



May 8, 2020

Ohio Transportation Partners:

As many of you know, Ohio Governor Mike DeWine recently announced reductions to the state operating budget for the remainder of the state fiscal year that ends June 30. These cuts are due to the economic impact the COVID-19 outbreak has had on state finances, including a drop in average daily traffic of up to nearly 50% in April, resulting in a significant decline in fuel consumption and motor vehicle fuel tax revenue.

At the end of February, and prior to the onset of the COVID-19 pandemic, state general revenues for the fiscal year were ahead of estimates by over \$200 million. As of the end of April, Ohio's revenues were below the budgeted estimates by \$776.9 million. That is nearly a billion-dollar difference, in two months' time, to our state's available revenues.

As a result, budget line items funded by state general revenues are being reduced throughout the state. For our transportation partners, the following general revenue reductions have been made by the administration:

PROGRAM	LINE ITEM	REDUCTION AMOUNT
Public Transit	775470	\$3,177,234.00
Rail	776465	\$378,038.00
Aviation	777471	\$3,104,922.00
TOTAL		\$6,660,194.00

We understand the impact the reductions will have on our partners. ODOT is working now to determine how-best to administer the reductions. More information will be shared in the near future on this subject as those decisions are made.

State general revenue is a very small portion of the department's overall budget. ODOT's capital program is funded by motor vehicle fuel tax revenues which will also be significantly reduced.

The administration's announcement included a reduction of at least \$70 million in ODOT's non-GRF funding source, the Motor Vehicle Fuel Tax. That number represents about a 20% immediate decline in state motor vehicle fuel tax receipts to the agency. I must point out that this is most-likely the minimum amount that capital spending will be reduced. Our actual expenditures will still be dependent on motor vehicle fuel tax receipts collected.

In anticipation of reduced motor vehicle fuel tax revenues, ODOT delayed two projects totaling about \$200 million last month. Moving these two projects into the next fiscal year will allow the agency to absorb the revenue reduction and commence the rest of the 2020 construction program as planned.


ODOT and state budget forecasters are working to understand what the impacts to State Fiscal Year 2021 will be for both state general revenues and motor vehicle fuel tax revenues.

While it is still too soon to know what the extent of the impact will be, the department is currently looking at all projects and expenditures to determine our critical needs, and what can safely be delayed or cut, if needed. By prioritizing projects now, we can ensure the most critical work still moves forward.

ODOT is committed to working with our partners as we move forward through these reductions and those that may yet come. We are committed to a transparent process and ongoing discussion as we work to determine how to best spend each dollar on behalf of the taxpayers of Ohio.

Thank you for your understanding and partnership throughout this process.

Respectfully,



Jack Marchbanks, Ph.D.
Director, Ohio Department of Transportation