

HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 576	House Committee:	PASSED 23-0 (4/27/2023)
Committee:	Appropriations	House Floor:	PASSED 94-1 (5/2/2023)
Floor Manager:	Rep. Jacob Bossman	Senate Floor:	PASSED 49-0 (4/25/2023)
Date:	May 2, 2023	Governor:	
Staff:	Brad Trow (1-3471)		

Transportation Operations Budget

- Fiscal Year 2024
 - Appropriates a total of \$446,538,649 to the Department of Transportation
 - Includes \$58,543,411 from the Road Use Tax Fund and \$387,995,238 from the Primary Road Fund.
 - The FTE allocation is for 2657 FTE positions.
- Difference between FY 2023 and FY 2024
 - Road Use Tax Fund: +\$114,809
 - Primary Road Fund: +\$27,056,175
 - Total Difference: +\$26,883,427

Section by Section Analysis

SECTION 1 – Road Use Tax Fund

The Road Use Tax Fund is a fund made of dedicated highway user revenue, collected through a state excise tax on fuels. No state general fund (i.e., general tax) revenue is used for highway projects in Iowa. Established in 1949 by the 53rd Iowa General Assembly, the Road Use Tax Fund (RUTF) provides the funding for the state's primary, secondary and municipal roadway systems. After some off-the-top diversions, receipts into the RUTF are distributed according to a formula of 47.5 percent for the Primary Road System (State), 24.5 percent for secondary county roads, 8 percent for farm-to-market county roads, and 20 percent for city streets. Legislation that went into effect in 2003, which involved the transfer of jurisdiction of some roadways from the state to either a city or county government, requires a share (1.75 percent) of the Primary Road System funds be paid to local governments.

Production of Licenses

FY 2023	FY 2024	Difference
\$3,876,000	\$3,876,000	\$0

This budgeting unit is used to provide electronic processing (use of debit cards) for payment of driver's licenses, non-operator identification cards, and civil penalties. This includes costs for the lease of the Driver's License Digitized Photo Imaging System. This cost is based on the number of licenses issued and the estimated cost per driver's license of \$3.30. This line item contains language that provides for the non-reversion of funds for an additional year (through the end of fiscal year 2024).

Transportation Operations

FY 2023	FY 2024	Difference
\$19,899,600	\$19,493,072	-\$406,528

This budgeting unit consolidates the Administrative Services, Planning & Programming, Highway, and Strategic Performance units into one appropriation. It includes funding for the Operations and Finance Division, Information Technology Division, Office of the Director, Transportation Commission, General Counsel, Planning, Programming and Modal Division—which includes the Offices of Aviation, Rail Transportation, Program Management, Systems Planning, Public Transit, and Transportation Data. It is also responsible for developing, designing, constructing, and maintaining the State's Primary Road System—including primary roadways and bridges. This includes maintenance projects, the Adopt-a-Highway Program, roadside management, rest area administration, road weather information systems, traffic safety, safety management systems, snow and ice control, and general operation and preservation of the State's transportation system. This unit also conducts research and development as well as transportation-related environmental investigations and compliance. Strategic Performance Division facilitates the coordination and management of departmental research activities in collaboration with others; and facilitates research needs identification, research program development, implementation, and related funding; and is responsible for guiding the process improvement and strategic planning initiatives.

Motor Vehicles

FY 2023	FY 2024	Difference
\$27,804,332	\$28,141,889	\$337,557

This budgeting unit includes funding for driver's licensing issuance, vehicle registrations, commercial motor carrier safety, weight enforcement, and motor vehicle dealer regulation. The increase is to move 5 FTE positions to help address the increasing demand for commercial driver's licenses.

Payments to DAS and OCIO for Utility Services

FY 2023	FY 2024	Difference
\$405,748	\$465,668	+\$59,920

This budgeting unit makes payments for the required purchase of utility services (personnel and other services) through DAS. Utility services include: Human Resource Services, DOT office space in the Lucas Building, directory service, and use of the 1/3 budget system.

Unemployment Compensation

FY 2023	FY 2024	Difference
\$7,000	\$7,000	\$0

This budgeting unit makes payments to the Department of Administrative Services in the form of a premium to cover the costs of unemployment claims generated by persons whose employment with the Department of Transportation is ceased as a result of no cause of their own.

Workers' Compensation

FY 2023	FY 2024	Difference
\$145,673	\$137,707	-\$7,966

This budgeting unit makes payments to the Department of Administrative Services to cover the medical and lost wages claims for employees of the Department of Transportation who are injured in the course of their duties.

Payments to General Fund for Indirect Cost Recoveries

FY 2023	FY 2024	Difference
\$90,000	\$90,000	\$0

Iowa Code requires that all agencies funded by sources other than the General Fund make payments to the General Fund for recovery of indirect costs associated with the centralized services provided by other State agencies that receive funding from the General Fund. These include services from the Treasurer for cash receipt collection and warrant redemption.

Reimbursement to Auditor for Audit Expenses

FY 2023	FY 2024	Difference
\$94,920	\$94,920	\$0

This budgeting unit makes payments to the State Auditor incurred by the Auditor's Office to conduct a financial audit of the Department of Transportation's financial accounts.

County Issuance of Driver's Licenses and Vehicle Registrations and Titles

FY 2023	FY 2024	Difference
\$1,406,000	\$1,406,000	\$0

This budgeting unit supports the issuance of driver's licenses, vehicle registrations, and titles at county treasurer offices throughout the state. Specifically, the appropriation is used for electronic processing of debit and credit cards for payments of driver's licenses, non-operator identification cards, and civil penalties at county treasurer sites. It is also used for communications expenditures such as ICN connection to issuance machines, maintenance and procurement of servers, and databases for issuance activity. Additionally, the Department uses this appropriation for the purchase of automation and telecommunications equipment, and support for issuing vehicle registrations, titles, and driver's licenses at county treasurer offices.

Participation in the Mississippi River Parkway Commission

FY 2023	FY 2024	Difference
\$40,000	\$40,000	\$0

This budgeting unit pays for the state's organizational dues and operational costs of involvement in the Mississippi River Parkway Commission. This commission is a multistate organization comprised of states that border the Mississippi River. There are 10 members on the commission who are appointed by the Governor to serve four-year terms. The commission meets quarterly and is charged with promoting transportation and tourism along the Iowa Great River Road. The commission develops and implements a Corridor Management Plan that includes establishing signage requirements, restrictions on outdoor advertising, methods to market and promote the Corridor, and actions to involve the public.

TraCS/MACH

FY 2023	FY 2024	Difference
\$300,000	\$300,000	\$0

TRaCS and MACH are separate information technology systems that provide information to Iowa public safety agencies. TraCS collects vehicle collision data from law enforcement agencies, and provides an electronic platform for citations. The MACH system enables shared information among public safety agencies. The system provides enhanced dispatch features, and other communication features and will support administration and future project enhancements.

Statewide Interoperable Communication System

FY 2023	FY 2024	Difference
\$44,329	\$63,355	+\$19,026

This appropriation will support the DOT's portion of the lease payment and maintenance of the system along with tower rental payments to IPTV. A lease-purchase contract was signed with Motorola in 2015 at an estimated cost of \$39,500,000 (\$36,400,000 in principal and \$3,100,000 in interest) over 10 years. The DOT currently uses approximately 78% of the radios.

Motor Vehicle Division Field Facility Maintenance Projects at Various Locations

FY 2023	FY 2024	Difference
\$400,000	\$400,000	\$0

This budgeting unit is used to maintain weigh scales and driver's license stations.

Motor Vehicle Enforcement Division Field Facility Maintenance Projects at Various Locations

FY 2023	FY 2024	Difference
\$400,000	\$400,000	\$0

This budgeting unit is used to maintain weigh scales and driver's license stations.

SECTION 2 – Primary Road Fund

The Treasurer of State is required to allocate the RUTF moneys by formula to the **Primary Road Fund**, the Secondary Road Fund, the Farm-to-Market Road Fund, and the Street Construction Fund of the Cities. Moneys in the Primary Road Fund may be used to construct and maintain the primary road system and for expenses related to the primary road system, including the maintenance of DOT facilities and merit pay increases for DOT employees for which appropriations are not otherwise made.

**Many of these items are also funded by the Road Use Tax Fund (Section 1), thus the budget unit is not explained again.*

Transportation Operations

FY 2023	FY 2024	Difference
\$327,881,087	\$321,495,055	-\$6,048,395

FTEs: 2,363.00

Motor Vehicles

FY 2023	FY 2024	Difference
\$1,194,260	\$1,194,260	\$0

FTEs: 294.00

Payments to DAS and OCIO for Utility Services

FY 2023	FY 2024	Difference
\$2,492,449	\$2,860,529	+\$368,080

Unemployment Compensation

FY 2023	FY 2024	Difference
\$138,000	\$138,000	\$0

Workers' Compensation

FY 2023	FY 2024	Difference
\$3,496,159	\$3,339,125	-\$157,034

Disposal of Hazardous Waste from Field Locations and Central Complex

FY 2023	FY 2024	Difference
\$1,000,000	\$1,000,000	\$0

Payments to General Fund for Indirect Cost Recoveries

FY 2023	FY 2024	Difference
\$660,000	\$660,000	\$0

Reimbursement to Auditor for Audit Expenses

FY 2023	FY 2024	Difference
\$583,080	\$583,080	\$0

Inventory and Equipment Replacement

FY 2023	FY 2024	Difference
\$12,700,000	\$23,784,000	+\$11,084,000

This budgeting unit pays for materials and supplies, inventoried stock supplies, maintenance and operation costs of equipment, and equipment replacements. Part of the increase is related to a change in the replacement schedule for heavy trucks and snowplows. The impact of inflation is also a big driver of the increase in this line item.

Statewide Interoperable Communication System

FY 2023	FY 2024	Difference
\$296,665	\$423,989	+\$127,324

Field Facilities Major Maintenance and Enhancement

FY 2023	FY 2024	Difference
\$5,300,000	\$5,300,000	\$0

This appropriation will be used to enhance and extend the life of DOT facilities. It is used to add features, such as brine buildings, mechanic's bays, and other additions to existing facilities.

Field Facilities Routine Maintenance and Preservation

FY 2023	FY 2024	Difference
\$4,700,000	\$4,700,000	\$0

This appropriation is used for routine facility maintenance.

Rest Area Facility Maintenance

FY 2023	FY 2024	Difference
\$400,000	\$400,000	\$0

Replacement of Davenport Highway Operations Complex

FY 2023	FY 2024	Difference
\$0	\$21,900,000	+\$21,900,000

As part of the DOT's plan to routinely update or replace departmental facilities around the state, this year's budget proposes to replace the Highway Operations Complex in Davenport. The facility houses the Resident Construction Engineer Office, Materials Lab, Maintenance Facility, and Field Office for the Davenport area. The current facility was constructed in 1963 and is becoming incapable of providing maintenance on newer vehicles which are larger than the existing maintenance bays.

Section 3 – Extension of Time for Ongoing Construction Project

The section increases the amount of time the Department has to complete the renovations being made to the northwest wing of the DOT headquarters in Ames. Such projects are given three years to be completed or have the funds revert back to the Road Use Tax Fund or Primary Road Fund. Originally appropriated in Fiscal Year 2021, this section allows the Department to use the funds appropriated for the project thru Fiscal Year 2024.

Amendment Analysis