



**House Appropriations Committee
Subcommittee on Transportation**

DMV Fiscal Outlook

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Department of



Motor Vehicles

Challenges

- Major declines in revenue
- Fewer employees
- Larger, more diverse customer-base
- Escalating IT, VRS and health care costs
- As a Special Fund agency, DMV pays cost increases from existing revenue streams

Revenue Challenges

- Current revenue growth forecast
 - 0.8 percent in FY 2011
 - 0.4 percent in FY 2012
- Since 1999, DMV transferred \$152.8 million to General Fund
- Since 2006, \$113.4 million in rental tax revenue to DRPT
- In FY 2008, DMV obtained deficit loan to continue operations



Revenue Challenges

- In FY 09, short-term revenue adjustment with SB 116 (\$5 fee for in-person vehicle renewals; 8 year license validity period)
 - Accelerated revenue collections; without SB 116, DMV would face a **\$26 million deficit** today
 - Gave time to address costs and promote efficiencies

Recent Actions

- Leveraged technology for efficiencies
 - Email notices for decal renewals
 - Instant issuance of PINs for online transactions
 - Online license delivery status tracking
- Installed customer-facing debit/credit card machines

Recent Actions

- Eliminated 16 toll-free telephone lines
- Saved paper and printing expenses
- Automated hauling permit routing
- Launched EZ Fleet self-titling and registration for business fleets



Looking Ahead

- More cuts and/or increased revenue to correct projected shortfalls
- Possible actions:
 - Mandate e-filing for businesses
 - Promote lower-cost service options
 - \$5 fee for decal renewals at DMV Selects and license renewals that can be done online, by phone or mail
 - Reinstatement fee surcharge
 - E-notices for driver's license renewals



Long Term Opportunities

- Migrate more customers to lower-cost Internet services
- Realize efficiencies and reduce IT costs with systems redesign project
 - Replace mainframe with server-based system
 - Streamline and automate current processes
- Explore other surcharges for manual transactions and late fees to recover costs of doing business





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