STATE OF WASHINGTON
DEPARTMENT OF LICENSING
PO Box 9020 • Olympia, Washington 98507-9020

September 22, 2011

Mr. Marty Brown, Director
Office of Financial Management
PO Box 43113
Olympia, WA 98504-3113

Dear Mr. Brown:

Enclosed is the Department of Licensing's (DOL) 2012 Supplemental Budget for your review. This budget represents the Governor's goals for public safety, customer service, and consumer protection.

In addition, this budget proposal includes two reduction decision packages that address the General Fund – State budget forecast for the current biennium. DOL has put forward two proposals, one at the 5 percent reduction threshold and one at the 10 percent reduction threshold of the department's total General Fund – State appropriation.

DOL is requesting funding for needed revenue systems improvements, funding to implement a six-year driver license and identification card renewal cycle, maintenance adjustments, and technical corrections to the 2011-2013 Biennial Budget.

We believe this budget clearly demonstrates our ongoing commitment to work towards a better, safer future for the state of Washington as we continue to reassess business strategies, enhance public safety, focus technology investments to meet customer expectations, and provide the best value to our citizens as possible. As you and your staff review this request, if you have any questions please contact me at (360) 902-3603 or Sam Knutson, Administrator of Budget & Economic Analysis at (360) 902-3644.

Sincerely,

Alan Haight
Director

AH:sk
Enclosure

WASHINGTON STATE DEPARTMENT OF LICENSING

2012 Supplemental Budget
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Recommendation Summary

Budget Period: 2011-13	**Element** / **Selection** / **Grp**		**Element** / **Selection** / **Grp**
Agency: Department of Licensing	Agy-Activity: (None)		Division: (None)
Version: 02	Program: (None)		Branch: (None)
Budget Level: All	Sub-Program: (None)		Section: (None)
Sorted by: Agency Priority	Activity: (None)		Unit: (None)
Show Locked Only: No	Sub-Activity: (None)		Cost Center: (None)
Include RecSum Text: No	Task: (None)		Project: (None)
			Sub-Project: (None)
			Phase: (None)
			Budget Unit: (None)

Dollars in Thousands

	Annual Average FTEs	General Fund State	Other Funds	Total Funds
M2 AM Appraisal Management Funding	1.0		270	270
M2 DA Increased Costs DOL Agents			350	350
M2 FE Expansion of Federal Authority			1,795	1,795
M2 FR FTE Reconciliation	19.6			
M2 LC Limousine Carriers	5.1		963	963
M2 TI Tenant Improvement Funds			200	200
Total Maintenance Level	**25.6**		**3,578**	**3,578**
% Change from Current Biennium				
PL Z0 5% GFS Reduction	(0.8)	(139)		(139)
PL Z1 10% GFS Reduction	(1.5)	(277)		(277)
PL DL Six-Year Driver License	0.2		272	272
PL IS IT Systems (VFS/DFS)	0.5		2,500	2,500
2011-13 Total Proposed Budget	**24.0**	**(416)**	**6,350**	**5,934**
% Change from Current Biennium				

* Totals on this report may slightly differ from actual totals due to rounding.

Fund and FTE Detail by Fiscal Year

Budget Period: 2011-13	**Element**	**Selection**	**Grp**	**Element**	**Selection**	**Grp**	**Element**	**Selection**	**Grp**
Agency: Department of Licensing	Agy-Activity:	(None)		Division:	(None)		Project:	(None)	
Version: 02	Program:	(None)		Branch:	(None)		Sub-Project:	(None)	
Budget Level: All	Sub-Program:	(None)		Section:	(None)		Phase:	(None)	
Sorted by: Agency Priority	Activity:	(None)		Unit:	(None)		Budget Unit:	(None)	
Show Locked Only: No	Sub-Activity:	(None)		Cost Center:	(None)				
Include RecSum Text: No	Task:	(None)							

		Fiscal Year 1 FTEs	Fiscal Year 2 FTEs	Annual Average FTEs	Fiscal Year 1 Funds	Fiscal Year 2 Funds	Total Funds	Percent Share of Recsum
AM	**Appraisal Management Funding**	**1.2**	**0.7**	1.0	**164,000**	**106,000**	**270,000**	
16M-1	Appraisal Mgt Co Acc-State				164,000	106,000	270,000	7.55%
996-Z	Estimated All Other-Other	1.2	0.7	1.0				
DA	**Increased Costs DOL Agents**				**88,000**	**262,000**	**350,000**	
201-1	DOL Services Account-State				88,000	262,000	350,000	9.78%
FE	**Expansion of Federal Authority**					**1,795,000**	**1,795,000**	
106-2	Highway Safety Accnt-Federal					1,415,000	1,415,000	39.55%
108-2	Motor Vehicle Accnt-Federal					380,000	380,000	10.62%
FR	**FTE Reconciliation**	**21.4**	**17.8**	19.6				
106-1	Highway Safety Accnt-State	8.7	8.1	8.4				
996-Z	Estimated All Other-Other	12.7	9.7	11.2				
LC	**Limousine Carriers**	**5.2**	**4.9**	5.1	**431,000**	**532,000**	**963,000**	
106-1	Highway Safety Accnt-State	5.2	4.9	5.1	431,000	532,000	963,000	26.91%
TI	**Tenant Improvement Funds**				**100,000**	**100,000**	**200,000**	
106-7	Highway Safety Accnt-Private/Local				100,000	100,000	200,000	5.59%
Total Maintenance Level		**27.8**	**23.4**	**25.6**	**783,000**	**2,795,000**	**3,578,000**	
% Change from Current Biennium								
Total Maintenance Level Fund Totals								
106-1	Highway Safety Accnt-State	13.9	13.0	13.5	431,000	532,000	963,000	26.91%
106-2	Highway Safety Accnt-Federal					1,415,000	1,415,000	39.55%
106-7	Highway Safety Accnt-Private/Local				100,000	100,000	200,000	5.59%
108-2	Motor Vehicle Accnt-Federal					380,000	380,000	10.62%
16M-1	Appraisal Mgt Co Acc-State				164,000	106,000	270,000	7.55%
201-1	DOL Services Account-State				88,000	262,000	350,000	9.78%
996-Z	Estimated All Other-Other	13.9	10.4	12.2				
Z0	**5% GFS Reduction**	**(0.5)**	**(1.0)**	(0.8)	**(46,000)**	**(93,000)**	**(139,000)**	
001-1	General Fund-State	(0.5)	(1.0)	(0.8)	(46,000)	(93,000)	(139,000)	(5.90)%
Z1	**10% GFS Reduction**	**(1.0)**	**(2.0)**	(1.5)	**(91,000)**	**(186,000)**	**(277,000)**	

Fund and FTE Detail by Fiscal Year

		Fiscal Year 1 FTEs	Fiscal Year 2 FTEs	Annual Average FTEs	Fiscal Year 1 Funds	Fiscal Year 2 Funds	Total Funds	Percent Share of Recsum
001-1	General Fund-State	(1.0)	(2.0)	(1.5)	(91,000)	(186,000)	(277,000)	(11.76)%
DL	**Six-Year Driver License**		**0.3**	0.2		**272,000**	**272,000**	
106-1	Highway Safety Accnt-State		0.3	0.2		272,000	272,000	11.54%
IS	**IT Systems (VFS/DFS)**		**1.0**	0.5		**2,500,000**	**2,500,000**	
106-1	Highway Safety Accnt-State		1.0	0.5		1,250,000	1,250,000	53.06%
201-1	DOL Services Account-State					1,250,000	1,250,000	53.06%
2011-13 Total Proposed Budget		**26.3**	**21.7**	**24.0**	**646,000**	**5,288,000**	**5,934,000**	
% Change from Current Biennium								
2011-13 Budget Fund Summary Totals								
001-1	General Fund-State	(1.5)	(3.0)	(2.3)	(137,000)	(279,000)	(416,000)	(7.01)%
106-1	Highway Safety Accnt-State	13.9	14.3	14.1	431,000	2,054,000	2,485,000	41.88%
106-2	Highway Safety Accnt-Federal					1,415,000	1,415,000	23.85%
106-7	Highway Safety Accnt-Private/Local				100,000	100,000	200,000	3.37%
108-2	Motor Vehicle Accnt-Federal					380,000	380,000	6.40%
16M-1	Appraisal Mgt Co Acc-State				164,000	106,000	270,000	4.55%
201-1	DOL Services Account-State				88,000	1,512,000	1,600,000	26.96%
996-Z	Estimated All Other-Other	13.9	10.4	12.2				

240 Department of Licensing
ML-AM Appraisal Management Companies Funding
2011-13

Agency Recommendation Summary Text:

In 2010, the Governor signed into law ESHB 3040 PL which provides for the regulation of appraisal management companies. No funding was provided to the Department of Licensing for the implementation of this bill as the funding source was designated from the non-appropriated Appraisal Management Company Account. The department is requesting increased funding authority in the 2011-2013 Biennium to implement the licensure and regulation of appraisal management companies. (Appraisal Management Company Account – State).

Agency Total

Fiscal Detail

Operating Expenditures		FY 2012	FY 2013	Total
16M	Appraisal Mgmt Companies	$164,000	$106,000	$270,000
	Total Cost	**$164,000**	**$106,000**	**$270,000**

Staffing

	FY 2012	FY 2013	Total
FTEs	1.3	0.8	1.1

Revenue Detail

Fund	Source	FY 2012	FY 2013	Total
16M	Appraisal Mgmt Companies	$247,050	$123,975	$371,025
	Total Revenue	**$247,050**	**$123,975**	**$371,025**

Package Description:

Engrossed Substitute House Bill 3040.PL was passed during the 2010 Legislative Session. This bill requires the Department of Licensing (DOL) to regulate a new license for “Appraisal Management Companies” under the professions licensed under RCW 18.235.020. DOL was given authority to adopt rules, set fees, enforce the laws and rules governing the industry, conduct investigations, and prosecute violators of licensed appraisal management companies. Although ESHB 3040.PL passed during the 2010 Legislative Session, no funding authority was provided to implement the bill as expenditures are to be designated from a non-appropriated fund. The projected cost for the 2011-13 Biennium is $270,000 and 1.1 FTE. The department will collect revenue of approximately $371,000 in compliance with RCW 8.235.020 through fees charged to licensees. The revenue collected from fees will be sufficient enough to cover the costs of administering the program as required by RCW 43.24.086. The law is effective July 1, 2011.

The bill created a non-appropriated Appraisal Management Companies Account (fund 16M) and authorized that all revenues from the regulation and licensure be deposited into the new account and used to cover the cost to administer the program.

Subject matter expert:

State of Washington
Decision Package

Appraisal Management Companies Program –
Jerry McDonald, Real Estate Administrator (360) 664-6525

Narrative Justification and Impact Statement

How contributes to strategic plan:

This decision package addresses DOL's 2011-2013 Strategic Plan business goals of A Customer Focused Organization and Safety Focused Licensing and Regulation The objective is to focus on improving customer service and protection by providing information to the businesses and individuals that we license and regulate in regards to their responsibilities as licensees. These efforts will lead to increased public safety by preventing and reducing consumer harm by identifying and eliminating unethical licensee activity and practices.

A Customer-Focused Organization

Improve customer service - The department will engage in proactive activities to educate and inform the businesses and individuals that we license and regulate about their responsibilities.

Safety Focused Licensing and Regulating

Increase public safety and reduce consumer risks by regulating licensees to mitigate risks – The department will license Appraisal Management Companies and regulate their operations and activities. This will, in part, promote the financial stability of lenders within the state of Washington by enhancing their protection from financial risk. A significant public safety function performed by the Division is handling complaints about licensees and conducting appropriate follow-up activities in an effective and timely manner.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

Yes, this request is an essential component of strategic plans developed within the Department of Licensing, and within the Business and Professions Division. This package contributes to the Department's Customer-Focused Organization by improving customer service and practices and by strengthening relationship and partnerships. It also contributes to a Safety Focused Licensing and Regulating by increasing public safety and reducing consumer risk and making a Safer Washington.

Reason for change:

This change is the result of the passage of ESHB 3040.PL in 2010 Legislative Session.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

Yes. This request is directly tied to the Governor's priority to *improve the safety of people and property and improve the economic vitality of business and individuals*. Maintaining the Division's regulatory efforts and promoting voluntary compliance provides safety benefits to licensees and consumers and reduces financial risks for consumer and businesses.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

Public safety is one of the highest priorities of government and ensuring consumer complaints are addressed, and ultimately reduced, results in improved public safety. Licensees that are unknowingly or willfully non-compliant can result in serious financial harm to both their clients and the public. Ensuring that violations are handled quickly and effectively increases public safely. Ensuring licensees are aware of compliance and regulatory rules also contribute to public safety.

Impact on clients and services:

The regulation of licensed appraisal management companies' activities will ensure that the appraisal engagement process is consistent with the real estate appraisers.

Impact on other state programs:

None.

Relationship to capital budget:

None.

Required changes to existing RCW, WAC, contract, or plan:

None.

What are the other important connections or impacts related to this proposal?

ESHB 3040 had no opposition from stakeholders and the few concerns expressed were addressed prior to the bill's passage. State regulation of appraisal management companies' operations and activities is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act which was signed into federal law on July 21, 2010.

Alternatives explored by agency:

No alternatives were explored, as this is required by statute.

Budget impacts in future biennia:

Costs associated with funding the program are ongoing.

Distinction between one-time and ongoing costs:

There will be a one-time cost of $56,000 in Fiscal Year 2012 for a 0.5 FTE for an Information Specialist 5 and other start-up costs like equipment. The balance will be ongoing costs in future biennia.

Effects of non-funding:

If funding authority is not provided, the department will not be able to implement ESHB 3040.PL

Revenue Calculations and Assumptions:

ESHB 3040.PL allows the department to adopt a fee structure by rule in accordance with RCW 43.24.086 at a level sufficient to cover the cost of operating the appraisal management companies program and maintain a reasonable fund balance. Fees will be established for the initial, renewal, and renewal with penalty applications; in addition to requests for a duplicate licenses or license history. The initial license fee is assumed at $2,400 and renewal fees at $1,200 on a two-year renewal cycle and will be implemented January 1, 2012.

Proposed Fees	Amount
Original Application	$ 2,400
Renewals	$ 1,200
Renewal with Penalty Fee	$ 1,238
Duplicate License	$ 30
License History	$ 30
Background Checks	$ 35

State Revenue Distribution - BIENNIUM SUMMARY:					
Fund Name	**FY 12**	**FY 13**	**2011-13**	**2013-15**	**2015-17**
Appraisal Mgmt Companies	$247,050	$123,975	$371,025	$212,636	$218,636

***Expenditure Calculations and Assumptions**:*

The Appraisal Management Company program is a new profession to the licensing, revenue, and other related computer systems within the Department of Licensing. This will require modifications to the existing technology infrastructure. There will be one-time cost of $56,000 in Fiscal Year 2012 for a 0.5 FTE for an Information Specialist and other start-up costs like equipment and office supplies.

One Program Manager is needed at 0.2 FTE in Fiscal Year 2012 to draft rules, implement program, develop and oversee processes, and manage staff; and will decrease to 0.1 FTE in ensuing years.

An Investigator position is needed to conduct investigations regarding complaints or report of unprofessional conduct or practices. It is assumed that a 0.2 FTE will be needed from January through June in Fiscal Year 2012 and 0.4 FTE Fiscal Year 2013; and decreases to 0.3 FTE in the following years.

It is estimated that legal costs for both Attorney General Services and Adjudicative Services will be highest in the first two years of implementation; about $40,000 in both Fiscal Year 2012 and 2013. Additional expenses include credit card fees and standard employee costs such as supplies, phone and training.

In addition to the direct costs associated with funding the program, the agency has ongoing annual costs of support services functions covered by 0.2 FTE (indirect) computed for agency staff such as a Fiscal Analyst and Information Technology Specialist to cover agency-wide indirect costs to include the handling and processing of vendor payments; technical assistance to employees; desk-top support; maintain and support the computer systems; contract administration; handling of mail; personnel and payroll related tasks; and, other indirect support services functions.

Object Detail		FY 2012	FY 2013	Total
A	Salaries and Wages	$81,000	$45,000	$126,000
B	Employee Benefits	$25,000	$14,000	$39,000
E	Goods and Services	$57,000	$47,000	$104,000
J	Capitalized Equipment	$1,000		$1,000
	Total	**$164,000**	**$106,000**	**$270,000**

Expenditures & FTEs by Program	Staffing		09-11	Operating Expenditures		
	FY 2012	FY 2013	Average	FY 2012	FY 2013	Total
100 - Mgmt & Support Servi	0.1	0.1	0.1	$7,000	$7,000	$14,000
200 - Information Services	0.6	0.1	0.4	$61,000	$5,000	$66,000
700 - Business & Professior	0.6	0.6	0.6	$96,000	$94,000	$190,000
Agency Total	**1.3**	**0.8**	**1.1**	**$164,000**	**$106,000**	**$270,000**

Six-Year Estimates

Revenue		11-13 Total	13-15 Total	15-17 Total
16M	Appraisal Mgmt Companies	$371,025	$212,636	$218,636
	Revenue Total	**$371,025**	**$212,636**	**$218,636**
Expenditure Estimates				
16M	Appraisal Mgmt Companies	$270,000	$168,000	$168,000
	Expenditure Total	**$270,000**	**$168,000**	**$168,000**
FTEs		**1.1**	**0.6**	**0.6**

Expenditures by Budget

	FTEs			Operating Expenditures		
	11-13	13-15	15-17	11-13	13-15	15-17
Omnibus Funds						
Program 100:						
Appraisal Mgmt Companies				$14,000	$10,000	$10,000
Program 200:						
Appraisal Mgmt Companies				$66,000	$8,000	$8,000
Program 700:						
Appraisal Mgmt Companies				$190,000	$150,000	$150,000
Total Omnibus Funds	**1.1**	**0.6**	**0.6**	**$270,000**	**$168,000**	**$168,000**
Total of All Funds	**1.1**	**0.6**	**0.6**	**$270,000**	**$168,000**	**$168,000**

240 Department of Licensing
ML-DA Increased Reimbursable Costs - DOL Agents
2011-13

Agency Recommendation Summary Text:

County Auditors (Agents) may receive cost reimbursement from the Department of Licensing (DOL) for performing certain services normally performed by DOL. Agents may only request this reimbursement if their allowable expenditures exceed the total revenue retained by the Agent for providing those services. These reimbursable costs have increased significantly in recent years. DOL is requesting additional funding to cover this increase. (DOL Services Account – State)

Agency Total

Fiscal Detail

Operating Expenditures		FY 2012	FY 2013	Total
201 DOL Services Account		$88,000	$262,000	$350,000
	Total Cost	**$88,000**	**$262,000**	**$350,000**

Staffing

	FY 2012	FY 2013	Total
FTEs	0.0	0.0	0.0

Package Description:

The Department of Licensing (DOL) administers and controls the issuance of vehicle licenses and vehicle license number plates. DOL has the authority by statute (RCW 46.01.130) to appoint county auditors as agents for the licensing of vehicles.

RCW 46.01.140 gives DOL the authority to reimburse the appointed county auditors for allowable expenses outlined in the county auditors' standard contract agreement that exceed the amount of revenue the agents collect when providing DOL services. These reimbursements are to be made from the DOL Licensing Services Account (fund 201).The agency has reimbursed these costs for agents since 1992.

DOL may reimburse agents for the following costs:

- Salaries, payroll taxes, and employee benefits paid to Agent's employees directly assigned to licensing and titling activities under the contract agreement and may include up to twenty-five percent of the Agent's salary.
- Telephone service charges directly related to the contract agreement.
- Premiums for insurance and bonding expressly required by the contract agreement.
- Postage and other office supplies which have been purchased and are necessary to the performance of the contract agreement.
- Auxiliary equipment purchased by the Agent, with advance approval of DOL, which enhances Agent performance of the contract agreement.
- Direct expenditures shall not include any direct costs incurred which are not related to vehicle and vessel licensing and titling activities under the contract agreement.

Since the 2005-2007 Biennium, the cost reimbursement requests from the county auditors have increased significantly, and the amount reimbursed in the 2009-2011 Biennium was over twice what was reimbursed in the 2005-2007 Biennium. It is important for DOL to have the resources to reimburse qualifying county auditors – without this process, DOL would have to provide these services in the counties. The cost for DOL to maintain offices and staff in these counties would far exceed the cost of the allowable reimbursements.

The table below displays the history of costs reimbursed to DOL agents over the past four biennia, and includes what the agency has allotted for the current biennium (based on the previous biennium's expenditures).

Biennium	Costs Reimbursed to Agents	
2003-2005	$330,856	
2005-2007	$385,725	
2007-2009	$743,332	
2009-2011	$773,560	(estimate until belated claims are paid)
2011-2013	$773,560	(proposed allotment)

The counties requesting reimbursements are those smaller counties that do not have the vehicle and vessel licensing and titling transaction volume to provide them with enough revenue to cover their DOL workload. The following counties are those that have requested reimbursements at least once in the last three biennia: Adams, Columbia, Ferry, Garfield, Lincoln, Pacific, Pend Oreille, San Juan, Skamania, and Wahkiakum.

When submitting expenses for reimbursement, the counties submit documentation to substantiate their costs.This documentation is reviewed by DOL auditors for reasonableness and sound justification before reimbursement is approved. Over the last two biennia, counties have been stressed financially due to the national recession and slow economic recovery. Agents are being more thorough in submitting allowable costs and therefore the total amounts requested and reimbursed have increased. Also, since the 2005-2007 Biennium, any county staff wage increases have added to additional reimbursement amounts.

Subject matter expert:
Sheila Hadden, Licensing Services Manager (360) 902-3718

Narrative Justification and Impact Statement

How contributes to strategic plan:

Adequate funding for agent reimbursable costs will enable the agency to meet its goal of being a customer focused organization by allowing the smaller counties to provide services to DOL customers who otherwise would have to go greater distances for services.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

One of the agency's strategies is to use processes and policies that work for the customer. Allowing county auditor offices to provide vehicle and vessel registrations and titles benefits both the agency and its customers.

Performance Measure Detail

Activity:

Activity, POG or State Result(s)

Strengthen government's ability to achieve results efficiently and effectively

Reason for change:

DOL needs adequate funding for agent reimbursable costs because they have increased significantly over the last several years.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

Yes. This request supports the Governor's priority to hold government accountable by ensuring that the department provides excellent customer service in an efficient and effective manner.

Impact on clients and services:

Sufficient funding for agent allowable reimbursable costs will contribute to ongoing customer services levels in the counties providing DOL services.

Impact on other state programs:

None

***Relationship to capital budget**:*

None

***Required changes to existing RCW, WAC, contract, or plan**:*

None

What are the other important connections or impacts related to this proposal?

None

***Alternatives explored by agency**:*

None.

Budget impacts in future biennia:

All costs are ongoing.

***Distinction between one-time and ongoing costs**:*

None

Effects of non-funding:

DOL does not have additional resources that can be diverted to pay for the increased reimbursable costs for agents. If this package is not funded, DOL will still be required to pay the reimbursable costs which will require that any savings from other areas within the agency will have to be used to pay the increase. This approach will require staff positions be left vacant longer which would result in deterioration of service level delivery in other areas.

Revenue Calculations and Assumptions:

None

Expenditure Calculations and Assumptions:

DOL is requesting an additional appropriation of $350,000 to pay increased reimbursable costs submitted by qualifying county auditor offices. This amount is the approximate amount that the agency's costs have increased since the 2005-2007 Biennium. By agency policy, counties are required to submit annual billings no later than March 25th of each year. Since the counties operate on a calendar year fiscal period, a quarter of this amount is needed for Fiscal Year 2012 and the remainder for Fiscal Year 2013.

Object Detail		FY 2012	FY 2013	Total
N	Grants and Benefits	$88,000	$262,000	$350,000
	Total	**$88,000**	**$262,000**	**$350,000**

Expenditures & FTEs by Program	**Staffing**		**11-13**	**Operating Expenditures**		
	FY 2012	**FY 2013**	**Average**	**FY 2012**	**FY 2013**	**Total**
100 - Mgmt & Support Services	0.0	0.0	0.0	$0	$0	$0
200 - Information Services	0.0	0.0	0.0	$0	$0	$0
300 - Customer Relations	0.0	0.0	0.0	$88,000	$262,000	$350,000
600 - Programs and Services	0.0	0.0	0.0	$0	$0	$0
700 - Business & Professions	0.0	0.0	0.0	$0	$0	$0
Agency Total	**0.0**	**0.0**	**0.0**	**$88,000**	**$262,000**	**$350,000**

Six-Year Estimates

Revenue		**11-13 Total**	**13-15 Total**	**15-17 Total**
	Revenue Total	**$0**	**$0**	**$0**
Expenditure Estimates				
201	DOL Services Account	$350,000	$350,000	$350,000
	Expenditure Total	**$350,000**	**$350,000**	**$350,000**
FTEs		**0.0**	**0.0**	**0.0**

Expenditures by Budget

	FTEs 11-13	FTEs 13-15	FTEs 15-17	Operating Expenditures 11-13	Operating Expenditures 13-15	Operating Expenditures 15-17
Transportation Funds						
Program 30T:	0.0	0.0	0.0			
DOL Services Account				$350,000	$350,000	$350,000
Total of All Funds	**0.0**	**0.0**	**0.0**	**$350,000**	**$350,000**	**$350,000**

240 Department of Licensing
ML-FE Expansion of Federal Grant Authority
2011-13

Agency Recommendation Summary Text:

The Department of Licensing is requesting federal expenditure authority to support federal grants that have either been received or applied for. The grants will be used to implement new federal commercial driver licensing requirements and to complete scanning and imaging cabability in licensing service offices. Federal expenditure authority is also requested for grants that support fuel tax evasion and compliance. The authority requested in this decision package reflects the difference between total federal authority needed and federal authority that has already been allocated to the department. (Highway Safety Account-Federal, Motor Vehicle Fund - Federal)

Agency Total

Fiscal Detail

Operating Expenditures	FY 2012	FY 2013	Total
106-2 Highway Safety Account-Federal	$0	$1,415,000	$1,415,000
108-2 Motor Vehicle Fund-Federal	$0	$380,000	$380,000
Total Cost	**$0**	**$1,795,000**	**$1,795,000**

Staffing

	FY 2012	FY 2013	Total
FTEs	0.0	0.0	0.0

Revenue Detail

Fund	Source	FY 2012	FY 2013	Total
106-2	Highway Safety Account-Federal	$0	$1,415,000	$1,415,000
108-2	Motor Vehicle Fund-Federal	$0	$380,000	$380,000
Total Revenue		**$0**	**$1,795,000**	**$1,795,000**

Package Description:

The Department of Licensing (DOL) applies for and receives federal grant funding to assist in meeting federal mandates and to support programmatic needs. Federal expenditure authority is required for the agency to spend federal grant funding that has been awarded. Based on the total dollar amount of grants that have been awarded, grant requests that are in progress and grant applications that are in the planning stage, DOL requests additional federal expenditure authority to fully support these efforts.

This package will support grants in three of the department's program areas:

State and Federal Initiatives Program

Project: **2009 Driver License Security**
Estimated Completion: 1/1/2012
Federal Authority Required: $450,000
Background: Used to expand the Facial Recognition System for the use of the pilot program and investigation of the results of the DOL driver license image database scrub.

Project: **2010 Driver License Security**
Estimated Completion: 5/31/2013
Federal Authority Required: $1,098,000
Background: Investigation of the results of DOL driver license image database scrub.

Project: 2011 **Drivers License Security** (applied for - award expected from DHS/FEMA)
Estimated Completion: 5/31/2014
Federal Authority Required: $1,107,681; estimate one half for the the 2011-2013 Biennium
Background: Funding will be used to make Driver License /ID system enhancements and for additional staff for investigating the DOL drivers license image database scrub.

Subtotal, Federal authority required: $2,098,000, Highway Safety Account-Federal

Subject Matter Expert:
Maile Abraham, State and Federal Initiatives Program Manager, (360) 902-4089

Commercial Driver License Program

Project: **CDLIS Modernization**
Estimated Completion: July 31, 2012
Federal Authority Required: $400,000
Background: This is an ongoing grant from the previous (2009-2011) Biennium. The remainder of work includes analysis, coding, testing and full implementation of legacy systems as needed to implement the Commercial Driver License Information System (CDLIS) 5.2 requirements.

Project: **2008 CDL Retest 2**
Estimated Completion: 9/30/2011
Federal Authority Required: $20,000
Background: Driver retesting project – associated with Commercial Driver License (CDL) records keeping. Extension paperwork has been submitted but not yet processed by the Federal Motor Carrier Safety Administration (FMCSA).

Project: **2009 CDL Improvement Grant**
Estimated Completion: 9/30/2011
Federal Authority Required: $800,000
Background: Funding is required for analysis, coding, testing and full implementation of legacy systems (CDLIS 4.0). Schedule has been delayed from original plans due to complexity of project and hiring of contractors.

Project: **2011 CDL Improvement Grant**
Estimated Completion: 9/30/2012
Federal Authority Required: $277,000
Background: Applied for in June 2011. To utilize the results of the Facial Recognition System (FRS) and hire investigators to investigate possible CDL fraud.

Project: **2012 CDL Improvement Grant**
Will apply in November 2011. Expect award approximately April 2012.
Estimated Completion: If awarded, term will be through September 2013
Federal Authority Requested: $704,000
Background: To complete programming and project activity required to fulfill outstanding compliance terms, and to help Washington State avoid future audit findings. Provides DOL for the first time with ad hoc reporting capabilities and extensive statistics for CDL holders.

Subtotal, Federal authority required: $2,201,000, Highway Safety Account-Federal

Subject Matter Expert:
Tandy Alexander, Contracts and Programs Assistant Administrator, (360) 902-3893

Prorate and Fuel Tax Program

Project: **Fuel Tax Investigations**
Estimated Completion: When expended in full
Federal Authority Required: $375,000
Background: These grants are used to support fuel tax investigations by the Washington State Patrol (WSP), including specialty equipment for those investigations. This also supports training by DOL and WSP for stakeholders regarding fuel tax regulations.

Project: **Fuel Tax Task Force Travel**
Estimated Completion: When expended in full
Federal Authority Required: $5,000
Background: This grant is for travel to Federation of Tax Administrators – Fuel Tax Section meetings. This travel is specific to participate in the Pacific Region Task Force meetings to share information regarding audits and investigations conducted in the Pacific Region by its members.

Subtotal, Federal Authority required: $380,000, Motor Vehicle Fund-Federal

Subject Matter Expert:
Paul Johnson, Policy and Communications Manager, (360) 664-1844

Narrative Justification and Impact Statement

How contributes to strategic plan:

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

This package supports the department's 2011-2013 Biennium goal of Safety Focused Licensing and Regulating. The package contributes to that goal's two objectives: to improve driver safety programs, and to improve consumer protection.

Performance Measure Detail

Not Applicable.

Reason for change:

The additional federal expenditure authority requested in this package reflects updated assumptions regarding both grants that have been awarded and grants that will be applied for.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

This package support's one of the Governor's key values: responsibility to provide for the public safety of people and property in Washington state.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

DOL believes this package supports the statewide result of improving the safety of people and property by contributing to the prevention purchasing strategy through assessment and mitigation of risk.

Impact on clients and services:

DOL continues to strengthen its driver license and identification card (DL/ID) issuance process and information technology systems used to capture, store, manage, and verify the personal identification information of individuals applying for DL/IDs. Drivers License Security Grant funding will be used to make DL/ID system enhancements to strengthen both physical and personnel security, improve the integrity of the drivers license and identification card process, and protect individuals against identify theft or fraud.

DOL works with the Washington State Patrol (WSP), county sheriffs, police departments, the Department of Agriculture, and U.S. Forest Service to provide services and support efforts on fuel tax evasions. Fuel tax evasion costs the state loss revenue, impacts our roadways and air quality programs, and has been linked to other violations.

Impact on other state programs:

DOL partners with WSP on fuel tax evasion enforcement. These grants are used to support the fuel tax investigations done by WSP and provide specialty equipment for those investigations. They also supports efforts to provide training by DOL and WSP to stakeholders regarding fuel tax regulations.

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

What are the other important connections or impacts related to this proposal?

DOL is requesting this funding to allow the department to implement system and program changes necessary for it to remain in compliance with federal requirements for the commercial driver license program. Failure to remain in compliance can subject the state to the following penalties and sanctions:

- FMCSA may decertify the state's CDL program and prohibit the issuance of CDLs.

- Loss of 5 percent of federal-aid highway funds for the first year of non-compliance.
- Loss of 10 percent of federal-aid highway funds for the second and subsequent years of non-compliance.
- Washington's commercial drivers would be prohibited from driving in interstate commerce.

The impact of these penalties and sanctions would likely lead to a decrease in state revenue from interstate commerce and an increase in state unemployment, and to similarly negative consequences for private industry in Washington state. IF FMCSA were to decertify the state's CDL program, public and private employers who transport goods outside of Washington would need to recruit and employ commercial vehicle operators licensed in other states. The loss of federal-aid highway funds could slow or eliminate road and transportation projects around the state. Due to the severity of these consequences on the industry and the state, there is overall stakeholder support for the changes being requested and only minimal concern with the impact on drivers of complying with these requirements.

Alternatives explored by agency:

None. Failure to maintain compliance with federal rules and regulations regarding the commercial driver license program would ultimately result in unacceptable sanctions against the state and its citizens.

Budget impacts in future biennia:

Federal expenditure authority will be required in future biennia to support current and future grants that may be extended beyond June 2013.

Distinction between one-time and ongoing costs:

Expenditures are one-time.

Effects of non-funding:

If this package is not funded the state risks being out of compliance with FMCSA rules. The FMCSA is authorized to reduce a state's federal transportation funds by five percent in the first year of non-compliance and by ten percent for each year thereafter (49 CFR Sec. 384.401). In addition, Washington's CDL program could become decertified for non-compliance. Decertification would have a significant negative impact on the State as commercial driver licenses issued by Washington would not be recognized by other United States jurisdictions.

The department estimates that a five percent reduction in federal transportation funds would be approximately $16 to $17 million; a ten percent reduction is estimated at $32 to $34 million.

The loss of federal funding that helps support WSP enforcement efforts in fuel tax evasion and compliance would be detrimental to their enforcement activities and may result in diminished efforts due to lack of resources and loss of revenue. It would also greatly reduce, if not eliminate, all of the departments participation in Federation of Tax Administrator-Fuel Tax Section task force meetings and annual meetings that are mostly paid for with federal funds.

Revenue Calculations and Assumptions:

The department expects to receive federal funding in the amounts requested in the grant applications.

Expenditure Calculations and Assumptions:

The federal expenditure authority requested in this package reflects the difference between total federal authority needed and federal authority that has already been allocated to the department.

State and Federal Initiatives Program:
Federal authority required: $2,098,000, Highway Safety Account-Federal

Commercial Driver License Program:
Federal authority required: $2,201,000, Highway Safety Account-Federal
Federal authority allocated: $2,884,000, Highway Safety Account-Federal

$2,098,000 + $2,201,000 - $2,884,000 = $1,415,000

Federal authority requested: $1,415,000, Highway Safety Account-Federal

Prorate and Fuel Tax Program:
Federal Authority required: $380,000, Motor Vehicle Fund-Federal
Federal authority allocated: none
Federal authority requested: $380,000, Motor Vehicle Fund-Federal

Total federal authority requested (both funds): **$1,795,000**

Object Detail		**FY 2012**	**FY 2013**	**Total**
E	Goods and Services		$1,795,000	$1,795,000
	Total		**$1,795,000**	**$1,795,000**

Expenditures & FTEs by Program	**Staffing**		**09-11**	**Operating Expenditures**		
	FY 2012	**FY 2013**	**Average**	**FY 2012**	**FY 2013**	**Total**
100 - Mgmt & Support Services	0.0	0.0	0.0	$0	$0	$0
200 - Information Services	0.0	0.0	0.0	$0	$0	$0
300 - Customer Relations	0.0	0.0	0.0	$0	$0	$0
600 - Programs and Services	0.0	0.0	0.0	$0	$1,415,000	$1,415,000
700 - Business & Professions	0.0	0.0	0.0	$0	$380,000	$380,000
Agency Total	**0.0**	**0.0**	**0.0**	**$0**	**$1,795,000**	**$1,795,000**

Six-Year Estimates

Revenue		**11-13 Total**	**13-15 Total**	**15-17 Total**
106-2	Highway Safety Account-Federal	$1,415,000	$0	$0
108-2	Motor Vehicle Fund-Federal	$380,000	$0	$0
	Revenue Total	**$1,795,000**	**$0**	**$0**

Expenditure Estimates				
106-2	Highway Safety Account-Federal	$1,415,000	$0	$0
108-2	Motor Vehicle Fund-Federal	$380,000	$0	$0
	Expenditure Total	**$1,795,000**	**$0**	**$0**
FTEs		**0.0**	**0.0**	**0.0**

Expenditures by Budget

	FTEs			Operating Expenditures		
	11-13	**13-15**	**15-17**	**11-13**	**13-15**	**15-17**
Transportation Funds						
Program 60T:	0.0	0.0	0.0			
Highway Safety Fund				$1,415,000	$0	$0
Program 70T:	0.0	0.0	0.0			
Motor Vehicle Fund				$380,000	$0	$0
Total of All Funds	**0.0**	**0.0**	**0.0**	**$1,795,000**	**$0**	**$0**

240 Department of Licensing
ML-FR FTE Reconciliation
2011-13

Agency Recommendation Summary Text:

To ensure the Department of Licensing's (DOL) financial records are in alignment with the OFM Expenditure Authority Schedule (EAS), the agency is requesting additional FTE expenditure authority. No funding adjustments or requests are included. This action is required to adjust for FTE authority associated with funding the agency either received or lost due to a decision package or passed legislation wherein no FTE authority adjustment was included.

Agency Total

Fiscal Detail

Staffing

	FY 2012	FY 2013	Total
FTEs	19.6	19.6	19.6

	FISCAL YEAR 2012			FISCAL YEAR 2013			2011-13 Biennium		
Explanation	Trans Accounts	Other Accounts	Total FTEs	Trans Accounts	Other Accounts	Total FTEs	Trans Accounts	Other Accounts	Total FTEs
Expenditure Authority Schedule	**1,068.8**	**231.5**	**1,300.3**	**1,094.7**	**229.9**	**1,324.6**	**1,081.8**	**230.7**	**1,312.5**
2005-07 Adjustments									
CDL Program (PL-UT)	1.0		1.0	1.0		1.0	1.0	-	1.0
2009-11 Adjustments									
Enhanced Driver License (PL-DC)	7.7		7.7	7.1		7.1	7.4	-	7.4
BPD Fee Increase		7.0	7.0		7.0	7.0	-	7.0	7.0
Tattoo and Body Piercing (SB 5391)		3.9	3.9		3.9	3.9	-	3.9	3.9
Landscape Architects (SB 5273)		1.0	1.0		1.1	1.1	-	1.1	1.1
Carryforward Adjustments									
Omnibus Funds (unidentified)		(4.7)	(4.7)		(0.8)	(0.8)	-	(2.8)	(2.8)
Real Estate Fingerprinting (HB 2778)		1.5	1.5		(0.1)	(0.1)	-	0.7	0.7
Tattoo and Body Piercing (SB 5391)		2.1	2.1		(0.8)	(0.8)	-	0.7	0.7
Landscape Architects (SB 5273)		-	-		(0.1)	(0.1)	-	(0.1)	(0.1)
Appraisal Management (ESHB 3040)		1.2	1.2		0.7	0.7	-	1.0	1.0
Architect Licensing (ESSB 5529)		1.1	1.1		(1.1)	(1.1)	-	-	-
2011-13 Adjustments			-			-	-	-	-
Court Reporter Licensing		(0.4)	(0.4)		(0.1)	(0.1)	-	(0.3)	(0.3)
Total	**1,077.5**	**244.2**	**1,321.7**	**1,102.8**	**239.6**	**1,342.4**	**1,090.2**	**241.9**	**1,332.1**
DOL Internal Tracking Records	1,077.5	244.2	1,321.7	1,102.8	239.6	1,342.4	1,090.2	241.9	1,332.1
Difference	-	-	-	-	-	-	-	-	-

Package Description:

This request brings the Expenditure Authority Schedule (EAS) for the DOL into line with internal record keeping maintained by the agency.

Over the past several biennia the EAS has reflected a staffing (FTE level) that differs from the internal records for the DOL. These differences have occurred as a result of funding increases/decreases being given to the agency for salaries and benefits while FTE's were not increased/decreased in relationship to those changes. This has resulted in the DOL preparing FTE allotments that are out of line with its recorded authority. The items where these types of discrepancies have occurred are shown in the table above.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This request seeks to make technical corrections to the agency's FTE level and has no direct impact on the strategic plan.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

No.

Performance Measure Detail

None.

Reason for change:

Although FTE amounts for an agency serve as reference information and not legal limits, having the Expenditure Authority Schedule in alignment with DOL records assists the agency in ensuring that it is remaining within Legislative intent. This request brings the agency into that alignment.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

Not applicable.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

Not applicable.

Impact on clients and services:

The adjustments reflected are technical corrections that will ensure that agency financial records reflect correct FTE levels associated with funding as appropriate.

Impact on other state programs:

None.

Relationship to capital budget*:*

None.

Required changes to existing RCW, WAC, contract, or plan*:*

None.

What are the other important connections or impacts related to this proposal?

None.

***Alternatives explored by agency**:*

The agency could continue to maintain a separate reconciliation of staffing levels that would document the differences between DOL records and OFM records.

Budget impacts in future biennia:

Adjustment would be ongoing.

***Distinction between one-time and ongoing costs**:*

All adjustments are ongoing.

***Effects of non-funding**:*

There is no funding requested in this decision package.

Revenue Calculations and Assumptions:

Not applicable.

***Expenditure Calculations and Assumptions**:*

Not applicable.

Expenditures by Budget

	FTEs			Operating Expenditures		
	11-13	13-15	15-17	11-13	13-15	15-17
Transportation Funds						
Program 60T:	8.4	8.4	8.4			
	8.4	**8.4**	**8.4**	**$0**	**$0**	**$0**
Omnibus Funds						
Program 700:						
GF-State	0.0	0.0	0.0			
All Other Omnibus FTEs:	11.2	11.2	11.2			
Total Omnibus Funds	**11.2**	**11.2**	**11.2**	**$0**	**$0**	**$0**
Total of All Funds	**19.6**	**19.6**	**19.6**	**$0**	**$0**	**$0**

240 Department of Licensing
ML-LC For Hire and Limousine Carriers
2011-13

Agency Recommendation Summary Text:

The Department of Licensing (DOL) is requesting funding to implement SSB 5502 AMH (Concerning the Regulation, Operations, and Safety of Limousine Carriers) and HB 2017 (Transferring the Master License Service Program to the Department of Revenue). These bills were signed into law by the Governor at the close of the 2011 Legislative Session, but no funding was provided to the Department of Licensing for the implementation of these programs. (Highway Safety Fund – State)

Agency Total

Fiscal Detail

Operating Expenditures		FY 2012	FY 2013	Total
106 Highway Safety Fund		$431,000	$532,000	$963,000
	Total Cost	**$431,000**	**$532,000**	**$963,000**

Staffing

		FY 2012	FY 2013	Total
	FTEs	5.2	4.9	5.1

Revenue Detail

Fund	Source	FY 2012	FY 2013	Total
106 Highway Safety Fund		$127,845	$268,600	$396,445
Total Revenue		**$127,845**	**$268,600**	**$396,445**

Package Description:

Prior to the transfer of the Master License Service (MLS) program to the Department of Revenue (HB 2017), the MLS Program managed the workload and cost to administer the “for hire” (taxi) and limousine carrier programs. Fees from licensees of the “for hire” program were deposited into the Highway Safety account and fees from the limousine program to the Master License account. Section 28 of SSB 2017 transferred the revenue from the limousine program to the Highway Safety account. When the MLS Program was transferred to the Department of Revenue, there was no appropriation from the Highway Safety Fund provided to DOL to continue administering and regulating these programs. The Department of Licensing is requesting an appropriation from the Highway Safety account to cover the cost of administering these regulatory programs.

SSB 5502 allows the Department of Licensing to enter into an agreement with a qualifying city for increased enforcement of limousine laws. Other provisions of the bill require some oversight of chauffeur qualifications and prearrangement of services that increases the department’s workload and requires additional staffing. DOL is requesting an appropriation from the Highway Safety account to cover the cost of implementing this bill.

The projected cost for the 2011-2013 biennium is $963,000 with 5.1 FTEs.

Subject matter expert:
"For Hire" and Limousine Carriers Programs:
Harumi Tolbert, Program Manager (360) 664-1379
Margaret Eby, Business Resources Administrator (360) 664-1572

Narrative Justification and Impact Statement

This decision package addresses DOL's 2011-2013 Strategic Plan by focusing on increased public safety and reducing consumer risks by regulating limousine carrier and "for hire" licensees.

Safety Focused Licensing and Regulating

The department issues permits to "for hire" businesses and vehicle certificates to "for hire" vehicles, and issues licenses to qualified limousine carrier businesses and certificate to limousine vehicles. DOL regulates their operations and activities in an effort to protect consumers and the public from physical harm and financial risks. The department is contracting for additional enforcement assistance with the City of Seattle in accordance with SSB 5502 AMH.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

Yes. The department supports the limousine industry by establishing minimum standards for vehicle inspection and commercial insurance coverage to ensure that customers and the public have access to dependable, safe services. DOL also manages complaints regarding licensees and conducts appropriate follow-up investigation and disciplinary action.

Reason for change:

SSB 5502 AMH and HB 2017 were passed by the 2011 Legislature and signed into law by the Governor. DOL received no funding for these bills that require the department to administer and regulate the "for hire" and limousine carrier programs.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

Yes. This request is directly tied to several of the Governor's Priorities of Government.

- Strengthen government's ability to achieve results efficiently and effectively.
- Improve the safety of people and property.
- Improve the economic vitality of business and individuals.
- Improve statewide mobility of people, goods, and services.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

Yes. DOL partners with the Washington State Patrol (WSP) for vehicle inspections and the City of Seattle for increased enforcement of the limousine regulations. Public safety is one of the highest priorities of government and ensuring consumer complaints are addressed, and ultimately reduced, results in improved public safety. The safety, reliability, and stability of privately operated "for hire" transportation and limousines service are important matters of the state and DOL licenses and regulates these industries. Licensees that are unknowingly or willfully non-compliant can cause serious financial and personal harm to both their customers and the public. Ensuring that violations are handled quickly and effectively increases public safety. Ensuring licensees are aware of compliance and regulatory rules also contributes to public safety.

The Legislature and passenger transportation industry support the department's role as regulator, affording equal opportunities to qualified limousine businesses. This promotes consistency, quality and dependability in the industry, through minimum standards for business services, vehicle quality and vehicle safety. The department's regulatory oversight ensures that businesses, hotels, tourists and other customers have access to a reliable, professional stable transportation service.

Impact on clients and services:

The program will continue to provide services to the public, City of Seattle and licensees. Legitimate businesses depend on DOL's regulatory oversight in order to ensure the public that the services they provide are safe and reliable. Individuals expect regulatory oversight to ensure safety and dependability of this transportation service. Local businesses depend on DOL to regulate this industry as they use or refer a service to clients and customers. Other partners and stakeholders, such as the Port of Seattle and the City of Seattle, use department regulations and enforcement actions to develop and enforce their own laws and regulations.

Impact on other state programs:

The department oversight is used by other state agencies and programs. The Washington State Patrol (WSP) coordinates with DOL for inspections and complaints. The Utilities and Transportation Commission (WUTC) works with the department on rule writing, policies, and licensing to avoid loopholes and overlapping regulations. Department oversight affects the operations and services of the Washington State Department of Transportation (WSDOT) and its ferry transportation services. The Department of Labor and Industries (L&I) will depend on the department for data, enforcement and coordination for their regulation of workers' compensation in the industry. The department's regulatory actions also support local transportation centers for train and bus travel.

Relationship to capital budget:

None.

Required changes to existing RCW, WAC, contract, or plan:

Passage of SSB 5502 requires changes to Chapter 308-87 WAC. Elements that need to be changed include licensing fees, chauffeur qualifications, record keeping and other limousine regulation. A new contract is also being finalized with the City of Seattle for enforcement of limousine regulations.

What are the other important connections or impacts related to this proposal?

Without funding for the effect of these bills, DOL cannot administer and regulate the “for hire” and limousine carrier programs. There will be concerns expressed by stakeholders and the public if there is no regulation and administration of the “for hire” and limousine industries. Some of those stakeholders are limousine and taxi associations, such as the Puget Sound Limousine Association; individual limousine carriers who are complying with the law; the City of Seattle; WSP; the Port of Seattle; Cruise Terminals of America; WSDOT; the Department of Homeland Security; WUTC; L&I; local business and hotels; citizens of the State of Washington and tourists from other states.

***Alternatives explored by agency**:*

None. Currently, the agency is supporting the “for hire” and limousine programs with the assumption that the lack of appropriation is a technical oversight and will be resolved in the Supplemental Budget.

Budget impacts in future biennia:

Costs associated with funding the program are ongoing.

***Distinction between one-time and ongoing costs**:*

None.

***Effects of non-funding**:*

If funding authority is not provided, the “for hire” and limousine programs would cease to exist. DOL would no longer be able to comply with the mandates outlined in RCW 46.72 and 46.72A. The department would not be able to implement SHB 5502 AMH and HB 2017.

DOL would no longer provide regulatory oversight for "for hire" and limousine businesses. Hotels, businesses, legitimate carriers, passengers, and the general public would have to register complaints against “for hire” and limousine businesses with the Better Business Bureau and the Office of the Attorney General Consumer Protection Division. Effectively, a critical and potentially high risk part of the state’s transportation system would go largely unregulated.

The current plan to implement SSB 5502 would be abandoned. The City of Seattle would not have available funding for increased enforcement of regulations in popular, high risk areas like the Seattle waterfront, leading to much greater risk to Washington citizens and tourists. The lack of enforcement would have a negative impact on the City of Seattle, Port of Seattle, DOT, WSP, L&I and other agencies, as well as on customers using facilities and services. Aggressive solicitation, including violent interactions between drivers and also between drivers and customers, would continue to increase if these regulatory programs cease to exist.

Revenue Calculations and Assumptions:

SSB 5502 allows the department to set fees for limousine carriers to support the cost for increased regulation and enforcement. The proposed fee increase will be set at the maximum allowable amount at $350 for carrier businesses and $75 for vehicle certificates.

Name of Fee	Current Amount	Proposed Amount
Limousine Carrier Business	$40	$350
Limousine Carrier Business, Renewal	$40	$350
Limousine Vehicles	$25	$75
Limousine Vehicles, Renewal	$25	$75
For Hire Business	$20	
For Hire Vehicles	$20	

The department assumes that the proposed fees will be effective as of January 1, 2012. The revenue is projected to increase about $128,000 from the last half of Fiscal Year 2012 and $269,000 in Fiscal Year 2013 for the limousine program. Presently, there is no proposal for a fee rate change that will impact the revenue projections for the "for hire" program.

Revenue Projection

Limousine-Projections	Fee Rate	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Current Revenue:							
Limousine Business	$ 40.00	26,320	26,400	27,200	28,000	28,400	28,750
Limousine Vehicle	$ 25.00	31,983	32,000	33,250	34,500	35,500	36,800
Proposed revenue:							
Limousine Business	$ 350.00	125,640	231,000	238,000	245,350	248,500	251,650
Limousine Vehicle	$ 75.00	60,508	96,000	99,675	103,500	106,500	110,400
Limousine - Revenue Impact		**127,845**	**268,600**	**277,225**	**286,350**	**291,100**	**296,500**

For Hire	Fee Rate	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Current Revenue:							
For Hire Business	$ 20.00	1,880	1,900	1,920	1,940	1,980	2,000
For Hire Vehicle	$ 20.00	47,480	48,100	48,740	49,360	50,000	50,660

A new "Limousine Carriers Account" has been created to deposit money that the city or port collects from civil infractions and the Department of Licensing collect from violation fees. This fund is to be used for regulating and enforcing limousine carriers and is effective July 1, 2012.

Expenditure Calculations and Assumptions:

Funding for the "for hire" and limousine programs is affected by SHB 2017 that transferred the Master License Service program to the Department of Revenue. An appropriation from the Highway Safety account is needed to cover the cost to administer these regulatory programs. In addition, funding is needed to support the increased regulation and enforcement required by the passage of SSB 5502.

Before the passage of HB 2017, the Master License Service program covered the legal costs associated with the limousines program. The department has estimated the biennium cost of approximately $73,000 for Attorney General services and $3,000 for Administrative Hearings based on 2009-2011 expenses.

A Program Manager is needed at 0.8 FTE to draft rules, implement program, develop and oversee processes, regulatory and disciplinary activities and manage staff.

An Investigator 3 is needed at a 0.3 FTE to conduct investigations regarding complaints or reports of unprofessional conduct or practices.

A Management Analyst (MA) 3 is needed at 1.3 FTE in Fiscal Year 2012 to set up new processes; conduct rule making; establish, manage and audit performance-based, purchased services contracts (such as substance abuse testing); develop policies and procedures; facilitate work with stakeholders, and assist with money transfers and program enforcement guidelines with the City of Seattle. This will decrease to a 1.0 FTE in ensuing years to provide paraprofessional assistance and technical support for the regulatory requirements of the programs.

Customer Service Specialist 2's are needed to process applications and renewals, review businesses and chauffeur qualifications, maintain tracking system records, follow up information requests, and provide customer service for licensees at 2.5 FTE in Fiscal Year 2012; and will level out to 2.4 FTE in subsequent years.

Computer programming may be required to accommodate random vehicle inspection fee collections in the system. No system changes will be designed or built in the interim until a long term solution is identified. An Information Technology Specialist 4 is needed at 0.1 FTE in 2011-2013 and subsequent biennia to maintain and support the agency's computer system.

An Economic Analyst 3 at 0.1 FTE to forecast four distinct transportation revenue streams. This resource is necessary for tracking data, developing quarterly reports, as well as presenting the forecasts to the Transportation Forecast Council on a quarterly basis.

Agency support services functions covered by a 0.1 (indirect) FTE in Fiscal Year 2012 and 0.2 FTE in subsequent years for a financial analyst includes the handling and processing of vendor payments; contract administration; handling of mail; personnel and payroll related tasks; and other indirect support services functions.

In addition to the cost of salary and benefits, other costs have been added which include facility rent/lease and utility costs, telephone equipment and line charges, desktop support, employee training and other standard goods and services associated with staff.

Inter-Local Reimbursement:
SSB 5502 allows the Department of Licensing to enter into an agreement with qualifying cities (currently only the City of Seattle is qualified) to delegate regulation and enforcement of limousine laws (RCW 46.72A). The department expects to provide the city about $130,000 in Fiscal Year (FY) 2013; $135,000 in each of FY 2014 and FY 2015; and $136,000 in subsequent years for costs associated with limousine enforcement efforts.

Object Detail		FY 2012	FY 2013	Total
A	Salaries and Wages	$258,000	$239,000	$497,000
B	Employee Benefits	$91,000	$85,000	$176,000
E	Goods and Services	$82,000	$78,000	$160,000
P	Debt Service		$130,000	$130,000
	Total	**$431,000**	**$532,000**	**$963,000**

Expenditures & FTEs by Program	Staffing		09-11	Operating Expenditures		
	FY 2012	FY 2013	Average	FY 2012	FY 2013	Total
100 - Mgmt & Support Services	0.2	0.3	0.3	$16,000	$21,000	$37,000
200 - Information Services	0.1	0.1	0.1	$5,000	$10,000	$15,000
300 - Customer Relations	0.0	0.0	0.0	$0	$0	$0
600 - Programs and Services	0.0	0.0	0.0	$0	$0	$0
700 - Business & Professions	4.9	4.5	4.7	$410,000	$501,000	$911,000
Agency Total	**5.2**	**4.9**	**5.1**	**$431,000**	**$532,000**	**$963,000**

Six-Year Estimates

Revenue		11-13 Total	13-15 Total	15-17 Total
106	Highway Safety Fund	$396,445	$563,560	$587,590
	Revenue Total	**$396,445**	**$563,560**	**$587,590**
Expenditure Estimates				
106	Highway Safety Fund	$963,000	$1,070,221	$1,067,020
	Expenditure Total	**$963,000**	**$1,070,221**	**$1,067,020**
FTEs		**5.1**	**4.9**	**4.8**

Expenditures by Budget

	FTEs			Operating Expenditures		
	11-13	13-15	15-17	11-13	13-15	15-17
Transportation Funds						
Program 10T:	0.3	0.3	0.3			
Highway Safety Fund				$37,000	$43,000	$42,000
Program 20T:	0.1	0.1	0.1			
Highway Safety Fund				$15,000	$19,221	$19,020
Program 70T:	0.0	0.0	0.0			
Highway Safety Fund				$911,000	$1,008,000	$1,006,000
	0.4	**0.4**	**0.4**	**$963,000**	**$1,070,221**	**$1,067,020**
Total of All Funds	**0.4**	**0.4**	**0.4**	**$963,000**	**$1,070,221**	**$1,067,020**

240 Department of Licensing
ML-TI Tenant Improvement
2011-13

Agency Recommendation Summary Text:

The Department of Licensing (DOL) receives tenant improvement funds as part of the tenant/landlord agreement the agency has with a private Lessor. DOL leases three buildings in Olympia from this Lessor. Although DOL has received this funding, the agency requires spending authority to expend these funds. This request is for appropriation authority to utilize this funding. (Highway Safety Account-Local)

Agency Total

Fiscal Detail

Operating Expenditures	FY 2012	FY 2013	Total
106 Highway Safety Fund-Local	$100,000	$100,000	$200,000
Total Cost	**$100,000**	**$100,000**	**$200,000**

Staffing

	FY 2012	FY 2013	Total
FTEs	0.0	0.0	0.0

Revenue Detail

Total Revenue	**$0**	**$0**	**$0**

Package Description:

DOL leases three buildings from GF Capital Real Estate Fund – Investment 1, LLC. These buildings are located on Black Lake Boulevard Southwest in Olympia. The current lease agreements end September 30, 2018.

Included in the leases for these buildings is an agreement that the Lessor will provide DOL with funds to use toward future tenant improvements over and above state office specifications. In the 2009-2011 Biennium, DOL submitted an unanticipated receipt request and received appropriation authority to expend $341,846. These funds were not fully expended and the agency is now requesting an appropriation authority of $200,000 for improvements to be made during the 2011-2013 Biennium.

Subject Matter Expert:
Jill Rider, Assistant Budget Administrator, (360) 902-3943

Narrative Justification and Impact Statement

How contributes to strategic plan:

Obtaining expenditure authority to use these requested funds for building improvements contributes to the ageny's goal of achieving a high performing workforce by improving the work environment of these buildings. It also contributes to the agency's business success by using the Lessor's funds for building improvements.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

Yes, this request ties to the agency's strategies of improving workplace safety and using our resources more wisely.

Performance Measure Detail

Activity:

Activity, POG or State Result(s)
Improve the safety of people and property and strengthen government's ability to achieve results efficiently and effectively.

Reason for change:

DOL requires appropriation authority to expend funds received from the building Lessor for tenant improvements. Although the agency received authority in the 2009-2011 Biennium, not all funding that had been received was expended. This request is for appropriation authority in 2011-2013 to expend these funds.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

This decision package provides support to the Governor's value of "efficient state government services are important to the people of Washington State." Using the Lessor's funds to improve the buildings used by agency employees allows improvements for these buildings without using state funds.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

This decision package relates to the statewide results area of "improve the safety of people and property" and "strengthen government's ability to achieve results efficiently and effectively."

Impact on clients and services:

Agency employees and clients visiting these buildings will benefit from repairs and improvements made to these buildings.

Impact on other state programs:

None

Relationship to capital budget*:*

None

Required changes to existing RCW, WAC, contract, or plan*:*

None

What are the other important connections or impacts related to this proposal?

None

Alternatives explored by agency:

None

Budget impacts in future biennia:

This request is only for the 2011-2013 Biennium. If funds remain at the end of the 2011-2013 Biennium, a request to carry them forward to the 2013-2015 Biennium will be submitted.

Distinction between one-time and ongoing costs:

None

Effects of non-funding:

If this package is not funded, DOL will miss an opportunity to use the Lessor's funds to make improvements to these leased buildings.

Revenue Calculations and Assumptions:

None

Expenditure Calculations and Assumptions:

DOL assumes that it will need approximately $200,000 for improvements to its leased buildings on Black Lake Boulevard in Olympia for the 2011-2013 Biennium. This money is provided by the Lessor as stated in the lease agreement and is not state funds.

Object Detail			FY 2012	FY 2013	Total
E	Goods and Services		$100,000	$100,000	$200,000
		Total	**$100,000**	**$100,000**	**$200,000**

Expenditures & FTEs by Program	Staffing		09-11	Operating Expenditures		
	FY 2012	FY 2013	Average	FY 2012	FY 2013	Total
100 - Mgmt & Support Services	0.0	0.0	0.0	$100,000	$100,000	$200,000
200 - Information Services	0.0	0.0	0.0	$0	$0	$0
300 - Customer Relations	0.0	0.0	0.0	$0	$0	$0
600 - Programs and Services	0.0	0.0	0.0	$0	$0	$0
700 - Business & Professions	0.0	0.0	0.0	$0	$0	$0
Agency Total	**0.0**	**0.0**	**0.0**	**$100,000**	**$100,000**	**$200,000**

Six-Year Estimates

Revenue	11-13 Total	13-15 Total	15-17 Total
Revenue Total	**$0**	**$0**	**$0**
Expenditure Estimates			
106 Highway Safety Fund-Local	$200,000	$0	$0
Expenditure Total	**$200,000**	**$0**	**$0**
FTEs	**0.0**	**0.0**	**0.0**

Expenditures by Budget

	FTEs			Operating Expenditures		
	11-13	13-15	15-17	11-13	13-15	15-17
Transportation Funds						
Program 10T:	0.0	0.0	0.0			
Highway Safety Fund-Local				$200,000	$0	$0
Total of All Funds	**0.0**	**0.0**	**0.0**	**$200,000**	**$0**	**$0**

240 Department of Licensing
PL-Z0 Five Percent GFS Reduction Proposal
2011-13

Agency Recommendation Summary Text:

Governor Gregoire has directed all state agencies to prepare five and ten percent General Fund State (GFS) reduction proposals to be included in their 2012 Supplemental Budget requests. The five and ten percent reductions are based on the total GFS appropriation for each agency. The Department of Licensing (DOL) has 2011-2013 Biennium GFS appropriations totaling $2,773,000.

DOL is proposing a five percent reduction in administrative costs within the Management and Support Services Division. This package details the reduction of an Employee Communications Coordinator in Human Resources at 1.0 FTE and ($139,000). (General Fund State).

Agency Total

Fiscal Detail

Operating Expenditures	FY 2012	FY 2013	Total
001 GF-State	($46,000)	($93,000)	($139,000)
Total Cost	**($46,000)**	**($93,000)**	**($139,000)**

Staffing

	FY 2012	FY 2013	Total
FTEs	(0.5)	(1.0)	(0.8)

Package Description:

The Employee Communication Coordinator plays a critical role in communicating with 1,300 Department of Licensing employees statewide who have daily interaction with the public. Much of the agency's success relies on keeping DOL employees "in-the-know" on agency vision, direction, and strategies and building an engaged workforce. This position ensures that employees receive accurate and timely information, allowing transparency even in times of uncertainty and in the face of stressful news. This position ensures employees are provided with information that is vital to accomplishing the results the public expects.

Name and phone number of the agency subject matter expert on this topic.

Budget – Sam Knutson, Administrator Office of Budget & Economic Analysis
360-902-3644

Employee Communications – Jan Smallwood, Human Resource Director – Human Resources
360-664-1515

Narrative Justification and Impact Statement

How contributes to strategic plan:

This reduction will negatively impact DOL's strategic goal of A High-Performing Workforce. Employees will not have the same level of communication from agency management regarding the agency's strategic direction on a day-to-day basis.

Strategy – Create a culture of workforce engagement, accountability, and results.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

This reduction is in response to the Governor's requirement that all state agencies prepare five and ten percent General Fund State reduction proposals.

Performance Measure Detail

Activity: Not applicable.

Reason for change:

This reduction is in response to the Governor's requirement that all state agencies prepare five percent General Fund State reduction proposals.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

Not applicable.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

Not applicable.

Impact on clients and services:

The loss of the Employee Communication Coordinator will be significant. This position is tasked with ensuring that DOL employees receive accurate and timely information regarding agency business and service delivery. DOL employees need to be informed on a consistent and timely basis of agency direction and policy in order for the agency to continue its success in a rapidly changing environment. Many DOL staff are in direct contact with the public and are responsible for communicating and carrying out legislative policies as well as the agency's business and strategic direction.. The loss of this position will mean that consistent communication to all agency employees will be greatly reduced or eliminated.

Impact on other state programs:

None.

***Relationship to capital budget*:**

None.

***Required changes to existing RCW, WAC, contract, or plan*:**

None.

What are the other important connections or impacts related to this proposal?

A high performing workforce is one of the four primary strategic goals of the agency. The Communications Coordinator plays a key role in ensuring that DOL employees are kept consistently informed of DOL policy, business practices, and vision – important factors in the day-to-day performance of their jobs and their interactions with the public. The loss of this position will negatively impact the two key objectives of goal of a high performing workforce: increasing employee engagement and improving the work environment. This position plays a vital role in the DOL strategies of creating a culture of workforce engagement, accountability and results, as well as providing tools and resources to help supervisors engage their employees.

***Alternatives explored by agency*:**

General Fund State appropriations at the Department of Licensing are very specific to two programs – Firearms and Vessel Registration. In addition, GFS is a small part of the funding mix within the administrative divisions. In the 2009-2011 Biennium, DOL took GFS reductions in the Vessel Registration program that have left the program with only funding for registration documents and stickers for vessels that are required by statute. No further cuts are possible in the Vessel Registration program that would not put the agency in a position of non-compliance with state law. A reduction of five percent would compromise the functions performed by the Firearms program and result in backlogs that would impact other law enforcement and public safety. The alternative of reducing costs in administration was, therefore, determined to be the better alternative.

Budget impacts in future biennia:

It is anticipated that this reduction will carry forward into future biennia.

***Distinction between one-time and ongoing costs*:**

None.

***Effects of non-funding*:**

Not applicable.

Revenue Calculations and Assumptions:

None.

***Expenditure Calculations and Assumptions**:*

Per OFM instructions, DOL assumes this reduction will be implemented beginning January 2012. In order to meet the five percent reduction target of ($139,000) within the 2011-2013 Biennium the agency will reduce 1.0 FTE Employee Communication Coordinator with associated salaries and benefits and related goods/services costs.

Object Detail			**FY 2012**	**FY 2013**	**Total**
A	Salaries and Wages		($30,000)	($60,000)	($90,000)
B	Employee Benefits		($9,000)	($19,000)	($28,000)
E	Goods and Services		($7,000)	($14,000)	($21,000)
		Total	**($46,000)**	**($93,000)**	**($139,000)**

Expenditures & FTEs by Program	**Staffing**		**09-11**	**Operating Expenditures**		
	FY 2012	**FY 2013**	**Average**	**FY 2012**	**FY 2013**	**Total**
100 - Mgmt & Support Services	(0.5)	(1.0)	(0.8)	($46,000)	($93,000)	($139,000)
Agency Total	**(0.5)**	**(1.0)**	**(0.8)**	**($46,000)**	**($93,000)**	**($139,000)**

Six-Year Estimates

Expenditure Estimates			
001 GF-State	($139,000)	($139,000)	($139,000)
Expenditure Total	**($139,000)**	**($139,000)**	**($139,000)**

Expenditures by Budget

	FTEs			**Operating Expenditures**		
	11-13	**13-15**	**15-17**	**11-13**	**13-15**	**15-17**
Omnibus Funds						
Program 100:						
GF-State	(0.8)	(1.0)	(1.0)			
All Other Omnibus FTEs:	-	-	-			
GF-State				($139,000)	($139,000)	($139,000)
Total Omnibus Funds	**(0.8)**	**(1.0)**	**(1.0)**	**($139,000)**	**($139,000)**	**($139,000)**
Total of All Funds	**(0.8)**	**(1.0)**	**(1.0)**	**($139,000)**	**($139,000)**	**($139,000)**

State of Washington
Decision Package

240 Department of Licensing
PL-Z1 Ten Percent GFS Reduction Proposal
2011-13

Agency Recommendation Summary Text:

Governor Gregoire has directed all state agencies to prepare five and ten percent General Fund State (GFS) reduction proposals to be included in their 2012 Supplemental Budget requests. The five and ten percent reductions are based on the total GFS appropriation for each agency. The Department of Licensing (DOL) has 2011-2013 Biennium GFS appropriations totaling $2,773,000.

DOL is proposing a ten percent reduction in administrative costs within the Management and Support Services Division. This package details the reduction of an Employee Communications Coordinator in Human Resources and a Forms and Records Analyst 3 for (2.0) FTEs and ($277,000). (General Fund State).

Agency Total

Fiscal Detail

Operating Expenditures	FY 2012	FY 2013	Total
001 GF-State	($91,000)	($186,000)	($277,000)
Total Cost	**($91,000)**	**($186,000)**	**($277,000)**

Staffing

	FY 2012	FY 2013	Total
FTEs	(1.0)	(2.0)	(1.5)

Package Description:

The Employee Communication Coordinator plays a critical role in communicating with 1,300 Department of Licensing employees statewide who have daily interaction with the public. Much of the agency's success relies on keeping DOL employees "in-the-know" on agency vision, direction, and strategies and building an engaged workforce. This position ensures that employees receive accurate and timely information, allowing transparency even in times of uncertainty and in the face of stressful news. This position ensures employees are provided with information that is vital to accomplishing the results the public expects.

The Forms and Records Analyst 3 assists in the oversight and management of agency contracts and purchasing, as well as all agency forms and publications. This position plays a key role in ensuring that acquisitions are timely, accurate, and cost efficient. This allows the agency to protect resources and minimize risk. In addition, this position assists in process improvement activities that result in reduced costs to the agency, more efficient processes for staff, improved service to customers, and compliance with statewide efforts.

Name and phone number of the agency subject matter expert on this topic.

Budget – Sam Knutson, Administrator Office of Budget & Economic Analysis
360-902-3644

Employee Communications – Jan Smallwood, Human Resource Director – Human Resources 360-664-1515

Forms and Procurement – Debra Dunn, Assistant Administrator – Facilities and Procurement 360-359-4020

Narrative Justification and Impact Statement

How contributes to strategic plan:

This reduction will negatively impact DOL's strategic goal of **A High-Performing Workforce.** Employees will not have the same level of communication from agency management regarding the agency's strategic direction on a day-to-day basis. This reduction will also negatively impact DOL's strategic goal of **More Efficient, Effective, Economical Business Practices**.by reducing the oversight and management of agency contracts, purchasing, and forms/publications.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

This reduction is in response to the Governor's requirement that all state agencies prepare five and ten percent General Fund State reduction proposals

Performance Measure Detail

Activity: Not applicable.

Reason for change:

This reduction is in response to the Governor's requirement that all state agencies prepare ten percent General Fund State reduction proposals.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

Not applicable.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

Not applicable.

Impact on clients and services:

Employee Communication Coordinator

The loss of these positions will be significant. The Employee Communications Coordinator position is tasked with ensuring that DOL employees receive accurate and timely information regarding agency business and service delivery. DOL employees need to be informed on a consistent and timely basis of agency direction and policy in order for the agency to continue its success in a rapidly changing environment. Many DOL staff are in direct contact with the public and are responsible for communicating and carrying out legislative policies as well as the agency's business and strategic direction.. The loss of this position will mean that consistent communication to all agency employees will be greatly reduced or eliminated.

Forms and Records Analyst 3

The reduction of a Forms and Records Analyst 3 will greatly reduce the agency's ability to provide oversight and management of agency contracts, and reduce control of agency purchasing processes and forms/publications. The loss of this position will result in increased workload issues among remaining staff and backlogs in purchasing, contracts, and forms/publications management. This will result in the delay of printing of agency forms and publications and, in turn, reduce DOL's service delivery. This position also provides process improvement activities that result in reduced costs to the agency. With this reduction, the agency will have less opportunity to provide emphasis on process improvement efforts which have lead to reduced costs and improved customer services.

Impact on other state programs:

None.

Relationship to capital budget:

None.

Required changes to existing RCW, WAC, contract, or plan:

None.

What are the other important connections or impacts related to this proposal?

A high performing workforce is one of the four primary strategic goals of the agency. The Communications Coordinator plays a key role in ensuring that DOL employees are kept consistently informed of DOL policy, business practices, and vision – important factors in the day-to-day performance of their jobs and their interactions with the public. The loss of this position will negatively impact the two key objectives of goal of a high performing workforce: increasing employee engagement and improving the work environment. This position plays a vital role in the DOL strategies of creating a culture of workforce engagement, accountability and results, as well as providing tools and resources to help supervisors engage their employees.

More efficient, effective and economical business practices is another of the four primary strategic goals of the agency. The loss the Forms and Records Analyst 3 will significantly reduce the agency's oversight of purchasing processes, contract process and management, and the oversight of agency forms and publications. This will lead to backlogs and reduced customer service in a variety of DOL business functions and customer services.

Alternatives explored by agency:

General Fund State appropriations at the Department of Licensing are very specific to two programs – Firearms and Vessel Registration. In addition, GFS is a small part of the funding mix within the administrative divisions. In the 2009-2011 Biennium, DOL took GFS reductions in the Vessel Registration program that have left the program with only funding for registration documents and stickers for vessels that are required by statute. No further cuts are possible in the Vessel Registration program that would not put the agency in a position of non-compliance with state law. A reduction of five percent would compromise the functions performed by the Firearms program and result in backlogs that would impact other law enforcement and public safety. The alternative of reducing costs in administration was, therefore, determined to be the better alternative.

Budget impacts in future biennia:

It is anticipated that this reduction will carry forward into future biennia.

Distinction between one-time and ongoing costs:

None.

Effects of non-funding:

Not applicable.

Revenue Calculations and Assumptions:

None.

Expenditure Calculations and Assumptions:

Per OFM instructions, DOL assumes this reduction will be implemented beginning January 2012. In order to meet the ten percent reduction target of ($277,000) within the 2011-2013 Biennium the agency will reduce 1.0 FTE Employee Communication Coordinator and 1.0 FTE Forms and Records Analyst 3 with associated salaries and benefits and related goods/services costs.

Object Detail		FY 2012	FY 2013	Total
A	Salaries and Wages	($64,000)	($128,000)	($192,000)
B	Employee Benefits	($19,000)	($39,000)	($58,000)
E	Goods and Services	($8,000)	($19,000)	($27,000)
	Total	**($91,000)**	**($186,000)**	**($277,000)**

Expenditures & FTEs by Program	Staffing		09-11	Operating Expenditures		
	FY 2012	FY 2013	Average	FY 2012	FY 2013	Total
100 - Mgmt & Support Services	(1.0)	(2.0)	(1.5)	($91,000)	($186,000)	($277,000)
Agency Total	**(1.0)**	**(2.0)**	**(1.5)**	**($91,000)**	**($186,000)**	**($277,000)**

Six-Year Estimates

Expenditure Estimates			
001 GF-State	($277,000)	($277,000)	($277,000)
Expenditure Total	**($277,000)**	**($277,000)**	**($277,000)**
FTEs	**(1.5)**	**(2.0)**	**(2.0)**

Expenditures by Budget

	FTEs			Operating Expenditures		
	11-13	**13-15**	**15-17**	**11-13**	**13-15**	**15-17**
Omnibus Funds						
Program 100:						
GF-State	(1.5)	(2.0)	(2.0)			
All Other Omnibus FTEs:	-	-	-			
GF-State				($277,000)	($277,000)	($277,000)
Total Omnibus Funds	**(1.5)**	**(2.0)**	**(2.0)**	**($277,000)**	**($277,000)**	**($277,000)**
Total of All Funds	**(1.5)**	**(2.0)**	**(2.0)**	**($277,000)**	**($277,000)**	**($277,000)**

240 Department of Licensing
PL-CR Fee Increase - Camping Resorts
2011-13

Agency Recommendation Summary Text:

The Department of Licensing (DOL) is requesting approval to increase fees to cover the costs of administering the Camping Resort Program and to make it self-supporting, as required by RCW 43.24.086. The Camping Resort program has a small licensee base and over the last ten years has seen a decline in the number of licensees. The current fee level does not cover the cost to regulate the Camping Resort program. The revenue collected from licensees has been insufficient to support the Camping Resort program resulting in a declining negative fund balance. (Business and Professions Account – State)

Agency Total

Fiscal Detail

Operating Expenditures		FY 2012	FY 2013	Total
06L	Business & Profession	$0	$0	$0
	Total Cost	**$0**	**$0**	**$0**

Staffing

	FY 2012	FY 2013	Total
FTEs	0.0	0.0	0.0

Revenue Detail

	Fund	Source	FY 2012	FY 2013	Total
06L	Business & Professions		$49,400	$49,400	$98,800
	Total Revenue		**$49,400**	**$49,400**	**$98,800**

Package Description:

Under RCW 19.105, the Department of Licensing (DOL) regulates the offer and sale of long-term rights to the use of campsites within privately owned camping resorts. Promoters seeking to offer such long-term rights must seek approval of their offering through registration with DOL.

The department has authority to establish fees for camping resort companies and salespersons to cover the cost of administering the program. The program is required to be self-supporting in accordance with RCW 43.24.086. The current Camping Resort fees do not provide sufficient revenue to cover the cost to administer the program. Licensing fees need to be increased to cover the program's administrative cost and maintain a positive fund balance to ensure the program becomes self-supporting.

Presently the Camping Resort Program has a fund balance of about ($78,000). Fees collected from resort companies and salespersons are deposited in the Business and Profession (fund

06L) account. The annual revenue for the Camping Resort Program is projected to be approximately $62,000. Estimated expenditures are $98,000 per year. This proposal for fee increases will generate approximately $99,000 biennially and will cover the cost of administering the Camping Resort program and is projected to help stabilize the fund balance by Fiscal Year 2017. Any change to fee amounts will require a revision to WAC 308-420-240 Fees and Charges. The last fee increase was January 1, 2003.

Subject matter expert:
Jerry McDonald, Administrator Real Estate Section, (360) 664-6525

Narrative Justification and Impact Statement

This decision package addresses DOL's 2011-13 Strategic Plan that focuses on increase public safety and reduce consumer risks by regulating licensees to mitigate risks.

Safety Focused Licensing and Regulating

The department licenses Camping Resort Companies and salespersons and regulates their operations and activities. This will, in part, enhance consumer protection from financial risk as DOL evaluates the financial stability of camping resort companies within the state of Washington. A significant public safety function performed by the Division is handling complaints about licensees and conducting appropriate follow-up activities in an effective and timely manner.

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

Yes, this request meets with the Department of Licensing's goals for a safer Washington. The agency's objective is to increase public safety and reduce consumer risks by regulating licensees to mitigate risks. The regulation of camping resort membership sales involves examination of the disclosure documents and contracts that are used by the promoters. DOL also reviews financial statements, deeds, title insurance policies, liens and encumbrances, and other legal documents related to camping resorts of the licensed promoters. The department efforts to regulate membership camping resorts reduces the risk of financial loss by consumers.

Another important public safety function performed by the Division is handling complaints about our licensees and conducting appropriate follow-up activities to ensure incidents are resolved in an effective, impartial, and timely manner.

The Division has a standing commitment to promote voluntary compliance with our licensing, public safety, and consumer protection laws. To raise voluntary compliance levels, the Division engages in proactive activities to educate and inform the businesses and individuals that we license and regulate about their responsibilities.

Reason for change:

An increase in fees is needed to cover the actual costs of administering the Camping Resort Program and reduce the negative fund balance so the program can becomes self-supporting as required under RCW 43.24.086.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

Yes. This request is directly tied to the Governor's priority to *improve the safety of people and property*. Maintaining the Division's regulatory efforts and promoting voluntary compliance provides safety benefits to licensees and consumers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

Public safety is one of the highest priorities of government and ensuring consumer complaints are addressed, and ultimately reduced, results in improved public safety. Licensees that are unknowingly or willfully non-compliant can result in serious financial harm to both their clients and the public. Ensuring that violations are handled quickly and effectively increases public safely. Ensuring licensees are aware of compliance and regulatory rules also contribute to public safety.

Impact on clients and services:

Promoters registered under the Camping Resort Act pay the cost of regulating their industry. This fee proposal raises the aggregate amount of fees which promoters will be paying for this regulation. Some promoters have spoken with program staff about the importance regulation plays in helping to preserve a positive public perception of the membership camping industry. In the past, some promoters have stated that they are willing to be regulated as the price for prevention of undercapitalized or potentially unscrupulous promoters entering the industry. The department is faced with the prospect of finding additional revenue for this regulation, or proposing deregulation. There will probably always be some promoters who favor deregulation.

There are currently approximately 45,000 active memberships in the companies registered under the Camping Resort Act. The promoters are authorized to sell a total of approximately 86,000 memberships. While it is often argued that companies merely pass fees on to their customers, the annual impact with this measure is less than 90 cents per current membership or less than 45 cents per membership if the promoters were at maximum authorized membership levels.

Impact on other state programs:

None.

Relationship to capital budget:

None.

Required changes to existing RCW, WAC, contract, or plan:

Portions of WAC 308-420-240(3) need to be updated to reflect fee increase.

What are the other important connections or impacts related to this proposal?

The last change in fees was in January 1, 2003. The Camping Resort companies and salespersons will possibly have concerns with the fee increase. It is unlikely that this proposal will have significant organized support from any stakeholder group. Presently, there are no legal concerns, however untimely responses to complaints might result in legal action. Not related to any pending task force, GMAP, or audit recommendation.

Alternatives explored by agency:

The agency could consider deregulation of the Camping Resort program but it will require new legislation. Consumer complaints against camping resort companies and salespersons would then be referred to the Office of the Attorney General Consumer Protection Division.

Any further reduction to the Division will result in cuts to core efforts diverting financial resources from other essential regulatory services.

Budget impacts in future biennia:

The budget projection for future biennia is relatively flat. In the future, if expenditures increase or the licensee base declines, a new proposal for fee increases will be necessary to sustain a self supporting program.

Distinction between one-time and ongoing costs:

No request for additional spending authority is requested.

Effects of non-funding:

Failure for approval of a fee increase for the Camping Resort Program will cause the negative fund balance to continue to grow and may result in diminished services for licensees due to lack of resources.

Revenue Calculations and Assumptions:

Currently there are eleven active licensed companies and 23 additional resorts. It is estimated that there are 85 original salesperson registrations and 95 renewals each year. Companies pay a base renewal fee of $2,000 plus an additional $800 for each Washington resort listed on the registration after the first one.

This proposal increases the base company renewal from $2,000 to $3,000 a year. It also increases the amount of fee charged for each additional camping resort in the state of Washington from $800 to $2,000 a year. The original application and renewal fee for a salesperson is $150 and is proposed to increase to $210 a year. It is projected that the fee increases will bring in additional revenue for 2011-13 of $98,800 for the Camp Resort program.

FEE TYPE	Proposed Maximum Fee	Current Fees	Fee Changes	Revenue Increase FY 12	Revenue Increase FY 13	Fee Code
Camp Resort Companies						
Renewal	$3,000.00	$2,000.00	$1,000.00	$ 11,000	$ 11,000	
Salespersons						
Application	$210.00	$150.00	$60.00	$ 5,100	$ 5,100	
Renewal	$210.00	$150.00	$60.00	$ 5,700	$ 5,700	
Add Resorts						
Renewal	$2,000.00	$800.00	$1,200.00	$ 27,600	$ 27,600	
Increase in Revenue				$ 49,400	$ 49,400	

The current fund balance for June 2011 is approximately ($78,000). With this level of proposed fee increase the fund balance is projected to be stabilized as of June 30, 2017 and begin to build a small fund balance reserve.

Proposed Fee Increase	Actual FY 11	Projected FY 12	Projected FY 13	Projected FY 14	Projected FY 15	Projected FY 16	Projected FY 17
Beg Fund Balance	(75,889)	(77,869)	(73,397)	(58,275)	(44,803)	(28,331)	(11,859)
Expenditures	62,480	98,368	98,368	98,368	98,368	98,368	98,368
Revenue	60,500	102,840	113,490	111,840	114,840	114,840	114,840
Projected Fund Balanc	(77,869)	(73,397)	(58,275)	(44,803)	(28,331)	(11,859)	4,613

***Expenditure Calculations and Assumptions**:*

No request for an increase in spending authority is requested.

Six-Year Estimates

Revenue		**11-13 Total**	**13-15 Total**	**15-17 Total**
06L	Business & Professions	$98,800	$98,800	$98,800
	Revenue Total	**$98,800**	**$98,800**	**$98,800**

Expenditure Estimates				
06L	Business & Profession	$0	$0	$0
	Other	$0	$0	$0
	Expenditure Total	**$0**	**$0**	**$0**
FTEs		**0.0**	**0.0**	**0.0**

Expenditures by Budget

	FTEs 11-13	FTEs 13-15	FTEs 15-17	Operating Expenditures 11-13	Operating Expenditures 13-15	Operating Expenditures 15-17
Omnibus Funds						
Program 700:						
Business & Profession				$0	$0	$0
Total Omnibus Funds	**0.0**	**0.0**	**0.0**	**$0**	**$0**	**$0**
Total of All Funds	**0.0**	**0.0**	**0.0**	**$0**	**$0**	**$0**

State of Washington
Decision Package

240 Department of Licensing
PL-DL Six-Year Driver License
2011-13

Agency Recommendation Summary Text:

Beginning July 1, 2013, the Department of Licensing will change the expiration cycle for driver licenses and identification cards from a five-year to a six-year expiration cycle. This change is supported by agency-request legislation and is a component of the agency's overall strategy to reduce wait times in DOL licensing offices.

DOL requests funding to support the information technology systems changes that will be necessary to implement a change from a five year driver license and identification card (ID) expiration cycle to a six year expiration cycle.

Fees for driver licenses, motorcycle endorsements, and identicard applicants are increased proportionally based on the proposed six-year replacement cycle. (Highway Safety Account-State, Motorcycle Safety Education Account-State)

Agency Total

Fiscal Detail

Operating Expenditures		FY 2012	FY 2013	Total
106 Highway Safety Fund		$0	$272,000	$272,000
	Total Cost	**$0**	**$272,000**	**$272,000**

Staffing

	FY 2012	FY 2013	Total
	0.0	0.3	0.2

Revenue Detail

Fund	Source	FY 2012	FY 2013	Total
Total Revenue		**$0**	**$0**	**$0**

Package Description:

Background

DOL driver licensing offices continue to experience customer wait times that are too long. Existing staff are working at capacity despite legislation passed in 2011 (ESHB 1635) that has not yet been fully implemented, and other DOL efforts to mitigate customer wait times and service backlogs. This workload problem stems in part from the current five year driver license expiration cycle, which requires nearly 900,000 drivers per year to apply for renewal. These customers are in addition to a nearly equal number of other customers who are being issued, or applying for permits, first time and replacement licenses or identification cards. In addition, there are several hundreds-of-thousands of other customers obtaining non-issuance services that add further to service waits and office crowding.

Proposed Solution

Beginning July 1, 2013 (the beginning of the 2013-2015 Biennium), DOL will change the expiration cycle for driver licenses and identification cards from a five year to a six year expiration cycle. This change in the expiration cycle will spread out the number of customers needing to renew each year. DOL will issue eligible customers an extension of their license expiration to let them avoid returning to a licensing office for a longer period of time. Customers appearing in person at licensing offices will receive a six year expiration, or an interim expiration term if needed to evenly distribute customer volume over the six year cycle.

DOL must complete changes to its information technology systems and procedures to implement these changes.

Expected Results

The agency expects to see a reduction in the number of customers applying in person in a DOL office for driver license and identification card renewals. Fewer customer visits are expected to result in a better customer experience through reduced wait times at driver licensing offices. DOL and its staff will have improved opportunities to use the most efficient, effective and economical business practices available. In addition, the agency estimates that implementing a six year expiration cycle will immediately increase revenue to the state by collecting a higher issuance fee from all first time licensees.

Subject Matter Expert:
Derek Goudriaan, Contracts and Programs Administrator, 360-902-0126

Narrative Justification and Impact Statement

How contributes to strategic plan:

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

This package supports the department's 2011-2013 Biennium Strategic Goal of "A Customer Focused Organization". The package contributes to that goal's two objectives: to implement improved customer service, and improve service delivery channels.

Performance Measure Detail

Activity:

Activity, POG or State Result(s)

This package supports our Driver Examining activity.

	Incremental Changes					
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Outcome Measures						
Output Measures						
Efficiency Measures						

Reason for change:

With passage of ESHB 1635 in the 2011 legislative session, DOL is working to improve staff capacity to address overall service delivery times. However, the benefits of that bill will evolve through the biennium as DOL increases collaboration with the driver training community. In the interim, DOL believes moving to a six year license expiration will benefit today's customers by issuing a longer-lived license or identicard, and will help to mitigate future workloads.

The present workload problems stem in part from the current five year expiration cycle, which requires nearly 900,000 drivers per year to apply for renewal. These customers are in addition to a nearly equal number of other customers who are being issued, or applying for permits, first time and replacement licenses or identification cards. In addition, there are several hundreds-of-thousands of other customers obtaining non-issuance services that add further to service waits and office crowding.

Does this decision package provide essential support to one of the Governor's priorities? (If so, please describe)

This package support's one of the Governor's key values: that efficient state government services are important to the people of Washington state.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

DOL believes this package supports the statewide result of improving state government efficiency by identifying proven or promising strategies.

Impact on clients and services:

Customers applying for first time driver licenses will pay a $5 higher fee (the current five-year fee plus $5 for the sixth year) to obtain the six year expiration. Likewise, customers applying for an identification card will pay a $4 higher fee (the current five-year fee plus $4 for the sixth year). However, the six year expiration will spread out customer visits for renewals to an additional year. This is expected to result in a better customer experience through reduced wait times at driver licensing offices. DOL and its staff will have improved opportunities to use the most efficient, effective and economical business practices available.

Impact on other state programs:

None

Relationship to capital budget*:*

None

Required changes to existing RCW, WAC, contract, or plan*:*

This package is supported by agency request legislation that will amend Chapter 46.20 RCW. Several changes to WACs 308-100-050, 308-104-016, and 308-105-100 will also be required.

What are the other important connections or impacts related to this proposal?

Some drivers may have concerns with the higher overall fee paid to obtain or renew a license. For example, when a driver is also paying to get or renew a commercial license and a motorcycle endorsement the combined fees will exceed $120 in total. However, the majority of customers should see the benefit of shorter wait times and more efficient service delivery as a result of the longer driver license and identification card expiration cycle.

Alternatives explored by agency:

None

Budget impacts in future biennia:

Following the first five years after implementation, the customer base will have been spread out from five years to six years. It is anticipated that this will mitigate the impact of increased workloads generated by growth of the state's population. Following full implementation, staffing needs can be re-evaluated.

Distinction between one-time and ongoing costs:

One-time costs are incurred for information technology systems programming and process changes. There are no expected ongoing costs.

Effects of non-funding:

Customer service waits and backlogs resulting from the current five year renewal cycle will not be reduced. DOL will continue to look for other means of encouraging customers to use alternate modes of renewal.

Revenue Calculations and Assumptions:

This package will have an impact on cash receipts by changing the expiration of driver licenses and identicards from five years to six years. The basic cost of a driver license will remain $5 per year. At $30, the new six-year license would cost $5 more than the current five year license. For purposes of this analysis the following assumptions have been used:

- All originals are issued for a six year period beginning July 1, 2013.
- Extensions are offered to approximately 1/6 of the renewals at a fee that is prorated for the length of the endorsement. Adjustments are made to the extensions to evenly distribute future workloads.
- Endorsements for hazardous materials (HME) CDLs are restricted by federal law to five year terms, they will contiue to be issued a five year period.

The following tables illustrate projected workload, differences in fees and cash receipts:

Table I – Projected Workload Volume (licenses)

Projected Workload Volume	**FY 14**	**FY 15**	**FY 16**	**FY 17**
Original PDL (6 Yrs)	255,790	257,444	259,345	261,178
Renewal of PDL (6 Yrs)	691,619	697,619	702,619	709,619
M/C Original (6 Yrs)	26,038	28,058	28,795	27,515
M/C Renewal (6 Yrs)	52,215	53,215	54,215	54,715
PDL Extensions :	122,881	198,275	221,647	160,161
MC Extensions :	16,244	11,887	14,820	11,802
Identicards (6 Yrs)	101,621	102,278	103,033	103,762
Identicard Renewals (6 Yrs)	62,177	62,177	61,677	61,177
Extensions (Variable)	14,542	13,011	23,439	16,877
Regular CDL Original	7,702	7,754	7,809	7,864
Renewal CDL	21,885	13,058	19,885	18,885
Hazmat Original (5 year)	1,926	1,939	1,953	1,967
Hazmat Renewal (5 year)	7,599	3,265	7,385	7,235
Extensions (Variable)	8,507	-	9,655	10,054

Table II – Difference in Fees

Difference in Fees	**FY 14**	**FY 15**	**FY 16**	**FY 17**
Original PDL (6 Yrs)	5.00	5.00	5.00	5.00
Renewal of PDL (6 Yrs)	5.00	5.00	5.00	5.00
M/C Original (6 Yrs)	2.00	2.00	2.00	2.00
M/C Renewal (6 Yrs)	5.00	5.00	5.00	5.00
PDL Extensions :	25.00	20.00	15.00	10.00
MC Extensions :	25.00	20.00	15.00	10.00
Identicards (6 Yrs)	4.00	4.00	4.00	4.00
Identicard Renewals (6 Yrs)	4.00	4.00	4.00	4.00
Extensions (Variable)	20.00	16.00	12.00	8.00
Regular CDL Original	12.20	12.20	12.20	12.20
Renewal CDL	12.20	12.20	12.20	12.20
Hazmat Original (5 year)	-	-	-	-
Hazmat Renewal (5 year)	-	-	-	-
Extensions (Variable)	61.00	48.80	36.60	24.40

Table III – Estimated Cash Receipts

Estimated Cash Receipts	FY 14	FY 15	FY 16	FY 17
Original PDL (6 Yrs)	1,278,949	1,287,221	1,296,723	1,305,888
Renewal of PDL (6 Yrs)	386,070	(1,468,780)	(2,028,080)	(455,930)
M/C Original (6 Yrs)	52,076	56,116	57,590	55,030
M/C Renewal (6 Yrs)	(145,025)	(31,100)	(99,425)	(21,475)
PDL Extensions :	3,072,025	3,965,500	3,324,705	1,601,610
MC Extensions :	406,100	237,740	222,300	118,020
Identicards (6 Yrs)	406,484	409,112	412,132	415,048
Identicard Renewals (6 Yrs)	(42,132)	(11,512)	(222,072)	(92,832)
Extensions (Variable)	290,840	208,176	281,268	135,016
Regular CDL Original	(23,522)	(23,680)	(23,863)	(24,046)
Renewal CDL	(715,469)	(39,857)	(796,843)	(824,232)
Hazmat Original (5 year)	117,486	118,279	119,133	119,987
Hazmat Renewal (5 year)	463,539	199,165	450,485	441,335
Extensions (Variable)	518,927	-	353,373	245,318

***Expenditure Calculations and Assumptions**:*

This bill will have an impact on expenditures. Modifications to our information technology systems will require fourteen months of contracted application programmer time at $15,660 per month. An Information Technology Specialist 4 (0.3 FTE) will be required for user acceptance systems testing. These will be one-time costs.

Object Detail		FY 2012	FY 2013	Total
A	Salaries and Wages		$22,000	$22,000
B	Employee Benefits		$6,000	$6,000
E	Goods and Services		$244,000	$244,000
	Total		**$272,000**	**$272,000**

Expenditures & FTEs by Program	Staffing		09-11	Operating Expenditures		
	FY 2012	FY 2013	Average	FY 2012	FY 2013	Total
100 - Mgmt & Support Services	0.0	0.0	0.0	$0	$0	$0
200 - Information Services	0.0	0.0	0.0	$0	$241,000	$241,000
300 - Customer Relations	0.0	0.0	0.0	$0	$0	$0
600 - Programs and Services	0.0	0.3	0.2	$0	$31,000	$31,000
700 - Business & Professions	0.0	0.0	0.0	$0	$0	$0
Agency Total	**0.0**	**0.3**	**0.2**	**$0**	**$272,000**	**$272,000**

Revenue		11-13 Total	13-15 Total	15-17 Total
106	Highway Safety Fund	$0	$10,396,820	$6,034,122
082	Motorcycle Safety Educ.	$0	$575,907	$332,040
	Revenue Total	**$0**	**$10,972,727**	**$6,366,162**

Expenditure Estimates				
106	Highway Safety Fund	$272,000	$0	$0
	Expenditure Total	**$272,000**	**$0**	**$0**
FTEs		**0.2**	**0.0**	**0.0**

Expenditures by Budget

	FTEs			Operating Expenditures		
	11-13	13-15	15-17	11-13	13-15	15-17
Transportation Funds						
Program 20T:	0.0	0.0	0.0			
Highway Safety Fund				$241,000	$0	$0
Program 60T:	0.2	0.0	0.0			
Highway Safety Fund				$31,000	$0	$0
Total of All Funds	**0.2**	**0.0**	**0.0**	**$272,000**	**$0**	**$0**

240 Department of Licensing
PL-IS IT Systems (VFS/DFS) Modernization
2011-13

Agency Recommendation Summary Text:

The Department of Licensing (DOL) is requesting funding to cover Phase 2 of the modernization of agency legacy information systems. To accelerate the agency's ability to respond to legislative mandates and provide the flexibility needed to adapt systems to future transportation funding models, these systems require a more nimble and flexible system design. To accomplish this, the agency needs to accelerate progress on systems modernization and business process reengineering. This request is for funding to complete Phase 2 of the system modernization for the Vehicle Field System (VFS) and the Driver Field System (DFS). These field systems are the point of sale systems utilized in over 230 driver license, county auditor, and contracted subagent offices in the state of Washington and are used to collect over $1.4 billion in transportation-related revenue per biennia. (Highway Safety Fund – State, Department of Licensing Services Account – State).

Agency Total

Fiscal Detail

Operating Expenditures		FY 2012	FY 2013	Total
106 Highway Safety Fund		$0	$1,250,000	$1,250,000
201 DOL Services Account		$0	$1,250,000	$1,250,000
	Total Cost	**$0**	**$2,500,000**	**$2,500,000**

Staffing

	FY 2012	FY 2013	Total
FTEs	0.0	1.0	0.5

Package Description:

Background

DOL has four core-business legacy systems that support vehicle, driver, and business licenses and associated revenue collection and distribution sub-systems. This funding request is for the next phase of modernization of the Vehicle Field System (VFS) and Driver Field System (DFS), and associated internal headquarters functions. The phased modernization approach is in alignment with the technology modernization vision and strategy that the agency has been using since the 2001 – 2003 Biennium. Phase 1 of the modernization was to move off the agency mainframe computing platforms (Unisys 2200 and Hewlett-Packard (HP) 3000) to a common server platform. In addition to these system migrations, the agency has already been funded by the Legislature for network upgrades to the driver and vehicle licensing offices and for the development of a transportation disaster recovery center in Union Gap, Washington.

Because of the success of Phase 1 of the modernization effort, the department was able to take advantage of the flexibility of mission critical applications and data on the same platform to further the agency's technology direction. The DOL Information Services Division (ISD) was able to build alternate services and meet legislative demands on time without requesting or receiving additional funding for permanent staff or one-time contractor staff. Since 2001 the agency has processed over 10 million Internet transactions with systems that provide citizens the ability to transact with DOL for driver, vehicle, and business/professional licenses. The Internet services were built with existing staff on the common server platform.

Streamlining the VFS/DFS related internal "back office" processes are now a major focus of the agency. The agency has been re-developing a portion of the business applications that were migrated from the Unisys 2200 and HP3000 as time and resources were available in alignment with the progression of agency technology and business vision.

The DFS and the VFS are the license office point-of-sale systems that are now in need of modernization to keep pace with state and federal legislative requirements and business needs. The agency made the strategic decision to modernize in phases over time so modernization could occur in parallel with the business process re-engineering occurring within the agency. Alternatives to this approach would have included the request for approximately $16 million for a commercial off the shelf (COTS) solution that would require internal business processes and existing data structures to adapt to the new system. This is contrary to the agency direction that requires the technology to adapt and service the most efficient business flow.

Current Issues

- Systems are not fully table-driven, so making changes consumes more time. For example, the DOL bill analysis of SHB2053 (Additive Transportation Funding) estimated 1,200 – 1,500 work hours over four months to make fee changes to several DOL information systems. This bill did not pass, but had the potential of adding nearly $70 million/year in new revenue. Modernization of systems would allow for fee change proposals such as this to be accomplished by non-IT staff in minutes, versus the 1,200-1,500 hours currently required.
- The ability of the current systems to adapt to future transportation fee structures - such as indexing, partial payment, and vehicle miles traveled - is limited without increased flexibility through modernization in how fees are charged, distributed, and reported.
- The current programming language used in three core legacy systems (Vehicle Services, Driver Services, and Revenue Processing) is COBOL. COBOL is not a modern programming language and programmers trained and proficient in COBOL are becoming scarcer. Most colleges do not offer COBOL as a programming language and competition for the shrinking pool poses a hiring challenge.
- DOL application developers spend up-to 70 percent of their time maintaining outdated COBOL code.
- DOL expects to lose subject matter expertise in the business program areas and COBOL technical knowledge in the next two to four years due to anticipated retirements. It is critical that business process reeingeering efforts are accelerated.

The current VFS and DFS are considered "legacy applications" and present the following technology constraints:

- Separate field and headquarters systems for the same functions, such as:
    - Functions that inquire, update, and correct records

- Redundant business logic for the same function or service, such as:
    - Vehicle pricing (VFS, headquarters, Internet)
    - Legislative and business changes need to be coded and tested in multiple systems

- Databases are not linked and contain redundant data. This causes uncessary manual work for DOL staff, impacts self service channel offerings to Washington citizens, and systems performance.

Deficient security and auditing functions are creating a risk to the agency. Over the years, industry and Information Services Board (ISB) security requirements have increased. DOL systems have not evolved or adapted at the same pace due to limitations in platforms and current design of the legacy systems.

- Systems are not linked or mapped to efficient business workflow

- Internal business processes are constrained to legacy systems framework

- Integration and processing of data from external customers and state and federal agencies requires improvements, manual data entry and analysis of data takes more time:
    - Creates backlogs within work units and customer service delays
    - Potential for tort claims against the department where the appropriate action (for example: reinstatement of suspended drivers license is not completed in a timely manner
    - DOL is not consistant in meeting federal mandates in how the agency processes out-of-state driver and vehicle data

Solution

A phased modernization approach was developed by DOL and approved by the Office of Financial Management (OFM), the Legislative Evaluation & Accountability Program Committee (LEAP), and industry experts (such as Microsoft) as a viable common sense approach allowing the agency the best chance for success.

This phase of the modernization strategy is to redesign systems in a way that reduces costs, and improves the reliability and efficiency of the systems. Specific focus will be placed on fee collection, revenue collection, and revenue distribution sub-systems. These changes will accelerate the agency's ability to respond to legislative mandates and future transportation funding models. The essential components of the strategy are provided below. It will take at least two biennia to complete all system changes.

- Using an **incremental improvements approach** to update the current system provides business value and moves the agency to the vision of a common system as time and money is available. This strategy reduces risk, and provides for smaller and high quality products releases.
- Create a **dedicated Technology Modernization unit** within DOL Information Services Division. Team makeup would be mostly contractors with a dedicated project manager, system architects, system analyst, and application programmers. Other DOL business and technical staff will supplement the team and collaborate on design, system release and maintenance.
- **Reduce system complexity and streamline design.** The fees associated with the VFS, DFS, and the associated distribution of the fees is currently embedded in COBOL program logic that is very difficult to maintain and complex when a new fee is added to the system.
- Use **proven methodology** and stick to system architectural principles to reduce maintenance costs in the future.
- Define **on-going project modernization** efforts based on future state design and align with **business process re-engineering** efforts

- **Build Reusable Common Software Services**. A goal of the modernization program is to integrate **similar software business services** that now exist in multiple systems and align them along the DOL lines of business. Examples include vehicle pricing business logic that exists on the VFS for over-the-counter transactions, Internet tab renewals, and vehicle headquarters system for billing vehicle owners every month. Within the modernization scheme the three pricing software modules would be combined into a common software service and utilized by all three customer service channels. This would simplify future maintenance and time for deployment of vehicle fee changes in the future. Non-technical DOL staff would change fee information in one software module instead of three.
- **Enhanced Service Model, Technology Roadmap**. Another goal is to have a common system over time that can provide drivers and vehicle services at common offices without having the separate systems that exist today. An important deliverable in this phase is the roadmap and design that will provide the blueprint for the future, providing costs and key deliverables for future biennia. The development of a common technology framework based on service oriented architecture principles is the future of DOL information systems design. The strategy would include the identification and development of common business software services utilized by all service delivery channels (office, mail, Internet, interactive voice response, mobile) but a unique user interface (data entry and information screens). The connection from the user interface to the various data bases would be done in a common way as well as the creation of a data layer that would support a customer focused delivery.

Subject Matter Expert:

Marcus Bailey, Chief Information Officer (360-664-6540)

Narrative Justification and Impact Statement

How contributes to strategic plan:

The agency Executive Leadership Team fully endorsed the modernization strategy, listing the following recommendations to move forward with for Phase 2:

- Fully implement business process improvement as a key agency initiative. Align the modernization strategy with business process improvement efforts
- Identify short-term technology improvements to improve major problem areas of current field systems and improve on-going maintenance efforts
- Improve documentation of existing systems and business logic to business processes (field and back office system)
- Identify high risk and short term improvements to current systems that move the systems forward and also reduce risk and staff time to maintain the systems
- Create one enterprise database model for vehicles and drivers
- Identify and evaluate all system interfaces and collaborate on State IT modernization efforts (i.e., Department of Information Services (DIS) Shared Services, Department of Revenue Geographic Information Systems (GIS))
- Define on-going project modernization efforts based on a design that aligns with business process re-engineering efforts
- Use proven methodology and stick to system architectural principles that reduce maintenance costs in the future
- Easy to communicate modernization vision with key stakeholders and legislators

Is this decision package essential to implement a strategy identified in the agency's strategic plan? (if so, please describe)

Phase 2 of the modernization strategy will not provide immediate savings due to the necessity to build a foundation for the future and to get key modernization components in place. The bulk of the savings will be in future biennia as more of the modernization strategy can be completed simplifying the maintenance, day-to-day production support, and staff time to implement changes.

- Time and cost to modify the aging system
- Non-integrated and duplicate data sources
- Outdated technology and application architectures
- Inability to respond to legislative changes and requests

However, the cost to support the outdated technology will increase if the technology is not upgraded. The DFS contains Visual Basic 6.0 programming code that must be updated to Visual Basic .NET to avoid increased support costs due to Microsoft stopping support for Visual Basic 6.0.

DOL's ability to simplify software applications and reduce redundancy that is prevalent today by modernization of software services aligned with business process improvement is the key to future efficiencies in the ability to make necessary business and legislative changes faster, better, and less expensive.

To measure the effectiveness in terms of outputs of Phase 2 the agency will compare the time it took to change the systems in the current state with the time for a similar change in the future state after Phase 2 of the modernization is complete. System availability should be measured based on the increased reliability of the systems. The Service Level Agreement (SLA) between the Information Services Division and the business Divisions within DOL requires the customer-counter field systems for Drivers and Vehicles to be available 98 percent of the time - allowing for less than four hours of down time a month. As the modernization moves forward, DOL expects that the business Divisions and field offices will see up to 99.99 percent system availability due to moving off outdated technology and toward a more efficient and resilient system software architecture.

The availability of the field systems in the 179 County Auditor and Subagent offices and 48 Drivers License offices will have a positive impact on citizens and the staff that work in the offices. With the closing of eleven Driver License Offices in the 2009 – 2011 Biennium, the amount of volume in the remaining offices and the newly designed DOL Supercenters is steady. When the system is unavailable and a customer either has to return at a later date or wait longer for the system to come back up, it causes customer dissatisfaction and reduced efficiency for the staff in the office who cannot properly serve their customers. Modernization has many benefits in terms of reducing risk and offsetting costs, but the greatest benefit is the positive impact it will have in increasing the reliability and availability of the software in the field offices and at headquarters allowing customers to receive reliable service from DOL

Activity:

Completion of the DFS and VFS modernization roadmap with the future architecture and design, lower projected costs per biennium, efficiency and savings metrics, risk avoidance, and a description of the modernization deliverables per biennium.

This phase of the modernization is expected to provide the foundation and plan for future biennia work and savings by providing a more flexible fee collection and distribution model and removing outdated technology components that created risk to the agency. The project is also expected to provide the foundation and plan for future biennia work and efficiencies by providing a more flexible fee collection and distribution model and removing outdated technology components that created risk to the agency. Specific deliverables are provided below.

- The first phase (2011-2013 biennium) of the modernization goals are listed below. The resulting deliverables will significantly increase flexibility for alternative transportation funding models.
- Finish detailed analysis of the DOL legacy systems and complete the **roadmap and new architectural blueprint**.
- Develop detailed project plan with specific targets for legacy systems modernization.
- Implement **Table Driven database design** via new fee/price module. Enables business customers to add or change a fee and the associated distribution in less time and supports quicker collection of revenue.
- Rewrite of COBOL programs for **Vehicle, Drivers, and Revenue systems** into a more modern language.
- Retrofit field and internet systems to use the new non-COBOL common business services.
- Provide progress reports to Transportation Committees as determined.

Once the architectural blueprint is completed in Phase 1, deliverables for second phase (2013-2015 biennium) will be provided to the Transportation Committees and the DIS Information Services Board. **Our goals at the end of Phase 2 are: (1) elimination of all COBOL programs, (2) implementation of more common business services, (3) implementation of more enterprise services.**

Reason for change:

This decision package supports the Governor's priorities in ***Transforming Washington's Budget*** and ***Safety in our Communities.*** By providing a more modernized approach to fee collection and distribution and the ability to support new and innovative fee models this initiative can assist in the revitalizing of the transportation budget. The DFS and VFS also collect critical data used to support the law enforcement community and federal safety agencies such as Homeland Security.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process? (If so, please describe).

This decision package supports the Priorities of Government process in the areas of economic development, government efficiency, and public safety. Improves economic development and public safety by adding to the ability of the state to maintain state, regional, and local transportation systems by modernizing and designing a more flexible fee collection and distribution services. It adds to government efficiency by helping to enforce the law by providing efficient systems for the issuance of drivers licenses and vehicle and vessel title and registration data, customer forms, and tables.

Impact on clients and services:

The modernization program will improve point-of-sale transaction services in the driver licensing, vehicle county auditor, and contracted subagent offices. The modernization will also help to streamline business processes within DOL as the agency aligns the modernization effort with the business process improvement effort.

Impact on other state programs:

The efficient collection and distribution of over $1.4 billion in transportation revenue by the DOL information systems impacts state programs such as the Washington State Patrol, Transportation Benefit Districts, State Parks, Organ Donor, Sound Transit, state universities (UW, WSU, Gonzaga, etc), and many other state institutions. The issuance of secure, reliable drivers license cards is a public safety impact as well as a federal Homeland Security impact with the enhanced driver license accepted as a secure document that meets Western Hemisphere Travel Initiative (WHTI) requirements.

***Relationship to capital budget**:*

None.

***Required changes to existing RCW, WAC, contract, or plan**:*

None.

What are the other important connections or impacts related to this proposal?

The modernization of the DFS and VFS will be supported by the association of County Auditors (WACO) and the subagent association who utilize the system for title and registration activity. The modernization will address on-going requests from the stakeholder groups to make the system more flexible to support business needs and modernize some of the outdated functions.

The Joint Transportation Committee (JTC) contracted with several consulting firms to produce a report for the JTC on alternate transportation funding. The report recommended that the transportation committee **"1. Fund Department of Licensing computer system upgrade, with consideration of building the upgrade costs into the fee structure."**

The ability of the current systems to adapt to future transportation fee structures such as indexing, partial payment, and vehicle miles traveled, etc., is limited without increased flexibility through modernization in how fees are charged, distributed, and reported.

The modernization of the DFS and VFS was discussed with the Senate and House Transportation staff during the 2010 Legislative Session and was well received

The security models for the VFS are outdated and were listed as a finding in the latest agency state audit related to the ability of the system to properly audit transaction activity and how the system provided for the assignment of user privileges.

***Alternatives explored by agency**:*

In 2009 DOL hired an independent consultant to develop a feasibility study complete with recommendations on alternatives for replacement and costs. This is a necessary and recommended step required by the Information Services Board for large mission critical system replacements as well as modernization strategies. Based on the results of the feasibility study, reviewing the strategic direction of the agency and the focus on streamlining business processes, the state budget situation, and the focus of the Joint Transportation Committee on alternate transportation funding methods, the following alternatives were considered:

Do nothing – The systems are running on outdated and in some cases unsupported technology that cannot support many of the alternative transportation fee models. The system architectures do not utilize common functions leading to increased maintenance and support time and costs and the risk of system failure

Purchase and customize a commercial-off–the-shelf (COTS) solution estimated at $16 million – This solution was not pursued for the following reasons:

- This would be a very large budget request that may not be approved, leaving the agency systems in their current state.
- Projects with a long timeline can limit legislative and business change, and constrain the agency in strategic advancement.
- Key resources tied to a project for long periods of time limit business and IT capacity for other initiatives that come up that the agency needs to react to or new strategic initiatives.
- May not improve the many interface services (Department of Revenue GIS interface) or provide for the opportunity to integrate common vehicle and driver functions with the DOL internal headquarters functions.
- High risk of not meeting cost and time goals due to required legislative and business changes during the project.
- Risk that stakeholders and business may not get all the benefits that they want from the new system.
- The COTS solution forces adaptation to functionality within purchased system instead of developing services around efficient DOL business processes and workflow.

Budget impacts in future biennia:

DOL is approaching the modernization with a strategic direction over multiple biennia. The budget requests in future biennia will be based on the modernization plan that will be developed in this second phase of modernization. The delivered plan will provide a roadmap for the agency, Legislature, and key stakeholders in communicating the budget needs and deliverables of each phase. Upon completion of Phase 2, the agency will provide estimates for future biennia and create budget requests related to the overall modernization roadmap.

Distinction between one-time and ongoing costs*:*

The budget request is for $2,500,000 for Fiscal Year 2013. There are no additional on-going costs associated with this request. Future budget requests will be according to the modernization plan which will provide a roadmap for costs and improvements in future biennia.

Effects of non-funding*:*

The agency will be maintaining existing systems in rapid decline and in need of modernization. Outdated inflexible system architectures, unsupported technology components from vendors, redundant program code for similar business functions, and the system constraints that prevent business process improvements will not improve and the risk of increased system outages and the inability to meet legislative and stakeholder demands will increase.

Revenue Calculations and Assumptions:

None.

Expenditure Calculations and Assumptions*:*

Expenditure estimates are based on the following:

Personal Service Contracts:
$247,500 Contract for project management services
$137,500 Contract for Architect/Consultant services
$200,000 Contract System Analyst services

Purchased Services:
$1,800,000 for Application development services

Staffing:
One (1.0) FTE for temporary Information Technology Application Manager for one year at the WMS 3 level to lead the new Technology Modernization Unit.

Object Detail		FY 2012	FY 2013	Total
A	Salaries and Wages		$88,000	$88,000
B	Employee Benefits		$22,000	$22,000
C	Personal Service Contracts		$585,000	$585,000
E	Goods and Services		$1,805,000	$1,805,000
	Total		**$2,500,000**	**$2,500,000**

Expenditures & FTEs by Program	Staffing		09-11	Operating Expenditures		
	FY 2012	FY 2013	Average	FY 2012	FY 2013	Total
100 - Mgmt & Support Services	0.0	0.0	0.0	$0	$0	$0
200 - Information Services	0.0	1.0	0.5	$0	$2,500,000	$2,500,000
300 - Customer Relations	0.0	0.0	0.0	$0	$0	$0
600 - Programs and Services	0.0	0.0	0.0	$0	$0	$0
700 - Business & Professions	0.0	0.0	0.0	$0	$0	$0
Agency Total	**0.0**	**1.0**	**0.5**	**$0**	**$2,500,000**	**$2,500,000**

Six-Year Estimates

Revenue	11-13 Total	13-15 Total	15-17 Total
Revenue Total	**$0**	**$0**	**$0**
Expenditure Estimates			
Expenditure Total	**$0**	**$0**	**$0**
FTEs	**0.5**	**0.0**	**0.5**

Expenditures by Budget

	FTEs 11-13	FTEs 13-15	FTEs 15-17	Operating Expenditures 11-13	Operating Expenditures 13-15	Operating Expenditures 15-17
Transportation Funds						
Program 20T:	0.5	0.0	0.0			
Highway Safety Fund				$1,250,000	$0	$0
DOL Services Account				$1,250,000	$0	$0
Total of All Funds	**0.5**	**0.0**	**0.0**	**$2,500,000**	**$0**	**$0**

IT Addendum

Decision Package Code: PL-09

Decision Package Title: IT Systems (VFS/DFS) Modernization

Project Title (ITPMS): IT Systems (VFS/DFS) Modernization

Agency: Department of Licensing **Preparer:** Sam Knutson **Contact Phone:** 360-902-3644

Phase Estimates for: **Total Project (no phase estimates)**

File Attachment File Attachment File Attachment

IT FTEs									**Biennium**			
Job Classification	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**2011-13**	**2013-15**	**2015-17**	**2017-19**
WMS3 Applications Mgt		1.0							0.5	0.0	0.0	0.0
Total FTEs	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Salaries & Benefits		110,000							110,000	0	0	0
Purchased Services		1,800,000							1,800,000	0	0	0
Personal Service Contracts		585,000							0	0	0	0
Hardware Purchases or Upgrades									0	0	0	0
Hardware Maintenance									0	0	0	0
Software Purchases or Upgrades									0	0	0	0
Software Maintenance									0	0	0	0
Hardware Lease & Finance									0	0	0	0
Training		500							500	0	0	0
Travel									0	0	0	0
Other												
		4,500							4,500	0	0	0
Subtotal	0	2,500,000	0	0	0	0	0	0	1,915,000	0	0	0

Contingency Per budget instructions...	0	0	0	0	0	0	0	0	0	0	0	0
Inflation 3.0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	2,500,000	0	0	0	0	0	0	2,500,000	0	0	0
Account-EA (e.g., 001-1)												
106-1	0	1,250,000	0	0	0	0	0	0	1,250,000	0	0	0
201-1	0	1,250,000	0	0	0	0	0	0	1,250,000	0	0	0
Total All Accounts	**0**	**2,500,000**	**0**	**0**	**0**	**0**	**0**	**0**	**2,500,000**	**0**	**0**	**0**
Check Total Total Phase - Total All Accounts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**				

Please provide a narrative summary, notes and assumptions, of non-staffing cost items

The Department of Licensing (DOL) is requesting funding to cover Phase 2 of the modernization of agency legacy information systems.

Contracts issued to provide the following services:
Project management for duration of the project
Architect/Consultant
Analyst

Click "Insert Item" below to add another phase cost detail

Total All Phases (section may be hidden if only one phase)

									Biennium			
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	2011-13	2013-15	2015-17	2017-19
Total FTEs	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Salaries & Benefits	0	110,000	0	0	0	0	0	0	110,000	0	0	0
Purchased Services	0	1,800,000	0	0	0	0	0	0	1,800,000	0	0	0
Personal Service Contracts	0	585,000	0	0	0	0	0	0	0	0	0	0
Hardware Purchases or Upgrades	0	0	0	0	0	0	0	0	0	0	0	0
Hardware Maintenance	0	0	0	0	0	0	0	0	0	0	0	0
Software Purchases or Upgrades	0	0	0	0	0	0	0	0	0	0	0	0
Software Maintenance	0	0	0	0	0	0	0	0	0	0	0	0
Hardware Lease & Finance	0	0	0	0	0	0	0	0	0	0	0	0
Training	0	500	0	0	0	0	0	0	500	0	0	0
Travel	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	4,500	0	0	0	0	0	0	4,500	0	0	0
Subtotal All Phases	0	2,500,000	0	0	0	0	0	0	1,915,000	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Inflation	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	0	2,500,000	0	0	0	0	0	0	2,500,000	0	0	0