



Ohio House Finance Subcommittee on Transportation

Testimony on House Bill 166, FY 20-21 State Operating Budget

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Chairman Greenspan, Ranking Minority Member Skindell, and members of the Ohio House Finance Subcommittee on Transportation:

I am Dr. Jack Marchbanks, Director of the Ohio Department of Transportation. Thank you for the opportunity to address you today regarding the next two-year state operating budget.

As you know, the vast majority of ODOT's funding for the next biennium is still being debated in House Bill 62, the biennial transportation budget. I have spent the last two months detailing how, due to flat revenues, highway construction inflation, and mounting debt payments, ODOT is in jeopardy of being unable to fulfill its mission to maintain the state's most valuable physical asset: our state highway system. I will not go into extensive detail, today, on the need for more revenue. My team and I have spent the last two months working with the General Assembly to detail that need.

I would like to thank the Ohio General Assembly for hearing our case and understanding the need for more transportation revenue. While we are still working to an agreement on the amount needed, it is encouraging that there has been overwhelming and bipartisan support for increasing our investment in these assets.

I am not here, however, to discuss House Bill 62, so let us turn to the reason for my testimony today.

The expenditure of state motor vehicle fuel tax revenues is restricted by the Ohio Constitution to activities related to the construction and maintenance of roads and bridges. However, our transportation system is more than roads and bridges, so we are here today to discuss a few ways ODOT funds other modes of transport that help make our system complete. Specifically, we use state general revenue to fund certain functions of our rail, aviation, and public transit systems.

Rail

In Ohio, most of our public rail investments are managed by the Ohio Rail Development Commission, of which I am an *Ex Officio* member. The Commission's Executive Director will be before this committee on

April 11th to discuss in more detail their program and budget request, so I won't spend much more time on that today.

I do want to remind the committee, however, that rail has always played, and will continue to play, an important role in our economic growth in Ohio. At approximately 5200 miles, Ohio's rail network is 4th in the nation and 3rd in the nation for intermodal terminals. Effective, well-maintained rail services, either directly or via intermodal facilities, is commonly cited by new and growing businesses in the state as a major factor in their decisions to invest here.

The Administration's state general revenue appropriation for rail upgrades and investments is \$2 million per fiscal year. I want to caution you that, while it looks like this appropriation is a significant increase over the previous biennium, it actually represents a restoration to historic levels after being reduced by half in the last two-year budget. Due to the economic impact of our rail system in Ohio, we strongly recommend maintaining this appropriation at the executive budget proposal level.

Aviation

Strong, thriving airports are also essential to maintaining a robust multi-modal transport system in the state. At ODOT, our state flight operations activities and investments are managed through ODOT's Office of Aviation. This office also supplies aircraft and pilots for our state flight operations activities and missions that include transportation of state officials, aerial photo and LIDAR services for our Aerial Engineering Office. As well we support the Bureau of Criminal Investigation Drug Interdiction Network and provided aerial support the Ohio Department of Natural Resources.

The State of Ohio Airport system is made up of 104 publicly owned airports. Eight of those provide commercial passenger services. In addition to flying missions, the Office of Aviation also administers airport programs, performs airport inspections and processes registrations for the 7,832 aircraft registered in the state.

For State Fiscal Years 20 and 21, the recommended state general revenue appropriation for these activities is \$5.919 million each year. This includes operating costs, airspace programs, maintain and provide aeronautical charts, administer an aviation grant program, and for other related expenses such as directory publishing and software maintenance. These numbers are similar to appropriations for the previous biennium. We urge your approval of funding at this level.

Public Transit

Transit is defined as publicly owned and operated multi-passenger bus, rail, or non-emergency medical transportation services. In Ohio, these services are provided by regional transit authorities, local governments and non-profit agencies. Transit can include local fixed routes (what you probably think of as a traditional bus or rail line) and on-demand (or, door to door) services.

Ohio has 61 transit agencies that offer a range of services that are broadly categorized into fixed route or demand response services. Nearly 77% of the total transit funding in Ohio is raised locally in the form of sales tax, property & earnings taxes, combined with local government contributions. Additionally, In 2018, the federal government provided slightly over \$200 million to transit systems in Ohio. Funds from Federal Transit Administration are designated for transit agencies operating in either urban or rural

areas and require that local entities contribute funds. The combined total investment in Ohio's 61 transit agencies is more than \$1 billion annually.

The House Bill 62 Conference Committee agreed to appropriate \$70 million state general revenue dollars annually to transit activities in Ohio. This represents a substantial increase over previous years and will go a long way to helping local transit agencies evolve to meet future needs.

That said, the significantly smaller (\$6.5 million each year) appropriation in this legislation is still important. This relatively small appropriation item includes about \$400,000 in annual administrative costs we are required to fund in order to be eligible for federal funding. About \$2 million annually is used to fund the Elderly & Disabled fare reimbursement program for small urban and rural transit systems. The remainder is used for grants that help rural and small urban transit systems provide their required match to receive federal grant dollars.

These grants are vitally important to the small urban and rural transit systems that rely on them. Removing funding for these programs would likely mean the end of services for many of these transit systems. Given the benefit they give to Ohioans that rely on their services, we strongly recommend maintaining funding at these minimal levels, in order to ensure continued services.

At around \$14.5 million each year, these rail, aviation and transit investments may seem small when compared to the more than \$3 billion annual expenditure on roads and bridges, however these programs are vitally important to our state's transportation system. More importantly, these programs cannot be funded by state motor vehicle fuel tax dollars. They are wholly reliant on this state general revenue appropriation to continue to provide these essential services and draw down federal dollars to invest in the state.

I respectfully urge your approval and acceptance of the executive funding proposal for these programs.