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Motor Vehicle Administration
Maryland Department of Transportation

Executive Summary

The Motor Vehicle Administration (MVA) is responsible for supplying motor vehicle services to the citizens of Maryland, including driver license services, registration and titling of vehicles, administering vehicle inspection and driver safety programs, and the regulation of businesses related to the sale and rental of motor vehicles and the training of drivers.

Operating Budget Data

(\$ in Thousands)

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
Special Fund	\$187,401	\$191,549	\$194,324	\$2,776	1.4%
Adjustments	0	642	2,353	1,711	
Adjusted Special Fund	\$187,401	\$192,191	\$196,677	\$4,486	2.3%
Federal Fund	12,157	13,105	12,899	-206	-1.6%
Adjustments	0	6	25	19	
Adjusted Federal Fund	\$12,157	\$13,111	\$12,924	-\$187	-1.4%
Adjusted Grand Total	\$199,557	\$205,302	\$209,601	\$4,299	2.1%

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

- The fiscal 2020 allowance increases by approximately \$4.3 million, compared to the fiscal 2019 working appropriation. This increase is primarily due to rising personnel costs associated with general salary increases and the need for staffing support as the nation moves to card-based enforcement of the federal Real ID Act of 2005.

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

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PAYGO Capital Budget Data

(\$ in Thousands)

	Fiscal 2018	Fiscal 2019		Fiscal 2020
	<u>Actual</u>	<u>Legislative</u>	<u>Working</u>	<u>Allowance</u>
Special	\$18,507	\$36,895	\$31,698	\$43,862
Federal	239	678	690	0
Total	\$18,746	\$37,573	\$32,388	\$43,862

- The fiscal 2019 to 2024 *Consolidated Transportation Program (CTP)* six-year capital program for MVA totals \$143.4 million, an increase of \$18 million from the prior year’s six-year program total. The CTP programs \$43.9 million for MVA capital expenses in fiscal 2020. A funding increase of approximately \$25.0 million for additional phases of MVA’s Customer Connect enterprisewide information technology modernization project (formerly Project Core) accounts for much of the fiscal 2020 MVA capital program. The new funding supports development, testing, roll out, and associated tasks related to the modernization of the Business Licensing and Vehicle Services systems.

Operating and PAYGO Personnel Data

	<u>FY 18 Actual</u>	<u>FY 19 Working</u>	<u>FY 20 Allowance</u>	<u>FY 19-20 Change</u>
Regular Operating Budget Positions	1,707.50	1,707.50	1,707.50	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	1,707.50	1,707.50	1,707.50	0.00
Operating Budget FTEs	0.00	6.50	6.50	0.00
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total FTEs	0.00	6.50	6.50	0.00
Total Personnel	1,707.50	1,714.00	1,714.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	64.83	3.94%
Positions and Percentage Vacant as of 1/1/2019	115.50	6.76%

- Total MVA regular positions and contractual full-time equivalents (FTE) in the fiscal 2020 allowance remain level with the fiscal 2019 working appropriation for both the operating and capital programs. The actual vacancy rate is 6.76%, or 2.82 percentage points, over budgeted turnover.
- MVA plans to commit its contractual FTEs to the implementation of the federal Real ID Act, as the standard moves to card-based enforcement.

Key Observations

- ***Advancing Technology, Customer Services, and the Modern MVA:*** MVA continues to implement innovative solutions to enhance the customer experience, specifically with regard to technological enhancement of MVA systems. Besides offering customers new ways to engage with MVA, these systems help MVA process walk-in customer transactions efficiently, with customer wait and visit times below targeted goals. However, while MVA adds customer services enhancements to its available suite of new technologies, questions remain as to the methods of implementation and process oversight.
- ***Impacts of the Real ID Act Card-based Enforcement:*** With the movement to card-based enforcement of the federal Real ID Act, MVA is beginning to position itself to handle the expected increase in transactions associated with the collection and processing of source documents and the issuance of new, REAL ID-compliant driver's licenses and identification cards. MVA expects that visit and wait times will increase in coming years, as driver's license and identification card transactions processed by the agency increase.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- ***MVA Established REAL ID Look-up Tool on the MVA Website:*** With the shift to card-based enforcement of the federal Real ID Act, eligible Marylanders will need to submit source identification documents and obtain a new Real ID-compliant driver's license or identification card, as applicable. MVA added an application to its website to help customers determine whether they have the appropriate documents on file.

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 commercial and noncommercial drivers;
- registering and titling vehicles;
- issuing tags and permits for persons with a disability;
- issuing photo identification cards for nondriver residents;
- regulating motor vehicle dealers, sales staff, vehicle rental companies, driver education schools, and driver education instructors;
- administering the compulsory insurance compliance program, Vehicle Emissions Inspection Program (VEIP), and driver safety programs; and
- coordinating the State's highway safety efforts.

Performance Analysis: Managing for Results

1. Efficient Business Practices through Technological Enhancement

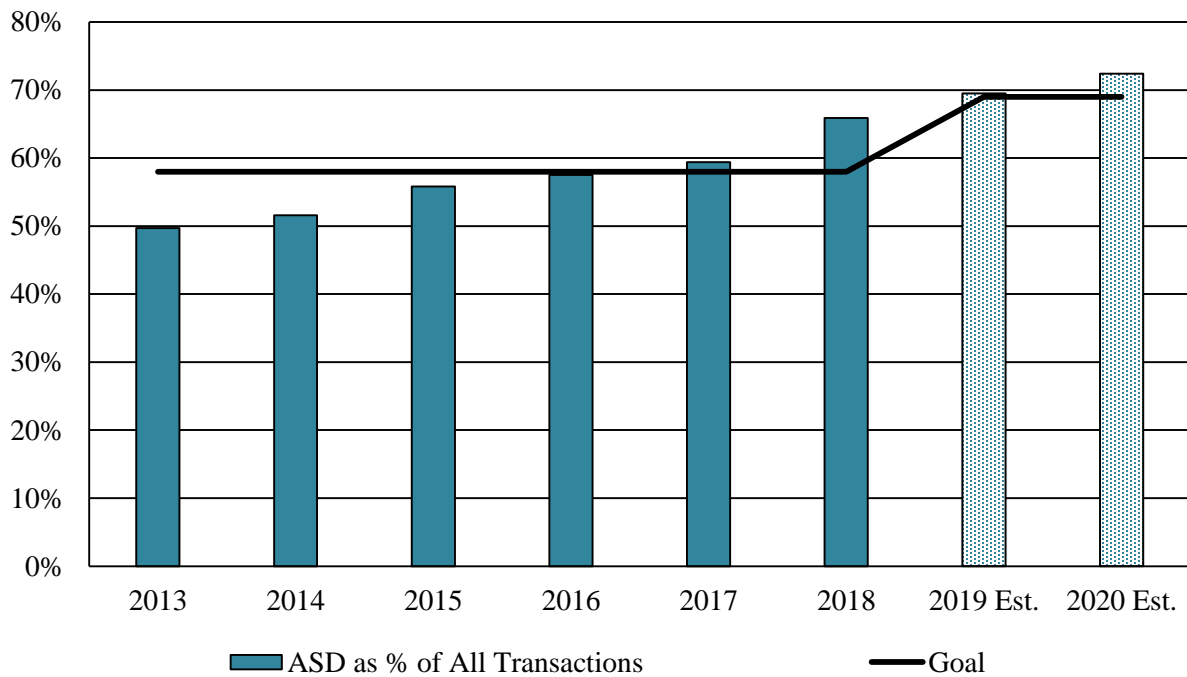
MVA's mission is to provide exemplary driver and vehicle services that promote Maryland's mobility and safety while enhancing process and product security. MVA strives to implement efficient and effective business processes in pursuit of this mission.

MVA continues to make significant information technology (IT) investments to improve outdated systems and increase the number of alternative service delivery (ASD) transactions performed, as a way to reduce customer wait times and improve the customer experience. Examples of new ASD services include (1) a REAL ID status look-up tool (this item is addressed in greater detail in the Updates section of this analysis); (2) the ability to review whether driving privileges are suspended prior to obtaining a copy of one's driving record, as well as the ability to print a list of the applicable suspensions; (3) the sale of Charm Cards; (4) provisions through which commercial driver's license

holders can obtain driver services products; and (5) the ability to renew dealer tags through the MVA eStore. In addition, MVA modified the eStore and kiosks to alert customers by email regarding transactions made through these sources, as a means of fraud prevention, and show the customer’s current address when performing a duplicate transaction, to ensure that the user enters the correct address in subsequent transactions.

As shown in **Exhibit 1**, 65.9% of all transactions were completed via ASD in fiscal 2018, up from 59.4% of all transactions the prior year. In fiscal 2019, MVA adjusted the goal for this metric to 69% of all transactions completed via ASD per year. Maryland Department of Transportation (MDOT) projections suggest that MVA will exceed this.

Exhibit 1
ASD Transactions as Percent of All Transactions
Fiscal 2013-2020 Est.



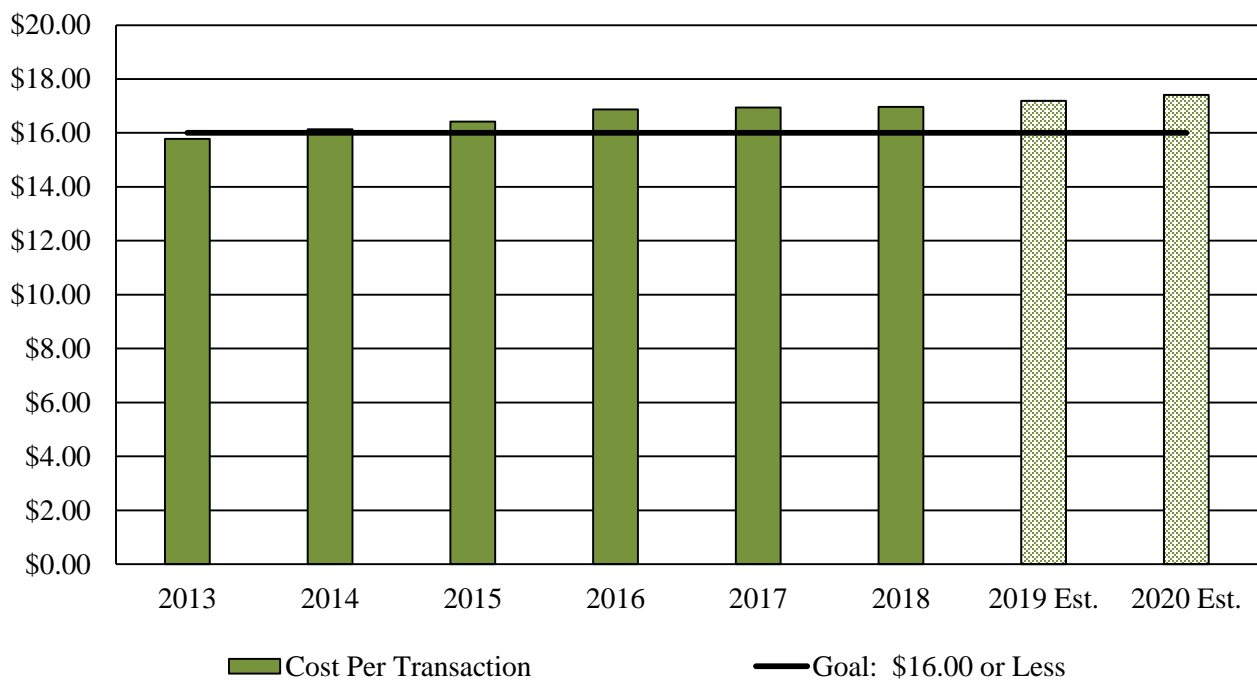
ASD: Alternative Service Delivery – defined as transactions performed online via the Motor Vehicle Administration’s (MVA) eStore, at MVA kiosks, by mail, or via the telephone call center.

Source: Department of Budget and Management

Another indicator of the efficiency of MVA business practices is the average cost per MVA transaction. As shown in **Exhibit 2**, MVA’s goal is to keep the average cost per transaction at or below

\$16.00. The average cost per transaction increased slightly in fiscal 2018 to \$16.97. MVA now tracks this metric in such a way as to allow comparison of average operations versus administrative costs per transaction. Between fiscal 2017 and 2018, the average operations cost per transaction fell; however, this was outpaced by an increase in the average administrative cost per transaction. MDOT suggests that this is due to the increase in ASD transactions, as customers pay for these services via credit card, which results in additional processing fees.

Exhibit 2
Average Cost Per MVA Transaction
Fiscal 2013-2020 Est.



MVA: Motor Vehicle Administration

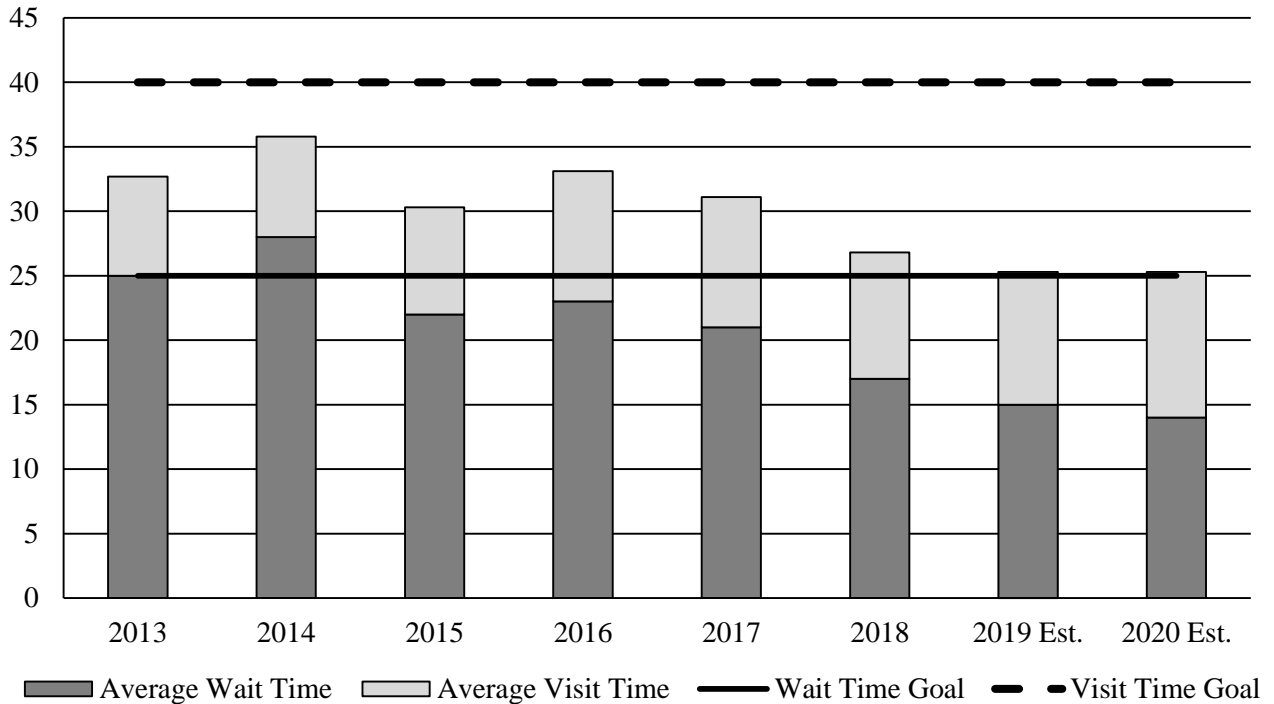
Source: Department of Budget and Management

2. Exemplary Customer Service

MVA strives to keep the average customer wait and visit time at MVA branch offices to 25 and 40 minutes, respectively. Wait time is the time from when a walk-in customer (*i.e.*, a customer who does not use a form of ASD to complete their transaction) receives a service ticket until the time that the ticket number is called, whereas visit time is the sum of the wait time plus the time that it takes to

complete a customer’s transaction. **Exhibit 3** shows the performance for these measures for fiscal 2013 through the 2020 estimate. Wait times decreased by 4.0 minutes in fiscal 2018 compared to fiscal 2017. Average visit time also fell in fiscal 2018, driven by the decrease in wait time.

Exhibit 3
Average Customer Wait and Visit Times
Fiscal 2013-2020 Est.



Source: Department of Budget and Management

While the projections suggest decreases in fiscal 2019 and 2020, MVA anticipates increases in both metrics for fiscal 2019. These metrics are strongly correlated to the number of walk-in transactions managed by branches; MVA expects an increase in walk-in transactions in fiscal 2019 as the average number of driver’s license transactions per month increases.

During the 2018 interim, MVA initiated the early stages of a project to modernize the department’s customer traffic management system (CTM), which captures the relevant data necessary to track average wait and visit times for walk-in customers. MVA wishes to procure a customizable, state-of-the-art, commercially available application that provides both linear and mobile queuing options and supports the use of personal wireless devices and other web-enabled platforms. Although this is in the early stages of the procurement process, the Department of Legislative Services (DLS)

notes that mobile queuing could require MVA to redefine the collection of wait and visit time data, particularly if individuals can queue remotely well in advance of their visit to an MVA branch office, or reposition themselves in the queue if they are not present when their number is called. MVA has expressed interest in a solution that could provide both of these capabilities. **MVA should update the budget committees on the status of the CTM procurement. Additionally, MVA should comment on the anticipated impact mobile queuing may have on reporting average customer wait and visit time data.**

Fiscal 2019 Actions

0.5% Cost-of-living Adjustment and \$500 Bonus for State Employees

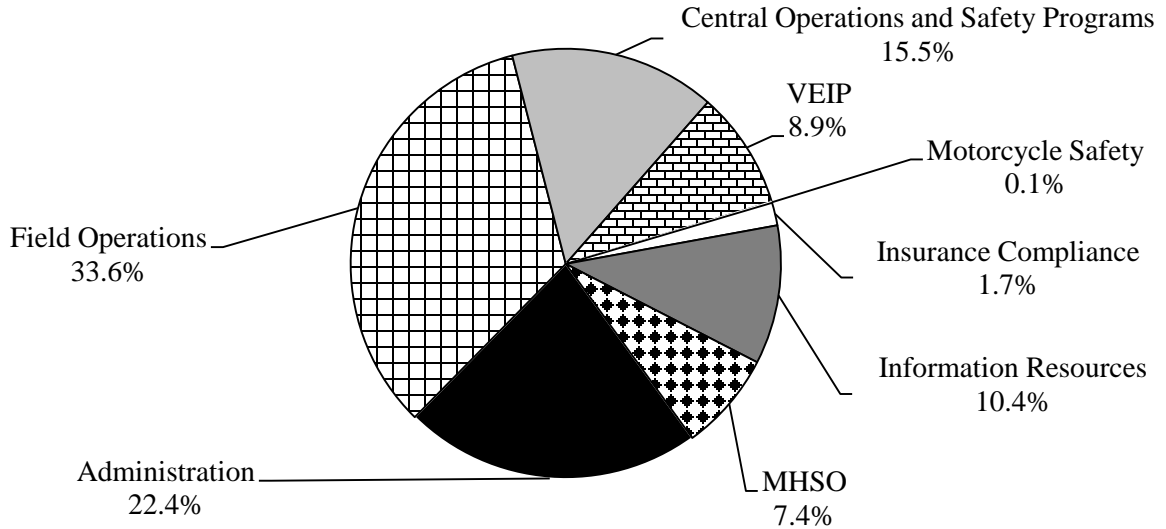
The Governor Lawrence J. Hogan, Jr. Administration negotiated a cost-of-living adjustment with the major State employee unions for fiscal 2019. The terms of this agreement included (1) a 2% general salary increase, effective January 1, 2019; and (2) an additional 0.5% increase and a \$500 one-time bonus, effective April 1, 2019. The terms of the agreement made the additional 0.5% increase and one-time bonus contingent on fiscal 2018 general fund revenues exceeding the December 2017 estimate by \$75 million. This contingency was met, and the agency's share of the general salary increase is \$155,401 in special funds and \$1,662 in federal funds. The agency's share of the funds available for the one-time bonus is \$486,467 in special funds and \$4,218 in federal funds.

Fiscal 2020 Allowance

Overview of Agency Spending

The MVA fiscal 2020 operating budget totals to approximately \$209.6 million. Funding is comprised of a mix of special funds from the Transportation Trust Fund and federal funds. As shown in **Exhibit 4**, MVA splits operating funding between one of eight subprograms: Administration; Field Operations; Central Operations and Safety Programs; VEIP; Motorcycle Safety; Insurance Compliance; Information Resources; and Maryland Highway Safety Office.

**Exhibit 4
Spending Plan
Fiscal 2020 Allowance**



<u>Subprogram Title</u>	<u>SF Allowance</u>	<u>FF Allowance</u>	<u>Total Allowance</u>
Administration	\$46,917,273	\$0	\$46,917,273
Field Operations	70,442,033	0	70,442,033
Central Operations and Safety Programs	32,369,043	94,042	32,463,085
VEIP	18,561,128	0	18,561,128
Motorcycle Safety	167,882	0	167,882
Insurance Compliance	3,588,161	0	3,588,161
Information Resources	21,858,409	0	21,858,409
MHSO	2,773,145	12,829,579	15,602,724
Total	\$196,677,074	\$12,923,621	\$209,600,695
Percent of Total Allowance	93.8%	6.2%	

FF: federal fund
MHSO: Maryland Highway Safety Office
SF: special fund
VEIP: Vehicle Emissions Inspection Program

Source: Governor’s Fiscal 2020 Budget Books; Department of Legislative Services

Proposed Budget Change

As shown in **Exhibit 5**, the fiscal 2020 allowance increases by approximately \$4.3 million, primarily due to increased personnel expenses due to salary actions and increased assistance required to process transactions in advance of card-based enforcement of the federal Real ID Act.

Exhibit 5
Proposed Budget
MDOT – Motor Vehicle Administration
(\$ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
Fiscal 2018 Actual	\$187,401	\$12,157	\$199,557
Fiscal 2019 Working Appropriation	192,191	13,111	205,302
Fiscal 2020 Allowance	<u>196,677</u>	<u>12,924</u>	<u>209,601</u>
Fiscal 2019-2020 Amount Change	\$4,486	-\$187	\$4,299
Fiscal 2019-2020 Percent Change	2.3%	-1.4%	2.1%

Where It Goes:

Personnel Expenses

3% cost-of-living adjustment (COLA) for State employees.....	\$2,016
Employee retirement system.....	975
Additional assistance and overtime to process transactions related to REAL-ID.....	872
Annualization of fiscal 2019 2.5% COLA.....	412
Workers’ compensation premium assessment	385
Retiree health insurance premiums	158
Law enforcement officer pension system	47
SLEOLA bargaining agreement – Motor Vehicle Administration (MVA) expenses.....	42
Other fringe benefit adjustments.....	22
Removal of costs associated with fiscal 2019 one-time \$500 bonus	-491

MVA Contracts

Adjustment to reflect actual information technology (IT) maintenance and usage expenditures...	468
Administrative hearings costs	248
Additional hours for security coverage at Baltimore City branch	236
MVA media contract.....	137
Reduction in contractor support for the Medical Advisory Board.....	-123
Efficiencies gained through new IT resources contract	-367
Reduced unit cost for new, REAL-ID compliant license.....	-429

J00E00 – MDOT – Motor Vehicle Administration

Where It Goes:

Other Changes

Electrical utility savings.....	-93
Reduction in federal funding for the Maryland Highway Safety Office.....	-232
Other	16
Total	\$4,299

MDOT: Maryland Department of Transportation
SLEOLA: State Law Enforcement Officers Labor Alliance

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

General Salary Increases

The fiscal 2020 allowance includes funds for a 3% general salary increase for State employees, effective July 1, 2019. These funds are budgeted in the Department of Budget and Management’s statewide program and will be distributed to agencies during the fiscal year. MVA’s share of the general salary increase is \$1,994,529 in special funds and \$21,343 in federal funds. In addition, employees will receive another 1% increase, effective January 1, 2020, if actual fiscal 2019 general fund revenues exceed the December 2018 estimate by \$75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are \$75 million more than projected.

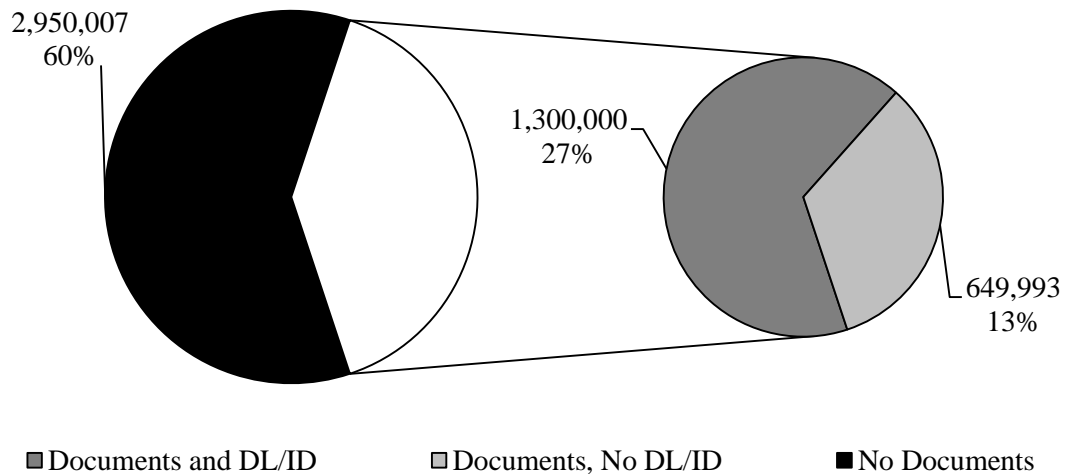
Annualization of the fiscal 2019 general salary increase, as well as the 0.5% contingent increase, accounts for approximately \$0.4 million in increased spending for MVA in fiscal 2020.

REAL ID Implementation Costs

Currently, the provisions of the federal Real ID Act are enforced via state-based enforcement, which allows for the use of a non-REAL ID-compliant driver’s license or identification card (DL/ID) for official federal purposes (such as entering certain federal buildings or boarding commercial aircraft), so long as the issuing state has implemented certain minimum security standards for DL/ID production and issuance or has applied for and received an extension from the Department of Homeland Security (DHS) for the due date for state process compliance. Beginning October 1, 2020, the standard will change to card-based enforcement, under which federal agencies are prohibited from accepting, for an official federal purpose, a DL/ID from any individual unless such document is a REAL ID-compliant device issued by a compliant state. Individuals without a REAL ID-compliant device also have the option of using an acceptable alternative device. Acceptable alternatives include, but are not limited to, a passport (both United States and foreign government issued), U.S Department of Defense identification (ID) (including IDs issued to dependents), a transportation worker identification credential, or a federal Personal Identification Verification (PIV) or PIV-interoperable card issued to federal workers (employees and contractors).

Maryland is compliant with the REAL ID minimum security standards for production and issuance. However, as shown in **Exhibit 6**, 60% of the Maryland public that are eligible for a REAL-ID-compliant device do not have the required source documentation on file with MVA as of January 2019, which will impact their ability to receive a REAL ID-compliant device. It should be noted that some of these individuals may have the new style of license; this is discussed further in the Updates section of this analysis.

Exhibit 6
State of REAL ID Document Compliance for Eligible Maryland Drivers
January 11, 2019



DL/ID: driver's license or identification card

Source: Maryland Motor Vehicle Administration

Total production costs for DL/ID's decrease by \$0.4 million, as the unit cost of a REAL ID-compliant device is less than the unit cost of the devices being replaced. However, as the date for card-based enforcement approaches, requests for DL/ID renewals and corrected devices are expected to increase. This will require the processing and management of source documents to remain compliant with the Real ID Act. Personnel costs increase by approximately \$0.9 million for additional assistance and overtime expenses necessary to cope with the expected uptick in transactions. In addition, MVA will commit the 6.50 contractual full-time equivalents budgeted to the agency to this effort in fiscal 2020.

PAYGO Capital Program

Program Description

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

Fiscal 2019 to 2024 Consolidated Transportation Program

The fiscal 2019 to 2024 *Consolidated Transportation Program* (CTP) for MVA totals \$143.4 million, an increase of \$18 million from the prior year’s six-year program total. This is due primarily to increased funding for additional phases of MVA’s Customer Connect enterprisewide IT modernization project. **Exhibit 7** shows the programmed capital funds for the fiscal 2020 capital allowance, by project and program, along with total estimated costs and six-year funding for each item.

Exhibit 7
Motor Vehicle Administration PAYGO Capital Allowance, by Program
Fiscal 2020
(\$ in Thousands)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>Fiscal 2020</u>	<u>Total Estimated Cost</u>	<u>Six-year Total</u>
Projects				
Statewide	Alternative Service Delivery System	\$1,648	\$33,675	\$10,348
Statewide	Customer Connect	25,042	56,405	37,805 ¹
Subtotal – Projects		\$26,690	\$90,080	\$48,153
Programs				
Statewide	System Preservation and Minor Projects	\$15,900	n/a	\$87,000
Statewide	Capital Salaries	1,300	n/a	8,300
Subtotal – Programs		\$17,200	n/a	\$95,300
Total – Projects and Programs		\$43,890	\$90,080	\$143,453

PAYGO: pay-as-you-go

¹ In the fiscal 2019 to 2024 *Consolidated Transportation Program*, Project Core was renamed as Customer Connect in order to differentiate it from Project Creating Opportunities for Renewal and Enterprise, within the Department of Housing and Community Development.

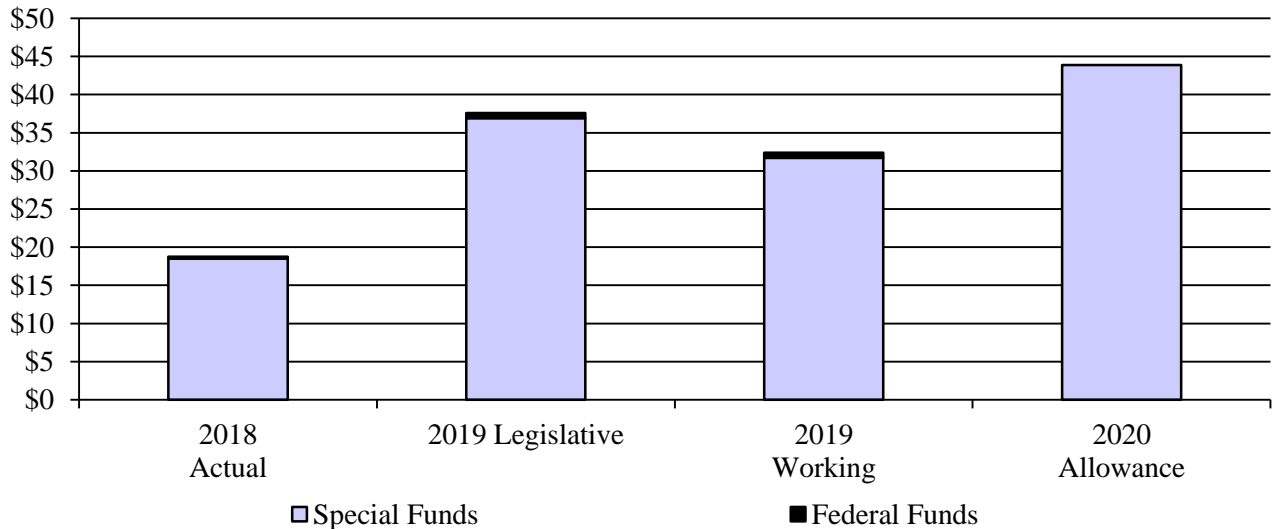
Source: Maryland Department of Transportation, 2019-2024 *Consolidated Transportation Program*

Fiscal 2019 and 2020 Cash Flow Analysis

Exhibit 8 shows the change in MVA capital spending for fiscal 2018 through the fiscal 2020 allowance. Fiscal 2019 capital spending programmed in the fiscal 2019 to 2024 CTP is approximately \$5.3 million less than the funding programmed in the fiscal 2018 to 2023 CTP, primarily due to a decrease in spending associated with Customer Connect (formerly Project Core); these costs were moved forward into fiscal 2018 to support base software installation. Completion of the Network Switch System Preservation project in fiscal 2018 accounts for the remainder of the overall change in fiscal 2019.

Programmed funding for fiscal 2020 is approximately \$11.5 million more than the adjusted funding programmed in fiscal 2019, according to the fiscal 2019 to 2024 CTP. This change is attributable to increased spending to fund additional phases of Customer Connect. The goal of Customer Connect is to modernize the MVA IT infrastructure, replacing legacy systems, and enhancing the agency's ability to provide customers and employees with a 360 degree view of their services and needs. Improvements include the ability to conduct driver licensing, vehicle registration, and titling transactions at any workstation; MVA currently cannot do this, as the data systems for these services are independent and unconnected, requiring different terminals optimized for different tasks. Additionally, MVA seeks to develop new and further refine existing web and mobile service options. In fiscal 2020, approximately \$25.0 million is programmed for the next phase of Customer Connect. Currently, funding supports early configuration costs for the Business Licensing and Vehicle Services systems; however, fiscal 2020 costs are associated with development, testing, roll out, and associated tasks related to the modernization of these systems.

**Exhibit 8
Cash Flow Changes
Fiscal 2018-2020
(\$ in Thousands)**



Motor Vehicle Administration Capital Cash Flow Changes

Fiscal 2019 Working v. Legislative

Major Projects		-\$3,482
Alternative Service Delivery Systems	\$0	
Project Core	-3,482 ¹	
System Preservation and Minor Projects		-\$1,800
Working Appropriation	\$16,700	
Legislative Appropriation	18,500	
Total Change		-\$5,282

Fiscal 2020 Allowance v. Fiscal 2019 Working

Major Projects		\$12,323
Alternative Service Delivery Systems	\$44	
Customer Connect	12,279 ¹	
System Preservation and Minor Projects		-\$800
Total Change		\$11,523

¹ In the fiscal 2019-2024 *Consolidated Transportation Program*, Project Core was renamed as Customer Connect in order to differentiate it from Project Creating Opportunities for Renewal and Enterprise, within the Department of Housing and Community Development.

Source: Maryland Department of Transportation, fiscal 2019-2024 *Consolidated Transportation Program*, fiscal 2018-2023 *Consolidated Transportation Program*

Issues

1. MVA IT Error and the 2018 Primary Election

Prior to the 2018 primary election, MVA discovered a programming error with the MVA eStore and kiosks, which impacted certain individuals' voter registration. On April 22, 2017, MVA modified system programming as part of an initiative to allow customers to begin an application for a driver's license, identification card, vehicle registration, or vehicle title at home and complete the transaction in person. The revised programming prevented the transfer of voter registration information to the State Board of Elections (SBE) until the individual completed the transaction and purchased the new product. However, a programming error prevented the transfer of voter registration information when a customer updated their voter registration or initially registered to vote following the completion of an MVA change-of-address transaction through the website or an MVA kiosk, for which no product was issued. While MVA indicates that testing of the system programming modification was performed, it acknowledges that such testing was insufficient to identify the error.

After identifying the full extent of the issue, MVA transferred 83,493 potentially impacted records from the period of April 22, 2017, through June 5, 2018, to SBE and worked with SBE to notify impacted individuals by email, where possible, and through press releases. MVA stated at a joint hearing of the Senate Education, Health, and Environmental Affairs Committee and the House Ways and Means Committee that the technical error was resolved and that, of 20,563 provisional ballots cast in the primary election, 3,538 were from the impacted group. MVA continues to perform weekly audits of the voter registration data transfer to SBE. Additionally, MVA undertook a review of its IT division, including the skill sets, capability, and turnover risk of employees and MVA's reliance on contractors. This review found that MVA's Office of Information Resources is maintaining and enhancing a wide range of systems, which MVA identifies as complex and outdated, and identified areas of opportunity including consistent adherence to policies, processes, and procedures.

This comes at a time of revision and modernization of MVA IT systems generally. However, DLS notes that it took over 13 months to identify this programming error, which may not have occurred but for the inquiry of an SBE employee as to the employee's own voter registration status following an MVA transaction. The error was the result of an admitted failure to properly test changes made to IT systems under MVA's control, and MVA's response to questions about the IT system review lacks specificity as to the changes implemented to avoid similar failures. **MVA should comment on the specific findings of its IT systems review, including examples discovered during the review of inconsistent adherence to industry standard policies, processes, and procedures. MVA should also describe, in detail, the corrective action plan implemented as a result of the review.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. MVA Established REAL ID Look-up Tool on the MVA Website

Using a web application on the MVA website, customers can enter the soundex number on the face of their DL/ID to determine whether they have the appropriate source documents on file with MVA. The system informs those customers who are required to submit documents and links the customer directly to the Online Document Guide to identify which documents to bring and schedule an appointment with a local branch office, should they so choose. Customers also have the option to obtain a replacement DL/ID in advance of their renewal date; the fee for this service is \$20.

Per MVA, simply having the REAL ID-compliant device is not enough. MVA began issuing these devices to customers in June 2016; however, MVA only began requiring documents at the time of renewal with cards expiring in January 2018, after being notified by DHS. As such, some customers may have the REAL ID-compliant device but do not have source documents on file. This does not appear to have impacted Maryland's compliant status – DHS still lists Maryland as compliant with the requirements of the Real ID Act.

J00E00 – MDOT – Motor Vehicle Administration

Appendix 1
Current and Prior Year Budgets
MDOT – Motor Vehicle Administration
(\$ in Thousands)

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2018					
Legislative Appropriation	\$0	\$193,307	\$13,172	\$0	\$206,479
Deficiency/Withdrawn Appropriation	0	-2,075	-23	0	-2,098
Cost Containment	0	0	0	0	0
Budget Amendments	0	6	0	0	6
Reversions and Cancellations	0	-3,838	-992	0	-4,830
Actual Expenditures	\$0	\$187,401	\$12,157	\$0	\$199,557
Fiscal 2019					
Legislative Appropriation	\$0	\$190,595	\$13,090	\$0	\$203,685
Budget Amendments	0	954	15	0	969
Working Appropriation	\$0	\$191,549	\$13,105	\$0	\$204,654

MDOT: Maryland Department of Transportation

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

Fiscal 2018

The Motor Vehicle Administration (MVA) spent approximately \$199.6 million in total funds during fiscal 2018 – approximately \$6.9 million less than the legislative appropriation for the year. Total special fund and federal fund expenditures were approximately \$5.9 million and approximately \$1.0 million less than the MVA legislative appropriations for these funds, respectively.

Section 19 of the fiscal 2019 Budget Bill (Chapter 570 of 2018) included an across-the-board reduction for employee and retiree health insurance expenses in fiscal 2018 to reflect a surplus balance in the fund – the MVA share of this reduction was approximately \$2.1 million in special funds, while federal funds for this purpose were reduced by approximately \$23,000. The reduction in special funds was partially offset by a budget amendment totaling approximately \$6,000 to cover expenses for the State Law Enforcement Officer Labor Alliance fiscal 2018 collective bargaining agreement.

MVA canceled approximately \$3.8 million in special funds for the following reasons:

- approximately \$2.7 million in salary and fringe benefits due to increased turnover and the hiring of entry-level staff for open positions, which resulted in a commensurate decrease in costs associated with these positions;
- approximately \$0.6 million in costs associated with postage; and
- approximately \$0.5 million due to reduced utilization of temporary employees for services.

MVA canceled approximately \$1.0 million in federal funds; these funds will be rolled forward to correspond with the operating year under the federal fiscal calendar. The federal fiscal year ended September 30, 2018.

Fiscal 2019

The fiscal 2019 working appropriation increases by approximately \$1.0 million in special funds and \$15,141 in federal funds to fund the 2% cost-of-living adjustment as authorized in the fiscal 2019 Budget Bill.

Appendix 2
Object/Fund Difference Report
MDOT – Motor Vehicle Administration

<u>Object/Fund</u>	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u> <u>Appropriation</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19 - FY 20</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	1,698.50	1,698.50	1,698.50	0.00	0%
02 Contractual	0.00	6.50	6.50	0.00	0%
Total Positions	1,698.50	1,705.00	1,705.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 119,186,285	\$ 122,710,759	\$ 125,419,174	\$ 2,708,415	2.2%
02 Technical and Spec. Fees	1,532,634	1,863,540	1,790,105	-73,435	-3.9%
03 Communication	6,831,418	7,428,672	7,518,156	89,484	1.2%
04 Travel	181,690	154,748	163,866	9,118	5.9%
06 Fuel and Utilities	2,144,599	2,240,464	2,131,141	-109,323	-4.9%
07 Motor Vehicles	345,483	313,504	319,870	6,366	2.0%
08 Contractual Services	50,309,749	50,505,001	50,622,781	117,780	0.2%
09 Supplies and Materials	1,269,796	1,199,655	1,194,374	-5,281	-0.4%
10 Equipment – Replacement	22,036	62,608	62,608	0	0%
11 Equipment – Additional	8,109	51,416	51,416	0	0%
12 Grants, Subsidies, and Contributions	8,774,066	9,564,296	9,332,067	-232,229	-2.4%
13 Fixed Charges	8,951,538	8,559,250	8,617,725	58,475	0.7%
Total Objects	\$ 199,557,403	\$ 204,653,913	\$ 207,223,283	\$ 2,569,370	1.3%
Funds					
03 Special Fund	\$ 187,400,505	\$ 191,548,845	\$ 194,324,393	\$ 2,775,548	1.4%
05 Federal Fund	12,156,898	13,105,068	12,898,890	-206,178	-1.6%
Total Funds	\$ 199,557,403	\$ 204,653,913	\$ 207,223,283	\$ 2,569,370	1.3%

MDOT: Maryland Department of Transportation

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 3
Fiscal Summary
MDOT – Motor Vehicle Administration**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
01 Motor Vehicle Operations	\$ 185,215,544	\$ 189,144,999	\$ 191,696,788	\$ 2,551,789	1.3%
03 Facilities and Capital Equipment	9,024,604	18,274,601	18,820,000	545,399	3.0%
04 Maryland Highway Safety Office	14,341,859	15,508,914	15,526,495	17,581	0.1%
08 Major IT Development Projects	9,721,750	14,113,229	25,042,000	10,928,771	77.4%
Total Expenditures	\$ 218,303,757	\$ 237,041,743	\$ 251,085,283	\$ 14,043,540	5.9%
Special Fund	\$ 205,907,893	\$ 223,246,675	\$ 238,186,393	\$ 14,939,718	6.7%
Federal Fund	12,395,864	13,795,068	12,898,890	-896,178	-6.5%
Total Appropriations	\$ 218,303,757	\$ 237,041,743	\$ 251,085,283	\$ 14,043,540	5.9%

IT: information technology

MDOT: Maryland Department of Transportation

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

Appendix 4
Budget Amendments for Fiscal 2019
Maryland Department of Transportation
Motor Vehicle Administration – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Active	\$953,718	Special	Increase for the cost-of-living adjustment (COLA) as authorized in the fiscal 2019 Budget Bill.
	15,141	Federal	
<i>Subtotal</i>	<i>\$968,859</i>		
Projected	\$1,146,917	Special	To fund the 0.5% COLA increase and a \$500 bonus effective April 1, 2019.
	13,024	Federal	
<i>Subtotal</i>	<i>\$1,159,941</i>		
Total	\$2,128,800		

Source: Maryland Department of Transportation

Appendix 5
Budget Amendments for Fiscal 2019
Maryland Department of Transportation
Motor Vehicle Administration – Capital

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Active	\$9,235	Special	Increase for the cost-of-living adjustment (COLA) as authorized in the fiscal 2019 Budget Bill.
Pending	-\$5,206,006	Special	Adjusts the amended appropriation to agree with the anticipated expenditures for the current year as reflected in the Maryland Department of Transportation fiscal 2019 to 2024 final <i>Consolidated Transportation Program</i> .
	12,000	Federal	
<i>Subtotal</i>	<i>-\$5,194,006</i>		
Projected	\$6,668	Special	To fund the 0.5% COLA increase and a \$500 bonus effective April 1, 2019.
Total	-\$5,187,338		

Source: Maryland Department of Transportation