

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

***Executive Summary***

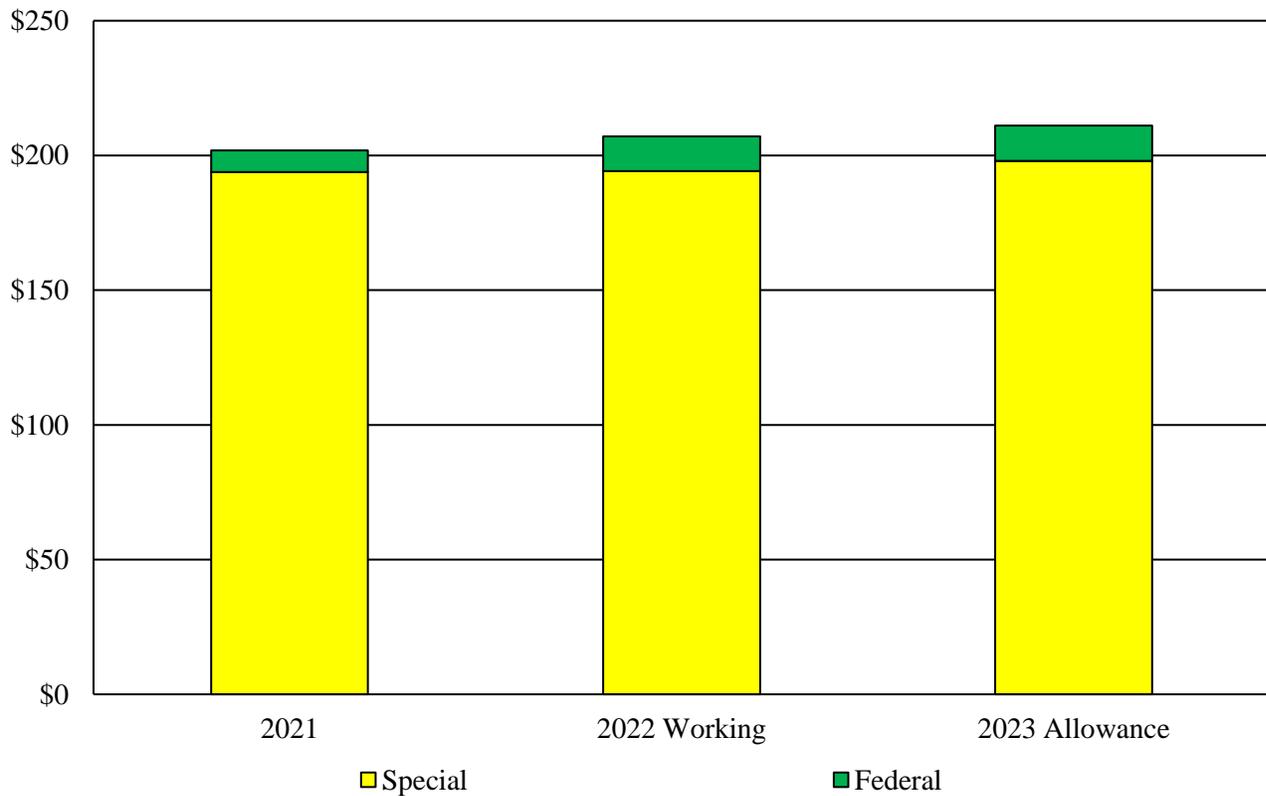
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The Motor Vehicle Administration (MVA) is responsible for supplying motor vehicle services to the citizens of Maryland, including driver license services, registration and titling of vehicles, administering vehicle inspection and driver safety programs,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

***Operating Budget Summary***

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**Fiscal 2023 Budget Increases \$4.0 Million, or 1.9%, to \$211.1 Million**  
**(\$ in Millions)**



Note: The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

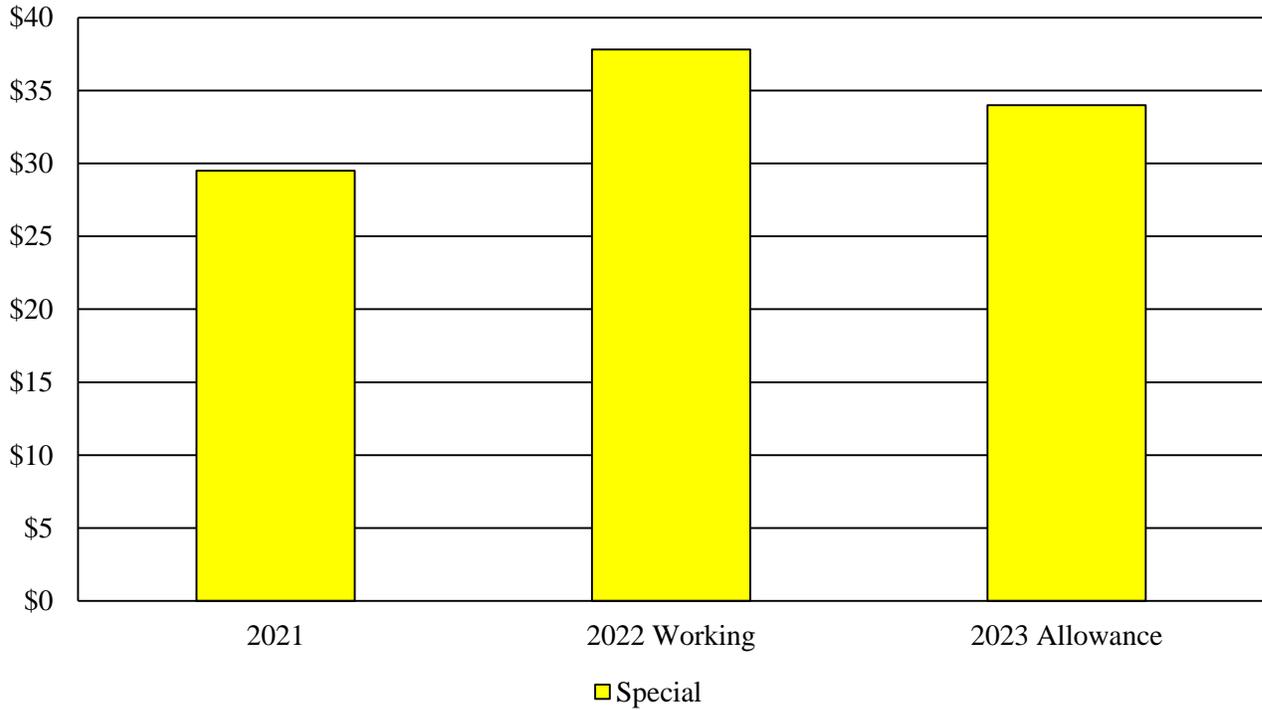
For further information contact: Kelly K. Norton

Phone: (410) 946-5530

## ***PAYGO Capital Budget Summary***

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**Fiscal 2023 Budget Decreases \$3.8 Million, or 10.1%, to \$34 Million  
(\$ in Millions)**



PAYGO: pay-as-you-go

Note: The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

## ***Key Observations***

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- ***Digital Driver’s Licenses:*** Maryland is expected to have digital driver’s licenses available on Apple Wallet this year. While there are benefits to digital driver’s licenses, such as convenience and security, there are privacy concerns as well.
- ***COVID-19 Impact Continues:*** MVA is still dealing with the ongoing COVID-19 pandemic. The REAL ID deadline has been extended until May 3, 2023. MVA branches have not returned to normal operations and remain by appointment only.

## **Operating Budget Recommended Actions**

1. Adopt committee narrative to request a report on digital driver’s licenses.

## **PAYGO Budget Recommended Actions**

1. Concur with Governor’s allowance.

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

## ***Budget Analysis***

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### **Program Description**

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 (ID) 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.

MVA serves customers through a network of branch offices, e-MVA facilities (kiosks and online), a telephone call center, a mobile service center, and VEIP stations.

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

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### **1. Efficient Management Practices**

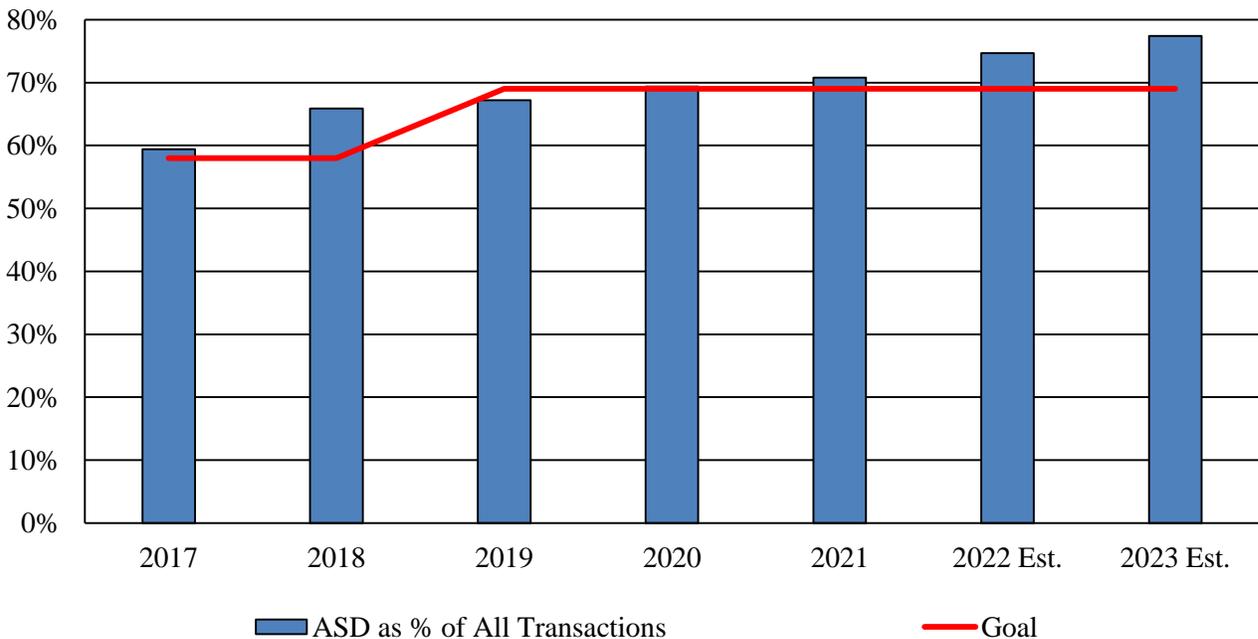
MVA's mission is to provide exemplary driver and vehicle services that provide Maryland mobility and safety while enhancing process and product security. MVA strives to implement efficient and effective management processes in pursuit of this mission.

MVA continues to make significant information technology (IT) investments to improve outdated systems and increase the number of alternative service delivery (ASD) transactions performed to reduce customer wait times and improve the customer experience. This includes increasing transactions performed online via myMVA, at MVA kiosks, by mail, or via the telephone call center.

Examples of ASD services include (1) a REAL ID status look-up tool; (2) the ability to review whether driving privileges are suspended prior to obtaining a copy of one’s driving records as well as the ability to print a list of the applicable suspensions; (3) the sale of CharmCards; (4) provisions through which commercial driver’s license holders can obtain drivers’ services products; and (5) the ability to renew dealer’s tags through myMVA.

In fiscal 2021, MVA aimed to have at least 69% of all transactions completed via ASD. The agency exceeded this goal by having 70.8% of its 10.8 million transactions completed via an alternative format, up from 69.4% in fiscal 2020. This increase can be seen in **Exhibit 1**. Maryland Department of Transportation projections indicate that MVA will hit this new goal in fiscal 2022 and 2023 as well.

**Exhibit 1**  
**ASD Transactions as Percent of All Transactions**  
**Fiscal 2017-2023 Est.**

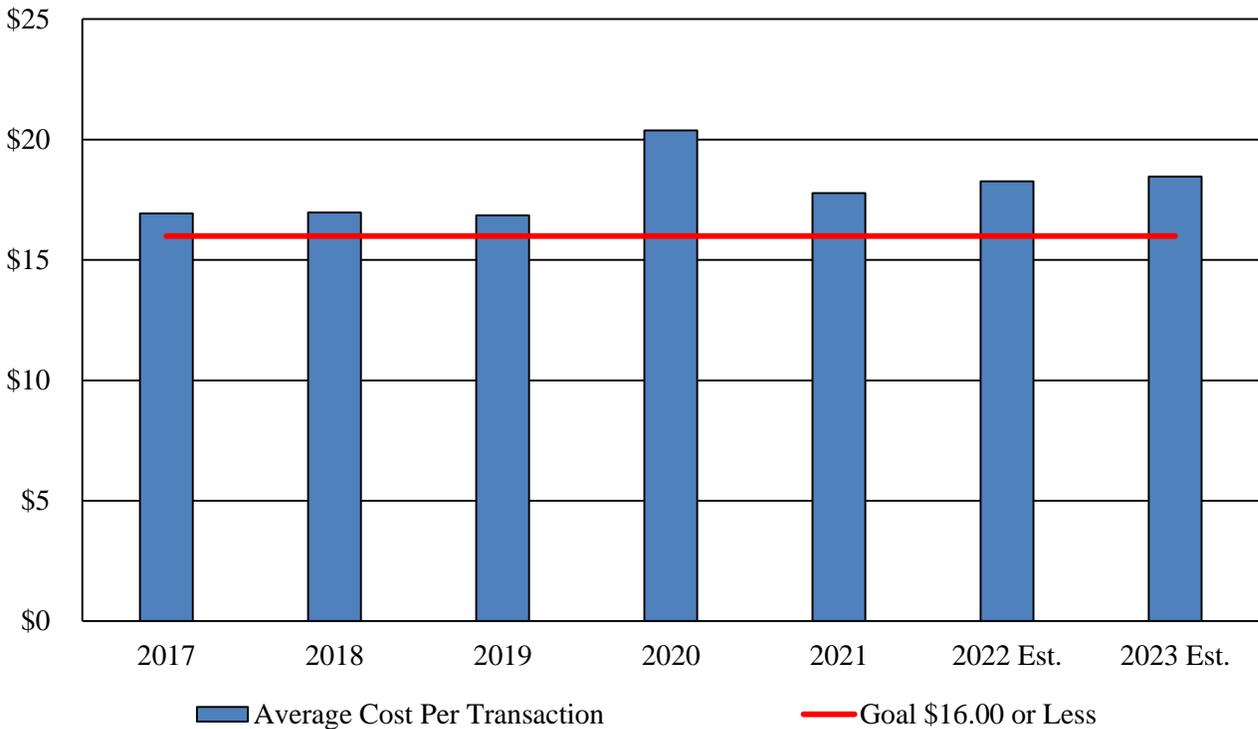


ASD: alternative service delivery

Source: Department of Budget and Management

Another indicator of the efficiency of MVA business practices is the average cost per MVA transaction. **Exhibit 2** illustrates MVA’s goal to keep this amount at or below \$16.00. The average cost per transaction decreased in fiscal 2021 to \$17.77, after being abnormally high in fiscal 2020 due to operational impacts from the COVID-19 pandemic. MVA projects a slight increase in fiscal 2022.

**Exhibit 2**  
**Average Cost Per MVA Transaction**  
**Fiscal 2017-2023 Est.**



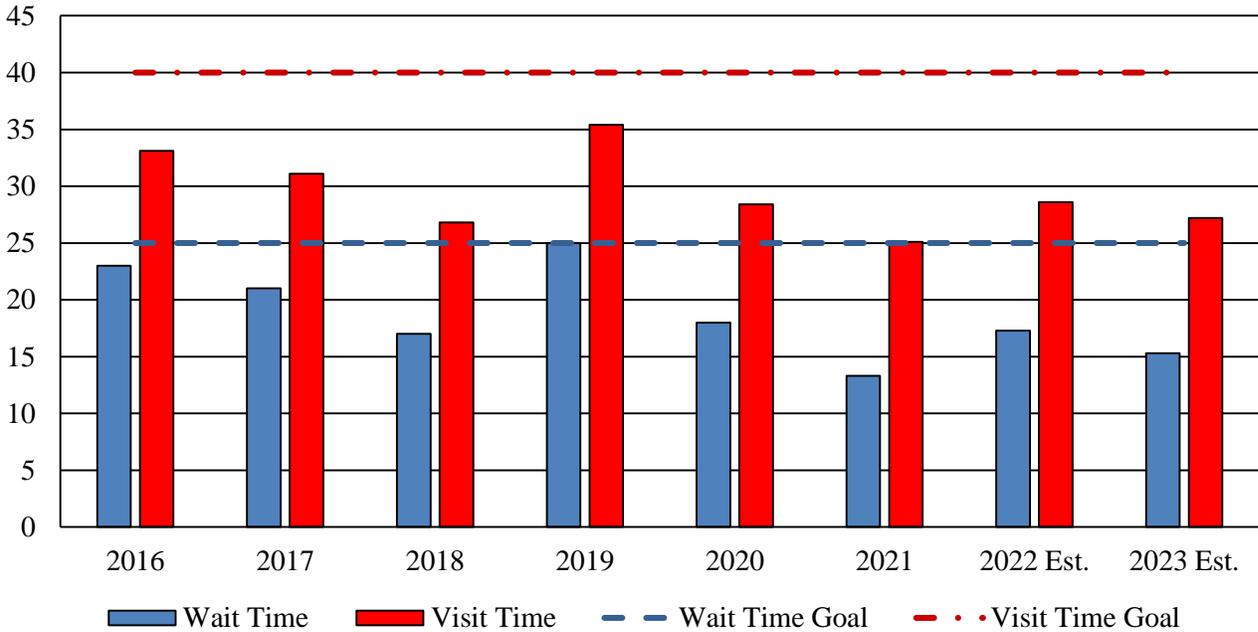
MVA: Motor Vehicle Administration

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 transactions) 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 2016 through the fiscal 2023 estimate. The average wait time in fiscal 2021 decreased to 13 minutes from 18 minutes in the prior year. The average visit time also decreased from 28 minutes in fiscal 2020 to 25 minutes in fiscal 2021. MVA attributes the decreased wait and visit times to the efficiencies gained through the appointment-only system implemented as a result of the COVID-19 pandemic.

**Exhibit 3  
Average Customer Wait and Visit Times  
Fiscal 2016-2023 Est.  
(in Minutes)**

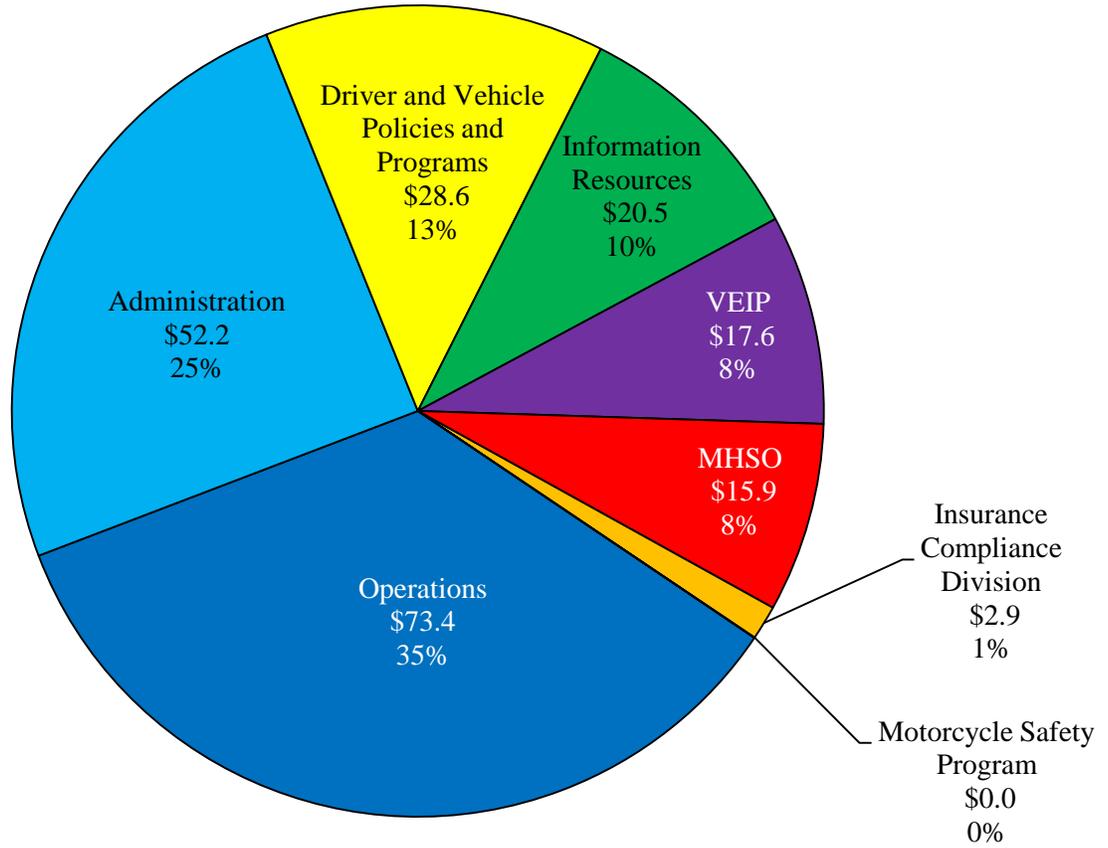


Source: Fiscal 2023 Managing for Results

**Fiscal 2023 Overview of Agency Spending**

The MVA fiscal 2023 operating budget allowance is \$211.1 million. Funding is a mix of both special funds from the Transportation Trust Fund and federal funds. As shown in **Exhibit 4**, MVA splits operating funding among eight subprograms: Administration; Field Operations; Driver and Vehicle Policies and Programs; VEIP; Motorcycle Safety; Insurance Compliance; Information Resources; and the Maryland Highway Safety Office.

**Exhibit 4**  
**Overview of Agency Spending**  
**Fiscal 2023 Allowance**  
**(\$ in Millions)**



MHSO: Maryland Highway Safety Office  
VEIP: Vehicle Emissions Inspection Program

Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which may include cost-of-living adjustments, increments, annual salary review increases, and bonuses.

Source: Governor’s Fiscal 2023 Budget Books

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## Proposed Budget Change

The fiscal 2023 allowance increases by approximately \$4 million from the fiscal 2022 working appropriation. **Exhibit 5** shows that this increase is a 1.9% change over the prior year. Personnel expenses, which grow by more than \$3.0 million, are driving the increase in fiscal 2023. The remainder of the budget change can be attributed to an increase in communications and utility costs.

**Exhibit 5**  
**Proposed Budget**  
**Maryland Department of Transportation – Motor Vehicle Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Total</b>
Fiscal 2021 Actual	\$193,816	\$8,108	\$201,924
Fiscal 2022 Working Appropriation	194,165	12,925	207,090
Fiscal 2023 Allowance	<u>198,021</u>	<u>13,069</u>	<u>211,090</u>
Fiscal 2022-2023 Amount Change	\$3,856	\$144	\$4,000
Fiscal 2022-2023 Percent Change	2.0%	1.1%	1.9%

<b>Where It Goes:</b>	<b>Change</b>
<b>Personnel Expenses</b>	
Salary increases .....	\$1,312
Retiree health insurance premiums .....	619
Employees' retirement system .....	468
Overtime compensation.....	424
Social Security contributions.....	149
Workers' compensation.....	94
Health insurance .....	88
Law enforcement officer pension system.....	24
Unemployment compensation .....	-7
Other fringe benefit adjustments .....	-18
Turnover adjustments .....	-101
<b>Other Changes</b>	
Postage price increase .....	466
Building/road repairs .....	365
Electricity .....	201
Telephone .....	200
Restart of the tuition reimbursement program.....	144
Increase in rent .....	124
Other adjustments.....	-49
Decrease in data processing contracts .....	-503
<b>Total</b>	<b>\$4,000</b>

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

***Operating and PAYGO Personnel Data***

	<b><u>FY 21</u></b> <b><u>Actual</u></b>	<b><u>FY 22</u></b> <b><u>Working</u></b>	<b><u>FY 23</u></b> <b><u>Allowance</u></b>	<b><u>FY 22-23</u></b> <b><u>Change</u></b>
Regular Operating Budget Positions	1,706.50	1,706.50	1,706.50	0.00
Regular PAYGO Budget Positions	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Regular Positions</b>	<b>1,706.50</b>	<b>1,706.50</b>	<b>1,706.50</b>	<b>0.00</b>
Operating Budget FTEs	0.00	0.00	6.50	6.50
PAYGO Budget FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total FTEs</b>	<b>0.00</b>	<b>0.00</b>	<b>6.50</b>	<b>6.50</b>
<b>Total Personnel</b>	<b>1,706.50</b>	<b>1,706.50</b>	<b>1,713.00</b>	<b>6.50</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	85.33	5.00%
Positions and Percentage Vacant as of 12/31/21	125.5	7.4%
Vacancies Above Turnover	40.17	

- MVA receives an additional 6.5 contractual full-time equivalents in the fiscal 2023 allowance to support the continued REAL ID implementation.

**PAYGO Capital Program**

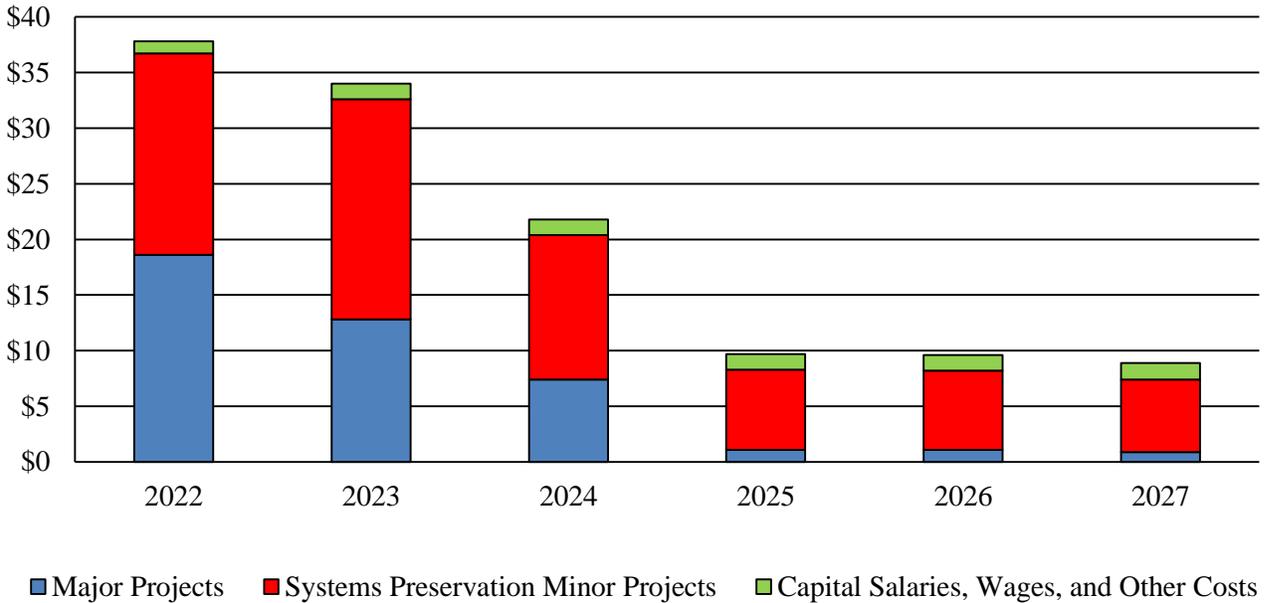
**Program Description**

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

***Fiscal 2022 to 2027 Consolidated Transportation Program***

As seen in **Exhibit 6**, the fiscal 2022 to 2027 *Consolidated Transportation Program* for MVA totals \$121.8 million, which is an increase of \$6.6 million over the prior year’s six-year program.

**Exhibit 6  
Six-year PAYGO Allowance  
Fiscal 2022-2027  
(\$ in Millions)**



PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, Fiscal 2022-2027, *Consolidated Transportation Program*

**Fiscal 2023 Capital Allowance**

**Exhibit 7** shows the programmed funds for the fiscal 2023 capital allowance by project and program along with total estimated costs and six-year funding for each program. The fiscal 2023 cost for the three major projects increased by \$4.9 million from the planned \$7.9 million to \$12.8 million. The total cost for these projects increased by \$9.2 million.

**Exhibit 7**  
**PAYGO Capital Allowance**  
**Fiscal 2023**

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2023</u>	<u>Total Estimated Cost</u>	<u>Six-year Total</u>
<b>Projects</b>				
Statewide	Alternative Service Delivery Systems	\$2,024	\$33,769	\$7,494
Statewide	Customer Connect	3,525	86,030	18,945
Anne Arundel	Glen Burnie Headquarters Renovation	7,250	19,039	15,399
<b>Subtotal – Projects</b>		<b>\$12,799</b>	<b>\$138,838</b>	<b>\$41,838</b>
<b>Programs</b>				
Statewide	System Preservation and Minor Projects	\$19,800	n/a	\$71,600
Statewide	Capital Salaries	1,400	n/a	8,300
<b>Subtotal – Programs</b>		<b>\$21,200</b>		<b>\$79,900</b>
<b>Total – Projects and Programs</b>		<b>\$33,999</b>	<b>\$138,838</b>	<b>\$121,738</b>

PAYGO: pay-as-you-go

Source: Maryland Department of Transportation, Fiscal 2022-2027 *Consolidated Transportation Program*

## ***Issues***

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### **1. Digital Driver’s Licenses**

In September 2021, Apple announced that it would be adding driver’s licenses and state IDs to Apple Wallet. Maryland will be one of the states to support this rollout. Chapter 142 of 2019 authorized MVA to issue electronic credentials in addition to, and not instead of, a license or an ID card. This legislation paves the way for digital driver’s licensing, commonly known as mobile driver’s licenses (mDL), in the State. Residents will be able to present their digital licenses or electronic credentials where they would typically show a physical license or ID card.

An mDL has many benefits. It allows the driver’s license holder to determine the amount of information shared. For example, in order to show proof of age, it can be done so without revealing a home address or weight. An mDL is also convenient for times when people forget their wallets at home, as having electronic credentials on their phones ensures they still have proper ID. Also, an mDL allows the holder not to hand over a physical card. A person can keep possession of their phone and another party scans it with a reader to access the needed information. These licenses are believed to be more secure and less prone to counterfeiting than the standard driver’s license.

There are potential privacy and security issues, however, as the use of digital credentials lacks established parameters. Apple has stated that neither Apple nor issuing states would know when or where users present their IDs. While that might be true for Apple Wallet, that is not a given for mDLs in general. If MVA were to issue mDLs outside of Apple, there is concern that either the State or a third-party vendor could have access to where a person is presenting the mDL. There is also the issue of presenting an mDL to a law enforcement officer. In theory, an officer could physically look through someone’s phone instead of simply scanning it with a reader to verify ID. **MVA should be prepared to comment on when it expects the introduction of mDLs on Apple Wallet and other platforms in addition to discussing any impediments to implementation and plans to address security and privacy concerns. The Department of Legislative Services (DLS) recommends that MVA submit a report detailing how it will handle privacy issues with residents’ information in future iterations of mDLs.**

### **2. Impact of COVID-19 on MVA Operations**

On March 20, 2020, MVA closed all branch offices in response to the COVID-19 pandemic. Following an executive order, MVA granted extensions for several services, including driver’s license or ID card, vehicle registration, and emissions inspections. Driver’s licenses, ID cards, permits, and registrations that expired between March 12, 2020, and August 15, 2020, had until August 15, 2021, to be renewed. MVA branches have been operating on an appointment-only basis since June 8, 2020, with periodic closings. Throughout the appointment-only operations, self-serve kiosks have remained open. MVA has stated that the appointment-only system has lowered visit and wait times at branches. **MVA should comment on the likelihood of keeping an appointment-only system post-pandemic.**

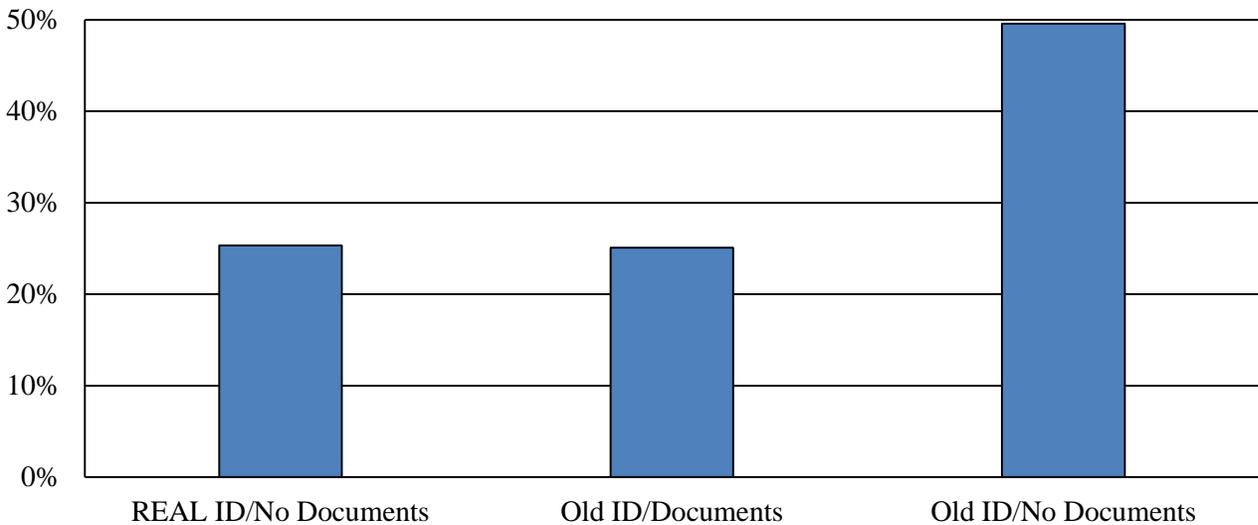
### COVID-19 Pandemic Leads to Another REAL ID Deadline Extension

The U.S. Department of Homeland Security has extended the REAL ID Act implementation deadline until May 3, 2023, due to the ongoing COVID-19 pandemic. The initial deadline set for the enforcement of the REAL ID Act at the individual level was October 1, 2020, but was moved to October 1, 2021. Once the new deadline passes, federal agencies, including the Transportation Security Administration, will only accept REAL ID-compliant IDs for federal purposes such as entering a federal building or boarding a domestic, commercial airplane flight. Maryland, as a State, has been REAL ID-compliant since 2011, but MVA continues to work toward ensuring that all Maryland residents are compliant ahead of the deadline. As of October 2021, 84% of holders of State-issued IDs had REAL ID-compliant IDs, and 16% had non-REAL ID-compliant IDs.

As of October 2021, there were 753,154 non-REAL ID compliant products. This represents a 30.7% decrease from 1,086,742 in May 2021. As shown in **Exhibit 8**, 49.6%, or 373,417, of non-REAL ID compliant products are old IDs with no documents on file; 25.3%, or 190,739, were REAL IDs with no documents; and 25.1%, or 188,998, were old IDs with documents. **MVA should comment on the primary impediments into bringing these MVA customers into REAL ID compliance.**

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**Exhibit 8**  
**Non-REAL ID-compliant Products as of October 2021**



ID: identification

Source: Motor Vehicle Administration

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## ***Operating Budget Recommended Actions***

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1. Adopt the following narrative:

**Digital Driver’s License Report:** The committees are interested in how the Motor Vehicle Administration (MVA) will address privacy concerns and the implementation of digital driver’s licenses or mobile driver’s licenses. The report should include:

- agency policies that will safeguard citizens’ privacy as these electronic credentials are introduced and in future iterations;
- estimated costs for the necessary infrastructure to read/scan digital driver’s licenses;
- proper training on how to use the associated technology; and
- necessary legislation needed to ensure a successful implementation.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on digital driver’s licenses and privacy concerns	MVA	September 1, 2022

## ***PAYGO Budget Recommended Actions***

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1. Concur with Governor’s allowance.

## ***Updates***

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### **1. Customer Connect**

MVA has launched its Customer Connect system. This system is meant to provide more access to online transactions, reduce the use of paper forms, and enhance security. Customer Connect includes a new online customer portal, myMVA, replacing the MVA eStore. Customers can view their driver and vehicle services and perform a number of these services online. Customer Connect also includes the change to driver's licenses/ID numbers. The old numbers were based on certain information of the holders, such as the initial of their last name. The new numbers will start with MD followed by 13 randomly generated numbers, with the intent to provide more security. Customers will not have to prematurely renew their driver's licenses or ID cards. A product with the new number will be issued to them at their next scheduled renewal.

**Appendix 1**  
**2021 Joint Chairmen’s Report Responses from Agency**

The 2021 *Joint Chairmen’s Report* (JCR) requested that MVA prepare five reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Maryland REAL ID Act Implementation Report (Pre-implementation):*** This report included information on the number of non-REAL ID-compliant products as of May 2021.
- ***Maryland REAL ID Act Implementation Report (Post-implementation):*** This report was intended to be submitted after the October 1, 2021 deadline for the implementation of the REAL ID Act. Due to COVID-19, the deadline has been moved to May 3, 2023. This report included an update on the number of non-REAL ID-compliant products as of October 2021. This report is further discussed in Issue 2 of this analysis.
- ***Maryland Modernization of the VEIP Report:*** This report details MVA’s modernization of VEIP to a hybrid (private/public) enterprise while protecting air quality. It addresses the decision making process in the closing of VEIP locations and ensuring that there will be private partners to fill the need in the affected areas.
- ***Providing Services to Vulnerable Populations Report:*** MVA was asked to detail the services provided to vulnerable populations. This report describes MVA’s outreach efforts to vulnerable populations such as returning citizens and the homeless. The agency works with the Division of Correction as well as other partners to provide services to these populations.
- ***Statewide Vehicle Crash Data Collection and Reporting:*** MVA was tasked with reporting the ways the State collects and reports statewide vehicle crash data for injuries and fatalities. The report was to focus on the processes used to collect this data; the categories in which the data is currently disaggregated; and to determine the most effective way to collect, disaggregate, and report data based on race and ethnicity. The report covered the aggregate crash data from calendar 2015 through 2019.

**Appendix 2**  
**Object/Fund Difference Report**  
**Maryland Department of Transportation – Motor Vehicle Administration**

<u>Object/Fund</u>	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Working</u> <u>Appropriation</u>	<u>FY 23</u> <u>Allowance</u>	<u>FY 22 - FY 23</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Positions</b>					
01 Regular	1706.50	1706.50	1706.50	0.00	0%
02 Contractual	0.00	0.00	6.50	0.00	0%
<b>Total Positions</b>	<b>1706.50</b>	<b>1706.50</b>	<b>1,713.00</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 128,496,429	\$ 130,276,117	\$ 133,328,299	\$ 3,052,182	2.3%
02 Technical and Special Fees	375,477	512,576	499,929	-12,647	-2.5%
03 Communication	6,889,951	6,834,799	7,497,711	662,912	9.7%
04 Travel	66,130	233,106	176,382	-56,724	-24.3%
06 Fuel and Utilities	1,714,275	1,729,251	1,905,707	176,456	10.2%
07 Motor Vehicles	274,461	340,208	312,162	-28,046	-8.2%
08 Contractual Services	49,012,520	47,057,754	46,956,154	-101,600	-0.2%
09 Supplies and Materials	998,556	968,124	956,001	-12,123	-1.3%
10 Equipment – Replacement	8,230	62,608	62,608	0	0%
11 Equipment – Additional	15,937	51,416	44,852	-6,564	-12.8%
12 Grants, Subsidies, and Contributions	5,115,428	9,536,710	9,680,831	144,121	1.5%
13 Fixed Charges	8,956,707	9,487,269	9,669,177	181,908	1.9%
<b>Total Objects</b>	<b>\$ 201,924,101</b>	<b>\$ 207,089,938</b>	<b>\$ 211,089,813</b>	<b>\$ 3,999,875</b>	<b>1.9%</b>
<b>Funds</b>					
03 Special Fund	\$ 193,816,051	\$ 194,165,205	\$ 198,021,286	\$ 3,856,081	2.0%
05 Federal Fund	8,108,050	12,924,733	13,068,527	143,794	1.1%
<b>Total Funds</b>	<b>\$ 201,924,101</b>	<b>\$ 207,089,938</b>	<b>\$ 211,089,813</b>	<b>\$ 3,999,875</b>	<b>1.9%</b>

Note: The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review

**Appendix 3**  
**Fiscal Summary**  
**Maryland Department of Transportation – Motor Vehicle Administration**

<u>Program/Unit</u>	<u>FY 21 Actual</u>	<u>FY 22 Wrk Approp</u>	<u>FY 23 Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23 % Change</u>
01 Motor Vehicle Operations	\$ 192,224,603	\$ 191,183,972	\$ 195,147,661	\$ 3,963,689	2.1%
03 Facilities and Capital Equipment	15,260,851	22,401,991	30,469,626	8,067,635	36.0%
04 Maryland Highway Safety Office	9,699,498	15,905,966	15,942,152	36,186	0.2%
08 Major IT Development Projects	14,279,120	15,420,284	3,525,000	-11,895,284	-77.1%
<b>Total Expenditures</b>	<b>\$ 231,464,072</b>	<b>\$ 244,912,213</b>	<b>\$ 245,084,439</b>	<b>\$ 172,226</b>	<b>0.1%</b>
Special Fund	\$ 223,356,022	\$ 231,987,480	\$ 232,015,912	\$ 28,432	0%
Federal Fund	8,108,050	12,924,733	13,068,527	143,794	1.1%
<b>Total Appropriations</b>	<b>\$ 231,464,072</b>	<b>\$ 244,912,213</b>	<b>\$ 245,084,439</b>	<b>\$ 172,226</b>	<b>0.1%</b>

Note: The fiscal 2022 working appropriation does include deficiencies. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.