

Department of Transportation

(Including Ohio Rail Development Commission)

Jason Phillips, Budget Analyst

- Total biennial funding of \$6.3 billion
- Notable increases in rail and aviation funding
- Use of GARVEE bonds to offset rising inflationary costs and flat fuel tax revenues
- New State Infrastructure Bond Program for aviation, transit, and rail

OVERVIEW

Duties and Responsibilities

The Ohio Department of Transportation (ODOT) is the agency charged with planning, building, and maintaining the state's transportation system. Most of the agency's resources are devoted to the state's system of highways, but it also has responsibilities in the areas of rail, aviation, and public transportation. Less than 2% of the Department's budget comes from the General Revenue Fund (GRF); the rest of the budget derives from federal sources, bond revenue, and the motor vehicle fuel tax. The majority of the Department's budget is contained in Am. Sub. H.B. 67 of the 127th General Assembly, the transportation budget act for FYs 2008 - 2009.

Agency in Brief

Agency In Brief					
Number of Employees*	Total Appropriations-All Funds		GRF Appropriations		Appropriation Bill(s)
	2008	2009	2008	2009	
6,192	\$3.22 billion	\$3.08 billion	\$24.48 million	\$23.28 million	Am. Sub. H.B. 67 Am. Sub. H.B. 119

*Employee count obtained from the Department of Administrative Services (DAS) payroll reports as of June 2007.

FY 2008 - 2009 Budget Highlights

Appropriations

The budget provides a total of \$3.22 billion in FY 2008 and \$3.08 billion in FY 2009, for a total of \$6.30 billion over the biennium. As noted in the table above, the Department's appropriations are included in both the transportation budget (Am. Sub. H.B. 67) as well as the main operating budget act (Am. Sub. H.B. 119). Non-GRF funding in FY 2008 is 10.9% higher than adjusted appropriations for FY 2007. Non-GRF funding levels for FY 2009 are 4.55% lower than FY 2008. The differences over these three fiscal years are due primarily to changes in the Department's various bond line items over the biennium.

The agency's GRF budget consists of \$24,483,585 in FY 2008, a 9.8% increase over FY 2007 adjusted appropriations of \$22,303,885. The FY 2009 appropriation is \$23,283,603. Overall, the GRF appropriations total \$47,767,188 for the biennium, 71% of which is slated for public transportation, 19% for rail transportation, and 10% for aviation.

Selected Budget Issues

Highway Construction Cost Inflation/Additional Bonding

The Department's budget includes increases primarily in highway construction. These highway construction dollars are supported by new bond issuances. Since the last transportation budget, the Department has experienced large inflationary increases in construction costs and lower than expected state and federal motor tax revenues. Rising energy prices since 2003 have significantly increased the cost of construction materials such as aggregate, steel, cement, and asphalt. Furthermore, rising diesel fuel prices have increased costs for excavation, earth moving, grading, and hauling. To offset a portion of the cost of increased construction material costs as well as cover Major/New projects and other program needs, ODOT's budget provides additional bond appropriations over and above previous forecasts, the rationale being that the overall inflation rate applied to construction materials is likely to exceed the interest rate of bond debt.

Despite the rise in highway construction materials costs, ODOT's FY 2008 - 2009 budget should allow the Department to stay on track with the previous administration's Jobs and Progress Plan, a ten-year, \$5 billion Major/New construction program that provides \$500 million annually from 2005 to 2015 for new highway capacity. Under the original plan, the \$500 million annually would come from \$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 bond proceeds.

Other Notable Issues

Some of the notable provisions affecting the Department include creation of the position of Deputy Inspector General for the Department; establishment of a separate \$750 annual license tax on commercial cargo aircraft; transfer of responsibility for maintenance of all bridges on the state highway system (previously performed by counties) to ODOT; and creation of the Ohio Transportation Task Force to evaluate the safe and efficient movement of freight within the state.

The budget also includes notable increases for rail and aviation. However, the budget does not include any specific funding for the Rail Transload Facilities program, which began as a pilot program in FY 2006. Overall, the budget will provide additional funding for rail spur development, new bus purchases, and improvement of airport taxis and runways.

Although it is not specific to any program series within this analysis, the main operating budget act authorizes the Director of Transportation to conduct a 12-month pilot project for energy price risk management by entering into a contract with a qualified provider for services that may include rate analysis, negotiation services, market and regulatory analysis, budget and financial analysis, and mitigation strategies for volatile energy sources, but not energy procurement. The pilot project is to be completed no later than June 30, 2009. The Department may use revenues from the state motor fuel tax or other funds for this purpose.

Funding Distribution

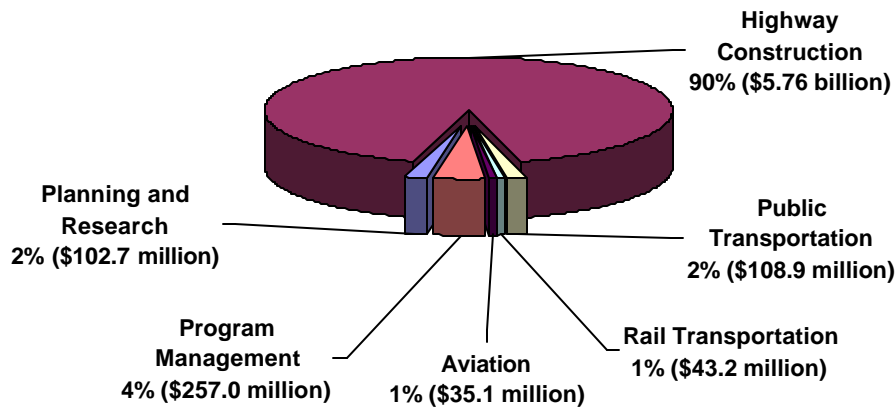
The Department's total enacted budget is divided among six fund groups. Five of the six fund groups receive appropriations in the transportation budget act (Am. Sub. H.B. 67) and include: the Highway Operating Fund Group, the Infrastructure Bank Obligations Fund Group, and the Highway Capital Improvement Fund Group. The transportation budget also includes several line items in the Federal Special Revenue Fund Group (FED) and the State Special Revenue Fund Group (SSR) that were appropriated in the main operating budget in the past. The main operating budget appropriates the Department's GRF funding.

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 fund groups support rail and aviation capital expenditures. The table below displays the enacted appropriations for these fund groups.

Budget by Fund Group		
	FY 2008	FY 2009
Highway Operating Fund Group	\$2,547,030,191	\$2,551,265,782
Infrastructure Bank Obligations Fund Group	\$450,000,000	\$400,000,000
Highway Capital Improvement Fund Group	\$200,000,000	\$100,000,000
General Revenue Fund	\$24,483,585	\$23,283,603
State Special Revenue Fund Group	\$3,444,000	\$3,445,200
Federal Special Revenue Fund Group	\$10,000	\$10,000
TOTAL	\$3,224,967,776	\$3,078,004,585

Most of the Department’s budgeted resources go to programs in the Highway Construction series. The chart below shows the Department’s budget by program series.

Budget by Program Series (GRF and non-GRF), FY 2008-2009



ANALYSIS OF THE BUDGET

Program Series

1: Transportation Planning and Research

Purpose: The Transportation Planning and Research program series supports the Department of Transportation's strategic initiatives. Approximately 86% of the funding is used for transportation planning with the remainder dedicated to highway research. The Federal Highway Administration (FHWA) requires that 2% of federal funding be dedicated to planning and research.

The following table shows the line items that are used to fund the Transportation Planning and Research program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
Highway Operating Fund Group				
002	771-411	Planning and Research-State	\$20,724,547	\$21,733,301
002	772-412	Planning and Research-Federal	\$29,996,363	\$30,264,923
Highway Operating Fund Group Subtotal			\$50,720,910	\$51,998,224
Total Funding: Transportation Planning and Research			\$50,720,910	\$51,998,224

The following programs are within the Transportation Planning and Research program series:

- **Program 1.01: Planning and Research Operating**
- **Program 1.02: Planning and Research Contracts**

Program 1.01: Planning and Research Operating

Program Description: This program covers payroll, supplies, and equipment expenses for 145 FTEs involved in planning and research operations.

Funding Source: State motor fuel tax revenues

Implication of the Budget: The budget covers all necessary costs related to payroll, supplies, and equipment associated with the Transportation Planning and Research program series.

Program 1.02: Planning and Research Contracts

Program Description: This program provides the capital dollars to support planning and research operations. No operating dollars for personnel, equipment, etc., are included in Program 1.02. Planning and research funds can be used for transportation planning for highways, transit (intercity passenger rail, urban passenger rail, and other transit services), and rail freight. Planning operations include: traffic and roadway monitoring, roadway inventory, local road mileage certification, computer mapping and database development, air quality monitoring, special planning projects, updates to the long-range plan, coordination with Metropolitan Planning Organizations, and review of traffic congestion and travel demand.

Funding Source: State motor fuel tax revenues and federal motor fuel tax revenues

Implication of the Budget: The budget will allow the Department to accomplish the goals and objectives of this program. Current service levels will be maintained over the biennium. 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 emphasis on the necessary planning needed to accomplish the Department's long-term Major/New construction objectives. The budget will also provide for continued efforts related to congestion mitigation, environmental impacts and air quality, updating Access Ohio, continuing freight studies, and assisting Metropolitan Planning Organizations (MPOs) with their travel demand modeling needs.

Program Series

2: Highway Construction

Purpose: The Highway Construction program series consists of several programs that are responsible for the design, purchase of right-of-way, building, and rehabilitation of the highway system. Most projects consist of widening, upgrading, and providing safety improvements to the current system. The main operating budget provides a portion of funding for the Rail Grade Separation Initiative through the GRF. All other appropriations dealing with highway construction are funded from the transportation budget, Am. Sub. H.B. 67.

The following table shows the line items in the Highway Construction program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	776-466	Railroad Crossing/Grade Separation	\$789,600	\$789,600
General Revenue Fund Subtotal			\$789,600	\$789,600
Highway Operating Fund Group				
002	772-422	Highway Construction – Federal	\$1,103,979,148	\$1,086,733,759
002	772-421	Highway Construction – State	\$528,722,188	\$504,184,419
002	772-424	Highway Construction – Other	\$106,439,000	\$100,379,155
002	773-431	Highway Maintenance – State	\$403,252,901	\$417,915,187
002	772-437	GARVEE Debt Service – State	\$10,321,300	\$19,273,500
002	772-438	GARVEE Debt Service – Federal	\$113,915,900	\$139,015,000
212	772-426	Highway Infrastructure Bank – Fed	\$4,303,173	\$4,018,649
212	772-427	Highway Infrastructure Bank – State	\$8,268,315	\$10,209,272
212	772-429	Highway Infrastructure Bank – Local	\$11,000,000	\$11,499,999
212	772-430	Infrastructure Debt Reserve Title 23 – 49	\$1,500,000	\$1,500,000
213	772-431	Roadway Infrastructure Bank – State	\$1,000,000	\$1,000,000
213	772-432	Roadway Infrastructure Bank – Local	\$6,000,000	\$6,000,000
213	772-433	Infrastructure Debt Reserve – State	\$2,000,000	\$2,000,000
Highway Operating Fund Group Subtotal			\$2,300,701,925	\$2,303,728,940
Highway Capital Improvement Fund				
042	772-723	Highway Construction – Bonds	\$200,000,000	\$100,000,000
Highway Capital Improvement Fund Subtotal			\$200,000,000	\$100,000,000
Infrastructure Bank Obligations Fund				
045	772-428	Highway Infrastructure Bank – Bonds	\$450,000,000	\$400,000,000
Infrastructure Bank Obligations Fund Subtotal			\$450,000,000	\$400,000,000
Total Funding: Highway Construction			\$2,951,491,525	\$2,804,518,540

The following programs are within the Highway Construction program series:

- **Program 2.01: Highway Operating**
- **Program 2.02: Preservation Paving and Bridges**
- **Program 2.03: Safety**
- **Program 2.04: Local Government Programs**
- **Program 2.05: Major/New**

- **Program 2.06: Other Construction Programs**
- **Program 2.07: Highway Maintenance Contracts**

Program 2.01: Highway Operating

Program Description: This program covers the operating costs (payroll, supplies, and equipment) for all of ODOT's programs in the Highway Construction program series. In past budgets, ODOT prorated its operating costs among all the programs within a series.

Funding Source: State motor fuel tax revenues

Implication of the Budget: The budget covers all necessary costs related to payroll, supplies, and equipment associated with the Highway Construction program series. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$486.6 million and \$507.7 million will be provided for the above purposes in FYs 2008 and 2009, respectively.

Program 2.02: Pavement Preservation and Bridges

Program Description: This program provides funds to ODOT districts in order to maintain the existing pavements on two-lane state routes (the General System); interstate routes, freeways, and multi-lane roads (the Priority System); and U.S. and state routes within municipal boundaries (the Urban System). In addition, the program remedies deficiencies in bridge paint condition, wearing surfaces, and deck condition. All of the program's funds over the biennium will be budgeted for capital expenditures, such as: engineering and design services, right-of-way acquisition, utility relocation, construction, and construction inspection. All of the funding allocated to the 12 districts throughout the state is goal driven and based on roadway condition indicators.

Funding Source: State and federal motor fuel tax revenues and bonds

Implication of the Budget: The budget will provide the necessary funding for preservation and replacement of existing pavements and bridges throughout the state. Specifically, funding will cover all costs associated with design, necessary right-of-way acquisition and utility relocation, and construction and inspections. The Department will continue 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. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$801.3 million and \$831.9 million will be provided for pavement and bridge preservation in FYs 2008 and 2009, respectively.

Program 2.03: Safety

Program Description: This program provides funding for safety projects that contribute to improving safety and reducing the severity, frequency, and rate of crashes on the state highway system and local roads. The program's objectives are to reduce the crash fatality rate per vehicle miles traveled. In the long-term the Department's goals are to see a 10% reduction in crashes by 2015, a 25% reduction in rear-end crashes by 2015, and an overall reduction in fatality rates. Examples of projects include signing, striping, clearing brush, traffic signal coordination, two-way left turn lanes, additional lanes, and other roadway modifications.

Funding Source: State and federal motor fuel tax revenues and bonds

Implication of the Budget: The budget will allow ODOT to maintain its safety and congestion program and identify and improve areas with high crash frequency and severity. Over the biennium, the Department will continue funding low cost, short-term measures and monitor the impact on crash reductions. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$70.0 million and \$71.3 million will be provided for safety program projects in FYs 2008 and 2009, respectively.

Program 2.04: Local Government Programs

Program Description: This program allocates federal funds for the replacement and rehabilitation of transportation infrastructure in the following local government programs: Metropolitan Planning Organizations-Urban, Local Participation, County Bridge and Surface, Local Major Bridge, Transportation Enhancement, Small Cities, City Bridge, and Safe Routes to Schools.

Funding Source: Federal funds and local government matching funds

Implication of the Budget: Federal funding dollars have come in lower than expected since 2005. As a result, ODOT, in agreement with local governments, has pared down some of the federal discretionary funding it gives to locals. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$387.0 million and \$384.6 million will be provided for the above local government programs in FYs 2008 and 2009, respectively.

Program 2.05: 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. Once a Major/New project is approved by the Transportation Review Advisory Council (TRAC), the project moves through a series of phases before completion. These phases include planning and engineering; design; right of way acquisition, and construction. Since the Major/New program is funded last on ODOT's list of funding priorities, the program ends up absorbing the brunt of the impact if state and federal revenue decreases or if other program costs increase.

The budget will continue the Department long-range Major/New funding goal of providing a 10-year, \$5 billion Major/New construction program. The program plan is to provide approximately \$500 million annually from 2006 through 2015 specifically for Major/New construction. This annual program will be made up of a combination 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.

Funding Source: State and federal motor fuel tax revenues and bonds

Implication of the Budget: The budget allows for the continued funding of the Major/New Construction program, despite limited growth in both state and federal motor fuel tax revenues and the rising costs of construction materials and fuel. These issues were not predicted at the time of the implementation of the previous administration's "Jobs and Progress Plan."

The budget includes a 181% increase in appropriation item 772-428, Highway Infrastructure Bank-Bonds compared to FY 2007 appropriations. This increase will account for the use of grant anticipated revenue vehicle bonds (GARVEEs). With the goal of maintaining the Department's long-

range Major/New funding program, the Department will use GARVEE bonds as a source of revenue to keep the program solvent.

From the Department's perspective, paying a lower debt interest rate on bonds is more advantageous than using additional motor fuel tax revenues due to the erosion of the purchasing power of these revenues. In FY 2007 the interest rate on GARVEE bonds was approximately 3.89% and the interest rate in FY 2006 on state highway bonds was 3.73%.

If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$770.8 million and \$531.1 million will be provided for Major/New Construction in FYs 2008 and 2009, respectively.

Program 2.06: Other Construction Programs

Program Description: This program provides funding for many different activities addressing a variety of issues. The program provides (1) annual debt service for GARVEE bonds, (2) federally earmarked funds to the appropriate local governments, (3) direct loans to public or private entities for local highway projects through the State Infrastructure Bank program, (4) participation in the federal Appalachian development program, (5) funding for the Geological Site Management program, (6) funding for the Rail Grade Separation Initiative, (7) emergency funds for the repair or reconstruction of Federal-aid highways and roads on federal lands that have suffered serious damage by natural disasters or catastrophic failures from an external cause, (8) funding for the replacement and rehabilitation for the rest areas on the state and national highway system, (9) 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, (10) funding for retrofitting roadways with noise barriers state wide, and (11) funding for transportation improvement projects on priority state routes and off-road trails adjacent to priority state routes that improve safety for motorists and horse drawn vehicles through the Amish Buggy Safety program.

Funding Source: GRF; State and federal motor fuel taxes; and State Infrastructure Bank (SIB) dollars (initial capitalization amounts, interest, loan proceeds)

Implication of the Budget: The budget will allow the Department to continue all the programs described above at current service levels. The SIB program will continue to be a desirable resource for local governments to use to access transportation funds now and pay later. Local governments will continue to use motor fuel tax revenues as pledged repayments on SIB loans. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$355.6 million and \$389.4 million will be provided for the above programs in FYs 2008 and 2009, respectively.

Program 2.07: Highway Maintenance Contracts

Purpose: This program series maintains the state highway system in a safe and attractive condition, provides tourist information and clean rest areas for the motoring public, and maintains ODOT facilities and equipment. This program funds the following activities: rest area maintenance/district cleaning, traffic system maintenance, guardrail maintenance, roadside maintenance, and pavement maintenance.

Funding Source: State motor fuel tax revenue. This program series does not use federal dollars.

Implication of the Budget: The budget will be sufficient to accomplish the goals and objectives of this program. ODOT 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. If program allocations go forward in the biennium as indicated during budget deliberations, approximately \$80.1 million and \$81.4 million will be provided for highway maintenance in FYs 2008 and 2009, respectively.

Program Series

3: Public Transportation

Purpose: The Public Transportation program series provides capital, operating, technical, and planning assistance to 60 transit systems serving portions of 58 counties. Of the 60 transit systems, 24 systems are in urban areas and 36 in rural areas. The majority of assistance funds are from federal dollars and are used for grants to transit systems – both for operating assistance and capital purchases. Funding is also provided from the General Revenue Fund (GRF) and the Highway Operating Fund (HOF). All GRF dollars are appropriated in the main operating bill and are used to support operating expenses of the Office of Transit. Like the federal dollars, GRF dollars and other HOF dollars also provide operating and capital grants to public transit systems. The capital assistance grants allow transit systems to purchase transit vehicles, computer equipment, and build transit facilities. Vehicle replacement continues to be the greatest need for Ohio transit systems.

The following table shows the line items in the Public Transportation program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	775-451	Public Transportation-State	\$16,700,000	\$17,000,000
General Revenue Fund Subtotal			\$16,700,000	\$17,000,000
Highway Operating Fund Group				
002	775-452	Public Transportation-Federal	\$25,471,589	\$30,391,763
002	775-454	Public Transportation-Other	\$1,500,000	\$1,500,000
002	775-459	Elderly and Disabled Special Equipment	\$4,730,000	\$4,730,000
212	775-408	Transit Infrastructure Bank-Local	\$2,500,000	\$812,685
212	775-455	Title 49 Infrastructure Bank-State	\$476,485	\$312,795
213	775-457	Transit Infrastructure Bank-State	\$500,000	\$312,082
213	775-460	Transit Infrastructure Bank-Local	\$1,000,000	\$1,000,000
Highway Operating Fund Group Subtotal			\$36,178,074	\$39,059,325
Total Funding: Public Transportation			\$52,878,074	\$56,059,325

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

- **Program 3.01: Public Transit Operating**
- **Program 3.02: Public Transit Assistance**
- **Program 3.03: Elderly and Disabled Assistance**
- **Program 3.04: Technical Assistance**
- **Program 3.05: Transit Infrastructure Bank Loans**

Program 3.01: Public Transit Operating

Program Description: This program covers the operating costs (payroll, supplies, and equipment) of ODOT's Office of Transit. In past budgets, ODOT prorated its operating costs among all the programs within a series.

Funding Source: GRF

Implication of the Budget: The appropriated amounts will cover the majority of costs related to the payroll for 17 employees, supplies, and equipment associated with the Public Transportation program series.

Program 3.02: Public Transit Assistance

Program Description: The Public Transit Assistance Program provides partial funding to rural and urban transit systems for operating assistance and capital projects through the Ohio Public Transportation Grant Program and the Ohio Coordination Program.

The Ohio Public Transportation Grant Program provides grants to transit systems for operating assistance to cover wages, fuel, insurance, training, and vehicle and facility maintenance, as well as for planning assistance and capital purchases.

The Ohio Coordination Program provides grants to assist in the coordination of transportation services among local human service agencies in counties that do not have public transportation systems.

Funding Source: GRF, Federal dollars, motor fuel tax revenues

Implication of the Budget: The budget will maintain current service levels. Replacement buses for urban and rural transit systems will be provided through a \$10 million transfer from the Highway Operating Fund to the Transit Capital Fund (Fund 5E7). These funds may assist in replacing 20 to 25 larger buses used in urban systems and several smaller buses in rural systems. However, this transfer will draw down on the balance in the Highway Operating Fund which is largely used for highway construction, maintenance, and planning.

The budget will also allow the Department to implement two new federal transit programs: the New Freedom Program and the Job Access Reserve Commute (JARC) program. The JARC program has been in existence but was a discretionary program. It is now a formula program administered by the states for small urban and rural areas.

Program 3.03: Elderly and Disabled Assistance

Program Description: This program offers affordable transportation for the elderly and people with disabilities through reduced fare assistance in its Ohio Elderly and Disabled Fare Assistance Program (EDFA). The EDFA is funded entirely with state GRF dollars. Federal dollars allocated under the Specialized Transportation Program (STP) are used for the purchase of vehicles and equipment. The STP is funded from federal (80%) and local matching funds (20%).

Funding Source: GRF and federal dollars

Implication of the Budget: The amounts appropriated will help offset 60% to 70% of public transit farebox losses from reduced fares offered to the elderly and disabled.

Program 3.04: Technical Assistance

Program Description: This program provides oversight for the Ohio Public Transportation Grant Program, the Ohio Coordination program, Specialized Program, and federally mandated Rail Safety Program. Essentially, this program ensures all grantees are in compliance with federal regulations and state program requirements. ODOT staff serve as consultants to public transit systems; offer guidance on ODOT grant programs; conduct program reviews and quality assurance reviews, site visits, and training workshops.

Funding Source: Federal dollars

Implication of the Budget: The budget will allow the Department to accommodate a large part of technical assistance requests, but not all. Service evaluations, route analysis, and transportation development plans may be limited. Furthermore, training workshops such as defensive driving, new director training, and federal program updates may also be limited. Over the biennium, ODOT will continue to minimize travel costs and use more teleconferencing and videoconferencing as opposed to actual site visits. ODOT will also pursue online training courses.

Program 3.05: Transit Infrastructure Bank Loans

Program Description: The Transit Infrastructure Bank Loan program provides another resource local government entities can access as a method to fund transit projects on top of current state grants and federal allocations available. Transit Infrastructure Bank Loans is just one of the loan accounts provided through the State Infrastructure Bank (SIB) program. Funding for transit loans as well as other highway and aviation loans was provided in the initial capitalization of the SIB – \$87 million in federal funds, \$40 million in GRF funds, and \$10 million in motor fuel tax revenues. The moneys from the initial capitalization allow the whole SIB program to serve as a revolving loan program. The appropriations in this program will be used to provide low interest rate loans to local governments to either fund transit construction projects at 100% or to match available federal funding.

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

Implication of the Budget: The budget appropriates \$4,476,485 in FY 2008 and \$2,437,562 in FY 2009 for the Transit Infrastructure Bank Loans program, which will provide the necessary resources for the Department to provide future transit loans from the State Infrastructure Bank.

Program Series**4: Rail Transportation**

Purpose: This program series is administered by the Ohio Rail Development Commission (ORDC). The Commission provides programs that promote economic development and rail-highway safety. ORDC administers federal and state funding of rail safety projects including the upgrading and removal of hazardous crossings as determined by the Public Utilities Commission.

The following table shows the line items that are used to fund the Rail Transportation program series and the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	776-465	Ohio Rail Development Commission	\$3,700,000	\$3,700,000
General Revenue Fund Subtotal			\$3,700,000	\$3,700,000
Highway Operating Fund Group				
002	776-462	Grade Crossing-Federal	\$15,000,000	\$15,000,000
Highway Operating Fund Group Subtotal			\$15,000,000	\$15,000,000
Federal Special Revenue Fund Group				
3B9	776-662	Rail Transportation-Federal	\$10,000	\$10,000
Federal Special Revenue Fund Group Subtotal			\$10,000	\$10,000
State Special Revenue Fund Group				
4N4	776-663	Panhandle Lease Reserve Payments	\$762,500	\$763,700
4N4	776-664	Rail Transportation-Other	\$2,111,500	\$2,111,500
State Special Revenue Fund Group Subtotal			\$2,874,000	\$2,875,200
Total Funding: Rail Transportation			\$21,584,000	\$21,585,200

This program series includes funding for the following:

- **Program 4.01: Rail Operating**
- **Program 4.02: Rail Development Grant and Loan Program**
- **Program 4.03: Rail-Highway Grade Crossing Safety**
- **Program 4.04: Passenger Rail Studies**

Program 4.01: Rail Operating

Program Description: This program consists of the entire operating costs of the Ohio Rail Development Commission. Funding covers payroll, personal service contracts, and all administrative expenses including equipment, travel, and rent.

Funding Source: GRF

Implication of the Budget: The budget will allow the Commission to focus on additional training of existing staff and maintaining current levels of service. The additional training will be for field inspection staff so they can perform multiple duties/inspections in the field.

Program 4.02: Rail Development Grant and Loan Program

Program Description: The Rail Development Grant and Loan 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. The loans and grants are distributed through the following programs: the Rail Line Rehabilitation and Improvement Program, the Economic Development Program, the Acquisition Program, and the State-Owned Rail Line Program.

Funding Source: GRF; federal dollars; loan repayments

Implication of the Budget: Funding levels will significantly increase the Commission's grant and loan program. The Commission will provide additional grants largely for rail spurs and short-line rail in an effort to increase economic development.

Program 4.03: Rail-Highway Grade Crossing Safety

Program Description: This is a federally mandated program that 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.

Funding Source: Federal rail funds

Implication of the Budget: The budget appropriates \$15,000,000 in each fiscal year, the same appropriated for the previous biennium, which will maintain current service levels and allow the ORDC to continue providing federally mandated moneys to communities to eliminate rail hazards.

Program 4.04: Passenger Rail Studies

Program Description: The Passenger Rail Studies Program focuses on planning and project development activities related to the initiation of possible intercity as well as regional passenger rail services. The ORDC is directed to prepare a plan for passenger rail in the state with the initial route being in the Cleveland-Columbus-Cincinnati Corridor, also known as the Ohio Hub. The Ohio Hub plan is an interconnected, intercity, passenger rail system that serves the major cities in the state and connects to rail corridors in neighboring states as well as other multiple modes such as air travel.

Funding Source: GRF

Implication of the Budget: The budget will allow the Rail Commission to continue to prepare the state to potentially leverage federal dollars for passenger rail services by supporting ongoing conceptual development of the Ohio Hub Passenger Rail System Plan.

Program Series**5: Aviation**

Purpose: This program series is responsible for working with airports to meet national safety standards, making infrastructure improvements, coordinating with the Federal Aviation Administration, registering aircrafts, providing air transportation to state officials, and maintaining the state's aircraft fleet.

The following table shows the line items that are used to fund the Aviation program series and the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
General Revenue Fund				
GRF	777-471	Airport Improvements-State	\$3,293,985	\$1,794,003
General Revenue Fund Subtotal			\$3,293,985	\$1,794,003
Highway Operating Fund Group				
002	777-472	Airport Improvements-Federal	\$405,000	\$405,000
002	777-475	Aviation Administration	\$5,210,000	\$5,358,100
213	777-477	Aviation Infrastructure Bank-State	\$2,000,000	\$3,500,000
213	777-478	Aviation Infrastructure Bank-Local	\$5,996,118	\$6,000,000
Highway Operating Fund Group Subtotal			\$13,611,118	\$15,263,100
State Special Revenue Fund Group				
5W9	777-615	County Airport Maintenance	570,000	570,000
State Special Revenue Fund Group Subtotal			\$570,000	\$570,000
Total Funding: Aviation			\$17,475,103	\$17,627,103

This program series includes funding for the following:

- **Program 5.01: Aviation Operating**
- **Program 5.02: Aviation Improvement Program**
- **Program 5.03: Aviation Infrastructure Bank Loans**

Program 5.01: Aviation Operating

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 ODOT missions such as aerial photography, emergency management, forestry missions, homeland security, prisoner transfers, ODNR missions, wild animal inoculations, and assisting in marijuana eradication. The Department maintains a fleet of 30 state aircraft, which includes those of the Ohio State Highway Patrol and the Ohio Department of Natural Resources. The majority of budgeted dollars are spent for passenger transportation missions, marijuana eradication, aerial photo missions, and maintenance test flights.

Funding Source: GRF; motor fuel tax revenues; flight fees

Implication of the Budget: The budget will fund existing levels of service. As a cost savings measure, ODOT will continue completing more in-house aircraft inspections rather than contracting inspections out, saving roughly \$1,500 per inspection. ODOT also anticipates savings close to \$16,500 from the installation of installed fuel sump saver units on its aircraft.

Program 5.02: Aviation Improvement Program

Program Description: The Airport Improvement Program focuses primarily on airport safety and airport capital improvements. The Airport Safety Program regulates 164 public use airports, 9 public use heliports, 440 private airports, 300 private heliports, and 5 seaplane bases.

Airport safety involves conducting airport inspections (every two years), enforcement of aviation laws, and aircraft registration and data gathering. Airport inspections ensure airport operations comply with Federal Aviation Administration (FAA) standards. After inspections, airports are advised of deficiencies and assisted in developing a corrective plan. The capital improvement portion of this program provides grants to public-owned airports for runway maintenance (including marking and lighting), runway extensions, apron extensions, navigational aids, and weather reporting equipment. The Airport Improvement Program also registers all Ohio-based aircraft.

Funding Source: GRF; federal dollars; general aviation license tax (\$15 per aircraft seat); and annual flat rate of \$15 for gliders and balloons

Implication of the Budget: The budget provides funding sufficient to maintain current service levels. Overall, the grant program will likely continue providing grants that target pavement system deficiencies and other capital improvements at existing levels. The budget requires \$1,500,000 to be used for air travel and support and economic development of statewide airports.

Further, the provision allows the directors of Development and Transportation may enter into one or more agreements between their two departments as necessary to implement a statewide strategy to enhance Ohio's airports as centers of regional economic development. Currently, it is unknown what type of projects the earmark will support, how many, and or what the statewide strategy will include.

Program 5.03: Aviation Infrastructure Bank Loans

Program Description: The Aviation Infrastructure Bank Loan program provides another resource publicly owned airports may use to fund aviation projects. Similar to Transit Infrastructure Bank Loans, Aviation Infrastructure Bank Loans are another loan account provided through the State Infrastructure Bank (SIB) program. Funding for aviation loans as well as other highway and transit loans was provided in the initial capitalization of the SIB – \$87 million in federal funds, \$40 million in GRF funds, and \$10 million in motor fuel tax revenues. The moneys from the initial capitalization allow the whole SIB program to serve as a revolving loan program. The Department is also starting an SIB bond program that provides funding by leveraging loan repayments. The appropriations in this program will be used to provide low interest rate loans to local governments to either fund aviation capital improvement projects at 100% or to match available federal funding.

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

Implication of the Budget: The budget appropriates \$7,996,118 in FY 2008 and \$9,500,000 in FY 2009 for the Aviation Infrastructure Bank Loan program. These funding levels will provide the necessary resources for the Department to provide future aviation loans from the State Infrastructure Bank for capital improvements at public-use airports.

Program Series**6: Program Management**

Purpose: This program series provides the management support for all the Department's programs, supports capital improvements to ODOT facilities and pays the debt service on bonds issued for such improvements.

The following table shows the line items that are used to fund the Program Management program series as well as the funding levels for the FY 2008 - 2009 biennium.

Fund	ALI	Title	FY 2008	FY 2009
Highway Operating Fund Group				
002	770-003	Administration-State-Debt Service	\$10,555,300	\$3,614,700
002	779-491	Administration-State	\$120,262,864	\$122,601,493
Highway Operating Fund Group Subtotal			\$130,818,164	\$126,216,193
Total Funding: Program Management			\$130,818,164	\$126,216,193

This program series includes the following:

- **Program 6.01: Administration**
- **Program 6.02: Land and Buildings**

Program 6.01: Administration

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. 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 and other highway related revenues

Implication of the Budget: The budget will allow the Department to maintain current service and staffing levels and debt service payments over the biennium.

Program 6.02: Land and Buildings

Program Description: This program is directed toward 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 and other highway related revenues

Implication of the Budget: The budget maintains current service levels for the Land and Buildings program.

FY 2008 - 2009 Final Appropriation Amounts

All Fund Groups

<i>Line Item Detail by Agency</i>			<i>FY 2007 Adj.</i>	<i>FY 2008</i>	<i>% Change</i>	<i>FY 2009</i>	<i>% Change</i>		
			<i>FY 2005:</i>	<i>FY 2006: Appropriations:</i>	<i>Appropriations:</i>	<i>2007 to 2008:</i>	<i>Appropriations:</i>	<i>2008 to 2009:</i>	
Report For: Main Operating Appropriations Bill			Version: Enacted						
DOT Transportation, Department of									
GRF	775-451	Public Transportation-State	\$ 23,264,179	\$ 20,130,270	\$ 16,300,000	\$ 16,700,000	2.45%	\$ 17,000,000	1.80%
GRF	775-456	Public Transportation/Discretionary Capital	\$ 1,228,415	\$ 490,393	\$ 0	----	N/A	----	N/A
GRF	775-458	Elderly & Disabled Fare Assistance	\$ 596	----	\$ 0	----	N/A	----	N/A
GRF	776-465	Ohio Rail Development Commission	\$ 3,522,550	\$ 2,200,145	\$ 2,700,000	\$ 3,700,000	37.04%	\$ 3,700,000	0.00%
GRF	776-466	Railroad Crossing/Grade Separation	\$ 773,124	\$ 254,158	\$ 789,600	\$ 789,600	0.00%	\$ 789,600	0.00%
GRF	777-471	Airport Improvements-State	\$ 1,810,733	\$ 2,577,086	\$ 1,793,985	\$ 3,293,985	83.61%	\$ 1,794,003	-45.54%
GRF	777-473	Rickenbacker Lease Payments-State	\$ 543,014	\$ 535,626	\$ 320,300	----	N/A	----	N/A
General Revenue Fund Total			\$ 31,142,610	\$ 26,187,677	\$ 21,903,885	\$ 24,483,585	11.78%	\$ 23,283,603	-4.90%
5E7	775-657	Transit Capital Funds	\$ 652,994	\$ 353,917	\$ 0	----	N/A	----	N/A
General Services Fund Group Total			\$ 652,994	\$ 353,917	\$ 0	----	N/A	----	N/A
5CF	776-667	Rail Transload Facilities	----	----	\$ 400,000	----	N/A	----	N/A
State Special Revenue Fund Group Total			----	----	\$ 400,000	----	N/A	----	N/A
Transportation, Department of Total			\$ 31,795,604	\$ 26,541,594	\$ 22,303,885	\$ 24,483,585	9.77%	\$ 23,283,603	-4.90%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

Line Item Detail by Agency

FY 2005: *FY 2006:* *FY 2007 Adj. Appropriations:* *FY 2008 Appropriations:* *% Change 2007 to 2008:* *FY 2009 Appropriations:* *% Change 2008 to 2009:*

Report For: Transportation Budget

Version: Enacted

DOT Transportation, Department of

3B9	776-662	Rail Transportation-Federal	\$ 48,155	\$ 363	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
Federal Special Revenue Fund Group Total			\$ 48,155	\$ 363	\$ 10,000	\$ 10,000	0.00%	\$ 10,000	0.00%
4N4	776-663	Panhandle Lease Reserve Payments	---	---	\$ 764,400	\$ 762,500	-0.25%	\$ 763,700	0.16%
4N4	776-664	Rail Transportation-Other	\$ 1,162,900	\$ 1,040,201	\$ 2,111,500	\$ 2,111,500	0.00%	\$ 2,111,500	0.00%
5W9	777-615	County Airport Maintenance	\$ 114,343	\$ 436,630	\$ 570,000	\$ 570,000	0.00%	\$ 570,000	0.00%
State Special Revenue Fund Group Total			\$ 1,277,243	\$ 1,476,832	\$ 3,445,900	\$ 3,444,000	-0.06%	\$ 3,445,200	0.03%
002	770-003	Administration-State-Debt Service	\$ 13,393,459	\$ 12,964,242	\$ 10,923,100	\$ 10,555,300	-3.37%	\$ 3,614,700	-65.75%
002	771-411	Planning and Research-State	\$ 14,225,862	\$ 16,048,766	\$ 19,112,000	\$ 20,724,547	8.44%	\$ 21,733,301	4.87%
002	771-412	Planning and Research-Federal	\$ 22,912,973	\$ 24,821,192	\$ 40,000,000	\$ 29,996,363	-25.01%	\$ 30,264,923	0.90%
002	772-421	Highway Construction-State	\$ 508,574,905	\$ 493,079,108	\$ 578,969,730	\$ 528,722,188	-8.68%	\$ 504,184,419	-4.64%
002	772-422	Highway Construction-Federal	\$ 942,829,102	\$ 1,086,636,087	\$ 1,131,500,000	\$ 1,103,979,148	-2.43%	\$ 1,086,733,759	-1.56%
002	772-424	Highway Construction-Other	\$ 62,454,927	\$ 52,305,838	\$ 53,500,000	\$ 106,439,000	98.95%	\$ 100,379,155	-5.69%
002	772-437	GARVEE Debt Service - State	---	---	\$ 0	\$ 10,321,300	N/A	\$ 19,273,500	86.74%
002	772-438	GARVEE Debt Service - Federal	---	---	\$ 0	\$ 113,915,900	N/A	\$ 139,015,000	22.03%
002	773-431	Highway Maintenance-State	\$ 376,567,481	\$ 370,516,138	\$ 393,313,472	\$ 403,252,901	2.53%	\$ 417,915,187	3.64%
002	775-452	Public Transportation-Federal	\$ 18,099,674	\$ 20,730,219	\$ 30,365,000	\$ 25,471,589	-16.12%	\$ 30,391,763	19.32%
002	775-454	Public Transportation-Other	\$ 429,559	\$ 658,843	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
002	775-459	Elderly and Disabled Special Equipment	\$ 1,476,512	\$ 2,213,228	\$ 4,595,000	\$ 4,730,000	2.94%	\$ 4,730,000	0.00%
002	776-462	Grade Crossings-Federal	\$ 11,380,273	\$ 8,593,475	\$ 15,000,000	\$ 15,000,000	0.00%	\$ 15,000,000	0.00%
002	777-472	Airport Improvements-Federal	\$ 198,831	\$ 211,169	\$ 405,000	\$ 405,000	0.00%	\$ 405,000	0.00%
002	777-475	Aviation Administration	\$ 3,398,583	\$ 5,490,564	\$ 4,046,900	\$ 5,210,000	28.74%	\$ 5,358,100	2.84%
002	779-491	Administration-State	\$ 117,731,660	\$ 105,983,054	\$ 121,057,898	\$ 120,262,864	-0.66%	\$ 122,601,493	1.94%
212	770-005	Infrastructure Debt Service-Federal	\$ 66,592,452	---	\$ 0	---	N/A	---	N/A
212	772-423	Infrastructure Lease Payments-Federal	\$ 11,290,018	---	\$ 0	---	N/A	---	N/A
212	772-426	Highway Infrastructure Bank-Federal	\$ 10,886,209	\$ 10,542,981	\$ 2,000,000	\$ 4,303,173	115.16%	\$ 4,018,649	-6.61%
212	772-427	Highway Infrastructure Bank-State	\$ 10,647,942	\$ 13,981,913	\$ 8,853,400	\$ 8,268,315	-6.61%	\$ 10,209,272	23.47%
212	772-429	Highway Infrastructure Bank-Local	---	---	\$ 12,500,000	\$ 11,000,000	-12.00%	\$ 11,499,999	4.55%
212	772-430	Infrastructure Debt Reserve Title 23-49	---	---	\$ 1,500,000	\$ 1,500,000	0.00%	\$ 1,500,000	0.00%
212	775-408	Transit Infrastructure Bank-Local	---	---	\$ 2,500,000	\$ 2,500,000	0.00%	\$ 812,685	-67.49%

FY 2008 - 2009 Final Appropriation Amounts

All Fund Group

<i>Line Item Detail by Agency</i>			<i>FY 2005:</i>	<i>FY 2006:</i>	<i>FY 2007 Adj. Appropriations:</i>	<i>FY 2008 Appropriations:</i>	<i>% Change 2007 to 2008:</i>	<i>FY 2009 Appropriations:</i>	<i>% Change 2008 to 2009:</i>
DOT Transportation, Department of									
212	775-455	Title 49 Infrastructure Bank - State	----	----	\$ 1,000,000	\$ 476,485	-52.35%	\$ 312,795	-34.35%
213	772-431	Roadway Infrastructure Bank - State	----	----	\$ 1,775,461	\$ 1,000,000	-43.68%	\$ 1,000,000	0.00%
213	772-432	Roadway Infrastructure Bank-Local	----	----	\$ 7,000,000	\$ 6,000,000	-14.29%	\$ 6,000,000	0.00%
213	772-433	Infrastructure Debt Reserve - State	----	----	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
213	775-457	Transit Infrastructure Bank - State	----	----	\$ 500,000	\$ 500,000	0.00%	\$ 312,082	-37.58%
213	775-460	Transit Infrastructure Bank-Local	----	----	\$ 1,000,000	\$ 1,000,000	0.00%	\$ 1,000,000	0.00%
213	777-477	Aviation Infrastructure Bank-State	\$ 2,000,000	\$ 609,455	\$ 3,000,000	\$ 2,000,000	-33.33%	\$ 3,500,000	75.00%
213	777-478	Aviation Infrastructure Bank-Local	----	----	\$ 7,000,000	\$ 5,996,118	-14.34%	\$ 6,000,000	0.06%
214	770-401	Infrastructure Debt Service-Federal	----	\$ 73,372,557	\$ 105,129,400	----	N/A	----	N/A
214	772-434	Infrastructure Lease Payments-Federal	----	\$ 2,614,380	\$ 12,536,000	----	N/A	----	N/A
4T5	770-609	Administration Memorial Fund	\$ 640	----	\$ 0	----	N/A	----	N/A
Highway Operating Fund Group Total			\$ 2,195,091,063	\$ 2,301,373,209	\$ 2,572,582,361	\$ 2,547,030,191	-0.99%	\$ 2,551,265,782	0.17%
045	772-428	Highway Infrastructure Bank-Bonds	\$ 56,551,078	\$ 12,693,458	\$ 160,000,000	\$ 450,000,000	181.25%	\$ 400,000,000	-11.11%
Infrastructure Bank Obligations Fund Group Total			\$ 56,551,078	\$ 12,693,458	\$ 160,000,000	\$ 450,000,000	181.25%	\$ 400,000,000	-11.11%
042	772-723	Highway Construction-Bonds	\$ 173,318,802	\$ 164,862,472	\$ 150,000,000	\$ 200,000,000	33.33%	\$ 100,000,000	-50.00%
Highway Capital Improvement Fund Group Total			\$ 173,318,802	\$ 164,862,472	\$ 150,000,000	\$ 200,000,000	33.33%	\$ 100,000,000	-50.00%
Transportation, Department of Total			\$ 2,426,286,341	\$ 2,480,406,333	\$ 2,886,038,261	\$ 3,200,484,191	10.90%	\$ 3,054,720,982	-4.55%