.

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**FY 2018 - FY 2019 Final Appropriation Amounts**

**All Fund Groups**

Line Item Detail by Agency			FY 2016	FY 2017	Appropriations	FY 2017 to FY 2018		Appropriations	FY 2018 to FY 2019		
					FY 2018	\$ Change	% Change	FY 2019	\$ Change	% Change	
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Enacted</b>								
<b>DOT Department of Transportation</b>											
GRF	772502	Local Transportation Projects	\$0	\$0	\$ 250,000	\$ 250,000	N/A	\$ 0	(\$250,000)	-100.00%	
GRF	775451	Public Transportation-State	\$ 8,389,744	\$ 4,900,494	\$ 6,500,000	\$ 1,599,506	32.64%	\$ 6,500,000	\$ 0	0.00%	
GRF	776465	Rail Development	\$ 1,586,098	\$ 1,534,238	\$ 985,000	(\$549,238)	-35.80%	\$ 1,000,000	\$ 15,000	1.52%	
GRF	777471	Airport Improvements-State	\$ 914,878	\$ 4,447,407	\$ 6,455,000	\$ 2,007,593	45.14%	\$ 5,910,000	(\$545,000)	-8.44%	
<b>Sub-Total General Revenue Fund</b>			<b>\$ 10,890,720</b>	<b>\$ 10,882,139</b>	<b>\$ 14,190,000</b>	<b>\$ 3,307,861</b>	<b>30.40%</b>	<b>\$ 13,410,000</b>	<b>(\$780,000)</b>	<b>-5.50%</b>	
<b>Department of Transportation Total</b>			<b>\$ 10,890,720</b>	<b>\$ 10,882,139</b>	<b>\$ 14,190,000</b>	<b>\$ 3,307,861</b>	<b>30.40%</b>	<b>\$ 13,410,000</b>	<b>(\$780,000)</b>	<b>-5.50%</b>	
<b>Grand Total</b>			<b>\$ 10,890,720</b>	<b>\$ 10,882,139</b>	<b>\$ 14,190,000</b>	<b>\$ 3,307,861</b>	<b>30.40%</b>	<b>\$ 13,410,000</b>	<b>(\$780,000)</b>	<b>-5.50%</b>	