

2008-09 Spending Plan	<i>Department of Motor Vehicles</i>
	David J. Swarts, Commissioner

A. Overview of Proposed Plan

A.1 Overall Approach

To meet the 3.35% reduction in all funds, DMV has identified strategic savings opportunities that will have the least negative impact on our ability to provide customer service or impact the new initiatives, a challenging task considering that the Department is facing two major workload increases in Fiscal Year 08-09.

The first and most significant workload increase is related to the implementation of an Enhanced Driver's License associated with the federal Western Hemisphere Travel Initiative (WHTI). WHTI allows states, with permission by the Department of Homeland Security (DHS), to issue an optional Enhanced Driver License (EDL) that can be used in place of a passport at all land and seaports of entry into the U.S. from the Western Hemisphere. In order for states to issue an EDL, they must incorporate several federally-prescribed enhancements into their driver license documents. Last October, New York State and the Department of Homeland Security signed a MOA to allow DMV to begin offering EDLs once those enhancements are in place. Subsequently, in late May DHS approved the Department's business plan for EDL issuance. The target date for EDL issuance is late summer 2008.

The second major workload addition results from the fact that DMV's driver license renewal volumes will increase from 500,000 transactions to over 2 million transactions in Fiscal Year 2009-10. This increase in renewal volumes is a result of the change in the length of the term of the license from five years to eight years made back in 2001, which resulted in dramatically lower renewal volumes from 2006 through 2008.

DMV has developed a plan to preserve our ability to provide adequate customer service levels as we implement the major new initiative and move in to a higher workload cycle. The savings will be achieved through a combination of personal service and non-personal service actions.

A.2 Achievement of Savings on a Recurring Basis

DMV's plan achieves savings on a recurring basis. The recurring savings are achieved through personal service spending reductions, overtime savings, and NPS reductions.

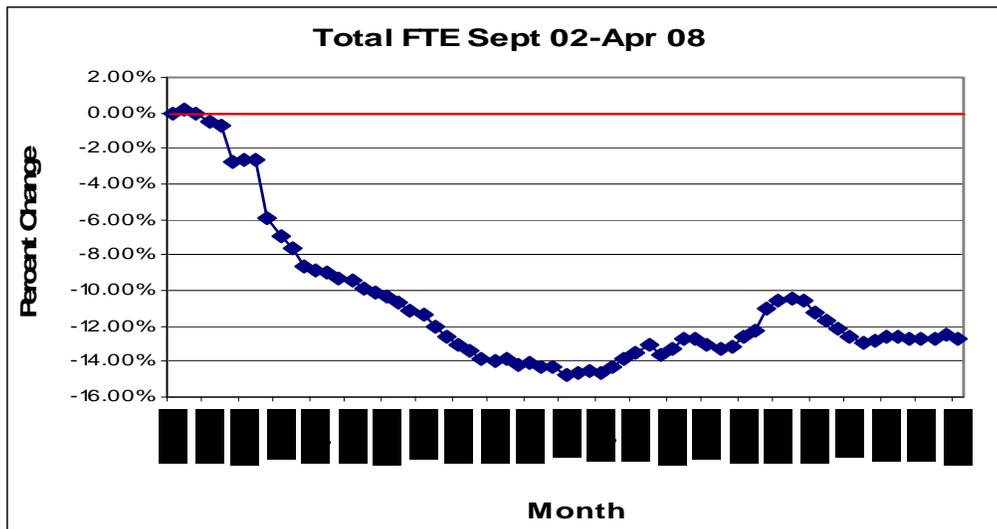
A.3 Protecting Key Priorities

The DMV serves more than 20 million customers each year. Just under half the Department is based in the central office in Albany, the remainder in forty-six field sites around the state. DMV is currently organized into four operational units:

- Operations and Customer Services is responsible for over-the-counter customer contact in 130 field offices, of which 101 are operated by County Clerks. Through this service network, we issue driver licenses and vehicle registrations, titles, and other documents. This program is also responsible for our toll-free Call Centers.
- The Safety, Consumer Protection, and Clean Air program promotes traffic safety chiefly through a number of driver related safety awareness and enforcement units. It regulates vehicle and motorboat dealers, vehicle repair shops, inspection stations, and other vehicle related businesses. It also investigates incidents of malfeasance and provides anti-auto theft and related services to police agencies and prosecutors. In conjunction with the Department of Environmental Conservation, this program enforces the vehicle Inspection Maintenance requirements of the Clean Air Act.
- Legal Services and Counsel operates the Administrative Adjudication and Traffic Safety Law Enforcement & Dispositions (TSLED) ticketing systems, adjudicates tickets in New York City, Rochester, Buffalo, and selected townships in Suffolk County, conducts safety hearings, and provides legal support to the agency.
- Administration provides project support through Information Technology services, research data and analysis. It also performs the traditional administrative functions of budget, accounting, and personnel services and oversees the agency’s mail center, which is one of the largest in State government. It audits internal and external operations and monitors internal controls. It also accounts and reports on the estimated \$1.4 billion in revenue.

Customer Service

Over the last several years, the agency’s FTE decreased significantly. The full time equivalent (FTE) count is down approximately 500 positions since September 2002. The attached chart shows the decline in FTEs over a six-year period, September 2002 through last month. The chart shows overall agency staffing has declined over 10% during the last six years.

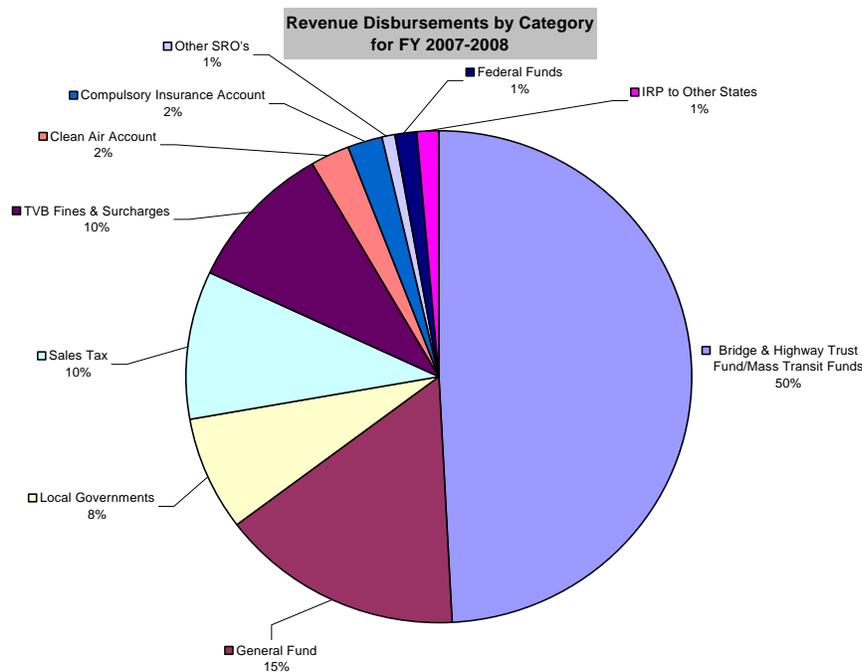


This precipitous reduction has required the Department to economize and focus its efforts on our core functions. Many savings initiatives have already been implemented over the past few years.

While much has been accomplished to date, we understand that continuous improvement and additional savings are worthwhile goals. As part of our on-going efforts we have undertaken a number of steps to further review and streamline the Department’s operations. By taking advantage of technology, which shifts workload, DMV has been able to reduce wait times in most of our busiest offices. DMV has opened dedicated processing centers to serve our bulk and commercial customers, which has freed up public offices for individual customer transactions. Also, by utilizing mail, automated voice response, and internet transactions DMV saves unneeded office visits.

Revenue Collection

DMV collected \$1.4 billion in Fiscal Year 07-08. Half of all collections, close to \$700 million, go directly to support the Bridge & Highway and Mass Transit Funds. Each year, the Department collects \$30 million in traffic violations and \$100 million in auto use taxes on localities behalf. Finally, the counties that operate DMV issuing offices collectively retain \$33 million as payment for the services they provide as agents of the Commissioner.



A.4 Treatment of New Initiatives

Western Hemisphere Travel Initiative

New York State shares 445 miles of borders with the provinces of Ontario and Quebec, which translates to nearly 8% of the total U.S.-Canadian border. New York State has many land border ports, including some of the busiest, such as the Peace Bridge in Buffalo and three other bridges in Niagara Falls. Additionally, other major crossings exist in Northern New York such as the Thousand Islands Bridge in Jefferson County, the Ogdensburg Bridge and Port Terminal, and the Seaway International Bridges in St. Lawrence County as

well as the Champlain land crossing in Clinton County. Our transportation links to Canada and the traffic that crosses on a daily basis are critical to the economic vitality of New York.

While New York's current driver license is one of the most secure in the country and already complies with most of the enhancements of an EDL, some modifications are necessary. To become WHTI compliant, DMV will also redesign the current license document and augment it with enhanced security features, including the RFID chip.

DMV secured a contract in FY 07-08 to purchase Document Scanning Workstations (DSW). These DSW machines have the ability to determine whether or not a source document presented to a Motor Vehicle Representative is authentic, while also scanning and storing the documents for later review. During the 2007-08 fiscal year, DMV purchased 132 machines. 72 of these machines were funded by a Homeland Security Grant. We plan to purchase additional DSW machines as funded in FY 08-09 for all State and County offices prior to the roll-out of DMV's EDL in summer 2008.

In addition to WHTI and the DSWs, the Department is preparing to contract for facial recognition services associated with our photo license file. This new anti-fraud measure will utilize new state-of-the-art photograph comparison tools, to ensure no more than one document is issued to each license applicant. This identification evaluation will be used to prevent issuance of a driver license to a person who already holds a document in a different name and is attempting to obtain multiple documents. A number of states are already using this technology to ensure that each person has only one photo identification on file. A final contract is expected to be awarded by December 2008.

IPIRP

Legislation was passed in 2005 requiring DMV to create an Internet Point Insurance Reduction Program (IPIRP). This is a five year pilot designed to test the effectiveness of electronic course delivery. Part 141 of the Commissioner's Regulations outlines the application requirements for sponsors planning on participating in the IPIRP pilot, including standards for course approval, validation technology, change control, information security, course administration, monitoring, suspension and revocation of approval, fees, data management, course advertising and evaluation. Appropriation language funding and services for the IPIRP program has been included in the FY 08-09 budget.

This program will be self funded through revenue received for course provider applications fee of \$7,500 and a per student charge of \$8. We expect to begin offering this course in the 4th quarter of the 2008-09 fiscal year.

B. Summary of General Fund Financial Impacts

Not Applicable

C. Identification of Proposed General Fund Actions

Not Applicable

D. Summary of Impact on Other Funds

OTHER FUNDS -- SAVINGS SUMMARY			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	N/A	N/A	N/A
Personal Service		\$62,000	\$35,000
Non-personal Service		\$2,686,000	\$2,713,000
Total State Operations	\$2,748,000	\$2,748,000	\$2,748,000
Capital			
Personal Service		\$2,956,000	\$2,956,000
Non-personal Service		\$5,462,000	\$5,462,000
Total Capital	\$8,418,000	\$8,418,000	\$8,418,000
TOTAL	\$11,166,000	\$11,166,000	\$11,166,000
OTHER FUNDS -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	2007-08 Limit	Revised Projection	Percent Change
Local Assistance	N/A	N/A	N/A
<i>Compulsory Insurance (339H7)</i>	\$18,776,000	\$18,095,000	-3.63%
<i>Clean Air- Mobile Source Fund (31402)</i>	\$24,516,000	\$24,605,000	0.36%
<i>Seized Assets (State & Fed) (33909 & 339GE)</i>	\$3,450,000	\$2,368,000	-31.36%
<i>Administrative Adjudication (339E9)</i>	\$41,281,000	\$42,972,000	4.10%
<i>Motorcycle Safety (339AE)</i>	\$1,557,000	\$1,550,000	-0.45%
<i>Banking Services (33412)</i>	\$9,000,000	\$9,655,000	7.28%
<i>IPIRP (339IC)</i>	\$0.00	\$1,345,000	N/A
Total State Operations	\$99,580,000	\$100,590,000	1.01%

	2007-08 Limit	Revised Projection	Percent Change
Capital			
Personal Service	\$89,879,000	\$91,305,000	1.59%
Non-personal Service	\$108,898,000	\$113,031,000	3.80%
Total Capital	\$198,777,000	\$204,336,000	2.80%
WHTI/ Antifraud	\$0.00	\$15,896,000	N/A
TOTAL (Less WHTI)	\$298,357,000	\$304,926,000	2.20%

E. Identification of Proposed Other Fund Actions

	2008-09 <u>Cash</u>	2009-10 <u>Cash</u>	2010-11 <u>Cash</u>
OTHER FUNDS (Note the fund/s affected by each proposal, in parentheses at the end of each entry)	\$2,748,000	\$2,748,000	\$2,748,000
Local Assistance			
N/A			
State Operations			
Reduced spending on consultants	\$1,607,000	\$1,607,000	\$1,607,000
Reduced expenditure for credit card usage	\$345,000	\$345,000	\$345,000
PS Savings from tighter controls on hiring	\$93,000	\$52,000	\$52,000
Reduction in lower priority equipment and supplies	\$703,000	\$744,000	\$744,000

Capital Projects	2008-09 <u>Cash</u>	2009-10 <u>Cash</u>	2010-11 <u>Cash</u>
<i>Dedicated Highway & Bridge Trust Fund (07201)</i>	\$8,418,000	\$8,418,000	\$8,418,000
Personal service spending reductions-DMV will achieve its PS savings by exercising tight controls on vacancies, and restricting the use of overtime, per diems, hourly, and seasonal employees. For example, a continued reduction in overtime hours worked by DMV staff.	\$2,956,000	\$2,956,000	\$2,956,000
F&I from personal service spending reductions	\$1,478,000	\$1,478,000	\$1,478,000
Facial Recognition: Reduction in scope of project, savings will recur through tighter controls on NPS spending	\$1,000,000	\$1,000,000	\$1,000,000
Facial Recognition: Utilize federal Seized Assets Funds. Savings will recur through tighter controls on NPS spending and continued use of available Seized Asset funds.	\$1,326,000	\$1,326,000	\$1,326,000
Travel limited to essential travel/eliminate lower priority conferences	\$200,000	\$200,000	\$200,000
Cancel planned renovations	\$231,000	\$231,000	\$231,000
Reduction in lower priority equipment purchases	\$227,000	\$227,000	\$227,000
Reductions in training, publications, and service contracts	\$157,000	\$157,000	\$157,000

Reduction in life cycle replacement for lower priority IT equipment	\$708,000	\$708,000	\$708,000
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F. Plan to Manage the Workforce

F.1 Overall Approach

The Department of Motor Vehicles 2008-09 FTE target is 2,938. The 2008-09 DMV budget reflects 110 additional FTE’s to assist in the implementation of the Enhanced Driver License issuance. We expect to incrementally increase in staff over the first half of the 2008-09 fiscal year. We project these items will be filled in the next 90 days, in order to implement EDL issuance in the summer of 2008.

DMV also employs seasonal Motor Vehicle License Examiners to give road tests in the spring and summer months. DMV will manage the seasonal workforce in order to meet customer service standards for road testing.

DMV will be able to meet the challenges that we are faced with this year, while at the same time staying within the limits of our position target. Any further reduction, however, may diminish our ability to achieve our performance goals of customer service and traffic safety.

F.2 Plan for Refill of Vacant Positions (both current and anticipated vacancies)

Because the priority for DMV in the first quarter for the fiscal year is the issuance of the EDL, our focus will be on hiring the essential staff to carry out this program. This is especially critical in 2008-09 as our license volume workload returns at the end of this fiscal year.

In addition to issuing EDLs DMV has other critical functions it must complete in order to service customers and support WHTI implementation. In order to support these functions DMV must maintain targeted staffing levels throughout the Department. We will closely monitor vacancies consistent with providing adequate customer service in all areas.

Workforce Impact -- All Funds	
a. Initial Target: 2,943 [for reference] <i>exec budget request</i>	-----
b. Current Fills PP# 3 or 4	2,766
c. Recurring impact of proposed actions (see Parts C & E)	-5
d. Recurring impact of vacancy-refilling plan (see F.2)	177
e. Total FTEs March 31, 2009 (line b minus line c, plus/minus line d)	2,938
f. Change from Initial 2008-09 Target (line a minus line e)	-5

G. Monthly Projections: All Funds Workforce; General Fund State Operations/Local/Capital

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
A. Workforce - All Funds													
Est FTEs Month-end	2,766	2,784	2,809	2,834	2,859	2,884	2,909	2,934	2,938	2,938	2,938	2,938	
B. State Operations													
Personal Service													
1st PP	1,649	1,705	1,715	1,725	1,735	1,750	1,760	1,870	1,800	1,800	1,800	1,800	21,109
2nd PP	1,649	1,710	1,720	1,730	1,740	1,760	1,765	1,795	1,800	1,800	1,800	1,800	21,069
3rd PP (if applies)	1,700	0	0	0	0	0	1,770	0	0	0	0	0	3,470
Subtotal PS	4,998	3,415	3,435	3,455	3,475	3,510	5,295	3,665	3,600	3,600	3,600	3,600	45,648
NPS	3,945	7,802	3,597	6,525	1,663	3,669	6,525	2,004	3,450	6,225	3,200	6,331	54,936
Total Disbursements -- State Ops	8,943	11,217	7,032	9,980	5,138	7,179	11,820	5,669	7,050	9,825	6,800	9,931	100,584
C. Local Assistance													
Program x	0	0	0	0	0	0	0	0	0	0	0	0	0
Program y	0	0	0	0	0	0	0	0	0	0	0	0	0
Program z	0	0	0	0	0	0	0	0	0	0	0	0	0
All other local assistance	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Disbursements - Local	0												
D. Capital Projects													
DBHTF	10,136	25,203	13,706	24,750	14,721	14,385	29,492	14,604	14,654	28,172	13,509	16,896	220,228
	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0
All other Capital Projects	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Disbursements - Capital	10,136	25,203	13,706	24,750	14,721	14,385	29,492	14,604	14,654	28,172	13,509	16,896	220,228

H. Assumptions Underlying the Proposed Plan

Reducing expenditures to meet the 3.35% spending reduction, as well as \$2.3 million of savings required as part of the 2008-09 Enacted Budget.

I. Management of Risks Inherent in the Plan

As stated in Section F, our approach is to maintain staffing levels to meet our mission critical priorities. Clearly, any further reduction in staffing would jeopardize customer service. If customer service deteriorates too much, motorists could opt for either a passport or passport card from the Federal Department of State in lieu of a WHTI license to avoid long DMV lines. This would result in revenue impacts to the General Fund and the Dedicated Highway Bridge and Trust Fund.

J. Additional Savings Opportunities for 2008-09

We will continue to monitor implementation of current initiatives and operations for further savings alternatives.

K. Potential Future Savings Opportunities/Operational Improvements (indicate if statutory change is required)

As directed by the budget bulletin, DMV has reviewed all of our spending categories for potential future savings opportunities. Possible savings could occur in the following areas:

- Work with the City of New York Police Department (NYPD) on an e-Ticketing project to reduce data entry
- Work with NYPD on accident reporting to reduce data entry