



March 28, 2019

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Addition of Budget Bill Item 2720-491, Capital Outlay, California Highway Patrol

It is requested that Item 2720-491 be added to reappropriate the acquisition phase of the California Highway Patrol Enhanced Radio System: Replace Towers and Vaults project (see Attachment 1). These funds were provided to acquire the Sawtooth Ridge site in Riverside County. Negotiating the terms of the Property Acquisition Agreement with the current owner is taking longer than anticipated, and it is unlikely acquisition will occur before June 30, 2019.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Sally Lukenbill, Principal Program Budget Analyst, at (916) 445-9694.

KEELY MARTIN BOSLER
Director
By:

/s/ Vivek Viswanathan

VIVEK VISWANATHAN
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Ms. Cyndi Hillery, Staff Director
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Mr. Gabriel Petek, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Jayme Chick, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Joe Shinstock, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Brian Annis, Secretary, California State Transportation Agency
Mr. Warren A. Stanley, Commissioner, California Highway Patrol
Ms. Rebecca Metz, Section Commander, Administrative Services Division, California Highway
Patrol

2720-491—Reappropriation, Department of the California Highway Patrol. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2022:

0044—Motor Vehicle Account, State Transportation Fund

(1) Item 2720-301-0044, Budget Act of 2016 (Ch. 23, Stats. 2016)

(6) 0000144-California Highway Patrol Enhanced Radio System: Replace Towers and Vaults—Acquisition



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Amendment to and Elimination of Various Budget Bill Items, Support, Department of Motor Vehicles

Department of Motor Vehicle (DMV) Operational Improvements—It is requested that various items be increased by a net of \$162,210,000 to fund 178.8 positions to address a range of long-term operational improvements within the DMV, while continuing to address its shorter-term challenges. Consistent with this proposal, two requests have been submitted to the Joint Legislative Budget Committee (JLBC) pursuant to Provision 2 of Item 2740-001-0044, Budget Act of 2018, to augment DMV's fiscal year 2018-19 budget authority by a total of \$46,417,000.

Over time, DMV has increasingly struggled to meet the public's needs in field offices, on its website, through the use of self-service terminals (kiosks), and via phone calls. In response to the Office of State Audits and Evaluations' Performance Review Audit and the Government Operations Agency's DMV Reinvention Strike Team's assessment, this proposal includes funding for a number of long-term improvements that will begin transitioning DMV to a better, more customer-friendly department.

- The requested resources will fund much needed customer service improvements. Acceptance of credit cards in field offices will make transactions faster and easier for customers and create a user-focused experience. The redesigning and streamlining of DMV's website will reduce unnecessary field office visits and, as a result, reduce wait times by making it easier to complete transactions online. These website improvements combined with a range of new online chat services will also help customers understand whether a field office visit is necessary, and if so what they need to bring to complete the transaction in a minimal amount of time.
- This proposal will also fund a number of operational improvements. Better training will help ensure that customers are getting the same high-quality, fast, and efficient service throughout the state, and increased regional management will improve oversight of field offices operations to monitor performance and ensure that training is implemented. Development of mobile transaction facilities and expanded use of kiosks with a broader range of transaction capabilities will improve public access by increasing DMV's ability to serve the public more efficiently in a greater number of locations outside of field offices.

- Finally, this request provides for critical information technology improvements, including replacement of outdated and unreliable hardware such as terminals, servers, and circuits, and expanded network redundancies to stabilize the current system that is fragile and is at risk of complete failure. This proposal will reduce vulnerability to outages so that DMV's ability to serve the public as well as the broader effectiveness of the other proposed improvements are not hindered by technical outages or faulty equipment.

While these longer-term changes are made, DMV must continue meeting the changing needs of its customers. DMV's greatest short-term challenge is addressing the temporary spike in field office visits driven primarily by the federally mandated REAL ID Act. This request provides resources to continue funding 900 existing temporary positions and up to more than 970 new temporary positions such as temporary hires, permanent intermittent employees, overtime, retired annuitants, and staff borrowed from other departments to address this short-term increase in workload and keep wait times down. Similar to the 2018 Budget Act, it is requested that provisional language be added to allow for further budgetary augmentation, subject to Legislative approval, should the requested resource level be insufficient to meet the public's needs (see Attachment 1). Additionally, this proposal includes funding of \$9.5 million for digital media, regional media, and ethnic media channels aimed at reducing wait times by better informing the public regarding which transactions require a field office visit, how to make use of alternative service channels such as online services or kiosks, and what documentation to bring in for various types of transactions, such as REAL ID. This outreach effort is intended to achieve a measurable reduction in the number of unnecessary field office visits.

Consistent with this proposal, two requests have been submitted to the JLBC to augment DMV's 2018-19 budget authority by a total of \$46,417,000 to prevent increased wait times in DMV field offices. This authority will fund fiscal year 2018-19 costs associated with increased hours of operation, overtime, use of retired annuitants and staff borrowed from other departments, staff training, and tablets to streamline customer check-in. This will also fund the early hiring and training of 300 additional temporary positions being requested in fiscal year 2019-20 as DMV prepares for the normal increased summer field office traffic.

To make funding available for this request while leaving a prudent fund balance of at least \$100 million in the Motor Vehicle Account (MVA), the proposal includes the following measures:

- Starting in fiscal year 2018-19, the pension loan repayment required by Chapter 50, Statutes of 2017 (SB 84), will be suspended for five years, with payments being moved to subsequent years when there is less cost pressure on the MVA from REAL ID implementation. This will make \$320 million available in the short-term to help fund the proposed improvements.
- Starting in fiscal year 2019-20, the annual Budget Act transfer of \$90 million or more in non-Article XIX revenues from the MVA (from non-transportation-related services DMV provides, such as legal filing fees and information sales to commercial entities) to the General Fund will be suspended for five years. This will make \$485 million available in the short-term to help fund the proposed improvements.
- Starting in fiscal year 2019-20, DMV will begin passing on credit card transaction fees to customers, similar to the Employment Development Department, Department of Food and Agriculture, Franchise Tax Board, and others that also allow for the use of credit cards. This is estimated to generate a budgetary savings of \$114 million in the MVA over the next five years, which will be used to help fund this proposal.

It is requested that the following items be amended as follows:

- Item 2740-001-0042 be decreased by \$1,272,000
- Item 2740-001-0044 be increased by \$177,697,000 and 178.8 positions, and reimbursements be increased by \$700,000
- Item 2740-001-0064 be decreased by \$8,508,000
- Item 2740-001-3290 be decreased by \$6,407,000
- Item 2740-011-0044 be eliminated

Withdrawal of Budget Requests—It is requested that two budget change proposals originally included in the Governor's Budget be withdrawn.

- SB1-Transportation Funding would provide \$8,542,000 for the Road Maintenance and Rehabilitation Account's proportional share of credit card transaction fees. Per the DMV Operational Improvement proposal above, these costs will now instead be paid by consumers.
- Extension of REAL ID Resources would provide \$63,730,000 in placeholder funding consistent with current year REAL ID Resource levels. This request is being replaced with the DMV Operational Improvements proposal referenced above.

The effect of my requested action are reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Amanda Martin, Principal Program Budget Analyst, at (916) 322-2263.

/s/ Keely Martin Bosler

KEELY MARTIN BOSLER
Director

Attachment

cc: On following page

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Attention: Mr. Mark McKenzie, Staff Director
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Mr. Gabriel Petek, Legislative Analyst (4)
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Jason Sisney, Assembly Speaker's Office (2)
Ms. Jayme Chick, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Joe Shinstock, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Kathleen Webb, Acting Director, Department of Motor Vehicles
Mr. Brian Annis, Secretary, California State Transportation Agency
Ms. Marybel Batjer, Secretary, Government Operations Agency

Add the following provisions to Item 2740-001-0044:

2. If additional resources are needed to further reduce or prevent field office wait times beyond the level provided for in this appropriation, the Director of Finance may augment the amount appropriated in this item by submitting a request by the Director of the Department of Motor Vehicles for additional resources. The request must justify the additional resources requested and demonstrate how and by what amount of time the level of resources requested will reduce or prevent wait times at individual offices and statewide. The request must also provide an update on the status of the resources provided pursuant to this appropriation and their impact on individual and statewide field office wait times. The requested augmentation is intended to reduce or prevent long wait times at impacted field offices and shall be limited to that purpose, including, but not limited to, additional field office staff, business process redesign, and expanded service hours. The request will also provide an updated forecast of the Motor Vehicle Account fund condition that reflects the impact of this request. The Director of Finance may not approve any augmentation unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.
3. Of the amount appropriated in this item \$9,500,000 shall be available for encumbrance or expenditure until June 30, 2021 for media to better prepare customers for interacting with the Department of Motor Vehicles.