OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Improving our future by degrees

October 7, 2025

SENT VIA E-MAIL

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Re: Deferred Maintenance Funding for Higher Education

Dear Members of the Long-Range Capital Planning Commission:

On behalf of the Oklahoma State Regents for Higher Education, I want to thank you for the opportunity to present our deferred maintenance allocation plan at your meeting last week, as well as for your approval of the State Regents' five-year plan and the systemwide list of deferred maintenance projects submitted by our colleges and universities. We appreciate the Commission's continued engagement and support of Oklahoma's public higher education institutions.

As discussed during the meeting, the State Regents approved the FY2026 deferred maintenance allocations at their May 30 meeting in accordance with the framework established by Senate Bill 1169. Our understanding is that the next step in this process is for memorandums of understanding (MOUs) to be finalized for Commission consideration at the next meeting on Thursday, November 6, at which time funding allocations will be approved for immediate distribution to institutions.

We want to underscore that legislative intent was for these deferred maintenance funds to be distributed during Fiscal Year 2026, and we are now nearly one-third of the way through that fiscal year. Timely approval is essential for institutions to proceed with critical infrastructure projects before the end of the fiscal year. These funds directly address documented deferred maintenance needs—from essential asbestos abatement projects and replacing corroded, failing plumbing stacks in residential housing, to establishing vital campus-wide electronic access control systems and upgrading fire suppression and alarm systems.

Expediting the disbursement of these funds is also important given the impact of inflation on construction costs. As reflected in the attached *Tulsa World* article, even large-scale state infrastructure projects are being delayed due to escalating material, equipment, and labor costs, resulting in what the Oklahoma Department of Transportation described as a "generational reduction" in buying power for public construction projects. Delays in distributing deferred maintenance funding will similarly diminish the purchasing power of our colleges and universities, reducing the number of projects that can be completed with the current appropriation.

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To ensure that the MOUs are ready for action at the November 6 meeting, please have your staff coordinate directly with our General Counsel, Chris Turner, who can be contacted at cturner@osrhe.edu or 405.225.9289.

We appreciate the Commission's partnership and look forward to working together to complete this important step so that institutions can move forward with essential maintenance projects across the state.

Sincerely,

Sean Burrage
Chancellor

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Inflation forces ODOT to delay road projects

STEVE METZER
Tulsa World

OKLAHOMA CITY — The Oklahoma Department of Transportation has had to push back planning for scores of road projects across the state, including 11 in Tulsa County and 56 across the Tulsa region.

Executive Director Tim Gatz said Monday that forced delays in a total of 208 projects included in the state's eight-year Construction Work Plan for fiscal years 2026-2033 were driven by historic inflation that has impacted heavy road construction in recent years.

Last year, the work plan reflected projects planned to be undertaken in coming years calculated to have a total value north of $8.62 billion. This year, after an 11% adjustment made to offset effects of inflation, projects on a trimmed-down list were calculated to have a value of about $7.74 billion.

Members of the Oklahoma Transportation Commission voted Monday to approve the modified plan along with a $500 million Asset Preservation Plan.

The eight-year plan shows 56 total "fiscally impacted" projects in ODOT's District 8, which includes Tulsa County. The projects, to be pushed back by at least one year, were calculated to have a total value of $510.7 million.

The plan shows 11 projects impacted in Tulsa County. The most expensive, valued at $45 million, would involve nearly 5.5 miles of pavement rehabilitation on U.S. 75 north of its junction with Interstate 244. Another big project affected in the county would involve $28.4 million worth of work on the interchange at U.S. 169 at the Broken Arrow Expressway. A $10 million project would involve interchange work on U.S. 169 at 106th Street.

"We had to move (the) projects outside the confines of that eight-year window because of fiscal constraints," Gatz explained. "The projects are still priorities, but they will take longer to get to."

Referencing only fiscal year 2026, the plan identifies 34 projects set to advance in District 8 with a total value of $243.7 million. Over the course of the entire eight-year plan, a total of 240 projects are anticipated in the district with a grand total value calculated at $1.52 billion.

Gatz said about 18 years' worth of normally anticipated inflation affecting transportation infrastructure has been compressed into just the last three years. As a result, planning for road and bridge projects has been hammered across the country. The director's forward in the eight-year plan describes a "generational reduction" in buying power that has occurred despite the Oklahoma Legislature acting in fiscal years 2024 and 2025 to provide ODOT with an infusion of $400 million in one-time added funding.

Gatz said the "rolling" eight-year plan, subject to annual approval by the nine-member transportation commission, was modified to reflect the effects of inflation and projections of diminished state and federal revenues in coming years.

"We have never seen in modern day history ... We've never seen a trend line like this that included the impact year over year over year that we're seeing right now (of inflation) on heavy highway construction," he said. "Quite frankly there's a projection of less revenue availability versus last year's plan across the entirety of the plan."

Gatz said spiking construction material costs, equipment and labor costs and contractor costs contributed to the runaway inflation beginning around 2020. Thankfully, he said, the trend seems to be at least leveling off.

"But it's something we're going to be paying very close attention to (because) there's still some market volatility out there in the heavy highway construction arena," he said.

Gatz told commissioners that the value of Oklahoma's highway system is in excess of $100 billion.

"That's the largest publicly owned asset. That asset's got a need of about $27 billion to bring up to an acceptable standard," he said. "The bottom line is we're chasing that deterioration curve out there on the highway system, and we're just not getting there."

The eight-year plan still includes substantial investments in roads and bridges in the coming years, including:

- 675 miles of rural two-lane highway improvements.
- 2,810 lane-miles of pavement in fair or poor condition to be addressed.
- 209 at-risk bridges to be repaired or replaced.
- 12 structurally deficient bridges to be addressed.
- 1,266 projects statewide in total, valued at more than $7.7 billion.

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Guard plantation known as Angola "nonpunitive." Pritzker said the potential erations. to believe they were being