

ASSEMBLY COMMITTEE ON WAYS AND MEANS

**JOINT SUBCOMMITTEE ON PUBLIC SAFETY,
NATURAL RESOURCES AND TRANSPORTATION
CLOSING REPORT**

DEPARTMENT OF MOTOR VEHICLES

The Joint Subcommittee on Public Safety, Natural Resources and Transportation has completed its review of the budgets for the Department of Motor Vehicles (DMV). The closing actions taken by the Senate members of the Subcommittee resulted in a decrease in Highway Fund appropriations of \$1.2 million in FY 2016 and an increase in Highway Fund appropriations of \$36,817 in FY 2017. The closing actions taken by the Assembly members of the Subcommittee resulted in a decrease in Highway Fund appropriations of \$450,226 in FY 2016 and an increase in Highway Fund appropriations of \$823,815 in FY 2017. The Subcommittee also recommended to redirect \$11.2 million in FY 2016 and \$14.1 million in FY 2017 in Highway Fund appropriations to the Interim Finance Committee Contingency Account for restricted use by the System Modernization budget for customizable software.

22 Percent Administration Cap and Redirection of the Governmental Services Tax (GST) Commissions and Penalties:

Under NRS 408.235, the DMV may not expend more than 22 percent of the fees collected, excluding gasoline tax revenue, from the Highway Fund on administration. As the Committee may recall, the 2011 Legislature redirected GST Commissions and Penalties in the Field Services budget and the

Motor Carrier budget to the General Fund in each year of the 2011-13 biennium and replaced the revenue with Highway Fund appropriations in place of these redirected revenue sources. Due to the redirection of these revenue sources, the 2011 Legislature approved a temporary increase on the use of Highway Fund collections for administration from 22 percent to 33 percent for the 2011-13 biennium and appropriated Highway Funds in place of these redirected revenue sources.

For the 2013-15 biennium, the 2013 Legislature approved redirecting GST Commissions and Penalties revenue to the General Fund in FY 2015 only. The 2013 Legislature also approved increasing the administration cap from 22 percent to 32 percent in FY 2015 only and replaced the GST Commissions and Penalties revenue with Highway Fund appropriations. This provision sunsets on June 30, 2015.

The Governor recommends continuing the redirection of GST Commissions and Penalties revenue to the General Fund in both years of the 2015-17 biennium with the transfer recommended to sunset on June 30, 2017. Based on the DMV's April 2015, revenue projections, GST Commissions revenue is projected to total \$49.8 million and the GST Penalties revenue is projected to total \$11.0 million over the 2015-17 biennium. Similar to previous biennia, the Governor recommends increasing the DMV administration cap from 22 percent to 31 percent in each year of the 2015-17 biennium and replacing the GST Commissions and Penalties revenue with Highway Fund appropriations in the Field Services budget and the Motor Carrier budget. The Subcommittee did not take action on the redirection to the General Fund of

GST Commissions and Penalties revenue totaling \$60.8 million over the 2015-17 biennium, and deferred this policy issue decision to the full money committees.

System Modernization (201-4716) DMV-17: The Subcommittee recommended approval of the Governor's recommendation, as amended by Budget Amendment A150024716, to provide Highway Fund appropriations of \$37.7 million and Technology Fee revenue of \$9.8 million over the 2015-17 biennium for the department's system modernization project. The Technology Fee revenue would be generated by a new \$1.00 technology fee that would be charged on each transaction performed by DMV customers. The recommended funding would begin the replacement of the department's computer system, which is estimated to cost approximately \$109.4 million over the five-year implementation period.

The Subcommittee also recommended authorizing Highway Fund appropriations to be transferred between fiscal years within a biennium in the System Modernization budget, and transferring Highway Fund appropriations of \$11.2 million in FY 2016 and \$14.1 million in FY 2017 to the Interim Finance Committee Contingency Account for vendor costs associated with the customizable off-the-shelf software once these costs are determined, and issuance of a letter of intent requiring biannual reports to the Interim Finance Committee on the status of the system modernization project.

Director's Office (201-4744) DMV-19: The Subcommittee did not recommend approval of the Governor's recommendation for three new positions to establish a new Internal Administrative Investigation Unit in the Director's Office. The Subcommittee recommended approval of the Governor's recommendation for Highway Fund appropriations of \$150,251 in each year of the 2015-17 biennium to increase advertising and public awareness of DMV services. The Subcommittee recommended approval of all other closing items in the Director's Office budget as recommended by the Governor, including Budget Amendment A150054744.

Hearings (201-4732) DMV-31: The Subcommittee recommended approval of the Governor's recommendation to eliminate a vacant Driving Under the Influence Adjudicator position and the purchase of new videoconference equipment to allow the remaining Administrative Law Judge positions to conduct hearings via videoconference in Northern Nevada and Southern Nevada.

Automation (201-4715) DMV-36: The Subcommittee recommended approval of the Governor's recommendation for two new Information Technology Technician (IT) positions to provide desktop computer support and the purchase of new Symantec Critical Server Protection software. The addition of the two new IT Technician positions would provide existing staff with the necessary time to deploy the new software. Due to the limited duration of the software deployment project, the Subcommittee recommended directing the agency to remove these positions from its base budget in the 2017-19 biennium.

Compliance Enforcement (201-4740) DMV-54: The Subcommittee recommended approval of the Governor's recommendation to revise the Off-Highway Vehicle (OHV) revenue distribution and continue funding an OHV Compliance Investigator position, contingent upon passage and approval of Senate Bill 492, which would implement the Governor's recommendation to modify the distribution of OHV registration revenue.

Motor Vehicle Pollution Control (101-4722) DMV-62: The Subcommittee recommended approval of Budget Amendment A150724722, which recommends reserve reductions of \$65,327 in FY 2016 and \$198,338 in FY 2017 for moving costs and bond service payments associated with the Motor Vehicle Pollution Control budget's share of the new Sahara field office, contingent upon approval of the new building by the K-12/Higher Education/CIPs Joint Subcommittee. The Executive Budget Office, in consultation with the Office of the State Treasurer, recommends the new Sahara DMV field office be funded with 20-year general obligation bonds with debt service payments utilizing Highway Funds (87.5 percent) and fee revenue from the Motor Vehicle Pollution Control budget (12.5 percent). The recommended distribution reflects each program's share of the square footage in the new Sahara field office.

License Plate Factory (201-4712) DMV-78: The Subcommittee did not recommend approval of the Governor's recommendation to terminate the License Plate Factory budget's repayment to the Highway Fund for the construction of the license plate factory. The Subcommittee also did not recommend approval of the Governor's recommendation to modify this budget from a self-funded enterprise fund that retains all unexpended

funds from one fiscal year to the next, to a self-funded enterprise fund that reverts reserve balances greater than \$1.0 million to the Highway Fund. The Subcommittee recommended approval of the Governor's recommendation to increase the license plate fee to cover increased costs at the new license plate factory; however, instead of the \$1.00 increase in license plate fees from \$3.00 to \$4.00 recommended by the Governor, the Subcommittee recommended a \$0.50 increase in the license plate fees from \$3.00 to \$3.50 per license plate, effective October 1, 2015. The Subcommittee recommended approval of the Governor's recommendation for a new Maintenance Repair Aid position to assist with maintenance, training, and inmate supervision at the new license plate factory.

The License Plate Factory budget had a closing difference related to the Governor's recommendation for a new eight-year, rolling reissuance of license plates, as proposed in Assembly Bill 484. The Assembly members of the Subcommittee recommended not approving the Governor's recommendation to implement the rolling reissuance of license plates. The Senate members of the Subcommittee recommended approval of the Governor's recommendation to implement the rolling reissuance of license plates, contingent upon passage and approval of Assembly Bill 484.

Field Services (201-4735) DMV-96: Due to increased customers and wait times, the Subcommittee recommended approval of the Governor's recommendation for 54 new DMV Services Technician and 5 new DMV Services Supervisor positions for the five major metropolitan DMV field offices, which includes the Decatur, Flamingo, Henderson, and Sahara offices located in Southern Nevada and the Reno-Galletti office in

Northern Nevada. The Subcommittee also recommended approval of Budget Amendment A150044735, which recommended the start date for all new positions recommended by the Governor be modified to July 1, 2015.

The Field Services budget had a closing difference related to the Governor's recommendation to provide 14 new DMV Services Technician and 2 new DMV Services Supervisor positions for the five major metropolitan field offices to cover vacancies, which deviates from the standard staffing practices for state agencies. The Assembly members of the Subcommittee recommended approval of the 16 new positions proposed to cover vacant positions, while the Senate members of the Subcommittee did not recommend approval of the 16 new positions.

The Subcommittee recommended approval of the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017 for enhancements to the DMV's Dash Pass queuing system; however, the Subcommittee recommended placing the funding in reserve and directing the department to seek authority from the Interim Finance Committee to utilize these funds once it is able to provide documentation justifying the upgrades and associated costs.

The Subcommittee recommended approval of Budget Amendment A150714735, which recommends Highway Fund appropriations of \$473,795 in FY 2017 for the Field Services budget's share of the cost to move to the new DMV field office on Sahara Avenue in Las Vegas, contingent upon approval of the new building by the K-12/Higher Education/CIPs Joint Subcommittee. As previously mentioned,

this cost is being shared with the Motor Vehicle Pollution Control budget based on the square footage that would be occupied by each program.

Management Services (201-4742) DMV-109: The Subcommittee recommended approval of the Governor's recommendation for a new Management Analyst position for the division's Driver Program Team. The new position would perform research, monitor legislation and federal mandates, manage projects, and administer federal grants. The Subcommittee recommended approval of all other closing items in the Management Services budget as recommended by the Governor.

For all budgets, the Subcommittee recommended authority for Fiscal staff to make technical adjustments as necessary.

Department of Motor Vehicles
Highway Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
AS CLOSED BY SUBCOMMITTEE:				
DMV-17	201-4716	* System Modernization ***	(14,087,500)	(14,087,500)
DMV-19	201-4744	* Director's Office	(147,515)	(170,532)
DMV-31	201-4732	* Hearings	-	(399)
DMV-36	201-4715	* Automation	189,829	220,149
DMV-54	201-4740	* Compliance Enforcement	(22,245)	(156)
DMV-62	101-4722	* Motor Vehicle Pollution Control	-	-
DMV-78	201-4712	* License Plate Factory	-	-
DMV-96	201-4735	** Field Services	2,378,415	774,753
DMV-109	201-4742	* Management Services	-	-
		Total	(11,689,016)	(13,263,685)

* No General Fund impact.

** General Fund appropriations for the Field Services budget did not change; all changes noted are Highway

*** Highway Funds of \$11.2 million in FY 2016 and \$14.1 million in FY 2017 are shown as a reduction, but will be placed in the IFC Contingency Fund.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - SYSTEM MODERNIZATION
Account: 201 - 4716

Budget Page: DMV-17, Volume III

Revenues	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
HIGHWAY FUND				23,489,684		17,046,929	(27.43)
OTHER FUND				4,000,000		5,800,000	45.00
Total Revenues				27,489,684		22,846,929	(16.89)
Total FTE				7.00		16.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E550	00	2507	Reduce Highway Funds due to delayed customizable off-the-shelf software expenditures.	(2,848,710)	
E550	00	2507	Reduce Highway Funds for customizable off-the-shelf software - Placed in IFC Contingency Fund.	(11,238,790)	(14,087,500)
Sub-total				(14,087,500)	(14,087,500)
Line Item Changes to Revenues				(14,087,500)	(14,087,500)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E550	04	7000	Adjust vendor services for customizable off-the-shelf software - Placed in IFC Contingency Fund.	(11,238,790)	(14,087,500)
E550	04	7000	Budget Amendment A150024716 - Delayed customizable off-the-shelf software expenditures.	(2,848,710)	
Sub-total				(14,087,500)	(14,087,500)
Line Item Changes to Expenditures				(14,087,500)	(14,087,500)

Total	0	0
Grand Total General Fund Impact of Closing Changes	0	0

Overview

The Governor recommends a new Department of Motor Vehicles (DMV) System Modernization budget, which would isolate the expenditures associated with the Governor's recommendation to begin replacement of the DMV's computer system. This project is expected to be implemented over the next five years (three biennia) and cost an estimated \$109.4 million. This project would be funded primarily with Highway Fund appropriations and a proposed technology fee.

Major Closing Issue

Replacement of the DMV Computer System

Discussion of Major Closing Issue

Replacement of the DMV Computer System (E-550, DMV-17): The Governor recommends Highway Fund appropriations of \$40.5 million and Technology Fee revenue of \$9.8 million over the 2015-17 biennium in a new System Modernization budget to begin funding the replacement of the department's current Common Business Oriented Language (COBOL) mainframe and PowerBuilder computer system that was

implemented 16 years ago. The department indicates this new system would provide additional functionality, enhanced security, and disaster recovery capabilities. To implement this project, the Governor recommends 35 contract positions and 7 new state positions beginning in FY 2016 and 9 additional state positions beginning in FY 2017. The department indicates it plans to request 6 additional state positions beginning in FY 2018. The Governor also recommends implementing a new \$1.00 technology fee that would be charged for each transaction performed by DMV customers. The Executive Budget identifies the DMV system modernization project as a Major Budget Initiative for the 2015-17 biennium (MAJOR BUDGET INITIATIVES–38 & 39).

Current DMV Computer System

The DMV's current computer system, the Combined Automotive Revenue and Registration System (CARRS), was implemented in 1999. This system is currently composed of a COBOL based mainframe application and PowerBuilder applications, which run on different platforms. In addition to CARRS, many sections within the department have other unintegrated computer systems to meet their needs. This includes a web-based system used by the Motor Carrier Division, which was transferred to the department after CARRS was implemented.

The DMV indicates it conducts approximately 8.4 million transactions annually, which the department estimates will increase by 6 percent in each year of the 2015-17 biennium. According to the DMV, many of these transactions cannot be performed through CARRS. In addition, the DMV cites the following issues and limitations it has with its existing system:

- Utilization of the COBOL programming language, which makes it difficult for the agency to recruit programming staff. The agency indicates recruitment difficulties have contributed to its current information technology (IT) workload backlog, which the agency projects would take over seven years for its existing staff to complete.
- Inability to integrate and automate the collection and distribution of revenue collected by the DMV, which totaled \$1.1 billion in FY 2014, and is projected to increase to \$1.2 billion in FY 2015, \$1.3 billion in FY 2016, and \$1.4 billion in FY 2017. Because of this limitation, some revenue collection and distribution activities are handled manually using spreadsheets.
- Inability to integrate accounts receivable functions, which limits the department's ability to track and collect money using alternative methods, such as payment plans for customers.
- Inability to automate the testing of enhancements and modifications to the system, which requires extensive manual testing and delays final deployment.
- Viable security threat due to numerous applications that may not utilize the latest security technology.
- Inability to track and manage customer correspondences and cases.

The department estimates that due to these issues and limitations, CARRS is unable to accommodate 60 percent of the DMV's system requirements necessitating the use of manual processes or other vendor-provided solutions.

Projected Benefits of a New DMV Computer System

The DMV indicates these issues and limitations would be addressed by a new integrated application that would run on a single platform and provide the following benefits:

- Provide for a faster launch of new products and services utilizing modern technology and programming platforms.
- Increase transaction efficiency by 30 percent due to process improvements and automation, which would allow the DMV to manage its increasing number of customers.
- Reduce the department's IT project backlog.
- Integrate the department's financial system to automate processes associated with the collection and distribution of revenue.

- Provide for business analytics, including predictive analysis and forecasting capabilities.
- Allow the department to respond to state and federal mandated changes in a timely manner.
- Automate the testing of system enhancements, which would allow for faster deployment and reduce the number of production bugs.
- Integrate a scanning application to capture and store customer information.
- Provide for a customer relationship management system, with real-time chat support, call routing, and integrated help.
- Consolidate project management and application tracking to automate the timelines and work assignments as new projects are undertaken.
- Provide real-time system performance monitoring to quickly identify issues affecting the system.
- Provide for disaster recovery that would allow all systems to function and all data to be recoverable.
- Provide enhanced data security by implementing industry standard technology.
- Secure additional grant funds for the state based on the new system's ability to meet additional federal standards.
- Possibly expand services offered at kiosks and on the Internet.

During its previous system implementation effort, the DMV experienced major difficulties in rolling out the system to the extent that the Interim Finance Committee (IFC) approved a Subcommittee to monitor and review issues associated with the implementation. That implementation effort, called Project Genesis, resulted in a tremendous amount of additional resources to allow the department to function and make numerous follow-up modifications to the system. During its March 10, 2015, hearing, the Subcommittee on Public Safety, Transportation, and Natural Resources questioned the department on what lessons it learned from the implementation of the current DMV system, and how the agency would ensure similar issues did not occur with the proposed system. The agency indicated it would enact the following measures to ensure a smooth transition between the two systems:

- **Vendor Management:** Project Genesis was managed by the vendor with limited management from the department. The system modernization project would be managed by the DMV with project expectations, timelines, milestones, and deliverables mutually agreed upon by the department and the vendor.
- **Project Management Team:** The DMV would have its own project management team consisting of subject matter experts and experienced consultants. This team would report directly to the project's Executive Oversight Committee consisting of the Director and Deputy Director, which would allow for timely decision-making and quick resolution of issues.
- **Final Payments:** The selected vendor would not receive final payments for developing functions until the department determines the function meets agreed upon standards.
- **Service Level Agreements:** The vendor contract would include an agreement between the vendor and the department related to project scope, quality, and responsibilities.
- **Independent Verification and Validation Consultants:** The department would utilize these independent positions experienced in large-scale system implementations to assess the project timelines, progress, costs, security components, and system design.
- **Phased Implementation:** The department would not deploy all aspects of the system at one time, but rather utilize a phased rollout of the system by function.
- **Project Planning:** Based on input from subject matter experts, the project management team, and the vendor, the department would complete project and sub-project planning prior to any system programming.
- **Development and Testing:** The selected vendor would be required to include software development tools that would increase system testing capabilities, which would enable issues to be addressed prior to system deployment.
- **Training:** The selected vendor would be required to include integrated help for users, as well as training software that enables users to practice and learn the new software.

Projected Implementation Costs for a New DMV Computer System

The department indicates other states’ departments of motor vehicles were surveyed to assist in projecting the average cost to implement a new computer system. The DMV found that the cost to implement new systems in other states ranged from \$40 million in New Mexico to \$93.4 million in Colorado, which did not include system hardware costs. The DMV indicates the variation in costs was due to the level of IT changes each state implemented and the number of business functions performed by that state’s DMV. During the department’s budget hearing on March 10, 2015, the department indicated it handled approximately 40 various business functions. The department indicates that some of these functions, such as fuel tax collection, emissions control, and motor vehicle business licensing, are not performed by other state DMV.

Based on the survey of other states, conversations with vendors, and projected staffing needs, the DMV projects the total cost for its new computer system would be approximately \$109.4 million over five years based on expenditures in the following areas:

DMV System Modernization Project: Five-Year Projected Expenses (Millions)	
Customizable Commercial Off-the-Shelf Software	\$57.8
Master Service Agreement Contractors (35 Contractors)	\$25.8
Agency Infrastructure (System Hardware)	\$17.7
New Agency Staff (22 Positions)	\$6.3
Facility Expenditures to House 75 Individuals Working on the Project	\$1.8
Total:	\$109.4

The department projects the expenditures of \$109.4 million would be distributed over five fiscal years as provided in the following table. Fiscal staff would note the department indicates it has incorporated a 5 percent funding contingency in FY 2018, FY 2019, and FY 2020 that would enable the department to incorporate future legislative requirements or unfunded federal mandates into the new system.

DMV System Modernization Project: Five-Year Projected Expenses					
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Customizable Software	\$14,087,500	\$14,087,500	\$11,833,500	\$8,875,125	\$8,875,125
Master Service Agreement Contractors	\$2,021,920	\$5,747,680	\$6,147,680	\$5,747,680	\$6,147,680
Agency Infrastructure	\$10,359,472	\$1,836,996	\$1,836,996	\$1,836,996	\$1,836,996
New Agency Staff	\$163,928	\$814,565	\$1,632,183	\$1,803,320	\$1,881,383
Facility Expenditures	\$856,864	\$360,188	\$192,614	\$192,614	\$192,614
Total	\$27,489,684	\$22,846,929	\$21,642,973	\$18,455,735	\$18,933,798

Customizable Commercial Off-the-Shelf (COTS) Software: The department indicates requests for information (RFI) were not issued in developing the projected amount; however, approximately seven software vendors that developed motor vehicle systems in the United States and Canada were invited to visit the department and learn more about its operations and system needs. These vendors visited the department and returned in subsequent weeks with presentations detailing their system solutions. The department indicates these presentations also included informal quotes from the vendors. The department indicates all vendors proposed to use customizable COTS software and the projected software cost is based upon these presentations. The department indicates the COTS software would utilize technology that incorporates the latest industry standards that would allow the system to remain current as technology evolves.

Master Service Agreement (MSA) Contractors: The department plans to utilize 35 MSA contractors to provide support for the development of the new system as provided in the following table:

DMV System Modernization Project: Recommended MSA Contractors	
Positions	Position Title
12	DMV Services Technician
10	Senior Programmer Analyst
6	Senior Project Manager
5	Business Process Analyst
2	Independent Verification Consultants
35	Total

The department indicates the Project Management Team would be comprised of the Senior Project Manager and Business Process Analyst positions. This team would manage various portions related to the system modernization project. The DMV Services Technician and Senior Programmer Analyst positions would be used to backfill existing department positions responsible for maintaining the legacy system. This would allow existing staff to work and train on the new system, so they become familiar with its functionality. The Independent Verification Consultant positions would provide direct, independent reporting to the DMV Director on the progress of the system modernization project.

Agency Infrastructure: The department indicates this cost is unknown until the software vendor is chosen and the related hardware needs are determined. The department based its projection on a hardware quote provided by a vendor for the projected hardware infrastructure costs and the department's projected ongoing maintenance costs for the hardware. The department indicates the actual infrastructure cost would be dependent on the type of platform needed, which would include either an Oracle or Microsoft based platform.

New Agency Staff: To develop and implement this project, the DMV indicates 22 new positions would be required over the project's five-year implementation period, with 7 positions beginning in FY 2016, 9 additional positions beginning in FY 2017, and 6 additional positions projected to begin in FY 2018.

DMV System Modernization Project: Recommended New State Positions		
Start	Positions	Position Title
FY 2016	5	Business Process Analyst
	2	IT Professional
FY 2017	2	IT Technician
	4	IT Professional
	3	DMV Services Technician
FY 2018	4	IT Technician
	2	IT Professional
	22	Total

Fiscal staff would note the eight IT positions recommended for the 2015-17 biennium are budgeted at a salary step 5, with the department indicating it is difficult to hire individuals for these positions at a lower salary. The department indicates it determined the number of new positions and the start dates for these positions based on planning meetings, which considered the estimated project timeline, the duties for each proposed position, and the fiscal year each position was projected to be needed. During the department's budget hearing on March 10, 2015, the department indicated that it did not know if these positions would be eliminated upon completion of the project or would be reassigned to assist with the maintenance of the system.

Facility Expenditures: The department projects \$192,614 would be required each year of the project's five-year implementation period for additional office facilities to accommodate 75 positions working on the system modernization project. These positions include 55 of the 57 state and MSA positions and

20 positions employed by the awarded vendor. The DMV is working with the state Public Works Division to identify a location that could house these positions. The department also indicates the following expenditures would be required in the 2015-17 biennium to establish this office facility:

DMV System Modernization Project: Facility Expenditures for the 2015-17 Biennium	
New Furnishings for 69 Individuals	\$319,335
Computers, Hardware, and Software	\$217,082
Telephone Equipment and Wiring	\$108,951
Office Equipment and Supplies	\$98,930
Power Panel Installation for New System	\$65,000
EITS Phone Services	\$22,527
Total:	\$831,825

Recommended Funding for a New DMV Computer System

As previously indicated, the Governor recommends Highway Fund appropriations of \$40.5 million and Technology Fee revenue of \$9.8 million over the 2015-17 biennium for the new DMV computer system. The Executive Budget estimates the \$9.8 million Technology Fee revenue would be generated from a new \$1.00 technology fee on every original, renewal, or reissue DMV transaction, including transactions performed at DMV field offices, on the Internet, or at a kiosk. The Technology Fee revenue projection was based on the actual transactions conducted in FY 2014. This includes transactions related to driver’s licenses, vehicle registrations, off-highway vehicle registrations, name/address changes, driver authorization cards, and medical marijuana cards. The department indicates the collection of this new fee would commence in November 2015, and continue in perpetuity to provide funding for ongoing expenditures associated with maintaining and enhancing the system. Senate Bill (S.B.) 502, as amended by the Senate Committee on Transportation on April 9, 2015, would authorize the collection of the \$1.00 technology fee on all DMV transactions and would create the new System Modernization budget. In addition, S.B. 502, as amended, would provide for the exclusion of Highway Fund appropriations in the System Modernization budget from the calculation of the department’s administration cap and would allow unspent funds in this budget to be retained and not revert to the Highway Fund.

The department indicates the next step in its system modernization project would be issuing a request for proposal (RFP) from vendors. Fiscal staff would note the IFC approved a \$140,256 allocation from the IFC Contingency Account (Highway Fund) in FY 2015 to fund a contract Project Manager position in the DMV Automation budget to develop an RFP for the system modernization project. The department anticipates releasing the RFP by July 2015.

On March 6, 2015, the Executive Budget Office submitted Budget Amendment A150024716, which recommends a reduction in Highway Fund appropriations of \$2.9 million in FY 2016 and corresponding reductions in operating expenditures. This budget amendment recommends a reduction in the planned expenditures for the new system’s COTS software, which the DMV indicates would be delayed until FY 2018. This budget amendment is a companion to Budget Amendment A150044735 for the Field Services budget, which recommends funding the 75 new positions proposed for the 2015-17 biennium beginning on July 1, 2015, as opposed to start dates ranging between October 2015 and October 2016. The DMV indicates the reduction in Highway Fund appropriations would not affect the planned implementation of the system modernization project, as these expenditures would only be delayed. If the Subcommittee approves the system modernization project, Fiscal staff requests authority to enter this budget amendment, regardless of the Subcommittee’s action in the Field Services budget. Since the department indicates these expenditures would be delayed, this budget amendment would allow the Highway Fund appropriations of \$2.9 million in FY 2016 to be utilized for other purposes over the 2015-17 biennium.

As previously mentioned, the DMV experienced major difficulties during its previous system implementation effort, which required monitoring and oversight from the IFC. Although the department indicates similar issues should not occur, the Subcommittee may wish to issue a letter of intent to the DMV requesting biannual status reports be submitted to the IFC until the project is completed, to update members of the money committees on the milestones achieved during the system's development and implementation. The status reports should provide updates on the selection of the vendor, major accomplishments, and progress toward system implementation.

Options for Consideration

Does the Subcommittee wish to approve the Governor's recommendation for Highway Fund appropriations of \$37.7 million and Technology Fee revenue of \$9.8 million over the 2015-17 biennium in the new System Modernization budget, which reflects approval of Budget Amendment A150024716, to begin funding the replacement of the department's computer system?

If the Subcommittee chooses to approve the system modernization project, it may wish to consider including one or more of the following provisions:

- 1. Allow Highway Fund appropriations to be transferred between fiscal years within a biennium for the System Modernization budget only.**
- 2. Due to the timing associated with the release of the RFP, it does not appear that an accurate cost assessment of the customizable off-the-shelf software would be available until late 2015. Accordingly, the Subcommittee may wish to approve the addition of Highway Fund appropriations of \$11.2 million in FY 2016 and \$14.1 million in FY 2017 to the IFC Contingency Fund for vendor costs associated with the customizable off-the-shelf software. These funds would be allocated by the IFC upon submittal of a vendor cost proposal for the customizable off-the-shelf software. Any unspent funds would revert to the Highway Fund at the end of FY 2017.**
- 3. Issue a letter of intent requiring biannual reports to the Interim Finance Committee, beginning six months after the agency receives approval from the IFC for the vendor costs associated with the customizable off-the-shelf software, regarding the system modernization project milestones and progress toward implementation.**

The Subcommittee recommended approving the Governor's recommendation for Highway Fund appropriations of \$37.7 million and Technology Fee revenue of \$9.8 million over the 2015-17 biennium for the System Modernization project, which reflects approval of Budget Amendment A150024716, to begin funding the replacement of the department's computer system. The Subcommittee also recommended approving three provisions, which include: 1) Allowing Highway Fund appropriations to be transferred between fiscal years within a biennium for the System Modernization budget only; 2) Appropriating Highway Funds of \$11.2 million in FY 2016 and \$14.1 million in FY 2017 to the IFC Contingency Account for vendor costs associated with the customizable off-the-shelf software, and 3) Issuing a letter of intent requiring biannual reports to the IFC on the status of the system modernization project once a vendor has been selected.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - DIRECTOR'S OFFICE
Account: 201 - 4744

Budget Page: DMV-19, Volume III

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues							
HIGHWAY FUND	2,574,023	2,732,211	6.15	2,927,594	7.15	3,067,289	4.77
INTERAGENCY TRANSFER	1,694,498	1,911,809	12.82	1,947,386	1.86	2,080,316	6.83
OTHER FUND	297						
REVERSIONS	(40,277)						
Total Revenues	4,228,541	4,644,020	9.83	4,874,980	4.97	5,147,605	5.59
Total FTE		24.00		26.00		26.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E230	00	4335	Adjust Reimbursement revenue for updates to fingerprinting expenditures for new Field Service Positions.	1,000	(1,000)
E250	00	2507	Reduce Highway Funds to reflect the Subcommittee's decision to not approve a new Internal Administrative Investigation Unit.	(147,515)	(170,532)
Sub-total				(146,515)	(171,532)
Line Item Changes to Revenues				(146,515)	(171,532)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E230	28	7000	Budget Amendment A150054744 - Adjustment to fingerprinting expenditures due to revised start dates for new Field Services positions.	1,000	(1,000)
E250	01	5000	Reduce Personnel expenditures to reflect the Subcommittee's decision to not approve a new Internal Administrative Investigation Unit.	(123,094)	(167,112)
E250	04	7000	Reduce Operating expenditures to reflect the Subcommittee's decision to not approve a new Internal Administrative Investigation Unit.	(3,866)	(2,698)
E250	04	8000	Reduce Operating expenditures to reflect the Subcommittee's decision to not approve a new Internal Administrative Investigation Unit.	(6,425)	
E250	26	7000	Reduce Information Services expenditures to reflect the Subcommittee's decision to not approve a new Internal Administrative Investigation Unit.	(3,448)	(722)
E250	26	8000	Reduce Information Services expenditures to reflect the Subcommittee's decision to not approve a new Internal Administrative Investigation Unit.	(10,682)	
Sub-total				(146,515)	(171,532)
Line Item Changes to Expenditures				(146,515)	(171,532)

Total	0	0
Grand Total General Fund Impact of Closing Changes	0	0

Overview

The Director's Office is responsible for the general administration of the Department of Motor Vehicles (DMV) and oversees seven divisions, including Administrative Services, Field Services, Central Services, Compliance Enforcement, Motor Carrier, Management Services and Programs, and Motor Vehicles Information Technology (Automation). The Director's Office has statutory authority to direct and supervise all administrative and technical activities, to adopt regulations as necessary for its operation, subject to approval by the Legislative Commission, and to enforce the laws it administers. Through its Public Information Office, the Director's Office is responsible for media inquiries and increased public awareness of new regulatory requirements, traffic laws or program changes. The Director's Office also directs the work of professional and technical staff for training, recruitment and selection of employees, safety programs, internal employee relations and liaison with other state agencies through its personnel section.

Major Closing Issues

1. New Internal Administrative Investigation Unit
2. Public Awareness Campaign Expansion

Discussion of Major Closing Issues

1. New Internal Administrative Investigation Unit (E-250, DMV-22): The Governor recommends Highway Fund appropriations of \$147,515 in FY 2016 and \$170,532 in FY 2017 for two new Compliance/Audit Investigator positions (one in Southern Nevada and one in Northern Nevada) and one new Administrative Assistant position to establish a new Internal Administrative Investigation Unit. The Executive Budget indicates this unit would be part of the Human Resource Services section and would investigate allegations against department employees to determine if disciplinary action is warranted. These investigations may include policy violations, performance-based issues, or leave abuse. The department indicates the number of investigations increased in recent years, as provided in the following table.

DMV Administrative Investigations Conducted	
FY 2011	9
FY 2012	14
FY 2013	16
FY 2014	25
FY 2015*	30
* Investigations initiated through April 28, 2015	

The DMV indicates these investigations were performed by the employee's supervisor in the past; however, it was clarified in 2011 that *Nevada Administrative Code* (NAC) 284.655 requires these investigations be performed by an impartial party. The department has addressed this requirement by utilizing supervisors from other areas of the DMV to conduct investigations. However, the DMV indicates this diverts resources from other areas in the department and does not allow for consistent or timely investigations, which must be completed within 90 days per NRS 284.387. The department indicates the recommended unit would address these issues by providing dedicated staff who would conduct interviews, perform research, maintain files, prepare final reports, and train supervisors on the investigation process.

Fiscal staff asked the department the average amount of time spent on an investigation over the last five years and the department indicated it did not track the time spent during that period. However, the department indicated the average amount of time spent on an investigation was 45 days in 2013, as measured by the time an investigation request was received until the final report was completed. Fiscal staff asked if one Compliance Investigator position could conduct these investigations and the department indicated two positions were recommended to provide coverage in both Northern Nevada and Southern Nevada. The department indicates agency staff is somewhat evenly split between the

two geographic areas. In addition, the department indicated that the best practice is to have two investigators present when interviews are being conducted since these investigations may result in legal action by employees being investigated. The department indicated a second, trained investigator would serve as a witness for these interviews via video conference or telephone. The department also indicated that these positions would train approximately 200 department supervisory staff members on progressive discipline and investigative processes to ensure these processes are applied consistently in the department.

During the department's budget hearing on March 10, 2015, the department indicated the recommended unit would be similar to units in the Department of Public Safety (DPS) and the Nevada Department of Corrections (NDOC) that ensure professional standards are maintained by employees. The department indicates a similar unit is appropriate for the DMV since it is also a large agency with both sworn and civilian employees. However, the department has a much smaller law enforcement function compared to DPS or the NDOC, as evidenced by the number of sworn versus non-sworn positions, which are currently 30 and 1,141.53 respectively. The agency indicated it views the DPS and NDOC units as model investigations units that provide fair and consistent investigations.

Does the Subcommittee wish to approve the Governor's recommendation for two new Compliance Investigator positions and one new Administrative Assistant position to establish a new Internal Administrative Investigation Unit in the DMV Director's Office?

The Subcommittee recommended not approving the Governor's recommendation for two new Compliance Investigator positions and one new Administrative Assistant position to establish a new Internal Administrative Investigation Unit in the DMV Director's Office.

2. Public Awareness Campaign Expansion (E-226, DMV-21): The Governor recommends Highway Fund appropriations of \$150,251 in each year of the 2015-17 biennium to increase advertising and public awareness of DMV services. The Director's Office base budget includes \$87,874 in each year of the 2015-17 biennium for the Public Awareness Campaign expenditure category and this recommendation would bring the total public awareness funding to \$238,125 in each year of the 2015-17 biennium, an increase of 171 percent. The department's expenditures in its Public Awareness Campaign category have remained relatively consistent over the last five fiscal years, ranging from a high of \$94,494 in FY 2010 to a low of \$87,874 in FY 2014. The department indicates that increasing its Public Awareness Campaign budget to \$238,125 in each year of the 2015-17 biennium would allow 75 percent of DMV customers to receive the department's message five times throughout the year through television, radio, and the Internet. The department indicates its proposed television and radio campaigns would cover both the Las Vegas and Reno markets and its proposed online advertising would cover the entire state. The department indicates the increased Public Awareness Campaign budget would also allow for bilingual advertising.

During the department's budget hearing on March 10, 2015, the department indicated the use of alternative technologies by DMV customers, including kiosks and the MyDMV web portal, have increased from 1.45 million transactions in FY 2013 to 1.69 million transactions in FY 2014, which represents a 16.8 percent increase. However, the department indicates the 1.69 million transactions conducted in FY 2014 reflected only 23 percent of the 7.4 million total transactions conducted by the DMV in FY 2014. The department indicates that educating additional members of the public about the use of alternative tools and services would divert individuals from DMV field offices, allowing the agency to manage its customer growth; however, no documentation was provided indicating the number of individuals that may be diverted. The department also indicates that some customers who must perform business in a DMV field office do not have the appropriate documentation during their first visit, which causes these individuals to make a second trip to complete their transaction. The

department indicates its expanded Public Awareness Campaign budget would educate customers on the documents that are required to complete their transactions at the DMV, which may reduce the number of customers who make repeat visits to the DMV to complete their transactions. The department indicates these repeat visits contribute to the wait times at the field offices.

Does the Subcommittee wish to approve the Governor's recommendation for Highway Fund appropriation of \$150,251 in each year of the 2015-17 biennium to increase advertising and public awareness of DMV services?

The Subcommittee recommended approving the Governor's recommendation for Highway Fund appropriation of \$150,251 in each year of the 2015-17 biennium to increase advertising and public awareness of DMV services.

Other Closing Items

1. SharePoint Software Training (E-229, DMV-21): The Governor recommends a Highway Fund appropriation of \$2,400 in FY 2016 to provide two staff members with Microsoft SharePoint software training. SharePoint software allows users to share files and organize content when working on a collaborative project. The two staff members would attend a train-the-trainer course, which would enable these individuals to train other DMV staff on the use of SharePoint. The department indicates it currently has a limited number of SharePoint licenses and this training would allow additional members to utilize these licenses after receiving SharePoint training. **This recommendation appears reasonable.**

2. Fingerprinting of Recommended New Field Services Positions (E-230, DMV-22): The Governor recommends Reimbursement of Expenses revenue of \$2,000 in FY 2016 and \$1,000 in FY 2017 for the Department of Public Safety fingerprinting of the 75 new positions recommended in Decision Unit E-225 in the DMV Field Services Division (DMV-98). On March 6, 2015, the Executive Budget Office submitted Budget Amendment A150054744, which recommends Reimbursement of Expenses revenue of \$3,000 in FY 2016. This budget amendment is a companion to Budget Amendment A150044735 for the Field Services budget, which recommends all 75 new positions recommended by the Governor begin on July 1, 2015. This decision unit and amendment is discussed in detail in the Field Services budget. **Fiscal staff requests authority to enter technical adjustments for this decision unit based on decisions made by the Subcommittee in the Field Services budget.**

The Subcommittee recommended approving the Governor's recommendation for Reimbursement of Expenses revenue for fingerprinting and providing Fiscal staff with authority to enter technical adjustments for this decision unit, based on the decisions made for the new positions in the Field Services budget.

3. Replacement Equipment (E-710, DMV-23): The Governor recommends Highway Fund appropriations of \$10,546 in FY 2016 and \$3,367 in FY 2017 to replace 12 secretarial chairs, 3 fax machines, 2 shredders, 2 digital cameras, and 2 projectors. **This recommendation appears reasonable.**

4. Replacement Technology Equipment (E-715, DMV-23 & 24): The Governor recommends Highway Fund appropriations of \$37,511 in FY 2016 and \$107,716 in FY 2017 to replace 50 desktop computers, 7 laptop computers, 9 dual monitors and cards, 41 flat-panel monitors, 26 printers, 50 surge protectors, 50 Microsoft Office Suite software packages, and 50 Windows Client Access licenses. **This recommendation appears reasonable.**

5. Transfer Auditor Position (E-900, DMV 24): The Governor recommends reductions in Highway Fund appropriations of \$94,039 in FY 2016 and \$95,586 in FY 2017 to transfer an Auditor position from the Director's Office to the Administrative Services Division (ASD). The DMV indicates this position performs internal audits for the department and has been reporting to the ASD Administrator since 2012. This recommendation would align the position's expenditures with the appropriate division budget. **This recommendation appears reasonable.**
6. Transfer Copier Machine (E-901, DMV-24): The Governor recommends Highway Fund appropriations of \$2,677 in FY 2016 and \$2,352 in FY 2017 to transfer expenditures related to a copier from the Administrative Services Division to the Director's Office. The department indicates this transfer would align copier expenditures with the appropriate budget. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor, and provide authority for Fiscal staff to make any necessary technical adjustments for Other Closing Item 2, and technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

The Subcommittee recommended approving Other Closing Items 1, 3, 4, 5, and 6 as recommended by the Governor, and providing authority for Fiscal staff to make any necessary technical adjustments.

Other Information – No Action is Necessary

1. Administration Cap and Redirection of the GST Commissions and Penalties Revenue: Under *Nevada Revised Statutes (NRS) 408.235*, the department may not expend more than 22 percent of Highway Fund collections (excluding gasoline tax revenue) on administration. The 2011 Legislature redirected Governmental Services Tax (GST) Commissions and GST Penalties revenue from the Field Services and Motor Carrier budgets of the department to the General Fund in each year of the 2011-13 biennium. Due to the redirection of these revenue sources, the Legislature approved a temporary increase on the use of Highway Fund collections for administration from 22 percent to 33 percent for the 2011-13 biennium and appropriated Highway Funds in place of these redirected revenue sources. For the 2013-15 biennium, the 2013 Legislature approved redirecting GST Commissions and GST Penalties revenue to the General Fund in FY 2015 only. The Legislature also approved increasing the administration cap from 22 percent to 32 percent in FY 2015 only and replaced the GST Commissions and GST Penalties revenue with Highway Fund appropriations. This provision sunsets on June 30, 2015.

The Governor recommends continuing the redirection of GST Commissions revenue and GST Penalties revenue to the General Fund in both years of the 2015-17 biennium with the transfer recommended to sunset on June 30, 2017. Based on the DMV's April 2015, revenue projections, GST Commissions revenue is projected to total \$49.8 million and the GST Penalties revenue is projected to total \$11.0 million over the 2015-17 biennium. Similar to previous biennia, the Governor recommends increasing the DMV administration cap from 22 percent to 31 percent in each year of the 2015-17 biennium and replacing the GST Commissions and GST Penalties revenue with Highway Fund appropriations in the Field Services budget and the Motor Carrier budget.

Based on revenue projections provided by the department in April 2015, Highway Fund proceeds (excluding gasoline tax revenue) are projected to be \$253.4 million in FY 2015, \$259.2 million in FY 2016 and \$263.9 million in FY 2017, which reflect increases of 2.3 percent in FY 2016 and 1.8 percent in FY 2017. Based on these projections, the 31 percent cap threshold would be \$83.7 million for FY 2016 and \$85.0 million for FY 2017 (including projected Highway Fund reversions from Records Search, Insurance Verification, and Special Plates Trust budgets). Excluding estimated

gasoline tax administration costs that are subject to a separate 1 percent cap under NRS 408.235, and the DMV System Modernization budget (discussed in detail in that budget closing document), The Executive Budget recommends Highway Fund appropriations in the amount of \$75.7 million in FY 2016 and \$79.2 million in FY 2017, which exceeds the legislatively approved FY 2015 level of \$71.1 million by \$4.6 million (6.4 percent) and \$8.1 million (11.3 percent), respectively. The Governor's recommended budget for the DMV exceeds the long-standing 22 percent cap by approximately \$16.3 million in FY 2016 and \$18.9 million in FY 2017 based on the revised projections submitted in April 2015. However, the Governor's recommended budget for the DMV appears to remain under the recommended 31 percent cap by approximately \$8.0 million in FY 2016 and \$5.7 million in FY 2017.

2. Capital Improvement Program and Replacement Sahara Field Office (APPENDIX-4-6): The Governor's recommended Capital Improvement Program (CIP) reflects Highway Fund appropriations of \$4.6 million for four capital improvement projects for the department over the 2015-17 biennium. The projects include:

- \$1.7 million for the replacement of the HVAC system at the DMV Flamingo Field Services Office (15-M28).
- \$1.8 million for building upgrades at the DMV Flamingo Field Services Office, including repainting the exterior, renovating the restrooms, and replacing carpet and tiles (15-M29).
- \$741,590 for the replacement of flooring at the Decatur, Donovan, and Henderson DMV Field Services Offices (15-M31).
- \$379,824 for sidewalk installation at the Henderson DMV Field Services Office and pavement maintenance at the Donovan DMV Field Services Offices (15-S05h1).

The Governor's recommended CIP also includes \$23.5 million in funding for the replacement of the DMV Office on East Sahara Avenue in Las Vegas (15-C04). The Executive Budget Office, in consultation with the Office of the State Treasurer, recommends the new Sahara DMV field office be funded with 20-year general obligation bonds with debt service payments utilizing the Highway Fund (87.5 percent) and fee funding from the Motor Vehicle Pollution Control budget (12.5 percent). The decision regarding the Governor's recommended CIP is scheduled to be made by the K-12/Higher Education/CIPs Joint Subcommittee at its May 18, 2015, meeting.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - HEARINGS
 Account: 201 - 4732

Budget Page: DMV-31, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
HIGHWAY FUND	1,218,868	1,218,942	0.01	1,227,688	0.72	1,225,418	(0.18)
OTHER FUND	3,350	4,289	28.03	3,350	(21.89)	3,350	
REVERSIONS	(103,853)						
Total Revenues	1,118,365	1,223,231	9.38	1,231,038	0.64	1,228,768	(0.18)
Total FTE		12.00		11.00		11.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E710	00	2507	Reduce Highway Funds due to expenditure adjustments.		(399)
Sub-total				0	(399)
Line Item Changes to Revenues				0	(399)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E710	05	8000	Elimination of replacement digital voice recorder.		(399)
Sub-total				0	(399)
Line Item Changes to Expenditures				0	(399)

Total				0	0
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Grand Total General Fund Impact of Closing Changes				0	0
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Overview

The Office of Administrative Hearings within the Department of Motor Vehicles (DMV) Director's Office conducts administrative hearings in accordance with *Nevada Revised Statutes* (NRS), *Nevada Administrative Code* (NAC), and existing case law to ensure the public's right to appeal administrative sanctions imposed by the department. The administrative hearings address issues ranging from the suspension or revocation of a citizen's driving privilege or vehicle registration, to the revocation or suspension of a license to conduct business-involving motor vehicles in Nevada. The Office of Administrative Hearings is funded primarily with Highway Fund appropriations.

Major Closing Issue

Elimination of Adjudicator Position and New Videoconference Equipment

Discussion of Major Closing Issue

Elimination of Adjudicator Position and New Videoconference Equipment (E-600 & E-720, DMV-32, 33 & 34): The Governor recommends reductions in Highway Fund appropriations of \$65,706 in FY 2016 and \$68,245 in FY 2017 to eliminate a Driving Under the Influence (DUI) Adjudicator position (E-600). Fiscal staff would note that if this position is eliminated, the Governor also recommends the elimination of the planned replacement of one desktop computer, one dual monitor and card, one printer, one surge protector strip, one Microsoft Office Suite software package, and one Windows Client Access license that

are included in Decision Unit E-715. The state Division of Human Resource Management indicates this position, located in Las Vegas, has been vacant since December 2013. In the three years prior to this position becoming vacant, the department indicates the position heard an average of 73 cases each month. The department indicates the remaining Administrative Law Judge positions could absorb that workload.

To assist with the distribution of workload, the Governor also recommends Highway Fund appropriations of \$40,160 in FY 2016 and \$2,781 in FY 2017 for new videoconference equipment and associated maintenance costs (E-720). This equipment would enable the agency to balance its workload by conducting videoconferenced hearings in Southern Nevada utilizing the two Northern Nevada Administrative Law Judge positions or conducting videoconferenced hearings in Northern Nevada utilizing the three Southern Nevada Administrative Law Judge positions. The agency indicates its Northern Nevada Administrative Law Judge positions have conducted telephonic hearings to assist with Southern Nevada cases. However, according to the agency, it is sometimes difficult for these positions to decipher which party is speaking into the record. The use of videoconference equipment would enable the Administrative Law Judges to see individuals as they speak. Fiscal staff asked the agency if existing DMV videoconference equipment could be used by the Office of Administrative Hearings. The department indicated the existing videoconference equipment is heavily utilized, which makes it difficult to schedule and hold hearings using the existing equipment.

Does the Subcommittee wish to approve the elimination of a vacant DUI Adjudicator position and approve the purchase of new videoconference equipment and associated maintenance costs?

The Subcommittee recommended approving the Governor's recommendation to eliminate a vacant DUI Adjudicator position and the purchase of new videoconference equipment and associated maintenance costs.

Other Closing Items

1. Replacement Equipment (E-710, DMV-33): The Governor recommends Highway Fund appropriations of \$1,200 in FY 2016 and \$5,576 in FY 2017 to replace six secretarial chairs, six digital voice recorders, five transcription devices, and one shredder. The department indicates one digital voice recorder recommended in this decision unit may be eliminated if the DUI Adjudicator position is eliminated. Fiscal staff requests authority to enter a technical adjustment based on the Subcommittee's action for the DUI Adjudicator position. **This recommendation appears reasonable.**

The Subcommittee recommended approving the Governor's recommendation for replacement equipment and providing Fiscal staff with authority to enter a technical adjustment to eliminate the replacement digital voice recorder for the DUI Adjudicator position.

2. Replacement Technology Equipment (E-715, DMV-34): The Governor recommends Highway Fund appropriations of \$12,679 in FY 2016 and \$33,420 in FY 2017 to replace 11 desktop computers, 2 laptop computers, 11 dual monitors and cards, 9 color scanners, 11 printers, 11 surge protector strips, 3 printer paper trays, 11 Microsoft Office Suite software packages, and 11 Windows Client Access licenses. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor and provide authority for Fiscal staff to make the technical adjustment noted in Other Closing Item 1, and other technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

The Subcommittee recommended approving Other Closing Item 2 as recommended by the Governor and providing authority for Fiscal staff to make any necessary technical adjustments.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - AUTOMATION
 Account: 201 - 4715

Budget Page: DMV-36, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(460,225)	460,225	(200.00)				
FEDERAL FUND							
HIGHWAY FUND	6,542,517	5,426,976	(17.05)	5,372,568	(1.00)	5,184,807	(3.49)
INTERAGENCY TRANSFER	3,402,048	3,722,624	9.42	4,054,345	8.91	3,753,331	(7.42)
INTERIM FINANCE		140,256					
OTHER FUND	658,561	949,893	44.24	812,102	(14.51)	659,296	(18.82)
REVERSIONS	(1,103,025)						
Total Revenues	9,039,876	10,699,974	18.36	10,239,015	(4.31)	9,597,434	(6.27)
Total FTE		68.00		70.00		70.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2507	Increase Highway Fund appropriations for updates to other revenue transfers.	220,237	222,977
B000	00	3842	Reduce Records Search revenue.	(203,929)	(203,929)
B000	00	4231	Increase the Pollution Control budget cost allocation due to technical adjustments.	2,740	
B000	00	4231	Increase the Pollution Control budget cost allocation due to updated cost for Web Essentials maintenance agreement.	571	571
E225	00	2507	Reduce Highway Funds to correct retirement assignment for new Information Technology Technician positions.	(2,274)	(2,828)
E719	00	2507	Reduce Highway Fund appropriations due to elimination of microwave equipment.	(28,134)	
E719	00	4231	Reduce the Pollution Control budget cost allocation due to elimination of microwave equipment.	(3,666)	
Sub-total				(14,455)	16,791
Line Item Changes to Revenues				(14,455)	16,791

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	26	7000	Technical Adjustment - Updated cost for Web Essentials maintenance agreement.	19,619	19,619
E225	01	5000	Technical adjustments for new Information Technology Technician positions.	(2,274)	(2,828)
E719	26	8000	Technical Adjustment - Eliminate microwave equipment.	(31,800)	
Sub-total				(14,455)	16,791
Line Item Changes to Expenditures				(14,455)	16,791

Total	0	0
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Grand Total General Fund Impact of Closing Changes	0	0
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Overview

The Motor Vehicle Information Technology (MVIT) Division is organized into several groups, which include Applications Programming, Network Support, System Support, Framework Control, Operations, and Help Desk Support. The MVIT is tasked with enhancing the Department of Motor Vehicles (DMV) application, supporting the Internet and kiosk applications, maintaining the department's personal computers and printers statewide, and building safe and secure interfaces between the DMV and other agencies. The funding for the Automation budget is primarily provided through a combination of Highway Fund appropriations and fees transferred from the DMV Records Search budget.

Major Closing Issue

Two New Information Technology Technician Positions and New Security Software.

Discussion of Major Closing Issue

Two New Information Technology Technician Positions and New Security Software (E-225 & E-720, DMV-38, 39, 42 & 43): The Governor recommends a Highway Fund appropriation of \$122,468 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$982 in FY 2016 and a Highway Fund appropriation of \$141,977 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$70 in FY 2017 for two new Information Technology (IT) Technician positions (E-225). These positions are budgeted at a salary step 5, with the department indicating it is difficult to hire individuals for these positions at a lower salary. The department indicates these positions would support approximately 251 servers and 1,300 desktop and laptop computers in the department. The new positions would also support DMV staff with computer hardware and software issues, provide training for department staff, and install replacement equipment. The Executive Budget indicates this decision unit is a companion to Decision Unit E-720, which recommends a Highway Fund appropriation of \$19,815 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$2,582 in FY 2016 and a Highway Fund appropriation of \$6,228 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$1,070 in FY 2017 for Symantec Critical Server Protection software and annual maintenance support (E-720). The department indicates this software would fortify specific sensitive areas of the department's IT architecture and would be deployed by the 11 existing Network Support staff, who also currently provide desktop support. The department indicates the existing Network Support staff would not be able to meet the demand for desktop support while also deploying the new software. Accordingly, the two new IT Technician positions would provide desktop support, which would provide Network Support staff with the necessary time to deploy the new software.

Fiscal staff asked the agency what duties the Network Support staff would perform once the initial installation of the Symantec Critical Server Protection software is complete. The department indicates Network Support staff would continue to monitor and update the servers and department network against risks and attacks. If the Subcommittee approves these positions, it may wish to direct the agency to remove these two positions from the base budget in the 2017-19 biennium due to the limited duration of the software deployment project. If needed, the agency may seek authority to continue these positions in an enhancement decision unit in The Executive Budget for the 2017-19 biennium.

Does the Subcommittee wish to approve the Governor's recommendation for two new Information Technology Technician positions and approve the purchase of new security software, and direct the agency to remove these positions from the base budget in the 2017-19 biennium? If approved, Fiscal staff requests authority to enter any necessary technical adjustments.

The Subcommittee recommended approving the Governor's recommendation for two new Information Technology Technician positions and the purchase of new security software. In addition, the Subcommittee recommended directing the agency to remove these positions from its base budget in the 2017-19 biennium, and provided Fiscal staff with authority to enter any necessary technical adjustments.

Other Closing Items

1. **Transfer from Records Search Budget (E-226, DMV-39):** The Governor recommends an increase in fund transfers from the DMV Records Search budget of \$244,478 in FY 2016 and \$251,167 in FY 2017 and corresponding reductions in Highway Fund appropriations. Funding for the DMV Records Search budget is provided through a records search charge for the processing of customer requests. Any revenue remaining after the amount budgeted for the Records Search budget is transferred equally to the Automation budget (50 percent) and the Central Services budget (50 percent), with a corresponding offset of Highway Fund appropriations in those budgets. The department projects the fund transfers will be greater than the amount reflected in the base year, with the additional projected fund transfer reflected in this decision unit. **This recommendation appears reasonable.**
2. **Electronic Lien Title System Development (E-227, DMV-39):** The Governor recommends Electronic Lien Title (ELT) System Reimbursement revenue of \$153,197 in FY 2016 for the continued system programming required for the implementation of an ELT system as required by Assembly Bill (A.B.) 309 that was approved by the 2013 Legislature. Currently, the department processes paper vehicle titles for dealers and finance companies, with vehicle owners acquiring the paper title once the vehicle is paid off. The new ELT system would provide for the storage of electronic titles, which would be printed and issued to the vehicle owner once the vehicle is paid off. Per the requirements of A.B. 309, the selected vendor for this new system would fund all implementation and operational costs associated with this new system. The department anticipates the ELT system would be completed in December 2015. This recommendation is linked to companion Decision Unit E-227 in the Management Services budget, which reflects the ELT system contract manager expenditures (DMV-111). **This recommendation appears reasonable.**
3. **Document Manager Software Transfer (E-502 & E-902, DMV-40 & 43):** The Governor recommends transferring annual technical support expenditures for document manager software of \$9,454 in FY 2017 from the REAL ID budget to the Automation budget (E-902) and funding the revised expenditure amount associated with this annual support with a Highway Fund appropriation of \$8,858 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$1,521 in FY 2017 (E-502). The department indicates the DMV's disaster recovery system utilizes this software and three years of technical support was purchased utilizing federal REAL ID grant funds in FY 2014. Since this grant expires in FY 2015, the Governor recommends transferring the annual support expenditures associated with the software to multiple DMV budgets based on the number of software licenses held within each DMV budget. **These recommendations appear reasonable.**
4. **Replacement Equipment (E-710, DMV-40 & 41):** The Governor recommends Highway Fund appropriations of \$6,800 in each year of the 2015-17 biennium to replace 17 secretarial chairs annually. This recommendation would allow the agency to replace approximately 25 percent of its staff's chairs each year. **This recommendation appears reasonable.**
5. **Replacement Vehicles (E-711, DMV-41):** The Governor recommends Highway Fund appropriations of \$3,159 in FY 2016 and \$7,005 in FY 2017 to replace two agency-owned vehicles with two Fleet Services Division vehicles. If approved, this recommendation would eliminate maintenance, fuel,

and insurance expenditures of \$1,573 in FY 2016 and \$2,337 in FY 2017 associated with the agency-owned vehicles. **This recommendation appears reasonable.**

6. Replacement Technology Equipment (E-715, DMV-41): The Governor recommends a Highway Fund appropriation of \$196,080 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$25,552 in FY 2016 and a Highway Fund appropriation of \$212,168 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$38,845 in FY 2017 to replace 31 desktop computers, 9 laptop computers, 3 printers, 31 dual monitors and cards, 31 surge protector strips, 40 Microsoft Office Suite software packages, 31 Hummingbird software packages, 40 software maintenance service call agreements, 19 Windows Enterprise server software packages, 16 Cisco routers, 23 servers, 24 Cisco Ethernet switches, 1 iPod Touch, and 2 uninterruptible power supplies. **This recommendation appears reasonable.**
7. Replacement Network Switches (E-716, DMV-42): The Governor recommends a Highway Fund appropriation of \$384,718 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$50,134 in FY 2016 to replace three network switches. The department indicates these switches, which were purchased in FY 2006, are at the end of their useful life and control all network traffic into and out of the Carson City DMV office. **This recommendation appears reasonable.**
8. Replacement Microwave Equipment (E-719, DMV-42): The Governor recommends a Highway Fund appropriation of \$28,134 and cost allocation reimbursement revenue from the Motor Vehicle Pollution Control budget of \$3,666 in FY 2016 to replace microwave equipment for the Ely field office. This microwave equipment provides the agency with uninterrupted wireless connectivity for agency communication, email, and Internet. On February 23, 2015, Executive Budget Office staff emailed Fiscal staff indicating expenditures related to the replacement of this microwave equipment was not required in this budget as this equipment is owned and maintained by the Department of Administration's Division of Enterprise IT Services (EITS). Accordingly, Fiscal staff has entered a technical adjustment to eliminate this decision unit. **The elimination of this decision unit appears reasonable.**

The Subcommittee recommended eliminating the expenditures related to the replacement of the microwave equipment that is owned and maintained by EITS.

9. Salary Increase for Unclassified Division Administrator Position (E-806, DMV-43): The Governor recommends Highway Fund appropriations of \$10,969 in FY 2016 and \$10,971 in FY 2017 to provide a salary increase to the unclassified Administrator for the MVIT Division from an annual salary of \$97,901 to \$107,465 annually. According to the department, this recommendation would align the salary for the Administrator of the MVIT Division with the salaries of the Administrators of the Field Services and Compliance Enforcement Divisions. This recommendation will also be more thoroughly discussed by the money committees during the Unclassified Pay Bill hearing.
10. Base Budget Technical Adjustments (BASE, DMV-36 & 37): The department provided updated revenue projections on April 17, 2015, which are reflected in this closing document. The department projects Records Search charge revenue decreasing by \$203,929 in each year of the 2015-17 biennium, when compared to the revenue projection included in The Executive Budget. The department indicates certain data is sold to commercial companies pursuant to NRS 481.063; however, the department indicates demand for this data has decreased in recent fiscal years. Fiscal staff also entered technical adjustments reflecting the annual maintenance cost of \$19,619 per year for the department's Web Essentials Security appliances, which were not included in The Executive Budget. These adjustments, and associated adjustments in the Motor Vehicle Pollution

Control budget cost allocation revenue, are reflected in this closing document. **These technical adjustments appear reasonable.**

The Subcommittee recommended approving the technical adjustments in the base budget.

Does the Committee wish to approve Other Closing Items as recommended by the Governor, including the technical adjustments noted in Other Items 8 and 10, and provide authority for Fiscal staff to make other technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

The Subcommittee recommended approving Other Closing Items 1 through 7, and 9 as recommended by the Governor, and providing Fiscal staff with authority to make any necessary technical adjustments.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - COMPLIANCE ENFORCEMENT
Account: 201 - 4740

Budget Page: DMV-54, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND							
HIGHWAY FUND	4,518,112	4,541,352	0.51	4,742,110	4.42	4,845,845	2.19
INTERAGENCY TRANSFER	49,874	50,969	2.20	54,534	6.99	56,315	3.27
OTHER FUND	148,803	169,657	14.01	190,649	12.37	191,776	0.59
REVERSIONS	(509,932)						
Total Revenues	4,206,857	4,761,978	13.20	4,987,293	4.73	5,093,936	2.14
Total FTE		57.00		57.00		57.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2507	Increase Highway Fund appropriations due to adjustments in expenditures.	1,374	1,428
B000	00	4355	Reduce OHV Reimbursement revenue due to Subcommittee's recommended approval of revised funding for OHV registration program.	(59,093)	(61,013)
M100	00	2507	Reduce Highway Fund appropriations due to adjustments in expenditures.	(47)	(54)
M300	00	4355	Reduce OHV Reimbursement revenue due to Subcommittee's recommended approval of revised funding for OHV registration program.	(519)	(155)
E235	00	4355	Reduce OHV Reimbursement revenue due to Subcommittee's recommended approval of revised funding for OHV registration program.	(138)	(181)
E600	00	4355	Increase OHV Reimbursement revenue due to Subcommittee's recommended approval of revised funding for OHV registration program.	59,965	61,526
E720	00	2507	Reduce Highway Fund appropriations due to elimination of active shooter program.	(23,572)	(1,530)
Sub-total				(22,030)	21
Line Item Changes to Revenues				(22,030)	21

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	(57,411)	(59,277)
B000	04	7000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	(124)	(124)
B000	26	7000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	(184)	(184)
M100	04	7000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	6	5
M100	26	7000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	(53)	(59)
M300	01	5000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	(519)	(155)
E235	39	7000	Adjustment to expenditures due to Subcommittee's recommended	(138)	(181)

			approval of revised funding for OHV registration program.		
E600	01	5000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	59,612	61,168
E600	04	7000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	117	117
E600	26	7000	Adjustment to expenditures due to Subcommittee's recommended approval of revised funding for OHV registration program.	236	241
E720	04	7000	Budget Amendment A150574740 - Elimination of active shooter program.	(2,382)	(1,530)
E720	04	8000	Budget Amendment A150574740 - Elimination of active shooter program.	(16,968)	
E720	30	6000	Budget Amendment A150574740 - Elimination of active shooter program.	(2,775)	
E720	30	7000	Budget Amendment A150574740 - Elimination of active shooter program.	(1,447)	
Sub-total				(22,030)	21
Line Item Changes to Expenditures				(22,030)	21
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Compliance Enforcement Division (CED) is the regulatory arm of the Department of Motor Vehicles (DMV) and regulates for the Salvage/Wreckers/Body Shops and Emission Control programs. The primary purpose of the Compliance Enforcement Division is to support the activities of division investigators regulating the automobile industry as it relates to the sale or transfer of ownership of vehicles. Primary funding for Compliance Enforcement is provided through Highway Fund appropriations and fingerprint fees for occupational and business licensing.

Major Closing Issue

Revised Funding for Off-Highway Vehicle Registration Program

Discussion of Major Closing Issue

Revised Funding for Off-Highway Vehicle Registration Program (BASE, E-235 & E-600, DMV-54-57): The 2009 Legislature approved Senate Bill (S.B.) 394, which created the Nevada Commission on Off-Highway Vehicles (OHV) and required individuals with OHVs to apply with the DMV for titling (\$28.25 per NAC 490.360) and annual registration (\$20.00 per NAC 490.450). Proponents of this legislation maintained the new program would provide:

- Funds to improve OHV trails and rider education
- The opportunity for reciprocal agreements between all western states on the use of OHVs
- Equitable collection of sales tax from Nevadans purchasing OHVs in state or out of state

Clark County provided start-up funds of \$500,000 in FY 2011 for the OHV registration program, which was used by the DMV for in-house and contracted programming support. However, the department was unable to implement the program by July 1, 2011, the timeline established in S.B. 394. As a result, the 2011 Legislature approved S.B. 130 that delayed OHV registration and titling until July 1, 2012.

The DMV retains all revenue associated with the titling of OHVs. During the first year of the OHV registration program (FY 2013), legislation required 15 percent of the annual registration fee revenue be deposited in the Fund for Off-Highway Vehicles and 85 percent of the revenue deposited in the Administration of Off-Highway Vehicle Titling and Registration account. After FY 2013, the percentage distribution of the annual registration fee revenue was reversed with 85 percent distributed to the Fund for

Off-Highway Vehicles and 15 percent distributed to the Administration of Off-Highway Vehicle Titling and Registration account. The Fund for Off-Highway Vehicles is utilized by the Nevada Commission on Off-Highway Vehicles for OHV trail development, law enforcement, public education, and commission administration. The Administration of Off-Highway Vehicle Titling and Registration account is used by the DMV for its operating expenses in support of the OHV registration program, which currently includes three full-time DMV Services Technician positions in its Central Services budget.

A new Compliance Investigator position was created in FY 2012 to ensure the OHV provisions contained in *Nevada Revised Statutes 490* were fulfilled throughout Nevada, with specific focus on OHV dealer compliance. However, due to the uncertainty in OHV registration compliance and revenue, the department has kept this position vacant since its establishment. The Executive Budget for the 2015-17 biennium reflects the continuation of the vacant Compliance Investigator in the base budget; however, the Governor recommends modifying the distribution of OHV registration revenue whereby the DMV is funded for all its OHV-related expenses prior to funds being transferred to the Nevada Commission on Off-Highway Vehicles. If the revised OHV revenue distribution recommendation is approved, the Governor recommends total OHV Reimbursement revenue of \$82,084 in FY 2016 and \$79,883 in FY 2017 for the continuation of the OHV Compliance Investigator position (E-235). If the revised OHV revenue distribution recommendation is not approved, the Governor recommends removing all OHV Reimbursement revenue and eliminating the vacant OHV Compliance Investigator position (BASE & E-600).

Senate Bill 492 would implement the Governor's recommended modification for the distribution of OHV registration revenue and would allow the Administration of Off-Highway Vehicle Titling and Registration account to transfer any balance in excess of \$150,000 to the Nevada Commission on Off-Highway Vehicles at least once each quarter. Senate Bill 492 was heard by the Senate Committee on Transportation on March 31, 2015. During the hearing, the chairman of the Nevada Commission on Off-Highway Vehicles testified in support of the bill and indicated it would implement recommendations contained in the December 2014, audit prepared by the Department of Administration's Division of Internal Audits. This audit recommended that legislation be considered that would allow all revenue in excess of OHV registration program expenditures be transferred to the commission. In addition, the audit recommended the DMV coordinate with the commission to provide OHV registration program revenue and expenditure data. During his testimony, the chairman of the Nevada Commission on Off-Highway Vehicles testified that the DMV had agreed to provide this OHV registration program revenue and expenditure detail to the commission on the first Monday of each month. On April 9, 2015, the Senate Committee on Transportation voted to pass S.B. 492 and re-refer the bill to the Senate Committee on Finance.

Based upon passage and approval of S.B. 492, Fiscal staff projects fund transfers over the 2015-17 biennium to the Nevada Commission on Off-Highway Vehicles would total \$1.9 million as provided in the following table:

Projected Fund Transfers to the Nevada Commission on Off-Highway Vehicles		
	FY 2016	FY 2017
Balance Forward	\$ 506,418	\$ 150,000
Total OHV Revenue *	\$ 1,144,765	\$ 1,159,647
DMV OHV Program Expenditures	\$ 379,463	\$ 384,805
Transfers to the OHV Commission	\$ 1,121,720	\$ 774,842
Reserve	\$ 150,000	\$ 150,000
* Revenue projections provided by the DMV on April 17, 2015.		

Does the Subcommittee wish to approve the Governor's recommendation to revise the OHV revenue distribution and continue funding the OHV Compliance Investigator position, contingent upon passage and approval of S.B. 492? Fiscal staff requests authority to enter any necessary technical adjustments based upon the Subcommittee's decision.

The Subcommittee recommended approving the Governor's recommendation to revise the Off-Highway Vehicles (OHV) revenue distribution and continue funding the OHV Compliance Investigator position, contingent upon passage and approval of S.B. 492, and provided Fiscal staff with authority to enter any necessary technical adjustments.

Other Closing Items

1. Document Manager Software Transfer (E-505 & E-905, DMV-56, 57 & 59): The Governor recommends transferring annual technical support expenditures for document manager software of \$2,854 in FY 2017 from the REAL ID budget to the Compliance Enforcement budget (E-905) and funding the revised expenditure amount associated with this annual support with a Highway Fund appropriation of \$2,362 in FY 2017 (E-505). The department indicates the DMV's disaster recovery system utilizes this software, and three years of technical support was purchased utilizing federal REAL ID grant funds in FY 2014. Since this grant expires in FY 2015, the Governor recommends transferring the annual support expenditures associated with the software to multiple DMV budgets based on the number of software licenses held within each DMV budget. **These recommendations appear reasonable.**
2. Replacement Equipment (E-710, DMV-58): The Governor recommends Highway Fund appropriations of \$10,510 in FY 2016 and \$6,739 in FY 2017 to replace 28 secretarial chairs, 3 shredders, and 4 pistols. **This recommendation appears reasonable.**
3. Replacement Vehicles (E-711, DMV-58): The Governor recommends reductions in Highway Fund appropriations of \$22,868 in FY 2016 and \$17,283 in FY 2017 to replace two agency-owned vehicles with three Fleet Services Division vehicles. If approved, this recommendation would eliminate all maintenance and fuel expenditures associated with the agency-owned vehicles. **This recommendation appears reasonable.**
4. Replacement Technology Equipment (E-715, DMV-58-59): The Governor recommends Highway Fund appropriations of \$56,264 in FY 2016 and \$82,292 in FY 2017 to replace 36 desktop computers, 3 laptop computers, 34 flat-panel monitors, 38 printers, 2 dual monitors and cards, 6 digital cameras, 2 camcorders, 4 digital recorders, 2 smartphones, 2 fax machines, 3 scanners, 36 surge protector strips, 39 Windows Client Access licenses, and 39 Microsoft Office Suite software packages. **This recommendation appears reasonable.**
5. New Active Shooter Program (E-720, DMV-59): The Governor recommended Highway Fund appropriations of \$23,572 in FY 2016 and \$1,530 in FY 2017 for eight rifles with sights and magnifiers, eight storage vaults, and training for the DMV staff to implement a new active shooter program. This recommendation, along with a companion recommendation in the Motor Vehicle Pollution Control budget, would have allowed two CED firearms trainers to attend a train-the-trainer class to become certified as instructors in active shooter incidents (E-720, DMV-67-68). On March 24, 2015, the Executive Budget Office submitted Budget Amendment A150574740, which would eliminate this decision unit, and Budget Amendment A150564722, which would eliminate the decision unit in the Motor Vehicle Pollution Control budget to fund equipment and training for the active shooter program. Combined, these budget amendments would eliminate all active shooter program decision units from the department's budget. **Budget Amendment A150574740, which eliminates expenditures for the proposed active shooter program in this budget, appears reasonable to staff.**

The Subcommittee recommended approving Budget Amendment A150574740, which eliminates expenditures for the proposed active shooter program in this budget.

Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor, including Budget Amendment A150574740, and provide authority for Fiscal staff to make other technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

The Subcommittee recommended approving Other Closing Items 1 through 4 as recommended by the Governor and providing authority for Fiscal staff to make any necessary technical adjustments.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - MOTOR VEHICLE POLLUTION CONTROL
Account: 101 - 4722

Budget Page: DMV-62, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	475,777	2,021,276	324.84	1,365,596	(32.44)	2,082,053	52.46
FEDERAL FUND							
OTHER FUND	9,422,261	9,213,386	(2.22)	9,668,710	4.94	9,794,404	1.30
Total Revenues	9,898,038	11,234,662	13.50	11,034,306	(1.78)	11,876,457	7.63
Total FTE		37.00		37.00		37.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Reduce balance forward due to reduction in prior year reserve.		(21,033)
B000	00	3601	Reduce Pollution Control licenses and fee revenue.	(20,538)	(20,805)
E250	00	2511	Reduce balance forward due to reduction in prior year reserve.		(65,327)
E720	00	2511	Increase balance forward due to change in prior year reserve.		13,932
Sub-total				(20,538)	(93,233)
Line Item Changes to Revenues				(20,538)	(93,233)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	20	9000	Technical Adjustment - Revises fund transfers to the Nevada State Environmental Commission.	78	78
B000	26	7000	Technical Adjustment - Cost allocation changes due to updates in the Automation budget.	(355)	571
B000	82	7000	Technical Adjustment - Updated cost allocation based on Committee closing actions for the Administrative Services budget.	772	(19,964)
B000	86	9000	Technical Adjustment - Cost allocation changes due to updates in the Automation and Administrative Services budgets.	(417)	18,976
B000	86	9000	Technical Adjustment - Pollution Control licenses and fee revenue.	(20,538)	(41,343)
B000	86	9000	Technical Adjustment - Revises fund transfers to the Nevada State Environmental Commission.	(78)	(156)
E250	06	9000	Budget Amendment A150724722 - Motor Vehicle Pollution Control share of moving costs for new Sahara DMV field office.		1,665
E250	11	7000	Budget Amendment A150724722 - Motor Vehicle Pollution Control share of debt service payments for new Sahara DMV field office.	65,327	130,653
E250	86	9000	Adjustment to reserve due to adjustments in expenditures.	(65,327)	(197,645)
E720	04	7000	Budget Amendment A150564722 - Elimination of active shooter program.	(1,212)	(786)
E720	04	8000	Budget Amendment A150564722 - Elimination of active shooter program.	(8,484)	
E720	30	6000	Budget Amendment A150564722 - Elimination of active shooter program.	(2,789)	
E720	30	7000	Budget Amendment A150564722 - Elimination of active shooter program.	(1,447)	
E720	86	9000	Budget Amendment A150564722 - Elimination of active shooter program.	13,932	14,718
Sub-total				(20,538)	(93,233)
Line Item Changes to Expenditures				(20,538)	(93,233)

Total	0	0
Grand Total General Fund Impact of Closing Changes	0	0

Overview

Through its Motor Vehicle Pollution Control budget, the Compliance Enforcement Division is responsible for ensuring compliance with *Nevada Revised Statutes* (NRS) and *Nevada Administrative Code* (NAC) as they relate to vehicle emission standards in counties whose population equals or exceeds 100,000 (Clark and Washoe Counties). Revenue generated from fees charged for every vehicle receiving a smog certificate support the enforcement efforts. Pursuant to NRS 445B.830, fee revenue in excess of budgetary requirements and a balance forward amount of \$1.0 million are distributed annually to the two counties proportionate to the number of certificates issued in each county.

Major Closing Issue

Replacement Sahara Field Office

Discussion of Major Closing Issue

Replacement Sahara Field Office (E-250, DMV-65): The Governor recommends a reserve reduction of \$66,020 in FY 2017 for the Motor Vehicle Pollution Control budget’s share (12.5 percent) of the cost to move to the new DMV field office on Sahara Avenue in Las Vegas. The Governor’s recommended Capital Improvement Program (CIP) includes \$23.5 million in funding for the replacement of the Sahara field office in Las Vegas (15-C04). On April 10, 2015, the Executive Budget Office submitted Budget Amendment A150724722, which recommends expenditures of \$67,685 in FY 2017 for the Motor Vehicle Pollution Control budget’s share (12.5 percent) of the cost to move to the new Sahara DMV field office. This budget amendment aligns the projected moving costs in this budget with the projected moving costs in the CIP. This budget amendment also recommends reserve reductions of \$65,327 in FY 2016 and \$130,653 in FY 2017 for the Motor Vehicle Pollution Control budget’s share of the debt service payments for the new Sahara DMV field office. The Executive Budget Office, in consultation with the Office of the State Treasurer, recommends the new Sahara DMV field office be funded with 20-year general obligation bonds with debt service payments utilizing the Highway Fund (87.5 percent) and the Motor Vehicle Pollution Control budget (12.5 percent). The recommended distribution is based upon the square footage assigned to the Motor Vehicle Pollution Control program in the new building.

The decision regarding the Governor’s recommendation for a new Sahara DMV field office is scheduled to be made by the K-12/Higher Education/CIPs Joint Subcommittee at its May 18, 2015, meeting. Fiscal staff has inquired with LCB Legal whether Motor Vehicle Pollution Control funds may be used for this purpose in NRS, and will report back when this budget is closed before the money committees.

Does the Subcommittee wish to approve the Governor’s recommendation, as amended by Budget Amendment A150724722, of reserve reductions of \$65,327 in FY 2016 and \$198,338 in FY 2017 for moving costs and bond service payments associated with the Motor Vehicle Pollution Control budget’s share of the new Sahara field office, contingent upon approval of the new building by the K-12/Higher Education/CIPs Joint Subcommittee?

The Subcommittee recommended approving the Governor’s recommendation, as amended by Budget Amendment A150724722, to use reserve funding of \$65,327 in FY 2016 and \$198,338 in FY 2017 for moving costs and bond service payments associated with the Motor Vehicle Pollution Control budget’s share of the new Sahara field office, contingent upon approval of the new building by the K-12/Higher Education/CIPs Joint Subcommittee.

Other Closing Items

1. **Document Manager Software Transfer (E-503 & E-903, DMV-65 & 68)**: The Governor recommends transferring annual technical support expenditures for document manager software of \$856 in FY 2017 from the REAL ID budget to the Motor Pollution Control budget (E-903) and funding the revised expenditure amount associated with this annual support with a reserve reduction of \$709 in FY 2017 (E-503). The department indicates the DMV's disaster recovery system utilizes this software and three years of technical support was purchased utilizing federal REAL ID grant funds in FY 2014. Since this grant expires in FY 2015, the Governor recommends transferring the annual support expenditures associated with the software to multiple DMV budgets based on the number of software licenses held within each DMV budget. **This recommendation appears reasonable.**
2. **Replacement Equipment (E-710, DMV-66)**: The Governor recommends reserve reductions of \$31,799 in FY 2016 and \$68,574 in FY 2017 to replace 20 secretarial chairs, 7 opacity meters to measure the optical properties of vehicle emissions, 1 dynamometer with opacity meter to measure the power produced by an engine, 2 generators, and 3 vehicle code scanning tools to retrieve vehicle information electronically. **This recommendation appears reasonable.**
3. **Replacement Vehicles (E-711, DMV-66 & 67)**: The Governor recommends increasing reserves by \$23,778 in FY 2016 and \$19,984 in FY 2017 to replace three agency-owned vehicles with Fleet Services Division vehicles. The increase to reserves is due to eliminating maintenance, fuel, and insurance expenditures of \$32,981 in FY 2016 and \$38,209 in FY 2017 associated with the agency-owned vehicles. **This recommendation appears reasonable.**
4. **Replacement Technology Equipment (E-715, DMV-67)**: The Governor recommends reserve reductions of \$33,788 in FY 2016 and \$40,769 in FY 2017 to replace 16 desktop computers, 5 laptop computers, 12 iPads, 15 flat-panel monitors, 17 printers, 1 dual monitor and card, 1 projector, 1 digital camera, 16 surge protector strips, 21 Windows Client Access licenses, and 21 Microsoft Office Suite software packages. **This recommendation appears reasonable.**
5. **New Active Shooter Program (E-720, DMV-67 & 68)**: The Governor recommends reserve reductions of \$13,932 in FY 2016 and \$786 in FY 2017 for four rifles with sights and magnifiers, four storage vaults, and training for one staff member in order for the DMV to implement a new active shooter program. This recommendation, along with a companion recommendation in the Compliance Enforcement budget that also provides eight rifles, would provide training to DMV staff on how to handle individuals actively engaged in killing or attempting to kill people in a confined area (E-720, DMV-59). On March 24, 2015, the Executive Budget Office submitted Budget Amendment A150564722, which would eliminate this decision unit, and Budget Amendment A150574740, which would eliminate the decision unit in the Compliance Enforcement budget to fund equipment and training for the active shooter program. Combined, these budget amendments would eliminate all active shooter program decision units from the department's budget. **Budget Amendment A150564722, which eliminates expenditures for the proposed active shooter program in this budget, appears reasonable to staff.**

The Subcommittee recommended approving Budget Amendment A150564722, which eliminates expenditures for the proposed active shooter program in this budget.

6. **Dispatch Services Cost Allocation (M-800 & E-800, DMV-64 & 68)**: The Governor recommends reserve reductions totaling \$200 in FY 2016 and \$51 in FY 2017 for dispatch services provided by the Department of Public Safety. **This recommendation appears reasonable.**

7. Base Budget Technical Adjustments (BASE, DMV-62 & 63): The department provided updated revenue projections on April 17, 2015, which decreased Pollution Control Fee revenue by \$20,538 in FY 2016 and \$20,805 in FY 2017. Fiscal staff also entered technical adjustments reflecting updates in the cost allocations for the Automation and Administrative Services budgets and fund transfers to the Nevada State Environmental Commission. These technical adjustments are reflected in this closing document. **The base budget, as adjusted, appears reasonable.**

The Subcommittee recommended approving the technical adjustments in the base budget.

Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor, including Budget Amendment A150564722 and the technical adjustments noted in Other Item 7, and provide authority for Fiscal staff to make other technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

The Subcommittee recommended approving Other Closing Items 1 through 4, and 6 as recommended by the Governor and providing authority for Fiscal staff to make any necessary technical adjustments.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - LICENSE PLATE FACTORY
Account: 201 - 4712

Budget Page: DMV-78, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(711,578)	711,579	(200.00)	1,180,661	65.92	1,000,000	(15.30)
HIGHWAY FUND	500,000						
OTHER FUND	2,653,457	3,426,336	29.13	4,166,765	21.61	7,452,242	78.85
Total Revenues	2,441,879	4,137,915	69.46	5,347,426	29.23	8,452,242	58.06
Total FTE		4.00		8.00		8.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Increase balance forward for change in reserve.		110,481
B000	00	2511	Reduce balance forward for changes in prior year reserve.		(215,314)
B000	00	3701	Increase to the special license plate cost allocation for changes in expenses.	122,717	122,717
B000	00	3727	License Plate Fee revenue update.	6,900	(31,318)
B000	00	3727	Reduce License Plate Fee revenue due to the Subcommittee's recommendation of a \$3.50 license plate fee.	(215,314)	(290,820)
M101	00	2511	Reduce balance forward for change in reserve.		(34,933)
M101	00	3701	Increase the special license plate cost allocation for changes in expenses.	35,894	31,408
E226	00	2511	Increase balance forward due to changes in prior year reserve.		37,924
E226	00	3701	Reduce License Plate Fees due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.	(6,692)	(366,635)
E226	00	3701	Reduce the special license plate cost allocation for changes in expenses.		(269,422)
E226	00	3727	Reduce License Plate Fee revenue due to the Subcommittee's recommendation of a \$3.50 license plate fee.		(297,500)
E226	00	3727	Reduce License Plate Fees due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.		(2,082,500)
E228	00	2511	Increase the balance forward for change in reserve.		569,811
E228	00	3701	Increase the special license plate cost allocation for changes in expenses.	114,738	114,738
E228	00	3701	Reduce the special license plate cost allocation for changes in expenses.	(114,738)	(114,738)
E228	00	4326	Increase in Treasurer's Interest due to the Subcommittee's recommendation that this fund retain all earnings.	16,006	55,308
Sub-total				(40,489)	(2,660,793)
Line Item Changes to Revenues				(40,489)	(2,660,793)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	04	7000	Technical Adjustment - Alarm system cost update.	2,400	2,400
B000	04	7000	Technical Adjustment - Factory lighting maintenance, testing, and calibration cost update.	1,607	1,607
B000	04	7000	Technical Adjustment - Factory phone lines and fiber line cost	7,150	7,150

			updates.		
B000	43	7000	Technical Adjustment - Alarm system cost update.	423	423
B000	43	7000	Technical Adjustment - Dies for special license production.	6,000	6,000
B000	43	7000	Technical Adjustment - Factory lighting maintenance, testing, and calibration cost update.	284	284
B000	43	7000	Technical Adjustment - Factory phone lines and fiber line cost update.	1,272	1,272
B000	86	9000	Increase reserve for changes to revenue and expenses.	110,481	182,744
B000	86	9000	Reduce reserve due to adjustment in revenue.	(215,314)	(506,134)
M101	04	7000	Technical Adjustment - Updated commodities projection for aluminum sheeting.	34,933	7,329
M101	43	7000	Technical Adjustment - Updated commodities projection for aluminum sheeting.	35,894	31,408
M101	86	9000	Technical Adjustment - Updated commodities projection for aluminum sheeting.	(34,933)	(42,262)
E226	01	5000	Adjustment to expenditures due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.	(37,341)	(150,208)
E226	04	7000	Adjustment to expenditures due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.	(351)	(1,648,112)
E226	04	7000	Technical Adjustment - Revised cost of license plate packaging.		(81,634)
E226	15	7000	Adjustment to expenditures due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.	(2,223)	(1,015)
E226	26	7000	Adjustment to expenditures due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.	(708)	(722)
E226	29	7000	Adjustment to expenditures due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.	(3,993)	(2,871)
E226	43	7000	Adjustment to expenditures due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.		(328,904)
E226	43	7000	Technical Adjustment - Revised cost of license plate packaging.		(14,456)
E226	59	7000	Adjustment to expenditures due to Assembly members of the Subcommittee not recommending approval of the rolling reissuance of license plates.		(66,751)
E226	86	9000	Adjust reserve for changes to revenue and expenses.	37,924	(683,460)
E228	41	9000	Reduce transfer to Highway Fund due to the Subcommittee's recommendation that this fund retain all earnings.	764,922	764,922
E228	84	9000	Reduce transfer to Highway Fund due to the Subcommittee's recommendation that this fund retain all earnings.	(1,318,727)	(2,182,467)
E228	86	9000	Adjust reserve for changes to revenue and expenses.	569,811	2,042,664
Sub-total				(40,489)	(2,660,793)
Line Item Changes to Expenditures				(40,489)	(2,660,793)
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The 2013 Legislature approved the creation of the License Plate Factory budget to support the license plate factory, which is operated by the Central Services and Records Division of the Department of Motor Vehicles (DMV). Also known as the "Tag Plant," the license plate factory is charged with designing, manufacturing and distributing Nevada's license plates to DMV Offices, State Assessors Offices, and customers of the department. To allow the manufacturing of license plates to be a self-supporting activity, the 2013 Legislature approved a new license plate fee of \$3 per license plate. *Nevada Revised Statutes*

(NRS) 482.268 provides the department with authority to establish this fee through regulation, subject to approval by the Legislative Commission.

Major Closing Issues

1. License Plate Fee Increase and Modifying Budget Structure
2. Eight-Year Reissuance of License Plates
3. New Maintenance Repair Aid Position

Discussion of Major Closing Issues

1. License Plate Fee Increase and Modifying Budget Structure (BASE & E-228, DMV-78 & 82): The 2013 Legislature approved a Highway Fund appropriation of \$500,000 to provide the new License Plate Factory budget with the necessary start-up capital to begin operations, which was reimbursed in FY 2014. The 2013 Legislature also approved a Highway Fund appropriation of \$3.8 million to construct a new license plate factory, to be paid back over the course of five years from the License Plate Factory budget. The first payback amount of \$764,922 was approved to take place in FY 2015.

Fee Increase

To allow the manufacturing of license plates to be a self-supporting activity that did not rely on Highway Fund appropriations, the 2013 Legislature approved a new license plate fee to be established by regulation. Fiscal staff would note The Executive Budget recommends an increase to the license plate fee, through regulation, from \$3 per plate to \$4 per plate, effective October 1, 2015 (BASE). The Executive Budget indicates this fee increase is projected to generate \$687,631 in FY 2016 and \$928,760 in FY 2017. It appears a fee greater than \$3 is needed to support operating expenditures for the new license plate factory, as well as the cost of the leased license plate production equipment. Fiscal staff would note that during the 2013 Session, the department indicated it would purchase this equipment and the legislatively approved budget included expenditures of \$544,776 in FY 2014 and \$517,310 in FY 2015 for new equipment and upgrades to existing equipment, which the department indicated would be funded over a five-year period. The department subsequently determined it would lease this equipment over a ten-year period, with annual lease payments of \$497,273. The department indicates that leasing this equipment requires the vendor to be responsible for upgrading the technology used with the equipment. In addition, the vendor is responsible for equipment failures that may cause disruptions to license plate production, which the department indicates is vital since redundant equipment is not available. Fiscal staff would note that, along with the annual lease cost, the equipment vendor also charges a fee based on the number of license plates manufactured and packaged by the equipment. The department projects these fees would be \$471,029 in FY 2016 and \$476,734 in FY 2017 based on the projected number of license plates that would be produced with funding in the base budget.

Fiscal staff would note the 2013 Legislature approved expenditures of \$2.7 million in FY 2014 and \$2.9 million in FY 2015 for the license plate factory. The \$3 fee per license plate was derived from the projected revenue the agency would generate to meet these expenditures. In comparison, expenditures associated with the license plate factory are now projected to be \$3.8 million in each year of the 2015-17 biennium, excluding expenditures associated with the eight-year rolling reissuance period for license plates that is discussed later in this closing document. Based on these projected costs for the operation of the license plate factory and the production of license plates, the current \$3 fee per license plate would not cover the fixed and variable costs to operate the license plate factory. The department calculates the cost to produce a standard license plate would be \$3.32 in FY 2016 and \$3.24 in FY 2017. Based on this projection, Fiscal staff asked the agency why the \$4 fee per license plate was recommended. The department indicated that the \$4 fee would provide the department with additional resources to assist with fluctuations in the cost of commodities (particularly aluminum) and sales of license plates. In addition, the department has not yet started production at its

new license plate factory and the actual cost to operate this facility has been projected, but is not yet certain.

Termination of Highway Fund Repayment/Change in Reserve Level

In addition to the increase in the license plate fee, the Governor recommends other changes to the funding and repayment to the Highway Fund in this budget for the 2015-17 biennium, which include the following (E-228):

- Terminating the legislatively approved annual Highway Fund reimbursement payments for the construction of the new license plate factory of \$764,922 in FY 2016 through FY 2019, totaling \$3.1 million. Fiscal staff does not support this recommendation.
- Modifying the License Plate Factory budget from a self-funded enterprise fund that retains all unexpended funds from one fiscal year to the next, to a self-funded enterprise fund that retains a maximum reserve balance of \$1.0 million each fiscal year. Unexpended funds greater than \$1.0 million would revert to the Highway Fund at the end of a fiscal year. The department recommends this budget maintain a minimum \$1.0 million reserve due to the expense of bulk ordering of commodities by the factory. Fiscal staff would note that a bill has not been introduced to enact this recommendation.

As previously mentioned, the department calculates the cost to produce a license plate would be \$3.32 in FY 2016 and \$3.24 in FY 2017. Since the required amount is less than the \$4 fee proposed by the Governor, Fiscal staff has provided the following table identifying the projected reserve balance over the 2015-17 biennium for this budget based upon a license plate fee of \$3 per plate, \$3.50 per plate, or \$4 per plate. Fiscal staff would note this table reflects approval of the Governor's recommended enhancement decision units for this budget, with the exception of the termination of the Highway Fund reimbursement payments (E-228) and the eight-year rolling reissuance period for license plates, which is discussed later in this document.

License Plate Fee Changes: Effect on Budget Reserves		
<i>\$3.00 License Plate Fee</i>	FY 2016	FY 2017
Beginning Reserve	\$1,180,661	\$871,362
Reserve Change	-\$309,299	-\$236,166
Ending Reserve	\$871,362	\$635,196
<i>\$3.50 License Plate Fee</i>	FY 2016	FY 2017
Beginning Reserve	\$1,180,661	\$1,230,222
Reserve Change	\$49,561	\$248,534
Ending Reserve	\$1,230,222	\$1,478,756
<i>\$4.00 License Plate Fee</i>	FY 2016	FY 2017
Beginning Reserve	\$1,180,661	\$1,589,082
Reserve Change	\$408,421	\$733,235
Ending Reserve	\$1,589,082	\$2,322,317
Note: All changes in license plate fees are projected to be effective on October 1, 2015.		

Based on the Governor's recommendation for a license plate fee of \$4, it appears the budget would have a reserve balance of \$2.3 million at the end of the 2015-17 biennium, an increase of \$1.1 million. As the following table indicates, if the Governor's recommendation that this budget revert balances greater than \$1.0 million to the Highway Fund and terminate the legislatively approved annual Highway Fund reimbursement payments of \$764,922 for the construction of the new license plate factory, it appears the \$4 fee would allow for a \$3.1 million transfer to the Highway Fund over the

2015-17 biennium, which is \$6,479 more than the amount the DMV would owe in total to the Highway Fund for the construction of the license plate factory after it makes the FY 2015 payment. Based on this, it appears the increase to the license plate fee to \$4 is recommended to increase transfers to the Highway Fund and to partially address increased expenses of operating the license plate factory.

Projected Transfers to the Highway Fund Resulting from a \$4 License Plate Fee		
	FY 2016	FY 2017
Balance Forward	\$ 1,180,661	\$ 1,000,000
License Plate Fee Revenue	\$ 3,588,602	\$ 3,877,605
Scrap Sales and Substitute Plate Revenue	\$ 221,741	\$ 221,741
Total	\$ 4,991,004	\$ 5,099,346
<hr/>		
Expenditures	\$ 2,529,997	\$ 2,494,186
Transfer to the Highway Fund	\$ 1,461,007	\$ 1,605,160
Ending Reserve	\$ 1,000,000	\$ 1,000,000
Note: Expenditures reflect projected costs associated with producing only standard license plates and termination of annual \$764,922 Highway Fund repayments for the construction of the new license plate factory.		

If the DMV were to increase the license plate fee to \$3.50 and continue the annual Highway Fund repayments of \$764,922, it appears the department would maintain sufficient reserves to operate the license plate factory.

Options for Consideration:

The Subcommittee may wish to consider the following options for repaying the Highway Fund for the cost of the new license plate factory:

1. Approve the Governor’s recommendation to terminate the License Plate Factory budget’s repayment to the Highway Fund for the construction of the license plate factory and modify this budget from a self-funded enterprise fund that retains all unexpended funds from one fiscal year to the next, to a self-funded enterprise fund that reverts reserve balances greater than \$1.0 million to the Highway Fund. If this recommendation is approved, legislation would be required to suspend the Highway Fund repayments and establish the minimum reserve level in this budget.
2. Do not approve the Governor’s recommendation to terminate the License Plate Factory budget’s repayment to the Highway Fund for the construction of the license plate factory and to modify this budget from a self-funded enterprise fund that retains all unexpended funds from one fiscal year to the next, to a self-funded enterprise fund that reverts reserve balances greater than \$1.0 million to the Highway Fund.

If the Subcommittee recommends approval of Option 1, Fiscal staff requests authority to make technical adjustments to the Special Plates cost allocation revenue to reflect its share of the Highway Fund repayment for the license plate factory.

The Subcommittee recommended **not** approving the Governor’s recommendation to terminate the License Plate Factory budget’s repayment to the Highway Fund for the construction of the license plate factory. The Subcommittee also recommended **not** approving the Governor’s recommendation to modify this budget from a self-funded enterprise fund that retains all unexpended funds from one fiscal year to the next, to a self-funded enterprise fund that reverts reserve balances greater than \$1.0 million to the Highway Fund.

In addition, the Subcommittee may wish to consider the following options associated with the License Plate fee:

1. Approve License Plate fee revenue of \$2.9 million in each year of the 2015-17 biennium, which reflects no change in the current \$3.00 license plate fee. If this option were approved, the department could not sustain the impact on its reserve beyond the 2017-19 biennium and may have cash flow issues in the 2015-17 biennium due to reduced reserve levels.
2. Approve License Plate fee revenue of \$3.2 million in FY 2016 and \$3.4 million in FY 2017, which reflects a \$0.50 increase in the license plate fee from \$3.00 to \$3.50 per plate, effective October 1, 2015. If this option were approved, the agency could continue the annual repayments to the Highway Fund.
3. Approve License Plate fee revenue of \$3.6 million in FY 2016 and \$3.9 million in FY 2017, which reflects a \$1.00 increase in the license plate fee from \$3.00 to \$4.00 per plate, effective October 1, 2015. If this option were approved, the budget's reserve level would increase from \$1.2 million in FY 2015 to \$2.3 million in FY 2017.

The Subcommittee recommended approving the Governor's recommendation to increase the license plate fee; however, the Subcommittee recommended a \$0.50 increase in the license plate fee from \$3.00 to \$3.50 per license plate, effective October 1, 2015.

2. Eight-Year Reissuance of License Plates (E-226, DMV-81): The Governor recommends implementing a new eight-year, rolling reissuance of license plates, which is projected to generate \$2.4 million in additional License Plate Fee revenue and \$642,749 in Special Plates Cost Allocation revenue in FY 2017. This assumes the Governor's recommendation to increase license plate fees from \$3 to \$4 per plate is approved effective October 1, 2015. The Executive Budget projects an additional \$683,460 would be retained in the agency's reserve by the end of FY 2017. The Executive Budget indicates the rolling reissuance of license plates would address a public safety issue as some license plates become difficult for law enforcement to read as they age. The department projects this change would require the production and distribution of approximately 700,000 additional license plates per year. To implement this change, the Governor recommends a second production shift to produce these license plates, which would require three new positions, including:
 - Program Officer – Supervise state staff, monitor and control license plate production, maintain raw material inventory, and implement the production of new license plate styles.
 - Driver Warehouse Worker – Organize, direct, and provide general supervision of the inmate workforce.
 - Maintenance Repair Aid – Maintain and operate the license plate production equipment and assist with the supervision and training of the inmate workforce.

In addition, the second shift would require 20 additional minimum-security inmates from the Stewart Conservation Camp. The Department indicates the new staff recommended to operate this second shift was determined in consultation with the vendor and subject matter experts.

The department indicates the following states have a reissuance schedule for license plates similar to the Governor's recommendation:

License Plate Reissuance Schedule for Other States	
Montana	5 years
Minnesota	7 years

Idaho	7 years
Texas	7 years
Arkansas	8 years
Florida	10 years

The department indicates the reflectivity life expectancy of a license plate is approximately five to ten years, and the recommendation for an eight-year reissuance period reflects the midpoint for this anticipated useful life. The department indicates the loss of reflectivity can impair the legibility of the digits on the license plate as well as the background design, making it difficult to determine the state that issued the license plate. According to the department, this may hinder law enforcement's ability to determine a license plate's digits or the state that issued the license plate. The department indicates that vintage, circa and standard blue and state anniversary license plates would be exempt from the reissuance requirement; however, other specialty plates would be reissued.

Assembly Bill 484 provides for the rolling reissuance of license plates and was heard by the Assembly Committee on Ways and Means on April 22, 2015. During the hearing, the department was asked about the impact the reissuance of license plates would have on the wait times at the DMV field offices. The department responded that this change would not have an effect on wait times since the new license plate transaction would be conducted at the same time customers renew their vehicle registration. After paying for the vehicle registration and replacement license plates, the new license plates would be mailed to the customer. During the hearing, the department also indicated the reflectivity requirements of license plates is established in NRS. The department indicates that NRS 482.270 requires license plates to be readable from a distance of 100 feet during daylight and from a distance not less than 110 feet at night when viewed by standard headlights.

Fiscal staff made a technical adjustment to reflect the department's updated projection for the license plate packaging costs associated with this decision unit. Fiscal staff, in consultation with the department, also made a technical adjustment to the Special Plates Cost Allocation revenue for this decision unit to only reflect the costs attributed with the production of specialty plates. These technical adjustments are reflected in the closing document and reduce the amount that would be retained in the budget's reserve by the end of FY 2017 to \$510,128, based on the \$4 license plate fee. Fiscal staff would note a \$3.50 license plate fee would cause \$212,628 to be retained in this budget's reserve by the end of FY 2017.

Does the Subcommittee wish to approve the Governor's recommendation to implement a new eight-year, rolling reissuance of license plates, contingent upon passage and approval of A.B. 484, and provide Fiscal staff with authority to enter technical adjustments, including the noted technical adjustment for updated packaging costs and Special Plates Cost Allocation revenue?

Members of the Assembly within the Subcommittee recommended not approving the Governor's recommendation to implement a new eight-year, rolling reissuance of license plates.

3. New Maintenance Repair Aid Position (E-225, DMV-80): The Governor recommends a combination of reserve reductions and Special Plates Cost Allocation revenue totaling \$36,647 in FY 2016 and \$48,860 in FY 2017 for a new Maintenance Repair Aid position to maintain the license plate equipment that the department will utilize once it begins operations at the new license plate factory. The department indicates the new license plate factory equipment will require staff with additional skillsets. According to the DMV, the recommendation for this new position was determined based on discussions with the leased equipment vendor and subject matter experts. This position would maintain mechanical equipment used in the production of license plates, trouble shoot production problems, ensure all safety

protocols are followed, and oversee the production line and inmate crews actively engaged in the manufacturing process. The department also indicates each of the recommended shifts for the new license plate factory would utilize 20 minimum-security inmates from the Stewart Conservation Camp. The department anticipates a high turnover among these inmates since most of these individuals have two years or less remaining on their sentences. This position would assist with the training of new inmates working in the factory.

During the department's budget hearing on March 10, 2015, the Subcommittee asked if the duties proposed for this position could be performed by inmate staff. The department indicated that this position requires specialized technical skills that are typically not held by inmate staff. In addition, the department indicates that there is limited time for inmates to develop these skills due to the relatively short time inmates work in the factory before being released. The department also indicated that this position would assist with the supervision of inmate staff when the other factory staff members are out of the office.

Does the Subcommittee wish to approve the Governor's recommendation for a new Maintenance Repair Aid position for the license plate factory?

The Subcommittee recommended approving the Governor's recommendation for a new Maintenance Repair Aid position for the license plate factory.

Other Closing Items

1. Agency Specific Inflation (M-101, DMV-79): The Governor recommends a decrease in Special Plates Cost Allocation revenue of \$173,195 in FY 2016 and \$164,994 in FY 2017 and reserve reductions of \$3,871 in FY 2016 and \$46,842 in FY 2017 based on the department's projected cost of aluminum and sheeting utilized in the manufacturing of license plates costs and the projected number of standard and specialty license plates to be produced in the 2015-17 biennium. Based on updated information provided by the department, Fiscal staff made a technical adjustment in this decision unit to reflect updated commodity costs associated with the aluminum sheeting utilized by the factory. **This recommendation, with the noted technical adjustments, appears reasonable.**

The Subcommittee recommended providing Fiscal staff with authority to make the noted technical adjustments to Decision Unit M-101.

2. Protective Equipment (E-227, DMV-81 & 82): The Governor recommends a combination of Special Plates Cost Allocation revenue and reserve reductions totaling \$1,155 in each year of the 2015-17 biennium to provide inmates who work at the license plate factory with over-the-shoe steel toe guards. **This recommendation appears reasonable.**
3. Replacement Computer Equipment (E-715, DMV-83): The Governor recommends a combination of Special Plates Cost Allocation revenue and reserve reductions totaling \$5,892 in FY 2016 and \$3,620 in FY 2017 for three desktop computers, two flat panel monitors, one dual monitor and associated card, three Microsoft Office Suite programs, three surge protector strips, three Windows Client Access licenses, and two laser jet printers. **This recommendation appears reasonable.**
4. Replacement Equipment (E-716, DMV-83): The Governor recommends a combination of Special Plates Cost Allocation revenue and reserve reductions totaling \$76,076 in FY 2016 to replace one electric forklift and two pallet jacks. The department indicates the existing equipment no longer meets federal Occupational Safety and Health Administration (OSHA) standards. **This recommendation appears reasonable.**

5. New Equipment (E-720, DMV-83 & 84): The Governor recommends a combination of Special Plates Cost Allocation revenue and reserve reductions totaling \$7,785 in FY 2016 to purchase 15 anti-fatigue floor mats and 15 steel utility carts. **This recommendation appears reasonable.**

6. Reclassify a Prison Industries Supervisor II to a DMV Services Manager II (E-805, DMV-84): The Governor recommends a combination of Special Plates Cost Allocation revenue and reserve reductions totaling \$5,374 in FY 2016 and \$5,648 in FY 2017 to reclassify a Prison Industries Supervisor to a DMV Services Manager. The department indicates this reclassification is needed since this position will utilize new technical equipment that requires specialized skills at the new license plate factory and is recommended to supervise additional employees possessing a broad range of skills with the implementation of the new production equipment. In addition, the department indicates this position has changed over time to reflect a leadership role similar to other DMV Services Manager positions in the department. The department indicates the duties of this position include supervision of staff, fiscal oversight, production administration, vendor management, and manufacturing forecasting. **This recommendation appears reasonable.**

7. Base Budget Technical Adjustments (BASE, DMV-78): Fiscal staff recommends approval of technical adjustments that are reflected in this closing document, which include updated License Plate Fee revenue of \$3.4 million in FY 2016 and \$3.7 million in FY 2017 based on the department's revenue projections provided on April 17, 2015. In addition, Fiscal staff recommends approval of technical adjustments for the Special Plates cost allocation of \$122,717 in each year of the biennium based on the department's revenue projections provided on April 17, 2015, and an adjustment to include the repayment of the Highway Fund for the construction of the license plate factory in the cost allocation. Finally, Fiscal staff recommends approval of technical adjustments for expenditures of \$19,136 in each year of the 2015-17 biennium that were requested by the department based on projected expenditures for the operation of the new license plate factory, which includes the factory's alarm system, lighting system maintenance, phone lines, fiber lines, and dies for special license plate production. **These technical adjustments appear reasonable.**

The Subcommittee recommended providing Fiscal staff with authority to make the noted technical adjustments to the base budget.

Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor, including the technical adjustment noted in Other Closing Items 1 and 7, and provide authority for Fiscal staff to make other technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

The Subcommittee recommended approving Other Closing Items 2 through 6 as recommended by the Governor and authorized Fiscal staff to make necessary technical adjustments.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - FIELD SERVICES
Account: 201 - 4735

Budget Page: DMV-96, Volume III

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	90,920	478,078	425.82				
GENERAL FUND	6,801	6,819	0.26	11,072	62.37	11,214	1.28
HIGHWAY FUND	18,038,892	42,464,446	135.40	46,630,671	9.81	49,317,095	5.76
OTHER FUND	25,871,189	72,944	(99.72)	42,424	(41.84)	31,551	(25.63)
REVERSIONS	(4,810,883)						
Total Revenues	39,196,919	43,022,287	9.76	46,684,167	8.51	49,359,860	5.73
Total FTE		686.53		736.53		761.53	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2507	Reduce Highway Fund appropriations based on revenue updates and changes in expenses.	(1,365,346)	(1,369,473)
B000	00	3324	Increase GST Commissions revenue.	1,461,139	1,546,732
B000	00	3587	Increase federal grant revenue due to continuation of federal Commercial Driver's License Program Implementation Grant.	201,682	30,000
B000	00	4156	Reduce GST Penalties revenue.	(82,052)	(131,903)
M100	00	2507	Reduce Highway Fund appropriations due to position reclassifications approved by the IFC on April 9, 2015.		(1)
M300	00	2507	Reduce Highway Fund appropriations due to position reclassifications approved by the IFC on April 9, 2015.	(335)	(4)
E225	00	2507	Increase Highway Fund appropriations to adjust the hiring date for new positions.	2,365,009	255,607
E226	00	2507	Increase Highway Fund appropriations based on GST Penalties and Commissions revenue.	1,379,087	1,414,829
E226	00	3324	Increase GST Commissions revenue redirection to the General Fund.	(1,461,139)	(1,546,732)
E226	00	4156	Decrease GST Penalties revenue redirection to the General Fund.	82,052	131,903
E250	00	2507	Increase Highway Fund appropriations for updates to expenditures for moving costs.		473,795
Sub-total				2,580,097	804,753
Line Item Changes to Revenues				2,580,097	804,753

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Technical Adjustment - Position reclassifications approved by the IFC on April 9, 2015.	(1,930)	(2,781)
B000	04	7000	Technical Adjustment - Continuation of lawful status verification fee by the American Association of Motor Vehicle Administrators.	11,055	42,277
B000	04	7000	Technical Adjustment - Position reclassifications approved by the IFC on April 9, 2015.	(2)	(2)
B000	04	7000	Technical Adjustment - Propen VIN marking equipment warranty.	3,250	3,250
B000	04	7000	Technical Adjustment - Revised lease agreement for the Mesquite office, which includes janitorial services.	(7,716)	(7,716)
B000	04	7000	Technical Adjustment - Revised lease agreement for the Mesquite office, which includes pest control services.	(324)	(324)

B000	04	7000	Technical Adjustment - Revised lease agreement for the Mesquite office.	12,627	13,871
B000	26	7000	Technical Adjustment - Position reclassifications approved by the IFC on April 9, 2015.	(3)	(3)
B000	41	7000	Technical Adjustment - Continuation of federal Commercial Driver's License Program Implementation Grant.	201,682	30,000
B000	59	7000	Technical Adjustment - Revised lease agreement for the Mesquite office, which includes electrical utilities.	(3,216)	(3,216)
M100	04	7000	Technical Adjustment - Position reclassifications approved by the IFC on April 9, 2015.	1	1
M100	26	7000	Technical Adjustment - Position reclassifications approved by the IFC on April 9, 2015.	(1)	(2)
M300	01	5000	Technical Adjustment - Position reclassifications approved by the IFC on April 9, 2015.	(335)	(4)
E225	01	5000	Adjustment to expenditures due to Subcommittee approval of expediting the hire dates for the new field office positions.	2,338,291	273,572
E225	04	7000	Adjustment to expenditures due to Subcommittee approval of expediting the hire dates for the new field office positions.	3,701	(846)
E225	04	8000	Adjustment to expenditures due to Subcommittee approval of expediting the hire dates for the new field office positions.	5,610	(5,610)
E225	26	7000	Adjustment to expenditures due to Subcommittee approval of expediting the hire dates for the new field office positions.	8,383	(2,485)
E225	26	8000	Adjustment to expenditures due to Subcommittee approval of expediting the hire dates for the new field office positions.	9,024	(9,024)
E230	04	7000	Subcommittee recommended placing the Dash Pass system upgrade funding in reserve until justification is provided to the IFC.	(150,000)	(100,000)
E230	86	7000	Subcommittee recommended placing the Dash Pass system upgrade funding in reserve until justification is provided to the IFC.	150,000	100,000
E250	06	9000	Budget Amendment A150714735 - Field Services budget's share of moving costs for new Sahara DMV field office.		473,795
Sub-total				2,580,097	804,753
Line Item Changes to Expenditures				2,580,097	804,753
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Field Services Division is responsible for the direct customer service operations of the driver's licensing and vehicle registration functions. The division serves customers at facilities in Carson City; in Reno at Galletti and Sparks Commercial Driver's Licensing (CDL); the Las Vegas area at Decatur, Donovan, Henderson, Sahara and West Flamingo; and Elko, Ely, Fallon, Hawthorne, Laughlin, Mesquite, Pahrump, Tonopah, Winnemucca, and Yerington. Limited services are also provided by a number of county assessors, recorders and clerks and at emission stations throughout the state. A small amount of General Fund appropriations are included for the Motor Voter program.

Major Closing Issues

1. Redirection of Governmental (GST) Commissions and GST Penalties
2. New Field Services Positions
3. Customer Queuing System Enhancements
4. Sahara Field Office Moving Costs

Discussion of Major Closing Issues

1. Redirection of Governmental Services Tax (GST) Commissions and GST Penalties (E-226, DMV-98):
The Governor recommends the redirection of GST Commissions and GST Penalties revenue of \$27.2 million in FY 2016 and \$28.7 million in FY 2017 in the Field Services budget to the General Fund,

offset by an increase in Highway Fund appropriations. Historically, funding for the Field Services Division was provided through a combination of Highway Fund appropriations and GST Commissions and GST Penalties. The 2011 Legislature redirected GST Commissions and GST Penalties in this budget to the General Fund for both years of the 2011-13 biennium and replaced the revenue with Highway Fund appropriations to make the budget whole. The department's administrative cap was also increased from 22 percent to 33 percent in the 2011-13 biennium only. The 2013 Legislature approved redirecting the GST Commissions and GST Penalties and replacing those funds with Highway Fund appropriations in FY 2015 only. The department's administration cap was also increased from 22 percent to 32 percent in FY 2015 only. This provision sunsets on June 30, 2015.

The Governor recommends continuing the redirection of GST Commissions and GST Penalties revenue to the General Fund, in both the Field Services and the Motor Carrier budgets, in both years of the 2015-17 biennium with the transfer recommended to sunset on June 30, 2017. Based on the DMV's April 2015, revenue projections, GST Commissions revenue are projected to total \$49.8 million and the GST Penalties revenue are projected to total \$11.0 million over the 2015-17 biennium. Similar to previous biennia, the Governor recommends increasing the DMV administration cap from 22 percent to 31 percent in each year of the 2015-17 biennium and replacing the GST Commissions and GST Penalties revenue with Highway Fund appropriations in the Field Services budget and the Motor Carrier budget (E-226, DMV-105). Fiscal staff entered technical adjustments reflecting the department's April 2015, updated revenue projections for GST Commissions and GST Penalties, which are reflected in this closing document. Fiscal staff would note that a bill has not been introduced to enact this recommendation.

At this time, Fiscal staff recommends the Subcommittee delay making a decision on whether to redirect GST Commissions and GST Penalties to the General Fund and replace those funds with Highway Fund appropriations until the money committees have reviewed the policy issue and fiscal impact. Fiscal staff requests authority to adjust this decision unit based on the final decision by the money committees and the updated revenue projections provided by the department.

The Subcommittee delayed making a recommendation on the Governor's recommendation to redirect GST Commissions and GST Penalties to the General Fund and replace those funds with Highway Fund appropriations until the money committees have reviewed the policy issue and fiscal impact.

2. New Field Services Positions (E-225, DMV-98): The Governor recommends Highway Fund appropriations of \$4.7 million over the 2015-17 biennium for 68 new DMV Services Technician and 7 new DMV Services Supervisor positions who would provide direct customer service including driver's licensing and vehicle registration functions. The Executive Budget recommends 50 of these positions beginning in FY 2016 and 25 positions beginning in FY 2017. The DMV indicates these positions would be assigned to the five major metropolitan field offices, which includes the Decatur, Flamingo, Henderson, and Sahara offices located in Southern Nevada and Reno-Galletti office in Northern Nevada. The department indicates that no additional equipment is needed for these positions since the existing windows have all the necessary equipment.

The department indicates 427 DMV Services Technician positions are currently assigned to these five major metropolitan field offices and projects 68 additional DMV Services Technician positions are needed to provide 100 percent coverage at these five offices. The DMV made several assumptions to determine its additional staffing needs. First, the DMV estimates each position, on average, is able to staff a service window or staff a customer support function 1,547 hours each year, which takes into account employees' breaks, leave time, and training, as well as 'new hires,' who would be able to

provide fewer customer service hours due to initial training. Next, the DMV took into consideration the maximum number of service windows available at each of the five DMV field office locations and projected the positions necessary to staff these windows 3,000 hours per year. The department indicates these five offices are serving customers, on average, ten hours each day and are open approximately 300 days each year.

The department also projected the number of customer support positions needed at each of the five DMV locations. The department indicates these customer support positions perform various functions including operating cameras, staffing the information counter, administering written tests, assisting customers with kiosk transactions, scheduling driving tests, and verifying the accuracy of the counter positions' work. The department determined the number of customer support positions that would be needed in each of the five major metropolitan field offices by calculating the average number of positions performing these tasks in each office in FY 2014. Based on the department's calculation, 54 additional positions would be needed to fully staff the windows and customer support positions at these five field office locations.

The department also assumes additional positions would also be needed to cover vacant positions. The department estimates it will experience a vacancy rate of 3 percent in the 2015-17 biennium based on its actual vacancy rate in FY 2014 and FY 2015 (year-to-date). Based on the department's projection that approximately 481 positions would be needed to fully staff the windows and customer support positions, an additional 14 additional positions would be needed to provide additional coverage for vacant positions, based on the projected 3 percent vacancy rate (3 percent x 481 FTE = 14 FTE). This is not a standard staffing practice for state agencies.

Based on these assumptions, the department projected it would need the following new DMV Services Technician positions at its five major metropolitan field offices:

DMV Calculation of New DMV Services Technician Positions Needed						
DMV Field Office	Current Positions	Positions Needed for 100% Window Coverage	Needed for Customer Support Functions	Positions Needed due to 3% Vacancy Factor	Total Positions Needed	Difference (Additional Positions Needed)
Las Vegas - Decatur	79	70	26	3	99	20
Las Vegas - Flamingo	95	72	36	3	111	16
Las Vegas - Sahara	95	70	31	3	104	9
Henderson	81	60	22	2	84	3
Reno - Galletti	77	70	24	3	97	20
Total	427	342	139	14	495	68

The department indicates it maintains a supervisory ratio of 1 DMV Services Supervisor position to 10 DMV Services Technician positions, which was the basis for the recommendation for 7 new DMV Services Supervisor positions for the 68 new DMV Services Technician positions.

According to the DMV, this recommendation would restore positions that were eliminated by the 2009 Legislature in response to budget reductions. In response to the agency's projected decline in Highway Fund revenue and corresponding decline in the 22 percent administration cap, the 2009 Legislature approved the elimination of 93 positions in the Field Services budget. This included two DMV Supervisors and five DMV Services Technicians associated with the Fernley and North Las Vegas field offices, which were approved by the 2007 Legislature, but never implemented by the agency due to budget reductions in response to a decline in Highway Fund revenue during the 2007-09 biennium. Of the remaining 86 positions eliminated in the 2009-11 biennium, 83 were DMV Services Technicians, with 62 of these positions assigned to four metropolitan field offices in Southern Nevada, 16 of these positions assigned to the Reno-Galletti office, and 5 of these positions assigned to the Carson City office.

As a result of the decrease in staff by the 2009 Legislature, the department's average wait times increased from 39 minutes in FY 2008 to 79 minutes FY 2010. To address customer wait times, the 2011 Legislature approved Highway Fund appropriations of \$2.3 million over the 2011-13 biennium for up to 30 counter staff for Las Vegas metropolitan field offices. However, the 2011 Legislature approved placing this funding in reserve for further consideration by the Interim Finance Committee (IFC). The 2011 Legislature directed the department to monitor its kiosk program expansion, as well as trends in average monthly wait times, and approach IFC to transfer funding from reserve to add additional DMV Services Technician positions based on demonstrated need. The IFC approved a total of 25 DMV Services Technician positions during the 2011-13 biennium, with 20 of these positions assigned to Southern Nevada metropolitan field offices, 4 positions for the Elko office, and 1 position for the Winnemucca office. The 2013 Legislature approved the continuation of the 25 positions in the 2013-15 biennium.

In addition, the 2013 Legislature approved Senate Bill (S.B.) 303, which allowed for the issuance of driver authorization cards for residents unable to meet the proof of identity requirements for a driver's license. To assist with the issuance of these cards beginning on January 1, 2014, S.B. 303 included funding for 18 new DMV Services Technician positions for the 2013-15 biennium. These positions were placed in the Sahara office (4), Decatur office (3), Flamingo office (3), Henderson office (4), and Reno-Galletti office (4). At the department's Legislative Commission's Budget Subcommittee hearing on January 29, 2015, the DMV indicated there were 23,840 driver authorization cards active. These cards are active for one year only and must be renewed in person at a DMV office. In addition, the department indicates that the written test failure rate for the driver authorization card was 69 percent from January 15, 2014, through January 31, 2015, which led to repeat visits by applicants and contributed to the number of customers served by the DMV.

The 2013 Legislature also approved S.B. 503, which allowed driver's license and identification card issuance periods to increase from four years to eight years. This issuance period change began on January 1, 2014, and is being implemented incrementally by issuing eight-year licenses to residents born on even-numbered years and issuing four-year licenses to residents born on odd-numbered years. Since individuals would renew their driver's licenses less frequently, the department indicated this change would reduce the number of transactions. However, individuals renewing an existing driver's license for an eight-year period must have an updated photograph taken, which requires these individuals to renew in person at a DMV office.

During the department's budget hearing on March 10, 2015, the department indicated that confusion regarding the federal REAL ID Act has also contributed to its customer volume. The DMV began issuing REAL ID-compliant driver's licenses and identification cards on November 12, 2014. Nevada driver's licenses and identification cards issued prior to November 12, 2014, are currently considered REAL ID-compliant by the Department of Homeland Security. However, the department indicates that many of its customers want a REAL ID-compliant card, or believe they must obtain a REAL ID-compliant card, which contributes to the customer volume. In addition, the department indicates that some of these customers do not have the appropriate documentation on their first visit to the DMV field office and must make a subsequent visit to the DMV field office.

Fiscal staff would note *Nevada Revised Statutes* (NRS) 453A.740 requires the DMV to issue medical marijuana cards for patients and caregivers. The Department of Health and Human Services, Division of Public and Behavioral Health (DPBH) indicates there were 9,623 patient and caregiver cards active as of March 2015, compared to 5,747 cards active in March 2014. Medical marijuana cards are issued for a one-year period and individuals must renew in-person at a DMV office. However, Fiscal staff would note the DMV submitted a FY 2015 work program that provided funding for system

programming changes that would allow data for medical marijuana cardholders to be transmitted from the DPBH to the DMV. The DMV indicates these programming changes would be completed in FY 2015 and may allow medical marijuana cards to be mailed, permitting most cardholders to no longer be served in a DMV office.

The department also indicates that as the economy improves, its customer count increases due to new vehicles being registered and new residents entering the state. At the department's Legislative Commission's Budget Subcommittee hearing on January 29, 2015, the department indicated 87,840 individuals exchanged out-of-state driver's licenses and identification cards for a Nevada driver's license or identification card in 2014.

Using data provided by the department, the following table reflects the total customer counts for the five metropolitan offices (Decatur, Flamingo, Henderson, and Sahara located in Southern Nevada and Reno-Galletti in Northern Nevada) for FY 2013, FY 2014, and FY 2015 (through March 2015).

Customer Counts at the Five Metropolitan DMV Field Offices (Thousands)														
FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Total	Jul - Mar Ttl
2013	143.2	152.0	134.5	139.8	127.7	127.9	141.7	141.1	163.7	152.9	146.4	142.2	1,713.1	1,271.6
2014	151.9	159.8	140.5	142.6	128.0	138.6	175.7	174.8	192.6	179.5	174.5	169.3	1,927.7	1,404.4
2015	174.8	171.1	180.3	178.4	155.7	181.7	195.8	187.5	184.8	NA	NA	NA	NA	1,610.0

Based upon the information in the previous table, 1.40 million total customers were served in these five offices in the first nine months of FY 2014 and 1.61 million customers were served in the first nine months of FY 2015, an increase of 14.6 percent. Also using data provided by the department, the following table reflects the average monthly wait times in the five metropolitan field offices for FY 2013, FY 2014, and FY 2015 (through March 2015).

Average Customer Wait Times at the Five Metropolitan DMV Field Offices (Minutes)														
FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY Average	Jul - Mar Avg
2013	41	42	44	40	42	31	38	51	58	45	45	48	44	43
2014	45	45	43	39	43	42	72	75	85	64	64	66	57	54
2015	69	71	93	75	119	97	136	158	126	NA	NA	NA	NA	105

Based upon the information in the previous table, the 54-minute average wait time in the first nine months of FY 2014 nearly doubled to a 105-minute average wait time in the first nine months of FY 2015. Notable wait times of 158 minutes, 136 minutes, and 126 minutes were reported for February 2015, January 2015, and March 2015, respectively. Fiscal staff would note the department has a long-standing customer wait time goal of one hour. Based on the addition of staff, The Executive Budget projects customer wait times will be 69 minutes in FY 2016 and decrease to 50 minutes in FY 2017. During the department's budget hearing on March 19, 2015, the department indicated the projected wait times were calculated based on the additional customers that could be handled at the DMV field offices with the additional staff.

As of April 22, 2015, the DMV reports 29 vacant DMV Services Technician positions for the Field Services budget, with 24 of these vacancies at the five metropolitan DMV offices. The DMV also reports that job offers had been made for 9 of the 24 vacant positions, with anticipated hire dates of May 11, 2015. During the department's budget hearing on March 19, 2015, the Subcommittee expressed concern regarding approving additional positions while the department currently had vacancies. The Director indicated that the department experienced constant turnover and vacancies were a routine part of the agency's operations and aggressive action would be taken to fill its current vacancies, as well as the new positions. Fiscal staff requested an update on the department's recruitment plan if the new positions are approved by the 2015 Legislature. The department indicated

that, as of April 24, 2015, it has obtained a pool of 775 Southern Nevada candidates and approximately 150 Northern Nevada candidates who applied for a DMV Services Technician position. The department plans to interview these candidates over a three-week period in May 2015 and June 2015, and issue job offers shortly thereafter.

On March 6, 2015, the Executive Budget Office submitted Budget Amendment A150044735, which recommends additional Highway Fund appropriations of \$2.5 million in FY 2016 and \$355,781 in FY 2017 to modify the start date for all 75 recommended positions to July 1, 2015. This budget amendment is a companion to Budget Amendment A150024716 for the System Modernization budget that recommends a reduction in Highway Fund appropriations of \$2.8 million in FY 2016 based on delayed expenditures for the new system's software. These budget amendments allow the department to remain within the Highway Fund appropriations originally recommended by the Governor. The DMV indicates it has developed a recruitment plan to fill all of its existing vacant positions (20), and the 75 new positions by July 1, 2015 (total of 95 positions). The recruitment plan provided by the department indicates some of the DMV recruitment processes would be streamlined and additional supervisory and training staff would contribute to the department's recruitment efforts. If this budget amendment is approved, it appears the DMV would continue to be under the 31 percent administration cap recommended by the Governor by \$3.9 million in FY 2016 and \$3.6 million in FY 2017.

The department indicates its training plan for up to 82 new hires in Southern Nevada, which would include new and existing vacant positions, would consist of the following:

- Week 1-2 (July 1 – July 10): The DMV has reserved a lecture hall on the College of Southern Nevada campus where the new hires would attend training covering new employee orientation, Field Services Division orientation, and required training such as sexual harassment prevention.
- Week 3-4 (July 13 – July 24): The DMV has reserved two classrooms on the College of Southern Nevada campus where the new hires would be divided into two groups. Training would include policy and procedures regarding driver's licenses, registrations, and titles using printed material.
- Week 5-7 (July 27 – August 14): The new hires would be divided into three groups and would rotate through various DMV locations over this three week period. The week-long training sessions would include: 1) fraud detection and remediation, 2) computer training at the Decatur field office training room, and 3) observing transactions at four field office locations.

The department indicates it would conduct a similar seven-week training in Carson City for its Northern Nevada new hires. As the Subcommittee may recall, the department indicated during its budget hearing on March 19, 2015, that approximately two months after being hired a new employee is able to staff a field service office window. The department also indicated that approximately three months after being hired a new employee has the knowledge and comfort to begin handling transactions efficiently and independently.

Decisions to be made:

1. **Does the Subcommittee wish to approve the addition of 54 new DMV Services Technician positions and 5 DMV Services Supervisor positions for the five DMV field offices?**

The Subcommittee recommended approving the Governor's recommendation to add 54 new DMV Services Technician positions and 5 new DMV Services Supervisor positions for the five major metropolitan DMV field offices.

2. Does the Subcommittee wish to approve Budget Amendment A150044735, which recommends the start dates be modified for the recommended positions to July 1, 2015?

The Subcommittee recommended approving Budget Amendment A150044735, which recommends an accelerated start date of July 1, 2015, for the new positions recommended by the Governor.

3. Does the Subcommittee wish to approve 14 new DMV Services Technician positions and 2 DMV Services Supervisor positions for the five DMV field offices to cover vacancies, which would deviate from standard staffing practices for state agencies?

The Assembly members within the Subcommittee recommended approving the Governor's recommendation for 14 new DMV Services Technician positions and 2 DMV Services Supervisor positions for the five major metropolitan DMV field offices to cover vacancies.

Fiscal staff requests authority to enter necessary technical adjustments.

The Subcommittee recommended providing Fiscal staff with authority to enter necessary technical adjustments.

3. Customer Queuing System Enhancements (E-230, DMV-99): The 2013 Legislature approved Highway Fund appropriations of \$317,637 and reductions in maintenance of its legacy customer queuing system of \$53,439 in FY 2014 for a new automated customer flow queuing system for 12 field offices. The department implemented the new Dash Pass system, which allows customers to get in line for DMV services by checking in using the Internet, cellular phone, or other mobile device. The Dash Pass system texts or calls customers with an estimated wait time and provides updates as their turn approaches. Customers utilizing the Dash Pass system may also track their progress using the monitors at their local DMV field office, which display the wait times for customers using the last four digits of customers' phone numbers.

The Field Services budget includes \$51,810 in its base budget in each year of the 2015-17 biennium for annual maintenance of the software and hardware for its Dash Pass system. The Governor recommends additional Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017 for software and equipment enhancements for the Dash Pass system. The department indicates the recommended enhancements would increase the functionality of the system and provide additional statistical reports. During the department's budget hearing on March 19, 2015, the department indicated this additional functionality would allow the department to implement appointments for the DMV. These appointments would allow the department to schedule an even flow of customers throughout the day. These appointments would enable the department to continue to serve those customers who must perform their transaction in-person at a DMV office, while at the same time also providing the department with the opportunity to educate other customers about alternative services that are available to complete their transactions.

The department indicates it would also have access to the system's configuration tool, which would enable DMV staff to customize text messages to customers, manage when text messages are sent, and provide access to the system's knowledge bank. The department also indicates the recommended enhancements to the system would enable customers to push themselves back in line or rejoin a line once their time has expired. The department indicates the projected cost for these enhancements were derived based on discussions and negotiations with the vendor regarding the department's system and hardware needs.

If approved, this funding would be allocated to the DMV's operating category. Since the Department was not able to provide Fiscal staff with a formal estimate from a vendor regarding the costs of the system upgrade, the Subcommittee may wish to consider placing this funding in a reserve category within this budget over the 2015-17 biennium, and directing the DMV to seek authority from the Interim Finance Committee to utilize these funds once the agency can fully justify the costs of the system upgrade.

Options for Consideration

1. Approve the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017 for software and equipment enhancements for the Dash Pass system.
2. Approve the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017, but place the funding in reserve and direct the agency to seek authority from the Interim Finance Committee to utilize these funds once the agency can fully justify the costs of the Dash Pass system upgrade.
3. Do not approve the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017 for software and equipment enhancements for the Dash Pass system.

The Subcommittee recommended Option 2, which would approve the Governor's recommendation for Highway Fund appropriations of \$150,000 in FY 2016 and \$100,000 in FY 2017, place the funding in reserve, and direct the agency to seek authority from the Interim Finance Committee to utilize these funds once the agency can fully justify the costs of the Dash Pass system upgrade.

4. **Sahara Field Office Moving Costs:** The Governor's recommended Capital Improvement Program (CIP) includes \$23.5 million in funding for the replacement of the Sahara field office in Las Vegas (15-C04). On April 10, 2015, the Executive Budget Office submitted Budget Amendment A150714735, which creates Decision Unit E-250 that recommends Highway Fund appropriations of \$473,795 in FY 2017 for the Field Services budget's share (87.5 percent) of the cost to move to the new DMV field office on Sahara Avenue in Las Vegas. This budget amendment is a companion to Budget Amendment A150724722 for the Motor Vehicle Pollution Control budget that recommends funding the remaining portion (12.5 percent) of the moving costs for the Sahara DMV field office using funds in that budget. The recommended distribution is based upon the square footage assigned to the Motor Vehicle Pollution Control program in the new building. The decision regarding the Governor's recommendation for a new Sahara DMV field office is scheduled to be made by the K-12/Higher Education/CIPs Joint Subcommittee at its May 18, 2015, meeting.

Does the Subcommittee wish to approve Budget Amendment A150714735 which recommends Highway Fund appropriations of \$473,795 in FY 2017 to support the Field Services budget's share of expenditures associated with moving to the new Sahara field office, contingent upon approval of the new building by the K-12/Higher Education/CIPs Joint Subcommittee?

The Subcommittee recommended approving Budget Amendment A150714735 which recommends Highway Fund appropriations of \$473,795 in FY 2017 to support the Field Services budget's share of expenditures associated with moving to the new Sahara field office, contingent upon approval of the new building by the K-12/Higher Education/CIPs Joint Subcommittee.

Other Closing Items

1. **Document Manager Software Transfer (E-504 & E-904, DMV-99 & 101)**: The Governor recommends transferring annual technical support expenditures for document manager software of \$11,418 in FY 2017 from the REAL ID budget to the Field Services budget (E-904) and funding the revised expenditure amount associated with this annual support with a Highway Fund appropriation of \$9,450 in FY 2017 (E-504). The department indicates the DMV's disaster recovery system utilizes this software and three years of technical support was purchased utilizing federal REAL ID grant funds in FY 2014. Since this grant expires in FY 2015, the Governor recommends transferring the annual support expenditures associated with the software to multiple DMV budgets based on the number of software licenses held within each DMV budget. **These recommendations appear reasonable.**
2. **Replacement Equipment (E-710, DMV-100)**: The Governor recommends Highway Fund appropriations of \$128,800 in FY 2016 and \$93,800 in FY 2017 to replace 344 secretarial chairs, 400 executive side chairs, and 280 telephones. **This recommendation appears reasonable.**
3. **Replacement Technology Equipment (E-715, DMV-100)**: The Governor recommends Highway Fund appropriations of \$514,826 in FY 2016 and \$702,197 in FY 2017 to replace 363 desktop computers, 4 laptop computers, 340 flat-panel monitors, 393 printers, 23 dual monitors and cards, 19 bar code scanners, 17 vehicle identification number (VIN) scanners, 363 surge protector strips, 386 monitor privacy filters, 367 Windows Client Access licenses, 367 Microsoft Office Suite software packages, and 23 SharePoint licenses. **This recommendation appears reasonable.**
4. **Replacement Credit Card PIN Pads (E-716, DMV-101)**: The Governor recommends a Highway Fund appropriation of \$231,619 in FY 2016 to replace all 283 personal identification number (PIN) pads used by the division for credit and debit card transactions and disposal of old pin pads units and \$19,825 in FY 2017 to replace 25 additional PIN pads as failures occur. The department indicates Europay, MasterCard, and Visa (EMV) require that new devices utilizing chip technology must be implemented by October 2015. The department indicates that if these new devices are not in use and there is a breach of security, the department may be responsible for financial damage for the customers and businesses served by the DMV. **This recommendation appears reasonable.**
5. **Base Budget Technical Adjustments (BASE, M-100 & M-300, DMV-96, 97 & 98)**: Fiscal staff recommends the following technical adjustments that are reflected in this closing document:
 - **Continuation of federal grant** – The U.S. Department of Transportation Commercial Driver's License Program Implementation Grant. This grant was due to expire in March 2015, and was not reflected in The Executive Budget for the 2015-17 biennium. The department indicates a grant extension was provided through December 2016 and Fiscal staff made technical adjustments to incorporate grant-related expenditures of \$201,682 in FY 2016 and \$30,000 in FY 2017. (BASE)
 - **Lawful status verification fee** – On March 30, 2015, the DMV emailed Fiscal staff and indicated the department experienced an increase in the number of customers presenting documents needing to be verified through the American Association of Motor Vehicle Administrators' Verification of Lawful Status (VLS) system and U.S. Passport Verification Services (USPVS) system since the issuance of REAL ID-compliant driver's licenses and identification cards began to be issued in November 2014. When The Executive Budget was submitted, the department also understood the federal Department of Homeland Security (DHS) fees associated with these verification submissions would not be charged in FY 2017; however, the department indicates it received clarification that these DHS fees would continue in FY 2017. Fiscal staff made technical adjustments to reflect the department's updated expenditure projections associated with these verifications of \$11,055 in FY 2016 and \$42,277 in FY 2017. (BASE)

- Position reclassifications – On April 9, 2015, an informational item was submitted to the Interim Finance Committee indicating PCN RE7004 (Administrative Assistant) increased from 0.51 FTE to 1.0 FTE and PCN CA5302 (DMV Services Technician) was eliminated, which was a 0.51 FTE. This results in a net decrease in the BASE of 0.02 FTE. (BASE, M-100 & M-300)
- Equipment warranty – The department indicates the warranty cost for its Propen VIN marking equipment was inadvertently excluded from The Executive Budget. A technical adjustment has been made to include the warranty cost of \$3,250 in each year of the 2015-17 biennium. (BASE)
- Mesquite office lease – The department indicates a new lease agreement for its Mesquite field office was approved by the Board of Examiners on January 13, 2015. Technical adjustments have been made to reflect the revised lease amount and eliminate the janitorial, utility, and pest control expenditures since the department indicates these services are included in the revised Mesquite office lease agreement. (BASE)

These technical adjustments appear reasonable.

The Subcommittee recommended providing Fiscal staff with authority to make the noted technical adjustments to the base budget, Decision Unit M-100, and Decision Unit M-300.

Does the Committee wish to approve Other Closing Items as recommended by the Governor, including the technical adjustments noted in Other Closing Item 5, and provide authority for Fiscal staff to make other technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

The Subcommittee recommended approving Other Closing Items 1, 2, 3, and 4 as recommended by the Governor and authorized Fiscal staff to make necessary technical adjustments.

Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 Public Safety, Natural Resources and Transportation Joint
 Subcommittee
 W02 - WORKING VERSION 2

Title: DMV - MANAGEMENT SERVICES
Account: 201 - 4742

Budget Page: DMV-109, Volume III

	2013-14 Actual	2014-15 WP	%	2015-16 GOV REC	%	2016-17 GOV REC	%
Revenues							
HIGHWAY FUND	1,623,061	1,647,165	1.49	1,486,625	(9.75)	1,547,062	4.07
INTERAGENCY TRANSFER	17,850	236,877	1227.04	346,000	46.07	115,334	(66.67)
OTHER FUND				87,600			
REVERSIONS	(30,863)						
Total Revenues	1,610,048	1,884,042	17.02	1,920,225	1.92	1,662,396	(13.43)
Total FTE		16.00		17.00		17.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total	0	0
Grand Total General Fund Impact of Closing Changes	0	0

Overview

The Management Services and Programs (MSP) Division is responsible for the development of policies and procedures, regulations, draft legislation, training surveys, forms, and requests for proposal (RFP). The division also provides project management services. Funding for the Management Services and Programs Division is provided primarily with Highway Fund appropriations.

Major Closing Issue

New Management Analyst Position

Discussion of Major Closing Issue

New Management Analyst Position (E-225, DMV-111): The Governor recommends Highway Fund appropriations of \$59,131 in FY 2016 and \$71,254 in FY 2017 for a new Management Analyst position for the MSP Division. Currently, the MSP Division is managed by an Administrator position and is supported by four positions that provide administrative support. The remaining positions in the division staff two teams.

- Driver Program Team, consisting of one DMV Services Manager position, two Management Analyst positions, and two Program Officer positions, which is tasked with issues related to driver's licenses, identification cards, and driver authorization cards.
- Business Program Team, consisting of one DMV Services Manager position, three Management Analyst positions, and two Program Officer positions, which is tasked with issues related to the fuel industry, business licensing, and driver schools.

The department indicates the new position would be assigned to the Driver Program Team to balance the workload of the two teams. This position would perform research and monitor legislation to ensure the DMV complies with all state and federal mandates associated with the REAL ID Act, driver authorization cards, and commercial driver's licenses. The Management Analyst position would also manage projects, administer federal grants, and develop solutions associated with the issuance of driver's licenses and identification cards. Currently, the DMV Services Manager position that manages the Driver Program Team and other existing positions in the division perform some of these duties. According to the DMV, the additional position would allow the DMV Services Manager position to spend more time mentoring and training division staff.

The department indicates the addition of this position would also allow the agency to be more proactive in researching and analyzing department business processes for possible improvement. This would include performing reviews of department forms, policies, procedures, and manuals for possible revision. The department indicates that 30 existing policies/guides were revised, and 5 new policies were created in FY 2014 as separate service requests, while the division is responsible for maintaining approximately 500 policies. During the budget hearing on March 19, 2015, the department indicated that its policies are required to be reviewed annually pursuant to Section 2418 of the State Administrative Manual and DMV Policy 2.15. The division indicates it would be able to complete these annual reviews with the addition of the Management Analyst position. The department also indicates the addition of this position would assist the division in meeting its performance measure goal of completing projects on time, based on the initial timeframe agreed upon by its internal customers. In FY 2013 and FY 2014, the division completed 69.2 percent and 79.9 percent, respectively, of its projects on time (DMV-14). With the new position, the agency anticipates it would be able to complete 86.1 percent of its projects on time by FY 2017.

Does the Subcommittee wish to approve the Governor's recommendation for a new Management Analyst position for the Management Services Division?

The Subcommittee recommended approving the Governor's recommendation for a new Management Analyst position for the Management Services Division.

Other Closing Items

1. Electronic Lien Title System Development (E-227, DMV-111): The Governor recommends Electronic Lien Title (ELT) System Reimbursement revenue of \$87,600 in FY 2016 for a contract Project Manager position to assist with the continued implementation of an ELT system as required by A.B. 309 that was approved by the 2013 Legislature. Currently, the department processes paper vehicle titles for dealers and finance companies, with vehicle owners acquiring the paper title once the vehicle is paid off. The new ELT system would provide for the storage of electronic titles, which would be printed and issued to the vehicle owner once the vehicle is paid off. Per the requirements of A.B. 309, the selected vendor for this new system would fund all implementation and operational costs associated with this new system. The department anticipates the ELT system would be completed in December 2015. This recommendation is linked to companion Decision Unit E-227 in the Automation budget, which reflects the ELT system programming expenditures (DMV-39). **This recommendation appears reasonable.**

2. Replacement Equipment (E-710, DMV-112): The Governor recommends Highway Fund appropriations of \$2,713 in FY 2016 and \$1,850 in FY 2017 to replace four executive side chairs, eight secretarial chairs, and one fax machine. **This recommendation appears reasonable.**
3. Replacement Technology Equipment (E-715, DMV-112 & 113): The Governor recommends Highway Fund appropriations of \$11,493 in FY 2016 and \$28,813 in FY 2017 to replace six desktop computers, two laptop computers, nine printers, six dual monitors and cards, one projector, one scanner, six surge protector strips, eight Windows Client Access licenses, eight Microsoft Office Suite software packages, eight Microsoft Project software packages, eight SharePoint licenses, five Microsoft Visio software packages, five Crystal Reports software packages, and two Adobe Acrobat software packages. **This recommendation appears reasonable.**

Does the Subcommittee wish to approve Other Closing Items as recommended by the Governor and provide authority for Fiscal staff to make other technical adjustments for updated revenue projections, departmental transfers, and cost allocations as necessary?

<p>The Subcommittee recommended approving the Other Closing Items as recommended by the Governor and providing authority for Fiscal staff to make any necessary technical adjustments.</p>
