



Sustaining Service for Virginians

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Subcommittee on Transportation
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Department of



Motor Vehicles

Budget Situation

- At end of 2017 session, \$16.5M annual operating shortfall at current expenditure levels
- Introduced budget grows shortfall to \$23.3M
- Growth related to increases in salaries and benefits, healthcare, and VITA costs
- While currently not operating at a deficit, without new revenue sources, DMV will need to make significant reductions to customer service to ensure that does not occur in FY 20

Past Actions

- The General Assembly has responded in the past when DMV faced rising costs
- Between FY 08 and FY16, GA actions generated \$95M
- Mandatory expenses totaled \$88.3M, thereby netting only \$1M per year in new revenue
- Continued increases have consumed most of additional revenue



Current Service Impact

- Queuing system replacement cancelled
- Fair Oaks CSC replacement delayed
- No permanent remedy for crowded Loudoun County offices
- Lost opportunity to replace Norfolk/Military Circle office
- No expansion of DMV Selects
- No expansion of Precheck/TWIC services
- mDL potential unexplored

Long-term Solutions

- Without intervening action, DMV will run out of cash in FY21
- Solutions fall into one of three categories:
 1. Generate new revenue through DMV fees
 2. Redistribute revenue from existing fees
 3. DMV service modifications

Revenue Options

- Adjust title fee for inflation
- Increase title fee from \$10 to \$20 = \$26M annually
- Neighbor jurisdiction title fees average \$33.93
 - Maryland \$100
 - North Carolina \$52; instant service additional \$98 at two locations only
 - District of Columbia \$26

Redistribute Fees

- Vital records at DMV – 500K+ birth certificates sold
 - Currently \$14 per record – VDH \$12, DMV \$2
 - Proposal to increase DMV fee to \$6
- DMV Connect program for DOC
 - More than 25,000 ID cards issued
 - \$300,000 annually

DMV Member Amendments

- Delegate Ingram – \$5 title fee increase; study privatizing road tests; modify registration discounts; increase vital records fee; equalize registration transfer fee; end partial year registration refunds
- Delegate Garrett – adjust vital records fee; change registration discounts and refunds
- Delegate Sickles – adjust title fee for inflation by \$12

REAL ID

- Implementation set for October 1, 2018
- Most REAL ID requirements completed – at a cost of \$31.5 million (with only \$3.6M reimbursed by federal government)
- To reach full compliance requires funding
- Budget contains \$20.7M line of credit and one-time \$10 surcharge for REAL ID credential to fund implementation

Expenditures

- Currently working on no- or low-cost tasks, pending budget approval
- Set-up costs in preparation for 10/1/2018 start: **\$2.03 million**
 - Scanners and Monitors \$431,305
 - Cameras \$62,700
 - CSC Facility Modifications \$500,000
 - Bandwidth Upgrades \$487,500
 - State-to-State System \$454,313
 - Software Charges (USPVS, CalcTape) \$27,012
 - Card Vendor Charges \$65,000
 - Total **\$2,027,830**

Expenditures

- **Additional costs**
 - FY 2019 - \$3.1 million
 - FY 2020 - \$7.4 million
 - FY 2021 - \$7.4 million
- **CSC staffing**
 - 72 staff (30 FT, 42 wage) in summer 2018
 - 74 additional staff (27 FT, 47 wage) in summer 2019
 - 90 additional staff (14 FT, 76 wage) in spring 2020
- **Other costs include yearly systems and bandwidth charges, background checks, training**

Outlook

- Customers will have a choice whether to obtain REAL ID or renew current standard credentials
- DMV estimates 40% or 2.6M of current credential holders will apply for REAL ID in first 24 months
 - Estimate based on experiences of other states and Virginia's proximity to federal government and military
- Staggered staffing plan allows for flexibility if customer volumes deviate from estimates

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