



OKLAHOMA
Transportation

Department of Transportation

FY 2026 Budget Hearing Presentation

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Tim Gatz

Executive Director



Founded in **1911** (formerly known as the Oklahoma Highway Department), the **Oklahoma Department of Transportation** serves as the agency responsible for planning, designing, constructing, operating, and maintaining Oklahoma's highway-based transportation infrastructure, including the non-toll interstate system, the U.S. highway system, and the state highway system, along with management of the state-owned railroads. Additionally, ODOT assists local governments in administering programs to improve their local road systems. ODOT also administers other multi-modal programs, including freight rail, passenger rail, public transit, and the promotion and coordination with the McClellan-Kerr Arkansas River Navigation System (MKARNS), Oklahoma's inland waterway.

ODOT's Executive Staff is a team of three, led by the Executive Director, and includes the Deputy Director and Chief Engineer.

The Deputy Director leads all administrative areas of the agency, including the multimodal programs of Rail, Public Transit, and Waterways, government affairs, policy, and planning. The Chief Financial Officer assists the Deputy Director and is responsible for the fiscal administration of ODOT, including state and federal funds administration for ODOT's programs.

The Chief Engineer leads the operations and engineering areas of the agency, which includes design, construction, and maintenance of Oklahoma's Highway System. Assisting is the Director of the Office of System and Field Operations, managing construction and maintenance occurring in each field district, led by the respective field district engineers who retain primary responsibility for the daily and long-term highway maintenance and construction activities and decisions associated with highways within their boundaries. Also assisting are the Director of Project Delivery and the Director of Design who are responsible for all preconstruction and design activities which are provided centrally in the Transportation Building located in the Capitol Complex. They are also responsible for program and project management for the highway system and local governments.

Agency Vision, Mission and Core Values

Vision: To be an efficient, innovative, customer-driven organization working collaboratively to provide safe, modernized, integrated and sustainable transportation.

Mission: To provide a safe, economical and effective transportation network for the people, commerce and communities of Oklahoma.

Core Values: We value our people for individual and team contributions, through productive partnerships. We are accountable for the transportation needs of citizens, business and industry in the safest, most proficient manner possible.



Accomplishments

Top accomplishments for FY 2024 – FY 2025

- 1) The Department achieved a top 10 national ranking in highway system bridges by reducing structurally deficient bridges to less than 45, representing 0.68% of the highway system bridges.
- 2) The Department continued the Transportation Innovation Initiative, which includes improving business processes, increasing efficiency through new technologies, and achieving cost savings such as reducing leased facilities and returning unused property tax rolls where possible.
- 3) The Department finalized \$200M in loans for rural two-lane roadways across Oklahoma. The loans, which have an average interest rate of 1.95% with 20-year loan terms, allowed the Department to address 113 miles of the 5,248 miles of two-lane roadways with deficient shoulders across the state. The loans brought nearly \$150M in expected crash cost reduction with the accelerated safety improvements. The loan interest rate far outweighed the cost of inflation, as the agency is experiencing over 15% inflation yearly on heavy highway work.
- 4) The Department completed the requirements of HB1712, which required a study of alternatives to the motor fuel tax system used for infrastructure investments.
- 5) Future 3D Model Reviews: The Department utilizes the Open Roads platform to lay the groundwork for transitioning to 3-dimensional project engineering and infrastructure lifecycle management.



Analysis of Agency Challenges

	Challenge	Current Actions (Briefly describe how the agency is currently addressing the challenge.)	Planned Actions (Briefly describe how the agency plans to address the challenge going forward.)
1	Technology systems deficits must be addressed to improve organization and operation performance	Prioritizing replacement of legacy systems including PeopleSoft Financials, AASHTOWare Project-Construction & Materials and others.	Assessing and identifying strategic solutions for replacement of legacy systems. Implementing software development lifecycle to prevent end-of-life systems.
2	Address funding needed to expand mobility management programs and enhance public transit	Requesting legislative action, seeking federal grants and continuing to partner with other agencies and community service providers to identify opportunities for funding.	Continuing outreach efforts along with current actions.
3	Traffic will continue to increase on the transportation system, impacting condition, safety and travel time reliability	Identifying and prioritizing key investments through the 8 Year Construction Work Plan. Actively pursuing federal grant and other funding opportunities.	Identify opportunities to implement Traffic System Management Operations, continue current actions, and implement accelerated methods of project delivery.
4	Traditional motor fuel tax revenues are anticipated to be significantly reduced over time by fuel efficiencies and electrification of the fleet	Legislative report completed for Fair Miles Oklahoma pilot pursuant to 69 O.S. Sec. 1931. Continue to emphasize and seek solutions to projected decline in motor fuel revenue.	Continue to emphasize and seek solutions to projected decline in motor fuel revenue.
5	Workforce	Expanding and investing in the development of students to pursue careers necessary for transportation, to ensure sufficient staffing for the future needs of the State. Examples: Civil Engineering, GIS, AI, CDL, Trades	Continue advancing workforce development via the Engineering Development Program; Expanding the OU & OSU Design Squads; Begin implementation of the AASHTO STEM Outreach Solutions Program, which is a hands-on STEM education outreach program.



Savings & Efficiencies (Current or Planned)

Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement*	FY 2024 (Actual \$ Savings)	FY 2025 (Projected \$ Savings)	FY 2026 (Projected \$ Savings)
<i>Desktop Phones</i>	Desktop phones disconnected; teams soft phones implemented	<i>116 lines</i>	\$2,320	\$27,840	-
AT&T Circuits	AT&T Circuits were disconnected as they were no longer in use/needed	2 circuits	\$20,073.80	\$240,885.60	-
Claims File Creation	Internally created an alternate file location for users to upload claims information for processing; allows Finance to access claims, control user access and notify users when delay occurs	300 hours in processing time annually	\$9,000	-	-
Land Surplus	Elimination of unused property owned by the Department	22.98 Acres	\$1,286,360	TBD	TBD
Combined Facilities (under construction)	Tonkawa Interstate yard combined with Kay County yard (FY25) Carter and Love County yards combined with I-35 Maintenance yard (FY26)	Reduction of 3 stand alone facilities	NA	\$1,338,378	\$3,519,412

* Hours, FTE, square feet, etc.



Agency Goals and Key Performance Metrics

Goal		Metric	FY 24 Target	FY 24 Actuals	FY 25 Target	FY 29 Target
1	<i>Sustain less than 1% of Highway System bridges as structurally deficient.</i>	Percentage of on-system bridges rated as structurally deficient	.99%	.68%	.99%	.99%
2	<i>Decrease traffic fatalities by 5%.</i>	Number of statewide fatalities on public roadways	608**	-	693**	664**
3	<i>Decrease miles of rural two-lane highways with deficient shoulders by 10%.</i>	Miles of two-lane rural highways with deficient shoulders	5249	5162	5033	4646
4	<i>Increase the total highway lane miles in good condition by 10%.</i>	To increase total lane miles in good condition by 10% (from 32% to 42%) in 4 years	42%	37%	39%	47%

**Calendar Year



Projects for FY 2025

- 1) The Finance Department is replacing a 40 year old legacy mainframe system with PeopleSoft Software. PeopleSoft is the State of Oklahoma's cash-based financial system. The project started in December 2022. ODOT is working with Guidehouse, OMES, and MiPro. The Finance Department is continuing it's progress with business process improvement activities, technology advancements, and capturing Department efficiencies.
- 2) Innovation across the organization and modernization of all business processes will continue to occur at an accelerated pace. Increased efficiencies will be gained through implementing technology solutions with data analytics and tailored technology solutions, and dashboards, such as modernizing accident data collection and analytics to inform the public, facilitating communication with the public and elected officials.
- 3) Fosters integration and coordination of activities, expertise, and resources across the Department to better align projects and key functions to improve efficiency in transportation services for Oklahoma. This initiative incorporates the goals of collaboration, innovation, and greater communication, exceptional customer service, increased efficiency, and rapid adaptability, with an intent to reduce staff accordingly. Modernize technology and improve business function.



Projects for FY 2026

- 1) The next phase of the digital project delivery initiative includes preparation for Building Information Modeling (BIM), which includes creating digital twins for ODOT infrastructure. This will enhance lifecycle management and decision-making.
- 2) Creating an Artificial Intelligence (AI) team in partnership with OMES. After a successful proof of concept, the department hired its first data scientist to update the large language learning model. The model will review the entire network of assets, automating the identification of certain needs on the highway system. This information provides efficiency and speeds up decision-making.
- 3) Ongoing construction of the largest single project/contract in Tulsa at the I-44 / US-75 interchange with an estimated cost of \$252 million.
- 4) Preparing for the first alternative delivery project (Roosevelt Bridge) the Department has ever undertaken.
- 5) Updating the 25-Year Long Range Transportation Plan, reassessing the value of Oklahoma's highway transportation assets and backlog of need, and revisiting the effectiveness of our investment strategies in the context of the ongoing and significant reduction in buying power due to inflation.



Total Historic Actual Expenditures (FY 2020-24) and Current Year Budget (FY 2025)

Explanation of Changes and Trends

- Major spend 94% in four areas:
 - Salaries
 - Construction and Design
 - Debt Service
 - Pass-through to Sub-Recipients
- Construction and Design comprise approximately 65% of the spending, which includes construction, right-of-way acquisition, and professional fees.
- Capital budget spending extends over multiple years—on average, 3 to 5 years, with the largest payout in the first three years.
- Salaries and benefits comprise approximately 18% of the spending, with an average of \$199M over the last 5 years.
- Total outstanding encumbrances and reserves for right-of-way acquisition - \$2.3B
- Cash balance - \$1.2B

Historic Total Actual Expenditures and Current Year Budget



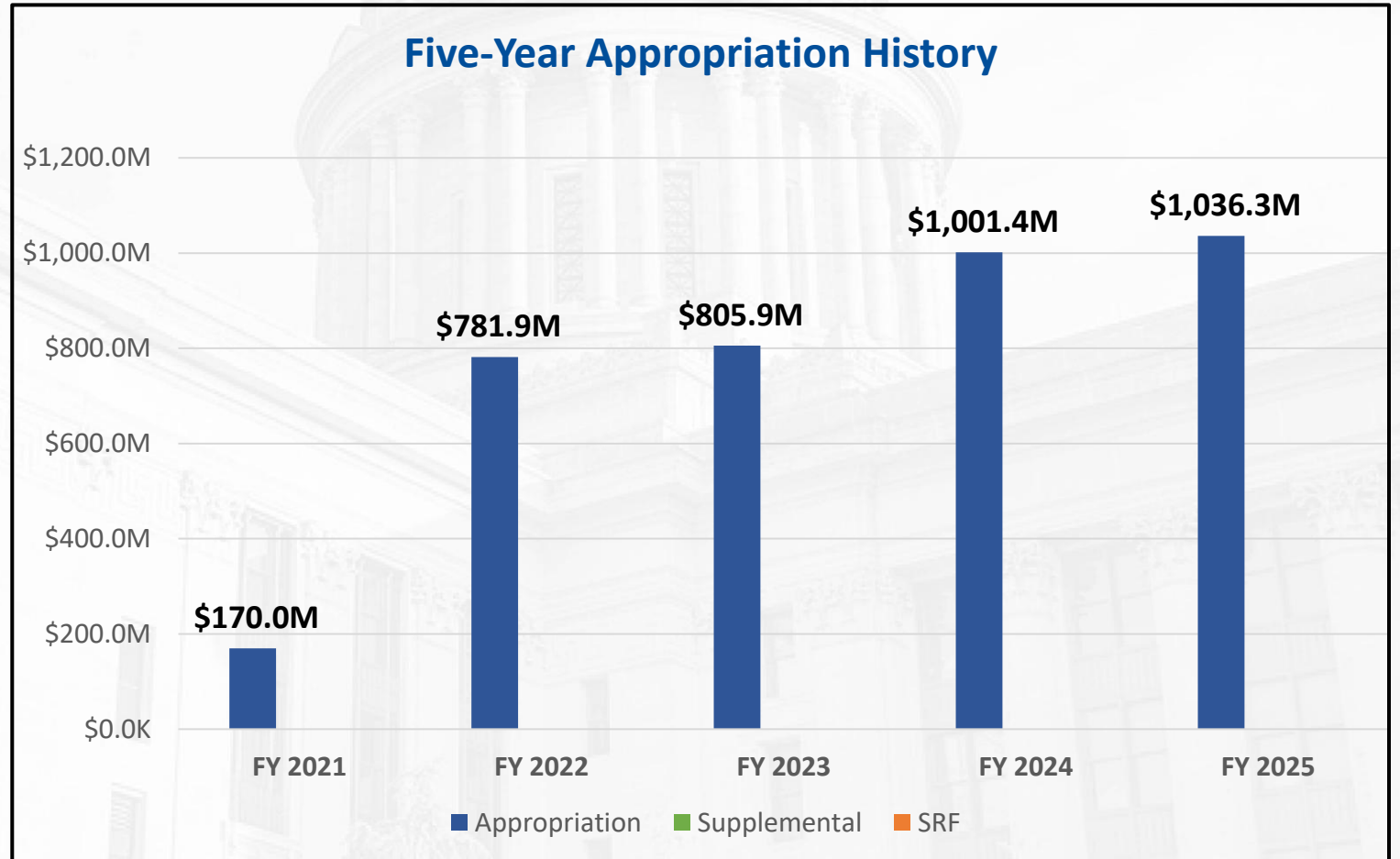


FY 2025 Budgeted Full Time Equivalents (FTE)

	FY 2025 Budgeted FTE
Total FTE	2,438
Supervisor FTE	398
Supervisors to Total FTE Ratio (%)	16.3%
Current Budgeted but Unfilled FTE	127

Appropriation History

Fiscal Year	Legislated Appropriation (\$) (Includes supplementals and SRF/ARPA.)
FY 2021	170,000,000
FY 2022	781,893,663
FY 2023	805,878,499
FY 2024	1,001,401,568
FY 2025	1,036,343,711



**Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.*



Financial Resource Analysis

Carryover	FY 2021	FY 2022	FY 2023	FY 2024
Total appropriated carryover amount expended (\$)	\$	\$301,573,915	\$409,409,902	\$233,689,971

Historical Cash Balances	FY 2021	FY 2022	FY 2023	FY 2024
Year End Revolving Fund Cash Balances (<i>All Revolving Funds</i>)	\$899,692,156	\$1,012,695,643	\$1,118,835,689	\$1,293,395,232

Revolving Class Fund # (<i>Unrestricted only</i>)	Revolving Class Fund Name (<i>Unrestricted only</i>)	Current cash balance (\$)	Projected FY 2025 year-end cash balance (\$)
#	All funds are revolving restricted funds	\$	\$
#		\$	\$
#		\$	\$
#		\$	\$
#		\$	\$
#		\$	\$
	Total Unrestricted Revolving Fund Cash balance:	\$	\$



Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method, or donor restriction.

FY 2023 – 2024 Appropriation Change Review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount FY 2023</i>	<i>Amount FY 2024</i>	<i>Total amount received FY 2023 - 24</i>	<i>Total amount expended by 11/1/2024</i>	<i>Included in FY 2025 approp? (Yes/No)</i>	<i>If not expended fully, please explain.</i>
Rural Public Transportation (\$10.75 mm total)	\$5,000,000		\$5,000,000	\$5,000,000	Yes	
OCIA Lease Payment Change	\$1,984,836		\$1,984,836	\$1,984,836	Yes	
ROADS Fund Increase	\$15,000,000		\$15,000,000	\$15,000,000	No	
Debt Service		\$2,523,069	\$2,523,069	\$2,523,069	Yes	
STF Rural Trans. Match (15/85 Match w/ Feds)		\$5,000,000	\$5,000,000	\$5,000,000	Yes	
Industrial and Lake access		\$10,000,000	\$10,000,000	\$2,414,636	Yes	\$5M to be obligated for Port of Inola. The remaining funds have been obligated.
Totals	\$21,984,836	\$17,523,069	\$39,507,905	\$32,963,123		



**Do not include SRF / ARPA appropriation increases.*

FY 2025 Appropriation Change Review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2026 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
Debt Service Annual Adjustment	\$542,143	Yes	Yes	
STF – Lake & Industrial Access Projects	\$6,200,000	Yes	Yes	
Infrastructure Projects – Ports SB 1429	\$16,200,000	No	N/A	This was a one-time appropriation.
IFTA Fund Transfer - Replacement	\$12,000,000	Yes	Yes	IFTA transfer amount may change from year to year.
Total adjustment	\$34,942,143			



**Do not include SRF / ARPA appropriation increases.*

Budget & Supplemental Incremental Request Summary

	Request Name	FY 2026 Incremental Appropriation Request Amount (\$) <i>{or FY 2025 for Supplementals}</i>	Type of Request: Recurring, One-time, or Supplemental
1	Receive full statutory authorization of the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund – \$590,000,000		Recurring
2	Receive full statutory authorization of the State Transportation Fund (STF) - \$200,000,000		Recurring
3	Additional \$6,300,000 STF funding - replacement funds due to IFTA transfers	\$6,300,000	Recurring
4	Appropriation to the Transit Fund - \$6,900,000	\$6,900,000	Recurring
5	Legislature clarifying the allocation of revenue from the Weigh Station Revolving Fund to the Oklahoma Tax Commission General Fund - \$10,000,000	\$10,000,000	Recurring



Budget & Supplemental Incremental Request Summary

Request Name		FY 2026 Incremental Appropriation Request Amount (\$) {or FY 2025 for Supplementals}	Type of Request: Recurring, One-time, or Supplemental
6	To fund Lake and Industrial projects - \$10,000,000	\$10,000,000	Recurring
7	To fully fund the Mobility Management Program - \$2,000,000	\$2,000,000	Recurring



(1) Incremental Budget Request

Receive full statutory authorization of the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund – \$590,000,000

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2026

The ROADS fund is dedicated revenue used to construct and maintain the state highways and bridges in Oklahoma. In addition, the ROADS fund is the source of revenue that pays for the debt service payments.



(2) Incremental Budget Request

Receive full statutory authorization of the State Transportation Fund (STF) - \$204,509,528

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2026

To provide for the allocation of tax revenues to be transferred from the State Transportation Fund to the State Highway Construction and Maintenance Fund for ongoing highway and bridge maintenance activities. A well-maintained highway infrastructure improves public safety, relieves congestion, and reduces vehicle operation costs while improving the movement of people and goods. Estimate as on November 2024.



(3) Incremental Budget Request

Additional \$6,300,000 STF funding - replacement funds due to IFTA transfers impacting SFY 2024

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2026
\$6,300,000

To replenish the budget due to IFTA transfers between the Oklahoma Tax Commission and the Oklahoma Corporation Commission.



(4) Incremental Budget Request

Appropriation to the Transit Fund - \$6,900,000

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2026
\$6,900,000

This request is to provide funding to the Transit Fund for state match to the federal program. Federal funds were increased to the Transit Program as a result of the Infrastructure Investment and Jobs Act (IIJA) Bill.



(5) Incremental Budget Request

Legislature clarifying the allocation of revenue from the Weigh Station Revolving Fund to the Oklahoma Tax Commission General Fund - \$10,000,000

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2026
\$10,000,000

This request is to provide funding for operating, maintenance, and capital improvement expenses for the Size and Weights Permits office, Weigh Stations, and Ports of Entry.



(6) Incremental Budget Request

To fund Lake and Industrial projects - \$10,000,000

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2026
\$10,000,000

This request is to provide funding for lake and industrial projects.



(7) Incremental Budget Request

To fully fund the Mobility Management Program - \$2,000,000

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2026
\$2,000,000

This request is to provide funding for the Mobility Management Program.





OKLAHOMA
Transportation

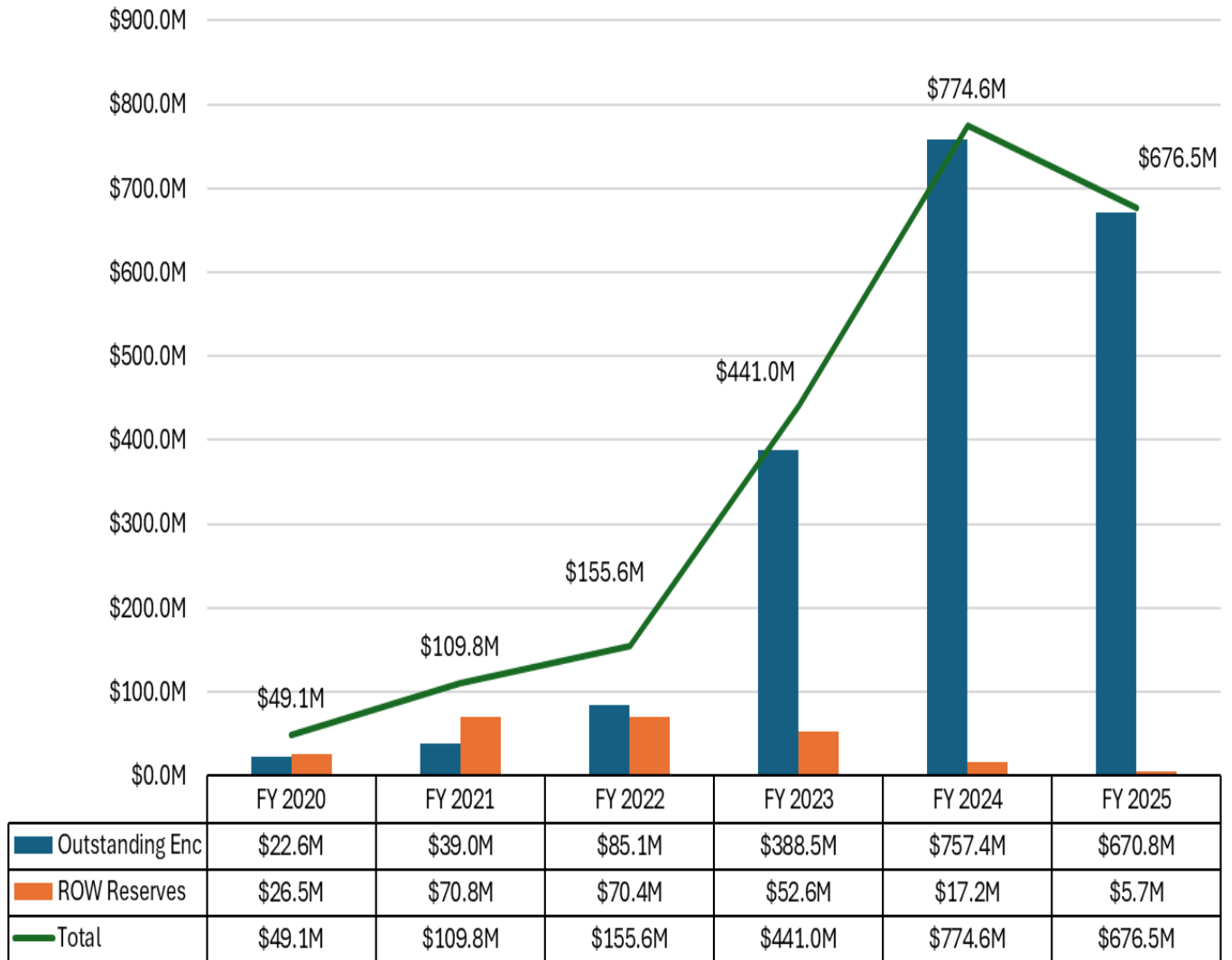
Appendix

Total Outstanding Encumbrances, Reserves, and Cash Balances (FY 2020 – YTD 2025)

Explanation of Trends

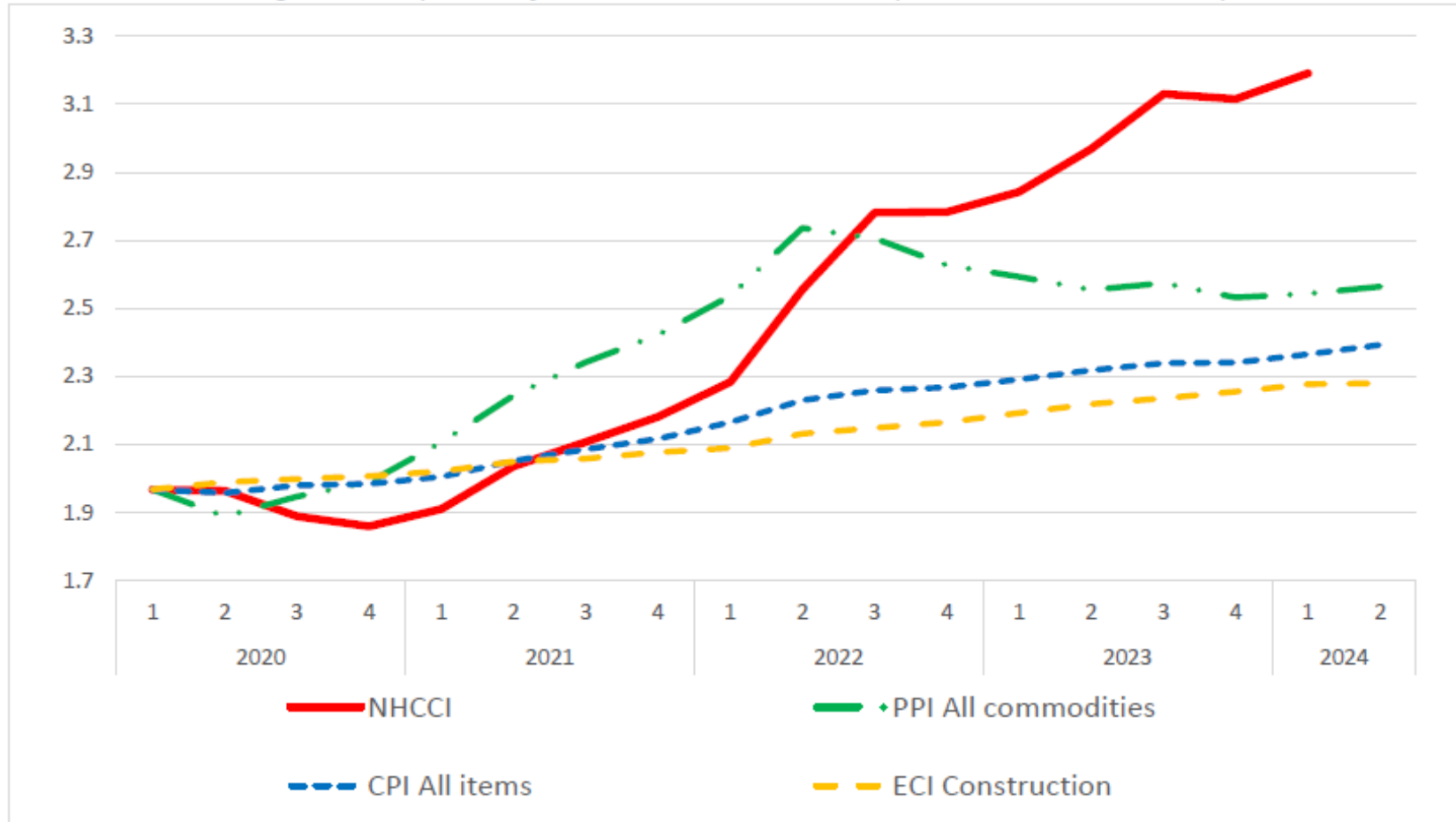
- Encumbrances for capital expenditures extend over multiple years
 - Average 3 to 5 years
 - Largest % of outstanding encumbrances
 - Current and two preceding years - 23, 24 and 25
- Total Outstanding Encumbrances and reserves for Right of Way Acquisition - \$2.3 B
- Cash balance - \$1.2 B
- Average –Disbursements
 - \$147 M –Monthly
 - \$1.7 B -Annually

Outstanding Encumbrances and Right of Way Reserves



Comparative Buying Power

Comparison of NHCCI with PPI, CPI, and ECI (rebased to NHCCI 2020 Q1)



Sources: NHCCI: FHWA, Office of Transportation Policy Studies, National Highway Construction Cost Index (NHCCI) 2024 Q1 Estimates. CPI and PPI Indexes: BLS, Consumer Price Index, and Producer Price Indexes, available at <https://www.bls.gov>.

