

Greenbook

LBO Analysis of Enacted Transportation Budget – Part I

Department of Transportation

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Attachment:

Appropriation Spreadsheet

LBO Greenbook

Department of Transportation

Quick look...

- The budget provides the Ohio Department of Transportation (ODOT) with funding of \$6.83 billion over the FY 2022-FY 2023 biennium under the transportation budget.
- The three primary funding sources are (1) federal highway aid, (2) the Ohio motor fuel tax (MFT), and (3) highway bonds issued by the state.
- About \$5.89 billion (86%) of the budget is for highway construction and maintenance activities. Of other uses, debt service accounts for almost \$320.0 million (4.7%) of spending. Approximately \$357.4 million is for administration and planning and research. Among other transportation modes, transit receives \$155.4 million (2.3%) of the budget, while a combined \$53.3 million (less than 1%) goes toward rail and aviation.
- FY 2022 appropriations include about \$333 million in federal stimulus funding as a result of Congress's passage of CARES Act 2 in December 2020.

Fund Group	FY 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF	\$40.4	\$27.2	\$37.0	\$37.0
Highway Operating	\$3,042.5	\$2,992.2	\$3,394.1	\$3,063.0
Dedicated Purpose	\$2.2	\$2.4	\$3.5	\$3.5
Capital Projects	\$400.0	\$166.7	\$120.0	\$170.0
Total	\$3,485.2	\$3,188.5	\$3,554.6	\$3,273.4
% change	--	-8.5%	11.5%	-7.9%
<i>Highway Operating % change</i>	--	-1.7%	13.4%	-9.8%

Note: Amounts in millions

Overview

Appropriation summary

The transportation budget provides total appropriations of \$3.55 billion in FY 2022 and \$3.27 billion in FY 2023 for the Ohio Department of Transportation (ODOT). Overall, 94.6% of this funding comes from the Highway Operating Fund, which consists of federal highway aid, a substantial portion of revenue derived from the Ohio motor fuel tax (MFT), and the proceeds from the issuance of state highway bonds. The vast majority of ODOT's budget is devoted to highway construction and maintenance, comprising about \$5.89 billion (86.2%) of appropriations over the biennium. Table 1 below shows the FY 2022-FY 2023 budget for ODOT by category as presented within this Greenbook.

Category	FY 2022	FY 2023	Biennial Total	% of Total
Highway Construction and Maintenance	\$3,094.3	\$2,797.0	\$5,891.2	86.2%
Debt Service	\$154.4	\$165.4	\$319.9	4.7%
Administration	\$107.1	\$110.2	\$217.3	3.1%
Planning and Research	\$69.8	\$70.4	\$140.1	2.1%
Transit	\$78.7	\$79.7	\$155.4	2.3%
State Infrastructure Bank	\$23.9	\$24.0	\$47.9	0.7%
Rail	\$17.0	\$16.9	\$33.9	0.5%
Aviation	\$9.5	\$9.9	\$19.4	0.3%
Total	\$3,554.6	\$3,273.4	\$6,828.0	

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

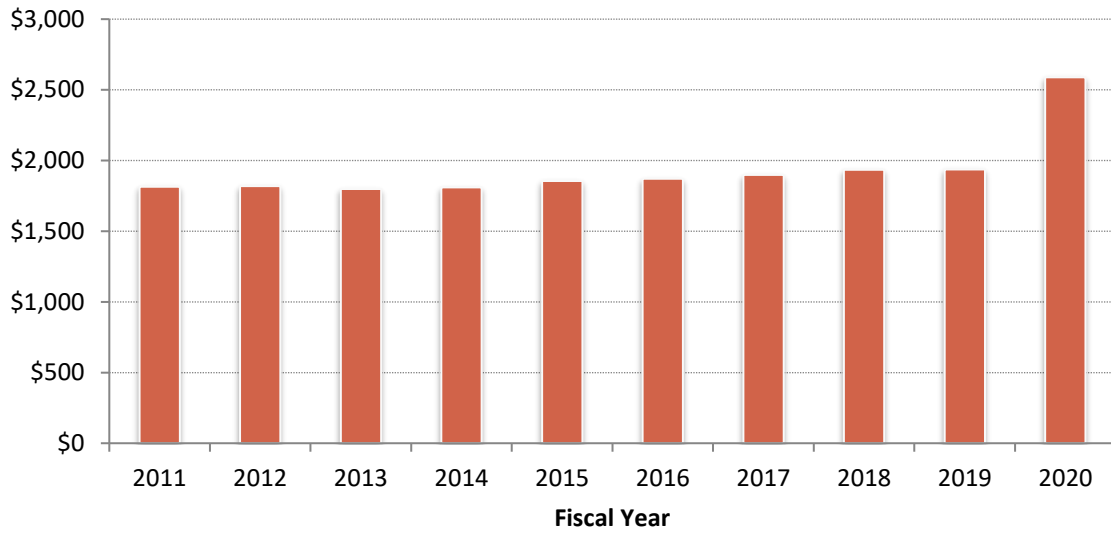
MFT collections and distributions

H.B. 62 of the 133rd General Assembly increased the tax rate for unleaded gasoline from 28¢ per gallon to 38.5¢ per gallon (including ethanol fuel types E15 and E85) and increased the tax rate on other motor fuels, including diesel, from 28¢ per gallon to 47¢ per gallon. The rate increases became effective at the beginning of FY 2020. The revenue is shared between ODOT, local governments, and other state agencies, including the Public Works Commission. MFT revenues are also used to pay debt service on Highway Capital Improvement Bonds issued to fund ODOT transportation initiatives.

Reported MFT collections in FY 2020 were just under \$2.59 billion, a \$651 million (33.6%) increase from FY 2019 collections of \$1.94 billion, entirely attributable to the rate changes in H.B. 62. Total MFT income was otherwise subdued by weak demand during the start of the COVID-19 pandemic. Chart 1 below demonstrates the change in MFT revenue in recent years. In the absence of legislation or large-scale shifts in consumer behavior, MFT revenue has tended to rise steadily and moderately. The average annual increase in MFT revenue between FY 2011 and FY 2019 was 0.8%.

LBO estimates MFT revenue in FY 2022 to be about \$2.61 billion. Of the estimated total, about 60% of that, or just under \$1.6 billion, would go to ODOT. Of the remainder, municipalities, counties, and townships combined would receive about 35% of MFT revenue, or about \$915.0 million. The Public Works Commission and other state agencies would share the remaining amount of just under 5%, or about \$130.0 million.

Chart 1: Total motor fuel tax revenue



Permanent and temporary law changes

Permanent law

Bridge inspections by ODOT and county engineers

Current law requires ODOT to perform annual inspections of all bridges on the State Highway System, comprised of all interstate and state routes, plus other roads set out in section 5501.47 of the Revised Code. ODOT spends approximately \$12.0 million annually on bridge inspections. On the local level, county engineers must annually inspect all bridges on the county highway system, such as county roads inside and outside of municipalities and townships, and also other roads that are not inspected by another local entity.

The bill amends the law to allow both ODOT and county engineers to inspect bridges on up to a two-year schedule, instead of annually. This could lead to potential cost savings that could be significant: up to \$4.0 million to \$6.0 million in annual ODOT costs and likely in the low millions of dollars in annual county costs, in aggregate across all counties. This assumes that ODOT and all county engineers follow the two-year inspection cycle.

Permitting of overweight vehicles

The bill amends the law governing certain overweight vehicles. In current law, there are some exemptions from the requirement that overweight vehicles obtain a permit from ODOT prior to operating on roads. The bill both (1) removes these exemptions for vehicles that run on stationary rails or tracks (such as transit vehicles), and (2) narrows the exemptions to apply to fewer types of fire department vehicles, so that only the heaviest fire department vehicles are required to be permitted. This exemption would affect such vehicles operated by municipalities, townships, and volunteer fire departments. The bill also specifies that ODOT or any local authority that issues a vehicle weight permit for fire engines not exempt under the bill may not collect permit fees for those vehicles. As of this writing, there are seven such vehicles in use statewide.

According to ODOT, the provision may result in cost savings of up to \$5.0 million annually because it will allow the Department to load-rate (evaluate the capacity to bear weight) all bridges in the state in a more efficient manner. Bridge load-rating is governed under various federal and state requirements. This provision will align Ohio's process with that of the federal government. By requiring permits only for heavier fire engines and vehicles, ODOT will know where these trucks are located and what roads they regularly travel. In this way, ODOT can more efficiently monitor load-ratings for bridges most often used by these heavy vehicles.

Transportation Review Advisory Council funding for rail lines

The bill requires ODOT, in the process for selecting and prioritizing major new capacity projects, to include a policy that makes the purchase and replacement of rail lines used for public passenger transportation in qualified counties eligible for funding approval by the Transportation Review Advisory Council (TRAC). Under the bill a qualified county is one which (1) the population of the county is between 1.1 million and 1.3 million according to the most recent decennial census and (2) an existing passenger commuter rail service is operating in that county and does not operate in any other county (Cuyahoga County). The bill specifies that such purchases of rail lines are a statutory highway purpose for which revenue from motor fuel taxes and motor vehicle taxes may be spent under Article XII Section 5a of the Ohio Constitution.

As of this writing, only Cuyahoga County would be considered a "qualified county" for purposes of this permanent law change. This provision would therefore allow for Greater Cleveland RTA rail line purchase and replacement projects to qualify for TRAC funding under the ODOT Major/New Construction Program when future awards are made.

Temporary law provisions

Authorization to adjust appropriations and make cash transfers

The bill includes several continuing provisions of temporary law that allow ODOT to gain financial flexibility. Cumulatively, these provisions enable the Department to seek approval of the transfer of appropriations, increase of appropriations, reappropriations, and transfer of cash in the Highway Operating Fund (Fund 7002) and other funds. Almost all of these authorizations depend on approval by the Controlling Board, and many also require approval by the Office of Budget and Management.

Among these authorizations, the bill allows ODOT to seek approval of requests to: (1) transfer appropriations between various line items within Fund 7002 to cover unforeseen costs, such as those incurred due to inclement weather, and to optimize the use of federal funds, (2) transfer appropriations and cash between various federally funded or State Infrastructure Bank funds and line items, (3) increase appropriations if state or federal revenues are in excess of budgeted amounts, and (4) reappropriate appropriations from certain funds that remain unencumbered at the end of FY 2021 and FY 2022 for the same purposes in FY 2022 and FY 2023, respectively.

Public transit GRF funding and clawbacks

The bill provides funding of \$37.0 million from GRF appropriation item 775470, Public Transportation – State, and \$33.0 million from HOF appropriation item 772422, Highway Construction – Federal, to be used to support public transportation projects. Along with this

funding, the bill contains a provision that specifies that if additional federal funding for public transportation is made available to Ohio, and that federal funding is not specifically required to be used for costs to public transit agencies related to COVID-19, then the Director of Transportation is permitted to submit a request to the Controlling Board to reduce appropriation item 775470 by up to \$29,637,222 in each fiscal year, and appropriation item 772422 by up to \$13.0 million in each fiscal year.

Earmarks in H.B.74

The table below summarizes the earmarks of appropriations contained in H.B. 74, including the fund, appropriation item, earmarked amount, and earmark purpose.

Fund	Appropriation item	Earmark Amount	Purpose
GRF	775470 Public Transportation – State*	\$37 million each fiscal year	Public transportation projects statewide
7002	772421 Highway Construction – State	\$4.5 million each fiscal year	Transportation Improvement Districts
7002	772421 Highway Construction – State	\$2.6 million each fiscal year	Metropolitan park road improvement projects
7002	772422 Highway Construction – Federal*	\$33 million each fiscal year	FHWA public transportation projects
7002	772422 Highway Construction – Federal	\$2.6 million each fiscal year	Regional Transportation Planning Organization Grants
7002	775452 Public Transportation – Federal	\$5,000 in FY 2022	Ohio Domestic Violence Network public transit vouchers

*Amounts are subject to the clawback authority as described in the section immediately preceding this one.

Indefinite delivery indefinite quantity contracting

The transportation budget gives ongoing authority for ODOT to enter into up to two indefinite delivery indefinite quantity (IDIQ) contracts per year. The bill defines an IDIQ contract as a contract for an indefinite quantity, within stated limits, of supplies or services that will be delivered by the awarded bidder over a defined contract period. Subject to the terms and conditions that ODOT develops, this additional flexibility could also lead to potential savings on the selected projects where the IDIQ contract format is used, depending on the supplies or services to be provided and the circumstances involved with the projects. On the other hand, the IDIQ contracts might result in higher costs than could have been agreed to under ODOT's standard bidding procedure. During the current FY 2020-FY 2021 biennium, four IDIQ contracts have been awarded under this authority: three guardrail rebuilding and maintenance contracts, costing a total of \$2.7 million, and one bridge maintenance contract for \$500,000.

Analysis of FY 2022-FY 2023 budget

Introduction

This section provides an analysis of the Governor’s recommended funding for each appropriation line item (ALI) in ODOT’s budget. For organizational purposes, these ALIs are grouped into eight major categories based on their funding purposes. The analysis for an ALI with a lower category or subcategory designation will appear before that for an ALI with a higher category or subcategory designation. That is, the analysis for an ALI with a category designation of C1:8 will appear before the analysis for an ALI with a category designation of C2:1 and the analysis for an ALI with a category designation of C1:3 will appear before the analysis for an ALI with a category designation of C1:8.

To aid the reader in locating each ALI in the analysis, the following table shows the category in which each ALI has been placed, listing the ALIs in order within their respective fund groups and funds. This is the same order the ALIs appear in the DOT section of the budget bill.

In the analysis each appropriation item’s estimated expenditures for FY 2021 and recommended appropriations for FY 2022 and FY 2023 are listed in a table. The exception to this is in **“Category 1: Highway Construction and Maintenance,”** where appropriations are analyzed on a program basis, since funding for the seven particular programs is dispersed in a mix among six line items. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor. If the appropriation is earmarked, the earmarks are listed and described.

Categorization of ODOT’s Appropriation Line Items for Analysis of FY 2022-FY 2023 Budget				
Fund	ALI	ALI Name		Category
General Revenue Fund Group				
GRF	775470	Public Transportation – State	4	Public Transportation
Highway Operating Fund Group				
2120	772426	Highway Infrastructure Bank – Federal	3	State Infrastructure Bank
2120	772427	Highway Infrastructure Bank – State	3	State Infrastructure Bank
2120	772430	Infrastructure Debt Reserve Title 23-49	7	Debt Service
2130	772431	Roadway Infrastructure Bank – State	3	State Infrastructure Bank
2130	772433	Infrastructure Debt Reserve – State	7	Debt Service
2130	777477	Aviation Infrastructure Bank – State	6	Aviation
7002	770003	Transportation Facilities Lease Rental Bond Payments	7	Debt Service
7002	771411	Planning and Research – State	2	Planning & Research
7002	771412	Planning and Research – Federal	2	Planning & Research
7002	772421	Highway Construction – State	1	Highway Construction & Maintenance
			5	Rail

Categorization of ODOT's Appropriation Line Items for Analysis of FY 2022-FY 2023 Budget				
Fund	ALI	ALI Name		Category
7002	772422	Highway Construction – Federal	1	Highway Construction & Maintenance
			5	Rail
7002	772424	Highway Construction – Other	1	Highway Construction & Maintenance
7002	772437	Major New State Infrastructure Bond Debt Service – State	7	Debt Service
7002	772438	Major New State Infrastructure Bond Debt Service – Federal	7	Debt Service
7002	773431	Highway Maintenance – State	1	Highway Construction & Maintenance
7002	775452	Public Transportation – Federal	4	Public Transportation
7002	775454	Public Transportation – Other	4	Public Transportation
7002	776462	Grade Crossings – Federal	5	Rail
7002	777472	Airport Improvements – Federal	6	Aviation
7002	777475	Aviation Administration	6	Aviation
7002	779491	Administration – State	8	Administration
Dedicated Purpose Fund Group				
4N40	776664	Rail Transportation – Other	5	Rail
5W90	777615	County Airport Maintenance	6	Aviation
Capital Projects Fund Group				
7042	772723	Highway Construction – Bonds	1	Highway Construction & Maintenance
7045	772429	Highway Infrastructure Bank – Bonds	1	Highway Construction & Maintenance

Category 1: Highway Construction and Maintenance

This category of appropriations includes the major sources of state, federal, and bond funding for maintaining and building on the 42,332 lane miles of roads on the State Highway System. To track and prioritize needs, the State Highway System is made up of three sub-systems:

1. The Priority System – interstate routes, freeways, and multi-lane roads;
2. The Urban System – U.S. and state routes within municipal boundaries; and
3. The General System – two-lane state routes.

Additionally, ODOT allocates a good portion of the funds in this group to political subdivisions for local road and bridge projects through a combination of various federal programs and ODOT discretionary programs.

Summary of funding sources

Core line items. A group of six line items funds ODOT's highway construction and maintenance programs using a combination of federal, state, and local participation funds. Table 3 below displays the recommended appropriations from these line items by funding

source. This collection of appropriations comprises the largest component of ODOT's budget, totaling approximately \$5.89 billion in the FY 2022-FY 2023 biennium, making up approximately 84.8% of total appropriations to ODOT under the transportation budget.

Funding Source	Line Item(s)	Total Biennial Appropriations	% of Total Appropriations
Federal highway aid	772422*	\$2,810.0	47.7%
State motor fuel tax	772421* 773431	\$2,626.9	44.6%
Local participation	772424	\$160.0	2.7%
Total Highway Operating Fund (Fund 7002)		\$5,596.9	95.1%
State highway bonds	772723	\$150.0	2.6%
Federal GARVEE bonds	772428	\$140.0	2.4%
Total Bond Funding (Fund 7042 and Fund 7045)		\$290.0	4.9%
Total All Funding Sources		\$5,886.9	

*A small portion of appropriations to these line items are budgeted for rail. Those portions are not included in this table.

Table 3 shows that the vast majority of the funding for highway construction and maintenance in FY 2022 and FY 2023 (95.1% overall) comes from the Highway Operating Fund (Fund 7002), with a smaller (4.9%) share coming from highway bond proceeds. The increase in the MFT at the beginning of FY 2020 made it possible to fund a larger share of highway construction from that source, in turn reducing the share of funding coming from bond proceeds.

Summary of program allocations

Table 4 below summarizes the highway construction and maintenance appropriations by program, as defined by ODOT. The two programs that see the biggest increases from FY 2021 are (1) Preservation of Pavement and Bridges and (2) Operations, with the latter going to ODOT highway personnel, supplies, and maintenance. Funding decreases occur in the Major New Highway Construction and in Other Construction areas. However, these decreases may not be as significant as they appear, since ODOT typically receives approval by the Controlling Board to reappropriate unused highway funds from prior fiscal years to pay for additional Major New and other projects. Note that program allocation noted below do not factor in the approximately \$332.7 million in appropriations supported by federal stimulus funding for transportation projects that Ohio received under the Coronavirus Aid, Relief, and Economic Security (CARES Act 2), which will be used for a variety of state projects and distributions to and projects involving local entities.

Program	FY 2021 Actuals	FY 2022 Appropriation	FY 2023 Appropriation	% of Total Allocations FY 2022-FY 2023
Preservation of Pavement and Bridges	\$1,019.0	\$1,126.5	\$1,152.1	41.0%
Operations	\$626.6	\$718.0	\$727.4	26.0%
Local Government Programs	\$387.3	\$418.3	\$418.3	15.1%
Major New Highway Construction	\$282.8	\$100.0	\$100.0	3.6%
Other Construction Programs	\$201.2	\$177.9	\$178.3	6.4%
Safety Programs	\$143.5	\$158.5	\$158.5	5.7%
Highway Maintenance Contracts	\$53.1	\$60.1	\$60.1	2.2%
Total All Programs	\$2,713.5	\$2,759.4	\$2,794.7	100.0%

CARES Act 2

Under the CARES Act 2 passed by the U.S. Congress in December 2020, ODOT received \$332.7 million in federal stimulus funding. Table 5 below shows how ODOT is planning to allocate these funds between state projects and distributions to local transportation entities. Overall, more than \$234.8 million (70.6%) will be used for state projects, while \$97.8 million will go to local entities (29.4%). Of the portion allocated for state projects, \$206.8 million (88.1% of state funds) will be used for ODOT TRAC/Major New construction projects. ODOT will use \$6.0 million for a fleet optimization project, and \$2.0 million to keep certain rest areas open for truck parking as required under H.B. 74.

Of the amount that will flow to local government, \$49.3 million (50.4% of the local share) must be distributed to large metropolitan planning organizations (MPOs) per Federal Highway Administration instruction. Next, \$35.0 million will go toward road slip projects. Of the remaining local share, the County Engineers Association of Ohio will use \$8.0 million to assist townships with road projects; small MPOs and certain cities receive about \$4.1 million.

The following analysis discusses funding for the seven individual highway construction programs listed in Table 4. The analysis below contains those appropriations contained in H.B. 74. These amounts do not take into account the additional money provided under CARES Act 2.

C1:1: Preservation of Pavement and Bridges

Program	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Preservation of Pavement and Bridges (\$ millions)	\$1,019.0	\$1,126.5	\$1,152.1
% change	--	10.5%	2.3%

The largest area of spending in the ODOT budget, this program provides funds to the 12 ODOT districts in order to maintain the existing roads and bridges under ODOT’s jurisdiction. All of the allocations to the preservation program are budgeted for capital expenditures involved with maintaining the State Highway System.

The major preservation responsibilities include pavement condition monitoring and maintenance, pavement replacement, bridge inspection and repair, engineering and design services, right-of-way acquisition, and culvert improvements, among many others. Pavement and bridge preservation needs are usually fully funded prior to addressing new capacity or congestion reduction projects under ODOT’s “fix it first” policy. Increases in labor costs and fluctuations in the price of fuel, asphalt, concrete, and steel products all factor into what can be accomplished with the given funding.

Bridge inspections by ODOT and county engineers

The bill amends current law on bridge inspections to allow both ODOT and county engineers to inspect bridges on up to a two-year schedule, instead of annually. ODOT spends approximately \$12.0 million annually on bridge inspections. Counties also spend a considerable amount carrying out these inspections. Assuming ODOT and counties all shift to a two-year inspection schedule, this could lead to potential cost savings of up to \$4.0 million to \$6.0 million annually for ODOT and likely in the low millions of dollars annually for counties. This assumes that ODOT and all county engineers follow the two-year inspection cycle.

C1:2: Operations

Program	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Operations (\$ millions)	\$626.6	\$718.0	\$727.4
% change	--	14.6%	1.3%

ODOT is the state’s second largest agency by headcount with just over 5,100 full-time equivalent (FTE), of which nearly 4,800 are full-time permanent. This program funds the vast majority of ODOT’s operating costs, supporting over 4,250 FTEs whose work relates to highway construction and maintenance, or over 80% of all ODOT FTEs. The highway operating costs, totaling about \$1.45 billion over the FY 2022-FY 2023 biennium, include personal services, supplies and maintenance, equipment, capital expenditures for ODOT’s facilities, and other miscellaneous expenses.

Relevant provisions

Permitting of overweight vehicles

The bill amends the law governing certain overweight vehicles. In current law, there are some exemptions from the requirement that overweight vehicles obtain a permit from ODOT prior to operating on roads. The bill both (1) removes these exemptions for vehicles that run on stationary rails or tracks (such as transit vehicles), and (2) narrows the exemptions so that the heaviest fire department vehicles will be required to be permitted. ODOT estimates this will yield cost savings of up to \$5.0 million annually because it will allow the Department to load-rate

bridges in a more efficient manner. Bridge load-rating is governed under various federal and state requirements. If these very heavy vehicles are permitted, ODOT will know where these trucks are located and what roads they regularly travel. In this way, ODOT can more efficiently monitor load-ratings for bridges most often used by these heavy vehicles. The bill also requires the permit fees for any such vehicles be waived. Currently, there are seven such trucks in use statewide.

Outdoor advertising device control

The bill reduces the number of outdoor signs or billboards that may need a permit from ODOT under the Outdoor Advertising Law. Currently, the Advertising Device Control (ADC) office within ODOT requires permits for all advertising devices (outdoor signs and billboards) located within 660 feet of the right-of-way of a highway on the State Highway System, including noncompensated advertising devices. The bill only requires that ODOT regulate compensated devices. This provision may result in a decrease in costs due to a drop in the number of devices ODOT regulates and permits. There would also be an offsetting decrease in revenue from fewer permit applications.

There is some uncertainty about how this proposed change interacts with existing federal law. Under the Highway Beautification Act, no advertising device may be located within 660 feet of the edge of the right-of-way of a highway on the interstate or primary system unless it meets certain exceptions. The federal law does not differentiate between compensated and noncompensated signs. If a state fails to enact laws in compliance with this requirement, the U.S. Secretary of Transportation must reduce that state's federal highway funding by 10%.

Expanding list of roads eligible to be scenic byways

The bill expands the list of roads eligible for designation as scenic byways to include any portion of a state, county, municipal, or township road or highway, in addition to highways on the interstate, national, or primary system as under current law. This could result in a potential increase in costs for ODOT to designate additional scenic byways and install signage. Regulations applying to outdoor advertising devices, such as billboards, are typically more stringent on scenic byways and vary on each byway. There are currently 27 scenic byways designated across the state. The bill clarifies that a nonconforming outdoor advertising device cannot be restored if it is destroyed by an "act of God," thereby aligning Ohio law with federal requirements.

C1:3: Local Government Programs

Program	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Local Government Programs (\$ millions)	\$387.3	\$418.3	\$418.3
% change	--	8.0%	0.0%

Almost the entirety of this funding for local governments is federal highway funding that is distributed to local governments. Of the total appropriated in the next two years, about \$323.3 million in each fiscal year (77.3%) is from the Federal Highway Administration (FHWA) and spent through line item 772422, Highway Construction – Federal. Another 19.1% is from a local match that comes to ODOT and is sent back to local governments through line item 772424, Highway Construction – Other. Only about 3% of total appropriations come from state highway

funding. Note that funding under this program is in addition to the MFT revenue that is distributed directly to counties, municipalities, and townships by the Department of Taxation.

Table 5 below provides a listing of each local sub-program and the amount budgeted for each program in the next two years. Many of the sub-programs entail highway funding for local governments under FHWA formula requirements. However, ODOT has discretionary authority to administer a portion of money designated for the Local Government Programs.

Table 5. Local Government Sub-Program Allocations (\$ millions)		
Program	FY 2022 Appropriation	FY 2023 Appropriation
Metropolitan Planning Organizations	\$211.3	\$211.3
Local Participation (match)	\$80.0	\$80.0
County Local Bridge	\$34.4	\$34.4
Local Major Bridge	\$20.0	\$20.0
Municipal Bridge	\$11.0	\$11.0
Bridge Partnership	\$5.0	\$5.0
Subtotal – Local Bridge Programs	\$70.4	\$70.4
County Surface Transportation	\$28.6	\$28.6
Small City	\$10.6	\$10.6
Safe Routes to Schools	\$4.0	\$4.0
Enhancements/Other/Discretionary	\$13.5	\$13.5
Total All Programs	\$418.3	\$418.3

Metropolitan Planning Organizations

This program provides funds to each of the 17 Metropolitan Planning Organizations (MPOs) and five large cities outside MPOs. The purpose of MPOs is to be the regional entity responsible for multi-modal transportation system planning and improvement projects in urban areas with populations of more than 50,000 people. The five “large cities” in Ohio have populations between 25,000 and 50,000. Funding is mainly distributed among MPOs and large cities based on the population in each area.

Typically, a significant portion of MPO funding is under the federal Surface Transportation Block Grant Program, which provides funds to preserve local roads, bridges, pedestrian and bicycle infrastructure, and transit projects. ODOT supplies this funding for the local organizations by population. Additionally, the federal Congestion Mitigation and Air Quality Program awards moneys to MPOs and the large cities to meet federal Clean Air Act requirements. Finally, the Transportation Alternatives Program provides funding for various surface transportation projects, such as the conversion of unused railroad corridors to bike trails and the building of safe routes for nondrivers.

Local participation

Local participation funding represents the local share of construction projects to be awarded and administered by ODOT. The Department receives the local match dollars, since ODOT has a fiduciary responsibility due to federal requirements. Local dollars are received into the Highway Operating Fund and then spent through line item 772424, Highway Construction – Other. Most of the federal highway funding received by ODOT that is ultimately meant for local governments must be used on projects funded using 80% federal, 20% local matching funds.

Local bridge programs

Federal funding for local bridge projects falls under four ODOT programs: (1) the County Local Bridge Program, (2) the Local Major Bridge Program, (3) the Municipal Bridge Program, and (4) the Bridge Partnership Program. Generally, each program requires an 80% federal, 20% local match. The programs differ by local government type, eligible costs, and the administrative agency.

County Local Bridge (CLB) Program. This program is for bridge replacement or rehabilitation, solely for use by counties. The program is managed by the County Engineers Association of Ohio (CEAO), which is responsible for project selection, funding criteria, and program priorities. There is a \$5.0 million maximum in federal funding per project.

Local Major Bridge Program. This program is available to both counties and municipalities for bridge replacement and major bridge rehabilitation projects, but is administered by ODOT.

Municipal Bridge Program. This program is available to municipalities to pay for construction costs of bridge projects and is also administered by ODOT.

Bridge Partnership Program. This ODOT program has been in operation since FY 2015. The funding allows for counties and municipalities to complete bridge replacement projects, either under the typical design-bid-build process or under the design-build process.

County Surface Transportation Program

The County Surface Transportation Program, like the CLB Program, is managed by CEAO, and aims to provide regular construction funding for road improvements. With the standard federal share of 80%, counties may spend up to \$2.0 million in federal funding per project.

Small City Program

This federally funded program provides assistance to cities with populations between 5,000 and 24,999 and not within an MPO or large city in Ohio. There are currently 54 small cities in Ohio. This program may be used only for construction to support any road, safety, or signal project on the federal-aid highway system.

Safe Routes to Schools

This program provides funds to local communities to make walking and bicycling to school a safe and routine activity. Funding can support infrastructure projects or related safety projects. Infrastructure projects may cost up to \$400,000 and must be located within two miles of schools. Up to \$60,000 per project is available for education, evaluation, and other public awareness campaigns.

Relevant provision – Catastrophic Snowfall Program

The bill continues temporary law in place for the current biennium, requiring ODOT to administer the Catastrophic Snowfall Program for the FY 2022-FY 2023 biennium. The program requires ODOT to provide aid to counties that receive 16 or more inches of snow in a 24-hour period.

C1:4: Major New Highway Construction

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Major New Highway Construction (\$ millions)	\$282.8	\$100.0	\$100.0
% change	--	-64.6%	0.0%

This program provides funding for projects that increase mobility, provide connectivity, ease accessibility of a region for economic development, grow the capacity of a transportation facility, and reduce congestion throughout the state. These projects must have costs of \$12 million or more and be approved by the Transportation Review Advisory Council (TRAC). The Council typically approves each project annually through a series of phases before completion. These phases include planning and engineering, design, right-of-way acquisition, and construction. Since the Major New Program is funded last on ODOT's list of funding priorities, the program usually absorbs the brunt of the impact if state and federal revenues decrease or if other program costs escalate.

The amounts listed above for Major New will likely be supplemented by reappropriations from prior fiscal years, as allowed by ongoing uncodified law. These reappropriations depend upon approval by the Controlling Board. Another potential source of funding for Major New construction is through public-private partnership (P3) agreements, such as the private financing used to construct the Portsmouth Bypass, estimated to cost \$1.23 billion over the 35-year lifespan of the project. This financing arrangement allows for ODOT to undertake large-scale projects and pay for them over time.

C1:5: Other Construction Programs

Program	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Other Construction Programs (\$ millions)	\$201.2	\$177.9	\$178.3
% change	--	-11.6%	0.2%

There are a number of ODOT functions that fall under the Other Construction Programs banner, including, but not limited to, the following:

1. Oversight of ODOT's role in the federal National Highway Freight Program;
2. Diesel Emissions Reduction Grant (DERG) funding, such as the replacement of diesel-powered vehicles;

3. Geological site management projects, including slopes and slides, rockfalls, underground mines, and erosion;
4. Emergency funds for the repair or reconstruction of roads that have suffered serious damage by natural disasters or catastrophic failures from an external cause;
5. Grant assistance to businesses through the Jobs and Commerce Unrestricted Program in removing transportation barriers in order to create jobs;
6. Administration of the disadvantaged business enterprises and on-the-job training programs to support businesses owned by women and minorities in competing for transportation contracts;
7. Development and implementation of public-private partnership (P3) projects;
8. Replacement and rehabilitation of the rest areas;
9. Construction, reconstruction, and maintenance of public access roads to and within facilities owned or operated by the Department of Natural Resources, the Ohio Expositions Commission, the Ohio History Connection, and metropolitan parks;
10. Retrofitting of roadways with noise barriers statewide; and
11. Transportation improvement projects that improve safety for motorists and horse drawn vehicles in areas with substantial Amish populations.

P3 Project – Portsmouth Bypass

In 2014, ODOT entered into a P3 agreement to design, build, operate, and maintain the Portsmouth Bypass in Southern Ohio, a 16-mile, four-lane highway from U.S. Route 23 north of Lucasville to U.S. Route 52 near Sciotoville. The bypass was completed and open to traffic beginning in December 2018 and has been named the Southern Ohio Veterans Memorial Highway.

The project was built privately under a P3 agreement between ODOT and the Portsmouth Gateway Group, the developer responsible for project delivery. Now that the bypass is open, private entities are in charge of maintaining the roadway while under ODOT oversight until the year 2054. Altogether, it cost the Portsmouth Gateway Group approximately \$580 million to complete the construction of the project (including costs for preconstruction activities, design, preliminary engineering, right-of-way, financing, and construction).

The total cost to the state is expected to be around \$1.26 billion for construction and maintenance of the bypass. This includes about \$1.11 billion in “availability” and milestone payments to the entity financing the project. These subsequent payments cover the cost to complete construction of the road, plus the expenditures needed to service and maintain the bypass for 35 years. To cover these costs in the FY 2022-FY 2023 biennium, the transportation budget includes appropriations of \$52.5 million through the Highway Operating Fund (Fund 7002) using state MFT funding through line item 772421, Highway Construction – State (\$19.5 million) and federal funding through line item 772422, Highway Construction – Federal (\$33.0 million).

Earmarks under line item 772421

The budget provides uncodified law carried over from previous biennia specifying that portions of appropriation item 772421, Highway Construction – State, are to be used for the construction, reconstruction, or maintenance of certain roads that support local governments and other state agencies.

Transportation Improvement Districts (TIDs). The bill earmarks \$4.5 million in each of FY 2022 and FY 2023 for TIDs, the same amount as the FY 2020-FY 2021 biennium. TIDs are intergovernmental or public-private entities that designate a transportation project or program of projects to be facilitated within a defined region, with local approval. There are currently 44 TIDs located around the state. Of available state funds, TIDs may receive up to \$500,000 annually for each project; however, if there are projects cosponsored by another TID, each TID may receive up to \$500,000 per year. Funds may be used for preliminary engineering, detailed design, right-of-way acquisition, and construction costs, but may not be used for administrative expenses.

Metropolitan Parks. The bill earmarks approximately \$2.6 million in each fiscal year from line item 772421 for the maintenance of roads within the boundaries of metropolitan parks.

Ohio Expositions Commission and Ohio History Connection. Finally, the bill allows the line item be used to perform road reconstruction or maintenance work on behalf of the Ohio Expositions Commission at the state fairgrounds and for the Ohio History Connection, at state historic sites. No actual amounts are required to be used for these purposes in the bill.

C1:6: Safety Programs

Program	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Safety Programs (\$ millions)	\$143.5	\$158.5	\$158.5
% change	--	10.5%	0.0%

Typically consisting mostly of federal funding, spending in this area provides funding for safety projects that contribute to improving safety and reducing the severity, frequency, and rate of crashes on the State Highway System and local roads. Eligible projects include signing, striping, clearing brush, traffic signal coordination, two-way left turn lanes, additional lanes, and other roadway modifications. Federal highway aid requires that their safety funding be matched so that there is at least a 90% federal, 10% state cost share.

On an annual basis, the program has been used to fund all or a portion of about 300 projects in various stages of development. ODOT accepts two rounds of applications per year from ODOT districts and local government sponsors. In FY 2021, ODOT awarded about \$158.0 million. The remaining funds were used to cover low-cost, quick hit urgent safety improvements and system-wide safety improvements, such as upgrading guardrails and using more highly reflective pavement markings to prevent roadway departure crashes.

C1:7: Highway Maintenance Contracts

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
Highway Maintenance Contracts (\$ millions)	\$53.1	\$60.1	\$60.1
% change	--	13.2%	0.0%

These contracts provide for the maintenance of the State Highway System, keeping the system in a safe and attractive condition. The three main activities contracted include: (1) rest area cleaning and maintenance, (2) Intelligent Transportation System traffic management services, collecting traffic management information and distributing the information in real time, such as on digital messaging signs above or on the side of roads, and (3) roadway maintenance, for such activities as guardrail repair, lighting repair, mowing, and the removal of vegetation.

Category 2: Planning and Research

This category of appropriations is used to support the Division of Planning within ODOT, which is comprised of six offices described below:

1. The Statewide Planning and Research Office manages statewide planning among and between the transportation modes, and produces long-term forecast documents.
2. The Program Management Office coordinates highway programs, including oversight of the Transportation Review Advisory Council (TRAC), which allocates funding annually for Major New highway construction projects over periods of four or more years.
3. The Local Programs Office coordinates construction projects with local governments.
4. The Environmental Services Office reviews and approves environmental permits.
5. The Technical Services Office collects and monitors traffic data.
6. The Transit Office manages ODOT's public transportation programs and provides technical assistance to transit systems.

C2:1: Planning and Research (ALIs 772411 and 772412)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 771412, Planning and Research – Federal	\$39,740,518	\$42,062,017	\$42,062,017
% change	--	5.8%	0.0%
7002 ALI 771411, Planning and Research – State	\$23,785,841	\$27,701,087	\$28,289,885
% change	--	16.5%	2.1%
Total Planning and Research	\$63,526,359	\$69,763,104	\$70,351,902
% change	--	9.8%	0.8%

Federal law requires that states set aside 2% of their major federal-aid highway program apportionments for statewide planning and research. This set-aside is appropriated under line

item 771412 in the ODOT budget. Also according to federal law, at least 25% of this funding is for research purposes, including research, development, and technology transfer activities necessary for planning, constructing, and maintaining highway, public transit, transportation alternatives, and intermodal systems. Most research and development requires a 20% state match, the funding for which is provided in line item 771411. ODOT is also required by the federal government to support urban transportation planning programs in each of Ohio's 17 MPOs, which cover 30 urban counties. Those programs are 80% federally funded with 10% matches each from the state and local governments.

Planning and research funds can be used for transportation planning for highways, transit (intercity passenger rail, urban passenger rail, and other transit services), and rail freight. Planning operations include traffic and roadway monitoring, roadway inventory, local road mileage certification, computer mapping and database development, air quality monitoring, special planning projects, updates to the Department's long-range plan, coordination with MPOs, and review of traffic congestion and travel demand. Research projects are conducted through contracts with research institutions. The Department also participates in pooled fund studies led by other states or the FHWA, which generates substantial research with minimal financial investment.

Overall, about \$98.8 million (70.5%) of appropriations within this category is slated for contracts, which are used for many purposes, including (1) to collect, edit, monitor, and review statewide traffic data, (2) to maintain a Geographic Information System (GIS) to support transportation facilities, engineering, and other highway activities, and (3) to conduct studies, fund management systems, and purchase data collection equipment.

Of the remaining appropriations, approximately \$31.7 million (22.6%) of this category over the biennium is budgeted for payroll, and the remaining \$9.7 million (6.9%) is to pay for equipment, supplies, and maintenance. This helps the Division of Planning staff for their planning and research operations.

Category 3: State Infrastructure Bank

Alongside federal highway aid, MFT revenue, and highway bond funding, ODOT oversees a revolving loan program that can be used by local governments to finance construction projects. This pool of funding is referred to as the State Infrastructure Bank (SIB) Program. Although most awards are for highway projects, some awards involve nonhighway transportation modes, most notably aviation projects which constitute the next-highest dollar amount of projects funded. The discussion of the SIB Program within this category covers only the SIB appropriations for highway projects. The budget includes \$2.0 million in each fiscal year for aviation SIB projects, discussed in greater detail in the "**Category 6: Aviation**" portion of this Greenbook.

The SIB Program was originally capitalized in 1997 with \$137.0 million in funding: \$87.0 million in federal highway aid, \$40.0 million from the GRF, and \$10.0 million in MFT revenue. Since the program's inception and through FY 2020, there has been approximately \$768.7 million in road and bridge funding allocated through the initiative under around 250 separate projects. Of that amount \$629.4 million (81.9%) has been awarded for road and bridge projects. In total, ODOT has awarded 218 road and bridge projects, an average award of around \$2.9 million per project. SIB highway funds can be used for right-of-way and construction costs.

Participating local governments may pledge their share of future MFT revenues as loan repayments.

State Infrastructure Bank highway loans (line items 772426, 772427, and 772431)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
2120 ALI 772426, Highway Infrastructure Bank – Federal	\$4,641,272	\$5,500,000	\$5,500,000
% change	--	18.5%	0.0%
2120 ALI 772427, Highway Infrastructure Bank – State	\$12,649,955	\$14,750,000	\$14,750,000
% change	--	16.6%	0.0%
2130 ALI 772431, Roadway Infrastructure Bank – State	\$726,707	\$3,600,000	\$3,750,000
% change	--	395.4%	4.2%
Total State Infrastructure Bank	\$18,017,934	\$23,850,000	\$24,000,000
% change	--	32.4%	0.6%

Funding for the SIB Program is divided among these three line items because of particular restrictions that apply: line item 772426 must meet federal highway funding requirements, and line item 772427 is also partially limited by federal regulations. Line item 772431 is fully state funded. The availability of dollars is dependent upon SIB activity and loan repayments. The SIB Program may also issue bonds on behalf of the borrower. There is no set limit and 100% financing is available. Loans have ranged in size from \$72,000 up to \$20 million and require the borrower to pay closing costs. Loans are offered to projects that typically do not qualify for federal or state funds.

There are two line items under the ODOT budget that also relate to the SIB Program. Line item 772430, Infrastructure Debt Reserve Title 23-49, and line item 772433, Infrastructure Debt Reserve – State, are used to pay debt service on bonds that were issued to further capitalize the SIB Program in the mid-2000s. The “**Category 7: Debt Service**” portion of this Greenbook discusses these line items in more detail below.

Category 4: Public Transportation

This category of appropriations funds ODOT’s Office of Transit, which provides capital, operating, technical, and planning assistance to the 61 transit systems receiving state assistance for public transportation. Of the total, 27 transit systems are in urban areas and 34 are in rural areas. Data gathered by ODOT show that in 2018 there were about 85 million trips taken by transit riders, of which 15.6 million trips (18.4%) serviced elderly and disabled people.

The appropriations in this category reflects (1) the Federal Transit Administration (FTA) funding received by ODOT that is spent under line item 775452, Public Transportation – Federal, and (2) local matching funding that ODOT receives for projects and spent through line item 775454, Public Transportation – Other. Generally, the federal funding is awarded for projects

that allow an 80% federal, 20% local match. State GRF funding may be used as local match funding, if funding is available. Besides the federal transit funding flowing through ODOT, large urban transit systems also receive direct distributions from the FTA.

The budget provides \$37.0 million in each fiscal year in GRF funding to supplement public transit services. ODOT funding for public transit, such as flexible FHWA funds in prior years, typically has been supplemented with GRF funding appropriated in the main operating budget bill. However, public transit funding was handled differently during the FY 2020-FY 2021 biennium. Under H.B. 62, ODOT did not use any flexible FHWA funding for public transit. Instead, the Department was able to use \$70.0 million in annual GRF appropriations for transit purposes.

One option to provide support for public transit that ODOT is considering in the FY 2022-FY 2023 biennium is to use a portion of the \$333.0 million in additional federal stimulus funding authorized by Congress in December 2020. Part of that stimulus funding may be set aside for public transportation under the flexible FHWA funding arrangement. Whatever amount of this additional federal stimulus funding ODOT designates for public transit, the funding can be carried forward until FY 2024 under federal guidelines.

C4:1: Public Transportation (ALI 775470)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
GRF ALI 775470, Public Transportation – State	\$27,174,165	\$37,000,000	\$37,000,000
% change	--	36.2%	0.0%

This line item provides GRF funding to support public transportation projects throughout the state primarily through infrastructure grants. As noted above, many federally funded public transit projects require a 20% local match to receive these funds. This appropriation item may also be used to provide local matching funds for these projects, which are funded either through federal funding provided to ODOT, or for larger urban transit systems, receiving federal public transit funding directly.

Public transit funding reductions

The bill contains a provision that specifies that if additional federal funding designated for public transportation is allocated to public transit agencies in Ohio, and that additional funding is not required to be used exclusively for COVID-19-related expenses, the Director of Transportation may submit a request to the Controlling Board to reduce the amount designated for public transportation under GRF appropriation item 775470, Public Transportation – State, by up to \$29,637,222 in each fiscal year.

C4:2: FTA-funded programs (ALI 775452)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 775452, Public Transportation – Federal	\$69,456,717	\$40,207,799	\$41,158,833
% change	--	42.1%	2.4%

This line item provides federal funding Ohio receives from the FTA for several transit-related purposes: (1) grants to transit systems to assist operating costs and capital needs, (2) coordination measures and technical support for public and nonprofit entities in counties that have nonexistent or inadequate public transportation, to aid in the coordination of transportation services among local human service agencies, (3) funding through the Specialized Transportation Program, offering grants to transit systems to cover capital costs in providing services for the elderly and people with disabilities, and (4) operating costs of the Office of Transit. Table 5 below provides a programmatic breakdown to spend these moneys.

FY 2021 spending was supplemented significantly by CARES Act funding allocated for transit agencies across the nation. The CARES Act funding was available to pay 100% of eligible project costs, instead of the typical 80% federal share. It is likely that additional CARES Act money for transit systems will be carried forward into FY 2022 spending due to reappropriations, above the amount appropriated under line item 775452.

Program	FY 2020 Actual	FY 2021 Actual	FY 2022 Allocation	FY 2023 Allocation
Specialized Transportation	\$4.3	\$5.2	\$3.9	\$4.0
Rural Transit	\$23.0	\$18.1	\$30.9	\$31.9
Total – Competitive Grant Programs	\$27.3	\$23.3	\$34.8	\$35.9
Urban Transit	\$0.4	\$0.2	\$0.0	\$0.0
Rural Transit	\$0.4	\$0.7	\$1.0	\$1.0
Total – Formula Aid Programs	\$0.8	\$0.9	\$1.0	\$1.0
Administration/Technical Assistance	\$2.0	\$4.1	\$2.9	\$2.9
Unallocated/Discretionary	\$2.4	\$1.1	\$1.6	\$1.4
Total – All Transit Programs	\$32.5	\$29.5	\$40.2	\$41.2

Competitive grant programs

The Specialized Transportation Program allocates funding to transit projects that enhance mobility for seniors and persons with disabilities. The larger of the two competitive grant programs provides the bulk of funding for transit systems serving smaller communities under the Rural Transit Program. Specifically, the budget provides \$30.9 million in funding for these competitive grants in FY 2022 and \$31.9 million in FY 2023. ODOT awards this money for capital projects, based on rural transits' Four-Year Capital and Operating Plans.

Formula aid programs

Within the formula aid programs, the Urban Transit Program assists the 27 transit systems in urbanized areas (areas with populations of 50,000 or greater). The formula distributions follow FTA requirements. The funding may be used for a broad array of transit projects, used for capital or operating expenditures, and to match federal FTA funding for projects. In Table 5 above, the

FY 2022-FY 2023 funding appears to be removed. It is possible that federal flexible FHWA funding could be committed for this purpose. The Rural Transit Program described immediately above also contains a formula component for the 34 transit systems in rural areas. Like the Urban Transit Program, funds may be used for capital or operating expenditures at the transit systems.

Other purposes

Of the \$8.8 million budgeted for other transit purposes over the FY 2022-FY 2023 biennium, around \$5.8 million is for personnel costs and technical assistance, a good portion of which is budgeted for contracts. The remaining \$3.0 million is unallocated.

C4:2: Local matching funds (ALI 775454)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 775454, Public Transportation – Other	\$1,211,793	\$1,500,000	\$1,500,000
% change	--	23.8%	0.0%

This line item is used to pay for vehicles purchased through the Specialized Transportation Program. The FTA requires a 20% local match. ODOT requires the funding to be paid to the Department up front, and then purchases vehicles on behalf of the recipient agencies. As mentioned above, state GRF appropriations, specifically from GRF appropriation item 775470 Public Transportation – State, can also be used to provide matching funds on behalf of local entities.

Category 5: Rail

This category of appropriations is administered by the Ohio Rail Development Commission (ORDC), an independent commission within ODOT. ORDC's programs support economic development and rail-highway safety, including equipment upgrades and remediation of hazardous rail crossings. ORDC also has historically received GRF funding in the main operating budget bill, used for administrative expenses as well as grants to railroads, businesses, and communities for rail-related infrastructure. Table 7 below displays these proposed program allocations.

Program	Line Item	FY 2022 Appropriation	FY 2023 Appropriation	% of Total Appropriations FY 2022-FY 2023
Grade Crossing	776462	\$14.1	\$14.1	73.4%
	772421	\$1.2	\$1.2	6.3%
	772422	\$1.0	\$1.0	5.2%
	Total	\$16.3	\$16.3	84.9%
Rail Development Grant and Loan	776664	\$2.9	\$2.9	15.1%
Total All Programs		\$19.2	\$19.2	

In addition to ORDC, the Public Utilities Commission of Ohio (PUCO) also funds rail grade crossing improvements. PUCO receives transfers of \$1.2 million per year from the Highway Operating Fund, as set in statute. The PUCO appropriations for this purpose are included in the main operating budget bill. ORDC and PUCO collaborate to direct the rail safety funding.

C5:1: Grade Crossing Program (ALIs 776462, 772421, and 772422)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 776462, Grade Crossings – Federal	\$14,161,875	\$14,103,406	\$14,068,961
% change	--	-0.4%	-0.2%
7002 ALI 772421, Highway Construction – State	\$1,500,000	\$1,199,594	\$1,234,039
% change	--	-20.0%	2.9%
7002 ALI 772422, Highway Construction – Federal	\$800,000	\$1,000,000	\$1,000,000
% change	--	25.0%	0.0%

Line item 776462 provides federal funds for a federally mandated program for eliminating hazards at highway-railroad grade crossings by installing flashing lights and gates, closing and consolidating crossings, constructing grade separations, and resurfacing grade crossings. Additionally, the budget supplements the federal funding for grade crossing safety with about \$2.2 million per fiscal year in state MFT and federal highway funds appropriated under line item 772421 and line item 772422, respectively.

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

C5:2: Rail Development Grant and Loan Program (ALI 776664)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
4N40 ALI 776664, Rail Transportation – Other	\$1,723,083	\$2,875,800	\$2,875,800
% change	--	66.9%	0.0%

ORDC awards subsidies to railroads, businesses, and communities for projects under the Rail Development Grant and Loan Program. This line item provides loans to support the rehabilitation of rail lines, the construction of rail interchanges or connections, maintenance of rail properties purchased by the state, as well as the acquisition of rail transportation or rail

property. Additionally, a portion of this line item has been used to fund ORDC's operating expenses so that all GRF funds may be used for grant projects. This funding is provided under GRF line item 776465, Rail Development, appropriated in the main operating budget bill.

Category 6: Aviation

This category of appropriations supports the operations of the Office of Aviation and the Ohio/Indiana Unmanned Aircraft Systems (UAS) Center. The Office works with airports to meet national safety standards and coordinate with the Federal Aviation Administration (FAA). These appropriations, given a programmatic breakdown in Table 7 below, are typically supplemented with GRF funding appropriated in the main operating budget bill.

Program	Line Item	FY 2022 Appropriation	FY 2023 Appropriation	% of Total Appropriation FY 2022-FY 2023
Aviation Administration	777475	\$6.4	\$6.5	66.8%
Aviation Infrastructure Bank	777477	\$2.0	\$2.4	22.8%
Ohio Airport Grant	777615	\$0.6	\$0.6	6.2%
	777472	\$0.4	\$0.4	4.1%
	Subtotal	\$1.0	\$1.0	10.3%
Total All Programs		\$9.4	\$9.9	

C6:1: Aviation Administration (ALI 777475)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 777475, Aviation Administration	\$5,159,524	\$6,436,686	\$6,463,827
	% change	--	24.8%
			0.4%

This line item, along with a portion of a GRF allocation funded in the main operating budget bill, funds the activities of both the Office of Aviation and the UAS Center.

Office of Aviation

Most of the funding supports the Office of Aviation, which is responsible for (1) maintaining the state's aircraft fleet, (2) coordinating with the FAA, (3) allocating funding to local airports to make infrastructure improvements under the Ohio Airport Grant Program, and (4) registering aircraft.

ODOT aircraft are used to transport state officials, including the Governor, legislators, and state personnel on official business, and to perform ODOT missions such as aerial photography, emergency management, forestry missions, homeland security, prisoner transfers, Department of Natural Resources (DNR) missions, wild animal inoculations, and assisting in marijuana

eradication. ODOT maintains a fleet of 25 state aircraft, which includes 17 owned by the Ohio State Highway Patrol, three by DNR, and five by ODOT itself. Any costs arising from nonhighway use of the aircraft, such as special mission flights for DNR, the Department of Public Safety, or other state agencies, must be reimbursed to ODOT. The line item also funds the oversight of about 8,000 FAA-registered general aviation aircraft based in Ohio.

UAS Center

The UAS Center developed partnerships and agreements with several other entities, including local and state government agencies, academia, and industry organizations. The Center performs unmanned aircraft operations for ODOT and other state agencies, exploring ways drones may be of use to state activities. For ODOT, the UAS devices assist in such purposes as right-of-way studies, bridge inspections, and traffic monitoring. ODOT expects the usage of UAS to keep expanding over time. Below are three different agencies that utilize examples of how UAS has been utilized in the previous FY 2020-FY 2021 biennium:

1. Within ODOT, in the Division of Engineering, UAS is often used for bridge deck inspections, reducing the need to close bridges in order to carry out inspections.
2. The Division of Oil and Gas within the DNR has utilized the UAS Center to perform flight operations using a magnetometer that measures the Earth's magnetic field to find abandoned well heads. The equipment and flight operations performed significantly increase DNR's ability to detect the well heads and mitigation of them for the safety of the environment and public.
3. The Ohio Department of Rehabilitation and Correction partners with the UAS Center to support the detection of other unmanned aircraft around correctional facilities.

C6:2: Ohio Airport Grant Program (ALIs 777615 and 777472)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5W90 ALI 777615, County Airport Maintenance	\$645,202	\$620,000	\$620,000
% change	--	0.0%	0.0%
7002 ALI 777472, Airport Improvements – Federal	\$0	\$405,000	\$405,000
% change	--	N/A	0.0%

These line items fund the non-GRF component of the Ohio Airport Grant Program, providing funds to publicly owned airports for pavement maintenance and obstruction removal. The GRF program funding is contained in the main operating budget bill. Grants under the program cover 95% of the cost of obstruction removal or pavement resurfacing or reconstruction, not including project design expenses. There are currently 95 publicly owned airports eligible for these grants. For FY 2021, the program awarded ten grants totaling around \$1.7 million. In FY 2020, there were 18 grants totaling approximately \$4.9 million.

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

\$450,000 in revenues annually. The federal funding contained in line item 777472 is used any time the FAA awards funding to ODOT to support this purpose.

C6:3: Aviation Infrastructure Bank (ALI 777477)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
2130 ALI 777477, Aviation Infrastructure Bank – State	\$27,765	\$2,000,000	\$2,400,000
% change	--	7,103.3%	20.0%

This line item supports the Aviation Infrastructure Bank Loan Program, used to provide loans to publicly owned airports for aviation projects. The Aviation Infrastructure Bank Loan Program is a part of the SIB Program. Moneys from an initial capitalization of GRF, federal, and MFT funds allow the program to operate on a revolving loan basis. This funding can be used to provide low-interest loans to local governments to fund either aviation capital improvement projects at 100% or to match available federal funding. The budget provides \$2.0 million each fiscal year for Aviation Infrastructure Bank loans, equal to the amounts appropriated in FY 2020 and FY 2021. Since the SIB Program's inception in 1997, a total of \$46.6 million in loans has been awarded for 19 airport projects.

Category 7: Debt Service

This category of appropriations pays for debt service on bonds issued to pay for highway construction and maintenance, as well as other infrastructure projects financed under the State Infrastructure Bank. Table 8 lists the types of debt service under ODOT's budget.

Debt Service Type	Line Item	FY 2022 Appropriation	FY 2023 Appropriation	% of Total Appropriation FY 2022- FY 2023
Federal GARVEE bonds	772438	\$119.7	\$126.8	77.1%
	772437	\$17.0	\$17.8	10.9%
	Subtotal	\$136.7	\$144.5	87.9%
Transportation facilities bonds	770003	\$16.6	\$20.3	11.5%
State Infrastructure Bank (SIB)	772430	\$0.6	\$0.6	0.4%
	772433	\$0.6	\$0	0.2%
	Subtotal	\$1.2	\$0.6	0.6%
Total All Programs		\$154.4	\$165.4	

Besides the \$319.9 million in FY 2022-FY 2023 appropriations under these five debt services line items above, there are other ODOT funding sources that rely on debt. That debt service is not paid under the ODOT budget, however. These funding sources include (1) state

highway bonds, (2) Turnpike bonds, or (3) the Highway Operating Fund, used to pay for the construction of the Portsmouth Bypass project. These payments account for another \$253.9 million in approximate annual costs to pay off ODOT bond-funded projects over the FY 2022-FY 2023 biennium.

The state highway bond debt service amounts to \$164.7 million for each of FY 2022 and FY 2023, according to ODOT estimates. This is paid for in the main operating budget bill under appropriations to the Commissioners of the Sinking Fund. To provide for this debt service, MFT funding is transferred from the Highway Operating Fund (Fund 7002) to the Highway Capital Improvement Bond Retirement Fund (Fund 7072) on a set schedule under permanent law.

The Turnpike bonds are not paid off using appropriations through the state budget. Instead, the debt service is paid by the Ohio Turnpike and Infrastructure Commission (OTIC). In the calendar year period of 2021 to 2023 (OTIC budgets on a calendar year basis), OTIC is projected to pay about \$62.9 million per year in debt service for the bonds that funded ODOT projects. For more information on OTIC's budget, see Part III of the LSC Greenbook for the transportation budget.

Finally, the Portsmouth Bypass project was constructed under a public-private partnership (P3) agreement, discussed above in the “**Category 1: Highway Construction and Maintenance**” section of this Greenbook. ODOT will pay approximately \$26.3 million per year in FY 2022 and FY 2023 through the Highway Operating Fund (Fund 7002) for the project.

C7:1: Federal GARVEE Debt Service (ALIs 772438 and 772437)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 772438, Major New State Infrastructure Bond Debt Service – Federal	\$145,511,512	\$119,736,667	\$126,745,308
% change	--	-17.7%	5.9%
7002 ALI 772437, Major New State Infrastructure Bond Debt Service – State	\$20,743,417	\$16,980,228	\$17,789,693
% change	--	-18.1%	-4.8%

Appropriation items 772438 and 772437 provide the annual debt service for the \$784.6 million in federal GARVEE bond principal and interest outstanding as of January 15, 2021. GARVEE bonds allow the state to issue debt to finance qualified construction projects using the expected federal MFT revenues Ohio receives from the federal Highway Trust Fund. Around 87% of the debt service is paid off using federal highway aid received. The remaining state share of about 13% is supported by MFT and other highway-related revenues and paid through line item 772437.

C7:2: Transportation Facilities Lease Rental Bond Payments (ALI 770003)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 770003, Transportation Facilities Lease Rental Bond Payments	\$16,533,980	\$16,562,000	\$20,299,728
% change	--	-0.2%	22.6%

The funding under this line item represents the amount required to cover debt service payments on bonds issued for the rehabilitation and construction of ODOT facilities, such as full-service maintenance facilities, outposts, and supply storage facilities statewide. A total of around \$170.8 million has been issued in bonds for ODOT facilities since FY 2015. The most recent bond issuance was in FY 2018. Appropriations to use this bond funding are treated as capital appropriations, since they pay for buildings and other structures, and are spent through the Transportation Building Fund (Fund 7029). No Fund 7029 capital appropriations were included in S.B. 310 of the 133rd General Assembly, the FY 2021-FY 2022 capital budget act. However, the capital reappropriations bill for this time period, H.B. 481 of the 133rd General Assembly, included reappropriations of \$25.0 million through Fund 7029.

C7:3: State Infrastructure Bank Debt Service (ALIs 772430 and 772433)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
2120 ALI 772430, Infrastructure Debt Reserve Title 23-49	\$550,089	\$600,000	\$600,000
% change	--	9.1%	0.0%
2130 ALI 772433, Infrastructure Debt Reserve – State	\$475,000	\$550,000	\$0
% change	--	15.8%	-100.0%

Appropriation items 772433 and 772430 both pay debt service on bonds that were issued in the mid-2000s by the state to infuse capital into the SIB Program. A total of \$10 million in bonds were issued, the proceeds of which were used to make loans to political subdivisions for transportation infrastructure projects under SIB. Revenue from the loan repayments is used to make the debt service payments.

Category 8: Administration

This category of appropriations provides for the management support of all the Department's programs, including the Director's executive leadership staff, quality and human resources, financing and forecasting, information technology, and local programs.

C8:1: Administration – State (ALI 779491)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7002 ALI 779491, Administration – State	\$92,625,892	\$107,129,516	\$110,169,850
% change	--	15.7%	2.8%

The line item supports approximately 470 full-time equivalent (FTE) positions (9.2%) out of a total of over 5,100 FTE positions employed by ODOT. Almost all of the other FTE positions, about 4,250 FTEs (over 80%), are paid for within the highway-specific appropriations analyzed above in the **“Category 1: Highway Construction and Maintenance”** section of this Greenbook. Overall, the line item contains about \$217.3 million over the FY 2022-FY 2023 biennium, in line with prior appropriations. These expenses are allocated to cover \$122.5 million (56.4%) in personal services expenditures, \$63.5 million (29.2%) for supplies and maintenance, \$24.3 million (11.2%) for purchased personal services, and \$7.0 million (3.2%) for equipment.

FY 2022 - FY 2023 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2021 to FY 2022	Appropriations	FY 2022 to FY 2023
			FY 2020	FY 2021	FY 2022	% Change	FY 2023	% Change
Report For: Transportation Budget			Version: As Enacted					
DOT Department of Transportation								
GRF	775470	Public Transportation-State	\$ 40,379,295	\$ 27,174,165	\$ 37,000,000	36.16%	\$ 37,000,000	0.00%
General Revenue Fund Total			\$ 40,379,295	\$ 27,174,165	\$ 37,000,000	36.16%	\$ 37,000,000	0.00%
2120	772426	Highway Infrastructure Bank - Federal	\$ 8,657,204	\$ 4,641,272	\$ 5,500,000	18.50%	\$ 5,500,000	0.00%
2120	772427	Highway Infrastructure Bank - State	\$ 24,867,654	\$ 12,649,955	\$ 14,750,000	16.60%	\$ 14,750,000	0.00%
2120	772430	Infrastructure Debt Reserve Title 23-49	\$ 548,361	\$ 550,089	\$ 600,000	9.07%	\$ 600,000	0.00%
2130	772431	Roadway Infrastructure Bank - State	\$ 3,481,420	\$ 762,707	\$ 3,600,000	372.00%	\$ 3,750,000	4.17%
2130	772433	Infrastructure Debt Reserve - State	\$ 444,743	\$ 475,000	\$ 550,000	15.79%	\$ 0	-100.00%
2130	777477	Aviation Infrastructure Bank - State	\$ 478,476	\$ 27,765	\$ 2,000,000	7,103.42%	\$ 2,400,000	20.00%
7002	770003	Transportation Facilities Lease Rental Bond Payments	\$ 16,531,342	\$ 16,533,980	\$ 16,562,000	0.17%	\$ 20,299,728	22.57%
7002	771411	Planning and Research - State	\$ 25,221,220	\$ 23,785,841	\$ 27,701,087	16.46%	\$ 28,289,885	2.13%
7002	771412	Planning and Research - Federal	\$ 37,921,179	\$ 39,740,519	\$ 42,062,017	5.84%	\$ 42,062,017	0.00%
7002	772421	Highway Construction - State	\$ 527,704,683	\$ 618,129,263	\$ 713,639,296	15.45%	\$ 700,265,960	-1.87%
7002	772422	Highway Construction - Federal	\$ 1,274,206,906	\$ 1,200,314,867	\$ 1,575,802,398	31.28%	\$ 1,236,154,808	-21.55%
7002	772424	Highway Construction - Other	\$ 63,983,997	\$ 59,655,394	\$ 80,000,000	34.10%	\$ 80,000,000	0.00%
7002	772425	Highway Construction - Turnpike	\$ 129,474,717	\$ 148,012,248	\$ 0	-100.00%	\$ 0	N/A
7002	772437	Major New State Infrastructure Bond Debt Service - State	\$ 25,917,922	\$ 20,743,417	\$ 16,980,228	-18.14%	\$ 17,789,693	4.77%
7002	772438	Major New State Infrastructure Bond Debt Service - Federal	\$ 153,459,959	\$ 145,511,512	\$ 119,736,667	-17.71%	\$ 126,745,308	5.85%
7002	773431	Highway Maintenance - State	\$ 594,399,281	\$ 518,091,207	\$ 604,833,251	16.74%	\$ 610,599,776	0.95%
7002	775452	Public Transportation - Federal	\$ 33,086,957	\$ 69,456,717	\$ 40,207,799	-42.11%	\$ 41,158,833	2.37%
7002	775454	Public Transportation - Other	\$ 1,353,821	\$ 1,211,793	\$ 1,500,000	23.78%	\$ 1,500,000	0.00%
7002	776462	Grade Crossings - Federal	\$ 17,689,027	\$ 14,161,875	\$ 14,103,406	-0.41%	\$ 14,068,961	-0.24%
7002	777472	Airport Improvements-Federal	\$ 0	\$ 0	\$ 405,000	N/A	\$ 405,000	0.00%
7002	777475	Aviation Administration	\$ 4,572,535	\$ 5,159,524	\$ 6,436,686	24.75%	\$ 6,463,827	0.42%
7002	779491	Administration - State	\$ 98,533,781	\$ 92,625,892	\$ 107,129,516	15.66%	\$ 110,169,850	2.84%
Highway Operating Fund Group Total			\$ 3,042,535,185	\$ 2,992,240,836	\$ 3,394,099,351	13.43%	\$ 3,062,973,646	-9.76%
4N40	776664	Rail Transportation - Other	\$ 2,036,375	\$ 1,723,083	\$ 2,875,800	66.90%	\$ 2,875,800	0.00%
5W90	777615	County Airport Maintenance	\$ 179,329	\$ 645,202	\$ 620,000	-3.91%	\$ 620,000	0.00%

FY 2022 - FY 2023 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations		FY 2021 to FY 2022	Appropriations		FY 2022 to FY 2023
			FY 2020	FY 2021	FY 2022	% Change	FY 2023	% Change
DOT Department of Transportation								
Dedicated Purpose Fund Group Total			\$ 2,215,704	\$ 2,368,285	\$ 3,495,800	47.61%	\$ 3,495,800	0.00%
7042	772723	Highway Construction - Bonds	\$ 161,357,181	\$ 35,188,434	\$ 60,000,000	70.51%	\$ 89,953,867	49.92%
7045	772428	Highway Infrastructure Bank - Bonds	\$ 238,668,179	\$ 131,509,762	\$ 60,000,000	-54.38%	\$ 80,000,000	33.33%
Capital Projects Fund Group Total			\$ 400,025,360	\$ 166,698,196	\$ 120,000,000	-28.01%	\$ 169,953,867	41.63%
Department of Transportation Total			\$ 3,485,155,544	\$ 3,188,481,482	\$ 3,554,595,151	11.48%	\$ 3,273,423,313	-7.91%