



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #785

Close Division of Motor Vehicles Service Centers (DOT -- Motor Vehicles)

[LFB 2009-11 Budget Summary: Page 631, #1]

CURRENT LAW

The Division of Motor Vehicles (DMV), within the Department of Transportation, is responsible for vehicle registration and titling, driver licensing, and other related functions. The Division has 88 service centers throughout the state where citizens may apply for and receive various Division services. The Department is required to maintain at least one service center in each county for, at a minimum, eye examinations related to driver license renewal, although there are currently no service centers in Buffalo, Menominee, and Vernon counties.

GOVERNOR

Delete \$254,100 SEG in 2009-10 and \$598,100 SEG in 2010-11 and 11.0 SEG positions annually to reflect the closure of 40 Division of Motor Vehicles service centers. Eliminate the current law provision that requires the Department to provide examination stations for driver's license renewal in every county.

DISCUSSION POINTS

1. Of the Division of Motor Vehicles' 88 service centers, 31 are typically open four or five days a week, while most of the remaining 57 are open twice per week or less. The bill would eliminate funding associated with 40 centers, most of which are open once per week or less. These service centers are staffed by teams of two to four employees who transport equipment and supplies to the site on the days that the centers are open from a headquarters service center. The following table shows the 40 service center locations, arranged by the frequency of the service that they provide. Of these centers, nine are currently open about once every week (including the Baraboo

center, which is usually open twice per week), ten are open two or three times per month, and 21 are open once a month or once every two months. If the Governor's recommendation is approved, the Department anticipates that the 40 service centers would generally be closed in early 2010.

Division of Motor Vehicles Service Centers Proposed for Closure

Centers Open Approximately Once Per Week

Baraboo	Hayward	Tomah
Black River Falls	Medford	Wautoma
Dodgeville	Merrill	Whitehall

Centers Open Two to Three Times Per Month

Abbotsford	Fort Atkinson	Oconto
Algoma	New Richmond	Park Falls
Amery	Oconomowoc	Reedsburg
Berlin		

Centers Open Once Per Month or Once Every Two Months

Chilton	Florence	Minocqua	Siren
Crandon	Friendship	Neillsville	Spooner
Darlington	Hurley	Phillips	Stanley
Durand	Iron River	Prairie du Chien	Westfield
Eagle River	Luck	Sauk City	Wittenberg
Ellsworth			

2. With the proposed closure of these 40 centers, residents who use them would be required to travel to other centers. The Department indicates that if these centers are closed, there would continue to be a service center open within a 50-mile radius (although not necessarily travel distance) of nearly every Wisconsin residence. Only a portion of Florence and northern Marinette counties and western Burnett County would be outside a 50-mile range.

3. The 40 service centers that would be closed offer primarily driver's license and identification card services. (Some also issue other items, like temporary license plates and disabled ID placards, although these other transactions account for less than 3% of the total.) The Department notes that driver's license and identification card issuance and renewal are the only services provided by the Division of Motor Vehicles that require applicants to appear in person (for, at a minimum, an eye examination and photograph). All other services that the Division provides, such as vehicle title issuance and vehicle registration renewal may be done by mail, the internet, or through third-party vendors, such as motor vehicle dealers. Since driver's licenses (other than probationary licenses) and identification cards are each valid for an eight-year period, most residents

who would be affected by the closure of service centers would be directly impacted only once every eight years.

4. The bill would eliminate the requirement that the Department maintain at least one service center in every county (although the Department currently does not have a service center in three counties due to difficulties locating suitable space or other issues). If the 40 service centers are eliminated, there would be no service center in 32 counties. The Department notes, however, that many residents of a particular county already use service centers in other counties. For instance, there are about 11,750 licensed drivers in Marquette County, which has one service center in Westfield. Assuming that each licensed driver must apply for license renewal once every eight years, there should be a minimum of about 1,470 license transactions each year among county residents (one-eighth of the number of licensed drivers). However, in 2008, there were just 147 total driver's licenses issued at the Westfield service center, meaning that, at most, only about 10% of driver's license transactions involving Marquette County residents occurred at the service center within the county. The actual percentage of transactions involving Marquette County residents that were done within the county is probably even lower, since the estimate of total transactions does not include identification card, probationary license, and license reinstatement transactions.

5. At one time, there were 128 DMV service centers in the state, but within the past decade the Department has periodically closed low-volume centers as a cost-saving measure. In 2001-02, for instance, the Department permanently closed 24 service centers and has closed a few others since that time. With these closures, the Department reallocated the staff resources to centers that remained open to help offset the increased volume of transactions occurring at those centers from license applicants who were previously served at the closed centers. The proposal to close 40 service centers in the Governor's bill would differ from these earlier closures in that the positions associated with the closed centers would not be reallocated to those centers that remain open. Instead, the bill would eliminate 11.0 FTE positions, which accounts for 81% of the savings from the proposal. Since the staff would not be reallocated to the other service centers, the volume of transactions at these centers would increase without a commensurate increase in staffing. Consequently, all residents who use the remaining service centers could potentially be impacted by an increase in waiting times.

6. The 40 service centers that would be closed under the bill account for under 5% of all driver's license and identification card transactions. Because of the relatively low volume of transactions at the 40 service centers, the average cost per transaction is high. For the 40 centers proposed for closure, the cost per transaction (full costs of maintaining the centers divided by the number of transactions) averaged \$16.34 in 2008, and for 10 of the centers, it was above \$25.00. By contrast, the average cost per transaction at the 48 centers that would remain open was \$9.05 in 2008. During a period in which funding for many state government programs is being reduced, the need to increase efficiencies may dictate that service delivery methods that have the highest cost per transaction be eliminated first.

7. Although the cost per transaction is high at the 40 service centers proposed for closure, such a decision would disproportionately impact residents who live in rural areas. The cost

of providing this service to rural areas, as well as other government services, such as the construction and maintenance of rural roads, may be higher on a per capita or per transaction basis than the same services offered in more densely populated areas, but certain other government services may only be available in urban areas. Furthermore, while the elimination of the service centers would reduce state costs, it would increase costs and inconvenience for the affected individuals. In the interest of maintaining a balance of government services for residents in all parts of the state, it may be appropriate to pay the higher transaction costs associated with services in rural areas, such as reasonable access to Division of Motor Vehicles service centers.

8. The Division of Motor Vehicles is funded from an appropriation from the transportation fund, which combines revenues generated by the motor fuel tax, vehicle registration fees, driver's license fees, as well as various other transportation-related fees. Consequently, the Division's budget is not dependent upon the revenues from driver's license fees or other fees collected by the Division. Nevertheless, many citizens may have the expectation that driver's license fees are intended to cover the cost of providing driver licensing services, and since they would continue to be required to pay the same driver's license and identification card fees, they may feel that reducing driver licensing services is an unnecessary measure.

ALTERNATIVES

1. Approve the Governor's recommendation to delete \$254,100 SEG in 2009-10 and \$598,100 SEG in 2010-11 and 11.0 SEG positions annually to reflect the closure of 40 Division of Motor Vehicles service centers and eliminate a current law provision that requires the Department to provide examination stations for driver's license renewal in every county.

2. Delete provision.

ALT 2	Change to Bill	
	Finding	Positions
SEG	\$852,200	11.00

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