

Redbook

LBO Analysis of Executive Budget Proposal

Department of Transportation

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LBO Redbook

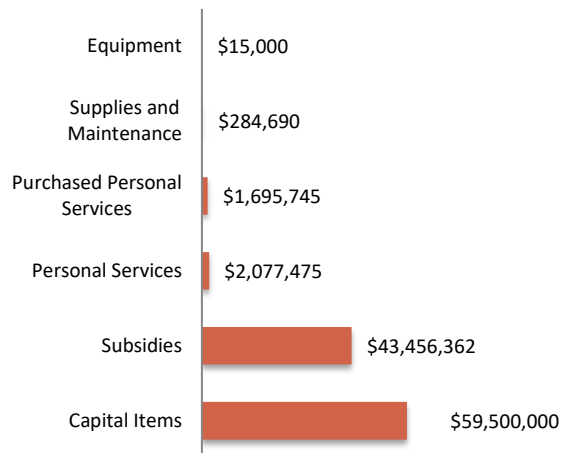
Department of Transportation

Quick look...

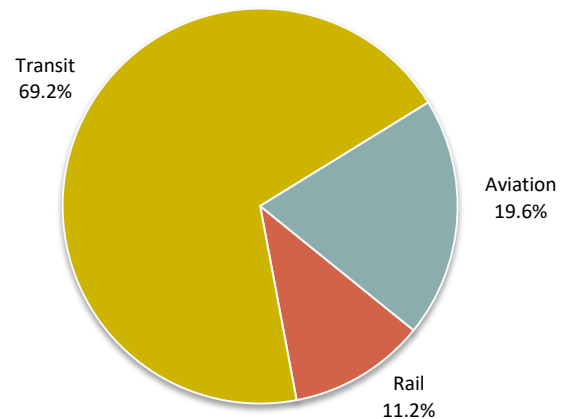
- The vast majority of the Ohio Department of Transportation’s (ODOT) budget is supported by federal and state motor fuel tax revenues and bond proceeds appropriated in H.B. 54, the FY 2026-FY 2027 transportation budget bill. ODOT appropriations under H.B. 54 total \$9.5 billion for the biennium.
- H.B. 96 provides GRF funding totaling \$107.0 million to support ODOT’s nonhighway transportation modes, including public transit, rail development, and airport improvements. These GRF appropriations account for 1.1% of the total budget for ODOT between the two budgets.

Fund Group	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
General Revenue	\$92,030,238	\$53,762,136	\$53,514,636	\$53,514,636
Total	\$92,030,238	\$53,762,136	\$53,514,636	\$53,514,636
% change	--	-41.6%	-0.5%	0.0%
<i>GRF % change</i>	--	-41.6%	-0.5%	0.0%

**Chart 1: Budget by Expense Category
FY 2026-FY 2027 Biennium**



**Chart 2: Budget by Transportation Mode
FY 2026-FY 2027 Biennium**



Analysis of FY 2026-FY 2027 budget proposal

H.B. 96 of the 136th General Assembly provides the Ohio Department of Transportation (ODOT) with a total of \$107.0 million in GRF funding over the FY 2026-FY 2027 biennium. As Chart 1 above shows, nearly \$43.5 million of this funding (40.6%) is allocated for subsidy assistance. Of these amounts, about \$13.7 million would support public transit systems, \$17.7 million would assist airports, and \$12.0 million would be used for rail development and safety. The remaining funding covers some of the operating costs for the Office of Transit, the Office of Aviation, and the Ohio Rail Development Commission. Note that H.B. 54, the pending transportation budget bill for FY 2026-FY 2027, also provides appropriations to pay a portion of these administrative expenses.

Chart 2 above shows the proposed funding in H.B. 96 by transportation mode. It indicates that over the biennium, about \$12.0 million (11.2%) is provided for rail, \$74.0 million (69.2%) in the biennium will support public transit, and \$21.0 million (19.6%) will assist aviation.

Transportation Land Royalty Fund

The bill codifies the Transportation Land Royalty Fund (Fund R074). This fund was created by the Controlling Board to receive proceeds from signing fees, rentals, and royalty payments for leases of land for the exploration, development, and production of oil and natural gas on properties controlled by ODOT. In FY 2024, nearly \$1.3 million was credited to the fund. As of February 2025, nearly \$59.7 million has been credited to the fund.

Line item details

Public Transportation – State (ALI 775470)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 775470, Public Transportation – State					
\$47,561,414	\$36,735,679	\$46,251,210	\$37,014,636	\$37,014,636	\$37,014,636
% change	-22.8%	25.9%	-20.0%	0.0%	0.0%

This ALI is used to support rural and small urban transit systems, awarding grants to transit systems to cover wages, fuel, insurance, training, vehicle and facility maintenance, as well as planning assistance for these transit systems. Funding under the program is also used to buy transit vehicles, computer equipment, and construct transit buildings. Program funding is allocated to transit systems based on the number of passengers transported, miles traveled, cost per mile, and the amount of local funds contributed.

The programs funded under this ALI include the Ohio Transit Partnership Program (OTP2), the Rural Transit Program (RTP), the Urban Transit Program (UTP), the Specialized Transportation Program (STP), and discretionary state grants. Previously, this ALI also funded the terminated Elderly and Disabled Transit Fare Assistance Program. ODOT’s Office of Transit receives funding from this line item to cover operating costs. A table detailing the distribution of funding for programs is included below.

Public Transit Funding by Program (\$ in millions)		
Program	FY 2026	FY 2027
Urban Transit Program	\$23.2	\$23.2
Ohio Transit Partnership Program	\$4.1	\$4.1
Rural Transit Program	\$6.8	\$6.8
Specialized Transportation Program	\$2.5	\$2.5
Discretionary State Grants	\$0.2	\$0.2
Administration	\$0.4	\$0.4
Total	\$37.0	\$37.0

Note: Amounts may not add up exactly due to rounding.

Urban Transit Program

The Urban Transit Program (UTP) encompasses funding administered by the Office of Transit for transit service in Ohio's urbanized areas with populations of 50,000 or greater. The funding from this program may be used to provide 100% of the total project cost or 100% of the nonfederal share to match a federal operating assistance grant. There are 26 urban transit agencies in Ohio. This program falls under the Ohio Public Transportation Grant Program.

Ohio Transit Partnership Program

The Ohio Transit Partnership Program (OTP2) provides state funds to rural and urban transit systems. OTP2 is a discretionary program and projects are selected on a competitive basis with an emphasis on preservation in Tier I, defined as the process of working to maintain, sustain, or keep in a good sound state the transit systems in Ohio. Tier II projects are focused on regionalization, coordination, technology, service expansion, workforce initiatives, and health care initiatives.

Rural Transit Program

The Rural Transit Program (RTP) assists with operating and capital expenses in the provision of general public transportation services in rural and small urban areas. Under this program, funding may be used for up to 50% of the net project cost of operating expenses and up to 80% of the cost of capital projects. This program falls under the Ohio Public Transportation Grant Program.

Specialized Transportation Program

The Specialized Transportation Program increases mobility for seniors and persons with disabilities by providing Federal Transit Administration funds for programs in small urbanized and rural areas that serve the special needs of transit-dependent populations beyond traditional public transportation services and Americans with Disabilities Act (ADA) complementary paratransit services. The program provides 80% of the cost of capital projects; the remaining 20% must be provided by local funding, which may be derived from other federal (non-U.S. DOT) transportation sources or the Federal Lands Highway Program.

Administration

ODOT's Office of Transit's administration and oversight duties include program development, grant application review and project selection, contract preparation, invoice payment, quality assurance, site visits, data collection reviews, drug and alcohol audits, financial audits, training, and technical assistance.

Rail Development (ALI 776465)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 776465, Rail Development					
\$518,811	\$829,076	\$2,287,279	\$6,000,000	\$6,000,000	\$6,000,000
% change	59.8%	175.9%	162.3%	0.0%	0.0%

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 FY 2024-FY 2025 biennium provided more matching funds for competitive grants from the Infrastructure Investment and Jobs Act (IIJA) and helped meet demand for rail development projects. In particular, 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 the transportation budget under Fund 4N40 line item 776664, Rail Transportation. 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 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 777471, Airport Improvements – State					
\$2,982,215	\$5,737,277	\$6,948,297	\$10,000,000	\$10,000,000	\$10,000,000
% change	92.4%	21.1%	43.9%	0.0%	0.0%

Of the funding under this ALI, approximately \$17.7 million (88.5%) over the biennium is slated to make awards through the Ohio Airport Grant Program. The other \$2.3 million would be spent on Office of Aviation operating costs.

Ohio Airport Grant Program

The grant program provides capital improvement grants to publicly owned airports that do not receive Federal Aviation Administration (FAA) passenger or air cargo entitlements. These are typically small general aviation airports. Grant funds may be used for construction costs associated with airport pavement resurfacing, obstruction removal, and marking projects. GRF funding for airport grants is augmented by funding of about \$1.0 million per fiscal year appropriated in the transportation budget. Most of that funding comes from aircraft license tax

revenues deposited into the Airport Assistance Fund (Fund 5W90) and the remainder from the Highway Operating Fund (Fund 7002).

Operating costs

Operating activities funded by the GRF include conducting safety and pavement condition inspections at noncommercial service public use airports on a three-year cycle to ensure airport operations comply with FAA standards and the Ohio Airport Protection Law. The funding is also used to conduct reviews of proposed construction that will take place near airports and issue permits if these projects are approved. Finally, this portion of GRF funding is used by the Office of Aviation to monitor grant awards under the Ohio Airport Grant Program. Aside from this GRF funding, the Office of Aviation is provided approximately \$7.0 million per year in Highway Operating Fund appropriations under the pending transportation budget for FY 2026-FY 2027, H.B. 54. That funding is appropriated under line item 777475, Aviation Administration. Much of the funding is used for maintaining the state air fleet.

Unmanned Aerial Systems Center (ALI 772456)

FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimate	FY 2026 Introduced	FY 2027 Introduced
GRF ALI 772456, Unmanned Aerial Systems Center					
\$0	\$0	\$0	\$247,500	\$500,000	\$500,000
% change	--	--	--	102.0%	0.0%

GRF ALI 772456 supports the costs of the Unmanned Aerial Systems (UAS) Center located in Springfield. This includes UAS Center operations, air traffic control, and SkyVision, a key aspect for successful UAS testing in the Springfield area. The radar system allows experimental unmanned aircraft to operate safely over 200 square miles around the Springfield Airport. The U.S. Air Force Research Lab and ODOT have jointly funded SkyVision since 2019. Note that H.B. 54, the pending transportation budget, provides additional support for the UAS Center under Fund 7002 ALI 777475, Aviation Administration.

The Center performs unmanned aircraft operations for ODOT and other state agencies, exploring ways drones may be of use to state activities. For ODOT, the UAS devices assist with right-of-way studies, bridge inspections, and traffic monitoring. DNR and DRC also employ UAS services. Specifically, the Division of Oil and Gas within DNR has used the UAS Center to find abandoned well heads using a magnetometer. DRC partners with the UAS Center to support the detection of other unmanned aircraft around correctional facilities.