

Agency Name:	Department Of Motor Vehicles		
Agency Code:	R400	Section:	82



Fiscal Year FY 2025-2026

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2025-2026, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.
NON-RECURRING REQUESTS (FORM B2)	For FY 2025-2026, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.
CAPITAL REQUESTS (FORM C)	For FY 2025-2026, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting funding for Capital Projects.
	<input type="checkbox"/>	Not requesting any changes.
	<input type="checkbox"/>	
PROVISOS (FORM D)	For FY 2025-2026, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Jeremy Allison	(803) 896-9891	Jeremy.Allison@scdmv.net
SECONDARY CONTACT:	Kristin Wicker	(803) 896-3844	Kristin.Wicker@scdmv.net

I have reviewed and approved the enclosed FY 2025-2026 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE: TYPE/PRINT NAME:	<u>Agency Director</u>	<u>Board or Commission Chair</u>

This form must be signed by the agency head – not a delegate.

Agency Name:	Department Of Motor Vehicles
Agency Code:	R400
Section:	82

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	SCDMV IT System Modernization	12,000,000	0	0	0	12,000,000	0.00	0.00	0.00	0.00	0.00
2	B2 - Non-Recurring	SCDMV IT System Modernization	112,731,116	0	0	0	112,731,116	0.00	0.00	0.00	0.00	0.00
TOTALS			124,731,116	0	0	0	124,731,116	0.00	0.00	0.00	0.00	0.00

Agency Name:	Department Of Motor Vehicles		
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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	SCDMV IT System Modernization
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$12,000,000 Federal: \$0 Other: \$0 Total: \$12,000,000
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply: <input type="checkbox"/> Change in cost of providing current services to existing program audience <input type="checkbox"/> Change in case load/enrollment under existing program guidelines <input type="checkbox"/> Non-mandated change in eligibility/enrollment for existing program <input type="checkbox"/> Non-mandated program change in service levels or areas <input checked="" type="checkbox"/> Proposed establishment of a new program or initiative <input type="checkbox"/> Loss of federal or other external financial support for existing program <input type="checkbox"/> Exhaustion of fund balances previously used to support program <input checked="" type="checkbox"/> IT Technology/Security related <input type="checkbox"/> HR/Personnel Related <input checked="" type="checkbox"/> Consulted DTO during development <input type="checkbox"/> Related to a Non-Recurring request – If so, Priority #
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STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark “X” for primary applicable Statewide Enterprise Strategic Objective: <input type="checkbox"/> Education, Training, and Human Development <input type="checkbox"/> Healthy and Safe Families <input type="checkbox"/> Maintaining Safety, Integrity, and Security <input type="checkbox"/> Public Infrastructure and Economic Development <input checked="" type="checkbox"/> Government and Citizens
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ACCOUNTABILITY OF FUNDS	<p>The DMV’s mission includes authenticating and managing the identities of South Carolina residents, to include the issuance of secure state identity credentials, as well as delivering essential motor vehicle and driver-related services and administering state and federal motor vehicle laws and regulations. The agency developed and aligned goals and strategies to achieve these core responsibilities while focusing on delivering an exceptional customer experience for all citizens who interact with the agency.</p> <p>While the agency has been successful in meeting its mission, the agency suffers from outdated technology which makes it a target for criminal attacks by nefarious individuals who seek to steal the identity of South Carolinians. Additionally, the outdated technology makes the DMV inefficient in meeting the demands of a growing population that has increased by 1 million residents over the last decade and is projected to grow by another million in the next ten years. The agency needs to invest in a modern DMV IT system to provide more efficient service to customers, and the agency must implement measures to protect the personal information citizens entrust to the DMV to ensure our customers do not fall victim to unscrupulous attacks by well organized criminal entities.</p> <p>A modernized DMV IT system will reduce operating costs by automating numerous processes that are currently performed manually and could include a reduction in mailing costs for the agency. It also sets the conditions for the agency to implement electronic versions of DMV-issued products, providing increased security of customer information.</p>
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Depending on the type of system procured, there are additional opportunities to link the DMV's system to other state agencies and create a single agency as the point-of-entry to other state agencies meaning citizens would not have to re-validate information already provided to the primary system of record (the DMV in this case).

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

The Department of Motor Vehicles would receive this appropriation to fund the implementation and annual maintenance and support of a modernized DMV IT System and to fund identity theft mitigation measures to protect the personal information of the State's citizens. Funds would be placed in a special use account for agency technology modernization and the agency will use to pay invoices to vendors supporting the modernization effort.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

This appropriation would support the implementation and continued maintenance and support of a modern DMV IT system and the implementation of robust identity theft mitigation measures to protect citizen's personal information.

DMV IT System Modernization

The DMV's current IT system, Phoenix, went "live" in 2002 and has endured more than 11,000 changes and modifications since its introduction. The current system lacks the core functions required of today's motor vehicle administration agency and requires interfacing with numerous external applications, at significant cost, to support citizens with their DMV related services or products. Phoenix's age, outdated technology and extensive number of modifications have manifested in an increasing frequency of short-term system outages or failures in specific functionality which impact 2,000 customers per hour state-wide. In FY24 alone, there were more than 14 unplanned outages that inconvenienced citizens, jeopardized highway safety, impacted commercial businesses, and caused the DMV to divert critical IT resources from ongoing project work to identify outage causes and develop "hot fixes" to resolve the crisis.

Contributing to the challenge of maintaining Phoenix is that nearly half of the system's computer coding uses antiquated COBOL programming language which complicates interfaces with modern applications and adds difficulty to modifying and testing code. The inadequate capability of Phoenix's core inhibits supporting applications preventing the DMV from maximizing the full utility of the application. Additionally, it is becoming increasingly difficult to maintain qualified COBOL programmers to sustain Phoenix as many employees or contractors proficient in COBOL coding are nearing retirement age or choose to take higher paying jobs in private industry.

Furthermore, the current system is strained to support South Carolina's current population which has increased by one million residents since 2014 and is projected to increase by another million residents in the next ten years. Neither the SCDMV IT system nor the agency's infrastructure or workforce are postured to successfully meet the population demand of the next decade. The burdens of a growing population and outdated technology that has endured more than 11,000 modifications since inception are resulting in a marked increase in unplanned system outages. These sporadic system failures impact up to 2,000 customers every hour the system is unavailable and are increasingly more difficult to troubleshoot. A modernized DMV IT system that automates a majority of individual and business customer functions and incorporates automated, intuitive testing capabilities is needed to efficiently and accurately serve South Carolina today, and in the future.

Implementing a modernized DMV IT system would result in immense value for the State of South Carolina by transforming the way the agency delivers customer service to the more than 85% of state residents who rely on DMV products and services. A modernized DMV IT system will provide more convenient customer service options for citizens, including performing many DMV transactions through mobile technology platforms, considerably reducing the number who will need to come to a DMV branch office in-person. This is particularly critical given the projected population growth of SC over the next decade – without the automation provided by a modernized IT system, the DMV will not meet the demand of an additional one million SC residents who need its services.

Additionally, a modernized DMV IT system will simplify transaction processing for DMV employees which will lead to faster processing times and, correspondingly, shorter wait times for customers who must visit an office. The system will include enhanced analytics to improve business intelligence by providing timely and accurate information and reports to the DMV and other state partners to aid operations and decision-making. And the flexibility of a modernized DMV IT system will ensure changes to state or federal motor vehicle laws or

JUSTIFICATION OF REQUEST

regulations are implemented in a much faster and more effective manner than currently – change management in weeks versus months.

A modernized DMV IT system will not only provide increased convenience to customers and more efficient administration of identity, driver, and vehicle services, but the investment will reduce the agency's future operating costs by automating numerous processes that are currently performed manually. A modernized DMV IT system that enables the agency to communicate with customers via electronic means could substantially reduce the cost and time currently incurred by mailing communications. A modernized DMV IT system also sets conditions for the agency to implement electronic versions of DMV-issued products, providing increased security of customer information and enabling a future state government enterprise approach where a citizens government products are stored and managed through one platform.

The new modernized DMV IT system will be comprehensive, incorporating many essential functions not resident in Phoenix's core platform. Included functions include a strong financial management capability that will expedite the collection and reconciliation of state revenues taken in by the DMV and will provide a more efficient disbursement processes to provide gaining agencies with funds in considerably shorter time. Improved financial management capability will also allow the agency to expand payment options for citizens.

DMV market research estimates a modernization effort will require \$86.66 million and approximately five years to implement the modernized DMV IT system. In the FY24 General Appropriations Act, the Legislature appropriated \$20 million of non-recurring funds to the DMV for IT System Modernization and subsequently appropriated an additional \$5.9 million for IT System Modernization in the FY25 General Appropriations Act. The agency augmented legislative appropriations by directing \$18 million of internal agency funds from its carryforward balance and operating appropriations to the special restricted program for IT System Modernization which brings the current total of funding for the project to \$43.9 million. The agency requires an additional \$42.73 million in funding to proceed with its modernization effort to implement a new modernized DMV IT system. Additionally, following implementation of the new modernized DMV IT system, maintenance and support funding will be required to sustain the system, implement change management requests, and integrate additional functionality. The SCDMV is estimating \$7 Million annually to support and maintain the new modernized DMV IT system.

Identity Theft Mitigation

Identity Theft is one of the fastest growing crimes in the US with more than 42 million Americans having their identity compromised in 2021 at a staggering \$52 billion dollars in lost finances and benefits. The DMV serves as the authenticator and state agency of record of a citizen's identity, issuing state identity credentials (driver's licenses or identification cards) that are the pathway for citizens to obtain other governmental services and benefits, apply for commercial financial products, verify identity to receive controlled products such as pharmaceutical medications or age-restricted products like alcohol. Ensuring the DMV has the most secure means to produce and issue secure identity documents as well as the agency having the ability to verify the identity of anyone presenting themselves for DMV services on the agency's suite of customer service platforms is paramount to reduce the potential of identity theft in SC.

Included in the agency's identity theft mitigation efforts is the transition of credential production and issuance to a centralized process which will provide a more secure physical credential and strengthen identity verification processes used in the credential production and issuance processes. Additionally, the agency will implement an identity proofing solution to confirm the identity of any individual attempting to access DMV services. This solution will apply to all remote access interactions like website, phone or kiosk platforms, as well as for in-person services. The solution will provide tiered levels of identity verification to support the associated risk level of the transaction they are attempting. Finally, the agency will automate processes for capturing and transferring customer personal information to reduce the use of paper forms and to digitally capture information presented on physical forms at the point of interaction.

DMV market research estimates the identity theft measures mentioned above will require approximately \$6 million annually to implement and keep these efforts on the leading edge of technology.

If the agency receives the requested appropriation of \$12 million recurring in the FY26 General Appropriations Act, the DMV will use the appropriated amount as follows:

- FY26 through FY30: \$8m/yr toward the remaining implementation expenses of SCDMV's IT system modernization and \$4m toward Identity Theft mitigation measures.
- FY31 and beyond: \$7m toward annual maintenance and support of modernized DMV IT System; \$5 million toward Identity Theft Mitigation measures.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Department Of Motor Vehicles		
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FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	SCDMV IT System Modernization
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Provide a brief, descriptive title for this request.

AMOUNT	\$112,731,116
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input checked="" type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	<input type="checkbox"/>	HR/Personnel Related
	<input checked="" type="checkbox"/>	Request for Non-Recurring Appropriations
<input type="checkbox"/>	Request for Federal/Other Authorization to spend existing funding	
<input type="checkbox"/>	Related to a Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input checked="" type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<p>Strategy 1.1 is to "deliver an excellent customer service experience while upholding the existing laws that govern agency operations." While this is the specific strategy this request supports and advances, there are several others impacted by a modernized customer record system that will streamline customer delivery options and processes for customers and businesses. The DMV anticipates a modernized system could offer customer accounts, more payment opportunities, and built-in financial reconciliation.</p> <p>A modernized system will reduce operating costs by automating numerous processes that are currently performed manually and could include a reduction in mailing costs for the agency. It also sets the conditions for the agency to implement electronic versions of DMV-issued products, providing increased security of customer information.</p> <p>Depending on the type of system procured, there are additional opportunities to link the DMV's system to other state agencies and create a single agency as the point-of-entry to other state agencies meaning citizens would not have to re-validate information already provided to the primary system of record (the DMV in this case).</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	<p>The Department of Motor Vehicles would receive this appropriation to fund the total project cost of implementing a new modernized DMV IT System. Funds would be placed in a special use account for agency technology modernization and the agency will use to pay invoices to vendors supporting the modernization effort.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The DMV's current IT system, Phoenix, went "live" in 2002 and has endured more than 11,000 changes and modifications since its introduction. The current system lacks the core functions required of today's motor vehicle administration agency and requires interfacing with numerous external applications, at significant cost, to support citizens with their DMV related services or products. Phoenix's age, outdated technology and extensive number of modifications have manifested in an increasing frequency of short-term system outages or failures in specific functionality which impact 2,000 customers per hour state-wide. In FY24 alone, there were more than 14 unplanned outages that inconvenienced citizens, jeopardized highway safety, impacted commercial businesses, and caused the DMV to divert critical IT resources from ongoing project work to identify outage causes and develop "hot fixes" to resolve the crisis.

Contributing to the challenge of maintaining Phoenix is that nearly half of the system's computer coding uses antiquated COBOL programming language which complicates interfaces with modern applications and adds difficulty to modifying and testing code. The inadequate capability of Phoenix's core inhibits supporting applications preventing the DMV from maximizing the full utility of the application. Additionally, it is becoming increasingly difficult to maintain qualified COBOL programmers to sustain Phoenix as many employees or contractors proficient in COBOL coding are nearing retirement age or choose to take higher paying jobs in private industry.

The current system is strained to support South Carolina's current population which has increased by one million residents since 2014 and is projected to increase by another million residents in the next ten years. Neither the SCDMV IT system nor the agency's infrastructure and workforce are postured to successfully meet the demand of the next decade. The burdens of a growing population and outdated technology that has endured more than 11,000 modifications since inception are increasing the frequency of unplanned system outages. These sporadic system failures impact up to 2,000 customers every hour the system is unavailable and are increasingly more difficult to troubleshoot. A modernized DMV IT system that automates a majority of individual and business customer functions is needed to efficiently and accurately serve South Carolina today, and in the future.

Implementing a modernized DMV IT system would result in immense value for the State of South Carolina by transforming the way the agency delivers customer service to the more than 85% of state residents who rely on DMV products and services. A modernized DMV IT system will provide more convenient customer service options for citizens, including performing many DMV transactions through mobile technology platforms, considerably reducing the number who will need to come to a DMV branch office in-person. This is particularly critical given the projected population growth of SC over the next decade – without the automation provided by a modernized IT system, the DMV will not meet the demand of an additional one million SC residents who need its services.

Additionally, a modernized DMV IT system will simplify transaction processing for DMV employees which will lead to faster processing times and, correspondingly, shorter wait times for customers who must visit an office. The system will include enhanced analytics to improve business intelligence by providing timely and accurate information and reports to the DMV and other state partners to aid operations and decision-making. And the flexibility of a modernized DMV IT system will ensure changes to state or federal motor vehicle laws or regulations are implemented in a much faster and more effective manner than currently – change management in weeks versus months.

A modernized DMV IT system will not only provide increased convenience to customers and more efficient administration of identity, driver, and vehicle services, but the investment will reduce the agency's future operating costs by automating numerous processes that are currently performed manually. A modernized DMV IT system that enables the agency to communicate with customers via electronic means could substantially reduce the cost and time currently incurred by mailing communications. A modernized DMV IT system also sets conditions for the agency to implement electronic versions of DMV-issued products, providing increased security of customer information and enabling a future state government enterprise approach where a citizens government products are stored and managed through one platform.

The new modernized DMV IT system will be comprehensive, incorporating many essential functions not resident in Phoenix's core platform. Included functions include a strong financial management capability that will expedite the collection and reconciliation of state revenues taken in by the DMV and will provide a more efficient disbursement processes to provide gaining agencies with funds in considerably shorter time. Improved financial management capability will also allow the agency to expand payment options for citizens.

DMV market research estimates a modernization effort will require several parallel lines of effort, including implementation of a new modernized IT system, a thorough cleansing of the agency's database prior to conversion to a new system, contracted program management to ensure success of the initiative, as well as additional short term agency IT resources and facilities to support the implementation will cost \$86.66 million and require approximately five years to complete. In the FY24 General Appropriations Act, the Legislature appropriated \$20 million of non-recurring funds to the DMV for IT System Modernization and subsequently appropriated an additional \$5.9 million for IT System Modernization in the FY25 General Appropriations Act. The agency augmented legislative appropriations by directing \$18 million of internal agency funds from its carryforward balance and operating

appropriations to the special restricted program for IT System Modernization which brings the current total of funding for the project to \$43.9 million. The agency requires an additional \$42.73 million in funding to proceed with its modernization effort to implement a new modernized DMV IT system. Additionally, following implementation of the new modernized DMV IT system, maintenance and support funding will be required to sustain the system, implement change management requests, and integrate additional functionality. The SCDMV is estimating \$7 Million annually to support and maintain the new modernized IT system and this request is including \$70 million to cover support and maintenance costs for ten years following the completion of the implementation phase.

A modernized DMV IT will ensure the DMV meets its charter to issue secure identity documents, deliver essential motor vehicle and driver services to customers and efficiently administer state and federal motor vehicle laws by providing individuals and business customers significantly more convenient means of interacting with the agency to conduct DMV transactions; providing the state with a flexible government system that leverages current technology to provide high availability and responsive change management.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Department Of Motor Vehicles		
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FORM D – PROVISO REVISION REQUEST

NUMBER	82.2
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Cost Recovery Fee/Sale of Photos or Digitized Images
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	None
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	
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Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.

REQUESTED ACTION	Amend
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>This proviso originally pertained to the Department of Public Safety (DPS), however, when the Department of Motor Vehicles (SCDMV) was established as a standalone state agency, the proviso carried over to the SCDMV. While the proviso authorizes SCDMV to recover its costs for the production, purchase, handling, and mailing of documents, publications, and data sets, additional language in the proviso contradicts that ability for the agency by requiring all revenue collected under this proviso, with the exception of revenue pertaining to FOIA requests, be sent to the State Highway Fund. The current wording of the proviso precludes SCDMV from retaining any amount of revenue from these products to cover costs of producing.</p> <p>The modification requested to this proviso removes the restriction on limiting the cost of products to the amount that existed in 2001. By doing so, the agency would continue to provide revenues generated from the current fee rate to the State Highway but would seek to increase the fee for these products with authorization for the agency to retain the additional revenues generated by the higher fee. Revenues retained by the agency resulting from fee increases would be for the purpose of continuing information technology modernizations.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

The amended proviso will maintain existing requirements to include the distribution of revenues collected pursuant to the February 1, 2001 fee amount to the State Highway Fund. The amended language in this proviso will eliminate the restriction that limits fees charged for these products be tied to the rate charged as of February 1st, 2001 to allow the SCDMV to retain the balance of revenues generated from any increases to fees above the rate charged on February 1, 2001. Revenues from increased fee amounts will enable SCDMV to continue necessary information technology modernizations, including implementation and ongoing maintenance for a modernized DMV IT system and technology improvements to mitigate the risk of South Carolina citizens becoming victims of identity theft.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

The Department of Motor Vehicles may collect processing fees and fees to recover the costs of the production, purchase, handling and mailing of documents, publications, records and data sets. The department may collect and retain fees to defray the cost associated with fulfilling a Freedom of Information Act (FOIA) request. ~~The amount charged by the Department of Motor Vehicles for any fees collected pursuant to this proviso may not exceed the rates that the department charged as of February 1, 2001.~~ The Department of Motor Vehicles may not sell, provide or otherwise furnish to private parties, copies of photographs, whether digitized or not, taken for the purpose of a drivers license or personal identification card. Photographs and digitized images from a drivers license or personal identification card are not considered public records. With the exception of the cost associated with fulfilling a FOIA request, revenue generated by **each fee collected up to by the fees imposed by this provision the fee amounts charged pursuant to this proviso on February 1, 2001,** must be placed into the State Highway Fund as established by Section 57-11-20 of the 1976 Code and be distributed as provided in Section 11-43-167. **The balance of the revenue from each fee collected must be retained by the Department of Motor Vehicles.**

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$3,556,555
	<i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>

ASSOCIATED FTE REDUCTIONS	None.
	<i>How many FTEs would be reduced in association with this General Fund reduction?</i>

PROGRAM / ACTIVITY IMPACT	Administration, Customer Service Centers, Driver Services, Vehicle Services, Office of Inspector General, Facial Recognition, Technology and Program Development.
	<i>What programs or activities are supported by the General Funds identified?</i>

SUMMARY	<p>DMV is a customer service-oriented agency. About 70% of our general fund appropriations are personnel and fringes. As a result, DMV has limited options to reduce cost without reducing personnel.</p> <p>If mandated to take a 3% General Fund Reduction, DMV would postpone IT equipment refresh in the amount of \$800,000. Although unsustainable for multiple years, this would prevent a significant impact on customer services in the current year.</p> <p>DMV would eliminate temporary employees in the amount of \$2,014,055. The temporary employee reduction would negatively impact customer service by increasing wait times and possibly result in long lines at DMV Field Offices around the State.</p> <p>Finally, DMV would reduce contract employees in the amount of \$742,500. This cut could be detrimental to our services since the agency relies on contract employees for programming revisions to our Phoenix system.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

DMV established a "Third Party Testing" program with driving schools. Authorized driving schools can now administer driving skills tests that previously required DMV License Examiners to perform. During the previous year, Third Party Testers (driving schools) administered 5,099 commercial vehicle (CDL) driving skills tests (2.5 hours per test) and 36,489 class D (automobile) driving skills tests (35 minutes per test). Combined, Third Party Testers administered a total of 34,033 man-hours of driving skills tests. This equates to 16 License Examiners that DMV was able to avoid hiring with a cost savings of \$718,500 for salaries and employer contributions.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Legislative Accomplishments and Upcoming Priorities <i>Provide a brief, descriptive title for this request.</i>								
EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	Citizens won't have to travel to and interact with the DMV to ensure their paperwork from dealers is correctly actioned by the dealer thus saving them time and money; more citizens can now participate in a driver's license reinstatement payment plan which will enable them to continue to operate their vehicle and earn a living while paying installment payments to SCDMV. <i>What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.</i>								
FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply: <table border="1"> <tr> <td></td><td>Repeal or revision of regulations.</td></tr> <tr> <td>X</td><td>Reduction of agency fees or fines to businesses or citizens.</td></tr> <tr> <td>X</td><td>Greater efficiency in agency services or reduction in compliance burden.</td></tr> <tr> <td></td><td>Other</td></tr> </table>		Repeal or revision of regulations.	X	Reduction of agency fees or fines to businesses or citizens.	X	Greater efficiency in agency services or reduction in compliance burden.		Other
	Repeal or revision of regulations.								
X	Reduction of agency fees or fines to businesses or citizens.								
X	Greater efficiency in agency services or reduction in compliance burden.								
	Other								
METHOD OF CALCULATION	Legislative changes – 1) Act #51 of 2023; 2) DMV is earmarking \$18 million in carry forward money generated from salary lag that resulted from high employee turnover that occurred prior to implementing career-pathing salary adjustments approved by the General Assembly. The DMV does not anticipate having any carry forward monies in the future, as a result of career-pathing salary increases which have dramatically reduced employee attrition. The \$18 million in carryforward monies has been placed into a special restricted account for IT modernization as planned along with the with the funds appropriated by the General Assembly for this purpose. However, these funds are insufficient to fully fund system modernization and therefore, the DMV will need to seek additional appropriation from the General Assembly, which has been communicated in budget hearings before the General Assembly in FYs 2023, 2024, and 2025. <i>Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.</i>								
REDUCTION OF FEES OR FINES	<p>The agency continues to actively identify and explore ways to decrease its reliance on requesting additional funding from the General Assembly to fund critical agency projects. For example, and as noted above, the DMV has moved \$18m of its carry forward funds into a special restricted account thus requiring that these funds remain available only for the approved purpose of system modernization. The DMV also moved the \$20m that the General Assembly appropriated for this purpose in FY24 and \$5.9m in FY25 into this special regulated account. However, a gap of \$42.7m remains, and must be met to fill the procurement requirement to have sufficient funds to enter into a contract to begin IT modernization.</p> <p>The inclusion of agency carry forward funds helps reduce the total amount the agency must request from the General Fund to fund a critically needed modern enterprise computer system (see FY25 priority #1 budget request).</p> <p>Additionally, the General Assembly created a new source of revenue for the DMV via Act #51 of 2023. This Act stipulates that beginning in November 2024, the DMV will begin retaining \$2.50 of every \$10 it collects from South Carolina residents who purchase vehicles from dealers in the state. This portion of the fee is paying for SCDMV to perform quality assurance and will help to ensure that their paperwork processed at a dealer is correct before being sent to the DMV, thus removing the need for the customer to interact with the DMV and helping to expedite the process. The \$2.50 DMV retains go towards specific technology initiatives that are separate and distinct from the system modernization mentioned above. If the DMV can fund modernization efforts without depending upon the traditional appropriations process each State Fiscal Year budget cycle then internal projects can be better aligned and modifications benefitting efficiency and efficacy can be more easily and assuredly planned and implemented. These improvements will be feasible when a sustainable and sufficient revenue stream is created that is not subject to the timing of the state fiscal year, as appropriations are.</p> <p>Further, Act 51 enabled more customers to 'finance' their driver's license reinstatement fees – thus allowing them to enter into a payment plan with SCDMV that enables them to legally operate a vehicle to and from work while making installment payments, instead of being required to refrain from driving until the full amount of their driver's license reinstatement fees were paid all at once. s. Current law requires that a person must owe a minimum of \$300 to participate in the SCDMV Driver's License reinstatement payment program, but in May 2024, this amount was lowered to \$200 via a statutory change. Currently, a person may participate or pay back their fees over a six-month period, however in 2024, this time period is increasing to 12-months to allow more time for payment to be made and</p>								

enable customers to continue driving.

Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION

After a recent regulatory review with the Department of Public Safety, both agencies realized that there were existing DMV-related regulations within DPS's regulation in Chapter 38. These regulations were already in existence however, they were not moved to DMV regulations when the DMV became a standalone cabinet agency in 2003. Both agencies agreed that these regulations were applicable to DMV and needed to be moved to Chapter 90.

While the DMV successfully reduced its number of regulations in 2021 and 2022, the agency increased its regulations in 2024 with the incorporation of these existing regulations within Chapter 90. However, the long-term goal of the Department is to ultimately decrease its regulations all together by codifying necessary rules.

Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY

The DMV constantly looks for ways to be better fiscal stewards of the state dollars it receives. However, when combined with its appropriations, the SCDMV is not given the statutory authority to retain enough of the revenues it collects to offset its operating costs, nor does it have adequate funding to pursue IT modernization that would benefit the State and its citizens in many ways, but especially economically.. The SCDMV is appreciative of the General Assembly creating the new revenue stream in Act #51 of 2023 without which the DMV would not be able to eventually modernize many other processes with the goal of negating the need for a customer to come to a brick-and-mortar DMV. While that eventuality is a ways into the future, the DMV is confident that with appropriate technology and processes in place, it's an attainable reality for South Carolina. The SCDMV is simply not able to deliver.

The DMV looks forward to assisting residents with their driver's license reinstatement payment plan, helping them to avail themselves of a legal way to drive to and from work while they make their required payments. It has been a challenge for our residents when their driver's license is suspended and they owe reinstatement fees that they are unable to pay all at once and therefore can't legally operate a vehicle to get to and from work to earn a living and take care of their family. Further amendments in Act #51 of 2023 solves some of these challenges and provides these individuals with a legal way to continue to operate their vehicle and earn a living while paying their reinstatement fees in a predictable and agreed upon timeframe.

Finally, While the number of DMV regulations will grow in the short term to account for the transition of DMV related regulations from DPS's Chapter 38 to DMV's Chapter 90, the DMV sees no substantive amendments within those amendments to impact entities governed by them and does not anticipate introducing any new regulations in the future at this time.

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?