

Department of Motor Vehicles

Senate Finance Committee: Transportation
Subcommittee

Richard D. Holcomb
DMV Commissioner
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DMV Revenue Challenges

- Since Aug 2008, DMV's Six Year Forecast has been revised downward by \$53 million
- Over the past two years, DMV revenue has declined substantially
 - Auto titling fee revenue has declined 20%
 - Vehicle/Driver record revenue has declined 9%
 - Fuels tax has declined 5%
- SB 116 (2008 Session; Sen. Y. Miller and Sen. McDougale)
 - DMV was able to accelerate revenue collections for driver's licenses by transitioning to an eight year license.
 - Without SB 116, DMV would currently have a \$16 million deficit

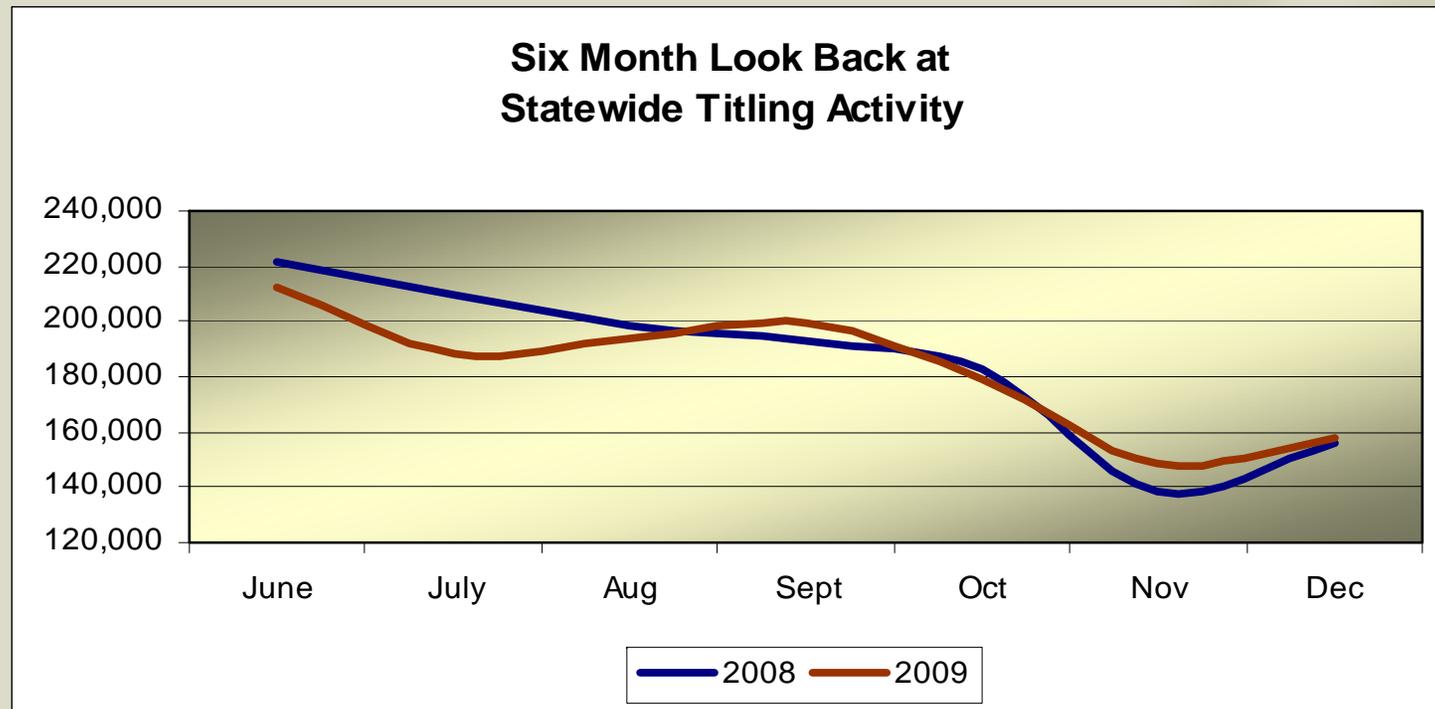


DMV Revenue Challenges

- Cash transfers
 - In HB 29 and HB 30, Governor Kaine proposed an additional \$3.2 million transfer from DMV's Uninsured Motorist Fund to the General Fund. This will increase DMV's current transfer to \$6.4 million each year for a total of \$19.2 million over the three years.
 - Since FY 2000, DMV has transferred \$143.1 million to the General Fund.
 - Cash transfers will be a contributing factor to DMV's projected revenue shortfall after next biennium.
- Long term revenue outlook
 - DMV is currently projecting a revenue shortfall as early as FY 2013, which will have to be dealt with through substantial spending reductions or some fee increases, or combination thereof.



Auto Titling



- Improvement seen during cash for clunkers (July-Sept), but titling activity has fallen back to last year's anemic rate
- Current forecast suggests some modest improvement in the spring



DMV Expenditures

- Personnel
 - Over the past two years, with attrition (81) and layoffs (22), DMV's employment level has declined by 103.
 - Fringe benefit costs, like the proposed changes in health insurance rates (\$689,000), must be absorbed by DMV without new revenue.
- VITA
 - Current issues include recently implemented storage fees (\$1.8 million per year) and local print fees (\$2.2 million per year). DMV previously conducted these activities internally at little to no cost.
 - DMV is pursuing asset reduction and consolidation strategies to mitigate impact of these new VITA billings.
 - Service outages, such as the recent four hour outage on Jan 25, prevented DMV from issuing driver's licenses to citizens, requiring repeat visits.
- Internal restrictions
 - Like many agencies, DMV has maintained strict restrictions on spending for the past three years
 - Reductions in customer service are an absolute last resort
- REAL ID
 - DMV is implementing process changes, procuring equipment, and incurring other expenses preparing for REAL ID compliance by May 2011.
 - Although limited grant funding is available, ongoing operational costs are an unfunded mandate.

