TEXAS DEPARTMENT OF MOTOR VEHICLES

FY 2013 APPROVED OPERATINGBUDGET





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The following information highlights the changes from the FY 2013 Recommended Operating Budget presented to the Board on July 12, 2012:

Additional Funding Requests have been finalized.

- o Agency Wide funds in the amount of \$7.3 million were used to approve Additional Funding Requests, which are designed to meet programmatic needs above FY 2012 levels.
- o The following divisions were approved for Additional Funding Requests:
 - Administrative Services Division (ADM) The division reflects a decrease of \$1.7 million from FY 2012. This is the net effect of an increase of \$9.1 million to ADM offset by a transfer of \$10.8 million to Vehicle Title and Registration.
 - The \$9.1 million includes \$3 million for imaging/scanning contract for title application and all related supporting documents previously funded through capital dollars; \$4.6 million for the production of license plates and \$1.5 million for cost associated with printing and freight charges for the license plate program.
 - Simultaneously, ADM transferred \$10.8 million to VTR to better align business programs related to postage and mailing of vehicle registration and renewal forms as described on the following page. The total of ADM's revised Operating Budget is \$42,567,715.
 - Executive Office (EXE) Received \$155,668 to fund two positions in FY 2013. This includes an Attorney V position in the General Counsel's Office to handle vehicle title law suit cases, open record requests, and reviewing program rules; An Enterprise Project Manager who will be responsible for overseeing the Agency's enterprise projects and systems transformation efforts. and \$3,872 to cover the cost of blackberry usage. The Office's revised FY 2013 Operating Budget is \$1,371,831, a net increase of \$159,540 from FY 2012.
 - O Government and Strategic Communication (GSC) Received a total of \$85,000 in additional funding for salaries in FY 2013. GSC designated a new position for a Government Relations Specialist. This position will be responsible for the research and analysis of legislation, policies, and issues. In addition, this position will serve as a liaison for TxDMV in circumstances associated with other governmental agencies and legislative entities. GSC revised Operating Budget is \$1,215,473 for FY 2013.
 - Motor Carrier Division (MCD) The division reflect a net increase of \$222,268, related to a carry forward amount of \$106,602 transfer for the OS/OW program from the Texas Department of Transportation (TxDOT) and \$115,666 in additional funding to cover FY 2013 projected salaries. MCD's revised FY 2013 Operating Budget is \$7,962,221.

- o Motor Vehicle Division (MVD) The division reflects a net decrease of \$200,638 due to a projected decline in expenditure identified in the Division. MVD's revised FY 2013 Operating Budget is \$3,085,185.
- o Vehicle Titles and Registration Division (VTR) Received a transfer of \$10.8 million from ADM in FY 2013. This transfer consisted of funding to cover Postage for the mailing of Registration Renewal notices of \$8.3 million; \$554,000 for the printing of envelopes related to the Print AmiPro contract; and \$2 million for the printing of registration renewal forms. VTR's revised FY 2013 Operating Budget is currently \$33,374,397.



Executive Summary

The annual operating budget addresses base operating requirements, adjustments, and contains data for each fiscal year ending August 31. The budget covers funding for each division and reflects the method of finance and strategy for core activities and continuing programs. The budget includes costs for the agency's current authorized staffing level of 763 Full-time Equivalents (FTEs) and projected longevity costs.

<u>Fiscal Year 2012</u> – The FY 2012 annual operating budget was revised on January 1, 2012 to include the transfer of Oversize/Overweight Program from Texas Department of Transportation. The Revised FY 2012 budget for the agency totals \$173.5 million. The revised budget accommodates current authorized staffing level of 763 Full-time Equivalents (FTEs). Approximately \$40.6 million of unspent balances will be carried forward into FY 2013. This includes:

- TxDMV Automation Project \$39.3 million
- Capital Growth & Enhancements \$682k
- Capital Technology Replacement and Upgrades for Counties \$406k
- Oversize/Overweight Permitting Program \$200k

The agency's overall approved operating budget total is not changing significantly from FY 2012 to FY 2013-representing a 2% decrease year-over-year, or a decrease of approximately \$3.5 million in FY 2013. This amount is due primarily to a decrease of \$6.3 million associated with contracted services related to the Texas Automation Project offset by an increase in salaries of \$1.9 million for the transfer of Oversize/Overweight personnel. The remaining \$174K decrease is associated with minor reductions in utilities, travel, and rent.

<u>Fiscal Year 2013</u> - TxDMV's FY 2013 approved operating budget of \$170 million exceeds the FY 2013 appropriated budget of \$124 million by a total of approximately \$46 million—this includes approximately \$41 million in capital budget carry forward funds plus an additional \$5 million associated with the *My Plates* contract. The Legislature authorized the agency to spend its carry forward funds in FY 2013 for the same purposes even though the original amounts were appropriated in FY 2012.

> TxDMV Automation Project - \$39.3 million

- o The agency is authorized to continue spending funds in this category during the 2013 fiscal year for modernization of the agency' automation system. Of the total \$45.9 million of the biennial appropriation, approximately \$6.6 million was spent in FY 2012.
- TxDMV Growth & Enhancement \$1.6 million (includes carry forward amount of \$682k)
- > Technology Replacement and Upgrades for Counties \$7.3 million (includes carry forward of \$405k)
- Data Center Consolidation \$3.7 million (includes carry forward of \$8k)

Capital Budget expenditures for these items will continue through FY 2013. These amounts include carry forward funds of approximately \$1 million from FY 2012 and new appropriations of \$11.6 million in FY 2013.

> Realignment of Business Functions

- o Administrative Services Division (ADM) Net Decrease of \$1.7 million:
 - Administrative Services transferred \$10.8 million to Vehicle Titles and Registration Division (VTR) to better align business programs related to postage and mailing of registration and renewal forms.
 - The \$10.8 million transfer is offset by \$9.1 million in increases associated with an additional \$3 million for imaging of title and registration documents which were previously funded through capital dollars; an additional \$4.6 million for the production of license plates, and \$1.5 million for costs associated to the license plate program such as printing and freight charges.
 - VTR Increase to \$10.8 million from ADM for the purposes mentioned above.
 - Agency Wide Decrease of \$7.3 million
 - Realignment to specific divisions for programmatic needs above FY 2012 levels.

The method of finance for the agency remained relatively unchanged at approximately \$155 million (91%) from the State Highway Fund (Fund 006), \$14.9 million (9%) from the General Revenue Fund (Fund 001), and \$171,000 (Less than 1%) in federal reimbursements. The Comptroller's Biennial Revenue Estimate of \$1.4 billion in TxDMV revenue includes a projected annual growth rate of 3.4% in FY 2013.

FY 2013 Additional Funding Requests:

Additional Funding Requests have been finalized. Executive Management approved \$7.3 million for eight divisions: Board and Staff, Administrative Services, Consumer Relations, Enforcement, Executive Office, Government and Strategic Communication, Motor Carrier, and Vehicle Titles and Registration. These funds were offset by decreasing Agency-wide contingency funds.

Part I: Biennial Budget Overview





The enactment of H.B. 3097, 81st Legislature, Regular Session, created the **Texas Department of Motor Vehicles (TxDMV)** as a stand-alone agency effective September 1, 2009. The bill transferred the function, duties and responsibilities, as well as personnel, furniture, fixtures, equipment, and computers of four Texas Department of Transportation (TxDOT) divisions – Vehicle Titles and Registrations, Motor Carrier (other than oversize/overweight permitting), Motor Vehicles, and the Automobile Burglary and Theft Prevention Authority (ABTPA)—to TxDMV.

Additionally, the passage of H.B. 1541, 82nd Legislature, Regular Session, provided the mechanism by which ABTPA is funded. The bill raised the fee from \$1 to \$2 on insurance policies written in the state.

The enactment of S.B. 1420, 82nd Legislature, Regular Session, transferred the Motor Carrier Oversize/Overweight (OS/OW) Permitting Program from TxDOT to TxDMV on January 1, 2012.

TxDMV is governed by a board that consists of nine members appointed by the Governor with the advice and consent of the Senate to serve six-year overlapping terms. The agency's mission is "to promote and protect the interests of the motoring public and all citizens in the state of Texas."

TxDMV responsibilities include titling and registering of vehicles, licensing and regulating motor vehicle sales and distribution industry, registering commercial vehicles, permitting oversize/overweight loads, and providing auto theft prevention grants. TxDMV program divisions perform the agency's main and support functions as follows:

- The Administrative Services Division (ADM) supports the agency across all program areas with information technology, human resources support, imaging and scanning operations and general support functions.
- The Automobile Burglary and Theft Prevention Authority (ABTPA) provides grants to law enforcement and other non-profit organizations to reduce the incident of auto burglary and theft and provides auto burglary and theft prevention awareness outreach and education.
- The **Consumer Relations Division (CRD)** is the agency contact center—serving customers by telephone, email and written correspondence.
- The Enforcement Division (ENF) protects the public and various industries involved by investigating complaints and prosecuting administrative violations of applicable statutes or rules committed by motor vehicle, motor carrier, salvage and over size/over weight license or permit holders. The division provides an assortment of compliance and enforcement training to dealers, licensees and government employees. The division also manages the Texas Lemon Law program.
- The **Financial Services Division (FNS)** provides accounting, budgeting and purchasing functions for the agency.

- The Government and Strategic Communications Division (GSC) provides a centralized analysis of legislative bills and communications with legislative offices, and consistent "one voice" messages to stakeholders and constituents.
- The Motor Carrier Division (MCD) provides credentialing services, permitting services to transport oversize/overweight cargos, the granting of operating authority for motor carriers and household goods carriers, and manages the International Registration Program for the state.
- The Motor Vehicle Division (MVD) facilitates the licensing of motor vehicle dealers, manufacturers, and a variety of other entities engaged in the motor vehicle sales and distribution industry. Additionally, the Motor Vehicle division licenses salvage vehicle dealers, used vehicle dealers, towable recreational dealers and manufacturers, hearing Lemon Law complaints regarding same, and enforcing the Vehicle Inventory Tax.
- The Vehicle Titles and Registration Division (VTR) provides vehicle title, registration and related services, including supporting the 254 county tax-assessor collectors and their agents that provide title, registration and license plate services to the public.



Biennial Budget Overview

The biennial budget is the two-year budget approved by the Legislature and contained in the General Appropriations Act (GAA). To learn more about state budget/appropriation terms and definitions, please refer to Appendix A; for the state budgeting cycle, please refer to Appendix B.

The following is an overview of the revenues, appropriations, fiscal impacts, and capital budget appropriations associated with the FY 2012-2013 biennium.

FY 2012 – 2013 Revenues & Appropriations

TxDMV is one of five state agencies that are designated as performing economic and business development functions for the state.

Revenues

TxDMV collects revenues from registrations, licenses, permits, and credentials for deposit into the State Highway Fund (Fund 006), the primary source of funding for the state's transportation and infrastructure system and for deposit into the General Revenue (GR) Fund (Fund 001).

TxDMV is a net revenue generating agency for the state—in other words, the agency collects significantly more in revenue than it is appropriated. During the 2012-13 biennium, TxDMV estimates it will collect approximately **\$3.0 billion** in total revenues: \$2.9 billion for Fund 006 and \$189 million for Fund 001. The agency's deposit to Fund 006 has historically accounted for more than a quarter of the state's total Fund 006 Revenue. Overall, TxDMV will contribute revenues to the state in excess of \$2.7 billion more than the agency's appropriation.

For FY 2012, TxDMV is estimating increased revenue deposits of 12.80% more than the Comptroller of Public Accounts Biennial Revenue Estimate for Fund 006 and Fund 001, combined. This variance is due to an increase in revenue deposits for Motor Vehicle Registration fees and Motor Carrier (Oversize/Overweight) permitting activities. Motor Vehicle Registration revenues were affected by the enactment of H.B. 2553 and S.B. 1057, 82nd Legislature, Regular Session, as both bills have a positive fiscal impact to the agency. The Motor Carrier division (Oversize/Overweight) has seen an increase in revenue due to the record number of permits being issued in FY12. For more information, please refer to **Table 1** on page 11.

Appropriations

The agency's total biennial budget as reflected in the General Appropriation Act 82 Legislature Regular Session, all funds, is **\$293.6 million** (\$169.2 million in FY 12 and \$124.4 million in FY 13).

TxDMV receives all of its appropriations from Fund 006 to fund its core operations—vehicle registration and titling, motor vehicle dealer licensing and regulation, and motor carrier registration and regulation, which make up \$236.6 million of TxDMV total budget.

TxDMV receives \$29.8 million for the biennium (\$14.9 million each year) in General Revenue funds for the operation and support of the Auto Burglary & Theft Prevention Authority (ABTPA). These revenues are generated through the assessment of a \$2 fee on each motor vehicle insurance policy issued or renewed each year. TxDMV has a biennial budget of \$27.1 million for indirect administration or approximately nine percent of its total biennial budget.

Table 1 describes the Comptroller of Public Accounts BRE for the TxDMV:

TABLE 1 – FY 2012 - 2013 BIENNIAL REVENUE ESTIMATES FOR TXDMV REVENUES BY SOURCE*

	OUNCE			
Fund 001 General Revenue Fund				
	20	12 Comptroller	2	2013 Comptroller
Comptroller Object Name	Biennial Revenue		B	Biennial Revenue
Motor Vehicle Certificates	\$	27,296,000	\$	27,842,000
Motor Vehicle Registration Fees	\$	7,783,000	\$	8,133,000
Motor Carrier - OS/OW	\$	31,405,000	\$	32,158,000
Commercial Transportation Fees	\$	17,240,000	\$	17,499,000
Other Misc. Revenue	\$	2,415,324	\$	2,449,888
Total Estimated TxDMV Revenue	\$	86,139,324	\$	88,081,888
Fund 006 State Highway Fund				
	20	12 Comptroller	2	2013 Comptroller
Comptroller Object Name	Bi	ennial Revenue	В	Biennial Revenue
Motor Vehicle Certificates	ć	26 244 000	\$	36,060,000
	\$ \$	26,341,000	\$ \$	26,868,000
Motor Vehicle Registration Fees		1,178,992,000	\$ \$	1,214,362,000
Motor Carrier - OS/OW Business Licenses	\$ \$	55,000,000 8,217,000	\$	55,000,000 8,299,000
Other Misc. Revenue	\$		\$	
Other Misc. Revenue	Ş	2,538,493	Ş	2,293,399
Total Estimated TxDMV Revenue	\$	1,271,088,493	\$	1,306,822,399

^{*}Source: Texas Comptroller of Public Accounts, Biennial Revenue Estimate, 2012-2013 Biennium, 82nd Texas Legislature, January, 2011.

Published in January 2011, the BRE indicated that the Texas economy would grow at a modest pace in fiscal years 2012 and 2013. Reflecting both population growth and revival of business activity, the Comptroller of Public Accounts projected an annual growth rate of 2.8% in 2012 and 3.4% in 2013.

<u>Significant Fiscal Impacts, FY 2012 – 2013</u>

- The TxDMV Automation System Project FY 2011 budget balance of \$45.9 million was reappropriated in FY 2012 for the agency's use, according to the General Appropriations Act (GAA), Article IX, Sec. 14.03(j) provides the agency capital authority to forward any unexpended balance from FY 2012 to FY 2013.
- The enactment of S.B. 1420, 82nd Legislature, Regular Session, transferred all powers, duties, functions, programs, and activities of the oversize/overweight permitting function from TxDOT to TxDMV. The passage of this legislation resulted in the transfer of approximately \$7 million each year of the biennium to TxDMV, along with 116 Full-time Equivalent Employees (FTEs). This transfer took place January 1, 2012.
- My Plates. In 2009, the TxDMV entered into a five-year contract with a private vendor, My Plates, to
 design and market new specialty license plates. The intent is to create a long-term, mutually
 beneficial relationship designed to maximize revenues for the state through the sale of specialty
 plates. My Plates is a joint venture of Etech, Inc. of Nacogdoches and Pinnacle Technical Resources
 of Dallas.
- The enactment of H.B. 1541, 82nd Legislature, Regular Session, provided the mechanism for the funding of the ABTPA program. The bill raised the fee from \$1 to \$2 on insurance policies written in the state.

Capital Budget

Capital Budget appropriations are set through the GAA for acquisition of assets with a biennial project cost or unit cost of more than \$100,000.

The 82nd Legislature appropriated approximately <u>\$69 million</u> in capital budget expenditures for FY 2012-13, as follows:

- \$45.9 million for the TxDMV Automation System Project;
- \$13.7 million for Technology Replacement and Upgrades for counties;
- \$7.5 million for the Data Center Consolidation;
- \$1.9 million for Agency Growth and Enhancements;
- \$347,200 for Fleet II International Registration Plan (IRP); and,
- \$164,422 for Texas Permitting & Routing Optimization System (TxPROS)

TxDMV Automation Systems Project (\$45.9 million)

TxDMV is developing information technology assets to improve customer services and improve access to agency programs for customers and the public through the TxDMV Automation System Project (formerly known as the Vision 21 Enterprise Technology Project). Article IX, Sec. 14.03(j) provides the agency capital authority to forward any unexpended balance from FY 2012 to FY 2013. The agency amended the scope of this project to encompass the entire agency's operation in order to take advantage of operational efficiencies. This project will allow data sharing between agency functions and to better serve customers. The collection of a \$1 automation fee supports the improvement and upgrade of the department's automated Registration and Title System (RTS).

The Business Process Analysis (BPA) is a key component of the TxDMV Automation System Project. The BPA was chartered to review and document current TxDMV business processes and identify opportunities for improvements that will:

- Enable TxDMV to provide exceptional service to customers and stakeholders (e.g., Tax-Assessor/ Collector, motor carriers, auto dealers and the motoring public);
- Comply with legislative mandates; and,
- Support motoring public and law enforcement needs by protecting the safety of citizens through accurate and real-time data.

Technology Replacement & Upgrades for Counties (\$13.7 million)

This appropriation provides funding to deploy and maintain printers, computers, monitors, laptops, cash drawers, etc. deployed at county Tax Assessor/Collector offices throughout the state. Additionally, this capital appropriation line item provides funding to support point-to-point connectivity to the agency's registration and training system to all 254 counties and their 497 primary and substation locations.

Data Center Consolidation (\$7.5 million)

This appropriation supports information technology infrastructure assets and functions through statutorily required participation in the state Data Center maintained by the Department of Information Resources (DIR).

Agency Growth & Enhancements (\$1.9 million)

This appropriation provides funds to acquire information technology resources (hardware and software) to support agency operations.

Part II: FY 2012 Operating Budget Overview





FY 2012 Operating Budget Overview Whereas the biennial budget is the two-year period in which general appropriations are made, the agency's approved FY 2012 Operating Budget represents a one-year financial plan supporting the agency's business operations and addresses base operating requirements and adjustments. The annual operating budget covers funding for each division and reflects the most appropriate method of finance and strategy for core activities and continuing programs.

FY 2012 Estimated Revenue

TABLE 2 – FY 2012 BRE REVENUE ESTIMATE COMPARED TO AGENCY

	20	12 Comptroller				
		ennial Revenue		2012 Agency		
Comptroller Object Name	Estimate*			Revenue Estimate		
Motor Vehicle Certificates	\$	27,296,000	\$	28,438,343		
Motor Vehicle Registration Fees	\$	7,783,000	\$	10,786,650		
Motor Carrier - OS/OW	\$	31,405,000	\$	46,000,000		
Commercial Transportation Fees	\$	17,240,000	\$	5,699,092		
Other Misc. Revenue	\$	2,415,324	\$	2,415,324		
Total Fatimenta d Tuphaw Danner	_	00 420 224	<u>,</u>	02 220 400		
Total Estimated TxDMV Revenue	\$	86,139,324	\$	93,339,409		
Fund 006 State Highway Fund						
Tuna 555 State Highway Fana	20	12 Comptroller				
	Bie	ennial Revenue		2012 Agency		
Comptroller Object Name		Estimate	Revenue Estimate			
Motor Vehicle Certificates	\$	26,341,000	\$	27,403,560		
Motor Vehicle Registration Fees	\$	1,178,992,000	\$	1,300,000,000		
Motor Carrier - OS/OW	\$	55,000,000	\$	100,000,000		
Business Licenses	\$	8,217,000	\$	7,805,751		
Other Misc. Revenue	\$	2,538,493	\$	2,538,493		
Total Estimated TxDMV Revenue	\$	1,271,088,493	\$	1,437,747,804		
TOTAL ESTIMATED REVENUE	\$ 1	.,357,227,817	\$ 1	1,531,087,213		

^{*}Source: Texas Comptroller of Public Accounts, Biennial Revenue Estimate, 2012-2013 Biennium, 82nd Texas Legislature, January, 2011.

Table 2 and **Chart 2** illustrate FY 2012 Comptroller BRE compared to the agency's revenue estimate for FY 2012.

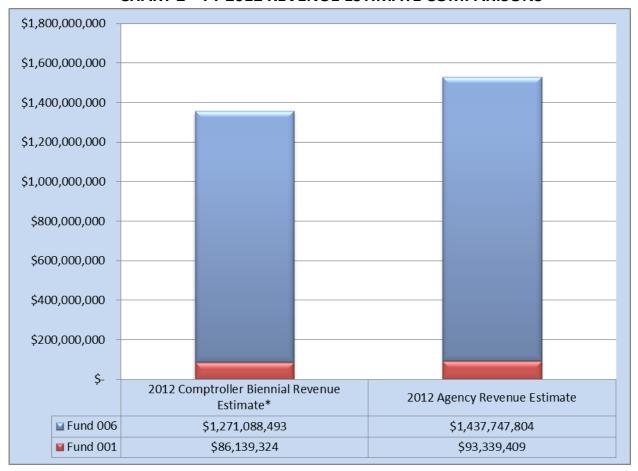


CHART 2 – FY 2012 REVENUE ESTIMATE COMPARISONS

The FY 2012 BRE figures are based on those provided by the State Comptroller's Office. The TxDMV Financial Service Division (FNS) has projected the FY 2012 Agency Revenue Estimates. The agency FY 2012 estimated revenue deposits are based on actual deposits through the first nine months of the fiscal year with a projected estimate for the last five months of the fiscal year.

When comparing the BRE estimate to the agency's FY 2012 year-to-date deposits illustrated above, TxDMV is projecting the agency's collections to be 12.80% more than the BRE estimate (all funds). The two revenue sources that contribute to the majority of the variance between the BRE and the agency estimate are increased revenues from motor vehicle registrations and increased revenues from permits issued from Oversize/Overweight (OS/OW) Permitting Program. Based on FY 2012 year-to-date deposits, TxDMV is projecting a 26.18% increase in OS/OW revenues from permits more than FY 2011 deposits.

On September 1, 2011, S.B. 1057, 82nd Legislature, Regular Session, (Removal of Registration insignia on a sale of a motor vehicle) and H.B. 2553 (Registration Fee simplification), 82nd Legislature, Regular Session, went into effect. These two bills have created a positive fiscal impact on the registration revenues collected by the agency.



FY 2012 Revised Budget

The FY 2012 TxDMV operating budget was revised on January 1, 2012 to include the transfer of Oversize/Overweight. The budget includes costs for the agency's current authorized staffing level of 763 Full-time Equivalents (FTEs) and projected longevity costs. The FY 2012 revised budget for TxDMV totals \$173.5 million.

Capital Budget

Table 3 illustrates approximately \$57.9 million was appropriated for FY 2012 capital projects.

TABLE 3 - FY 2012 CAPITAL PROJECTS

Capital Projects	FY 2012 Revised Budget
Capital-TxDMV Automation Project	\$ 45,889,330
Capital-Fleet II (IRP)*	\$ 347,200
Capital-Growth & Enhancements-Agency	\$ 989,310
Capital-Technology Replacement and Upgrades for Counties	\$ 6,808,953
Capital - TxPros	\$ 164,422
Capital-Data Center Consolidation	\$ 3,704,324
Total	\$ 57,903,539

Article IX, Sec. 14.03(j) GAA, 82nd Legislature, Regular Session, provides unexpended balance authority for capital budget appropriations to carry forward from FY 2012 into FY 2013.

FY 2012 Riders

<u>Rider 3: Unexpended Balance and Capital Authority: TxDMV Automation Systems</u> - Out of the funds appropriated to the TxDMV, an amount not to exceed \$45.9 million in FY 2012 was derived from FY 2011 unexpended balances.

Rider 4: Appropriation of Special License Plate Fees - The revenue collected from the sale of personalized and specialty license plates will be deposited to the credit of the State Highway Fund 006 for the purpose of making contract payments to a vendor for the marketing and sale of personalized and specialty license plates. Additionally, this rider provides TxDMV the authority to increase appropriations in an amount equal to expenditures paid to the selected specialty plate vendor. The estimated FY 2012 increase is \$5 million.

^{*} The Capital-Fleet II: International Registration Project (IRP) is a Capital Project determined by the agency to integrate legislative mandates to the Registration Titling System (RTS). Article IX, Section 14.03 (i) (a) Limitation of Expenditures-Capital Budget provides the agency authority to transfer budget appropriations from a non-capital budget item to a capital item.

<u>Rider 5: Contingency for H.B. 2153: Automobile Burglary and Theft Prevention Authority (ABTPA)</u>
<u>Appropriation</u> – The Comptroller of Public Accounts affirmed appropriations for ABTPA in the amount of \$14.9 million for FY 2012 only.

Article IX, §18.92: Contingency for S.B. 1420: Oversize and Overweight Vehicles - The rider transferred the powers, duties, functions, programs, and activities from Texas Department of Transportation (TxDOT) relating to oversize and overweight vehicles to the TxDMV. The rider included a transfer of an estimated amount of \$7,010,653 in FY 2012. However, due to the transfer taking place in January 2012 rather than September 2011, the actual amount transferred to TxDMV was \$5,280,288 for the FY 2012 operating budget, and an additional amount of \$1,087,827 for the agency's state match for the Commercial Vehicle Information Systems and Networks (CVISN) grant—a federal grant that provides funding to enhance information exchange to improve commercial vehicle safety, E-commerce solutions for credentials and fuels tax returns, and automated screening of commercial vehicles at highway speeds. The difference between the estimated amount of the transfer and the actual amount of the transfer is \$642,538.

<u>Article IX, §17.01: Data Center Services Reduction</u> - This rider directs those state agencies to make certain reductions for the purpose of making payments for data center services provided by the Department of Information Resources (DIR). The agency's reduction amount was \$459,794 for FY 2012.

<u>Article IX, §18.09: Payroll Contributions for Group Health Insurance</u> - This rider directs the TxDMV to make a reduction in base salaries of 1% for the purpose of payroll contributions for group health insurance. The agency's FY 2012 estimated expenditure projection for Payroll Health Insurance is \$331,669.

FY 2012 Projected Lapse & Carry Forward by Division & Capital Projects

Tables 4 describes the FY 2012 projected lapse and carry forward by Division and Capital Projects:

TABLE 4 – FY 2012 PROJECTED LAPSE BY DIVISION AND CAPITAL PROJECTS

Division/Office	FY 2012 Revised Budget	FY 2012 Projected Expended	FY 2012 Projected Carry Forward	FY 2012 Projected Lapse
Administrative Services Division	\$ 44,272,499	\$ 44,154,977		\$ 117,522
Automobile Burglary and Theft Prevention Authority	\$ 14,911,870	\$ 14,878,988		\$ 32,882
Board & Staff Office	\$ 575,274	\$ 493,585		\$ 81,689
Consumer Relations Division	\$ 2,077,492	\$ 2,011,877		\$ 65,615
Enforcement Division	\$ 4,897,392	\$ 4,759,285	\$ 95,565	\$ 42,542
Executive Office	\$ 1,212,291	\$ 1,162,268		\$ 50,023
Financial Services Division	\$ 3,094,712	\$ 2,985,300		\$ 109,412
Government and Strategic Communications Division	\$ 1,130,473	\$ 1,019,112		\$ 111,361
Motor Carrier Division	\$ 7,739,953	\$ 7,484,379	\$ 106,602	\$ 148,972
Motor Vehicle Division	\$ 3,285,823	\$ 3,161,457		\$ 124,366
Vehicle Titles and Registration Division	\$ 22,537,502	\$ 22,399,194		\$ 138,308
Agency Wide	\$ 9,910,342	\$ 9,910,342		\$ -
Subtotal	\$ 115,645,623	\$ 114,420,764	\$ 202,167	\$ 1,022,692
Capital Projects				
Capital-TxDMV Automation Project	\$ 45,889,330	\$ 6,545,988	\$ 39,343,342	\$ -
Capital-Fleet II (IRP)	\$ 347,200	\$ 347,200	\$ -	\$ -
Capital-Growth & Enhancements-Agency	\$ 989,310	\$ 307,192	\$ 682,118	\$ -
Capital-Technology Replacement and Upgrades for Counties	\$ 6,808,953	\$ 6,402,513	\$ 406,440	\$ -
Capital - TXPROS	\$ 164,422	\$ 164,422	\$ -	\$ -
Capital-Data Center Consolidation	\$ 3,704,324	\$ 3,696,000	\$ 8,324	\$ -
Subtotal	\$ 57,903,539	\$ 17,463,315	\$ 40,440,224	\$ -
Agency Total	\$ 173,549,162	\$ 131,884,079	\$ 40,642,391	\$ 1,022,692
Method of Finance				
State Highway Fund 0006	\$ 158,466,292	\$ 116,948,037	\$ 40,642,391	\$ 875,864
General Revenue Fund 0001	\$ 14,911,870	\$ 14,878,988	\$ -	\$ 32,882
Federal Reimbursements Fund 8082	\$ 171,000	\$ 57,054	\$ -	\$ 113,946
Method of Finance Total	\$ 173,549,162	\$ 131,884,079	\$ 40,642,391	\$ 1,022,692

Unexpended Balance (UB) Authority

Article IX, Sec. 14.03 (J). Limitation on Expenditures - Capital Budget. Any unexpended balances remaining in appropriations made by this Act for capital budget purposes for fiscal year 2012 are hereby appropriated for fiscal year 2013 for the same purpose.

The authority applies to any project listed in the TxDMV Capital Budget Rider 2 or any other authorized capital budget appropriation.

FY 2012 Carryforward of Capital Projects and Projected Lapse by Division

\$40.6 million projected carry forward in FY 2012 is associated with the following items:

- \$39.3 million is attributed to the TxDMV Automation Project. Of the \$45.9 million in the FY 2012 revised budget, \$6.6 million is projected to be spent. The remaining \$39.3 million will be carried forward into FY 2013.
- \$682,000 is attributed to the Growth & Enhancements Agency. Of the approximate \$1.0 million of the FY 2012 revised budget, \$300,000 is projected to be spent. The remaining \$682,000 will be carried forward into FY 2013.
- \$406,000 is attributed to the Technology Replacement and Upgrades for Counties. Of the \$6.8 million of the FY 2012 revised budget, \$6.4 million is projected to be spent. The remaining \$400,000 will be carried forward into FY 2013.
- \$200,000 is attributed to carry forward authority of Oversize/Overweight Permitting Program as it relates to the Motor Carrier Division and the Enforcement Division. Of the \$6.3 million transferred from TxDOT in FY 2012, \$6.1 million is projected to be spent. The remaining \$200,000 will be carried forward into FY 2013.

Approximately **\$1.0** million projected lapse in FY 2012 will be as a result of the following items:

Approximately \$1.0 million — All divisions except Motor Carrier Division (MCD)
 Oversize/Overweight (OS/OW) Permitting Program are projected to lapse funds in various
 budget categories such as salary, other personnel, professional fees & services, consumable
 supplies, travel, and rental space.

Part III: FY 2013 Approved Operating Budget Overview





FY 2013 Approved Budget Overview

The FY 2013 approved operating budget addresses base operating requirements, adjustments, and contains data for the second one-year period of the biennium beginning September 1, 2012 and ending August 31, 2013. The budget covers funding for each division and reflects the method of finance and strategy for core activities and continuing programs. The budget includes costs for the agency's current authorized staffing level of 763 Full-time Equivalents (FTEs) and projected longevity costs.

The tables and descriptions that follow provide detailed information regarding the FY 2013 Approved Operating Budget.

Capital Budget

Total available spending authority for FY 2013 is **\$52 million**—consisting of \$11.6 million in appropriations and an additional \$40.4 million in carry forward funds from FY 2012. **Table 5** illustrates the revised budget for capital projects in FY 2012.

Capital Projects

Capital-TxDMV Automation Project

Capital-Growth & Enhancements-Agency

Capital-Technology & Replacements-Counties

FY 2013

Revised Budget

\$ 39,343,342

\$ 1,631,616

Capital-Technology & Replacements-Counties

\$ 7,265,393

\$ 3,763,838

\$ 52,004,189

TABLE 5 - FY 2013 CAPITAL PROJECTS

FY 2013 Riders

Rider 3: Unexpended Balance and Capital Authority: TxDMV Automation Systems - The agency is authorized to spend an amount not to exceed approximately \$45.9 million. The FY 2012 projected unexpended balance of \$39.3 million will carry forward to FY 2013.

Total

Rider 4: Appropriation of Special License Plate Fees - The revenue collected from the sale of personalized and specialty license plates will be deposited to the credit of the State Highway Fund 006 for the purpose of making contract payments to a vendor for the marketing and sale of personalized and specialty license plates. Additionally, this rider provides TxDMV the authority to increase appropriations in an amount equal to expenditures paid to the selected specialty plate vendor. The estimated FY 2013 increase is \$5 million.

<u>Rider 5: Contingency for H.B. 2153: Automobile Burglary and Theft Prevention Authority (ABTPA)</u>
<u>Appropriation</u> – The ABTPA FY 2013 appropriation of \$14.9 million has been approved based upon the Comptroller of Public Accounts certification of fee revenues projections.

<u>Article IX, §18.09: Payroll Contributions for Group Health Insurance</u> - The agency's FY 2013 estimated expenditure projection for Payroll Health Insurance is \$377,537.

Capital-Data Center Consolidation

Approved Operating Budget Summary Comparison by Goal, Strategy, and Method of Finance

TABLE 6 – FY 2013 APPROVED OPERATING BUDGET SUMMARY COMPARISON BY **GOAL AND STRATEGY**

	FY 2012	FY 2013	
Appropriation Budget by Goal	Re	vised Budget	Revised
Goal A. Department of Motor Vehicles			
Vehicle Registration, Titling and Plates	\$	121,403,174	\$ 76,511,908
Motor Vehicle Dealer Licensing and Regulation	\$	8,422,688	\$ 8,432,48
Motor Carrier Registration and Regulation	\$	3,927,740	\$ 10,938,39
Automobile Burglary and Theft Prevention	\$	14,911,870	\$ 14,911,87
Total, Goal A: Department of Motor Vehicles	\$	148,665,472	\$ 110,794,656
Goal B. Indirect Administration			
Indirect Administration	\$	13,975,369	\$ 13,572,09
(Includes Administrative Services, Board, Executive, Financial Services, and Government and Strategic Communications			
Total, Goal B: Indirect Administration	\$	13,975,369	\$ 13,572,097
Total Approved Appropriation Budget	\$	162,640,841	\$ 124,366,753
Other Adjustments			
Estimated Appropriation of Special License Plate Fees - Article VII-15, Rider 4		5,000,000	\$ 5,000,000
Data Center Reduction - Article IX, Sec. 17.01 (a), (b)		(459,794)	
Oversize and Overweight Operating - Article IX, Sec. 18.92 - S.B. 1420		5,280,288	
Oversize and Overweight Commercial Vehicle Information Systems and Networks (CVISN) Grant - Article IX, Sec. 18.92 - S.B. 1420		1,087,827	
Projected Unexpended Balance Carry Forward			
Motor Carrier Oversize/Overweight Operating			\$ 202,16
Capital-TxDMV Automation Project			\$ 39,343,342
Capital-Growth & Enhancements-Agency			\$ 682,118
Capital-Technology Replacement & Upgrades for Counties			\$ 406,440
Capital-Data Center Consolidation			\$ 8,324
Subtotal	\$	10,908,321	\$ 45,642,391
Total Operating Budget	\$	173,549,162	\$ 170,009,144
Method of Finance			
State Highway Fund 0006	\$	158,466,292	\$ 154,926,27
General Revenue Fund 0001	\$	14,911,870	\$ 14,911,870
Federal Reimbursements Fund 8082	\$	171,000	\$ 171,000
Total Method of Finance	\$	173,549,162	\$ 170,009,144

CHART 3 – FY 2013 APPROVED OPERATING BUDGET BY GOAL AND STRATEGY

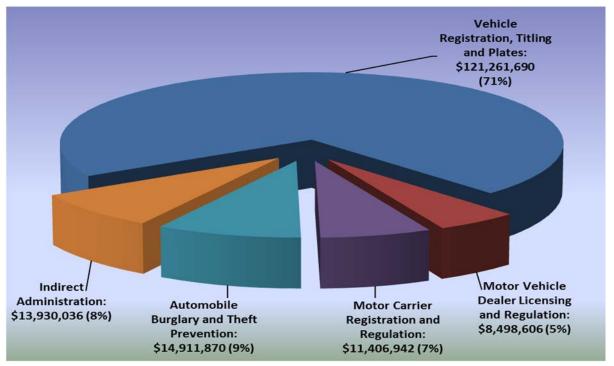


Chart 3 illustrates the FY 2013 approved operating budget by goal and strategy. The values and percentages listed by each goal/strategy are based on a total operating budget of \$170 million that includes adjustments of \$45.6 million for capital carry forward, OS/OW, and *MyPlates*.

CHART 4 – FY 2013 APPROVED OPERATING BUDGET BY METHOD OF FINANCE

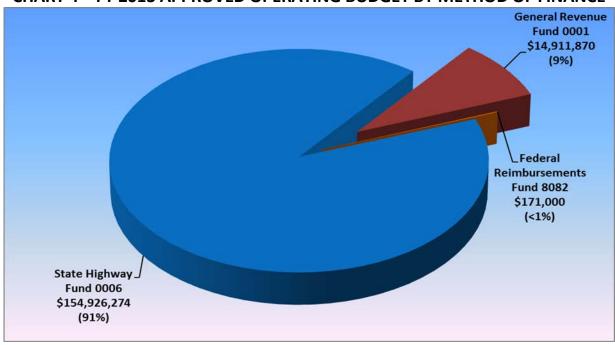


Chart 4 illustrates the FY 2013 approved operating budget by method of finance.



FY 2013 Approved Operating Budget Summary by Division

TABLE 7 – FY 2013 APPROVED OPERATING BUDGET COMPARISON BY DIVISION

	FY 2012		FY 2013			
Division/Office	Re	vised Budget		Revised Budget		Difference
Administrative Services Division	\$	44,272,499	\$	42,567,715	\$	(1,704,78
Automobile Burglary and Theft Prevention Authority	\$	14,911,870	\$	14,911,870	\$, , , ,
Board & Staff	\$	575,274	\$	551,687	\$	(23,58
Consumer Relations Division	\$	2,077,492	\$	2,086,491	\$	8,99
Enforcement Division	\$	4,897,392	\$	5,230,338	\$	332,94
Executive Office	\$	1,212,291	\$	1,371,831	\$	159,54
Financial Services Division	\$	3,094,712	\$	3,113,922	\$	19,21
Government and Strategic Communications	\$	1,130,473	\$	1,215,473	\$	85,00
Motor Carrier Division	\$	7,739,953	\$	7,962,221	\$	222,26
Motor Vehicle Division	\$	3,285,823	\$	3,085,185	\$	(200,63
Vehicle Titles and Registration Division	\$	22,537,502	\$	33,374,397	\$	10,836,89
Agency Wide	\$	9,910,342	\$	2,533,825	\$	(7,376,51
Cultural	\$	115 (45 (22	<u> </u>	110 004 055	4	2 250 22
Subtotal	\$	115,645,623	\$	118,004,955	\$	2,359,33
Capital Projects						
Capital-TxDMV Automation Project	\$	45,889,330	-	39,343,342	\$	(6,545,98
Capital-Fleet II (IRP)	\$	347,200		-	\$	(347,20
Capital-Growth & Enhancements-Agency	\$	989,310	\$	1,631,616	\$	642,30
Capital-Technology Replacement and Upgrades for Counties	\$	6,808,953	\$	7,265,393	\$	456,44
Capital - TxPros	\$	164,422	\$	-	\$	(164,42
Capital-Data Center Consolidation	\$	3,704,324	\$	3,763,838	\$	59,51
Subtotal	\$	57,903,539	\$	52,004,189	\$	(5,899,35
Total	\$	173,549,162	\$	170,009,144	\$	(3,540,01
Method of Finance						
State Highway Fund 0006	\$	158,466,292	\$	154,926,274	\$	(3,540,01
General Revenue Fund 0001	\$	14,911,870	-	14,911,870		, , , ,
Federal Reimbursements Fund 8082	\$	171,000	\$	171,000	\$	
Total	\$	173,549,162	\$	170,009,144	\$	(3,540,01
Original Budget:	\$	162 640 941	¢	124 266 752		
Adjustments:	Ş	162,640,841	\$	124,366,753		
•		F 000 000		F 000 000		
MyPlates - Article VII-15, Rider 4		5,000,000		5,000,000		
Data Center Reduction - Article IX, Sec. 17.01 (a), (b) Oversize and Overweight Operating - Article IX, Sec. 18.92 - S.B. 1420		(459,794) 5,280,288				
Oversize and Overweight Commercial Vehicle Information Systems and		1,087,827				
Sec. 18.92 - S.B. 1420		1,087,827				
Capital Projects (UB Carry Forward)				40 440 224		
. , , , ,				40,440,224		
Motor Carrier -OS/OW (UB Carry Forward)				202,167		
Adjusted Total	\$	172 540 163	ć	170 000 144		
	Ş	173,549,162	þ	170,009,144		

FY 2013 Revised Budget – The division's budgets have been updated to reflect additional funding approved by Executive Management. The items funded were offset by decreases in Agency-wide for a net change of zero. See pages 26 and 27 for further information.

Table 7 Description - Approved Operating Budget Comparison by Division

Significant FY 2013 Budget Highlights by Division:

The following are associated with the realignment of business functions:

> Administrative Services Division (ADM) – Net Decrease of \$1.7 million

- Administrative Services transferred \$10.8 million to Vehicle Titles and Registration Division (VTR) to better align business programs related to postage and mailing of registration and renewal forms.
- The \$10.8 million transfer is offset by \$9.1 million in increases associated with a) an additional \$3 million for imaging of title and registration documents which were previously funded through capital dollars, b) an additional \$4.6 million for the production of license plates, and \$1.5 million for costs associated to the license plate program such as printing and freight charges.
- Administrative staff met with Texas Department of Criminal Justice (TDCJ), who manufacture license plates for the state, to discuss further increases for their services. The increased cost estimates are associated with the increased demand for 10 million general issued license plates.
- > VTR Increase of \$10.8 million from ADM as stated above.
- Agency Wide Decrease of 7.3 million
 - Realignment to specific divisions for programmatic needs above FY 2012 levels.

Detail by Division:

Administrative Services Division (ADM) – ADM transferred approximately \$10.8 million to Vehicle Titles and Registration Division. Upon further evaluation of the division's budget, additional funding was required to cover contracted services associated with the agency's imaging contract of \$3 million, the increase of the TDCJ License Plate contract of \$4.6 million, and \$1.5 million for the cost associated to the license plate program such as printing and freight charges. ADM has experienced a net decrease of funding from FY 2012 to FY 2013 in the amount of \$1.7 million.

Automobile Burglary and Theft Prevention Authority (ABTPA) – The ABTPA operating budget for FY 2013 is approximately \$14.9 million—unchanged from FY 2012 operating budget.

Board and Staff - The Board and Staff's operating budget decreased by a net of approximately \$23,500 associated with a one-time expenditure cost related to the Executive Director Search contract in FY 2012.

Consumer Relations Division (CRD) – The CRD operating budget for FY 2013 is approximately \$2 million—unchanged from FY 2012 operating budget.

Enforcement Division (ENF) – The ENF operating budget is increasing by approximately \$332,000 in FY 2013. Approximately \$229,000 of the increase is related to the transfer of the Oversize and Overweight Vehicle Program in January 2012. Approximately \$95,000 is a result of a carry forward balance in ENF from FY 2012 to FY 2013 for the oversize/overweight program. Additional funds of \$8,000 were received in FY 2013 for consumables and investigation related travel.

Executive Office (EXE) – The Office's Operating Budget is \$1,371,831, a net increase of \$159,540 from FY 2012. EXE received \$155,668 to fully fund two positions in FY 2013. This includes an Attorney V in the General Counsel's Office to handle vehicle title law suit cases, open record requests, and reviewing program rules. An Enterprise Project Manager position will be responsible for overseeing the Agency's enterprise projects and systems transformation efforts. The office also received \$3,872 to cover the cost of blackberry usage.

Financial Services Division (FNS) – The FNS operating budget is increasing by approximately \$19,000 in salaries associated with 1 FTE transfer from the Oversize/Overweight program.

Government and Strategic Communication (GSC) - GSC Operating Budget is \$1,215,473 for FY 2013. GSC received a total of \$85,000 in additional funding for salaries in FY 2013. GSC designated a new position for a Government Relations Specialist. This position will be responsible for the research and analysis of legislation, policies, and issues. In addition, this position will serve as a liaison for TxDMV in circumstances associated with other governmental agencies and legislative entities

Motor Carrier Division (MCD) – MCD Operating Budget is \$7,962,221. The division reflect a net increase of \$222,268, related to a carry forward amount of \$106,602 transfer for the OS/OW program from the Texas Department of Transportation (TxDOT) and \$115,666 in additional funding to cover salaries.

Motor Vehicle Division (MVD) – MVD Operating Budget is \$3,085,185. The division reflects a net decrease of \$200,638 due to a transfer of \$75,000 to ADM to consolidate utility charges in the appropriate office. The balance of \$125,638 is due to a projected decline in expenditures identified in the Division.

Vehicle Registration and Titling Division (VTR) – VTR Operating Budget is \$33,374,397. The operating budget represents a net increase of approximately \$10.8 million in FY 2013. The division received an additional budget allocation from ADM related to the transfer of organizational responsibilities to VTR. The division received \$360,000 in additional funds for e-tag packaging, and to cover user fees for required participation in the National Motor Vehicle Title Information System (NMVTIS). Previously, state user fees to participate in NMVTIS were paid through federal grants; now, all states are required to cover their own costs. Finally, program responsibilities for the Lease Commercial Properties were transferred to ADM's Facility Support Section.

Agency Wide – The Agency Wide operating budget is \$2,533,825. Agency Wide decreased by approximately \$7.3 million in FY 2013. This amount is due to a transfer of \$3 million to ADM associated with increased contracting services for agency imaging; \$3 million to cover the increase of the TDCJ License Plate contract, and approximately \$1.3 million associated with additional program needs.

Capital Projects

TxDMV Automation System Project – Approximately \$39 million in carry forward funds from FY 2012 is available to be programmed for use in FY 2013. The TxDMV executive management team has prioritized project development to effectively utilize funding.

Capital Growth & Enhancements – FY 2013 total available funds is approximately \$1.6 million for Capital Growth & Enhancement. This amount includes \$682,118 in unspent balances from FY 2012.

Capital Technology Replacement and Upgrades for Counties – FY 2013 total available funds is approximately \$7.2 million for Capital Technology Replacement and Upgrades. This amount includes \$406,440 in unspent balances from FY 2012.

Data Center Consolidation – Approximately \$3.7 million is appropriated for FY 2013 for Data Center Consolidation including unspent balances of \$8,324 from FY 2012.



FY 2013 Approved Operating Budget by Budget Category

TABLE 8 – FY 2013 OPERATING BUDGET BY BUDGET CATEGORY

Budget Category	Re	vised Budget	Revised Budget		ed Budget Revised Budget Differ		Difference
Salaries	\$	36,026,287	\$	37,934,578	\$	1,908,291	
Other Personnel Costs (Longevity)	\$	1,413,415	\$	1,482,139	\$	68,724	
Subtotal	\$	37,439,702	\$	39,416,717	\$	1,977,015	
Professional Fees & Services	\$	54,478,339	\$	49,728,510	\$	(4,749,829)	
Fuels & Lubricants	\$	50,797	\$	95,000	\$	44,203	
Consumable Supplies	\$	1,092,503	\$	1,321,831	\$	229,328	
Utilities	\$	4,109,281	\$	4,104,624	\$	(4,657)	
Travel	\$	831,766	\$	760,821	\$	(70,945)	
Rent - Building	\$	1,385,700	\$	1,309,200	\$	(76,500)	
Rent - Machine and Other	\$	313,786	\$	291,988	\$	(21,798)	
Other Operating Expenses	\$	56,774,921	\$	55,204,275	\$	(1,570,646)	
Grants	\$	13,800,000	\$	13,800,000	\$	-	
Other Capital	\$	3,272,367	\$	3,976,178	\$	703,811	
Agency Total	\$	173,549,162	\$	170,009,144	\$	(3,540,018)	

Table 8 Description - FY 2013 Approved Operating Budget by Budget Category

Salaries – The budget category, "Salaries" reflects an increase of approximately \$1.9 million due to a carry forward of unspent Motor Carrier Division balances in the amount of \$151,000 from FY 2012. An additional \$181,668 is attributed to the funding an Attorney V position and the Enterprise Project Manager position within the Executive Office. The Government and Strategic Communication division received \$25,000 for salaries to supplement the funding for the Government Relations Specialist position. The remaining \$1.69 million is related to salaries transferred for the Oversize/Overweight Vehicles division from TxDOT to TxDMV.

Other Personnel Costs – In FY 2013, the budget category, "Other Personnel Costs" is increasing by approximately \$68,700 due primarily to the transfer of TxDOT's Oversize/Overweight program.

Professional Fees & Services – In FY 2013, the budget category, "Professional Fees & Services" is projected to decrease by approximately \$4.7 million due to decreased expenditures associated with TxDMV Automation Projects. The revised FY 2013 revised budget includes a carry forward of \$34.2 million in capital projects from FY 2012.

Fuels & Lubricants – In FY 2013, the budget category, "Fuels & Lubricants" is projected to increase by approximately \$44,200 in fuel costs in FY 2013 due the rising cost of fuel.

Consumable Supplies – In FY 2013, the budget category, "Consumable Supplies" is projected to increase by approximately \$229,300 as the agency makes a determined effort to fill existing vacancies and the increasing cost of paper.

Utilities – In FY 2013, the budget category, "Utilities" is being reduced by approximately \$4,600 due to cost savings associated with electricity, natural gas, and waste disposal.

Travel – In FY 2013, the budget category, "Travel" is projected to have a net decrease of approximately \$70,900 due to a \$25,000 reduction in appropriations with the remainder attributed to agency cost saving measures.

Rent – Building and **Rent – Machine and Other** – In FY 2013, the budget category, "Rent Building" is being reduced by approximately \$76,500 due to cost savings identified by divisions. The budget category, "Rent Machine and Other" is being reduced by approximately \$21,700 due to cost savings identified by the divisions.

Other Operating Expenses – In FY 2013, the budget category, "Other Operating Expenses" is being reduced by a net of approximately \$1.6 million due to decreased expenditures related to the TxDMV Automation System Project. The FY 2013 revised budget includes a carry forward of approximately \$4.4 million in capital projects from FY 2012.

Other Capital – In FY 2013, the budget category, "Other Capital" is being increased approximately \$700,000 associated with the TxDMV Automation Project carry forward in FY 2012.

Grants – The budget category, "Grants" remains unchanged from FY 2012 to FY 2013.



FY 2013 Professional Fees and Services Budget Category

TABLE 9 – FY 2013 PROFESSIONAL FEES AND SERVICES BUDGET CATEGORY

Professional Fees & Services	FY 20122	FY 2013	Difference
Consultant Services - Other	\$ 1,116,017	\$ 816,184	\$ (299,833)
Contract Services for Capital Projects - Computer Consultant Services	\$ 5,274,783	\$ 3,496,930	\$(1,777,853)
Education/Training Services	\$ 95,250	\$ 31,640	\$ (63,610)
Mediation Services	\$ 18,880	\$ 93,880	\$ 75,000
Legal Services	\$ 650,000	\$ 524,362	\$ (125,638)
Temporary Employment Agencies	\$ 60,643	\$ 189,165	\$ 128,522
Contract Services for Capital Projects - Computer Systems	\$ 37,885,613	\$ 34,776,509	\$ (3,109,104)
Data Processing Services	\$ 9,377,153	\$ 9,799,840	\$ 422,687
Total	\$ 54,478,339	\$ 49,728,510	\$ (4,749,829)

<u>Table 9 Description - FY 2013 Approved Professional Fees and Services Budget</u> **Category**

Consultant Services - Other: This line item decreased by approximately \$300,000 in FY 2013 due to cost savings identified by divisions resulting from a decreased need for third-party consultant services.

Contract Services – Computer Consultant Services: This line item decreased by approximately \$1.78 million in FY 2013 due to cost savings identified by divisions resulting from a decreased need for third-party information technology consultant services.

Education/Training Services - This line item is decreasing by approximately \$63,600 in FY 2013 due to a decline in employee training for continuing education purposes.

Mediation Services - This line item increased by \$75,000 in FY 2013 due to an increased need for mediation expertise to assist in the Employee Assistance Program.

Legal Services - The Motor Vehicle Division (MVD) operating budget is decreasing by approximately \$125,600 in FY 2013 resulting from cost saving measures identified by divisions.

Temporary Employment Agencies – This line item increased by approximately \$128,500 in FY 2013 due to an increased demand for clerical and administrative needs within the Administrative Services Division resulting from increased costs associated with the License Plates program.

Contract Services for Capital Projects – Computer Systems – This line item decreased by approximately \$3.1 million in FY 2013 as the agency is anticipating a decrease in demand for third-party contractor programmers. The agency will utilize in-house IT personnel to handle computer programming, webdesign and other programming functions.

Data Processing Services – This line item increased by approximately \$422,600 in FY 2013 due to an increased demand in data processing services agency wide.

FY 2013 Other Operating Expenses by Budget Category

TABLE 10 - FY 2013 OTHER OPERATING EXPENSES BY BUDGET CATEGORY*

Other Operating Expenditure	FY 2012	FY 2013	Difference
Payroll Health Insurance Contribution	\$ 331,699	\$ 377,537	\$ 45,838
Membership Dues	\$ 56,099	\$ 53,188	\$ (2,911)
Tuition - Employee Training	\$ 297,238	\$ 172,061	\$ (125,177)
Registration Fees- Employee Training	\$ 79,696	\$ 319,017	\$ 239,321
Fees and Other Charges	\$ 825,033	\$ 1,538,496	\$ 713,463
Awards	\$ 13,223	\$ 14,157	\$ 934
Insurance Premiums - Approved by Dept. of Insurance and Attorney Gener		\$ 12,200	\$ -
Publications	\$ 4,637	\$ 6,987	\$ 2,350
Fee for Receiving Electronic Payments	\$ 435,703	\$ 435,703	\$ -
Court Costs	\$ 7,321	\$ 5,600	\$ (1,721)
Witness Fees and Allowances	\$ 4,100	\$ 4,100	\$ -
Miscellaneous Claims - Lost/Voided Warrants	\$ 227	\$ 227	\$ -
Maintenance and Repair - Computer Software	\$ 2,729,285	\$ 1,775,649	\$ (953,636)
Maintenance and Repair - Buildings	\$ 15,338	\$ 22,495	\$ (555,050)
Maintenance and Repair - Computer Equipment	\$ 117,021	\$ 588,020	\$ 470,999
Reproduction and Printing Services	\$ 7,550,627	\$ 5,626,000	\$ (1,924,627)
Communication Services	\$ 7,330,027		
	\$ 91,392	\$ 442,083	
Cleaning Services Placement Services - Other		\$ -	\$ (100)
	\$ 2,000	\$ -	\$ (2,000)
Advertising Services	\$ 565,000	\$ 565,000	\$ -
Freight/Delivery Services	\$ 703,263	\$ 686,624	\$ (16,639)
Postal Services	\$ 9,865,118	\$ 8,791,690	\$ (1,073,428)
Investigation Expenses	\$ 10,000	\$ 10,821	\$ 821
Purchased Contracted Services	\$ 27,404,710	\$ 28,240,011	\$ 835,301
Subscriptions, Periodicals and Information Services	\$ 47,500	\$ 53,293	\$ 5,793
Promotional Items	\$ 4,500	\$ 4,500	\$ -
Medical Supplies	\$ 1,000	\$ 1,000	\$ -
Food Purchased by the State	\$ 2,745	\$ 2,745	\$ -
Parts- Furnishings and Equipment	\$ 14,925	\$ 16,968	\$ 2,043
Furnishings and Equipment - Expensed	\$ 319,452	\$ 97,047	\$ (222,405)
Furnishings and Equipment - Controlled	\$ 48,975	\$ 29,762	\$ (19,213)
Parts - Computer & Equipment - Expensed	\$ 16,591	\$ 18,221	\$ 1,630
Personal Property - Maintenance and Repairs/Motor Vehicle - Expensed	\$ 46,347	\$ 72,559	\$ 26,212
Personal Property - Maintenance and Repairs	\$ -	\$ 3,875	\$ 3,875
Computer Equipment - Expensed	\$ 9,465	\$ 11,754	\$ 2,289
Computer Equipment - Controlled	\$ 8,955	\$ 575	\$ (8,380)
Computer Software - Expensed	\$ 52,578	\$ 108,699	\$ 56,121
Books and Pre-Recorded Reference Materials - Expensed	\$ 24,309	\$ 31,769	\$ 7,460
Interest on Delayed Payments	\$ 8,502	\$ 7,842	\$ (660)
State Office of Risk Management Assessments	\$ 48,047	\$ 56,000	\$ 7,953
MyPlates	\$ 5,000,000	\$ 5,000,000	\$ -
Agency Total	\$ 56,774,921	\$ 55,204,275	\$ (1,570,646)

^{*} Based on information received as of 6.27.12

<u>Table 10 Description - FY 2013 Approved Other Operating Expenses by Budget Category</u>

The Other Operating Expenses budget category includes approximately 41 expenditure line items ranging in value from \$227 for Miscellaneous Claims to \$28.2 million for Purchased Contracted Services. Several detailed items reflect a projected increase in cost from FY 2012 to FY 2013, and the others are offset by decreases realized through cost savings. The net effect is an overall decrease of approximately \$1.6 million in FY 2013.

Increases:

Payroll Contribution for Health Insurance – This line item increased by \$45,838 due to a legislative mandate (Article IX, General Provisions, Sec 18.09, Payroll Contributions for Group Health Insurance) that is based on 1% of salaries. The increase is based on projected changes to salaries in FY 2013.

Registration Fees - Employee Training – This line item increased by \$239,321 as the agency increased its employee training needs (i.e., conferences) related to agency's operational functions.

Fees and Other Charges - The line item for fees and other charges increased by \$713,463 due to the anticipated credit cards service charges related to Texas Permitting and Routing Optimization System (TXPROS).

Awards - This line item increased by \$934 for incentive and service awards for employees.

Publications – This line item increased by \$2,350 due to divisional subscription increases.

Maintenance and Repair – Buildings – This line item increased by \$7,157 due to automated handicapped accessible doors installed into 1st floor of building 1, and facility needs in FY 2013.

Maintenance and Repair - Computer Equipment – This line item increased by \$470,999 to fund software license and upgrade fees.

Communication Services – This line item increased by \$350,691 due to the renewal of various online account memberships such as legislative tracking, online subscription services, and web monitoring services.

Investigation Expenses – This line item for investigation expenses increased by \$821 due to the agency's Human Resources department outsourcing background check information needs to a third party.

Purchased Contracted Services –This line item has increased by \$835,301 due to an increase in contracted services associated with the License Plates program.

Subscriptions, Periodicals and Information Services – This line item increased by \$5,793 due to divisional online subscription increases.

Parts-Furnishing & Equipment – This line item increased by \$2,043 to cover agency furniture replacement.

Parts – Computer & Equipment Expensed – This line item increased by \$1,630 to cover agency wide computer replacement parts.

Maintenance and Repairs/Motor Vehicle – This line item increased by \$26,212 due to the repair, and maintenance of used agency vehicles.

Personal Property - Maintenance and Repairs – This is a new budgeted line item for FY 2013, and is an increase of \$3,875 primarily associated with office equipment repair. Prior to FY 2013, TxDOT was responsible for TxDMV office equipment repair.

Computer Equipment Expensed – This line item increased by \$2,289 to cover needed parts for existing automation equipment.

Computer Software Expensed - The increase to this category is approximately \$56,121. Approximately \$35,000 is directly related to software upgrades for the Automobile Burglary and Theft Prevention Authority division and the remaining \$21,121 is due to agency wide projected increases.

Books and Pre-Recorded Reference Materials – Expensed – This line item increased by \$7,460 due to increase in use of books and pre-recorded materials for the General Council Office, VTR, and MVD libraries.

State Office of Risk Management Assessments – The operating budget increased by \$7,953 due to an increase in Worker's Compensation insurance payments.

Decreases:

Membership Dues - The operating budget decreased by \$2,911 due to agency wide savings.

Tuition Employee Training - This category decreased by \$125,177 because of agency-wide tuition. An agency amount of \$150,000 was established to assist employees in pursuing higher education goals.

Court Cost - This category decreased by \$1,721 due to a decline in the agency's usage of court reporting services.

Maintenance and Repair–Computer Software - The operating budget decreased by \$953,636 due to the agency's increased purchase of new software. Maintenance and repairs are not projected to be needed with the acquisition of new software.

Reproduction and Printing Services - This category decreased by \$1,924,627 (agency-wide savings) by acquiring competitive prices from the vendor community.

Freight/Delivery Services - This category decreased by \$16,639 due to agency-wide savings related to delivery services.

Postal Services - This category decreased by \$1,073,428 due to agency-wide decreased costs on renewal meter accounts.

Furnishings and Equipment – Expensed – The operating budget decreased by \$222,405 due to the agency's effective use of surplus furniture and equipment.

Furnishing and Equipment – Controlled - The operating budget decreased by \$19,213 related to the agency's effective use of surplus furniture and equipment.

Computer Equipment - Controlled - The operating budget decreased by \$8,380 due to the agency's decrease in need for new computer equipment in FY 2013.

Interest on Delayed Payments – The operating budget decreased by \$660 due to increased efficiencies in prompt payment.

TABLE 11 – FY 2013 FULL-TIME EQUIVALENT EMPLOYEES (FTEs)

Division/Section	FY 2012	FY 2013	Difference
Administrative Services Division	F1 2012	F1 2013	Difference
Division Director	2.0	2.0	
			- (4.0)
Administrative Support	6.0	5.0	(1.0)
Administrative Operations	20.0	21.0	1.0
Fleet Services	1.0	1.0	-
Huntsville Operations	2.0	2.0	-
Human Resources Staff & Support	8.0	8.0	-
Human Resources - Civil Rights	1.0	1.0	-
Chief Information Office/Information Technology Services	76.0	75.0	(1.0)
TxDMV Automation System-Operating	26.0	24.0	(2.0)
Subtotal	142.0	139.0	(3.0)
Automobile Burglary Theft Prevention			
Division Director	5.0	5.0	-
Subtotal	5.0	5.0	-
Board & Staff			
Board & Support Staff	1.0	2.0	1.0
Internal Audit	3.0	3.0	1.0
Subtotal	4.0	5.0	1.0
Subtotal	4.0	5.0	1.0
Consumer Relations Division			
Division Director	2.0	2.0	-
Registration & Titling Call Center Operations	20.0	20.0	-
Motor Vehicle Call Center Operations	6.0	6.0	-
Correspondence Services	17.0	17.0	-
Subtotal	45.0	45.0	-
Enforcement		,	'
Division Director	1.0	1.0	-
Administration & Compliance Education	10.0	9.0	(1.0)
Motor Vehicle Investigations	26.0	26.0	-
Motor Carrier Operations Investigations	12.0	12.0	-
Lemon Law	8.0	8.0	-
Legal	8.0	8.0	-
Compliance/Enforcement Oversize/Overweight	17.0	17.0	-
Subtotal	82.0	81.0	(1.0)
Executive Office	6.0		(2.5)
Executive Director	6.0	4.0	(2.0)
General Counsel	8.0	10.0	2.0
Communications	2.0	-	(2.0)
Subtotal	16.0	14.0	(2.0)

TABLE 11 – FY 2013 FULL-TIME EQUIVALENT EMPLOYEES (FTEs) cont'd

Division/Section	FY 2012	FY 2013	Difference
Financial Services			
Chief Financial Officer	5.0	5.0	-
Revenue Forecasting	4.0	4.0	-
Budget & Planning	6.0	6.0	-
Financial Administration	19.0	19.0	-
Purchasing & Contracts	8.0	8.0	-
Subtotal	42.0	42.0	-
Government and Strategic Communications			
Governmental Communications	-	8.0	8.0
Subtotal	-	8.0	8.0
Motor Carrier			
Division Director	2.0	1.0	(1.0)
Credentialing	9.0	10.0	1.0
International Registration Program	22.0	22.0	_
Administration Oversize/Overweight	3.0	3.0	-
Business Services Oversize/Overweight	10.0	10.0	-
Permits Oversize/Overweight	85.0	85.0	-
Subtotal	131.0	131.0	-
Motor Vehicle			
Administration	11.0	11.0	-
Vehicle Industry Licensing	27.0	26.0	(1.0)
Legal	6.0	6.0	-
Subtotal	44.0	43.0	(1.0)
Vehicle Titles and Registration			
Division Director	7.0	7.0	-
Research and Data Analysis Services	20.0	18.0	(2.0)
Registration Services	12.0	12.0	-
Title Services	32.0	32.0	-
Regional Services	181.0	181.0	_
Subtotal	252.0	250.0	(2.0)
Agency Wide			
Unallocated FTEs	-	-	-
Agency Total	763.0	763.0	-
Adjusted Agency Total	762.0	762.0	
Aujusteu Agency Total	763.0	763.0	

Table 11 Description - FY 2013 Full-Time Equivalent Employees (FTEs)

TxDMV's current allocation for FY 2012 is 763 FTEs, including the 116 FTEs transferred to TxDMV from the TxDOT Oversize and Overweight (OS/OW) program. As of March 31, 2012, TxDMV had a staffing level of 695 FTEs. The agency averaged 63 vacant positions during the fiscal year.

Due to the organizational structure of TxDMV, the 116 FTEs transferred from the Oversize/Overweight program were allocated as follows: 98 FTEs to Motor Carrier Division, 17 FTEs to Enforcement Division, and 1 FTE to the Financial Services Division.

Additionally, the Government and Strategic Communications Division was created in October 2011 and was allocated eight FTEs. These eight FTEs were transferred from other divisions within the agency. This division is a consolidation of the Government and Regulated Industries and Communications staff. The new division is designed to more effectively oversee legislative activities and strategic communications.

The remaining transfers of FTEs between divisions accurately reflect the needs of the agency.

The total number of 763 FTEs across TxDMV remains unchanged from FY 2012 to FY 2013.

Part IV: FY 2013 Purchasing Requirements





Approved FY 2013 Statutorily Required Contracts and

Contracts required by statute include but are not limited to the State Office of Administrative Hearings (contested cases), the State Office of Risk Management (SORM), Workers Compensation, vehicle liability insurance and property insurance and the Texas Department of Criminal Justice (manufacturing of license plates, registration stickers and placards, etc.) Line items below represent anticipated statutorily required contracts for the upcoming fiscal year.

Division	Vendor	Purpose	Contract	Period	FY 2013
			Award	Expire	Contract
ABTPA	Comptroller of	Collection and Reporting of	8/30/2011	8/31/2013	Amount \$9,600
ADITA	Public Accounts	ABTPA related fees.	0,30,2011	0/31/2013	75,000
	(CPA)				
ABTPA	Office of the	Full range legal services for	8/11/2011	8/31/2013	\$960
	Attorney General	АВТРА			
	(OAG)				
ABTPA	Department of	Administration of Help End	9/01/2012	8/31/2013	\$90,000
	Public Safety	Auto Theft (HEAT) program.			
ADMIN*	(DPS) Texas Department	Manufacture of license plates,	9/01/2012	8/31/2013	\$17,690,323
ADIVIIIV	of Criminal Justice	stickers, temporary tags and	9/01/2012	8/31/2013	\$17,090,323
	(TDCJ)	placards			
ADMIN*	Texas NICUSA	Texas On-Line Web Hosting	9/01/2012	8/31/2013	\$537,131
		_			
ADMIN*	Texas NICUSA	Payment of IRP Convenience	9/1/2012	8/31/2013	\$2,700
		fees. Related to the Texas			
		Online Web Hosting	0/4/0040	0.104.1004.0	410 = 11
AGENCY	Wells Fargo	Automobile liability insurance	9/1/2012	8/31/2013	\$12,544
WIDE*	Insurance Services USA, Inc.	for TxDMV (thru SORM)			
AGENCY	Arthur J. Gallagher	Property insurance for TxDMV	9/1/2012	8/31/2013	\$1,160
WIDE	Risk Management	(thru SORM)	3,1,2012	0,31,2013	Ψ1,100
	Services	,			
MVD	State Office of	Conduct MVD Contested case	9/01/2012	8/31/2013	\$650,000
	Administrative	hearings			
	Hearings (SOAH)				
		Total			\$18,994.418
		Total			910,934.410
	l				

^{*}Based on FY 2012 Contracts as of 5.21.2012



Approved FY 2013 Delegated and Statewide Contracts

Contracts, including Statewide Contracts under \$100,000 for services and \$25,000 for commodities are delegated to state agencies by the Texas Comptroller of Public Accounts (Government Code 2155.132). These include but are not limited to competitively bid contracts for goods and services that are executed by the Financial Services Division at the executive director's discretion within budget guidelines in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies.

Division	Vendor	Purpose	Contract Period		FY 2013
			Award	Expire	Contract Amount
	Toshiba Business	Lease of Toshiba E-Studio 4540C	1/27/2012	8/31/2014	\$4,229
АВТРА	Solutions		1,2,,2012	3,31,231	ψ 1,223
	Sage North America	Software Maintenance for SAGE	1/6/2012	1/4/2013	\$1,557
ABTPA		software (ABTPA)			
	Agate Software Inc	Intelligrants eGrants system	4/2/2012	8/31/2013	\$26,118
ABTPA	TIDULIST	completion	42/42/2044	7/42/2042	¢26.652
ABTPA*	TIBH Industries	Temporary Staffing	12/13/2011	7/13/2012	\$36,653
ADITA	Allied Consultants	Staff Augmentation Services	6/27/2011	2/28/2013	\$95,158
ADM	Inc.		3, = 1, = 2 = =	_,,	,,
	C & T Information	Staff Augmentation Services	6/1/2011	12/31/2012	\$52,507
ADM	Technology				
	Office	Lease of Toshiba MFP	1/18/2011	1/31/2015	\$6,052
ADM	Communications				
	Systems Inc. Office	Lease of Toshiba E-Studio	2/10/2011	2/10/2015	Ć0 720
ADM	Communications	6530CT	3/10/2011	3/10/2015	\$8,739
ADIVI	Systems Inc.	033061			
	Alliance Work	Employee Assistance Program	7/15/2011	12/31/2012	\$5,051
ADM	Partners				
	Xerox Corporation	Lease of Xerox 5735T	7/6/2011	7/31/2015	\$1,305
ADM					
4044	Xerox Corporation	Lease of Xerox WorkCentre 5645	8/1/2011	2/4/2013	\$1,401
ADM	Pitney Bowes, Inc.	Lease of Pitney Bowes DM525	8/8/2011	8/31/2016	\$3,057
ADM	Fittley bowes, IIIC.	Mailing System	0/0/2011	0/31/2010	<i>γ</i> ο,υο <i>1</i>
	Pitney Bowes, Inc.	Lease of Pitney Bowes DM1100	8/8/2011	8/31/2016	\$7,885
ADM		Mailing System			
	Toshiba Business	Lease of Toshiba E-Studio 455SE	8/18/2011	8/31/2014	\$2,515
ADM	Solutions			- 1 1	1 -
4511	Toshiba Business	Lease of a Toshiba E-Studio	1/27/2012	8/31/2014	\$4,303
ADM	Solutions	3040C	12/16/2011	12/21/2012	¢50 220
	Rapisource LLC	Staff Augmentation Services	12/16/2011	12/31/2012	\$56,320

Division	Vendor	Purpose	Contrac	t Period	FY 2013
ADM					
ADM	Texas GovLink, Inc.	Staff Augmentation Services	1/24/2012	12/31/2012	\$94,987
ADM	IT Planners	Staff Augmentation Services	12/21/2011	12/31/2012	\$54,400
	Explore Information	TxIRP legislative changes and	1/13/2012	1/30/2013	\$39,104
ADM	Services	maintenance			
ADM	Pitney Bowes, Inc.	Annual Maintenance	3/23/2012	3/27/2013	\$438
ADM	Logic House, LTD	Hire contract worker ITSAC	1/6/2012	12/31/2012	\$61,707
	Austin Typewriter &	Shredder Preventive	1/12/2012	1/24/2014	\$249
ADM	Computer Inc	Maintenance			
ADM	Database Security & Optimization	ITSAC Contract worker	1/24/2012	12/31/2012	\$54,773
ADM	American Digital Cartography, Inc.	TomTom MultiNet Find	2/29/2012	4/11/2013	\$3,985
ADM	AlertSite.com	Website Monitoring services on TxDMV application sites	3/1/2012	2/28/2013	\$2,544
ADM	Data Projections, Inc.	Video System for the Lonestar conference room	3/19/2012	4/15/2013	\$25,223
ADM	ARC	Shredder maintenance and repair	3/28/2012	3/29/2013	\$85
ADM	Verizon Wireless Services, LLC	Verizon Wireless Modem for RTS access	4/12/2012	4/13/2013	\$2,905
ADM	Nu Info Systems, Inc.	Staff Augmentation Services	4/3/2012	11/30/2012	\$53,820
ADM*	TIBH Industries	Temporary Staffing	1/6/2012	7/17/2012	\$41,261
ADM*	TIBH Industries	Temporary Staffing	2/27/2012	8/31/2012	\$36,653
AGENCY WIDE	On The Record Reporting & Transcription, Inc.	Transcription Service	4/9/2012	10/12/2013	\$40,000
BOARD	Grant Cooper & Associates	Executive Search Services	4/12/2012	12/28/2012	\$30,750
CRD	Xerox Corporation	Lease of Xerox WorkCentre 5645	8/1/2011	2/14/2013	\$1,440
CRD	Xerox Corporation	Xerox WorkCentre 7545	3/12/2012	3/11/2017	\$4,501
ENF	Xerox Corporation	Lease of Xerox WC7755P copier	8/16/2011	8/31/2013	\$9,841
ENF	Xerox Corporation	Lease of Xerox WorkCentre 5745	8/1/2011	8/31/2013	\$3,149
ENF	LexisNexis Risk and Information Analytics	Accurnit.com Online subscription	2/28/2012	10/30/2012	\$1,322
ENF	OCE Imagistics Inc.	Lease of OCE CM4520 Copier	8/23/2011	8/31/2014	\$1,852

Division	Vendor	Purpose	Contrac	t Period	FY 2013
	Xerox Corporation	Xerox WorkCentre 7545	1/13/2012	12/22/2014	\$5,908
ENF	,		,	•	- *
	LexisNexis Risk and	Services	4/4/2012	2/29/2020	\$261
ENF	Information		·, ·, _ 5 ± -	_, _, _, _,	, - · -
	Analytics				
	Toshiba Business	Lease of Toshiba E-Studio	8/1/2011	5/3/2013	\$5,759
EXEC	Solutions	6530CT	0/1/2011	3/3/2013	73,733
LALC	Office	Lease of Toshiba e-Studio	1/18/2011	2/28/2015	\$5,789
EXEC	Communications	6530CT	1/10/2011	2/20/2013	33,763
EVEC		033001			
	Systems Inc.	On line legal security -	10/14/2011	10/2/2012	¢=42
FVEO	LexisNexis	On-line legal searches	10/14/2011	10/3/2012	\$543
EXEC	0 51 1/2		4/04/25:5	2/42/25:5	A
	Case File Xpress, L.P.	Online filing fees required by	1/31/2012	2/10/2013	\$577
EXEC		Travis County Court's			
	West Publishing	Purchase of Legal Publications	4/26/2012	10/27/2012	\$1,764
EXEC	Corp.				
	Xerox Corporation	Lease of Xerox WorkCentre 5638	8/1/2011	10/28/2012	\$355
FNS					
	Toshiba Business	Lease of Toshiba 6550C copier	7/20/2011	8/1/2015	\$5,979
FNS	Solutions				
	TIBH Industries	Temporary Staffing	2/2/2012	8/23/2012	\$91,968
GCO*		' '	, ,		, ,
333	Time Warner Cable	Cable Services	4/16/2012	5/3/2013	\$492
GSC	e warner cable		., 10, 2012	5,5,2015	Ψ 13 <u>2</u>
030	Canon USA	Lease of Canon ImageRunner	8/26/2010	9/23/2013	\$2,429
MCD	Callott OJA	6055	0/20/2010	3/23/2013	74,423
IVICD	Xerox Corporation	Lease of MFP for MVD-	2/3/2012	5/24/2013	\$9,539
MCD	VELOY COLHOLORIOLI	Administration	2/3/2012	J/ 44/ 4013	ودرود
IVICD	Varay Camanatian		8/1/2011	0/24/2042	\$2.662
MCD	Xerox Corporation	Lease of Xerox WorkCentre 5745	8/1/2011	8/31/2013	\$3,662
MCD	Fundame Information	IDD Customs Development and	4/16/2012	2/20/2042	626.040
	Explore Information	IRP System Development and	4/16/2012	3/29/2013	\$26,018
MCD	Services	Implementation	0/05/55	40/01/07	40
	OCE Imagistics Inc.	Lease of OCE Imagistics Model	8/23/2011	10/31/2014	\$3,479
MCD		IM4512	<u> </u>		
	MailMax Direct	Purchase of turn-key automated	11/16/2011	11/27/2013	\$92,500
MCD		mailing service			
	RR Donnelley	Dealer License Form	10/17/2011	10/17/2012	\$70
MCD	Company				
	West Publishing	Blanket Order for Law Books	4/17/2012	11/30/2012	\$10,775
MCD	Corp.				
	LexisNexis Matthew	Law Book Subscription	12/8/2011	12/31/2012	\$731
MCD	Bender				
	OCE Imagistics Inc.	Copier lease	2/10/2012	8/31/2014	\$2,741
MCD			· · ·		•
	RR Donnelley	Weight Tolerance Permit	3/1/2012	7/19/2013	\$3,900
MCD	Company	Training residual contract	5, 1, 2012	., 15, 2015	43,300
IVICD	Digital Speech	Hardware/Software	5/2/2012	9/18/2015	\$4,860
MCD		-	3/2/2012	2/ 10/ 2013	94,000
MCD	Systems	Maintenance for Call Recording			

Division	Vendor	Purpose	Contrac	t Period	FY 2013
	Xerox Corporation	Lease of Xerox WorkCentre	9/1/2010	9/1/2013	\$2,318
VTR		5745T			
	Xerox Corporation	Lease of Xerox WorkCentre	4/11/2012	10/31/2013	\$4,216
VTR		5745T			
	Xerox Corporation	Lease of two (2) Xerox 5745T &	2/2/2011	3/30/2015	\$5,248
VTR		OFC50FIN			
	TIBH Industries, Inc	Ft. Worth Regional Service	1/12/2011	9/21/2013	\$14,625
VTR		Center Janitorial Services			
	Xerox Corporation	Lease of Xerox WorkCentre	6/24/2011	9/11/2016	\$2,300
VTR		5745T			
	Canon USA	Canon ImageRunner 1025IF	6/27/2011	9/1/2014	\$604
VTR		Lease			
	Canon USA, Inc.	Imagerunner Advance IR 5045	6/28/2011	8/31/2013	\$4,945
VTR			= /4.4 /5.5 : :	0/04/55:-	40
\ (TC	Canon USA, Inc.	Canon ImageRunner 3245 Lease	7/11/2011	8/31/2015	\$2,769
VTR	D'L. D	Lance of Britain 5	7/20/2011	0/24/2046	642.400
VTR	Pitney Bowes, Inc.	Lease of Postage Equipment	7/29/2011	8/31/2016	\$42,108
\/TD	Xerox Corporation	Lease of Xerox WorkCentre 5645	8/1/2011	5/25/2013	\$2,181
VTR	Comon LICA Inc	Lease of Canon IR-3245	0 /1 /2011	0/21/2012	¢2.264
VTR	Canon USA, Inc.	Lease of Carlott IR-3245	8/1/2011	8/31/2013	\$3,364
VIK	Varay Carparation	Lease of Xerox WorkCentre	8/1/2011	11/4/2012	\$627
VTR	Xerox Corporation	4150XF	0/1/2011	11/4/2012	\$02 <i>1</i>
VIK	Xerox Corporation	Xerox Workcentre 5645	9/7/2011	2/14/2014	\$2,934
VTR	Aerox Corporation	Aerox Workcentre 3043	9/7/2011	2/14/2014	<i>\$2,934</i>
VIII	Xerox Corporation	Lease of two (2) Xerox W5645	8/1/2011	8/31/2014	\$5,313
VTR	ACTOX COTPORATION	copiers	0/1/2011	0/31/2014	75,515
2111	Republic Services -	Waste Disposal Services	8/1/2011	10/17/2012	\$61
VTR	D/B/A Allied Waste	11 asse 2 ispessar 5 0.11300	0, _, _ 0	20, 27, 2022	40 -
	Services				
	Xerox Corporation	Lease of Multi-Function Office	8/1/2011	3/15/2013	\$3,532
VTR	·	Machines			
	Canon USA, Inc.	Lease of Multi-Function Office	8/1/2011	5/17/2015	\$550
VTR		Machines			
	Xerox Corporation	Lease of Xerox WorkCentre 5645	8/1/2011	3/15/2013	\$3,901
VTR					
	Xerox Corporation	Lease of Multi-Function Office	8/1/2011	8/31/2014	\$2,969
VTR		Machines			
	Xerox Corporation	Lease of Multi-Function Office	8/1/2011	8/24/2014	\$8,423
VTR		Machines			
	Xerox Corporation	Lease of Multi-Function Office	8/1/2011	8/31/2014	\$2,891
VTR		Machines			
			0/4/0011	0/04/2011	62.535
\/TD	Xerox Corporation	Lease of Xerox WC5638PT	8/1/2011	8/31/2014	\$2,536
VTR	Vorey Camparation	Longo of Voyage Mayle Courter	0/1/2011	0/24/2044	62.760
\/ T D	Xerox Corporation	Lease of Xerox WorkCentre	8/1/2011	8/31/2014	\$2,760
VTR	Tochiba Dusinass	Loggo of Tochiba E Studio 4E400	1/25/2012	0/22/2014	\$4.104
	Toshiba Business	Lease of Toshiba E-Studio 4540C	1/25/2012	9/22/2014	\$4,104

Division	Vendor	Purpose	Contrac	t Period	FY 2013
VTR	Solutions				
	Toshiba Business	Lease of Toshiba E-Studio 4540C	1/26/2012	9/23/2014	\$5,172
VTR	Solutions				
	Xerox Corporation	Xerox Copier Lease	8/1/2011	10/14/2013	\$1,734
VTR					
	Integrated Biometric	Fingerprinting Services	9/8/2011	9/7/2016	\$201
VTR	Tech				
	Gravel Drive, LTD.	Lease of Fort Worth Regional	10/15/2010	10/31/2020	\$66,077
VTR		Service Center			
	MicroAssist, Inc.	Learning Management Systems	2/14/2012	3/14/2013	\$16,242
VTR		(LMS) Maintenance			
	Bill Clark Pest	Pest Control Service	2/16/2012	2/28/2013	\$358
VTR	Control, Inc.				
	Tony Martin,	Waco RSC - TFC	4/2/2012	8/31/2015	\$34,953
VTR	Trustee				
	Burnham	El Paso RSC - TFC	4/2/2012	10/31/2012	\$7,413
VTR	Properties, Ltd.				
	Austin Typewriter &	Shredder Destroyit 4002	3/6/2012	3/15/2016	\$754
VTR	Computer Inc				
	Allied Consultants	DIR Staff Augmentation	3/9/2012	4/29/2013	\$65,430
VTR	Inc.				
		Total			\$1,481,551
					\$1,401,551

^{*}BASED ON FY 2012 Contracts as of 5.16.2012



Approved FY 2013 Delegated and Statewide Contracts

Contracts, including Statewide Contracts which have a cumulative cost value from \$100,000 to \$200,000 (Commodities over \$25,000 and Services over \$100,000 must be reviewed by the Texas Comptroller of Public Accounts; Government Code 2156.121) may be delegated to the agency by the Texas Comptroller of Public Accounts. If delegated, these are executed by the Financial Services Division at the executive director's discretion within budget guidelines in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies. The executive director will report contract executions to the board. The report will include: vendor name, contract purpose, contract amount, contract duration and a statement whether sufficient funds are available in the agency's approved budget.

Division	Vendor	Purpose	Contract Period		FY 2013
			Award	Expire	Contract
					Amount
	Allied Consultants	Staff Augmentation Services	6/20/2011	2/28/2013	\$104,419
ADM	Inc.				
	Dell Marketing	WinPro License	8/18/2011	8/31/2013	\$107,453
ADM					
	National Human	Staff Augmentation Services	5/23/2011	3/31/2013	\$163,615
ADM	Resources Group				
	L. C. L. B. L.P.	Distance Mariatana and Sa	2/44/2042	2/42/2045	¢4.64.206
4504	Insight Public	Printer Maintenance for	2/14/2012	2/12/2015	\$161,388
ADM	Sector	LaserJet P3015/P4015/4250			
	Texas GovLink,	Staff Augmentation Services	3/19/2012	2/26/2013	\$153,164
ADM	Inc.	Stan Augmentation Services	3/19/2012	2/20/2013	\$155,104
ADIVI	IIIC.				
	NF Consulting	Staff Augmentation Services	6/22/2011	8/31/2012	\$141,120
ADM*	Services	Starr Augmentation Services	0,22,2011	0/31/2012	7141,120
712111	30.11000				
	Allied Consultants,	Staff Augmentation Services	6/24/2011	8/31/2012	\$137,280
ADM*	Inc.				. ,
	Allied Consultants,	Staff Augmentation Services	6/27/2011	8/31/2012	\$139,200
ADM*	Inc.				
	NF Consulting	Staff Augmentation Services	6/20/2011	8/31/2012	\$141,120
ADM*	Services				
	Allied Consultants,	Staff Augmentation Services	8/18/2011	8/31/2012	\$142,080

Division	Vendor	Purpose	Contract Period		FY 2013
ADM*	Inc.				
ADM*	NF Consulting Services	Staff Augmentation Services	8/22/2011	8/31/2012	\$157,440
ADM*	Allied Consultants, Inc.	Staff Augmentation Services	11/18/2011	7/31/2012	\$147,840
ADM*	Allied Consultants, Inc.	Staff Augmentation Services	12/14/2011	7/31/2012	\$147,840
ADM*	Allied Consultants, Inc.	Staff Augmentation Services	12/28/2011	7/31/2012	\$149,760
ADM*	National Human Resources Group, Inc.	Staff Augmentation Services	12/28/2011	7/31/2012	\$149,760
ADM*	Texas GovLink, Inc.	Staff Augmentation Services	1/6/2012	7/31/2012	\$137,280
FNS*	Texas GovLink, Inc.	Staff Augmentation Services	8/12/2011	8/31/2012	\$132,499
VTR	RDT Leasing	Dallas/Carollton RSC Lease	4/2/2012	3/31/2015	\$126,055
		Total			\$2,539,313

^{*}BASED ON FY12 CONTRACTS. As of 5.16.2012



Approved FY 2013 Delegated and Statewide Contracts

Contracts, including Statewide Contracts which have a cumulative cost value over \$200,000 (Commodities over \$25,000 and Services over \$100,000 must be reviewed by the Texas Comptroller of Public Accounts; Government Code 2156.121) may be delegated to the agency by the Texas Comptroller of Public Accounts. If delegated, these are executed by the Financial Services Division through the executive director prior to execution. The executive director must obtain board approval for contracts over \$200,000 and ensure that the contract is within budget guidelines in accordance with established procurement contract laws, rules, regulations and policies of oversight agencies.

Statewide Contracts include Council on Competitive Government (CCG), Department of Information Resources (DIR) and Term Contracts (established by Texas Comptroller of Public Accounts), which are competitively bid contracts for use by all state agencies. Texas Correctional Industries (TCI) and Texas Industries for the Blind and Handicapped (TIBH) also have contracts which are available to all state agencies. These contracts include goods and services such as photocopier leases, automated mailing services, printing services, consumable office supplies, toner cartridges, software, computer hardware and information technology staff augmentation.

Division	Vendor	Purpose	Contra	act Period	FY 2013
			Award	Expire	Contract Amount
АВТРА	Tuerff-Davis EnviroMedia Inc.	Strategic Marketing and Public Awareness Services	9/20/2011	8/31/2013	\$600,000
ADM	OSS, Inc.	Staff Augmentation Services	6/29/2011	3/31/2013	\$298,859
ADM	NF Consulting Services	Staff Augmentation Services	6/29/2011	3/31/2013	\$315,941
ADM	RR Donnelley Company	Printing, Custom Forms	3/26/2012	10/13/2014	\$526,521
ADM	Explore Information Services	IRP System Development and Implementation	4/16/2012	3/29/2013	\$278,140
ADM	Gartner, Inc.	Procurement Assistance SOW	4/19/2012	8/31/2013	\$205,835
ADM*	NF Consulting Services	Staff Augmentation Services	8/22/2011	8/31/2012	\$212,448

Division	Vendor	Purpose	Contract Period		FY 2013
ADM	PrintMailPro, LTD	Folding, Inserting and Mailing of Titles	4/27/2012	5/1/2014	\$246,573
ADM	PrintMailPro, LTD	Folding, Inserting and Mailing of Renewals	4/27/2012	5/1/2014	\$299,828
ADM	Texas GovLink, Inc.	Staff Augmentation Services	3/19/2012	9/26/2013	\$224,640
ADM	TBD	Texas Automation Systems Project (TASP)	TBD	TBD	TBD
EXEC	Gartner, Inc.	Procurement Assistance SOW	4/19/2012	8/31/2013	\$1,178,824
GSC	Ciber, Inc.	Staff Augmentation Services	6/20/2011	3/31/2013	\$236,996
MCD	Promiles Software Development Corp	TxPROS System for MCD	3/23/2012	3/31/2014	\$617,962
VTR	Standard Register Company	Point of Sale Registration Stickers	12/13/2011	4/30/2015	\$4,433,279
		Total			\$9,675,846

^{*}Based on FY 2012 Contracts as of 5.18.2012

Appendix A: Budget Terms and Definitions





Appropriated - Refers to the dollars or associated full-time equivalent positions authorized for specific fiscal years, and to the provisions for spending authority.

Appropriation Year (AY) - Refers to the specific fiscal year for which an appropriation is made. The appropriation year dictates the year to which the expenditure is authorized/charged.

Annual Operating Budget - An agency's approved Annual Operating Budget represents a one-year financial plan supporting the agency's business operations and addresses base operating requirements and adjustments. The budget covers funding for each division and reflects the most appropriate method of finance and strategy for core activities and continuing programs. The TxDMV Approved Annual Operating Budget reflects FY 2013 appropriations as identified H.B. 1, 82nd Legislature, Regular Session, GAA and adjusted to reflect Special Session reductions as applicable. The agency's final Annual Operating Budget covers a one year period from September 1 through August 31.

Base Request - The base request represents the basis for the agency's biennial budget. The base request cannot exceed the appropriated amount established by the legislature through the prior biennial GAA adjusted for Article IX appropriation reductions.

Biennium - Two year funding cycle for legislative appropriations.

Capital Budget - The portion of an agency's appropriation that is restricted to expenditures for designated capital construction projects or capital acquisitions.

Expended - Refers to the actual dollars or positions utilized by an agency or institution during a completed fiscal year; a goal or strategy; an object of expense; or an amount from a particular method of finance.

General Appropriations Act (GAA) - The law that appropriates biennial funding to state agencies for specific fiscal years and sets provisions for spending authority.

General Revenue (GR) Fund - The fund (No. 001) that receives state tax revenues and fees considered available for general spending purposes and certified as such by the comptroller of public accounts. TxDMV receives GR appropriations for the operations of the ABTPA program.

Federal Funds/Grants - Funds received from the United States government by state agencies and institutions that are appropriated to those agencies for the purposes for which the federal grant, allocation, payment, or reimbursement was made.

Full-Time Equivalents (FTEs) - Units of measure that represent the monthly average number of state personnel working 40 hours a week.

Fiscal Year (FY) – September 1 through August 31 and specified by the calendar year in which the fiscal year end, e.g. fiscal year 2012 runs from September 1, 2011 through August 31, 2012.

FY 2012 Projected Expenditures - FY 2012 Projected Expenditures include: 1) actual expenditures (expenses) incurred from September 2011 through March 2012 and 2) projected expenditures for April through August 2012. The FY 2012 projected expenditure estimates were used to develop FY 2013 division allocations.

Lapsed Funds - The unobligated balance in an item of appropriation that has not been encumbered at the end of a fiscal year or at the end of the biennium. Appropriations expire if they are not 1) obligated by August 31 of the appropriation year in which they were made or 2) expended within two years following the last day of the annual year.

Method of Finance - The term usually appears as a heading for a table that lists the sources and amounts authorized for financing certain expenditures or appropriations made in the General Appropriations Act (GAA). A source is either a "fund" or "account" established by the comptroller, or a category of revenues or receipts (e.g., federal funds).

Programs - The FY 2013 Operating Budget request covers funding for each division. Amounts identified in the Approved budget estimates reflect the most appropriate strategy and method of finance for core activities and continuing programs.

Line-item - An element of spending authority granted to an agency or institution in an appropriations bill. Literally, a line in the General Appropriations Act specifying an agency's appropriations for a specific designated use. In Texas, the governor may veto a line-item.

Rider - A legislative directive or appropriation inserted in the GAA following appropriation line-items for an agency or in the special or general provisions of the act. A rider provides direction, expansion, restriction, legislative intent, or an appropriation. The term also applies to special provisions at the end of each article and general provisions in the GAA. A rider appropriation is distinguished from a regular appropriation (i.e., line-items in the GAA), and a special appropriation (i.e., legislation other than the GAA).

Salary Budget - FY 2013 salaries include projected annual costs based on FY 2012 actual salaries and adjusted for vacancies, merits and FY 2013 longevity costs.

State Highway Fund (Fund 006) - Constitutionally created fund that dedicates net revenues from motor vehicle registration fees and taxes on motor fuels and lubricants. Revenue in the State Highway Fund is used for highway construction and maintenance, acquisition of rights-of-way, and law enforcement on public roads and is also used to fund the agency's operations that support these functions and the associated collection of revenues. The majority of TxDMV's appropriations are funded through Fund 006.

Unexpended Balance (UB) or **Carry forward** - The amount left in an item of appropriation at the end of an appropriation period and includes only that part of the appropriation, if any, which has not had an obligation or commitment made by the agency in charge of spending the appropriation. The term also refers to the amount of an appropriation, a fund, or a category of revenue which is brought forward (appropriated) to the succeeding fiscal year. Agencies must have legislative authority to move funds from one year to the next and/or from one biennium to the next biennium.

Appendix B: State Budgeting Cycle





Important Dates for the TxDMV Board: Budgeting &

April 2012

Proposed budget structure and performance measures were submitted to the Legislative Budget Board (LBB) for review (04/20/12)

May 2012

- Finance Committee review of Base Reconciliation & FY 2013-15 Recommended Operating Budget (05/09/12)
- Board review of FY 2012-13 Base Reconciliation, the FY 2013-15 Recommended Operating Budget, and the final draft of strategic plan (05/10/12)

June 2012

- Finance Committee approval of FY 2012-13 Base Reconciliation and 2013 2015 Recommended Operating Budget (06/13/12)
- Board approval of the FY 2012-13 Base Reconciliation (06/14/12)
- FY 2012-2013 Base Reconciliation submitted to the LBB (06/14/12)
- Board approval of FY 2013-15 Recommended Operating Budget and agency strategic plan for submission to the LBB (06/14/12)

July 2012

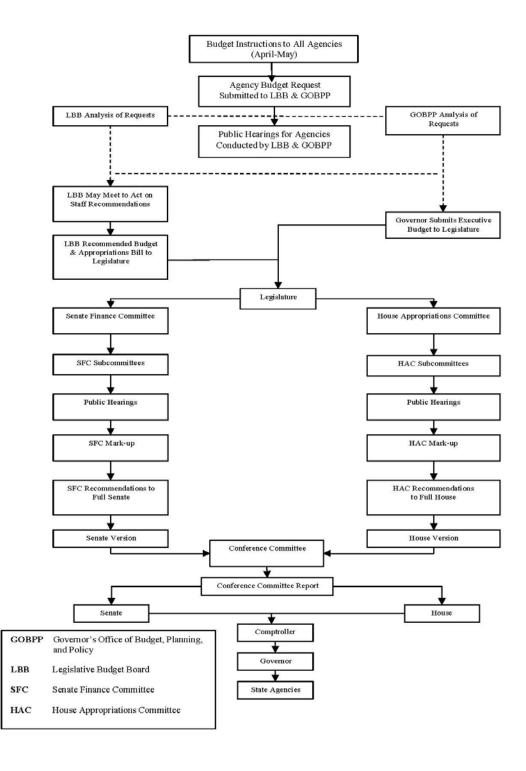
- Submission of agency strategic plan to the LBB and the Governor's Office of Budget, Planning, and Policy (GOBPP) (07/06/12)
- Finance Committee review of the Recommended FY 2014-15 Legislative Appropriations Request (07/11/12)
- Board review of the Recommended FY 2014-15 Legislative Appropriations Request (07/12/12)

August 2012

- Finance Committee approval of the FY 2014-15 Legislative Appropriations Request (08/08/12)
- Board approval of the FY 2014-15 Legislative Appropriations Request (08/09/12)

For a detailed explanation of the budget process in Texas, please refer to Budget 101, A Guide to the Budget Process in Texas, January, 2011, located at http://www.senate.state.tx.us/SRC/pdf/Budget_101-2011.pdf.

Texas Biennial Budget Cycle



Appendix C: Annual Operating Budget Roles and Responsibilities





Annual Operating Budget Roles and Responsibilities

Overview

The Annual Operating Budget represents the TxDMV's one-year financial plan. The operating budget allocates resources to approved goals and strategies in accordance with the General Appropriations Act. The operating budget is the annual budget of activities stated in terms of budget classification categories, functional programs and expenditure codes. The operating budget contains estimates of the total value of resources required for the performance of the agency's operations, including reimbursable work or services for others such as federal reimbursement grants. It also includes estimates of workload in terms of divisions and objects of expenditures.

Role & Responsibilities

TxDMV Board - Reviews and approves the agency's annual operating budget. The agency's annual operating budget allocates the agency's approved resources for one fiscal year in accordance with the General Appropriations Act. It reflects the agency's approved goals/strategies/method of finance and is presented by organizational functional areas. The board, as a whole, may rely on more detailed analysis of budgetary documents by the TxDMV Finance and Audit Committee.

Finance and Audit Committee - Provides direction/guidance to the agency on behalf of the board. Reviews and recommends approval of the Annual Operating Budget to the full board. committees typically review an agency's annual operating budget at the organizational and object of expenditure level with focus on particular business needs. The committee is aware of the general focus and concerns of the board and works with staff to ensure that operational priorities are adequately supported. The committee may require more detailed information to facilitate decision making by the board.

Executive Director - Implements approved appropriations each fiscal year and aligns resources into the agency's organizational structure. The Executive Director provides guidance to the Chief Financial Officer and division directors for developing the Annual Operating Budget for board review/approval.

Chief Financial Officer (CFO) - Gathers budget information from all levels of management within the department. The CFO develops the operating budget to keep track of maintenance operations, salaries, professional services, and interest payments, etc. The agency's operating budget is derived from the approved legislative appropriations request approved at the strategy and method of finance level. It is presented at the agency's organizational level, such as division and object of expenditure level.

Division Directors - Submits details necessary to justify annual work plans. They manage division budgets to operate within approved budgets.

Appendix D: Fund Accounting Overview





Fund Accounting Overview

Fund accounting is an accounting system that emphasizes accountability rather than profitability. Fund accounting is used by government organizations because the treatment of funds allows a selfbalancing set of accounts which are segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

Government agencies have special requirements for financial statements and reports relating to how the money is spent, rather than how much profit was earned.

Unlike profit oriented businesses, which use a single set of self-balancing accounts (or general ledger), government agencies can have more than one general ledger (or fund), depending on their financial reporting requirements. A government agency must be able to produce reports detailing the expenditures and revenues for each of its individual funds, along with reports that summarize the agency's financial activities across all of its funds.

Basis of Accounting

The accrual basis of accounting used by most businesses requires revenue to be recognized when it is earned and expenses to be recognized when the related benefit is received. Revenues may actually be received during a later period, while expenses may be paid during an earlier or later period. (Cash basis accounting, used by some small businesses, recognizes revenue when received and expenses when paid.)

Governmental funds usually rely on a modified accrual system. This involves recognizing revenue when it becomes both available and measurable, rather than when it is earned. Expenditures, a term preferred over expenses for modified accrual accounting, are recognized when the related liability is incurred.

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. For federal contracts and grants, revenues have been accrued to the extent earned by eligible expenditures within each fiscal year. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Financial Reporting

State agencies report the results of their annual operations in a Comprehensive Annual Financial Report (CAFR), the equivalent of a business's financial statements. A CAFR includes a single set of government-wide statements, for the government entity as a whole, and individual fund statements. The Governmental Accounting Standards Board establishes standards for CAFR preparation.

Governments do not use the terms *profit* and *loss* to describe the net results of their operations. The difference between revenues and expenditures during a year is either a *surplus* or a *deficit*. Since making a profit is not the purpose of a government, a significant surplus generally means a choice between tax cuts or spending increases. A significant deficit will result in spending cuts or borrowing. Ideally, surpluses and deficits should be small.

Budgets and Budgetary Accounting

The Texas budget is prepared biennially and represents appropriations (the General Appropriations Act) authorized by the legislature and approved by the Governor.

The TxDMV board adopts an annual operating budget and policies consistent with these appropriations. Encumbrance accounting is utilized for budgetary control purposes. An encumbrance is defined as an outstanding purchase order or other commitment for goods or services. It reserves a part of the applicable appropriation for future expenditure. At fiscal year-end, outstanding encumbrances are reported as a "reservation of fund balance" because they are not yet considered expenditures or liabilities.

Unencumbered and unexpended funds are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Assets, Liabilities and Fund Balances

Assets

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Receivables

The receivables represent revenue from fees and federal funds that has been earned but not received. This account is presented net of Allowance for Bad Debts.

Inventories and Prepaid Items

This represents supplies and postage on hand. Supplies for governmental funds are accounted for using the consumption method of accounting. The cost of these items is recognized as expenditure when items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

Liabilities

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Payroll Payable

Payroll payable represents the liability for the August payroll payable on September 1st.

Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

Fund Balance/Net Assets

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to specific future uses and not available for other expenditures.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories

This represents the amount of supplies and postage held to be used in the next fiscal year.

Unreserved-Undesignated

This represents inappropriate balances at year-end.

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for outstanding bond, notes, and other debt attributed to the acquisition, construction or improvement of those assets.

Interfold Activities and Balances

The agency has the following types of transactions among funds:

Transfers

Legally required transfers that are reported when incurred as Transfers In by the recipient fund and as Transfers Out by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures into the reimbursed fund

Accrual of Operating Transfers, Reimbursements, and Residual Equity Transfers are shown as Due To and Due From or instead of accounts receivable or accounts payable.

Appendix E: Financial Services Contacts





Linda Flores, Chief Financial Officer 512-465-3087

Michael Endlich, Revenue Forecasting 512-465-7403

David Chambers, Purchasing Manager 512-465-7650

Sergio Rey, Financial Administration Manager 512-374-5078

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Budget Analysts

Trey Lusk, Sr. Budget Analyst 512-467-5943

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Joyce Veillon, Budget Analyst 512-465-7353