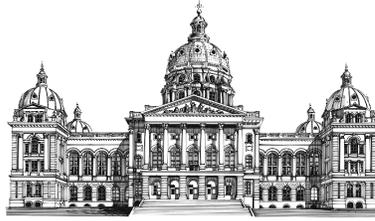


Iowa Legislative Fiscal Bureau



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Update on Motorcycle Helmet Transfer Funds and Motorcycle Education

ISSUE

During the debate on motorcycle education requirements in Senate File 290 (Department of Transportation Statute Bill), the House Transportation Standing Committee requested the Legislative Fiscal Bureau to prepare an **Issue Review** on the Motorcycle Helmet Transfer Funds and Iowa's motorcycle education requirements.

This **Issue Review** will provide information on the dispersion of funds through the Governor's Traffic Safety Bureau and the problems facing the motorcycle education requirements that will go into effect on May 1, 1997.

AFFECTED AGENCIES

Department of Transportation

Department of Public Safety, Governor's Traffic Safety Bureau

Department of Education

CODE AUTHORITY

Section 153, Intermodal Surface Transportation Efficiency Act of 1991 - Federal Mandate

Section 312.17, Code of Iowa - Road Use Tax Fund allocation to the Motorcycle Rider Education Fund

Sections 321.189(7) and (9), Code of Iowa - Motorcycle Rider Education

Section 321.191(5), Code of Iowa - Motorcycle License Fees

FEDERAL MANDATE

Section 153 of the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 required states to pass a mandatory motorcycle helmet law and a mandatory safety seat belt use law

no later than September 30, 1993, or transfer 1.5% of federal highway funds to traffic safety programs in FFY 1995 and 3.0% in both FFY 1996 and FFY 1997. Because the Iowa General Assembly has not passed a mandatory motorcycle helmet law, Iowa was required to transfer \$1.9 million in FFY 1995 and will transfer an estimated \$3.4 million in FFY 1996 and \$3.4 million in FFY

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1997 for traffic safety programs. The ISTEA legislation terminates at the end of FFY 1997, and it is uncertain whether the current requirements will remain in effect after FFY 1997.

Section 153 of the ISTEA legislation does not reduce the amount of federal funds coming to Iowa, but requires the State to use the funds for traffic safety programs rather than highway construction/maintenance.

TRAFFIC SAFETY PROGRAM (SECTION 402)

The Section 402 Grant Program is a partnership effort between the federal government and the states. Each state has a Highway Safety Office that is designated by the Governor to receive Section 402 funds for coordinating highway safety programs. In Iowa, this is the Governor’s Traffic Safety Bureau.

The Governor’s Traffic Safety Bureau annually develops a highway safety plan identifying the key highway safety problems in the State and countermeasures to address them. Funds are then allocated by the Governor’s Traffic Safety Bureau to State agencies, local governments, law enforcement agencies, public service groups, and other organizations on a competitive grant application basis to carry out programs and projects consistent with the highway safety plan.

The funds are intended to provide seed money to implement projects, with the intent that the grant recipient or sponsoring agency will assume funding after a three or four year period. At least 40.0% of these funds are required to be used to address local traffic safety problems.

In FFY 1995 the Governor’s Traffic Safety Bureau received \$2.3 million in “regular” Section 402 Highway Safety Program funds and \$1.9 million in Helmet Transfer Funds. Attachments A and B provide the Governor’s Traffic Safety Bureau FFY 1995 Program budgets for both sources of funds. The Program Areas listed in the attachments are explained in the Bureau’s FFY 1995 Highway Safety Plan Executive Summary.

Applications for the FFY 1996 Program are currently under review. According to the Governor’s Traffic Safety Bureau, over \$10.0 million in requests have been received for the \$3.4 million of FFY 1996 Helmet Transfer Funds.

MOTORCYCLE EDUCATION

Motorcycle Rider Education Program: The current Motorcycle Rider Education Program is funded through the Motorcycle Rider Education Fund. The Fund receives an allocation from the Road Use Tax Fund equal to the amount of motorcycle license fees collected. Persons who obtain a motorcycle license pay an additional fee equal to \$1.00 per year of license validity for each issued or renewed motorcycle license. The annual revenue will vary because the fee is paid when licenses are renewed. The following table shows revenue and expenditures of the Motorcycle Rider Education Fund since FY 1991.

Motorcycle Rider Education Fund					
	Actual FY 1991	Actual FY 1992	Actual FY 1993	Actual FY 1994	Thru May FY 1995
Beginning Balance	\$ 30,168	\$164,148	\$509,049	\$525,941	\$253,838

Receipts	221,757	414,000	237,496	69,241	138,727
Total Revenue	\$251,925	\$578,148	\$746,545	\$595,182	\$392,565
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,983
State Aid	84,635	67,850	216,560	340,800	133,950
Other	3,142	1,249	4,044	544	13,197
Total Expenses	\$ 87,777	\$ 69,099	\$220,604	\$341,344	\$174,130
Ending Balance	\$164,148	\$509,049	\$525,941	\$253,838	\$218,435

The Fund is used to establish new motorcycle rider courses and to reimburse sponsors of motorcycle rider education courses for the costs of providing the courses. The motorcycle rider education courses are modeled after the Motorcycle Safety Foundation requirements and standards which require 7 hours of classroom instruction and 8 hours of driving instruction.

There are 19 motorcycle course sponsors in Iowa which include all community colleges, one local high school, and ABATE of Iowa, Inc. The sponsors employ approximately 73 instructors who train between 1,400 and 1,500 persons annually. Approximately 70% to 80% of these persons are under the age of 18. The Department reimburses course sponsors at a rate of \$150 per student and sponsors also charge students tuition of \$35 - \$70. The average per-student cost of the course in calendar year (CY) 1994 was \$174.

New Motorcycle Rider Education Requirements: As an alternative to a mandatory helmet law, the General Assembly passed legislation during the 1994 Legislative Session requiring all persons applying for a new motorcycle license after July 1, 1994, to complete a motorcycle education course. The Department of Education was to begin offering these courses by May 1, 1995. Prior to this law change, only persons under the age of 18 were required to complete the course.

The Department had concerns about the timely implementation and funding of the expanded course requirements. As a result, the General Assembly amended the provision to require all persons applying for a new motorcycle license after July 1, 1997, to complete a motorcycle education course. While SF 290 delayed the implementation date, other issues have yet to be addressed.

- Section 321.189(9), Code of Iowa, requires the Department of Education to reimburse course sponsors based upon the cost of providing the courses. The current rate being paid is not based on the cost of the courses. Currently, no uniformity exists between the course sponsors on how expenses are reported to the State. As a result, it appears some sponsors are receiving State reimbursements that significantly exceed their reported course costs, while others report costs much higher than the State reimbursements. The CY 1994 cost per student at community colleges ranged from \$58.00 to \$236.00. ABATE of Iowa, Inc. reported a cost of \$245.00 per student.
- The expansion of the Program will require a substantial increase in the recruitment and training of motorcycle rider education instructors. This will also require the acquisition of additional training motorcycles and the development of additional training ranges that meet the Motorcycle Safety Foundation specifications for drive testing.
- The new education requirements could result in an increase of approximately 5,500 (380%) course participants. At the current reimbursement rate (\$150) this would cost the State an

additional \$825,000 annually. The motorcycle license fees are not adequate to fund the expanded program requirements.

ALTERNATIVES

The Helmet Transfer Funds would provide a temporary source of additional revenue, assuming the Department qualified for the funding through the Governor's Traffic Safety Bureau. However, it is uncertain how much would be awarded to the Department for the program. Traffic Safety grants generally do not exceed \$100,000 in a single year. Kirkwood Community College has applied for funding through the Governor's Traffic Safety Bureau for FFY 1996. The grant application is for \$120,000 to recruit and train instructors and develop a statewide strategic plan to meet the projected motorcycle education needs.

The following are examples of funding alternatives for the projected cost increase of the Motorcycle Rider Education Program.

- Review the current reimbursement rate to insure the State is reimbursing course sponsors based on the actual cost of the courses.
- Raise the fee to obtain a motorcycle license to \$5.00 per year of license validity. This would generate an average of \$1,090,000 annually.
- Reduce the amount the State will reimburse the course sponsors and require the participants to pay a larger portion of the cost.
- Place a motorcycle education surcharge on annual motorcycle registration.
- Eliminate the expanded provisions and only require persons under the age of 18 to complete the course.

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