

Department of Transportation
Motor Vehicle

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DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,665.0	1,688.0	1,688.0
Personal Services	47,913,100	49,468,300	49,466,700
Employee Related Expenditures	17,705,900	22,793,700	22,793,700
Professional and Outside Services	2,803,300	909,300	1,409,300
Travel - In State	427,000	411,800	411,800
Travel - Out of State	28,500	33,000	33,000
Other Operating Expenditures	18,014,900	16,199,400	15,838,700
Equipment	2,392,600	5,327,400	4,956,400
OPERATING SUBTOTAL	89,285,300	95,142,900	94,909,600
SPECIAL LINE ITEMS			
Third Party Drivers Licenses	0	250,000	204,700
Abandoned Vehicle Administration	676,900	783,800	783,800
Attorney General Legal Services	140,200	0	0
Non-Residents Registration Programming	36,000	0	0
PROGRAM TOTAL	90,138,400	96,176,700	95,898,100

FUND SOURCES

Other Appropriated Funds

Air Quality Fund	58,600	61,500	61,500
Driving Under the Influence Abatement Fund	0	442,000	131,500
Highway User Revenue Fund	420,300	633,300	588,000
Motor Vehicle Liability Insurance Enforcement Fund	974,000	1,952,700	1,325,600
Safety Enforcement and Transportation Infrastructure Fund	1,419,700	1,584,800	2,184,800
State Highway Fund	86,153,100	90,033,800	90,258,100
Vehicle Inspection and Title Enforcement Fund	1,112,700	1,468,600	1,348,600
SUBTOTAL - Other Appropriated Funds	90,138,400	96,176,700	95,898,100
SUBTOTAL - Appropriated Funds	90,138,400	96,176,700	95,898,100
TOTAL - ALL SOURCES	90,138,400	96,176,700	95,898,100

CHANGE IN FUNDING SUMMARY

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
Other Appropriated Funds	(278,600)	(0.3%)
Total Appropriated Funds	(278,600)	(0.3%)
Non Appropriated Funds	0	0.0%
Total - All Sources	(278,600)	(0.3%)

COST CENTER DESCRIPTION — Motor Vehicle regulates vehicular operations within the state through the issuance and control of various permits, registrations and licenses.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2007
	Actual	Actual	Actual	JLBC
• Average office wait time (minutes)	14.2	15.1	21.6	15.0

Comments: The increase in average office wait time in FY 2005 appears to be directly related to MVD reducing the number of counter clerks from 866 in FY 2003, 756 in FY 2004, and 725 in FY 2005. The reason for the decrease in counter clerks is unclear. MVD had no budget reductions in either FY 2004 or FY 2005 to account for the staffing decrease. This performance measure does not include time spent waiting outside MVD offices, before customers get a numbered ticket from an MVD employee which starts the current wait time clock ticking.

PERFORMANCE MEASURES (Continued)	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 JLBC
• % of office customers rating service “good” or “excellent”	79.5	82	77.2	83
• Average telephone wait time to speak to an MVD employee (minutes) Comments: The average telephone wait time to speak to an MVD employee are calls referred for second level assistance after first being received by MVD call centers.	NA	21.7	16.2	16.2
• % of alternative vehicle registration renewal methods (mail, internet, third party)	69	71.8	75.1	78.1

RECOMMENDED CHANGES FROM FY 2006

Operating Budget

The JLBC recommends \$94,909,600 for the operating budget in FY 2007. This amount consists of:

	FY 2007
Air Quality Fund	\$ 61,500
Driving Under the Influence Abatement Fund	131,500
Highway User Revenue Fund	383,300
Motor Vehicle Liability Insurance Enforcement Fund	1,325,600
Safety Enforcement and Transportation Infrastructure Fund	2,184,800
State Highway Fund	89,474,300
Vehicle Inspection and Title Enforcement Fund	1,348,600

These amounts include the following adjustments:

New MVD Computer System

Planning OF 500,000

The JLBC recommends an increase of \$500,000 from the State Highway Fund in FY 2007 for a comprehensive assessment of technology options for a proposed replacement MVD computer system. Planning for a new MVD computer system would address:

- Integrating the databases of MVD’s major computer systems, including drivers license, commercial drivers license, and title and registration.
- The need for adequate project controls and external oversight
- The estimated total cost and timeframe for completing all major systems
- An evaluation of ADOT’s ability to manage such a technology project, and
- Any estimated continuing additional costs to operate the proposed new computer system.

ADOT’s computer systems range in age from 1973 to 1992 (title and registration 1973, drivers license 1977, tax and revenue group automated tracking system for revenue accounting 1987, dealers license and register 1990,

mandatory insurance compliance 1992). In addition, the federal REAL ID Act of 2005 requires states to collect additional data and documentation for driver license applicants and share data electronically by May 11, 2008.

ADOT had a preliminary estimate of \$50 million to replace the driver license system. However, the Government Information Technology Agency (GITA) believes that the drivers license project alone would be comparable in complexity to the Department of Revenue’s Business Re-Engineering/Integrated Tax System (BRITS), which has a contract cost of \$122.7 million before adding interest charges. GITA supports funding an assessment for a replacement driver license system.

The Information Technology Authorization Committee (ITAC) normally reviews information technology projects costing over \$1 million for GITA. However, given the magnitude of the overall MVD computer project, ITAC input is needed on the front end of the project. The JLBC recommends 3 new footnotes to improve oversight of the project as follows: *(Please see JLBC Recommended Footnotes section below.)*

- Before the expenditure of any monies for ADOT’s proposed assessment plan, the JLBC shall review ADOT’s proposed assessment plan along with ITAC’s comments on the proposed plan.
- ITAC shall review ADOT’s request for proposals before it is released, for the assessment of a new MVD computer system.
- Upon completion of the assessment, the JLBC shall review the completed assessment along with ITAC’s comments on the completed assessment.

SETIF – MVLIE Funding Shift OF 0

The JLBC recommends an increase of \$600,000 and 9 FTE Positions from the Safety Enforcement and Transportation Infrastructure Fund (SETIF) in FY 2007, and a corresponding decrease of \$(600,000) and (9) FTE Positions from the Motor Vehicle Liability Insurance Enforcement Fund (MVLIE) in FY 2007 to reverse a one-time funding shift in FY 2006. The FY 2006 budget included a one-time funding shift of \$600,000 and 9 FTE Positions from SETIF to MVLIE to make room for a \$600,000 capital outlay appropriation from SETIF to

ADOT in FY 2006 to enter into agreements and provide funding to the Arizona-Mexico Commission, the Office of Homeland Security and the Arizona International Development Authority to improve traffic safety.

MVD Customer Service OF 0

The JLBC recommends no change in funding for MVD customer service in FY 2007, but does recommend several new measures to increase legislative oversight of the growing problem of customer wait times.

Wait time increased from 15.1 minutes in FY 2004 to 21.6 minutes in FY 2005, a 43% increase. At the same time, the number of customers decreased 6.1%, from 4.6 million customers in FY 2004 to 4.3 million in FY 2005. The 4.3 million customers in FY 2005 was the lowest number of customers in the past 5 fiscal years for which we have data. ADOT's reporting also understates the problem. MVD's reported wait times do not include time spent waiting outside MVD offices, before customers get a numbered ticket from an MVD employee which starts the current wait time clock ticking.

ADOT reports that the number of clerks who staff MVD office service counter windows decreased from 756 in FY 2004 to 725 in FY 2005, a (4.1)% decrease. The number of clerks decreased a total of (16.3)% in the past 2 years, from 866 in FY 2003 to 725 in FY 2005. The decrease in the number of clerks may account for the increase in customer wait times. It is unclear why ADOT decreased the number of clerks or where they spent the money that was saved. MVD had no budget reductions in either FY 2004 or FY 2005 to account for the staffing decrease.

The time to handle a customer's transaction does not appear to be a factor. The transaction time has averaged 8 1/3 minutes for the past 5 fiscal years. The average transaction time was 7.9 minutes in FY 2004 and 8.2 minutes in FY 2005.

The JLBC recommends 2 new footnotes to increase accountability in MVD customer service as follows:

- Require JLBC approval before allowing ADOT to transfer any funds into or out of MVD.
- Require ADOT report to the JLBC on where funding for MVD counter clerks in customer service offices was shifted by July 31, 2006.

The JLBC recommends a statutory change to improve the usefulness of ADOT's annual MVD customer wait time report, by requiring additional information. Laws 2003, Chapter 104, requires ADOT to report to the Legislature annually on customer wait times from door to counter in MVD field offices. The new information would include the time spent waiting outside MVD offices to get a numbered ticket from an MVD employee that starts the current wait time clock ticking, and the number of customers who arrived at MVD field offices but did not complete their transaction.

One-Time Costs OF (422,800)

The JLBC recommends a decrease of \$(422,800) in FY 2007 for one-time training, computer programming and equipment. This amount consists of:

Motor Vehicle Liability Insurance Enforcement Fund	27,100
State Highway Fund	275,700
Vehicle Inspection and Title Enforcement Fund	120,000

Ignition Interlock Drivers Licenses OF (310,500)

The JLBC recommends a decrease of \$(310,500) from the Driving Under the Influence Abatement Fund in FY 2007 for one-time computer programming and equipment associated with a special ignition interlock restricted driver license.

Laws 2005, Chapter 312 included \$442,000 and 3 FTE Positions from the Driving Under the Influence Abatement Fund in FY 2006 to implement a special ignition interlock restricted driver license for qualified individuals during a period of suspension or revocation for alcohol related offenses. This amount includes \$310,500 for one-time costs, including \$306,300 for computer programming and \$4,200 for equipment. With the elimination of one-time costs, the operating budget will include \$131,500 on an ongoing basis for this activity.

Special Line Items

Third Party Drivers Licenses

The JLBC recommends \$204,700 from the Highway User Revenue Fund in FY 2007. This amount includes the following adjustments:

One-Time Costs OF (45,300)

The JLBC recommends a decrease of \$(45,300) from the Highway User Revenue Fund in FY 2007 for one-time equipment associated with increasing the number of certain authorized third parties.

Monies in this line item allow commercial driver schools and up to 15 motorcycle dealers to become authorized third parties to administer their respective driver license examination beginning in FY 2006.

Abandoned Vehicle Administration

The JLBC recommends \$783,800 and 20 FTE Positions from the State Highway Fund for Abandoned Vehicle Administration in FY 2007. This amount is unchanged from FY 2006.

Monies in this line item provide for administrative functions concerning abandoned vehicles including maintaining records, mailing notices, and paying towing fees for vehicles on public land.

Attorney General Legal Services

The JLBC recommends no funding from the State Highway Fund for Attorney General Legal Services in FY 2007. This amount is unchanged from FY 2006.

This funding was transferred in FY 2006 to the Administration Program to combine the 2 Attorney General Legal Services special lines and streamline ADOT's accounting process. The transferred monies continue to allow the Attorney General to provide legal services to the program.

Non-Residents Registration Programming

The JLBC recommends no funding from the Highway User Revenue Fund for the registration of certain vehicles by nonresidents in FY 2007. This amount is unchanged from FY 2006.

The monies spent in FY 2005 were for one-time computer programming implementation costs for issuing special 30-day nonresident registration permits to nonresidents who intend to register the vehicle out-of-state.

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JLBC RECOMMENDED FORMAT — Lump Sum by Program.

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The ~~appropriation~~ APPROPRIATED OPERATING BUDGET for the Motor Vehicle Division includes \$113,400 and 3 FTE Positions FROM THE MOTOR VEHICLE LIABILITY INSURANCE ENFORCEMENT FUND for increased workload in third party quality assurance. The department shall submit quarterly progress reports to the Joint Legislative Budget Committee for review of their progress in increasing third party transactions, the status of third party quality assurance staffing, workload, backlog and the moratorium on accepting new third parties. The reports are due within 30 days after the end of each calendar quarter. IN ADDITION, THE APPROPRIATION FOR THE MOTOR VEHICLE DIVISION ALSO INCLUDES \$213,300 FROM THE HIGHWAY USER REVENUE FUND IN A SPECIAL LINE ITEM TO ALLOW COMMERCIAL DRIVER SCHOOLS AND UP TO 15 MOTORCYCLE DEALERS TO BECOME AUTHORIZED THIRD PARTIES TO ADMINISTER THEIR RESPECTIVE DRIVER LICENSE EXAMINATION.

New Footnotes

Before the expenditure of any monies for the study of new Motor Vehicle Division (MVD) computer system planning, the department shall provide their proposed assessment plan to the Joint Legislative Budget Committee for review. With their submission, ADOT is to submit comments of the Information Technology Authorization Committee (ITAC) on their proposed plan. ADOT's

assessment shall include a comprehensive assessment of the scope of the project and evaluation of technology options for a proposed replacement MVD computer system. The proposed new computer system would integrate the databases of the division's major computer systems, including drivers license, commercial drivers license, and title and registration. ITAC's approval shall also address whether ADOT's proposed assessment addresses the need for adequate project controls and external oversight, the estimated total cost and timeframe for completing all major systems, an evaluation of ADOT's ability to manage such a technology project, the estimated cost of any additional ADOT resources needed for the project to succeed, and any estimated continuing additional costs to operate the proposed new computer system. *(This would provide the Legislature with oversight of the assessment.)*

Prior to its release, the Information Technology Authorization Committee (ITAC) shall review ADOT's request for proposals for the assessment of the new computer system. *(This would provide further oversight over the beginning of a large and complex computer project.)*

Upon completion of the assessment for a proposed replacement MVD computer system, the department shall submit the completed assessment to the Joint Legislative Budget Committee for review. With their submission, ADOT is to submit comments of the Information Technology Authorization Committee (ITAC) on the completed assessment. *(This would provide the Legislature with oversight of the completed assessment.)*

The department shall not transfer any funds into or out of the Motor Vehicle Division, without the approval of the Joint Legislative Budget Committee. *(This would provide the Legislature with oversight of proposed funding shifts into or out of MVD, in order to assess their potential impact on customer service wait times.)*

The department shall report to the Joint Legislative Budget Committee by July 31, 2006 for review on where funding for MVD counter clerks in customer service offices has been shifted. The average number of MVD counter clerks decreased from 866 in FY 2003, to 756 in FY 2004, to 725 in FY 2005. *(This would provide accountability for MVD spending.)*

Deletion of Prior Year Footnotes

The JLBC recommends deleting the footnote stating that all monies appropriated for MVD field offices and electronic services are combined resources and that ADOT should further the utilization of electronic services to improve customer services. *(This has been accomplished.)*

The JLBC recommends deleting the footnote requiring the Game and Fish Department and the Department of Transportation to report to the Joint Legislative Budget Committee by December 30, 2005 regarding the transfer of

responsibility for processing watercraft registration from the Game and Fish Department to the Department of Transportation. *(This is a one-time report.)*

The JLBC recommends deleting the footnote that if H.B. 2393 or similar legislation to address fraudulent documents had been enacted into law during the 47th Legislature, 1st Regular Session, then the sum of \$721,700 and 8 FTE Positions (which was already included in the Motor Vehicle Division appropriation) was to revert to the State Highway Fund. *(This legislation was not enacted.)*

JLBC RECOMMENDED STATUTORY CHANGES

Laws 2003, Chapter 104, requires the Arizona Department of Transportation to report to the Legislature annually on customer wait times from door to counter in Motor Vehicle

Division (MVD) field offices. The JLBC recommends amending Laws 2003, Chapter 104, to require the department to also include in the annual MVD customer wait time report the customer wait times since arrival at MVD field offices (to include the time spent waiting outside MVD offices to get a numbered ticket from an MVD employee), the number of customers who arrived at MVD field offices but did not complete their transaction, and MVD's average turnaround time for vehicle registration renew by mail for the previous fiscal year. *(This would provide additional accountability for MVD customer wait times and renew by mail turnaround times.)*

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
