

J00E00
Motor Vehicle Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$147,792	\$148,811	\$163,557	\$14,746	9.9%
Contingent & Back of Bill Reductions	0	0	-2,389	-2,389	
Adjusted Special Fund	\$147,792	\$148,811	\$161,168	\$12,356	8.3%
Federal Fund	313	430	177	-253	-58.9%
Adjusted Federal Fund	\$313	\$430	\$177	-\$253	-58.9%
Adjusted Grand Total	\$148,106	\$149,241	\$161,344	\$12,103	8.1%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- The fiscal 2011 allowance increases \$14.5 million, or 9.7%, compared to the fiscal 2010 working appropriation. When adjusting for the estimated impact of the across-the-board actions proposed in the budget, the fiscal 2011 allowance increases \$12.1 million, or 8.1%, compared to fiscal 2010.
- The largest increase in the budget is \$12.3 million to reflect the actual cost of the Vehicle Emissions Inspection Program (VEIP) instead of the net cost. Adjusting for this, the operating budget is virtually flat.
- The Motor Vehicle Administration (MVA) is largely an administrative agency. Over 60.0% of its budget is spent on personnel related expenditures, with the largest increase being \$1.2 million for the employee retirement system.

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

For further information contact: Jonathan D. Martin

Phone: (410) 946-5530

Paygo Capital Budget Data

(\$ in Thousands)

	Fiscal 2009	Fiscal 2010		Fiscal 2011
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$17,633	\$31,522	\$27,921	\$22,925
Federal	\$0	\$0	\$1,692	\$323
Total	\$17,633	\$31,522	\$29,613	\$23,248

- The fiscal 2010 working appropriation decreases \$1.9 million due to cash flow changes in a number of system preservation and minor projects.
- The fiscal 2011 allowance decreases \$6.4 million due to a number of system preservation and minor projects ending in fiscal 2010.

Operating and PAYGO Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Operating Budget Positions	1,611.50	1,593.50	1,593.50	0.00
Regular PAYGO Budget Positions	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Regular Positions	1,611.50	1,593.50	1,593.50	0.00
Operating Budget FTEs	88.58	116.72	92.71	-24.01
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	88.58	116.72	92.71	-24.01
Total Personnel	1,700.08	1,710.22	1,686.21	-24.01

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	69.95	4.39%
Positions and Percentage Vacant as of 12/31/09	59.50	3.73%

- Compared to fiscal 2009, MVA has had 18.0 positions abolished with 6.0 vacant positions abolished at the beginning of fiscal 2010, as directed in the fiscal 2010 budget bill, and an additional 12.0 vacant positions abolished at the July 2009 Board of Public Works meeting.
- The number of contractual positions decreases by 24.01 full-time equivalents in fiscal 2011 due to the agency’s cost containment efforts. Most of the eliminated positions were customer service agents.
- As of December 31, 2009, the agency had 59.5 vacant positions, for a turnover rate of 3.7%; however, the fiscal 2011 turnover is set to have 69.95 positions vacant for a turnover rate of 4.4%. To achieve the fiscal 2011 turnover rate, the agency will have to identify reductions elsewhere in its budget.

Analysis in Brief

Major Trends

Alternative Service Delivery Transactions: Total transactions declined in fiscal 2009 as vehicle purchases declined, but the level of alternative service delivery transactions increased in fiscal 2009. The department estimates total transactions will increase slightly in fiscal 2010 and 2011 with the number of alternative service transactions increasing at a more rapid rate. **The Department of Legislative Services (DLS) recommends that the department discuss why it believes alternative service delivery transactions will increase more rapidly than total transactions.**

Customer Wait Time Decreases: One goal of increasing alternative service delivery is to reduce customer wait times. The average customer wait time declined to 40 minutes in fiscal 2009 and is expected to decline in fiscal 2010 to 39 minutes, which is higher than the fiscal 2000 level. **DLS recommends that MVA discuss why the current wait time is still higher than the fiscal 2000 level despite recent information technology investments intended to drive down wait times.**

Cost per Transaction Increases Slightly: The cost per transaction increased slightly to \$13.52 in fiscal 2009 with MVA citing past information technology investments driving down the cost per transaction. **DLS recommends that the department discuss what impact the cost of central issuance and REAL-ID might have on this measure in the future.**

Issues

REAL-ID and PASS-ID Activities: The REAL-ID Act requires federal agencies to only accept state-issued driver's licenses and personal identification cards that have met federal certification standards. Maryland is on track to meet the federal standards after the passage of Chapter 390 of 2009. There is also federal legislation called PASS-ID that would replace REAL-ID and reduce the cost to states through changes to technology and security requirements; however, legal presence would still be required. **DLS recommends that MVA brief the budget committees on the implementation of REAL-ID and the impact of PASS-ID should it become law.**

Cost Recovery Exceeded 100% in Fiscal 2009: Statute requires the MVA to recover 95 to 100% of its operating and capital budget through the fees it collects and that cost recovery rate should not exceed 100% unless caused by legislative reductions. In fiscal 2009, the cost recovery rate exceeded 100% due to cost containment and legislative reductions. **DLS recommends legislation be introduced that would allow for a cost recovery rate between 95%-105%, count VEIP fees and expenditures, and remove the exemption for legislative reductions.**

Operating Budget Recommended Actions

	<u>Funds</u>
1. Add budget bill language to reduce funding to recognize the savings of the closure of branch offices one day a week.	
2. Reduce maintenance and repair for vehicles.	\$ 36,502
3. Reduce funding for janitorial services.	38,900
4. Reduce funding for grounds maintenance.	20,941
5. Reduce funding for building and household supplies and materials.	34,605
6. Reduce funding for contractual positions.	165,324
7. Reduce funding for overtime.	110,620
Total Reductions	\$ 406,892

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Direct Access to Driving Records and Emergency Contacts: The fiscal 2010 budget bill restricted funds from MVA pending a report to the budget committees on the requirements and costs to allow an individual to have instant access to his/her driving record through MVA's web site. The report also provided information in response to budget bill language expressing the intent of the General Assembly that an individual have the opportunity to provide three emergency contacts for his/her driver's license or personal identification card.

J00E00 – MDOT – Motor Vehicle Administration

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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 drivers;
- registering and titling vehicles;
- issuing tags and permits for persons with a disability;
- providing photo identification cards for nondriver 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 program.

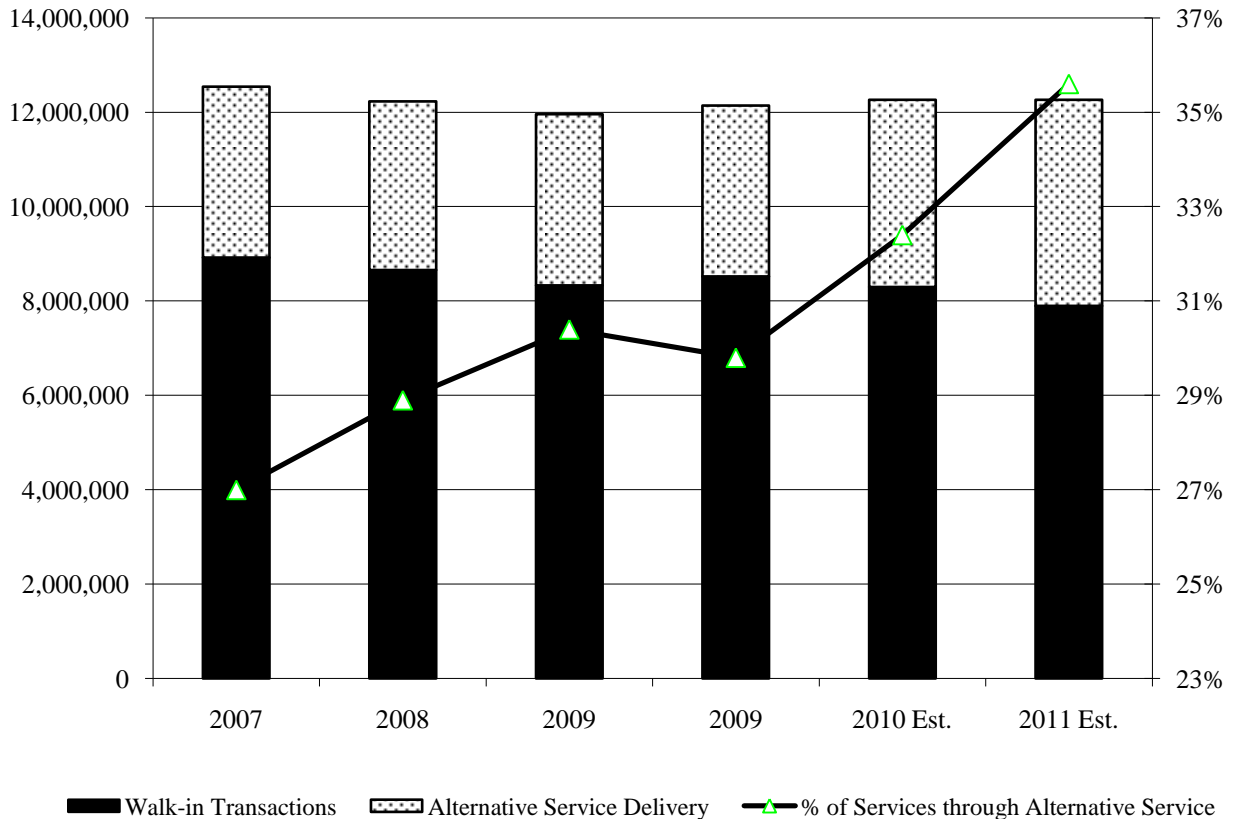
MVA serves customers through a network of branch offices, e-MVA facilities (kiosks and the Internet), a telephone call center, a mobile service center, and Vehicle Emissions Inspection Program (VEIP) stations.

Performance Analysis: Managing for Results

MVA's mission is "to provide efficient and courteous service." To meet this mission, one goal of MVA is to provide effective and efficient business processes. **Exhibit 1** displays the number of transactions that are performed in branch offices and provided through alternative service delivery transactions (*e.g.*, online transactions, MVA kiosks, mail-in, or telephone call center). Overall, total transactions declined in fiscal 2009 as vehicle purchases declined. Transactions are expected to begin to increase in fiscal 2010 and remain flat in fiscal 2011 even though the department is expecting growth in the titling tax due to growth in vehicle sales.

Since fiscal 2000, MVA has made significant information technology (IT) investments to increase the number of alternative transactions as a way to reduce customer wait times and improve the customer experience. As the chart shows, the number of branch office transactions has been declining; however, less than 30% of transactions were performed through alternative service delivery in fiscal 2009. Moving forward, the level of alternative transactions is expected to increase more rapidly than total transactions with rates of approximately 32% in fiscal 2010 and 35% in fiscal 2011. **The Department of Legislative Services (DLS) recommends that the department discuss why it believes alternative service delivery transactions will increase more rapidly than total transactions in the future.**

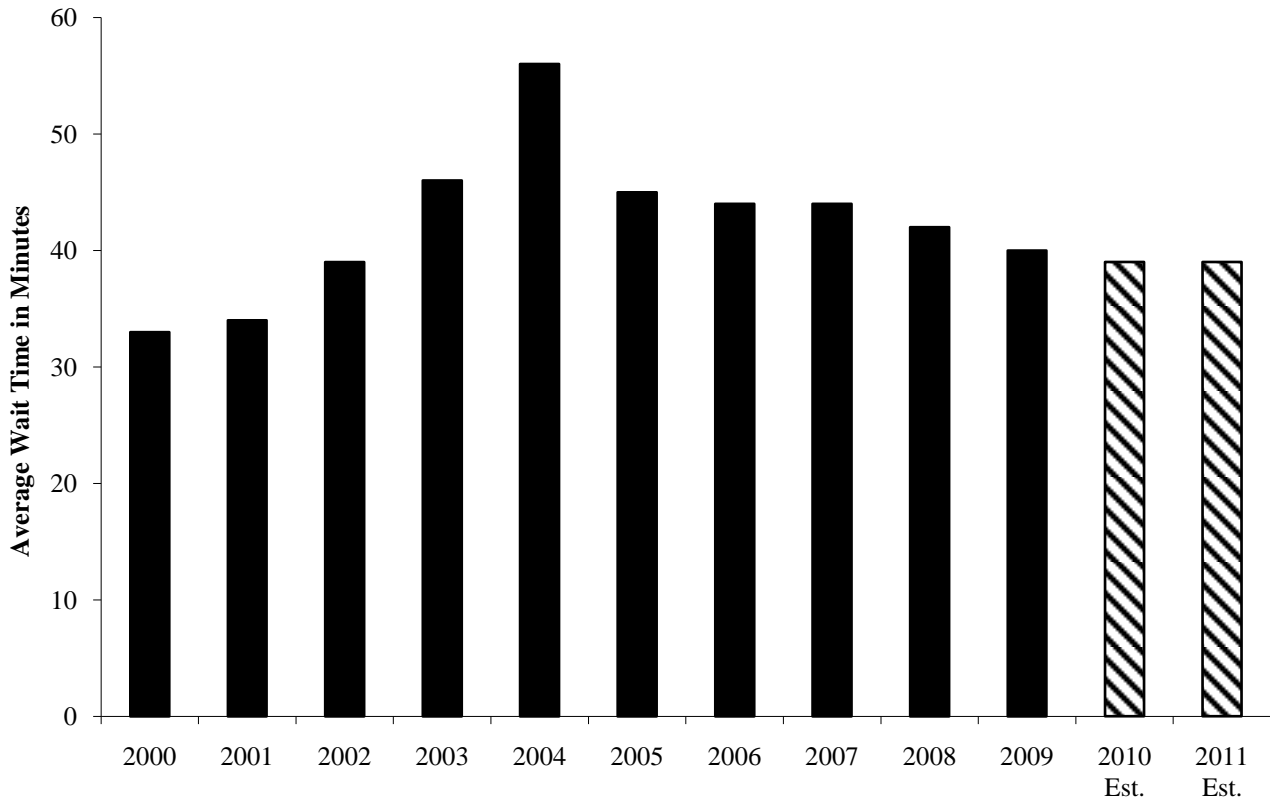
**Exhibit 1
Motor Vehicle Administration
Alternative Service Delivery Transactions
Fiscal 2007-2011**



Source: Motor Vehicle Administration

One goal of increasing alternative service delivery transactions is to reduce costs as well as customer wait times. **Exhibit 2** indicates that the average wait time for customers declined to 40 minutes in fiscal 2009 due to total transactions declining and the number of alternative transactions increasing. It is estimated that the average customer wait time will decrease to 39 minutes in fiscal 2010 and 2011 even with the reduction in contractual staff. Given the estimated increase in alternative transactions in fiscal 2010 and 2011, one would expect the average wait time to decrease. The fiscal 2010 and 2011 estimates for customer wait time are still higher than the fiscal 2000 average of 33 minutes. **DLS recommends that MVA discuss why the current wait time is still higher than the fiscal 2000 level, despite the recent investments in IT that are intended to drive down wait times. In addition, MVA should discuss why customer wait times are not decreasing further in fiscal 2011 if alternative delivery transactions are increasing.**

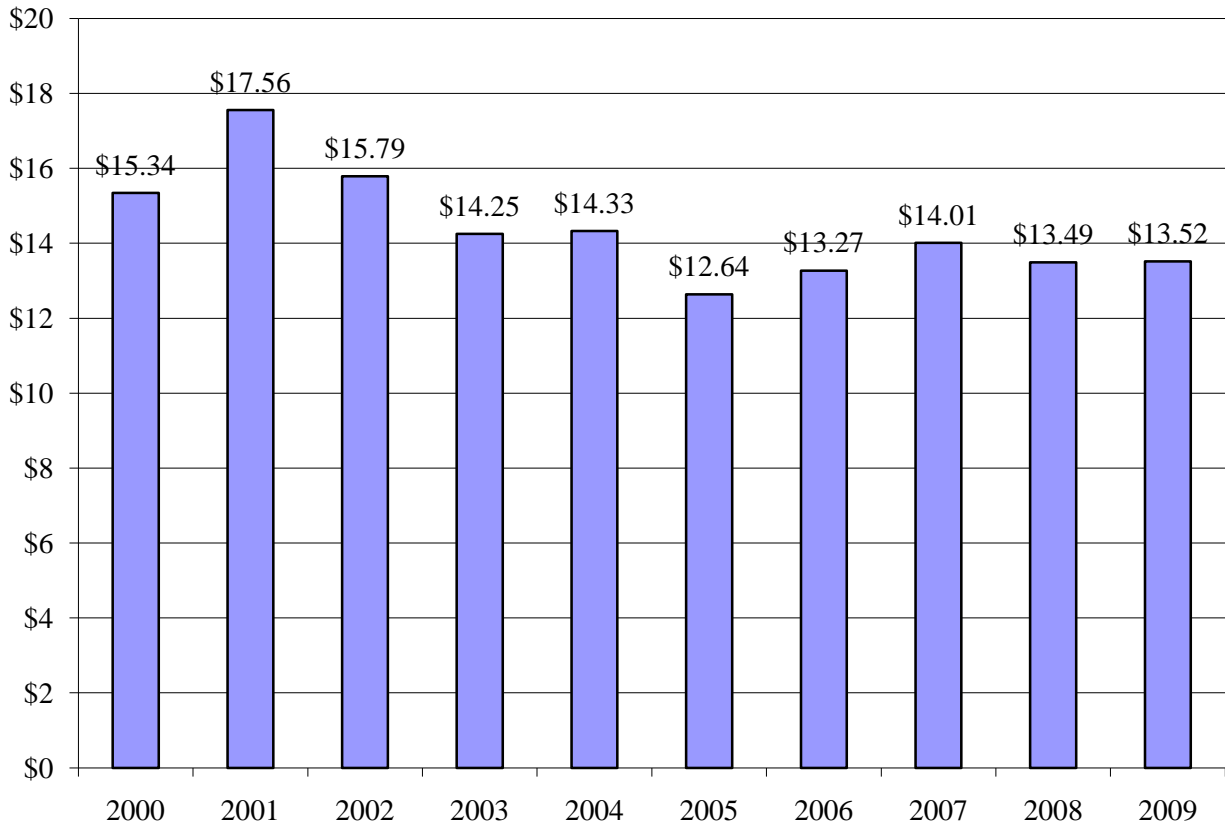
Exhibit 2
Average Customer Wait Time
Fiscal 2000-2011



Source: Motor Vehicle Administration

The 2010 attainment report notes that the cost per transaction for MVA is an indication of “whether MVA business practices and programs are increasingly cost-effective through the employment of better technology and operational practices.” The target goal for MVA is \$13.85 per transaction by fiscal 2012. As shown in **Exhibit 3**, the cost per transaction had steadily decreased from \$17.56 in fiscal 2001 to a low point of \$12.64 in fiscal 2005. The cost per transaction increased slightly in fiscal 2009 and was \$13.52 with MVA citing past investments in technology reducing the overall cost per transaction. **DLS recommends that the department discuss what impact the central issuance process and REAL-ID might have on this measure in the future.**

Exhibit 3
Operating Cost Per Transaction
Fiscal 2000-2009



Source: Motor Vehicle Administration

Fiscal 2010 Actions

Impact of Cost Containment

The MVA's operating budget was reduced by a net of \$7.7 million as a result of actions taken by the Board of Public Works (BPW). The reductions included the following:

- \$4.0 million in various administrative functions including a delay in the implementation of central issuance (\$2.4 million) and the elimination of State Police security services at various branch locations (\$1.0 million);

- \$1.8 million for the statewide furlough; and
- \$1.9 million for the reduction of 12 vacant positions.

Proposed Budget

The fiscal 2011 allowance increases \$14.5 million, or 9.7%, compared to the fiscal 2010 working appropriation. When adjusting for the estimated impact of the across-the-board actions proposed in the budget, the fiscal 2011 allowance increases \$12.1 million, or 8.1%, compared to fiscal 2010 as shown in **Exhibit 4**.

Impact of Cost Containment

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, DLS has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings which total \$2.4 million.

Personnel Expenditures

Personnel expenditures represent over 60% of MVA's budget. After adjusting for the estimated impact of the across-the-board actions included in the fiscal 2011 budget, personnel expenditures increase \$1.7 million. The largest increase is for the employee retirement system totaling \$1.2 million. Other major increases include an increase in turnover totaling \$0.4 million as a result of 12 positions being abolished as part of the August 2009 BPW reduction. Other major increases include an increase for health insurance and unemployment compensation. The major decreases include \$0.2 million in increments and other compensation due to the annualized savings from the 12 abolished positions in fiscal 2010.

Other Changes

The largest change in the MVA allowance is a \$12.3 million increase for an accounting change associated with VEIP. The fiscal 2010 budget bill had language directing the department to include the full cost of VEIP in the fiscal 2011 allowance. Other major increases include \$1.8 million for computer services related to eMVA and other computer programs and a \$0.1 million increase in the fee paid on credit card transactions.

Exhibit 4
Proposed Budget
MDOT – Motor Vehicle Administration
(\$ in Thousands)

How Much It Grows:	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Total</u>
2010 Working Appropriation	\$148,811	\$430	\$149,241
2011 Allowance	<u>163,557</u>	<u>177</u>	<u>163,734</u>
Amount Change	\$14,746	-\$253	\$14,493
Percent Change	9.9%	-58.9%	9.7%
 Contingent Reductions	 -\$2,389	 \$0	 -\$2,389
Adjusted Change	\$12,356	-\$253	\$12,103
Adjusted Percent Change	8.3%	-58.9%	8.1%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	373
Workers' compensation premium assessment	-166
Employee retirement	1,239
Unemployment compensation.....	125
Turnover adjustments.....	369
Other fringe benefit adjustments.....	-213

Other Changes

Vehicle Emissions Inspection Program showing the full cost of the contract	12,340
Computer services for eMVA and other services	1,763
Fee paid for credit card transactions	143
Administrative hearings	-1,368
Clerical and secretarial support as part of cost containment.....	-266
Contractual salaries due to cost containment	-687
Postage based upon actual usage	-379
Telephone expenditures as part of cost containment	-100
Security services due to cost containment	-82
Advertising since employment opportunities are now provided online.....	-66
Utilities based upon Department of Budget and Management instructions.....	-955

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Where It Goes:

Other	33
Total	\$12,103

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

Major decreases in the budget include:

- \$1.4 million in fees paid to the Office of Administrative Hearings;
- \$1.0 million in utilities based upon instructions for the Department of Budget and Management;
- \$0.7 million in contractual salaries due to the reduction of 24 contractual positions in the allowance;
- \$0.4 million in postage costs based upon actual expenditures; and
- \$0.3 million in clerical and secretarial support as part of cost containment.

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.

March 2009 Capital Reductions

In March 2009, the department submitted a revised financial forecast that reflected downward revisions to revenues. As a result of the revision to revenues, the department reduced its capital program. MVA's capital program was revised downward in the fiscal 2009 to 2011 period by \$14.8 million; however, the cash flow was moved into the fiscal 2012 to 2014 period. Most of the reductions were system preservation projects and included a number of branch office preservation projects.

Fiscal 2010 to 2015 Consolidated Transportation Program

The fiscal 2011 allowance provides \$23.3 million, a decrease of \$6.4 million compared to the fiscal 2010 working appropriation. As shown in **Exhibit 5**, a majority of the funding, \$17.0 million, is for system preservation projects. The largest major ongoing project is the e-MVA service delivery system, which provides for the development and implementation of MVA services through the Internet, kiosks, and telephone. The project totals \$2.2 million in fiscal 2011.

Exhibit 5
Major Ongoing Motor Vehicle Administration Projects
Fiscal 2011
(\$ in Thousands)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2011</u>	<u>Total Cost</u>
Statewide	e-MVA Service Delivery Systems	\$2,183	\$23,943
Statewide	System Preservation Minor Projects	16,978	Ongoing
Statewide	REAL-ID Act	2,433	6,303
Statewide	Capital Salaries	1,079	Ongoing
Statewide	Account Receivable System	75	1,588
Statewide	Title and Registration Information System 2	500	35,415
Total Major Projects and Capital Facilities		\$23,248	\$67,249

Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

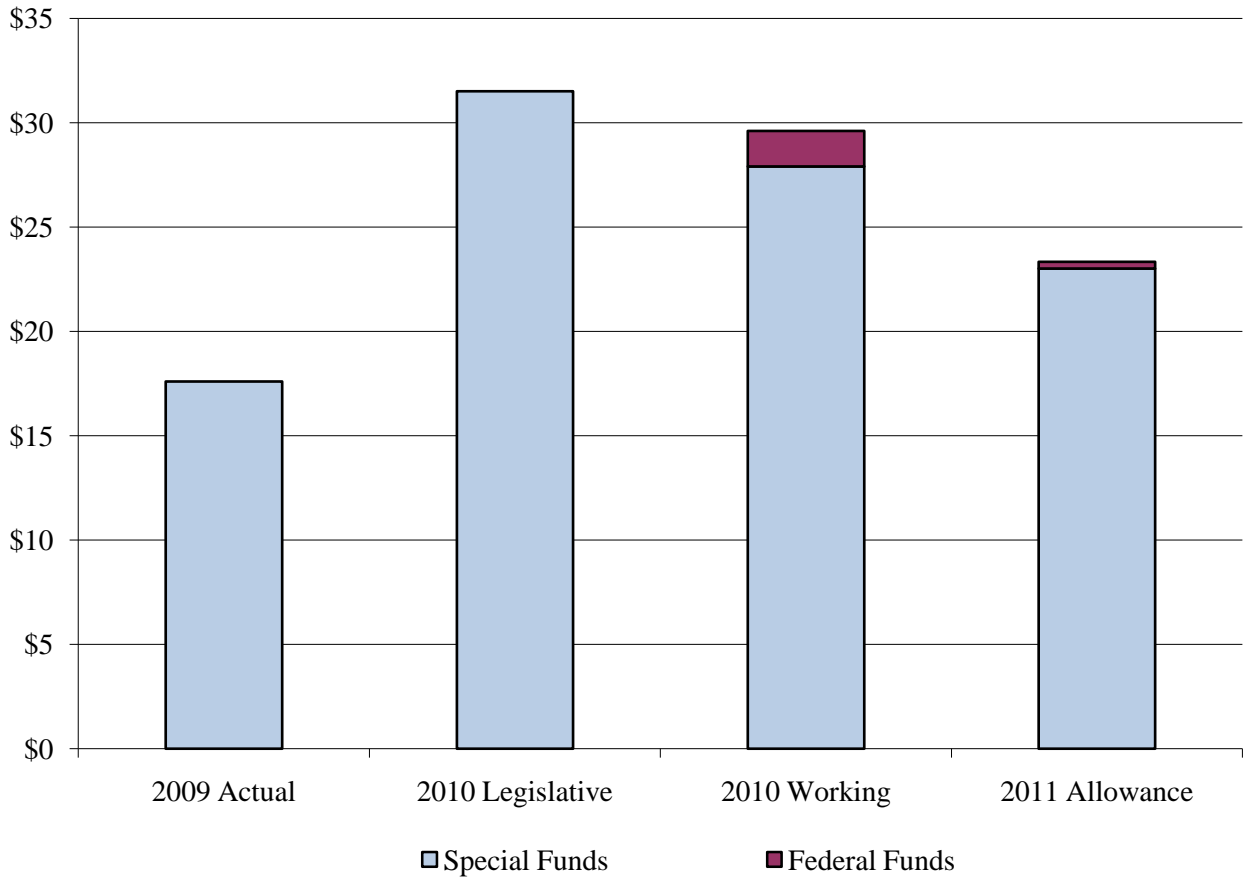
Fiscal 2010 and 2011 Cash Flow Analysis

The fiscal 2010 working appropriation is \$1.9 million less than the legislative appropriation as shown in **Exhibit 6**. The decrease is due to cash flow changes in a number of system preservation and minor projects, as well as March 2009 capital reductions that are offset by cash flow from fiscal 2009 being pushed into fiscal 2010. The fiscal 2011 allowance decreases by \$6.4 million due to a number of large system and minor projects ending in fiscal 2010.

Construction Schedule Delays

One project, the Title and Registration Information System 2, was delayed due to cost containment from fiscal 2011 to 2012.

Exhibit 6
Cash Flow Changes
Fiscal 2009-2011
(\$ in Millions)



Source: Maryland Department of Transportation, 2010-2015 *Consolidated Transportation Program*

Issues

1. REAL-ID and PASS-ID Activities

Background

The REAL-ID Act requires federal agencies to only accept state-issued driver's licenses and personal identification cards which have met certification standards by May 11, 2008. The Department of Homeland Security (DHS) promulgated regulations clarifying the Act's provisions in mid-January 2008. The final regulations provide states the opportunity to extend the timeline to implementation, provided that 18 benchmarks were met. States had until December 1, 2009, to apply for an extension that would run through May 11, 2011, but DHS extended the deadline indefinitely since almost all of the states were unable to complete the benchmarks. Maryland has met all of the benchmarks except one. The delay was due to a bid protest related to the procurement for central issuance.

By May 11, 2011, states will need to be determined to be fully compliant with REAL-ID. This will involve a statement indicating that compliance has been reached from the state, a letter from the state Attorney General confirming the state has the legal authority to impose the requirements necessary to meet the standards established, a description of the state's exception and waiver process, and the state's security plan.

To assist states in the enrollment process, DHS regulations provide the following:

- the enrollment of individuals born after December 1, 1964, must be completed on December 1, 2014; and
- all other individuals completed by December 1, 2017.

MVA Implementation Status

DHS regulations provided 18 benchmarks for states to meet for material compliance. One of the major issues confronting Maryland in its effort to implement REAL-ID had been that individuals were not required to be legal residents of the United States to obtain a driver's license or personal identification card. Chapter 390 of 2009 established a lawful status requirement in Maryland. Individuals that held a document for renewal on April 18, 2009, but did not have evidence of lawful status, or individuals whose identity did not match records in the MVA database as prescribed in federal regulations, could receive a document with the expiration date of July 1, 2015. The bill also requires MVA to develop a plan to address physical and other information security safeguards for MVA locations as required by federal regulations. Individuals who meet the federal requirements are eligible to hold their documents for five years or as long as they legally reside in the country. MVA indicates that the implementation of the legislation has gone smoothly.

MVA has also undertaken other steps to come into compliance with federal regulations. This includes developing an exception process to meet federal requirements, using existing databases to

confirm information before issuing products to applicants, and complying with State IT guidelines. MVA has also indicated that central issuance would be a key component of meeting some of the security requirements tied to REAL-ID; however, the procurement for central issuance has been temporarily delayed due to a bid protest and the biometric portion of driver's license has been delayed due to budget constraints.

Cost

MVA estimates the actual cost to implement REAL-ID to be between \$16.5 million and \$20.2 million, the same as the estimate that was provided in 2008. This is significantly less than initial estimates because MVA included central issuance and biometrics in prior cost estimates; however, these are not needed to comply with REAL-ID. MVA indicates that more reliable cost estimates will be developed once it has evaluated data after the legal presence law change. The *Consolidated Transportation Program (CTP)* shows total funding of \$6.3 million for a REAL-ID project. The department does expect to receive \$0.8 million in federal funds in fiscal 2010 to assist in implementing REAL-ID; however, the fiscal 2011 federal budget as presented does not include any funding for REAL-ID.

PASS-ID

In response to continued concerns about REAL-ID, on June 15, 2009, the Providing Additional Security in State's Identification Act of 2009 (PASS-ID) was introduced. The intent of PASS-ID is to repeal REAL-ID, but what it really attempts to do is eliminate or loosen some of the more costly technological requirements and address the privacy concerns associated with REAL-ID. For example, PASS-ID would still require individuals to show that they are legal residents of the United States. PASS-ID would also extend the timeline for when states must be prepared to finalize and fully implement changes to the driver's license, to December 2017.

Conclusion

MVA indicates that it is in material compliance with the federal benchmarks and that the implementation of Chapter 390 has gone smoothly. While the department's cost estimates have not changed, it is possible that costs may increase due to the changes associated with legal presence. Federal legislation has been introduced which would amend REAL-ID to address many of the cost and privacy concerns that have been expressed. **DLS recommends that MVA brief the budget committees on the implementation of REAL-ID and the impact of PASS-ID should it become law.**

2. Cost Recovery Exceeded 100% in Fiscal 2009

Background

Prior to 1992, MVA was required to recover up to 85% of its operating costs from miscellaneous fees. At the first special session of 1992, the requirement was changed to require

MVA to recover 85 to 90% of its operating costs, with operating costs defined as the operating budget and MVA's share of the data center operations. Chapter 203 of 2003, the Budget Reconciliation and Financing Act (BRFA) of 2003, modified the statute to require the MVA to recover 95% to 100% of its operating expenses through the fees it collects. During the 2004 session, as part of the bill to increase registration fees, a provision was added that required the six-year average for capital expenses (as shown in the CTP) to be included in the cost recovery calculation. In addition, Chapter 430 of 2004, the BRFA of 2004, required MVA to alter fees if the projected cost recovery exceeds 100%.

Cost Recovery in Fiscal 2009 and Moving Forward

In fiscal 2009, MVA's cost recovery rate was 105.6%. MVA indicates that the reason for cost recovery exceeding the statutory limit was because of legislative and BPW reductions. Statute provides that MVA does not need to lower its miscellaneous fees if legislative reductions cause the cost recovery rate to exceed 100%; however, there is no mention of BPW reductions or internal cost containment. In its financial forecast, the department shows cost recovery below the 100% limit in fiscal 2010 with no reduction in fees planned. For fiscal 2011, and the rest of the forecast period, the cost recovery rate is below 100%; however, the financial forecast does not account for the contingent reductions included in the fiscal 2011 budget.

Altering Cost Recovery

As noted the cost recovery calculation provides an exemption for legislative reductions but not BPW reductions. In addition, the cost recovery calculation does not account for VEIP expenditures and revenues even though both are reflected in the financial forecast as revenues and spending. To provide flexibility to the department as well as clarity in the calculation, the following alterations to the formula could be made.

Count VEIP Expenditures and Revenues Toward the Calculation: Currently, VEIP revenues and fees are not part of the cost recovery calculation. By including VEIP revenues and spending in the calculation, the statutory fee for VEIP could be stricken, and the fee could be set administratively to more closely align the fee to the cost of the new contract approved in calendar 2009.

Allow for Cost Recovery to Be from 95 to 105%: The current statute does not allow for spending in the formula to exceed revenues. This creates a scenario where spending in one year may be higher than the limit causing fees to be increased, and the next year revenues are too high and need to be reduced. Instead of having volatility in the fee structure, a corridor method could be adopted that would allow for greater flexibility. For example, the cost recovery rate could be set from 95 to 105% to allow for one-time legislative reductions or fee increases that would be offset by increased expenditures over time.

Eliminate Exemptions for Legislative Reductions: If a corridor is allowed for the cost recovery calculation, then the exemption for legislative reductions would not be required.

DLS recommends that the department discuss its view of the proposed changes to the MVA cost recovery calculation. In addition, DLS recommends that legislation be introduced that would change the calculation to include VEIP revenues and spending, provide for the cost recovery calculation to be set at a range between 95 to 105% of costs, and eliminate the exemption for legislative reductions.

Operating Budget Recommended Actions

1. Add the following language to the special fund appropriation:

. provided that funding for district branch offices is reduced by \$903,000 and the department shall allocate the reduction as necessary to recognize the savings from closing branch offices one day between Monday and Friday.

Explanation: In the early 1990s, when transportation revenue had declined dramatically, a policy decision was made to close branch offices one day a week to save money. The MVA is open Monday thru Friday and a half day on Saturdays. This action would reduce the appropriation to recognize the savings from closing the branch offices one weekday during the fiscal year.

	<u>Amount Reduction</u>	
2. Reduce maintenance and repair for vehicles. The fiscal 2011 allowance increases \$36,502 for maintenance and repair to vehicles based upon fiscal 2009 actual expenditures. This reduction would reduce spending to the fiscal 2010 working appropriation.	\$ 36,502	SF
3. Reduce funding for janitorial services. The fiscal 2011 allowance increases \$38,900 for janitorial services based upon fiscal 2009 actual expenditures. This action would reduce spending equal to the fiscal 2010 working appropriation.	38,900	SF
4. Reduce funding for grounds maintenance. The fiscal 2011 allowance increases \$20,941 to reflect fiscal 2009 actual spending. This reduction would provide funding equal to the fiscal 2010 working appropriation.	20,941	SF
5. Reduce funding for building and household supplies and materials. This action would reduce funding for building and supplies and materials to actual fiscal 2009 expenditures.	34,605	SF

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6.	Reduce funding for contractual positions. This action would provide funding equal to the fiscal 2009 actual level of contractual positions.	165,324	SF
7.	Reduce funding for overtime. This action would provide funding equal to the fiscal 2009 actual level.	110,620	SF
Total Special Fund Reductions		\$ 406,892	

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Direct Access to Driving Records and Emergency Contacts

The fiscal 2010 budget bill restricted \$250,000 in special funds from MVA Motor Vehicle Operations, pending a report to the budget committees on the requirements and costs to allow an individual to have instant access to his/her driving record through MVA's web site. The report also provided information in response to budget bill language expressing the intent of the General Assembly that an individual have the opportunity to provide three emergency contacts for his/her driver's license or personal identification card. Following is a summary of the report.

Direct Access Driving Records

Current Process

Currently, MVA allows individuals to request their certified or noncertified driving record through the MVA web site, a MVA kiosk, or at a branch office. To access their driving record through the web site or kiosk, an individual must input his/her license number, date of birth, and appropriate payment, and then the record is mailed to them. If an individual wants instant access to his/her records, a four-digit personal identification number (PIN) is required. To obtain a PIN an individual needs to request one from MVA, which then mails it to the individual. This can take five to seven days.

Requirements for Direct Access to Driving Records

MVA indicated that there are a number of requirements that need to be satisfied to allow for instant access to driving records. These would include the following:

- Currently, the MVA mainframe does not produce a driving record that contains probation before judgment records. The Transportation Article limits to whom probation before judgment records may be released, including other state motor vehicle administrations, the United States Department of Transportation, the current or prospective employers of commercial driver's licenses, the courts, criminal justice agencies, and the defendant's lawyer. For MVA to release the information to a defendant, there would need to be a process to authenticate that the individual requesting the information met the statutory requirement.
- The MVA system would need to be able to retrieve an individual's driving record on demand when the customer requests the information.
- The system would need to require an individual to enter his/her driver's license number, date of birth, four-digit PIN, and an e-mail address. The individual would create a PIN that MVA would then need to match to their records. An e-mail would then be sent to the individual verifying that the PIN had been accepted and the system was updated.

- The system would also need to determine if there are any flags on the driving record that would affect the delivery of the driver's record.

Estimated Cost and Timeline

MVA estimates that the time to implement the project would be three months from the notice to proceed to the vendor. The development dates are contingent upon the completion of the existing updates underway to the kiosk and web site. The total cost of the project is estimated to be \$65,000.

Emergency Contact Information

The fiscal 2010 budget bill language also expressed the intent that MVA allow for an applicant for a driver's license or personal identification card to identify up to three emergency contacts. While not required, MVA also provided information on the process for individuals to provide contact information in this report. Following is a summary.

Current Process

MVA does not have a process in place to electronically collect the data required for the emergency contact process. To address this issue, MVA has worked with State Police and the Maryland Hospital Association to develop an emergency contact card that can be carried in a wallet. The emergency contact card is available on the MVA web site and in branch offices.

Requirements for Emergency Contact Information

MVA did lay out a number of requirements that would need to be changed to allow for emergency contact information to be added electronically. These would include the following:

- information would need to be collected via the web and/or kiosk application where the individual could input the emergency contact information;
- to properly link the emergency contact information, an individual would need to provide personal information including a driver's license number; and
- MVA's system would need to be updated to allow for the storage of this information as well as the ability to verify the information.

Estimated Cost and Timeline

MVA estimates that the time to implement the project would be five months from the notice to proceed to the vendor. The development dates are contingent upon the completion of the existing updates to the kiosk and the web site. The total cost of the project is estimated to be \$140,000.

Conclusion

With upgrades to the MVA mainframe system, a process could be created to allow for the direct access to drivers' records, including probation before judgment, through the MVA web site and/or kiosks. The cost of the upgrades would be \$65,000, and once the planned upgrades to the MVA system are made, it would take three months to complete. Upgrades to the MVA system, totaling \$140,000 and taking six months to complete, could also be made to allow for individuals to add three emergency contacts to their licenses or identification cards.

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 2009					
Legislative Appropriation	\$0	\$154,653	\$177	\$0	\$154,830
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	-2,897	146	0	-2,751
Cost Containment	0	-1,502	0	0	-1,502
Reversions and Cancellations	0	-2,462	-9	0	-2,471
Actual Expenditures	\$0	\$147,792	\$314	\$0	\$148,106
Fiscal 2010					
Legislative Appropriation	\$0	\$156,518	\$177	\$0	\$156,695
Cost Containment	0	-7,707	253	0	-7,454
Budget Amendments	0	0	0	0	0
Working Appropriation	\$0	\$148,811	\$430	\$0	\$149,241

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

Fiscal 2009

Actual fiscal 2009 expenditures totaled \$148.1 million, a decrease of \$6.7 million compared to the legislative appropriation. Special fund budget amendments withdrew a net of \$2.9 million for the following purposes:

- \$1.8 million increase for the statewide 2% cost-of-living-adjustment; and
- \$4.7 million decrease due to cost containment across the department, particularly for contractual services and IT-related services.

Special fund cost containment by BPW totaled \$1.5 million with \$0.9 million for the statewide furlough and \$0.6 million for the withdrawal of overbudgeted health insurance funds.

Special fund cancellations totaled \$2.5 million, with \$1.8 million for Other Post Employment Benefits that were cancelled since the funds were not removed by budget amendment, and \$0.7 million in reduced expenditures for contractual and temporary employees and associated fringes.

Federal fund budget amendments increased the appropriation by \$146,000 for several federal aid programs to promote vehicle and driving safety.

Federal fund cancellations totaled \$9,000 for a delay in the computer program for commercial driver's license kiosk testing.

Fiscal 2010

The fiscal 2010 allowance decreases approximately \$7.5 million from the legislative appropriation. Reductions for various operating expenditures taken by BPW totaled a net of \$7.7 million. Federal funds increased approximately \$0.2 million to fund IT improvements.

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1600.50	1584.50	1584.50	0	0%
02 Contractual	86.83	114.11	90.35	-23.76	-20.8%
Total Positions	1687.33	1698.61	1674.85	-23.76	-1.4%
Objects					
01 Salaries and Wages	\$ 97,283,505	\$ 97,780,598	\$ 101,926,365	\$ 4,145,767	4.2%
02 Technical and Spec. Fees	4,460,930	4,609,876	3,659,979	-949,897	-20.6%
03 Communication	5,562,227	6,150,763	5,672,018	-478,745	-7.8%
04 Travel	188,432	190,888	153,884	-37,004	-19.4%
06 Fuel and Utilities	2,593,480	3,338,816	2,333,680	-1,005,136	-30.1%
07 Motor Vehicles	601,925	438,486	542,830	104,344	23.8%
08 Contractual Services	30,798,174	30,279,023	42,845,818	12,566,795	41.5%
09 Supplies and Materials	1,109,000	1,046,463	1,035,929	-10,534	-1.0%
10 Equipment – Replacement	87,995	57,068	50,967	-6,101	-10.7%
11 Equipment – Additional	22,108	51,506	39,554	-11,952	-23.2%
12 Grants, Subsidies, and Contributions	55,513	90,000	55,513	-34,487	-38.3%
13 Fixed Charges	5,342,590	5,207,404	5,417,059	209,655	4.0%
Total Objects	\$ 148,105,879	\$ 149,240,891	\$ 163,733,596	\$ 14,492,705	9.7%
Funds					
03 Special Fund	\$ 147,792,448	\$ 148,811,302	\$ 163,557,096	\$ 14,745,794	9.9%
05 Federal Fund	313,431	429,589	176,500	-253,089	-58.9%
Total Funds	\$ 148,105,879	\$ 149,240,891	\$ 163,733,596	\$ 14,492,705	9.7%

Note: The fiscal 2010 appropriation does not include deficiencies.

Fiscal Summary
MDOT – Motor Vehicle Administration

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
1010 Administration	\$ 38,840,733	\$ 40,148,578	\$ 39,834,926	-\$ 313,652	-0.8%
1020 Operations	54,815,334	54,786,466	55,620,571	834,105	1.5%
1030 Driver and Vehicle Policies and Programs	28,177,736	27,849,902	27,202,900	-647,002	-2.3%
1040 Vehicle Inspection Programs	6,933,562	5,748,628	18,580,784	12,832,156	223.2%
1050 Motorcycle Safety Program	528,927	475,843	432,876	-42,967	-9.0%
1060 Insurance Compliance Division	3,376,656	3,419,666	3,545,022	125,356	3.7%
1070 Office Of Information Resources	15,432,931	16,811,808	18,516,517	1,704,709	10.1%
3010 Unknown Title	15,029,329	27,896,873	19,973,116	-7,923,757	-28.4%
0610 Electronic Lein, Title and Registration System	0	0	500,000	500,000	0%
0626 Unknown Title	314,825	146,000	0	-146,000	-100.0%
0646 Accounts Receivable Flag Fee Processing	772,851	292,000	75,000	-217,000	-74.3%
0656 Unknown Title	395,441	250,000	0	-250,000	-100.0%
0657 Unknown Title	1,120,083	1,028,000	1,200,000	172,000	16.7%
0684 Unknown Title	0	0	1,500,000	1,500,000	0%
Total Expenditures	\$ 165,738,408	\$ 178,853,764	\$ 186,981,712	\$ 8,127,948	4.5%
Special Fund	\$ 165,424,977	\$ 176,732,020	\$ 186,482,336	\$ 9,750,316	5.5%
Federal Fund	313,431	2,121,744	499,376	-1,622,368	-76.5%
Total Appropriations	\$ 165,738,408	\$ 178,853,764	\$ 186,981,712	\$ 8,127,948	4.5%

Note: The fiscal 2010 appropriation does not include deficiencies.

Budget Amendments for Fiscal 2010
Maryland Department of Transportation
Motor Vehicle Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	-\$3,504,228	Special	August 2009 BPW reduction
Pending	-4,202,778	Special	November 2009 BPW reduction
	<u>93,583</u>	Federal	
	-4,109,195	Total	
Pending	253,089	Federal	Additional federal funds are needed to fund IT improvements in Motor Vehicle Operations
Total	-\$7,360,334		

BPW: Board of Public Works
IT: information technology

Source: Maryland Department of Transportation

Budget Amendments for Fiscal 2010
Maryland Department of Transportation
Motor Vehicle Administration – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	-\$119,596	Special	August 2009 BPW reductions
Pending	-3,575,688	Special	Adjusts the working appropriation to conform to the final <i>Consolidated Transportation Program</i>
	<u>1,692,155</u>	Federal	
	-1,883,533	Total	
Total	-\$2,003,129		

BPW: Board of Public Works

Source: Maryland Department of Transportation