



Ohio House Finance Subcommittee on Transportation *Transportation Budget for FY24-25*

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Ohio Department of Transportation

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Chairman Patton, 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, and to provide you with some information about the DeWine-Husted State Fiscal Year 2024 – 2025 Transportation Budget.

ODOT's mission to provide for the safe and easy movement of people and goods from place to place is critical to the welfare and prosperity of our state and our citizens. Since taking office the top transportation priorities for the DeWine-Husted administration have been safety and improving Ohioans quality of life. During our time together today, I will explain how Governor DeWine's transportation budget supports these objectives.

Ohio's network of roads, bridges, and highways is the state's most valuable physical asset. Ohio has the nation's 5th largest interstate system, 2nd largest inventory of bridges, and 6th highest traffic volume.

Because we are essentially the crossroads of America, we are within a one day's drive of 60% of the US and Canadian population. Our transportation system touches the lives of every man, woman, and child in the Buckeye State, every day, and represents an investment of tens of billions of dollars by taxpayers over many generations.

As you may know, Ohio's transportation projects are funded through two primary revenue sources: Federal highway revenue and state highway revenue.

State highway revenue is collected as a user fee for those who utilize the roadway system. These user fees include registrations, permit, and title fees. The largest source is the state Motor Vehicle Fuel Tax. That revenue is split between ODOT (about 60%), who maintains the state's highway system, and local governments (about 40%). These fees are paid by the users and fuel suppliers of the transportation system and are dedicated for transportation use in the state by the Ohio Constitution.

More than half of the funding ODOT utilizes to maintain the state highway system comes from the federal government. Most federal funding is allocated by Congress to the state via formulas prescribed in transportation and infrastructure funding packages. Federal funding is also available in the form of competitive grant awards, such as the \$1.6 billion award recently announced to help fund the Brent Spence Bridge Corridor Project.

FY 2024-2025 Revenue Estimates

For this FY24-25 budget proposal, ODOT is anticipating a revenue increase of approximately 25% from FY 2023. The increase is due almost entirely to the passage of the federal infrastructure package in November 2021 and the Brent Spence Bridge Corridor Project.

	Federal Revenue*	State Revenue*	Bond Revenue	Carry-forward	Debt Service**	TOTAL
FY 2024	\$1.881 billion	\$1.696 billion	\$178 million	\$306 million	\$354 million	\$3.707 billion
FY 2025	\$1.914 billion	\$1.719 billion	\$178 million	\$236 million	\$343 million	\$3.704 billion

Table 3: FY24-25 Budget At-A-Glance

*All numbers are estimates of anticipated revenues

**Includes debt service from Federal GARVEE bonds issued, State Highway Capital Improvement bonds issued, State Capital Facility bonds issued, and Availability Payments on the Public-Private Partnership for Portsmouth

These funding levels will allow us to continue our work to provide Ohioans with a transportation system that is safe, reliable, accessible, and positioned for the future. Funding includes \$2.2 billion for pavement, \$717 million for bridges, \$360 million for dedicated safety upgrades, and \$579 million for large, capacity-adding projects like those that are reconfiguring our urban interstates.

PAVEMENT	BRIDGES	SAFETY PROGRAMS	LOCAL PROGRAMS	MAJOR NEW	TRANSIT	OPERATING EXPENSES
FY 24 \$1.12b	FY 24 \$358m	FY 24 \$179m	FY 24 \$480m	FY 24 \$304m	FY 24 \$103m	FY 24 \$961m
FY 25 \$1.14b	FY 25 \$359m	FY 25 \$181m	FY 25 \$484m	FY 25 \$275m	FY 25 \$108m	FY 25 \$973m

Table 4: Anticipated FY 24-25 ODOT budget expenditures

Safety

Under the direction of Governor DeWine, Ohio has expanded our safety program to lead the country in safety spending per capita and is now the fourth largest in total spending on safety in the country. This funding is being used to address dangerous intersections, make travel safer for bicyclists and pedestrians, and help local governments fund critical projects.

We have also identified innovative ways to deliver our safety projects, cutting months and years off the time it would typically take to identify a problem area and then design and construct a solution to address the problem. Better data, electronic resources, and creative thinking are all helping the agency more quickly address safety concerns on our roadways.

Federal Infrastructure Funding & Long-Term Revenue Projections

The federal transportation budget enacted two years ago provided state transportation agencies approximately \$550 billion over its five-year life. For Ohio that equates to \$9 billion. However, this is NOT all new money. In fact, 70% of it was expected prior to the president signing the bill, leaving about 30% of Ohio's allocation as new funding for the five-year span of the law. This is still a significant increase and will help us continue to improve safety and complete needed infrastructure projects on our system.

The additional funding gained from the federal transportation bill has been welcome. It has also added some confusion about how far those extra dollars can go. The reality is -- much of that increase is being used to fill a previously-projected revenue shortfall and offset price increases due to double-digit inflation.

When I came to ODOT in 2019, inflation, flat revenues due to more fuel-efficient vehicles, and increases in state borrowing had left our system in jeopardy of falling into a dangerous state of disrepair. As a result, Governor DeWine proposed a responsible revenue package in the State's Fiscal Year 2020-2021 transportation budget.

With your support, the funding in that package invested an additional \$2 billion into state and local transportation projects over the last three years. These projects have improved the safety of our roadways, created jobs for those who plan, design, and build them, and helped support the growth and prosperity of Ohio.

Ohio's motor fuel tax revenues have, except during the pandemic period, remained relatively flat over the last 15 years. The miles people are driving on Ohio's roads is at an all-time high, but increased fuel efficiency means motorists simply use less gas. Similarly, the growing popularity of electric vehicles has added another factor into our funding equation. At the same time, we have experienced cost increases due to inflation just like many other industries and households. Inflation is something we try to anticipate, however the economic turbulence of the last few years from the pandemic and other pressures have challenged our forecasting.

In January 2022, we expected to see an 8% increase in prices due to inflation. This is a high number considering the long stretch of low inflation we've benefitted from in recent years. Actual inflation, however, tracked closer to 11.4% last year. When you spread the additional 3.4% across a \$2 billion program, you lose about \$70 million worth of buying power. That's the equivalent of losing our ability to purchase a million tons of salt, which is more than a winter's worth.

Because of the increased funding through the gas tax and the injection of federal funds, we have been able to successfully weather this inflationary period. No projects were cancelled as a result, and under the

leadership of Governor DeWine, we've continued to put hundreds of millions of dollars into the overall system. This budget continues that trend and provides the revenue we need to advance the work planned for the next biennium.

Cost Savings Initiatives

Since I last spoke to this committee, ODOT has been actively looking at our operations to see where we can find efficiencies and savings. In other words, we have not been standing by simply watching inflation eat into our bottom-line. Four years ago, I made a pledge that additional revenue would not deter us from our culture of squeezing the most out of every taxpayer dollar. In fact, I told you we would find an additional \$100 million in operational savings and efficiencies over Governor DeWine's first term.

I am happy to report today we have exceeded that goal. We have identified \$113 million in operational cost-savings and that number will likely rise as we continue to work our way through the concepts that were submitted by ODOT employees for evaluation.

We engaged the Ohio Department of Transportation's resourceful workforce to identify money saving opportunities while improving operations. The women and men of ODOT came through, as I knew they would, submitting more than 2,000 ideas. We had small ideas, such as switching to digital news subscriptions (those saved one district office about \$800) and big ideas, like converting all our highway lighting to high-efficiency LED bulbs. The LED conversion alone is projected to save \$27 million over the next 15 years.

At the back of this testimony, I have provided a full list of the solutions implemented to date. We have at least a dozen more we are still evaluating, so I expect this number will continue to grow.

This effort was not just a promise, it was a renewed commitment to provide a better service to our constituents while saving taxpayer dollars and reinvesting them back into projects to improve Ohio's transportation network. It is a commitment we will continue to uphold as we undertake the initiatives proposed in this transportation budget.

Brent Spence Bridge Corridor Project

On January 4, 2023, Ohio received official notice that we, along with our counterparts in Kentucky, received one of the largest federal infrastructure grants in history to finally build a companion to the much-congested Brent Spence Bridge over the Ohio River in Cincinnati.

For the last 20 years, Ohio and Kentucky have been working toward a solution to relieve the growing and painful congestion caused by travelers and freight trying to cross the Ohio River between Covington, Kentucky and Cincinnati. Over that time, preliminary engineering plans were completed; detailed, years-long environmental studies were completed; and contract details were decided.

Governor DeWine committed to putting the last piece of the puzzle in place to get the project started: funding. This once-in-a-lifetime project comes with a once-in-a-lifetime price tag. I thank the Governor for his leadership, for the support of the members of the Ohio General Assembly, and the hard work our Congressional delegation put in to help us secure this massive federal grant.

The anticipated project cost is \$3.6 billion, which will be shared by each state. The cost of the companion bridge will be split 50/50 by Ohio and Kentucky, and each state will pay for the approach work on their

respective end of the bridge. The current estimates for each state are \$2 billion for Ohio and \$1.6 billion for Kentucky.

ODOT will be the lead fiscal agent on the project while working hand-in-hand with the Kentucky Transportation Cabinet on the project itself. For this reason, you will notice a significant increase in appropriation authority for the department in Fiscal Year 2024 and three new appropriation line items. These lines will hold (1) state funds needed to complete the project, (2) the federal grant dollars we received, and (3) the money Kentucky is contractually required to pay Ohio for their obligations on the project.

As Governor DeWine said when he announced the award a few weeks ago, this project has a tremendous impact not just on Ohio, but also on the national economy and even national security. It is estimated the equivalent of 3% of our nation's Gross Domestic Product passes through that corridor bridge daily. We are thankful the federal government recognized the national importance of this project and provided a significant share of the funding.

Transformational Investments

The Brent Spence project is not the only transformational component of the DeWine-Husted budget proposal. As the Governor said in his State of the State address: this is a fiscally sound budget that uses one-time money for one-time expenditures.

Since Intel announced a year ago they were building a \$20 billion chip manufacturing facility in Central Ohio, we have been working to help prepare for transformational change. Dozens of businesses have announced plans to locate in the area and developers are predicting continued expansion. We want to be ahead of the curve to make sure the people and businesses who move to and through the area are not caught in preventable congestion. To that end, we are regularly meeting and working with local and industry experts to work through the myriad of potential options, prioritize, and fund needed infrastructure improvements.

In addition, Governor DeWine also made a promise to make sure the other quadrants of our state are ready for potential business startups, expansions, and relocations. To that end, this budget includes \$10 million for a transformative transportation study. This statewide study of Ohio's transportation system will be done in collaboration with the Department of Development and the Governor's Office of Workforce Transformation. The study will analyze statewide and regional demographics, investigate economic development growth opportunities, examine current transportation systems and capacities, forecast passenger and freight travel needs over a 10, 20, and 30-year timeframe, identify current and future transportation links, evaluate and rank current and potential risks of future system congestion, and make actionable recommendations for transportation system projects to support statewide economic growth, including improving links between Toledo and Columbus.

In-line with the Governor's commitment to safety, this budget creates a Railroad Crossing Safety Grant program. With a one-time infusion of \$125 million in state general revenue Ohio can leverage newly available federal infrastructure dollars to make improvements at rail crossings, such as overpasses or underpasses at existing at-grade crossings throughout the state. Many of you have stories about the danger and frustration of blocked railroad crossings. These funds will be used by the state and local communities to meet the matching dollars needed to leverage \$500 million per year in federal dollars over the next five years.

Funding in this budget will also create a two-year grant program to help our county airports catch up on some much-needed improvements to their facilities and infrastructure. ODOT currently provides about \$7 million annually for county airport maintenance. Every year, applications for funding far exceed the available funds. This one-time infusion of \$25 million in general revenue will help these local airport operators catch up on critical maintenance that has been deferred due to lack of funding. These airports contribute more than \$13 billion to the state's economy.

We are also requesting your consideration of \$2 million for our DriveOhio team to partner with the Governor's Office of Workforce Transformation in the deployment of workforce training and credentialing programs related to the emerging field of electric vehicle charging. As part of the Bipartisan Infrastructure Law, Ohio will receive over \$100 million in federal funding over the next five years to install, operate, and maintain electric vehicle charging stations. Investing in electric vehicle workforce development will ensure Ohio is well-positioned to perform necessary installation and maintenance of charging facilities and capitalize on the opportunities that come from this transition.

The \$2,000,000 appropriation for Electric Vehicle Infrastructure Workforce Training is crucial to supporting Ohio's forthcoming Electric Vehicle (EV) workforce strategy, which is being led by the Governor's Office of Workforce Transformation. The purpose of this line item is to provide funding for the workforce development required to support Ohio's EV charging infrastructure and ensure Ohio's plan is in line with the National Electric Vehicle Infrastructure formula program.

The funding will be used to invest in EV charging infrastructure training and credentialing programs, providing opportunities for workers to gain the skills and credentials necessary to participate in this growing industry. By investing in workforce training and development, Ohio will attract more investment in EV charging infrastructure, build a strong and competent workforce, and position itself as a leader in the EV industry. This will result in increased job opportunities and economic benefits for Ohioans.

DriveOhio also oversees our efforts to build our next generation of transportation infrastructure, including technologies being deployed by the Ohio Uncrewed Aircraft Systems (UAS) Center that support advanced aircraft travel within low altitude airspace. Uncrewed aircraft, (also known as drones) are being developed at a blinding speed to transport sensitive items like life-saving organs and medication as well as other goods and supplies to urban and rural Ohio businesses and citizens. Additionally, innovators believe the horizon for crewed drones is fast approaching. This budget proposal includes \$11 million in general revenue to allow our UAS team to begin deploying the low-altitude aircraft radar system we've developed with our partners from the Department of Defense and NASA to ensure these aircraft can operate safely while securing Ohio's place as a hub for innovation in this growing field.

Conclusion

Governor DeWine and Lieutenant Governor Husted are proposing a transportation budget which allows ODOT to invest in our state's transportation system and improve the lives of every Ohioan, every day. This budget includes funding necessary to address critical maintenance and make needed safety updates. It makes transformational investments to keep people and freight flowing safely and easily through Ohio and beyond.

As President Eisenhower noted in November 1956 after the Federal-Aid Highway Act was passed, "The Act wisely carried forward intact the traditional Federal-State partnership which has been so effective in the development of America's Highway System. On a program of this magnitude and urgency, obviously the State and local highway agencies face numerous problems which must be solved as promptly as

possible. They will need all the help they can get. Most of all, they will need the kind of informed support which only come from wide and thorough public understanding."

I sincerely appreciate all your efforts to work with your many constituencies by responding to and answering their many questions about Ohio's transportation system. Your efforts, along with leadership from Governor DeWine help ODOT develop the needed "wide and informed support" President Eisenhower spoke of. I appreciate the opportunity to testify today and respectfully ask for your approval of this important budget.

Ohio Department of Transportation

Initiatives Counting Toward \$100 Million Goal

as of 11/8/2022

Convert highway lighting to LED	\$26,984,239.00
Salt and brine savings (through April 2022)	\$22,638,873.05
Reduced interns and permanent staff due to COVID (Calendar Year 2020)	\$12,008,030.87
Aggressive management of workers comp claims (through Calendar Year 2021)	\$5,561,707.00
More efficient way of meeting new FHWA requirement for bridge load rating	\$5,356,000.00
In house Lo-Drill utilization in Districts 9 and 10 (through Calendar Year 2021)	\$5,119,939.10
GARVEE refunding	\$3,313,410.44
Negotiation for reduced fees for modeling servers	\$2,960,000.00
Reducing the amount of other equipment	\$2,822,918.30
Reconsider how we do field offices	\$2,789,210.87
Electric utility account aggregation	\$2,659,759.61
Rebidding vehicle parts contract	\$2,144,618.76
Increased use of drones for bridge inspection	\$1,609,539.00
Website redesign	\$1,274,000.00
Alter 2021 GARVEE bond amortization	\$1,168,788.00
Converting district and county phone lines to digital	\$1,153,115.00
Perform maintenance quality inspections in house	\$1,143,750.00
Plow blade purchases	\$1,102,738.00
Purchase combined units that include monitor, docking station, and speakers	\$1,043,095.00
Recovery from engineering firm for faulty design	\$955,420.00
Automating the project closeout process	\$900,000.00
Reduced travel costs taking advantage of virtual conferences (through Fiscal Year 2021)	\$855,193.24
Consolidate traffic invoices	\$845,595.00
Implementation of Environet	\$677,650.00
Restructuring speed data contract	\$556,800.00
Review of Office of Traffic Operations telecom/data invoices	\$504,435.19
In house slip repair in District 4	\$429,332.00
Chief Legal settlement of less than established by court ruling	\$425,000.00
Streamline the hauling permits process	\$323,834.12
Turn off GPS/AVL service on dump trucks for summer months (through Calendar Year 2021)	\$310,000.00
Leasing state owned vacant lots in downtown Cleveland	\$276,000.00
Sell the Burbank Outpost	\$264,381.88
Eliminate hard copy invoice process by Central Office finance department	\$258,399.98
Renegotiate cell phone plan (through June 2020)	\$223,156.00
Aggregate and bid gas accounts (through June 2020)	\$194,422.44
Default printers to black and white and double-sided printing	\$172,000.00
Automated phishing alert analysis (through Calendar Year 2022)	\$161,500.00

Excellence in Government

ODOT is an Equal Opportunity Employer and Provider of Services

Eliminate use of a rental facility in District 3	\$142,714.00
Discontinuation of Dunn & Bradstreet subscription by planning department	\$140,000.00
In house demolition ahead of some capital projects in District 4 (through Calendar Year 2020)	\$103,335.00
In house installation of brine making system	\$102,308.00
Use spare generator rather than purchase a new one	\$100,000.00
Asphalt grindings re-purposed for berm for District 1	\$97,635.00
In house culvert replacement in District 11	\$92,690.84
Improving guardrail billing process in District 6 (through Calendar Year 2020)	\$80,210.80
Tuscarawas County salt stacking savings	\$78,040.00
Purchase equipment for in-house underwater mussel surveys (through Calendar Year 2021)	\$68,973.54
Central Office LED lighting upgrade	\$66,758.00
Hilltop water savings credit (through Fiscal Year 2022)	\$65,261.97
Charge a fee for ODOT owned parking lots	\$62,000.00
Pursue credits for overcharged utility accounts	\$60,000.00
Close Fitchville rest area	\$55,871.67
Scheduling four culvert liner projects together and doing traffic control in house	\$53,490.02
Printing the "Transcript"	\$50,007.41
LED lighting upgrade in District 12	\$46,578.00
Changing vendors for leadership development training	\$45,950.00
In house culvert replacement in District 11	\$44,602.59
Automation of the proration of incidentals	\$40,000.00
Requesting Agile Assets to reduce their annual fee	\$39,692.35
In house building razing in District 11	\$39,004.87
Recovery from contractor for faulty sign installations	\$38,258.00
In house box culvert replacement in District 11	\$31,020.16
Replace individual guardrail components rather than the entire assembly in District 5	\$29,600.00
Appealing Stark County sewer rates on a new outpost	\$28,918.92
In house invert paving project in District 11	\$27,570.44
Eliminate cable and satellite TV in District 12	\$27,054.72
In house replacement of Vrooman Road Outpost floor drains in District 12	\$26,689.00
IT quality assurance team automating some testing tasks (through Calendar Year 2020)	\$25,835.50
Provide audio visual support for Civil Rights Symposium with in house resources	\$24,109.19
In house removal of sign trusses and cantilevers in District 12	\$23,521.39
In house repair to a pedestrian bridge in District 11	\$16,138.14
Pouring concrete gas pump pads with in house crews in District 7	\$15,341.00
Use message board cloud service rather than our own data plans in District 3	\$15,000.00
Holding dealerships accountable for warranties	\$14,951.00
Eliminate redundant software	\$11,400.00
Reduce district energy costs	\$11,200.00
Defer striping job at two ODOT facilities in District 11	\$8,235.00
Renegotiated rate for mail machine	\$5,052.00

Use of ODOT staff for mussel relocation in emergency	\$5,000.00
Eliminate cable and satellite TV in District 3	\$4,899.30
Efficient and paperless process for accident reports in District 8	\$4,794.00
Acquire used tables rather than purchase new ones in District 5	\$4,200.00
Default setting for frequently used reports in preconstruction	\$3,500.00
Cancel investigation software subscription	\$2,640.00
Identify permanent location for PAT tests to eliminate set up every quarter in District 5	\$2,500.00
Discontinue cable/DirecTV in District 2	\$2,463.65
in house fire sign fabrication	\$2,340.40
Savings on newspaper/magazine subscriptions in District 12	\$1,770.00
Paperless purchase order and modification request process in District 8	\$1,381.20
Eliminate cable and satellite TV in District 1	\$1,234.53
Eliminate postage stamp machine in District 5	\$1,014.66
Switch newspaper subscription from paper to digital in District 9	\$800.00
Total Savings Recognized	\$113,280,408.11