



Wes Moore
Governor
Aruna Miller
Lieutenant Governor
Paul J. Wiedefeld
Secretary

**J00E00 Maryland Department of Transportation
Motor Vehicle Administration
Fiscal Year 2026 Operating Budget
Response to the Department of Legislative Services Budget Analysis**

House Appropriations Committee
Transportation and the Environment Subcommittee
Chair Courtney Watson
February 26, 2025

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Chair Michael Jackson
March 3, 2025

**J00E00 MDOT – Motor Vehicle Administration
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Services Analysis**

DLS Budget Analysis

1. MVA Cost Recovery (Page 11)

MVA should explain why it has failed to set fees at levels sufficient to achieve at least the minimum cost recovery required by statute.

MDOT Response:

There are several factors contributing to MVA’s historical cost recovery attainment. Similar to other State agencies, MVA has faced rapidly increasing costs in the last few years due to inflation, supply chain challenges, and other economic/supply chain pressures related to the coronavirus pandemic, some of which are still felt today. These challenges, combined with fees that are not adjusted for inflation, resulted in a gap between realized cost recovery revenues and 95% of cost recovery expenditures.

As shown in Exhibit 6 of the DLS analysis, MVA increased its cost recovery attainment to 91.1% in fiscal 2025 from 81.7% in fiscal 2025 due to miscellaneous fee adjustments that were effective on September 1, 2024. The MVA strives to achieve the cost recovery requirement by managing cost and creating efficiencies while improving customer engagement. Any adjustments in fee levels must carefully consider the customer impact of the adjustment.

The cost recovery levels shown in Exhibit 6 of the DLS analysis assume the miscellaneous fee rates set on September 1, 2024, and do not assume any future rate increases. To meet cost recovery requirements, periodic fee increases will be required.

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DLS Budget Analysis Issues

2. REAL ID Act Enforcement Effective May 7, 2025 (Page 15)

MVA should update the committees on the number and percentage of Maryland-issued drivers licenses and ID cards that are REAL ID compliant.

MDOT Response:

Over 4.8 million of the 5.1 million eligible Marylanders have REAL ID documents on file and 98 percent of those eligible for REAL ID are fully REAL ID ready. Maryland has an additional 255,697 customers with a federally non-compliant driver's license or ID card because they are not eligible for a REAL ID.

As of February 3, 2025:

- Total number of driver's license/identification card (DL/ID) holders: 5,128,680
- Total number of REAL ID/DL holders: 4,798,721
- Total number of non-compliant marked DL/ID holders: 255,697

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Operating Budget Recommended Actions

1. Concur with Governor's allowance. (Page 16)

MDOT Response:

The Department concurs with the DLS recommendation.

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance. (Page 16)

MDOT Response:

The Department concurs with the DLS recommendation.

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Budget Reconciliation and Financing Act Recommended Actions

- 1. Reject the provision increasing the maximum allowable Motor Vehicle Administration (MVA) cost recovery percentage from 100% to 115%; modify the requirement that MVA reduce fees if cost recovery is projected to exceed 100% of cost recovery expenses to instead require fee reductions only following the second consecutive year that cost recovery revenues actually exceed cost recovery expenses; and modify statutory provisions relating to the submission of the Transportation Trust Fund financial forecast to require that the forecast include a cost recovery schedule listing the cost recovery revenues and expenses and showing the resulting cost recovery percentages. (Page 16)**

MDOT Response:

MDOT respectfully disagrees with the recommendation to reject the BRFA provision to increase the cost recovery percentage to 115%, and the related recommendation to require a reduction in fees only if projected cost recovery revenues exceed 100% of cost recovery expenses for two consecutive years. Increasing the cost recovery percentage to 115% will allow MDOT to set fees appropriate to recoup its costs and give MDOT the flexibility needed to avoid repeatedly adjusting fees up and down due to external changes in market/economic conditions.

It is important to note that some external factors impact MDOT revenues and the health of the TTF. Vehicle sales, for example, have a substantial impact on MDOT revenues and have yet to recover to pre-pandemic levels.

MDOT respectfully disagrees with the recommendation to enact statutory change requiring the submission of cost recovery information alongside the yearly submission of the MDOT financial forecast. Cost recovery data and supplementary information have been informally provided to the Department of Legislative Services (DLS) for many years and a statutory requirement is not necessary to continue to achieve that. MDOT is also happy to start including that information directly on the financial plan so the information is more readily accessible to all.



Maryland Department of Transportation Motor Vehicle Administration

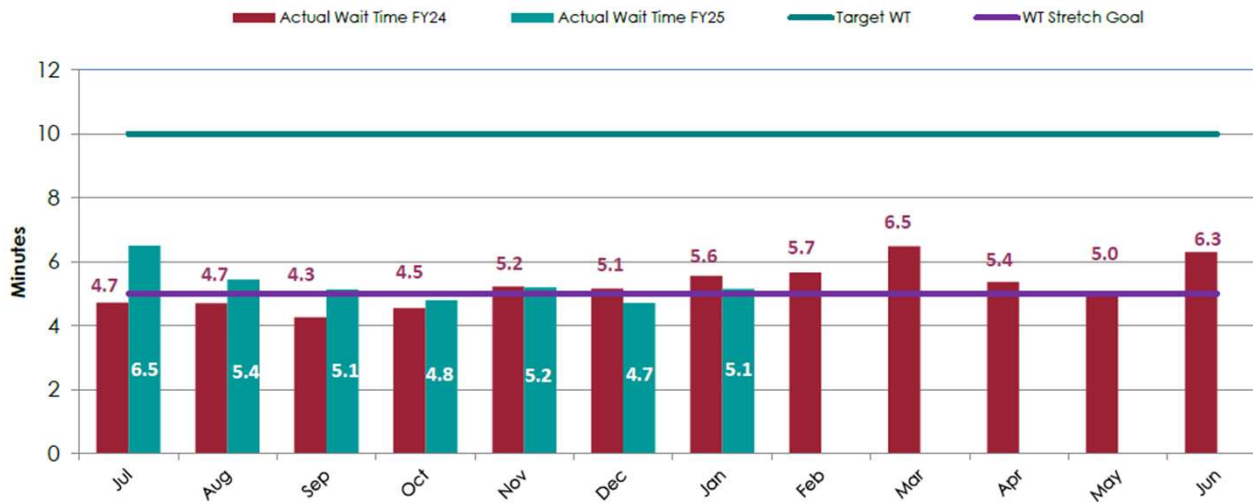
Fiscal Year 2026 Budget Overview
Presentation to Budget Committees

2025 Session



Performance Metrics – Monthly Average Wait Time

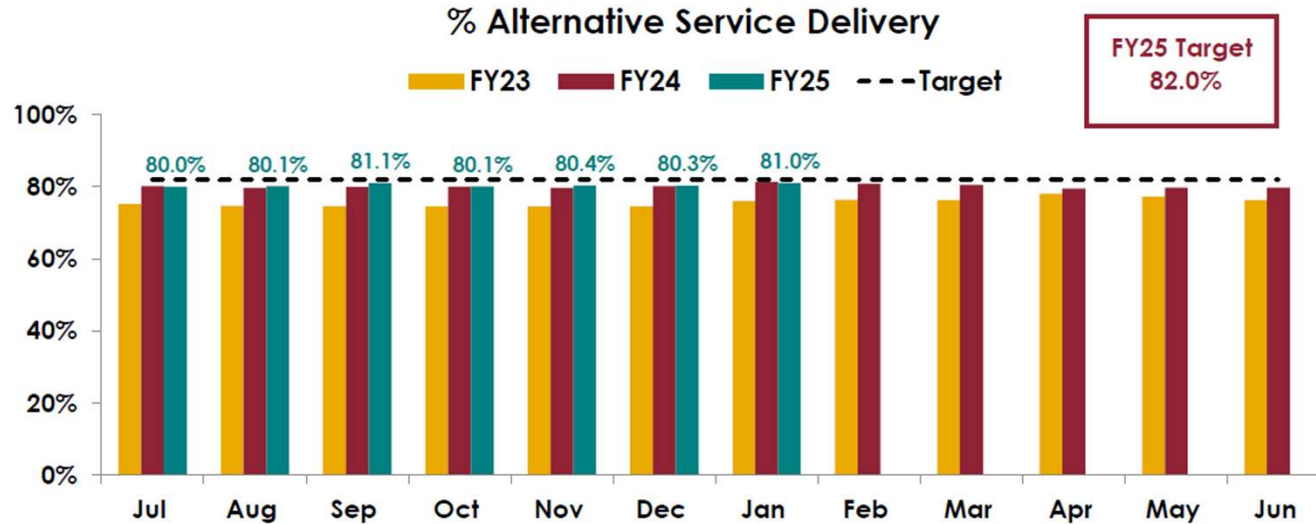
Wait Time Target (10 mins) & Stretch Goal (5 mins)



Monthly Average Wait Time (mins)													
FY24	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23	Jan'24	Feb'24	Mar'24	Apr'24	May'24	Jun'24	FY24
Actual WT	4.7	4.7	4.3	4.5	5.2	5.1	5.6	5.7	6.5	5.4	5.0	6.3	5.3
FY25	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan'25	Feb'25	Mar'25	Apr'25	May'25	Jun'25	FY25
Actual WT	6.5	5.4	5.1	4.8	5.2	4.7	5.1	-	-	-	-	-	5.3



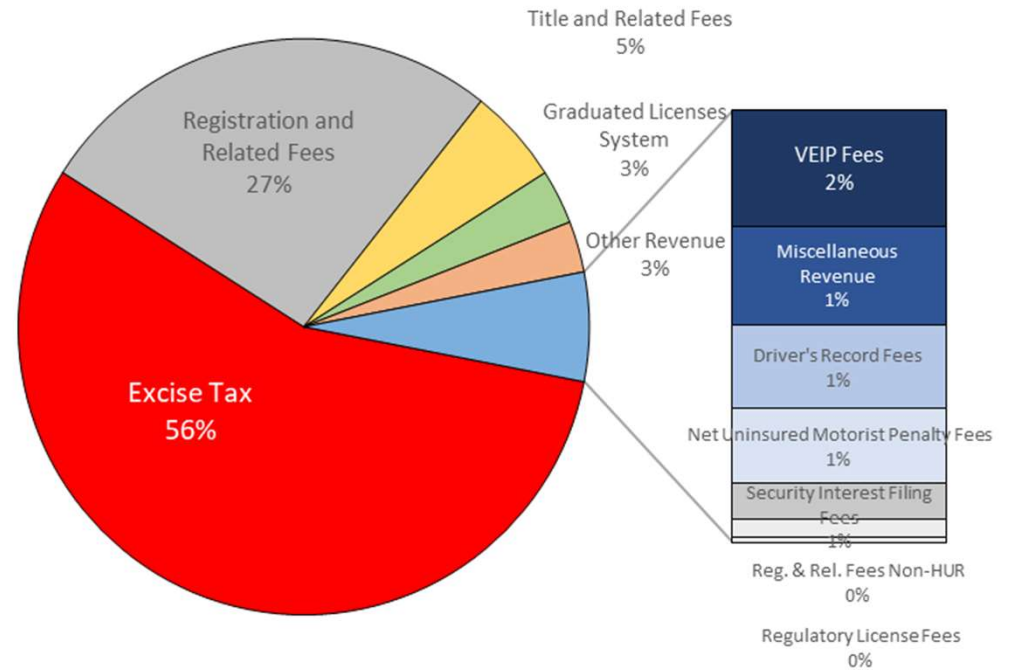
Performance Metrics – Alternative Service Delivery



Year End	FY20	FY21	FY22	FY23	FY24	FY25 YTD
	69.4%	70.8%	74.5%	75.7%	80.0%	80.4%

Gross Revenue Collection (Fiscal 2024)

<u>Revenue Stream</u>	<u>Total Revenue</u>
Excise Tax	\$1,060,425,646
Registration and Related Fees	\$505,526,463
Title and Related Fees	\$101,532,854
Driver's Licenses and ID Card Fees (Graduated Licenses System)	\$57,908,999
Other Revenue*	\$54,241,457
VEIP Fees	\$31,192,496
Miscellaneous Revenue	\$26,221,421
Driver's Record Fees	\$22,653,534
Net Uninsured Motorist Penalty Fees	\$19,954,750
Security Interest Filing Fees	\$9,839,947
Reg. & Rel. Fees Non-HUR	\$4,870,304
Regulatory License Fees	\$1,369,706
Total	\$1,895,737,577



*Other Revenue comprises revenue that is dispersed to other agencies (including charges for specialty Chesapeake Bay or agricultural plates).

Operating Budget Growth Has Not Kept Pace with Inflation; Requires Continued Efficiencies to Maintain Critical Operations (MVA)

Recent cost escalations:

- Vendor contracts and leases
 - Branch office leases
 - VEIP
 - Janitorial / facility maintenance
 - Software maintenance
- Materials and postage/mailings



Operating Budget (MVA)

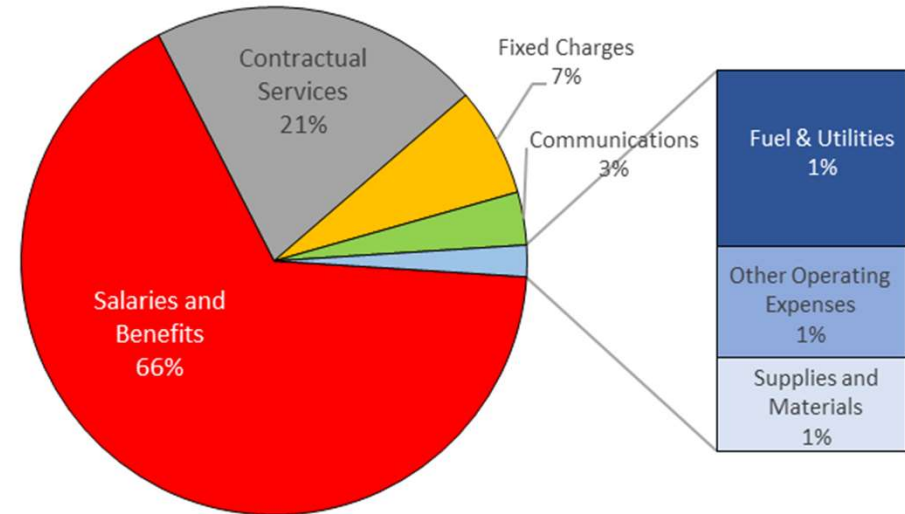
Fiscal 2025 Budget Restorations:

- Avoiding branch closures and reduction to Saturday and evening operating hours
- Foregoing hiring freeze of non-customer facing positions

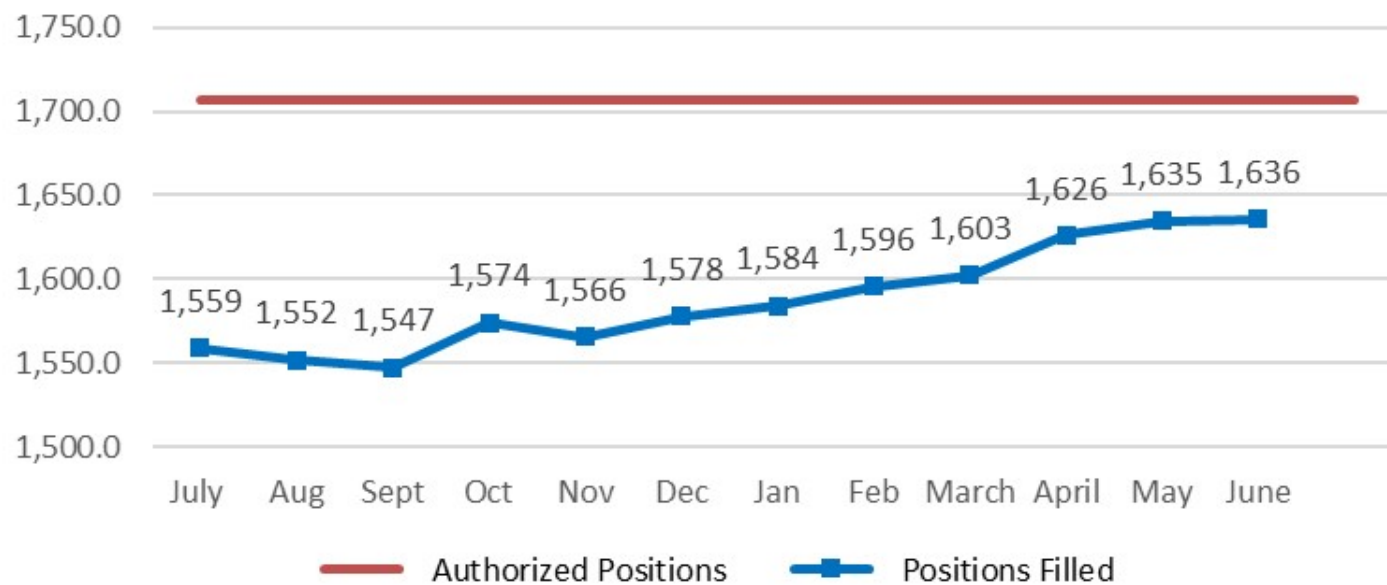


FY 2026 Operating Budget

<u>Budget Object</u>	<u>Amount</u>
Salaries and Benefits	\$164,018,240
Contractual Services	\$52,423,857
Fixed Charges	\$17,133,528
Communications	\$8,327,642
Fuel & Utilities	\$2,288,227
Other Operating Expenses	\$1,437,008
Supplies and Materials	\$1,225,497



Budgeted Position Overview – Fiscal 2024



MVA's number of authorized positions has remained at 1,701.5 FTE since FY 2021.

Workforce Development

- Interns and Apprentices Throughout MVA, including:
 - IT
 - Procurement, Accounting, Internal Auditing, IT
 - Branch Offices, Customer Experience
 - HR and Civil Rights/Fair Practices
- Internship and Apprenticeships Partners:
 - Anne Arundel County Public School
 - Dept of Service and Civic Innovation
 - MDOT Fellows
 - MSU
 - MD Institute for Innovative Computing



Capital Projects (MVA) - Glen Burnie Branch Renovation

- Hosted Lt Governor Aruna Miller on January 27, 2024, for ribbon cutting
- Customers are being assisted in brand-new reception and service areas
- All customer-facing offices are now on the first floor – increased customer ease and staff security



Key Priorities (All modes)

- Premier Service Model --> Premier Experience Model
 - Building on successes and efficiencies to provide a wholistic customer experience
 - One-Stop Shop
 - Estimated \$4.1 million in savings to our partner agencies housed in MVA branches
- Community Outreach – Underserved Populations
 - Bringing the written knowledge test into communities
 - Identification card resource days for customers experiencing homelessness
- Mobile IDs – convenient, secure, and easy
 - New free mobile application for businesses
 - Age verification – BWI Marshall Airport, Montgomery County

