

## Ohio State Highway Patrol Funding Task Force

Tuesday, May 27, 2008

10:00 A.M. – 12:00 P.M.

### Meeting Minutes

#### Members Present:

Henry Guzmán, Director, Ohio Department of Public Safety  
Pari Sabety, Director, Office of Budget and Management  
Richard A. Levin, Tax Commissioner, Ohio Department of Taxation  
Chris Runyan, President, Ohio Contractors Association  
Doug Scoles, Executive Director, Ohio MADD  
John Leutz, Senior Policy Analyst, County Commissioners  
Association of Ohio  
Brian Newbacher, Director, Public Affairs, AAA- East Central  
Steven Buehrer, Senator, Ohio Senate  
Mary Boneli, Senior V.P., Public Info., Ohio Insurance Institute  
Larry A. Davis, President, Ohio Trucking Association  
Mike Rankin, Registrar, Bureau of Motor Vehicles  
Jim Beasley, Director, Ohio Department of Transportation  
Richard H. Collins, Superintendent, Ohio State Highway Patrol

#### Absent Members:

Larry Phillips, President, Ohio State Troopers Association  
Donald L. Mader, Exec. Dir., American Council of Engineers  
Companies of Ohio  
Susan J. Cave, Executive Director, Ohio Municipal League  
Michael Cochran, Executive Director, Ohio Township Association  
Jason Wilson, Senator, Ohio Senate  
Robert Hagan, Representative, Ohio House of Representatives

#### Minutes Recorder:

Nancy Crespo, Policy Liaison, Ohio Department of Public Safety

#### Meeting Agenda:

- 1.) Roll Call/Introductions
- 2.) Director Guzmán's Opening Remarks
- 3.) Guiding Principles For Determining Solutions
- 4.) History and Cash Analysis of the Highway Safety Fund
- 5.) Open Discussions/Questions
- 6.) Director's Guzmán's Closing Remark

## Ohio Department of Public Safety Director Henry Guzman's Opening Remarks

Ohio Department of Public Safety (ODPS), Director Henry Guzmán called the meeting of the Ohio State Highway Patrol Funding Task Force to order at 10:00 a.m. Director Guzmán said the main initiative for the task force is to close the gap within the Ohio State Highway Patrol (OSHP) budget. In lieu of a roll call, Director Guzmán opened the floor for introductions of the members. After introductions, Director Guzmán spoke about the Memorial Day fatality improvement in comparison with previous years.

Director Guzmán welcomed the task force members. He said that the OSHP's budget challenges associated with the phase out of the Gas Tax have been clearly documented and much discussed. While preparing his FY' 08-09 Biennium Budget, Governor Strickland made it the highest priority to ensure the OSHP was adequately funded so they could continue to offer the protection that Ohioans deserve. With this current budget, a proposed revision to the gas shrinkage and evaporation discount for petroleum products was adopted to provide the additional financial resources to offset the structural deficit in the OSHP. While this move provided sufficient revenue to see the OSHP through FY '08 and FY '09, it was very much a short-term solution to address the Patrol's critical financial situation. The Governor, members of the General Assembly and critical stakeholders have worked closely through this entire process, and have remained committed to finding and adopting a long-term solution that adequately addresses the Patrol's continuing budget situation. Director Guzmán states that the task force was appointed by Governor Strickland to identify solutions that will sustain a long-term funding solution to support the OSHP and its critical public safety mission.

Director Guzmán affirmed that the OSHP is dedicated to the mission of protecting life and property, promoting traffic safety and providing professional public safety services with respect, compassion, and unbiased professionalism. He also confirmed that the ODPS is dedicated to the mission of saving lives, reducing injuries and economic loss, administering Ohio's Motor Vehicle Laws, and regulating driver licensing and vehicle registration.

Director Guzmán stated that working collaboratively, the guiding principles of the task force for determining the appropriate measures to address critical funding issues shall focus around these important considerations:

1. Any fee increases considered should be broad based and as low a rate as possible; thereby fairly applying to all who benefit from the Patrol's services;
2. All recommended sources of revenue should be sustainable;
3. It is desirable to keep Ohio's fees competitive with those of our bordering states; and,
4. Recommendations shall be adopted that will ensure continuation of the highest level service and protection to the public.

Director Guzmán asserted that this is the most significant funding issue impacting ODPS as they work on the next biennium budget. He believes that working together, and harnessing the talent and resources of the agencies and groups represented in the task force, they will find a workable long-term solution that is in the best interest of the state, its citizens, and the Director. He asserted that it is their task to evaluate best practices and innovative examples in finding solutions that best solidify the financial backbone supporting the Patrol's operations, which are so critical to our mission of protecting Ohio's public. On behalf of the Governor and as the chair of the task force, Director Guzman thanked each of the task force members for lending their time and expertise to the group.

Director Guzmán introduced Colonel Collins to touch upon the highlights of the Patrol's 2007 accomplishments.

### Colonel Richard Collins, OSHP Superintendent - Remarks/highlights of 2007 OSHP Accomplishments

Colonel Collins thanked the task force members for their willingness to serve on this very important committee. He informed them that the mission of the OSHP is to save lives on Ohio highways. He said that this past weekend was the safest Memorial Day weekend in the history of Ohio, only six traffic fatalities and 650 drivers arrested for DUIs, and that it was potentially the safest year in Ohio's history as well.

Colonel Collins informed the task force that the OSHP saves lives by enforcing traffic laws, intercepting and arresting impaired drivers as well as aggressive drivers, and by ensuring compliance with safety belt laws. Colonel Collins said as we enter the Summer Driving Season, the OSHP is currently 80 traffic deaths below the 2007 total. He hoped that this could potentially be our third consecutive year of record declines in traffic deaths. OSHP knows, as one of the smallest State Patrol agencies in the country, they need to partner with local law enforcement to address traffic safety and crime issues in non-traditional ways. The Colonel believes that people need to know that state and local law enforcement work together to utilize the best possible ways to use funding. He feels that the OSHP serves as the law enforcement foundation to make this happen. He stated that OSHP members continue to serve on joint terrorism task forces in five of Ohio's major metropolitan areas.

During the past two years, OSHP has joined with the Cincinnati Police Department to address urban interstate traffic concerns. They had a great deal of success with a 50% reduction in fatal and injury crashes in 2006, a 60% reduction in fatal and injury crashes in 2007, and a general reduction in other types of major crime categories. Colonel Collins also states that during the first weekend in May, the OSHP worked with Cleveland Police Officers to address general traffic safety and crime concerns in one of Ohio's most troubled neighborhoods. The initiative was successful and the OSHP hopes to do this again later this summer.

According to the Colonel, starting next week they will again be assigning troopers to work on Interstate 480 and Interstate 90 in the Cleveland area to address high crash areas from June 2, 2008 to June 20, 2008. The OSHP has conducted similar initiatives in Youngstown, Akron, Dayton, Canton, and Columbus. The Colonel stated that all of these initiatives are reflective of the cooperative spirit they have with law enforcement partners.

The Colonel informed the task force that OSHP's Special Response Team provided active shooter training to a number of local law enforcement agencies around the State. The training was free and over 4,500 officers have been trained since they made the training available. On February 7, 2008 an elementary school in Portsmouth utilized the training when a deranged man attacked his wife who was teaching her 5<sup>th</sup> grade class. Colonel Collins confirmed that officers from three different departments put this training into action, entered the school, cleared the rooms, and provided first aid to the teacher who had been stabbed and shot. The OSHP will continue to provide the training as necessary.

The Colonel told the task force that the OSHP's traditional mission will always be their driving force but they will continue to address the needs of Ohio's Citizens in other areas when called to do so. The Colonel said that with the task force's help the OSHP will continue to provide the same high level of service for all of Ohio's Citizens in years to come.

Director Guzmán referred to the legislative language establishing the State Highway Patrol Funding Task Force:

*SECTION 555.17. There is hereby created the State Highway Patrol Funding Task Force. The Task Force shall study the method of funding the State Highway Patrol and shall issue a report of its findings to the General Assembly and the Governor by July 1, 2008. The Governor shall appoint the members of the Task Force. The Task Force shall include in the report a recommendation for a dedicated and stable long-term funding source for the State Highway Patrol. Upon issuing its report, the Task Force shall cease to exist.*

Director Guzmán tells the task force members that their binders contain additional information including mission statements, legislative language regarding development of the task force and the funding history/cash analysis of the Patrol's budget. Director Guzmán asked Kathy Ludowese, ODPS Chief Fiscal Officer, to provide an overview on the history and cash analysis of the Highway Safety Fund.

**History and Cash Analysis of the Highway Safety Fund presented by Kathy Ludowese, ODPS Chief Fiscal Officer**

1. Previous to FY04, the Highway Patrol was primarily funded thru the gas tax. For example, the Highway Safety Fund received \$188 million in FY02 and \$185 million in FY03 from the gas tax.
2. The FY04/FY05 Biennium Budget contained language for a four year phase-out from gas tax.
- 3.

<b><u>Fiscal Year</u></b>	<b><u>Gas Tax Received</u></b>
FY04	\$140,137.500
FY05	\$ 94,359.250
FY06	\$ 57,181.700
FY07	\$ 38,502.400
FY08	\$0.000

4. To offset the loss of gas tax revenue, the Budget Bill provided for an \$11.00 fee increase for vehicle registrations, a \$12.00 fee increase for driver licenses, and a \$5.00 fee increase for temporary tags.
5. In Fiscal Year 07, these fee increases amounted to \$174 million, as compared to what had been received from gas tax in FY03 (\$185 million).
6. The FY08/FY09 Transportation Budget incorporated temporary budget language for the Highway Safety Fund to receive between \$1,250,000 to \$1,600,000 per month from the gas shrinkage and evaporation discount. ODPS has been receiving \$1,600,000 per month in FY08, which equates to \$19,200,000 per year.

7. Temporary budget language for FY08 and FY09 will not be continued in future years unless the legislature once again approves the language to be included in the budget bill.

#### Cash Transfer To The State Highway Safety Fund

Effective July 1, 2007, the Treasurer of State, prior to making any of the distributions listed in sections 5735.23, 5735.26, 5735.291, and 5735.30 of the Revised Code, shall deposit at least the first \$1,250,000 and up to \$1,600,000 received each month to the credit of the State Highway Safety Fund (Fund 036).

Ms. Ludowese opened the floor to questions regarding funding history before she continued with the cash analysis of the Highway Patrol Safety Fund.

Mr. Newbacher asked Ms. Ludowese to describe why the OSHP was taken off the gas tax. Director Sabety responded by saying that the gas tax is a great way to pay for highways, roads and transportation. Mr. Runyan added that money from gas tax did not go back to the Ohio Department of Transportation (ODOT) but went to local government. Senator Steve Buehrer informed everyone that it was his bill and when they decided to take the OSHP off the gas tax because they were prioritizing in the best interest they could.

Ms. Ludowese began to explain the Cash Analysis of the Highway Safety Fund found in the member's information binder. She said that each Biennium is represented with a different color and that the analysis runs through FY13. She said that the department gets money from ODOT for its building and during FY13 the bonds for the building will be paid off. Technically the department only has the right to the evaporation gas tax until FY 09 but the cash analysis shows the budget to include this language for the other years as well. She said when the department looked at the Budget the Director wanted them to look at everything that they could refrain from doing so that the department did not have such a shortfall. She informed the task force that FY07, the vertical row in blue, shows actual numbers for revenue and costs. She explained that for Projected Revenue, OSHP essentially flat-lined the forecast. For example, OSHP does not expect revenue increases or decreases in the near future. Ms. Ludowese informed the task force that the only exception is Revenue Source 70 which reflects the interest the fund receives. She said since there will be overall cash declines, OSHP is projecting less interest income. She pointed members' attention to the column under Transfers-In, Revenue Source 367, where it can be seen in FY07 OSHP received the last year of gas tax. In subsequent years OSHP is instead showing \$19.2 million per year from the gas evaporation allowance. She asked members to keep in mind there is only ORC language for the gas evaporation through FY09. Temporary language would need to be incorporated in future budget bills. Ms. Ludowese affirmed that for Projected Disbursements, the Department thoroughly reviewed opportunities for cost savings for the Patrol, and arrived at savings of \$43 million. The Patrol also did cost increase projections for equipment, payroll step increases, and health increases, etc. She stated that the Total Resources available represents all the revenue earned each Fiscal Year. The Total Uses of Funds represents all of the disbursements for each Fiscal Year. She informed task force members that when they subtract Total Uses of Funds from Total Resources Available, they end up with each Fiscal Year's Ending Cash Balance. Ms. Ludowese informed the members that the bottom horizontal line on the cash analysis shows projected ending cash balances for each fiscal year. She said that the cash shortage starts in FY10. The projected deficit for FY13 is approximately \$308 million. She stated in actuality, the deficit will be \$20 million higher, or \$328

million. The reasoning for this is that for a fund this size you cannot end a fiscal year at zero or you will be in financial trouble for the next fiscal year.

Director Sabety asked if Ms. Ludowese could give the task force an estimate of the annual shortfall so they can see the size of the problem they are trying to fix and estimated it to be 80 to 90 million dollars. Ms. Ludowese concurred with Director Sabety on the estimates. Ms. Ludowese also informed the task force that they included ½ % for longevity and 2.5% for step increases. Director Sabety wanted to know if the OSHP has a head count of the number of employees in the future and Captain Dave Dicken, OSHP said yes and would provide that information at the next meeting. Captain Dicken said that they would be consolidating dispatch areas to reduce staff. Director Guzmán and Captain Dicken said they have been aggressively working on this funding issue since FY08. Mr. Runyan wanted clarification from Colonel Collins when he said that the OSHP was small in number. Colonel Collins said that in comparison to the rest of the country they are one of the smallest organizations in the nation. Director Guzman said that the impact of fuel increase has caused some local governments to use golf carts and that it has effected local government as well as state government. Mr. Leutz had questions about the MARCS system. Director Sabety discussed OBM's budget guidelines and the request for all departments to tighten their belt.

#### **Director Guzman's Closing Remarks**

Director Guzmán stated that it was determined that for the May 27<sup>th</sup> meeting there would be an objective overview and presentation of guiding principles. He said that ODPS would set up a web portal for information sharing for the task force members and the public. Director Sabety suggested the task force should keep in mind that while the Highway Patrol Fund is projecting increases of 5% or 7% over FY09 spending levels, all agencies who receive GRF are being directed to submit their FY10/11 Biennium Budget at 90% and 95% of their adjusted FY09 appropriations. Director Sabety wanted to know if the task force will be presenting some alternatives at the next meeting. Director Guzmán answered yes and said that everyone is welcome to present alternatives and there would be opportunity for testimony at the next meeting. Director Guzmán stated that ODPS will likely provide recommendations at the following meeting. He said that the task force members could find ODPS contact information in their binder and can contact John Lang and Nancy Crespo with any additional questions.

#### **Meeting adjourned.**

The next Ohio State Highway Patrol Funding Task Force Meeting will be Tuesday, June 3, 2008, from 10:00 a.m. until 12:00 p.m. in room 1960 in the Vern Riffe Center, 77 South High Street, Columbus, Ohio 43215.

#### **Task Force Staff**

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