

FISCAL ANALYSIS OF
SAFETEA-LU

FOR THE
OHIO DEPARTMENT OF
TRANSPORTATION

2006-2012



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Fiscal Analysis of SAFETEA-LU for the Ohio Department of Transportation 2006-2012

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Summary

This document summarizes the fiscal forecast of the Ohio Department of Transportation for state fiscal years 2006-2012. The forecast is produced for the Transportation Review Advisory Council (TRAC) as funding is allocated for the state's major new construction program.

In 2002 Governor Taft outlined the state's funding goal for the reauthorization of the federal multi-year transportation funding bill. In essence, Ohio's goal was to increase its annual federal transportation allocation by \$250 million. The \$250 million goal was established based upon past funding amounts, correcting the ethanol penalty, increasing rate of return and growth of the program.

In late July of 2005 Congress approved the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU). The bill provides funding for federal fiscal years 2004-2009. At face value, the bill seemed to meet Ohio's funding goals. However, the actual funding being allocated to the states is much lower than anticipated. Overall, ODOT forecasts its federal funding to be \$562 million below earlier estimates.

A portion of the shortfall will be ameliorated with higher than anticipated state motor fuel tax revenue; approximately \$80 million. The department also received \$69 million in unanticipated federal earmarked funding for ODOT priority projects. The increased state funding and the earmarked funding will be used to cover \$149 million of the shortfall. However, a gap of \$413 million remains. It will require a capital program funding reduction.

ODOT will balance its budget by making reductions in its Major New Construction Program and in the amount of federal funding voluntarily made available to local governments. The Major New Program will be reduced by \$266 million and the amount available for local government programs will be reduced by \$146 million beginning in fiscal year 2006 through fiscal year 2009.

Ohio's 2002 Federal Policy

In March of 2002, Governor Taft outlined Ohio's federal transportation strategy for the reauthorization of the new long-term federal transportation bill. The strategy included three major points:

1. Addressing the "ethanol penalty" which was reducing ODOT's annual federal transportation receipts by \$150 million. Ethanol was taxed at a reduced rate by the federal government as an incentive to produce and use this agriculturally based fuel. Also, a portion of the tax collected was being diverted to non-transportation programs. Ohio's federal transportation funding is based in part upon how much federal fuel tax revenue is generated in Ohio. Because Ohio is a national leader in ethanol usage, its commensurate transportation receipts were significantly reduced. Addressing this ethanol penalty was Ohio's first objective because of the \$150 million loss annually in federal highway funds to the state.
2. Improving Ohio's status as a "donor state" was a second priority. Since the inception of the federal motor fuel tax in 1956 Ohio has always received less in fuel tax receipts from Washington than it paid. Money is disproportionately allocated to smaller states to pay for construction of the national interstate highway system. With that system complete, Ohio was pressing to improve its return on taxes paid from the past level of about 90 percent to 95 percent. ODOT estimated that this improvement would generate at least another \$50 million annually.
3. Ohio advocated also to preserve all fuel tax receipts for transportation purposes and to oppose any diversion of receipts for non-transportation purposes. With travel increasing nationally, fuel tax receipts were expected to grow annually which would in turn generate modest growth in receipts to Ohio. Congress was appropriating about \$30 billion nationally for highways in the early part of the decade. Each \$1 billion in federal funds appropriated nationally generated about \$35 million for Ohio. Slowly growing receipts in the Highway Trust Fund were forecasted to generate national expenditure levels of about \$37 billion by the end of the decade. The national growth was expected to conservatively generate between \$70 million and \$100 million annually for Ohio.

Ohio was receiving an average of \$963 million annually during the six-year life of the last transportation bill, known as the Transportation Equity Act for the 21st Century, or TEA-21. In the last year of the act, Federal Fiscal Year 2003, Congress appropriated just under \$26 billion for highways which generated a little more than \$1 billion for ODOT. The 2003 funding year gave Ohio a simple benchmark for public discussion of its transportation strategy - Ohio received about \$1 billion in highway receipts and implementation of the three strategies could increase that by 40 percent.

With natural growth in highway expenditures, a higher rate of return and elimination of the ethanol penalty, Ohio's receipts should grow from \$1 billion in 2003 to \$1.4 billion by 2009, the last year of the new act. The elimination of the ethanol penalty and a slight improvement in Ohio's rate of return would increase Ohio's percentage share from 3.39 percent of all highway receipts nationally in 2003 to 3.83 percent of all receipts in 2007. With the higher overall expenditure level and with Ohio's larger share, the mathematical forecast was relatively straight forward.

Ohio's fiscal forecast was then tempered by normal federal transportation funding policy constraints. First, Congress normally imposes an "obligation ceiling" which does not allow the full amount of authorizations to be spent. ODOT anticipated authorization levels would be reduced by 4 percent based upon past experience and documents being published during consideration of SAFETEA-LU. Also, ODOT has a policy of passing through about 25 percent of its federal funds to local governments, which would consume some of the increased new revenue. Therefore, ODOT did not expect a full 40 percent increase but instead planned for a more modest 25 percent increase in the new bill. A 25 percent increase in funding over past levels would provide a net \$250 million annual increase in useable federal funds.

ODOT pledged to dedicate the additional federal revenue to Governor Taft's Jobs and Progress program of major projects. Announced by Governor Taft in August 2003, the Jobs and Progress Program of projects would address Ohio's most congested urban Interstate routes and provide rural connectivity through macro-corridor completion. Coupled with \$250 million of the 2003 state motor fuel tax increase, ODOT was anticipating an annual \$500 million major new construction program for 2005 through 2015.

2004 Update to Federal Projections

Unable to reach final agreement on a long-term authorization bill by the time TEA-21 expired at the end of fiscal year 2003, Congress approved short-term funding measures to provide funding for federal fiscal year 2004. In 2004, technically the first year of the new transportation bill, a total of \$33 billion was authorized to the states. This was a significant increase over the 2003 level of \$25 billion. Based upon the increased spending ODOT adjusted its expectations for SAFETEA-LU to reflect a higher starting point. The new projection had ODOT receiving an average of \$1.2 billion annually; easily meeting the goals established in the 2002 federal funding plan. The following table shows ODOT's year-by-year projection of the amount of usable federal funding it would receive under SAFETEA-LU as calculated in December of 2004.

2005	2006	2007	2008	2009	Total
\$1,022	\$1,143	\$1,271	\$1,303	\$1,336	\$6,075

Table 1 of the Appendix also reflects ODOT's 2004 adjusted funding projections in more detail.

The Bill as Enacted

At face value, the July 2005 enactment of SAFETEA-LU appeared to represent a substantial victory for Ohio's transportation agenda. Ohio's three policies of ethanol, rate of return and protecting highway receipts were all addressed. The October 2004 JOBS bill passed by Congress corrected the ethanol penalty that was costing Ohio \$150 million annually. SAFETEA-LU then directed the ethanol tax revenue to the Highway Trust Fund, where presumably it would accrue back to Ohio. In SAFETEA-LU Ohio's rate of return was increased from 90 percent to 92 percent by 2009. Overall highway spending rose to \$38 billion from \$26 billion in 2003. Ohio's average apportionment over the five years of the new bill grew 36 percent compared to the average apportionment of the past act. Ohio's percentage increase in the new bill was the sixth highest of any state. It was reported that Ohio's average annual apportionment would grow to \$1.3 billion from the TEA-21 average of \$963 million. The table below includes the Ohio funding levels, not including fiscal year 2004, published by FHWA when SAFETEA-LU was approved.

TEA-21 Average	2005	2006	2007	2008	2009	Total
\$963	\$1,180	1,227	1,334	1,397	\$1,411	\$6,551

Table 2 of the Appendix shows the national and Ohio specific funding levels, including fiscal year 2004, anticipated by the bill. It too was developed using amounts shown in official FHWA funding runs released when SAFETEA-LU was approved.

Fiscal Realities of the Bill

While the new bill appeared to meet Ohio's fiscal goals almost exactly, the actual revenue Ohio received in the first year of the bill was substantially below expectation. In September 2005, ODOT received its final FFY 2005 apportionments and its obligation ceiling, or the amount of the apportionments it was allowed to spend. The obligation ceiling for "core" programs was a record-low 85 percent. In addition, a higher-than-expected amount of money was "taken off the top" of national expenditures to pay for earmarked and other discretionary projects. As a result, Ohio's actual core program funding for FFY 2005 decreased \$99 million from 2004 levels and was \$49 million less than ODOT expected to receive. This decrease was unexpected and counter-intuitive considering the presumed gains made in the legislation.

After receiving the low 2005 obligation limit, ODOT interviewed key Washington officials to develop an analysis of what the low level implied for the remaining years of the act. ODOT met with key staff from the House and Senate Congressional Transportation Committees, and the American Association of State Highway and Transportation Officials. Through these discussions, ODOT obtained the official FHWA forecast of the obligation limitation for 2006 through 2009. FHWA predicted an average

91.7 percent obligation rate for the remaining life of the bill. It based its prediction upon the official Trust Fund revenue forecasts from the Congressional Budget Office and the U.S. Treasury.

However, FHWA and Congressional staff noted that the official forecasts may be optimistic and may not fully take into account the pressure of increasing expenditures and stagnant revenues, which can deplete Trust Fund balances and the annual appropriations process. The official forecasts note that by 2010 the balances in the Highway Trust Fund theoretically will be zero because of slow revenue growth and record outlays.

One credible forecast done for the U.S. Chamber of Commerce predicted that the Trust Fund will be broke as early as Federal Fiscal Year 2008. Congressional staff stressed that such predictions are accurate mathematically but unlikely politically. Zero balances in the Highway Trust Fund would mean temporary suspension of federal highway programs until continuing receipts generated new balances. Practically and politically, they noted it is highly unlikely that Congress would allow federal highway programs to suspend. Instead, Congress would more likely constrain expenditures to the level sustainable from receipts, raise revenue in untraditional ways or even contemplate new sources of revenue. It was commonly agreed that forecasts of declining Trust Fund balances do portend continued restraint upon expenditures which make it unlikely that the full amount authorized under SAFETEA-LU would be available to the states.

Based upon the information received at the meetings, the FFY 2005 and the just released FFY 2006 funding allocations, ODOT developed a new forecast for SAFETEA-LU in late calendar year 2005. The updated numbers, not including earmarked funding, are reflected below:

Updated ODOT projection	2005 (actual)	2006 (actual)	2007	2008	2009	Total
	\$975	\$1,017	\$1,132	\$1,188	\$1,201	\$5,513

Even though the Federal Highway Administration was predicting an average obligation limit of 91 percent, the department chose to use a conservative obligation limitation of 89 percent for fiscal years 2006-2009 in its forecast. However, the obligation limit in fiscal year 2005 was 85 percent and the limit in 2006 was 86 percent for the core formula funding. ODOT has adjusted the 2006 numbers to reflect the lower obligation limit. If the obligation limits for the remaining years of the bill are below the 89 percent projected, the above forecast will have to be adjusted. Table 3 of the Appendix includes more details on ODOT's current projection.

Fiscal Adjustments

The table below summarizes ODOT's 2004 assumptions for the bill and current projections of actual funding, excluding earmarks. Overall, Ohio is now anticipating \$5.5 billion of usable funding in 2005-2009, compared to the original authorization amount of \$6.5 billion. ODOT's projection in 2004 assumed receiving a little more than \$6 billion. When comparing ODOT's projection and the updated forecast, the difference over the five year period is \$562 million.

	2005	2006	2007	2008	2009	Total
ODOT projection	\$1,022	\$1,143	\$1,271	\$1,303	\$1,336	\$6,075
SAFETEA-LU Funding	\$975	\$1,017	\$1,132	\$1,118	\$1,201	\$5,513
Delta	(\$47)	(\$126)	(\$139)	(\$115)	(\$135)	(\$562)

The \$562 million shortfall is significant; however a portion of the shortfall will be eliminated by increased state revenue and unanticipated federal earmark funding.

State Revenue

ODOT's fiscal forecast is based upon three revenue sources: federal funds, state funds and bonds backed by either state or federal revenue. ODOT's state revenue forecast has increased modestly from its earlier prediction. ODOT estimates that it will have \$80 million more in state fuel tax receipts from 2006-2009. This represents a small fraction of a percent above what it anticipated in its earlier fiscal plan but it will help offset the federal loss.

The increased revenue comes from two factors. First, the Ohio General Assembly temporarily reduced a 3 percent "evaporation credit" that Ohio petroleum suppliers had received. This credit was predicated upon the assumption that up to 3 percent of petroleum stored in tanks evaporated and that the petroleum suppliers should not pay tax on that lost product. Modern technology has reduced the amount of evaporation and led in part to this tax credit reduction. That is expected to raise about \$40 million if the temporary reduction remains in effect. Secondly, fuel tax and other state revenues are slightly above estimates accounting for another \$40 million in increased state funding.

Federal Earmarks

Federal earmarks play a role in ODOT's fiscal forecast. ODOT anticipated that earmarked funding would be a part of SAFETEA-LU. Table 1 of the Appendix, which reflects ODOT's 2004 federal funding projection, includes a total estimated amount of \$369 million in earmarked funding for Ohio. That figure was based upon previous authorization bill earmark amounts with a slight growth factor.

When SAFETEA-LU was approved, a total of \$590 million was earmarked for individual projects by Ohio's Congressional delegation. Those earmarks "come off the top" of the formula funds that Congress otherwise appropriates to the states based upon formulas which reflect the size and condition of a state's highway network. While earmarks were anticipated, the actual amount was \$221 million more than budgeted. Table 3 of the Appendix also provides earmarked funding amount information.

Of the \$590 million in Ohio earmarks, only about \$69 million worth was set aside for projects that ODOT intends to fund as part of its Safety and Jobs and Progress Programs. While ODOT's fiscal plan assumed earmarking would occur, it did not include receiving federal earmarks for any ODOT priority projects. This \$69 million will be applied to the projects ODOT had intended to fund and will help offset the larger \$562 million loss caused by the lower obligation limit.

To summarize, the following adjustments to ODOT's funding forecast are being made for SFY 2007-2012.

Summary	
Federal revenue decrease	-\$562
Federal useable earmarks	\$69
State revenue increase	\$80
Total Change	-\$413

Addressing the Remaining Shortfall

To compensate for the remaining shortfall, ODOT will reduce both its local pass-through funding amounts and the size of the TRAC new construction budget. ODOT by policy makes about 25 percent of its federal funds available to local governments. Only about 35 percent of that amount is mandated by federal statute and the rest ODOT provides by its internal policies. As the amount of federal revenue rises and falls, so does the share passed through to the local governments. The total reduction to local governments will be \$146 million in SFY 2006-2009.

The remaining \$266 million will be reduced from the Major New Construction program. The reductions to the TRAC program will be accommodated by delaying several projects during the 2007-2012 time period. The fiscal forecast came too late in SFY 2006 to practically allow reduction in programs mid-year. Instead, reductions will begin with FFY 2007 program. Table 4 of the Appendix provides specific details on how the shortfalls will be addressed.

Bonding

Theoretically, ODOT could increase its short-term revenue and offset the federal fund loss through increased borrowing. However, ODOT management declines to raise its borrowing above current limits because it does not believe that to be fiscally prudent for future administrations. ODOT borrows for 10-year terms and receives very favorable

interest rates with its AA rating. However, ODOT already has about 13.4 percent of its state revenue directed towards meeting existing bond indebtedness. About 7.8 percent of ODOT's federal revenue is dedicated to bond indebtedness for 2005 through 2009. Higher debt levels would require future ODOT administrations to be paying more in debt payments than they would receive in bond proceeds. ODOT has received favorable bond ratings by committing no more than 20 percent of its state revenue to debt and no more than 10 percent of its federal revenue to debt. To protect its bond rating and to not saddle future administrations with inordinate debt, ODOT management has decided not to increase borrowing above already planned levels.

Budget Pro Forma

Table 5 of the Appendix is the ODOT Pro Forma budget for 2005 through 2015. The top-to-bottom listing of programs roughly reflects the policy priorities that ODOT uses in its budgeting. First salaries and maintenance expenses are covered. About two-thirds of ODOT salaries and operating expenses go to basic roadway maintenance activities such as snow and ice control, pothole patching, guardrail maintenance and other essential roadway activities. Second, ODOT funds bridge and pavement maintenance and repair. Third, ODOT directed funding to safety improvement projects at high-crash locations. Then ODOT fulfills miscellaneous programs such as lights and gates at railroad crossings, fixing landslides and maintaining rest areas. Fourth, it fulfills its pass-through funding commitments to local governments. Fifth and last, it provides funds for capacity expansion projects and economic development projects through the Major New Program, also called the Jobs and Progress Program. The Major New or Jobs and Progress Program is overseen by the Transportation Review Advisory Council.

Because ODOT believes it has held its employment levels, maintenance costs, bridge investments and pavement investments to necessarily minimum levels, it does not believe it responsibly can reduce them. Extensive analysis has been conducted over many years to calibrate expenditure levels in those categories to achieve acceptable minimum conditions. The two areas of discretionary spending that can be reduced are the pass-through funds to local governments and the Major New Construction Program. Expenditure levels for both are based upon policy decisions and not upon engineering standards, such as are used to fund maintenance activities or pavement investment.

Conclusion

Over the life of the bill, ODOT must reduce its planned major new construction and local program budgets by a total of \$413 million. Even with these reductions, ODOT will achieve the goal of the Jobs and Progress Program by maintaining an annual \$500 million major new construction budget through 2015. Additionally, local government funding provided by the department continues to grow over historic levels. However, to meet the needs of the state and to compensate for the lower than anticipated federal revenue, ODOT must adjust the growth of these programs to reflect the fiscal realities of the funding provided by SAFETEA-LU. This adjustment will provide an increase over historic funding levels, but will be less than anticipated in earlier forecasts.

Appendix

Table 1

Ohio Federal Forecast Assumptions - December 2004									
ODOT Planned Funding - Assumptions Used	Actual		Estimated Levels						Total SAFETEA
	TEA-21 Average	2003	2004	2005	2006	2007	2008	2009	
Estimated National Formula Funding	\$ 26,371	\$ 25,889	\$ 33,341	\$ 31,208	\$ 33,538	\$ 34,543	\$ 35,389	\$ 36,302	\$ 204,321
Minimum Guarantee % Share	90.5%	90.5%	90.5%	90.5%	91.0%	91.0%	91.0%	91.0%	
ODOT's Estimated Share (with Ethanol Fix)	3.44%	3.39%	3.41%	3.41%	3.55%	3.83%	3.83%	3.83%	3.65%
Total ODOT Formula Fundng	\$ 907	\$ 879	\$ 1,137	\$ 1,065	\$ 1,191	\$ 1,324	\$ 1,357	\$ 1,392	\$ 7,465
Obligation %	93%	106%	94%	96%	96%	96%	96%	96%	
ODOT Usable Funding	\$ 841	\$ 929	\$ 1,074	\$ 1,022	\$ 1,143	\$ 1,271	\$ 1,303	\$ 1,336	\$ 7,149
Total Estimated Earmark Funding	\$ 56	\$ 74	\$ 32	\$ 66	\$ 67	\$ 67	\$ 68	\$ 69	\$ 369
Total Estimated ODOT Funding - Dec 2004	\$ 897	\$ 1,003	\$ 1,106	\$ 1,088	\$ 1,210	\$ 1,338	\$ 1,371	\$ 1,405	\$ 7,518

Table 2

SAFETEA-LU Highway Authorizations for Ohio DOT									
SAFETEA-LU Authorizations	TEA-21 Average	TEA-21 2003	2004	2005	2006	2007	2008	2009	Total SAFETEA
National Apportionments:									
Formula Apportionments	\$ 26,371	\$ 25,889	\$ 33,277	\$ 31,343	\$ 31,782	\$ 33,674	\$ 34,972	\$ 35,350	\$ 200,398
High Priority Apportionments	\$ 1,552	\$ 1,760	\$ -	\$ 2,966	\$ 2,966	\$ 2,966	\$ 2,966	\$ 2,966	\$ 14,832
Total Apportionments	\$ 27,923	\$ 27,649	\$ 33,277	\$ 34,310	\$ 34,748	\$ 36,640	\$ 37,939	\$ 38,316	\$ 215,230
Equity Bonus %	90.5%	90.5%	90.5%	90.5%	90.5%	91.5%	92.0%	92.0%	
ODOT's Percent of US Apportionments	3.45%	3.41%	3.42%	3.44%	3.53%	3.64%	3.68%	3.68%	3.61%
ODOT Apportionments:									
Formula Apportionments	\$ 907	\$ 879	\$ 1,137	\$ 1,088	\$ 1,135	\$ 1,241	\$ 1,305	\$ 1,319	\$ 7,225
High Priority Apportionments	\$ 56	\$ 63	\$ -	\$ 93	\$ 93	\$ 93	\$ 93	\$ 93	\$ 463
Total Apportionments	\$ 963	\$ 942	\$ 1,137	\$ 1,181	\$ 1,227	\$ 1,334	\$ 1,397	\$ 1,411	\$ 7,688

Table 3

OBLIGATION AUTHORITY vs Ohio DOT PLANNED FUNDING									
<i>What Obligation Authority Congress Appropriated</i>	TEA-21	TEA-21	Actual SAFETEA			Estimated SAFETEA			
	Average	2003	2004	2005	2006	2007	2008	2009	Total
Core Formula %	91%	105%	90%	85%	86%	89%	89%	89%	88%
Safetea Core Formula	\$ 729	\$ 789	\$ 907	\$ 810	\$ 858	\$ 968	\$ 1,020	\$ 1,032	\$ 5,595
Appalachian Highway	\$ 20	\$ 22	\$ 26	\$ 17	\$ 17	\$ 18	\$ 18	\$ 18	\$ 115
Other	\$ 93	\$ 117	\$ 140	\$ 148	\$ 142	\$ 145	\$ 150	\$ 151	\$ 877
Total Usable Funding For ODOT	\$ 841	\$ 929	\$ 1,074	\$ 975	\$ 1,017	\$ 1,132	\$ 1,188	\$ 1,201	\$ 6,587
December 2004 Plan - See Table 1			\$ 1,074	\$ 1,022	\$ 1,143	\$ 1,271	\$ 1,303	\$ 1,336	\$ 7,149
Difference from Plan Total			\$0	(\$47)	(\$126)	(\$139)	(\$115)	(\$135)	(\$562)
High Priority Earmarks	\$ 56	\$ 74	\$ -	\$ 79	\$ 80	\$ 84	\$ 84	\$ 84	\$ 412
Other SAFETEA Earmarks			\$ -	\$ 9	\$ 17	\$ 21	\$ 22	\$ 17	\$ 86
Earmarks from Core Funding			\$ 32	\$ 38	\$ 22				\$ 92
Total Earmarked Funding	\$ 56	\$ 74	\$ 32	\$ 126	\$ 119	\$ 105	\$ 106	\$ 101	\$ 590
December 2004 Plan - See Table 1			\$ 32	\$ 66	\$ 67	\$ 67	\$ 68	\$ 69	\$ 369
Difference from Plan Total			\$ -	\$ 60	\$ 52	\$ 38	\$ 38	\$ 32	\$ 221

Table 4

2005-2009 Highway Funding Forecast Adjustment						
	2005	2006	2007	2008	2009	Total
Federal Revenue Difference From Plan w/o Earmarks	(\$47)	(\$126)	(\$139)	(\$115)	(\$135)	(\$562)
Earmarks Available for Jobs & Progress		\$ 17.15	\$ 17.15	\$ 17.15	\$ 17.15	\$69
Unanticipated State Revenue		\$ 20	\$ 20	\$ 20	\$ 20	\$80
Revenue Difference From Plan	\$ (47)	\$ (89)	\$ (102)	\$ (78)	\$ (98)	(\$413)
Original Allocation from June 2005 Plan						
Metropolitan Planning Organizations	\$ 158	\$ 170	\$ 190	\$ 196	\$ 200	
County Bridge and Road Program	\$ 50	\$ 56	\$ 62	\$ 63	\$ 65	
Local Major Bridge	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	
Enhancements	\$ 14	\$ 16	\$ 18	\$ 18	\$ 19	
Small Cities	\$ 8	\$ 9	\$ 10	\$ 10	\$ 10	
City Bridges	\$ 8	\$ 9	\$ 10	\$ 10	\$ 10	
Total Local	\$ 263	\$ 285	\$ 315	\$ 322	\$ 329	\$1,512
Amended Allocation Nov. 2005						
Metropolitan Planning Organizations	\$ 157	\$ 148	\$ 167	\$ 176	\$ 178	
County Bridge and Road Program	\$ 51	\$ 50	\$ 56	\$ 59	\$ 59	
Local Major Bridge	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	
Enhancements	\$ 14	\$ 11	\$ 11	\$ 11	\$ 11	
Small Cities	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	
City Bridges	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	
Total Local	\$ 263	\$ 250	\$ 275	\$ 287	\$ 289	\$1,366
Difference	\$ 1	\$ (35)	\$ (39)	\$ (34)	\$ (39)	(\$146)
Major New From June 2005 Plan	\$ 617	\$ 593	\$ 724	\$ 798	\$ 500	\$3,232
Major New - Dec. 2005	\$ 617.00	\$ 616.00	\$ 616.00	\$ 616.00	\$ 500.00	\$2,965
Difference	\$ -	\$ 23	\$ (108)	\$ (182)	\$ -	(\$267)
Total Difference						(\$413)

Table 5 ODOT Pro Forma

New Forecast (Dec 2005)
Date Updated : January 19, 2006

OHIO DEPARTMENT OF TRANSPORTATION 2005 thru 2015 HIGHWAY FUNDING AND PROGRAM FORECAST (in Millions)												
1	Revenue Source:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2	State Motor Fuel Tax to ODOT - 1% MF growth, reduce MFT loss, increase DOD	\$1,000	\$1,122	\$1,140	\$1,149	\$1,160	\$1,169	\$1,181	\$1,194	\$1,210	\$1,222	\$1,228
3	Truck Registration Fees, Truck Fuel Use Tax	\$123	\$110	\$111	\$112	\$113	\$114	\$115	\$117	\$118	\$119	\$120
4	Interest Income & Other Misc Income (Vanity Fee Income to ODPS 2006)	\$39	\$28	\$29	\$29	\$29	\$30	\$30	\$30	\$30	\$31	\$32
	Total State Revenue	\$1,163	\$1,260	\$1,280	\$1,290	\$1,302	\$1,313	\$1,326	\$1,341	\$1,356	\$1,372	\$1,380
5	Turnpike Supplemental Funding	(\$23)										
6	State Bond Debt Service	(\$154)	(\$169)	(\$183)	(\$186)	(\$181)	(\$178)	(\$172)	(\$163)	(\$173)	(\$168)	(\$163)
7	Total State Revenue Available to ODOT	\$986	\$1,091	\$1,097	\$1,104	\$1,121	\$1,134	\$1,154	\$1,178	\$1,185	\$1,204	\$1,217
8	Federal Core Formula - @ 89% Ob Limit thru 2009, 1% growth after 2009	\$953	\$995	\$1,113	\$1,170	\$1,182	\$1,194	\$1,206	\$1,218	\$1,230	\$1,243	\$1,255
9	Appalachian Development Program - 1% growth	\$17	\$17	\$18	\$18	\$18	\$18	\$19	\$19	\$19	\$19	\$19
10	SAFETEA-LU High Priority - ('05-'06 Actual, 2007/2009 @ 91% Ob Limit)	\$79	\$80	\$84	\$84	\$84	\$85	\$86	\$87	\$88	\$89	\$90
11	SAFETEA-LU Earmarks ('05-'06 Actual, 2007/2009 @ 91% Ob Limit)	\$8	\$17	\$21	\$21	\$17						
12	Formula ob limit used to cover Delta of actual ob limit to 91% for HP and EM	\$8	\$4	\$0	\$0	\$0						
13	Annual Appropriations Earmarks (100% Ob Limit)	\$38	\$22									
14	Federal Emergency Funding	\$100	\$38	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
15	Total Federal	\$1,200	\$1,174	\$1,247	\$1,304	\$1,312	\$1,308	\$1,321	\$1,334	\$1,347	\$1,361	\$1,374
16	Federal Bond Debt Service	(\$78)	(\$80)	(\$92)	(\$111)	(\$121)	(\$119)	(\$111)	(\$105)	(\$114)	(\$125)	(\$136)
17	Total Federal Revenue Available for ODOT Programs	\$1,122	\$1,094	\$1,155	\$1,193	\$1,191	\$1,189	\$1,210	\$1,229	\$1,233	\$1,236	\$1,238
18	Total State and Federal Revenue	\$2,109	\$2,185	\$2,252	\$2,297	\$2,313	\$2,323	\$2,364	\$2,407	\$2,418	\$2,440	\$2,455
19	Payroll - 2007 thru 2015 - 5% growth	\$405	\$424	\$445	\$466	\$489	\$512	\$537	\$562	\$589	\$618	\$647
20	Routine Roadway Maintenance Contracts - 2% growth	\$59	\$60	\$61	\$63	\$64	\$65	\$66	\$68	\$69	\$71	\$72
21	Operating, Salt, Equipment - 2006 thru 2015 - 2% growth	\$151	\$154	\$157	\$160	\$163	\$166	\$170	\$173	\$176	\$180	\$184
22	Planning & Research 3.2% of Total Federal Core	\$30	\$28	\$36	\$37	\$38	\$39	\$39	\$39	\$40	\$40	\$40
23	Ohio Building Authority & Hilltop Debt Service	\$17	\$17	\$15	\$14	\$8	\$7	\$5	\$3	\$0	\$0	\$0
24	Lands & Building Maintenance	\$24	\$25	\$25	\$26	\$26	\$27	\$28	\$28	\$29	\$29	\$30
25	Lands & Building - Major New	\$7	\$7	\$13	\$13	\$13	\$13	\$8	\$8	\$8	\$8	\$8
26	Total Operating	\$692	\$715	\$752	\$779	\$800	\$829	\$852	\$881	\$911	\$945	\$981
27	General Allocation	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
28	General System Two-Lane Pavements	\$93	\$93	\$93	\$93	\$146	\$146	\$147	\$149	\$150	\$152	\$153
29	Percent of System at acceptable level					99%				97%		94%
30	Major 2 lane repair		\$5	\$15	\$15	\$15	\$15					
31	Priority System Freeway Routine Maintenance	\$179	\$179	\$179	\$179	\$142	\$142	\$143	\$145	\$146	\$148	\$149
32	Percent of System at acceptable level					97%				97%		95%
33	Priority System Freeway Pavement Rehab and Replacement	\$150	\$192	\$150	\$150	\$150	\$150	\$152	\$153	\$155	\$156	\$158
34	Additional Capital (level funding thru 2013)			\$0	\$0	\$0	\$0	\$20	\$20	\$20	\$20	\$20
35	Urban Pavements (State Routes in Cities)	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
36	Percent of System at acceptable level					98%				90%		90%
37	Total Pavement Programs	\$477	\$524	\$492	\$492	\$508	\$508	\$518	\$522	\$527	\$531	\$536
38	District Bridge Repair, Replacement and Maintenance	\$141	\$141	\$141	\$141	\$142	\$144	\$145	\$147	\$148	\$150	\$151
39	Percent of Bridges at acceptable level of General Appraisal					98%				97%		97%
40	Major, High-Cost Bridge Replacement and Maintenance	\$80	\$117	\$60	\$60	\$61	\$61	\$62	\$62	\$63	\$64	\$64
41	Total Bridge Programs	\$221	\$258	\$201	\$201	\$203	\$205	\$207	\$209	\$211	\$213	\$215
42	Safety - 2% growth 2009 - 2015	\$64	\$64	\$64	\$64	\$65	\$67	\$68	\$69	\$71	\$72	\$74
43	Safety Enforcement & Education With \$2M Turnpike Patrol	\$2	\$2	\$6	\$6	\$6	\$6	\$2	\$2	\$2	\$2	\$2
44	High Priority & Earmarks for Safety J&P (\$26M at 91% Ob Limit 2005-2009)	\$4	\$5	\$5	\$5	\$5						
45	Total Safety Programs	\$70	\$71	\$75	\$75	\$76	\$73	\$70	\$71	\$73	\$74	\$76
46	Rail Overpass Program (2001 thru 2010)	\$12	\$12	\$12	\$12	\$12	\$12	\$0	\$0	\$0	\$0	\$0
47	Rail Lights and Gates (Level Funding)	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
48	Slides, Silos, and Mine Subsidence - 2% growth 2011 - 2015	\$12	\$14	\$16	\$16	\$16	\$16	\$16	\$17	\$17	\$17	\$18
49	Rest Areas - 2% growth 2011 - 2015	\$8	\$8	\$11	\$11	\$11	\$11	\$8	\$9	\$9	\$9	\$9
50	Noise Wall Retro-Fit of Existing Sites	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$6
51	ODNR / Metro Park Paving Program	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$8	\$8	\$8	\$8
52	Miscellaneous Statewide Programs	\$5	\$12	\$12	\$12	\$12	\$12	\$13	\$13	\$13	\$14	\$14
53	Amish Buggy Lanes	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
54	Emergency Program	\$121	\$86	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
55	Appalachian Development Program	\$17	\$17	\$18	\$18	\$18	\$18	\$19	\$19	\$19	\$19	\$19
56	Annual Appropriations Earmarks	\$38	\$22									
57	Other Federal SAFETEA-LU Earmarks (\$351M @ 91% Ob Limit 2005-2009)	\$64	\$64	\$65	\$64	\$64	\$58	\$58	\$61	\$65	\$67	\$65
58	Total Statewide ODOT Programs	\$305	\$264	\$173	\$172	\$173	\$168	\$154	\$158	\$163	\$166	\$165
59	Local Programs Grown at same rate as Federal Core Line #8											
60	Metropolitan Planning Organizations - Urban (15% of Federal Core Formula)	\$157	\$148	\$167	\$176	\$178	\$180	\$182	\$184	\$186	\$187	\$189
61	County Bridge and Surface Programs (5% of Federal Core Beg/2006)	\$51	\$50	\$56	\$56	\$59	\$60	\$60	\$61	\$62	\$62	\$63
62	Local Major Bridge Program	\$25	\$25	\$25	\$25	\$25	\$0	\$0	\$0	\$0	\$0	\$0
63	Enhancements, Bike Trails, etc (capped at \$11M)	\$14	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
64	Small Cities Program (\$8 M cap through 2009, 7% of Federal Core thereafter)	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$9	\$9	\$9	\$9
65	City Bridge Program (\$8 M cap through 2009, 7% of Federal Core thereafter)	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$9	\$9	\$9	\$9
66	Safe Route to Schools	\$4	\$4	\$4	\$4	\$4						
67	Total Local System Preservation Programs	\$267	\$254	\$279	\$291	\$294	\$268	\$270	\$273	\$275	\$278	\$281
68	Core Jobs and Progress Major New Program	\$509	\$740	\$711	\$679	\$591	\$473	\$472	\$474	\$477	\$478	\$475
69	Earmarks for Major New Program (\$75 @ 91% Ob LimR)	\$13	\$13	\$13	\$14	\$14	\$27	\$28	\$26	\$23	\$22	\$25
70	SAFETEA-LU Federal Shortfall	(\$68)	(\$67)	(\$42)	(\$43)	(\$45)	(\$21)	(\$20)	(\$19)	(\$17)	(\$17)	(\$22)
71	Subtotal Core Major New Program	\$454	\$686	\$682	\$650	\$580	\$479	\$480	\$481	\$483	\$483	\$478
72	Cleveland Innerbelt HP & Earmarks (\$107 @ 91% Ob LimR)	\$12	\$19	\$23	\$23	\$19						
73	Total Major New Program	\$465	\$705	\$705	\$674	\$579	\$479	\$480	\$481	\$483	\$483	\$478
74	Total ODOT Highway Construction Programs	\$1,805	\$2,075	\$1,924	\$1,904	\$1,833	\$1,701	\$1,699	\$1,714	\$1,732	\$1,746	\$1,750
75	Estimated State Bonds Required	\$118	\$184	\$171	\$181	\$182	\$95	\$82	\$80	\$99	\$111	\$140
76	State Debt Service % of Total State Revenue	13.2%	13.4%	14.3%	14.4%	13.9%	13.6%	12.9%	12.2%	12.8%	12.2%	11.8%
77	Estimated Federal Bonds Required	\$0	\$146	\$213	\$165	\$98	\$71	\$65	\$69	\$86	\$100	\$97
78	Federal Debt Service % of Total Federal Revenue	6.5%	6.8%	7.4%	8.5%	9.2%	9.1%	8.4%	7.9%	8.5%	9.2%	9.9%