Department of Motor Vehicles
Summary of Budget Recommendations - House

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Whitney Brewster, Executive Director
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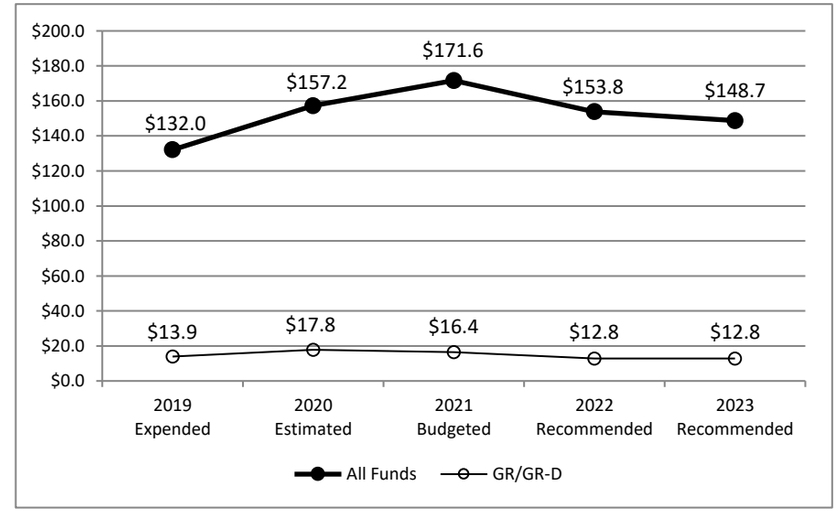
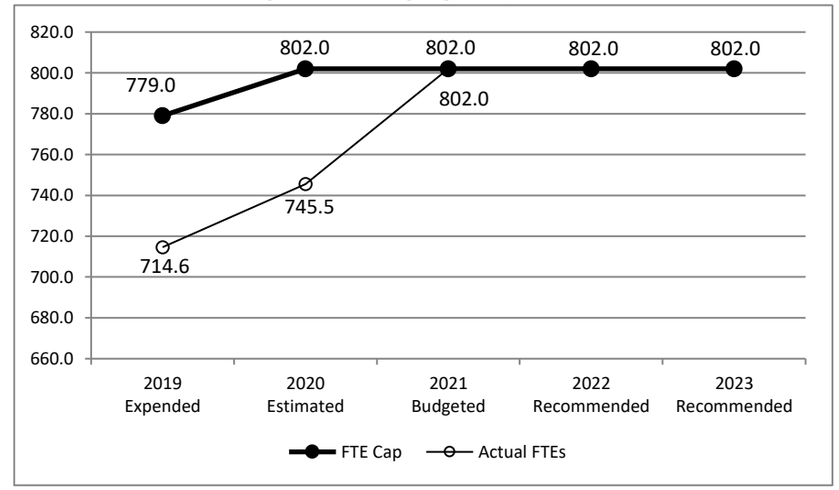
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change ($)	Biennial Change (%)
General Revenue Funds	$34,246,717	$25,671,702	($8,575,015)	(25.0%)
GR Dedicated Funds	$0	$0	$0	0.0%
Total GR-Related Funds	*$34,246,717*	*$25,671,702*	*($8,575,015)*	*(25.0%)*
Federal Funds	$1,668,575	$1,487,500	($181,075)	(10.9%)
Other	$292,966,066	$275,350,404	($17,615,662)	(6.0%)
All Funds	**$328,881,358**	**$302,509,606**	**($26,371,752)**	**(8.0%)**

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	802.0	802.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Department of Motor Vehicles
Summary of Funding Changes and Recommendations - House

	Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
A)	Decrease of one-time expenses for: 1) digital license plates implementation, 2) Application Improvement and Automation projects, 3) consumer protection and enforcement tracking projects, and 4) startup costs for additional customer service representatives.	$0.0	$0.0	$0.0	($2.7)	($2.7)	A.1.1, A.1.5, B.1.1, C.1.2
B)	Decrease of expenses from unexpended balances appropriations for: 1) TxDMV Automation Systems capital budget projects and 2) headquarters deferred maintenance projects.	($9.9)	$0.0	$0.0	($9.4)	($19.2)	C.1.2
C)	Restore General Revenue for Motor Vehicle Crime Prevention Authority	$1.3	$0.0	$0.0	$0.0	$1.3	B.2.1
D)	Decrease of TxDMV Automation Systems capital budget	$0.0	$0.0	$0.0	($1.6)	($1.6)	A.1.4
E)	Decrease Data Center Consolidation capital budget for estimated cost to maintain current obligations	$0.0	$0.0	$0.0	($2.0)	($2.0)	C.1.2
OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):							
F)	License plate, registration sticker, and disabled placard production	$0.0	$0.0	$0.0	($2.4)	($2.4)	A.1.1
G)	PC Replacement	$0.0	$0.0	$0.0	$0.1	$0.1	C.1.2
H)	Replacement Vehicles	$0.0	$0.0	$0.0	($0.1)	($0.1)	B.1.1
I)	Motor Carrier Innovative Technology Deployment federal grant expenditures	$0.0	$0.0	($0.2)	($0.2)	($0.4)	A.1.3
J)	Net increase in various operating expenses	$0.0	$0.0	$0.0	$0.7	$0.7	All Strategies
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		**($8.6)**	**$0.0**	**($0.2)**	**($17.6)**	**($26.4)**	As Listed
	SIGNIFICANT & OTHER Funding Increases	$1.3	$0.0	$0.0	$0.7	$2.0	As Listed
	SIGNIFICANT & OTHER Funding Decreases	($9.9)	$0.0	($0.2)	($18.4)	($28.4)	As Listed

NOTE: Totals may not sum due to rounding.

Department of Motor Vehicles
Selected Fiscal and Policy Issues - House

1. **One-time Expenses.** The Texas Department of Motor Vehicles (TxDMV) was appropriated $2.7 million in Other Funds from the Texas Department of Motor Vehicles Fund (TxDMV Fund) in the 2020–21 biennium related to one-time expenses for the following items. Recommendations include a corresponding decrease.

    - **Senate Bill 604, Digital License Plates** $1.2 million for one-time programming costs to implement digital license plates for certain commercial fleet, government owned and operated, or other non-passenger vehicles
    - **Application Improvement and Automation** $1.0 million in funding and capital budget authority for projects to acquire and implement automated data and testing tools for application development and other improvements to applications in the agency's Registration and Titling System (RTS) and other motor vehicle registration and information systems (see issue #5 below)
    - **Consumer Protection and Enforcement Tracking** $0.5 million in funding and capital budget authority to create a customer facing database for motor carrier licensee case history, improve enforcement tracking and reporting in the agency's case management system, and acquire motor vehicle fraud detection tools
    - **Customer Service Enhancement** $58,781 for equipment and furniture for additional customer service representatives

2. **Unexpended Balances Appropriations.** The agency's 2020–21 base includes $19.2 million in All Funds from appropriations of unexpended balances (UB) from the 2018–19 biennium for the following items. Recommendations include a corresponding decrease.

    - **TxDMV Automation Systems UB (Rider 4, 2020–21 GAA)** $14.2 million in All Funds and capital budget authority ($9.9 million in General Revenue; $4.4 in TxDMV Funds) for various RTS information technology systems and applications capital budget projects carried forward from the prior biennium (see issue #4 below)
    - **Headquarters Maintenance Projects UB (Rider 8, 2020–21 GAA)** $4.7 million in funding and capital budget authority from the TxDMV Fund for deferred maintenance of buildings and facilities at the agency's headquarters (see issue #6 below)
    - **Headquarters Security and Badge System UB (Rider 7, 2020–21 GAA)** $0.3 million in TxDMV Funds and capital budget authority for new security systems and a badge access system at the agency's headquarters

3. **Motor Vehicle Crime Prevention Authority (MVCPA).**

    a. **2022–23 Recommendations.** Recommendations include an increase of $1.3 million in General Revenue to fund MVCPA grants and administration at the 2020–21 appropriated level of $25.7 million in the 2022–23 biennium. The 2020–21 biennial base amount for MVCPA is $24.4 million, which was adjusted to reflect the agency's five percent biennial reduction plan. Appropriations for MVCPA provide grants to local law enforcement task forces established to investigate and prevent motor vehicle crime, including motor vehicle burglary, theft, and fraud.

    b. **MVCPA Fee.** State law requires insurance companies writing motor vehicle insurance policies in Texas to pay a fee of $4.00 (MVCPA fee) for each motor vehicle year of insurance for policies issued by the insurer. Prior to fiscal year 2020, the MVCPA fee was $2.00 (deposited to the General Revenue Fund), and state law specified that 50 percent of each fee collected may be appropriated only to the MVCPA. With the enactment of House Bill 2048, 86th Legislature, Regular Session, 2019, relating to the repeal of the Driver Responsibility Program, the law was amended to increase the fee to $4.00 and specify the disposition of the fee as follows beginning in fiscal year 2020 (Transportation Code §1006.153):

    (1) 20.0 percent "shall be" appropriated for MVCPA purposes (deposited to the General Revenue Fund);
    (2) 20.0 percent to be deposited to the General Revenue Fund to be used only for criminal justice purposes; and
    (3) 60.0 percent to be deposited to the GR–Dedicated Account No. 5111, Designated Trauma Facility and Emergency Medical Services Account.

Fiscal year 2020 MVCPA Fee collections as of August 31, 2020, totaled $91.8 million. Of this amount, $30.7 million (or 40 percent) was deposited to the General Revenue Fund and $55.1 million (or 60 percent) was deposited to GR–Dedicated Account No. 5111. Based on the Comptroller's January 2021 Biennial Revenue Estimate (BRE) for the 2022–23 biennium, total MVCPA fee revenue is estimated to be $101.0 million for fiscal year 2021, $103.0 million for fiscal year 2022, and $104.4 million for fiscal year 2023. The table below shows the actual revenue collections and allocations for fiscal year 2020 and estimated revenue collections and allocations for fiscal years 2021 to 2023 from the $4.00 MVCPA fee.

MVCPA Fee Revenue (in Millions)

Fee Revenue / Statutory Allocation	**Actual 2020**	**Estimated 2021**	**Estimated 2022**	**Estimated 2023**
Total MVCPA Fee Revenue	**$91.8**	**$101.0**	**$103.0**	**$104.4**
20% MVCPA Purposes (GR)	$18.4	$20.2	$20.6	$20.9
20% Criminal Justice Purposes (GR)	$18.4	$20.2	$20.6	$20.9
60% GR–Dedicated Account No. 5111	$55.1	$61.6	$61.8	$62.6

Note: Amounts may not sum due to rounding.

Based on the Comptroller's BRE, it is assumed the 20 percent statutory allocation for MVCPA purposes would be $41.5 million for the 2022–23 biennium. The agency's total request for MVCPA grants and administration (LBB recommendations plus Agency Exceptional Items) is $42.2 million in General Revenue for the 2022–23 biennium (see Items Not Included in Recommendations, #7, #8, and #9).

4. **TxDMV Automation System.** Recommendations include $5.0 million in TxDMV Funds and capital budget authority for TxDMV Automation System projects, which is a decrease of $1.6 million in Other Funds from the 2020–21 appropriated funding level (excluding unexpended balance appropriations noted above). Recommendations provide funding and capital budget authority to address a backlog of RTS defects and enhancements and to address statute and rules-based modifications to the RTS system in alignment with the agency's request. Recommendations exclude $3.1 million in additional funding requested by the agency for expansion and modifications to the agency's webSALVAGE application (see Items Not Included in Recommendations, #1). Recommendations maintain appropriation authority in the 2022–23 biennium for any unexpended balances remaining at the end of the 2020–21 biennium for ongoing TxDMV Automation System capital budget project costs.

5. **Data Center Services (DCS).** Recommendations include $20.3 million in TxDMV Funds for the 2022–23 biennium to align with the Department of Information Resources' (DIR) estimate to maintain current DCS obligations, which is a decrease of $0.3 million from the agency's 2020–21 base for DCS current obligations. The agency's 2020–21 base also includes $1.7 million in TxDMV Funds ($850,000 each fiscal year) and DCS-related capital budget authority for the Infrastructure Improvements project that are not continued in the 2022–23 recommendations. This additional DCS-related funding was appropriated to the agency for the 2020-21 biennium to cover the estimated costs associated with the Application Improvement and Automation project, including servers, database licenses, and ongoing maintenance and support costs through DCS. The agency reports that both the Application Improvement and Automation project and Infrastructure Improvements project are currently underway, and the final impact on the ongoing DCS costs has not been determined. Therefore, it is assumed the ongoing DCS costs for these projects are not included in DIR's estimated costs to maintain current obligations in the 2022–23 biennium.

6. **Headquarters Buildings and Deferred Maintenance.** The TxDMV headquarters is located on the Department of Transportation's (TxDOT) Camp Hubbard campus in Austin, and the agency currently occupies two buildings on the campus that were constructed in 1955 [Camp Hubbard buildings 1 (CH-1) and 5 (CH-5)]. The agency reports that it worked with the Texas Facilities Commission (TFC) in late 2019 to perform assessments of the overall condition of buildings on the campus and received a final report in February 2020, including an overview of each building's age, size, and estimated repair and replacement costs. Based on the results of the report and TFC recommendations, it was determined that the costs to repair buildings CH-1 and CH-5 exceeds their replacement value. The agency requests exceptional item funding of $6.2 million in TxDMV Funds for the 2022–23 biennium for the design and planning costs of a replacement building for CH-1 and CH-5 on the current footprint of CH-5 and estimates costs of $64.1 million to complete the project in the 2024–25 biennium (see Items Not Included in Recommendations,

#2). Additionally, based on the results of the facilities condition assessments, the agency reports that it has postponed current deferred maintenance projects for buildings CH-1 and CH-5 as it reassesses those plans. Recommendations maintain appropriation authority in the 2022–23 biennium for any unexpended balances remaining at the end of the 2020–21 biennium for headquarters deferred maintenance projects.

Department of Motor Vehicles
Rider Highlights - House

Modification of Existing Riders

2. **Capital Budget.** Recommendations amend this rider to remove capital budget authority for one-time capital budget expenditures in the 2020–21 biennium and update capital budget authority to reflect recommended funding levels for the following items: (1) maintain $0.5 million in authority for regional service center facilities maintenance; (2) decrease authority for TxDMV Automation System projects from $6.6 million to $5.0 million; (3) increase authority for PC replacement from $0.4 million to $0.5 million; (4) maintain $1.6 million in capital authority for information technology growth and enhancements; (5) maintain $10.0 million in authority for technology replacements and upgrades support for county tax assessor-collector offices; (6) decrease authority for replacement vehicles from $0.2 million to $0.1 million; (7) maintain $0.4 million in authority for cybersecurity initiatives; and (8) provide $20.6 million in authority for Data Center Consolidation to reflect estimated costs to maintain current data center services (DCS) obligations and remove $1.7 million in authority for the Infrastructure Improvements project.

Deleted Riders

7. (Former) **Unexpended Balance Appropriation: TxDMV Headquarters Security and Badge System.** Recommendations delete this rider because the project will be completed in the 2020–21 biennium.

9. (Former) **Sunset Contingency**. Recommendations delete the rider. The agency's Sunset legislation, Senate Bill 604, 86th Legislature, 2019, was enacted, and the agency was continued until September 1, 2031.

Department of Motor Vehicles
Items Not Included in Recommendations - House

		2022-23 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
Agency Exceptional Items Not Included (in agency priority order)							
1)	Texas Department of Motor Vehicles Funds (TxDMV Fund) (Other Funds) and increase capital budget authority for TxDMV Automation Systems for webSALVAGE application expansion and modifications.	$0	$3,133,578	0.0	Yes	Yes	$0
2)	TxDMV Funds (Other Funds) and capital budget authority for planning and design for construction of a new building to replace Building 5 at the agency's headquarters at Camp Hubbard in Austin. Construction would begin in the 2024-25 biennium.	$0	$6,187,500	0.0	No	Yes	$64,071,759
3)	TxDMV Funds (Other Funds) for an Accounts Receivable System, including $3.3 million in capital budget authority for deployment of the system and $0.2 million for 2.0 additional FTEs to centrally manage the accounts receivable reporting process.	$0	$3,472,958	2.0	Yes	Yes	$228,174
4)	TxDMV Funds (Other Funds) and capital budget authority for a new Complaint Management System to replace existing separate complaint tracking systems.	$0	$5,225,712	0.0	Yes	Yes	$0
5)	TxDMV Funds (Other Funds) to open a new Houston Regional Service Sub-Station, including $462,295 in one-time startup costs, $320,000 for building rent, and $397,824 for 4.0 additional FTEs for a supervisor and three additional customer service representatives and other operating expenses.	$0	$1,180,119	4.0	Yes	Yes	$717,824
6)	TxDMV Funds (Other Funds) to open a new Dallas Regional Service Center Sub-Station, including $370,710 in one-time startup costs, $244,200 for building rent, and $241,060 for 2.0 additional FTEs for a supervisor and additional customer service representative and other operating expenses.	$0	$855,970	2.0	Yes	Yes	$485,260
7)	Motor Vehicle Crime Prevention Authority (MVCPA) additional grants and administration funding (GR reallocated from TxDMV Automation in the base request)	$8,575,016	$8,575,016	0.0	No	Yes	$0

Department of Motor Vehicles
Items Not Included in Recommendations - House

		2022-23 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
8)	Increase MVCPA grant funding for Law Enforcement Expanded Coverage.	$7,388,883	$7,388,883	0.0	No	No	$2,553,282
9)	MVCPA Fee Collection Unit, including 3.0 additional FTEs for a Tax Audit Manager, Tax Auditor, and Program Specialist, to ensure compliance and timely payment of the MVCPA fee by insurers writing motor vehicle insurance policies in Texas. (This item could also be funded within the amounts requested in item #7 or #8, above, if either those items is adopted.)	$560,000	$560,000	3.0	No	No	$560,000
TOTAL Items Not Included in Recommendations		**$16,523,899**	**$36,579,736**	**11.0**			**$68,616,299**

Department of Motor Vehicles
Appendices - House

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* Appendix is not included - no significant information to report

Department of Motor Vehicles
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
TITLES, REGISTRATIONS, AND PLATES A.1.1	$145,051,665	$140,402,968	($4,648,697)	(3.2%)	Decrease of $4.6 million due to the following: - A decrease of $2.4 million for license plate, registration sticker, and disabled placard production costs; - A decrease of $1.2 million from one-time programming costs for digital license plates implementation; - A decrease of $1.0 million in operating expenses due to the agency's reallocation of funding to C.1.3 for daily facilities operations and maintenance; - A decrease of $0.5 million due the agency's reallocation of funding to Central Administration for internal audit resources and consolidation of legal staff; and - An net increase of $0.4 million in other expenses primarily for professional fees and services for contract auditing services.
VEHICLE INDUSTRY LICENSING A.1.2	$8,307,157	$8,275,936	($31,221)	(0.4%)	Net decrease due to the following: - A decrease of $0.2 million due to the agency's reallocation of an Attorney position to Central Administration for consolidation of legal staff; and - A net increase of $0.1 million for professional fees and services and other operating expenses.
MOTOR CARRIER PERMITS & CREDENTIALS A.1.3	$18,648,828	$18,063,142	($585,686)	(3.1%)	Decrease of $0.6 million due to the following: - A decrease of $0.3 million due to the agency's reallocation of 1.0 FTE and funding to Central Administration for realignment of executive staff positions; - A decrease of $0.4 million from federal motor carrier safety grant related expenditures including $0.2 million in Federal Funds and $0.2 million in Other Funds; and - A net increase of $0.1 million in various operating expenses.

Department of Motor Vehicles
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
TECHNOLOGY ENHANCEMENT & AUTOMATION A.1.4	$26,227,113	$10,409,150	($15,817,963)	(60.3%)	Decrease of $15.8 million in All Funds from TxDMV Automation System capital budget projects, including decreases of $9.9 million in General Revenue and $5.9 million in Other Funds.
CUSTOMER CONTACT CENTER A.1.5	$6,596,969	$6,538,188	($58,781)	(0.9%)	Decrease from one-time furniture and equipment costs for additional customer service positions in 2020-21.
Total, Goal A, OPTIMIZE SERVICES AND SYSTEMS	**$204,831,732**	**$183,689,384**	**($21,142,348)**	**(10.3%)**	
ENFORCEMENT B.1.1	$14,584,805	$13,783,156	($801,649)	(5.5%)	Decrease of $0.8 million due to the following: - A decrease of $0.5 million in one-time costs for the Consumer Protection and Enforcement Tracking capital budget project; - A decrease of $0.2 million due to the agency's reallocation of an Attorney position to Central Administration for consolidation of legal staff; and - A decrease of $0.1 million for replacement vehicles.
MOTOR VEHICLE CRIME PREVENTION B.2.1	$24,388,117	$25,671,702	$1,283,585	5.3%	Increase of $1.3 million in General Revenue to restore funding for Motor Vehicle Crime Prevention Authority grants and administration at the 2020-21 appropriated level.
Total, Goal B, PROTECT THE PUBLIC	**$38,972,922**	**$39,454,858**	**$481,936**	**1.2%**	
CENTRAL ADMINISTRATION C.1.1	$16,822,610	$18,237,526	$1,414,916	8.4%	Increase of $1.4 million due to the following: - An increase of $0.4 million due the agency's reallocation of Attorney positions and funding from other strategies for consolidation of legal staff; - An increase of $0.4 million due to the agency's reallocation of funding for contract internal audit resources; - An increase of $0.3 million due to the agency's reallocation of 1.0 FTE and funding for a Deputy Executive Director position; - A reallocation of $0.4 million for website staff and purchasing staff reallocated from Information Resources and Other Support Services.

Department of Motor Vehicles
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES C.1.2	$52,863,890	$49,782,721	($3,081,169)	(5.8%)	Decrease of $3.1 million due to the following: - A decrease of $1.7 million for the Infrastructure Improvements data center services capital budget project; - A decrease of $1.0 million from one-time costs for Application Improvement and Automation capital budget projects; - A decrease of $0.3 million in Data Center Services costs based on the Department of Information Resources estimates to maintain current obligations in 2022-23; and - A decrease of $0.1 million due to the agency's reallocation of website management and communication staff to Central Administration.
OTHER SUPPORT SERVICES C.1.3	$15,390,204	$11,345,117	($4,045,087)	(26.3%)	Decrease of $4.0 million due to the following: - A decrease of $4.7 million for agency headquarters facilities maintenance and repair capital budget projects; - A decrease of $0.3 million for the headquarters security and entry badge system capital project; and - A net increase of $1.0 million in due to the agency's reallocation of funding for daily facilities operations and maintenance and other agency support.
Total, Goal C, INDIRECT ADMINISTRATION	**$85,076,704**	**$79,365,364**	**($5,711,340)**	**(6.7%)**	
Grand Total, All Strategies	**$328,881,358**	**$302,509,606**	**($26,371,752)**	**(8.0%)**	

Department of Motor Vehicles
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2019	Estimated 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	779.0	802.0	802.0	802.0	802.0
Actual/Budgeted	714.6	745.5	802.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 7 ($202,739)	$192,128	$202,739	$202,739	$202,739	$202,739

Notes:
a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.

b) The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 20-706, August 2020), indicates a market average salary of $214,095 for the Executive Director position at the Department of Motor Vehicles. The agency is requesting to increase the salary cap for the Executive Director from $202,739 to $215,000.