

Department of Transportation

Motor Vehicle

JLBC: Bob Hull

OSPB: Marcel Benberou

DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	1,688.0	1,730.0	1,732.0
Personal Services	48,573,500	57,740,100	57,740,100
Employee Related Expenditures	19,244,200	27,143,500	27,189,800
Professional and Outside Services	862,100	1,227,000	727,000
Travel - In State	429,800	431,500	431,500
Travel - Out of State	21,700	33,000	33,000
Other Operating Expenditures	22,939,200	16,428,400	16,310,700
Equipment	2,893,300	1,143,600	1,836,500
OPERATING SUBTOTAL	94,963,800	104,147,100	104,268,600
SPECIAL LINE ITEMS			
New Third Party Funding	0	689,500	733,700
Abandoned Vehicle Administration	614,500	1,018,800	999,000
PROGRAM TOTAL	95,578,300	105,855,400	106,001,300
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Air Quality Fund	62,800	68,600	68,600
Driving Under the Influence Abatement Fund	309,400	136,800	136,900
Highway User Revenue Fund	383,200	607,300	607,400
Motor Vehicle Liability Insurance Enforcement Fund	1,233,900	4,029,000	2,383,900
Safety Enforcement and Transportation Infrastructure Fund	1,240,600	0	1,584,800
State Highway Fund	91,140,100	99,479,600	99,698,200
Vehicle Inspection and Title Enforcement Fund	1,208,300	1,534,100	1,521,500
SUBTOTAL - Other Appropriated Funds	95,578,300	105,855,400	106,001,300
SUBTOTAL - Appropriated Funds	95,578,300	105,855,400	106,001,300
Federal Funds	2,096,600	3,124,100	3,124,100
TOTAL - ALL SOURCES	97,674,900	108,979,500	109,125,400

CHANGE IN FUNDING SUMMARY

	FY 2007 to FY 2008 JLBC	
	\$ Change	% Change
Other Appropriated Funds	145,900	0.1%
Total Appropriated Funds	145,900	0.1%
Non Appropriated Funds	0	0.0%
Total - All Sources	145,900	0.1%

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 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
<ul style="list-style-type: none"> Average office wait time from arriving at MVD office to receiving numbered ticket (minutes) (NEW) Comments: The agency did not submit information for this measure in prior fiscal years. ADOT began a 4 office pilot program in FY 2007 at South Mountain, Scottsdale, Northwest Phoenix and East Mesa MVD offices for this measure. The average wait time was 7.2 minutes in the first quarter FY 2007 for the 4 pilot offices. 	NA	NA	NA	2.0
<ul style="list-style-type: none"> Average office wait time from receiving numbered ticket to arriving at counter (minutes) Comments: 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. 	15.1	21.6	27.8	15.0
<ul style="list-style-type: none"> % of office customers rating service "good" or "excellent" Comments: ADOT discontinued their customer service satisfaction survey in April 2005. ADOT expects to re-implement the survey during the first half of FY 2007. 	82	77.2	67	83
<ul style="list-style-type: none"> 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. 	21.7	16.2	16.1	15.2
<ul style="list-style-type: none"> % of alternative vehicle registration renewal methods (mail, internet, third party) 	71.8	75.1	78.6	80

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$104,268,600 and 1,691 FTE Positions for the operating budget in FY 2008. This amount consists of:

	FY 2008
Air Quality Fund	\$ 68,600
Driving Under the Influence Abatement Fund	136,900
Highway User Revenue Fund	384,800
Motor Vehicle Liability Insurance Enforcement Fund	2,195,400
Safety Enforcement and Transportation Infrastructure Fund	1,584,800
State Highway Fund	98,451,700
Vehicle Inspection and Title Enforcement Fund	1,446,400

This amount would fund the following adjustments:

Standard Changes OF (71,400)
The JLBC includes a decrease of \$(71,400) in FY 2008 for standard changes. This amount consists of:

Driving Under the Influence Abatement Fund	100
Motor Vehicle Liability Insurance Enforcement Fund	1,600
State Highway Fund	(73,800)
Vehicle Inspection and Title Enforcement Fund	700

Customer Service Equipment OF 789,500

The JLBC includes an increase of \$789,500 from the State Highway Fund in FY 2008 for customer service equipment, including \$182,000 for 13 queue management systems and \$607,500 for 75 Palm Pilots for vehicle inspectors to enter data in the field which is later downloaded to a computer. This would equip 45 out of 62 MVD field offices (those with 4 or more customer service windows) with queue management systems. This would allow MVD to monitor and better manage customers' wait time between receiving a numbered ticket and arriving at a customer service window in 13 more offices. MVD could also use the 75 Palm Pilots to measure customer wait time between their arrival and receipt of a numbered ticket. MVD usually only measures the time between receiving the numbered ticket and arriving at a customer service window.

One-Time Costs OF (596,600)

The JLBC includes a decrease of \$(596,600) in FY 2008 for one-time equipment and an MVD computer system assessment. This amount consists of:

Motor Vehicle Liability Insurance Enforcement Fund	(48,600)
State Highway Fund	(548,000)

Fraudulent Document Staff Reclassification OF 0

The JLBC includes an increase of \$192,000 from the State Highway Fund in FY 2008 to reclassify 64 MVD customer service FTE Positions as lead fraudulent document

specialists. This change is due to the increased training and emphasis on fraudulent identification document recognition.

The JLBC Staff includes a corresponding decrease of \$(192,000) from the State Highway Fund in FY 2008 to reduce the high levels of license plate inventory. ADOT reported using \$2,000,000 of MVD counter clerk vacancy savings in FY 2006 for a 7-9 month inventory of license plates, at the September 2006 meeting of the Joint Legislative Budget Committee. Rather than continue to expend \$2,000,000 annually on replenishing the license plate inventory, ADOT could use \$192,000 of this amount in FY 2008 for fraudulent document staff reclassification.

SETIF - MVLIE Funding Shift OF 0

The JLBC includes an increase of \$1,584,800 and 22 FTE Positions from SETIF and a corresponding decrease of \$(1,584,800) and (22) FTE Positions from the Motor Vehicle Liability Insurance Enforcement Fund (MVLIE) in FY 2008. This reverses last year's \$1,584,800 and 22 FTE Positions funding shift from SETIF to MVLIE in FY 2007, which was a result of SETIF revenue shortfalls and Laws 2006, Chapter 205.

The JLBC would add a statutory change repealing the section of Laws 2006, Chapter 205 that precludes using SETIF monies for operating budget purposes beginning in FY 2008. SETIF will have an estimated \$7,800,000 available in FY 2008, including \$3,700,000 of beginning balance and \$4,100,000 of revenue. The JLBC includes using \$3,581,000 of the \$7,800,000 available SETIF monies for operating budget purposes in FY 2008, including \$2,100,000 for ADOT and \$1,500,000 for the Department of Public Safety. This would leave \$4,219,000 of SETIF monies available for capital projects in FY 2008. (Please see Statutory Changes for more information.)

Special Line Items

New Third Party Funding

The JLBC includes \$733,700 and 18 FTE Positions for New Third Party Funding in FY 2008. This amount consists of:

Highway User Revenue Fund	222,600
Motor Vehicle Liability Insurance Enforcement Fund	188,500
State Highway Fund	247,500
Vehicle Inspection and Title Enforcement Fund	75,100

This amount would fund the following adjustments:

Standard Changes OF 400

The JLBC includes an increase of \$400 in FY 2008 for standard changes. This amount consists of:

Highway User Revenue Fund	100
---------------------------	-----

Motor Vehicle Liability Insurance Enforcement Fund	100
State Highway Fund	100
Vehicle Inspection and Title Enforcement Fund	100

Third Party Workload OF 97,400

The JLBC includes an increase of \$97,400 and 2 FTE Positions from the State Highway Fund in FY 2008 for third party workload due to population growth. The \$97,400 includes \$13,400 for one-time equipment. This should allow ADOT to maintain recent service improvements due to eliminating third party waiting lists.

One-Time Costs OF (53,600)

The JLBC includes a decrease of \$(53,600) in FY 2008 for one-time equipment. This amount consists of:

Motor Vehicle Liability Insurance Enforcement Fund	(13,400)
State Highway Fund	(26,800)
Vehicle Inspection and Title Enforcement Fund	(13,400)

Monies in this line item provide funding for an additional 18 FTE Positions to address workload backlogs and waiting lists for third party title and registration entities, third party vehicle identification number inspection entities, commercial and non-commercial driver schools and examiners, and traffic survival schools.

The Third Party Section increased from 37 FTE Positions in FY 2005 to 53 FTE Positions in FY 2007 as shown in Table 1.

Table 1			
Third Party Program FTE Positions			
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Administration	5	5	5
Quality Assurance	20	23	29
VIN Inspections	2	2	4
ServiceArizona	4	4	4
Driver Schools	<u>6</u>	<u>11</u>	<u>11</u>
Total	37	45	53

Monies added to this line item in FY 2007 address the third party title and registration waiting list and the vehicle identification number inspection waiting list. Monies added in FY 2006 addressed the third party title and registration quality assurance workload, and allowed 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.

ADOT has removed the moratorium on new title and registration and vehicle identification number inspection third parties. ADOT is processing applications for 65 of the 118 entities on the former title and registration third party waiting list, and 64 of the 138 entities on the former vehicle identification number inspection waiting list who are still interested in becoming third parties. There are currently 62

existing title and registration third parties and 776 existing vehicle identification number inspection third parties. (Please see Footnotes for additional information.)

Abandoned Vehicle Administration

The JLBC includes \$999,000 and 23 FTE Positions from the State Highway Fund for Abandoned Vehicle Administration in FY 2008. This amount would fund the following adjustments:

Standard Changes OF 500

The JLBC includes an increase of \$500 from the State Highway Fund in FY 2008 for standard changes.

One-Time Costs OF (20,300)

The JLBC includes a decrease of \$(20,300) from the State Highway Fund in FY 2008 for one-time equipment.

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.

* * *

FORMAT — Operating Lump Sum with Special Line Items by Program

FOOTNOTES

Standard Footnotes

The department shall submit ~~quarterly~~ SEMI-ANNUAL progress reports to the Joint Legislative Budget Committee for review of the progress in increasing third party transactions, the status of Motor Vehicle Division third party staffing, workload and quality assurance backlog. The ~~quarterly~~ SEMI-ANNUAL progress report shall also include the number of existing third parties and the number of entities on ~~the~~ ANY third party waiting lists. The ~~quarterly~~ SEMI-ANNUAL report shall address title and registration, vehicle identification number inspection, commercial driver license examination, noncommercial driver license examination, commercial driver training school, noncommercial driver training school and traffic survival school. The reports are due ~~within 30 days after the end of each calendar quarter~~ BY JANUARY 30, 2008 AND JULY 30, 2008. (The less frequent report is due to ADOT's progress in reducing third party waiting lists and backlogs.)

The department shall not transfer any funds to or from the Motor Vehicle Division without the review of the Joint Legislative Budget Committee.

The Department of Transportation shall submit quarterly progress reports to the Joint Legislative Budget Committee on their progress in improving Motor Vehicle Division wait times and vehicle registration renewal by mail turnaround times. The reports shall document the monthly averages for the total time customers spent at the office

and the reasons for changes in these times for each Motor Vehicle Division field office equipped with electronic customer monitoring devices. The reports shall document the wait time to get a numbered ticket from a Motor Vehicle Division employee, the time between receiving the numbered ticket and arriving at the counter and the transaction time at the counter. The reports shall document the number of customers who arrived at Motor Vehicle Division offices but who did not complete their transaction, and the Motor Vehicle Division's average turnaround time for vehicle registration renewal by mail. The reports are due within 30 days after the end of each calendar quarter. ~~This new report replaces any prior report requirements.~~

Deletion of Prior Year Footnotes

The JLBC deletes the footnote stating that new third party funding in FY 2007 will not be continued in FY 2008 if the number of title and registration third parties does not reach 145 by December 31, 2006. (ADOT is working toward this goal and will be reporting on their results.)

The JLBC deletes the footnote stating that ADOT should identify in their FY 2008 budget request the total third party staff resources. (This was a one-time report.)

The JLBC deletes the footnote requiring that ADOT submit a report for JLBC review by November 30, 2006, on whether the percent of reviewed third party transactions can be reduced below 10% and still retain statistical validity. (This was a one-time report.)

The JLBC deletes the footnote requiring that before spending the \$500,000 appropriated in FY 2007 to plan a new MVD computer system, ADOT submit for JLBC review their proposed expenditure plan including comments of the Information Technology Authorization Committee (ITAC) on the proposed plan. (This was a one-time report.)

The JLBC deletes the footnote requiring that before its release ITAC review ADOT's request for proposals for the assessment of the new MVD computer system. (This was a one-time requirement.)

The JLBC deletes the footnote requiring that, ADOT submit the completed assessment for a proposed replacement MVD computer system for JLBC review, including ITAC's comments on the completed assessment. (This was a one-time requirement.)

The JLBC deletes the footnote requiring that ADOT report for JLBC review by July 31, 2006 on where funding for MVD counter clerks in customer service offices has been shifted. (This was a one-time report.)

STATUTORY CHANGES

The JLBC would add a statutory change repealing the section of Laws 2006, Chapter 205 that precludes using Safety Enforcement and Transportation Infrastructure Fund (SETIF) monies for operating budget purposes beginning in FY 2008. Chapter 205 precluded using SETIF monies for ADOT and Department of Public Safety enforcement of vehicle safety requirements and maintenance of transportation facilities within 25 miles of the Arizona-Mexico border beginning in FY 2008. *(Please see SETIF - MVLIE Funding Shift for more information.)*

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

REAL ID

The federal Real ID Act of 2005 (REAL ID) creates national standards for issuing state driver's licenses (DL's) and identification cards (ID's). The Act establishes certain standards, procedures and requirements that must be met by May 11, 2008 for state-issued DL/ID's to be accepted as valid identification by the federal government. There is much uncertainty regarding the implementation of REAL ID, since the federal Department of Homeland Security has yet to publish regulations.

ADOT produced a very preliminary estimated cost of \$56.3 million for the first year of REAL ID, including \$46 million of on-going costs and \$10.3 million of one-time costs. ADOT cautions that this estimate could be a worst case scenario based on having to meet all REAL ID requirements.

MVD Wait Time

MVD received an increase of \$1,099,500 and 25 FTE Positions in FY 2007 for customer service staff to reduce customer wait time. Wait time increased from 14.2 minutes in FY 2003 to 27.8 minutes in FY 2006, while the number of counter clerks decreased from 866 in FY 2003 to 698 in FY 2006. In September 2006 customer wait time had improved to 19.8 minutes and the number of counter clerks had been increased to 755.

ADOT's reporting understates the problem, since MVD's reported wait times do not include time spent before customers get a numbered ticket from an MVD employee which starts the current wait time clock ticking. To increase accountability in MVD customer service last year's General Appropriation Act had 3 new footnotes. The footnotes require ADOT to submit quarterly progress reports on wait times including the wait time from arrival to getting a numbered ticket, account for the expenditure of the monies shifted from the vacant counter clerk positions, and require JLBC review before allowing ADOT to transfer any funds into or out of MVD. The JLBC continues the 2 footnotes which require ADOT to submit quarterly MVD wait time reports, and JLBC review before allowing ADOT to transfer any funds into or out of MVD. The JLBC deletes the footnote requiring a one-time report accounting for the expenditure of the monies shifted from the vacant MVD counter clerk positions. *(Please see Footnotes for more information.)*

SUMMARY OF FUNDS - SEE AGENCY SUMMARY
