

2016-18 Executive Progress Report

Commonwealth of Virginia
Secretary of Transportation

Department of Motor Vehicles

At A Glance

Superior Service, Secure Credentials, Saving Lives

Staffing 1881 Salaried Employees, 23 Contracted Employees, 2038 Authorized, and 189 Wage Employees.

Financials Budget FY 2017, \$257.16 million, 0.00% from the General Fund.

Trends  Number of Customers

 Revenue

 Information Technology Costs

Legend  Increase,  Decrease,  Steady

Key Perf Areas

 Fatalities*

 Alternate Government services*

 Prompt pay*

Productivity

Legend

 Improving,  Worsening,  Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Agency Background Statement

The Department of Motor Vehicles (DMV) issues a wide variety of transportation and tax-related credentials and products for individuals, government agencies, and businesses. The agency collects state transportation revenues and enforces motor vehicle laws. Additionally, DMV actively works with localities, state agencies, higher education institutions, and non-profit organizations to address Virginia's most pressing highway safety issues through the administration of federal transportation safety grants.

Major Products and Services

DMV's most visible and widely used products and services include driver, vehicle, and motor carrier credentialing, and revenue collection. During fiscal year (FY) 2016, the agency:

- Conducted 9.9million vehicle transactions
- Conducted 2.9 million driver's transactions, and
- Collected \$2.6 billion in revenue.

DMV provides its services through a network of 75 customer service centers, five mobile customer service centers, 13 motor carrier service centers (i.e., weigh stations), 12 mobile and one satellite weigh stations, the agency website, and one customer contact center. This includes DMV's innovative partnership with the military to open rent-free customer service centers, at Fort Lee and the Pentagon, to serve military members, families and retirees. The agency also contracts with 53 DMV Select Agents who process specific vehicle transactions on behalf of DMV for a percentage of the gross receipts. The agency anticipates providing additional products and services in the future for other agencies. It will continue to make changes in how it delivers its products and services. The reasons include changing requirements related to national security, customer demands for easier access to services, limited funding levels, increased complexity in DMV's work, and technology advances that allow greater access to data coupled with a need for increased data security. DMV anticipates and is prepared for more products to be delivered by preferred service (primarily electronic) delivery channels.

Customers

Customer Summary

The agency expects to see modest, but steady growth in its customer base as Virginia's population grows. Long term, the agency anticipates an increased reliance on technology to facilitate the completion of transactions with the public, as the public becomes more comfortable with technology. In addition, as the population of Virginia undergoes demographic changes, DMV must adapt and ensure its products and services meet our customers' needs.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Resident	ID Card Holders	248,438	397,159	Increase
Consumer	Motor Carrier Credential Customers	99,423	99,423	Stable
General Assembly	Legislators	140	140	Stable
Local or Regional Government Authorities	Commissioners of the Revenue and Treasurers	270	270	Stable
Motorist	Licensed Drivers	1,200,000	5,900,000	Stable
Motorist	Motorcyclists completing the Motorcycle Rider Training Program	11,962	12,202	Increase
Motorist	Vehicle Owners (# of registered vehicles)	8,101,136	8,101,136	Increase
State Agency(s),	Law enforcement (VCIN)	1	1	Stable
State Agency(s),	State Agencies	98	98	Stable
Taxpayer	Residents of Virginia	8,260,405	8,260,405	Increase
Taxpayer	Tax filers for fuel taxes and motor vehicle fuel sales taxes	1,079	1,079	Stable
Local or Regional Government Authorities	Government Agencies	324	324	Stable
Consumer	Data use agreements	3,765	3,765	Stable
Consumer	Disabled Parking Placard Holders	186,000	533,816	Increase
Local or Regional Government Authorities	Grant Sub- Recipient	186	257	Stable
Non-Profit Agency (Boards/Foundations),	Grant Sub- Recipient	21	21	Stable
State Agency(s),	Grant Sub- Recipient	15	15	Stable

Finance

Financial Summary

DMV's resources come from a mixture of special funds. The major operating fund is the Motor Vehicle Special Fund (0454) which derives its revenues from fees and taxes as specified in the Motor Vehicle Code of Virginia. These funds are dedicated to DMV's operational and capital costs. Several other special funding sources are available to DMV through the Appropriation Act and are for specific use. These include the Motor Carrier Fund, Highway Maintenance and Operating Fund, Uninsured Motorist Fund, Motorcycle Safety Fund, and the Federal Trust Funds.

DMV also provides financial aid to localities, other state agencies, and non-profit organizations through Federal Trust Funds, which support the state's Highway Safety Program. DMV also collects taxes and distributions made from the Regional Motor Fuels Sales Tax and the Mobile Home Sales and Use Tax Fund.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
0410	Highway Maintenance And Operating Fund	\$13,721,847	\$13,726,948
0429	Federal Asset Forfeiture Fund	\$100,000	\$100,000
0430	State Asset Forfeiture Fund	\$150,000	\$150,000
0451	Motorcycle Rider Safety Training Program	\$2,244,317	\$2,244,317
0454	Motor Vehicle Special Fund	\$227,146,248	\$227,235,445
0455	Motor Carrier Permits/Single State Reg Fees	\$2,384,849	\$2,384,849
0700	Trust And Agency	\$5,446,600	\$5,446,600
1000	Federal Trust	\$5,969,324	\$5,969,324

Revenue Summary

One of DMV's important responsibilities is collecting a variety of fees, fines, and taxes for transportation-related activities. Most of these funds flow directly to accounts outside of DMV and are thus not reflected in the DMV budget. Monies collected by DMV primarily provide funds for the construction of new highways and the maintenance of Virginia's existing highway infrastructure. DMV's revenue collection was \$2.6 billion in FY 2016.

Performance

Performance Highlights

One of the best measures of DMV's performance is the amount of time customers wait for service in customer service centers. The FY 2015 target is to serve customers in an average of 20.0 minutes or less. DMV also measures transactions conducted through preferred services (i.e., the use of Internet and mail for specific services such as vehicle registration renewal) and monitors financial performance through activity-based costing. The success of safety programs is measured by looking at the state's seat belt usage rate and fatalities resulting from motor vehicle crashes. Significant performance indicators are listed below, including those designated as key measures (designated by an asterisk). To meet customers' needs and achieve these objectives, DMV has rolled out an array of low cost service options to conduct business with the agency. These include E-ZFleet, Troops to Trucks to streamline credentialing for military and veterans, mobile apps, DMV Connect to support prisoner re-entry initiatives, and mobile customer service centers that can serve customers at any location.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
15460508.001.001	Number of traffic fatalities	Fatalities*	Improving
154.0002	Number of other Government services transactions performed	Alternate Government services*	Improving
15469901.005.002	Percentage of payments made in accordance with prompt pay requirements	Prompt pay*	Maintaining
15460101.004.001	Average cost to renew vehicle registration	Vehicle registration renewal	Maintaining

Key Risk Factors

Several factors will have a significant impact on the agency over the next four years. DMV's focus is on managing and improving performance in order to mitigate these risk factors.

Customer service demands: DMV is undertaking a number of initiatives to improve service, however, the ongoing demands from customers who have complex compliance related driving issues will necessitate the allocation of resources to support these customers. The increasing complexity of these transactions requires additional time to serve customers and resolve their issues. This could translate into longer wait times if not adequately addressed.

Spending Outpacing Revenues: DMV is facing a severe budget shortfall as our unfunded mandated expenditures climb and continue to outpace agency revenues. Recent increased costs associated with salaries, benefits (healthcare or retirement), information technology (IT), and indirect cost recoveries have required the agency to fund the additional costs with existing resources. Collection costs for other agencies' revenue sources are also rising. These cost increases do not include future expenditures the agency will need to make including increasing capacity at customer service centers (CSCs) to serve a growing population, future mandated cost increases, replacing aging IT equipment and adhering to IT and credit card security standards, and providing for technological advances necessary to meet evolving customer expectations. Although these costs are rising, DMV's revenue sources are locked at fixed rates that have not kept pace with inflation. The agency needed to identify short-term solutions to reprioritize expenditures during the 2016-18 biennium so as to ensure the agency can meet its obligations in early FY19. DMV will propose longer-term solutions for consideration during the 2018 General Assembly Session.

Agency Statistics

Statistics Summary

The following statistics provide a comprehensive snapshot of the magnitude of DMV operations.

Statistics Table

Description	Value
Number of registered vehicles	8,101,136
Number of registered motorcycles	211,620
Total license plate sets sold	1,679,284
Number of trucks weighed	16,069,168
Citations issued at weigh stations	37,309
Number of titles issued	26,623,859
Number of drivers licenses issued	1,006,982
Driver training schools	304
Driver improvement clinics	363
Number of licensed dealers	4,566
Number of licensed salespersons	24,859
Total gross collections	2,622,000,000

Management Discussion

General Information About Ongoing Status of Agency

DMV will continue initiatives to improve service with upgrades to information technology systems, partnerships with other state agencies, and increased service options.

Agency initiatives to reduce IT, postage, printing, and telecommunications costs have successfully helped DMV manage its budget. IT improvements have delivered savings through the issuance of personal identification numbers (PIN), electronic vehicle and driver renewal notifications, online driver's license and special license plate order tracking, E-ZFleet titling and registration, and citizen account management through MyDMV. The agency has an ongoing initiative to seek new ways to reduce costs.

Governor McAuliffe has authorized Virginia to proceed with full REAL ID compliance, and DMV plans to issue the first REAL ID compliant Virginia driver's licenses and identification cards on October 1, 2018. Current credential holders will have the option of obtaining a REAL ID compliant driver's license or identification card or maintaining their current non-compliant credential. Provided that DMV continues to receive expected extensions from the Department of Homeland Security, all Virginia citizens will be able to use their existing driver's licenses and identification cards for access to federal facilities and domestic flights until October 1, 2020.

DMV estimates that to become fully compliant will require approximately \$20.7 million through the 2018-2020 biennium. This figure includes costs to address new systems and other IT changes as well as additional temporary staffing and overtime pay that are required to meet the REAL ID requirements and the expected additional customer demand. DMV anticipates 40% of our customers, or 2.66 million individuals, will desire a compliant credential. Due to the timing of their license renewal cycle, two-thirds of these customers will make an additional in-person visit to a DMV customer service center during the period from October 2018 through October 2020 specifically to obtain a REAL ID compliant credential.

DMV will continue to increase enforcement and promote the collection of revenue for the Commonwealth through a variety of enforcement tools and dedicated law enforcement resources. DMV will continue to license and regulate for hire motor carriers and enforce compliance with various motor carriers and size and weight requirements. DMV will maintain its high collection rate, maintain support to localities through the Vehicle Registration Withholding program, and enforce fuels tax collection through its dedicated law enforcement personnel.

DMV operates Virginia's Highway Safety office with a deliberate focus on reducing fatalities in partnership with law enforcement, non-profits, and other state agencies to pursue this effort. DMV will roll out enhancements to the traffic records system and use its data to apply resources to target areas for the Commonwealth.

Information Technology

Major IT investments underway include:

System Modernization: This project focuses on delivering a solution to DMV's customer service operations that will replace outdated systems into one modernized platform that improves efficiency, re-engineers service delivery, and responds to changing security, legislative, and customer relationship issues. The agency has deployed the solution for customers and employees in its service centers and now sees benefits from improved processing time and the ability to serve customers across all of their needs with fewer visits. Additional modernization entails the ongoing evolution of core business systems, some of which are more than 25 years old. DMV is focusing on delivering solutions that provide improved capabilities to serve customers and employees, while also saving money by consolidating platforms. This will require the agency to migrate off of mainframe technology and implement a solution that is able to meet the Commonwealth's needs for the coming decades while being both flexible and secure.

Improved web and mobile service solutions: To meet customers' needs, DMV has improved its already robust website that provides low cost service options to conduct business with the agency. DMV has successfully implemented the MyDMV account which allows customers to easily access all of their DMV information in one location as well as serve as the launching pad for conducting transactions. DMV has also deployed an Android and iPhone mobile app.

Workforce Development

Within the next five years, 26.7 percent of our workforce will be eligible to retire, many in management and supervisory roles. To overcome this risk, the agency developed an Executive Leadership Program, Management Development Program and the Professional Development Program. The goals of these programs are to develop a cadre of leaders, professionals and knowledge workers whose competencies align with DMV strategic mission and create an employee pool that meets the future needs of the organization. Additionally, the DMV workforce will be faced with an evolving technological environment and frequently changing processing requirements. Problem solving, analytical and decision-making skills, and the ability to comprehend and disseminate complex information will all be requirements for the new "knowledge worker." DMV will use several strategies to ensure that the agency's workforce is able to adapt to operational changes and competently provide quality services.

Physical Plant

Strategically located, well-maintained facilities are critical to DMV's ability to provide driver, vehicle, and motor carrier services to its customers. DMV's owned customer service centers range in age from 20 to 43 years. The motor carrier service centers range in age from 22 to 62 years. DMV facility inspectors visit all locations at least annually and inspectors recommend needed repairs/replacements as a result of facility inspections,

repair history (based on maintenance records maintained by DMV) and age.

As Virginia's population grows, DMV must make strategic changes to some of its service delivery outlets. Of particular interest, Northern Virginia and the Hampton Roads regions will require relocation or expansion of existing facilities in order to meet service demands. However, these needs must be balanced against an environment of limited resources. As such, the agency is maximizing the value of existing space and only seeking additional space as is absolutely necessary. Capital projects related to physical plant focus on renewal/renovation of existing, owned facilities and our responsibility to provide ongoing maintenance in order to extend the useful life of these structures and their associated building systems as well as site improvements.
