

# FY24 Department of Motor Vehicles Budget Overview

February 15, 2023

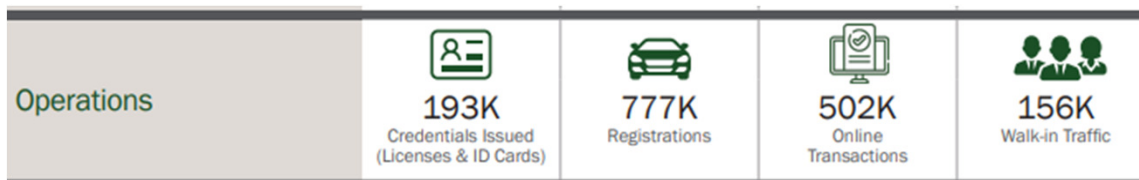
Wanda Minoli, Commissioner, Department of Motor Vehicles

Diane Coles, Director of Finance & Logistics, Department of Motor Vehicles

# DMV - Operations Division

## Performance Measures by Calendar Year:

- Served more than 162,850 customers in-person, down from 230,955 in 2021, with an average wait time of 15 minutes for 129,393 customers who had an appointment and 28 minutes for 33,457 walk-in customers.
- Total exams of 37,412 with approximately 55% in-person examinations/driving test (20,831) and 45% (16,641) learner permits completed online.
- Processed more than 196,000 applications received with 8-10-day standard processing timeframe.
- Answered 127,951 phone calls (5% increase from 2021) with an average wait time of 12.5 minutes. Received and responded to 11,871 emails.
- Issued 19,967 suspensions (8% decrease from 2021) and processed 27,409 reinstatements (50% decrease from 2021-due to Act 167 Reinstatement Waiver Program).
- Processed 27,050 permit applications generating over \$4.1 million in revenues. Collected \$89 million in gas tax, \$18.4 million in diesel tax, \$1.4 million in IFTA, and \$12 million in IRP receipts.
- Processed 502,000 on-line transactions
  - 333,347 Registrations
  - 16,641 Learner Permit exams taken
  - 68,640 Temporary Registrations issued
  - 83,340 License transactions



# DMV - Enforcement & Safety Division

- Performance Measures by Calendar Year:
  - 523,166 vehicle safety inspections were completed with 483,048 passing and 16,684 repaired to pass. 401,682 OBD inspections were completed, with a failure rate of 4.16%
  - Completed 7,036 roadside vehicle driver inspections placing 1,436 vehicles (26% increase from prior year) and 419 (29% increase) drivers out-of-service. The increase for both vehicle and drivers are due to the recent economic downturn as companies struggle to stay in business.
  - 11 carrier compliance investigations completed.
  - 166 safety audits for new motor carriers completed (15% increase from prior year).
  - Supported 43 standard and 8 commercial driver training schools. 8,848 students trained.
  - Administered 47 school bus driver clinics. 581 drivers trained: 265 new drivers and 316 renewal certification.
  - 32 motorcycle safety instructors trained 1,199 students across 8 sites (109 classes) with a 94.8% passing rate.
  - Conducted 61 Child Seat Inspections. Provided and installed 15 child passenger seats to low-income families.

Enforcement & Safety	 9,166 Commercial Vehicle Violations, CY22	 5,878 Commercial Safety Inspections, CY22	 549 Dealers Licensed, CY22	 1,076 Inspection Stations, CY22
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# DMV - Special Programs Division

- Performance Measures by Calendar Year:
  - Website traffic - 2,709,763 visits (6.5% decrease from 2021).
  - Translated Forms Downloaded - 3,323 (59% increase from 2021) of which 1,574 (47%) of the downloads are Spanish language.

Language	License Application	Non Driver ID	Residency	Driver Manual	Total
Arabic	89	15	3	0	107
Nepali	240	31	25	0	296
Bosnian	131	12	6	0	149
Pashto	59	0	7	0	66
Somali	510	117	13	0	640
Burmese	21	5	25	0	51
Spanish	58	33	16	1,467	1,574
Dari	292	8	28	0	328
Swahili	38	19	5	0	62
French	26	0	10	0	36
Kirundi	9	2	3	0	14
<b>Total</b>	<b>1,473</b>	<b>242</b>	<b>141</b>	<b>1,467</b>	<b>3,323</b>

# DMV - Finance & Logistics Division

- **Finance unit** - Comprised of the **Accounts Payable, Accounts Receivable and Contract Management units**. They are responsible for the protection of the financial resources of the Department including development and management of departmental budget, categorization of revenues, payroll administration, grants and contract management, and purchasing and payment activities.
  - Accounts Receivable unit processed 16,711 refunds totaling more than \$2.2M (FY 2022)
- **Facilities Management and Logistics unit** - Responsible for all real estate management, management of the Continuity of Ongoing Operations plan, security functions, and management of the department's stockroom and mailroom
- **Audit unit** - Perform investigative and audit work related to State and Federal fuel tax regulations, primarily covering International Registration Plan (IRP), Purchase & Use tax, and International Fuel Tax Agreements (IFTA).

Finance & Logistics	 <b>\$371M</b> Total Revenue	 <b>\$47.1M</b> Revenue for Other Programs (i.e. Education, Wildlife)	 <b>177K</b> Pieces of Mail Received
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# Budgeted vs Actual Spending FY23

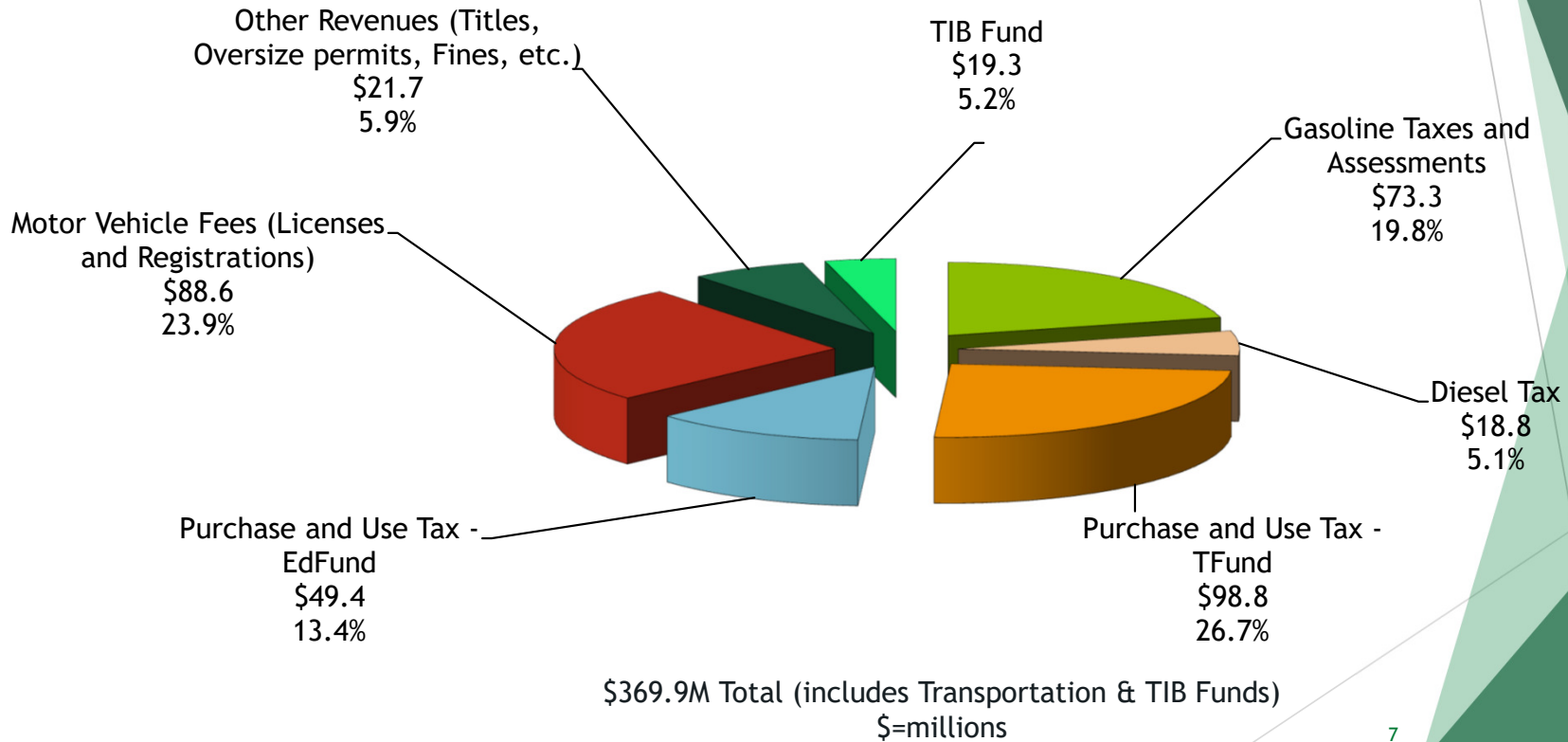
Budget Level	FY23 Budget*	FY23 Expenditures**	% Spent	Remaining
<b>Personal Services</b>	\$ 30,461,749	\$ 12,179,176	40%	\$ 18,282,573
Payroll & Benefits	\$ 23,425,527	\$ 10,764,440	46%	\$ 12,661,087
Contracts & 3rd Party Services	\$ 7,036,222	\$ 1,414,736	20%	\$ 5,621,486
<b>Operating Expenses</b>	<b>\$ 13,355,141</b>	<b>\$ 4,898,478</b>	<b>37%</b>	<b>\$ 8,456,663</b>
IT/Telecommunications Services	\$ 2,800,152	\$ 773,658	28%	\$ 2,026,494
Property, Maintenance & Rental	\$ 1,931,135	\$ 1,272,944	66%	\$ 658,191
Equipment, Hardware, Software	\$ 1,587,187	\$ 426,659	27%	\$ 1,160,528
General Operating/Supplies	\$ 554,750	\$ 269,707	49%	\$ 285,043
Travel	\$ 114,050	\$ 20,394	18%	\$ 93,656
Other Purchased Services	\$ 3,601,775	\$ 1,038,817	29%	\$ 2,562,958
Other Operating Expenses	\$ 2,766,092	\$ 1,096,299	40%	\$ 1,699,793
<b>Totals</b>	<b>\$ 43,816,890*</b>	<b>\$ 17,077,654</b>	<b>39%</b>	<b>\$ 26,739,236</b>

\*Includes FY22 Carry Forward of \$4,075,056.86 for IT Projects, Core Expenses & Other Operating Expenses

\*\*Expenditures through 12/31/2022  
 FY23 Budget "As Passed" - \$39,741,834

# State Transportation Fund Sources - FY24

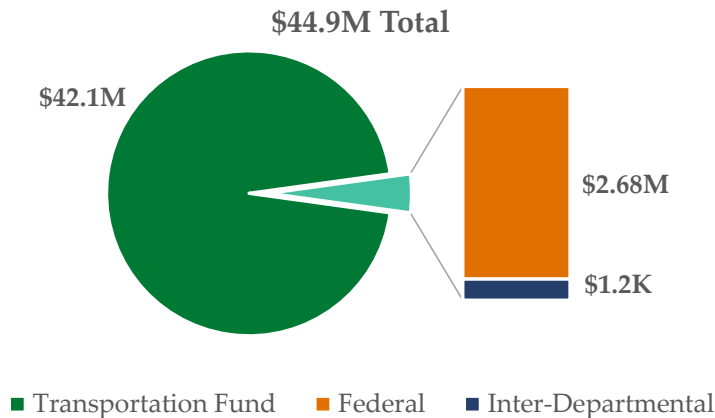
Source – January 2023 Economic Review and Revenue Forecast Update



# Governor's Recommended Budget FY24

The FY24 proposed budget maintains the current level of service. This essential maintenance budget helps ensure the continuation of DMV services and offerings at all current locations. In addition, costs associated with transitional needs are included.

- DMV will collect an estimated \$369.9M in taxes and fees in FY24
- Increase in overall budget of \$5.2M (13.01%)
  - Personal Services - increase of \$3.93M (14.21%)
    - \$709K increase in Salaries and Wages; Vacancy Savings calculation as a percentage of classified salaries of 5% plus \$219K to include fringe benefits, \$556k for Governor's initiative to provide 24/7 E&S inspector availability, and 3 new grant funded E&S positions
    - \$876k increase in Fringe Benefits;
    - \$2.34M net increase in Contractual Services
  - Operating Costs - net increase of \$1.24M (10.25%)
    - \$255K increase in equipment costs
    - \$285K increase in bank service charges
    - \$107K increase in IT/Telecom Services & Equip.
    - \$17K increase in Other Purchased Services (postage, printing, HR services, etc.)
    - \$434K increase for CDL Testing site upgrade and estimated cost for TBD Springfield CDL site
    - \$34K decrease for Rental Property
    - \$127K increase for gasoline costs and increase costs for supplies
    - \$40K increase for MCSAP Grant-related mandatory training for all enforcement



## Federal funds breakdown:

- Federal Highway Administration - \$100K
- Motor Carrier Safety Assistance Program - \$2.58M



# FY24 DMV Crosswalk and Budget Variances

Overall increase of 13.01% (14.21% for Personal Services and 10.25% for Operating)

DMV BUDGET REQUEST	Transportation Fund	Federal	Interdept	FY24 Total Amount	FY23	Difference Between FY24 & FY23	COMMENTS
<b>Department of Motor Vehicles (Appropriation DeptID 8100002100)</b>	<b>42,101,908</b>	<b>2,687,081</b>	<b>121,696</b>	<b>44,910,685</b>	<b>39,741,834</b>	<b>5,168,851</b>	Total of Personal Service and Operations Difference
<b>PERSONAL SERVICES</b>							
Salaries and Wages	15,077,448	0	0	15,077,448	14,368,374	709,074	VANTAGE budgeting system wage calculations. Vacancy Savings calculated as a percentage of classified salaries 5% plus \$218,903 to include benefits; includes est \$556K for the Governor's initiative to provide 24/7 E&S inspector availability and 3 new grant-funded E&S positions (MSCAP 95%/5%).
Fringe Benefits	7,763,379	1,907,719	0	9,671,098	8,795,153	875,945	Contractually required benefits (health & retirement). Annual allocations provided for internal services such as Workers Comp, Unemployment Compensation, Catamount Health Assessment.
Contractual & 3rd Party Services	6,609,594	205,682	0	6,815,276	4,472,258	2,343,018	IT and Third Party Contracts-includes education, training, interpreter services, license production, IT projects and call center to schedule DMV appointments. IT line items include ePermitting, Stickers on Demand/AVIP inspections, CVO system, POS system, the Automated testing system, queuing/online scheduling system, Driver Tutorials, CVIEW (Commercial Vehicle data sharing), and NMVTIS (Title Info System). In addition, includes third party contractual costs for VALID for license production (VALID) and call center services for scheduling appointments for customers. New initiatives include \$2.375M for ePermitting solution, an additional \$120K for FAST/CVO Overnight IT support, and \$75K for cash handling banking services.
Per Diem	0	0	0	0	0	0	
<b>Personal Services Subtotal</b>	<b>29,450,421</b>	<b>2,113,401</b>	<b>0</b>	<b>31,563,822</b>	<b>27,635,785</b>	<b>3,928,037</b>	
<b>OPERATING</b>							
Equipment	628,316	145,684	22,000	796,000	540,500	255,500	Increased amount is due to \$150K for CORE modernization project equipment needs (printers and scanners) and increased MCSAP grant funding for E&S equipment.
IT/Telecom Services & Equipment	2,491,777	123,948	0	2,615,725	2,507,747	107,978	Increase due to ADS services/allocated fee and increased phone expenditures estimated at 3%.
Other Operating Expenses	2,995,635	0	51,621	3,047,256	2,766,092	281,164	\$285k increase in Bank charges (banking, lockbox, credit card services, courier costs).
Other Purchased Services	3,554,518	31,928	32,775	3,619,221	3,601,775	17,446	\$16k for Statute obligation to pay for towing of abandoned vehicles.
Property & Maintenance	566,725	9,975	0	576,700	143,200	433,500	Increase of \$130K for needed CDL Testing Site upgrades to align with newly approved federal testing model and TBD Springfield CDL site - estimated annual costs for Springfield \$96,000, and Fit up of the space \$200K
Rental Other	480,509	99,491	0	580,000	568,000	12,000	Per Allocation provided by AOT/F&M
Rental Property	1,185,708	0	0	1,185,708	1,219,935	(34,227)	Per Allocation provided by AOT/F&M-removes Middlebury
General Operating/Supplies	544,249	122,516	15,300	682,065	554,750	127,315	Increase of \$65K in gasoline costs to align with FY22 actual expenditures and remaining \$28K reflects the increased costs for supplies.
Travel	114,050	40,138	0	154,188	114,050	40,138	Increase of \$40K for MCSAP Grant-related mandatory training for all Enforcement (MCSAP 95%/5%).
Repair & Maintenance Services	90,000	0	0	90,000	90,000	0	
<b>Operating Subtotal</b>	<b>12,651,487</b>	<b>573,680</b>	<b>121,696</b>	<b>13,346,863</b>	<b>12,106,049</b>	<b>1,240,814</b>	
<b>GRANTS</b>							
<b>Grants Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	DMV does not issue grants.
<b>DMV FY24 Budget Request:</b>	<b>42,101,908</b>	<b>2,687,081</b>	<b>121,696</b>	<b>44,910,685</b>			

# Changes to Federal Funding

- **Details on significant changes in federal funding including information about size and duration of federal grants included in budget:**
  - Motor Carrier Safety Assistance Program (MCSAP) Grant match rate change from 85% Federal Share/15% State Share to 95% Federal Share/5% State Share
  - Overall increase of \$1,029,815 for FY24.
- **Major initiatives funded by federal funds and plans for initiatives after federal funding no longer available:**
  - N/A

# Position Increases/Reductions & Vacancy Savings

- **The FY24 budget includes 245 Positions:**
  - We have a total of 242 positions in FY23 including 14 limited service.
- **Vacancy Savings:**
  - The Vacancy Savings target was calculated at 5% of classified salary costs of \$688,346, plus fringe benefits of \$218,903 totaling \$907,249. We expect to absorb this reduction with actual vacancy savings.

# Carry-forward Funds

- **FY22 Carry-forward funds:**
  - DMV Budget-\$4,075,056.86(T-Fund \$3,947,604.50 and GF-\$127,452.36 for Body Cams)
    - Contractual Obligations = \$2,953,417 - to be paid in FY23
    - CORE System and Other Operating Expenditures = \$1,121,640 to be paid in FY23
  - DMV Core Project Phase I
    - Fund 10000 = \$10,291,000 (State)\*
    - Fund 22047 = \$14,120,000 (ARPA)\*
      - \*expensed \$3,713,814.32 as of 12/31/2022
- **Anticipated Level of Carry-forward funds at the end of FY23:**
  - We are not anticipating carry-forward funds at the end of FY23.

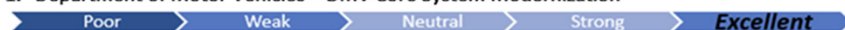
## Single Audit Findings

- ▶ DMV provides information and documentation as part of the AOT Single Audit.
- ▶ FY21 Audit did not have any findings for DMV to address.
- ▶ FY22 Audit is pending.

# DMV Core System Modernization

- Update on Project Status from Joint Fiscal Office (Lisa Gauvin, Legislative IT Consultant's Consolidation Update for Committees, January 2023)

## 1. Department of Motor Vehicles – DMV Core System Modernization



Last Project Review: Interim Update of April 19, 2022. ([https://lifo.vermont.gov/assets/Subjects/Independent-Memos-and-Reports-Other/5c23885fd5/DMV\\_Feb\\_2022.pdf](https://lifo.vermont.gov/assets/Subjects/Independent-Memos-and-Reports-Other/5c23885fd5/DMV_Feb_2022.pdf))

This project consists of Phase 1, Vehicle Services (VS), which includes titling, registration, and other customer-facing eServices, and Phase 2, Driver's Services (DS), including driver's licenses and other identification, customer-facing eServices, and other supporting functions. Project monitoring involves the review of weekly status reports, project plans, and other project documents. In addition, I consulted Commissioner Minoli in December and attended a presentation and demo of the VS application. Phase 1 will start testing in May 2023, with an estimated Go-Live Date in November 2023. The tentative date for completion of Phase 2, Driver's Services, is currently July 2025.

- Maintenance & Operations Support will be Service Level 3:

This level ensures the State will always run the latest version of FastDS-VS. **Level 3** includes **Level 1** access, **Level 2** services, as well as onsite to personnel to install, configure, integrate, test, and provide training and other tasks related to the implementation of **Level 1** items.

**Level 1** which provides Phone Support, Documentation and *access to*, but *not* services to implement **Hot Fixes, Service Packs, and New Versions(upgrades)**.

- DMV would have to have to seek funding and contract separately with Fast for services to implement the above.
- **If funding is unavailable the system can over time become out of date or negatively affected by defects that arise.**

**Level 2** includes **Level 1** access as well as onsite personnel to resolve **only** defects in site code, extensions, and configurations existing at go-live. Does *not* provide the services to implement **Level 1** items which pertain to the core licenses system code.

State developers, can also work on **Level 2** type defect resolution as well as net-new functional enhancements to the system, but typically do not have the access or expertise to implement **Level 1** items.

# DMV Core System Modernization Funding

- **FY22 - Budget Adjustment Act:**

- The 2022 Governor's Recommend Budget Adjustment Act (BAA) proposes to swap the remaining \$28.82 million IT projects from ARPA to General Funds (GF). That would include the balance of the \$24.5 million DMV IT project still funded by ARPA.
- Background - 2021 Act 74 contained \$52 million ARPA in tech investments (Sec. G.501), which included \$24.5 million for DMV IT Core System Modernization Project. Also in Act 74, to the extent there was GF surplus, \$100 million could swap from ARPA Funds to GF. Of that \$100 million swap, \$10.38 million was for DMV IT and another \$12.8 was for other IT. That left \$28.82 million in of the original \$52 million still in ARPA IT.

- **FY23 - Governor's recommended budget:**

- Sec. B.1100.1 FISCAL YEAR 2023 ONE-TIME TRANSPORTATION FUND APPROPRIATIONS
  - (a) In fiscal year 2023, funds are appropriated from the Transportation Fund as follows:
    - (1) To the Department of Motor Vehicles: \$20,250,000.00 for DMV Core System Modernization Phase II.

What it does: Completes the modernization of DMV core system, allows end-to-end processing of transactions, and puts DMV in best position to utilize the system that the legislature has already invested in.

EXPLANATION: A one-time appropriation, in an amount equal to that previously transferred annually to the Department of Public Safety – Vermont State Police, to fund the continued implementation for the modernization project.

- **FY24 - BAA Amendment to Big Bill**

- Sec. B.1100 FISCAL YEAR 2023 ONE-TIME TRANSPORTATION FUND APPROPRIATIONS
  - ▶ The BAA contains clarifying language in the B.1100s to appropriate the full \$20.25 million from the Technology Modernization Special Fund to ADS to be spent on the DMV Core System Modernization project. Also, Section E.105.2 of the BAA cleans up unnecessary budgetary language – since the full \$20.25 million needed to fund the project is now available in FY2023 from the FY2022 year-end surplus (and appropriated elsewhere in the B.1100s to fund the DMV project) and this language is no longer needed.