# 2027-29 Agency Request Budget (ARB)

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Oregon Department of Transportation

# Roadmap

- Budget Reductions to Date
- 2027-2029 Reductions
  - Overall Agency Reductions
  - Tiered Reduction Proposal
- Impacts of Reductions by Division
- Final 2027-29 Agency Request Budget Approval
- Potential Redirections of Funds

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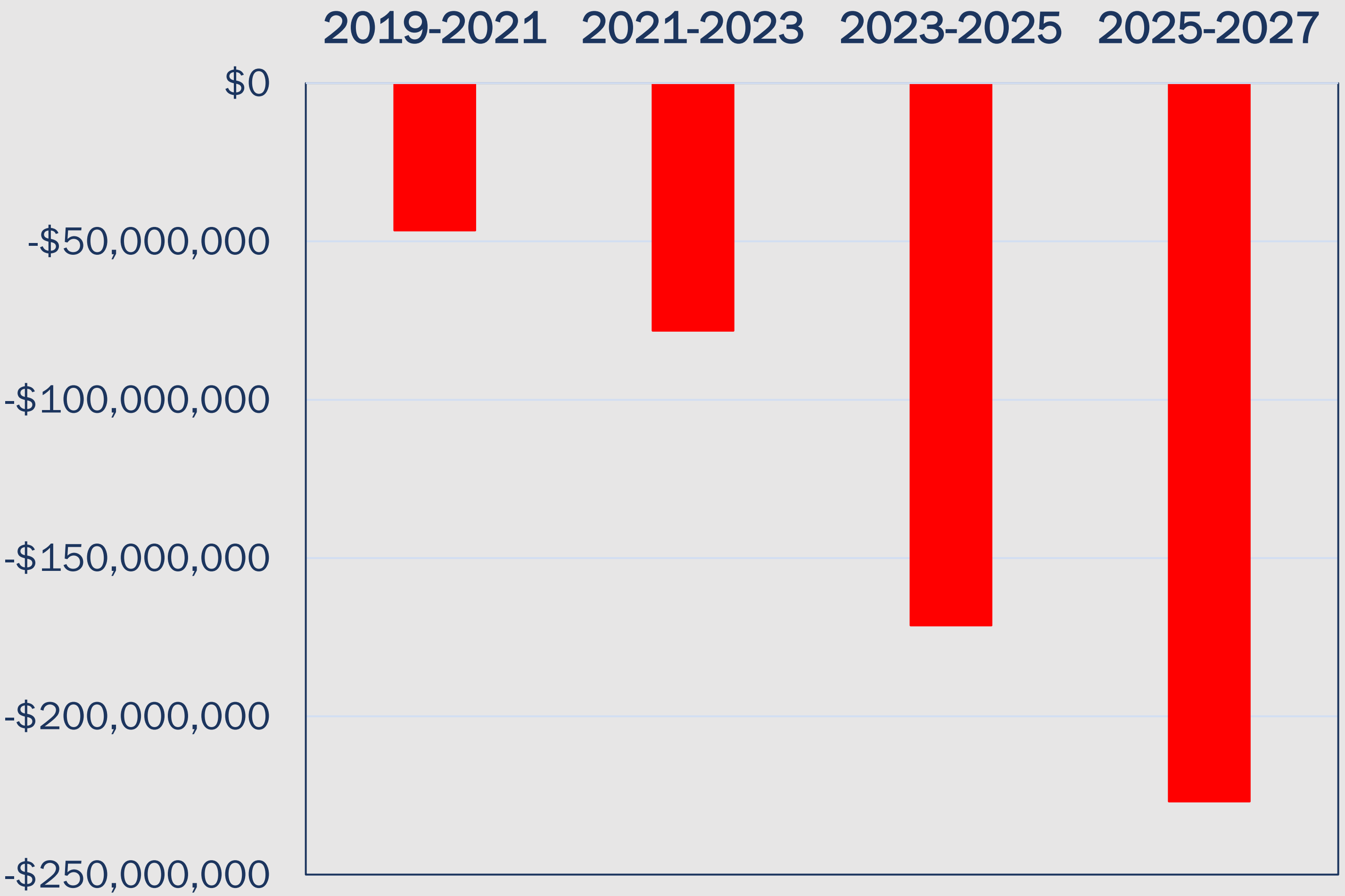
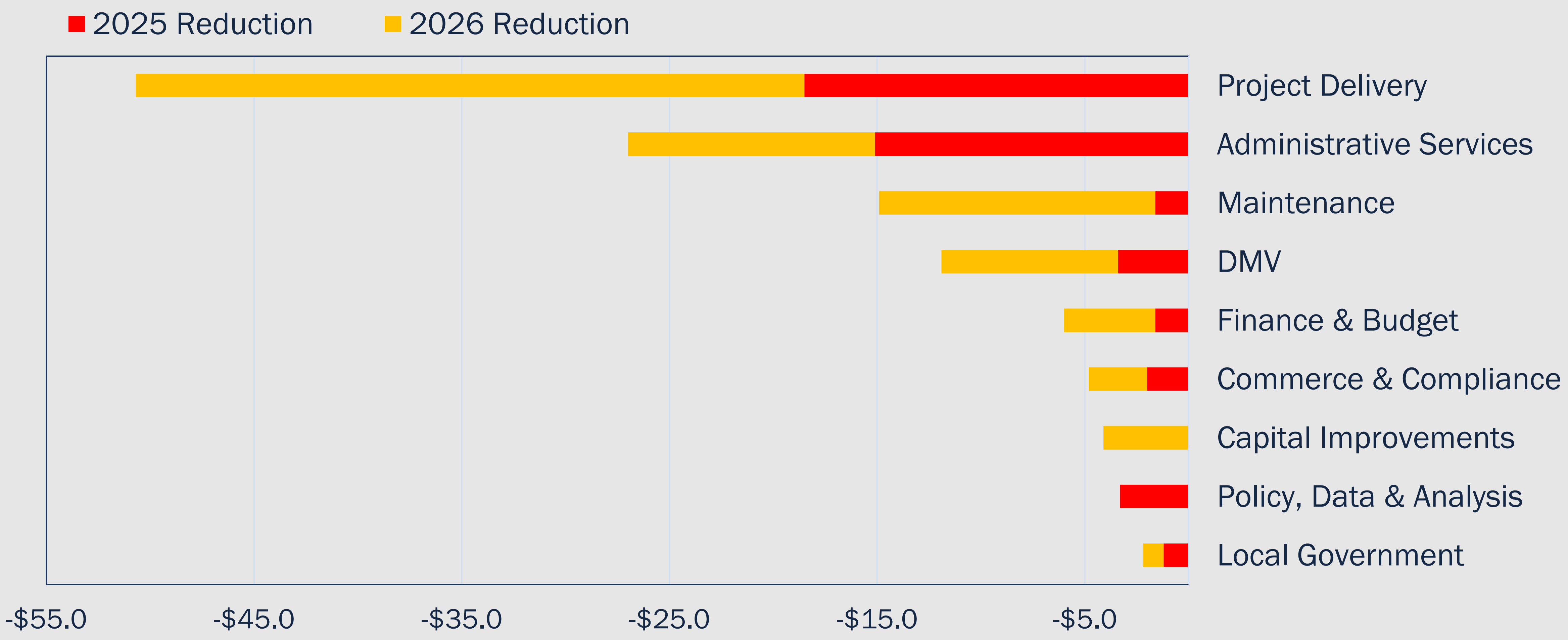
# ODOT Reductions by Biennium




- ODOT has taken progressively larger reductions over last four biennia
- Reductions have required ODOT to find efficiencies and reduce service levels

# 2025-2027 Legislative Budget

## *Legislative Reductions by Division*



# Closing the Budget Gap

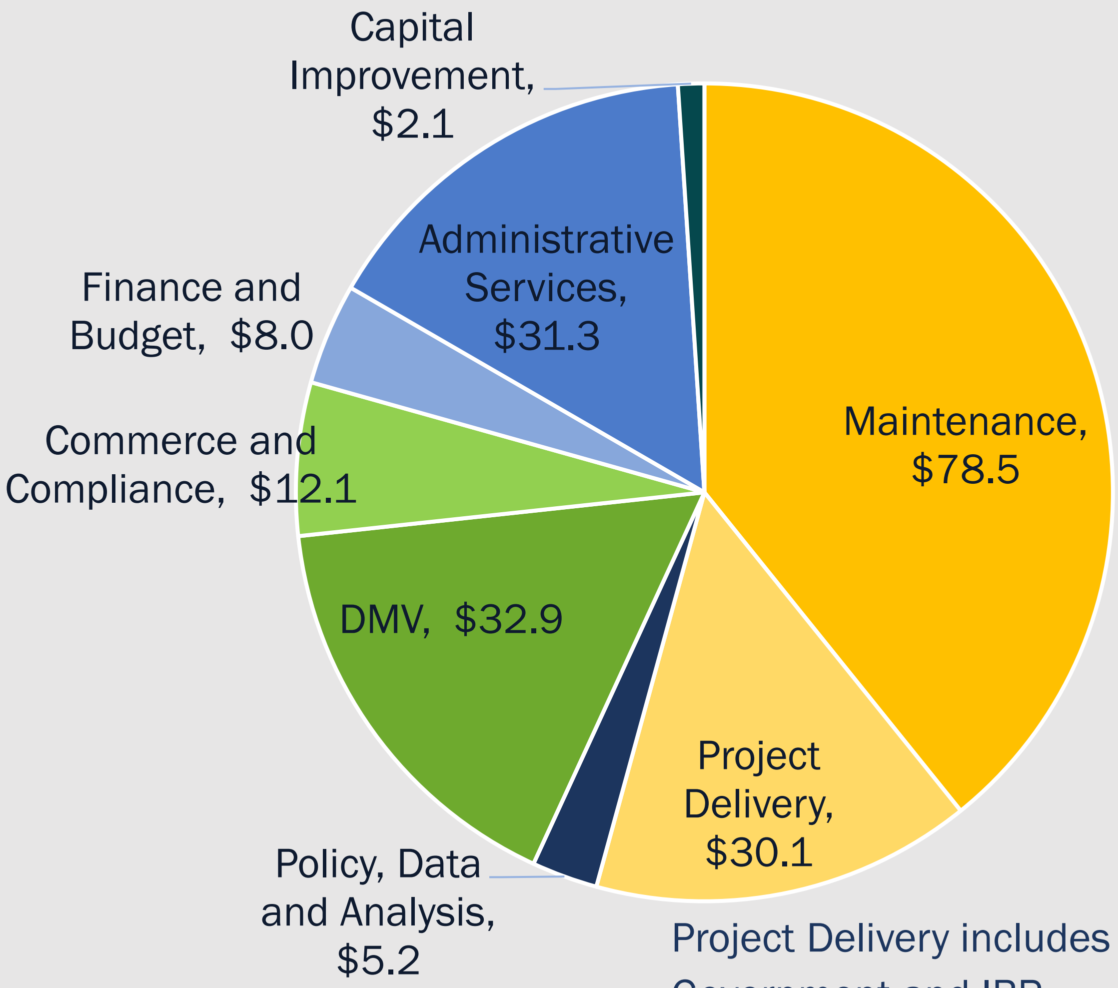
ODOT has a budget gap of **$200M** for the 2027-2029 biennium.

The Legislature has three basic options to close the budget gap:

- Provide additional revenue
- Redirect funding within ODOT's budget
- Make additional budget reductions

# Distribution of $200M in Reductions

## In Millions of Dollars

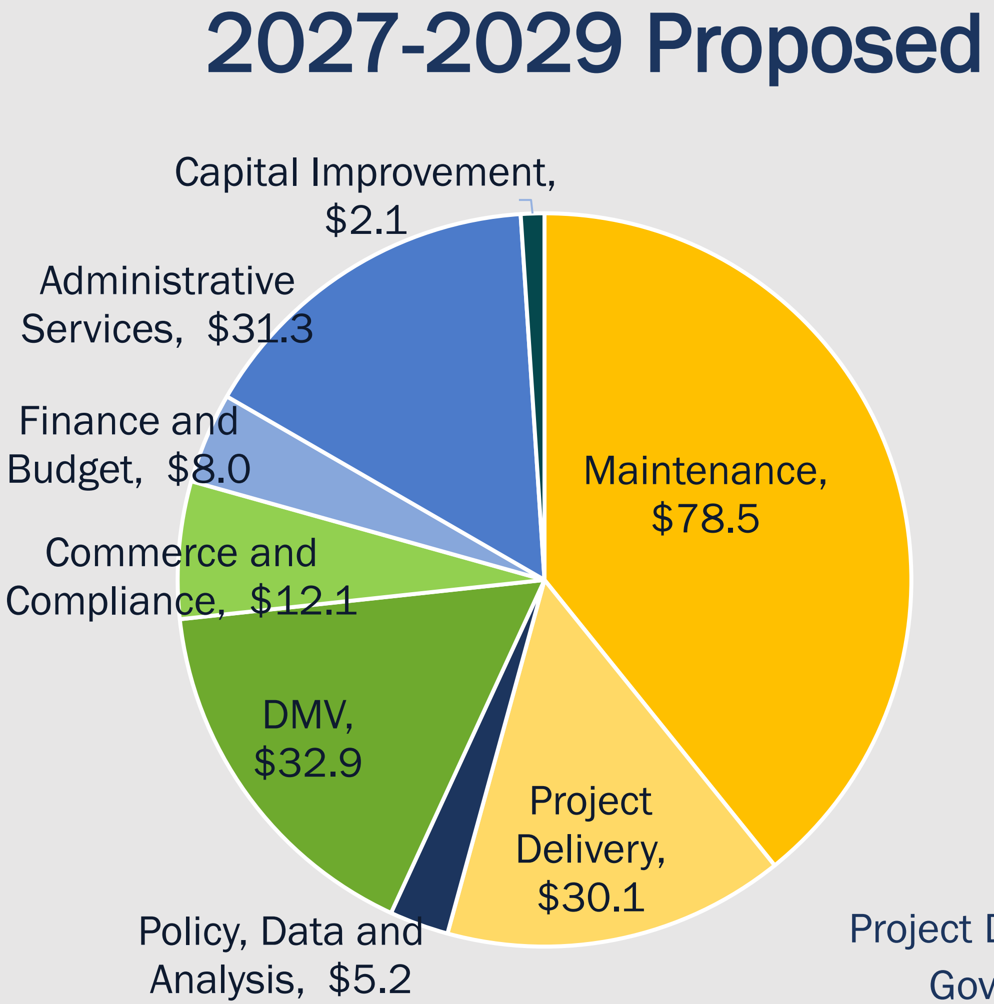


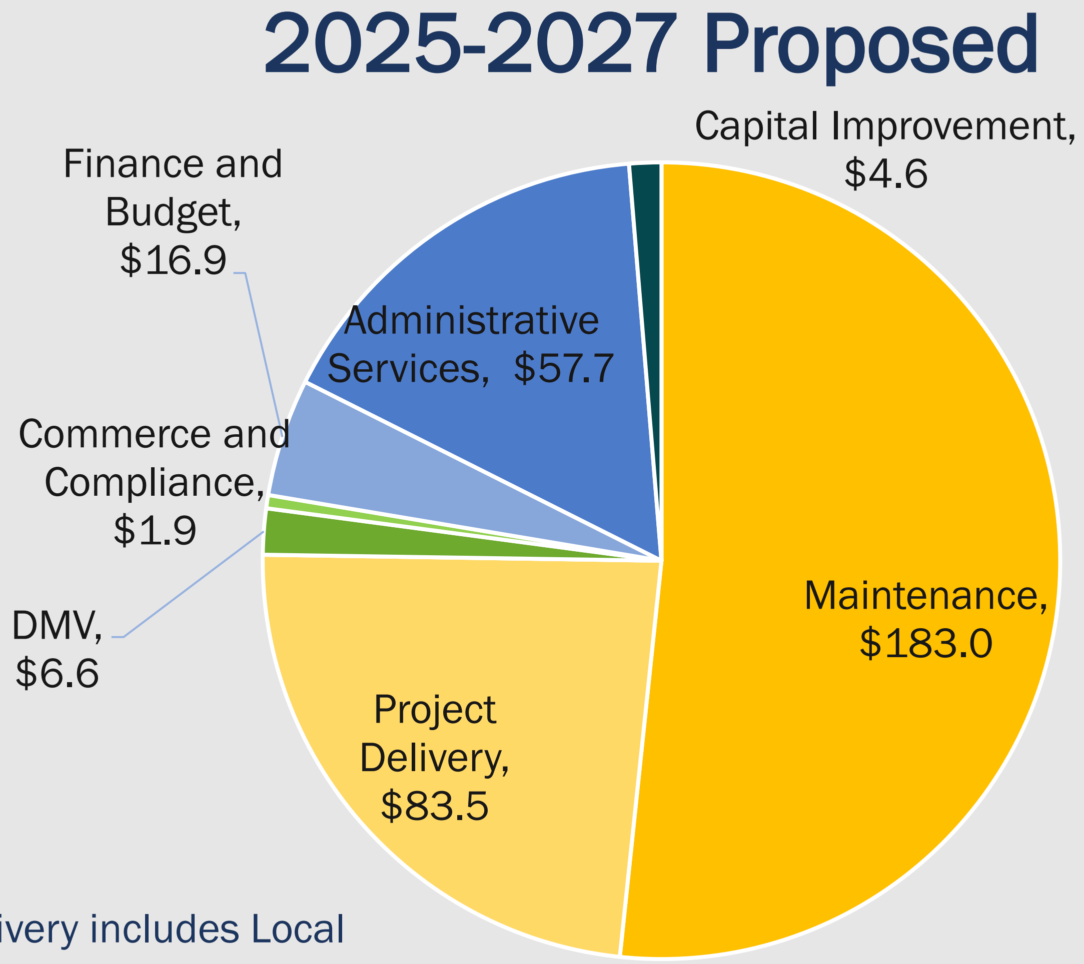

Project Delivery includes Local Government and IBR.

- Reductions are taken from State Highway Fund Operations & Maintenance (O&M) budgets
- All parts of the agency that utilize these funds are included to minimize impacts to maintenance
- Overall reduction amount increased from December (all else equal)
- OTC approved in June

# Comparison of Reduction Proposals

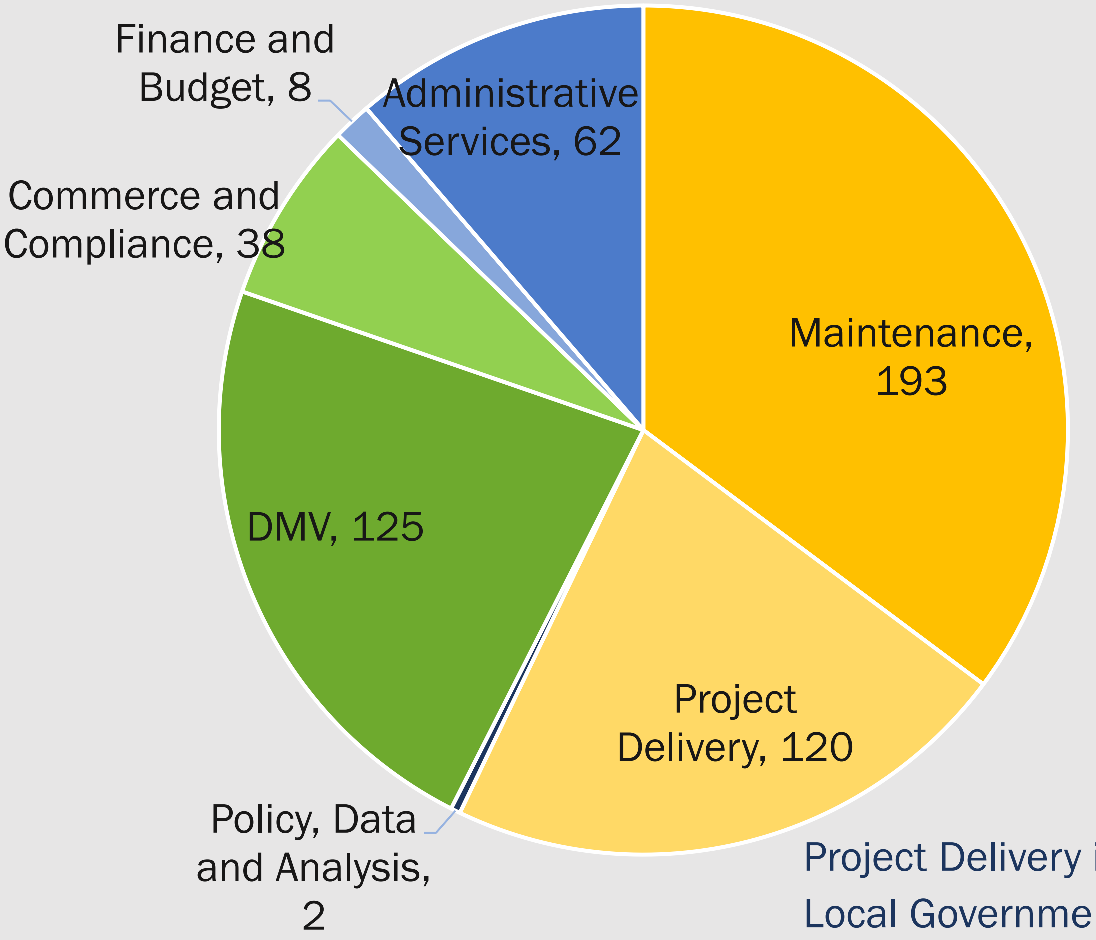
## In Millions of Dollars




Project Delivery includes Local Government and IBR.

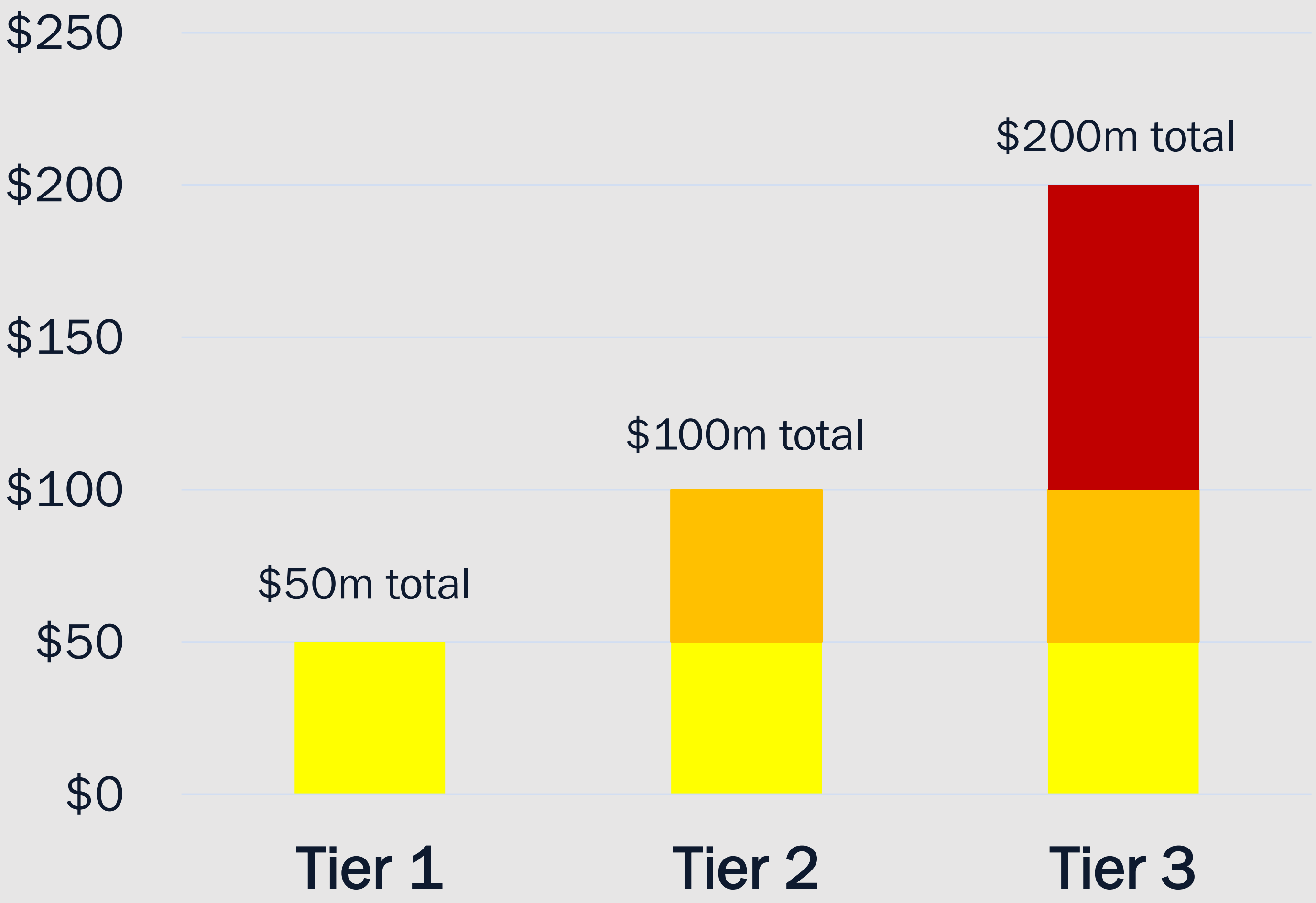
# Job Reductions by Budget Area




Project Delivery includes Local Government and IBR.

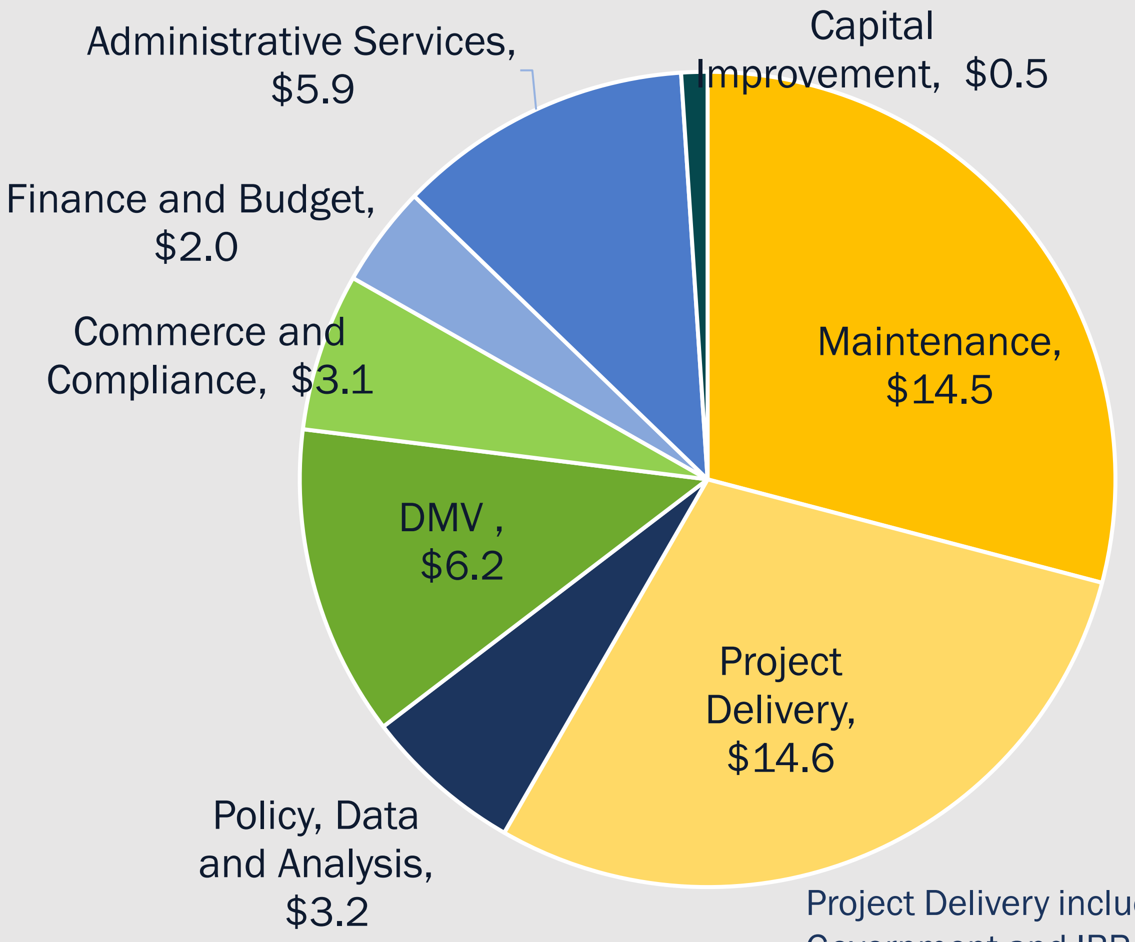
- 548 total jobs eliminated based on $200M budget reduction
- Will be a mix of vacant and filled jobs
- Each division's job reductions based on minimizing impacts to ODOT's ability to achieve our mission

# Tiered Reduction Proposal




- ODOT has been asked to prioritize reductions across three potential tiers, similar to previous proposals
- Tiers are cumulative and on top of reductions already made
- Tier 1 are the least impactful cuts, with each tier more impactful

# Proposed Reductions in Tier 1




Project Delivery includes Local Government and IBR.

- Tier 1 represents $50M in additional reductions
- Distributed among divisions to preserve critical functions
- ODOT proposes Tier 1 reductions that preserve maintenance and DMV by taking larger reductions elsewhere– particularly Project Delivery and Policy, Data and Analysis

# Tiered Reductions by Division

| | Tier 1 | Tier 2 | Tier 3 | Total All Tiers |
|---|---|---|---|---|
| Maintenance | $14.5 | $15.2 | $48.7 | $78.5 |
| Project Delivery | $14.6 | $14.9 | $0.6 | $30.1 |
| Policy, Data and Analysis | $3.2 | $2.1 | $- | $5.2 |
| DMV | $6.2 | $6.6 | $20.1 | $32.9 |
| Commerce and Compliance | $3.1 | $2.4 | $6.6 | $12.1 |
| Finance and Budget | $2.0 | $2.0 | $4.0 | $8.0 |
| Administrative Services | $5.9 | $6.3 | $19.1 | $31.3 |
| Capital Improvement | $0.5 | $0.5 | $1.0 | $2.1 |
| **Reductions by Tier** | **$50.0** | **$50.0** | **$100.1** | **$200.1** |
| **Total Cumulative Reductions** | **$50.0** | **$100.0** | **$200.1** | |

# Tiered Reductions Proposal - Job Reductions

| | Tier 1 | Tier 2 | Tier 3 | Total All Tiers |
|---|---|---|---|---|
| Maintenance | 17 | 27 | 149 | 193 |
| Project Delivery | 63 | 51 | 6 | 120 |
| Policy, Data and Analysis | 2 | 0 | 0 | 2 |
| DMV | 29 | 25 | 71 | 125 |
| Commerce and Compliance | 12 | 8 | 18 | 38 |
| Finance and Budget | 2 | 2 | 4 | 8 |
| Administrative Services | 8 | 8 | 46 | 62 |
| **Reductions by Tier** | 133 | 121 | 294 | 548 |
| **Total Cumulative Reductions** | **133** | **254** | **548** | |

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# Division Perspectives

# Delivery & Operations (D&O) Look Back:
# Strategic Reductions, Organizational Structure, and Risks

### Facility Savings

- Relocated into ODOT-owned building
- Consolidated crews to reduce buildings
- Approximately $1M in biennial savings

### Position Management

- Consolidation of management positions
- Centralized three technical disciplines
- Abolished 66 positions through the 2025–27 Legislatively Approved Budget (LAB)
- Long-term position vacancies in PD

### Major Projects

- Closure of Urban Mobility Office
- Reduction of positions
- Shift of program management back to D&O


### Ongoing Risks

- Asset conditions are in decline
- Less proactive system maintenance
- Aging fleet & facilities
- Less in-house technical expertise

# D&O – Maintenance Revenue Shortfall Tier Reductions

- Tier 1 = 17 FTE vacancies and associated supplies & services

- **Greatest risks to Oregon** – Less incident response, faster deterioration of system, reduced safety, closure of ODOT operated rest areas, fewer resources for litter, graffiti and camp clean-up

- Tier 2 & 3 = Significant crew size reductions will severely impact level of service - slowing down incident response, proactive maintenance and result in extended lane, highway closures

| Reductions per Tier Based on Funding Scenario | | | |
|---|---|---|---|
| | FTE Count | Total | |
| Tier 1 | 17 | $ 14,846,460 | 19% |
| Tier 2 | 27 | $ 16,200,855 | 21% |
| Tier 3 | 149 | $ 47,288,661 | 60% |
| **Total** | **193** | $ 78,335,976 | **100%** |

# D&O – Project Delivery* Revenue Shortfall Tier Reductions

- Tier 1 = 63 FTE vacancies & associated supplies & services
- Tier 2 & 3 position reductions are all vacant positions
- **Greatest risks to Oregon**– Slower delivery of projects, less in-house technical expertise, less engagement with partners & communities

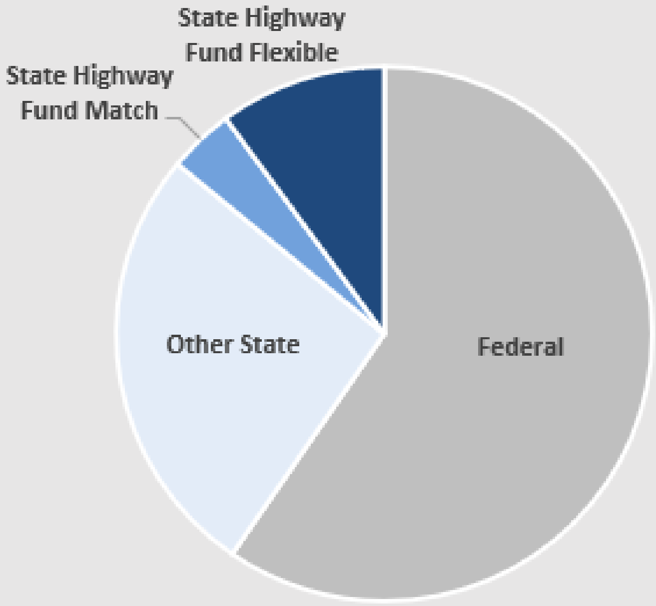
*this includes the Local Government & IBR Funding Areas

| Reductions per Tier Based on Funding Scenario | | | |
|---|---|---|---|
| | FTE Count | Total | |
| Tier 1 | 63 | $ 14,613,155 | 48.5% |
| Tier 2 | 51 | $ 13,673,996 | 45.4% |
| Tier 3 | 6 | $ 1,842,947 | 6.1% |
| **Total** | **120** | $ 30,130,098 | **100%** |

# Policy, Data and Analysis

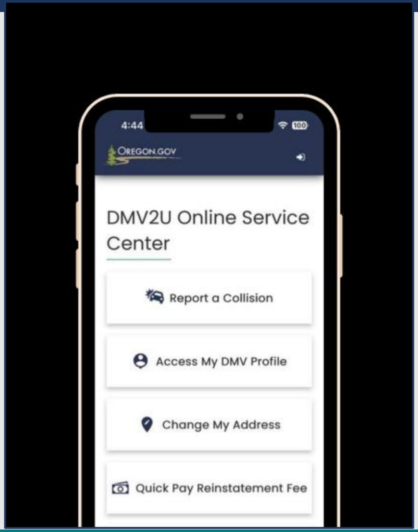
PDAD is mostly federally funded

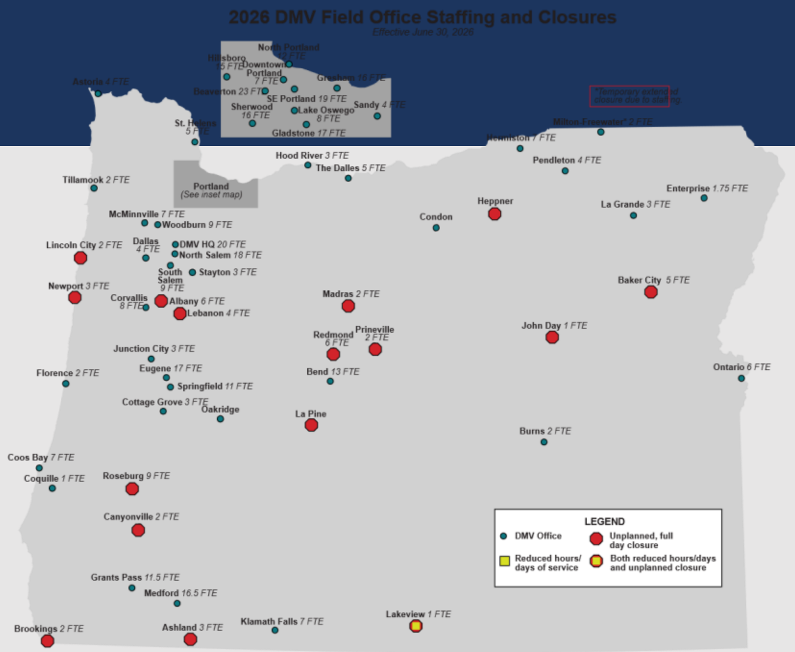
- State Highway Funds (SHFs) for the Division that are not used to match federal funds are around $28M




- Previous cuts (2025-2027): $3.3M (incl. one position)
- Current cuts: $5.2M (~19% reduction of flexible SHFs)
  - Took larger cuts and front-loaded to Tier 1 and 2 to help other divisions
    - Tier 1: Eliminates a climate and planning position, reducing work outputs and reassigning remaining tasks; and reduces consultant support for statewide policy and planning work
    - Tier 2: Eliminates funding to modernize ODOTs legacy traffic counting system. Required and used data. Already experiencing system failures and dealing with emergency repairs. Once fixed = efficiencies.

# DMV Look Back - Cost-cutting Action, Budget Drivers, Customer Impacts, Risks




## Efficiencies

- Technology for customer service
- Automating more work
- Reorganizing people and tasks

## Budget Drivers

- Costs that are difficult to reduce
- IT solution costs
- Personnel cost-heavy

## Customer Impacts

- Field office closures – long term and daily ad hoc
- Fewer program improvements
- Facilities that don't meet customer needs

## Risks

- Quantity and Quality of service
- Revenue Loss
- Facilities that don't meet customer needs
- IT becomes "keep the lights on"

# DMV Revenue Shortfall Tier 1 Reductions

- Tier 1 = 29 FTE vacancies + Services & Supplies (S&S)
- Greatest risk to DMV and customers – inability to hire and put the right positions in the right places
- Tier 2 results in significant service degradation.
- Tier 3 results in office closures across the state, long customer waits, revenue reductions. Failing physical and IT infrastructure.

| Reductions per Tier based on Funding Scenario | | | |
|---|---|---|---|
| | FTE Count | Total | |
| Tier 1 | 29 | $ 6,168,525 | 19% |
| Tier 2 | 25 | $ 6,578,982 | 20% |
| Tier 3 | 71 | $ 20,113,642 | 61% |
| **Total** | **125** | **$32,861,149** | **100%** |

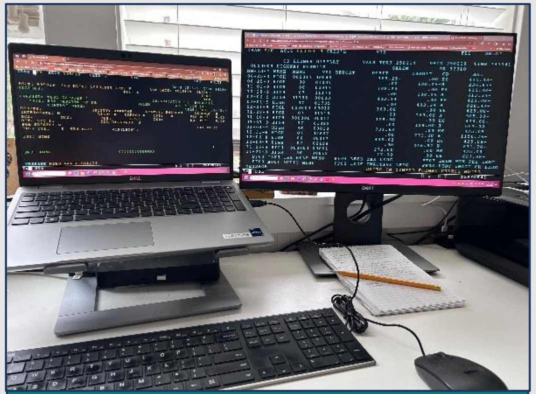
# Commerce & Compliance (CCD) Look Back: Major Changes, Budget Drivers, IT Projects, Risks

## Relocation Savings

- Relocated three facilities into ODOT-owned buildings
- Annual savings approx. $1M

## Service Realignment

- Division reorganization
- Redefined roles
- Reduced Tax Service Center hours
- Combined Enforcement & Safety
- Established Project Modernization Branch



## System Updates

- Over-Dimension permitting system
- Password reset
- Trucking Online (TOL) account creation
- State Safety Oversight (SSO) database project
- Federal requirements

## Ongoing Risks

- Roadside infrastructure 50+ years old
- Data integrity
- Inflexible IT systems
- Manual workarounds
- $1.2B revenue biennially - COBOL

# CCD Revenue Shortfall Tier 1 Reductions

- Tier 1 eliminates vacancy savings needed to address fraud and evasion
- Greatest risk to Oregonians = continued deterioration of our roadside infrastructure
- Tier 2 & 3 would bring significant service delays, increase safety risks, impact revenue collection and limit size and weight operations to mainlines only

| Reductions per Tier per Funding Scenario | | | |
|---|---|---|---|
| | FTE Count | Total | |
| Tier 1 | 12 | $ 3,137,781 | 26% |
| Tier 2 | 8 | $ 2,380,834 | 20% |
| Tier 3 | 18 | $ 6,588,653 | 54% |
| **Total** | **38** | **$12,107,268** | **100%** |

# Support Services Division (SSD) Look Back: Strategic Reductions, Performance Gains, and Risks

## Sustained Operational Savings

- Facilities & Property Efficiencies: $7.5M per biennium through consolidation, relocations, and optimized space management
- IT Optimization: $1M per biennium achieved through platform rationalization and query optimization.

## Strategic Reductions

- Abolished 32 positions through the 2025 - 2027 Legislatively Approved Budget (LAB)
- Minimized service continuity disruption while absorbing position abolishment and vacancy-savings staffing reductions

## Emerging & Ongoing Risks

- Deferred facilities work is elevating long-term financial and operational risk
- Aging IT platforms, new business demands, and rapidly evolving cyber risks
- Extended procurement cycles due to staffing could delay agency initiatives

# SSD Revenue Shortfall Tier Reductions

- Tier 1 = 4 positions & $2.9M permanent Services & Supplies (S&S) reduction
- The greatest risk to Oregonians is slower IT and data modernization and cyber risk resilience due to S&S reductions in early tiers
- Tiers 2 & 3 include 4.3M additional S&S and will result in severe service delays or operational degradation across all Support Services branches

| Reductions per Tier based on Funding Scenario | | | |
|---|---|---|---|
| | FTE Count | Total | |
| Tier 1 | 4 | $4,163,256 | 17.6% |
| Tier 2 | 4 | $3,930,219 | 16.6% |
| Tier 3 | 41 | $15,591,475 | 65.8% |
| **Total** | **49** | **$23,684,950** | **100%** |

# Final 2027-2029 ARB Approval

| | | June ARB | | | Final ARB | | | ARB Changes (Final - June) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| SCR | Division | Expenditures | Positions | FTE | **Expenditures** | **Positions** | **FTE** | Expenditures | Positions | FTE |
| **087-00-00** | **OTIF** | 33,000,000 | - | - | **33,000,000** | **-** | **-** | - | - | - |
| **088-00-00** | **Capital Improve** | 17,108,424 | - | - | **17,108,424** | **-** | **-** | - | - | - |
| **089-00-00** | **Capital Const** | 3,110,000 | - | - | **3,110,000** | **-** | **-** | - | - | - |
| **100-20-00** | **Maintenance** | 652,147,686 | 1,514 | 1,449.61 | **653,457,203** | **1,321** | **1,284.98** | 1,309,517 | (193) | (164.63) |
| **100-50-00** | **Project Del** | 2,079,919,908 | 1,155 | 1,154.28 | **2,069,945,098** | **1,042** | **1,041.28** | (9,974,810) | (113) | (113.00) |
| **100-60-00** | **IBR** | 474,735,687 | 39 | 39.00 | **475,277,997** | **39** | **39.00** | 542,310 | - | - |
| **100-65-00** | **Local Gov** | 308,347,022 | 50 | 50.00 | **307,304,779** | **43** | **43.00** | (1,042,243) | (7) | (7.00) |
| **200-00-00** | **DMV** | 292,802,099 | 875 | 870.10 | **292,381,214** | **750** | **747.50** | (420,885) | (125) | (122.60) |
| **300-00-00** | **CCD** | 129,424,521 | 317 | 310.98 | **129,455,976** | **279** | **272.98** | 31,455 | (38) | (38.00) |
| **425-00-00** | **PDAD** | 283,804,646 | 225 | 221.06 | **273,753,986** | **223** | **219.06** | (10,050,660) | (2) | (2.00) |
| **450-00-00** | **PTD** | 541,062,721 | 55 | 55.00 | **531,033,249** | **55** | **55.00** | (10,029,472) | - | - |
| **500-20-00** | **Debt Service** | 705,168,930 | - | - | **705,168,930** | **-** | **-** | - | - | - |
| **700-00-00** | **OAS** | 251,987,813 | 447 | 444.75 | **253,273,487** | **386** | **384.13** | 1,285,674 | (61) | (60.62) |
| **850-00-00** | **FBD** | 124,009,032 | 151 | 149.38 | **122,849,086** | **142** | **140.52** | (1,159,946) | (9) | (8.86) |
| **73000** | **Agency Total** | 5,896,628,489 | 4,828 | 4,744.16 | **5,867,119,429** | **4,280** | **4,227.45** | (29,509,060) | (548) | (516.71) |

# Overview of Oregon Funding Sources

## Sorted by Annual Revenue

| Sources over $10M | Sources between $5M and $10M | Sources between $1M and $5M | Sources less than $1M |
|---|---|---|---|
| **HB 2017 Bridge/Seismic/ Preservation/Safety*** | ID Cards | Cigarette Tax | Bike Excise Tax |
| **HB 2017 Safe Routes to School*** | Bike/Ped 1% | **Student Driver Training*** | Household Goods Movers |
| **HB 2017 Federalizing of Named Projects*** | | Motorcycle Safety | Snowmobile |
| Payroll Tax – STIF | | Small Cities | Towing Board |
| **Privilege Tax – Connect Oregon/Community Paths*** | | Emerging Small Business | Grade Crossing Protection |
| **Transportation Operating Fund*** | | Winter Recreation | Grade Crossing Improvement |
| REAL ID | | Gross Rail Receipts | |
| | | Custom Plates | |
| | | Dealer Business Regulation | |

*Starred sources were redirected during the 2026 Session

# Questions?