

TEXAS DEPARTMENT OF MOTOR VEHICLES

BOARD WORKSHOP

Wednesday,  
August 25, 2010

Board Room  
105 West 15th Street  
Austin, Texas

COMMITTEE MEMBERS PRESENT:

VICTOR VANDERGRIFF, Chair  
CHERYL JOHNSON  
JOHNNY WALKER  
CLIFF BUTLER  
JIM CAMPBELL  
ED SERNA  
VICTOR RODRIGUEZ  
LAURA RYAN

**AGENDA****1. CALL TO ORDER**

A. Roll Call and Establishment of Quorum 3

B. Public Comment 3

**2. DISCUSSION ITEM****Briefing on Legislative Appropriations Process 4****3. EXECUTIVE SESSION****Section 551.071** - Consultation with and advice from legal counsel regarding any item on this agenda.**4. ADJOURNMENT 40**

P R O C E E D I N G S

1  
2 MR. VANDERGRIFF: Good morning. We are here at  
3 a workshop meeting, here on the legislative appropriation  
4 process. I would like to make sure that we have a roll  
5 call, and establish a quorum here at the workshop. Board  
6 Member Walker?

7 MR. WALKER: Present.

8 MR. VANDERGRIFF: Board Member Butler?

9 MR. BUTLER: Present.

10 MR. VANDERGRIFF: Board Member Campbell?

11 MR. CAMPBELL: Here.

12 MR. VANDERGRIFF: Board Member Ryan?

13 MS. RYAN: Here.

14 MR. VANDERGRIFF: Board Member Rodriguez?

15 MR. RODRIGUEZ: Present.

16 MR. VANDERGRIFF: Vice-Chair Johnson?

17 MS. JOHNSON: Here.

18 MR. VANDERGRIFF: And let the record reflect  
19 that I am also here, Victor Vandergriff, the Chair. We do  
20 have absent today Board members Marvin Rush and Ramsey  
21 Gillman. And with that, I will ask if there is anyone who  
22 publicly wishes to comment on the LAR process?

23 (No response.)

24 MR. VANDERGRIFF: So will move forward. We  
25 have Linda Flores here, to give us 101, Education 101.

1 MS. FLORES: And I am having a little bit of  
2 technical difficulties. I had a packet for you all to  
3 kind of follow as I kind of went along with the agency's  
4 bill pattern. The roles and responsibilities for all of  
5 the different key players in the process. It includes the  
6 Governor's Office, the Comptroller, the Legislative Budget  
7 Board.

8 And as a matter of fact, in the audience with  
9 us today is our Legislative Budget Board analyst. His  
10 name is Thomas Galvin. And so he is here. And we have  
11 been visiting back and forth for the last couple of weeks  
12 on some of our items in our LAR document.

13 Which you all do have a copy of the draft. A  
14 detailed document. And as you can see, it is a  
15 substantive document that will be -- has to be delivered  
16 to the oversight agencies by our deadline of August 30.  
17 That is Monday.

18 Before I can actually complete the process,  
19 there is another component that has to be entered into the  
20 LBB's budgeting system. And that has to do with  
21 information technology detail.

22 So the number piece of the appropriations  
23 request is in. We now have to put in that information  
24 technology detail in order to complete, submit, close and  
25 then head to the printers. All before Monday.

1 I wanted to bring the process --

2 MS. JOHNSON: I have a question.

3 MS. FLORES: Yes, ma'am.

4 MS. JOHNSON: Okay. Why is the IT portion not  
5 prepared? Because we are being asked to vote on this  
6 today. And that makes it very difficult for us.

7 MS. FLORES: It is not part of the  
8 appropriations request. It is more detail with regards to  
9 an agency's information side of the house.

10 But what I have dropped in as far as the detail  
11 for the appropriations request has to cover all of those  
12 expenses, if you will. But it is just -- it is for  
13 information. It is more detailed information on the IT  
14 side of the house.

15 MS. JOHNSON: Does it request money  
16 specifically like the appropriations request does, or  
17 special projects which we have laid out for you. So if we  
18 approve the LAR absent that component, although it isn't  
19 money, are we approving something that -- are we  
20 committing this Board and this agency to something that  
21 this Board has not reviewed?

22 MS. FLORES: No, ma'am. It has to do more with  
23 our daily operations, with regards to the IT folks. How  
24 much bandwidth, how many servers. Things of that nature.

25 MR. VANDERGRIFF: Board Member Rodriguez.

1 MR. RODRIGUEZ: Mr. Chairman, I see this as a  
2 briefing item. Not as an action item. And appropriately,  
3 so I think it should be a briefing to us. Ultimately, the  
4 Executive Director is responsible for submitting this to  
5 the Legislative Board. So it is not an action item.

6 MR. VANDERGRIFF: That is correct.

7 MS. JOHNSON: There is an action item at our  
8 Board meeting that immediately follows this. And I think  
9 it is important that the purpose of this workshop for my  
10 understanding with the Chair was to get all of the  
11 questions and discussion out of the way before the  
12 meeting.

13 MR. RODRIGUEZ: But ultimately ma'am, this is a  
14 briefing item. We are not going to vote on which LAR to  
15 submit.

16 MS. JOHNSON: We will at the meeting that  
17 immediately follows.

18 MR. VANDERGRIFF: That is correct. Having said  
19 that, this process was designed here this morning, at  
20 least first to walk us through the process to really get  
21 an understanding of it.

22 MS. FLORES: Of the whole process. Yes, sir.

23 MR. VANDERGRIFF: Right.

24 MS. FLORES: And Don is here to talk about the  
25 IT at a later time.

1 MR. CAMPBELL: Let me ask you a question,  
2 Linda, if I could.

3 MS. FLORES: Yes, sir.

4 MR. CAMPBELL: And what you are saying here is  
5 with a new package here, the information, the financial  
6 information that we are derived is from primarily -- TxDOT  
7 drives it.

8 MS. FLORES: That is on the revenue estimate,  
9 Mr. Campbell.

10 MR. CAMPBELL: Okay. On the revenue.

11 MS. FLORES: The detail in front of you is what  
12 we presented to you in a summary level.

13 MR. CAMPBELL: Right.

14 MS. FLORES: Okay. So this packet reflects all  
15 of what I put together in the summary packet for you. It  
16 does not veer from that, except in a couple of instances  
17 that I was going to address.

18 MR. CAMPBELL: Yes. If we could look at those  
19 couple of instances, I think -- if we could glance at  
20 those, the changes.

21 MS. FLORES: Right. And what Gail is passing  
22 out is an overview of the process with the major offices.

23 MR. VANDERGRIFF: Yes. And can we make sure we  
24 understand that first. After all of the Board members  
25 have been -- and then go to the specific questions.

1 MS. FLORES: Okay.

2 MR. VANDERGRIFF: We certainly will have the  
3 Board time as well, to talk about some of these specific  
4 questions. And I think appropriately so, given that that  
5 is when we have the action item.

6 MS. FLORES: Okay.

7 MR. VANDERGRIFF: And as you know, I want to  
8 make sure they understand it.

9 MS. FLORES: Yes, sir. And I tried to kind of  
10 lay out all of the different processes and cycles. So as  
11 I mentioned before, you know, these are the major key  
12 players in the legislative appropriations process.

13 The Governor's Office has an analyst that kind  
14 of is the same as Thomas Galvan. His name is Jeremiah  
15 Kuntz. He is a policy kind of analyst. And so he will be  
16 asking us about our programs, and detail with regards to  
17 our appropriations request.

18 The Comptrollers Office is responsible for  
19 determining the State's biennial revenue estimate. So all  
20 of the agencies compile what they believe their estimate  
21 to be. And they submit it. The Comptroller either agrees  
22 or disagrees. And if she disagrees, she comes up with her  
23 own estimate.

24 Legislative Budget Board, as I mentioned, has  
25 an LBB analyst assigned to each agency. We worked very

1 closely with them to make sure that they have everything  
2 they need to understand our request.

3 After we submit our appropriations request, and  
4 for us, the deadline is August 30 -- September, October  
5 time frame, the staff from the LBB and the Governor's  
6 Office hold public hearings to ask questions about the  
7 agency's requests. Certain levels of detail, whether it  
8 is performance measures, a certain project that we have  
9 identified as exceptional, an exceptional need.

10 So it is their time to kind of get more detail  
11 with regards to the agency's request. Even before all of  
12 that, the Board is also being asked to look at the  
13 agency's request and provide strategic guidance with  
14 regards to our exceptional items and anything else that  
15 might be of focus for the agency in the next biennium.

16 The finance audit committee is also tasked with  
17 looking at the agency's request at a more detailed level.

18 They can ask for follow up items, similar to what Mr.  
19 Campbell did last time, with regards to the agency's  
20 facilities exceptional item request. And the data center  
21 consolidation services request.

22 He wanted more information. And so we prepared  
23 that and sent that to him, to help him understand, and the  
24 rest of the Audit Committee understand what was in those  
25 numbers.

1           The Executive Director will implement the  
2 Board's policy. And he provides guidance to me and my  
3 staff with regards to how to put the detail together for  
4 the appropriations request. I in turn, work with the  
5 agency's Division management and other oversight agencies  
6 like I did with TxDOT, to understand what they were  
7 putting in their request that might affect us.

8           And finally, the division directors. They are  
9 responsible after the process to live within the amounts  
10 that have been approved by the Legislature, back down to  
11 their operational day-to-day activities. So that is kind  
12 of the process.

13           Page 3 kind of gives you a very high level  
14 cycle of the Texas process. And if that is not enough, if  
15 you will turn to the very last page, page 6, page 7,  
16 sorry. That is a more colorful level of this two-year  
17 cycle. It never ends. It never ends for staff and me.  
18 Not really.

19           Once we have done with the appropriations  
20 request, we are implementing what the Legislature  
21 approved, via an operating budget. So that just kind of  
22 gives you a very colorful picture of what we go through  
23 every two years.

24           With regards to an agency's bill pattern, this  
25 is the final product after the appropriations process is

1 done and approved and the Governor signs or vetoes  
2 different bills. The Legislative Budget Board prints this  
3 document. It includes all agencies and all articles. For  
4 our particular agency, we are located under Article 7.

5 And on page 4, I have kind of broken out the  
6 different pieces of what is in this book. And this  
7 hopefully will address some of those issues that are not  
8 clear when we talk about method of finance and strategy,  
9 riders.

10 What is not on pages 4 and 5 are also things  
11 that limit an agency's ability to spend money. Those are  
12 identified under Article 9 of the General Appropriations  
13 Act. They set out guidelines for all agencies, whether it  
14 is travel, classifications for specific positions within  
15 an agency.

16 Capital limitations. I think we have talked  
17 about this before. The agency might have all of the money  
18 in the world, but if they don't have capital authority  
19 spelled out in their bill pattern, they are not allowed to  
20 spend it on things that have not been presented and  
21 approved by the Legislature.

22 So our capital projects are anything over  
23 \$25,000 that we might want to spend. And that is why I  
24 have laid it out in the summary for you.

25 Exceptional items, because they are not in our

1 current -- I hesitate to say bill pattern, because we were  
2 not appropriated any money last biennium. Everything we  
3 have gotten has been a transfer from TxDOT. So with that,  
4 we are limited in capital because TxDOT really didn't  
5 transfer any capital to us.

6 So everything that I have identified as capital  
7 has pretty much had to have been an exceptional item for  
8 this request 12 and 13. So anything that is identified as  
9 capital has to be labeled very specifically for all of the  
10 different key players to review and comment, approve and  
11 disprove.

12 If the Legislature disproves a specific capital  
13 budget item and an agency tries to buy afterwards, that is  
14 a big no. You are not allowed to do that. Specifically  
15 if they have turned a project down. And that is spelled  
16 out in Article 9.

17 MR. RODRIGUEZ: Linda, we were asked to make a  
18 reduction of 5 percent. Is that right?

19 MS. FLORES: For 12 and 13, it is 10 percent.

20 MR. RODRIGUEZ: Ten percent.

21 MS. FLORES: Of our General Revenue. And it is  
22 specific to GR.

23 MR. RODRIGUEZ: And I assume the LAR  
24 incorporates that into it?

25 MS. FLORES: Yes, sir. I have identified a

1 recommendation for you all to consider and approve at our  
2 next -- at the Board meeting. That 10 percent is roughly  
3 \$3.1 million.

4 And it is only coming out of two specific  
5 programs at the agency. The Automobile Burglary and Theft  
6 Prevention Authority is taking the major reduction of  
7 about 2.9 million. And Motor Carrier, who also has a  
8 little bit of GR, is also being reduced.

9 Because they are -- we are identifying that as  
10 a potential recommendation to reduce, we have included it  
11 as an exceptional item request. We would like to request  
12 that we get that money back.

13 If we don't put it out in our LAR, we won't --  
14 they won't even consider it. So my recommendation is that  
15 we at least ask for it back.

16 MR. RODRIGUEZ: Question.

17 MR. WALKER: We are asking for all of it back?

18 MS. FLORES: Yes, sir. I am asking for the  
19 \$2.9 million. Not the 5 percent that was reduced in '10  
20 and '11. But I am asking for the 10 percent this go  
21 around.

22 MR. WALKER: And what is your gut feeling on  
23 somebody giving you money back and elect the  
24 appropriation?

25 MS. FLORES: In this economy, I think I heard a

1 revenue estimate deficit of \$16 billion. Not very good.  
2 But we should at least ask.

3 MR. WALKER: Where are we getting the money out  
4 of the Motor Carrier Division to reduce the General Fund.

5  
6 MS. FLORES: I have not specifically identified  
7 specific activities. I am going to have to drill down  
8 into their operating budget to see where they can identify  
9 a reduction of approximately \$130,000 a year.

10 MR. WALKER: What is the total budget for them?

11 MS. FLORES: Their total budget is over \$2  
12 million. There is GR and Fund 6 to help support that  
13 program.

14 MR. WALKER: So out of a \$2 million budget  
15 under Motor Carrier, we need to take \$128,000 of that out  
16 of there?

17 MS. FLORES: Yes, sir. It is 116. I am sorry.  
18 116,259 a year. And that is in your summary document of  
19 the LAR.

20 MR. RODRIGUEZ: Linda, in terms of FTEs, what  
21 does this reduction in our request mean?

22 MS. FLORES: With regards to the grants?

23 MR. RODRIGUEZ: What does it mean? How many  
24 FTEs are we losing?

25 MS. FLORES: We are not losing any FTEs. The

1 reduction in ABTPA is hitting the grants that are passed  
2 out to the various jurisdictional districts. Motor  
3 Carrier, it is not affecting their staffing. We have  
4 committed to keeping their staffing at what they are  
5 currently at.

6 The Appropriations Bill, I think Mr. Walker  
7 specifically had a question about a rider. The riders in  
8 an agency's appropriations bill gives specific direction  
9 to an agency with regards to, included in the amounts that  
10 you have been approved to spend, you should do X, Y, Z.  
11 Or it says, in addition to, if you do X, then you can have  
12 \$10,000 to do Y.

13 Or it can say we trust you enough that if you  
14 don't spend any, if you have lapsing dollars in this  
15 particular program, and we trust you, you can carry those  
16 forward, those dollars that you were going to lapse, into  
17 the next year. And we do have a couple of those.

18 One example is the TexasSure Verification  
19 Program. We are allowed to carry forward unspent dollars  
20 into the next fiscal year. But we have to ask for that  
21 rider again in the next biennium, in order to make sure  
22 that it carries forward.

23 For that particular program, I think I  
24 mentioned before, that the Texas Department of Insurance  
25 was going to request that those dollars be appropriated to

1       them directly. And they are moving forward with that.

2                 So that is kind of the process. A high level  
3       summary of the process, of the LAR. And what we need from  
4       you, as I mentioned before, is strategic guidance. When  
5       you review your approval of the summary that we have  
6       discussed at the August 11, August 18, my days are running  
7       together. Sorry.

8                 MR. VANDERGRIFF: Twelfth, I think.

9                 MS. FLORES: Twelfth. I would like to mention  
10       just one more thing that I truly appreciate TxDOT's  
11       facilitating, making available to me Linda Castro. She  
12       has been invaluable in this endeavor. Thank you.

13                MR. VANDERGRIFF: I do want to note that I am  
14       delighted to actually see Thomas Galvan. I have seen his  
15       name on so many different emails and directives. And it  
16       is a pleasure to -- I look forward to meeting you in  
17       person in a little bit. But it is a pleasure to see you,  
18       as you exactly exist in uniform, other than email form.  
19       And I know Jeremiah Kuntz who works with us -- could not  
20       be here this morning. But he might be here before the end  
21       of the session. So do any of the Board members have any  
22       questions about how the process works, and what our role  
23       in it is? Again, it is more on the strategic side, in the  
24       direction that we give the agency.

25                (No response.)

1 MR. VANDERGRIFF: Okay. With that, I guess,  
2 since we are here, and have some time before our Board  
3 meeting starts, and call in, do any of the Board members  
4 have any specific questions they would like to ask? Yes,  
5 we certainly will review it when it comes up here as an  
6 action item. But if you have got any informational  
7 questions that you have, sure. Go ahead.

8 MR. CAMPBELL: If I could, Mr. Chairman, I  
9 think one item that we did vote on in our committee  
10 meeting was the summary of exceptional item requests. And  
11 the numbers that were not it have changed a bit. And so I  
12 just wanted to bring those to your attention. And if we  
13 could, just maybe address those issues?

14 MS. FLORES: Yes, sir. What is the numbers in  
15 your document that you got for your Board book have not  
16 changed. What has changed is, I got clarification from  
17 the regional offices management that two items --

18 MR. VANDERGRIFF: Would you like to direct the  
19 Board to what you are looking at?

20 MS. FLORES: Yes, sir. It is on page 13 of  
21 your summary.

22 MR. CAMPBELL: In the big book?

23 MS. FLORES: Yes, sir. In the big book.

24 MR. VANDERGRIFF: It is the same one you also  
25 sent out electronically?

1 MS. FLORES: Yes, sir. It is. I did not  
2 change it.

3 MR. CAMPBELL: Okay. It should be under LAR in  
4 the big book, beginning on page 13.

5 MS. FLORES: Yes. It is under the blue tab.

6 MR. CAMPBELL: Yes. Blue tab.

7 MS. FLORES: The third tab in.

8 MR. VANDERGRIFF: The summary of recommended  
9 2012, 2015 --

10 MS. FLORES: Yes, sir. Is everybody there?  
11 All right. So item number 3, region security cameras.  
12 Page 13.

13 MR. VANDERGRIFF: The capital budget figures?

14 MS. FLORES: It is the summary of exceptional  
15 items.

16 MR. SERNA: It is the first 13.

17 MS. FLORES: Item 3, region security cameras.  
18 On Monday, I asked for some clarification on what was  
19 being purchased, and it gave the region management an  
20 opportunity to go back and look at their estimate that  
21 they had provided.

22 The total estimate is still \$810,000. But what  
23 they were able to provide me with is clarification on the  
24 numbers by fiscal year. And I am looking, here it is.

25 Instead of being 750 and 60,000, it is more

1 realistic that the numbers are going to be approximately  
2 \$573,000 for year '12, and approximately \$300,000 in year  
3 '13. And the reason is that they were able to identify  
4 better numbers with regards to the need for security  
5 guards, courier service and those kind of daily activities  
6 that are going to occur every year, as opposed to all of  
7 the cost is up front, and then they kind of go away. That  
8 is not the case.

9 So again, the bottom line number doesn't  
10 change. It is just how they are spending it between  
11 years.

12 MR. VANDERGRIFF: And what again were those  
13 breakdowns?

14 MS. FLORES: \$573,000, and approximately  
15 \$300,000 in year '13.

16 MR. VANDERGRIFF: So it reduces the --

17 MS. FLORES: I am sorry, 237 in year '13, and  
18 yes. 573, year '12. 237, year '13. Sorry.

19 MR. WALKER: Linda, what are we going to do  
20 with the security cameras, motion sensors. Where do we  
21 need that equipment?

22 MS. FLORES: It is going to be in the different  
23 offices in the region. Apparently, there is not enough  
24 controlled access. The regional office is taking money,  
25 so they need cameras. They need secured badges to access

1 the building. They need a courier service to take that  
2 money to the bank.

3 And it is at 16 offices. And I believe,  
4 actually I believe they were going to focus on the three  
5 major offices, Dallas, Fort Worth and Houston, because  
6 that is where the biggest risk is located.

7 MR. WALKER: Do we have anything already in the  
8 budget for those particular items?

9 MS. FLORES: No, sir.

10 MR. WALKER: How do we handle security right  
11 now, for taking money to the bank?

12 MS. FLORES: We send an employee.

13 MS. JOHNSON: Excuse me. Without police  
14 protection?

15 MR. WALKER: Yes, ma'am. That is why this item  
16 is there.

17 MR. VANDERGRIFF: That might not be something  
18 that you want to tell everybody.

19 MS. FLORES: Exactly. I hesitated to say  
20 anything. So that is the security issue that is out there  
21 for our agency. The other item that was changing from  
22 what is in your book is right below that.

23 Telecommunications upgrade, again, the number,  
24 the total amount is not changing. It is \$900,000. When I  
25 first got the estimate, I thought they were upgrading a

1 couple of offices, each fiscal year.

2 It turns out that they are buying bandwidth.  
3 And that all has to be bought up front. They are buying  
4 some kind of switch. And it is all paid for in fiscal  
5 year '12.

6 MR. WALKER: Let's say that on the exception  
7 report that we were granted the \$4 2 million for the  
8 building. And the exception report, we list them in the  
9 order that we would like to get those particular items.  
10 Correct?

11 MS. FLORES: Yes, sir.

12 MR. WALKER: And so, the highest priority would  
13 be the building.

14 MS. FLORES: Yes, sir.

15 MR. WALKER: And if we were to get the  
16 building, how would we furnish the building, since  
17 exception number 6 is the furnishings for the building?

18 MS. FLORES: Actually, in the \$4 2 million, we  
19 have allocated \$900,000 for modular furniture.

20 MR. WALKER: So we do have furniture in there.

21 MS. FLORES: Yes, sir. And that is why you see  
22 a different between fiscal years.

23 MR. RODRIGUEZ: I would like to ask you, you  
24 and Ed this question. Is -- obviously, we can always use  
25 more money. But given the constraints that we were asked

1 to operate with, is this fiscal plan adequate to meet our  
2 service requirements, and is it in concert with the  
3 guidance that you have gotten from this Board?

4 MR. SERNA: Yes, sir. I believe it is adequate  
5 to meet our service requirements, and it also follows the  
6 preliminary guidance that we got from the Board with  
7 regard to enhancing customer service, being more proactive  
8 with regard to our licensing, and our enforcement  
9 activities, and examining our own processes.

10 So yes, sir. Even with the limitation, we also  
11 obviously, like all state agencies work within the  
12 instructions given to us, the directions given to us by  
13 leadership, also.

14 So we will be able to -- if this is approved as  
15 submitted, and of course, we all know you have got to get  
16 through the process. But we will be able to execute the  
17 mission that you have given us.

18 MR. RODRIGUEZ: And Vision 21 is standing, free  
19 standing on its own, separately, in this. Right?

20 MS. FLORES: Yes, sir. It is located on page  
21 12. The page right before that. Because that was in the  
22 agency's base years, we can continue that for '12 and '13  
23 without asking for additional dollars.

24 MR. RODRIGUEZ: Thank you. Mr. Chairman, have  
25 we introduced our newest member?

1 MR. VANDERGRIFF: We have not. I was going to  
2 do that formally at our Board meeting, coming up.

3 MR. RODRIGUEZ: May I? No, I am just kidding.  
4 Go ahead. I am just kidding. Vic is excited about her.

5 MS. FLORES: Other questions?

6 MR. CAMPBELL: Linda, just a couple of  
7 questions, and a couple of clarifications. On the item of  
8 the number 4, you said the total was going to be \$900,000?

9 MS. FLORES: It remains at \$900,000.

10 MR. CAMPBELL: What was the breakdown of it?

11 MS. FLORES: It is just -- it is a big  
12 telephone system and bandwidth.

13 MR. CAMPBELL: Okay. And the breakdown per '12  
14 and '13?

15 MS. FLORES: It is \$900,000 in '12, zero in  
16 '13.

17 MR. CAMPBELL: Zero in '13. Okay.

18 MS. FLORES: Zero in '13. Yes, sir.

19 MR. CAMPBELL: Okay. The other items I would  
20 like to cover, in our motion, we had, and that was  
21 approved, there was some items here that were changed.

22 For instance, the agency relocation,  
23 originally, the one we looked at was about \$2.4 million,  
24 we estimated around 2.7. But the actual numbers come in  
25 at \$4.5 million for the first year, \$4 million the second.

1 So a total of 8.5 versus 4.8.

2 MS. FLORES: Yes, sir.

3 MR. CAMPBELL: So that item, I just wanted to  
4 bring to your attention for -- and we justified it with  
5 other -- by looking at location, size, FTEs, square  
6 footage, and that kind of stuff. The cost of leases.

7 And then the number 9, under ProjectONE  
8 systems, the estimation was pending. So we didn't really  
9 have an estimation at that time. We were guessing around  
10 \$4 million. And I think it came in at \$4.3 million. Is  
11 that correct?

12 MS. FLORES: That is correct.

13 MR. CAMPBELL: And I think the rest of them --  
14 look like they should be the same. But those are items  
15 that we had voted on. So if we need to clarify these,  
16 maybe --

17 MR. SERNA: One quick point of clarification,  
18 Mr. Campbell, on the ProjectONE System. We actually got  
19 this information from the Comptrollers Office, who is the  
20 lead. Just to give you sort of a source of the number.

21 MR. CAMPBELL: But our grand total goes up from  
22 \$20 million to \$28 million. So when you make that kind of  
23 adjustment, we probably need to kind of look at that  
24 stuff.

25 MS. FLORES: I think the major component, Mr.

1 Campbell, was probably the agency relocation. And I had  
2 mentioned that the number I had presented was very low.

3 MR. CAMPBELL: Sure.

4 MR. VANDERGRIFF: Can you explain why on the  
5 data center consolidation, for example -- I realize it is  
6 a separate fund. But I think, for the record, to  
7 understand that, the Vision 21 money, as we call it, that  
8 could not be used to offset some of this particular cost,  
9 and why that is coming to us. And I am assuming that  
10 TxDOT is then saving money in their budget as a result of  
11 this?

12 MS. FLORES: Correct.

13 MR. VANDERGRIFF: And I guess then my second  
14 follow up question is, where in here, if there is an  
15 increase for us expending, for our agency, might TxDOT be  
16 saving money as a result of this? Anything we are doing  
17 here, besides data consolidation?

18 MS. FLORES: The data center consolidation  
19 occurred a couple of bienniums ago. And what it did is,  
20 it was House Bill 1516 passed. And it requires all state  
21 agencies to use a single data center service, which  
22 consolidates, and it was a cost saving measure, to  
23 consolidate the use of networks, printers.

24 It also was supposed to cover disaster  
25 recovery, a continuity of business kind of service for

1 state agencies. It requires state agencies to use the  
2 data center. TxDOT, and when they passed it, they  
3 identified it very specifically in the major state  
4 agencies who were brought into this project, it is in  
5 their capital line item.

6 It is spelled out as data center consolidation.

7 And so whatever agencies were spending towards that  
8 effort was lined out. So if you look at TxDOT's bill  
9 pattern, you are going to see data center consolidation.  
10 And I think their number is almost \$30 million, if I  
11 remember appropriately. It included DMV, because we were  
12 part of them.

13 So now that we are stepping up and identifying  
14 these costs for this agency, TxDOT should simultaneously  
15 come down. And I got these numbers from TxDOT, as to what  
16 it was going to cost the DMV to pay the data center.

17 MR. SERNA: And Mr. Chairman, let me add a  
18 little bit to what Linda said, and to further address your  
19 question. First of all, I think your first question was  
20 with regard to the Vision 21 money and data center  
21 consolidation. The Vision 21 money, we refer to it as the  
22 Vision 21 money. It is not described as such in statute,  
23 or anywhere else.

24 MR. VANDERGRIFF: Right.

25 MR. SERNA: But that money is described in

1 statute as being dedicated to enhancing the registration  
2 and titling system, providing support to counties, and  
3 providing updates to other systems that have been unique  
4 to the Division VTR. The data center consolidation  
5 provides services to all of the agency's systems.

6 So without any broadening of -- without any  
7 broadening of the statutory authority, we would not be  
8 able to use that money to cover this expense. So there is  
9 something in the current statute that specifically would  
10 prevent us from doing that, which is why this is an  
11 exceptional item.

12 Second, with regard to where in the LAR is  
13 their a reflection to a decrease in a required expenditure  
14 on the part of TxDOT to offset this increase in  
15 expenditure to the DMV, this document --

16 MR. VANDERGRIFF: It wouldn't be in this  
17 document. It identified where there would be something  
18 like the data center consolidation, where TxDOT would have  
19 a corresponding decrease, versus that.

20 MR. SERNA: Yes, sir.

21 MR. VANDERGRIFF: Because we are picking up the  
22 tab, so to speak.

23 MR. SERNA: Yes, sir.

24 MR. CAMPBELL: And facilities also, they would  
25 have a decrease, because they can lease their spaces out.

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MR. SERNA: Facilities would be a little bit more challenging. Let me kind of finish on the data center, and then talk about the facilities a little bit.

On the data center side, the Legislative Budget Board will kind of do the puts and takes with regard to all of the agencies in Fund 6. They will show technically a net no change to Fund 6, a draw on Fund 6, because of this line item, because TxDOT is offset coming down by our use of that.

But you are absolutely right. There should be an offsetting decrease in TxDOT to account for this. With regard to facilities, it is a little bit more of a challenge in that the majority of the Department of Motor Vehicles is in an agency that is fully in a building, a TxDOT building that is fully depreciated and owned by the Department of Transportation.

It is unlikely that they will have the opportunity to remark or release that building if we move out. Now if they choose to move staff from a leased facility into their own facility, Building 1 and Camp Hubbard, specifically. Then there would be an offsetting lease expense.

For example, out at Riverside facility. So if they moved the TxDOT people out of one of those buildings,

1 and put them into Building 1, if we got our own facility,  
2 then they could show that savings or that offset expense.

3 But until they do that, there wouldn't be an offset.

4 And again, that is something that I believe the  
5 Legislature will probably be asking about. Does that  
6 answer your question, Mr. Chairman?

7 MR. VANDERGRIFF: Thank you.

8 MR. WALKER: Linda.

9 MS. FLORES: Yes, sir.

10 MR. WALKER: What is the likelihood, or do they  
11 skip items? Or do they just take them in line of  
12 preference?

13 MS. FLORES: Once our request reaches the  
14 appropriations committee table, they take them line by  
15 line.

16 MR. WALKER: But will they, could they grant  
17 Item 2 before they granted Item 1?

18 MS. FLORES: Yes, sir.

19 MR. SERNA: Well, one thing to point out to the  
20 Board members, and I don't recall if Linda mentioned this  
21 before or not. But things that are an exceptional item  
22 specifically on this list, at the beginning the process,  
23 they are pulled out and just completely set aside by the  
24 Legislature.

25 And I am not trying to speak for the

1 Legislature, but just having seen them work the process  
2 before, these items will be pulled out and set aside.  
3 They will work through the normal bill pattern. And then  
4 they will come -- they put these in something called  
5 Article 11, which is a non-existent article, kind of a  
6 holding place.

7 Then they will come and address all of the  
8 agency's exceptional items. And Linda's answer to your  
9 question, they can say yes, we will give you three and  
10 four, and seven and nine.

11 MR. WALKER: So my big concern is with the  
12 agency relocation. If we don't get it granted in this  
13 next legislative session, that takes us two further years  
14 down the road before we can -- which means, that before  
15 this agency could ever have its own home, would be roughly  
16 around the year, if you don't get it this next, in this  
17 next session, it would be around the year '15 before we  
18 would be able to get money to fund a relocation?

19 MS. FLORES: That is a possibility. Year 2014.

20 MR. WALKER: Well, do we -- does somebody  
21 campaign this, that says, hey, we are a new agency and  
22 this isn't like -- we need a home. You created us, and  
23 now we just -- we need a place to go before the year '15  
24 is here?

25 MR. VANDERGRIFF: The short answer is yes. A

1 question for you, in that regard too, Ed. We have  
2 identified obviously, Fund 6 with the exception of the  
3 ABTPA grants, as the -- and also, what ABTPA grants.  
4 Because that is where -- their money came from Fund 1.  
5 But is it just ordinary course and scope that you would  
6 request for these exceptional items out of Fund 6?

7 MS. FLORES: Absolutely. You have to use your  
8 method of financing that you are currently operating  
9 under.

10 MR. VANDERGRIFF: So if, by chance, and I am  
11 not saying this would happen. We are obviously not  
12 advocating that per se. but if per chance the Legislature  
13 allocated the method of financing for this agency  
14 differently, limit it differently between Fund 6 and Fund  
15 1, would that -- you would still be able to make the  
16 case -- like for example, just taking the vehicle request,  
17 it is right down Fund 6. But if all of a sudden, the  
18 Legislature decided to blend us in a different mix of  
19 funding --

20 MS. FLORES: Absolutely.

21 MR. VANDERGRIFF: We would be able to follow  
22 that.

23 MS. FLORES: Absolutely.

24 MR. VANDERGRIFF: Because we put Fund 6 here,  
25 doesn't mean that you can't track a different way to fund

1 it, particularly if they choose to do so.

2 MS. FLORES: If they choose to do so, then it  
3 is just a method of financing for whatever expenditure.  
4 So yes, they could give us another method of financing.

5 MR. VANDERGRIFF: So the critical question, as  
6 I understand it, is to make sure that you ask for  
7 something. Because if you don't ask, you can't bring it  
8 up.

9 MS. FLORES: Exactly.

10 MR. VANDERGRIFF: Okay. But once it is brought  
11 up, there is lots of ways to potentially skin the cat, so  
12 to speak.

13 MS. FLORES: Yes, sir.

14 MR. VANDERGRIFF: Okay. And the next request,  
15 it is like for example, if on further study, on the agency  
16 relocation, we -- really working, say, with the Facilities  
17 Commission or a different, we determine that that number  
18 could be substantially less on a leased space, then we can  
19 amend this. This is just a placeholder to get us started.

20 MS. FLORES: Yes, sir. Again, the numbers can  
21 and may change once it gets to that level of scrutiny.

22 MR. VANDERGRIFF: Okay.

23 MS. JOHNSON: I am going to ask you a question.

24 I don't want to darken any news, but we do know that the  
25 State is having financial issues, financial issues. Is

1 there a contingency plan, or do you need direction from  
2 this Board, if we are asked to come back and cut budgets  
3 further?

4 MS. FLORES: With regards to additional  
5 reductions?

6 MS. JOHNSON: Yes, ma'am.

7 MS. FLORES: If we are directed to provide  
8 additional reductions, we will do so within the bottom  
9 line numbers that we currently have. And there is always  
10 room for -- there is always room for identifying  
11 inefficiencies.

12 MS. JOHNSON: So will they give us some  
13 discretionary -- will it be a bottom line number for us,  
14 and we will have time to --

15 MS. FLORES: We may have a couple of hours.

16 MS. JOHNSON: Okay. And as I was -- do you  
17 need direction from the Board in order to -- should that.  
18 Perhaps we will have opportunities. But I know the LBB  
19 is going to start looking at this in September so --

20 MS. FLORES: Normally, what happens is, if they  
21 have additional reductions that they are looking for, the  
22 Comptroller sends out a notice to agency heads and the  
23 Board identifying, hey. We need more, send it to us. And  
24 so we have to identify what those reductions are, and  
25 respond back within whatever deadlines they have

1 established.

2           And again, we are going to ask for whatever  
3 level of detail, they may say another 10 percent out of  
4 General Revenue. Well, at that point, we are very tight  
5 on General Revenue. And that might be something that  
6 would need to elevate for consideration.

7           Do we hit the ABTPA grants that are out there  
8 supporting you know, burglary thefts, or do we look at  
9 other activities, travel, personnel. You know, they are  
10 very small.

11           MS. JOHNSON: Contract and professional  
12 services look pretty large. It seems like that would be  
13 much preferable to employees.

14           MS. FLORES: Absolutely. But again, you know,  
15 ABTPA is just a small portion of the agency's overall  
16 budget. We don't have a lot of GR. So when they specify  
17 GR, they are looking for GR, not Fund 6.

18           MR. VANDERGRIFF: We only have ABTPA and --

19           MS. FLORES: Right. And a small piece of Motor  
20 Carrier.

21           MR. VANDERGRIFF: Right.

22           MS. FLORES: And I believe at this point, Motor  
23 Carrier is, with their GR, they have very little. We do  
24 supplement them with Fund 6. But it could be that we  
25 eliminate all of their GR.

1 MS. JOHNSON: And would we have then therefore  
2 the authority to move Fund 6 money in to keep and maintain  
3 that program? It is a very important program? Would we  
4 have that flexibility?

5 MS. FLORES: Not in ABTPA.

6 MS. JOHNSON: Thank you.

7 MS. FLORES: Yes, ma'am.

8 MR. CAMPBELL: Another question, Mr. Chairman.  
9 Under our org chart, under the LAR, you know, I think we  
10 had discussed about the General Counsel having got a line  
11 straight to the Board. Is that changed?

12 MR. VANDERGRIFF: No. It should have been  
13 there, and it wasn't.

14 MR. CAMPBELL: So in this new package --

15 MS. JOHNSON: I am not signing it until it is  
16 there.

17 MR. SERNA: That should have -- that dotted  
18 line from General Counsel to the Board should have been  
19 reflected, and it didn't. This is an older version of the  
20 org chart that got in.

21 MS. JOHNSON: Yes. Okay.

22 MR. VANDERGRIFF: Okay. Do any Board Members  
23 have any additional questions at this point?

24 MS. RYAN: If I may, a clarification question.  
25 More understanding on one of the riders. On 5, TDI is

1 picking up the expense, which is why we are deleting it on  
2 Item 6, with regard to the Organ Donor Program.

3 It is being requested to be deleted. However,  
4 there is a suggestion that Department of Health -- do they  
5 automatically pick it up, or does --

6 MS. FLORES: They don't. We have to -- you  
7 know, work with Department of Health. Most state agencies  
8 don't really like to pick up someone else's directions.

9 This particular rider was supposed to provide  
10 monies for an education awareness kind of program, for  
11 folks to voluntarily donate organs. For some reason, it  
12 was dropped into TxDOT, probably because they were using  
13 Fund 6 to help support it.

14 This particular fee has only generated, as of  
15 yesterday, \$16,000. And the cost to put that program  
16 awareness program out, the original estimate was \$400,000,  
17 451,200. So because it hasn't really generated sufficient  
18 revenue to cover that costs, we have not implemented that  
19 program.

20 So we believe that we should probably reach out  
21 to the Department of Health and ask them to take a look at  
22 that. But I can tell you from another agency's  
23 perspective, I have worked at a couple. We really didn't  
24 want to take on someone else's activities.

25 MS. RYAN: So as a customer service focus

1       though, that is probably one that we wouldn't want to see  
2       just dropped through the cracks. Is there a way to  
3       determine that prior to request for deletion?

4               MS. FLORES: Well, I know Deborah Giles has  
5       reached out to the sponsors. The originator actually  
6       passed away. It was former Representative Glenda Dawson.  
7       I don't know when she passed away. But she also touched  
8       based with Senator Zaffirini's office, who helped support  
9       that rider. And I am not sure what the end message was  
10      from the Senator's office.

11             MR. CAMPBELL: Mr. Chairman.

12             MR. VANDERGRIFF: Mr. Walker had the floor  
13      first.

14             MR. WALKER: Well, no. Let him finish up,  
15      because I am going to change the subject.

16             MR. CAMPBELL: Linda, on this subject here, I  
17      read something like, didn't it hit its millionth donor,  
18      one million? And my question is, if they were supposed to  
19      be paying a dollar apiece, that should be about a million  
20      dollars, we are saying it generated.

21             MS. FLORES: 16,000.

22             MR. CAMPBELL: What is the --

23             MS. FLORES: It is a voluntary fee.

24             MR. CAMPBELL: Okay. It is strictly voluntary.

25             MS. FLORES: It is strictly voluntary.

1 MR. CAMPBELL: So you can go ahead and say that  
2 you are going to be a donor, but you didn't pay your  
3 dollar.

4 MS. FLORES: Right. It is a voluntary fee.

5 MR. CAMPBELL: Okay. Thank you.

6 MR. VANDERGRIFF: Mr. Walker.

7 MR. WALKER: Let me go back to Automobile  
8 Burglary and Theft which is our General Revenue money that  
9 we have. And the request from the Governor's Office is to  
10 reduce expenditures. Is that not correct? Not revenue,  
11 but it is a percent; 10 percent of expense. Right?

12 MS. FLORES: Correct.

13 MR. WALKER: Well, if we only have seven FTEs  
14 in Auto Burglary and Theft, and our real expense is those  
15 five people, and their operating costs, which I think is  
16 about \$300,000?

17 MR. WALKER: I was going to four. But we are  
18 considering that the grant money is expenses?

19 MS. FLORES: Yes, sir. It is an expenditure to  
20 the State.

21 MR. WALKER: How are grants really expenses?

22 MS. FLORES: You are sending it out the door.

23 MR. WALKER: Well, I understand that. But the  
24 intent of the law was that that money was to be used for,  
25 give this to law enforcement to reduce burglaries and auto

1 thefts. That was the intent of that.

2 MS. FLORES: If we don't spend that money, then  
3 that savings is captured in the General Revenue account  
4 for the State as a whole. And so if there is a  
5 substantial shortfall in that account, then that savings  
6 is going to help with that shortfall.

7 MR. WALKER: Personally, I think we are  
8 circumventing the intent of the law. The intent of the  
9 law was that the money collected must all be transferred  
10 over to support --

11 MR. RODRIGUEZ: Johnny, the way it was  
12 originally funded has changed. And that is why we won't  
13 see this morning. It wasn't funded this way, originally.  
14 It was a separate accounting system based upon that \$1,  
15 or \$2 dollars for six months of insurance, or fifty cents,  
16 or whatever it is.

17 MR. WALKER: It is a dollar.

18 MR. RODRIGUEZ: A dollar a year. A dollar for  
19 insurance a year, as opposed to each policy.

20 MR. VANDERGRIFF: Any additional questions at  
21 this point? Again, you have a second chance at Linda,  
22 maybe a third chance. She has got a couple of times that  
23 she comes up here, during the course of the regular  
24 meeting.

25 (No response.)

1                   MR. VANDERGRIFF: All right. Seeing no further  
2 questions, I am going to close this workshop session.

3                   And let the record reflect that we are closing  
4 at -- I think it is eight minutes to 10:00 on the 25th.  
5 And we will convene again in ten minutes for the regular  
6 meeting.

7                   (Whereupon, at 9:52 a.m., the workshop was  
8 concluded.)

C E R T I F I C A T E

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MEETING OF: Texas Department of Motor Vehicles Board  
LOCATION: Austin, Texas  
DATE: August 25, 2010

I do hereby certify that the foregoing pages, numbers 1 through 41, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Leslie Berridge, before the Texas Department of Transportation.

\_\_\_\_\_  
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