

2025-27 Policy Option Package Overview

Travis Brouwer, Assistant Director for Revenue, Finance & Compliance
Russ Casler, Budget Manager

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ROADMAP

- Budget Context
- Policy Option Package Proposals
- What Didn't Make the Cut
- Revenue Shortfall Preview

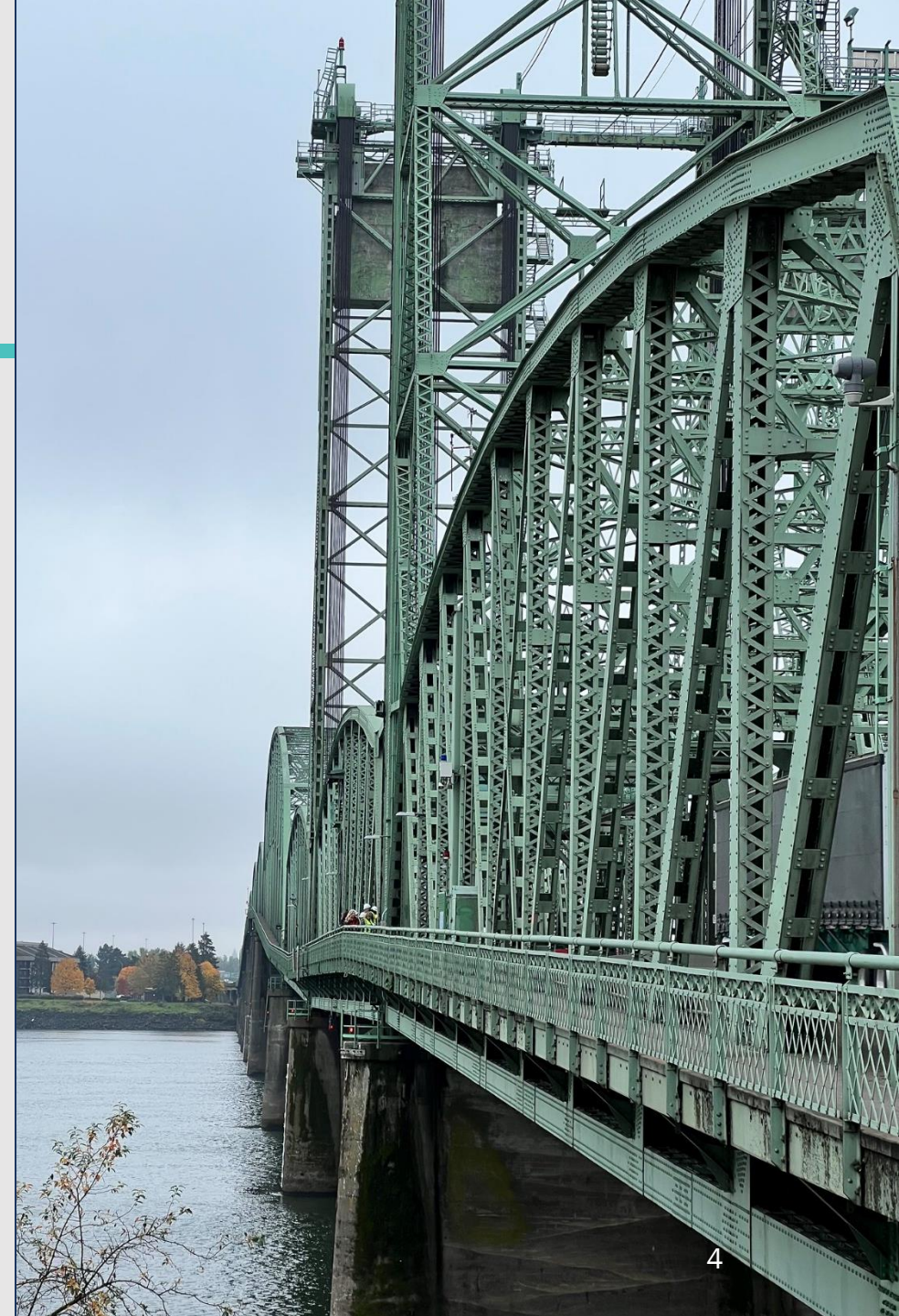
2025-27 ODOT Budget Context

- Operational expenditures continue to inflate faster than available revenues
- Budget Office anticipates a significant State Highway Fund shortfall for O&M functions at the Current Service Level budget phase
- Opportunities for new or expanded programs limited to parts of the agency that have different revenue streams



Interstate Bridge Replacement

- 21 additional positions to oversee environmental permitting commitments, construction management, engineering, and inspection
- \$250M general obligation bond authority (pursuant to section 5 of HB 5005 from 2023); requesting debt service to be paid for out of General Fund
- Approx. 25-27 cost: \$255.2 million
- Funding sources: existing bond proceeds and federal grant money





Tolling System Implementation

- 17 additional positions for Oregon Toll System development, contractor oversight, financial auditing and reporting, outreach/marketing, and customer service
- Approx. 25-27 cost: \$4.8 million
- Funding source: bond proceeds and cash from \$30M/yr dedicated by HB 2017/HB 3055

PTD Core Program Delivery

- 6 additional positions and two reclassifications of existing positions to directly support federal and state funding activities, active and public transportation program management, oversight and compliance of fund recipients, and high speed/passenger rail service and initiatives
- Approx. 25-27 cost: \$1.5 million
- Funding sources: STIF, federal indirect, TOF



Rural Veterans Healthcare Transportation Program Resourcing

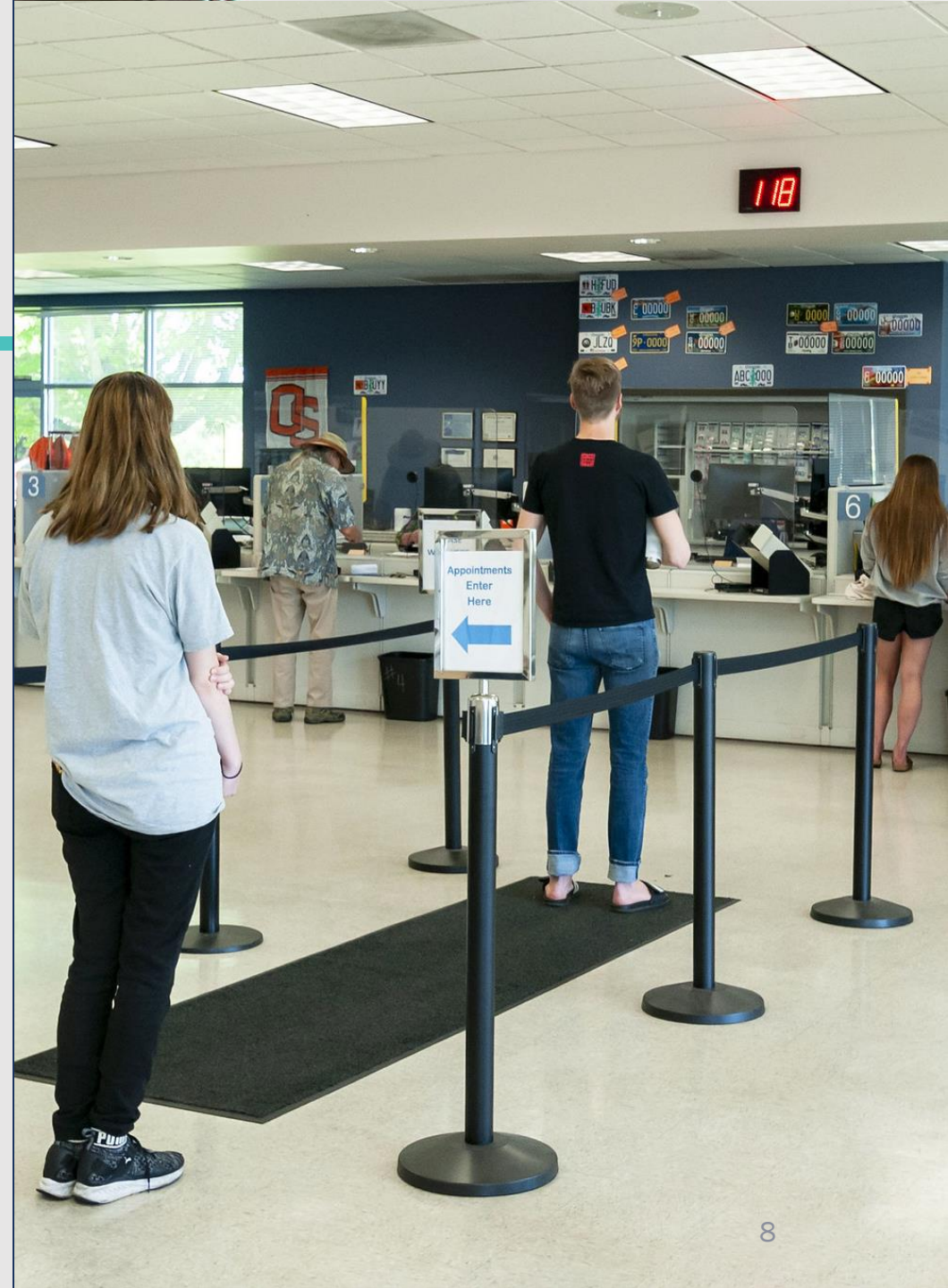


Image source: *The Madras Pioneer*

- 1 additional position to manage the popular and oversubscribed Rural Veterans Healthcare Transportation grant program
- POP developed in coordination with ODVA, who owns the program in statute
- Approx. 25-27 cost: \$0.4 million
- Funding source: Lottery Funds

Real ID Staffing Surge

- Extends 26 limited duration positions, approved during the 2024 session, into part of the 25-27 biennium
- Dedicated to Real ID issuance to accommodate increased demand through the 2025 holiday travel season
- Approx. 25-27 cost: \$1.2 million
- Funding source: dedicated funds from Real ID fee



Teen Driver Education Program



- Companion to proposed legislative concept that would increase the reimbursement rates for teen driver education providers and the Student Driver Training Fund eligibility fee
- Increases DMV Transportation Safety Office's expenditure limitation by roughly \$1.6 million to reimburse providers at the higher rate
- Funding source: increased Student Driver Training Fund eligibility fee revenue



What Didn't Make the Cut

Lack of O&M funds prevents ODOT from investing in additional staff and capital expenditures, including:

- **IT systems:** Financial system replacement, truck registration system replacement
- **Facilities:** ODOT will replace 2 maintenance stations in 16 years– a 700-year replacement cycle

2025-27 Estimated Shortfall

- Early estimated range of State Highway Fund revenue shortfall in 2025-27 biennium for O&M functions of the agency is \$500-\$600 million.
- This will trigger the development of revenue shortfall packages that propose roughly 30% cuts across Maintenance, Special Programs, DMV, CCD, Support Services, Finance & Budget, ODOT Headquarters, and the Office of Equity & Civil Rights
- Disclaimer: Current Service Level budget will be developed in May, using DAS budget instructions and inflation factors. We will continue to refine our forecast of beginning balances and have official CSL shortfall amount to present during June OTC meeting.

NEXT STEPS

- Final versions of POPs, along with full ARB details and TOF allocation recommendations, will be presented to Commission at June meeting for review and approval
- OTC Chair will certify ARB document prior to submission to DAS in August
- In collaboration with ODOT and DAS CFO, Governor Kotek will develop her 2025-27 Governor's Budget for executive branch agencies – published by December 1

Questions?

