

# Redbook

## LBO Analysis of Executive Budget Proposal

### Department of Transportation

Terry Steele, Senior Budget Analyst  
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# LBO Redbook

## Department of Transportation

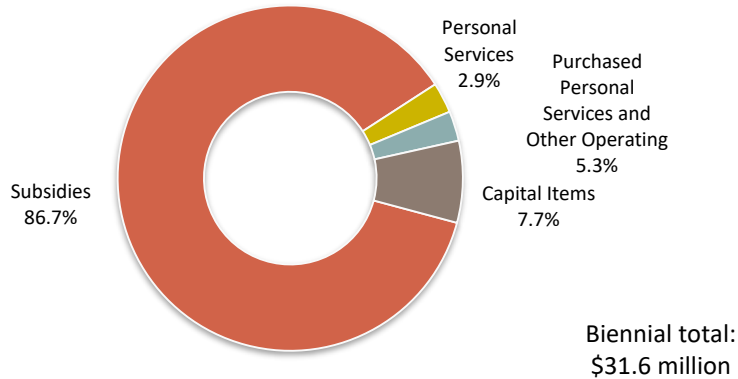
### Quick look...

- The Ohio Department of Transportation (ODOT) is the state agency that plans, builds, and maintains Ohio's transportation system.
- The vast majority of ODOT's budget is supported by federal and state motor fuel tax revenues and bond proceeds appropriated in H.B. 74, the FY 2022-FY 2023 transportation budget bill. ODOT appropriations under H.B. 74, total \$6.7 billion for the biennium.
- H.B. 110 provides GRF funding totaling \$31.6 million to support ODOT's nonhighway transportation modes, including public transit, rail development, and airport improvements.
  - These GRF appropriations account for less than 0.5% of the total budget for ODOT between these two budgets.

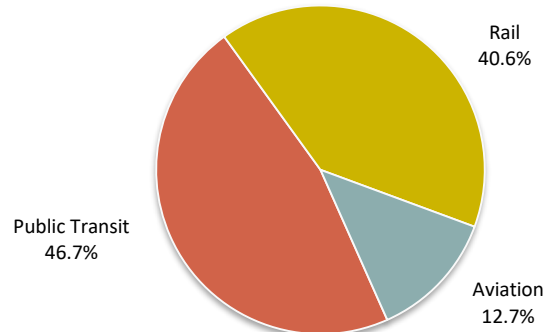
FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
<b>ALI 772502, Local Transportation Projects</b>					
\$69,200	\$35,052	\$65,628	\$25,000	\$0	\$0
% change	-49.3%	87.2%	-61.9%	-100.0%	0.0%
<b>ALI 775451, Public Transportation – State</b>					
\$7,362,043	\$7,362,043	\$1,322,881	\$0	\$0	\$0
% change	0.0%	-82.0%	-100.0%	0.0%	0.0%
<b>ALI 775470, Public Transportation – State</b>					
--	--	\$40,379,295	\$23,422,286	\$7,362,778	\$7,362,778
% change	--	--	-42.0%	-68.6%	0.0%
<b>ALI 776465, Rail Development</b>					
\$1,581,379	\$870,043	\$1,927,300	\$1,248,007	\$2,000,000	\$2,000,000
% change	-45.0%	121.5%	-35.2%	60.3%	0.0%
<b>ALI 777471, Airport Improvements – State</b>					
\$6,229,820	\$5,306,494	\$5,746,673	\$5,434,360	\$6,419,687	\$6,419,687
% change	-14.8%	8.3%	-5.4%	18.1%	0.0%
<b>Total GRF funding</b>					
\$15,242,442	\$13,573,632	\$49,441,778	\$30,129,653	\$15,782,465	\$15,782,465
% change	-10.9%	264.25%	-39.1%	-47.6%	0.0%

# Analysis of FY 2022-FY 2023 budget proposal

**Chart 1: Budget by Expense Category  
FY 2022-FY 2023 Biennium**



**Chart 2: Budget by Program Area  
FY 2022-FY 2023 Biennium**



H.B. 110 provides ODOT with a total of \$31.6 million in GRF funding over the FY 2022-FY 2023 biennium. As Chart 1 above shows, nearly \$27.4 million of this funding (86.7%) is allocated for subsidy assistance, of which about \$12.3 million would support public transit systems, \$11.1 million would assist airports, and \$4.0 million would be used for rail development. The remaining funding covers some of the operating costs for the Office of Transit, the Office of Aviation, and the Ohio Rail Development Commission. Note that H.B. 74, the pending transportation budget bill for FY 2022-FY 2023, also provides appropriations to pay a portion of these administrative expenses.

Chart 2 above indicates that about \$14.7 million (46.7%) in the biennium will support public transit, \$12.8 million (40.6%) will assist aviation, and \$4.0 million (12.7%) is provided for rail.

## Public Transportation – State (ALI 775470)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
<b>ALI 775470, Public Transportation – State</b>					
--	--	\$40,379,295	\$23,422,286	\$7,362,778	\$7,362,778
% change	--	--	-42.0%	-68.6%	0.0%

This appropriation item replaced GRF appropriation item 775451, Public Transportation – State in FY 2020. This line item is used for the same purposes as the previous GRF appropriation item. The bulk of the funding under this line item is used for two specific transit purposes: (1) around \$4.2 million annually supplements the federal funding for the Public Transit Assistance Program, and (2) about \$2.0 million annually provides all of the funding to operate ODOT’s Elderly and Disabled Fare Assistance Program. The remaining portion each year pays for operating costs of ODOT’s Office of Transit.

### Public Transit Assistance Program

Funding in H.B. 110 will be used for the Ohio Public Transportation Grant Program. The funding will support rural and small urban systems, awarding grants to transit systems to cover wages, fuel, insurance, training, vehicle and facility maintenance, as well as planning assistance for these transit systems. Funding under the program is also used to buy transit vehicles, computer equipment, and construct transit buildings. Program funding is allocated to transit systems based on the number of passengers transported, miles traveled, cost per mile, and the amount of local funds contributed.

### Elderly and Disabled Fare Assistance Program

The GRF funding for this program provides state assistance to public transit agencies that offer half fares or lower to qualifying riders. According to ODOT, this program supported over 1.5 million trips from 193 specialized providers on public transit vehicles in FY 2018. For rural areas, the elderly and disabled populations accounted for around 33% of all rural transit trips in FY 2018.

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 remaining systems have chosen not to offer reduced fares for financial reasons. The eight large urban systems are not eligible for GRF assistance. If they were eligible, ODOT estimates that it would cost another \$13.2 million annually to reimburse those systems under the program terms.

Please note that there is also funding in H.B. 74 aimed at assisting the elderly and disabled transit population; however, that funding is under a separate program, providing competitive grants to transit systems, funded by revenue to ODOT from the Federal Transit Administration.

### Operating costs

Lastly, around \$351,000 in each of FY 2022 and FY 2023 is used to cover the operating costs for ODOT’s Office of Transit, including payroll, supplies, and equipment. The Office’s administration and oversight duties include program development, grant 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.

### Rail Development (ALI 776465)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
<b>GRF ALI 776465, Rail Development</b>					
\$1,581,379	\$870,043	\$1,927,300	\$1,248,007	\$2,000,000	\$2,000,000
% change	-45.0%	121.5%	-35.2%	60.3%	0.0%

This line item supports grants for rail development that are awarded by the Ohio Rail Development Commission (ORDC) under the Rail Development Grant and Loan Program. 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. 74 under Fund 4N40 line item 776664, Rail Transportation – Other, and would be used to award about \$2.0 million per year in loans. Fund 4N40 line item 776664 also includes appropriations that would allocate approximately \$900,000 in each year for ORDC’s payroll and administrative costs. 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.

### **Airport Improvements – State (ALI 777471)**

<b>FY 2018 Actual</b>	<b>FY 2019 Actual</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Introduced</b>	<b>FY 2023 Introduced</b>
<b>GRF ALI 777471, Airport Improvements – State</b>					
\$6,229,820	\$5,306,494	\$5,746,673	\$5,434,360	\$6,419,687	\$6,419,687
% change	-14.8%	8.3%	-5.4%	18.1%	0.0%

Approximately \$5.5 million (86.2%) in each year is slated for grant subsidies to be awarded through the Ohio Airport Grant Program. The other \$900,000 in each of FY 2022 and FY 2023 would be spent on Office of Aviation operating costs.

### **Ohio Airport Grant Program**

The grant program provides capital improvement grants to publicly owned airports that do not receive Federal Aviation Administration (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.

GRF funding for airport grants is augmented by funding of about \$620,000 per fiscal year appropriated in H.B. 74. Most of this H.B. 74 funding comes from aircraft license tax revenues deposited into the Airport Assistance Fund (Fund 5W90). In FY 2020, the Department’s budget reductions of \$3.1 million for certain projects result in the Office of Aviation canceling seven safety grants and only partially funding 11 other grants resulting in ODOT paying the \$3.1 million costs of these projects in FY 2021.

### **Operating costs**

Operating 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 conduct reviews of proposed construction that will take place near airports and issue permits if these projects are approved. 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 an average of \$6.4 million per year in Highway Operating Fund appropriations under H.B. 74. Specifically, this money is appropriated under line item 777475, Aviation Administration. Much of the H.B. 74 funding, however, is used for maintaining the state air fleet, comprising 25 aircraft. Additionally, the line item pays for the operating costs of the Ohio/Indiana Unmanned Aerial Systems (UAS) Center, which is located in Springfield.