| | | | |
|---|---|---|---|
| Agency Name: | Department Of Motor Vehicles | | |
| Agency Code: | R400 | Section: | 82 |

**Fiscal Year FY 2027-2028**

**Agency Budget Plan**

# FORM A - BUDGET PLAN SUMMARY

| | For FY 2027-2028, my agency is (mark "X"): | |
|---|---|---|
| **OPERATING REQUESTS** *(FORM B1)* | X | Requesting General Fund Appropriations. |
| | X | Requesting Federal/Other Authorization. |
| | | Not requesting any changes. |

| | For FY 2027-2028, my agency is (mark "X"): | |
|---|---|---|
| **NON-RECURRING REQUESTS** *(FORM B2)* | X | Requesting Non-Recurring Appropriations. |
| | | Requesting Non-Recurring Federal/Other Authorization. |
| | | Not requesting any changes. |

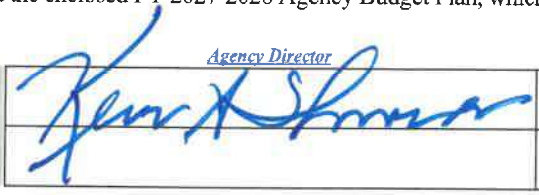
| | For FY 2027-2028, my agency is (mark "X"): | |
|---|---|---|
| **CAPITAL REQUESTS** *(FORM C)* | | Requesting funding for Capital Projects. |
| | X | Not requesting any changes. |

| | For FY 2027-2028, my agency is (mark "X"): | |
|---|---|---|
| **PROVISOS** *(FORM D)* | | Requesting a new proviso and/or substantive changes to existing provisos. |
| | | Only requesting technical proviso changes (such as date references). |
| | X | Not requesting any proviso changes. |

Please identify your agency's preferred contacts for this year's budget process.

| | *Name* | *Phone* | *Email* |
|---|---|---|---|
| **PRIMARY CONTACT:** | Jeremy Allison | (803) 896-9891 | jeremy.allison@dmv.sc.gov |
| **SECONDARY CONTACT:** | Kristin Wicker | (803) 896-3844 | kristin.wicker@dmv.sc.gov |

I have reviewed and approved the enclosed FY 2027-2028 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

| | *Agency Director* | *Board or Commission Chair* |
|---|---|---|
| ***SIGN/DATE:*** |  | 10/07/26 |
| ***TYPE/PRINT NAME:*** | | |

*This form must be signed by the agency head – not a delegate.*

| | |
|---|---|
| Agency Name: | Department Of Motor Vehicles |
| Agency Code: | R400 |
| Section: | 82 |

| BUDGET REQUESTS | | | FUNDING | | | | | FTES | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Priority | Request Type | Request Title | State | Federal | Earmarked | Restricted | Total | State | Federal | Earmarked | Restricted | Total |
| 1 | B1 - Recurring | Plate Replacement Program | 7,016,826 | 0 | 0 | 0 | 7,016,826 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 | B1 - Recurring | SCDMV Enterprise Operations | 7,551,236 | 0 | 0 | 0 | 7,551,236 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | B1 - Recurring | Worker's Compensation Insurance | 553,697 | 0 | 0 | 0 | 553,697 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | B2 - Non-Recurring | mDL Program | 1,600,000 | 0 | 0 | 0 | 1,600,000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | B2 - Non-Recurring | Branch Office Security Upgrades | 2,467,750 | 0 | 0 | 0 | 2,467,750 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6 | B1 - Recurring | State Spending Authority | 0 | 0 | 6,800,000 | 0 | 6,800,000 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTALS | | | 19,189,509 | 0 | 6,800,000 | 0 | 25,989,509 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

| Agency Name: | Department Of Motor Vehicles | | |
|---|---|---|---|
| Agency Code: | R400 | Section: | 82 |

# FORM B1 – RECURRING OPERATING REQUEST

**AGENCY PRIORITY**

1

*Provide the Agency Priority Ranking from the Executive Summary.*

**TITLE**

**Plate Replacement Program**

*Provide a brief, descriptive title for this request.*

**AMOUNT**

**General: $7,016,826**

**Federal: $0**

**Other: $0**

**Total: $7,016,826**

*What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.*

**NEW POSITIONS**

0.00

*Please provide the total number of new positions needed for this request.*

**FACTORS ASSOCIATED WITH THE REQUEST**

| Mark "X" for all that apply: | |
|---|---|
| X | Change in cost of providing current services to existing program audience |
| X | Change in case load/enrollment under existing program guidelines |
| | Non-mandated change in eligibility/enrollment for existing program |
| | Non-mandated program change in service levels or areas |
| | Proposed establishment of a new program or initiative |
| | Loss of federal or other external financial support for existing program |
| X | Exhaustion of fund balances previously used to support program |
| | IT Technology/Security related |
| | HR/Personnel Related |
| | AI Related |
| | Related to a Non-Recurring request – If so, Priority # |

**STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES**

| Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
|---|---|
| | Education, Training, and Human Development |
| | Healthy and Safe Families |
| | Maintaining Safety, Integrity, and Security |
| | Public Infrastructure and Economic Development |
| X | Government and Citizens |

**ACCOUNTABILITY OF FUNDS**

1.2 Ensure revenues collected are distributed to provide financial support to outside organizations.

2.1 Increase number of services available online.

2.3 Leverage partnerships for deliverability of products and services.

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

Vendors (license plate production contractors, currently Neumo)

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

South Carolina Department of Motor Vehicles (SCDMV) requests a recurring General Fund appropriation of **$7,016,826** to fully fund the production and replacement costs associated with motor vehicle license plates. License plates are currently the only product issued by the SCDMV that is not funded through direct appropriations. All other agency-issued products—including driver's

**JUSTIFICATION OF REQUEST**

licenses/IDs, vehicle titles and registrations as well as registration decals —are financed through the agency's appropriated operating budget. This request aligns the funding structure for license plates with the model used for all other DMV-administered products.

In addition to establishing a consistent funding structure, this appropriation would replace the agency's reliance on fee-funded spending authority within the Plate Replacement (PR) restricted account. The SCDMV is submitting companion legislation this session to repeal the PR fund's revenue-retention authority, contingent upon full funding of the requested General Fund appropriation.

**Funding Challenges With Current Model**

Under current law, SCDMV receives a portion of biennial registration fees that is deposited into the PR fund to cover the production costs of all license plates. Approximately 73% of plates issued generate revenue for the PR fund at a rate of $2 per biennial registration cycle. The remaining 27% of issued plates generate **no revenue**, including plates for disabled veterans, judiciary, constitutional officers, boards and commissions, as well as the Type 5 Property Carrying plate class. The Type 5 plate class alone generated a PR fund deficit of **$602,320 in FY25**.

Because the agency receives no revenue for more than one-quarter of plates issued, annual plate production costs have consistently exceeded annual PR fund revenues. Average contributions to the PR fund from registration revenues total **$4.7 million** per year, while annual production costs average **$5.7 million**, resulting in a recurring **$1 million annual shortfall**. Over the last decade the SCDMV has contributed approximately **$8 million in carryforward funds** to maintain PR fund solvency. Due to the agency's major IT modernization initiative that necessitates commitment of remaining carryforward balances, SCDMV no longer has the budgetary flexibility needed to sustain the PR fund.

**Cost Recovery Limitations**

Each license plate currently costs approximately **$4.51** to produce. To fully recoup production costs under the current $2 biennial retention model, customers must keep their plates for at least **three registration cycles (four years)**. However, agency analysis indicates that 28.5% of customers do not retain their plates to the third cycle, meaning the SCDMV fails to recover the full production cost of those plates, further contributing to PR fund insolvency.

**Projected Cost Increases**

Beginning in FY27, annual plate production expenditures are projected to increase significantly due to inflationary pressures and increased costs and tariffs on imported aluminum. Production costs are expected to rise to **approximately $7 million**, without any corresponding increase in retained registration revenue. Under the current model, this will expand the annual deficit from **$1 million to approximately $2.3 million**.

**Requested Appropriation Components ($7,016,826 Total)**
1. **$5,704,737**
To fund SCDMV's FY2026-projected plate production and replacement costs.
2. **$1,140,947**
To cover anticipated vendor price increases for FY2027.
3. **$171,142**
To account for standard annual inflationary growth.

**Alternatives Evaluated**
SCDMV evaluated three options to solve the PR fund's structural insolvency:
• **Full General Fund appropriation**, paired with companion legislation repealing PR fund revenue-retention authority.
• **Increase SCDMV's biennial retention amount from $2 to $3** per registration.
• **Allow SCDMV to retain $10 of the initial registration fee** to recover plate production costs at issuance.
SCDMV recommends the **General Fund appropriation** model because it:
• Places license plate production on the same funding basis as all other SCDMV-issued products.
• Eliminates reliance on plate volume fluctuations and customer retention timelines.
• Provides the General Assembly with full visibility and direct budgetary oversight of plate production costs.
• Removes dependence on a fee stream that has proven structurally insufficient to support the program.

**Impact on General Fund**
Upon full General Fund appropriations, companion legislation will eliminate the PR fund. The approximately **$4.7 million** currently contributed annually from SCDMV's retained $2 registration revenue will no longer be needed to fund plate production and would be returned to the State General Fund.

Thus, the **net annual impact** of the request is estimated at **$2.32 million**:
$7,016,826 (requested appropriation)
– $4,700,000 (registration revenue returned to General Fund)
= **$2,316,826 net annual impact**

**Consequences of Not Funding the Request**
If the requested appropriation is not granted, or if the companion legislation is not enacted, the SCDMV would have to pursue alternative mechanisms—such as retaining $10 of the initial registration fee—to cover production costs at issuance. This could pose a substantial inconvenience to customers if registration fees were increased or could adversely affect the SC Department of Transportation should the SCDMV retain a larger amount of current registration fees.
Continued insolvency of the PR fund jeopardizes the agency's ability to meet contractual obligations and could create statewide disruption in providing license plates for residents.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

| Agency Name: | Department Of Motor Vehicles | | |
|---|---|---|---|
| Agency Code: | R400 | Section: | 82 |

# FORM B1 – RECURRING OPERATING REQUEST

**AGENCY PRIORITY**

2

*Provide the Agency Priority Ranking from the Executive Summary.*

**TITLE**

**SCDMV Enterprise Operations**

*Provide a brief, descriptive title for this request.*

**AMOUNT**

**General: $7,551,236**

**Federal: $0**

**Other: $0**

**Total: $7,551,236**

*What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.*

**NEW POSITIONS**

**0.00**

*Please provide the total number of new positions needed for this request.*

**FACTORS ASSOCIATED WITH THE REQUEST**

| Mark "X" for all that apply: | |
|---|---|
| X | Change in cost of providing current services to existing program audience |
| | Change in case load/enrollment under existing program guidelines |
| | Non-mandated change in eligibility/enrollment for existing program |
| | Non-mandated program change in service levels or areas |
| | Proposed establishment of a new program or initiative |
| | Loss of federal or other external financial support for existing program |
| | Exhaustion of fund balances previously used to support program |
| X | IT Technology/Security related |
| | HR/Personnel Related |
| | AI Related |
| | Related to a Non-Recurring request – If so, Priority # |

**STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES**

| Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
|---|---|
| | Education, Training, and Human Development |
| | Healthy and Safe Families |
| | Maintaining Safety, Integrity, and Security |
| | Public Infrastructure and Economic Development |
| X | Government and Citizens |

**ACCOUNTABILITY OF FUNDS**

1.1.1 - Statewide branch office average initial wait time

The requested funding will support the continued operation of SCDMV's 65 statewide branch offices located throughout every county in the state by ensuring obligations for contracted services to sustain the operations of these offices are met. Additionally, this request supports agency obligations to support agency operations including costs related to providing products to customers and ensuring agency information technology services to support customer service at our branch office locations as well as our agency headquarters.

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

Funds will be appropriated to the South Carolina Department of Motor Vehicles (SCDMV) and used to pay invoices for contracted operating expenses. Funds will be disbursed to vendors and contractors providing services necessary for branch office operations in accordance with applicable state procurement requirements and existing contractual agreements.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

**JUSTIFICATION OF REQUEST**

The South Carolina Department of Motor Vehicles (SCDMV) requests $7,551,236 in recurring General Funds to address the continued increase in contractual costs necessary to sustain statewide agency operations. Costs associated with maintaining branch facilities, operational infrastructure, and information technology services have increased substantially over the last decade, while appropriations to cover these costs remains at FY17 levels when the agency transitioned to an appropriated agency. The agency's operating appropriations have not increased in the ten years since becoming appropriated while costs for services have increased annually. Over the last decade, the agency has been able to mitigate the shortfalls caused by escalating contracted costs by delaying agency projects and initiatives or applying agency carryforward funds to meet our obligations. However, with the initiation of a major IT system modernization effort, the agency lacks the budgetary flexibility to cover shortfalls in contracted obligations to sustain branch and agency operations and requires adequate funding to satisfy contractually required obligations for services. The requested funding will address the shortfall that exists between the agency's operating budget and the costs incurred to support agency facilities and operations.

**Sustainment of Branch Office Locations**

The agency provides convenience to South Carolina residents by operating 65 SCDMV branch office locations throughout the state, including at least one office in each of the 46 counties in SC. The cost of maintaining SCDMV's statewide branch office network has increased substantially from FY17 to FY26. In fact, since FY17, costs for general maintenance have increased by approximately 78%, janitorial services by 148%, landscaping and grounds maintenance by 198%, and leased facilities by 62%. These contracted services are essential for the agency to maintain safe, functional, and accessible facilities for customers and employees at all locations throughout the state.

- **Janitorial Services**: Janitorial service costs have increased from approximately $404,000 in FY17 to $1.00 million in FY26, a 148% increase. These services are necessary to maintain clean and operational facilities for customers and employees.
- **Landscaping Service**: Landscaping and grounds maintenance costs have increased from approximately $215,000 in FY17 to $640,000 in FY26, a 198% increase. These services support the routine upkeep and safe operation of SCDMV properties throughout the state.
- **Leased Buildings**: Costs associated with leased facilities increased from approximately $515,000 in FY17 to $835,000 in FY26, a 62% increase. These costs are necessary to maintain the agency's statewide service footprint where SCDMV operates from leased facilities.
- **General Maintenance**: General maintenance costs for headquarters and branch facilities have increased from approximately $1.19 million in FY17 to $2.13 million in FY26, a 78% increase. These expenditures support HVAC, plumbing, electrical, and other facility maintenance necessary to keep SCDMV locations operational.
- **Branch Office Utility Costs**: SCDMV maintains 65 branch locations statewide to provide access to motor vehicle services. Utility costs, including electricity, water, and natural gas, have increased from approximately $953,000 in FY17 to $1.03 million in FY26, an 8% increase. These services are necessary to maintain operational and customer-ready facilities throughout the state.
- **SFAA Liability Insurance Premiums**: Liability insurance premiums assessed through the State Fiscal Accountability Authority (SFAA) have increased due to changes in claims exposure, market conditions, and required coverage levels. SCDMV's liability insurance premiums have increased from $162,397 in FY17 to $431,562 in FY26, approximately 145% increase since FY17.

**Agency Supporting Infrastructure Costs**

Costs associated of services required to enable branch office operations and fundamental agency requirements have also substantially increased over the last decade with appropriations failing to keep pace. These services exacerbate the gap between agency obligated expenses versus state appropriated funding.

- **Postage**: SCDMV mails nearly one million notices and compliance-related correspondences annually. Postage costs have increased from approximately $2.38 million in FY17 to $3.30 million in FY26, a 39% increase. These communications are necessary to support statutory, compliance, and customer service functions throughout the agency.
- **IT Contractors**: SCDMV relies heavily on contracted technical resources to maintain agency applications, infrastructure, system integrations, and other technology services necessary for daily operations. This is due, primarily to the age of the current IT system for which skilled programmers exceed state salary ranges and require contracting of these resources. Contractor costs have increased from approximately $1.34 million in FY17 to $3.27 million in FY26, a 145% increase.
- **License and Application Support**: Software licensing, maintenance agreements, and vendor-supported applications are recurring costs necessary to maintain systems used by branch offices and headquarters. These costs have increased from approximately $1.36 million in FY17 to $1.42 million in FY26, a 6% increase.
- **Internet Services**: SCDMV relies on network and internet services to connect branch offices and headquarters and provide access to systems required for daily agency operations. Agency modernization efforts have driven these costs higher as wireless network upgrades have been implemented. As bandwidth and infrastructure demands have grown, costs have increased from approximately $1.04 million in FY17 to $1.15 million in FY26, a 10% increase.
- **Information Security Services**: SCDMV maintains sensitive personally identifiable information and relies on information security services to protect citizen and government data and maintain the integrity of agency systems. Cybersecurity requirements have expanded substantially as threats to citizens and government information have increased. Accordingly, information security costs have grown from approximately $9,000 in FY17 to $329,000 in FY26. Recurring expenditures support security hardware and software, vulnerability and penetration testing, threat monitoring, intrusion detection, and vulnerability management.
- **Driver License and Identification Card Productionb**: To cover the escalated costs of producing state driver's licenses and identification cards SCDMV requests an appropriation increase of $1,460,262.77. Annual operational expenditures for credential production have risen from $2,002,888.28 in FY 2017 to $3,463,151.05 in FY 2026. This represents a 72.91% cost increase over the ten-year period, which has created an ongoing budgetary deficit within the agency's baseline operating allocations. The primary driver of this expenditure growth is the agency's strategic transition from localized, over-the-counter branch printing to a highly secure central issuance model. To execute this modernization, the SCDMV contracted with an external specialized vendor, CBN, to print, manage, and mail all official credentials from a secure facility.

| Category | Item | 2017 | 2026 | Difference (2026-2017) |
|---|---|---|---|---|
| Branch Operations | General Maintenance | 1,191,795.38 | 1,860,926.76 | 669,131.38 |
| Branch Operations | Janitorial Services | 404,154.33 | 1,109,694.99 | 705,540.66 |
| Branch Operations | Landscaping | 215,112.00 | 592,028.68 | 376,916.68 |
| Branch Operations | Leased Buildings | 514,481.68 | 847,098.04 | 332,616.36 |

| | | | | |
|---|---|---|---|---|
| Branch Operations | SFAA Insurance | 162,397.21 | 431,582.62 | 269,185.41 |
| Branch Operations | Utilities | 953,008.85 | 1,146,976.75 | 193,967.90 |
| **Total Branch Operations** | | **3,440,949.45** | **5,988,307.84** | **2,547,358.39** |
| Agency Operations | Postage | 2,380,250.00 | 3,200,000.00 | 918,829.51 |
| Agency Operations | IT Contractors | 1,336,566.25 | 3,872,837.83 | 1,933,889.03 |
| Agency Operations | Microsoft Office | 431,327.28 | 906,896.97 | 475,569.69 |
| Agency Operations | DL/ID Production Costs | 2,002,888.28 | 3,463,151.05 | 1,460,262.76 |
| **Total Infrastructure** | | **6,151,031.81** | **11,442,885.85** | **4,788,550.99** |
| Technology | Application Support | 1,349,725.34 | 1,428,141.06 | 78,415.72 |
| Technology | Software Licenses | 1,100.00 | 576,376.55 | 575,276.55 |
| Technology | Internet Services | 1,043,487.56 | 1,257,221.88 | 213,734.32 |
| Technology | Information Security Services | 9,000.00 | 356,900.85 | 347,900.85 |
| **Total Technology** | | **2,403,312.90** | **3,618,640.34** | **1,215,327.44** |
| SubTotal | | 11,995,294.16 | 21,049,834.03 | 8,551,236.82 |
| Grand Total | | $1m appropriated in FY2027 | | 7,551,236.82 |

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

| | | | |
|---|---|---|---|
| Agency Name: | Department Of Motor Vehicles | | |
| Agency Code: | R400 | Section: | 82 |

# FORM B1 – RECURRING OPERATING REQUEST

**AGENCY PRIORITY**

3

*Provide the Agency Priority Ranking from the Executive Summary.*

**TITLE**

**Worker's Compensation Insurance**

*Provide a brief, descriptive title for this request.*

**AMOUNT**

**General: $553,697**

**Federal: $0**

**Other: $0**

**Total: $553,697**

*What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.*

**NEW POSITIONS**

0.00

*Please provide the total number of new positions needed for this request.*

**FACTORS ASSOCIATED WITH THE REQUEST**

| Mark "X" for all that apply: | |
|---|---|
| X | Change in cost of providing current services to existing program audience |
| | Change in case load/enrollment under existing program guidelines |
| | Non-mandated change in eligibility/enrollment for existing program |
| | Non-mandated program change in service levels or areas |
| | Proposed establishment of a new program or initiative |
| | Loss of federal or other external financial support for existing program |
| | Exhaustion of fund balances previously used to support program |
| | IT Technology/Security related |
| X | HR/Personnel Related |
| | AI Related |
| | Related to a Non-Recurring request – If so, Priority # |

**STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES**

| Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
|---|---|
| | Education, Training, and Human Development |
| | Healthy and Safe Families |
| | Maintaining Safety, Integrity, and Security |
| | Public Infrastructure and Economic Development |
| X | Government and Citizens |

**ACCOUNTABILITY OF FUNDS**

1.1.1 - Statewide branch office average initial wait time

The request will support the SCDMV by providing funding for required insurance programs. Adequate funding enables the agency to maintain service availability and manage customer wait times throughout the state.

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

SFAA – Worker's Compensation Insurance Fund

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

Appropriations to fund workers' compensation premiums have not increased since agency began covering in 2017. Over this same period, however, premium rates have risen steadily or 130% over the last 9 years, creating a growing gap between the funding provided and the actual cost of coverage. In FY2017 the worker's compensation premiums were $426,260 for the year, in

| | |
|---|---|
| **JUSTIFICATION OF REQUEST** | comparison to the present FY2026 insurance premium cost of $979,957 for SCDMV.<br><br>This request of $553,697 would allow the agency to fully fund its Worker's Compensation insurance obligation at current premium rates, ensuring continued, uninterrupted coverage for all eligible employees consistent with state requirements.<br><br>Should this request not be appropriated, SCDMV would be forced to absorb the shortfall by reallocating funds from other essential operating areas. This would place direct pressure on core public-facing services, including Driver's License (DL) skills testing, and could result in reduced testing capacity, longer wait times, and diminished service delivery to South Carolina citizens seeking to obtain or renew a driver's license. |

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

| | | | |
|---|---|---|---|
| Agency Name: | Department Of Motor Vehicles | | |
| Agency Code: | R400 | Section: | 82 |

# FORM B1 – RECURRING OPERATING REQUEST

**AGENCY PRIORITY**

6

*Provide the Agency Priority Ranking from the Executive Summary.*

**TITLE**

**State Spending Authority**

*Provide a brief, descriptive title for this request.*

**AMOUNT**

**General: $0**

**Federal: $0**

**Other: $6,800,000**

**Total: $6,800,000**

*What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.*

**NEW POSITIONS**

0.00

*Please provide the total number of new positions needed for this request.*

**FACTORS ASSOCIATED WITH THE REQUEST**

| Mark "X" for all that apply: | |
|---|---|
| X | Change in cost of providing current services to existing program audience |
| | Change in case load/enrollment under existing program guidelines |
| | Non-mandated change in eligibility/enrollment for existing program |
| | Non-mandated program change in service levels or areas |
| | Proposed establishment of a new program or initiative |
| | Loss of federal or other external financial support for existing program |
| | Exhaustion of fund balances previously used to support program |
| X | IT Technology/Security related |
| | HR/Personnel Related |
| | AI Related |
| | Related to a Non-Recurring request – If so, Priority # |

**STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES**

| Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
|---|---|
| | Education, Training, and Human Development |
| | Healthy and Safe Families |
| | Maintaining Safety, Integrity, and Security |
| X | Public Infrastructure and Economic Development |
| | Government and Citizens |

**ACCOUNTABILITY OF FUNDS**

2.1 – Increase number of services completed online; 2.2 – Secure legislative support for modernization efficiency efforts; 3.1 – Increase the security posture of SCDMV's network infrastructure for business-to-business transactions to better protect citizens' data.

The requested state spending authority directly supports these objectives by providing sufficient expenditure capacity for SCDMV's ongoing system modernization initiative. Modernization is intended to expand and improve online service delivery, strengthen the security and reliability of agency systems, and improve the efficiency of services provided to citizens and business partners.

Use of the requested authority will be evaluated through continued monitoring of modernization project expenditures, contractual milestones, implementation progress, and ongoing support requirements. Expenditures will remain subject to established agency financial controls and will be tracked against applicable contractual obligations and authorized funding sources throughout the modernization life cycle.

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

Authorized to the South Carolina Department of Motor Vehicles (SCDMV) and disbursed to vendors and contractors providing system modernization implementation, maintenance, support, and related contractual services.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

| | |
|---|---|
| **JUSTIFICATION OF REQUEST** | SCDMV requests an additional $6.8 million in recurring state spending authority to allow the agency to cover contracted milestone payments associated with its IT system modernization project.<br><br>The timing and magnitude of modernization expenditures vary according to contractual milestones and project progress. Current projections anticipate substantial expenditure throughout the development period, including approximately $22.7 million in FY2028 and $32.3 million in FY2029, with continued support obligations extending to FY2042. Increasing state spending authority will provide the agency with sufficient expenditure capacity to accommodate its applicable share of these obligations as milestone payments become due.<br><br>The request is recurring because the need for expenditure authority extends beyond the current development phase. Following implementation, the modernization contract continues through FY2042 and includes ongoing system support and maintenance obligations. Maintaining adequate recurring authority will allow SCDMV to meet these contractual requirements throughout the system's operational life cycle.<br><br>Without the requested increase in state spending authority, SCDMV risks defaulting on its contracted obligations, as existing authority may be insufficient to cover required milestone payments as they become due, particularly during periods of elevated modernization activity. This could force the agency to defer otherwise authorized expenditures despite having established contractual commitments, jeopardizing the project's timeline and the agency's standing with its contracted vendor. Increasing recurring authority provides sufficient capacity to manage these obligations. |

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

| | | | |
|---|---|---|---|
| Agency Name: | Department Of Motor Vehicles | | |
| Agency Code: | R400 | Section: | 82 |

# FORM B2 – NON-RECURRING OPERATING REQUEST

| | |
|---|---|
| **AGENCY PRIORITY** | 4 |

*Provide the Agency Priority Ranking from the Executive Summary.*

| | |
|---|---|
| **TITLE** | mDL Program |

*Provide a brief, descriptive title for this request.*

| | |
|---|---|
| **AMOUNT** | $1,600,000 |

*What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.*

**FACTORS ASSOCIATED WITH THE REQUEST**

| Mark "X" for all that apply: | |
|---|---|
| | Change in cost of providing current services to existing program audience |
| | Change in case load/enrollment under existing program guidelines |
| | Non-mandated change in eligibility/enrollment for existing program |
| X | Non-mandated program change in service levels or areas |
| X | Proposed establishment of a new program or initiative |
| | Loss of federal or other external financial support for existing program |
| | Exhaustion of fund balances previously used to support program |
| X | IT Technology/Security related |
| | AI Related |
| | HR/Personnel Related |
| X | Request for Non-Recurring Appropriations |
| | Request for Federal/Other Authorization to spend existing funding |
| | Related to a Recurring request – If so, Priority # |

**STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES**

| Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
|---|---|
| | Education, Training, and Human Development |
| | Healthy and Safe Families |
| X | Maintaining Safety, Integrity, and Security |
| | Public Infrastructure and Economic Development |
| | Government and Citizens |

**ACCOUNTABILITY OF FUNDS**

2.1.3 – Increase the number of transactions completed by members of the public online

2.2.2 – Percentage of customer record system, not including the commercial MCS, changes implemented vs. planned

Through modernization of customer service delivery, the mDL program will provide a convenient and secure method of identification.

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

Vendors under contract for services rendered in support of the mDL Program operations.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

The SCDMV respectfully requests $1,600,000 non-recurring to kickstart the mobile driver's license program of the State.

This money will accomplish two things:

1. Allow the SCDMV to enter into a contract with a marketing firm to advance both education and adoption of a more secure driver's license and identification card, one digitally and securely housed on your smartphone or smartwatch, and

| | |
|---|---|
| **JUSTIFICATION OF REQUEST** | 2. Allow the SCDMV to purchase mDL reader devices and provide them on a pilot basis to relying parties furthering the adoption of the technology<br><br>Because of the controls in place for mDL, this is a far more secure credential model than physical cards, and the appropriation of these funds will further secure South Carolina's spot as the 25th, or so, state adopting this technology. The funds will be managed by the Driver Services department and the mobile driver's license unit, a newly created team from existing agency appropriations repurposed in alignment with and efficiencies found during the SCDMV's system modernization initiative.<br><br>The state-term contract for marketing services will be used to accomplish item 1. Because of the terms of that contract, there is a strict $500,000 per single project limit to which the SCDMV is beholden. The SCDMV will use $1,500,000 of the appropriation to complete three separate and distinct marketing campaigns related to education and adoption of mDL by both residents and business/entities that use our driver's licenses and identification cards in transactions.<br><br>The SCDMV will use $100,000 of the requested dollars to purchase commercial-off-the-shelf (COTS) mDL readers in alignment with State Procurement regulations. These COTS readers require no modification and are available on the open marketplace.<br><br>These mDL readers would be SCDMV assets – logged, inventoried, and managed by the agency – and could be provided to relying party partners (universities, stadiums, events, businesses, government agencies etc.) to increase their familiarity with the technology and how it is far more secure, convenient, and privacy preserving than a traditional physical driver's license or identification card.<br><br>The SCDMV's vision is to execute simple agreements with these relying parties, allowing them to use the SCDMV's readers for 90 or so days during high traffic events, as another way to showcase an mDL's value. At the conclusion of the 90 days, the SCDMV would retrieve the mDL readers or, if desired by the relying party because of success with the program and provided the SCDMV can support additional time, allow the relying party to continue using the mDL readers for another set of time upon additional agreement execution. Some relying parties are already equipped with scanners or readers that can be used when presented mDLs and those readers meet DOR's existing requirements for readers pursuant to Title 61.<br><br>The SCDMV has seen similar models experience success in other mDL states – Georgia and Virginia – most notably; yet examples across the country are vast. To be exceedingly clear, the SCDMV has no knowledge and has no interest in having any knowledge of where you use or "present" your mDL - just as the agency has no knowledge of where residents use their physical card. This tenet, among others, is preserved and advanced with an mDL and can be accomplished with the SCDMV's modern system of record moving into production in the fall of 2027.<br><br>This technology is far more than simply a photograph of your physical driver's license or identification on your phone. It's more akin to having a credit or debit card stored in your smartphone's native wallet and using that to pay for transactions. The SCDMV would posit that additional biometric requirements needed to use an mDL add even more security to it than a credit or debit card stored on your phone. |

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

| | | | |
|---|---|---|---|
| Agency Name: | Department Of Motor Vehicles | | |
| Agency Code: | R400 | Section: | 82 |

# FORM B2 – NON-RECURRING OPERATING REQUEST

| | |
|---|---|
| **AGENCY PRIORITY** | 5 |

*Provide the Agency Priority Ranking from the Executive Summary.*

| | |
|---|---|
| **TITLE** | Branch Office Security Upgrades |

*Provide a brief, descriptive title for this request.*

| | |
|---|---|
| **AMOUNT** | $2,467,750 |

*What is the net change in requested appropriations for FY 2027-2028? This amount should correspond to the total for all funding sources on the Executive Summary.*

**FACTORS ASSOCIATED WITH THE REQUEST**

| Mark "X" for all that apply: | |
|---|---|
| | Change in cost of providing current services to existing program audience |
| | Change in case load/enrollment under existing program guidelines |
| | Non-mandated change in eligibility/enrollment for existing program |
| X | Non-mandated program change in service levels or areas |
| X | Proposed establishment of a new program or initiative |
| | Loss of federal or other external financial support for existing program |
| | Exhaustion of fund balances previously used to support program |
| X | IT Technology/Security related |
| | AI Related |
| | HR/Personnel Related |
| X | Request for Non-Recurring Appropriations |
| | Request for Federal/Other Authorization to spend existing funding |
| | Related to a Recurring request – If so, Priority # |

**STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES**

| Mark "X" for primary applicable Statewide Enterprise Strategic Objective: | |
|---|---|
| | Education, Training, and Human Development |
| | Healthy and Safe Families |
| X | Maintaining Safety, Integrity, and Security |
| | Public Infrastructure and Economic Development |
| | Government and Citizens |

**ACCOUNTABILITY OF FUNDS**

1.2.3 - Total amount of Fees and Fines revenue distributed

4.1.1 – Turnover Rate

The safety and security of customers and employees at SCDMV locations is of paramount importance. The agency will apply funds appropriated by this request to contract vendors to implement physical security enhancements from SLED assessments of agency facilities to improve safety and security.

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

SCDMV is the initial recipient of the funds, but final allocation would distribute funds to contracted vendors for security services.

*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

As a public-facing agency, one of SCDMV's highest priorities is the safety and well-being of its employees and the citizens it serves. The ability for our employees to work in a safe environment that is conducive to serving customers with SCDMV products and services is essential for the agency to perform its mission. In the last few years, the agency has encountered several security related incidents at our branch offices. These incidents range from after hours break-ins to robbery of employees to a shooting in an office that resulted in the wounding of a customer. These incidents prompted SCDMV to enlist the aid of SLED to conduct physical security assessments of our facilities to provide recommendations for improving safety and security at offices.

SCDMV requests $2,467,750 to implement SLED assessment recommendations to improve physical security at our 65 branch locations across the state. Improvements will benefit SCDMV customers and employees by

providing a safer environment to conduct motor vehicle related transactions.

Improved security is also necessary due to the volume of funds collected by the agency on a daily basis. The SCDMV processes more than 8,000 transactions daily that involve monetary collections, including cash, checks, and money orders. Safeguarding these state revenues while in the custody of SCDMV employees, until the time those funds are deposited to a bank is of vital importance to protect state resources. The funding requested will provide upgrades and expand surveillance systems at branch locations to include cloud-based storage solutions and thereby reduce the risk of evidence loss due to physical damage or tampering; and to maintain/replace exterior lighting at branch offices, particularly in parking lots and around employee access points, to deter criminal activity. In addition, implementation of related security hardware, which would include additional security cameras (interior and exterior), the initial upgrade of exterior lighting, crash bars on entrances, and panic buttons.

**JUSTIFICATION OF REQUEST**

The agency is committed to the safety of its employees and the residents who come to a SCDMV location to conduct motor vehicle related business. Providing a safe environment for them as well as security of state revenues is imperative. A summarized table of expenses contained in this request is provided.

Security Plan for 65 Field Offices

| Product | Price/Ea | Quantity | Price/Extended |
|---|---|---|---|
| Indoor Fisheye Camera | 1,800.00 | 130 | 234,000.00 |
| Outdoor 270 camera | 1,600.00 | 130 | 208,000.00 |
| Smart Card Reader | 300.00 | 65 | 19,500.00 |
| Rex Detector | 150.00 | 65 | 9,750.00 |
| Electric Strike | 700.00 | 65 | 45,500.00 |
| Motion Sensor | 50.00 | 390 | 19,500.00 |
| Labor | 5,000.00 | 65 | 325,000.00 |
| Remote power cycle box | 500.00 | 65 | 32,500.00 |
| Misc cable/equipment/consumables | 700.00 | 65 | 45,500.00 |
| Internet Bandwidth upgrade | 300,000.00 | 1 | 300,000.00 |
| Raise outdoor cameras on pole | 10,000.00 | 65 | 650,000.00 |
| Panic/crash bars | 2,000.00 | 130 | 260,000.00 |
| Landscape costs | 2,500.00 | 65 | 162,500.00 |
| Panic button | 400.00 | 65 | 26,000.00 |
| Upgraded outdoor lighting | 2,000.00 | 65 | 130,000.00 |
| Grand Total | | | 2,467,750.00 |

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

| | | | |
|---|---|---|---|
| Agency Name: | Department Of Motor Vehicles | | |
| Agency Code: | R400 | Section: | 82 |

# FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

| | |
|---|---|
| **TITLE** | Agency Cost Savings and General Fund Reduction Contingency Plan |
| **AMOUNT** | $3,848,595<br>*What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.* |
| **ASSOCIATED FTE REDUCTIONS** | None<br>*How many FTEs would be reduced in association with this General Fund reduction?* |
| **PROGRAM / ACTIVITY IMPACT** | Administration, Customer Service Centers, Driver Services, Vehicle Services, Office of Inspector General, Facial Recognition, Technology and Program Development<br>*What programs or activities are supported by the General Funds identified?* |
| **SUMMARY** | SCDMV is a customer service-oriented agency. About 70% of our general fund appropriations are personnel and fringe. As a result, SCDMV has limited options to reduce cost without reducing personnel.<br><br>If mandated to take a 3% General Fund Reduction, SCDMV would scale back operations by reducing the number of field offices in the amount of $2,290,474. This cut could be detrimental to wait times and service availability, resulting in longer lines at nearby offices.<br><br>SCDMV would postpone IT equipment refresh in the amount of $800,000. Although unsustainable for multiple years, this would prevent a significant impact on customer services in the current year.<br><br>Finally, SCDMV would eliminate temporary employees in the amount of $758,121. The temporary employee reduction would negatively impact customer service by increasing wait times and possibly resulting in long lines at SCDMV branch offices across the state.<br><br>*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.* |

| AGENCY COST SAVINGS PLANS | SCDMV established a "Third Party Testing" program with driving schools. Authorized driving schools can now administer driving skills tests that previously required SCDMV License Examiners to perform. During the previous year, Third Party Testers (driving schools) administered 5,099 commercial vehicle (CDL) driving skills tests (2.5 hours per test) and 36,489 class D (automobile) driving skills tests (35 minutes per test). Combined, Third Party Testers administered a total of 34,033 man-hours of driving skills tests. This equates to 16 License Examiners that DMV was able to avoid hiring with cost savings of $718,500 for salaries and employer contributions. |
|---|---|

*What measures does the agency plan to implement to reduce its costs and operating expenses by more than $50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?*

| Agency Name: | Department Of Motor Vehicles | | |
|---|---|---|---|
| Agency Code: | R400 | Section: | 82 |

# FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

| | |
|---|---|
| **TITLE** | Legislative Accomplishments and Upcoming Priorities |

*Provide a brief, descriptive title for this request.*

| | |
|---|---|
| **EXPECTED SAVINGS TO BUSINESSES AND CITIZENS** | Citizens are now able to pay DMV late fees at county tax offices, reducing the time and travel cost burden of extra office visits. Citizens with updated credentials now carry a more secure DL/ID that incorporates the latest security features while maintaining price points for all customers. The migration of the SCDMV website and email addresses to .gov domain provide enhanced public trust in communications with the agency. |

*What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.*

| **FACTORS ASSOCIATED WITH THE REQUEST** | **Mark "X" for all that apply:** |
|---|---|
| | Repeal or revision of regulations. |
| X | Reduction of agency fees or fines to businesses or citizens. |
| X | Greater efficiency in agency services or reduction in compliance burden. |
| | Other |

| | |
|---|---|
| **METHOD OF CALCULATION** | In continued support of system modernization and efforts to reduce the time and travel burden for South Carolina citizens resulting from visits to DMV offices, the SCDMV partnered with the counties to implement changes allowing for DMV late fees to be paid at county tax offices. SCDMV was awarded the 2026 ICMA Elan Award of Excellence for the new South Carolina under-21 Identification Card. |

*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

| | |
|---|---|
| **REDUCTION OF FEES OR FINES** | SCDMV is continuing its commitment to reduce cost and service burden on South Carolina citizens by modernizing its core systems and improving operational efficiency. In addition to the $18 million dollar carryforward funds being restricted for dedicated use and FY24 and FY25 appropriations in support of modernization, SCDMV secured an additional $1.5M FMCSA CDLPI grant. This grant will fund efforts included in the system modernization plan related to CDL drivers.<br><br>This enterprise system modernization will allow SCDMV to deliver faster, more accessible digital services, minimizing the need for in-person visits to branch offices. By streamlining processes and automating routine functions, modernization will reduce wait times, eliminate paperwork bottlenecks, and provide real-time access to services for both customers and agency partners. This will result in both time and cost savings for citizens and businesses across the state.<br><br>Modernization will also enhance internal projections and forecasting, enabling the agency to implement improvements proactively. A modern system will provide the foundation for long-term sustainability, customer satisfaction, and service innovation.<br><br>Through these combined initiatives, SCDMV is not only modernizing its infrastructure but also actively reducing financial and logistical burdens on the citizens it serves.<br><br>SCDMV now issues an award-winning under-21 identification card. The card, and its security features make it the most secure credential in the state's history. Over 40 advanced security features are integrated into all DL/ID cards issued in South Carolina while fees for issuance have remained the same. |

*Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?*

| | |
|---|---|
| **REDUCTION OF REGULATION** | SCDMV remains committed to the long-term goal of reducing regulations through codification where practicable and the repeal of regulations rendered obsolete through system modernization. |

*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

| | |
|---|---|
| | SCDMV continues to prioritize its duty to be a responsible steward of the state dollars it receives and continually seeks ways to operate more efficiently and effectively. The agency is focused on improving service delivery through technology and process enhancements that will reduce the need for customers to visit brick-and-mortar locations. With thoughtful planning and the implementation of modern systems, SCDMV is confident that a more streamlined, digital experience for South Carolina residents is an achievable goal.<br><br>One key area of focus is the expansion of online and automated services, which will help reduce administrative burdens on both the agency and its customers. These advancements are designed to save time and reduce inconvenience for South Carolinians by providing faster, more accessible service options from anywhere in the state.<br><br>SCDMV also continues to support residents through various initiatives and partnerships including the most recent work with the counties to allow for DMV late fees to be paid when citizens are paying their tax bills. |

| | |
|---|---|
| **SUMMARY** | Lastly, SCDMV is consistently researching, testing, and implementing new ways to enhance the public's trust and align with overall State goals to include the use of the .gov domain for both the SCDMV website and email domains. This change gives SCDMV uniformity with customer expectations. |

*Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?*