

Redbook

LBO Analysis of Executive Budget Proposal

Department of Transportation

Jared Cape, Budget Analyst
March 2023

TABLE OF CONTENTS

Quick look	1
Analysis of FY 2024-FY 2025 budget proposal	2
Other key programs in H.B. 33.....	2
Rail Safety Crossing Match.....	2
Diesel Emissions Grant Reduction Program.....	2
Line item details	2
Public Transportation – State (ALI 775470).....	2
Urban Transit Program.....	3
Ohio Transit Partnership Program.....	3
Rural Transit Program.....	4
Specialized Transportation Program.....	4
Elderly and Disabled Fare Assistance Program.....	4
Administration.....	4
Rail Development (ALI 776465).....	4
Rail Safety Crossing Match (ALI 776505).....	5
Airport Improvements – State (ALI 777471).....	5
Ohio Airport Grant Program.....	5
Operating costs.....	6
Unmanned Aerial Systems Center (ALI 772456).....	6
Operations.....	6
Air traffic control.....	6
SkyVision.....	7
DriveOhio and UAS Center EV Workforce Transformation (ALI 772455).....	7

LBO Redbook

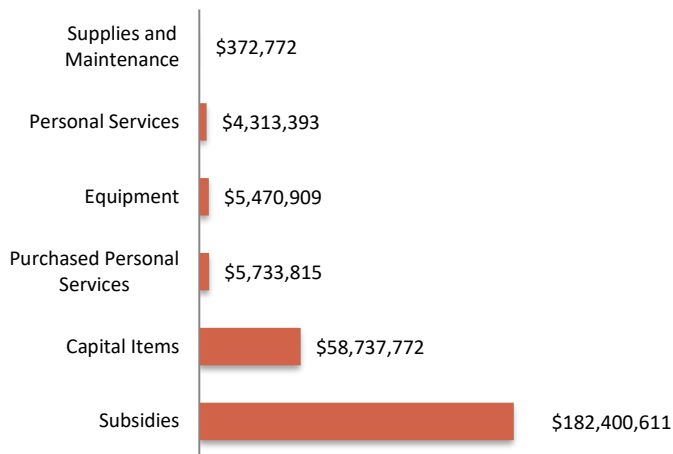
Department of Transportation

Quick look...

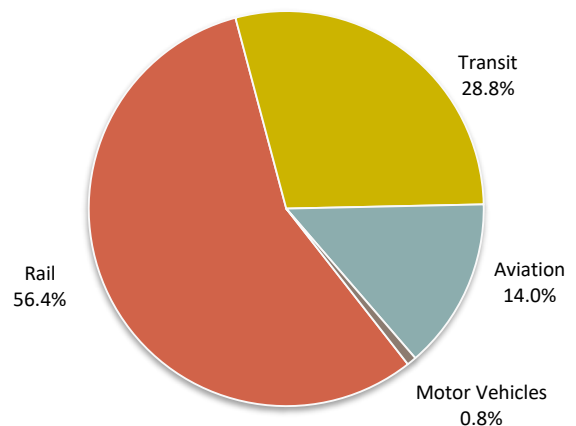
- The Ohio Department of Transportation (ODOT) is the state agency that plans, builds, and maintains Ohio’s transportation system.
- The vast majority of ODOT’s budget is supported by federal and state motor fuel tax revenues and bond proceeds appropriated in H.B. 23, the FY 2024-FY 2025 transportation budget bill. ODOT appropriations under H.B. 23 total \$11.6 billion for the biennium.
- H.B. 33 provides GRF funding totaling \$132.0 million to support ODOT’s nonhighway transportation modes, including public transit, rail development, and airport improvements. These GRF appropriations account for 3.0% of the total budget for ODOT between the two budgets.

Fund Group	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
General Revenue	\$51,245,454	\$156,749,992	\$65,514,636	\$66,514,636
Dedicated Purpose	\$7,842,214	\$21,897,782	\$125,000,000	\$0
Total	\$59,087,668	\$178,647,774	\$190,514,636	\$66,514,636
% change	--	202.3%	6.6%	-65.1%
<i>GRF % change</i>	--	205.9%	-58.2%	1.5%

**Chart 1: Budget by Expense Category
FY 2024-FY 2025 Biennium**



**Chart 2: Budget by Transportation Mode
FY 2024-FY 2025 Biennium**



Analysis of FY 2024-FY 2025 budget proposal

H.B. 33 of the 135th General Assembly provides the Ohio Department of Transportation (ODOT) with a total of \$132.0 million in GRF funding over the FY 2024-FY 2025 biennium. As Chart 1 above shows, nearly \$182.4 million of this funding (71.0%) is allocated for subsidy assistance. Of these amounts, about \$14.6 million would support public transit systems, \$22.8 million would assist airports, and \$145.0 million would be used for rail development and safety. 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. 23, the pending transportation budget bill for FY 2024-FY 2025, also provides appropriations to pay a portion of these administrative expenses.

Chart 2 above shows the proposed funding in H.B. 33 by transportation mode. It indicates that over the biennium, about \$145.0 million (56.4%) is provided for rail, \$74.0 million (28.8%) in the biennium will support public transit, \$36.0 million (14.0%) will assist aviation, and \$2.0 million (0.8%) will support motor vehicle infrastructure, such as electric vehicle (EV) charging stations.

Other key programs in H.B. 33

Rail Safety Crossing Match

H.B. 33 establishes Fund 5ZP0 appropriation line item (ALI) 776505, Rail Safety Crossing Match to provide funding to make safety improvements at rail crossings. There are 8,672 at-grade crossings in the state, of which 5,658 are public at-grade crossings eligible for federal safety funding. Funding under this line item will be used to supplement local governments in providing matching funds for federal grants available under the Infrastructure Investment and Jobs Act (IIJA). ODOT anticipates that successful grant bids will need to use 50% matching funds, rather than the typical 20%, to be competitive.

Diesel Emissions Grant Reduction Program

The proposed budget continues the Diesel Emissions Grant Reduction Program, administered by the Ohio Environmental Protection Agency (Ohio EPA) and funded by Highway Operating Fund (Fund 7002) appropriations in H.B. 23. This program requires Ohio EPA, in consultation with ODOT, to develop guidance for the distribution of grants and administration of the program. Eligible public and private entities would be reimbursed from moneys in Fund 7002 designated for the grant program. Total program expenditures are limited to \$10.0 million in each fiscal year. These grants do not reduce the amount of funding designated for metropolitan planning organizations for similar projects.

Line item details

Public Transportation – State (ALI 775470)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
GRF ALI 775470, Public Transportation – State					
\$40,379,295	\$27,174,165	\$47,561,414	\$37,014,636	\$37,014,636	\$37,014,636
% change	-33%	75%	-22%	0%	0%

This ALI is used to support rural and small urban transit 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. At the time this Redbook was posted, this ALI was included in the As Passed by the House version of H.B. 23, the transportation budget for the FY 2024-FY 2025 biennium with the same amounts appropriated in each fiscal year.

The programs funded under this ALI include the Ohio Transit Partnership Program (OTP2), the Rural Transit Program (RTP), the Urban Transit Program (UTP), the Specialized Transportation Program (STP), and the Elderly and Disabled (E&D) Transit Fare Assistance Program. ODOT's Office of Transit receives funding from this line item to cover operating costs. A table detailing the distribution of funding for programs is included below.

Public Transit Funding by Program		
Program	FY 2024	FY 2025
Urban Transit Program	\$16,600,000	\$16,600,000
Ohio Transit Partnership Program	\$9,400,000	\$9,400,000
Rural Transit Program	\$6,116,978	\$6,113,612
Specialized Transportation Program	\$2,500,000	\$2,500,000
Elderly and Disabled Transit Fare Assistance Program	\$2,000,000	\$2,000,000
Administration	\$397,658	\$401,024
Total	\$37,014,636	\$37,014,636

Urban Transit Program

The Urban Transit Program (UTP) encompasses funding administered by the Office of Transit for transit service in Ohio's urbanized areas with populations of 50,000 or greater. The funding from this program may be used to provide 100% of the total project cost or 100% of the nonfederal share to match a federal operating assistance grant. There are 26 urban transit agencies in Ohio. This program falls under the Ohio Public Transportation Grant Program.

Ohio Transit Partnership Program

The Ohio Transit Partnership Program (OTP2) provides state funds to rural and urban transit systems. In FY 2020, this replaced the Ohio Transit Preservation Partnership Program (OTPPP) which had provided federal funds to urban systems since 2012. OTP2 is a discretionary program and projects are selected on a competitive basis with an emphasis on preservation in Tier I, defined as the process of working to maintain, sustain, or keep in a good sound state the transit systems in Ohio. Tier II projects are focused on regionalization, coordination, technology, service expansion, workforce initiatives, and health care initiatives.

Rural Transit Program

The Rural Transit Program (RTP) assists with operating and capital expenses in the provision of general public transportation services in rural and small urban areas. These funds provide up to 30% of eligible operating costs and up to 10% of the costs of capital projects. (Federal funding appropriated in H.B. 23 may be used for up to 50% of the net project cost of operating expenses and up to 80% of the cost of capital projects.) This program falls under the Ohio Public Transportation Grant Program.

Specialized Transportation Program

The Specialized Transportation Program increases mobility for seniors and persons with disabilities by providing Federal Transit Administration funds for programs in small urbanized and rural areas that serve the special needs of transit-dependent populations beyond traditional public transportation services and Americans with Disabilities Act (ADA) complementary paratransit services. The program provides 80% of the cost of capital projects; the remaining 20% must be provided by local funding, which may be derived from other federal (non-U.S. DOT) transportation sources or the Federal Lands Highway Program.

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 12.8 million trips on public transit vehicles in CY 2019.

The allocation of funds to individual transit systems under the program is based on a formula. Public transit systems offer half fares and receive assistance under this program. The eight large urban systems are not eligible for GRF assistance.

Please note that there is also funding in H.B. 23 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 the Federal Transit Administration.

Administration

Lastly, approximately \$400,000 in each of FY 2024 and FY 2025 is used to cover the operating costs for ODOT’s Office of Transit, including personal services, supplies, and purchased personal services. 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 moved eligible payroll to federal sources of reimbursement, among other cost-saving measures.

Rail Development (ALI 776465)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
GRF ALI 776465, Rail Development					
\$1,927,300	\$1,841,130	\$518,811	\$2,000,000	\$10,000,000	\$10,000,000
% change	-4.5%	-71.8%	285.5%	400.0%	0%

This ALI provides money for grants awarded by the Ohio Rail Development Commission (ORDC) under the Rail Development Grant and Loan Program. The sizeable increase for the biennium would provide more matching funds for competitive grants from the Infrastructure Investment and Jobs Act (IIJA) and help meet demand for rail development projects. 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. 23 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 Department of Development, and other offices within ODOT to package incentives for the various development projects.

Rail Safety Crossing Match (ALI 776505)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
Fund 5ZP0 ALI 776505, Rail Safety Crossing Match					
\$0	\$0	\$0	\$0	\$125,000,000	\$0
% change	--	--	--	--	-100%

This ALI will provide funding to make safety improvements at rail crossings. The entirety of this funding is to provide this federal match. There are 8,672 at-grade crossings in the state, of which 5,658 are public at-grade crossings eligible for federal safety funding. Funding under this line item will be used to supplement local governments in providing matching funds for federal grants available under IIJA. ODOT anticipates that successful grant bids will need to use 50% matching funds, rather than 20%, to be competitive. Any unexpended, unencumbered portion of this appropriation at the end of FY 2024 would be automatically reappropriated for the same purpose in FY 2025.

Airport Improvements – State (ALI 777471)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
GRF ALI 777471, Airport Improvements – State					
\$5,746,673	\$6,757,383	\$2,982,215	\$7,435,356	\$12,500,000	\$12,500,000
% change	17.6%	-55.9%	149.3%	68.1%	0%

Of the funding under this ALI, approximately \$22.8 million (91.1%) over the biennium is slated to make awards through the Ohio Airport Grant Program. The other \$2.2 million 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. Grant funds may be used for 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. 23. Most of that funding comes from aircraft license tax revenues deposited into the Airport Assistance Fund (Fund 5W90).

Operating costs

Operating activities funded by the GRF include conducting safety and pavement condition inspections at 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 \$6.7 million per year in Highway Operating Fund appropriations under H.B. 23. Specifically, this money is appropriated under line item 777475, Aviation Administration. Much of the H.B. 23 funding, however, is used for maintaining the state air fleet.

Unmanned Aerial Systems Center (ALI 772456)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
GRF ALI 772456, Unmanned Aerial Systems Center					
\$0	\$0	\$0	\$0	\$5,500,000	\$5,500,000
% change	--	--	--	--	0%

This line item supports the program cost for the Unmanned Aerial Systems (UAS) Center, located in Springfield. This funding will be used for UAS Center operations, air traffic control, and SkyVision. H.B. 23 provides approximately \$1.5 million per fiscal year of additional funding for the UAS Center through Fund 7002 ALI 777475, Aviation Administration.

Operations

ODOT plans to relocate the UAS Center in Springfield, Ohio to the new “National Advanced Air Mobility Center of Excellence” (NAAMCE) at the Springfield Airport. The UAS Center lease cost will be \$50,000 annually.

Additionally, ODOT will use this funding to hire two additional pilots and purchase six additional drones to perform certain tasks, such as bridge inspections, for state agencies such as ODOT, the Ohio Department of Natural Resources (ODNR), and the Ohio Department of Public Safety (ODPS). Currently the UAS Center has five pilots and 45 drones. ODOT expects to spend approximately \$5.1 million on this program over the biennium.

Air traffic control

The UAS Center partners with academia and federal agencies to fund research into low-altitude air traffic control radar to enable drone flights to operate safely with manned aircraft and to allow drones to fly beyond the sight of a pilot on the ground. ODOT previously received a

one-time grant to perform this research. This line item would serve as a sustainable funding source for low-level radar systems. ODOT leases the existing radar system that covers central Ohio. This lease includes software support and hardware upgrades. ODOT plans to expand the radar system to the Cincinnati and Cleveland areas. ODOT expects to spend approximately \$3.8 million on this program over the biennium.

SkyVision

SkyVision is a radar system, jointly funded and operated by the U.S. Air Force Research Lab and ODOT since 2019. This system allows experimental unmanned aircraft to operate safely over 200 square miles around the Springfield Airport. This funding will support new hardware and software at a cost of \$2.0 million over the biennium.

DriveOhio and UAS Center EV Workforce Transformation (ALI 772455)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
GRF ALI 772455, DriveOhio and UAS Center EV Workforce Transformation					
\$0	\$0	\$0	\$0	\$500,000	\$1,500,000
% change	--	--	--	--	200%

This new ALI will be used for new vehicle electrification training and upskilling programs under DriveOhio. Personal services accounts for all the spending under this line item. DriveOhio is ODOT’s smart mobility initiative that aims to advance connected, automated, and electric vehicle technology on the ground and in the air. Within DriveOhio, the UAS Center manages unmanned aircraft operations for ODOT and serves as a shared resource for local and state agencies. DriveOhio encourages the testing and deployment of smart mobility technologies to increase safety, enhance mobility, expand access, and improve reliability, as well as support Ohio’s workforce.