

MEMORANDUM

TO: Joint Budget Committee

FROM: Scott Thompson, JBC Staff, x4957

SUBJECT: DMV Fee Options

DATE: March 10, 2016

At the direction of the Joint Budget Committee, JBC staff has identified a number of fees for services provided by the DMV that do not cover the costs of providing that service. JBC staff has created three options for the Joint Budget Committee to consider.

Option 1

Option 1 sets the new fees at the nearest dollar above the cost to provide, essentially rounding up. Based on the FY 2014-15 volume, increasing fees in this manner will bring in \$5.3 million in new revenue. Under this option, the revenue generated would exceed the cost to provide by approximately \$178,000, based solely on the fees analyzed.

Option 2

Option 2 sets the new fee closer to the actual cost to provide but does not cover the total cost to provide for every fee. This option would bring in an additional \$2.4 million. The revenue generated by fees in Option 2 reduced by the cost to provide the service results in a shortfall of approximately \$2.7 million, which does not include other fees that do not exceed the cost to provide.

Option 3

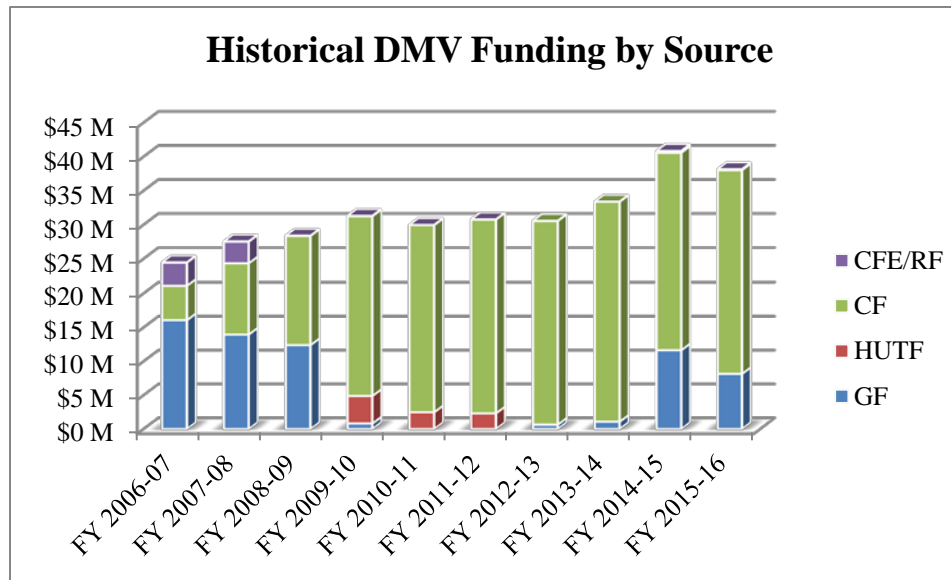
Option 3 sets the new fee at a level that exceeds the cost to provide but is a more round number. This option would bring in an additional \$7.3 million. Under this option, the revenue generated would exceed the cost to provide by approximately \$2.2 million based solely on the fees analyzed.

A summary of the options provided by JBC staff is provided on the next page.

JBC staff also included a stacked column graph of the historical funding sources for the DMV since FY 2006-07. Please note that in FY 2014-15, the Long Bill was reorganized making the comparison between years before this a little muddled. Raw data provided by the Department is included on the third page of this memo. All of the caveats the Department would like the Committee to keep in mind when viewing this data are described on the table with raw data on page three.

Division of Motor Vehicle Fee Options									
Fee Description	Current Fee	Cost to Provide ¹	Option 1	Option 2	Option 3	Volume in FY 2014-15	Option 1 New Revenue	Option 2 New Revenue	Option 3 New Revenue
Driver's License	25.00	27.88	28.00	27.00	30.00	1,013,372	3,040,116	2,026,744	5,066,860
Duplicate License or Permit	9.00	12.33	13.00	12.00	12.00	36,855	147,420	110,565	110,565
Driver's License Extension	3.60	6.51	7.00	5.00	7.00	4160	14,144	5,824	14,144
Certified Driving Record	3.20	21.72	22.00	5.00	22.00	105,600	1,985,280	190,080	1,985,280
CDL Testing Unit License (Initial)	360.00	3,093.17	3,094.00	3,000.00	3,100.00	4	10,936	10,560	10,960
CDL Testing Unit License (Renewal)	120.00	1,051.49	1,052.00	1,000.00	1,060.00	89	82,948	78,320	83,660
CDL Tester License (Initial)	120.00	147.29	148.00	140.00	150.00	31	868	620	930
CDL Tester License (Renewal)	60.00	139.11	140.00	120.00	140.00	171	13,680	10,260	13,680
Total							\$5,295,392	\$2,432,973	\$7,286,079

¹Cost to provide includes all fixed and variable costs to provide the service.



Driver Services and Vehicle Services Appropriation History*

Division	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15***	FY 2015-16
Driver and Vehicle Services**										
GF	\$ 16,075,064	\$ 13,957,521	\$ 12,399,479	\$ 808,719	\$ -	\$ -	\$ 642,027	\$ 1,072,647	\$ -	\$ -
HUTF	\$ -	\$ -	\$ -	\$ 4,064,839	\$ 2,471,493	\$ 2,314,271	\$ -	\$ -	\$ -	\$ -
CF	\$ 5,046,916	\$ 10,382,081	\$ 14,208,990	\$ 24,555,225	\$ 25,545,610	\$ 26,519,588	\$ 27,915,618	\$ 30,064,064	\$ -	\$ -
RF	\$ 1,640,727	\$ 1,465,666	\$ -	\$ 21,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Driver and Vehicle Services	\$ 22,762,707	\$ 25,805,268	\$ 26,608,469	\$ 29,450,332	\$ 28,017,103	\$ 28,833,859	\$ 28,557,645	\$ 31,136,711	\$ -	\$ -
Titles**										
GF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HUTF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CF	\$ -	\$ -	\$ 1,753,468	\$ 1,822,128	\$ 1,921,705	\$ 1,919,727	\$ 1,986,457	\$ 2,228,193	\$ -	\$ -
CFE	\$ 1,678,331	\$ 1,709,273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Titles	\$ 1,678,331	\$ 1,709,273	\$ 1,753,468	\$ 1,822,128	\$ 1,921,705	\$ 1,919,727	\$ 1,986,457	\$ 2,228,193	\$ -	\$ -
Driver Services										
GF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,100,951	\$ 7,648,207
HUTF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,360,420	\$ 20,983,269
RF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,260	\$ 119,289
Total Driver Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,715,631	\$ 28,750,765
Vehicle Services										
GF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 533,843	\$ 489,955
HUTF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,575,818	\$ 8,888,272
CFE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Vehicle Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,109,661	\$ 9,378,227
Total Driver Services and Vehicle Services	\$ 24,441,038	\$ 27,514,541	\$ 28,361,937	\$ 31,272,460	\$ 29,938,808	\$ 30,753,586	\$ 30,544,102	\$ 33,364,904	\$ 40,825,292	\$ 38,128,992

*This summary is not inclusive of all DMV funding. It includes all long bill line items related to the funding of Driver Services over the past 10 years. The appropriations equal the sum of the Long Bill, Special Bills, Salary Survey, Merit Pay, and Shift Differential for each year.

**Prior to FY 2014-15, Driver Services funding was included in the Driver and Vehicle Services group of the Long Bill. In FY 2014-15, decision item R-5, "DMV Appropriation Restructure" split Driver Services and Vehicle Services into two groups, and merged Titles into Driver Services.

***The FY 2014-15 appropriation includes a \$1,492,103 appropriation to expand the Division's Wait Less queuing system as well as \$837,502 to reclassify Driver License Examiner positions to the Technician classification.