DMV Briefing
Senate Finance & Appropriations Committee

Gerald F. Lackey, PhD
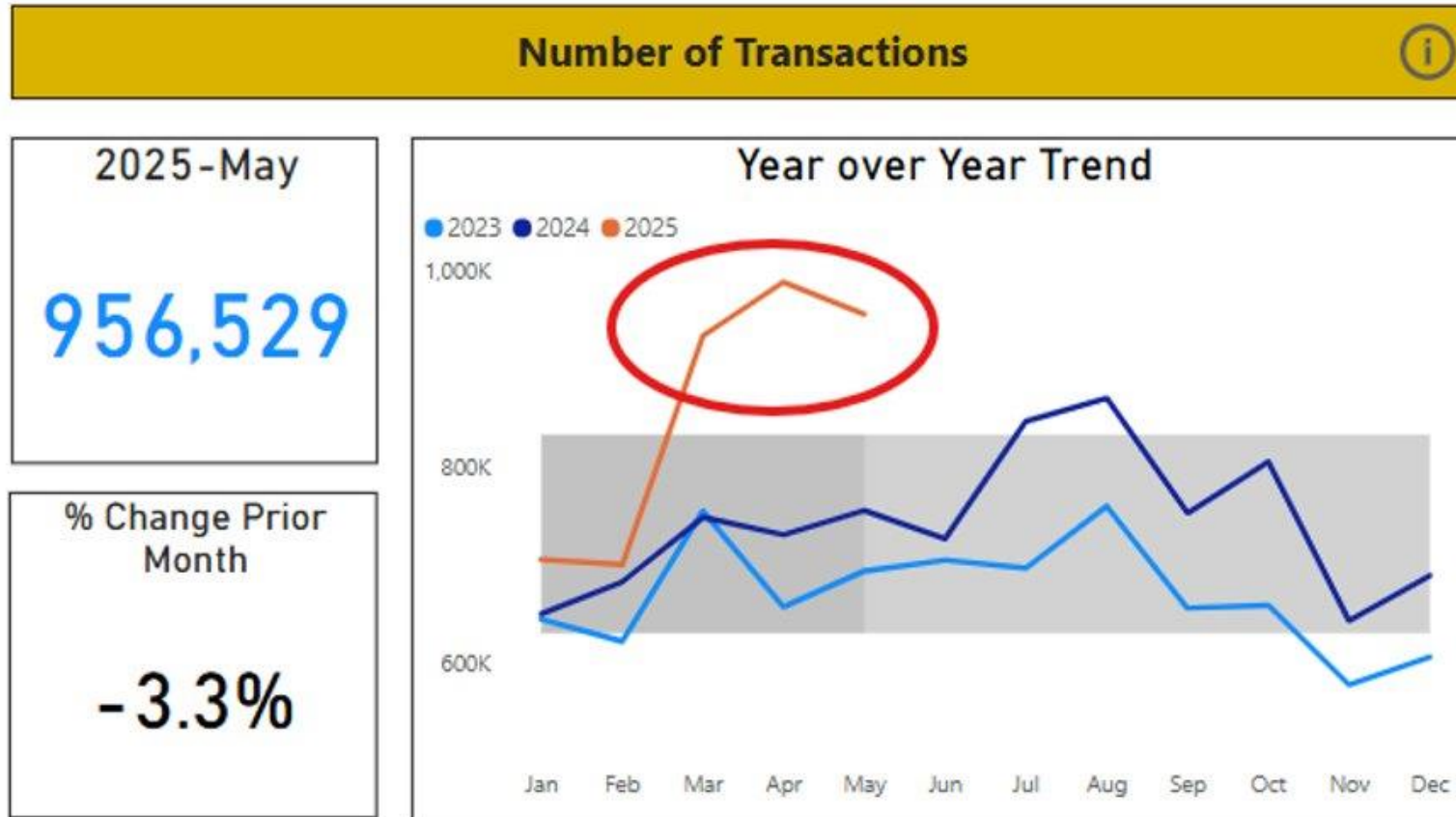**DMV Commissioner**
June 18, 2025

VADMV

Safeguarding Lives | Securing Identities | Serving the Motoring Public | Supporting Industry Partners

Objectives of today's meeting

Overview of DMV Operations & Financials

Deep Dive on DMV Modernization Efforts

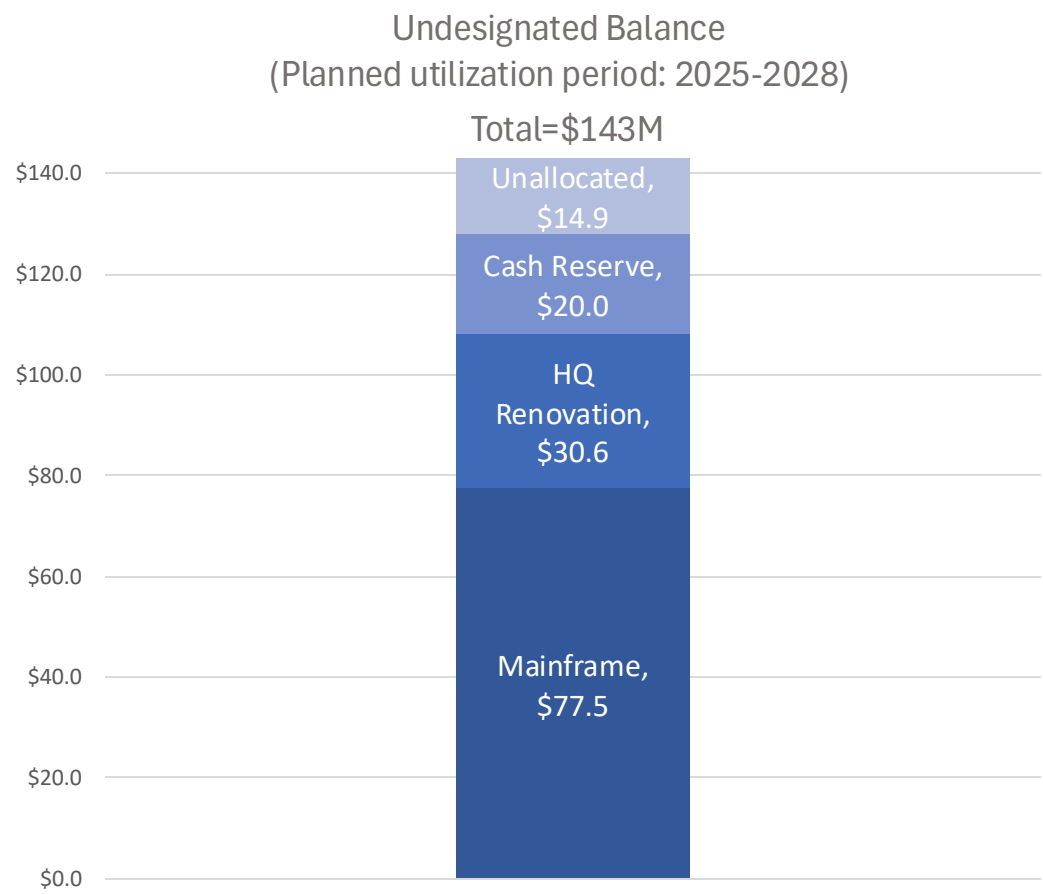# Last minute demand for Real IDs created unprecedented volumes in DMV service centers

Historic volumes:
- 63.6% (4.4 mil) of Virginians now have a REAL ID
- Nearly 1 million customers during the peak month of April

Handled well:
- Average of 20-25min wait times
- Additional staff, appointment-only events, extended hours, pop-up events

DMV's undesignated balance is supporting its modernization efforts

Undesignated Balance
(Planned utilization period: 2025-2028)
Total=$143M

$140.0	
$120.0	Unallocated, $14.9
	Cash Reserve, $20.0
$100.0	
	HQ Renovation, $30.6
$80.0	
$60.0	
$40.0	Mainframe, $77.5
$20.0	
$0.0	

- **DMV undesignated balance of $143M was achieved through strategic reductions in maintenance and personnel spend[1]**
  - $77.5M for Mainframe modernization[2]
  - $30.6M for HQ Renovation
  - $20.0M for Cash Reserve[3]
  - $14.9M Unallocated

- **FY26 operating budget is $315M**
  - $10M more than FY 25 due to GA & DMV pay increases and rising technology costs
  - FY26 collections are forecast to exceed expenses and contribute $10M to DMV Cash Fund Balance

- **Cost Saving efforts continue**
  - $10.6M captured in FY24[4]
  - $9.3M identified in FY25 and being worked in FY26[5]

1 As of May 2025
2 Not inclusive of $16.7M in operating expenses for internal resources
3 Set aside for the anticipated revenue dip from license renewals in 2030, part of the standard renewal cycle (AKA: "The Cliff")
4 Savings largely through procurement savings, contractor reductions, and inventory waste elimination
5 Savings through modernization of our operating model

2025 DMV Legislative Directives

Study	Source	Status
Decal Elimination	Study Letter (2025 HB 2080)	We've reached out to other states and localities to understand the impacts of eliminating decals, especially on taxes and ticketing. We're still gathering input and meeting with agencies in July to work through fee-sharing and alternative enforcement options.
DMV Selects	2025 Acts Ch. 725 Item 426(P)	We're currently gathering cost and revenue data from our DMV Select offices to better understand how funds are shared across the state. We'll also compare top-performing and lower-performing locations to find ways to help the latter improve.
Request for Information	2025 Acts Ch. 725 Item 426(N)	Virginia DMV completed a full website update in 2023 and has been exploring AI and customer service technologies within state guidelines. Efforts include piloting large language models to improve operational efficiency, using machine learning for cybersecurity, optimizing mobile appointments, scaling our mobile ID solution, and launching automated road-testing services.

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Business Model Evolution: **DMV is going mobile!**

The future of identity credentials:
- Testing began in 2023; Public Launch is end of summer 2025
- Your ID, your way, on your phone – always with you
- Simplifies online account creation and authentication

Development and Use in Virginia is unique:
- Co-developed with Law Enforcement
- Most secure digital credential in the country
- More use cases than any other state: ABC, Lottery, Elections, TSA, DMV, Law Enforcement
- Integrating into Apple & Samsung Wallets (Google fast follower)

Mobile ID is the foundation of a future mobile channel that will:
- Lower costs to communicate
- Rapidly speed up communication
- Result in less missed communications

Mainframe Modernization: Halfway Through Year One — Gaining Speed on Data Overhaul

Readiness Areas	2025	2026	2027	2028
Functionality	Today ↓ Focusing on gap analysis, data restructuring, and cloud environment configuration	Transferring data to the cloud while customizing the platform and adapting business processes	Complete user onboarding, training, integrating external partner databases, and conducting rigorous testing to ensure readiness for launch	Decommission old mainframe and continue with on-going iterative enhancement of new system in the cloud (seamless customer and business partner transition)
Environment				
Data				
Organizational Change				

DMV HQ Facilities Capital Project[1]

1 DMV Commissioner, Vern L. Hill, reviewing the model of the new DMV building in 1979

2300 W Broad St was a new build in 1979
- Classic brutalist architecture
- 7 floors plus basement and attic space
- 310,000 square feet (~28,000 usable per floor)

Objectives for the renovation
- Structurally very sound, but in need of HVAC systems overhaul, kitchen retrofit, and plumbing retrofit
- Not optimized for modern work environment – lacking conference room space, flexible workspaces, and open floor plan
- Carpets, light fixtures, and decor are from 1980s

Space study between 8/24 and 3/25
- We could consolidate into 6 floors and rent 28,000 square feet at estimated ~$470K per year

Next steps:
- Detailed designs of each floor
- Timing and approach to remodel
- Consideration of alternative options