



SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES

SC House Ways and Means

Transportation and Regulatory Subcommittee

Budget Hearing

January 17th, 2024





SCDMV FY25 Budget Requests



System Modernization - \$8 million Recurring

Functional Capabilities - \$985k Recurring for FTE positions



THE NEED FOR SYSTEM MODERNIZATION



- Modernize agency's **25-year-old technology** for IT and customer records system (Phoenix) which was implemented in 2002 and lacks the **core functionality required for today's DMV**
- Phoenix foundational computer language (COBOL) is **archaic, requires expensive contracted support and increases application security vulnerabilities**
- System availability is inadequate & requires planned outages for code updates (4-6 hrs every 6 wks) to implement changes; **Law Enforcement, State Government agencies, business customers & other state DMVs negatively impacted during outages**
- On average requires **minimum of 12 months to implement mandated legislative or regulatory changes**
- Automated testing not possible with Phoenix due to complexity; causes unforeseen consequences when executing code moves **(e.g. 25 hot fixes required for the 7 code moves in 2023)**
- Increase in frequency and duration of disruptive service events **result in customers turned away at offices**
- Transaction processing is inefficient, requiring extensive knowledge by employees to sequentially step through multiple screens to complete tasks; **results in longer transaction times at offices**
- Lack of customer-centric account **structure limits customer convenience in interacting with DMV**, prevents use of virtual services such as document upload, case management (chat/text)



THE VALUE OF SYSTEM MODERNIZATION



GOALS

Convenience: greatly improve customer service in obtaining DMV services/products (online, mobile)

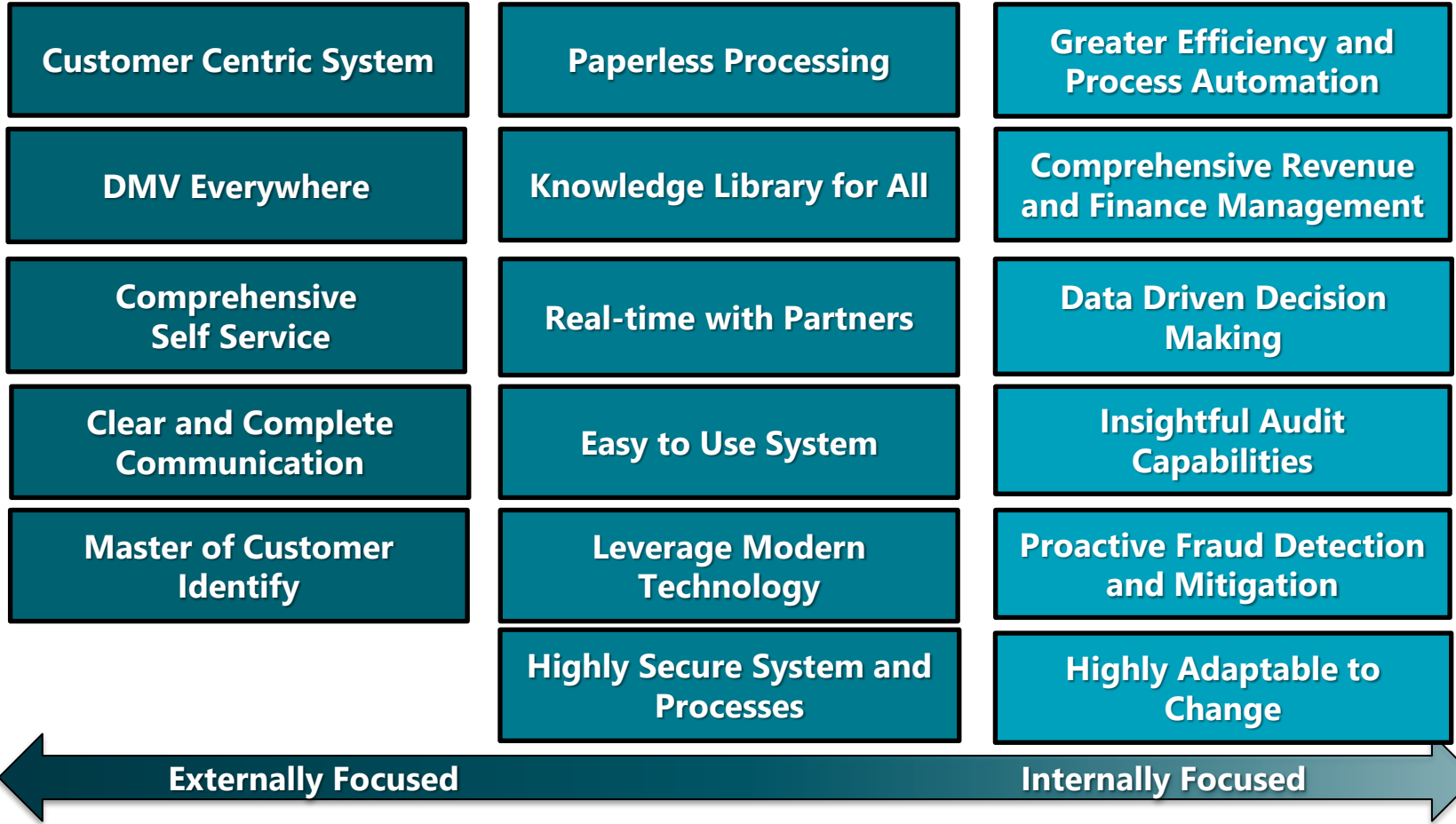
Simplicity: simpler for customers to complete transactions; easier for employees to master processes

Responsiveness: significantly reduced time to develop, test and implement changes management

Analytics: more timely and accurate reporting of information to inform agency decisions and support external partners (legislature, other state agencies, etc.)

Flexibility: integrates several functions currently provided by external applications; includes room for expansion to implement future technology

MODERNIZATION THEMES



Benefits for Customers, SCDMV Employees, Partners and Stakeholders



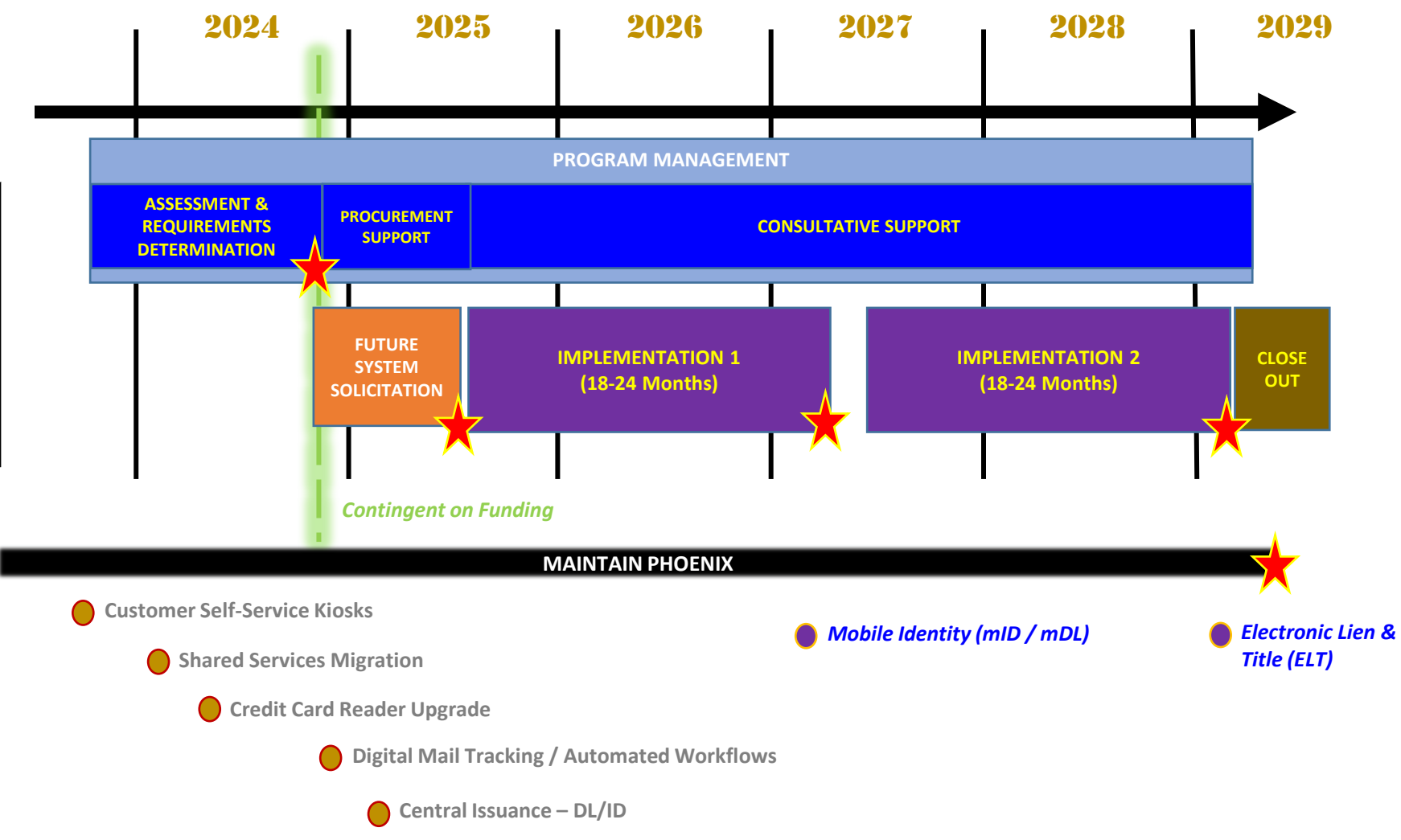
THE COST & TIMELINE FOR SYSTEM MODERNIZATION



- **\$78m total estimated project cost based on market research**
 - program management (\$8m)
 - system implementation (\$70m)

System Modernization				
Fiscal Year	Non-Recurring Approp.	Carryforward	Recurring Approp.	
2024	20,000,000.00	18,000,000.00		
2025			8,000,000.00	
2026			8,000,000.00	
2027			8,000,000.00	
2028			8,000,000.00	
2029			8,000,000.00	
Total	20,000,000.00	18,000,000.00	40,000,000.00	<u>78,000,000.00</u>

- Program Management Comprehensive assessment underway with motor vehicle modernization consultant to analyze DMV current state, desired future state and determine options to provide **foundation for successful implementation**
- Anticipate implementing over four years beginning in **2025** with two consecutive 18-24 month implementations; **future system modernization complete by 2029** enabling future initiatives – mDL, ELT, ...





\$985k Recurring – Functional Capabilities



- Requesting 18 FTE positions and funding
 - 12 Commercial Driver License (CDL) Examiners to **support the agency's doubling of locations** offering CDL exams
 - 6 positions to establish a **mobile services team** to bring DMV services to community events, underserved communities, respond to emergencies, offset temporary office closures, etc
- Requesting additional 16 FTE authorizations (without funding) to address flexibility needed during modernization journey and needs in the agency
 - modernization period will require agency to **maintain current system while simultaneously developing new system** (requires dedication of DMV employees to new system development)
 - address increasing demands – i.e., FOIA Officer, Budget Manager, Contact Center capability increase



SCDMV FY25 Proviso Requests



- 82.6 **AMEND** – Fund balance carry forward authority
 - *Deletes language pertaining to Act #37 of 2021 & Real ID Implementation Funding*

- 82.7 **DELETE** – REAL ID
 - *Appropriations pertaining to Real ID implementation have been fully exhausted*

- 82.10 **DELETE** – Authority to retain revenue from Traceable Temporary License Plate
 - *codified in Act #51 of 2023*

- 82.15 **DELETE** – Biennial Registration on Commercial Motor Vehicles
 - *resolved by provisions codified in Act #37 of 2021 which take effect July 1, 2024*



SCDMV FY23 Financial Update



FY2023 SCDMV Appropriations vs. Actual

Funded Program	General Fund			Earmarked			Federal		
	Appropriation	Actual	Variance	Appropriation	Actual	Variance	Appropriation	Actual	Variance
Administration	8,904,013	7,916,761	987,252			-			
Customer Service Centers	40,101,922	41,298,577	(1,196,655)			-			
Driver Services	7,437,289	6,766,318	670,971			-			
Inspector General	3,567,352	4,189,621	(622,269)			-			
Motor Carrier Services	665,126	2,347,954	(1,682,828)			-			
Technology & Product Development	14,507,610	12,999,551	1,508,059			-			
Vehicle Services	10,906,989	4,697,163	6,209,826			-			
Employer Contributions	24,459,760	23,066,739	1,393,021			-			
One-Time State Bonus (Non-Recurring)	1,596,180		1,596,180			-			
CDL Expansion (Non-Recurring)	3,201,370	3,201,370	-			-			
Motor Carrier Reorganizaton (Non-Recurring)	1,092,000	1,092,000	-			-			
Facial Recognition	245,000	32,250	212,750			-			
Mail Tracking System		457,500	(457,500)			-			
Plate Replacement	-	5,000,000	(5,000,000)	7,500,000	1,263,443	6,236,557			
Real ID					15,044	(15,044)			
Earmarked Authority				8,247,596	63,933	8,183,663			
Capital Projects					358,673	(358,673)			
Grand Total	116,684,611	113,065,803	3,618,808	15,747,596	1,701,093	14,046,503	1,700,000	893,367	806,633



SCDMV FY24 Financial Update



FY2024 SCDMV Appropriations vs. Actual (As of 12/17/2023)

Funded Program	General Fund			Earmarked			Federal		
	Appropriation	Actual	Variance	Appropriation	Actual	Variance	Appropriation	Actual	Variance
Administration	9,691,980	5,235,989	4,455,992			-			
Customer Service Centers	42,145,124	21,094,102	21,051,022			-			
Driver Services	7,711,936	3,418,745	4,293,190			-			
Inspector General	3,755,605	1,809,041	1,946,563			-			
Motor Carrier Services	778,894	2,202,074	(1,423,180)			-			
Technology & Product Development	15,600,400	5,912,159	9,688,240			-			
Vehicle Services	11,120,500	1,982,274	9,138,227			-			
Employer Contributions	27,502,394	13,700,057	13,802,337			-			
			-			-			
Facial Recognition	245,000	34,500	210,500			-			
IT System Modernization (Non-Recurring)	20,000,000	97,457	19,902,543			-			
Plate Replacement			-	7,500,000	3,172,077	4,327,923			
Capital Projects			-		327,257	(327,257)			
Earmarked Authority			-	8,247,596	11,810	8,235,786			
Grand Total	138,551,833	55,486,399	83,065,434	15,747,596	3,511,144	12,236,452	1,700,000	733,769	966,231



SCDMV Carryforward Balances



General Fund	
FY17 General Fund Remaining	3,207,311
FY18 General Fund Remaining	1,816,927
FY19 General Fund Remaining	8,548,120
FY20 General Fund Remaining	4,245,761
FY21 General Fund Remaining	6,060,277
FY22 General Fund Remaining	4,706,862
FY23 General Fund Remaining	3,618,808
SCDMV General Fund Carryforward	32,204,066

Earmarked Funds	
FY17 Beginning Balance	22,504,382
FY17 Expenditures (net)	(7,754,391)
FY18 Expenditures (net)	(457,979)
FY19 Expenditures (net)	(3,408,064)
FY20 Expenditures (net)	386,163
FY21 Expenditures (net)	(2,835,290)
FY22 Expenditures (net)	(990,985)
FY23 Expenditures (net)	(1,949,296)
FY24 Expenditures (net) YTD	5,831,392
Current Earmarked Funds Balance (12/14/2023)	11,325,933

- \$18m contributed to System Modernization**
- \$3.7m supporting Digital Mail Tracking System implementation**
- \$3.3 Emergency Reserve dedicated to the continuity of operations**
- \$3m dedicated to the relocation of the Mt. Pleasant field office**
- \$2.8m supporting Central Issuance implementation and operations**
- \$1.4m dedicated to Celtic System Upgrade in compliance with Act #37**
- \$980k dedicated to Workflow Management Solutions**



Department of Motor Vehicles



Agency Information



SCDMV MISSION, VISION and VALUES



Mission

Administer the state's motor vehicle laws by providing quality, secure, and efficient motor vehicle, driver, and identity services to customers and partners.

Vision

Recognized for delivering an exceptional service experience driven by efficient processes, professional employees, innovative technology, and valued partnerships.

Employee Values

Competent

Committed

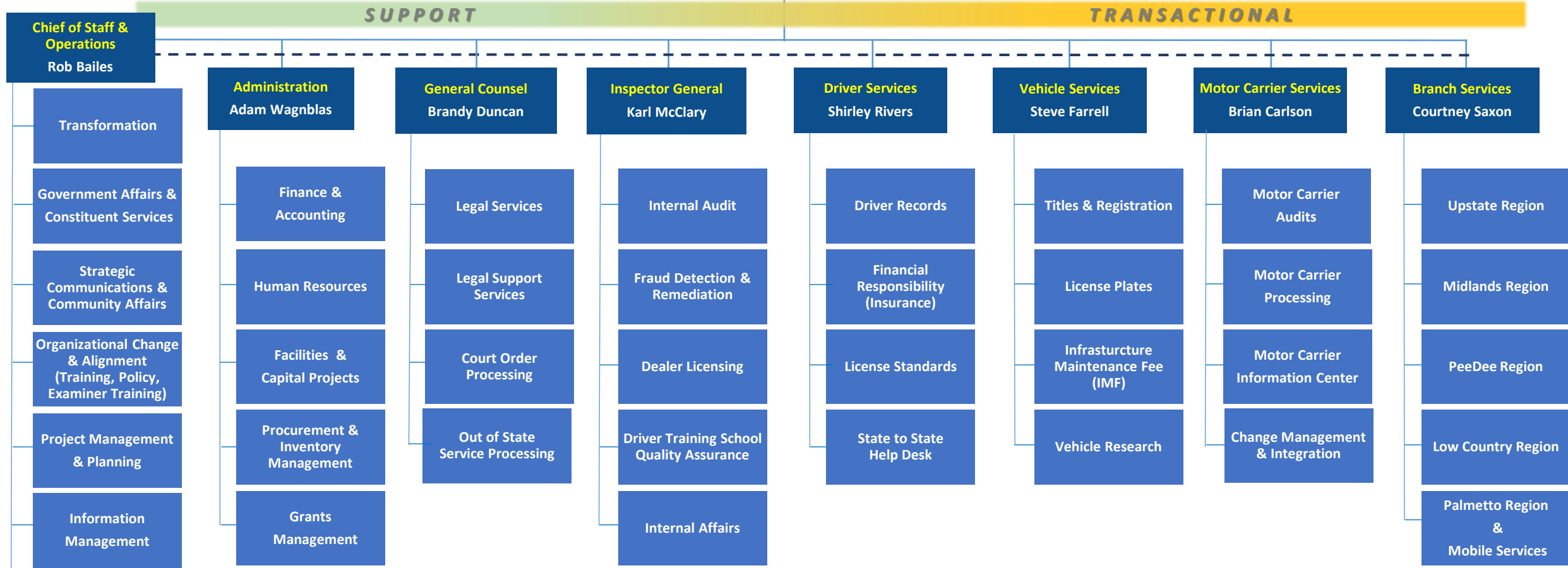
Courteous



SOUTH CAROLINA DEPARTMENT OF MOTOR VEHICLES



Executive Director
Kevin A. Shwedo



- **1,496 Employees: 1,393 FTE - 1312 filled / 81 vacant (6%); 82 Temporary/Grant Funded; 21 Contractors**
- **Headquarters, 66 Branch Office Locations, Mobile Services Capability**
- **Performs All Driver, Vehicle, and Motor Carrier Functions for SC Citizens & Businesses**
- **Serves as primary authenticator of Citizen identity within SC**



Robert Bailes
CHIEF OF STAFF &
DIRECTOR OF OPERATIONS



Kevin A. Shwedo
EXECUTIVE DIRECTOR



Adam Wagnblas
DIRECTOR OF
ADMINISTRATION



Brandy Duncan
GENERAL COUNSEL



Karl McClary
INSPECTOR
GENERAL



Shirley Rivers
DIRECTOR OF
DRIVER SERVICES



Steven Farrell
DIRECTOR OF
VEHICLE SERVICES



Brian Carlson
DIRECTOR OF MOTOR
CARRIER SERVICES



Courtney Saxon
DIRECTOR OF
BRANCH SERVICES



Matthew Edwards
DEPUTY DIRECTOR
HUMAN RESOURCES



Curtis Hutchinson
DEPUTY DIRECTOR
GENERAL COUNSEL



Teddi Miller
DEPUTY DIRECTOR
AUDIT AND COMPLIANCE



Eddie Wicker
DEPUTY DIRECTOR
DRIVER SERVICES



Stephanie Ford
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VEHICLE SERVICES



Bridgette Bruce
DEPUTY DIRECTOR
MOTOR CARRIER SERVICES



Rebecca Kittrell
DEPUTY DIRECTOR
BRANCH SERVICES



Kristin Wicker
DEPUTY DIRECTOR
FINANCIAL
OPERATIONS



Peter Adamowsky
DEPUTY DIRECTOR
GOVERNMENT
AFFAIRS



Deborah Mangels
CHIEF
INFORMATION
OFFICER



Wes Belk
INFORMATION
SECURITY
OFFICER



Melissa Cisson
DEPUTY DIRECTOR
INFORMATION
MANAGEMENT

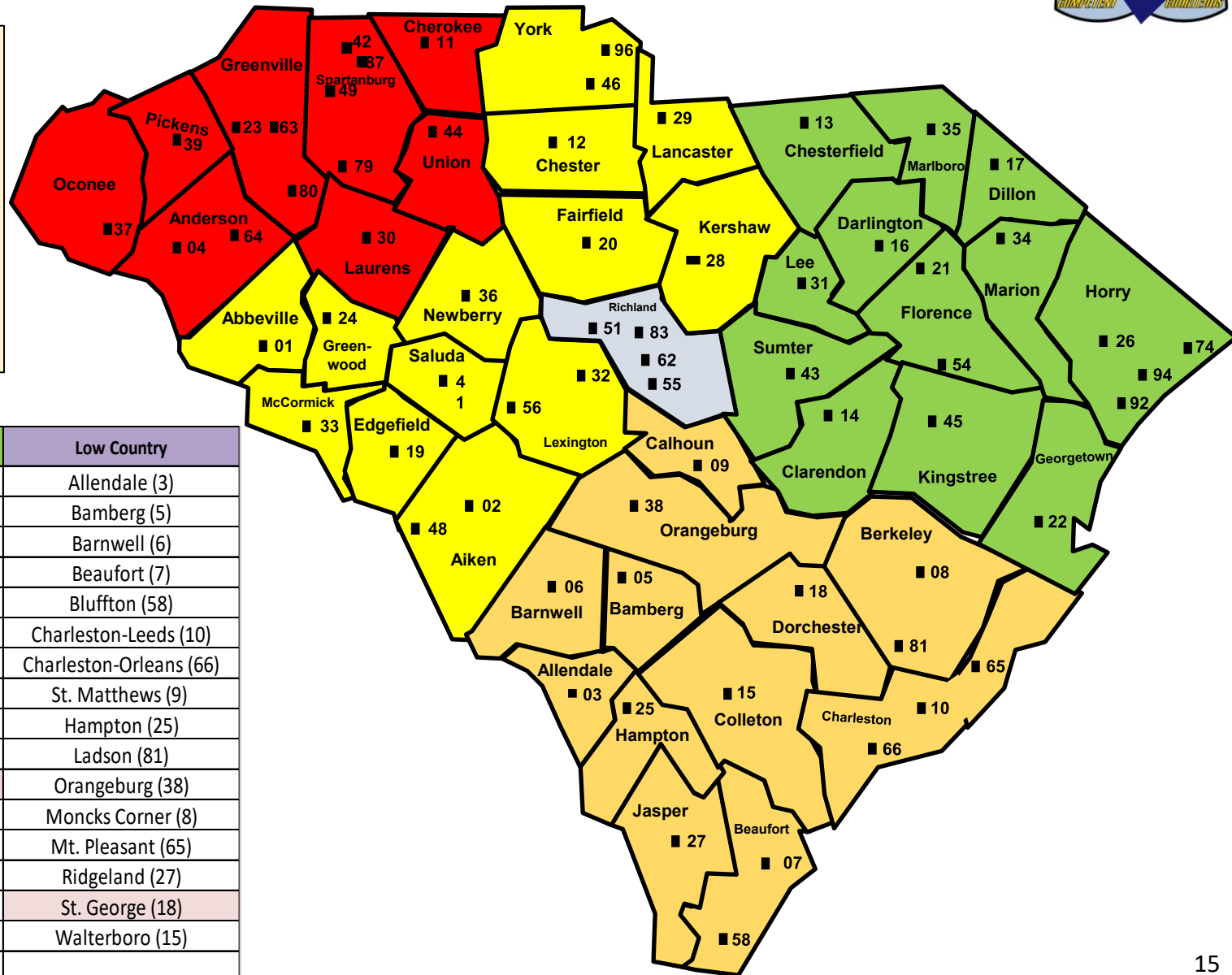


SCDMV BRANCH OFFICE REGIONAL MAP



- **66 Branch Office Locations**
 - *at least one office in each county*
 - *22 serve International Customers*
 - *12 provide CDL testing (expands to 18 by July 2025)*
 - *8 provide IFTA / IRP registration for Motor Carriers*

- **5 Contact Center Locations**
 - *HQ (main contact center)*
 - *Satellite Ctrs - Seneca, Chester, Manning, St. George*



Palmetto	Upstate	Midlands	PeeDee	Low Country
Blythewood (83)	Anderson (4)	Abbeville (1)	Bennettsville (35)	Allendale (3)
Irmo/Ballentine (51)	Belton (64)	Aiken (2)	Bishopville (31)	Bamberg (5)
O'Neil Court (62)	Fountain Inn (80)	Batesburg (56)	Chesterfield (13)	Barnwell (6)
Shop Rd (55)	Gaffney (11)	Camden (28)	Conway (26)	Beaufort (7)
Mobile Operations	Greenville (123)	Chester (12)	Darlington (16)	Bluffton (58)
DMV Express	Greenville (63)	Edgefield (19)	Dillon (17)	Charleston-Leeds (10)
CMF Team	Greer (49)	Fort Mill (96)	Florence (21)	Charleston-Orleans (66)
QA Team	Laurens (30)	Greenwood (24)	Georgetown (22)	St. Matthews (9)
HQ Contact Center	Pickens (39)	Lancaster (29)	Kingstree (45)	Hampton (25)
	Seneca (37)	Lexington (32)	Lake City (54)	Ladson (81)
	Spartanburg-Fair (42)	McCormick (33)	Manning (14)	Orangeburg (38)
	Spartanburg-South (87)	Newberry (36)	Marion (34)	Moncks Corner (8)
	Union (44)	North Augusta (48)	Myrtle Beach (94)	Mt. Pleasant (65)
	Woodruff (79)	Rock Hill (46)	Myrtle Beach Com (92)	Ridgeland (27)
		Saluda (41)	N Myrtle Beach (74)	St. George (18)
		Winnsboro (20)	Sumter (43)	Walterboro (15)



Executive Summary – 2023 Performance



- **REAL ID** -- SCDMV has issued more than **2.5 million REAL ID** compliant credentials representing **56% of SC issued Driver's Licenses or Identification cards**; projection is approximately 70% of SC credentials will be REAL ID compliant as of the Federal enforcement date of May 7th, 2025
- **Legislative Requirements** -- SCDMV is implementing several measures of 2023 Legislative Acts #24, #51, #55, #56 including changes to **automobile dealer licensing requirements, transition to a single traceable temporary license plate** for all vehicles, **expanding payment plan program eligibility for reinstatement fees**, and **mandated electronic vehicle registration for in-state** dealer auto sale transactions
- **Employment Retention** – SCDMV's agency-wide recruitment and retention initiative aimed at increasing salaries and providing additional pay for special skills or years of service for all employees has resulted in a **greater than 10% reduction in the agency's annual turnover rate**, an increase in internal candidates being selected for open positions, and an 11% reduction in agency positions paid less than the state average
- **Resource Accountability** -- SCDMV distributed \$780,384,227 of revenue collected by the agency in FY23. More than 50% of this revenue resulted from Act #40 of 2017 ("The Roads Bill"). Further, the agency partnered with SCDOT to complete paving projects at several branch locations, allowing SCDMV to reallocate or return more than **\$92,000 of grant funding**
- **License Plate contract transition** – SCDMV completed a significant product transition in September 2023, moving production of all SC license plates to a new vendor, Intellectual Technology Inc (ITI); ITI established a production & distribution facility in SC that services most Southeastern states and incorporates labor from the SC Department of Corrections in the production of SC license plates



Executive Summary - Ongoing Initiatives



- **System Modernization Analysis** – SCDMV applied partial funding appropriated by the General Assembly in FY24 to initiate the first phase of the agency’s system modernization strategy, undertaking a comprehensive study of its IT system, data structures and business processes to evaluate current state and identify requirements for the desired future system (gap analysis); the assessment will **conclude summer 2024** and results will provide foundation for implementation of a future system, when fully funded by legislature
- **Shared Services Migration** – SCDMV is completing its mandated migration of IT application and data servers to Dept of Administration’s shared services environment; migration began Jun 2023 and will result in SCDMV applications and data residing on Administration’s Department of Technology Services supported servers providing enhanced protection of SCDMV data and further aligning the agency with the State’s direction for technology services **(Feb 2024)**
- **Credit Card Reader Upgrade** – SCDMV is working with Dept of Administration to secure 800 new credit card readers for point-of-sale transactions in branch offices; current readers only support swipe transactions and new readers will accept EMV chip or tap payments, and eventually digital wallet payments such as Apple Pay, Google Pay, Samsung Pay **(Jun 2024)**
- **Digital Mail Tracking/Processing** – SCDMV is implementing an electronic tracking system for mail received at agency headquarters to improve efficiency and enhance visibility of in-process work; system will scan mail into digital workflows tracked from point of entry at DMV through completion of the transaction **(Sep 2024)**; second phase of project will extend scanning and digital workflows to all branch offices **(Jan 2025)**
- **Central Issuance of Driver’s Licenses/Identification Cards** – to produce more secure state-issued driver’s license and identification cards and reduce potential of SC Citizens becoming victims of identity fraud, SCDMV is transitioning to a central issuance method for producing that leverages advanced production technology and methods **(Tentative: Jan 2025)**
- **Modernized CDL Skills Test** -- SCDMV will transition to the Federal Motor Carrier Safety Administration’s (FMCSA) new modernized Commercial Driver’s License skill test between **September 2023 – July 2025**; SCDMV will expand number of locations offering CDL skill testing from 9 to 18 as part of the transition; all Third Party Testers must transition to new FMCSA CDL test by **July 2025**



Department of Motor Vehicles



Backup Slides



SCDMV 2024 Legislative Priorities



H.4675 Expedited Fees for Centrally Issued Driver's Licenses and Identification Cards

- Sponsor: Rep Erickson, pre-filed 12/14/23 - referred to EPW

H.4671 Repeal Plate Replacement Fund

- Sponsor: Rep Crawford, pre-filed 12/14/23 - referred to EPW

H.4674 Temporary License Plates May Be Displayed in Front Windshield of Intra-State Commercial Motor Vehicles

- Sponsor: Rep Erickson, pre-filed 12/14/23 - referred to EPW

H.4673 Amend the 180-day Hold Period for Beginner's Permits to 30-days

- Sponsor: Rep Erickson & Rep Gilliam, pre-filed 12/14/23 - referred to EPW

H.4672 Permissive Use of Mobile Driver's License

- Sponsor: Rep Erickson, pre-filed 12/14/23 - referred to EPW



H.4675 Expedited Fees for Centrally Issued Driver's Licenses & Identification Cards



- SCDMV transitioning to central issuance method for credential production in fall 2024
 - One of the last remaining states that does not issue DLs/IDs via this method
 - Provides a much more secure credential
- Legislative request to include an expedited option for production/delivery of centrally issued driver's license / identification card
- Existing fee in §56-1-550 intended for over-the-counter title processing
 - move section to §56-19-420
- Revise the §56-1-550 fee to be solely for beginner's permits, licenses, and IDs
 - \$90 expedited fee to have license application "move to the front of the line"
 - in addition to standard license application fees (\$25 in most cases)
- DMV retains the \$90 fee for sole purpose of expedited card costs (vendor will pass cost to mail "in the most expeditious manner" directly to the agency)



H.4671 Repeal Plate Replacement Fund



- Repeal language in §56-3-1230 that directs the DMV to retain \$2 of the biennial registration fee to pay for license plates and decals (agency not appropriated for this function)
- Current funding formula is insolvent and in arrears, customer doesn't pay full cost of plate until third registration is paid (six years)
- People keep their plate, broadly, on average three years = \$4 into the plate replacement fund; the DMV bears the cost of replacing a missing/stolen plate, yet doesn't retain the money the customer pays (\$6; §56-3-1320)
- Creating and mailing a plate = \$5.44
- Numerous registrations don't pay into the fund – any free registrations, any property carrying vehicles registered under §56-3-660, Apple plate
- DMV will ask for license plates to be appropriated in FY26 pending this bill becoming law
- General Assembly will determine what to do with the \$2 of the \$40 biennial fee retained by DMV for plate replacement fund (\$22 State Highway Fund, \$16 Infrastructure Maintenance Trust Fund, \$2 DMV)



H.4674 Temporary License Plates in Front Windshield of Intra-State Commercial Motor Vehicles



- Amendment to §56-3-1240 to allow a motorcycle-sized temporary license plate to be placed in the front windshield of intrastate large CMVs
- Temporary plates made of Teslin material deteriorate too quickly when placed on the front of vehicles
- State Transport Police supportive of amendment
- No impact to interstate CMVs, TEAR tags issued in these cases



H.4673 Amend the 180-day Hold Period for Beginner's Permits to 30-Days



- Amend §56-1-50 to require people with no driving experience who are 18+ to hold a beginner's permit for 30 days instead of 180
 - All testing requirements still apply
- SC one of few states that does not have different hold periods depending on age of applicant
- Alabama, Arkansas, *Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, Tennessee, *Texas, and *Virginia in the Southeast have no hold (*FL, TX, VA have no hold period, but have Driver's Ed / similar requirement*)



H.4672 Permissive Use of Mobile Driver's License



- New section that allows for mobile identity (mID) solution to be stored on personal wireless device
- DMV would develop mobile driver license (mDL) application for the mID solution
 - Customers must retain physical DL/ID on their person in addition to mID
 - Future expansion could include other state issued products (i.e., vehicle registration, proof of insurance, voter registration, concealed weapons permit, etc.)
- Outlines framework for law enforcement and merchants/banks/bars/etc. to interact with mID
- Similar in operation to how a credit card is stored/used from a mobile device
- Reader devices query customer mDL & receive only information required if customer authorizes release
 - Information encrypted on customer device, transmission between devices requires public-private key pairing
- Permissive language allows the DMV to more seriously begin the procurement process for a mID solution
- Implementation expected to occur no early than driver service system modernization – mid to late 2026