

J00E00
Motor Vehicle Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	FY 04	FY 05	FY 06	FY 05-06	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
Special Fund	\$123,994	\$125,209	\$129,693	\$4,484	3.6%
Federal Fund	74	466	15	-451	-96.8%
Reimbursable Fund	<u>42</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Funds	\$124,111	\$125,675	\$129,708	\$4,033	3.2%
Contingent & Back of Bill Reductions			-613	-613	
Adjusted Total	\$124,111	\$125,675	\$129,095	\$3,420	2.7%

- \$1,218,096 is provided in the fiscal 2006 allowance for personnel and operating expenses of the new White Oak full service branch office in Montgomery County estimated to open in November 2005.

PAYGO Capital Budget Data

(\$ in Thousands)

	Fiscal 2004	Fiscal 2005		Fiscal 2006	
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Request</u>	<u>Allowance</u>
Special	\$23,533	\$19,123	\$14,849	\$0	\$19,392
Reimbursable	\$0	\$0	\$638	\$0	\$0
Total	\$23,533	\$19,123	\$15,487	\$0	\$19,392

- \$3,121,000 is provided in fiscal 2006 for the e-MVA Information Technology project to increase the alternative delivery of services. The goal is to increase the number of services that can be provided over the Internet to 80% and to increase customer use of the electronic alternative to 42%.
- \$1,146,000 is provided to complete construction of the White Oak office.

Note: Numbers may not sum to total due to rounding.

For further information contact: James L. Stoops

Phone: (410) 946-5530

Operating and PAYGO Personnel Data

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>
Regular Positions	1,606.50	1,590.50	1,623.50	33.00
Contractual FTEs	<u>60.40</u>	<u>101.15</u>	<u>96.39</u>	<u>-4.76</u>
Total Personnel	1,666.90	1,691.65	1,719.89	28.24

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	51.95	3.20%
Positions Vacant as of 12/31/04	48.00	3.02%

- Thirty-two new regular positions are provided for the White Oak branch office.
- The allowance includes two contractual conversion positions.
- One regular customer service position was transferred to the Governor’s Office and 2.76 full-time equivalent contractual positions were abolished.

Analysis in Brief

Major Trends

Alternative Delivery of Services: Internet transactions and other alternative delivery of the Motor Vehicle Administration services are growing slowly.

Issues

Federal Driver’s License Mandates: A federal standard for driver’s licenses may be on the way.

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor’s allowance.

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Motor Vehicle Administration
Maryland Department of Transportation

Budget Analysis

Program Description

The Motor Vehicle Administration (MVA) is responsible for supplying motor vehicle services to the citizens of Maryland. These services include:

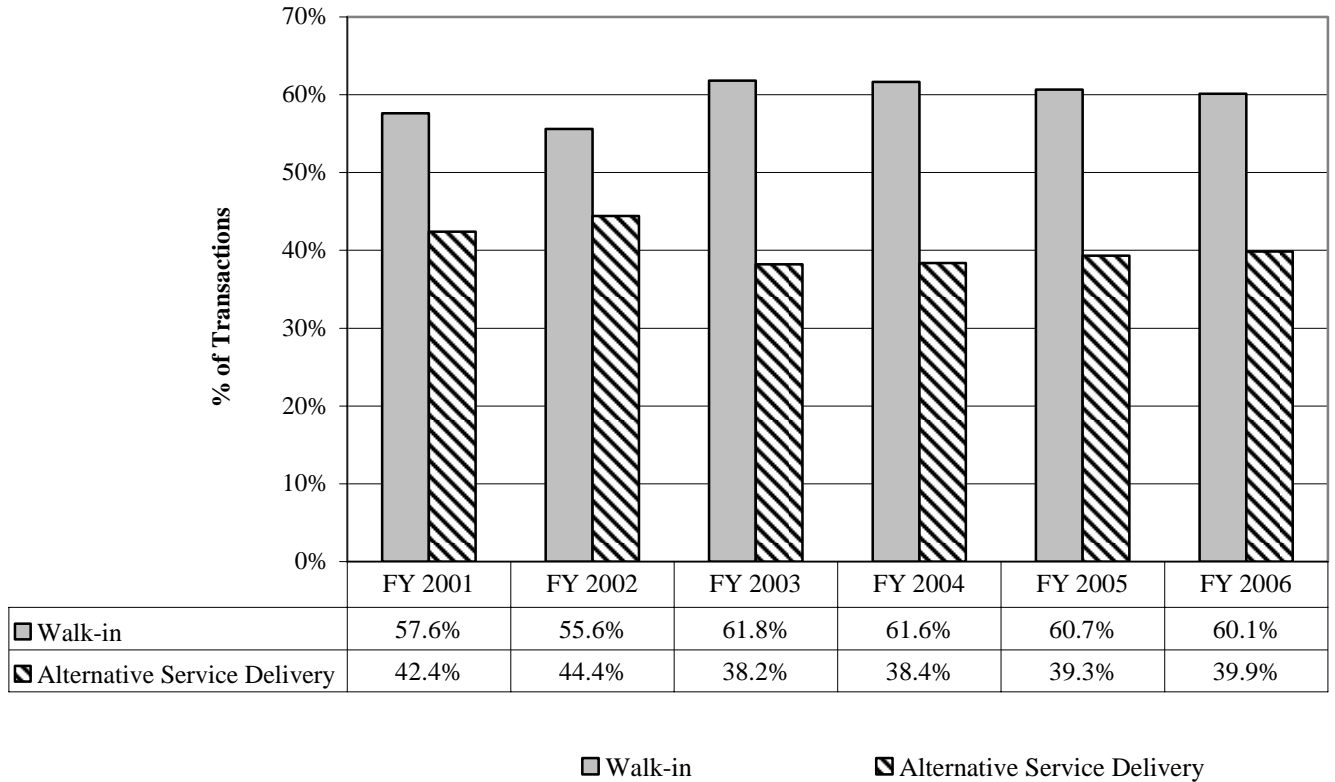
- licensing all passenger and commercial vehicles;
- registering and titling vehicles;
- issuing tags and permits for persons with a disability;
- providing photo identification cards for non-driver residents;
- regulating motor vehicle dealers, vehicle rental companies, and driver education schools; and
- administering the compulsory insurance compliance program, vehicle emissions inspection program, and driver safety programs.

MVA serves its customers through a network of branch offices, e-MVA facilities (kiosks, Internet), a telephone call center, a mobile service center, and Vehicle Emissions Inspection Program (VEIP) stations.

Performance Analysis: Managing for Results

Exhibit 1 indicates that the alternative delivery of services to customers over the Internet, mail-in, or through the IVR system has been growing slowly. Information and services available over the Internet have increased from 64% in fiscal 2001 to 80% in fiscal 2004, but utilization of those services has not increased. In the peak year – fiscal 2002 – 44.4% of all transactions were completed with alternative service delivery. This had declined to 38.2% of all transactions in 2004. The decline after fiscal 2002 is due to a decision to remove the number of regular (non-transaction) phone calls handled by the Cumberland Call Center from the performance measure, because not all of these calls result in a transaction. The goal of alternative service delivery is to reduce the wait time for walk-in services that require a visit to MVA offices. The Managing for Results objective is to maintain the participation rate for use of alternative service options at 39% of major transactions through 2006. The objective of the 2006 funded e-MVA Major Information Technology (IT) project is to increase the number of transactions that can be provided over the Internet to increase participation.

**Exhibit 1
MVA Customer Transactions
Fiscal 2001 – 2006**



Source: Motor Vehicle Administration

Governor’s Proposed Budget

As indicated in **Exhibit 2**, the MVA fiscal 2006 operating budget allowance is \$129,094,907, or a 2.7% increase of \$3,420,132 over the fiscal 2005 working appropriation. The White Oak branch office in Montgomery County, scheduled to open in the fall of 2005, accounts for \$1,218,096 of the increase. The other significant increases include \$426,723 in bank charges for increased credit card transactions and fuel and \$601,103 in utilities, offset by a significant reduction in telecommunications supplies and equipment purchases. The allowance includes the contractual conversion of the following two positions: Administrative Officer I (\$36,113) and MVA Section Manager – Central Programs (\$46,730). Both positions are responsible for field monitoring of driving instruction schools, and the second position is also responsible for administering aspects of the Point System Driver Improvement Program.

Exhibit 2
Governor's Proposed Budget
Motor Vehicle Administration
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2005 Working Appropriation	\$125,209	\$466	\$125,675
2006 Governor's Allowance	129,693	15	129,708
Contingent & Back of Bill Reductions	<u>-613</u>	<u>0</u>	<u>-613</u>
Adjusted Allowance	\$129,080	\$15	\$129,095
Amount Change	\$3,871	-\$451	\$3,420
Percent Change	3.1%	-96.8%	2.7%

Where It Goes:

Personnel Expenses

32 new regular positions for new White Oak office	\$958
2 contractual conversion positions.....	83
Additional assistance and overtime for White Oak office	86
Transferred position – customer service	-50
Increments and other compensation	982
Employee and retiree health insurance	8
Retirement contribution	647
Workers' compensation premium assessment	449
Turnover adjustments	-414
Other fringe benefit adjustments	5

Other Changes

White Oak office operating expenses	249
Two contractual conversion positions	-75
Telecommunications.....	-122
Increased fuel and utilities	601
Increased motor vehicle operating expenses	111
Increased bank charges for credit card transactions	427
Supplies and equipment.....	-562
Other operating expenses.....	37

Total	\$3,420
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Note: Numbers may not sum to total due to rounding.

White Oak Branch Office

There are 32 new positions to staff the new White Oak full service branch office in Montgomery County. A logical question would be: Since the number of vehicles and drivers do not change, why not move employees around to staff the White Oak office from other MVA locations?

MVA, in response, indicates that 116.5 full-time equivalent positions have been lost due to cost containment over the last three years. Additionally, there is an ongoing population increase as well as migration in and out of the State. This migration always needs MVA services such as Vehicle Registration, Driver Licensing, VEIP, and Insurance Compliance to name a few. Additionally, MVA is striving to reduce the average wait time for services.

The Gaithersburg and Beltsville branch offices currently serve this area; the fiscal 2004 average visit time at Gaithersburg was 56 minutes, and customer satisfaction rate was 83.9%. The new Montgomery County branch office in White Oak would also be accessible to the customers that currently use the Beltsville branch office. The Beltsville branch office's fiscal 2004 average visit time was 76 minutes, and customer satisfaction was 81.9%. MVA's objective is to reduce the customer visit time to 40 minutes and increase the customer satisfaction rating to 90%.

Impact of Strategic Budget Reductions

MVA has identified nearly \$3.0 million in fiscal 2006 savings compared to fiscal 2005. The largest single item is \$1,124,000 in operational savings in the VEIP. Other significant savings include reducing printing costs by \$300,000, continuing to outsource the Motorcycle Safety program for savings of \$210,000, deferring \$269,000 in equipment purchases, reducing IT expenses by \$218,000, reducing the use of temporary employees by \$400,000, reducing overtime by \$59,000, and deferring replacement of motor vehicles. Some of the savings are clearly evident in the Governor's proposed budget while over savings, such as the vehicle replacement savings, are cost avoidance. (See **Appendix 6** for a summary of the reduction).

Impact of Contingent Reductions

The fiscal 2006 allowance reflects the elimination of \$612,750 (subject 0172), the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

PAYGO Capital Program

Program Description

The Facilities and Capital Equipment program provides funds for new capital facilities renovations to existing facilities, the development of major new IT systems, and the purchase of capital equipment.

Fiscal 2005 to 2010 Consolidated Transportation Program (CTP)

Exhibit 3 shows the ongoing major IT and capital facilities MVA projects in the CTP for fiscal 2006. It should be noted that while the expenditures on a cash flow basis could approximate the expenditures indicated for fiscal 2006 for specific projects noted in the exhibit, the vast majority of the projects included under systems preservation and minor projects indicate there is no relationship to the \$14.2 million projects and cash flow expenditures. The Maryland Department of Transportation does not provide a cash flow analysis for these so-called minor projects, and the cash flow budget bears little resemblance to actual expenditures during the year for these projects.

Exhibit 3 Major Information Technology and Capital Projects (\$ in Thousands)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>FY 2006</u>	<u>Total Project Costs</u>
Statewide	e-MVA Delivery System	\$3,121	\$18,528
Statewide	Driver License System/Point of Sale (POS)	66	49,225
	Total Major IT Projects	\$3,187	\$67,753
Montgomery County	White Oak Branch Office	\$1,146	\$5,394
Statewide	Systems Preservation and Minor Projects	14,159	Ongoing
Statewide	Capital Salaries and Wages	900	Ongoing
	Total Capital Facilities	\$15,346	\$5,394
	Total Major IT and Capital Facilities	\$19,392	\$73,147

Source: Maryland Department of Transportation, 2005 Consolidated Transportation Program

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Ongoing Projects

- **Montgomery County Branch Office – White Oak:** The construction of the new Montgomery County full-service office at U.S. 29 and Industrial Parkway on the White Oak Vehicle VEIP site is now expected to be completed in the fall 2005 and cost \$5.2 million.

New Projects

- **National Vehicle Title Information System (NMVTIS):** When finished, this project will give MVA the ability to make real-time queries in the NMVTIS database, which is a national database that stores Vehicle Identification Numbers (VIN) and brand information as well as information on the last state title issued to a vehicle. This project, scheduled to begin in fiscal 2005, has been delayed to start in fiscal 2007 based on a schedule provided by the American Association of Motor Vehicle Administrators.
- **e-MVA Delivery System:** This project includes the design and implementation of MVA services electronically through the Internet, kiosks, and telephone response systems. The goal is to increase the number of services that can be provided over the Internet to 80% and to increase use of these electronic alternatives to 42% in fiscal 2006. The cost has increased \$5.1 million from the fiscal 2004 through 2009 CTP. Fiscal 2005 tasks with customer impact included payment of insurance fines, personalized plate ordering, and substitute plates ordering. Fiscal 2006 tasks include VEIP date extension, replacement title, duplicate registration card, central scheduling, and third generation kiosk implementation.
- **Driver's License System/Point of Sale (POS):** This project includes the replacement of the existing photo licensing system with a new state-of-the-art POS system capable of storing driver's license data, motor voter data, organ donor data, related financial data, and the creation of a paperless license application process to improve workflow efficiency. The system is essentially complete with minor costs in fiscal 2006. However, possible federal legislation under discussion before Congress may require additional changes.
- **Accounts Receivable Flag Fee Processing:** Maryland has a compulsory insurance law. Currently, at least 5% of the drivers continue to be uninsured. Currently, there are three independent systems to track receivables due to returned checks, insurance compliance, direct access of records, and referrals to the Maryland Central Collection Unit (CCU). This IT project will create a central accounts receivable system that interfaces with the MVA mainframe, the CCU, and MVA POS systems. This system will automate the placing and removal of flags to prevent additional MVA transactions by delinquent customers.

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Minor Projects and System Preservation

- Among the projects funded in 2006, allowance for minor projects and system preservation are projects that will provide security improvements and interior modifications in branch offices and upgrade telecommunications equipment. Two significant projects account for the major portion of the planned outlay in fiscal 2006 – renovation of the Office of Information Resources (the data center) for \$11,566,000 and upgrades to branch office heating ventilation and cooling systems. The estimated cash flow for the \$11.6 million project is \$4 million in fiscal 2006.

Fiscal 2005 and 2006 Cash Flow Analysis

Exhibit 4 presents the cash flow changes in the MVA capital program from 2004 to 2006. Fiscal 2004 actual expenditures of \$23,532,792 exceeded the original \$14,691,014 appropriation. Much of this can be attributed to contract modifications in the driver's licensing/POS project, which had an original contract price of \$40,308,801 and with contract modifications expenditures were \$46,847,000 through fiscal 2004.

In fiscal 2005 the original appropriation of \$19,122,879 is now projected to decrease to \$15,486,813. Most of the decrease can be attributed to the \$4,685,000 reduction in capital projects other than major IT projects which increased \$402,000.

Exhibit 4
PAYGO Cash Flow Changes
Fiscal 2004 – 2006
(\$ in Thousands)



Source: Maryland Department of Transportation, 2005 *Consolidated Construction Program*

Issues

1. Federal Driver's License Mandates

Like it or not, the driver's license has become the defacto national identity card. Maryland and most other states have taken steps to improve the security features of the driver's licenses as identification cards. Security features include digital photographs; special print designs including holograms that make it difficult to counterfeit driver's licenses; and a bar code with the driver's identifying information encoded for quick computer access. However, most driver's licenses do not contain biometric measurements that may be coming in federal rules or statutes to verify a person's identity. These are body measurements that range from fingerprints to software analysis of distances between major body points such as the eyes or nose or scanning of the retina.

In addition to requirements for new security features of driver's licenses, motor vehicle employees are asked to check the credentials of individuals seeking driver's licenses. The 1996 Immigration Reform and Responsibility was amended in 1999 to eliminate a section that preempted the states' responsibility over driver's licenses and birth certificates. These mandates required states to follow federal guidelines in issuing and producing driver's licenses. States were mandated to:

- obtain Social Security Numbers from both new and renewal applicants for driver's licenses;
- electronically verify these numbers with the Federal Social Security Administration; and
- comply with federal security guidelines regarding uniform, mandatory features of the driver's licenses.

Recent federal legislation signed into law on December 20, 2004, requires state-issued licenses to meet uniform national standards to be accepted as proof of identity for boarding airplanes, applying for federal benefits, and other official U. S. government purposes. The law mandates that licenses have digital photographs; be resistant to tampering or counterfeiting; contain personal information like age, gender, home address, and date of birth; and have that information encoded on magnetic strips that can be read by machines. The federal government has 18 months to draft regulations detailing what documents will be required to obtain a driver's license and ID cards issued by states to non-drivers. Most of these provisions implement recommendations made by the 9-1-1 Commission to Congress.

Proposed federal legislation (H.R. 418 introduced on January 26, 2005), known as the Real ID Act of 2005 would go beyond the verification requirements now required under current law. Specifically, state licensing agents would be required to verify with the issuing agency documents presented as proof of identification, residency, and citizenship status. States would be required to verify, digitize, and store electronically copies of all source documents. Another provision would prohibit states from accepting any foreign document other than an official passport, for identification purposes for the issuances of driver's licenses. Other provisions would preempt state authority for

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the design of driver's license documents to allow the federal Secretary of Homeland Security to prescribe clear visual differentiation between levels and categories of documents.

It is recommended that MVA comment on the impact these new and potential requirements would have on the issuing of Maryland driver's licenses.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

**Current and Prior Year Budgets
Motor Vehicle Administration
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$0	\$125,878	\$13	\$0	\$125,891
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	17	375	42	433
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	-1,900	-314	0	-2,214
Actual Expenditures	\$0	\$123,994	\$74	\$42	\$124,111
Fiscal 2005					
Legislative Appropriation	\$0	\$123,730	\$15	\$0	\$123,745
Budget Amendments	0	1,479	451	0	1,929
Working Appropriation	\$0	\$125,209	\$466	\$0	\$125,675

Note: Numbers may not sum to total due to rounding.

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Fiscal 2004

The \$16,601 special fund amendment covers damages caused by Hurricane Isabel that are not likely to be reimbursed by the Federal Emergency Management Agency.

The cancellation of \$1,899,946 in special funds reflects vacant positions that were not filled and 40 regular positions eliminated from the MVA budget as a part of the MVA cost containment action in fiscal 2004.

MVA received \$374,564 federal funds to continue the Odometer Fraud Program, the Motor Carrier Safety Assistance Programs, and the Commercial Drivers License (CDL) program, which were not fully spent in fiscal 2004.

Fiscal 2005

The \$1,478,556 special fund amendment funds the \$752 salary adjustment granted to all eligible State employees.

The \$450,929 provides federal funds to continue the Odometer Fraud Program, the Motor Carrier Safety Assistance Programs, the Investigation grants, and the CDL grants.

Audit Findings

Audit Period for Last Audit:	January 1, 2001 – December 31, 2003
Issue Date:	November 2004
Number of Findings:	22
Number of Repeat Findings:	2
% of Repeat Findings:	9.09 %
Rating: (if applicable)	N/A

- Finding 1:** Driver’s licenses and related transactions were not subject to proper controls.
- Finding 2:** MVA did not ensure the accuracy of social security numbers on its licensed driver database.
- Finding 3:** Driver’s license suspensions and revocations were not adequately controlled.
- Finding 4:** MVA did not properly process certain driver’s license suspensions and revocations.
- Finding 5:** Driver’s licenses of individuals with child support payment arrearages were not suspended as required by State law.
- Finding 6:** MVA did not monitor and report to appropriate legislative committees significant delays in adjudicating alcohol-related traffic violations (policy issue).
- Finding 7:** MVA lacked adequate controls over certain vehicle titling and registration transactions.
- Finding 8:** Reports used to identify late payments of excise taxes and related fees from dealerships were not complete.
- Finding 9:** Audits of licensed dealerships were not comprehensive.
- Finding 10:** MVA did not obtain independent audits of the electronic vehicle registration and titling system.
- Finding 11:** **MVA did not take appropriate actions when lapses of insurance coverage were identified.**
- Finding 12:** Controls were not adequate to ensure that vehicle owners obtained required insurance coverage.

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- Finding 13:** Traffic citation forms distributed to State and local law enforcement agencies were not properly accounted for.
- Finding 14:** Instances of possible criminal conduct by MVA employees were not referred to the Office of the Attorney General.
- Finding 15:** MVA issued certain special registration plates and placards without obtaining required physicians' certifications.
- Finding 16:** **Review process for a critical mainframe database data was not adequately restricted.**
- Finding 17:** Access to certain critical database data was not adequately restricted.
- Finding 18:** Servers which support the e-MVA store were not adequately protected.
- Finding 19:** Internal controls over cash receipts were inadequate.
- Finding 20:** Proper internal controls were not established over the processing of critical purchasing and disbursement transactions.
- Finding 21:** Program inspection fees and related fee waivers granted to vehicle owners were not adequately controlled.
- Finding 22:** Physical inventories of equipment were not performed, related records were not maintained as required.

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
MDOT – Motor Vehicle Administration**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1596.50	1580.50	1613.50	33.00	2.1%
02 Contractual	59.96	100.55	95.93	-4.62	-4.6%
Total Positions	1656.46	1681.05	1709.43	28.38	1.7%
Objects					
01 Salaries and Wages	\$ 79,005,271	\$ 81,682,125	\$ 85,049,135	\$ 3,367,010	4.1%
02 Technical & Spec Fees	3,545,942	4,497,820	4,484,254	-13,566	-0.3%
03 Communication	5,451,961	5,624,504	5,502,044	-122,460	-2.2%
04 Travel	169,572	150,898	163,753	12,855	8.5%
06 Fuel & Utilities	1,566,914	1,331,765	1,964,512	632,747	47.5%
07 Motor Vehicles	560,940	757,698	911,541	153,843	20.3%
08 Contractual Services	27,403,452	26,750,143	26,885,436	135,293	0.5%
09 Supplies & Materials	1,169,989	1,306,672	1,160,809	-145,863	-11.2%
10 Equip - Replacement	1,646,466	249,934	74,178	-175,756	-70.3%
11 Equip - Additional	404,699	240,374	0	-240,374	-100.0%
12 Grants, Subsidies, and Contributions	55,755	108,980	81,953	-27,027	-24.8%
13 Fixed Charges	3,129,541	2,973,862	3,430,042	456,180	15.3%
Total Objects	\$ 124,110,502	\$ 125,674,775	\$ 129,707,657	\$ 4,032,882	3.2%
Funds					
03 Special Fund	\$ 123,994,344	\$ 125,208,846	\$ 129,692,657	\$ 4,483,811	3.6%
05 Federal Fund	74,158	465,929	15,000	-450,929	-96.8%
09 Reimbursable Fund	42,000	0	0	0	0.0%
Total Funds	\$ 124,110,502	\$ 125,674,775	\$ 129,707,657	\$ 4,032,882	3.2%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Fiscal Summary
MDOT – Motor Vehicle Administration

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Motor Vehicle Operations	\$ 124,110,502	\$ 125,674,775	\$ 129,707,657	\$ 4,032,882	3.2%
03 Facilities and Capital Equipment	5,181,040	9,614,813	15,305,439	5,690,626	59.2%
08 Major IT Development Projects	18,351,752	5,872,000	4,087,000	-1,785,000	-30.4%
Total Expenditures	\$ 147,643,294	\$ 141,161,588	\$ 149,100,096	\$ 7,938,508	5.6%
Special Fund	\$ 147,527,136	\$ 140,057,659	\$ 149,085,096	\$ 9,027,437	6.4%
Federal Fund	74,158	465,929	15,000	-450,929	-96.8%
Total Appropriations	\$ 147,601,294	\$ 140,523,588	\$ 149,100,096	\$ 8,576,508	6.1%
Reimbursable Fund	\$ 42,000	\$ 638,000	\$ 0	-\$ 638,000	-100.0%
Total Funds	\$ 147,643,294	\$ 141,161,588	\$ 149,100,096	\$ 7,938,508	5.6%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Maryland Department of Transportation
Motor Vehicle Administration**

Operating Budget Amendments for Fiscal 2005

<u>Status</u>	<u>Amount</u>	<u>Fund</u>	<u>Description</u>
Pending	\$1,478,556	SF Oper	Funds the cost-of-living adjustment (COLA) of \$752 granted to all eligible State employees. MDOT estimates the total cost to be \$843 per employee, when benefits are included.
Pending	450,929	FF Oper	Provides federal funds to continue the Odometer, Motor Carrier Safety Assistance Programs, and Investigation and CDL grants.
Projected	621,270	SF Oper	Provides funding for turnover adjustment to hire adequate MVA staff to achieve a 35-minute average customer visit time.
Projected	600,006	SF Oper	Due to utility deregulation, the statewide contract for fuel and utilities will increase significantly. Electricity is expected to increase 26%, and the fuel increase is projected at 10%.
Projected	830,625	SF Oper	Legislation – provides funding for legislation passed in the 2004 session. The bills are as follows: HB0295, HB0373, HB0557, HB0754, HB0855, HB1332, HB1467, SB0032, and SB0035.
Projected	28,625	SF Oper	Towson Express Office Rent – provides additional funding for Towson Express Office rent due to increase in contract.
Projected	776,427	SF Oper	Janitorial, temps, and State Use Industries (SUI) Contracts – provides increase funding for janitorial contract based on the consumer price index, and increases in janitorial services for the Salisbury branch office, temporary employee contract, and SUI steel metal license plate contract.

PAYGO Budget Amendments for Fiscal 2005

<u>Status</u>	<u>Amount</u>	<u>Fund</u>	<u>Description</u>
Pending	\$8,934	SF Cap	Funds the COLA of \$752 granted to all eligible State employees. MDOT estimates the total cost to be \$843 per employee, when benefits are included.
Pending	638,000	RF Cap	The U.S. Department of Homeland Security Office of Domestic Preparedness has awarded MDOT (via the Maryland Emergency Management Agency) a federal fiscal 2004 State Homeland Security Grant (Phase II) in the amount of \$638,000. Grant funds are to be used for the unique equipment, training, and exercise needs of the first responders and to assist them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism.
Pending	(4,685,000)	SF Cap	Realigns the current year appropriation to agree with the expected cash flow for capital projects (other than Major IT) in MDOT's <i>Consolidated Transportation Program</i> (CTP) for fiscal 2005 through 2010.
Pending	402,000	SF Cap	Realigns the current year appropriation to agree with the expected cash flow for Major IT projects in MDOT's CTP for fiscal 2005 through 2010.

Source: Maryland Department of Transportation

**Fiscal 2006 Cost Containment Actions
As Submitted by the Agency
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005**

<u>Cost Saving Action/Efficiency Measure</u>	<u>Program Code</u>	<u>Total Funds</u>	<u>General Funds</u>	<u>Special Funds</u>	<u>Positions Reduced</u>	<u>Impact of Action</u>
VEIP Operational Savings	E0001	-\$1,124		-\$1,124	0	No projected impact, unless testing volume falls.
Continue Outsourcing of Motorcycle Program	E0001	-210		-210	0	Revenue from program will be lost.
15% Reduction to Printing	E0001	-300		-300	0	Minor forms may not be available.
Defer Equipment Purchases	E0001	-269		-269	0	Could result in reduced production and problems with safety.
Reduce IT Planning and Applications	E0001	-218		-218	0	No allowance for costs increases or unexpected problems, No new software.
Miscellaneous Operating Reductions	E0001	-225		-225	0	No allowance for costs increases or unexpected problems for IT projects.
Transfer 1 PIN to Governor's Office					-1	No impact.
Reduction to Temps Emp.	E0001	-400		-400	0	Record backlogs/dropped calls, customer wait time increases.
Reduce Overtime	E0001	-59		-59	0	Customer wait times will increase.
Defer Replacement Vehicles	E0001	-150		-150	0	Increase in repair costs for older vehicles, and in travel reimbursement costs for employees.
Total		-\$2,954		-\$2,954	-1	

Source: Maryland Department of Transportation; Motor Vehicle Administration