

Governor Kotek Proposes New Funding for Transportation



Structural issue strains transportation budget

ODOT, like other transportation agencies, is facing a structural revenue issue. This is due to three main causes:

- Declining gas tax revenue as Oregonians drive increasingly fuel-efficient vehicles and switch to electric vehicles at a high rate.
- High inflation which has made maintaining the transportation system more expensive. With every year that passes, the same dollar purchases fewer materials and less service.
- Restrictions on available funding that prevent ODOT from maintaining the state's transportation system and running the agency. State law leaves only about 20% of every dollar for state highway maintenance.

ODOT began cutting spending in the 2019-21 biennium and has made multiple rounds of cuts to operations and maintenance budgets since. The agency has consolidated offices, shifted DMV services online, shrunk its equipment fleet, invested less in maintaining low-volume roads, held vacant positions open, and cut seasonal and temporary staff. ODOT has cut about \$170 million in the 2023-25 budget alone.

Despite those earlier cuts, this structural revenue issue means ODOT faces a significant budget shortfall in the 2025-27 biennium that starts in July. Following state budget processes, in 2024 ODOT prepared a list of proposed [service reductions](#) that will go into effect if the legislature doesn't provide additional funding. That budget includes reduced winter maintenance and reduced service levels at the DMV.

Governor's 2025-27 Budget

Governor Kotek released the Governor's 2025-27 Budget on Dec. 2, 2024. It recommends the Oregon Legislature provide an additional \$1.75 billion in funding for ODOT for the upcoming biennium. If approved, this funding would prevent deep cuts to services ODOT provides to Oregonians, improve service through additional investments in maintenance, the DMV, and other critical work; and allow the agency to invest in preserving and improving the transportation system.

A few highlights of Governor Kotek's proposal:

- **\$100 million for less waiting at the DMV:** Oregonians have faced increasing office wait times with only 65% of customers served within 20 minutes. This investment would allow DMV to hire additional staff in field offices and at call centers. It would also allow DMV to overhaul its website and add mobile service. Together, these investments will reduce customer wait times, prevent unplanned office closures, and provide a better customer experience for Oregonians.
- **\$50 million for a more efficiently regulated freight industry:** ODOT has been unable to invest in new systems that would improve efficiency and has fallen behind on a maintenance backlog that impacts operations and reduces roadway safety. This investment would allow the agency to replace aging mainframe IT systems and repair roadside infrastructure. Together, these investments will enable timely and accurate customer service, reduce operational downtime, and enable the agency to keep compliant carriers moving on the system and allow staff to focus on addressing those who aren't in compliance.

- **\$410 million for better maintained roads, sidewalks, and bike lanes:** The agency is currently slated to lose hundreds of maintenance staff who drive snowplows, patch potholes, and respond to crashes. This will result in longer road closures, more trash and graffiti, worse winter driving conditions, and more potholes. This investment means those positions would be preserved. It would also provide the agency with the funding it needs to tackle historically underfunded maintenance efforts like graffiti and litter cleanup, start on proactive maintenance efforts to protect the system from future damage, and replace outdated vehicles. Together, these investments will result in a safer, more accessible, and more reliable transportation system.
- **\$433 million for modern systems, workforce, and facilities:** Budget reductions have kept ODOT using outdated technology, antiquated systems, and in increasingly obsolete structures and facilities. These systems increase project, staffing, and maintenance costs and slow responsiveness to customers, local governments and other partners, and contractors. With this investment, ODOT would be able to replace obsolete computer and technology systems with new systems that would better serve customers and improve efficiency. It would also allow ODOT to address deferred maintenance on its facilities, with priority given to facilities that serve customers like DMV field offices, and to maintain full staffing levels to provide excellent customer service. This investment would also prevent the loss of hundreds of ODOT employees who deliver transportation projects and keep the agency running every day, from maintaining technology to making payments to processing contracts.
- **\$677 million to preserve Oregonians' past investments:** Oregon's transportation system is aging, and parts of it are quickly becoming obsolete. That puts the investment of generations of Oregonians at risk and threatens the state's economy. This investment would allow the agency to replace around five bridges annually (instead of three or fewer at this time), replace culverts, and increase roadway quality across the system. This would increase the resiliency of the system, protect the state's investment and make the traveling public safer.
- **\$80 million for safer roads for all Oregonians:** Oregon has seen a dramatic increase in fatalities on its transportation system in recent years. This investment will allow ODOT to fund additional safety improvements across the system. The agency could make improvements in twice as many locations statewide as current funding allows, build more safe crossings, and move faster to reduce speed limits across the state. Together, these investments would allow ODOT to reduce crashes that cause deaths and serious injuries across Oregon's state highways.

Next steps

The Governor's budget now goes to the Oregon Legislature for consideration. The Legislature's Joint Committee on Transportation is currently meeting in workgroups to discuss three key topics that will serve as the foundation of next year's planned transportation funding package:

- maintenance and preservation.
- public and active transit.
- finishing the 2017 priority commitments.

The 2025 Oregon Legislative session begins in January.

For more details, please review [Governor Kotek's 2025-27 budget](#).