

Redbook

LBO Analysis of Executive Transportation Budget Proposal – Part II

Public Works Commission
Department of Development
Ohio Turnpike and Infrastructure Commission

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Attachments:

PWC Catalog of Budget Line Items

PWC Appropriation Spreadsheet

DEV Catalog of Budget Line Items

DEV Appropriation Spreadsheet

LBO Redbook

Transportation Budget – Other Agencies

Introduction

Part II of this Redbook covers the two other state agencies funded in the transportation budget for FY 2026-FY 2027: the Public Works Commission (PWC) to operate the Local Transportation Improvement Program and the Department of Development (DEV) for the Roadwork Development Grant Program. These programs make up the remaining \$160.1 million of all funding in the proposed transportation budget and are summarized within this section. Also provided is an overview of the Ohio Turnpike and Infrastructure Commission (OTIC) and its budget for calendar year (CY) 2025. OTIC is a state agency but is not appropriated money from any state funds included in the transportation budget or the main operating budget.

Public Works Commission

Local Transportation Improvement Program

The bill provides appropriations of \$62.3 million in FY 2026 and \$67.3 million in FY 2027 to fund the Local Transportation Improvement Program (LTIP), through which PWC provides grant funding to local governments for road and bridge projects. The funding for LTIP in this budget encompasses program year (PY) 39 and PY 40 of the program. PWC typically maintains an active portfolio of approximately 300 ongoing LTIP projects. With the LTIP funding recommended in the transportation budget, PWC expects to approve a similar number of LTIP projects for PY 39 and PY 40.

The program is funded by a share of the revenue generated by the Ohio motor fuel tax (MFT) that is then transferred to the Local Transportation Improvement Program Fund (Fund 7052). This generated \$58.4 million for LTIP in FY 2024. The transportation budget includes two appropriation line items (ALIs) that cover LTIP. The first provides funding for grants and the second provides funding to cover PWC's operating costs for the program.¹

¹ In addition to LTIP, PWC oversees two other programs: the State Capital Improvement Program (SCIP) and a greenspace component of the Clean Ohio Conservation Program (COCP). These two programs are funded by general obligation (GO) bonds. The capital budget bill includes appropriations for the grant and loan awards to entities, while the main operating budget bill provides appropriations for the debt service and operating costs of SCIP and COCP.

Fund/ALI	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
Fund 7052 ALI 150701, Local Transportation Improvement Program	\$58,000,000	\$62,000,000	\$67,000,000
% change	--	6.9%	8.1%
Fund 7052 ALI 150402, Local Transportation Improvement Program – Operating	\$323,792	\$324,768	\$330,375
% change	--	0.3%	1.7%
Local Transportation Improvement Program Total:	\$58,323,792	\$62,324,768	\$67,330,375
% change	--	6.9%	8.0%

LTIP grants (ALI 150701)

This ALI is used to award grants to local governments for road and bridge projects. Although the number of projects funded by LTIP varies from year to year, PWC anticipates that the recommended funding levels will cover awards for approximately 300 projects over the course of the FY 2026-FY 2027 biennium.

The executive budget recommends LTIP grant funding of \$62.0 million in FY 2026 and \$67.0 million in FY 2027. Temporary law allows for prior years’ unused funds to be reappropriated. Consequently, there may be more residual funding available for LTIP grants in FY 2026 and FY 2027 beyond the amounts provided in the transportation budget. The balance of the Local Transportation Improvement Program Fund (Fund 7052) was \$90.7 million as of January 28, 2025.

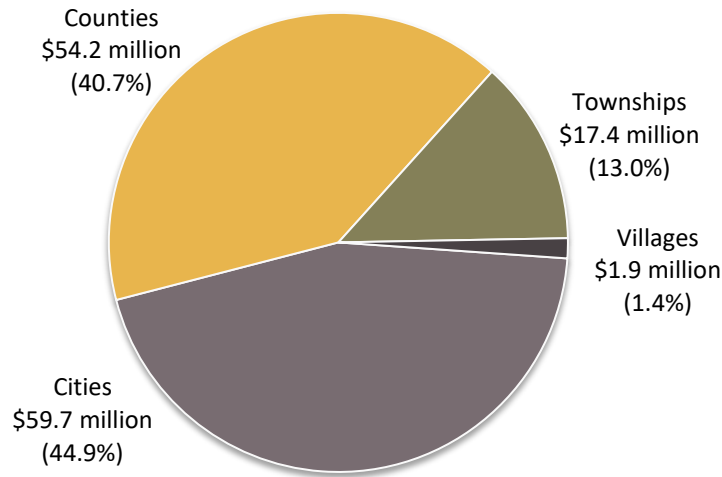
Grant application and award process

LTIP funding is allocated annually on a per-capita basis to each of the 19 district public works integrating committees (DPWICs), consisting of local officials representing all levels of government across Ohio. LTIP grants cover up to 100% of project costs. Eligible costs include property and facility acquisition, engineering and design, and construction. Each DPWIC has some discretion in evaluating and scoring applications using a locally developed methodology based on certain statutory criteria. After evaluating and scoring the projects, a DPWIC creates a list of high-priority projects. PWC then reviews the project selection and evaluation methodology to ensure fair and objective decision making. Once approved, a formal agreement is issued, with PWC providing technical assistance through the project’s completion.

Grant awards in the FY 2024-FY 2025 biennium

The chart below shows LTIP grant distributions in PY 37 and PY 38, corresponding to the FY 2024-FY 2025 biennium, by political subdivision. Overall, grant distributions totaled just over \$133.1 million over the two program years. About \$113.7 million (85.4%) went to road projects and nearly \$19.5 million (14.6%) went to bridge projects. In total, 294 projects were approved over this period.

LTIP Awards by Political Subdivision, PY 37-PY 38 (\$133.1 million)



LTIP operating support (ALI 150402)

This ALI supports LTIP’s administrative expenses, which are funded by investment income generated by the holdings in Fund 7052. PWC currently employs a staff of nine and intends to fill a new program administrator position, although that person will be assigned to the Clean Ohio Conservation Program area. Administrative expenses include costs for project monitoring, processing disbursement requests, maintaining PWC’s information systems, and preparing financial reports. LTIP comprises about 20% of total administrative costs among the three infrastructure programs under PWC’s purview. The other 80% is paid under the operating ALIs for PWC’s other grant programs: the State Capital Improvement Program (60%) and the greenspace component of the Clean Ohio Conservation Program (20%). Operating appropriations covering the administrative costs for those programs are in the main operating budget bill.

PWC rolled out a new information technology (IT) platform, known as WorksWise, in FY 2022 to process applications and track project status across these infrastructure programs. The contract with Deloitte for development work concluded in December 2024. The IT platform is currently managed by an Office of Information Technology contractor.

Department of Development

Roadwork Development Program

The transportation budget also provides funding for the Roadwork Development Program overseen by the Department of Development (DEV). This funding is appropriated under the transportation budget because it comes from a portion of motor fuel tax (MFT) proceeds transferred from the Highway Operating Fund (Fund 7002).

Fund/ALI	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
4W00 ALI 195629, Roadwork Development	\$25,200,000	\$15,200,000	\$15,200,000
% change	--	-39.7%	0.0%

The bill provides continuation program funding of \$15.2 million each fiscal year for the Roadwork Development Grant Program, the same as has been appropriated since FY 2012, the exception being the last two fiscal years. Specifically, H.B. 33 of the 135th General Assembly increased the appropriation by \$16.2 million in FY 2024 and \$10.0 million in FY 2025. Of these additional amounts, \$10.0 million in each fiscal year was earmarked for infrastructure surrounding the Intel project in Licking County and \$6.2 million in FY 2024 was earmarked for the Fayette County Engineer in support of infrastructure work related to the LGES-Honda joint-venture electric vehicle (EV) battery plant.

The program is funded by quarterly transfers of MFT revenue to the Roadwork Development Fund (Fund 4W00) from the Highway Operating Fund (Fund 7002). Because the use of Ohio MFT is constitutionally restricted, the grants may only be used on projects that improve public roads and highways and may not be used for other economic development purposes. Eligible costs include widening, paving, road construction and reconstruction, and right-of-way infrastructure improvements such as sewer or utility lines, as well as work on roads leading to and on the grounds of public airports. All Roadwork Development grants are subject to Controlling Board approval. In FY 2024, the Controlling Board approved 20 grants totaling approximately \$15.2 million. In FY 2025, through January 2025, the Controlling Board has approved eight grants totaling approximately \$3.6 million. The Controlling Board is set to approve an additional grant for \$250,000 on February 3.

Ohio Turnpike and Infrastructure Commission

Overview

The Ohio Turnpike and Infrastructure Commission (OTIC) is a state agency but is not appropriated money from any state funds included within the transportation or main operating budget bills. However, R.C. 5537.17 requires the Commission to submit its budget to the Office of Budget and Management, the General Assembly, and the Legislative Service Commission for review.

OTIC is overseen by a ten-member board charged with funding and maintaining the Ohio Turnpike that spans northern Ohio. A 241-mile east-west toll road built during the 1950s, the Turnpike is marked as portions of three federal interstate highways, stretching from eastern Ohio on I-76, running through most of northern Ohio on I-80, and ending at the western boundary of Ohio on I-90. OTIC contracts with the Ohio State Highway Patrol (District 10) to provide law enforcement and motorist assistance along the Turnpike. The chief source of revenue covering operating and capital expenses is toll collections.

According to the current rate schedule effective January 1, 2025, a full trip toll fare traveling westbound on the Ohio Turnpike (from Pennsylvania to Indiana) for E-ZPass customers with passenger vehicles (Class 1) will cost \$18.50 and cash/credit card customers will pay \$27.00. A full trip toll fare traveling eastbound on the Ohio Turnpike (from Indiana to Pennsylvania) for E-ZPass customers with passenger vehicles (Class 1) will cost \$15.50 and cash/credit card customers will pay \$22.75. Toll rate increases of 2.7% are planned for 2026-2028. The Schedule of Tolls for 2024-2028 was approved by the Commission in April 2023.

H.B. 51 of the 130th General Assembly, enacted in 2013, allowed the state to finance additional road construction by creating a funding partnership between OTIC and the Ohio Department of Transportation (ODOT). In total, 13 major new road construction projects were approved by ODOT and OTIC using \$1.38 billion in Turnpike bond funding under this arrangement. All of these projects, which were part of ODOT's "Major New" construction program, have been completed.

Operating and capital budgets for CY 2025

Operating

The Commission's CY 2025 operating budget was adopted on December 16, 2024. The budget projects \$463.8 million in operating revenue for CY 2025, with toll revenue projected to be \$413.9 million of this total. The remainder comes from concessions, investments, fuel tax, and other sources. Operating expenditures are projected to be \$162.7 million. Debt service payments account for nearly \$131.9 million. In total, operating costs are projected to total \$294.5 million.

Capital budget

OTIC's capital budget was also adopted on December 16, 2024. It outlines \$318.9 million in spending for maintenance and construction in CY 2025. Of this amount, approximately \$299.1 million is for planned capital projects and \$19.8 million is for unidentified capital funding needs that may arise. Table 1 below breaks down the capital program costs for CY 2025 by purpose.

OTIC Capital Program Allocations, CY 2025		
Capital Program	Amount Allocated (\$ millions)	% of Total Capital Budget
Bridge Repair and Resurfacing	\$125.1	39.2%
Road Resurfacing	\$82.5	25.9%
Pavement Replacement	\$32.7	10.3%
Equipment and Facilities	\$21.1	6.6%
Uncommitted	\$19.8	6.2%
Toll Collection System Modernization	\$13.6	4.3%
Safety Devices	\$12.6	4.0%
Service Plaza Improvements	\$5.9	1.9%
Small Projects and Others	\$5.6	1.8%
Total	\$318.9	

Note: Due to rounding, the percent of the total capital budget may not sum to 100%.

Ohio Public Works Commission

Dedicated Purpose Fund Group

7052 150402 Local Transportation Improvement Program - Operating

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
\$218,290	\$315,452	\$338,317	\$323,792	\$324,768	\$330,375
% change	44.5%	7.2%	-4.3%	0.3%	1.7%

Source: Dedicated Purpose Fund Group: Investment income from PWC's share of Ohio motor fuel tax revenue

Legal Basis: R.C. 164.14 and 5735.051; Section 209.10 of H.B. 23 of the 135th G.A.

Purpose: This line item funds the operating expenses of the Local Transportation Improvement Program (LTIP). Administrative activities include project monitoring, processing disbursement requests, and maintaining PWC's information systems.

7052 150701 Local Transportation Improvement Program

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
\$60,444,867	\$59,022,691	\$56,552,517	\$58,000,000	\$62,000,000	\$67,000,000
% change	-2.4%	-4.2%	2.6%	6.9%	8.1%

Source: Dedicated Purpose Fund Group: A portion of Ohio motor fuel tax distributions amounting to approximately 2.3% of the tax revenue

Legal Basis: R.C. 164.14 and 5735.051; Section 209.10 of H.B. 23 of the 135th G.A.

Purpose: This line item provides the funding to award grants to political subdivisions to finance local road and bridge projects under LTIP. Grant funds are allocated on a per capita basis to each of the Public Works Commission's 19 district public works integrating committees. Typically around 300 to 400 LTIP grants are awarded annually.

**FY 2026 - FY 2027 Appropriations - As Introduced
All Fund Groups - Detail**

Transportation Budget

Detail by Agency			FY 2024	Estimate FY 2025	Introduced FY 2026	Introduced FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
PWC Ohio Public Works Commission								
7052	150402	Local Transportation Improvement Program - Operating	\$338,317	\$323,792	\$324,768	\$330,375	0.30%	1.73%
7052	150701	Local Transportation Improvement Program	\$56,552,517	\$58,000,000	\$62,000,000	\$67,000,000	6.90%	8.06%
Dedicated Purpose Fund Group Subtotal			\$56,890,835	\$58,323,792	\$62,324,768	\$67,330,375	6.86%	8.03%
Ohio Public Works Commission Total			\$56,890,835	\$58,323,792	\$62,324,768	\$67,330,375	6.86%	8.03%
Transportation Budget Total			\$56,890,835	\$58,323,792	\$62,324,768	\$67,330,375	6.86%	8.03%

Department of Development

Dedicated Purpose Fund Group

4W00 195629 Roadwork Development

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
\$6,421,501	\$11,128,363	\$21,127,352	\$25,200,000	\$15,200,000	\$15,200,000
% change	73.3%	89.9%	19.3%	-39.7%	0.0%

Source: Dedicated Purpose Fund Group: Transfers from the Highway Operating Fund (Fund 7002) used by ODOT

Legal Basis: R.C. 122.14; Sections 207.10 and 207.20 of H.B. 74 of the 134th G.A.

Purpose: This line item provides funding for the Roadwork Development Grant Program, used for public road improvements associated with economic development opportunities that retain or attract business for Ohio. These grants are typically received by local governments or other regional entities like port authorities, but are occasionally awarded to businesses directly. Typically, a grant recipient must provide at least 25% in matching funds towards the project. Grants are approved by the Controlling Board.

**FY 2026 - FY 2027 Appropriations - As Introduced
All Fund Groups - Detail**

Transportation Budget

Detail by Agency	FY 2024	Estimate FY 2025	Introduced FY 2026	Introduced FY 2027	FY 2025 to FY 2026 % Change	FY 2026 to FY 2027 % Change
DEV Department of Development						
4W00 195629 Roadwork Development	\$21,127,352	\$25,200,000	\$15,200,000	\$15,200,000	-39.68%	0.00%
Dedicated Purpose Fund Group Subtotal	\$21,127,352	\$25,200,000	\$15,200,000	\$15,200,000	-39.68%	0.00%
Department of Development Total	\$21,127,352	\$25,200,000	\$15,200,000	\$15,200,000	-39.68%	0.00%
Transportation Budget Total	\$21,127,352	\$25,200,000	\$15,200,000	\$15,200,000	-39.68%	0.00%