

J00E00
Motor Vehicle Administration
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

| | <u>FY 12 Actual</u> | <u>FY 13 Working</u> | <u>FY 14 Allowance</u> | <u>FY 13-14 Change</u> | <u>% Change Prior Year</u> |
|--------------------------------------|-------------------------|--------------------------|----------------------------|----------------------------|--------------------------------|
| Special Fund | \$161,180 | \$163,577 | \$167,973 | \$4,396 | 2.7% |
| Contingent & Back of Bill Reductions | 0 | 0 | -289 | -289 | |
| Adjusted Special Fund | \$161,180 | \$163,577 | \$167,684 | \$4,107 | 2.5% |
| Federal Fund | 150 | 7,532 | 18,135 | 10,603 | 140.8% |
| Adjusted Federal Fund | \$150 | \$7,532 | \$18,135 | \$10,603 | 140.8% |
| Adjusted Grand Total | \$161,329 | \$171,109 | \$185,819 | \$14,711 | 8.6% |

- The fiscal 2014 allowance for the Motor Vehicle Administration (MVA) increases by \$14.7 million, or 8.6%, over the current year working appropriation. Special funds grow by \$4.1 million (2.5%), and federal funds increase by \$10.6 million (140.8%). The federal fund increase is attributable to new pass-through grants to the State Highway Administration (SHA) and to local governments for driving while intoxicated prevention and enforcement.

PAYGO Capital Budget Data

(\$ in Thousands)

| | <u>Fiscal 2012 Actual</u> | <u>Fiscal 2013 Legislative</u> | <u>Fiscal 2013 Working</u> | <u>Fiscal 2014 Allowance</u> |
|--------------|-------------------------------|------------------------------------|--------------------------------|----------------------------------|
| Special | \$12,457 | \$23,805 | \$23,435 | \$26,143 |
| Federal | \$57 | \$354 | \$357 | \$303 |
| Total | \$12,514 | \$24,159 | \$23,792 | \$26,446 |

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

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J00E00 – MDOT – Motor Vehicle Administration

- The fiscal 2013 working appropriation is lower than the legislative appropriation by a net \$367,000, comprising an increase of \$0.7 million for the Alternate Service Delivery project, offset by a \$1.2 million reduction in system preservation and minor project funding.
- The fiscal 2014 allowance is higher than the current year working appropriation by a net \$2.6 million, comprising reductions for the Real ID project (\$51,000) and the Alternate Service Delivery project (\$951,000), offset by increases for development and evaluation of MVA systems modernization, known as Project Core (\$926,000) and for system preservation and minor project funding (\$2.8 million).

Operating and PAYGO Personnel Data

| | <u>FY 12</u> <u>Actual</u> | <u>FY 13</u> <u>Working</u> | <u>FY 14</u> <u>Allowance</u> | <u>FY 13-14</u> <u>Change</u> |
|------------------------------------|---|--|--|--|
| Regular Operating Budget Positions | 1,561.50 | 1,571.00 | 1,574.00 | 3.00 |
| Regular PAYGO Budget Positions | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Total Regular Positions | 1,561.50 | 1,571.00 | 1,574.00 | 3.00 |
| | | | | |
| Operating Budget FTEs | 66.97 | 85.21 | 84.21 | -1.00 |
| PAYGO Budget FTEs | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Total FTEs | 66.97 | 85.21 | 84.21 | -1.00 |
| | | | | |
| Total Personnel | 1,628.47 | 1,656.21 | 1,658.21 | 2.00 |

Vacancy Data: Regular Positions

| | | |
|---|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 46.97 | 2.99% |
| Positions and Percentage Vacant as of 12/31/12 | 60.50 | 3.85% |

- The fiscal 2014 allowance includes 3 new regular positions representing contractual conversions. Two of the positions are associated with the new Electronic Lien Services which will handle the electronic issuance of titles and the recording and releasing of security liens. The remaining position will handle the additional transactions related to the new titling, registration, and insurance requirements imposed on mopeds and scooters by Chapter 211 of 2012.
- Operating budget full-time equivalents (FTE) decrease by a net of 1 in the allowance. The conversion of 3 FTEs to regular positions is partially offset by 2 new contractual FTEs to assist with the new moped and scooter requirements imposed by Chapter 211.

Analysis in Brief

Major Trends

Efficient and Effective Business Practices: MVA has steadily increased the percentage of transactions made by alternative delivery methods and was just short of its goal of 40% of all transactions in fiscal 2012. In fiscal 2011 and 2012, MVA met its goal of maintaining per transaction costs at or below \$14.00.

Exemplary Customer Service: Since 2009 MVA has met or exceeded its goal of 40 minutes or less average customer wait time.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

MVA Issues Interim Report on Analysis of Issues Related to Older Drivers: The 2012 *Joint Chairmen's Report* requested that MVA analyze issues related to older drivers and submit an interim report by January 1, 2013, and a final report by January 1, 2014. The interim report was submitted on December 13, 2012, and found that older drivers as a unique segment of the driving population do not pose a significant safety risk. MVA will include a review of national research related to older drivers and will evaluate potential changes to current processes.

Maryland Is One of 13 States Meeting REAL ID Standards: On December 20, 2012, the Department of Homeland Security announced that 13 states, including Maryland, had met the standards of the REAL ID Act.

J00E00
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 stations.

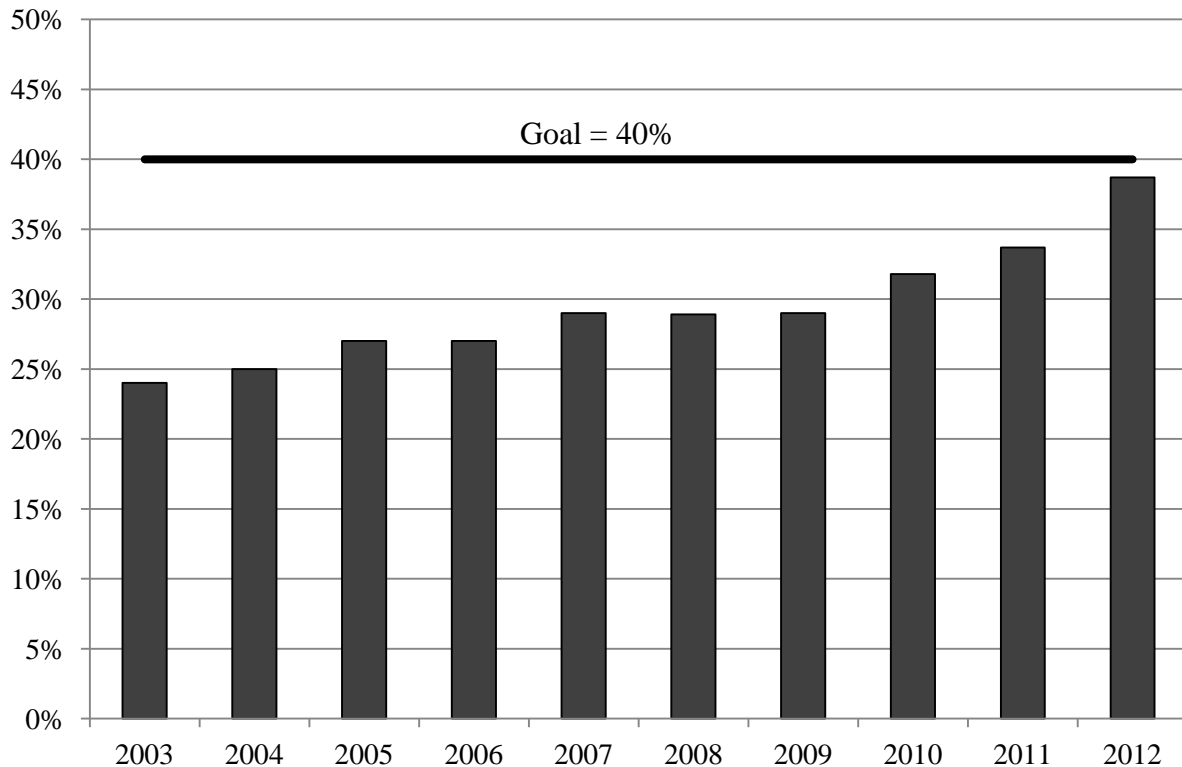
Performance Analysis: Managing for Results

1. Efficient and Effective Business Practices

MVA's mission is to "...provide exemplary driver and vehicle services that promote Maryland's mobility and safety while enhancing process and product security." As part of the effort to accomplish this mission, one goal of MVA is to use effective and efficient business processes. One component of efficiency is the use of alternative service delivery transactions – defined as transactions performed online, at MVA kiosks, by mail, or via the telephone call center.

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. The department has developed a goal that 40% of all transactions should be completed through alternative means. As shown in **Exhibit 1**, MVA has been steadily increasing the percent of alternative delivery transactions. In fiscal 2012, transactions completed by alternative delivery methods accounted for 38.7% of all transactions.

Exhibit 1
Motor Vehicle Administration
Alternative Service Transactions as Percent of All Transactions
Fiscal 2003-2012



Source: Motor Vehicle Administration

Certain services are more likely to be accessed using an alternative service delivery option. In fiscal 2012, 86.9% of registration renewals and 57.6% of new titles were submitted via an alternative service delivery method.

The cost per transaction for MVA is another indicator of the efficiency and effectiveness of its business practices. MVA strives to reduce its cost per transaction through the use of better technology and operational practices. Its goal in this regard is to keep per transaction costs at or below \$14.00. As shown in **Exhibit 2**, MVA kept per transaction costs below the \$14.00 level for fiscal 2011 and 2012 after several years in which costs exceeded the goal.

Exhibit 2
Operating Cost Per Transaction
Fiscal 2003-2012

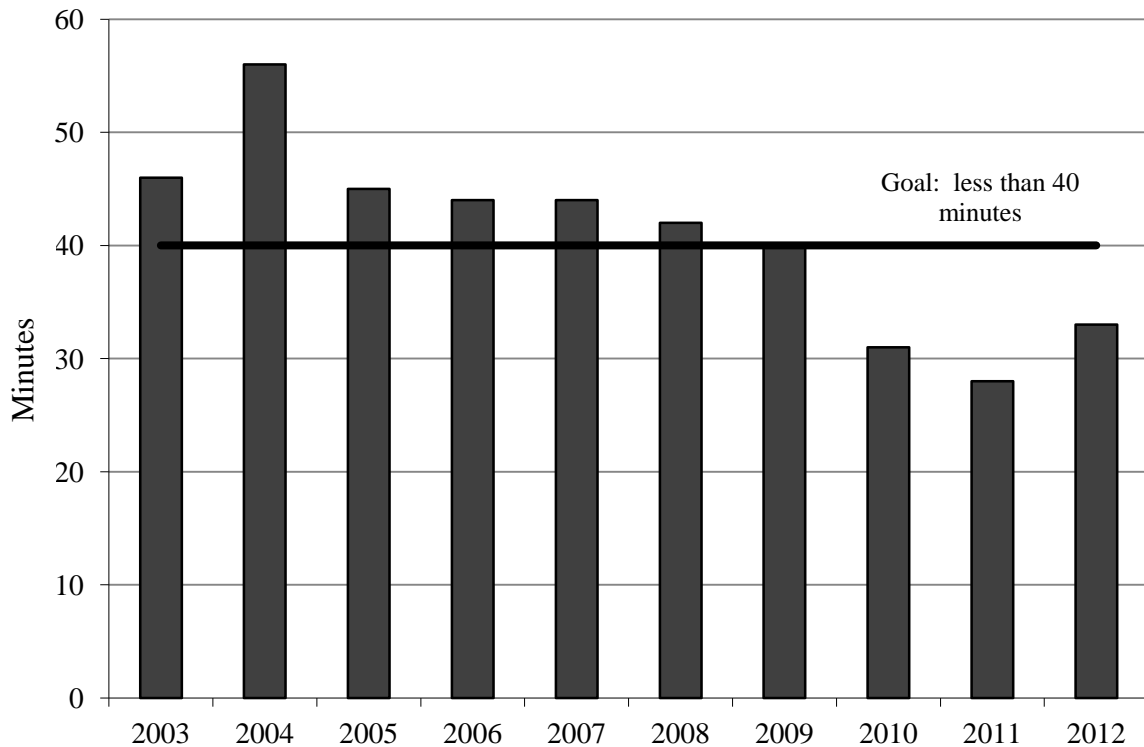


Source: Motor Vehicle Administration

2. Exemplary Customer Service

One objective for meeting the goal of providing exemplary customer service is to keep the average customer wait time at MVA branch offices at 40 minutes or less. **Exhibit 3** shows the performance for this measure for fiscal 2003 through 2012. MVA did not meet its goal during fiscal 2003 through 2008 but has met or exceeded the goal each year since fiscal 2009. The average wait time increased from fiscal 2011 to 2012, and MVA expects wait time to increase slightly in the coming years due to reductions in staffing combined with an increase in the complexity of in-branch transactions.

Exhibit 3
Average Customer Visit
Fiscal 2003-2012
(Average Wait Time in Minutes)



Source: Motor Vehicle Administration

Proposed Budget

As shown in **Exhibit 4**, the fiscal 2014 allowance for MVA increases by \$14.7 million over the current year working appropriation.

Personnel

Personnel expenses increase by a net \$3.7 million, with retirement contributions comprising the largest area of increase (\$1.9 million) due to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform. Other areas of increase include health insurance contributions (\$1.1 million), annualization of the general salary increase (\$0.8 million), and decreased turnover (\$0.8 million.)

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

| How Much It Grows: | Special Fund | Federal Fund | Total |
|----------------------------|-------------------------|-------------------------|----------------|
| 2013 Working Appropriation | \$163,577 | \$7,532 | \$171,109 |
| 2014 Allowance | <u>167,973</u> | <u>18,135</u> | <u>186,108</u> |
| Amount Change | \$4,396 | \$10,603 | \$14,999 |
| Percent Change | 2.7% | 140.8% | 8.8% |
| Contingent Reductions | -\$289 | \$0 | -\$289 |
| Adjusted Change | \$4,107 | \$10,603 | \$14,711 |
| Adjusted Percent Change | 2.5% | 140.8% | 8.6% |

Where It Goes:

Personnel Expenses

| | |
|---|---------|
| Retirement contributions | \$1,866 |
| Employee and retiree health insurance (net of across-the-board savings reduction) | 1,104 |
| Annualized general salary increase | 807 |
| Turnover adjustments..... | 777 |
| New positions – 3 contractual conversions | 145 |
| Additional assistance..... | -13 |
| Overtime..... | -94 |
| Reset vacant position salaries to base | -414 |
| Workers’ compensation premium assessment | -431 |

Administration

| | |
|--|-----|
| Temporary clerical/secretarial support..... | 922 |
| Postage | 409 |
| Computer/software maintenance..... | 256 |
| Contractual position salaries | 212 |
| Vehicle purchase (3 sedans, 6 vans, and 1 pickup)..... | 198 |
| Data processing supplies | 117 |
| Vehicle fuel and maintenance | 50 |
| Telecommunications | -41 |
| Non-Department of General Services rent..... | -65 |

J00E00 – MDOT – Motor Vehicle Administration

Where It Goes:

| | |
|---|------|
| Fuel and utilities based on fiscal 2012 actual..... | -179 |
| Building maintenance and janitorial contracts | -414 |
| Data processing contractual services..... | -455 |
| Security services contracts | -656 |

Highway Safety Office

| | |
|---|-----------------|
| Federal pass-through grant to State Highway Administration for DWI enforcement/prevention | 5,959 |
| Federal pass-through grant to local jurisdictions for DWI enforcement/prevention..... | 3,973 |
| Consultant contractual services with universities | 1,039 |
| Office supplies | 42 |
| Temporary clerical/secretarial support..... | -239 |
| Other Changes..... | -164 |
| Total | \$14,711 |

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

Administration

General administration funding increases by a net \$354,000, with increases in temporary clerical/secretarial support (\$0.9 million) and postage (\$0.4 million) partially offset by decreases in security services (\$0.7 million), data processing (\$0.5 million), and building maintenance and janitorial (\$0.4 million) contractual services.

Highway Safety Office

The fiscal 2014 allowance for the Highway Safety Office increases by a net \$10.8 million. Federal pass-through grants to the State Highway Administration and local jurisdictions for driving while intoxicated prevention and enforcement programs account for \$9.9 million of this increase. Consultant contracts for university research add \$1.0 million.

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 2013 to 2018 Consolidated Transportation Program

The fiscal 2014 allowance totals \$26.4 million, an increase of \$2.7 million compared to the fiscal 2013 working appropriation. As shown in **Exhibit 5**, a majority of the funding is for system preservation and minor projects. The largest major ongoing project is the alternative service delivery systems project which includes the design and implementation of electronic delivery of MVA services through the Internet, kiosks, and telephone Interactive Voice Response systems. The project totals \$1.1 million in fiscal 2014.

Exhibit 5
Motor Vehicle Administration PAYGO Capital Projects
Fiscal 2014
(\$ in Thousands)

| <u>Jurisdiction</u> | <u>Project Description</u> | <u>2014</u> | <u>Total Cost</u> | <u>Six-Year Total</u> |
|-------------------------------------|--|-----------------|-------------------|-----------------------|
| Projects | | | | |
| Statewide | REAL-ID Act | \$569 | \$4,307 | \$1,457 |
| Statewide | Alternative Service Delivery Systems | 1,054 | 21,537 | 6,725 |
| Statewide | D&E: Project Core | 2,462 | 4,314 | 3,998 |
| Subtotal – Projects | | \$4,085 | \$30,158 | \$12,180 |
| Ongoing | | | | |
| Statewide | System Preservation and Minor Projects | \$21,261 | n/a | \$90,120 |
| Statewide | Capital Salaries | 1,100 | n/a | 7,000 |
| Subtotal – Ongoing | | \$22,361 | -- | \$97,120 |
| Total – Projects and ongoing | | \$26,446 | \$30,158 | \$109,300 |

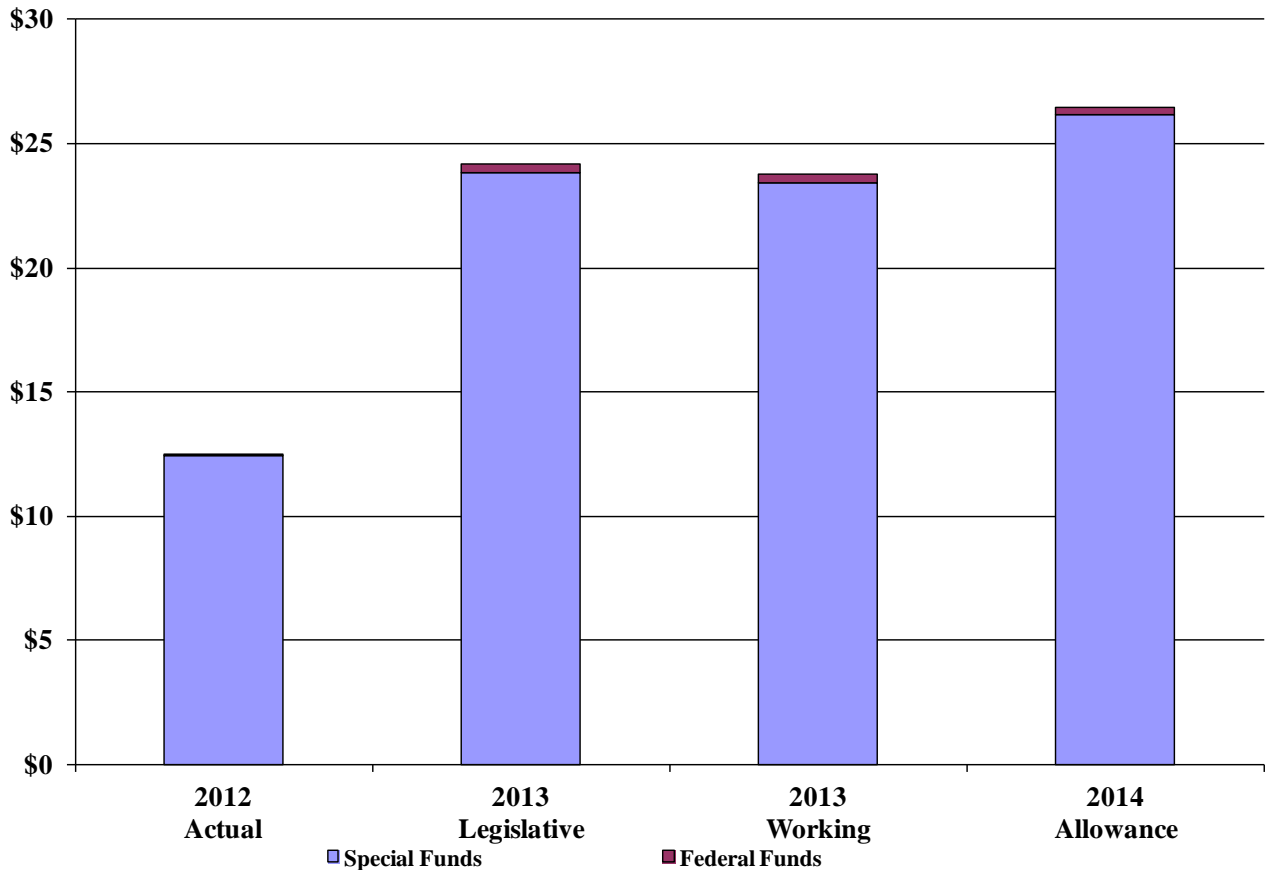
D&E: Development and Evaluation

Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Fiscal 2013 and 2014 Cash Flow Analysis

Exhibit 6 shows the changes in MVA’s PAYGO capital funding between fiscal 2012 and 2014. The fiscal 2013 working appropriation is lower than the legislative appropriation by a net \$367,000, comprising an increase of \$0.7 million for the Alternate Service Delivery project offset by a \$1.2 million reduction in system preservation and minor project funding. The fiscal 2014 allowance is higher than the current year working appropriation by a net \$2.7 million, comprising reductions for the Real ID project (\$51,000) and the Alternate Service Delivery project (\$951,000) offset by increases for development and evaluation of MVA systems modernization, known as Project Core (\$926,000) and for system preservation and minor project funding (\$2.8 million).

Exhibit 6
Cash Flow Changes
Fiscal 2012-2014
 (\$ in Millions)



Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. MVA Issues Interim Report on Analysis of Issues Related to Older Drivers

The 2012 *Joint Chairmen's Report* requested MVA to analyze issues related to older drivers and to submit an interim report by January 1, 2013, and a final report by January 1, 2014. The interim report was submitted as requested on December 13, 2012. The following are major conclusions included in the interim report:

- A review of the statistics indicates that older drivers as a unique segment do not pose a significant safety risk on the roadways as demonstrated by relatively few crashes and reduced risk of engaging in dangerous behaviors.
- MVA has a rigorous program in place through the Driver Wellness and Safety Division, in conjunction with the Medical Advisory Board, to evaluate reported problem drivers that individualizes a course of action for each customer.
- For the final report due January 1, 2014, MVA plans to complete further research on Maryland crash data with regard to older drivers and will include a review of national research on older driver crash involvement. The final report will evaluate potential changes to the current process and any other information relevant to the topic.

2. Maryland Is One of 13 States Meeting REAL ID Standards

The REAL ID Act, passed by Congress in 2005, sets standards for the issuance of sources of identification, such as driver's licenses. The Act establishes minimum security standards for license issuance and production and prohibits federal agencies from accepting for official purposes those documents issued by a state unless the Department of Homeland Security (DHS) determines that the state meets the minimum standards. "Official purposes" is defined as activities such as accessing a Federal facility, boarding federally regulated commercial aircraft, and entering nuclear power plants.

On December 20, 2012, DHS determined that 13 states had met the standards of the REAL ID Act. It granted a temporary deferment for all other states and territories which it indicated had not provided sufficient information to determine if they meet the Act's requirements. These states will have an opportunity to respond with additional information before DHS makes a final determination. DHS expects to publish a schedule by early fall 2013 and begin implementation at a suitable date thereafter. Until the schedule is implemented, federal agencies may continue to accept for official purposes driver's licenses and identity cards issued by all states.

Current and Prior Year Budgets

**Current and Prior Year Budgets
MDOT – 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 2012 | | | | | |
| Legislative Appropriation | \$0 | \$162,278 | \$177 | \$0 | \$162,454 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 0 | 1,199 | 0 | 0 | 1,199 |
| Reversions and Cancellations | 0 | -2,297 | -27 | 0 | -2,324 |
| Actual Expenditures | \$0 | \$161,180 | \$150 | \$0 | \$161,329 |
| Fiscal 2013 | | | | | |
| Legislative Appropriation | \$0 | \$162,795 | \$7,531 | \$0 | \$170,326 |
| Budget Amendments | 0 | 781 | 2 | 0 | 783 |
| Working Appropriation | \$0 | \$163,577 | \$7,532 | \$0 | \$171,109 |

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

Fiscal 2012

The fiscal 2012 budget for MVA closed out \$1.1 million lower than the legislative appropriation. A special fund budget amendment added \$1,199,202 for the one-time \$750 employee bonus. Year-end cancellations totaled \$2.3 million (\$2,297,397 special, and \$26,881 federal) and represent unexpended salary and pension contribution funding from vacant positions.

Fiscal 2013

The fiscal 2013 working appropriation is \$782,771 higher than the legislative appropriation due to funds added by budget amendment for the general salary increase that went into effect January 2013.

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

| <u>Object/Fund</u> | <u>FY 12 Actual</u> | <u>FY 13 Working Appropriation</u> | <u>FY 14 Allowance</u> | <u>FY 13 - FY 14 Amount Change</u> | <u>Percent Change</u> |
|---|-------------------------|--|----------------------------|--|---------------------------|
| Positions | | | | | |
| 01 Regular | 1,553.50 | 1,563.00 | 1,566.00 | 3.00 | 0.2% |
| 02 Contractual | 64.06 | 81.45 | 80.45 | -1.00 | -1.2% |
| Total Positions | 1,617.56 | 1,644.45 | 1,646.45 | 2.00 | 0.1% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 99,456,582 | \$ 102,164,507 | \$ 106,199,972 | \$ 4,035,465 | 3.9% |
| 02 Technical and Spec. Fees | 4,093,484 | 3,449,693 | 4,345,027 | 895,334 | 26.0% |
| 03 Communication | 6,005,077 | 5,010,921 | 5,380,261 | 369,340 | 7.4% |
| 04 Travel | 154,637 | 119,198 | 148,757 | 29,559 | 24.8% |
| 06 Fuel and Utilities | 2,143,620 | 2,397,226 | 2,220,227 | -176,999 | -7.4% |
| 07 Motor Vehicles | 880,938 | 488,669 | 730,889 | 242,220 | 49.6% |
| 08 Contractual Services | 41,101,395 | 43,080,622 | 42,571,598 | -509,024 | -1.2% |
| 09 Supplies and Materials | 1,128,074 | 878,731 | 1,108,562 | 229,831 | 26.2% |
| 10 Equipment – Replacement | 42,454 | 44,341 | 32,607 | -11,734 | -26.5% |
| 11 Equipment – Additional | 31,520 | 34,477 | 24,852 | -9,625 | -27.9% |
| 12 Grants, Subsidies, and Contributions | 904 | 6,616,828 | 16,548,508 | 9,931,680 | 150.1% |
| 13 Fixed Charges | 6,290,729 | 6,823,632 | 6,796,912 | -26,720 | -0.4% |
| Total Objects | \$ 161,329,414 | \$ 171,108,845 | \$ 186,108,172 | \$ 14,999,327 | 8.8% |
| Funds | | | | | |
| 03 Special Fund | \$ 161,179,795 | \$ 163,576,541 | \$ 167,972,705 | \$ 4,396,164 | 2.7% |
| 05 Federal Fund | 149,619 | 7,532,304 | 18,135,467 | 10,603,163 | 140.8% |
| Total Funds | \$ 161,329,414 | \$ 171,108,845 | \$ 186,108,172 | \$ 14,999,327 | 8.8% |

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
MDOT – Motor Vehicle Administration

| <u>Program/Unit</u> | <u>FY 12 Actual</u> | <u>FY 13 Wrk Approp</u> | <u>FY 14 Allowance</u> | <u>Change</u> | <u>FY 13 - FY 14 % Change</u> |
|-------------------------------------|-------------------------|-----------------------------|----------------------------|----------------------|-----------------------------------|
| 01 Motor Vehicle Operations | \$ 161,329,414 | \$ 162,883,576 | \$ 167,132,390 | \$ 4,248,814 | 2.6% |
| 03 Facilities and Capital Equipment | 12,509,101 | 21,756,378 | 21,583,887 | -172,491 | -0.8% |
| 04 Maryland Highway Safety Office | 0 | 8,225,269 | 18,975,782 | 10,750,513 | 130.7% |
| 08 Major IT Development Projects | 4,410 | 2,036,000 | 4,862,000 | 2,826,000 | 138.8% |
| Total Expenditures | \$ 173,842,925 | \$ 194,901,223 | \$ 212,554,059 | \$ 17,652,836 | 9.1% |
| Special Fund | \$ 173,636,650 | \$ 187,011,919 | \$ 194,115,592 | \$ 7,103,673 | 3.8% |
| Federal Fund | 206,275 | 7,889,304 | 18,438,467 | 10,549,163 | 133.7% |
| Total Appropriations | \$ 173,842,925 | \$ 194,901,223 | \$ 212,554,059 | \$ 17,652,836 | 9.1% |

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Budget Amendments for Fiscal 2013
Maryland Department of Transportation
Motor Vehicle Administration – Operating

| <u>Status</u> | <u>Amendment</u> | <u>Fund</u> | <u>Justification</u> |
|---------------|--|--------------------|--|
| Approved | \$781,248 <u>1,523</u> \$782,771 | Special Federal | Funds for the general salary increase |
| Pending | \$178,517 <u>6,391,241</u> \$6,569,758 | Special Federal | Special funds are added and federal funds reduced for salaries not eligible for federal fund source originally budgeted; additional federal grant funding for DWI related enforcement and for highway safety programs. |

Source: Maryland Department of Transportation

Budget Amendments for Fiscal 2013
Maryland Department of Transportation
Motor Vehicle Administration – Capital

| <u>Status</u> | <u>Amendment</u> | <u>Fund</u> | <u>Justification</u> |
|---------------|------------------|-------------|---|
| Approved | \$7,259 | Special | Funds for the general salary increase |
| Pending | -\$376,929 | Special | Adjusts the appropriation to agree with the anticipated expenditures in the final CTP |
| | <u>3,000</u> | Federal | |
| | -\$373,929 | | |

Source: Maryland Department of Transportation