



HOUSE REPUBLICAN STAFF ANALYSIS

Bill:	Senate File 497 (Formerly HF 616)	House Committee:	PASSED on March 27 (25-0)
Committee:	Appropriations	House Floor:	PASSED on April 11 (96-0)
Floor Manager:	Rep. Huseman	Senate Floor:	PASSED on April 10 (49-0)
Date:	April 11, 2017	Governor:	
Staff:	Mackenzie Nading		

Transportation Operations Budget

- Fiscal Year 2018
 - Appropriates a total of \$384,146,793 to the DOT.
 - Includes \$50.8 million from the Road Use Tax Fund and \$333.3 million from the Primary Road Fund.
 - Maintains FTE allocation of 2,748 FTE positions.

- Fiscal Year 2019
 - Appropriates a total of \$187,379,099 to the Department of Transportation
 - Includes \$25.1 million from the Road Use Tax Fund and \$162.3 million from the Primary Road Fund.
 - Maintains the FTE allocation of 2,748 FTE positions.

Section by Section Analysis

DIVISION I

FISCAL YEAR 2018

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 2017 Revised	FY 2018 - HF 616	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 2019).

Operations

FY 2017 Revised	FY 2018 – HF 616	Difference
\$6,679,706	\$6,700,146	+\$20,440

This budgeting unit includes funding for the Operations and Finance Division, Information Technology Division, Office of the Director, Transportation Commission, and General Counsel.

Planning

FY 2017 Revised	FY 2018 – HF 616	Difference
\$446,789	\$449,539	+\$2,750

This budgeting unit includes funding for Planning, Programming and Modal Division—which includes the Offices of Aviation, Rail Transportation, Program Management, Systems Planning, Public Transit, and Transportation Data.

Motor Vehicles

FY 2017 Revised	FY 2018 – HF 616	Difference
\$36,063,965	\$36,010,205	-\$53,760

This budgeting unit includes funding for driver’s licensing issuance, vehicle registrations, commercial motor carrier safety, weight enforcement, and motor vehicle dealer regulation.

Performance and Technology

FY 2017 Revised	FY 2018 – HF 616	Difference
\$513,720	\$525,340	+\$11,620

Payments to DAS for Utility Services

FY 2017 Revised	FY 2018 – HF 616	Difference
\$259,560	\$259,560	\$0

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 2017 Revised	FY 2018 – HF 616	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 2017 Revised	FY 2018 – HF 616	Difference
\$157,938	\$175,480	+\$17,542

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 2017 Revised	FY 2018 – HF 616	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 2017 Revised	FY 2018 – HF 616	Difference
\$82,516	\$84,882	+\$2,366

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 2017 Revised	FY 2018 – HF 616	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 2017 Revised	FY 2018 – HF 616	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 2017 Revised	FY 2018 – HF 616	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.

Motor Vehicle Division Field Facility Maintenance Projects at Various Locations

FY 2017 Revised	FY 2018 – HF 616	Difference
\$300,000	\$300,000	\$0

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

Dubuque Maintenance Garage

FY 2017 Revised	FY 2018 – HF 616	Difference
\$0	\$600,000	+\$300,000

This appropriation will be used to update the Dubuque maintenance garage.

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.*

Operations

FY 2017 Revised	FY 2018 – HF 616	Difference
\$41,032,482	\$41,158,042	+\$135,560

Planning

FY 2017 Revised	FY 2018 – HF 616	Difference
\$8,340,481	\$8,541,231	+\$200,750

Highways

FY 2017 Revised	FY 2018 – HF 616	Difference
\$244,749,911	\$245,060,911	+\$311,000

This budgeting unit is 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.

Motor Vehicles

FY 2017 Revised	FY 2018 – HF 616	Difference
\$1,502,655	\$1,500,425	-\$2,230

Performance and Technology

FY 2017 Revised	FY 2018 – HF 616	Difference
\$3,155,710	\$3,223,650	+\$67,940

Payments to DAS for Utility Services

FY 2017 Revised	FY 2018 – HF 616	Difference
\$1,594,440	\$1,594,440	+\$50,000

Unemployment Compensation

FY 2017 Revised	FY 2018 – HF 616	Difference
\$138,000	\$138,000	\$0

Workers’ Compensation

FY 2017 Revised	FY 2018 – HF 616	Difference
\$3,790,504	\$4,211,514	+\$420,750

Disposal of Hazardous Waste from Field Locations and Central Complex

FY 2017 Revised	FY 2018 – HF 616	Difference
\$800,000	\$800,000	\$0

Payments to General Fund for Indirect Cost Recoveries

FY 2017 Revised	FY 2018 – HF 616	Difference
\$660,000	\$660,000	\$0

Reimbursement to Auditor for Audit Expenses

FY 2017 Revised	FY 2018 – HF 616	Difference
\$506,884	\$521,418	+\$14,534

Inventory and Equipment Replacement

FY 2017 Revised	FY 2018 – HF 616	Difference
\$5,366,000	\$10,535,000	+\$5,169,000

This budgeting unit pays for materials and supplies, inventoried stock supplies, maintenance and operation costs of equipment, and equipment replacements. Much of the increase is related to a change in the replacement schedule for heavy trucks and snowplows. Currently, these trucks are on a schedule where they are replaced every 18 years. Studies have recommended a replacement schedule of every 6 years. DOT is changing its replacement schedule to every 12 years.

Utility Improvements at Various Locations

FY 2017 Revised	FY 2018 – HF 616	Difference
\$400,000	\$400,000	\$0

This budgeting unit is used for utility improvements at various locations in the State. The improvements upgrade existing electrical systems that are being used beyond the original load design for the facilities. The existing electrical systems were not designed for power requirements of new equipment and tools for processes like brine operations. In a typical year, the Department tries to upgrade six facilities.

Roofing Projects at Various Locations

FY 2017 Revised	FY 2018 – HF 616	Difference
\$500,000	\$500,000	\$0

This budgeting unit is used for roofing improvements at various garage locations throughout the State. The Department identifies and prioritizes those roofs most in need of prepare to receive the funding.

Heating, Cooling, and Exhaust System Improvements at Various Locations

FY 2017 Revised	FY 2018 – HF 616	Difference
\$700,000	\$700,000	\$0

This budgeting unit is used for HVAC improvements at various locations throughout the state.

Rest Area Facility Maintenance

FY 2017 Revised	FY 2018 – HF 616	Difference
\$250,000	\$250,000	\$0

This maintains the current level of funding from FY 2017 to will support upkeep and maintenance on Primary Road System rest areas. Potential projects include HVAC systems, security cameras and other modifications.

Americans with Disabilities Act Improvement

FY 2017 Revised	FY 2018 – HF 616	Difference
\$150,000	\$150,000	\$0

This maintains the current level of funding from FY 2017 to ensure compliance with the Americans with Disability Act (ADA). Potential improvements include entrances, parking, sidewalks, restrooms and public areas.

Dubuque Maintenance Garage

FY 2017 Revised	FY 2018 – HF 616	Difference
\$0	\$10,200,000	+\$10,200,000

Adair Maintenance Garage

FY 2017 Revised	FY 2018 – HF 616	Difference
\$0	\$1,478,000	+\$1,478,000

Deferred Maintenance at Field Facilities

FY 2017 Revised	FY 2018 – HF 616	Difference
\$1,700,000	\$1,700,000	\$0

The funding shall provide for field facility maintenance needs, such as replacing windows, painting buildings, paving driveways, and other repairs. This appropriation will go to facilities across the state for various repair needs.

**DIVISION II
FISCAL YEAR 2019**

The Division funds FY 2019 at 50 percent of the FY 2018 level, unless otherwise noted.

Section 3 – Road Use Tax Fund

Section 4 – Primary Road Fund

Transportation Maps – The section provides an appropriation of \$121,000 for the biennial production of road maps.

Renovations to the Waterloo Maintenance Garage – The section provides an appropriation of \$895,000 for renovations at the Waterloo Maintenance Garage.