

## ANALYSIS

### Item 59: Department of Transportation IIJA Resourcing

---

**Analyst:** Michelle Deister

**Request:** Increase Other Funds expenditure limitation by \$416,666,790, increase Federal Funds expenditure limitation by \$92,800,000 and establish 72 new permanent positions (27.94 FTE) and four limited duration positions (1.83 FTE) for the Oregon Department of Transportation for administration of additional transportation funding under the Infrastructure Investment and Jobs Act federal transportation funding authorization, and rail crossing safety improvements.

**Analysis:** Of the expenditure limitation requested by the Oregon Department of Transportation (ODOT), \$10.1 million in Other Funds expenditure limitation is attributable to one-time funding received from Congress for rail safety crossing projects, and \$499.4 million in Other Funds and Federal Funds expenditure limitation is related to projects and staffing associated with the receipt of congressional funding allocations for Oregon transportation projects under the Infrastructure Investment and Jobs Act (IIJA).

**Rail Projects:** In 2019, Congress appropriated one-time special funding for rail crossing safety improvements. The funds must be obligated by the end of Federal Fiscal Year 2022. At its March 10, 2022 meeting, the Oregon Transportation Commission approved an amendment to the State Transportation Improvement Program (STIP) to allocate \$10.1 million of these funds for use at crossings throughout the state. No positions are associated with these additional funds.

**IIJA Funding and Projects:** Congress approved the IIJA in November 2021, the result of which is an increase to Oregon federal highway funding of approximately 33% in Federal Fiscal Year 2022, and an anticipated increase of 2% annually between 2023-2026. About one third of Oregon's expected funding (\$412 million) is not specifically dedicated by Congress to particular purposes and is referred to as flexible funding. The remaining two-thirds is congressionally dedicated to specific purposes or is a reauthorization of funding that ODOT has received in the past. At its March 30, 2022 meeting, the Oregon Transportation Commission (OTC) took action to make final recommendations on the allocation of \$412 million of flexible funding received under the IIJA (see Attachment 1 of the agency request letter for a detailed breakout). Other (non-flexible) IIJA allocations to Oregon include dedicated program resources totaling \$1.06 billion (also detailed in Attachment 1 of the agency request letter).

ODOT must craft and submit plans for how these dedicated funds will be deployed before it can access funds to dedicate to projects. This request provides the staffing resources and expenditure limitation to facilitate that work. ODOT will submit information on the plans for review by the OTC at future meetings.

ODOT indicates that successive congressional funding allocations historically tend to build on amounts previously approved. The IIJA funding coming to ODOT represents \$1.47 billion more than the previous funding authorization, and \$1.12 billion is expected to continue at least through 2027, if not beyond. Of the total \$499.3 million in requested expenditure limitation related to IIJA, \$491.3 million is related to projects, and \$8 million is for positions and attendant services and supplies. The agency is requesting 72

permanent full-time positions and four limited duration positions, phased in over the remainder of the 2021-23 biennium. Of the requested positions:

- 42 positions (15.06 FTE) are dedicated to project delivery in the Delivery and Operations Division
- 7 positions (3.42 FTE) are associated with the Commerce and Compliance Division, primarily for motor carrier audit functions
- 7 positions (2.38 FTE) will plan initiatives and deploy resources associated with public transportation programs
- 5 positions (2.25 FTE) are in the policy data and analysis division, consisting of engineers, planners, and policy analysts for climate-related work defined by IJJA
- 7 positions (3.50 FTE) serve a central services program support function (procurement and human resources)
- 4 positions (1.92 FTE) will support federal financial reporting and compliance functions
- 4 positions (1.25 FTE) will facilitate small business navigation and equity for contractors and employees

Four of the positions in the above total constitute limited duration positions. These four include a grant administrator to oversee one-time grants related to electrification which will be made available under IJJA; a Climate Programs Coordinator; and positions in the Support Services Division to support recruitment (0.50 FTE) and planning (0.50 FTE).

Sources of revenue used to support this request include \$496.1 million in IJJA funding, and \$3.3 million in State Highway Funds for central services and support functions. Approval of this request will result in more than \$500 million in expenditure limitation and 72 permanent positions being included in the agency's base budget for purposes of 2023-25 budget development, allowing ODOT to accommodate cashflow needs allocated in the STIP and approved by the Oregon Transportation Commission.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board increase Other Funds expenditure limitation by \$416,666,790, increase Federal Funds expenditure limitation by \$92,800,000, and establish 72 permanent positions (27.94 FTE) and four limited duration positions (1.83 FTE), for the Oregon Department of Transportation, for administration of additional transportation funding under the Infrastructure Investment and Jobs Act federal transportation funding authorization and for rail crossing safety improvements.

59  
Oregon Department of Transportation  
Lisper

---

**Request:** Increase Other Funds expenditure limitation by \$416,666,790, Federal Funds expenditure limitation by \$92,800,000 and establish 76 positions (29.77 FTE) for the Oregon Department of Transportation to implement the Infrastructure Investment Job Act investment plan approved by the Oregon Transportation Commission.

**Recommendation:** Approve the request.

**Discussion:** The Infrastructure Investment Job Act (IIJA) was approved by the U.S. Congress and signed into law in November 2021. The Oregon Department of Transportation (ODOT) is requesting an increase in total funds expenditure limitation of \$509,466,790. The request for positions includes 72 full-time permanent positions (27.94 FTE) and four full-time limited duration positions (1.83 FTE).

The below table summarizes the new estimated IIJA base funding for Oregon through Federal Fiscal Year (FFY) 2027.

IIJA Revenue through FFY 2027	Amount (in millions)
Total expected IIJA Federal Authorization for Oregon (new baseline federal formula funds for authorized programs)	\$4,280
Less Oregon's existing base Federal Authorization	(\$2,811)
Difference = the new IIJA Federal Funding Authorization	\$1,469

The IIJA funds are allocated in a three-year cycle by the Oregon Transportation Commission (OTC) through ODOT's Statewide Transportation Improvement Program (STIP). Through the OTC, ODOT approve the projects in the flexible fund category during the March 2022 board meeting. Appendix A provides a more detailed list of projects broken out by the categories listed below:

- \$412 million in flexible funds – these are federal formula funds that are granted at the state's discretion. The OTC collected stakeholder comments over a three-month period before selecting the projects approved at the March 2022 board meeting.
- \$717 million in dedicated program funds – these are federal formula funds, where each project requires federal approval.
- \$340 million in one-time dedicated program funds – there are two one-time federally approved projects.

ODOT expects to allocate IIJA over the next three biennia, \$496 million in the 2021-23 biennium and approximately \$500 million in both the 2023-25 and 2025-27 biennia. ODOT, with approval from both the Chief Financial Office and the Legislative Fiscal Office, will request to adjust their budget expenditure limitations on a biennial basis through the Current Service Level packages to phase-in and phase-out one-time expenditures.

The table below provides information on how the requested positions will be allocated across the Department, and the expenditure limitations by fund source for the 2021-23 and 2023-25 biennia. The position classifications range from supervisory and professional to administrative support services, and all are needed to implement the new IIJA authorized projects expected to be implemented over the next six years.

Summary of Projected IIJA Expenditures by Agency Resources					
Division/Program Office	Positions /FTE	2021-23 OF*	2021-23 FF	2021-23 Total Funds	2023-25 Total Funds
Delivery & Operations	42/15.05	362,680,395		362,680,395	396,223,885
Public Transportation Division	7/2.38	3,333,333	88,800,000	92,133,333	92,133,333
Policy, Data & Analysis Division	9/4.17	36,878,097		36,878,097	40,451,147
Commerce and Compliance Division	7/3.42		4,000,000	4,000,000	4,000,000
Finance & Budget Division					1,036,541
Office of Social Equity	4/1.25	2,709,407		2,709,407	3,542,723
Support Services Division	7/3.50	965,558		965,558	1,931,119
Rail Division	---	10,100,000		10,100,000	
<b>Totals</b>	<b>76/29.77</b>	<b>416,666,790</b>	<b>92,800,000</b>	<b>509,466,790</b>	<b>539,318,748</b>

\*Note: IIJA Funds, while Federal in origin, typically transition to OF once they are allocated within the STIP.

### Legal Reference:

Increase the Other Funds expenditure limitation established by chapter 442, section 2, Oregon Laws 2021, for the Oregon Department of Transportation, for the 2021-23 biennium as follows:

<u>Subsection</u>	<u>Amount</u>
(2) Maintenance and Emergency Relief Program	\$ 9,231,721
(3) Preservation Program	\$ 8,948,822
(4) Bridge Program	\$ 99,495,444
(5) Operations Program	\$ 23,852,333
(6) Modernization Program	\$ 20,815,887
(7) Special Programs	\$ 96,868,520
(8) Local Government Program	\$103,467,668
(11) Policy, Data and Analysis	\$ 36,878,097
(12) Public Transit	\$ 3,333,333
(13) Rail	\$ 10,100,000
(15) Support Services	\$ 965,558
(16) ODOT Headquarters	\$ 2,709,407

Increase the Federal Funds expenditure limitation established by chapter 442, section 3, Oregon Laws 2021, for the Oregon Department of Transportation, for the 2021-23 biennium as follows:

<u>Subsection</u>	<u>Amount</u>
(2) Commerce and Compliance	\$ 4,000,000
(4) Public Transit	\$ 88,800,000

## Appendix A\*

### Infrastructure Investment and Jobs Act Investments in the Statewide Transportation Improvement Program

All figures are estimates of additional funding provided under the IIJA and cover the six years of the 2021-2024 and 2024-2027 Statewide Transportation Improvement Program (timeframe is 10/01/21 to 9/30/2027). Flexible Funds are specific amounts approved by the Oregon Transportation Commission. Dedicated Program funding levels will depend on actual funding appropriated by Congress and apportioned by the U.S. Department of Transportation. FY 2027 funding is estimated conservatively due to the expiration of the IIJA in FY 2026.

Program	Amount in Millions
<b><i>Flexible Funds</i></b>	
Enhance Highway	\$50
Fix-It	\$75
Great Streets	\$50
Safe Routes to School	\$30
Innovative Mobility Pilot	\$10
Local Climate Planning	\$15
Maintenance & Operations	\$40
ADA Accessibility	\$95
Match for Federal Competitive Grants	\$40
Business & Workforce Development	\$7
<b>Total Flexible Funds</b>	<b>\$412</b>
<b><i>Dedicated Programs</i></b>	
Carbon Reduction Program	\$85
State Planning and Research	\$13
Local Bridge	\$39
PROTECT	\$100
All Roads Transportation Safety	\$67
Community Paths	\$25
Transportation Alternatives (large MPO)	\$14
Congestion Mitigation & Air Quality Improvement (CMAQ)	\$11
Surface Transportation Block Grant (city/county/small MPO)	\$36
Surface Transportation Block Grant (large MPO)	\$38
MPO Planning	\$7
Indirect Cost Allocation	\$46
FTA Funding for Public Transportation (FF)*	\$222
Motor Carrier Safety Assistance Program (MCSAP)*	\$14
<b><u>One-time Dedicated Projects</u></b>	
• National Electric Vehicle Infrastructure	\$52
• Special Bridge	\$288
<b>Total Dedicated Funds</b>	<b>\$1,057</b>
<b>Total New IIJA Funds</b>	<b>\$1,469</b>

\*This table is courtesy of ODOT.



May 2, 2022

Senator Peter Courtney, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Joint Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairs:

## NATURE OF THE REQUEST

The Infrastructure Investment and Jobs Act (IIJA) was approved by U.S. Congress and signed into law in November 2021. Under IIJA, the Oregon Department of Transportation's (ODOT) federal highway funding increases approximately 33 percent in Federal Fiscal Year (FFY) 2022 and about 2 percent annually thereafter through (FFY) 2026.

After IIJA passage, ODOT worked with the Oregon Transportation Commission (OTC) to develop an IIJA investment plan based on extensive public engagement. In March 2022, the OTC approved the plan. ODOT then developed a staffing plan to successfully deliver on the IIJA investment plan. This request would provide staffing resources and increased limitation to implement IIJA during the 2021-2023 biennium. The total request is for a \$416.7 million increase to Other Funds (OF), \$92.8 million Federal Fund (FF) limitation, and the establishment of 72 new permanent positions (27.94 Full-time Equivalent [FTE]) and four limited duration positions (1.83 FTE).

## AGENCY ACTION

### Overview of 2021-26 IIJA Federal Authorization

IIJA includes both ODOT's base federal formula funding and an increase to flexible and dedicated transportation system formula funding. Flexible Funds are specific amounts approved by the OTC. Dedicated program funding levels will depend on actual funding appropriated by Congress and apportioned by the U.S. Department of Transportation. New IIJA funding is estimated to be \$1.5 billion through FFY 2027; see Attachment 1 for a more detailed breakdown of new IIJA funding.

### Summary of IIJA Funding for the 2021-2027 Federal Fiscal Years

IIJA Revenue Category	Total (in millions)	Uses of Funds
Total IIJA Federal Authorization	\$4,280	This is Oregon's baseline federal formula funds for authorized programs.
Less Expected Oregon Federal Authorization	(\$2,811)	
<b>Total New IIJA Funds</b>	<b>\$1,469</b>	
New IIJA Fund Summary:		This is the summary breakdown of new funds by flexible, dedicated and one-time program funds.
Flexible Funds	\$412	
Dedicated Program Funds	\$717	
One-time Dedicated Program Funds	\$340	

Like all federal surface transportation funds, IIJA funds are allocated in three-year cycles by the OTC through

ODOT’s Statewide Transportation Improvement Program (STIP). The OTC also reviews interim STIP updates on a quarterly basis. ODOT anticipates increased IJJA project and program funding of approximately \$496 million in the 2021-2023 biennium and approximately \$500 million of additional project and program allocations to be made in the STIP in each of the 2023-2025 and 2025-27 biennia. To accommodate this new volume of federal funding, ODOT is requesting a project and program limitation increase be included in ODOT’s base budget to support this growth. In future biennia, the agency will follow its existing budgeting process of analyzing STIP cash flow needs within a biennium and adjust the base budget limitation through a phase in/out package. This adjustment is documented and reviewed during the budget development process by the Department of Administrative Services Chief Financial Office and by the Legislative Fiscal Office.

Additional Revenues Used to Fund this Request

This request also includes funding from two additional non-IJJA revenue sources:

- \$10.1 million in one-time Highway Infrastructure Program funding for rail crossing safety improvements. These funds were amended into the STIP by the OTC in March of 2022. This request provides the OF limitation to implement these projects.
- \$3.3 million in State Highway Funds (SHF). While most of the positions within this request are funded with IJJA funds as direct or indirect project charges, in a funding authorization of this size, ODOT historically must also fund some position costs with SHF to ensure sufficient staffing for support functions that are required to successfully implement the bill. These functions include human resource, procurement, information technology services, employee safety, and activities related to developing and monitoring social equity and engagement goals, just to mention a few.

**Summary of 2021-2023 Revenues to Fund Request (in millions)**

SHF-OF	Federal – FF/OF	Federal – FF	Total All Funds
\$3.3	\$413.4	\$92.8	\$509.5

Engagement Process to Define IJJA Investment Priorities and Plan:

After IJJA’s passage, ODOT and the OTC engaged hundreds of Oregonians from across the state to gather information on investment priorities to improve Oregon’s transportation system and support Oregon’s communities. ODOT held listening sessions with Area Commissions on Transportation and other advisory committees, hosted multiple webinars and a public comment session, and talked to Oregonians across the state to seek input. ODOT used this input to develop a proposal for how to use the flexible highway program funds. The agency brought this proposal, which included multiple funding options, to the OTC in January. The OTC put the funding options out for additional public comment, so ODOT engaged its modal and regional advisory committees, hosted an online open house in which over 500 people participated, and engaged in targeted outreach to marginalized communities to ensure their voices were heard in the decision-making process. The OTC received hundreds of written public comments about the funding options and heard from dozens of people over the course of several months. Through this process, ODOT and the OTC feel confident that the OTC’s investment decisions match Oregon’s values and needs. In March, the OTC approved an IJJA investment plan for the flexible funding component of the additional resources included in the IJJA federal authorization bill.

Summary of ODOT’s IJJA Impacts

Increased IJJA funding enhanced existing programs and created new programs across several ODOT divisions and offices. The impacts include:

- **Delivery and Operations Division (D&O)** – IJJA increases the STIP allocation by approximately \$200 million per year, which requires increased support for transportation project delivery activities.

- **Public Transportation Division (PTD)** – IIJA increases workload in three areas supported by PTD: equitable engagement and decision making, climate change mitigation, and statewide connectivity and multimodal networks. Additionally, the OTC leveraged IIJA funds to create two new programs: the Great Streets Program and the Innovative Mobility Program.
- **Policy Data and Analysis Division (PDA)** – IIJA creates a \$52 million grant program to build out the electric vehicle (EV) charging infrastructure, enables a new Carbon Reduction Program that will distribute \$85 million for projects that reduce transportation emissions, and increases local grant activity to support equity and climate outcomes related to the Department of Land Conservation and Development’s Climate-Friendly and Equitable Communities program.
- **Finance and Budget Division (FBD), Statewide Investments Management Section** – IIJA’s enhanced funding increases workload related to funding obligation, development and execution of Inter-governmental Agreements (IGAs), monitoring of compliance with Federal Highway Administration rules and regulations, and onboarding new local agencies to become certified in delivery of federal aid projects.
- **Commerce and Compliance Division (CCD)** – IIJA increases the division’s Federal Motor Carrier Safety Assistance Program Grant and requires completion of new work related to motor carrier safety audits and truck inspections.
- **Office of Social Equity (OSE)** – IIJA requires new work within the Office of Civil Rights to develop, implement, report, and monitor ODOT’s performance delivering the Disadvantaged Business Enterprise (DBE) program, Local Hiring Preference, and workforce development, training and education. ODOT will also be launching a Community Workforce Agreement Program to address federal prioritization of contracting that meets high labor standards.
- **Support Services Division (SSD)** – With the influx of IIJA funding, agency support positions are necessary to manage the increase in recruitments and human resource functions, contract and procurement activities, information technologies, and employee safety. This initial funding request is focused on the most immediate needs in human resources and procurement.
- **Rail Division (Rail)** – The request includes a limitation increase to spend additional federal funds dedicated to rail crossing safety improvement.

ODOT IIJA Resourcing Request Summary

The following table summarizes ODOT’s requested OF and FF budget adjustment for each impacted division, which includes personal services and services and supplies for staffing, project delivery, and program expenditures.

**Summary of 21-23 IIJA Other Fund Expenditures**

<b>Division or Office</b>	<b>Pos/FTE</b>	<b>21-23B OF* Expenditures</b>	<b>21-23B FF Expenditures</b>	<b>Total 21-23B Expenditures</b>	<b>Total 23-25B Expenditures</b>
D&O	42/15.05	\$362,680,395		\$362,680,395	\$396,223,885
PTD	7/2.38	\$3,333,333	\$88,800,000	\$92,133,333	\$92,133,333
PDA	5/2.25	\$36,382,723		\$36,382,723	\$40,451,147
CCD	7/3.42		\$4,000,000	\$4,000,000	\$4,000,000
FSB	4/1.92	\$495,374		\$495,374	\$1,036,541
OSE	4/1.25	\$2,709,407		\$2,709,407	\$3,542,723
SSD	7/3.50	\$965,558		\$965,558	1,931,119
Rail	---	\$10,100,000		\$10,100,000	
<b>Total</b>	<b>76/29.77</b>	<b>\$416,666,790</b>	<b>\$92,800,000</b>	<b>\$509,466,790</b>	<b>\$539,318,748</b>

\*Note: IIJA Funds, while Federal in origin, typically transition to OF once they are allocated within the STIP.



May 2, 2022

Page 4

The limitation increases requested provide ODOT with the budget authority and staffing to execute on the 2021-2023 IJJA priorities. The agency is also preparing a 2023-25 Policy Option Package that will be included in ODOT's 2023-25 Agency Request Budget to extend limited duration positions in this request as well as cover additional staffing needs as IJJA activities transition from ramp-up and program development to full-on project and program implementation.

If this request is not approved, ODOT's ability to effectively implement IJJA will be significantly compromised and ODOT may not be able to obligate all funds. If IJJA funds are not fully obligated within required timeframes, Oregon would lose the funds. Setting a precedent of not obligating federal funding bills also impacts Oregon's ability to successfully apply for competitive grants.

**ACTION REQUESTED**

For the 2021-2023 biennium ODOT is requesting a total of \$416,666,790 increase to Other Funds, \$92,800,000 Federal Fund limitation, and the establishment of 72 new permanent positions (27.94 FTE) and four limited duration positions (1.83 FTE).

**LEGISLATION AFFECTED**

Approval of the request will impact Chapter 442, Oregon Laws 2021, Section 2(2) through 2(8); Sections 2(11) through 2(13); Sections 2(15) through 2(17) related to Other Funds, and Sections 3(2) and 3(4) related to Federal Funds.

Sincerely,



Kristopher W. Strickler  
Director

## Attachment 1 Infrastructure Investment and Jobs Act Investments in the Statewide Transportation Improvement Program

All figures are estimates of additional funding provided under the IIJA and cover the six years of the 2021-2024 and 2024-2027 Statewide Transportation Improvement Program (timeframe is 10/01/21 to 9/30/2027). Flexible Funds are specific amounts approved by the Oregon Transportation Commission. Dedicated Program funding levels will depend on actual funding appropriated by Congress and apportioned by the U.S. Department of Transportation. FY 2027 funding is estimated conservatively due to the expiration of the IIJA in FY 2026.

Program	Amount in Millions
<b><i>Flexible Funds</i></b>	
Enhance Highway	\$50
Fix-It	\$75
Great Streets	\$50
Safe Routes to School	\$30
Innovative Mobility Pilot	\$10
Local Climate Planning	\$15
Maintenance & Operations	\$40
ADA Accessibility	\$95
Match for Federal Competitive Grants	\$40
Business & Workforce Development	\$7
<b>Total Flexible Funds</b>	<b>\$412</b>
<b><i>Dedicated Programs</i></b>	
Carbon Reduction Program	\$85
State Planning and Research	\$13
Local Bridge	\$39
PROTECT	\$100
All Roads Transportation Safety	\$67
Community Paths	\$25
Transportation Alternatives (large MPO)	\$14
Congestion Mitigation & Air Quality Improvement (CMAQ)	\$11
Surface Transportation Block Grant (city/county/small MPO)	\$36
Surface Transportation Block Grant (large MPO)	\$38
MPO Planning	\$7
Indirect Cost Allocation	\$46
FTA Funding for Public Transportation (FF)*	\$222
Motor Carrier Safety Assistance Program (MCSAP)*	\$14
<b><i>One-time Dedicated Programs</i></b>	
<ul style="list-style-type: none"> <li>• National Electric Vehicle Infrastructure</li> <li>• Special Bridge</li> </ul>	\$52 \$288
<b>Total Dedicated Funds</b>	<b>\$1,057</b>
<b>Total New IIJA Funds</b>	<b>\$1,469</b>

\*Fund source is Federal Funds, all other programs are Federal as Other Funds.