



OKLAHOMA
Transportation

Department of Transportation

FY 2027 Budget Hearing Presentation

Submitted by: Tim Gatz, Executive Director

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 Director of Finance 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 and Assistant Director of 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 2025 – FY 2026

- Achieved a national ranking of fourth in highway system bridges by reducing structurally deficient bridges to 35, representing 0.52% of bridges on the highway system.
- The department’s Rural Two-Lane Advancement and Management Plan (RAAMP) initiative won the “Safety, Large Project” category at the 2025 America’s Transportation Awards, which are hosted by America’s Association of State Highway Transportation Officials (AASHTO). Finalized \$200 million 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 ODOT to address 113 miles of the 5,248 miles of two lanes with deficient shoulders across the state. The loans brought nearly \$150 million in expected crash cost reduction with safety improvements.
- ODOT Digital Delivery has completed its statewide transition to Open Roads and Open Bridge Modeler, eventually enabling three-dimensional (3D) design modeling. Plan review meetings now use 3D virtual models that enable real-time collaboration throughout the project lifecycle.
- ODOT GIS and the OMES Data Services team have been working together to streamline the agency’s asset inventory lifecycle using AI. This initiative’s Phase 1 and 2 involved training AI to compare changes between images of ODOT assets-such as pavement markings, signs, and guardrails.
- ODOT received two \$200 million appropriations of RETRO funds in SFY 2024 and 2025. These funds have been allocated to 60 different projects in 36 different counties. The Oklahoma Tax Commission and Oklahoma Department of Commerce reviewed the projects and concurred with the selections. ODOT anticipates awarding \$277 million in RETRO funds for these projects by the end of SFY 2026.



Analysis of Agency Challenges

	Challenge Description	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	Historic increases in construction and maintenance costs	Carefully evaluate investment strategies and update project estimates to more realistic numbers	Continual monitoring and management of construction cost estimates and rebalance program as necessary
2	Traffic will continue to increase on the transportation system, impacting condition, safety, and travel time reliability	Identifying opportunities to implement Traffic System Management Operations, continue prioritizing key investments through the 8-Year Construction Work Plan (CWP), and implement accelerated methods of project delivery	Continued investments in alternative delivery models to accelerate project implementation to address the needs of the system
3	Declining motor fuel tax revenue due to fuel efficiencies and electrification of the fleet	Continue to emphasize and seek solutions to projected decline in motor fuel revenue	Engage policy makers to develop alternative/supplemental revenue streams
4	Workforce	Continue advancing workforce development via the Engineering Development Program; Expanding the OU & OSU Design Squads; Implementation of the AASHTO STEM Outreach Program	Explore and leverage strategic partnerships with other agencies and institutions (Workforce Commission)
5	Address funding needed to expand mobility management programs and enhance public transit	Request legislative action, seek federal grants, and continue partnering with other agencies and community service providers to identify opportunities for funding	Continuing outreach efforts along with current actions
6	Heartland Flyer-TX Legislature did not approve funding for their portion of shared operating costs	Request for additional allocation to the Oklahoma Tourism and Passenger Rail Revolving Fund in support of continued operations of the Heartland Flyer	Continue to work with Texas to secure future funding allocations and other partners to support continued operations



Savings & Efficiencies (Current or Planned)

Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement*	FY 2025 (Actual \$ Savings)	FY 2026 (Projected \$ Savings)	FY 2027 (Projected \$ Savings)
Desktop Phones	<i>Desktop phones decommissioned; Teams soft phones implemented</i>	228 lines	\$27,840	\$54,720	TBD
Combined Facilities	<ul style="list-style-type: none"> - Tonkawa Interstate yard combined with Kay Co. yard (complete) - Carter and Love Co. yards combined with I-35 Maintenance yard (complete) - Sallisaw Interstate Maintenance yard combined with Sequoyah Co. Maintenance yard and Sallisaw Construction Residency (in progress) - Madill Construction Residency combined with Bryan and Marshall Co. Maintenance yards (in progress) - Okfuskee and Hughes Co. maintenance yards combined (in progress) 	Reduction of 8 stand-alone facilities	-	\$7.9M	\$12.9M
Encumbrance Tracker (ET)	<i>Implemented ET which improves communication and eliminates the use of forms to provide visibility of the requisition process for the entire agency</i>	300 hours	-	\$8,799	\$8,799
Enterprise Performance Management (EPM)	<i>Implemented EPM which makes budgeting a one-stop-shop; allows digital internal budget-request submissions, produces the annual budget work program and monthly agency budget reports; enhances a variety of other finance functions</i>	370 hours	-	\$10,852	\$10,852
Media Management System	<i>ODOT Government and Community Affairs Communications team implemented Meltwater, a new media management system that saves two to four hours of work per day (50 to 100 hours per month).</i>	900 hours	-	\$26,397	\$26,397



Agency Goals and Key Performance Metrics

	Goal	Metric	FY 25 Target	FY 25 Actuals	FY 26 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	.52	.99
2	<i>Decrease traffic fatalities by 5%.</i>	Number of statewide fatalities on public roadways	693**	696**	685**
3	<i>Decrease miles of rural two-lane highways with deficient shoulders by 10%.</i>	Miles of two-lane rural highways with deficient shoulders	5033	5153	5024
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	39%	40%	42%



Projects for FY 2026

1. **Roosevelt Bridge Replacement:** The bridge is located on US-70 in Bryan and Marshall Counties. A new proposed four-lane bridge will be built near the existing structure (to remain open during construction) with key design elements that include widening the roadway, adding lighting and updating safety features along with improving long-term resiliency to extreme weather events. The project will be delivered using a method called Modified Progressive Design Build.
2. **Improvement to I-40 Interchanges MM 65 & 65A:** Located in District Five, the project includes replacement of four at-risk bridges and is intended to improve traffic flow and safety. It is scheduled to begin in early 2026 with an estimated duration of 3.5 years.
3. **Widening Effort I-35 MM 5 & 8:** Located in District Seven, near Thackerville in Love County, the project is expected to begin after the current project to the north concludes in the fall of 2025 and is set to finish in spring 2026.
4. **Resurfacing & Shoulder Additions SH-37:** Located in District Two (McCurtain County) near Idabel, the project will begin in early 2026, addressing safety and traffic growth in the region.
5. **US-75/I-44 Interchange-Phase Four:** Located in District 8, the project combines three phases into one to complete the interchange. The \$252 million contract is ODOT's most expensive to date and includes \$95 million in funding from two federal grants. Completion is anticipated in summer 2028, weather permitting.



Projects for FY 2027

1. **Widening Effort I-35:** Located in District 3, widening efforts to six lanes will occur from Norman to Purcell
2. **Bridge Replacement SH-100:** Located in District 1, between Gore and Webbers Falls, the project will replace the at-risk Navigation Bridge
3. **Widening Effort US-259:** Located in District 2, widening efforts will occur from Broken Bow to Hochatown
4. **Widening Effort I-40:** Located in District 3, widening efforts will occur from the Oklahoma County Line to Shawnee
5. **Pavement Rehabilitation US-412:** Located in District 8, the project consists of six miles of pavement rehabilitation east of SH-66
6. **Diverging Diamond Interchange I-35:** Located in District 4 at Waterloo Road, the project will add a diverging diamond interchange

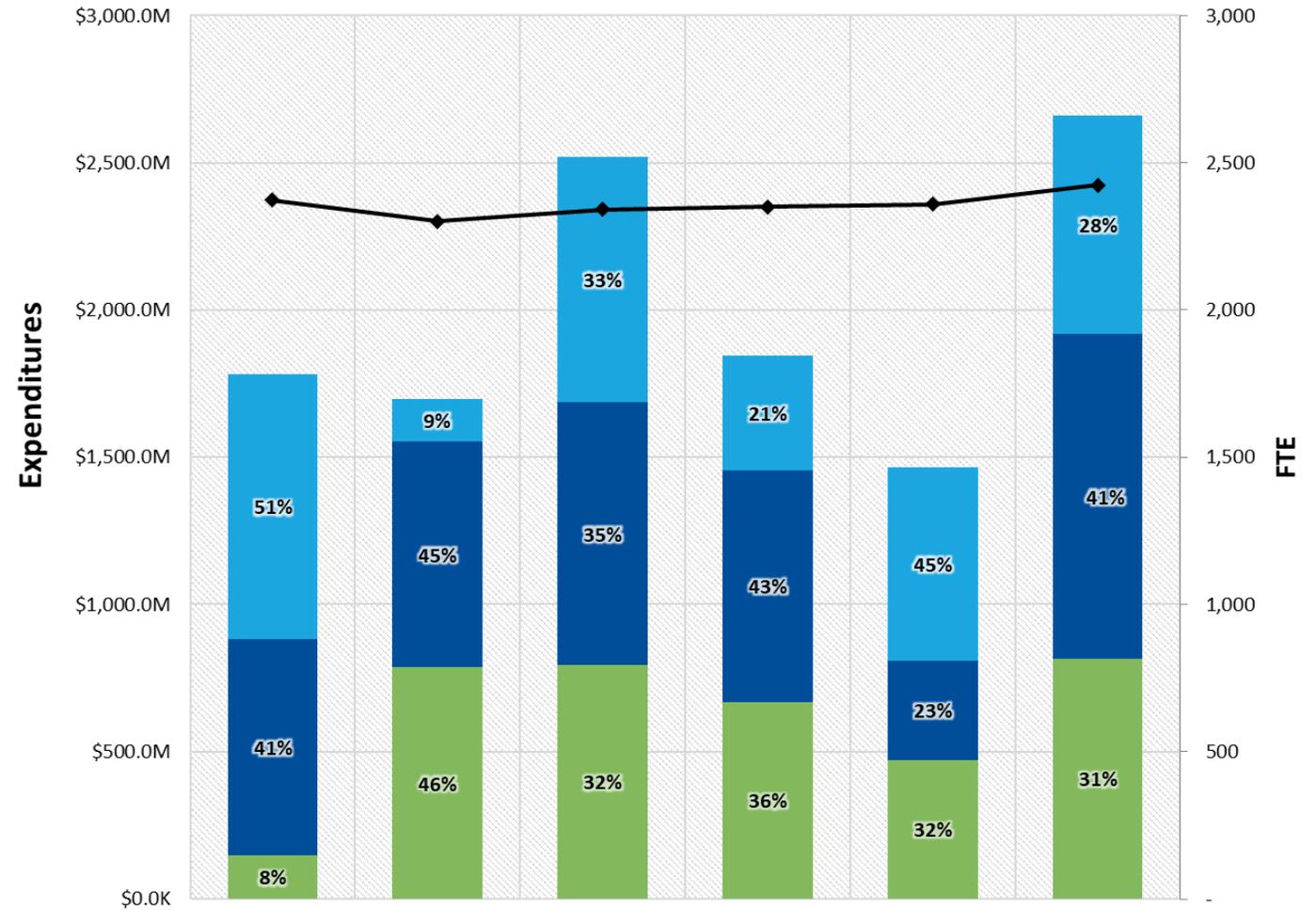


Total Historic Actual Expenditures (FY 2021-25) and Current Year Budget (FY 2026)

Explanation of Changes and Trends

- Major spend of 95% in four areas:
 - Construction and Design
 - Pass-through to Sub-Recipients
 - Salaries
 - Debt Service
- Construction and Design comprise approximately 69% 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 15% of the spending, with an average of \$205M over the last 5 years.
- Total outstanding encumbrances and reserves for right-of-way acquisition – \$2.6B
- Cash balance – \$1.5B

Historic Actual Expenditures and Current Year Budget



Estimated Impact of Federal Funding Changes

<i>Program Name</i>	<i>Federal Agency</i>	<i>Description of expected change (s) (i.e. change in state match, admin costs, program requirements or client eligibility, etc.)</i>	<i>Actual FY 25 Total Federal Funding Received (\$)</i>	<i>Projected FY 26 Total Federal Funding To Be Received (\$)</i>	<i>Estimated FY 27 Total Federal Funding To Be Received (\$)</i>
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$
			\$	\$	\$

** Only list programs with federal funding that are expected to change. Refer to the agency's Federal Funds Schedule in the Budget Request document.*



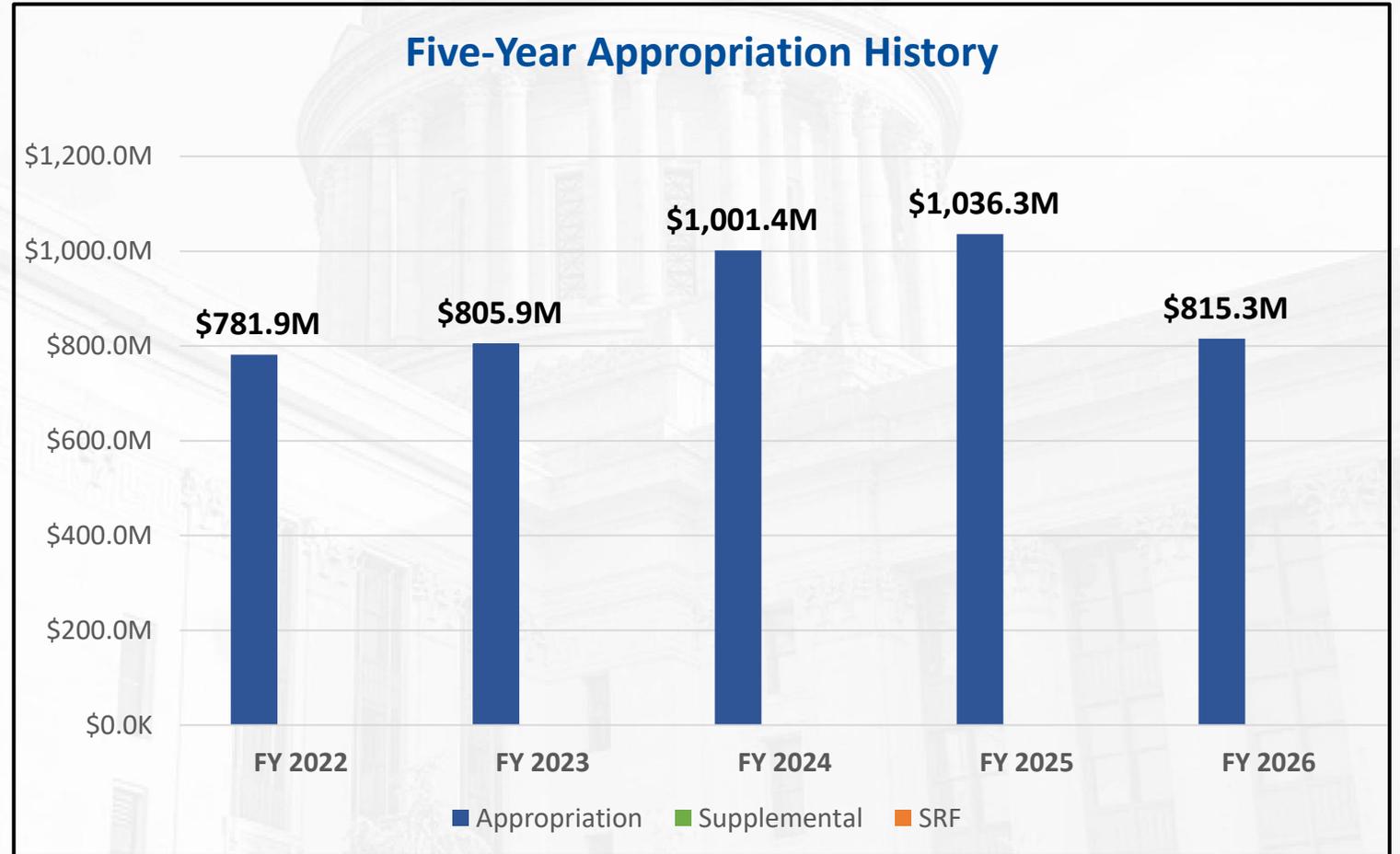


FY 2026 Budgeted Full Time Equivalents (FTE)

	FY 2026 Budgeted FTE
Total FTE	2424
Supervisor FTE	383
Supervisors to Total FTE Ratio (%)	15.80%
Current Budgeted but Unfilled FTE	189

Appropriation History

Fiscal Year	Legislated Appropriation (\$) (Includes supplementals and SRF/ARPA.)
FY 2022	781,893,663
FY 2023	805,878,499
FY 2024	1,001,401,568
FY 2025	1,036,343,711
FY 2026	815,268,914



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



Financial Resource Analysis

Carryover	FY 2022	FY 2023	FY 2024	FY 2025
Total appropriated carryover amount expended (\$)	\$180,630,875	\$286,109,556	\$209,821,818	\$358,448,756

Historical Cash Balances	FY 2022	FY 2023	FY 2024	FY 2025
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$243,785,293	\$244,077,206	\$227,440,299	\$247,581,639

Revolving Class Fund # <i>(Unrestricted only)</i>	Revolving Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)	Projected FY 2026 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 2024 – 2025 Appropriation Change Review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount FY 2024</i>	<i>Amount FY 2025</i>	<i>Total amount received FY 2024 - 25</i>	<i>Total amount expended by 11/1/2025</i>	<i>Included in FY 2026 approp? (Yes/No)</i>	<i>If not expended fully, please explain.</i>
Debt Service	\$2,523,069	\$542,143	\$3,065,212	\$3,065,212	Yes	
STF Rural Trans. Match (15/85 Match w/ Feds)	\$5,000,000	\$0	\$5,000,000	\$5,000,000	Yes	
Industrial and Lake access (\$5 million Inola)	\$10,000,000	\$0	\$10,000,000	\$5,000,000	No	Inola project currently scheduled to let in September 2026
Industrial Lake Access	\$0	\$16,200,000	\$16,200,000	\$4,656,008	No	The total amount that has been authorized for FY26 projects is \$7,035,000.
Additional \$12,000,000 STF Funding, replacement funds due to IFTA transfers	\$0	\$12,000,000	\$12,000,000	\$12,000,000	No	
OK Ports Infrastructure	\$0	\$16,200,000	\$16,200,000	\$0	No	Re-budgeted for FY26.
	\$	\$	\$	\$		
	\$	\$	\$	\$		
Totals	\$17,523,069	\$44,942,143	\$62,465,212	\$34,721,220		



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

FY 2026 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 2027 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>
STF – Lake & Industrial Access Projects	-\$16,200,000	No		
Infrastructure Projects – Ports SB 1429	-\$16,200,000	No		
IFTA Fund Transfer – Replacement	-\$12,000,000	No		
Debt Service Annual Adjustment	-\$8,674,797	No		
Wildlife Collab Project/Lake Texoma Boat Ramps	\$7,000,000	No		
Increase ROADS Cap	\$20,000,000	Yes	No	We would like to request that the funds be allocated to the Highway Design & Construction program.
Weigh Station Computers	\$3,000,000	No		
Weigh Station Ops	\$2,000,000	No		
Total adjustment	\$21,074,797			



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

Incremental & Supplemental Request Summary

Request Name		FY 2027 Incremental Appropriation Request Amount (\$) {or FY 2026 for Supplementals}	Type of Request: Recurring, One-time, or Supplemental
1	Receive full statutory authorization of the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund – \$610,000,000	\$	Recurring
2	Receive full statutory authorization of the State of Transportation Fund (STF) - \$204,509,528	\$	Recurring
3	Additional \$9,700,000 STF funding due to appropriations shortfall	\$9,700,000	Recurring
4	To fund Passenger Rail Program - \$2,500,000	\$2,500,000	Recurring
5	Appropriation to the Transit Fund - \$6,900,000	\$6,900,000	Recurring



Incremental & Supplemental Request Summary

Request Name		FY 2027 Incremental Appropriation Request Amount (\$) {or FY 2026 for Supplementals}	Type of Request: Recurring, One-time, or Supplemental
6	Change allocation to General Fund - \$20,000,000 of Size and Weights permit fees to Weigh Station Revolving Fund, and remove restriction from ROADS Fund	\$20,000,000	Recurring
7	To fund Lake and Industrial projects - \$10,000,000	\$10,000,000	Recurring
8	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 - \$610,000,000

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2027

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 which pays for the debt service payments. Starting in FY2026, \$20 million of the ROADS fund is allocated for the construction, repair, and maintenance of weigh stations on the state highway system.



(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 2027

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.



(3) Incremental Budget Request

Additional \$9,700,000 STF funding due to appropriations shortfall

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2027
\$9,700,000

To fully fund the SFY2025 Appropriation



(4) Incremental Budget Request

To fund the Passenger Rail Program - \$2,500,000

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2027
\$2,500,000

The Department coordinates with AMTRAK for the operation of the Heartland Flyer, a passenger rail service between Oklahoma City and Ft. Worth, Texas. The Heartland Flyer has service to Oklahoma City, Norman, Purcell, Pauls Valley, Ardmore, Gainesville, and Fort Worth. This additional appropriation is necessary to continue the operation of the Heartland Flyer.



(5) Incremental Budget Request

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

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2027
\$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.



(6) Incremental Budget Request

Change allocation to General Fund - \$20,000,000 of Size and Weights permit fees to Weigh Station Revolving Fund, and remove restriction from ROADS Fund

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2027
\$20,000,000

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.



(7) Incremental Budget Request

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

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2027
\$10,000,000

The Oklahoma Department of Transportation (ODOT) requests funds to allocate \$10 million toward strategic infrastructure improvements under the Lake and Industrial Projects initiative. These funds will support critical transportation enhancements that directly benefit economic development, freight mobility, and public access in lake areas and areas of industrial growth.



(8) Incremental Budget Request

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

Type: Recurring or One-Time
Recurring

\$ Incremental Amount Requested for FY 2027
\$2,000,000

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

