



**Department of
Transportation**
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Mike DeWine, Governor
Pamela Boratyn, Director

Ohio Senate Transportation Committee

House Bill 54, Transportation Budget for FY26-27

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Ohio Department of Transportation

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Good morning, Chairman Patton, Vice Chair Schaffer, Ranking Member Antonio, and members of the Senate Transportation Committee. It is an honor to have returned to ODOT as its Director last October, and to work alongside the men and women who remain focused on ODOT's mission to keep Ohio's roads and highways safe, well-maintained, accessible and positioned for the future. On behalf of Governor Mike DeWine and ODOT, thank you for the opportunity to present and discuss the administration's final Transportation Budget for Fiscal Years 2026 and 2027, and some highlight challenges we see rising in the future.

ODOT and our local partners maintain a network of roads, bridges, and highways valued at more than \$134 billion. Ohio has the 5th largest interstate system (at over 8,000 miles) and the 3rd highest number of bridges (over 14,000) maintained by a State DOT in the country. ODOT maintains more than 43,000 lane miles of the state's roadway system and ranks 6th in the nation for volume of freight (over 1 billion tons) shipped by all modes. Drivers logged more than 110.5 billion miles driving Ohio's roads in 2023, the 7th highest numbers of vehicle miles traveled in the country.

Through budgets proposed by Governor DeWine and approved by this General Assembly, ODOT has invested over \$16 billion on more than 6,500 projects to improve the safety, accessibility, and resiliency of the transportation network. Over the last six years, the state's transportation programs benefited from the legislature's increase of the state motor vehicle fuel revenue, added fees for hybrid and electric vehicle registrations, \$333 million in one-time Coronavirus Response and Relief (CRRSAA) dollars and increased federal revenue under the Bi-partisan Infrastructure Law. In addition, ODOT received \$610 million in general fund dollars for major projects in rural areas through the Connect4Ohio program (\$500 million) and to help with the road improvements needed for the Intel plant. (HB687- \$110 million). All of these dollars have been invested.

To focus on Fiscal Years 24 and 25, ODOT invested \$6 billion on 1,893 construction projects. This includes over \$2.5 billion on pavement, \$1 billion on bridges, and more than \$1 billion in local projects. The department advanced nearly \$500 million in important safety projects such as pavement striping, raised pavement marking replacement, traffic signal and lighting maintenance, improving high crash locations within Ohio's local communities.

Ohio spends more per capita on safety than any other state and these investments are working. As of November 2024, pedestrian deaths were down by 17%. Traffic deaths and serious injuries across Ohio have declined for a third year in a row. Traffic deaths dropped by 7% in 2024, by 2% in 2023 and 6% in 2022. Serious injuries dropped by 1% in 2024, 1% in 2023 and 4% in 2022 reversing a decade-long trend of alarming increases in these numbers.

These achievements in safety and infrastructure improvements came from strong programs made possible by state and federal revenue increases. **However**, since 2019, construction costs have risen 30%. The fiscal outlook shows construction inflation continuing to erode the purchasing power of the state motor vehicle fuel revenue making it harder for Ohio to fund long-term transportation infrastructure needs.

Just a few weeks ago the Pew Charitable Trusts published a study noting that fuel efficiency and the adoption of electric vehicles is putting a growing burden on states that use a motor fuel “user fee” model because fuel consumption is flattening while inflation continues to increase the cost of road and bridge maintenance. Many states are facing long-term budget challenges that will need to be addressed by policymakers. Another report by the private nonprofit, The Road Information Program (TRIP), released in January 2024, focused on Ohio noting that our road conditions are favorable, but challenges loom as additional state and federal funding has allowed critical projects to advance, but the system still lacks funding for needed road and bridge improvements, safety and capacity upgrades.

I turn now to the State Fiscal Year 2026-2027 budget proposal.

SFY 2026-2027 Budget Proposal

Three primary sources fund ODOT's operations, preservation and maintenance projects, local infrastructure, new projects, and other initiatives: federal highway revenue, state motor fuel taxes, and strategic use of bond revenue. ODOT's proposed budget is just under \$10 billion. This is a drop from the \$13 billion requested in the last transportation budget. That budget included the initial appropriation authority for the Brent Spence Bridge Corridor project, however, as well as increased federal dollars under the Bi-partisan Infrastructure Law.

Revenue Projections

For State Fiscal Year 2026 and 2027, ODOT expects to receive approximately \$1.6 billion per year in State Motor Vehicle Fuel revenue. In addition, ODOT receives miscellaneous income like petroleum activity tax (PAT), interest income, oversize/overweight permit fees, prior year

savings, and revenue from highway blue signs. This is around \$300 million per year and includes just over \$20 million each year for electric vehicle registrations.

Federal funding makes up just under 45% of ODOT's budget and is projected to be about \$2 billion in FY 26 and \$1.8 B in FY 27. The estimates for FY 27 are conservative educated guesses because the current federal transportation bill expires in September 2026. We will know better what to expect when Congress provides more guidance on funding levels in the fall of 2026. We are also watching the federal reconciliation process closely to understand its impact on Ohio. In addition, ODOT uses bonds to help close any project funding gaps every biennium. Our planned borrowing for the next two fiscal years is just over \$400 million each year, which includes our standard \$120 million available for normal needs, and \$300 million each year for the Brent Spence corridor, also as needed.

The Brent Spence Bridge Corridor project is not only vital to the region and the state, but also to the national economy. It is estimated that more than \$1 billion dollars of freight passes through this corridor daily. ODOT will continue as lead under a bi-state agreement for funding and construction of the project through a unique "progressive design-build" contract with the design/construction team Walsh/Kokosing. We will continue to work closely with the Kentucky Transportation Cabinet. As you know, Ohio and Kentucky received a \$1.635 billion federal infrastructure grant in January 2023 toward the project, and the last budget appropriated around \$2.8 billion in funding for this project. We request an additional \$600 million in bonding authority as this project, like all projects, has been impacted by construction inflation. It has a long construction schedule as it will take years to complete. The estimated project cost of \$3.6 billion, shared by each state, is subject to cost escalation. However, our bi-state and the Walsh/Kokosing teams are actively pursuing innovations and other contractual revisions to get to a final guaranteed cost. Under the agreements, that will not be known until November of this years, 2025. In the meantime, the project remains on schedule for design, development and other necessary corridor work, as we consider all means to deliver this vital project for Ohio and the nation.

Expenditures

The majority of ODOT's budget funding, more than 90%, will be spent on the maintenance, preservation and improvements to existing roads, bridges, culverts, signals, signs, lights, and all the other critical components of our roadway system, including snow & ice operations. Our maintenance crews place over 100,000 tons of asphalt, inspect or repair more than 400 culverts and sweep and clean over 4,000 bridges annually. This includes more than \$1 billion each year for pavement projects and \$375 million each year for bridge projects, and \$191 million a year for safety projects. It also includes the roughly 10% of ODOT's budget that is set aside to aid local governments with their road and bridge projects.

The state distributes GRF and other pass-through funds to our multi-modal and local partners. For example, Transit receives GRF, federal transit funds, and FHWA flex funding.

About \$1 billion each year funds the operations of the agency. This supports payroll for our 4,900 employees, maintenance operations for facilities (garages and salt facilities in each county, District offices, Central office and testing lab), equipment like plow trucks and cars, and support for the information technology systems that power ODOT. It includes the time and materials for the work of maintenance teams to clear vegetation, pick up litter, patch potholes, fix signs and guardrail, and the purchase of salt and brine. It includes statewide programs to fund noise walls, ODNR paving, economic development assistance, emergencies, and Drive Ohio operations. It also funds snow and ice operations. On average, ODOT uses 600,000 tons of salt each winter. 1,700 plows are driven by 3,000 (500 seasonal) drivers, at an average annual cost for labor, materials and equipment of \$50 million.

In addition to taking care of the system and assisting locals, ODOT invests annually in projects that expand the capacity of the state highway system, like new interchanges, new roads, or major transit projects. This Major New/Transportation Review Advisory Committee (TRAC) funding is approximately \$200M a year.

ODOT also administers several discretionary programs that provide local funding for projects. As shown in our proposed budget, ODOT will spend over \$900 million over the next two fiscal years funding regional partner, township, village, county and city transportation projects. These projects and programs are important to keep roads and bridges safe for travel.

Finally, the first bills to be paid are debt service: approximately \$299 million for FY 2026 and \$320 million for FY 2027. This includes repayment for state and federal bonds as well as availability payments for the Portsmouth bypass. Debt is paid first before revenue is distributed across our programs, essentially reducing our usable state motor vehicle fuel revenue off the top.

Truck Parking

An important project this budget will fund is an effort to increase the number of parking spaces for commercial trucks in the state. Hundreds of trucks are parking in undesignated and unsafe areas across the state, primarily along ODOT rest area and interchange ramps and roadway shoulders. From 2015 to 2019, over 460 truck crashes in Ohio were due to fatigued driving, resulting in six deaths and numerous injuries. There were five deaths from crashes where the trucks were illegally parked on the shoulder over the same period. At Governor DeWine's request we found ODOT-owned, unutilized land adjacent to interchanges and existing rest areas, and decommissioned rest areas and weigh stations where we could add around 1,000 or more truck parking spaces in addition to the 400 new spaces at our current rest areas. And we will need them as truck traffic is predicted to increase significantly into the future, 44% by 2055.

DriveOhio

This budget will support the work of DriveOhio. This team of talented specialists is pursuing projects on the ground and in the air by supporting the development of automated vehicle technologies that are driven by safety, efficiency, and quality of life. They are partnering with the Indiana Department of Transportation on a multi-year project to assess infrastructure readiness for automated vehicle technology and conduct real-world deployments of automated trucks. The first deployment of two tractor trailers connected by technology will occur this spring. They are also leading a statewide collective of public and non-profit partners to pursue federal opportunities to position Ohio as national epicenter of the development of electric vertical takeoff and landing aircraft and other Advanced Air Mobility projects. The governor's budget includes \$500,000 a year to support the development of a statewide Advanced Air Mobility strategy to position Ohio as the foremost leader in bringing this technology to market.

Challenges

Although the return from the state motor fuel tax increase in 2019 never met revenue expectations, ODOT netted an additional \$1.6 billion from FY 2020 through FY 2024, over what would have been generated without that increase. Yet, construction inflation in rising costs of labor, materials and equipment has nearly eroded the effective purchasing power of those increases. With no motor fuel increase, ODOT would have received \$1.201 billion in Fiscal Year 2024. ODOT's inflation-adjusted revenue was only \$1.217 billion for Fiscal Year 2024.

ODOT maintains a database of its construction bids and analyzes inflation for major construction commodities such as concrete, structural steel, and asphalt. Construction inflation accelerated significantly and has remained high, even as other U.S. inflation indicators have improved. What one could purchase in 2019 for \$1.00 costs \$1.30 in 2024.

ODOT's fiscal projections show that, beginning with the FYs 28-29 budget, recommended program allocations are larger than projected revenue, with an expected reduction in purchase power. That difference is projected to grow each year moving forward. ODOT plotted the impact of inflation on its state motor fuel tax revenue and applied its construction cost forecast through 2040. If ODOT motor fuel tax revenue remains relatively flat at about \$1.58 billion annually, ODOT's inflation-adjusted revenue would equal only \$690 million—a reduction in purchasing power of \$891 million.

In 2023, at the request of the legislature, ODOT and its coalition of 18 partners analyzed 32 alternative sources of revenue to fund transportation needs. That review confirmed concern that the state motor fuel tax alone is insufficient to meet the future growing costs and needs of Ohio's transportation infrastructure system.

The Department's budget priorities are, in order, (1) paying debt, (2) operations, (3) maintenance and preservation of the existing state highway system, rebuilding roads and rehabilitation or replacement of bridges, and (4) Major/New capacity program which is usually the first victim of declining ODOT revenues. This budget philosophy is analogous to household budgeting, you fix things that break or replace items like a roof, before any consideration is given to a new addition.

The Major/New funding supports projects in the Transportation Review Advisory Committee (TRAC) queue. ODOT has traditionally funded this program with between \$100 million and \$200 million per year. Given the reality of revenue growth and construction inflation, it will be a struggle to spread existing resources to fund the phasing of projects in the existing TRAC program.

For example, at existing funding levels, it would take about 14 years to complete the unmet need for Major Rehab, Major New, Major Bridge – the TRAC projects currently in development. And this is before adding any additional projects to the program over that time.

So far, I have discussed existing programs and funding concerns, but as you know the last budget included a requirement to do a Strategic Transportation and Development Analysis (Study) to review the alignment between transportation investments and economic development, and provide recommendations for future growth over ten, twenty, and thirty years. It was commissioned to prepare for the impacts of transformational economic expansion in Ohio such as Intel's chip manufacturing facility in Central Ohio, Honda and LG's joint battery plant venture in Fayette County, the boom in data center development throughout the state, and the growth in advanced aviation companies in western Ohio, explosive growth at Rickenbacker International Airport like the recent Andruil announcement, and many more. The Governor wanted to ensure we were aligning our transportation investments to address foreseeable congestion risks of vehicle and truck bottlenecks, access to jobs for workers workforce for employers, and reduce roadway issues that impact economic site development.

The results were released on Friday. It is very large, more than 1,000 pages of data and analysis, and had four major objectives. First, to understand where Ohio is today and where it is going regarding population/demographics, our economy, our workforce and development; and importantly, identify trends in these areas that could impact the transportation system. Second, show how Ohio's transportation system supports Ohio's economy. Third, to identify risks of system congestion, specifically focused on locations that could impact future economic activity; and, lastly, to make actionable recommendations for transportation projects to support statewide economic growth and prosperity.

More than 500 transportation and economic development partners, state, regional, and local officials participated in this effort. We also worked with the Ohio Department of Development,

the Governor's Office of Workforce Transformation, Metropolitan Planning Organizations (MPOs), Regional Transportation Planning Organizations (RTPOs), and JobsOhio. We value the input of our partners in shaping the data and recommendations.

The study examined future growth and its impacts across seven regions and six transportation corridors. Layered on top is a review of ODOT's existing investments. One thing to acknowledge is that this study didn't consider every road in Ohio. It focused on the major highway network, made up of our interstates, along with major US and State routes: 4,236 miles or 22% of the system and carries 40% of vehicle traffic and 80% of truck traffic. This set of roads facilitates most of the activity on the highway network, connecting markets inside and outside of Ohio, rural areas to nearby economic centers, and key intermodal terminals, airports, marine ports, and rail to the supply chain.

Using demographic, economic, and development projections, this study forecasted where we could expect to see changes in traffic across this network over the next 30 years. Overall, traffic is expected to grow on this network up to 18% through 2055, with increases in truck traffic expected to increase by 44%. That would not only impact the traffic mix on the system but also result in more wear and tear on the system, along with operational challenges such as increased truck parking needs. In terms of where we expect changes in traffic, we anticipate the most significant increases will be along major corridors in Central and Southwest Ohio, such as along I-70, I-71, I-75, I-270, I-275, as well as along major freight routes such as the Ohio turn pike (I-80/I90) and I-75.

These anticipated traffic changes were evaluated to determine where they could further worsen existing congestion along our major highways or create new congestion risks for the state. The study identifies 72 unique congestion hotspots across Ohio — These hotspots are locations where traffic delays, bottlenecks, and reliability challenges could impede workforce movement, freight deliveries and economic growth.

The good news is ODOT is advancing projects to address risks in 51 of the identified hotspots by leveraging existing dollars in ODOT's Major New/TRAC and other programs. However, 21 other priority areas need work to address congestion that could impact economic growth, system efficiency, reliability, and connectivity statewide. These gaps do not have planned projects or identified funding. In short, the study shows a total investment of over \$13 billion is needed to fund 2/3 of the identified projects, with at least \$6 billion currently unfunded; and the other 1/3 gap locations will require at least \$30 million in additional preliminary design before those project costs can even be estimated.

The study and its recommendations shed a bright light on infrastructure projects that will further challenge the sufficiency of current revenue to meet future growing costs and needs of Ohio's transportation system and economic success. Insufficient funding will delay proposed and planned projects and the benefits they bring, like safety and less congestion. And every

year that more projects work their way into the pipeline, the backlog and costs grow as projects are phased further into the future. Although ODOT is already advancing projects in 2/3 of the locations identified, at least \$6 billion of that work is currently unfunded and the other 1/3 of the locations will require at least \$30 million in additional preliminary design before those project costs can even be estimated.

Remember, too, that this study only looked at the needs on 20% of the state's network. The recommended investments outlined do not account for the ongoing maintenance and preservation of the rest of the state highway system. ODOT has many other road, bridge, and safety projects across the entire system, and other statewide planning efforts to support local partners, transit, aviation, rail, maritime, ports, and core programs.

In reality, the Department doesn't operate at a deficit and would make program adjustments in consultation with the existing Administration to achieve fiscal balance. Policy alternatives without additional revenue may include the elimination of new/TRAC projects, bond financing, and delaying or reducing preservation/maintenance or other programs, which will have far-reaching impacts.

Core Operations

For example, ODOT spent \$220 million on bridge preservation in FY 24 and FY25 and it is vital to continue these investments. Likewise, ODOT has pavement condition ratings and budgets. We spent \$812 million in FY24 and \$775 million in FY25 on pavement preservation. On schedule maintenance costs about \$127,000 per lane mile. A delay even for a few years can nearly triple that cost. More importantly, poor road conditions contribute to 1/3 of highway fatalities. 25% in deterioration means crashes double; 60% deterioration means a 10-fold increase. ODOT's safety program funds nearly 230 projects each year. These projects help prevent bad conditions for the traveling public: roads hold water and cars hydroplane, departures due to poor shoulders, trees not trimmed affecting sight distance, guardrails fail, lighting is not maintained, and/or bridges are closed until they can be fixed.

Sustainable funding is also needed for unplanned emergencies. The recent I-471 bridge fire, unfortunately the result of arson, caused great regional congestion and inconvenience. The cost to repair the bridge alone is expected to be more than \$10 million. And it is not the only bridge in need of expedited and more costly rehabilitation. Since 2019, ODOT has provided more than \$5 million to respond to weather emergencies over and above typical winter maintenance activities. 2024 alone accounted for \$2.6 million of that figure.

Finally, ODOT administers discretionary programs that provide funding to local partners to undertake important projects that keep roads and bridges safe for travel. For example, the Municipal Bridge program is funded with \$18.5 million a year and the Local Major Bridge Program is funded at \$20 million a year. 84% of Ohio's centerline miles are on local roadways. 64% of Ohio bridges are on local inventories projects.

Be assured, ODOT will continue its efforts to find operational savings and efficiencies and reinvest those dollars into projects to help reduce the impacts of inflation and the loss of purchasing power. A recent example is a project to convert our highway lighting to high-efficiency LED bulbs. This expected to save \$58 million over the next 13 years, nearly double what was originally estimated. We also have been working for several years to use data to reduce the number of vehicles and equipment we purchase and maintain. As a result, we have eliminated 480 underutilized vehicles and heavy equipment from our inventory at savings of \$1.4 million each year. And that effort is ongoing, so those savings are expected to grow as we continue that work.

As construction costs have risen 30% thanks to a tight labor market for construction workers, and increased costs of materials and equipment, ODOT and local partners have seen higher than expected bid prices that have led to some project delays, which again costs more. We are working with the heavy highway construction industry to arrive at better estimates. We are also working with industry and academia on efforts to ensure construction materials last longer to reduce lifecycle cost, such as incorporating new technologies or methods to cure concrete to minimize bridge deck cracking, and to monitor the temperature of asphalt while it is placed to ensure uniformity of the material and effective compaction. ODOT and its partners are also developing a “Sustainability and Resiliency Conference” for later this year to discuss new innovations.

ODOT is taking steps to stretch dollars and fund work. We are focused on streamlining project delivery, prioritizing project development, and keeping projects on schedule to reduce costs. This includes modifying programs to account for less buying power, phasing projects to shorter duration and minimizing risks of escalation; and developing better planning level estimates to minimize disruption and costs associated with change orders for unexpected conditions.

Conclusion

Governor DeWine and ODOT are proposing a strong biennial budget that continues to allow for critical investment in the state’s transportation system over the next two years. It includes funding for operations and preservation, safety projects, advancement of major projects, and funding for our local and our multi-modal partners. It will allow us to plow snow in the winter, patch the potholes in the summer, make intersections safer, roadways less congested, and bridges safer. With all of that said, beginning in 2028 we expect a further slide in purchasing power and challenges to spread existing resources to fund the current commitments to finish Major New/TRAC projects and to fund new projects identified in the Statewide. I look forward to working with the General Assembly to seek solutions.

I appreciate the opportunity to testify today and ask for your approval of ODOT’s SFY 2026 – 2027 biennial budget and will do my best to address any questions. Thank you.

