MVD Driver & Vehicle Modernization:
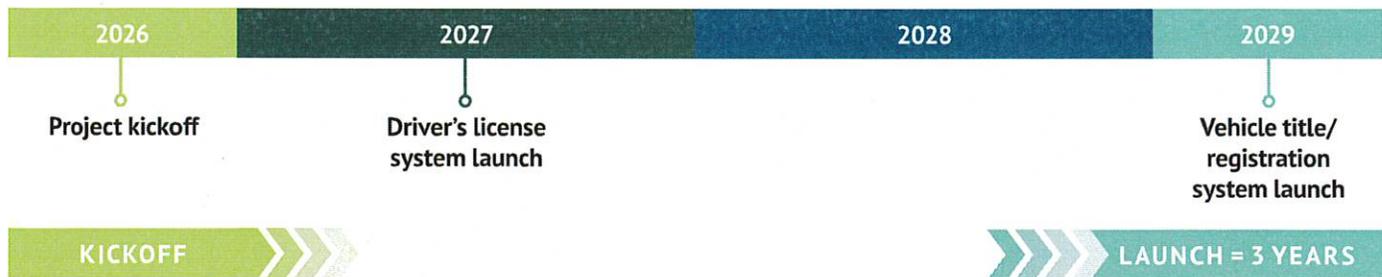# Funding & Timeline

Expert analysis and research from other state DMV modernizations projects is guiding our funding needs, project timeline, and funding schedule.

Funding Schedule

PROJECT IMPLEMENTATION COSTS	FY 2026-2028			FY 2029 & ON
	2026 $20M	2027 $20M	2028 $20M	$5.5M/year*

*While annual O&M is estimated at $5.5M for a modern system, the system is projected to produce $12.5M in cost savings after full implementation.

Implementation Timeline

2026	2027	2028	2029
Project kickoff	Driver's license system launch		Vehicle title/ registration system launch

KICKOFF

LAUNCH = 3 YEARS

Options & Approach ✓ = Preferred Approach

Modernization Approach

Each modernization approach has strengths and weaknesses, including cost, risk, complexity, and amount of time required to deliver.

✓ 1. **Commercial Off-the-Shelf (COTS):** A pre-built, configurable system solution that's minimally customized and regularly updated to meet federal standards. It offers basic functions with flexibility for agencies to configure business rules but requires annual licensing fees and potential vendor support costs. 20+ state DMVs use this option.

2. **Best of Breed (with custom code):** This approach uses the best software solutions for specific functions. While it offers specialized capabilities, it comes with high licensing costs, requires teams to learn multiple platforms, and may lead to siloed data. Certain DMV functions must still be built from scratch using custom code.

✓ 3. **Transfer:** Arizona's cloud-based driver's license and vehicle system is available for other states to adopt. It requires skilled IT staff to maintain and update the system in collaboration with Arizona and other states. 3 state DMVs currently use/are implementing this option.

4. **Custom Build:** Custom-built systems, like the current Iowa MVD system, offer tailored functionality but require longer development times and more ongoing support.

System Maintenance
On-Site v. Cloud-Based Comparison

Once the system is operational, there are two approaches for where and how to locate and maintain the system

**On-Site System
(Buying a System)**

- Servers located in State's data center
- State owns/maintains the servers
- State upgrades all software
- State owns all costs
- Large upfront costs
- Requires more internal staff support

**Cloud-Based System
(Buying a Service)**

✓
- Servers located in vendor's data center
- Vendor owns/maintains the servers
- Vendor upgrades all software
- Vendor can share costs across many customers
- Monthly, Annual, or Usage Based Payments
- Vendor staff manage systems