

# Department of Transportation

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- Total funding of \$5.78 billion over the biennium
- Urban transit systems will experience a 30% reduction in capital assistance in FY 2006
- Implementation of the Governor's Jobs and Progress Plan
- Continued focus on capital preservation and safety

## OVERVIEW

### Duties and Responsibilities

The Ohio Department of Transportation (ODOT) is the agency charged with planning, building, and maintaining the state's transportation system. The Department also provides financial and technical assistance to the state's public transit systems, general aviation airports, and railways. The Department has a staff of approximately 6,700 employees located in 12 districts throughout the state, as well as a central office in Columbus. ODOT's primary funding sources include state and federal motor fuel taxes and bonds. The Department also receives funding from the General Revenue Fund (GRF) for nonhighway programs.

### Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2006	2007	2006	2007	
6,766	\$2.87 billion	\$2.91 billion	\$22.18 million	\$21.90 million	Am. Sub. H.B. 68 Am. Sub. H.B. 66

\*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2005 and includes both classified and unclassified positions.

### FYs 2006-2007 Enacted Budget

The enacted budget is \$2.87 billion in FY 2006 and \$2.91 billion in FY 2007, for a total of \$5.78 billion over the biennium. As noted in the table above, the Department's appropriations are included in both the transportation budget as well as the main operating budget. Non-GRF funding levels in FY 2006 are 17.16% higher than FY 2005 actual expenditures, and FY 2007 levels increase by 1.42% above FY 2006 appropriations. These increases occur in ODOT's planning, highway construction, and bond line items. The large increase in FY 2006 is attributable to the final 2-cent phase-in of the 28-cent state motor fuel tax, as well as new federal revenues from the new six-year federal transportation bill, otherwise known as the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU).

On the other hand, GRF funding levels in FY 2006 decrease by 21.10% compared to FY 2005 actuals, and FY 2007 levels decrease by 2.96% compared to FY 2006 appropriations. These decreases largely affect public transportation and aviation.

Overall, the budget allows for expansion of the Department's major/new construction program and will continue current service and staffing levels in the planning, maintenance, administration, and rail programs. Public transportation and aviation will continue to see service level reductions.

### **Funding Distribution**

The Department's total enacted budget is divided among six fund groups. Three of the six fund groups receive appropriations in the Transportation Budget (Am. Sub. H.B. 68) and include: the Highway Operating Fund Group, the Infrastructure Bank Obligations Fund Group, and the Highway Capital Improvement Fund Group. The other fund groups receive appropriations in the Main Appropriations Budget (Am. Sub. H.B. 66), they include: the General Revenue Fund, Federal Special Revenue Fund Group, and the State Special Revenue Fund Group.

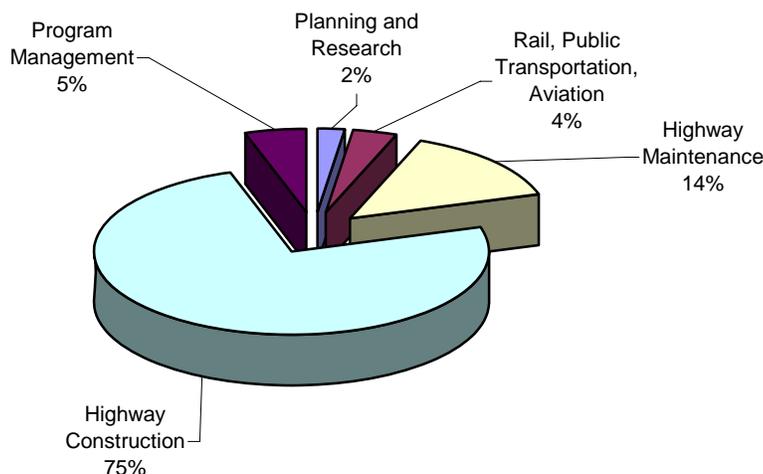
The Highway Operating Fund, which is supported largely by motor fuel taxes, provides the majority of operating and capital support for the agency's programs. The Infrastructure Bank Obligations Fund Group and the Highway Capital Improvement Fund Group receive state and federal bond proceeds. The GRF supports the operating and capital expenses of the public transportation, rail, and aviation programs, and the FED and SSR support rail and aviation capital expenditures. The table below displays the enacted appropriations for these funds groups.

**Table 1. Enacted Budget by Fund Group**

	<b>FY 2006</b>	<b>FY 2007</b>
<b>Highway Operating Fund Group</b>	\$2,441,047,400	\$2,571,306,900
<b>Infrastructure Bank Obligations Fund Group</b>	\$180,000,000	\$160,000,000
<b>Highway Capital Improvement Fund Group</b>	\$220,000,000	\$150,000,000
<b>General Revenue Fund Group</b>	\$22,178,085	\$21,903,885
<b>Federal Special Revenue Fund Group</b>	\$10,000	\$10,000
<b>State Special Revenue Fund Group</b>	\$3,945,900	\$3,445,900
<b>TOTAL</b>	<b>\$2,867,181,385</b>	<b>\$2,906,666,685</b>

Most of ODOT's budgeted resources go to programs in the Highway Construction series and Maintenance series. Pavement construction and rehabilitation will continue to be ODOT's biggest outlay over the biennium. Chart 1 below shows the enacted budget by program series.

**Chart 1. Enacted Budget by Program Series (GRF and Non-GRF), FY 2006 – FY 2007**



### **Selected Issues in the FYs 2006-2007 Enacted Budget**

#### **Jobs and Progress Plan**

The enacted budget allows for the start-up of the Department's Job and Progress Plan – a ten-year, \$5 billion major/new construction program. This program is estimated to provide approximately \$500 million annually from 2006 through 2015 specifically for major/new construction. This annual program will be made up of \$250 million in federal highway dollars each year, an average of \$180 million in state motor fuel tax revenues, and roughly \$70 million each year from state bond proceeds. The Transportation Review Advisory Council (TRAC) has already approved \$3.7 billion for major/new construction projects from 2005 to 2010 in anticipation that the plan will follow through.

#### **Public Transportation**

The enacted budget will result in a 30% funding reduction in 2006 for urban systems. These funding reductions will likely result in fare increases, services cuts, staff cuts, deferred capital purchases, and wage freezes. Rural transit systems will continue to receive level funding.

#### **Preventive Management System**

Am. Sub. H.B. 68, the transportation budget for the FYs 2006-2007 period, requires ODOT to develop and maintain a pavement management system. The system must inventory and evaluate basic road and bridge conditions throughout the state highway system and develop strategies to improve those conditions, minimize annual maintenance of the state highway system, and ensure that a disproportionate percentage of the roads and bridges on the state highway system are not due for replacement or major

repair at the same time. ODOT is required to identify and promote longer pavement life spans to lessen user delays and the disruption to traffic on the state highway system.

### **Monthly Transfers to the Gasoline Excise Tax Fund**

The transportation budget contains a temporary law provision requiring the Director of Budget and Management to transfer cash in equal monthly increments totaling \$133,424,000 in FY 2006 and \$154,009,400 in FY 2007 from the Highway Operating Fund (Fund 002) to the Gasoline Excise Tax Fund (Fund 060). The monthly distribution will give 42.86% to municipal corporations, 37.14% to counties, and 20% to townships. These transfers represent the motor fuel tax revenues that were previously distributed to the Highway Patrol. Am. Sub. H.B. 87 of the 125th General Assembly required the Highway Patrol's former 2.86 cents of the current 28-cent motor fuel tax to be phased-in to local governments for road and bridge projects. The 2.86 cents generated approximately \$181 million. The Patrol's funding source was made up by an increase in motor vehicle licensing and registration fees.

### **Vetoed Provisions**

The Governor did not veto any provisions affecting the Department of Transportation in either the transportation bill, Am. Sub. H.B. 68, or in the main appropriations bill, Am. Sub. H.B. 66.

## ANALYSIS OF THE ENACTED BUDGET

### **Program Series 1**

### **Transportation Planning and Research**

**Purpose:** The following table shows the line items that are used to fund the Transportation Planning and Research program series as well as the enacted funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>Highway Operating Fund</b>				
002	771-411	Planning and Research-State	\$19,000,000	\$19,112,000
002	772-412	Planning and Research-Federal	\$40,000,000	\$40,000,000
<b>Total Funding: Transportation Planning and Research</b>			<b>\$59,000,000</b>	<b>\$59,112,000</b>

This analysis focuses on the following programs within the Transportation Planning and Research program series:

- **Program 1.01: Continuing Planning Surveillance**
- **Program 1.02: Continuing Planning Review and Appraisal**

### **Program 1.01: Continuing Planning Surveillance**

**Program Description:** This program maintains basic data files used to provide input to other aspects of planning. This process involves collecting statewide traffic monitoring data, maintaining the official road inventory, digitally photographing the highway system, and updating software and equipment. This program maintains 64 employees.

**Funding Sources:** State and federal motor fuel tax revenues

***Implication of the Enacted Budget:*** The enacted budget will maintain current service and staffing levels. The Department may incur additional expenses throughout the biennium to update computer databases and software.

***Program 1.02: Continuing Planning Review and Appraisal***

***Program Description:*** This program provides continuous evaluation and updates to the Department's long range plan (Access Ohio) as well as analysis of statewide freight transportation, and various corridor studies on Ohio's Interstate and state highway system. Currently, the long-range plan is updated to the new target year. This program has 41 employees.

***Funding Sources:*** State and federal motor fuel tax revenues

***Implication of the Enacted Budget:*** The enacted budget will maintain current service and staffing levels. The Department may incur additional expenses throughout the biennium to update their Travel Demand Model software as well as other transportation analysis software. The program will continue to provide the necessary planning needed to accomplish the Governor's Jobs and Progress Plan.

**Program Series 2****Highway Construction**

**Purpose:** To design, purchase right of way, build, and rehabilitate the highway system.

The following table shows the line items that are used to fund Highway Construction, as well as the enacted funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>Highway Operating Fund</b>				
002	772-422	Highway Construction – Federal	\$1,021,500,000	\$1,131,500,000
002	772-421	Highway Construction – State	\$585,240,305	\$578,969,730
002	772-424	Highway Construction – Other	\$62,500,000	\$53,500,000
212	772-427	Highway Infrastructure Bank – State	\$9,353,400	\$12,853,400
212	772-426	Highway Infrastructure – Federal	\$1,500,000	\$2,000,000
212	772-429	Highway Infrastructure Bank – Local	\$12,500,000	\$12,500,000
212	772-430	Infrastruct. Debt Res Title 23-49	\$1,500,000	\$1,500,000
214	770-401	Infrastructure Debt Service-Federal	\$80,182,400	\$105,128,400
214	772-434	Infrastructure Lease Payments-Federal	\$12,537,100	\$12,536,000
<b>Highway Operating Fund Subtotal</b>			<b>\$1,786,813,205</b>	<b>\$1,910,487,539</b>
<b>Infrastructure Bank Obligations Fund Group</b>				
045	772-428	Highway Infrastructure Bank – Bonds	\$180,000,000	\$160,000,000
<b>Infrastructure Bank Obligations Fund Group Subtotal</b>			<b>\$180,000,000</b>	<b>\$160,000,000</b>
<b>Highway Capital Improvement Fund Group</b>				
042	772-723	Highway Construction-Bonds	\$220,000,000	\$150,000,000
<b>Highway Capital Improvement Fund Group Subtotal</b>			<b>\$220,000,000</b>	<b>\$150,000,000</b>
<b>Total Funding: Highway Construction</b>			<b>\$2,186,813,205</b>	<b>\$2,220,487,530</b>

This analysis focuses on the following programs within the Highway Construction program series:

- **Program 2.01: Major New Construction**
- **Program 2.02: Pavement Preservation**
- **Program 2.05: Safety**
- **Program 2.06: State Infrastructure Bank**
- **Program 2.08: Public Access Roads**
- **Program 2.09: Railroad Crossing Safety Initiative**

**Program 2.01: Major/New Construction**

**Program Description:** This program provides funding for projects that increase mobility, provide connectivity, increase the accessibility of a region for economic development, increase the capacity of a transportation facility, and reduce congestion throughout Ohio. Funds are dedicated to major/new construction only after ODOT assures it is meeting basic system maintenance and operational needs. This program supports a staff of 557 employees.

**Funding Sources:** State and federal motor fuel tax revenues and bonds

**Implication of the Enacted Budget:** The enacted budget will allow for the expansion of the major/new construction program. Increased funding levels are due to increased motor fuel tax revenues and new federal revenues. The state's final 2-cent motor fuel tax increased at the start of FY 2006, generating approximately \$100 million in additional revenue. An estimated increase of \$150 million in federal revenues is also expected based on the federal tax rate for ethanol increasing from 15.2 cents per gallon to 18.4 cents per gallon. The enacted budget also includes incremental federal revenue estimates to maintain core federal-aid highway program funding.

**Temporary Law Provision: Alternative Soundproofing (Section 203.03.18).** Am. Sub. H.B. 68, the transportation budget, requires the Director of Transportation to perform a study of alternative soundproofing methods or techniques that could be used in Ohio as an alternative to traditional sound barriers. The Director is required to issue a report on the study findings to the chairperson and ranking minority members of House and Senate Transportation Committees, the Speaker of the House of Representatives, the President of the Senate, and the Minority Leaders of the House of Representatives and Senate on or before June 30, 2006. The provision earmarks up to \$250,000 in FY 2006 for this purpose.

### **Program 2.02: Pavement Preservation**

**Program Description:** This program repairs and replaces existing pavements on the state highway system. Each year the surface condition of each highway is inspected. Pavements are evaluated on a scale of zero to 100 based on condition. The state directs approximately \$500 million to address pavement deficiencies and to maintain the overall statewide pavement conditions at a steady state. This program maintains a staff of 491.

**Funding Sources:** State and federal motor fuel tax revenues and bonds

**Implication of the Enacted Budget:** The enacted budget will allow the Department to follow a pavement preventive maintenance strategy based on regular inspections and track the performance history of all roadways and bridges and identify poorly performing pavements.

### **Program 2.05: Safety**

**Program Description:** This program provides funding for safety projects which contribute most to improving safety and reducing the severity, frequency, and rate of crashes on the state highway system and local roads. This program supports a staff of 66 employees.

**Funding Sources:** State and federal motor fuel tax revenues and bonds

**Implication of the Enacted Budget:** The enacted budget will allow ODOT to establish a safety and congestion program to identify and improve areas with high crash frequency and severity. The Department will begin low cost, short-term measures first then monitor the impact on crash reductions.

### **Program 2.06: State Infrastructure Bank**

**Program Description:** This program provides direct loans to public or private entities for local highway projects. Funds can be used for final design, right-of-way, and construction of a project. The increased motor fuel tax revenue has increased the number of loans as local governments are pledging their increased gas tax revenues as loan repayments.

**Funding Sources:** Initial capitalization of \$30 million in 1996 with an additional \$10 million in 2001; federal dollars

**Implication of the Enacted Budget:** The enacted budget will allow the Department to implement a SIB bond issuance program. The program will issue bonds and the proceeds will be available to local governments for various road, transit, and aviation projects. Local entities will be responsible for the debt service payments. The budget capitalizes four new infrastructure bank line items (772-432, Roadway Infrastructure Bank-Local; 775-460, Transit Infrastructure Bank-Local; 777-477, Aviation Infrastructure Bank-State; and 777-478, Aviation Infrastructure Bank-Local) with a cash reserve in case local entities default on debt service payments. The debt service payments will eventually offset the cost of the initial capitalization. Implementation of the program will begin after additional statutory changes are made.

### **Program 2.08: Public Access Roads**

**Program Description:** This program provides funds for the construction, reconstruction, and maintenance of public access roads to and within facilities owned or operated by the Department of Natural Resources and within the boundaries of metropolitan parks. This program maintains a staff of seven employees.

**Funding Source:** Motor fuel tax revenues

**Implication of the Enacted Budget:** The enacted budget will maintain current service and staffing levels.

**Temporary Law Provision:** **Public Access Roads for State Facilities (Section 203.03.09 and Section 401.13)**. The provision requires the Director of Transportation, after conferring with the Director of Natural Resources, to construct, repair, and maintain all roads and bridges within the state parks during FYs 2006 and 2007, but limits the amount that can be expended for the purpose to \$5 million in a fiscal year. Earmarks \$5,000,000 in each fiscal year from appropriation item 772-421, Highway Construction-State for construction, reconstruction, and maintenance of public access roads to and within state facilities owned and operated by the Department of Natural Resources. Also, the provision earmarks \$2,228,000 for related roadwork in metropolitan parks. Allows the Department to use the appropriations to perform related roadwork on behalf of the Ohio Expositions Commission, but does not provide an earmark.

### **Program 2.09: Railroad Crossing Safety Initiative**

**Program Description:** This program provides funding to construct railroad grade crossing separations in affected communities due to an increased level of train traffic throughout the state. Most of the increased traffic occurred when CSX and Norfolk Southern acquired Conrail's rail lines. In order to increase safety at crossings, the separation program was created to provide \$200 million over ten years for construction of overpasses and underpasses so motor vehicles do not have to actually cross railroad tracks. This program supports a staff of 15 employees.

**Funding Sources:** Funding comes from a \$20 million annual contribution divided among ODOT (60%), Ohio Rail Development Commission (ORDC) (10%), federal earmarks (10%), railroad companies (10%), local governments (5%), and the GRF (5%); a large portion of the program's capital funding comes from federal dollars

**Implication of the Enacted Budget:** The enacted budget will maintain current service and staffing levels.

### Program Series 3

### Maintenance

**Purpose:** To maintain the state highway system in a safe and attractive condition, provide tourist information and clean rest areas for the motoring public, and maintain ODOT facilities and equipment.

The following table shows the line item that is used to fund the Maintenance program series, as well as the enacted funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>Highway Operating Fund</b>				
002	773-431	Highway Maintenance – State	\$386,572,582	\$393,313,472
<b>Total Funding: Maintenance</b>			<b>\$386,572,582</b>	<b>\$393,313,472</b>

This analysis focuses on the program series as a whole since all programs in the series are funded by the same line item listed above.

**Program Description:** This program series consists of nine programs: rest area/district cleaning, garage operations, snow and ice control, traffic system maintenance, guardrail, roadside maintenance, pavement maintenance, and bridge maintenance. The following table shows the individual programs that make up this series, the percentage of total funding each program will be allocated, and the number of staff per program. A brief description of each program is provided below.

PROGRAM	FY 2006	FY 2007	Percent of Total Funding	Number of staff
Rest Area/District Cleaning	\$13,878,209	\$13,974,343	3.5%	N/A
Garage Operations	\$40,301,758	\$40,893,911	10.4%	259
Snow and Ice Control	\$35,105,296	\$35,608,913	9.1%	206
Traffic Systems Maintenance	\$74,930,850	\$75,761,743	19.3%	877
Guardrail	\$83,821,171	\$84,796,017	22.0%	774
Roadside Maintenance	\$27,940,391	\$28,265,339	7.2%	258
Pavement Maintenance	\$88,197,595	\$91,400,936	23.0%	789
Bridge Maintenance	\$22,352,312	\$22,612,270	5.8%	206
<b>TOTAL</b>	<b>\$386,527,582</b>	<b>\$393,313,372</b>	<b>100%</b>	<b>3,369</b>

**Program 3.01: Rest Area/District Cleaning:** This program employs people with disabilities to clean roadside rest areas and ODOT facilities along the highway system. The Department uses contracted cleaning services to carry out this work.

**Program 3.02: Garage Operations:** This program accounts for the labor, supplies, and equipment utilized by ODOT to ensure the vehicles needed for snow and ice control, pavement repair, bridge repair, etc. are available when needed. Currently, the Department has 783 cars, 1,752 pick-ups, 1,579 dump trucks, and 250 loaders.

**Program 3.03: Snow and Ice Control:** This program keeps traveling surfaces drivable during the winter. For the last six years the Department has used an average of 500,000 tons of salt. Since FY 2002, ODOT has been pre-treating the roads with a brine solution. ODOT has also installed weather and pavement sensors, and computerized truck routing for efficiency.

**Program 3.04: Traffic System Maintenance:** This program maintains traffic control signals on the state highway systems. Examples of traffic control signals include highway lighting, signing, striping, and raised pavement markers. ODOT began an eight-year sign replacement program in FY 2002.

**Program 3.05: Guardrail Maintenance:** This program upgrades guardrail systems to meet current standards and reconstructs or replaces damaged or deteriorating guardrails. The replacement schedule for a guardrail is 20 years. The Department invoices drivers for damage caused if cited by the State Highway Patrol.

**Program 3.06: Roadside Maintenance:** This program includes the removal of vegetation obstructions, mowing, tree/flower planting, erosion control, drainage ditch obstructions, litter, and repairing of pavement drop-offs. ODOT pays the cities of Akron, Canton, and Dayton to mow and perform maintenance along right-of-ways in their city limits.

**Program 3.07: Pavement Maintenance:** This program consists of pothole patching, chip and crack sealing, surface paving and treatment, spot berming and restoration, and full depth repair of roadways to repair isolated damages.

**Program 3.08: Bridge Maintenance:** This program consists of bridge cleaning, spot painting, deck repairs, railing repairs, bridge joint repairs, and bridge substructure repairs.

**Funding Source:** State motor fuel tax revenue; this program series does not use federal dollars

**Implication of the Enacted Budget:** The enacted budget will maintain current service and staffing levels. The Department will keep routine maintenance a top priority over the biennium by maintaining a steady state of maintenance efforts and identify and reduce system deficiencies.

**Temporary Law Provisions:** Maintenance of Interstate Highways (Section 203.03.04). The provision authorizes ODOT to provide maintenance on interstate highways located within the boundaries of municipal corporations, and to reimburse municipal corporations for their costs in providing such maintenance if ODOT has an agreement with a municipal corporation.

Preventive Maintenance (Section 203.03.10). Am. Sub. H.B. 68, the transportation budget, requires the Department of Transportation to contract with an independent party to issue a yearly report on the effectiveness and progress of preventive maintenance projects that meet warranty guidelines. The Department is required to issue a yearly report on or before the first day of December for three consecutive years beginning in fiscal year 2005.

**Program Series 4****Public Transportation**

**Purpose:** To assist transit systems with their operating and capital costs.

The following table shows the line items that are used to fund the Public Transportation program series.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	775-451	Public Transportation-State	\$16,300,000	\$16,300,000
<b>General Revenue Fund Subtotal</b>			<b>\$16,300,000</b>	<b>\$16,300,000</b>
<b>Highway Operating Fund</b>				
002	775-452	Public Transportation-Federal	\$30,000,000	\$30,365,000
002	775-454	Public Transportation-Other	\$1,500,000	\$1,500,000
002	775-459	Elderly and Disabled Special Equipment	\$4,595,000	\$4,595,000
212	775-408	Transit Infrastructure Bank-Local	\$2,500,000	\$2,500,000
213	775-460	Transit Infrastructure Bank-Local	\$1,000,000	\$1,000,000
<b>Highway Operating Fund Subtotal</b>			<b>\$39,595,000</b>	<b>\$39,960,000</b>
<b>Total Funding: Public Transportation</b>			<b>\$55,895,000</b>	<b>\$56,260,000</b>

This analysis focuses on the following specific programs within the Public Transportation program series:

- **Program 4.01: Capital Assistance**
- **Program 4.02: Operating Assistance**
- **Program 4.03: Elderly and Disabled Fare Assistance**

**Program 4.01: Capital Assistance**

**Program Description:** The Capital Assistance Program provides funds for capital projects in regional transit authorities, county transit boards, public entities, and private nonprofit corporations. Purchases include public transit vehicles, computers, radios, and other equipment. This program also provides funding for local transfer centers, park and ride lots, garages, and other transit facilities.

**Funding Sources:** GRF and funding through a partnership between federal, state, and local participants

**Implication of the Enacted Budget:** The enacted appropriations will not allow for expansion of current services or replacement of a significant number of aging buses. Also, several capital projects are expected to be delayed. The Department indicates that the urban transit systems will see a 30% reduction in capital assistance in FY 2006.

**Program 4.02: Operating Assistance**

**Program Description:** This program provides grants to fund the operating costs of regional transit authorities, county transit boards, public entities, and private nonprofit corporations. Operating assistance includes wages, fuel, insurance, training, and vehicle and facility maintenance. Federal

operating assistance is restricted for use in urbanized areas under 200,000 and nonurbanized areas. Urbanized areas with a population over 200,000 receive capital assistance only.

**Funding Sources:** GRF and funding through a partnership between federal, state, and local participants

**Implication of the Enacted Budget:** The enacted budget will be used to maintain current staff and service levels but will not allow for program expansion. With rising fuel prices, transportation systems statewide will find it difficult to maintain current levels of service. The Department will concentrate funding on providing transportation services in the rural areas of the state.

#### **Program 4.03: Elderly and Disabled Fare Assistance**

**Program Description:** This program allows local transit systems to offer reduced fares for elderly and disabled persons. Public transportation systems are compensated for a portion of the fare box revenue lost in reducing their general fares for older adults and people with disabilities. To participate in the program, a transit system's fares for older and disabled persons cannot exceed one-half the fare charged to general public riders.

**Funding Sources:** GRF and motor fuel tax revenues

**Implication of the Enacted Budget:** The enacted budget provides up to \$22,190,000 for the program. Of this total, \$9,190,000 comes from 775-459, Elderly and Disabled Special Equipment, and \$13,000,000 comes from earmarks from GRF appropriation item 775-451, Public Transportation. Overall, funding levels will allow the Department to continue replacing revenues lost by transit systems offering a reduced fare for elderly and people with disabilities.

**Temporary Law Provision:** Elderly and Disabled Fare Assistance (Section 212.12). The main appropriations bill earmarks up to \$6,000,000 in FY 2006 and \$7,000,000 in FY 2007 from GRF appropriation item 775-451, Public Transportation – State to make grants to county transit boards, regional transit authorities, regional transit commissions, counties, municipal corporations, and private nonprofit organizations that operate or will operate public transportation systems, for the purpose of reducing the transit fares of elderly or disabled persons.

**Program Series 5****Rail Transportation**

**Purpose:** To promote economic development and rail-highway safety.

**The Ohio Rail Development Commission:** The Ohio Rail Development Commission (ORDC) is an independent agency within ODOT. ORDC conducts five programs that promote economic development and rail-highway safety, administering federal and state funding of rail safety projects including the upgrading and removal of hazardous crossings as determined by PUCO. The ORDC receives GRF funding, has an established revolving loan fund, and receives highway safety funds allocated from ODOT for grade crossing improvements. ORDC also applies to ODOT on a project basis for federal planning funds. Ohio ranks fourth nationally with over 5,200 miles of railroad track.

The following table shows the line items that are used to fund the Rail Transportation program series.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	776-465	Ohio Rail Development Commission	\$2,700,000	\$2,700,000
GRF	776-466	Railroad Crossing/Grade Separation	\$789,600	\$789,600
<b>General Revenue Fund Subtotal</b>			<b>\$3,489,600</b>	<b>\$3,489,600</b>
<b>State Special Revenue Fund</b>				
4N4	776-663	Panhandle Lease Reserve Payments	\$764,400	\$764,400
4N4	776-664	Rail Transportation-Other	\$2,111,500	\$2,111,500
5CF	776-667	Rail Transload Facilities	\$500,000	\$0
<b>State Special Revenue Fund Subtotal</b>			<b>\$3,375,900</b>	<b>\$2,875,900</b>
<b>Federal Special Revenue Fund</b>				
3B9	776-662	Rail Transportation-Federal	\$10,000	\$10,000
<b>Federal Special Revenue Subtotal</b>			<b>\$10,000</b>	<b>\$10,000</b>
<b>Highway Operating Fund</b>				
002	776-462	Grade Crossing-Federal	\$15,000,000	\$15,000,000
<b>Federal Special Revenue Subtotal</b>			<b>\$15,000,000</b>	<b>\$15,000,000</b>
<b>Total Funding: Rail Transportation</b>			<b>\$21,875,500</b>	<b>\$21,375,500</b>

This analysis focuses on the following specific programs within the Rail Transportation program series:

- **Program 5.01: Rail/Freight Economic Development**
- **Program 5.02: State-Owned Rail Lines**
- **Program 5.03: Rail-Highway Grade Crossing Safety**
- **Program 5.05: Railroad Crossing Safety Initiative**

**Program 5.01: Rail/Freight Economic Development**

**Program Description:** This program provides financial assistance in the form of loans and grants to railroads, businesses, and communities for the rehabilitation, acquisition/preservation, or construction of rail and rail-related infrastructure.

**Funding Sources:** GRF, federal dollars, and loan fees

**Implication of the Enacted Budget:** The enacted budget will result in reduced grant disbursements as a result of previous budget reductions. The amount of loans and grants the Ohio Rail Development Commission will distribute over the biennium will be similar to FY 2005 levels. Over the biennium the Commission is proposing an early retirement incentive (ERI) and plans to use the savings to provide additional grants. The ORDC does not plan to fill the vacated positions from the ERI, resulting in current staff taking on additional duties. The ORDC will continue encouraging companies, communities, and railroads to use low interest loans rather than grants.

**Temporary Law Provision:** Rail Transload Initiative (Section 203.99.45 and Section 212.12). This provision transfers \$500,000 in FY 2006 from the Energy Efficiency Loan and Grant Fund (Fund 5M5) in the Department of Development to the Rail Transload Facilities Fund (Fund 5CF) in the Department of Transportation. The budget appropriates \$500,000 in FY 2006 to newly established appropriation item 776-667, Rail Transload Facilities, and requires the appropriation be used for the Rail Transload Initiative, a statewide pilot grant program to enhance the ability of railroads to work with other transport modes to move bulk commodities more efficiently and safely.

### **Program 5.02: State-Owned Rail Lines**

**Program Description:** The program oversees the maintenance and administration of the 255 miles of state-owned rail lines. Included is the annual set-aside for the debt retirement of the Panhandle Rail line.

**Funding Sources:** GRF, lease payments, and loan repayments

**Implication of the Enacted Budget:** The enacted budget will allow the Commission to maintain current service and staffing levels. The enacted budget also includes increased appropriations in Fund 4N4 for increased Panhandle rail line lease payments based on OBM's revised payment schedule.

### **Program 5.03: Rail-Highway Grade Crossing Safety**

**Program Description:** This program provides for the elimination of hazards at highway-railroad grade crossings by installing flashing lights and gates, closing and consolidating crossings, constructing grade separations, and resurfacing grade crossings. Implementing these safety measures helps to eliminate collisions between vehicles and trains. Currently the ORDC is exploring the use of eligible federal funds for payroll rather than GRF. Nine employees administer this program.

**Funding Source:** Federal rail funds

**Implication of the Enacted Budget:** The enacted budget will maintain current service and staffing levels. Safety is a top priority for the Department and the enacted appropriations will maintain forecasted level funding for this program over the biennium.

### **Program 5.05: Railroad Crossing Safety Initiative**

**Program Description:** This program provides funding to construct railroad grade crossing separations in affected communities due to an increased level of train traffic throughout the state. Most of the increased traffic occurred when CSX and Norfolk Southern acquired Conrail's rail lines. In order to increase safety at crossings, the separation program was created to provide \$200 million over ten years for

construction of overpasses and underpasses so motor vehicles do not have to actually cross railroad tracks. This program has a staff of 15 employees.

**Funding Sources:** Funding comes from a \$20 million annual contribution divided among ODOT (60%), ORDC (10%), federal earmarks (10%), railroad companies (10%), local governments (5%), and the GRF (5%); a large portion of the program's capital funding comes from federal dollars

**Implication of the Enacted Budget:** The enacted budget will maintain current service and staffing levels. Safety is a top priority for the Department and the recommendations will maintain forecasted level funding for rail separations over the biennium.

## Program Series 6

## Aviation

**Purpose:** To work with airports to meet national safety standards and make infrastructure improvements, coordinate with the Federal Aviation Administration, register aircraft, provide air transportation to state officials, and maintain the state's aircraft fleet.

The following table shows the line items that are used to fund the Aviation program series.

Fund	ALI	Title	FY 2006	FY 2007
<b>General Revenue Fund</b>				
GRF	777-471	Airport Improvements-State	\$1,793,985	\$1,793,985
GRF	777-473	Rickenbacker Lease Payments-State	\$594,500	\$320,300
<b>General Revenue Fund Subtotal</b>			<b>\$2,388,485</b>	<b>\$2,114,285</b>
<b>State Special Revenue Fund</b>				
5W9	777-615	Airport Assistance	\$570,000	\$570,000
<b>State Special Revenue Fund Subtotal</b>			<b>\$570,000</b>	<b>\$570,000</b>
<b>Highway Operating Fund</b>				
002	777-472	Airport Improvements-Federal	\$405,000	\$405,000
002	777-475	Aviation Administration	\$4,007,600	\$4,046,900
213	777-477	Aviation Infrastructure Bank-State	\$3,000,000	\$3,000,000
213	777-478	Aviation Infrastructure Bank-Local	\$7,000,000	\$7,000,000
<b>Highway Operating Fund</b>			<b>\$14,412,600</b>	<b>\$14,451,900</b>
<b>Total Funding: Aviation</b>			<b>\$17,371,085</b>	<b>\$17,136,185</b>

This analysis focuses on the following specific programs within the Aviation program series:

- **Program 6.01: Aviation Safety Inspection, Enforcement, and Registration**
- **Program 6.02: Airport Improvement Grants**
- **Program 6.04: State Aircraft Registration**
- **Program 6.05: Aviation Infrastructure Bank**

### **Program 6.01: Aviation Safety Inspection, Enforcement, and Registration**

**Program Description:** The Aviation Safety Program promotes safety through airport inspections, enforcement of aviation laws, aircraft registration, and data gathering. Public use airports must be certified every two years. Data is collected for government and industry aeronautical charts and for

flight-related publications. The safety program regulates about 10,800 aircraft, 164 public-use airports, 9 public-use heliports, 440 private airports, 300 private heliports, and 5 seaplane bases.

**Funding Source:** GRF and aircraft registration fees

**Implication of the Enacted Budget:** The enacted budget will maintain current service and staffing levels. The Department does not anticipate any program expansion over the biennium.

**Permanent Law:** Aircraft license fee (R.C. sections 4561.17, 4561.18, and 4561.21). This provision requires that the annual general aircraft license tax be calculated at a rate of \$15 per seat, rather than at a flat rate of \$100 per year; assesses gliders and balloons at a flat rate of \$15 per year; allows the license fees to be used for maintenance and capital improvements to publicly owned airports, rather than just maintenance of county-owned airports; and, renames the County Airport Maintenance Assistance Fund the Airport Assistance Fund.

The \$100 per year flat rate was changed in Am. Sub. H.B. 95 of the 124th General Assembly. Prior to the change the tax was \$3 per seat. The Department estimates the \$15 per seat tax may generate approximately \$524,000 annually, and may result in a more equitable registration system. The \$15 flat rate for gliders and balloons will likely generate less than \$2,000 annually.

### **Program 6.02: Airport Improvement Grants**

**Program Description:** This program provides funds for airport maintenance and capital improvements. Maintenance grants help fund publicly owned airports for runway maintenance (including marking and lighting), navigational aids, and weather reporting equipment. Maintenance grants fund 80% of total project costs. Capital improvement grants provide funds for runway extensions, apron expansions, and navigational aid engineering. Capital grants cover 50% of total project costs. Local contributions account for the remainder of maintenance projects, while federal and local contributions account for the remainder of capital improvements projects.

**Funding Sources:** GRF and aircraft registration fees

**Implication of the Enacted Budget:** The enacted budget reduced appropriations in GRF line item 777-473, Rickenbacker Lease Payments-State, by \$268,280 over the biennium. These reductions were based on the Office of Budget and Management's revised lease payment schedule. Continued declining funding levels result in fewer projects receiving grants. The Department also expects pavement conditions to continue to decline over the biennium. Fewer safety improvements will be made to local airports as well.

### **Program 6.04: State Aircraft Transportation**

**Program Description:** This program is responsible for the operation of the Department's aircraft. The aircraft are used to transport the Governor, legislators, state personnel, and to perform aerial photography missions for transportation planning purposes. The aircraft are also used for aerial spraying for the Ohio Department of Agriculture, illegal drug detection by state and local law enforcement agencies, surveillance and detection by the Ohio EPA, and activities of the Ohio Emergency Management Agency. The Department maintains the entire fleet of 27 state aircraft, which includes those of the Ohio State Highway Patrol and the Ohio Department of Natural Resources. The program maintains a staff of 19.

**Funding Sources:** Motor fuel tax revenues for highway use and flight fees for nonhighway use

**Implication of the Enacted Budget:** The enacted budget will maintain current service and staffing levels.

**Program 6.05: Aviation Infrastructure Bank**

**Program Description:** This program provides direct loans to public or private entities for eligible projects under federal guidelines. The program will assist local entities with a method of funding aviation projects that otherwise would not have been considered for traditional grant funding in the past.

**Funding Source:** Federal dollars authorized under 49 U.S.C. Section 5303

**Implication of the Enacted Budget:** The enacted budget will allow the Department to implement a SIB bond issuance program. The program will issue bonds and the proceeds will be available to local governments for aviation projects. Local entities will be responsible for the debt service payments. The recommendations capitalize two new infrastructure bank line items 777-477, Aviation Infrastructure Bank-State and 777-478, Aviation Infrastructure Bank-Local with \$14 million and \$6 million in cash reserves, respectively, in case local entities default on debt service payments. The debt service payments will eventually offset the cost of the initial capitalization. Implementation of the program will begin after additional statutory changes are made.

**Program Series 7****Program Management**

**Purpose:** To manage support for the Department's program as well as pay the debt service on bonds issued for ODOT facilities.

The following table shows the line items that are used to fund the Program Management program series as well as the enacted funding levels.

Fund	ALI	Title	FY 2006	FY 2007
<b>Highway Operating Fund</b>				
002	770-003	Administration-State-Debt Service	\$13,074,500	\$10,923,100
002	779-491	Administration-State	\$119,624,513	\$121,057,898
<b>Highway Operating Fund</b>			<b>\$132,699,013</b>	<b>\$131,980,998</b>
<b>Total Funding: Program Management</b>			<b>\$132,699,013</b>	<b>\$131,980,998</b>

**Program Description:** This program series provides the management support needed to administer the Department's programs. Program Management includes the Director's Executive Leadership Staff, Divisions of Quality and Human Resources, Financing and Forecasting, Information Technology, Facilities Management, and Local Programs. This single program series maintains a staff of 774 employees. The program also includes minor capital and maintenance projects for Department lands and buildings as well as debt service for bonds sold through the Ohio Building Authority.

**Funding Source:** State motor fuel tax revenues

**Implication of the Enacted Budget:** The enacted budget includes reduced appropriations in line item 770-003, Administration-State Debt Service, by \$25,500 in FY 2006 and by \$76,900 in FY 2007. The reductions are based on what the Office of Budget and Management determined the debt service payments would be over the biennium. Despite the debt service reductions the enacted budget will maintain current service and staffing levels. The enacted budget will also allow the Department to continue moving current employees into the new Highway Technician series classification.