

**J00E00**  
**Motor Vehicle Administration**  
**Maryland Department of Transportation**

***Operating Budget Data***

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(\$ in Thousands)

|                                      | <u>FY 02</u>     | <u>FY 03</u>     | <u>FY 04</u>     | <u>FY 02-04</u><br><u>Change</u> | <u>FY 05</u>     | <u>FY 04-05</u><br><u>Change</u> |
|--------------------------------------|------------------|------------------|------------------|----------------------------------|------------------|----------------------------------|
| Operations                           | \$97,623         | \$95,979         | \$99,851         | \$2,228                          | \$98,299         | -\$1,551                         |
| Contractual Services                 | 24,453           | 25,240           | 26,375           | 1,922                            | 26,461           | 85                               |
| Grants                               | 109              | 109              | 81               | -28                              | 109              | 28                               |
| Contingent & Back of Bill Reductions | 0                | 0                | 0                | 0                                | -664             | -664                             |
| <b>Adjusted Grand Total</b>          | <b>\$122,185</b> | <b>\$121,328</b> | <b>\$126,307</b> | <b>\$4,122</b>                   | <b>\$124,205</b> | <b>-\$2,102</b>                  |
| Special Funds                        | 121,335          | 121,177          | 125,878          | 4,542                            | 124,854          | -1,024                           |
| Contingent & Back of Bill Reductions | 0                | 0                | 0                | 0                                | -664             | -664                             |
| <b>Adjusted Special Funds</b>        | <b>\$121,335</b> | <b>\$121,177</b> | <b>\$125,878</b> | <b>\$4,542</b>                   | <b>\$124,190</b> | <b>-\$1,687</b>                  |
| Federal Funds                        | 850              | 151              | 388              | -462                             | 15               | -373                             |
| Reimbursable Funds                   | 0                | 0                | 42               | 42                               | 0                | -42                              |
| <b>Adjusted Grand Total</b>          | <b>\$122,185</b> | <b>\$121,328</b> | <b>\$126,307</b> | <b>\$4,122</b>                   | <b>\$124,205</b> | <b>-\$2,102</b>                  |
| <b>Annual % Change</b>               |                  | <b>-0.7%</b>     | <b>4.1%</b>      |                                  | <b>-1.7%</b>     |                                  |

- The Motor Vehicle Administration's (MVA) fiscal 2005 allowance decreases by a net total of \$2.1 million (1.7%) below the fiscal 2004 working appropriation. To a large extent, the fiscal 2005 allowance has been funded at the level of actual expenditures incurred in fiscal 2003.
- Nearly all of the decrease in the allowance is attributable to a decrease of just over \$2 million in the allowance for MVA's Office of Information Resources. The MVA will not be replacing any personal computers in fiscal 2005.

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

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## ***PAYGO Capital Budget Data***

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(\$ in Thousands)

|                                      | <u>FY 02</u> | <u>FY 03</u>    | <u>FY 04</u>    | <u>FY 05</u>    | <u>FY 04-05</u><br><u>Change</u> | <u>FY 04-05</u><br><u>% Change</u> |
|--------------------------------------|--------------|-----------------|-----------------|-----------------|----------------------------------|------------------------------------|
| Special Funds                        | \$0          | \$17,726        | \$23,540        | \$19,131        | -\$4,409                         | -18.7%                             |
| Contingent & Back of Bill Reductions | 0            | 0               | 0               | -4              | -4                               | n/a                                |
| <b>Adjusted Special Funds</b>        | <b>\$0</b>   | <b>\$17,726</b> | <b>\$23,540</b> | <b>\$19,127</b> | <b>-\$4,413</b>                  | <b>-18.7%</b>                      |
| <b>Adjusted Grand Total</b>          | <b>\$0</b>   | <b>\$17,726</b> | <b>\$23,540</b> | <b>\$19,127</b> | <b>-\$4,413</b>                  | <b>-18.7%</b>                      |

- The fiscal 2005 capital allowance totals \$19.1 million, a decrease of \$4.4 million (18.7%) below the fiscal 2004 working appropriation.
- The fiscal 2004 working allowance increased by just over \$8.8 million (60%) over the legislative appropriation. This increase was due to an increase in the contract with Hewlett-Packard for the new drivers' license system.

## ***Operating and PAYGO Personnel Data***

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|                        | <u>FY 02</u>   | <u>FY 03</u>   | <u>FY 04</u>   | <u>FY 02-04</u><br><u>Change</u> | <u>FY 05</u>   | <u>FY 04-05</u><br><u>Change</u> |
|------------------------|----------------|----------------|----------------|----------------------------------|----------------|----------------------------------|
| Regular Positions      | 1,699.0        | 1,647.0        | 1,606.5        | -92.5                            | 1,606.5        | 0.0                              |
| Contractual FTEs       | 76.1           | 68.5           | 101.2          | 25.0                             | 101.2          | 0.0                              |
| <b>Total Personnel</b> | <b>1,775.1</b> | <b>1,715.5</b> | <b>1,707.7</b> | <b>-67.5</b>                     | <b>1,707.7</b> | <b>0.0</b>                       |

### ***Vacancy Data: Regular Positions***

|                                 |       |       |
|---------------------------------|-------|-------|
| Turnover Expectancy             | 68.92 | 4.29% |
| Positions Vacant as of 12/31/03 | 73.00 | 4.54% |

- Forty positions were deleted from the fiscal 2004 appropriation as part of the reductions made in the Maryland Department of Transportation's (MDOT) PIN count. These positions, which were vacant as of June 30, 2003, included administrative assistance positions, customer service agent positions, and MVA representatives at Vehicle Emission Inspection Program offices.
- The fiscal 2005 allowance includes 1,606.5 regular positions and 101.2 contractual positions; the allowance represents no change from the fiscal 2004 working position count.

## *Analysis in Brief*

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### **Major Trends**

**Safe Driving Environment:** The MVA has reported on a new performance measure that tracks the percent of fatal crashes on Maryland's roads that involve alcohol; however, sufficient data has not yet been gathered to make a full assessment of the effectiveness of recent legislation strengthening the State's drunk driving laws in reducing alcohol-related fatalities. The MVA has also introduced additional performance measures related to driver safety, including measures that track the effectiveness of the Graduated Licensing System and that track enrollment in motorcycle safety courses.

**Customer Service:** Additional performance measures track the MVA's customer service. These measures indicate that the State's hiring freeze had the effect of increasing customer visit time at branch offices. Other measures track the percentage of transactions handled through alternative service delivery mechanisms as well as customer perceptions of the quality of MVA's customer service.

### **Issues**

**MVA Computer Systems Infected by Worms and Viruses:** On August 12 and 13, 2003, computer services at the MVA were disrupted when the MVA's computer systems were infected by the so-called "Blaster" worm. The MVA was forced to close all branch offices early on August 12, 2003, and service remained sporadic on August 13, 2003. The MVA's computer systems subsequently experienced service outages in October and again in November 2003. **The Department of Legislative Services (DLS) recommends that the MVA discuss with the committees its procedures for managing its critical computer infrastructure and protecting these systems from infection by worms and viruses.**

**MVA Does Not Recover Its Capital Costs:** While the MVA is currently required to recover between 95 and 100% of its operating costs through the miscellaneous fees it assesses, the MVA does not recover any of its capital costs. Departmental legislation has been introduced that would recover these costs through the miscellaneous fees it assesses for customer services.

## **Operating Budget Recommended Actions**

1. Concur with Governor's allowance.

## **Capital Budget Recommended Actions**

1. Concur with Governor's allowance.

## **Updates**

***MDOT/MVA Reports on Efforts to Reduce the Unauthorized Use of Disability-designation License Plates and Placards:*** MDOT/MVA submitted a report assessing the extent of unauthorized usage of disability-designation license plates and placards in Maryland. This report also detailed the systems that MVA and the Maryland State Police are putting in place to reduce these unauthorized uses and to combat the theft of these items.

***New Chesapeake Bay License Plate Issued:*** A re-designed Chesapeake Bay license plate went on sale on January 20, 2004; this plate replaces the old design, which is now no longer available for sale. This plate was issued following the enactment of Chapter 398, Acts of 2003 which instituted an annual renewal fee for the bay plate.

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## ***Budget Analysis***

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### **Program Description**

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

- licensing all passenger and commercial vehicles;
- registering and titling vehicles;
- issuing tags and permits for persons with a disability;
- providing photo identification cards for 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 programs.

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

### **Performance Analysis: Managing for Results**

#### **Safe Driving Environment**

MVA is responsible for promoting a safe driving environment by implementing a variety of safety-related regulatory programs – including the Graduated Licensing Program, the Motorcycle Safety Program, and the Automated Compulsory Insurance System – and administering the Medical Advisory Board, which assesses the fitness to drive of individuals with medical impairments. Managing for Results (MFR) measures have been introduced to track the effectiveness of each of these regulatory programs in improving safety on Maryland’s highways.

### ***J00E00 – MDOT – Motor Vehicle Administration***

Legislation was passed in the 2001 session that reduced the standard used to determine if a driver is “under the influence” of alcohol from 0.1 grams to 0.08 grams of alcohol per 100 millimeters of blood. Additional legislation was passed in the 2002 session banning open containers of alcoholic beverages in the passenger area of a car and suspending a person’s license for one year if the person is convicted of driving or attempting to drive under the influence of alcohol more than once in a five-year period.

Following the enactment of this legislation, the MVA also introduced an MFR measure that tracks alcohol-related fatalities in the State. This measure, which uses data compiled by the National Highway Traffic and Safety Administration (NHTSA), tracks alcohol-related traffic fatalities in which the Blood Alcohol Content (BAC) of a driver’s blood was at least 0.08 grams of alcohol per 100 millimeters of blood (which, under Maryland law, is the level at which a person is *per se* presumed to be driving under the influence of alcohol) as a percent of total traffic fatalities.

As shown in **Exhibit 1**, the percentage of traffic fatalities in Maryland in which the BAC of a driver was at least 0.08 has decreased from 36.2% in calendar 2002 to 32.8% in calendar 2003. Additional statistics from the NHTSA indicate that BAC at any level was involved in 40% of traffic fatalities in Maryland in calendar 2003 (265 alcohol-related fatalities out of a total of 659 fatalities). According to the NHTSA, in calendar 2002 alcohol at any BAC was a factor in 41% of fatal crashes nationwide, while a BAC of at least 0.08 grams/100 millimeters was observed in 35% of all traffic fatalities nationwide; Maryland was slightly above the national average on both measures in that year.

The data suggest that alcohol-related fatalities in the State are trending downward; however, these figures have shown some volatility in recent years. Therefore, data from several future years will need to be analyzed before definitive conclusions can be drawn regarding the impact that changes in Maryland’s drunk driving laws may have had on alcohol-related fatalities in the State.

Data on other performance measures related to driver safety are also shown in Exhibit 1, including data on fatal/disabling crashes involving 16-year old drivers under the Graduated Licensing System (GLS), on the percentage of vehicles maintaining the required minimum insurance coverage, and on the number of people enrolled in motorcycle safety courses taught by the MVA. Many of these measures were only recently introduced to track the effectiveness of these new driver safety programs (such as the GLS); these measures provide some indication of how these programs are performing, but the measures will continue to be refined as the programs operate over the coming years.

### **Customer Service**

As shown in **Exhibit 2**, the MVA is expected to conduct 15 million transactions in fiscal 2004, while in fiscal 2005, that number is expected to reach 15.7 million.

**Exhibit 1**  
**Performance Measures Pertaining to Driver Safety**  
**Fiscal 2002 – 2005**

| <u>Performance Measure</u>  | <u>Actual<br/>FY 2002</u> | <u>Actual<br/>FY 2003</u> | <u>Est.<br/>FY 2004</u> | <u>Est.<br/>FY 2005</u> | <u>Notes</u>   |
|---|---------------------------|---------------------------|-------------------------|-------------------------|--|
| <b>Alcohol Related Fatalities<sup>(1)</sup><br/>Involving BAC of .08 as %<br/>of Total Traffic Fatalities</b> | 36.2%                     | 32.8%                     | n/a                     | n/a                     | Information is taken from the National Highway Traffic and Safety Administration.  |
| <b>% Reduction in 16-year Old<br/>Driver Disabling/Fatal<br/>Crashes under the GLS</b>                        | 44%                       | 42%                       | n/a                     | n/a                     | This measure is based on only a few years' worth of data; a reduction of 3 to 5% in fatal/disabling crashes among 16-year old drivers has been seen nationally under similar programs. MVA will refine its measures as additional data becomes available.                    |
| <b>Average % of Registered<br/>Vehicles Meeting Minimum<br/>Insurance Requirements</b>                        | 95%                       | 95%                       | 95%                     | 96%                     | Implementation of a database capable of interfacing electronically with major insurance companies has increased identification of uninsured motorists.   |
| <b>Number Enrolled in<br/>Motorcycle Safety Course</b>  | 5,436                     | 6,748                     | 7,000                   | 7,000                   | Motorcycle fatalities accounted for 8% of all traffic fatalities in MD in 2001 and 7.6% of fatalities in 2002; as additional measures are developed, MVA will track data that more directly measure the impact of motorcycle safety efforts on the motorcycle fatality rate. |

BAC = Blood Alcohol Content  
 GLS = Graduated Licensing System

<sup>(1)</sup> This measure is for calendar years.

Source: Motor Vehicle Administration; additional information from the National Highway Traffic and Safety Administration

**Exhibit 2  
Performance Measures Pertaining to Customer Service  
Fiscal 2001 – 2005**

| <u>Performance Measure</u>                             | <u>Actual<br/>FY 2001</u> | <u>Actual<br/>FY 2002</u> | <u>Actual<br/>FY 2003</u> | <u>Ann.<br/>Change<br/>FY 01-03</u> | <u>Est.<br/>FY 2004</u> | <u>Est.<br/>FY 2005</u> | <u>%<br/>Change<br/>FY 04-05</u> |
|--|---------------------------|---------------------------|---------------------------|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| Number of Transactions<br>(Millions)                   | 12.5                      | 14.2                      | 14.4                      | 7.3%                                | 15                      | 15.7                    | 4.7%                             |
| Average Branch Office<br>Customer Visit Time (Minutes) | 34                        | 39                        | 46                        | 16.3%                               | 50                      | 35                      | -30.0%                           |

| <u>Performance Measure</u>   | <u>Actual<br/>FY 2001</u> | <u>Actual<br/>FY 2002</u> | <u>Actual<br/>FY 2003</u> | <u>Est.<br/>FY 2004</u> | <u>Est.<br/>FY 2005</u> |
|--|---------------------------|---------------------------|---------------------------|-------------------------|-------------------------|
| % of Information and Services<br>Available over the Internet           | 64%                       | 69%                       | 78%                       | 80%                     | 82%                     |
| % of Branch Office Customers<br>Rating Service as Good or Very<br>Good | 91%                       | 89%                       | 85%                       | 85%                     | 89%                     |

Source: Motor Vehicle Administration

From fiscal 2001 to 2002, the number of transactions conducted by the MVA increased by nearly 14%; much of this increase was due to increases in drivers' license services (including license tests and renewals and the provision of certified copies) and VEIP tests. From fiscal 2002 to 2003, the number of transactions conducted by MVA showed an increase of only 1.4%. Prior to fiscal 2003, the MVA counted incoming telephone calls answered by customer service agents as completed transactions (via alternative service delivery mechanisms) regardless of whether an actual MVA service transaction was conducted or not. In fiscal 2003 the MVA began counting only actual transactions completed via telephone (such as an address change or a registration renewal) in its tallies of total transactions. This change reduced the total number of MVA transactions by 1.5 million transactions; thus, while total transactions still showed an increase from fiscal 2002 to 2003, the increase was much smaller than that shown in previous years. The total number of transactions is projected to increase by 4.2% from fiscal 2003 to 2004 and by nearly 4.7% between fiscal 2004 and 2005.

MVA tracks a number of other performance measures that gauge its customer service efficiency, including data on average customer visit time at branch offices and customer service ratings as provided on customer feedback forms. Data on these measures are also shown in Exhibit 2.

### *J00E00 – MDOT – Motor Vehicle Administration*

The average amount of time a customer is required to spend during a visit to an MVA branch office to complete a walk-in transaction increased from 34 minutes in fiscal 2001 to 46 minutes in fiscal 2003 (an average annual increase of 16.3%). As Exhibit 2 illustrates, customer ratings of service quality also fell from 91% ratings of good or very good, to 85%. The wait time is expected to average approximately 50 minutes in fiscal 2004 before falling back to 35 minutes in fiscal 2005. In large measure, the increase in customer service times was due to increases in vacancies among front-line branch office customer service agent positions resulting from the introduction of the State's hiring freeze on October 17, 2001.

From the time the hiring freeze was introduced until the start of fiscal 2004, 178 regular positions became vacant, including 117 customer service agents, 48 driver licensing examiners, and 13 document examiners; in addition, between 50 and 80 temporary assistance and contractual employee positions became vacant. In an effort to reduce customer visit times, the MVA was permitted to fill 50 vacant regular positions and 50 vacant contractual positions at the start of fiscal 2004. While these new hires did reduce the number of vacant positions, they did not fill all the vacancies that occurred between fiscal 2002 and 2004; as previously discussed, 40 of the unfilled positions were eliminated from the MVA's PIN allowance in fiscal 2004 as part of cost containment action.

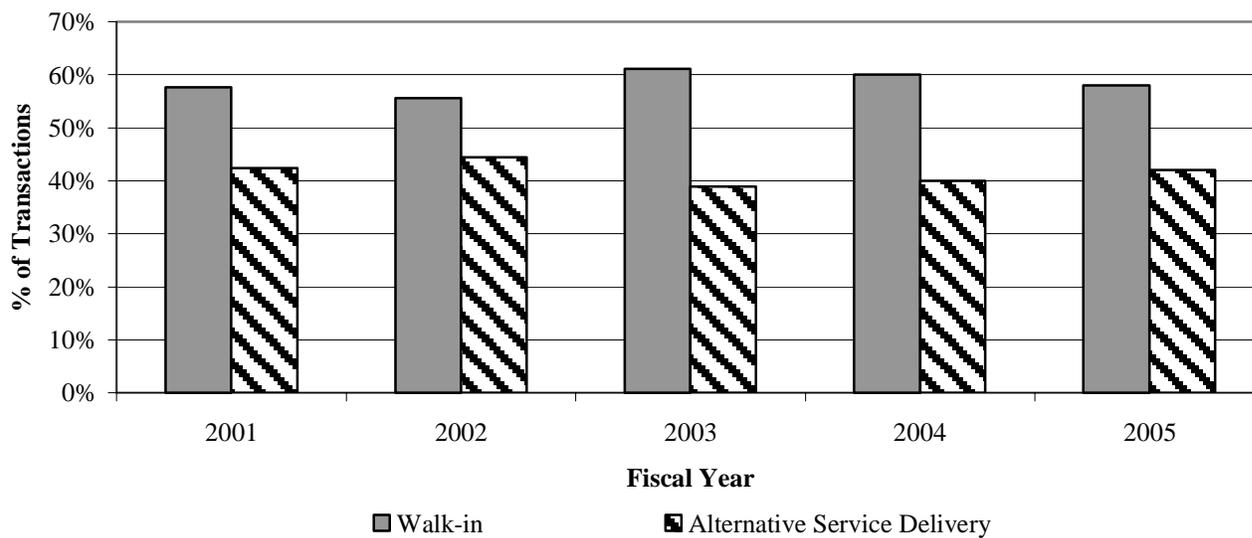
Under a new policy, MVA is now generally allowed to fill front-line customer service positions as they become vacant to ensure that the net number of customer service agents does not continue to decline. The vacancy rate among front-line customer service positions is now approximately 6%; the policy of allowing these positions to be filled as they become vacant should ensure that the vacancy rate remains at this level. Even with the introduction of the new DLS/POS, which had also contributed to increases in customer wait time, wait time has now begun to drop. Wait time was at an average of 114 minutes for driver license transactions in August 2003, but by January 2004, it had fallen to an average of 39 minutes.

**Exhibit 3** compares the percentage of MVA transactions handled through walk-in visits at branch offices with the percentage conducted via an alternative service delivery mechanism (Internet, telephone etc.). From fiscal 2002 to 2003, the percentage of transactions conducted via the alternative service mechanisms decreased by 5.5% (falling from 44.4 to 38.9% of all transactions). This reduction is due to the reclassification of answered telephone calls discussed above. Alternative service delivery transactions are expected to constitute 40% of total transactions in fiscal 2004 and 42% of total transactions in fiscal 2005.

### **Governor's Proposed Operating Budget**

As shown in **Exhibit 4**, MVA's fiscal 2005 operating allowance is just over \$124.2 million, a decrease of \$2.1 million (1.7%) under the fiscal 2004 working appropriation.

**Exhibit 3**  
**MVA Customer Transactions**  
**Fiscal 2001 – 2005**



Source: Motor Vehicle Administration

**Exhibit 4**  
**Governor's Proposed Budget**  
**Motor Vehicle Administration**  
(\$ in Thousands)

|                                      | <u>FY 03</u>     | <u>FY 04</u>     | <u>FY 05</u>     | <u>FY 04-05</u> | <u>FY 04-05</u> |
|--------------------------------------|------------------|------------------|------------------|-----------------|-----------------|
|                                      | <u>Actual</u>    | <u>Approp.</u>   | <u>Allowance</u> | <u>Change</u>   | <u>% Change</u> |
| Special Funds                        | \$121,177        | \$125,878        | \$124,854        | -\$1,024        | -0.8%           |
| Contingent & Back of Bill Reductions | 0                | 0                | -664             | -664            |                 |
| <b>Adjusted Special Funds</b>        | <b>\$121,177</b> | <b>\$125,878</b> | <b>\$124,190</b> | <b>-\$1,687</b> | <b>-1.3%</b>    |
| Federal Funds                        | 151              | 388              | 15               | -373            | -96.1%          |
| Reimbursable Funds                   | 0                | 42               | 0                | -42             | -100.0%         |
| <b>Adjusted Grand Total</b>          | <b>\$121,328</b> | <b>\$126,307</b> | <b>\$124,205</b> | <b>-\$2,102</b> | <b>-1.7%</b>    |

**Where It Goes:**

**Personnel Expenses**

|   |         |
|---|---------|
| Increments and other compensation .....   | \$1,087 |
| Employee and retiree health insurance .....   | 291     |
| Retirement contribution cost increase .....   | -30     |
| Turnover adjustments and restoration of cost containment .....                      | 653     |
| Abolition of 40 positions in fiscal 2004 and other fringe benefit adjustments ..... | -2,454  |

**Other Changes**

|  |        |
|--|--------|
| Allowance for the Office of Administrative Hearings .....                                    | 800    |
| Branch Office contractual services, including security services and janitorial services..... | 506    |
| Fees paid to credit card companies for credit card transactions.....                         | 327    |
| Motorcycle purchases for Motorcycle Safety Program.....                                      | 178    |
| VEIP contract .....  | -1,300 |
| Replacement computer equipment .....   | -1,200 |
| Communication costs, including postage .....   | -700   |
| Contractual information technology services.....   | -556   |
| Other changes .....  | 296    |

**Total** **-\$2,102**

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

## **Special Fund Allowance**

### **Administration**

The MVA's Administration unit provides executive direction for and support of MVA activities through the offices of planning, financial management, facilities management, human resources, and procurement. The fiscal 2005 allowance for this unit is \$30.8 million, a decrease of \$532,830 (nearly 2%) below the fiscal 2004 working appropriation. The allowance for postage, which has been budgeted in accordance with actual 2003 expenditures, shows a decrease of nearly \$700,000. Additional smaller decreases occur in the allowances for travel, fuel and utilities, and supplies and materials. These decreases are offset by an increase of nearly \$327,000 in the allowance for fees paid to credit card companies for customers' usage of credit cards.

### **District Operations**

The District Operations unit includes 16 full-service branch offices, 5 express offices, 2 satellite offices, and the Customer Service Center in Cumberland. The fiscal 2005 allowance for district operations totals \$44.6 million – an increase of approximately \$694,000 (nearly 2%) over the fiscal 2004 working appropriation. The allowance for contractual services – including janitorial services, grounds maintenance services, and security services at branch offices – increases by \$506,294. The fiscal 2004 appropriation for these services had been reduced by \$346,198 (50%) below the actual level of spending in fiscal 2003; however, these cuts proved to be unsustainable and so funding for these services has been restored to the level of actual expenditures incurred in fiscal 2003. An additional, smaller increase occurs in the allowance for rent paid for branch office facilities.

### **Driver and Vehicle Policies and Programs**

The Driver and Vehicle Policies and Programs Unit includes all customer operations centrally located at MVA headquarters in Glen Burnie that support the delivery at branch offices of driver services including licensing and titling services and driver wellness and safety services; the unit also supports motor carrier services.

The fiscal 2005 allowance for this unit totals \$25.2 million, an increase of \$1.3 million (nearly 6%) over the fiscal 2004 working appropriation. This increase is due primarily to increases in contractual services, including an increase of nearly \$800,000 in the allowance for the Office of Administrative Hearings (OAH).

The OAH hears cases brought by drivers whose licenses have been suspended or revoked due to the accumulation of points arising from traffic violations and/or drunk or drugged driving offenses. Upon the receipt of a notice of suspension or revocation, drivers have the right to request a hearing at the OAH to determine whether there has been just cause for the suspension/revocation. **Exhibit 5** provides information on the number of MVA cases heard by OAH in each fiscal year from 1998 to 2003 and the projected caseload in fiscal 2004 and 2005.

**Exhibit 5**  
**MVA Cases Heard by OAH**  
**Fiscal 1998 – 2003 Actual and Fiscal 2004 – 2005 Projected**

| <u>Fiscal Year</u>          | <u>MVA Cases Heard by OAH</u> | <u>% Change in Caseload from Previous Year</u> | <u>Appropriated MVA Budget (Amount Provided by MVA to OAH)</u> | <u>% Change in Budget from Previous Year</u> | <u>Average Cost per Case</u> | <u>Avg Cost per Case % Change from Previous Year*</u> |
|-----------------------------|-------------------------------|--|--|--|------------------------------|---|
| 1998                        | 23,604                        |  | \$1,753,422  |  | \$74.28                      |   |
| 1999                        | 25,269                        | 7.05%  | 1,980,480  | 12.95%                                       | 78.38                        | 5.51%   |
| 2000                        | 26,887                        | 6.40%  | 2,074,707  | 4.76%  | 77.16                        | -1.55%  |
| 2001                        | 24,604                        | -8.49%   | 2,190,337  | 5.57%  | 89.02                        | 15.37%  |
| 2002                        | 24,593                        | -0.04%   | 2,426,710  | 10.79%                                       | 98.67                        | 10.84%  |
| 2003                        | 29,896                        | 21.56%   | 2,611,162  | 7.60%  | 87.34                        | -11.49%   |
| 10% over 2003 Estimate 2004 | 32,886                        | 10.00%   | 2,636,896  | 0.99%  | 80.18                        | -8.19%  |
| OAH Allowance Estimate 2005 | 36,174                        | 10.00%   | 3,421,541  | 29.76%                                       | 94.59                        | 17.96%  |

\*MVA provides funding for the entire fiscal year to OAH on the first day of the fiscal year. As a result, if the increase in the caseload is not as high as the projected increase on which the budget is based, the average cost of each case will increase (as the budget is not adjusted to account for slower growth in the caseload).

Source: Motor Vehicle Administration

On average, OAH has heard approximately 26,800 cases each year from fiscal 1998 to fiscal 2003; only approximately 10% of petitioners win reinstatement of their drivers' licenses from OAH. Individuals requesting an OAH hearing are required to pay a \$15 filing fee, which has generated on average approximately \$402,300 each fiscal year from 1998 to 2003. However, the MVA pays for the full cost of these hearings (which is generally about \$100 per case) regardless of the outcome of the case.

**The Department of Legislative Services (DLS) recommends that the General Assembly adopt a provision in the Budget Reconciliation and Financing Act that would require that an individual whose request for reinstatement of his/her suspended or revoked license is denied by OAH be required to pay the full costs of his/her OAH hearing.**

### **Vehicle Emissions Inspection Program**

MVA's VEIP program administers and enforces the mandated biennial emissions inspection program. The fiscal 2005 allowance for VEIP totals \$7.2 million, a decrease of \$1.3 million below the fiscal 2004 working allowance. Almost all of this decrease occurs in the allowance for the

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MVA's contract with Environmental Systems Products, Inc. (ESP), the firm that administers the VEIP tests. ESP is responsible for collecting test fees and all applicable late fees. ESP retains the test fees and applies them toward attainment of the total contract amount; the vendor submits all late fees to MVA. Between fiscal 2001 and 2003, the number of cars receiving VEIP tests has grown from approximately 1.1 million cars to nearly 1.4 million cars (an average annual increase of 12.8%); as the number of cars tested increases, the cost to MVA of the VEIP contract decreases (as ESP collects an increasing amount of money from test fees).

### **Motorcycle Safety**

The Motorcycle Safety program provides a cyclist training program for those interested in enhancing their riding skills. The fiscal 2005 allowance for this program totals \$1.2 million, an increase of \$385,715 (nearly 48%) over the fiscal 2004 working appropriation. Nearly \$178,000 of the increase supports the purchase of 57 replacement motorcycles; all of the motorcycles to be replaced through this purchase are at least 18 years old. The cost of providing instructor training to program instructors increases by \$60,000. Additional smaller increases are seen in the allowance for contractual services and for salaries and wages.

### **Insurance Compliance**

The Insurance Compliance unit enforces Maryland's compulsory insurance laws through programs that capture and analyze vehicle insurance information. The fiscal 2005 allowance for this program totals nearly \$3 million, an increase of just \$43,000 (nearly 2%) above the fiscal 2004 working appropriation.

### **Office of Information Resources**

MVA's Office of Information Resources (OIR) is responsible for developing and managing the agency's extensive information technology (IT) services. The fiscal 2005 allowance for OIR totals nearly \$13 million, a decrease of \$2 million (nearly 14%) below the fiscal 2004 working appropriation. The largest decreases occur in the allowances for replacement equipment (\$1.2 million) and for contractual services (\$556,000), including decreases in the allowance for applications software and data processing contractual services.

### **Federal Fund Allowance**

MVA's fiscal 2004 federal fund working allowance increased by \$374,564 over the legislative appropriation of \$13,200. This increase included more than \$349,000 in federal grant funds reverted by the MVA at the end of fiscal 2003 and restored to the fiscal 2004 appropriation through a budget amendment; the increase also included \$25,000 in new federal grants.

MVA's fiscal 2005 federal fund allowance totals only \$15,000. This funding is provided through MVA's Social Security Number Validation grant, which is enabling the MVA to develop a computer program that validates the Social Security numbers of applicants for commercial drivers' licenses.

## 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 information systems, and the purchase of capital equipment.

### Fiscal 2004 to 2009 Consolidated Transportation Program

**Exhibit 6** shows ongoing capital projects, including the amount of funding that is to be expended in fiscal 2005 on each project and total estimated project costs.

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**Exhibit 6**  
**Major Ongoing Capital Projects**  
**(\$ in Thousands)**

| <u>Jurisdiction</u> | <u>Project Description</u>                      | <u>FY 2005</u>  | <u>Total Project Costs</u> |
|---------------------|---|-----------------|----------------------------|
| Statewide           | Drivers License System/Point of Sale (DLS/POS)  | \$3,357         | \$49,225                   |
| Statewide           | e-MVA Service Delivery Systems                  | 2,013           | 13,374                     |
| Montgomery County   | Montgomery County Branch Office                 | 4,350           | 5,001                      |
| Statewide           | National Motor Vehicle Title Information System | 100             | 8,400                      |
| Statewide           | System Preservation and Minor Projects          | 8,500           | ongoing                    |
| N/A                 | Capital Salaries and Wages                      | 800             | ongoing                    |
| <b>Total</b>        |   | <b>\$19,120</b> | <b>\$76,000</b>            |

Source: Maryland Department of Transportation, 2004 *Consolidated Transportation Program*

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### Projects Completed

- **Document Imaging and Workflow System (DIWS):** Phases I, II, and III of the DIWS project are to be completed in fiscal 2004 as planned. No additional funds are expected to be spent in fiscal 2005 on this project; however, future IT projects will provide additional system storage capacity and provide system maintenance services. The DIWS project re-engineered MVA business processes to improve customer service by scanning MVA records into a computer system to allow for interactive record availability and the transmission of information to multiple remote sites, thus eliminating reliance on paper records.

## Ongoing Projects

- Drivers License System/Point of Sale (DLS/POS):** Deployment of the new DLS/POS system to all branch offices was completed in August 2003, approximately two years behind schedule. Due to poor performance, a total of 9% (\$1,757,000) of the original contract amount was withheld from payment to Hewlett-Packard Company (formerly COMPAQ Computer Corporation), which is developing the system. However, the MVA also paid a claims settlement amount totaling \$5,790,581 to Hewlett to resolve disputes that had arisen between the MVA and Hewlett, including disputes about payments due for change work orders that occurred in part because of the need to alter the system to accommodate new legislatively mandated requirements. This settlement figure was arrived at through negotiations rather than through contractual agreements pertaining to specific pieces of work; it is thus unclear how specific change work orders and other modifications were priced to arrive at the settlement amount. Specific modifications in MVA's contract with Hewlett approved by the Board of Public Works on October 15, 2003, are detailed in **Exhibit 7**. These changes have yielded a net increase of \$9.9 million in the DLS/POS contract.

**Exhibit 7**  
**Increases/Decreases in MVA Contract**  
**with Hewlett-Packard for the DLS/POS System**

|   | <u>Original Contract<br/>Amount</u> | <u>Revised Amount</u> | <u>Net Increase/<br/>Decrease</u> |
|---|-------------------------------------|-----------------------|-----------------------------------|
| Phases I, II, & III                         | \$30,918,570                        | \$32,574,742          | \$1,656,172                       |
| Claims Settlement                           | 0                                   | 5,790,581             | 5,790,581                         |
| Legislative and Application Process         |                                     |                       |                                   |
| Work Order Changes                          | 0                                   | 5,633,130             | 5,633,130                         |
| Production Support/Maintenance/<br>Supplies | 9,390,231                           | 6,252,000             | -3,138,231                        |
| <b>Total</b>                                | <b>\$40,308,801</b>                 | <b>\$50,250,453</b>   | <b>\$9,941,652</b>                |

Source: Motor Vehicle Administration

Hewlett has now moved on to implementation of Phase III of this project, during which the contractor will develop a computer system that can handle miscellaneous transactions (such as sale of certified copies, processing of returned check fees, sale of county pride stickers, and sale of disability designation tags) as well as a central issuance system which will allow transactions that are initiated at branch offices to be completed at the central office in Glen Burnie. This phase is scheduled to be completed by May 31, 2004. Hewlett will continue to provide production support to the DLS/POS for a period of two years, after which time this function will be assumed by MVA personnel.

**DLS recommends that MVA discuss with the budget committees how the settlement figure of nearly \$6 million was established. In addition, MVA should identify specific changes that can be made in its systems and procedures to improve the management and pricing of change work orders made during the course of large, ongoing IT projects. Finally, MVA should discuss the overall status of the DLS/POS system.**

- **Montgomery County Branch Office:** The estimated cost of constructing the Montgomery County Branch Office has been revised up by \$1.8 million based on feasibility study estimates and start-up costs. The branch is now expected to cost just over \$5 million to construct; however, this estimate is subject to continued revision. Construction of the facility on the State-owned White Oak VEIP station site is currently expected to begin in summer 2004; the facility is expected to open to the public in summer 2005.

### **New Projects**

- **National Motor Vehicle Title Information System (NMVTIS):** When implemented, this project will give the MVA the ability to make real-time queries in the NMVTIS database, which is a national database that stores Vehicle Identification Numbers (VIN) and brand information as well as information on the last state title issued to a vehicle. Through the interface linking MVA to the NMVTIS, MVA will be able to examine information in the database on each vehicle presented for titling to ensure that the vehicle is not stolen and that the odometer reading on the vehicle is correct.

### **Minor Projects and System Preservation**

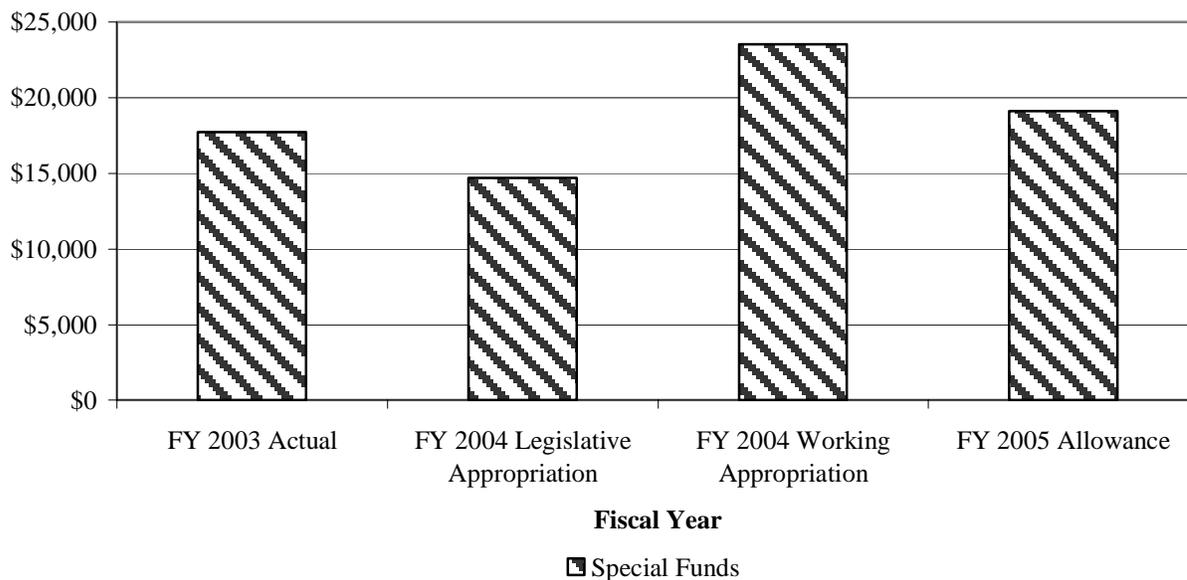
Among the projects funded in the fiscal 2005 allowance for minor projects and system preservation are projects that will provide security improvements and interior modifications in branch offices and that will upgrade and replace telecommunications and network equipment. MVA will also initiate a study of possible alterations to its license plate return policy. Currently, MVA requires customers to return their license plates to a branch office before canceling their insurance policy. MVA will assess other license plate disposal policies, including assessing whether it would be more effective to issue permanent license plates to drivers that would not need to be returned to MVA or whether customers should be allowed to cancel vehicle registrations over the web and retain their cancelled license plates.

### **Fiscal 2004 and 2005 Cash Flow Analysis**

**Exhibit 8** presents the cash flow changes in the MVA's capital program from fiscal 2003 to 2005.

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**Exhibit 8**  
**Fiscal 2003 – 2005 Cash Flow Changes**  
**(\$ in Millions)**



Source: Maryland Department of Transportation, 2004 *Consolidated Transportation Program*

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### **Fiscal 2004**

The fiscal 2004 working appropriation has increased by just over \$8.8 million (60%) over the legislative appropriation. This increase is primarily attributable to the increase in the contract with Hewlett-Packard for the DLS/POS arising from the negotiated settlement and from the contract modifications discussed in Exhibit 7.

### **Fiscal 2005**

The fiscal 2005 capital allowance totals \$19.1 million, a decrease of \$4.4 million (18.7%) below the fiscal 2004 working appropriation. This decrease is due to cash flow changes in ongoing projects. Projected fiscal 2005 expenditures for the DLS/POS decline by more than \$11 million below fiscal 2004 expenditures; this decline is partially offset by the projected expenditure of more than \$4 million in fiscal 2005 on the construction of the Montgomery County Branch Office and a projected increase of \$3.1 million in expenditures on minor projects.

## ***Issues***

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### **1. MVA Computer Systems Infected by Worms and Viruses**

On August 12 and 13, 2003, computer services at the MVA were disrupted when the MVA's computer systems were infected by the so-called "Blaster" worm. The MVA was forced to close all branch offices early on August 12, 2003, and service remained sporadic on August 13, 2003. Following an investigation into this incident conducted by a computer contractor, the MVA determined that the worm entered its computer system when a Maryland State Police (MSP) officer assigned to the MVA's Automotive Safety Division attached a modem to his PC and accessed the Internet directly, apparently bypassing the firewall MVA had installed to prevent infection from worms and viruses when the web was accessed via the MDOT network. Because the MSP officer was also connected to the MDOT network while accessing the web, the infection that entered his computer passed into the MDOT network at the same time, which allowed servers and personal computers inside MVA's firewall to become infected. The MVA referred this matter to the MSP for further investigation; MSP has informed MVA that the investigation and any resulting disciplinary action will be handled confidentially.

The MVA reports that it has a system for installing computer patches as they are released. Following the August incident, the MVA also swept all its phone lines and PC installations to ensure that no unknown or unauthorized modem connections existed; MVA reports that it repeats these sweeps on a regular basis.

On October 6, 2003, the MVA's computer system experienced a service outage that lasted approximately two hours. This outage occurred when a Microsoft patch installed on the MVA's system proved to be incompatible with another Microsoft server product under full work load conditions. Yet another MVA system outage occurred on November 3, 2003; this outage lasted approximately four hours. This crash was apparently caused by a failure of a Microsoft SQL central server; additional analysis is being performed by the MVA and Microsoft to determine the exact cause of this crash.

During both the October 6 and November 3 outages, the MVA was able to operate in a limited capacity. The MVA was able to complete some transactions – such as drivers license renewals – but was not able to provide all services to customers.

**DLS recommends that the MVA discuss with the committees its procedures for managing its critical computer infrastructure, including procedures for testing patches for compatibility with existing systems and then installing such patches as they become available, and its procedures for managing server operations.**

## 2. MVA Does Not Recover Its Capital Costs

Section 12-120 of the Transportation Article specifies that prior to the start of a fiscal year, the MVA may alter the rates of its miscellaneous fees (defined as including all fees other than titling fees, vehicle registration fees, and that portion of a motorcycle registration fee that is in excess of \$13.50) so that the total amount of projected revenue from all miscellaneous fees for the upcoming fiscal year is at least 95% but not more than 100% of the total operating budget of the MVA for the fiscal year. MVA is not permitted to alter its miscellaneous fees more than once per year, and it is not required to reduce its fees for an upcoming fiscal year if legislative budget modifications cause the projected fee schedule to result in a fee recovery rate that exceeds 100%.

**Exhibit 9** shows that MVA is projected to recover more than 100% of its operating costs through its miscellaneous fees in fiscal 2004 and 2005 under current budgetary projections.

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**Exhibit 9**  
**Percent of MVA’s Operating Expenses Recovered through Miscellaneous Fees**  
**Fiscal 2002 – 2005**  
**(\$ in Millions)**

| <u>Cost Recovery Calculation</u>                                   | <u>FY 2002</u> | <u>FY 2003</u> | <u>FY 2004</u> | <u>FY 2005</u> |
|--|----------------|----------------|----------------|----------------|
| Total Operating Expenses   | \$123.0        | \$121.4        | \$125.9        | \$126.7        |
| Revenue from Miscellaneous Fees                                    | 116.7          | 125.0          | 128.8          | 130.7          |
| Percentage of Operating Costs Recovered through Miscellaneous Fees | 94.9%          | 102.9%         | 102.4%         | 103.2%         |

Source: Maryland Department of Transportation

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While the MVA recovers its operating costs through these miscellaneous fees, it is not currently required to recover any part of its capital costs, which are funded by the Transportation Trust Fund (TTF) as are the capital costs of all MDOT agencies. For the fiscal 2004 to 2009 period, MVA’s capital expenditures are expected to total \$133.1 million; projected expenditures shown in the *Consolidated Transportation Program* (CTP) for each fiscal year are presented in **Exhibit 10**.

House Bill 94 of 2004 proposes one mechanism for recovering these costs. This bill would require the MVA to recover between 95 and 100% of the average annual amount of capital expenditures projected in each six-year CTP. Under this arrangement, in fiscal 2005, the MVA would recover at least 95% of \$22.2 million, or approximately \$21.1 million; this would consequently provide an additional \$21.1 million to the TTF for expenditure on other capital projects.

**Exhibit 10**  
**MVA Projected Capital Expenditures**  
**Fiscal 2004 – 2009**  
**(\$ in Millions)**

|  | <u>FY</u><br><u>2004</u> | <u>FY</u><br><u>2005</u> | <u>FY</u><br><u>2006</u> | <u>FY</u><br><u>2007</u> | <u>FY</u><br><u>2008</u> | <u>FY</u><br><u>2009</u> | <u>Total</u><br><u>Planned</u><br><u>Program</u> | <u>Average</u><br><u>Annual</u><br><u>Expenditures</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|--|
| <b>Capital Expenditures<br/>(Special Funds Only)</b> | \$23.5                   | \$19.1                   | \$18.0                   | \$22.8                   | \$24.3                   | \$25.4                   | \$133.1  | \$22.2   |

Source: Maryland Department of Transportation, 2004 *Consolidated Transportation Program*

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***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

***Capital Budget Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. MDOT/MVA Reports on Efforts to Reduce the Unauthorized Use of Disability-designation License Plates and Placards**

As required by committee narrative in the 2003 *Joint Chairmen's Report*, MDOT/MVA reported on efforts to identify ways of reducing the unauthorized use of disability-designation placards. MVA records show that as of August 21, 2003, 275,421 disability license plates (267,028 permanent disability placards and 8,393 temporary disability placards) had been issued to Maryland vehicles and drivers. The Maryland Interagency Law Enforcement System (MILES) shows that as of June 26, 2003, a total of 32 placards had been reported stolen in a two-year time frame, of which a total of 9 (28%) were reported stolen by Baltimore City police.

The MVA reports that during fiscal 2002, it provided 588 substitute disability placards and 35 substitute disability plates; during fiscal 2003, the MVA provided 1,988 substitute placards and 50 substitute plates. These figures show that the number of replacement placards issued by the MVA in fiscal 2003 more than tripled over the number issued in fiscal 2002.

While there is no research on the scope of the unauthorized usage of disability-designation plates and placards, anecdotal evidence reported by the MVA suggests that disability-designation license plates and placards are abused through outright theft as well as through such actions as unauthorized use by relatives and friends of the disabled, continued use of temporary placards beyond their expiration dates, and the failure of family members to return such items after the disabled person to whom they were issued has died. Working together, the MVA and MSP are putting in place specific procedures and systems intended to reduce these unauthorized uses of disability-designation license plates and placards. Specific steps that have been or will be taken by the MVA and MSP include the following:

- MVA contacted all local police chiefs to notify them of their ability to report the theft of disability placards through the MILES system;
- MVA is providing information to law enforcement units on disability-designation placards – including providing the name of the individual certified to use a placard – through its teletype service;
- MVA will modify its Disability Permitting System so that it can record reports of stolen placards and so that reports on lost and stolen placards can be separated;
- MVA will re-design the disability placard itself as well as the application form and the accompanying disability certification card to include a message noting that the theft of such items should be reported to local law enforcement agencies;

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- MVA's newly installed automated system, which is connected with vital records, will identify when the plates and placards of a deceased person have not been returned to the MVA, thus enabling the MVA to request the return of these items;
- MVA's Medical Advisory Board submitted an article to the Maryland Medical Association newsletter reminding physicians to carefully scrutinize requests for disability-designation certification; and
- MVA will investigate whether the length of validity of disability placards should be altered, and it will investigate whether a combination of two placards and plates should be provided (the minimum number required by federal law) rather than the combination of three currently allowed under State law.

These changes have been targeted to raise awareness of the problem of the theft of disability-designation license plates and placards, and to make it easier for law enforcement agencies to assess whether placards are being properly utilized by authorized individuals and thus to identify those who are abusing parking rules.

## **2. New Chesapeake Bay License Plate Issued**

A re-designed Chesapeake Bay license plate went on sale on January 20, 2004; this plate replaces the old design, which is now no longer available for sale. This plate was issued following the enactment of Chapter 398, Acts of 2003, which instituted an annual renewal fee for the bay plate (this law did not, however, require issuance of a new plate).<sup>1</sup>

A bay plate is issued to a licensed vehicle upon payment of a one-time application fee of \$20 (which is paid in addition to all other applicable registration fees). Proceeds from the sale of this plate will now be split evenly between the TTF (the money goes directly to the TTF and is not shared with local jurisdictions) and a designated nonprofit organization closely associated with the Chesapeake Bay; currently, the designated nonprofit receiving proceeds from the bay plate is the Chesapeake Bay Foundation (CBF).

Previously, the TTF received 40% of the revenue generated by the sale of the bay plate while the CBF received 60% of the revenue generated by the sale of the plate. The revision in the distribution of funds between the TTF and the CBF was a negotiated agreement that reflects increases in the cost to the MVA of issuing the plate. This revision also creates parity between the bay plate and the agriculture plate (revenues from the agriculture plate are divided evenly between the TTF and the designated agriculture nonprofit organization).

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<sup>1</sup> Chapter 34, Acts of 2002 extended the sunset of the Chesapeake Bay Commemorative License Plate Program from July 1, 2002, until July 1, 2007.

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The annual renewal fee required by Chapter 398 has been set at \$5 (which is paid in the amount of \$10 with each biannual renewal of the bay plate); all proceeds from the renewal fee are required to be transferred to the nonprofit entity designated to receive proceeds from the plate.

Approximately 46,000 Chesapeake Bay plates have been sold annually since the introduction of the plate in 1990. In fiscal 2003 the CBF received \$551,094 in proceeds from the sale of the plate.

## *Current and Prior Year Budgets*

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

|                                  | <u>General<br/>Fund</u> | <u>Special<br/>Fund</u> | <u>Federal<br/>Fund</u> | <u>Reimb.<br/>Fund</u> | <u>Total</u>     |
|----------------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------|
| <b>Fiscal 2003</b>               |                         |                         |                         |                        |                  |
| Legislative<br>Appropriation     | \$0                     | \$124,955               | \$0                     | \$0                    | \$124,955        |
| Deficiency<br>Appropriation      | 0                       | 0                       | 0                       | 0                      | 0                |
| Budget<br>Amendments             | 0                       | 854                     | 513                     | 0                      | 1,367            |
| Cost Containment                 | 0                       | -4,632                  | 0                       | 0                      | -4,632           |
| Reversions and<br>Cancellations  | 0                       | 0                       | -362                    | 0                      | -362             |
| <b>Actual<br/>Expenditures</b>   | <b>\$0</b>              | <b>\$121,177</b>        | <b>\$151</b>            | <b>\$0</b>             | <b>\$121,328</b> |
| <b>Fiscal 2004</b>               |                         |                         |                         |                        |                  |
| Legislative<br>Appropriation     | \$0                     | \$125,891               | \$13                    | \$0                    | \$125,904        |
| Cost Containment                 | 0                       | 0                       | 0                       | 0                      | 0                |
| Budget<br>Amendments             | 0                       | 0                       | 0                       | 0                      | 0                |
| <b>Working<br/>Appropriation</b> | <b>\$0</b>              | <b>\$125,891</b>        | <b>\$13</b>             | <b>\$0</b>             | <b>\$125,904</b> |

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

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## **Fiscal 2003**

Approximately \$4.6 million was withdrawn from MVA's fiscal 2003 appropriation as part of the Maryland Department of Transportation's cost containment. The majority of this reduction (\$2.9 million) was achieved through reductions in contractual services, including revisions in the schedule of various IT projects, elimination of a contract for picking-up tags from uninsured vehicles, and various reductions in advertising, printing, and other miscellaneous costs. Significant reductions (\$1.3 million) were also made in personnel costs, including reductions due to the hiring freeze and elimination of one-half of the year's increment.

These reductions were offset through budget amendments that added approximately \$854,000 in special funds to MVA's budget to purchase equipment to authenticate identification documents and provide training to customer service agents on the identification of potentially fraudulent documents, and to cover unexpected snow removal costs at branch offices. In addition, budget amendments added \$513,388 in federal funds to the MVA's budget from five separate grants. However, MVA subsequently cancelled approximately \$362,000 in federal funding, including \$55,500 cancelled from a fiscal 2002 Motor Carrier Safety Program grant, and a combined total of nearly \$307,000 cancelled from a fiscal 2003 Motor Carrier Safety Program grant, an Odometer Fraud grant, and a Social Security Number Validation grant. Much of these cancellations resulted from the delay in the implementation of the DLS/POS, upon which many of the projects to be funded by the grants were contingent.

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

| <u>Object/Fund</u>              | <u>FY03<br/>Actual</u> | <u>FY04<br/>Working<br/>Appropriation</u> | <u>FY05<br/>Allowance</u> | <u>FY04 - FY05<br/>Amount Change</u> | <u>Percent<br/>Change</u> |
|---------------------------------|------------------------|---|---------------------------|--------------------------------------|---------------------------|
| <b>Positions</b>                |                        |   |                           |                                      |                           |
| 01 Regular                      | 1637.00                | 1596.50                                   | 1596.50                   | 0                                    | 0%                        |
| 02 Contractual                  | 68.34                  | 100.55                                    | 100.55                    | 0                                    | 0%                        |
| <b>Total Positions</b>          | <b>1705.34</b>         | <b>1697.05</b>                            | <b>1697.05</b>            | <b>0</b>                             | <b>0%</b>                 |
| <b>Objects</b>                  |                        |   |                           |                                      |                           |
| 01 Salaries and Wages           | \$ 78,917,313          | \$ 81,180,478                             | \$ 81,391,507             | \$ 211,029                           | 0.3%                      |
| 02 Technical & Spec Fees        | 3,680,354              | 4,440,861                                 | 4,413,037                 | -27,824                              | -0.6%                     |
| 03 Communication                | 5,178,999              | 6,178,068                                 | 5,638,222                 | -539,846                             | -8.7%                     |
| 04 Travel                       | 136,884                | 183,929                                   | 142,696                   | -41,233                              | -22.4%                    |
| 06 Fuel & Utilities             | 1,331,765              | 1,422,293                                 | 1,331,765                 | -90,528                              | -6.4%                     |
| 07 Motor Vehicles               | 492,897                | 613,789                                   | 757,698                   | 143,909                              | 23.4%                     |
| 08 Contractual Services         | 25,239,935             | 26,375,450                                | 26,460,760                | 85,310                               | 0.3%                      |
| 09 Supplies & Materials         | 1,319,882              | 1,421,688                                 | 1,306,672                 | -115,016                             | -8.1%                     |
| 10 Equip - Replacement          | 542,250                | 1,454,994                                 | 249,934                   | -1,205,060                           | -82.8%                    |
| 11 Equip - Additional           | 456,001                | 287,892                                   | 93,958                    | -193,934                             | -67.4%                    |
| 12 Grants, Subsidies, Contracts | 108,980                | 81,433                                    | 108,980                   | 27,547                               | 33.8%                     |
| 13 Fixed Charges                | 3,922,265              | 2,666,578                                 | 2,973,862                 | 307,284                              | 11.5%                     |
| <b>Total Objects</b>            | <b>\$ 121,327,525</b>  | <b>\$ 126,307,453</b>                     | <b>\$ 124,869,091</b>     | <b>-\$ 1,438,362</b>                 | <b>-1.1%</b>              |
| <b>Funds</b>                    |                        |   |                           |                                      |                           |
| 03 Special Fund                 | \$ 121,176,569         | \$ 125,877,689                            | \$ 124,854,091            | -\$ 1,023,598                        | -0.8%                     |
| 05 Federal Fund                 | 150,956                | 387,764                                   | 15,000                    | -372,764                             | -96.1%                    |
| 09 Reimbursable Fund            | 0                      | 42,000                                    | 0                         | -42,000                              | -100.0%                   |
| <b>Total Funds</b>              | <b>\$ 121,327,525</b>  | <b>\$ 126,307,453</b>                     | <b>\$ 124,869,091</b>     | <b>-\$ 1,438,362</b>                 | <b>-1.1%</b>              |

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

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

| <u>Unit/Program</u>                    | <u>FY03<br/>Actual</u> | <u>FY04<br/>Legislative<br/>Appropriation</u> | <u>FY04<br/>Working<br/>Appropriation</u> | <u>FY03 - FY04<br/>% Change</u> | <u>FY05<br/>Allowance</u> | <u>FY04 - FY05<br/>% Change</u> |
|--|------------------------|---|---|---------------------------------|---------------------------|---------------------------------|
| 1010 Executive Direction               | \$ 31,049,066          | \$ 31,309,532                                 | \$ 31,299,043                             | 0.8%                            | \$ 30,766,213             | -1.7%                           |
| 1020 District Operations               | 43,398,358             | 43,655,460                                    | 43,862,179                                | 1.1%                            | 44,556,450                | 1.6%                            |
| 1030 Central and Compliance Operations | 24,889,156             | 23,635,097                                    | 23,888,005                                | -4.0%                           | 25,195,511                | 5.5%                            |
| 1040 VEIP                              | 7,545,410              | 8,758,322                                     | 8,518,258                                 | 12.9%                           | 7,197,244                 | -15.5%                          |
| 1050 Motorcycle Safety                 | 888,809                | 812,097                                       | 811,746                                   | -8.7%                           | 1,197,461                 | 47.5%                           |
| 1060 Insurance Enforcement             | 3,202,048              | 3,002,069                                     | 2,954,385                                 | -7.7%                           | 2,997,573                 | 1.5%                            |
| 1070 Office of Information Resources   | 10,354,678             | 14,718,312                                    | 14,973,837                                | 44.6%                           | 12,958,639                | -13.5%                          |
| 3010 Facilities and Capital            | 6,680,805              | 8,044,014                                     | 6,382,014                                 | -4.5%                           | 13,661,392                | 114.1%                          |
| 0303 Major IT Development Capital      | 3,157,520              | 1,995,000                                     | 2,145,000                                 | -32.1%                          | 0                         | -100.0%                         |
| 0534 Major IT Development Capital      | 1,553,004              | 388,000                                       | 518,000                                   | -66.6%                          | 2,013,000                 | 288.6%                          |
| 0601 Major IT Development Capital      | 6,104,906              | 4,264,000                                     | 14,495,000                                | 137.4%                          | 3,357,000                 | -76.8%                          |
| 0610 Major IT Development Capital      | 229,929                | 0   | 0   | -100.0%                         | 100,000                   |                                 |
| <b>Total Expenditures</b>              | <b>\$ 139,053,689</b>  | <b>\$ 140,581,903</b>                         | <b>\$ 149,847,467</b>                     | <b>7.8%</b>                     | <b>\$ 144,000,483</b>     | <b>-3.9%</b>                    |
| Special Fund                           | \$ 138,902,733         | \$ 140,568,703                                | \$ 149,417,703                            | 7.6%                            | \$ 143,985,483            | -3.6%                           |
| Federal Fund                           | 150,956                | 13,200  | 387,764                                   | 156.9%                          | 15,000                    | -96.1%                          |
| <b>Total Appropriations</b>            | <b>\$ 139,053,689</b>  | <b>\$ 140,581,903</b>                         | <b>\$ 149,805,467</b>                     | <b>7.7%</b>                     | <b>\$ 144,000,483</b>     | <b>-3.9%</b>                    |
| Reimbursable Fund                      | \$ 0                   | \$ 0  | \$ 42,000                                 | N/A                             | \$ 0                      | -100.0%                         |
| <b>Total Funds</b>                     | <b>\$ 139,053,689</b>  | <b>\$ 140,581,903</b>                         | <b>\$ 149,847,467</b>                     | <b>7.8%</b>                     | <b>\$ 144,000,483</b>     | <b>-3.9%</b>                    |

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Maryland Department of Transportation  
Motor Vehicle Administration**

**Operating Budget Amendments for Fiscal 2004**

| <u>Status</u> | <u>Amount</u> | <u>Fund</u>  | <u>Justification</u>  |
|---------------|---------------|--------------|---|
| Pending       | \$374,564     | FF Operating | Provides the MVA with federal funds to continue the Odometer Fraud Program, the Motor Carrier Safety Assistance Programs, and the Commercial Drivers License program. |
| Pending       | 42,000        | RF Operating | Federal grant provided through the Maryland Emergency Management Agency to support branch security upgrades.  |
| Projected     | 14,500        | SF Operating | Cover damages caused by Hurricane Isabel that are not likely to be reimbursed by the Federal Emergency Management Agency.   |

**PAYGO Budget Amendments for Fiscal 2004**

| <u>Status</u> | <u>Amount</u> | <u>Fund</u> | <u>Justification</u>   |
|---------------|---------------|-------------|--|
| Pending       | \$11,944,000  | SF Capital  | Realign the fiscal 2004 working appropriation for Major IT Development Projects with cash flows projected in the 2004 draft CTP. |
| Projected     | (3,095,000)   | SF Capital  | Adjust the amended appropriation to align with cash flows for the current year shown in the 2004 CTP.                            |

Source: Maryland Department of Transportation