



Oregon

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TO: Special Transportation Fund Agencies

FROM: H. A. (Hal) Gard, ODOT Rail and Public Transit Division Administrator 

RE: 2019-2021 Special Transportation Fund Estimates

DATE: January 4, 2019

On November 28, 2018, Governor Brown released her 2019-21 Governor's Budget. One element of ODOT's budget included elimination of the \$10m General Fund appropriation to the Special Transportation Fund (STF) that supports, among other things, ODOT's senior and disabled transit services. Since publication of the Governor's Budget, ODOT has received multiple inquiries regarding the status of funding for the STF in the upcoming biennium.

STF revenues come from a combination of cigarette taxes, sales of ID cards, non-auto gas taxes, and (historically) State General Fund, which, by rule, is divided into three accounts:

- State Administration—Up to 10% of total
- Formula—75% of remainder
- Discretionary—25% of remainder

The STF formula estimates published in our October 16, 2018 2019-21 solicitation materials assumed approximately \$10.1 million of General Fund resources. As noted above, the Governor's 2019-21 Budget does not include a General Fund appropriation to STF.

ODOT's budget will not be finalized until the Oregon Legislature issues a Legislative Approved Budget (LAB) around June 2019. If the Legislature reduces the General Fund portion of the Special Transportation Fund, STF Agencies will receive allocations different from the original published estimates.

ODOT recommends STF Agencies complete their STF applications with the original October 2018 forecast for STF formula levels, ***and also*** rigorously prioritize proposed projects to ensure plans are in place to scale activities appropriately if General Fund resources are not budgeted to the STF program during the 2019 Legislative Session.

Other considerations for agency planning:

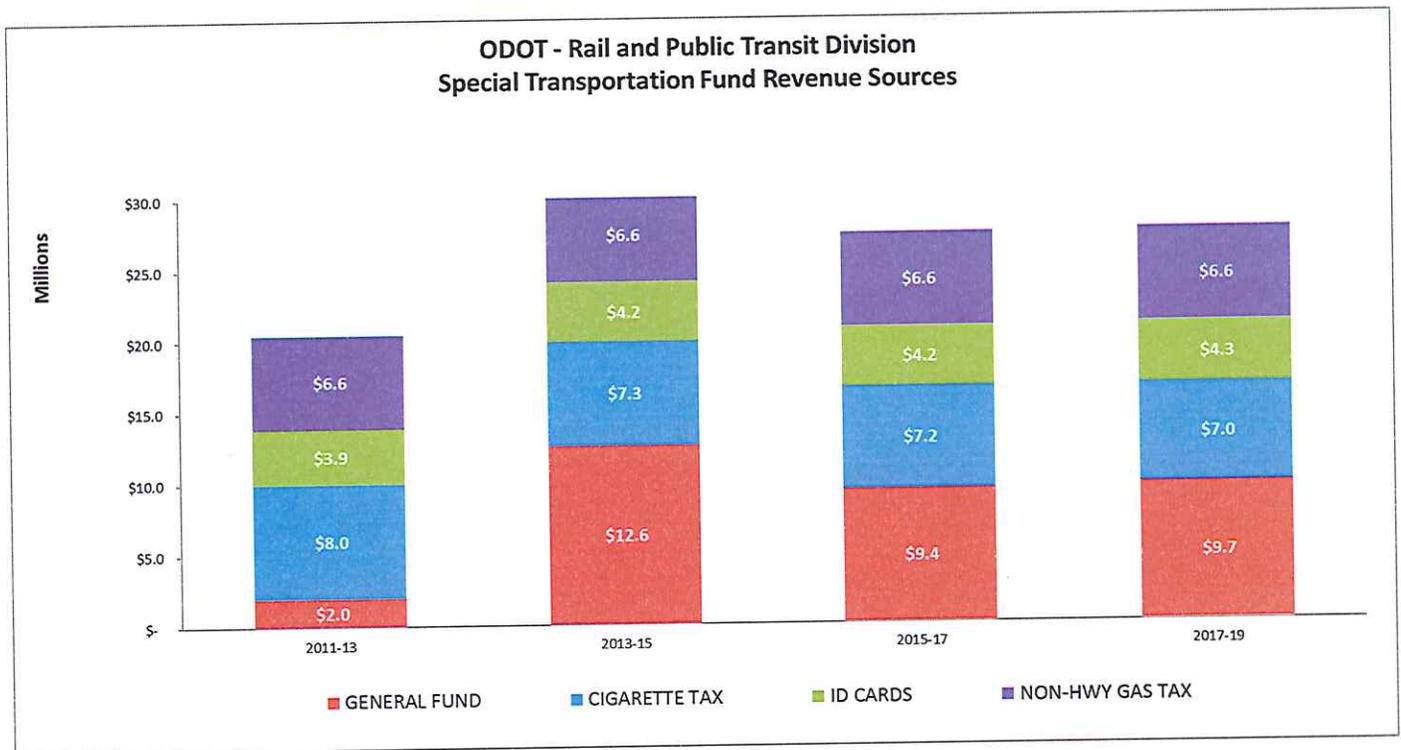
- ODOT proposes elimination of the discretionary STF program and re-allocating those funds to the STF formula fund for 2019-21 in order to minimize the impact on the



formula program. More detailed allocation adjustments will be provided when information is available.

- Agencies should use a 40 percent reduction from published estimates as a baseline for project prioritization.
- Project prioritization should follow local guidelines, but focus on preservation of existing services to the greatest extent possible.
- As STF resources potentially decline it will be important to look for budgetary efficiencies or other funding sources to help minimize the impact on the provision of services. However, it is important to note the new resources available in 2019 through the Statewide Transportation Improvement Fund (STIF) Formula fund revenues are required to be spent on expanding or improving transit service, not on maintaining existing services (with some exceptions that have been approved by the Oregon Transportation Commission). Projects that propose to maintain services due to elimination or reduction in an ongoing source of funding are not among the current OTC exceptions, but may be considered by the OTC as part of the upcoming STIF Plan review decision process.

The chart below details STF Revenue sources over that past several biennia.



We will continue to share information as it becomes available, and encourage you to work closely with your Regional Transit Coordinators for technical assistance as you move through your 2019-21 processes.