

# Greenbook

## LBO Analysis of Enacted Budget

### Department of Transportation

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## Department of Transportation

### Quick look...

- H.B. 33 provides GRF funding totaling \$654.2 million to support ODOT’s nonhighway transportation modes, including rail development and airport improvements. Of the total, the Connect4Ohio initiative receives \$500.0 million to improve rural commuters’ access to employment centers.
- The vast majority of ODOT’s budget is supported by federal and state motor fuel tax revenues and bond proceeds appropriated in H.B. 23, the FY 2024-FY 2025 transportation budget bill. ODOT appropriations under H.B. 23 total \$11.5 billion for the biennium.

Fund Group	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
General Revenue*	\$51,245,454	\$46,807,140	\$16,747,500	\$16,500,000
Dedicated Purpose	\$7,842,214	\$8,393,320	\$616,000,000	\$5,000,000
Total	\$59,087,668	\$55,200,460	\$632,747,500	\$21,500,000
% change	--	-6.6%	1,046.3%	-96.0%
<i>GRF % change</i>	--	-8.7%	-64.2%	-1.5%

\*GRF actuals for FY 2022 and FY 2023 reflect spending under GRF ALI 775470, Public Transportation – State, appropriated under H.B. 110, the main operating budget of the FY 2022-FY 2023 biennium. For the FY 2024-FY 2025 biennium, this ALI is funded in H.B. 23, the transportation budget for the 135<sup>th</sup> General Assembly, and is therefore not reflected here.

### Analysis of FY 2024-FY 2025 budget

H.B. 33 of the 135<sup>th</sup> General Assembly provides the Ohio Department of Transportation (ODOT) with a total of \$654.2 million over the FY 2024-FY 2025 biennium to support grants that improve Ohio’s rail, airport, and maritime infrastructure. About \$33.2 million of this funding comes directly from the GRF and \$621.0 million from dedicated purpose funds. Of the total for the biennium, \$500.0 million will go to the new Connect4Ohio initiative.

### Highlights

#### Connect4Ohio Program

H.B. 33 establishes the new Connect4Ohio Program to be administered by ODOT. The goal of the initiative is to make it easier for Ohio workers to commute from their homes to employment centers. The program is funded via a cash transfer of \$500 million in FY 2024 from the FY 2023 GRF ending balance to the Connect4Ohio Fund (Fund 5ZR0). The act requires the Transportation Review Advisory Council (TRAC) and ODOT to work together to prioritize projects that: (1) complete existing corridor projects, (2) eliminate traffic impediments along highways, (3) benefit rural communities, (4) provide funding at 100% of the project cost when appropriate, and (5) provide matching community funds that are required for TRAC approval of a project.

## **Rail Safety Crossing Match**

H.B. 33 establishes Fund 5ZP0 appropriation line item (ALI) 776505, Rail Safety Crossing Match, to provide funding to make safety improvements at rail crossings. The bill appropriates \$100.0 million for this purpose in FY 2024. There are 8,672 at-grade crossings in the state, of which 5,658 are public at-grade crossings eligible for federal safety funding. Funding under this line item will be used to supplement local governments in providing matching funds for federal grants available under the Infrastructure Investment and Jobs Act (IIJA). The program is funded via a cash transfer of \$100.0 million from the FY 2023 GRF ending balance to the Rail Safety Crossing Fund (Fund 5ZP0).

## **Ohio Wayside Detector System Expansion Program**

The budget establishes Fund 5AU1 ALI 776675, Wayside Detector Grants, with an appropriation of \$10.0 million in FY 2024 to fund the Ohio Wayside Detector System Expansion Program, administered by the Ohio Rail Development Commission. The program allows Class II (medium sized freight railroads) and Class III (smaller sized freight railroads) railroad companies doing business in Ohio to apply for competitive grants under the program for wayside detector system projects, including projects related to installation, equipment, power sources, and employee training. Class II railroad companies must fund 40% of their wayside detector system project, and Class III, 15%. Large freight Class I railroads are not eligible. The program is funded via a cash transfer of \$10.0 million from the FY 2023 GRF ending balance to the Wayside Detector Grant Fund (Fund 5AU1).

## **FlyOhio Tethered Drones Pilot Program**

H.B. 33 earmarks up to \$247,500 for the Office of Aviation in the Department of Transportation to conduct a pilot program to field test the use of tethered drones, with up to 3.0% of that amount allowed for administrative costs. Specifically, the tests must gauge the feasibility and cost-effectiveness of using tethered drones to provide data and information to emergency responders, public safety professionals, and infrastructure security professionals. The tests must occur over rural campsite areas and urban or suburban areas. Under the program, the Office must examine both mobile and permanent tethered drones, including deployment in all weather and hazard conditions. The purchase and use of tethered drones must occur through the Mandel Jewish Community Center in Cleveland at its main campus site and at the Center's Camp Wise in Geauga County. The Office of Aviation must issue a report of its findings on July 1, 2024, and July 1, 2025. After submission of the 2025 report, the pilot program is abolished.

## **Diesel Emissions Grant Reduction Program**

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

## Vetoed provisions

The Governor vetoed a provision that would have altered the membership of TRAC. The provision would have maintained nine voting members of TRAC. However, the provision would alter membership by: (1) reducing the number of members appointed by the Governor from six to five, (2) increasing the number of members appointed by each the Speaker of the House and the Senate President from one to two, and (3) making the Director of Transportation a nonvoting member.

## Appropriations

### DriveOhio and UAS Center EV Workforce Transformation (ALI 772455)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>GRF ALI 772455, DriveOhio and UAS Center EV Workforce Transformation</b>					
\$0	\$0	\$0	\$0	\$500,000	\$500,000
% change	--	--	--	--	0%

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

### Unmanned Aerial Systems Center (ALI 772456)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>GRF ALI 772456, Unmanned Aerial Systems Center</b>					
\$0	\$0	\$0	\$0	\$247,500	\$0
% change	--	--	--	--	-100%

This line item is used to fund the newly established FlyOhio Tethered Drone Pilot Program. Under this program, the Office of Aviation will field test the use of tethered drones over rural campsite areas and urban or suburban areas and gauge the feasibility and cost-effectiveness of using these drones to provide data and information to emergency responders, public safety professionals, and infrastructure security professionals. Up to 3.0% of the appropriation may be used to pay administrative and reporting costs for the program. Any unexpended, unencumbered portion of this appropriation at the end of FY 2024 is automatically reappropriated for the same purpose in FY 2025.

## Rail Development (ALI 776465)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>GRF ALI 776465, Rail Development</b>					
\$1,927,300	\$1,841,130	\$518,811	\$829,076	\$6,000,000	\$6,000,000
% change	-4.5%	-71.8%	59.8%	623.7%	0%

This ALI provides money for grants awarded by the Ohio Rail Development Commission (ORDC) under the Rail Development Grant and Loan Program. The sizeable increase for the biennium would provide more matching funds for competitive grants from the Infrastructure Investment and Jobs Act (IIJA) and help meet demand for rail development projects. The program provides financial assistance to railroads, businesses, and communities for the rehabilitation, acquisition, preservation, or construction of rail and rail-related infrastructure. Loan funding is appropriated in H.B. 23 under Fund 4N40 line item 776664, Rail Transportation – Other. Fund 4N40 line item 776664 also includes appropriations for ORDC’s payroll and administrative costs. ORDC coordinates with JobsOhio, the Department of Development, and other offices within ODOT to package incentives for the various development projects.

## Airport Improvements – State (ALI 777471)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>GRF ALI 777471, Airport Improvements – State</b>					
\$5,746,673	\$6,757,383	\$2,982,215	\$5,737,277	\$10,000,000	\$10,000,000
% change	17.6%	-55.9%	92.4%	74.3%	0%

The majority of the funding under this line item is slated for grants awarded through the Ohio Airport Grant Program, which provides money for capital improvements, infrastructure, and safety enhancements at the roughly 95 publicly owned, public use airports in Ohio that do not receive Federal Aviation Administration (FAA) Air Carrier Enplanement or Air Cargo funds. The state share of project funding cannot exceed 95% of the project cost.

In addition to this GRF funding, the Office of Aviation is provided funding from the Highway Operating Fund, under H.B. 23, the transportation budget for the FY 2024-FY 2025 biennium. Specifically, that portion of funding is appropriated under line item 777475, Aviation Administration. Much of the H.B. 23 funding, however, is used for maintaining the state air fleet, comprising 25 aircraft. Additionally, the line item partially pays for the operating costs of the Ohio/Indiana Unmanned Aerial Systems (UAS) Center, which is located in Springfield.

## Wayside Detector Grants (ALI 776675)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>Fund 5AU1 ALI 776675, Wayside Detector Grants</b>					
\$0	\$0	\$0	\$0	\$10,000,000	\$0
% change	--	--	--	--	-100%

This ALI will be used to provide wayside detector system grants for medium and smaller sized freight hauling railroads. Under this competitive grant program, eligible railroads can use funding for system installation, equipment, power sources, and employee training. Class II operators must pay 40% of costs and Class III operators must pay 15% of costs. Any unexpended, unencumbered portion of this appropriation at the end of FY 2024 is reappropriated for the same purpose in FY 2025. The program is funded via a cash transfer of \$10.0 million in FY 2024 from the FY 2023 GRF ending balance to the Wayside Detector Grant Fund (Fund 5AU1).

## Orphan Rail (ALI 776676)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>Fund 5AV1 ALI 776676, Orphan Rail</b>					
\$0	\$0	\$0	\$0	\$1,000,000	\$0
% change	--	--	--	--	-100%

H.B. 33 requires this new ALI to be used by the Ohio Rail Development Commission, in conjunction with the Department of Transportation, to pay the expenses of the newly established Orphan Rail Crossing Program. The scope of the program is to be worked out between the two entities. Under H.B. 33, it is funded via a cash transfer of \$1.0 million in FY 2024 from the FY 2023 GRF ending balance to the Orphan Rail Fund (Fund 5AV1).

## Ohio Maritime Assistance Program (ALI 776670)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>Fund 5QT0 ALI 776670, Ohio Maritime Assistance Program</b>					
\$0	\$5,556,889	\$7,842,214	\$8,393,320	\$5,000,000	\$5,000,000
% change	--	41.1%	7.0%	-40.4%	0%

The Ohio Maritime Assistance Program provides grants to maritime port authorities to build new marine cargo terminals or improve existing ones. Qualifying port authorities must both (1) be located in a federally qualified opportunity zone, and (2) have an active marine cargo terminal with a stevedoring operation located on the shore of either Lake Erie or the Ohio River. Eligible project costs include land acquisition, site development, construction of infrastructure and logistics facilities related to the terminals, acquisition of cargo handling equipment and machinery, and planning and design services associated with construction. Port authorities must

provide 1:1 matching funds to grant award funding. The program is funded via cash transfers of \$5.0 million in each fiscal year from the GRF to the Ohio Maritime Assistance Fund (Fund 5QT0).

### Rail Safety Crossing Match (ALI 776505)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>Fund 5ZP0 ALI 776505, Rail Safety Crossing Match</b>					
\$0	\$0	\$0	\$0	\$100,000,000	\$0
% change	--	--	--	--	-100%

This ALI is to be used to provide funding to make safety improvements at rail crossings. The entirety of this funding is to provide this federal match. There are 8,672 at-grade crossings in the state, of which 5,658 are public at-grade crossings eligible for federal safety funding. Funding under this line item will be used to supplement local governments in providing matching funds for federal grants available under IJJA. ODOT anticipates that successful grant bids will need to use 50% matching funds, rather than 20%, to be competitive. Any unexpended, unencumbered portion of this appropriation at the end of FY 2024 will be automatically reappropriated for the same purpose in FY 2025. The program is funded via a cash transfer of \$100.0 million in FY 2024 from the FY 2023 GRF ending balance to the Rail Safety Crossing Fund (Fund 5ZP0).

### Connect4Ohio (ALI 776673)

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Appropriation	FY 2025 Appropriation
<b>Fund 5ZR0 ALI 776673, Connect4Ohio</b>					
\$0	\$0	\$0	\$0	\$500,000,000	\$0
% change	--	--	--	--	-100%

H.B. 33 creates the Connect4Ohio Program to improve Ohio's roadways for easier commutes from rural areas to Ohio's job centers. The budget provides \$500.0 million for this purpose. Under the program, funding will be awarded to projects that prioritize: (1) completing existing corridor projects, (2) eliminating traffic impediments along highways, (3) benefiting rural communities, (4) providing funding at 100% of the project cost when appropriate, and (5) providing matching community funds that are required for TRAC approval of a project. Any unexpended, unencumbered portion of this appropriation at the end of FY 2024 is automatically reappropriated for the same purpose in FY 2025. The program is funded via a cash transfer of \$500.0 million in FY 2024 from the FY 2023 GRF ending balance to the Connect4Ohio Fund (Fund 5ZR0).