



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

Office of the Director, MS 11

355 Capitol St. NE

Salem, OR 97301

DATE: January 11, 2024

TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
Director

SUBJECT: Agenda Item F – Overview of the 2025-2027 Budget Development Process

Requested Action:

Receive an informational presentation on the development of the 2025-2027 Agency Request Budget for the Oregon Department of Transportation and an update on the agency's operations and maintenance funding shortfall.

Background:

This presentation will explain the process used to develop the ODOT budget and the role of the commission. The development of the Agency Request Budget (ARB) is governed by a set of instructions from the Department of Administrative Services, in conjunction with the Governor's Office. A second presentation, at the March commission meeting, will be for review and approval of policy option packages (POPs)—the modifications to ODOT's budget from current service level to fund new positions, programs, and facility and IT investments-- for the 2025-27 ARB. The commission will receive a third presentation during the June meeting, detailing the full scope of the 2025-27 ARB and seeking final approval to submit to the Department of Administrative Services (DAS) and the Governor's Office.

ODOT will also provide an update on the agency's overall financial position, which will inform the development of the budget. With funding available for maintenance and agency operations limited by federal and state law and costs continuing to grow, ODOT faces a deep structural budget shortfall. This will constrain ODOT's ability to request POPs to undertake additional work and will likely require the agency to lay out budget reduction packages for the Legislature's consideration.

Outcomes:

While this presentation is meant to be informational, the commission may offer guidance and direction on policy option package development in preparation for the March meeting.

Attachments:

- Attachment 01 – 2025-2027 Budget Development Timelines (typical process), produced by DAS CFO

2025-27 Budget Development Timelines (typical process)

2023	JUL		
	AUG		
	SEP		
2024	OCT		Agencies begin budget discussions; include stakeholder engagement/outreach, revisit of previous requested investments; internal funding needs.
	NOV		
	DEC		
2025	JAN		Budget Prep Budget preparation is where agencies evaluate resources and prepare for technical budget development: - Revenue estimates - Exception Requests Budget Kick-off meeting is an opportunity for Governor and her team to outline priorities and vision; set expectations on budget development; share any process changes; provide economic forecast from state economist.
	FEB	February Session – final budget actions starting point for 2025-27 build	
	MAR	Actuals audit deadline Budget Kick Off Meeting	
	APR	Budget Structure changes & exception requests deadline Legislative Concepts (LC) due to DAS Last day to request KPM changes	BASE Base budget is the starting point and includes adjustments to Personal Services (PICS Freeze), Debt Service, Nonlimited, and Capital Construction.
	MAY	Debt Financing Request form deadline	CSL Current Service Level is the estimated cost to continue current budget into 2025-27, including vacancy savings, phase in programs, phase out one-time costs, inflation, mandated caseload costs, fund shifts, technical adjustments, and revenue shortfalls.
	JUN	Last day to submit LC placeholder information	ARB Agency Requested Budget includes all the agency's policy packages (policy package funding entry due July 1 for early submittal agencies and August 1 for late submittal agency (typically the larger agencies). Budget narrative is submitted by August 1st for early submittal agencies and September 1st for late submittal agencies. Budget binder includes reduction options and the following required reports: IT Project Prioritization Matrix, Information Technology, Annual Performance Progress, Audit Response, Affirmative Action, Supervisory Ratio, and Racial Equity Impact.
	JUL	ARB document deadline (early submittal agencies)	
	AUG	ARB document deadline (late submittal agencies)	
	SEP	Last day to request changes to draft LCs	AnREC & Appeals Analyst Recommended Budget is a detailed budget analysis prepared by the CFO Analyst and includes funding recommendations and narrative of emerging issues. Agencies have 48 hours to appeal the recommendations by submitting an appeal. The appeal is heard by leaders from the Governor's Office and CFO.
	OCT	All drafting on agency LCs stops	GB Governor's Budget is the starting point for budget negotiations during legislative session and reflects the Governor's priorities and any changes proposed by the Governor.
	NOV	GB release deadline	
	DEC	Last day to pre-session file bill for 2025 session	
JAN		LAB Legislatively Adopted Budget includes the Current Service Level budget plus the budget and policy bills passed during the 2025 Legislative Session.	
FEB			
MAR			
APR			
MAY			
JUN			