



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

Office of the Director, MS 11

355 Capitol St. NE

Salem, OR 97301

DATE: July 18, 2024

TO: Oregon Transportation Commission



FROM: Kristopher W. Strickler
Director

SUBJECT: **Agenda Item I** – 2025-2027 Agency Request Budget

Requested Action:

Approve submission of ODOT's Agency Request Budget (ARB) for the 2025-2027 biennium, including revenue shortfall packages, policy option packages (POPs), and proposed allocations from the Transportation Operating Fund.

Background:

After multiple months of development and multiple discussions with the commission, ODOT presents the 2025-2027 Agency Request Budget (ARB) to the commission for approval. While by statute the ARB must be approved by the commission, development of the ARB is governed by a set of instructions from the Department of Administrative Services (DAS).

ODOT's proposed 2025-2027 budget reflects a \$354.3 million Current Service Level (CSL) shortfall, significantly impacting the agency's core Operations & Maintenance (O&M) functions (i.e., Maintenance, D&O project delivery indirect costs, DMV, Commerce and Compliance Division, Support Services Division, Finance and Budget Division, the Director's Office, the Office of Equity & Civil Rights, and Capital Improvement). CSL is based on adjusting the 2023-2025 Legislatively Adopted Budget for inflation and other factors to show how much it would cost to maintain current programs. Notably, the 2023-2025 Legislative Adopted Budget included a cut in O&M functions of about 3%. These cuts adjusted the agency's CSL budget downward, so they are not reflected in the \$354.3 million CSL shortfall.

As required by the state enterprise budget process, this gap was closed by developing revenue shortfall packages that ODOT will present to the commission. These packages outline the cuts we need to make in the absence of additional revenue. These cuts are required to be specific rather than general concepts, including specific positions and other budgetary reductions. We are hopeful that sharing what we need to cut and their impact on those we serve will support efforts to make investments that will close these funding gaps.

This is the fourth and final presentation to the Oregon Transportation Commission about ODOT's Agency Request Budget for the 2025-2027 biennium.

At the March meeting in Medford, the commission received an overview of ODOT's proposed policy option packages (POPs) and gave the agency approval to include those POPs in the 2025-2027 ARB. The packages were developed by the agency to make targeted investments in programs and operations where they are justified, as projected revenue allows. In addition, ODOT is bringing forward several additional POPs that arose during the legislative concept and budget development process. In particular, two POPs were added in response to requests from the Governor's Office as part of Governor Kotek's efforts to increase housing supply and reduce homelessness. These POPs approved in March are included in the ARB summary attachment.

Once approved by the commission, the ARB development process culminates in the submission of a formal, comprehensive ARB document at the end of August. After determination of which POPs will move forward, Governor Kotek will submit her Governor's Budget on December 1.

Attachments:

- Attachment 01 – 2025-2027 Agency Request Budget Summary

2025-27 Agency Request Budget Summary

Prepared for Oregon Transportation Commission

The Oregon Department of Transportation (ODOT) has faced an impending budget crisis for agency operations and highway maintenance (O&M) functions for several years as costs continue to grow while the resources available for O&M are flat or declining, creating a significant budget gap.

To push out the date at which the State Highway Fund (SHF) runs out of cash to maintain highways and run the agency, ODOT has taken progressively larger budget reductions in the last three biennia. In the 2023-2025 biennium, ODOT reduced net total O&M spending by about \$210 million below what the Current Service Level budget would otherwise be:

- The 2023-25 Agency Request Budget (ARB) phased out \$64 million in O&M spending (about 3%) because there simply were not sufficient resources available to submit a budget at the Current Service Level.
- After passage of the Legislatively Adopted Budget (LAB) with only limited additional revenue (primarily for DMV), we reduced O&M spending by an additional \$54 million below LAB to avoid a shortfall in the State Highway Fund.
- After the collective bargaining agreements were approved last summer, ODOT absorbed \$92 million in additional personal services costs in O&M functions. Additional service level reductions were required to absorb these costs.

The Legislature provided \$39 million in one-time General Fund resources for maintenance in February 2024. About half – \$19 million – was to offset cuts to the agency’s core maintenance work, while \$20 million was to improve service in graffiti abatement, litter removal, and camp cleanup. The impact to the Maintenance budget from phase outs, reduced spending, and additional personal services costs totaled about \$68 million, so even with this infusion Maintenance took a reduction of roughly 5% during the 2023-2025 biennium. Reductions in other parts of the agency were larger: DMV took about 7% (less than it otherwise would have thanks to passage of a DMV fee increase bill in the 2023 Legislature), while CCD took 13% cuts and administrative functions were hit by 14%.

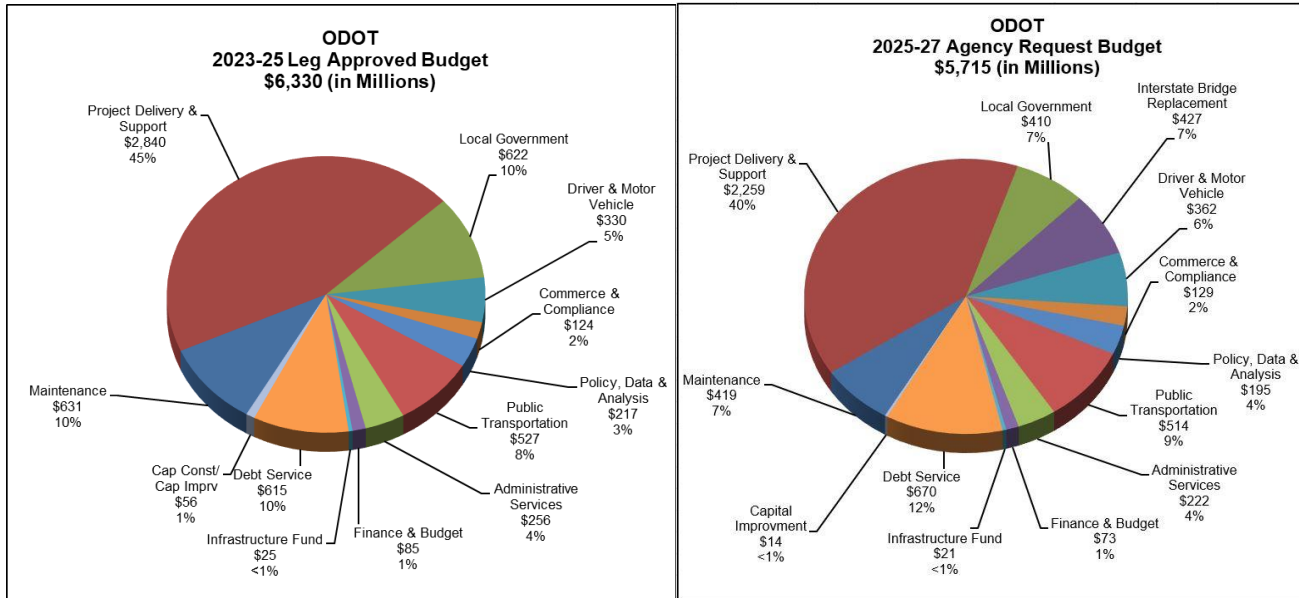
ODOT’s 2025-27 ARB Overview

Despite the actions discussed above, a deficit heading into 2025-27 remains. As a result of this deficit outlook, the proposed 2025-27 Agency Request Budget is \$5.71 billion, a roughly 10% decrease compared to ODOT’s 2023-25 Legislatively Approved Budget. This change is attributed primarily to reductions taken in response to the SHF revenue shortfall, but also reflects less planned project expenditures in the second half of the 2024-27 Statewide Transportation Improvement Program (STIP).

In the 2025-2027 ARB, the agency’s O&M functions (i.e. Maintenance, project delivery indirect costs, DMV, Commerce and Compliance Division, Support Services Division, Finance and Budget Division, the Director’s Office, the Office of Equity & Civil Rights, and Capital Improvement/Capital Construction) face a shortfall of \$354 million from the Current Service Level (CSL) budget. CSL is based on adjusting the 2023-2025 Legislatively Adopted Budget for inflation and other factors to show how much it would take to maintain current programs. This shortfall represents a reduction of about 30% of the CSL budget for these functions. However, it is based on the 2023-25 budget that phased out about 3% from the agency’s O&M budgets and thus represents a lower

service level than previous biennia. This funding shortfall also does not account for additional needed investments to improve service levels, keep facilities from deteriorating, and upgrade IT systems to enable better customer service and improve efficiency. ODOT has estimated that the additional O&M funding needed to close the current gap and address these issues is about \$900 million a biennium. A significant portion of this is to address our significant backlog in modernizing facilities—particularly the agency’s 88 maintenance stations across the state.

Summary of ARB by Budget Area



Note: ODOT established a new budget structure for the Interstate Bridge Replacement (IBR) Program in the 2025-27 ARB.

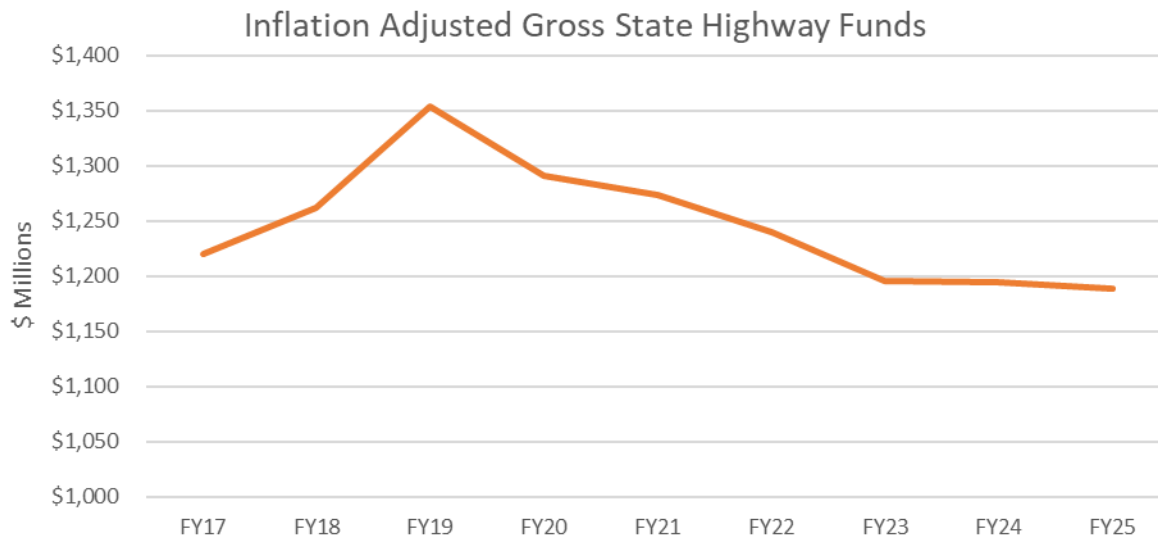
As required by the state enterprise budget process, this gap from CSL had to be closed in the Agency Request Budget. ODOT has developed revenue shortfall packages that outline the cuts needed in the absence of additional revenue. Agency leadership has distributed the revenue shortfall across the agency’s O&M functions to minimize the total reductions needed by limiting the impact to DMV, CCD, and Fuels Tax Group. The cost of these revenue collecting functions comes off the top of the State Highway Fund before apportioning funds between ODOT and local governments. As a result, ODOT only retains about 55 cents of every dollar cut from these groups, so the agency would have to cut much deeper if CCD, DMV, and Fuels Tax were included in proportional reductions. This method was also selected because cuts to these groups could impact revenue collection, further deepening the budget gap.

The number of FTE that would need to be eliminated to close this gap is approximately 1000—over 20% of the agency’s positions. The attached table shows the proposed reductions in dollars and FTE across all divisions. For Project Delivery & Support, the amount reduced is larger than the target reduction because ODOT would need to eliminate some positions that are only partially funded from O&M dollars; the remainder of these positions project charge against federal or other funds, so eliminating them creates savings in those colors of money.

Revenue Shortfall Packages included in ODOT’s 2025-27 Agency Request Budget

Division/SCR Name	Personal Services	% 070 Pkg	Services & Supplies	% 070 Pkg	Capital Outlay	% 070 Pkg	Total All Categories	Pos	FTE
Capital Improvement	\$ -	0%	\$ -	0%	\$ (4,638,650)	100%	\$ (4,638,650)	-	-
D&O - Maintenance	\$ (99,223,260)	54%	\$ (61,372,582)	33%	\$ (24,629,719)	13%	\$ (185,225,561)	(414)	(402.65)
D&O - Project Delivery & Support	\$ (122,570,115)	86%	\$ (19,568,890)	14%	\$ -	0%	\$ (142,139,005)	(371)	(369.93)
D&O - Local Government	\$ (5,317,104)	97%	\$ (178,688)	3%	\$ -	0%	\$ (5,495,792)	(17)	(17.00)
Driver & Motor Vehicle Services	\$ (3,760,282)	57%	\$ (2,848,235)	43%	\$ -	0%	\$ (6,608,517)	(14)	(14.00)
Commerce & Compliance	\$ (1,430,620)	76%	\$ (457,210)	24%	\$ -	0%	\$ (1,887,830)	(7)	(7.00)
ODOT Administrative Services	\$ (49,347,715)	86%	\$ (8,258,539)	14%	\$ (81,000)	0%	\$ (57,687,254)	(154)	(153.83)
Finance & Budget	\$ (8,174,956)	48%	\$ (8,977,248)	52%	\$ -	0%	\$ (17,152,204)	(28)	(28.00)
Total All Divisions	\$ (289,824,052)	69%	\$ (101,661,392)	24%	\$ (29,349,369)	7%	\$ (420,834,813)	(1,005)	(992.41)

The causes of this shortfall come from two primary sources: inflation of personal services and services & supplies expenditures, and statutory limitations on the agency’s use of the State Highway Fund. The rapid rise in inflation has eroded any gains made from internal reductions and accelerated the need for further reductions or additional revenue to balance at CSL. Passage of HB 2017 (2017 Session) created new State Highway Fund revenue phased in through tax and fee increases over seven years beginning in 2018. While this was a very significant increase in revenue it hasn’t been enough to keep up with inflation as shown in figure below where FY25 revenue is lower than FY17 on an inflation adjusted basis, which was prior to passage HB 2017.



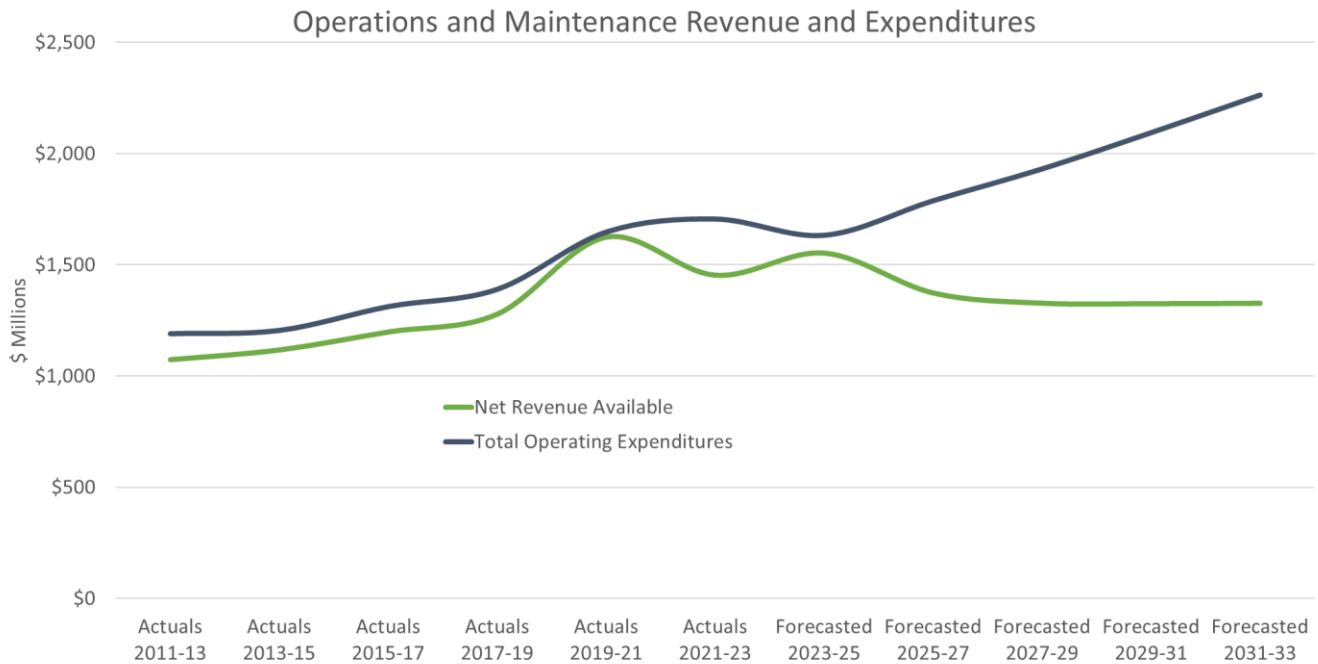
Source: ODOT April 2024 State Revenue Forecast

HB 2017 also exemplifies the second primary cause of the shortfall. From ODOT’s share of the bill’s new revenue only 6% of this new revenue is available for maintenance, zero for operations, and the remaining 94% going to the agency capital programs. The inability of the agency to use this new tax and fee revenue on O&M due to statutory restrictions has allowed inflation to erode the limited existing revenue.

State Highway Fund revenues for the O&M portion of the agency have been struggling to keep up with expenditures for some time. As the chart below shows, historically expenditures have been stronger than revenue, which has led to smaller ending balances over time. As we look ahead to the 2025-27 biennium, without inclusion of a reduction package the gap widens precipitously, creating the need for a reduction

package as expenditures increase while revenue net of collection costs declines. Beyond 2025-27 the outlook is even darker without new tax and fee revenue or even larger reductions in expenditures.

In short, revenues are growing more slowly than the costs for O&M of the agency. While the revenue shortfall package reductions provide a solution for the 2025-2027 biennium, without new revenue further cuts will have to be made in 2027-2029 and beyond.



Reduction Impacts

While ODOT will seek to minimize negative impacts on customers and the agency where we can, the impacts will be significant and unavoidable. We anticipate the following impacts to services and the state highway system.

- **Maintenance:** Reduced maintenance staffing would require consolidating crews and significantly reducing service levels in incident response, snow plowing, pavement patching, and litter and graffiti removal. Response times would be slower, and reliability and safety on state highways would be impacted.
- **Project Delivery:** To reduce project delivery overhead costs, ODOT would have to cut a large number of project delivery staff, both in regions and statewide positions. Reduction in staff resources would reduce technical competency and expertise and cause slower delivery timelines and fewer projects delivered.
- **DMV customer service:** DMV is largely protected from direct cuts in the current biennium due to the passage of the DMV fee bill and in the coming biennium by the decision to limit reductions to preserve service and revenue. However, DMV will be impacted by reductions in administrative functions, such as IT staffing, that are required to keep services functioning effectively. Moreover, DMV has already taken cuts that impact the quality and timeliness of customer service, and next biennia will need to take some further reductions. ODOT may not be able to protect DMV from cuts in future biennia as the O&M budget gap worsens.

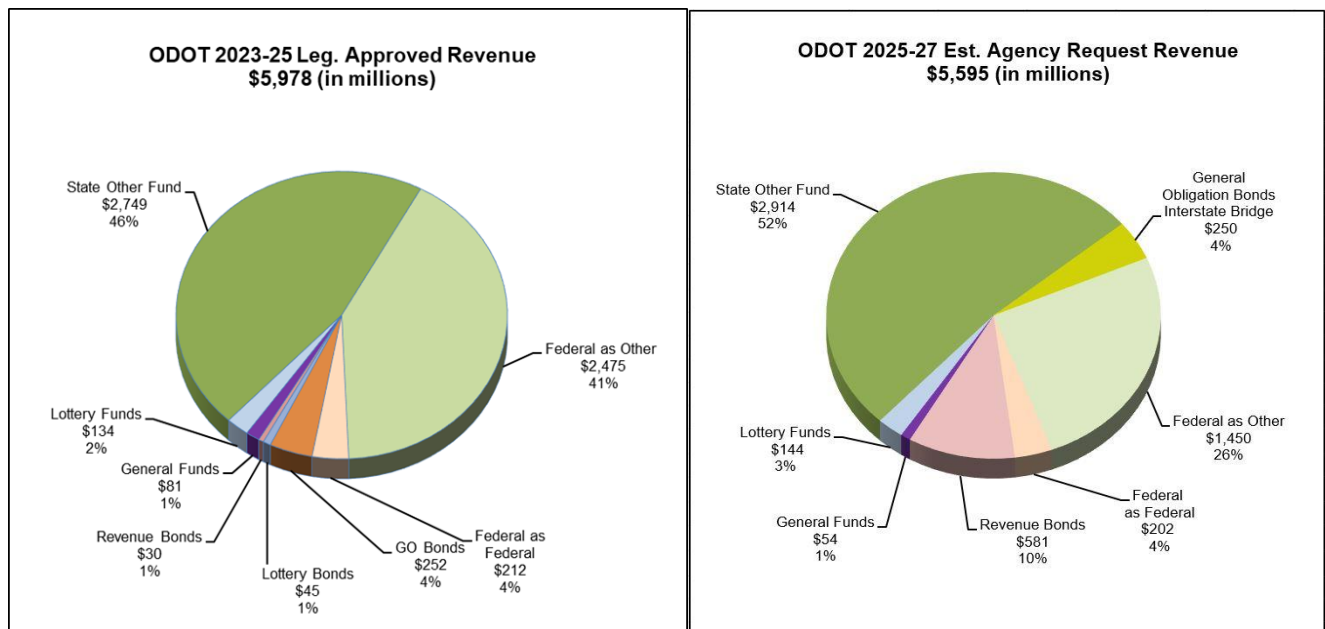
- **Local governments:** Local governments could see worse service in areas such as timely delivery of federally-funded local projects, prompt payment of State Highway Fund apportionments and timely award and execution of grants and loans.
- **Administration:** Staff reductions would degrade capabilities in IT, HR, procurement, finance, and other areas. Contracts would take longer to procure, technology wouldn't be modernized, IT issues—like cybersecurity issues or recent service disruptions at DMV-- would take longer to fix, payments wouldn't be made as quickly, and hiring would take longer.
- **Facilities:** Facilities for ODOT and the public, from maintenance stations to DMV offices, will become obsolete and will continue to decay, causing closures when roofs, HVAC systems, and other elements fail. For example, ODOT has been on an approximately 700-year replacement cycle for maintenance facilities, and many maintenance stations have outlived their useful life; going forward ODOT will have no funding to replace maintenance stations and limited funding for even basic repairs.

Two divisions—Public Transportation and Policy, Data and Analysis—are largely immune from reductions because they have other funding sources (primarily federal funds and the Statewide Transportation Improvement Fund). However, reductions to administration will impact their ability to deliver their services.

Revenues Funding ODOT’s 2025-27 ARB

ODOT is generally considered an Other Fund (OF) agency as 93% of the funding for ODOT’s ARB comes from OF revenue sources.

Revenues by Source



ODOT’s primary Other Fund revenues are “State Other Fund” from transportation-focused taxes and fees and “Federal as Other Fund” from the Federal Highway Administration. The “State Other Fund” can further be separated into State Highway Funds (SHFs) and non-State Highway Funds. This distinction is important since the two groups have very different revenue sources and allowable uses. Further, ODOT’s share of SHFs is comprised of capital revenues and operations and maintenance (O&M) revenues. While they share common revenue

sources, prior legislation tied to tax and fee increases dictate how the funds can be spent, creating a further delineation of revenue in the budget. ODOT’s proposed budget also includes about 4% Federal Funds for public transportation, rail administration and safety and motor carrier safety and compliance activities. The proposed budget also includes \$250 million in General Obligation Bonds for the Interstate Bridge Replacement project. Finally, ODOT historically receives some Lottery Funds and General Funds for debt service or to fund specific activities assigned by the legislature.

Proposed Changes and Revenue Trends

Total revenue in the 2025-27 budget is lower than the 2023-25 biennium. One big change pushed overall revenue lower, which was partially offset by two smaller increases. Below are the details regarding these changes:

1. Federal as OF revenue decreased significantly. In prior biennia, this revenue was calculated based on expected project expenditures that would be reimbursed, generating federal as OF revenue. However, the amount of expected revenue last biennium was much greater than any prior biennium, even with the increased funding due to the latest federal transportation authorization. In the 2025-27 budget, this source of revenue is now forecasted based on historical actuals resulting in a much lower and more accurate amount.
2. HB 2017, passed in the 2017 legislative session, included a series of four increases in fee and tax rates (2018, 2020, 2022 and 2024). The final increase occurred during the 2023-25 biennium. The 2025-27 budget represents the first biennium with the full set of increases included, slightly boosting overall State Highway Fund OF revenues.
3. ODOT anticipates significant project expenditures in the 2025-27 biennium, for both the ADA program and Urban Mobility Strategy (UMS) funded projects, as well as the IBR project. Bonds will be sold to finance these activities, an estimated \$581 million in revenue bonds for the ADA and UMS projects and \$250 million in GO bonds for IBR.

ODOT ARB Summary by Division or Budget Area

ODOT’s budget structure aligns with the agency’s primary service delivery divisions. The table provides a summary of the budget allocation, after reductions to account for revenue shortfall.

Summary of ODOT’s ARB by Division or Budget Area

Division or Budget Areas	Pos / FTE	25-27 ARB (in millions)
Delivery & Operations Division	2,003 / 1,948.30	\$3,089
Interstate Bridge Replacement	40 / 33.09	\$427
Driver and Motor Vehicle Services	893 / 868.25	\$362
Commerce & Compliance	306 / 305.48	\$129
Policy, Data & Analysis	201 / 195.81	\$195
Public Transportation	56 / 55.52	\$514
ODOT Administrative Services	331 / 328.42	\$222
Finance & Budget	93 / 93.00	\$73
Capital Improvement		\$14
Transportation Infrastructure Fund		\$21
Debt Service		\$670
Total	3,923 / 3,827.87	\$5,715

Description of ODOT Divisions and Budget Areas

- **Delivery & Operation (D&O):** D&O is ODOT’s largest division and responsible for maintaining, preserving and modernizing state roads and bridges and working with local communities to find transportation solutions that meet local needs and statewide mobility goals. The division comprises three separate budget structures: Maintenance, Project Delivery & Support, and Local Government.
- **Interstate Bridge Replacement (IBR):** The Interstate Bridge Replacement (IBR) program will replace the aging Interstate Bridge across the Columbia River with seismically resilient, multimodal structures that extend light-rail transit (LRT) into Vancouver, enhance zero-emission express bus service and associated transit improvements, and expand active transportation options (walking, biking, and rolling) between Oregon and Washington. The program also includes five miles of improvements to Interstate 5, a critical freight/commerce route on the West Coast, including major upgrades to seven interchanges. IBR is a new limitation for the 2025-27 biennium.
- **Driver and Motor Vehicles (DMV):** DMV services touch almost every Oregonian and promote transportation safety, protect financial and ownership interests in vehicles, and collect revenues for Oregon’s multimodal transportation system. Through the newly added Transportation Safety Office, DMV works with partners to organize, plan and implement statewide programs that help reduce Oregon’s highway fatality rate through education, community partnerships, and issuing grants.
- **Commerce & Compliance (CCD):** CCD works to ensure commercial vehicles traveling across Oregon are compliant with all safety regulations, protects roads and bridges from unnecessary damage and wear and tear, and protects the safety of the state’s rail system. The division also registers commercial vehicles in Oregon and collects appropriate road usage charges to aid in funding and maintaining Oregon’s transportation system.
- **Policy, Data and Analysis (PDA):** PDA guides and supports short-range and long-range planning for Oregon’s transportation system, including assistance to local governments and transportation organizations and Connect Oregon program and projects. The division collects and analyzes data to support policy-related and research activities, budget requirements, and state and federal reporting. PDA also works across ODOT divisions to educate, develop, and institutionalize a climate lens and strategies into the way ODOT plans for, invests in, builds, and maintains the multimodal transportation system of Oregon.
- **Public Transportation (PTD):** PTD directly provides or commissions transit, passenger rail, active transportation, transportation options and micro-mobility services across Oregon. These services enable all Oregonians to access vital services like healthcare and grocery shopping, jobs and economic opportunities, social support networks and recreational opportunities. An effective statewide multimodal transportation system is critical for Oregon to continue its economic growth and adjust to its increasing population while also lowering carbon emissions and making progress towards its equity goals for the 30% of Oregonians that do not own cars.
- **ODOT Administrative Services (OAS):** OAS includes multiple groups that ensures efficient business process, a skilled and diverse workforce, effective and equitable public engagement, dependable and current technology, effective contracting for services and projects. These, and other services provided, are critical to the efficient management of the agency and provide accountability and transparency to partners and the public.

- **Finance & Budget (FBD):** FBD manages the agency’s financial resources to ensure our long-term fiscal health, creating sustainable funding and revenue models that can outlast the declining purchasing power of the fuel taxes and embracing new revenue sources to sustain our transportation system and the agency.
- **Capital Improvements and Construction:** These activities focus on maintaining and replacing ODOT’s capital assets. Capital construction projects cost more than \$1,000,000 and are generally construction of new buildings or additions and renovations to existing buildings. Capital Improvement projects cost are less than \$1,000,000 and are improvements to land or facilities, the remodeling of existing buildings to increase the value or square footage, extend the useful life of the property, or to make it adaptable to a different use.

ODOT budget also includes Debt Service expenditures for outstanding bonds issued for transportation projects, and financial activities coordinated through the Oregon Transportation Infrastructure Fund, which offers loans to local governments.

Policy Option Packages

ODOT’s ARB contains eight policy option packages (POPs) which represent a total funds investment of \$295 million and 59 positions (30.86 FTE). These investments are necessary for ODOT to deliver projects and programs funded by recent state and federal transportation legislation. This list reflects targeted investments in safety, customer service, and program performance. The list also includes two concepts to advance the governor’s Housing & Homelessness Initiative by expanding access to DMV services and ensuring priority review of permits related to housing development. To avoid exacerbating the agency’s O&M shortfall, ODOT will pay for these investments out of funding streams other than the base State Highway Fund.

Summary of ODOT’s 2025-27 ARB POP Resourcing

POP Title	Pos / FTE	2025-27 Costs
#110: Interstate Bridge Replacement Program	22 / 15.09	\$251,825,000
#120: PTD Core Program Delivery	6 / 5.64	\$1,538,778
#130: DMV Real ID Staffing	26 / 6.50	\$1,776,994
#140: Teen Driver Education Program Expansion	3 / 2.25	\$19,770,698
#150: RVHT Grant Program Improvements	1 / 0.88	\$401,157
#160: Newberg-Dundee Bypass ARPA Carryover		\$19,000,000
#500: DMV Portable Office		\$562,018
#501: Housing Project Priority Review Staff	1 / 0.50	\$171,678
Total	59 / 30.86	\$295,046,323

Summary of POP Descriptions

POP Title	Description
#110: Interstate Bridge Replacement Program	Request is for 22 permanent positions (15.09 FTE) and \$251.8 million Other Fund (OF) limitation for staffing, planning, pre-construction and construction activities for the Interstate Bridge Replacement Program. Revenue for this POP will come from the second tranche of General Obligation bond proceeds authorized under HB 5005 (2023).

POP Title	Description
#120: PTD Core Program Delivery	Request is for 5 permanent positions and 1 limited-duration position (5.64 FTE) and \$1.5 million in OF limitation to directly support federal and state funding, active and public transportation program management, oversight and compliance of fund recipients, and high-speed and passenger rail service and initiatives. Revenue for this POP will come from a combination of STIF payroll tax, federal formula program funds, and the Transportation Operating Fund (TOF).
#130: Real ID Staffing	Request is to extend 26 limited-duration positions (6.50 FTE) authorized during the 2024 legislative session for six months of the biennium to facilitate the anticipated surge in Real ID transactions in the wake of the May 2025 compliance deadline. The request also includes \$500,000 in OF limitation for a continued communications campaign to inform Oregonians about Real ID requirements. Revenue for this POP comes from dedicated revenue derived from a fee on the issuance of Real ID credentials.
#140: Teen Driver Education Program Expansion	Request is for 3 permanent positions (2.25 FTE) and \$19.8 million total OF expenditure limitation to implement and support an accompanying legislative concept that would increase the subsidy for teen driver education across the state. DMV also proposes to increase grant funding to Western Oregon University’s driver education instructor training and supplement internal compliance resources with contracted program support to handle the review and audit of so many additional driver ed providers. Revenue for this POP comes from a proposed increase to the student driver training fund fee.
#150: Rural Veterans Healthcare Transportation (RVHT) Grant Program Improvements	Request is for 1 permanent position (0.88 FTE) and \$401,157 total Lottery Fund (LF) limitation to provide a dedicated resource to manage all aspects of the RVHT grant program, as well as additional funding for the grant program itself. Since inception of the program, PTD has utilized existing staff to develop, implement, and manage grant awards to transit agencies serving veterans in rural communities. Now that the pilot project has become a permanent grant program, a dedicated resource is necessary for provider outreach, community engagement and partnership, grant agreement creation, reimbursement review and processing, as well as analysis and continued improvement to parameters and processes. Revenue for this program comes from a companion Oregon Department of Veterans’ Affairs POP seeking additional LF dollars to grow the RVHT.
#160: Newberg-Dundee Bypass ARPA Carryover	Request is for \$19 million OF limitation. ODOT was given \$32 million in dedicated American Rescue Plan Act (ARPA) funding during the 2021-23 biennium to support the Newberg Dundee Bypass project. ODOT anticipates that some of this funding will not be expended this biennium and is requesting new limitation to expend the carry-over funds.
#500: DMV Portable Office	Request is for a \$562,018 General Fund (GF) appropriation to further the governor’s priority of reducing homelessness by expanding the assistance DMV gives to Oregonians preparing to leave state institutions (prisons, juvenile detention facilities, State Hospital) in obtaining an identification card, so they can secure housing, apply for benefits, etc. DMV will implement the DMV2GO Project that expands access to services for customers exiting state institutional settings by developing portable workstation units. From an equity and customer service perspective, providing DMV services where these vulnerable populations are located is the right thing to do, and having a valid ID would create more opportunities to become eligible for housing, including state-funded supportive housing, immediately upon release or discharge.

POP Title	Description
#501: Housing Project Priority Review Staff	Request is for one permanent position (0.50 FTE) and position-related S&S costs through a \$171,678 GF appropriation to support the governor’s Housing & Homelessness Initiative by helping establish a major housing project priority review team comprised of staff from Oregon Department of Transportation (ODOT), Department of Environmental Quality (DEQ), and Department of State Lands (DSL). This position will serve as an internal and external single point of contact for a project permit review, and ensure priority is given above non-housing related projects.

Transportation Operating Fund

Constitutionally, State Highway Funds are limited to use on roads and cannot be used to fund some of the programs ODOT administers. To address the fund issues related to non-highway activities, the Transportation Operating Fund (TOF) was created through passage of House Bill 3882 (2001) and codified under ORS 184.642. The TOF includes several dedicated components as well as a discretionary fund that is generated from taxes paid on motor vehicle fuels used to operate a stationary gasoline engine, tractor, small engines that are not used to propel motor vehicles on highways, or any use of motor vehicle fuels on private property. ORS 184.643 directs the Department of Administrative Services, in consultation with ODOT, to estimate these discretionary funds annually and transfer the funds into the TOF.

Oregon Department of Transportation Transportation Operating Fund 2025-27 Agency Request Budget	
REVENUE (estimates)	
Beginning Balance	\$ 20,824,389
Transfer-in from Fuels Tax	\$ 36,883,874
Sunset Empire Loan Repayment	\$ 717,762
Total Estimated Revenue	\$ 58,426,025
EXPENDITURES (budgeted)	
Driver & Motor Vehicle Services	\$ 1,165,000
Commerce & Compliance	\$ 983,453
Delivery & Operations	\$ 615,000
Policy, Data & Analysis	\$ 11,000,000
Public Transportation	\$ 42,309,867
Support Services	\$ 125,000
Finance & Budget	\$ 50,000
Reserve Funds	\$ 2,000,000
Total Estimated Expenditures	\$ 58,248,320
Estimated Ending Balance	\$ 177,705

Distribution of TOF funds is considered each biennium during ODOT’s budget development process. For the 2025-27 biennium the estimated amount of funds transferred into the TOF is \$37,601,636. Some of the largest uses of the TOF are to fund the Cascades Passenger Rail Service between Eugene and Portland, support for the Innovative Mobility Program, funding for elderly and disabled public transportation services, and grants for the

Community Paths program, all in the Public Transportation Division, as well as grants to fund electric vehicle charging stations in the Policy, Data & Analysis Division. These investments total \$53 million during the 2025-27 biennium.