



Fiscal Services Division

January 9, 2026

Inside this Fiscal Research Brief

Summary

This *Fiscal Research Brief* provides a recent history of appropriations made to the Iowa Department of Transportation (DOT) in the annual Transportation Appropriations Act and salary adjustments often funded in the Standing Appropriations Act. The Acts appropriate funding from the Road Use Tax Fund (RUTF) and the Primary Road Fund (PRF) to support DOT facilities, salaries, and administration related to the construction, maintenance, and supervision of Iowa roads.

Affected Agencies

Iowa Department of Transportation

Iowa Code Authority

Iowa Code chapters [307](#), [312](#), and [313](#)

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Department of Transportation Appropriations

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Background

The current funding structure for road construction was established in [1949](#) with the formation of the Road Use Tax Fund (RUTF). The RUTF formula distributes the majority of State road funding, and allocates resources to the State's primary, secondary, and municipal roadway systems.¹ Today, the RUTF is funded by fuel taxes, registration and title fees, new vehicle registration fees, the balance from the Statutory Allocations Fund (SAF)², and several other revenue sources. The Iowa Constitution Article VII, Section 8, requires the following:

All motor vehicle registration fees and all licenses and excise taxes on motor vehicle fuel, except cost of administration, shall be used exclusively for the construction, maintenance and supervision of the public highways exclusively within the state or for the payment of bonds issued or to be issued for the construction of such public highways and the payment of interest on such bonds.

Prior to distribution for road construction, funding from the RUTF is appropriated by standing appropriations and allocations established in Iowa Code section [312.2](#), and appropriations enacted in the annual Transportation Appropriations Act. These appropriations reduce funding available for distribution to the road jurisdictions, impacting the State, counties, and cities. A full list of statutory off-the-top allocations and enacted appropriations for FY 2025 is available in the Statutory Off-the-Top Allocations from the RUTF Fund — FY 2025 [Fiscal Topic](#) on the Legislative Services Agency (LSA) website.

The RUTF formula, displayed below, distributes funding to the major road funds after standing and annual appropriations occur.

- 47.5% to the Primary Road Fund (PRF)
- 24.5% to the Secondary Road Fund
- 8.0% to the Farm-to-Market Fund
- 20.0% to the City Street Construction Fund

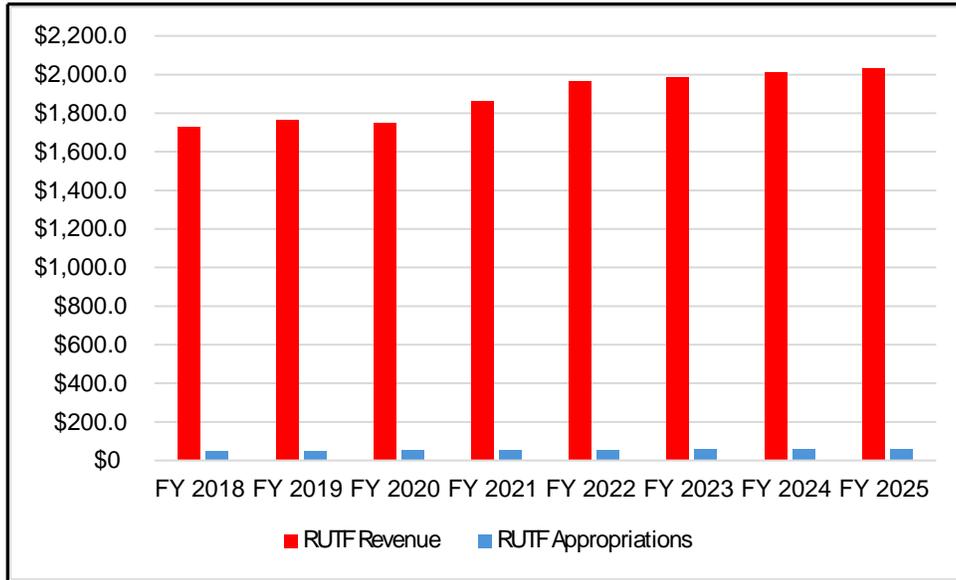
Funding for salaries and operations is appropriated each year in the annual Transportation Appropriations Act from the RUTF and the PRF. Appropriations from the RUTF are intended to reflect that the funded services support the entire road system. Appropriations from the PRF support activities that impact only the primary road system. Although the DOT receives transfers to the PRF by formula, these dollars fund construction contracts and do not support salaries or construction administration. This means increases in fuel tax revenue, registration fees, or other road revenues are unavailable for salaries or operations unless the General Assembly appropriates the funding to the DOT.

Figure 1 displays revenue to the RUTF and appropriations from the RUTF to the DOT since FY 2018.

¹ Primary highways are under the jurisdiction of the DOT, secondary roads are under the jurisdiction of counties, and municipal roads are under the jurisdiction of cities.

² The Statutory Allocations Fund was established in 2008 and receives revenue from trailer, title, driver's license, and other vehicle taxes and fees. The balance of this fund is transferred to the RUTF at the close of each fiscal year. 2008 Iowa Acts, ch. [1113](#).

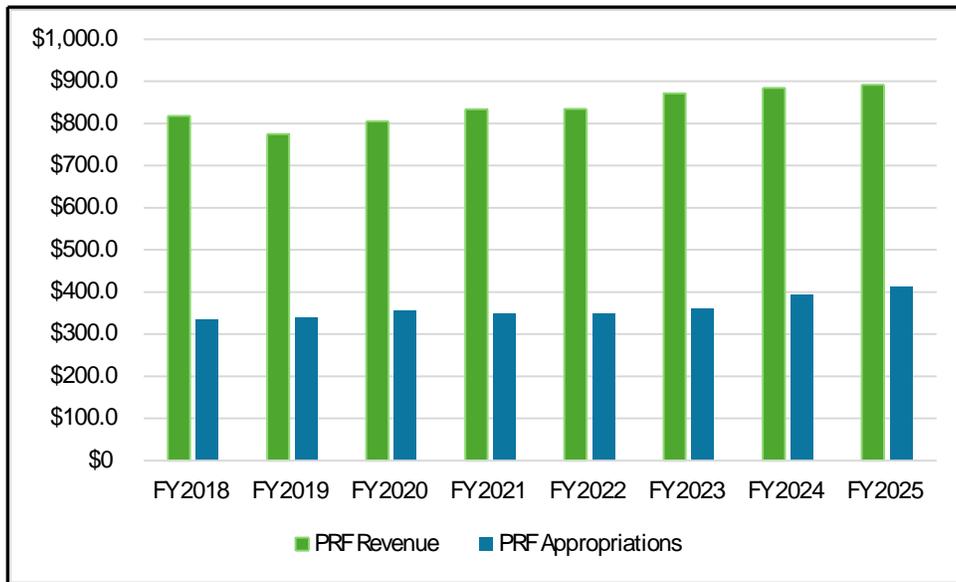
Figure 1 — Road Use Tax Fund Revenue and Appropriations
(in millions)



The RUTF revenue grew by an average of 2.3% from FY 2018 through FY 2025. Increased revenue is due to increases in fuel taxes and new registration fees. Appropriations have not increased at a similar rate. Since FY 2018, the share of RUTF appropriations to the DOT has fluctuated over the years but has grown by an average of 1.6%.

Figure 2 displays PRF revenue and appropriations from FY 2018 through FY 2025. Available resources for the PRF grew at a similar rate to the RUTF at an average of 2.1%. However, appropriations to the DOT have grown at larger rate by an average of 3.1% in recent years.

Figure 2 — Primary Road Fund and Appropriations
(in millions)



Transportation Appropriations Act

Unlike much of State government, the operating budget for the DOT is funded entirely by non-General Fund sources. These appropriations provide funding for key DOT responsibilities including but not limited to the administrative support for the highway construction program, road safety, support services, licensing and registration activities.³ Each appropriation from the RUTF or PRF appropriations reduces funding available for road construction. Appropriations from the RUTF reduce funds available for transfer to cities and counties, and PRF appropriations reduce funding for primary road construction.

Appropriations to the DOT can be categorized by Operations, Special Purpose, and Capitals appropriations. Operational appropriations cover salaries and day-to-day operations. Special Purpose appropriations are annual appropriations to cover costs for services, production, and equipment while Capitals are appropriations for maintenance or one-time projects. **Figure 3** displays a breakdown of DOT funding by appropriation type from FY 2023 through FY 2025.

Figure 3 — Appropriations by Type

	FY 2023	FY 2024	FY 2025
Operations	\$376,779,199	\$378,694,922	\$398,662,170
Motor Vehicle Division	28,998,592	30,542,265	32,710,876
Transportation Operations	347,780,607	348,152,657	365,951,294
Special Purpose	\$ 28,497,164	\$ 39,844,797	\$ 43,266,285
Inventory and Equipment	12,700,000	23,784,000	29,626,000
Workers' Comp (DAS)	3,641,832	3,476,832	3,574,540
Driver Licenses	3,876,000	3,876,000	1,600,000
DAS Services	2,898,197	3,326,197	3,254,621
County Treasurer Support	1,406,000	1,406,000	1,406,000
Statewide Communication System	340,994	487,344	442,162
Other Special Purpose	3,634,141	3,488,424	3,362,962
Capitals	\$ 14,300,000	\$ 36,320,000	\$ 28,290,359
Scale/MVD Facilities Maint.	400,000	400,000	400,000
Electronic Records Management Sys.	3,500,000	3,620,000	2,100,000
Davenport Facility Renovation	-	21,900,000	-
Albia Garage Renovation	-	-	7,291,067
Jefferson Garage Renovation	-	-	6,999,292
Other Capital	10,400,000	10,400,000	11,500,000
Total	\$419,576,363	\$454,859,719	\$470,218,814

³ Appropriations also support federally required activities. These activities include but are not limited to maintaining a commercial driver’s license program, commercial vehicle safety enforcement, and size and weight enforcement. Failure to implement federal requirements may impact federal highway funding.

Another key aspect of the Transportation Appropriations Act is that several functions receive two line-item appropriations: one from the RUTF and one from the PRF. For instance, a line-item appropriation is made from the RUTF and the PRF to the DOT for reimbursement to the Department of Administration Services (DAS). Historically, the percentage of support provided by each fund is static. In the case of the DAS funding, the RUTF provides 14.0% and the PRF provides 86.0% of the support for that appropriation. **Figure 4** illustrates the percentage of funding from each fund for several appropriations in FY 2025.

Figure 4 — FY 2025 Multi-Fund Appropriations
(in millions)

	RUTF		PRF	
Transportation Operations	\$ 17.7	4.8%	\$ 348.3	95.2%
Dept. of Administrative Services (DAS)	0.5	14.0%	2.8	86.0%
Unemployment Compensation	0.0	4.8%	0.1	95.2%
Workers' Compensation	0.1	4.0%	3.4	96.0%
Indirect Cost Recoveries	0.1	12.0%	0.7	88.0%
Electronic Records Management Sys.	2.0	94.0%	0.1	6.0%
Auditor Reimbursement	0.1	14.0%	0.7	86.0%

*Total numbers are rounded.

The largest appropriations to the DOT from the Transportation Appropriations Act are operational appropriations. The DOT receives operations funding through two operations appropriation units, both with several bureaus to support specific functions. The operations of these units, including salaries, are funded entirely from moneys appropriated by the General Assembly in the Transportation Appropriations Act. The two operational appropriations and the DOT divisions that are funded by those appropriations are:

- Motor Vehicle Division:** This division is responsible for administering and enforcing federal and State motor vehicle laws and regulations, including testing, licensing, and sanctioning of all drivers. The division carries out investigations; issues commercial vehicle citations; and maintains and oversees driver- and vehicle-related functions including all driver history files, central issuance of driver’s licenses, crash reports, vehicle titles, vehicle registrations, driver offenses, permits, county-based registration, weigh stations, issuance of special plates, driver safety and education, and commercial vehicle hazardous materials regulation.
- Transportation Operations:** This appropriation was established in 2023 after the Highway division, Operations division, Planning and Programming division, and Performance and Technology division appropriation line-items were merged. This merger was intended to provide to the DOT greater flexibility in how it uses the funds for operational expenses. The appropriation is comprised of the following four divisions, described in more detail below: the Administrative Services division, the Transportation Development division, the Systems Operations division, and the Field Operations division.
- Administrative Services:** This division is responsible for facilities management, procurement, administering the central motor pool, employee development, federal and State civil rights administration, and human rights.
- Transportation Development:** This division is responsible for assessing agency data for internal and external clarity; optimizing operations and reducing costs; researching safety, mobility, accessibility, technology, and sustainability of economic, social, and environmental progress; innovating new technologies and automation; overseeing multimodal long-range planning; collecting and analyzing traffic data; forecasting and modeling traffic; mapping and

visualization; monitoring available resources; and preparing a comprehensive schedule of transportation projects and investments.

- **Systems Operations:** This division is responsible for ensuring quality roads and bridges by overseeing projects, testing materials, setting standards, supporting contractors, managing access, traffic engineering, signage, the Adopt-A-highway program, rest area administration, winter operations, traffic safety, the Emergency Relief Program, the Highway Helper Program, traffic incident management, and intelligent transportation systems.
- **Field Operations:** This division consists of six districts across Iowa. The six districts are as follows: District 1 located in Ames and responsible for central Iowa, District 2 located in Mason City and responsible for northeast Iowa, District 3 located in Sioux City and responsible for northwest Iowa, District 4 located in Atlantic and responsible for southwest Iowa, District 5 located in Fairfield and responsible for southeast Iowa, and District 6 located in Cedar Rapids and responsible for central east Iowa.

Figure 5 includes a history of funding appropriated from each fund to the operations appropriation units over the past eight fiscal years. Starting in FY 2025, 100.0% of the Motor Vehicle Division (MVD) funding is from the RUTF. This change was due to the new all-system permit for oversized/overweight loads. This changed the nature of the permitting process supported in the MVD from being primary-road specific to also permitting on secondary roads.

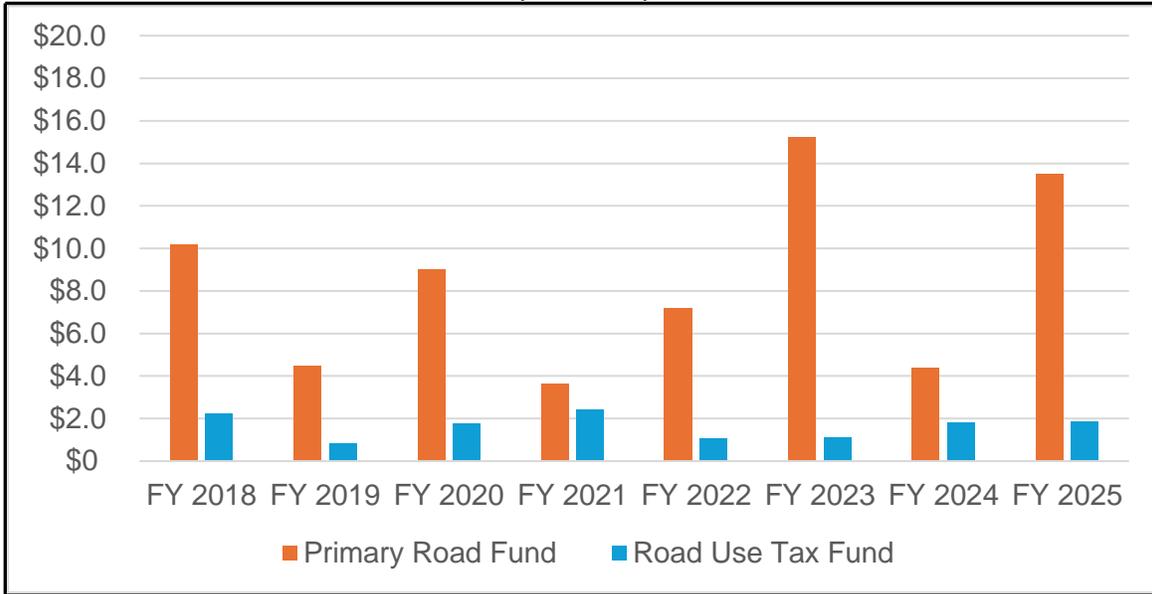
Figure 5 — Operational Appropriations Total
(in millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Administrative Services	\$ 48.5	\$ 47.7	\$ 48.5	\$ 49.2	\$ 49.5	\$ 0	\$ 0	\$ 0
Highway	246.5	258.1	260.9	267.5	275.9	0	0	0
Planning and Programming	9.1	9.0	9.0	9.2	9.4	0	0	0
Strategic Performance	3.9	4.8	4.8	5.0	5.1	0	0	0
Motor Vehicle Division	37.7	27.0	27.8	28.9	28.9	29.0	30.5	32.7
Transportation Operations	0	0	0	0	0	347.8	348.2	366.0
Total	\$ 345.6	\$ 346.6	\$ 351.1	\$ 359.8	\$ 368.8	\$ 376.8	\$ 378.7	\$ 398.7

Totals may not add due to rounding.

Appropriations to the DOT are required to revert at the end of the fiscal year in which they were appropriated. This means that unexpended funds are returned to either the RUTF or the PRF, benefitting the highway program and counties and cities. **Figure 6** depicts a history of reversions from the RUTF and the PRF since FY 2018.

Figure 6 — Appropriations Reversions FY 2018 through FY 2025
(in millions)



In addition to appropriations in the Transportation Appropriations Act, the DOT also receives funding for salary adjustments. Salary adjustments are appropriations authorized by the General Assembly for the funding of the growing cost of current full-time equivalent (FTE) positions. The cost of an FTE position increases every year due to benefits, insurance costs, step promotions, and cost-of-living adjustments. The DOT may not use this funding for discretionary items. In the years without salary adjustment appropriations, the DOT funded the increased FTE cost within existing resources. From FY 2018 through FY 2025, additional funding for salary adjustment has been appropriated to the DOT. **Figure 7** shows the appropriations for the Motor Vehicle Division, Transportation Operations, and salary adjustments since FY 2018. Salary adjustments are determined by the Department of Management (DOM) and the LSA. Salary adjustments are typically authorized by the annual Standing Appropriations Act.

Figure 7 — Salary Adjustment
(in millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Appropriation	\$ 343.2	\$ 346.3	\$ 348.3	\$ 353.0	\$ 363.9	\$ 373.2	\$ 370.3	\$ 381.5
Salary Adjustment	2.5	0.4	2.9	6.8	4.9	3.6	8.4	17.1
Total	<u>\$ 345.7</u>	<u>\$ 346.7</u>	<u>\$ 351.1</u>	<u>\$ 359.8</u>	<u>\$ 368.8</u>	<u>\$ 376.8</u>	<u>\$ 378.7</u>	<u>\$ 398.7</u>

Totals may not add due to rounding.

Recent Changes and Appropriation History

2022 Iowa Acts, chapter [1144](#) (FY 2023 Transportation Appropriations Act), consolidated four line-items into one line-item called Transportation Operations beginning in FY 2023. The Highway Program, Administrative Services, Planning and Programming, and Strategic Performance appropriations were consolidated.

2023 Iowa Acts, chapter [85](#) (Motor Vehicle Enforcement Bureau, Department of Public Safety Act), transferred the Motor Vehicle Enforcement Bureau from the DOT to the Department of Public Safety (DPS) beginning in FY 2024. This transfer included 100.0 FTE positions and an estimated annual decrease from the Transportation Appropriation Act to the DOT of \$13.3 million. The Iowa State Patrol assumed responsibility for the supervision of highways and conducting enforcement activities regarding the operating of commercial motor vehicles (CMVs).

2024 Iowa Acts, chapter [1149](#) (FY 2025 Transportation Appropriations Act), began funding the MVD entirely by the RUTF beginning in FY 2025. This change is due to the creation of the all-systems permit, which expanded the MVD permitting process to include on non-primary roads for oversize/overweight loads. The funding source change reflects the expanded permitting process supported by the motor carrier team.

2025 Iowa Acts, chapter [153](#) (FY 2026 Transportation Appropriations Act), changed the funding of driver’s licenses from an annual appropriation in the Transportation Appropriations Act to a statutory allocation under Iowa Code section [312.2](#) due to the variability in driver’s license production.

Appropriations History

Total appropriations made to the DOT from FY 2018 through FY 2025 are shown in **Figure 8**. Over that period, total appropriations to the DOT varied but have increased in the most recent years. Funding for the DOT operations has increased on average by 2.3% during the same period.

Operations appropriations are also displayed in **Figure 8** and are a subset of the appropriations total. The appropriations fund two operation appropriation units in the DOT, as shown in **Figure 3**, including funding for salaries, supplies, equipment, and administration.

Figure 8 — Total Appropriations to the DOT⁴
(in millions)

	<u>RUTF</u>	<u>PRF</u>	<u>Total</u>	<u>Operations Subtotal</u>	<u>Annual Change</u>
FY 2018	\$ 51.3	\$ 335.5	\$ 386.8	\$ 345.7	4.0%
FY 2019	51.0	338.5	389.5	346.7	0.3%
FY 2020	52.1	356.1	408.2	351.1	1.3%
FY 2021	53.2	347.6	400.8	359.8	2.5%
FY 2022	54.5	348.3	402.8	368.8	2.5%
FY 2023	58.3	361.2	419.6	376.8	2.2%
FY 2024	60.1	394.8	454.9	378.7	0.5%
FY 2025	57.1	413.1	470.2	398.7	5.3%

Totals may not add due to rounding.

⁴ **Figure 7** only shows appropriations made by the General Assembly in the Transportation Appropriations Act and does not include additional revenue to the DOT from federal resources and balance carry forward for operational costs.

Increases and decreases in the Transportation Appropriations Act by the General Assembly from FY 2018 through FY 2025 were driven by several factors, including fuel and salt costs, capital expenses, changes to salary funding, and equipment costs. Below is a brief summary of the reasons for changes in funding each year. Note that increases are not all permanent and include several one-time purposes. The Transportation Appropriation Act historically includes an appropriation to renovate different garage facilities. The most recent DOT facility to be renovated was the Waterloo field operations garage facility in FY 2026. A map displaying statewide garages is in **Attachment A**.

Transportation maps are appropriated to the DOT every other year.

- **FY 2018:** Increase in funding to fund and support salaries for FTE existing positions. There were appropriations from the PRF to replace and upgrade the Dubuque and Adair maintenance garages.
- **FY 2019:** Increase in funding to the inventory and equipment line-item. The increase was due to increased equipment depreciation costs in medium and heavy equipment replacement cycles. There was an appropriation from the PRF for the renovations to the Waterloo maintenance garage.
- **FY 2020:** Increase in funding for 124,000 tons of salt to restock supplies for the DOT for winter operations. There was an appropriation from the PRF for a Sioux City combined facility. This facility combines the services and uses of five DOT facilities.
- **FY 2021:** Increase in operations funding for new FTE positions for Administrative Services and Highway divisions. These were appropriations from the PRF for the renovation of the northwest wing of the DOT headquarters in Ames.
- **FY 2022:** Increase in funding for new FTE positions for the Highway division for project development and field construction inspection. There were new appropriations named Facility Major Maintenance and Enhancement and Facility Routine Maintenance and Preservation. Facility Major Maintenance is used to extend the life of DOT facilities. Facility Routine Maintenance is used to provide routine maintenance for DOT facilities.
- **FY 2023:** Increase in funding for new FTE positions for Transportation Operations. The four DOT operations line-items (Administrative Services, Information Technology, System Operations, and Field Operations Division) were combined into one line-item named Transportation Operations. These were appropriations from the RUTF and the PRF for costs associated with upgrades to the electronic records management system in FY 2023 to FY 2025.
- **FY 2024:** Increase in overall DOT funding for equipment replacement costs. However, Transportation Operations line-items had a decrease in funding due to the transfer of the Motor Vehicle Enforcement Bureau from the DOT to the DPS in [SF 514](#) (State Government Alignment Act). This transfer included a decrease of 100.0 FTE positions. There were appropriation from the PRF for replacement of the Davenport Highway Operations Complex.
- **FY 2025:** Decreases in funding from the RUTF for driver's license production and a change to the MVD being funded entirely by the RUTF. There were increases in funding from the PRF for inventory and equipment replacement and increases in funding from the PRF for facility routine maintenance. There were appropriations from the PRF for Albia and Jefferson garage renovations.

DOT Actual Operations Expenditures

Figure 9 reflects modest growth in expenditures that averaged an annual increase of 2.0% from FY 2018 through FY 2025. For the years reviewed, the total expenditures steadily increased with the cost of vehicle procurement and salary increases.

Figure 9 — Operations Actual Expenditures
(in millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Contracts and Transfers	\$ 31.6	\$ 36.5	\$ 34.1	\$ 37.1	\$ 40.5	\$ 45.9	\$ 51.0	\$ 55.0
Equipment and Repairs	14.3	13.5	12.2	12.6	49.4	38.2	43.8	40.8
Personal Services	236.9	236.2	241.2	248.5	253.8	264.5	266.2	274.7
Supplies and Materials	35.7	37.9	37.7	36.9	33.8	32.5	25.2	26.5
Travel and Subsistence	30.2	34.2	31.6	33.0	1.4	1.4	1.7	1.9
Other	1.7	1.6	2.1	7.7	1.5	1.0	1.2	1.1
Total	\$ 350.5	\$ 359.8	\$ 358.9	\$ 375.7	\$ 380.4	\$ 383.4	\$ 389.2	\$ 399.9
Annual Change		2.6%	-0.2%	4.7%	1.3%	0.8%	1.5%	2.7%

Total may not add due to rounding.
Note: Totals also include expenditures from other revenue sources to the DOT such as fees and federal funds.

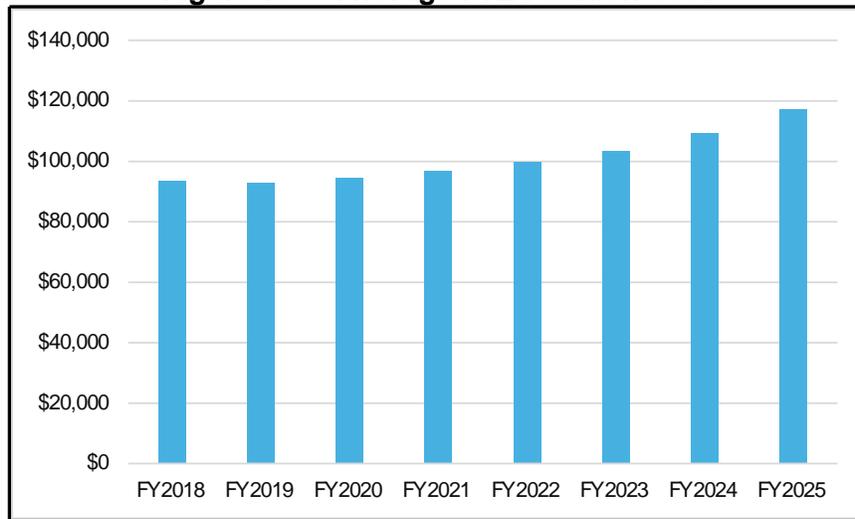
Over the time period reviewed, the share of total expenditures by individual budget items has gradually shifted. From FY 2018 through FY 2025, non-personnel items either grew slowly or remained steady. Contracts and Transfers saw steadily increased costs due to IT services. Starting in FY 2022, Equipment and Repairs saw large increases in field maintenance and equipment depreciation costs. In the same fiscal year, Travel and Subsistence and other expenses saw a decrease due to equipment and depreciation costs being funded through Equipment and Repairs.⁵

Concurrently, expenditures on personal services and salaries have grown at a rate of 2.1%. Expenditures on personal services and salaries increased in FY 2020 due to growth in the costs of FTE positions. In FY 2025, personal services are on average 68.7% of operational expenses.

Although total expenditures on personal services and salaries grew modestly, the costs of individual FTE positions fluctuated in the last few years, decreasing by an average of 9.0% in 2023 when the Administrative Services, Information Technology, System Operations, and Field Operations Division appropriations merged into one appropriation. **Figure 10** displays the average cost of an FTE position in the DOT. The average annual increase for an FTE position was 0.3% from FY 2018 through FY 2025. By FY 2025, the full cost of an FTE position averaged \$99,000.

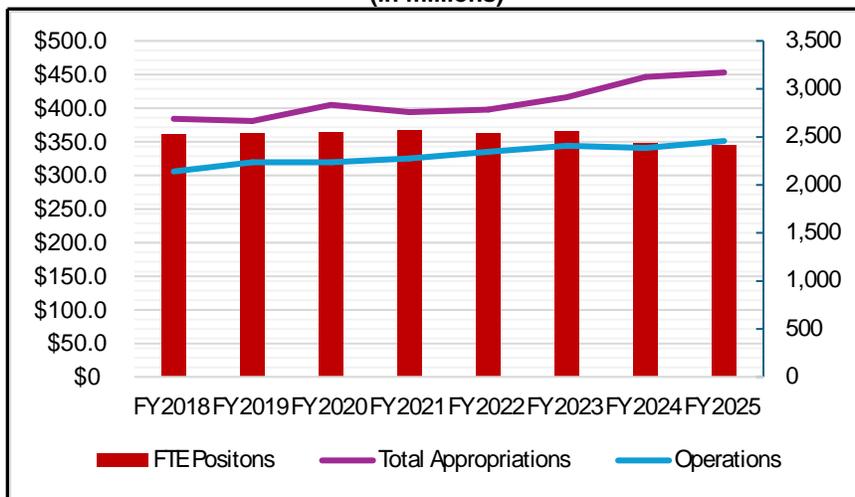
⁵ Note that some equipment, material, and vehicles can be purchased through the Materials and Equipment Revolving Fund. The DOT then pays depreciation cost into the Fund. The Materials and Equipment Revolving Fund is created from money appropriated out of the PRF per Iowa Code chapter [307.47](#).

Figure 10 — Average FTE Position Cost



As previously noted, appropriations for operations increased at an average of 1.9% per year from FY 2018 through FY 2025, a growth rate lower than the annual increase of the cost of an FTE position, which grew at an average of 3.3% in the same time period. Salaries constitute the majority of operational expenses as shown under Personal Services in **Figure 9**. Since FY 2018, funding was appropriated for the increased cost of these FTE positions with salary adjustments in the annual Standing Appropriations Act. Over this time, FTE positions used by the DOT fluctuated, eventually peaking in FY 2023 at 2,561.2 FTE positions. **Figure 11** displays total appropriations, operational expenses, and FTE positions used by the two operating divisions.⁶

Figure 11 — Appropriations and FTE Positions⁷
(in millions)



⁶ These FTE positions only reflect positions that receive appropriated funds. The DOT also maintained another 71.0 FTE positions in FY 2025 that do not receive appropriated funding. The positions support operations of the Materials and Equipment Revolving Fund and the Highway Beautification Fund and are funded from these two funds.

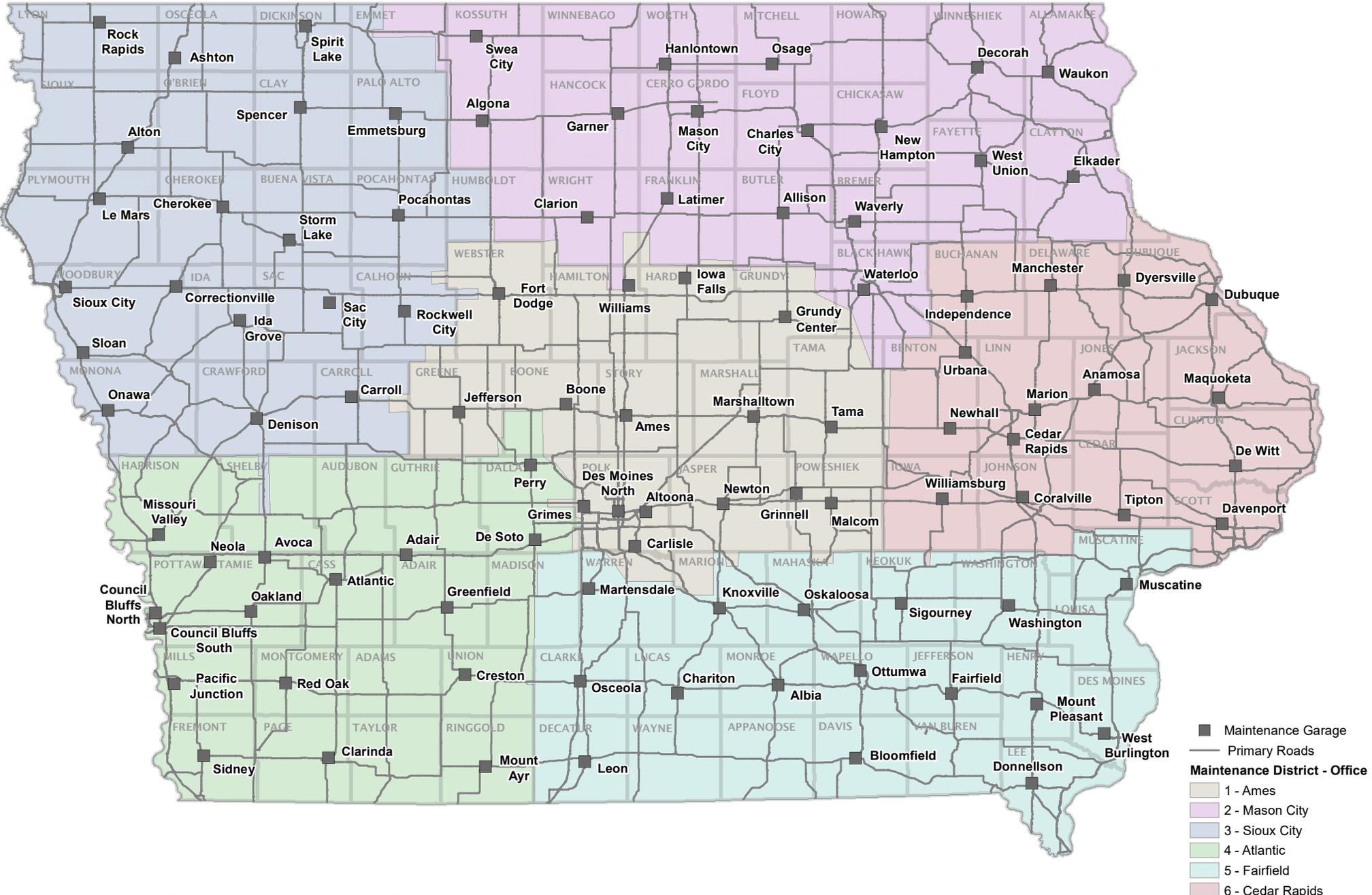
⁷ Note: In FY 2024, [SF 513](#) (Motor Vehicle Enforcement Bureau, Department of Public Safety) transferred 100.0 FTE positions from the Motor Vehicle Enforcement Bureau in the DOT to the DPS.

Conclusion

Appropriations to the DOT from the RUTF and PRF made annually in the Transportation Appropriations Act support the DOT day-to-day operations, salaries, covers the costs for services, production, equipment, and maintenance and projects. These appropriations are made prior to RUTF distributions and therefore reduce funding available for distribution to the road jurisdictions, impacting the State, counties, and cities. In FY 2023, the General Assembly consolidated the operating divisions appropriations for Administrative Services, Information Technology, System Operations, and Field Operations into one appropriation line-item called Transportation Operations. This consolidation gave the DOT more flexibility to allocate resources to the operation divisions. Since FY 2018, the DOT appropriations have seen steady increases with the operation appropriations making up the largest percentage in the Transportation Appropriations Act. From FY 2018 through FY 2025, appropriations have increased by an average of 1.9% per year, with operational costs increasing by an average of 2.0%. During this time, the largest expenditure was personnel expenses with the average cost for an FTE position totaling approximately \$100,000.

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Iowa Department of Transportation Maintenance Garages



Source: Iowa Department of Transportation; Highway Division, Office of Maintenance