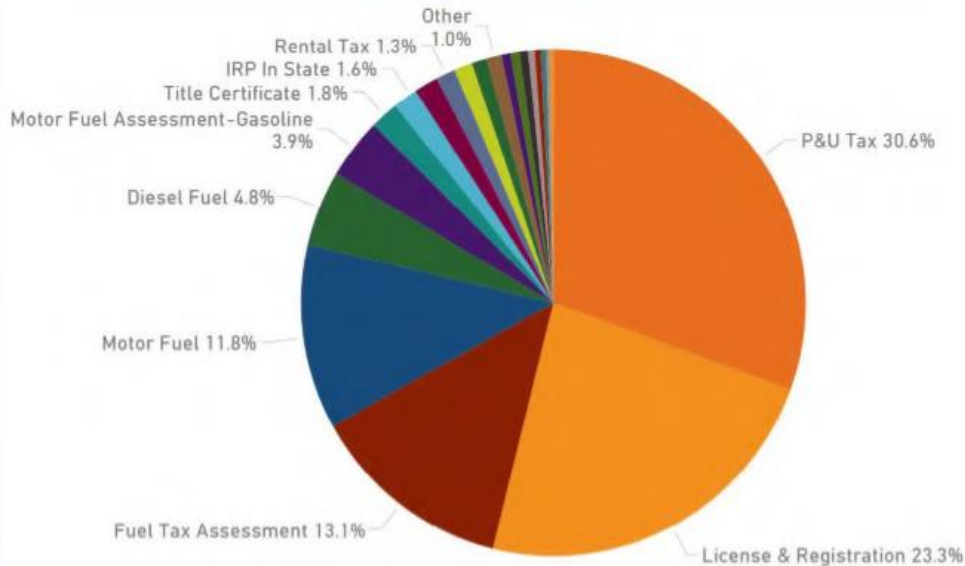


VERMONT
AGENCY OF TRANSPORTATION
Department of Motor Vehicles
FY2019 Budget

Wanda Minoli, Interim Commissioner
Carol Harrison, Director of Finance
Michael Smith, Director of Operations
Colonel William Elovirta, Enforcement and Safety

Revenues FY2017, as percent (fees, taxes and permits)



The Department of Motor Vehicles (DMV) is responsible for issuing driver licenses, permits, motor vehicle registrations (including snowmobile and motorboat registrations), driver license suspensions and reinstatements, enforcement of motor-vehicle-related laws, and collecting motor fuel revenue for the state of Vermont. The department also manages several safety programs, including vehicle inspections, motor carrier safety, school bus safety and those related to motorcycle training. The DMV serves Vermont's resident population of approximately 623,000, as well as a significant number of nonresidents.

DMV Rates

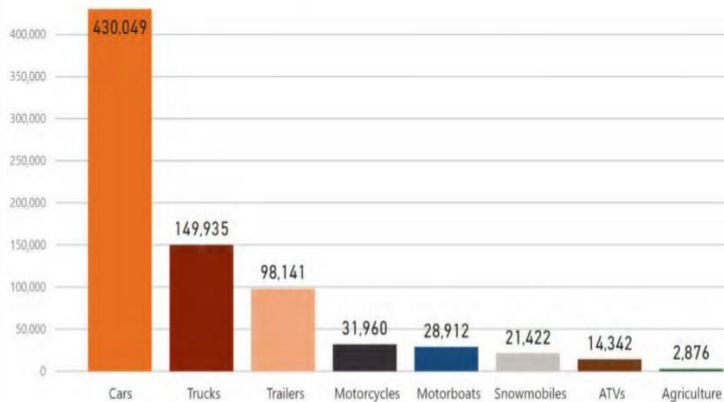
Gas Tax, Assessments, and Clean Up Fee	\$0.121 plus MFTIA plus MFTA plus \$0.01 Clean Up Fee
Motor Fuel Transportation Infrastructure Assessment	\$0.0396 per gallon or 2% of the adjusted retail price upon each gallon of motor fuel sold by the distributor, whichever is greater.
Motor Fuel Tax Assessment	\$0.134 per gallon or 4% of the tax-adjusted retail price upon each gallon of motor fuel sold by the distributor not to exceed \$0.18, whichever is greater
Diesel Tax, Clean Up Fee, and Infrastructure Fee	\$0.28 and \$0.01 and \$0.03
Sales Tax, Purchase and Use Tax, Motor Homes, Trucks up to 10,099 lbs.	6%
Driver Training	\$50 - \$150
Clean Air Fund	\$2/year
Conservation Plates	\$26/pair, in addition to registration fee
Title Fees (Vehicle)	\$35
Title Fees (ATV, Boats, Snowmobiles)	\$22
Oversize Permits	\$1 - \$500
Survey Fee	\$300 - \$10,000

Department of Motor Vehicles – Facts

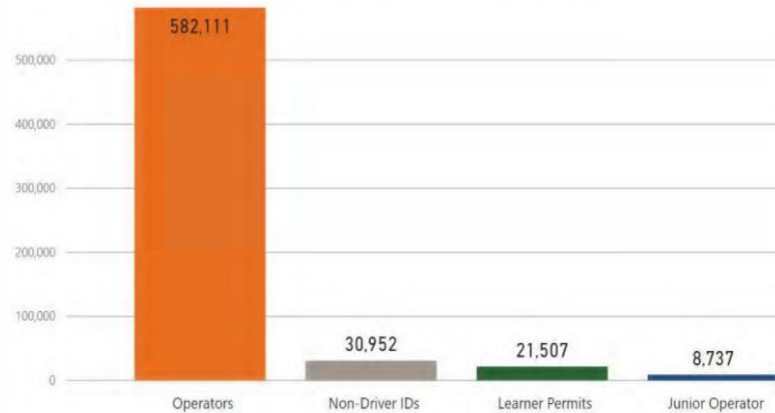
Transactions: 1,006,918



Vehicle Registrations: 777,637



Vehicle Licenses: 643,307



Department of Motor Vehicles

The Year in Review

Customer Call Up System Replacement Project:

- DMV implemented a new customer queuing solution in the Spring of 2017.
- Replaced our outdated system which was dependent upon a single support person from the vendor.
- Increased metrics (transaction counts, service and wait times, service levels, etc.) and customer tracking capabilities.
- Improves customer wait time in prioritizing customers.
- Allows opportunity to better forecast staffing needs for all DMV locations from a central location.

Point of Sale Cashiering System Replacement Project (POS-Phase I):

- Existing Point of Sale system equipment and technology that categorized our revenues was at the end of its life and could no longer be supported.
- November of 2017 the department implemented a new Point of Sale System in all of our DMV locations.
- The new system has intuitive functionality across the DMV organization.
- Decrease in errors, improved data, timelier categorization of revenue and reduction of fraudulent activity.

REAL ID ACT: In 2005 Congress established minimum security standards for state-issued licenses and identification cards.

- 12/31/17 - All individuals issued a VT identification or license by the Dept. will have been processed and given the opportunity to procure a identification or license under these standards. (55,000 Vters. possess Drivers Privilege Cards).
- DMV implemented these requirements for in January of 2014.
- By October of 2020 every traveler will need a REAL ID compliant license or State ID or another form of identification to fly within the United States.

Department of Motor Vehicles The Year in Review

Automated Vehicle Inspection Program Implementation:

- Provide greater consistency, improve program effectiveness, and simplify the process with electronic data collection
- Air emission requirements is jointly managed by DMV and Department of Environmental Conservation. DMV is focused on safety inspection criteria, and DEC is focused on the air emissions standards.

Internal audit controls - Full compliance regarding procurements, payables, cash receipts, assets and inventory management, grant awards and budgets, mitigating risks and implementing security protections. Revision of Vermont Periodic Inspection Manual and public outreach materials.

Department of Motor Vehicles Going Forward

Vermont Credentialing System Replacement:

- DMV's existing Licensing and Identification system is reaching end of life
 - The version of SQL server utilized reaches end of life in June 2019
 - Using unsupported printers which are costly to repair.
- Current contract is set to expire July 1, 2019
- The contract for production of credentials (Permits, Licenses and Identification cards) has not gone out to bid since 2003.

Exploring:

- Off the shelf system to produce credentials
- Proposing moving to full central issuance system (Enhanced Drivers Licenses are already fulfilled in this manner)
 - Offer more secure cards using advanced production methods
 - Reduced cost to the State as the advance printers are used for more than one jurisdiction
 - Reduce overhead and liability of having disposable materials for production
 - 39 other jurisdictions have moved to Central Issuance PIVOT Project: Point-of-Sale
 - Credential from VT DNV more convenient for customers
 - Web Renewal options

Department of Motor Vehicles

Going Forward

PIVOT Project: Point-of-Sale Phase I - Continued

- Integration of automatic check and credit card processing capabilities bring nearly all revenue collection into one system
- Phase II – Full implementation 2019: upfront document scanning, auto integration to VISION, unification with Lockbox and DMV, express for registration renewals by mail/internet – coalesce all DMV financial data within a single system.
- Opportunity to promote employee growth and career development.

PIVOT Project: Overweight/Oversize permitting process

- Create online single-trip permitting, reduce wait times, increase accuracy, and eliminate duplication of work

Conduit Contract / Xerox Contract -- system that manages the IFTA / IRP funds

SOV has had contract w/ Xerox since joining IFTA in 1997 and is expiring in Sept 2018, with two 1 year extensions potentially extending contract to September 2020. Prism is Performance Registration Information Systems Management

- System distributes and collects revenues and accurately tracks motor fuel distribution in the State of Vermont.

Other Initiatives

- APA rules revision for ignition interlock devices; filed and reviewed by ICAAR. Public hearing is schedule 4/11/18.
- APA rules revision for Vermont State Inspection Manual filed with ICAAE by February, 2018.
- Conditional Pass extended for one year; DMV & ANR developing educational materials; outreach and exploring waiver opportunities.
- Continue with computer 'cascading' replacements
- Consumer messaging improvements
- Emergency Preparedness and Continuous Improvement training for staff
- Security equipment enhancements.

Making Vermont Affordable

- **Includes no fee or revenue increases**
 - Budget balanced to January consensus forecast
 - Compliance with Financial Internal Controls
- **Performance Section**
 - Lean and process improvements
 - Application Processing- First event resulted IT Solutions. Team reengaged -Brainstorming among Subject Matter Experts; identified opportunities in operations for future Lean events with a manageable focused scope.
 - Refunds – Tighter internal controls; collaborative effort between 2 divisions; staff developing opportunities and Subject Matter Experts engaged with curiosity.
 - Forms Management – Streamlined process; moved forms to on-demand, reduced stocked inventory; provided real-time service to branch offices; building a stronger partnership with BGS; bringing more focus to the forms review process.
- **DMV Strategic Plan Update**
 - Employee Engagement
 - Performance Indicators
- **Developing Enhanced Chart of Accounts**
 - Model that identifies 4 major programs at DMV (Commissioner's Office, Operations, Enforcement & Safety, and Finance & Logistics). Allows for statistical real data.
 - Expands Operations to clearly separate all the branch offices
 - IT Projects are listed as part of the Commissioner's Office
 - Grant awards are identified by program code under Enforcement & Safety

Fiscal Year 2019 Highlights

Department of Motor Vehicle's Budget

The **Department of Motor Vehicles (DMV)** fiscal year 2019 proposed budget fits within the target amount provided and maintains the current level of service with some adjustments made between the major budget categories. This essential maintenance budget helps ensure the continuation of DMV services and offerings at all current locations. This budget includes IT project funding designated under Contracts & 3rd Party Services (\$1.65 million), security system equipment and storage expansion, and a new annual allocation for support from the Agency of Digital Services.

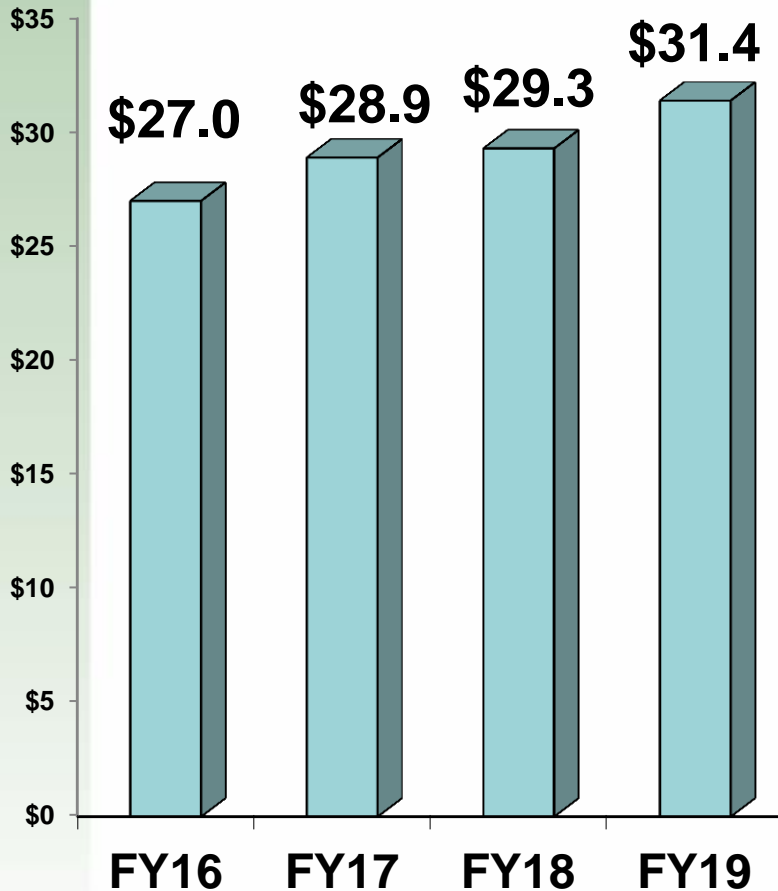
DMV is responsible for collecting an estimated \$334 million in revenues during FY 2019.

	FY 2018	FY 2019	Increase	Percent
Fund Source	<u>As Passed</u>	<u>Gov. Rec.</u>	<u>(Decrease)</u>	<u>Change</u>
State (T-Fund)	*\$27,773,478	\$29,760,414	\$1,986,936	7.2%
Federal	\$1,423,438	\$1,458,768	\$35,330	2.5%
Inter-Unit Fund	\$105,000	\$141,550	\$36,550	34.8%
Total	\$29,301,916	\$31,360,732	\$2,058,816	7.0%

* Represents legislative amended budget reduction of \$200,000 State funding. Budget amended in section 2, of Act 38. Sec. 4a. SAVINGS RELATED TO SINGLE LICENSE PLATES; ANALYSIS; SPENDING AUTHORITY

(a) Secs. 2 and 5 of this act reallocate \$200,000.00 in spending authority from the Department of Motor Vehicles (DMV) to the Town Highway Class 2 Roadway Program as result of cost savings projected to result from the requirement that DMV issue one license plate instead of two license plates for most motor vehicles registered in Vermont.

Dept. of Motor Vehicles - \$31.4M



- Increase of \$2.1M (7%)
- DMV will collect an estimated \$334M in taxes and fees in FY2019
- Increase driven by:
 - \$300K impact for credit card fees
 - Elimination of 3% charge on credit/debit card transactions
 - \$200K impact for 1 license plate
 - ADS staff costs now allocated by appropriation staff counts
 - Includes \$1.65M for IT projects

DMV's FY2019 budget amounts to almost \$32 million distributed across several funding sources. The following highlights show how the funds will be utilized during FY2019. The increase in cost supports the infrastructure where DMV employees conduct their work to provide services to the citizens of Vermont.

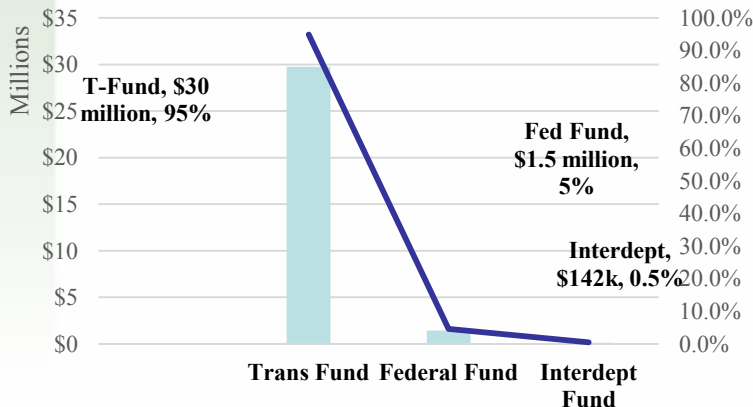
MISSION: Statutory responsibilities are carried out at the Department of Motor Vehicles (DMV) under this mission statement: *"With a commitment to excellence, the dedicated employees of DMV strive to provide the highest level of customer service through the administration of motor vehicle laws and the promotion of highway safety."*

DMV issues driver credentials, learner permits, motor vehicle registrations, driver license suspensions and reinstatements. DMV enforces motor vehicle laws and collects motor fuel revenue for the State of Vermont. DMV manages several safety programs including vehicle inspections, motor carrier safety, school bus safety and motorcycle training.

FY 2019 SUMMARY & HIGHLIGHTS

- Staffing levels shifted from 232 to 229
- Budget increased 7% in Transportation Fund
- Continue with computer 'cascading' replacements
- IT Project funding designated as *Contract & 3rd Party Services* for automated system improvements:
 - Point of Sale Phase - incorporate automated check and credit card processing capability (Phase I)
 - Release RFP and decision on Licensing Credentials system.
 - Decision on Commercial Vehicle Office system replacement.
- Target Action Plans:
 - (1) Point of Sale as DMV System of Financial Record (Phase II)
 - (2) Overweight/Oversize Online Permitting
- Consumer messaging improvements
- Emergency Preparedness and Continuous Improvement training for staff
- Security equipment enhancements.

**Governor's Recommend Budget
 FY2019 (\$ millions)**





FY 2019 Crosswalk and Budget Variances

VERMONT DEPARTMENT OF MOTOR VEHICLES FY2019 Crosswalk & Budget Variances									
	Transportation Fund	TIB	Federal	Local	Interdept	Other	Total Amount	Difference Between FY18 & FY19	COMMENTS
Department of Motor Vehicles (8100002100): FY2019 Governor's Recommended Budget	29,760,414		1,458,768		141,550		31,360,732	1,858,816	
PERSONAL SERVICES									
Salaries and Wages	11,823,433		0		0		11,823,433	191,089	VANTAGE system wage calculations. Vacancy Savings calculated as 4% of classified salaries.
Fringe Benefits	5,461,200		887,343		0		6,348,543	(398,142)	Contractually required benefits (health & retirement). Annual allocations provided for internal services such as Workers Comp, Unemployment Compensation, Catamount Health Assessment.
Contractual & 3rd Party Services	1,717,970		0		4,975		1,722,945	1,706,395	Education, training, and interpreter services. Support for US eDirect (POS) and ACF (Queueing) systems. ADDED annual amount for dedicated IT Project Funding of \$1.65 million (partially supports IT 5-year project plan).
Per Diem	0		0		0		0	0	
Personal Services Subtotal	19,002,603		887,343		4,975		19,894,921	1,499,342	
OPERATING									
Equipment	429,900		335,600		4,975		770,475	118,305	State Funds: New IT codes. PC upgrades, replacements, parts. Desktop printers and copiers not on contract (reducing # of printers by utilizing copier functions). Office and safety equipment, security systems & maintenance, ergonomic assessment results. ADS: 545k to purchase server for 'security camera' storage. Federal Funds: On an annual basis Vermont must meet the requirements of 23 CFR Part 657—Certification of Size and Weight Enforcement. Statewide Transportation Improvement Program (STIP) funds are used to fund the purchase and maintenance of weigh-in-motion (WIM) equipment, portable scales, upgrades to platform and semi platform scales. Includes funding for VREP (motorcycle program) and MCSAP grants.
IT/Telecom Services & Equipment	2,413,993		27,990		0		2,441,983	(108,293)	Wireless services. Annual allocations provided for internal services: VISION, DII Telecommunications & Mainframe. Added annual allocation of \$859,021 for ADS internal services. Solutions Thru Software contract. VoIP expenses. IBM annual maintenance for records scanning and retrieval system. Decrease partially a result of moving IT project funding to Contractual & 3rd Party Services for FY2019 - funded here last year under Software as a Service (Point of Sale system).
Other Operating Expenses	1,371,576		0		0		1,371,576	325,213	Enforcement & Safety drug kits, narcam. Total Abstinence (TA) testing. Annual allocation for single audit. License plate production, decals. Bank charges (banking, lockbox, credit card services, courier costs).
Other Purchased Services	4,131,650		13,950		110,600		4,256,200	357,893	Annual allocation provided for internal services such as General Liability insurance, DII Internal Service Support, and Human Resources. Printing & Binding costs have increased (public announcements, forms, stickers, decals, signs, etc.) Includes costs to pay vendor for credentialing system (license production). Inspection sticker management costs have increased. Employee background checks are more thorough - criminal background checks, fingerprinting, polygraphs, and basic training courses (E&S). Using more media resources for advertising. Increases in postage costs. Security services at Addison courthouse.
Property & Maintenance	124,620		2,150		0		126,770	54,700	SecureShred services now at all DMV branch locations. Rutland site snow removal expenses. Cleaning services at leased locations. Cabling for VoIP system. Leased copier 'per copy' expenses combined to one account - split in prior budget years. Enforcement & Safety information technology equipment inside vehicles - more maintenance & repairs.
Rental Other	543,550		126,100		0		669,650	97,150	Funding for AOT Central Garage invoices - CVE lease, fuel, parts and labor. Central Garage maintenance & possession fees. Fleet Management auto rentals. Northern and Southern Vans. 40 vehicles (includes 4 spares).
Rental Property	1,255,611		0		0		1,255,611	83,582	Leased office space. Rental space for CDL and motorcycle testing. Annual allocation provided for state building 'Fee For Space'. BGS additional 5.26% surcharge on all leases and loans.
Supplies	299,711		44,800		11,500		356,011	62,661	Increase in special supplies for Point of Sale system (thermal paper). E&S police equipment, ammunition. E&S language translation application on phone. Payments to several vendors for E&S police equipment items and motorcycle program (not budgeted in previous years). Includes funding for VREP (motorcycle program training materials) and MCSAP grants.
Travel	71,000		20,835		9,500		101,335	13,235	Costs associated with AAMVA Regional and International conferences for key management staff. Supports instructors and site assistants for the VREP motorcycle program.
Repair & Maintenance Services	116,200		0		0		116,200	(444,972)	Maintenance and repairs on hardware and servers used for data storage. ADS: Includes annual hardware maintenance for camera server/storage. Most expenses in this area moved to new IT codes.
Operating Subtotal	10,757,811		571,425		136,575		11,465,811	559,474	
GRANTS									
Grants Subtotal	0		0		0		0	0	
Subtotal FY2019 Governor's Recommended Budget	29,760,414		1,458,768		141,550		31,360,732	2,058,816	
Total FY2019 Governor's Recommended Budget	29,760,414		1,458,768		141,550		31,360,732	2,058,816	
Difference Between FY2018 & FY2019	1,906,936		35,330		36,550		2,058,816		Includes Personal Services & Operating Expenses.
FY2018 Governor's Recommended Budget	27,773,478		1,423,438		105,000		29,301,916		

