



## Ohio House Finance Committee

*Testimony in support of House Bill 62, FY 20-21 Transportation Budget*

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Chairman Oelslager, Vice Chair Scherer, Ranking Minority Member Cera, and members of the Ohio House Finance Committee:

Thank you for the opportunity to again come before you and discuss transportation funding for the next biennial budget, and beyond. Last week, I detailed to you the status of ODOT's revenue streams and the consequences we could face – including serious safety concerns - if additional funding is not identified soon.

As you may recall, due to flat revenues, highway construction inflation, and mounting debt payments, ODOT is in jeopardy of being unable to fulfill its mission. The credit cards are maxed out and the long-term health of Ohio's transportation system is now at stake.

Without a change in our available revenue, there will not be enough money for ODOT and our local partners to keep the roadways in their current condition, and roads will deteriorate. Statistically, we know that deteriorating road conditions lead to more crashes and that more crashes lead to more fatalities.

Under this scenario, we would commit ourselves to taking care of critical safety issues as best we can, however, more of our roads and bridges would inevitably slip into a dangerous state of disrepair – putting the safety of Ohio's drivers at risk.

In addition, without a change in revenue, we will have no funds for any new highway improvement projects of any kind in our state. Progress in Ohio's transportation system will stall.

This impending transportation crisis is looming despite all of ODOT's multi-million dollar cost-saving efforts to make our agency leaner and more efficient.

Since 2011, we have reduced our headcount by nearly 700 positions. This effort alone has saved us \$330 million.

We have cut our equipment costs. We have changed the way we service our equipment and have standardized it across the state. We have changed the way we buy and resell equipment to get a maximum resale price. We have downsized our fleet of trucks to reduce maintenance costs. We have scrutinized contracts to ensure we are getting the best deals possible. We have automated processes.

These efforts, combined with our staff reductions, have helped us save more than \$400 million in operations costs since 2011. That is money we were able to reinvest in maintaining our roads and bridges.

Starting in 2015, ODOT implemented Transportation Asset Management Plan. This project, recognized as being one of the premiere programs of its kind in the nation, allows us to analyze a number of factors – from traffic and growth rates, to project history, to degradation models of pavement and bridges – in order to make data-driven maintenance and preservation decisions that ensure we make the best use of our dollars by doing the right treatments at the right time.

Since 2015, we have saved nearly \$300 million through our asset management efforts, and we will continue to see additional cost savings each year moving forward. Since full implementation, we have been able to preserve and maintain roughly 1,700 more lane miles per year for the same cost.

In the last few years, we have also looked to technology to help us become more efficient. We are using software to help us analyze our snow plow routes so we can be more efficient. In the past, our routes were strictly limited to county borders because our crews were told for years they are only responsible for their county. That's not a smart way for a statewide organization to operate. Now, we are operating with transparent borders to ensure our routes make the most sense, so we can to treat our highways faster and better regardless of where the county line is.

We are also equipping every plow truck in our fleet with a GPS unit and camera. Our managers can get a live stream from each truck and monitor, in real-time, the roadway conditions on each route. This allows us to make better decisions (with real-time information) about how and where we should direct our highway treatments.

We began construction last year on our SmartLane, a project that will open the existing roadway shoulder on I-670 eastbound for vehicles during the evening rush hour to help relieve congestion. Utilizing the existing shoulder helps us save millions over the cost of building a new lane to address that problem. This is our first project like this in the state. If it is successful, we will continue to look at other opportunities to do the same.

We are innovating. We are using unmanned aircraft, or drones, to help us with surveying and inspections. We are upgrading signals to better manage congestion. We are upgrading software to better collect and utilize data about our pavements and bridges so we can make wiser long-term decisions about when and where projects are needed.

But, again, despite all these cost-saving efforts – despite the hundreds of millions of dollars ODOT has saved – it is still not enough to adequately maintain Ohio's network of roads and bridges.

Shortly after taking office, Governor DeWine pulled together a group of experts to study this fiscal cliff and look at options to overcome this impending crisis.

Members of this committee had a full consensus on only one of those options: raising the Motor Vehicle Fuel Tax to put Ohio's tax in line with many of our neighboring states.

### **FY 20-21 Transportation Budget Proposal**

Today, we are introducing our executive budget proposal that will address the concerns I presented to you last week by raising the Ohio Motor Fuel tax by \$0.18 beginning July 1. At the beginning of each fiscal year thereafter, the rate would increase in accordance with increases in the Consumer price index to ensure, moving forward, that ODOT and its local transportation partners have what they need to keep our roadways safe for Ohio drivers and keep our economy moving. The indexing is crucial to ensuring we are not here again in four or six years giving the same presentation about deteriorating road conditions and safety hazards.

The revenue raised in the first year equates to roughly \$1.2 billion and will be split between ODOT and local governments. ODOT receives roughly 60% of that funding and local governments get about 40%. Per a constitutional restriction, this money can only be used for purposes related to the construction, reconstruction, maintenance, and repair of public highways and bridges.

In fiscal year 2020, this proposal will provide ODOT with \$750 million additional dollars in revenue to pave roads, fix guardrails, fill potholes, clear snow and ice, maintain bridges, and most importantly, improve safety. It will allow us to continue our schedule of maintenance work so we can provide correct the treatments to our roads and bridges at the right time to ensure they are in good working order. We'll be able to fix dangerous intersections in places like Belmont County at State Route 147 and State Route 800, Licking County at State Route 37 and US Route 62, and Preble County at State Route 177 and County Road 30. These are the top three dangerous intersections in Ohio, and under this proposal we will be able to do something to make them safer.

It will also provide local governments with a significant increase in the funding. All 88 counties will get an extra \$1.6 million to fix county roads and bridges and keep their drivers safe. Cities, villages and townships will also see a significant increase under this proposal. ODOT historically gives an additional \$350 million to local governments, on top of their share of the motor vehicle fuel tax, through programs designed to help them address critical issues and improve safety. These programs were slated for reductions beginning next year due to our revenue restrictions, but under this proposal we will be able to restore funding to those crucial programs.

This proposal will also allow us to restore funding to our major new project program to ensure we continue to make timely progress on address critical congestion issues in our major highways. Funding for new projects was originally slated to be reduced to zero beginning July 1. However, this proposal will allow us to fund approximately \$250 million each year in new highway improvement projects. With this funding, we will be able to move forward on important projects around the state such as I-70/71 here in Columbus, I-75 in Cincinnati, widening US-35 in Dayton, and improving the innerbelt in Cleveland.

We understand asking Ohioans to pay higher fees for their use of our roadways is no small task, and we take this request seriously. Please know that the men and women of ODOT understand our responsibility to be thoughtful with taxpayer dollars.

Given that our current state motor vehicle fuel tax is \$0.28, we understand an additional \$0.18 increase will sound high, but let me put that into perspective for you. If you drive 13,000 miles per year (roughly

the U.S. average) in a 2015 Ford F-150 pickup with four-wheel drive and a V8 engine, your fuel bill would increase \$2.65 per week. If you drive 13,000 miles per year in a 2015 Jeep Cherokee, you would pay an additional \$1.91 per week. If you drive a 2015 Honda Accord, you would pay just \$1.61 per week, less than the price of a cup of coffee.

It is my hope that most Ohioans will understand the importance of responsible transportation funding to ensure their roads are well-kept and their children can get to school safely. These are dollars that are guaranteed to stay right here in Ohio, improving the roads we drive on every day. These dollars will help keep our economy healthy. We know that strong infrastructure attracts investment and jobs and opportunities for Ohioans and we have a responsibility to keep it well-kept.

Our motor fuel tax is a user fee - designed so that motorists are supporting the maintenance of our roads and bridges in accordance with how much wear and tear they put on the system. While technology may eventually bring about changes to how we can calculate and better collect this revenue, the reality is the motor fuel tax is and will remain for the foreseeable future, the most reliable metric we have to assess and collect this user fee.

Governor DeWine understands that maintaining the integrity of our roads and bridges is not only important to our economy; it is important to the health and welfare of our citizens. This proposal takes care of our maintenance needs, allows us to make some important safety improvements, and restores funding to address critical new roadway needs. It allows us to continue to assist local governments through our local programs and will allow us to continue to direct revenues to other needed areas such as public transit. By indexing the tax annually, we are providing a steady flow of funding that increases slowly over time.

You can also count on ODOT to continue its aggressive determination to control costs.

My promise to you and to the people of Ohio is that we will continue to reevaluate the size of our workforce and make further reductions. We will continue to use technology to find ways to make us more efficient. We will continue to research national and international best-practices to help us make the most out of every motor fuel tax dollar we receive.

I pledge to Governor DeWine and to you as members of the Ohio General Assembly to find an additional \$100 million in operational savings for ODOT over the next four years during my time as Transportation Director. This is because I think it is the right thing to do, and because I take seriously the trust that Ohioans put in us to spend their tax dollars wisely. I look forward to reporting back to you on the progress of those savings in two years.

In summary, this is a fair and responsible proposal that ensures the health of our transportation system for years to come. I hope you will join me in supporting it.