

Transportation

DEPARTMENT OF TRANSPORTATION

	1999-2001 Actuals	2001-03 Legislatively Adopted at Close of Session	2001-03 Legislatively Approved through Fifth Special Session	2003-05 Governor's Balanced
General Fund	\$19,928,088	\$20,111,026	\$17,324,513	\$12,158,487
Lottery Funds	19,993,390	20,200,045	10,201,991	26,527,418
Other Funds	1,524,301,508	1,662,170,824	1,696,382,342	1,970,697,892
Federal Funds	33,892,107	69,553,032	69,775,066	70,230,235
Other Funds (Nonlimited)	53,498,713	64,836,994	99,179,913	94,923,488
Federal Funds (Nonlimited)	0	0	0	0
Total Funds	\$1,651,613,806	\$1,836,871,921	\$1,892,863,825	\$2,174,537,520
Positions	4,935	4,923	4,856	4,844
Full-time Equivalent	4,727.05	4,724.89	4,693.62	4,686.26

Overview

The mission of the Department of Transportation (ODOT) is to provide an efficient, safe transportation system that supports economic opportunity and livable communities for Oregonians. ODOT manages the following operations:

- Highway and bridge construction, preservation, operation, and maintenance.
- Support for other modes of transportation.
- Travel safety.
- Driver and Motor Vehicle services.
- Commercial trucking services.
- Central Services.

In addition, the agency budget includes pass-through dollars for light rail projects and includes the Board of Maritime Pilots' budget. Agency policy and funding issues:

- Revenue. Oregon's Highway Fund supports transportation activities in the state. It is made up of fuel taxes, weight-mile taxes, and fees for vehicle ownership and operation. These revenues have not kept pace with the transportation needs in the state. The \$0.24 per gallon gas tax has not been increased since 1991. Attempts to increase the tax since then have not succeeded. The 2001 Oregon Legislature created a task force to look at alternatives to the gas tax; the 2003 Oregon Legislature may implement legislation or ODOT pilot projects as a result of that group's work.

Transportation

Due to a 2001 Attorney General opinion, some ODOT programs were deemed to be ineligible for Highway Fund support. One outcome of this determination was House Bill 3882 (2001) that allowed for fuel tax revenues related to non-road uses to not be subject to Highway Fund constitutional restrictions. Based on a household survey of non-road gasoline use, about \$7 million per biennium will be transferred to the Transportation Operating Fund (TOF). Due to an estimated \$2.6 million 2003-05 beginning balance for TOF, the balanced budget is able to use \$7.5 million Other Funds from this source to pay for activities previously supported by General Fund.

ODOT's federal dollars, comprising about 40 percent of the budget, are received under the Transportation Equity Act for the 21st Century. This legislation expires September 30, 2003. Its reauthorization by Congress will determine how much federal highway and transit funding Oregon will receive over the next six years. The balanced budget assumes continued funding. The outcome of the reauthorization will directly impact the state's transportation system and the Department.

- Oregon's Aging Transportation Infrastructure. Much of the state's highway system was constructed prior to 1970, with many components over 50 years old. The age of the system requires more work, at a higher cost, to keep highways functional. It would take an estimated \$25 to \$30 billion to reconstruct the entire system. More than \$4 billion is needed to address significant bridge problems.

Over the last two years, the Oregon Transportation Investment Act (OTIA) has provided the Department with \$500 million for projects by bonding new revenue from vehicle title fee increases and other sources. These dollars have been allocated to approximately 175 new state and local highway projects that will be completed over the next five years. ODOT's challenge is to complete these projects while still moving forward on other projects that were already scheduled under the Statewide Transportation Improvement Plan (STIP). The STIP is a federally required document that identifies estimated costs and timelines for transportation projects and programs. The balanced budget supports agency initiatives to get projects up, running, and completed as soon as possible.

- Organizational Needs. ODOT's recent focus has been on finding adequate revenues and resources to address Oregon's most immediate and critical transportation infrastructure needs. ODOT also needs significant funding for internal projects that are important to the agency's sustainability and continued success in carrying out its mission. Projects include renovation of the agency's 50-year-old headquarters building and replacement of its 20-year-old financial management system. Dollars to support these projects could either come from existing Highway Fund resources, which would impact programs, or from increases in Highway Fund revenues.

Balanced Budget

The Department's balanced budget is \$2.17 billion total funds. This is almost a 15 percent increase from the 2001-03 Legislatively Approved Budget through the Fifth Special Session. The increase is driven by inflation and adjustments for anticipated payouts on highway construction projects. The balanced budget prioritizes and supports both transportation system and agency needs. Since revenues are essentially flat, these needs are funded by internal reallocation among program units.

Transportation

The budget includes a General Fund reduction of almost 30 percent or \$5.2 million. Since TOF revenue is used to replace the General Fund, the reduction does not impact programs.

The Highway Division's budget includes annual program targets for highway maintenance and construction programs. For example, in 2003-05 the annual target for the bridge program is an average of \$65.5 million, which provides for the replacement or repair of about 35 bridges each year. The balanced budget includes access management, bridge permitting, transportation systems maintenance, local government projects, and transportation engineering support.

The Rail Division's budget continues support for passenger rail operations and light rail projects. It also includes funding for the Lewis and Clark Bicentennial Celebration Excursion Train, which will operate between Portland and Astoria. This project is anticipated to bring tourists and their dollars to the region.

In order to balance to current law revenue, budgets for the Division of Motor Vehicles and the Motor Carrier Transportation are decreased. Core program services will continue, however, reductions will have some impact on service delivery. The budget includes fee increases for these divisions, which are used to support programs ineligible for Highway Fund dollars.

The balanced budget also includes expenditure limitation for construction of highway maintenance buildings, increased fuels tax auditing, finance operations, and contract delivery.

Revenue

Less than one percent of the agency's budget is General Fund. It is used for passenger rail and public transit programs. Other Funds revenue sources include motor fuel taxes, motor vehicle and driver license fees and registration, maritime pilot fees, charges for services, and other sources. Lottery Funds support debt service on rail projects and short line rail infrastructure loans. The agency receives Federal Fund revenues from federal highway, transit, and rail programs. The Department shows most of its federal highway revenue as Other Funds, except for dollars from certain federal sources, which are targeted for specific non-highway related activities.