# Research Into Job Classifications for Kentucky Department of Vehicle Regulation Employees

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Kentucky Transportation Center
College of Engineering, University of Kentucky, Lexington, Kentucky

in cooperation with
Kentucky Transportation Cabinet
Commonwealth of Kentucky

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University of Kentucky

**Research Report**
KTC-25-22

# Research Into Job Classifications for Kentucky Department of Vehicle Regulation Employees


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**16. Abstract**
The Kentucky Department of Vehicle Regulation (DVR) faces persistent challenges with employee recruitment, retention, and workforce alignment due to outdated job classifications and compensation structures. This study investigates if DVR's reliance on the general Administrative Specialist job series is warranted given the duties performed by its staff. Through a job task analysis, financial modeling, and personnel data review, researchers assessed the feasibility of introducing a new DVR-specific job series based on the Vehicle Regulation Specialist (VRS) position currently being used by the Division of Motor Carriers. The proposed VRS series includes two levels — VRS I (Grade 13) and VRS II (Grade 14) — and is designed to better align job responsibilities with the technical, regulatory, and customer-facing work performed by DVR staff. Making this transition would affect 246 employees and require a total investment, including planned raises and reclassification costs, of \$2.45 million – \$9.73 million. The higher figure assumes that all staff salaries are increased to the midpoint of their new salary grades. However, given that DVR had \$15.8 million in unspent personnel funds at the close of fiscal year (FY) 2024, even under the high-cost scenario implementation is financially feasible. The report also outlines administrative considerations that should be addressed prior to adopting the VRS job series, presents phased implementation timelines, and recommends comparative studies of job classification reforms in other states. This study concludes that the proposed VRS series is a practical, budget-conscious solution that aligns with both the department's service delivery responsibilities and its desire to sustain a stronger, more stable workforce. Its adoption offers DVR a strategic opportunity to modernize its workforce, reduce turnover, and enhance service delivery.

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## Executive Summary

The Kentucky Department of Vehicle Regulation (DVR) has faced significant challenges recruiting and retaining qualified employees due to flat wages, reduced benefits, limited advancement opportunities, and rigid job classifications. To determine if the department should continue using the Administrative Specialist job series, the Kentucky Transportation Cabinet (KYTC) asked Kentucky Transportation Center (KTC) researchers to investigate if a new job classification series is warranted.

Researchers evaluated DVR's workforce needs and the potential benefits of introducing a new job series by conducting a job task analysis, financial review, and personnel assessment. Findings showed that DVR employees routinely perform complex tasks that go far beyond job responsibilities of positions specified under the Administrative Specialist occupational series. Analysis also highlighted DVR's heavy reliance on temporary employees and challenges posed by education requirements, lack of annual raises, competition from private sector, and remote work opportunities.

Based on these findings, the research team proposed introducing a DVR-specific Vehicle Regulation Specialist (VRS) series to replace the administrative series. The proposed VRS series is a practical, budget-conscious solution that aligns with both the department's service delivery responsibilities and its desire to foster a stronger, more stable workforce.

The VRS job series includes two positions — VRS I (Grade 13) and VRS II (Grade 14) — that are designed to better align with DVR's technical and customer service demands, provide additional opportunities for career advancement, and give the department more control over its workforce structure. Establishing the VRS job series would impact 246 employees. The total investment, including planned raises and reclassification costs, is \$2.45 million – \$9.73 million. The higher figure assumes that all staff salaries are increased to the midpoint of their new salary grades. However, given that DVR had \$15.8 million in unspent personnel funds at the close of fiscal year (FY) 2024, even under the high-cost scenario implementation is financially feasible.

The research team concluded that DVR has both the justification and financial capacity to implement a new job classification series. Doing so will improve employee retention, better reflect the specialized skills required, and enhance the department's ability to serve the public effectively. This strategic investment in workforce development positions DVR to be more competitive, equitable, and responsive to evolving operational demands.

While creating the VRS job series carries significant benefits, several important considerations must be kept in mind to facilitate a smooth and sustainable implementation. For example, divisions may face challenges related to employment caps. As employees move into higher salary grades or are reclassified into new roles, some divisions — particularly those already operating near their position caps — may need to submit justifications to exceed those limits. This process could delay implementation or require administrative adjustments.

Other financial issues warrant consideration before a final decision is made. For example, it is possible that all state employees will receive a 3% raise in 2026. Were this to happen, it would increase payroll obligations across all divisions. And if DVR expands regional services or opens new field offices to accommodate growing demand, additional VRS staff would be needed. These possibilities underscore the importance of maintaining budget flexibility and conducting strict financial oversight as the new job series rolls out.

While this study provides the foundation for transitioning DVR staff into the VRS job series, additional research is needed to support long-term workforce planning. One critical task is preparing a full workforce needs assessment that evaluates how many employees are required in each division, what skills are most needed, and how those demands are likely to evolve as DVR expands services and implements new technologies. Further analysis should examine how future job roles need to address growing needs related to cybersecurity and customer service delivery, especially as DVR transitions to more digital systems and pop-up service models. Qualitative research that collects employee and stakeholder feedback can enable continuous improvement in job structure and classification. Finally, DVR may benefit from investigating how other states have implemented specialized job series and skills-based hiring practices, with a focus on employee satisfaction, job vacancy rates, and budget impact. Together, these future research directions can help shore up the long-term success and adaptability of DVR's workforce strategy.

Through careful implementation of the VRS job series, DVR can become a model for modernized state employment and establish a standard for evidence-based workforce reform that may be replicated across Kentucky state government.

# Chapter 1 Introduction

## 1.1 Project Purpose

Like many state government agencies, Kentucky's Department of Vehicle Regulation (DVR) has difficulty recruiting and retaining employees. DVR has experienced a lot of turnover, and good employees have been lost to the private sector and other state agencies that offer better pay and benefits. One issue that factors into these dynamics is that a large percentage of employees across DVR's multiple divisions — Division of Motor Carriers (DMC), Division of Driver Licenses (DDL), Division of Motor Vehicle Licensing (DMVL), and Division of Customer Service (DCS) — are in temporary or entry-level positions. DVR administrators contend that often staff carry out functions that require more complex skills than required by an Administrative Specialist position, which warrants the development of a new job series. The goal of the research describe in this report was to investigate job classifications used at other state government agencies and address the following objectives:

- Provide a job task analysis of current DVR jobs
    - Compare tasks and processes undertaken by staff to job specifications for current administrative specialist positions to determine if a new job series is needed
- Define tasks and functionality for the new job series
- Estimate the impact of specific employees on agency revenue
- Explore strategies for developing DVR's own job titles
- Identify the necessary number of job series (or pay grades) to distribute pay more equitably throughout the department
- Define best practices that could be utilized to make changes in DVR

## 1.2 Background

The American public has long extolled the virtues of state government jobs — they come with benefits, security, meaningful work, and sound career paths. However, the uptick of remote work opportunities, higher private sector salaries, and an exodus of retiring Baby Boomers has left state governments with many unfilled positions (Silsby, 2024). The greatest reduction in numbers has been in public-facing jobs and positions where lucrative opportunities exist in the private sector (e.g., data and computer scientists) (Cusick, 2022). In Kentucky over the past 30 years, almost 15,000 jobs have been eliminated from the state government workforce — a 34.6% decline (Pugel & Thomas, 2022). Figure 1 captures the downward trend in executive branch staff numbers between 1991 and 2021 (Kentucky Personnel Cabinet Department of Human Resources Administration, 2022).

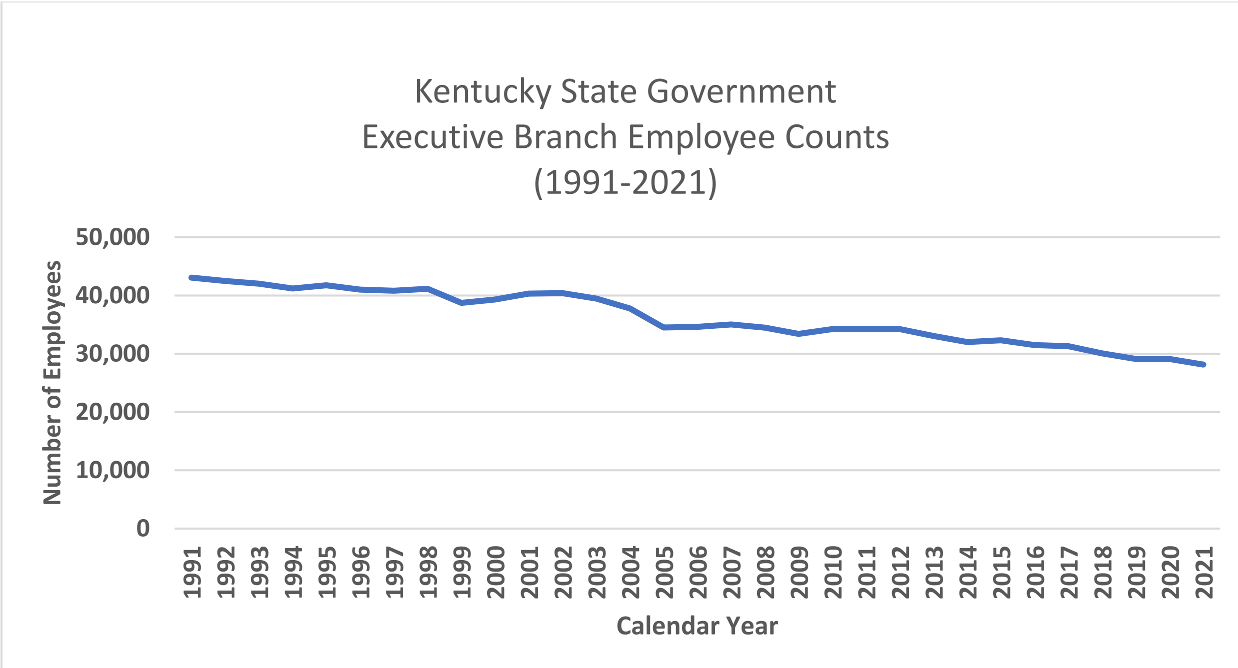


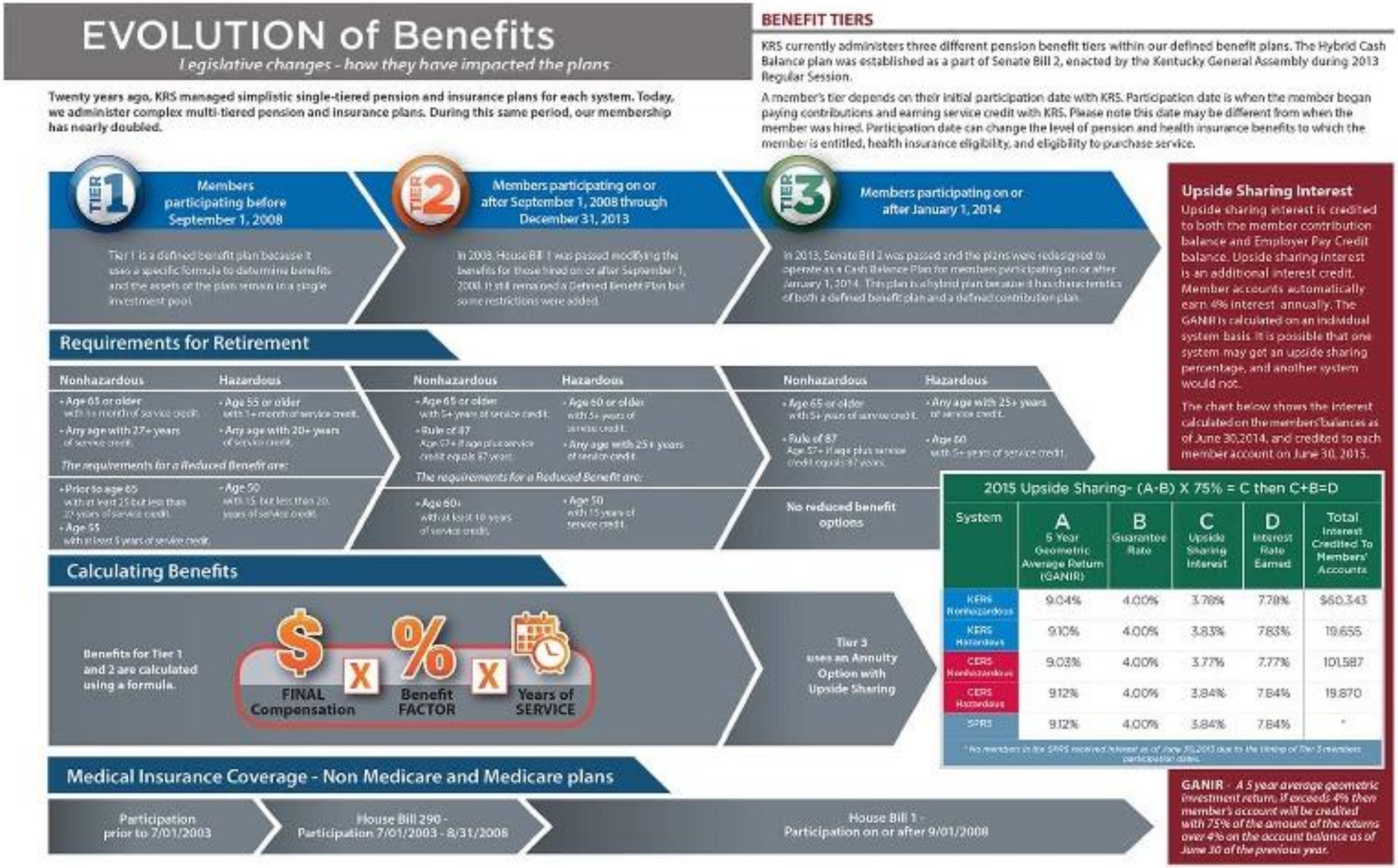

**Figure 1.1** Executive Branch Employee Counts (1991 – 2021)

### 1.3 Current Challenges

#### 1.3.1 Reduction of Benefits in the State's Retirement System

One factor contributing to declining state employee numbers has been cuts to retirement benefits. Until 2014, all state employees in Kentucky were guaranteed a pension after serving the required number of years. The Kentucky General Assembly has modified the retirement system by requiring more working years and higher contributions. In 2014, the state retirement plan was revised, completely overhauling its structure for new employees. The new plan (Tier 3) has higher associated risk and is less generous than previous benefits.

Prior to September 1, 2008, all Kentucky state government employees were enrolled in a defined benefit program (Tier 1). Legislation passed in 2008 introduced a new plan — Tier 2 — that was considered a pension plan but introduced new restrictions. Tier 3 was introduced in 2013. It has a hybrid structure with characteristics of a defined benefit plan and a defined contribution plan. Requirements for retirement have also evolved. Figure 1.2 summarizes how several elements of employee benefits have changed over time.




| System | A 5 Year Geometric Average Return (GANIR) | B Guarantee Rate | C Upside Sharing Interest | D Interest Rate Earned | Total Interest Credited To Members' Accounts |
|---|---|---|---|---|---|
| KERS Nonhazardous | 9.04% | 4.00% | 3.78% | 7.78% | $60,343 |
| KERS Hazardous | 9.10% | 4.00% | 3.83% | 7.83% | 19,655 |
| CERS Nonhazardous | 9.03% | 4.00% | 3.77% | 7.77% | 101,587 |
| CERS Hazardous | 9.12% | 4.00% | 3.84% | 7.84% | 19,870 |
| SPRS | 9.12% | 4.00% | 3.84% | 7.84% | * |

**Figure 1.2** Changes in Kentucky State Employee Benefits

### 1.3.2 History of Annual Raises

Without consistent cost-of-living adjustments or merit-based raises, state employees struggle to cope with inflation and rising living expenses. In addition to reducing real income, the absence of raises can decrease motivation, increase turnover, and make it more difficult to attract and retain skilled workers. Table 1.1 outlines the history of salary increases Kentucky state government workers from 1983 to 2021. Between 1983 and 2010, workers received an annual raise each year, except for 1992. After this, raises became much rarer, with a tiered increase in 2014 and a 1% increase in 2015. Between 2016 and 2021, there were no statewide raises.

**Table 1.1** Annual Increment and Salary Increase History (1983 – 2021)

| Effective Date | % Increase in Pay | | |
|---|---|---|---|
| July 1, 1983 | 5% | | |
| July 1, 1984 | 2% | | |
| July 1, 1985 | 3% | | |
| July 1, 1986 | 5% | | |
| July 1, 1987 | 5% | | |
| July 1, 1988 | 2% | | |
| July 1, 1989 | 5% | | |
| July 1, 1990 | 5% | | |
| July 1, 1991 | 5% | | |
| July 1, 1992 | 0% | | |
| July 1, 1993 | 3% (If over $50,000 was 1%) | | |
| July 1, 1994 | 5% | | |
| July 1, 1995 | 5% | | |
| July 1, 1996 | 5% | | |
| July 1, 1997 | 5% | | |
| July 1, 1998 | 5% | | |
| July 1, 1999 | 5% | | |
| July 1, 2000 | 5% | | |
| July 1, 2001 | 5% | | |
| July 1, 2002 | 2.70% | | |
| July 1, 2003 | $90 added to monthly base pay or $1,080 annually | | |
| July 1, 2004 | 2% | | |
| January 1, 2004 | 1% Legislative Increment per House Bill 1 | | |
| July 1, 2005 | 3% | | |
| July 1, 2006 | Salary Range | Annual | Monthly |
| | Under $30,000.00 | $1,350.00 | $112.50 |
| | $30,000.01-$50,000.00 | $1,200.00 | $100.00 |
| | $50,000.01-$60,000.00 | $1,000.00 | $83.34 |
| | $60,000.01-$80,000.00 | $600.00 | $50.00 |
| | $80,000.01-and above | $400.00 | $33.34 |
| July 1, 2007 | Under $30,000.00 | $1,350.00 | $112.50 |
| | $30,000.01-$50,000.00 | $1,200.00 | $100.00 |
| | $50,000.01-$60,000.00 | $1,000.00 | $83.34 |
| | $60,000.01-$80,000.00 | $600.00 | $50.00 |

| Effective Date | % Increase in Pay | | |
|---|---|---|---|
| | $80,000.01 and above | $400.00 | $33.34 |
| July 1, 2008 | 1% | | |
| July 1, 2009 | 1% | | |
| July 1, 2010 | 0% | | |
| July 1, 2011 | 0% | | |
| July 1, 2012 | 0% | | |
| July 1, 2013 | 0% | | |
| July 1, 2014 | Salary Range | Percentage | |
| | $0-$27,000.00 | 5% | |
| | $27,000.01-$36,000.00 | 3% | |
| | $36,000.01-$50,000.00 | 2% | |
| | $50,000.01 and above | 1% | |
| July 1, 2015 | 1% | | |
| July 1, 2016 | 0% | | |
| July 1, 2017 | 0% | | |
| July 1, 2018 | 0% | | |
| July 1, 2019 | 0% | | |
| July 1, 2020 | 0% | | |
| July 1, 2021 | 0% | | |

Historically, government jobs were lucrative because total compensation often exceeded the private sector offered. U.S. Bureau of Labor Statistics data show that between 2006 and 2020, year-over-year changes in compensation for the public and private sector jobs were roughly equal. However, private-sector gains outpaced those in the public sector in 2021 and 2022 (United State Bureau of Labor Statistics) (Figure 2.3).

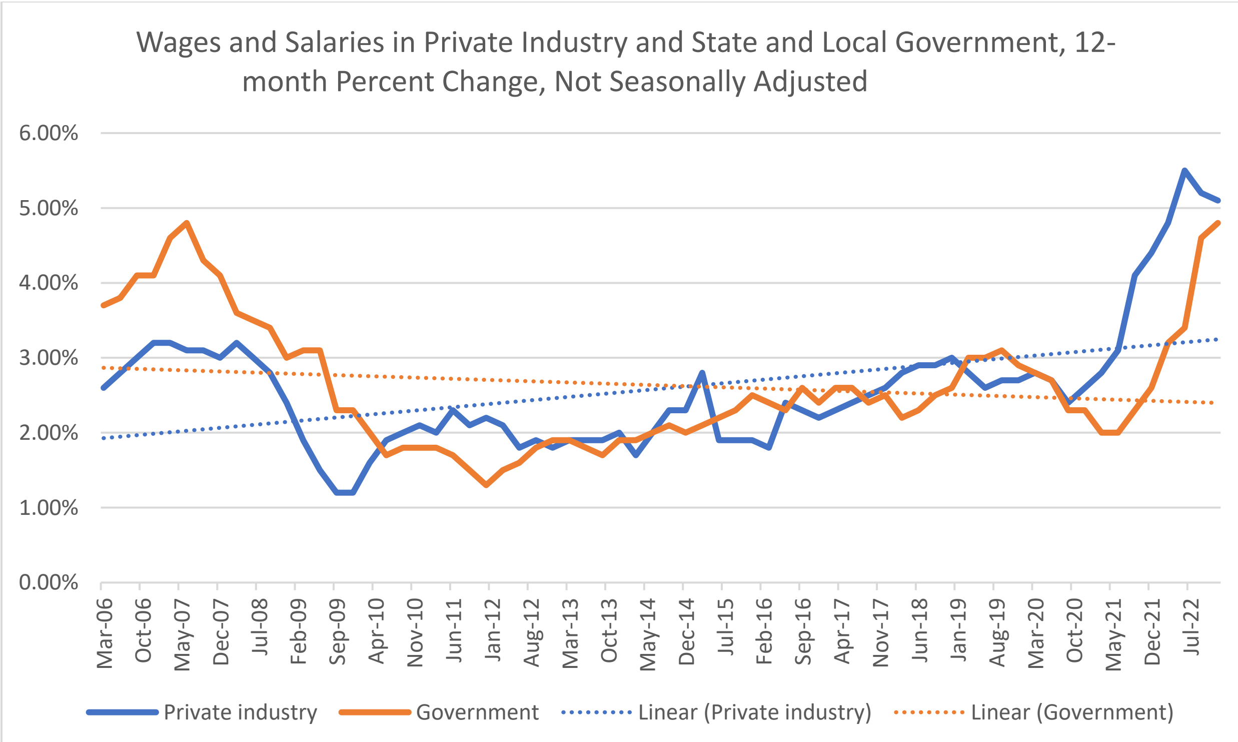



**Figure 1.3** Wages and Salaries in Private Industry and State and Local Government, 12-month Percent Change, Not Seasonally Adjusted

**1.3.3 Remote Work**

Remote work became a widespread phenomenon only recently. In 1965, 0.4% of full-time paid days were worked from home in the United States. By 2016, this reached 4.0%. Driven by technological advances, remote work rates have doubled nearly every 15 years (Barrero, Bloom, & Davis, 2023). Remote work increased in all major industries between 2019 and 2021 (Pabilonia & Redmond, 2024). Historically, most state employees were required to be in the office full time, but a telecommuting policy was adopted for Kentucky state employees in August 2022. Three different kinds of telecommuting are allowed:

- Regular telecommuting can be full-time or partial and requires a formal written agreement between an employee and their manager.
- Periodic telecommuting only requires a verbal agreement between an employee and their manager and is used for time-sensitive or intensive projects that require greater concentration.
- Temporary telecommuting is most often used for emergency situations and may require a formal agreement at the discretion of Human Resources (Kentucky Personnel Cabinet, 2022).

Only employees who are meeting their current job expectations, have good attendance, and do not currently have a performance improvement plan are eligible for remote work. Employees that received either of the two lowest marks on their most recent performance evaluation are ineligible. As of September 12, 2022, all employees with a partial telecommuting agreement must be onsite for three days and can work remotely two days per week. However, many state employees are in customer-facing roles and must be onsite to handle their responsibilities. With a lot of new remote work options available in both the public and private sectors, attracting new talent has been challenging for hiring managers. At most, managers can offer the potential of a partial telecommuting arrangement. Because of this, many candidates take themselves out of consideration.

#### 1.3.4 Education Requirements

Educational requirements are often overlooked as a barrier for applicants without formal education beyond a high school diploma/GED. In the public sector, these requirements have grown more onerous despite wages remaining stagnant. As many as 25% of entry-level jobs in the private sector require no formal education but only 4.1% of state government jobs lack formal education requirements. Approximately 34.1% of entry-level state government jobs require a bachelor’s degree compared to only 20.9% of private sector entry-level jobs. Jobs requiring postsecondary education made up 63.5% of state government employment in 2020 compared to 35% in the private sector (U.S. Bureau of Labor Statistics, 2022).

Most jobs in the executive branch require some level of postsecondary education and previous job experience, but there are discrepancies in the requirements of positions within the same pay grade. For instance, a Social Service Aide II is the same pay grade as an Administrative Specialist Senior but requires only 54 hours of college credit. The Administrative Specialist Senior position requires applicants to hold a bachelor’s degree. Another discrepancy exists between the Administrative Specialist and the Accounting Supervisor. The Administrative Specialist position requires that applicants have a bachelor’s degree, while the Accounting Supervisor position only requires a high school diploma. The Administrative Specialist and Administrative Specialist Senior positions also require one and three years of clerical experience, respectively. Only additional experience beyond what is required can be substituted for the required education. The Social Service Aide II, however, allows applicants to substitute experience for the required college credits on a year-for-year basis. The job specification for the Accounting Supervisor position allows experience to count toward the education requirement, although the position only requires a high school diploma. One possible explanation for the discrepancy in education requirements is that the positions used as examples fall under different job groups. Administrative positions are under General Administration, the Social Service Aide II is under Human Services, and the Accounting Supervisor is part of Bookkeeping and Accounting.

Hiring managers looking to fill positions that only require a high school diploma arguably have an easier time doing so because the applicant pool is large. Roughly 18.2% of Kentuckians have a bachelor’s degree (Kentucky Council on Postsecondary Education, 2025). Because most state jobs require in-person attendance at least part-time, considering applicants from outside of Kentucky is not feasible. Managers needing to fill these positions will likely be unable to do so because most applicants do not meet the baseline education requirement. Moreover, the hiring process precludes a management team from seeing all applicants for a vacant position and are only presented with candidates Human Resources deems acceptable. For example, a candidate with the necessary experience who lacks the educational qualifications will be filtered out and not presented to management for consideration. This practice is common for many large employers to expedite the hiring process. However, in situations where there has been long-term difficulty in filling vacancies, employers could likely benefit from considering candidates on a case-by-case basis. Assessing candidates based on their skill sets instead of educational attainment is a trend that is gaining momentum. More than half of U.S. states have established policy guidelines for skills-based hiring practices for state governments, often including eliminating degree requirements. Where these policies are being implemented, the number of jobs not requiring a degree has increased significantly and vacancies are nearing zero. Larger applicant pools coupled with emphasis on skills can reduce turnover and increase job satisfaction (National Governors Association, 2025). Currently, Kentucky state government does not have any such policies in place and uses both education and experience to select candidates for executive branch jobs.

### 1.4 The Classification and Compensation Reports

#### 1.4.1 2022 Classification and Compensation Report

House Bill 1 — passed during the 2022 Regular Session of the Kentucky General Assembly — mandated the Personnel Cabinet to review the Classification and Compensation Plan and provide a report outlining recommendations for change. The report defined the three major challenges facing the Personnel Cabinet: (1) lack of annual raises for over a decade, (2) reduced retirement benefits, and (3) lack of funding to adjust entry-level salary schedules (last updated in 2007) (Kentucky Personnel Cabinet Department of Human Resources Administration, 2022). Based on these challenges, the Personnel Cabinet advanced several recommendations:

1. Introduce a standard 40-hour work week for all employees, which would raise pay for workers on 37.5-hour schedule.
2. Provide regular annual cost-of-living increases to maintain employees' standard of living.
3. Adjust the overall salary schedule.
4. Perform a comprehensive job classification review with resources to expedite the review currently under-way.
5. Adopt flexible compensation options for specific compensation issues, including:
    a. Changes to the locality premium adjustment
    b. Signing bonus
    c. Agency internal pay equity adjustments
    d. Adjustments due to new appointments
    e. Removal of ACE/ERA cap
    f. Pay grade changes
6. Create a student loan forgiveness program as a key retention benefit.
7. Reform pensions for hazardous and state police retirement systems.
8. Adjust pension spiking provisions to accommodate high inflation and to make pension plans more attractive to Tier 3 employees.
9. Increase staffing within the Department of Human Resources Administration.

#### 1.4.2 2023 Classification and Compensation Report

The 2023 Classification and Compensation Report documented the Personnel Cabinet's job classification reviews and actions taken because of the reviews. The Personnel Cabinet used $127 million of the $200 million in the General Fund set aside by the General Assembly to provide salary increases. It also provided recommendations for the use of the remaining $72.6 million in fiscal year (FY) 2024-25 to address issues that lacked necessary funding. (Kentucky Personnel Cabinet Department of Human Resources Administration, 2023). The Personnel Cabinet advanced seven recommendations in this report:

1. Continue funding for comprehensive job classification reviews.
2. Adjust salaries upward to address salary compression.
3. Provide regular annual increases in salaries to preserve employee standards of living and so state government can remain competitive in the labor market while avoiding future salary compression.
4. Adjust the overall salary schedule.
5. Create a student loan forgiveness program as a key retention benefit.
6. Reform pensions for hazardous and state police retirement systems.
7. Adjust statutory pension spiking provisions to permit legislatively directed salary increases and exempt compensation actions related to high inflation from the statutory pension spiking provisions.

At least two recommendations have since been implemented — continued upward salary adjustments to address salary compression and modification of the overall salary schedule (effective September 16, 2024). In 2023, the General Assembly passed Senate Bill 153 which amended KRS 18A.030 to mandate the Personnel Cabinet conduct a classification and compensation study every five years (Duties of Secretary, 2023).

# Chapter 2 Department of Vehicle Regulation

## 2.1 Overview

The Department of Vehicle Regulation (DVR) includes the following units:

- Division of Motor Carriers (DMC)
- Division of Driver Licensing (DDL)
- Division of Motor Vehicle Licensing (DMVL)
- Division of Customer Service (DCS)
- Motor Vehicle Commission (MVC)
- Administrative Support

Each unit is responsible for licensing, registering, and collecting fees from all drivers and motor vehicles in Kentucky, including passenger vehicles, boats, motorcycles, and commercial vehicles.

DVR employees provide customer service, document and fee processing, and monitoring for fraudulent activity. Many staff work in Frankfort, but a large contingent operates in regional driver licensing offices and pop-up locations as necessary. Much of DVR's work is behind the scenes, not visible to the public. However, the DMC, DMVL, and DDL are often subject to public scrutiny because their staff interact with the public regularly. As such, it is imperative that DVR be staffed with a dedicated, well-trained, and well-paid staff who work well under pressure while maintaining order and efficiency.

## 2.2 Divisions

### 2.2.1 Division of Driver Licensing

By employee count, DDL is the largest unit within DVR and is arguably the most visible to the public. It has employees in the Frankfort central office and in 30 regional driver licensing offices. It oversees the issuance, renewal, and maintenance of driver credentials while promoting highway safety and compliance through local and federal regulations. Table 2.1 lists its key responsibilities.

**Table 2.1** Key Responsibilities and Tasks of DDL

| Responsibility | Task(s) |
|---|---|
| Issuance of Driver Credentials | • Processes applications for standard driver's licenses, commercial driver's licenses (CDLs), motorcycle licenses, identification (ID) cards, permits (learner's, motorcycle, CDL) |
| REAL ID Compliance | • Issues REAL ID–compliant licenses and IDs that meet federal security standards for air travel and access to federal buildings |
| Testing Oversight | • Coordinates with Kentucky State Police (KSP) to administer written and road tests |
| Medical Review Program | • Evaluates the medical fitness of drivers through a review board process to ensure safe driving capability |
| Driver History Records | • Maintains and updates driving records for all licensed drivers in Kentucky.<br>• Provides certified driving records to courts, insurance companies, and individuals upon request |

| Responsibility | Task(s) |
|---|---|
| Graduated Driver Licensing (GDL) Program | • Oversees the tiered licensing system for teens under 18, which includes permit, intermediate license, and full license phases<br>• Enforces driver education requirements and driving restrictions |
| Commercial Driver Licensing (CDL) Program | • Ensures compliance with federal standards (Federal Motor Carrier Safety Administration regulations)<br>• Coordinates testing, endorsements, and disqualification processes for CDL holders |
| Credential Replacement and Renewal | • Facilitates in-person and online services for renewal and replacement of licenses and IDs |
| Kentucky Ignition Interlock Program (KIIP) | • Acts as the monitoring authority for program participants |
| Kentucky State Traffic School | • Coordinates with district courts to enroll drivers |

### 2.2.2 Division of Motor Vehicle Licensing

DMVL handles all vehicle-related activities. Figure 2.1 lists all the division's responsibilities and tasks.

**Vehicle Registration**
- Oversees the registration of new and used motor vehicles, including passenger vehicles, motorcycles, trailers, and RVs
- Ensures vehicles meet legal requirements for road use in Kentucky

**Title Issuance**
- Processes and tracks issuance of vehicle titles, including first-time titles, transfer of ownership, replacement titles, titles for rebuilt or salvage vehicles

**License Plates & Decals**
- Administers all license plates including standard plates, specialty plates, temporary tags
- Distributes plate decals and ensures plate issuance is properly recorded

**Motor Vehicle Taxes & Fees**
- Manages the collection and administration of registration and titling fees

**Insurance Verification**
- Participates in Kentucky's electronic insurance verification system to ensure registered vehicles are insured properly

**County Clerk Coordination**
- Provides guidance, training, and support to county clerk offices, which serve as local agents for titling and registration services

**Records Management**
- Maintains accurate and secure records for all vehicles titled and registered in Kentucky
- Responds to records requests and supports law enforcement investigations

**Fraud Prevention**
- Investigates instances of potential fraudulent practices used to obtain vehicle registration and titles

**Figure 2.1** Key Responsibilities and Tasks of DMVL

### 2.2.3 Division of Motor Carriers

DMC oversees and regulates commercial motor vehicles (CMVs) operating within or through Kentucky. Figure 2.2 lists its primary responsibilities and tasks.

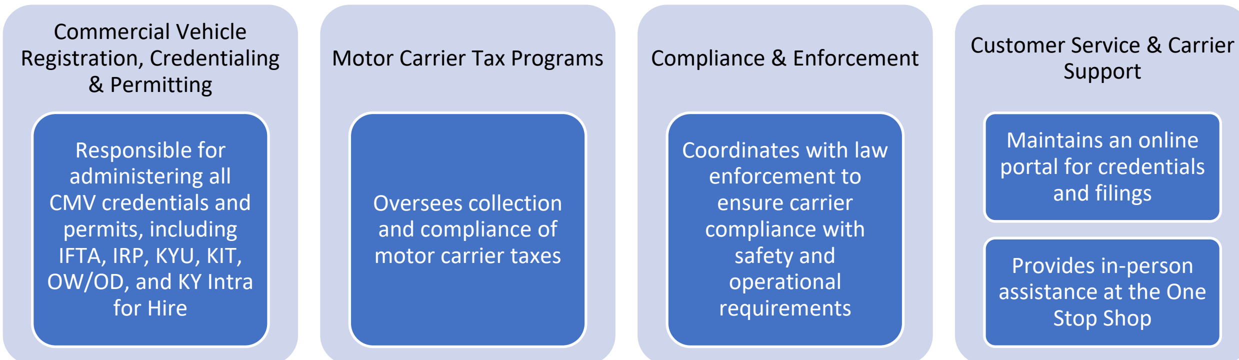



**Figure 2.2** Key Responsibilities and Tasks of DMC

### 2.2.4 Division of Customer Service

DCS serves all of DVR and the general public. Created in 2012, it provides a single point of contact for all telephone calls to DVR to support customers, circuit clerks, county clerks, and commercial businesses. Key responsibilities are summarized in Figure 2.3.

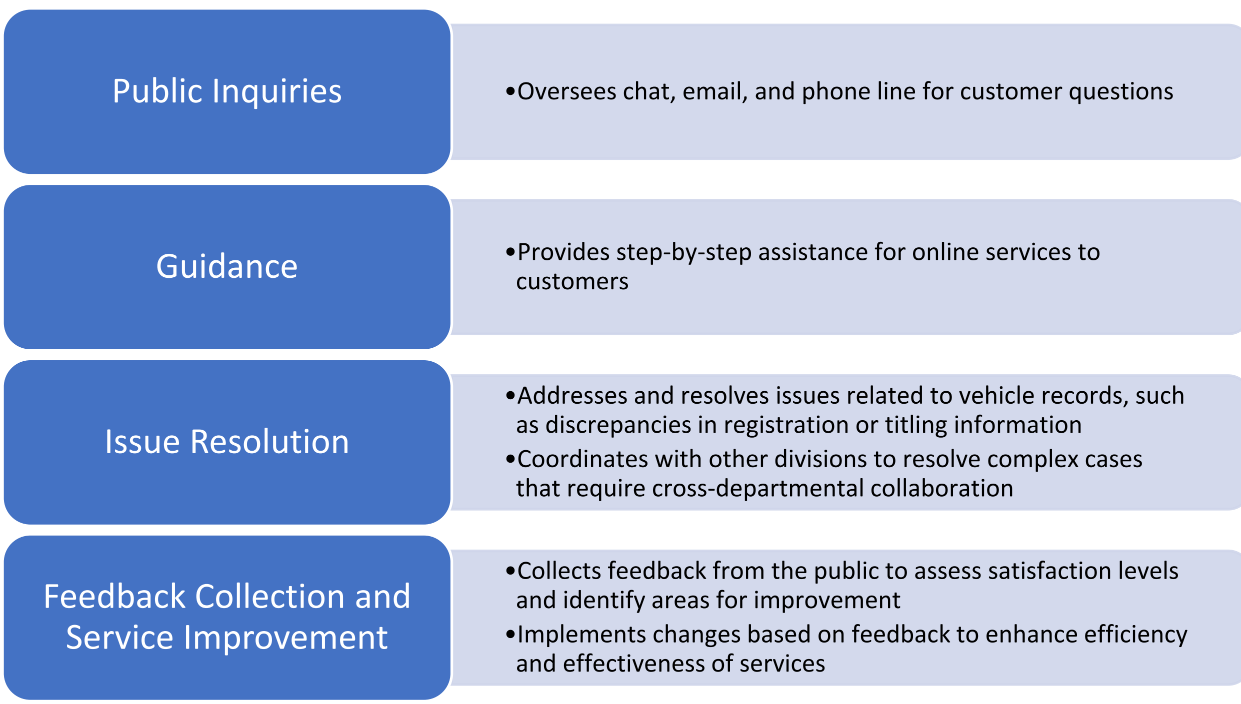



**Figure 2.3** Key Responsibilities and Tasks of DCS

### 2.2.5 The Motor Vehicle Commission & Administrative Support Branch

The Motor Vehicle Commission and Administrative Support Branch are part of DVR, but only for administrative purposes. The Kentucky Motor Vehicle Commission licenses motor vehicle dealers, salespersons, manufacturers, distributors, and their representatives; provides consumer protection by investigating complaints against dealerships;

and issues administrative citations to dealers who fail to comply with the laws governing motor vehicle sales (Commonwealth of Kentucky, 2025).

The Administrative Support Branch is responsible for federal grant management for DVR, including reporting requirements. It regularly collaborates with outside contractors to ensure research projects stay on track and that funds are used appropriately.

### 2.3 Recent Changes to the Department

As a result of the 2022 Classification and Compensation Report, the Administrative Job Series underwent review. Prior to the review, the series had three positions: Administrative Specialist I, Administrative Specialist II, and Administrative Specialist III. The Administrative Specialist I position was used the least by DVR and often served as a temporary entry point for new employees to get acclimated to the environment before being promoted to an Administrative Specialist II and beyond. Following the review, two positions remained: Administrative Specialist and Administrative Specialist Senior. Pay increased significantly while still maintaining similar education and experience requirements. Job responsibilities were also condensed and split between the two new positions. Figure 2.4 shows key characteristics of the occupational series before and after the change, including grade level and background requirements.

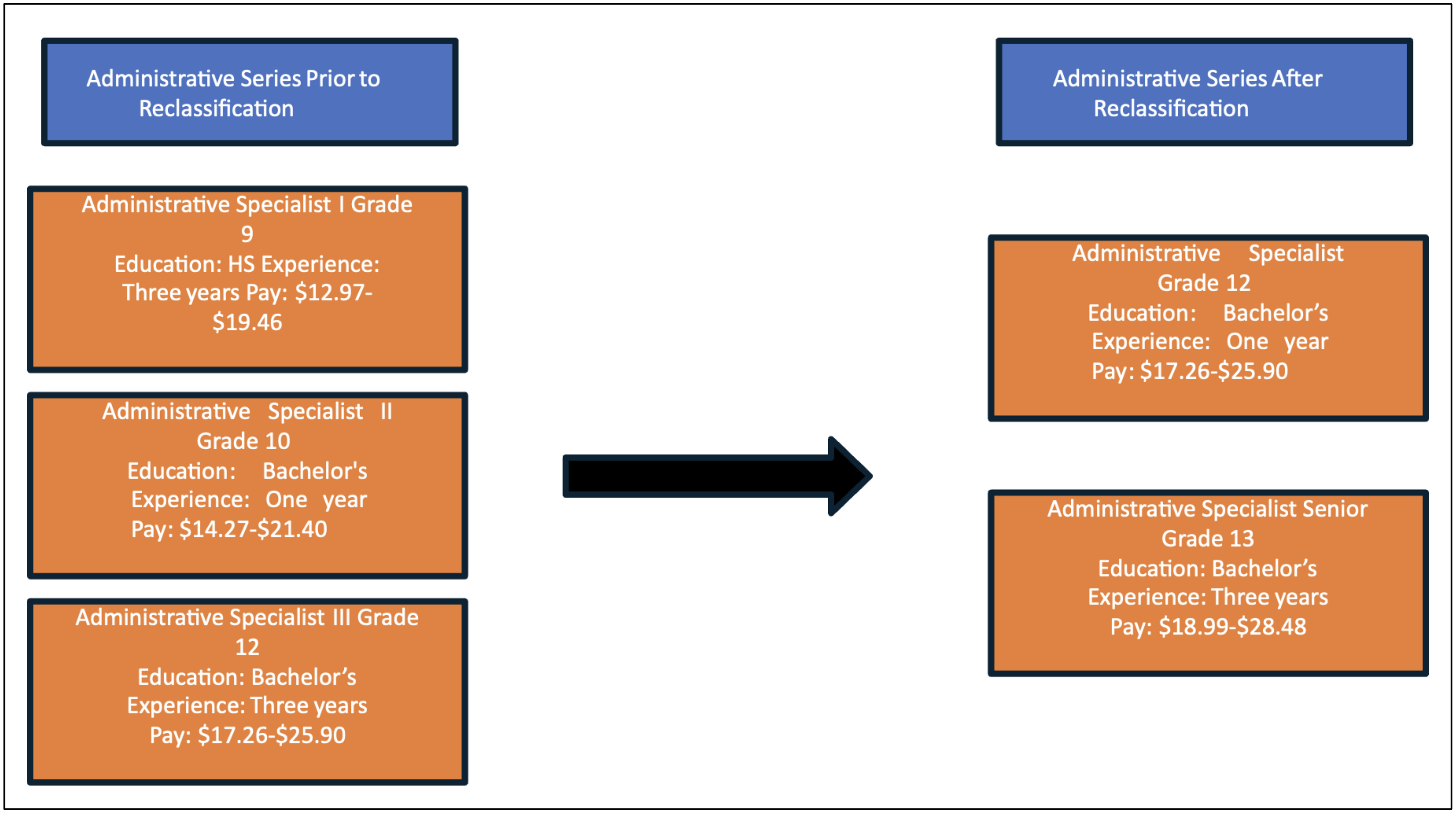



**Figure 2.4** Administrative Series Before and After Reclassification Process

These new positions allowed DVR to offer more competitive salaries, addressing one of the department's major concerns. However, the goal of DVR administrators is to move away from using the Administrative Series and migrate staff into a new series based on an existing position — the Vehicle Regulation Specialist (VRS). The VRS is a Grade 14 with an hourly salary range of $21.51 – $32.27. The position requires a bachelor's degree and four years of experience; previous experience in the administrative, business, or management fields can substitute for required education on a year-for-year basis. Currently this position only exists only in DMC, and five employees have with this designation.

Administrators have expressed interest in expanding the VRS to encompass multiple positions so employees can advance without necessarily moving into a managerial role. As such, the remainder of this report presents a detailed analysis of data, costs, and key considerations associated with in establishing a new occupational series within DVR based on the VRS position. Decision makers can use our analysis to understand potential the impacts, resource requirements, and strategic value of introducing a new job series.

# Chapter 3 Retention and Recruitment Strategies Used in Other States

### 3.1 Removal of Education Requirements

Government agencies have long struggled over whether they should eliminate education requirements to improve recruitment and retention. Fuller and Raman (2017) found that 61% of hiring managers rejected candidates without four-year degrees despite having the skills and experience to be successful in the position. Powel et al. (2018) concluded that one-third of jobs that previously only required a high school diploma now require a four-year college degree, and 25% of jobs that previously require a bachelor's degree now require a master's degree. Further, only 22% of Americans believe the cost of getting a college degree is worth the cost of taking out student loans (Fry, Braga, & Parker, 2024). These trends highlight the growing challenges government agencies and job seekers face as educational requirements increase, often creating barriers to employment and raising questions about the value and accessibility of higher education.

However, leaders in several states have sought to move away from hiring only degree holders. And for good reason — a study conducted by Lightcast, a labor analytics company, found that 27% of state government jobs are held by employees aged 55+. As these workers retire over the next decade, millions of public-sector jobs will be unfilled (Lightcast, 2024).

In March 2022, Maryland became the first state to eliminate degree requirements for most government jobs, including positions in IT, administrative work, and customer service. Within four months, 41% more candidates without degrees were hired after being vetted by an independent non-profit aimed at restructuring the workforce to include and promote non-degree holders (Stand Together, 2025). Other states followed suit, including Colorado, Utah, Pennsylvania, Alaska, North Carolina, and New Jersey (Raine, 2023). As of 2024, 25 states had committed to eliminating unnecessary degree requirements for state jobs, signaling a nationwide shift toward skills-based hiring. This movement reflects growing recognition that practical experience and competencies are as valuable — if not more so — than formal educational credentials, especially for roles where a degree may not be essential to job performance (Bongiorno, 2024).

### 3.2 Skills-Based Hiring Practices

Skills-based hiring focuses on applicants' abilities and competencies rather than education and allows those who acquired their skill sets through less traditional paths to apply for positions (Agovino, 2024). States typically adopt skills-based hiring practices at the same time they eliminate degree requirements to increase applicant pools and fill longstanding vacancies. Workers skilled through alternative routes (i.e., STARs) build their skills while serving in the military, certificate programs, on-the-job training, and other avenues. Roughly 61% of veterans in the workforce are STARs as well as 66% of workers in rural areas and 50% of women (Opportunity@Work, 2025). Further, STARs make up the largest proportion of the labor force aged 25+ (Opportunity@Work, 2022). Because of this, state governments have an opportunity to reassess the hiring practices to tap into a broader pool of workers.

Skills-based hiring confers multiple benefits to employees and employers. Aside from increasing the talent pool, it attracts staff who will stay longer than traditional hires. Using a skills-based approach can more accurately predict how well an employee will fit in a position ultimately increasing retention. This approach can help employers reduce unconscious biases and create a hiring process that attracts a more diverse workforce (van Barneveldt, 2025).

# Chapter 4 Creating a New DVR Job Series

## 4.1 Establishing and Revising a Job Classification — Process and Data

The Study Advisory Committee (SAC), which included the DVR commissioner and division leaders, oversaw our research process. Once the final decision was made to create a job series based on the existing VRS designation, we asked the SAC to determine how it would be most useful to DVR. One of the immediate challenges was ensuring the series would not create compression issues with administrative positions. Because the existing VRS position is a Grade 14, a final decision was made to create two positions — VRS I (Grade 13) and VRS II (Grade 14). The SAC decided to ask for two positions to increase the request's viability and reduce the overall budgetary impact on the department.

Any current employees classified as a VRS will be designated a VRS II (lateral move), and all current Administrative Specialists and Administrative Specialists Senior will be transitioned into the VRS I position before being promoted as necessary. As per 101 KAR 3:045 Section 3(3), Administrative Specialists will receive raises due to being assigned a higher-grade position (Grade 12 to 13) (101 KAR 3:045 § 3(3), 2023). Transitioning employees classified in administrative roles to the VRS series will afford DVR more input in how positions are structured. The administrative series does not encompass the scope of work being done by DVR. It also does not appropriately reflect the specialized responsibilities and levels of expertise required to perform complex tasks essential to ensuring the accuracy and completeness of DVR records, delivery of services, and the administration of fees handled by DDL, DMVL, DMC, and DCS. It also fails to account for the specialized skills needed to manage in-person issuing services, conduct testing for new program implementations, and adapt to legislative mandates that introduce new responsibilities (e.g., pop-up services, vision screening, use of a new information system). Additionally, the classification does not encompass the expertise required to handle sensitive situations that demand a high level of precision and security awareness. Ultimately, the new VRS series will be specific to DVR and align fully with the demands and expectations of DVR employees. Figure 4.1 shows how positions will be condensed once the transition is complete.

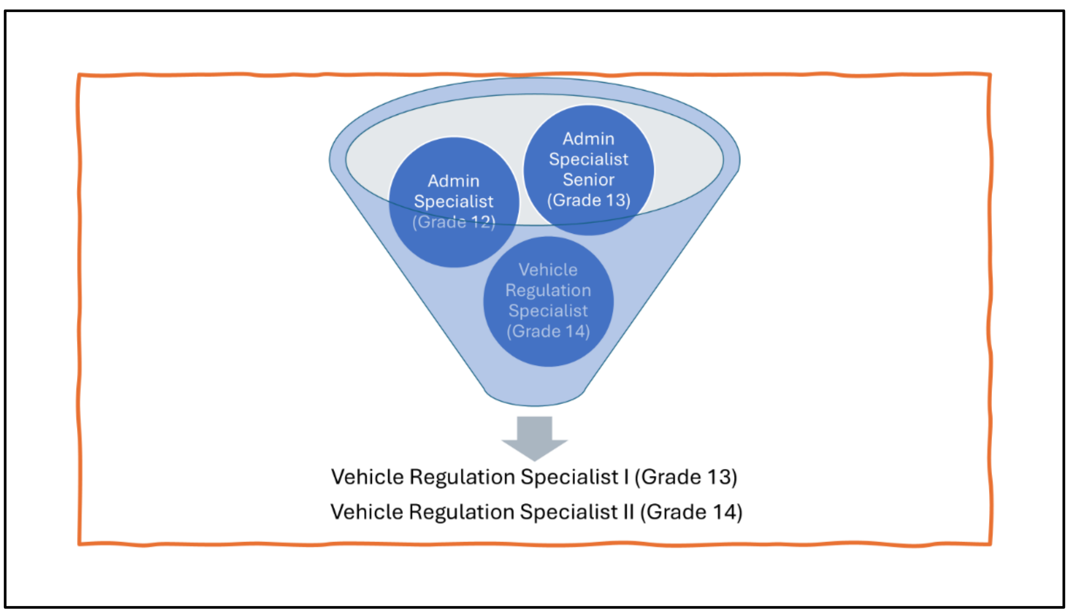



**Figure 4.1** Transition to Vehicle Regulation Specialist Series

**4.1.2 Documentation**

To establish a new job specification, the Personnel Cabinet requires appropriate documentation as justification. A document titled *Establishing and Revising a Job Classification* was shared with all agency Human Resources offices by the Personnel Cabinet. The document contains a series of questions whose answers will help justify why creating a job specification is necessary. Appendix A provides a copy of information and questions in document.

After reviewing this document, we met with the SAC and asked division leaders to provide answers based on their experiences. We then compiled and reviewed answers to draft a letter that could serve as a template for what will be presented to the Classification, Compensation, and Organizational Management Branch Manager.

Our team compiled additional data to develop answers for the remaining questions, including the number of impacted employees, how KYTC intends to treat affected employees should the request be approved, and the cost of proposed changes (including fringe benefits). Given these requirements, we requested three additional sources of information: revenue, expenses, and current employment data.

**4.1.3 Financial Data**

All financial data are from FY 2024 (July 1, 2023 – June 30, 2024).

**4.1.4 Revenue**

In FY 2024, DVR collected over $439 million from multiple revenue sources. As Table 4.1 shows, taxes are responsible for nearly half of DVR's income.

**Table 4.1** Fiscal Year 2024 Revenue Sources for DVR

| Revenue Source | Amount |
|---|---|
| **Taxes**<br>• Income from motor fuel usage tax, taxes generated from the U-Drive-It program, non-reciprocal permits, weight-distance taxes (KYU), and surtaxes | $ 206,274,822.40 |
| **Licenses Fees & Permits**<br>• Income from license plates, driver licenses, taxi licenses, motor vehicle titling fees, reinstatement fees, electric/hybrid vehicle fees, and many others | $ 192,863,371.20 |
| **Other Revenues**<br>• Income collected for the county share of certain taxes | $ 27,285,798.62 |
| **Charges for Services**<br>• Includes revenue from traffic school fees, rent income from renting buildings to another state agency, money from general sales and fees assessed to the public | $ 8,588,072.97 |
| **Intergovernmental Revenues**<br>• Includes revenues from other government agencies, including Federal aid from Highway Safety, revenue from the United States Department of Justice, and revenues from other states | $ 4,020,352.38 |
| **Interest & Investment Income**<br>• Interest income generated from Kentucky's Reflectorized License Plate Fund | $ 275,946.73 |
| **Fines & Forfeitures**<br>• Income from fines individuals incurred from speeding in a highway work zone | $ 33,714.02 |
| **Total** | **$ 439,342,078.32** |

DMC is responsible for collecting all taxes, and in FY 2025 it generated $322 million (73%) of DVR's total revenue. Remaining revenue came from Motor Vehicle Licensing ($75 million), Driver Licensing ($34 million), and the Motor Vehicle Commission ($8 million) (Figure 4.2).

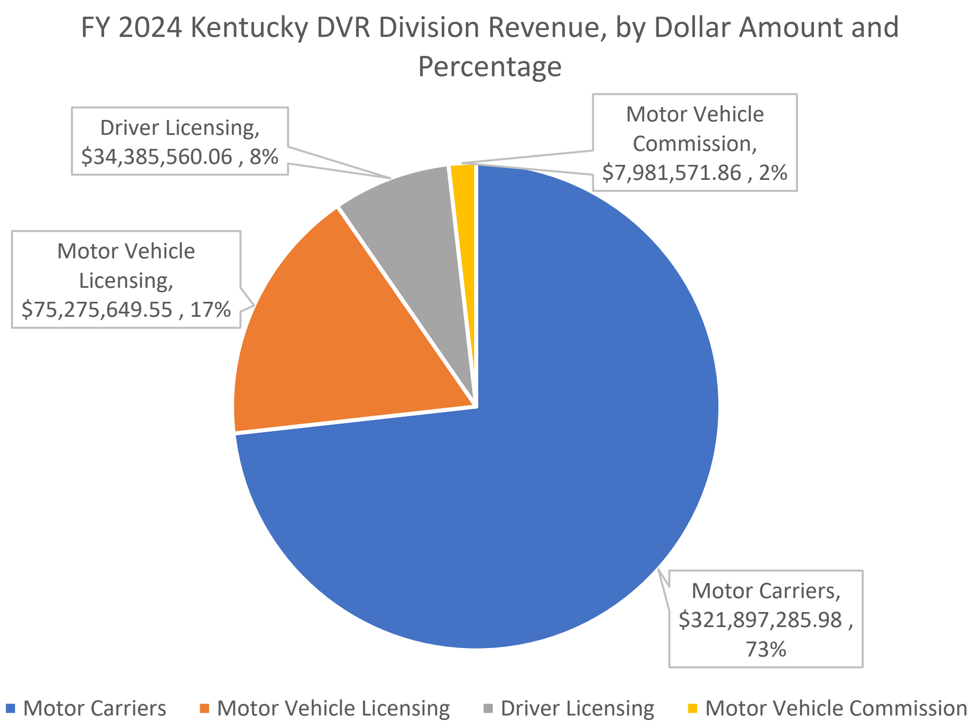



**Figure 4.2** FY 2024 Kentucky DVR Division Revenue, by Percentage

**4.1.5 Overall Budget and Expenses**

DVR relies on funding from multiple sources. Revenue generated by DVR is dispersed to 11 funds from which division administrators can pull for daily operations, as well as planned activities such as system upgrades. The Road Fund provides the largest budget by far. For FY 2024, the Road Fund budget was $47.5 million. The next largest funding source was the Reflectorized License Plate Fund ($9.4 million). DVR's FY 2024 budget was $72.1 million. Table 3.2 outlines the budget and expenses for each DVR function, including the percentage of the budget spent by the end of FY 2024. Each budget includes personnel costs and operations costs to carry out departmental activities. Overall, DVR stayed within budget during FY 2024. Five functions were over budget — Driver History Record DUI, Photo Licenses, Vehicle Titling, well Motor Boat Titling, and IFTA Processing (highlighted red in Table 4.2). The first three are part of the Road Fund.

The Road Fund budget is determined every other year and includes two fiscal years' worth of projections. The Consensus Forecasting Group provides yearly estimates of Road Fund revenues, but unforeseen circumstances can alter priorities and require that more funds be spent than originally planned (Kentucky, 2025). Numerous changes during FY 2024, including updating the Kentucky Automatic Vehicle Information System (KAVIS) as well as ramped up efforts to meet federal REAL ID requirements, had significant budgetary impacts. Although planned, major disruptions such as these can wreak havoc on budgets. For instance, Vehicle Titling overspent on IT Business Applications Services by

$388,000 and on Temporary Manpower Services by nearly $177,000. While unconfirmed, these additional funds likely addressed unforeseen needs that arose during the transition to KAVIS.

**Table 4.2** Budget, Expenses, and Percentage Expended of DVR Funds

| Fund | Function | Total Budget | Expenses | % Expended |
|---|---|---|---|---|
| Road Fund | | | | |
| — | Office of the Commissioner | $1,293,500.00 | $1,002,274.76 | 77% |
| | Driver Licensing | $26,812,900.00 | $23,395,111.85 | 88% |
| | Motor Carriers | $4,797,600.00 | $3,496,354.28 | 73% |
| | Motor Vehicle Licenses | $2,731,400.00 | $2,039,910.54 | 75% |
| | Driver History Record DUI | $25,000.00 | $86,012.14 | 344% |
| | Customer Service | $1,793,900.00 | $1,563,531.64 | 87% |
| | Drivers Education | $921,300.00 | $647,191.35 | 70% |
| | Photo Licenses | $4,300,000.00 | $4,344,556.95 | 101% |
| | State Traffic School | $725,300.00 | $409,736.23 | 56% |
| | Vehicle Titling | $4,185,700.00 | $5,141,993.37 | 123% |
| | **Total** | **$47,586,600.00** | **$42,126,673.11** | **86%** |
| Federal Vehicle Regulation Fund | | | | |
| — | Driver Licensing | $925,000.00 | $284,069.57 | 31% |
| | Motor Carriers | $3,702,100.00 | $3,150,042.34 | 85% |
| | **Total** | **$4,627,100.00** | **$3,434,111.91** | **74%** |
| Alcoholic Driver Education Fund | Alcoholic Driver Education | $200,400.00 | $194,698.31 | 97% |
| Motor Boat Titling Fund | Motor Boat Titling | $200,000.00 | $213,518.94 | 107% |
| Commercial Driver's License Fund | Commercial Driver's License | $2,204,569.00 | $541,372.60 | 25% |
| Solid Waste Transport Fund | Solid Waste Transport | $45,200.00 | $28,809.12 | 64% |
| Reflectorized License Plate Fund | Reflectorized License Plate | $9,357,652.00 | $3,043,254.77 | 33% |

| Fund | Function | Total Budget | Expenses | % Expended |
|---|---|---|---|---|
| Motor Vehicle Commission Fund | Motor Vehicle Commission | $2,184,900.00 | $1,480,942.00 | 68% |
| County Clerk IT Improvement Account | County Clerk IT Improvement Account | $4,540,900.00 | $4,188,338.50 | 92% |
| IFTA Processing Fund | IFTA Processing | $782,400.00 | $825,350.55 | 105% |
| Ignition Interlock Administration Fund | Ignition Interlock Device Program | $392,900.00 | $274,385.16 | 70% |
| | **Total** | **$72,122,621.00** | **$ 56,351,454.97** | **78%** |

#### 4.1.6 Personnel Budget and Expenses

The budget for each fund is broken down into personnel costs and operating costs. Personnel costs include employee salaries and wages, overtime, retirement, taxes, insurance, and temporary services used by the department. Personnel costs also include services used (e.g., business applications and application development). Table 3.3 lists personnel and operating costs in the total budget.

All divisions except for DDL and the Motor Vehicle Commission had temporary employment budgets in the Road Fund. The Federal Vehicle Regulation Fund provided $75,000 to DDL. Many of the other individual funding mechanisms did not provide funds for temporary employment services, except for $6,000 for the Motor Vehicle Commission and $10,000 for the County Clerk IT Improvement Account. Neither of these accounts were spent down.

Table 4.3 provides budget figures for each fund and function, along with the personnel budget, temporary services budget, temporary services expenditures, and percentage of personnel budget spent. Although the temporary services budget and expenses are included in the overall personnel budget and expenses, we removed them to highlight the use of temporary employment services. DVR spent 83% of funds it was allocated for personnel.

**Table 4.3** DVR Personnel Budgets and Expenses for FY 2024

| Fund | Function | Personnel Budget | Personnel Expenses | Temp Services Budget | Temp Services Expenses | % Expended |
|---|---|---|---|---|---|---|
| Road Fund | | | | | | |
| — | Office of the Commissioner | $1,190,000.00 | $947,595.59 | $0 | $6,360.93 | 80% |
| | Driver Licensing | $22,227,900.00 | $19,225,443.84 | $0 | $5,724,372.70 | 86% |
| | Motor Carriers | $4,618,900.00 | $3,447,796.64 | $25,000.00 | $52,027.27 | 75% |
| | Motor Vehicle Licenses | $2,173,400.00 | $1,730,063.04 | $75,000.00 | $1,027.81 | 80% |
| | Driver History Record DUI | $25,000.00 | $85,940.38 | $0 | $0 | 344% |
| | Customer Service | $1,782,500.00 | $1,557,634.43 | $779,000.00 | $719,634.23 | 87% |
| | Drivers Education | $921,300.00 | $647,191.35 | $0 | $0 | 70% |
| | State Traffic School | $725,300.00 | $409,736.23 | $0 | $0 | 56% |
| | Vehicle Titling | $3,250,700.00 | $4,071,983.29 | $650,000.00 | $826,809.17 | 125% |
| Federal Vehicle Regulation Fund | | | | | | |
| — | Driver Licensing | $925,000.00 | $284,069.57 | $75,000.00 | $284,069.57 | 31% |
| | Motor Carriers | $2,417,500.00 | $2,267,512.91 | $0 | $0 | 94% |
| Alcoholic Driver Education Fund | Alcoholic Driver Education | $200,400.00 | $194,698.31 | $0 | $0 | 97% |
| Motor Boat Titling Fund | Motor Boat Titling | $200,000.00 | $213,518.94 | $0 | $0 | 107% |
| Commercial Driver's License Fund | Commercial Driver's License | $2,204,569.00 | $541,372.60 | $0 | $0 | 25% |
| Solid Waste Transport Fund | Solid Waste Transport | $45,200.00 | $28,809.12 | $0 | $0 | 64% |
| Motor Vehicle Commission Fund | Motor Vehicle Commission | $2,040,000.00 | $1,480,942.00 | $6,000.00 | $0 | 64% |
| County Clerk IT Improvement Account | County Clerk IT Improvement Account | $110,000.00 | $54,165.00 | $10,000.00 | $0 | 49% |
| IFTA Processing Fund | IFTA Processing | $778,400.00 | $825,100.55 | $0 | $0 | 106% |

| Fund | Function | Personnel Budget | Personnel Expenses | Temp Services Budget | Temp Services Expenses | % Expended |
|---|---|---|---|---|---|---|
| Ignition Interlock Administration Fund | Ignition Interlock Device Program | $392,900.00 | $274,385.16 | $0 | $0 | 70% |
| **Total** | | **$46,228,969.00** | **$38,287,958.95** | **$1,620,000.00** | **$7,614,301.68** | **83%** |

Table 4.4 shows the percentage of funds spent on regular employees relative to the total budget as well as the percentage of funds spent on regular employees relative to the personnel budget. Regular employees work full-time and are employed directly by KYTC. Some funds and functions lacked an employee budget, such as the Photo Licenses function and Reflectorized License Plate Fund. The County Clerk IT Improvement Account budgeted $110,000 for regular employees, but these funds were not spent.

**Table 4.4** Percent of Personnel Budget and Total Budget Spent on Regular Employees for FY 2024

| Fund | Function | Overall Budget | Personnel Budget | Full-time Employee Expenses | % of Personnel Budget Spent on Regular Employees | % of Total Budget Spent on Regular Employees |
|---|---|---|---|---|---|---|
| Road Fund | | | | | | |
| — | Office of the Commissioner | $1,293,500.00 | $1,190,000.00 | $917,762.55 | 77% | 71% |
| | Driver Licensing | $26,812,900.00 | $22,227,900.00 | $10,414,088.11 | 47% | 39% |
| | Motor Carriers | $4,797,600.00 | $4,618,900.00 | $3,395,764.51 | 74% | 68% |
| | Motor Vehicle Licenses | $2,731,400.00 | $2,173,400.00 | $1,558,000.44 | 72% | 57% |
| | Driver History Record DUI | $25,000.00 | $25,000.00 | $86,012.14 | 344% | 344% |
| | Customer Service | $1,793,900.00 | $1,782,500.00 | $756,533.73 | 42% | 42% |
| | Drivers Education | $921,300.00 | $921,300.00 | $77,546.70 | 8.4% | 8.4% |
| | Photo Licenses | $4,300,000.00 | $725,300.00 | $0 | 0% | 0% |
| | State Traffic School | $725,300.00 | $3,250,700.00 | $124,088.42 | 38% | 17% |
| | Vehicle Titling | $4,185,700.00 | $1,190,000.00 | $1,606,562.07 | 135% | 38% |
| | | $47,586,600.00 | $38,105,500.00 | $18,936,358.67 | 50% | 40% |
| Federal Vehicle Regulation Fund | | | | | | |
| — | Driver Licensing | $925,000.00 | $925,000.00 | $22,248.79 | 2.4% | 2.4% |
| | Motor Carriers | $3,702,100.00 | $2,417,500.00 | $575.00 | <.1% | <.1% |
| | | $4,627,100.00 | $3,342,500.00 | $22,823.79 | .7% | .5% |
| Alcoholic Driver Education Fund | Alcoholic Driver Education | $200,400.00 | $200,400.00 | $194,698.31 | 97% | 97% |
| Motor Boat Titling Fund | Motor Boat Titling | $200,000.00 | $200,000.00 | $213,518.94 | 107% | 107% |

| Fund | Function | Overall Budget | Personnel Budget | Full-time Employee Expenses | % of Personnel Budget Spent on Regular Employees | % of Total Budget Spent on Regular Employees |
|---|---|---|---|---|---|---|
| Commercial Driver's License Fund | Commercial Driver's License | $2,204,569.00 | $2,204,569.00 | $541,372.60 | 25% | 25% |
| Solid Waste Transport Fund | Solid Waste Transport | $45,200.00 | $45,200.00 | $28,809.12 | 64% | 64% |
| Reflectorized License Plate Fund | Reflectorized License Plate | $9,357,652.00 | $0 | $0 | 0% | 0% |
| Motor Vehicle Commission Fund | Motor Vehicle Commission | $2,184,900.00 | $2,040,000.00 | $1,179,689.37 | 58% | 54% |
| County Clerk IT Improvement Account | County Clerk IT Improvement Account | $4,540,900.00 | $110,000.00 | $0 | 0% | 0% |
| IFTA Processing Fund | IFTA Processing | $782,400.00 | $778,400.00 | $2,454.75 | .3% | .3% |
| Ignition Interlock Administration Fund | Ignition Interlock Device Program | $392,900.00 | $392,900.00 | $274,385.16 | 70% | 70% |
| | **Total** | **$72,122,621.00** | **$46,228,969.00** | **$ 21,394,110.71** | **46%** | **30%** |

### 4.1.7 Employment Data

All employment-related data presented in this section are current as of April 14, 2025. Because staff numbers and salaries are dynamic, we have limited ability to develop future cost projections that are 100% accurate. All estimates also include staff in the Motor Vehicle Commission and the Administrative Support Branch. Although housed in DVR only for administrative purposes, they both have employees classified in administrative positions. To promote uniformity within the department, we included those employees. Conversely, a single part-time employee within the department was not considered in the cost projections as our focus was on full-time staff. This part-time employee will need to be reclassified as well, which will have a small additional impact on the budget.

We identified 246 employees that would be impacted by job reclassifications — 143 Administrative Specialists Senior, 99 Administrative Specialists, and 5 Vehicle Regulation Specialists (Figure 4.3)

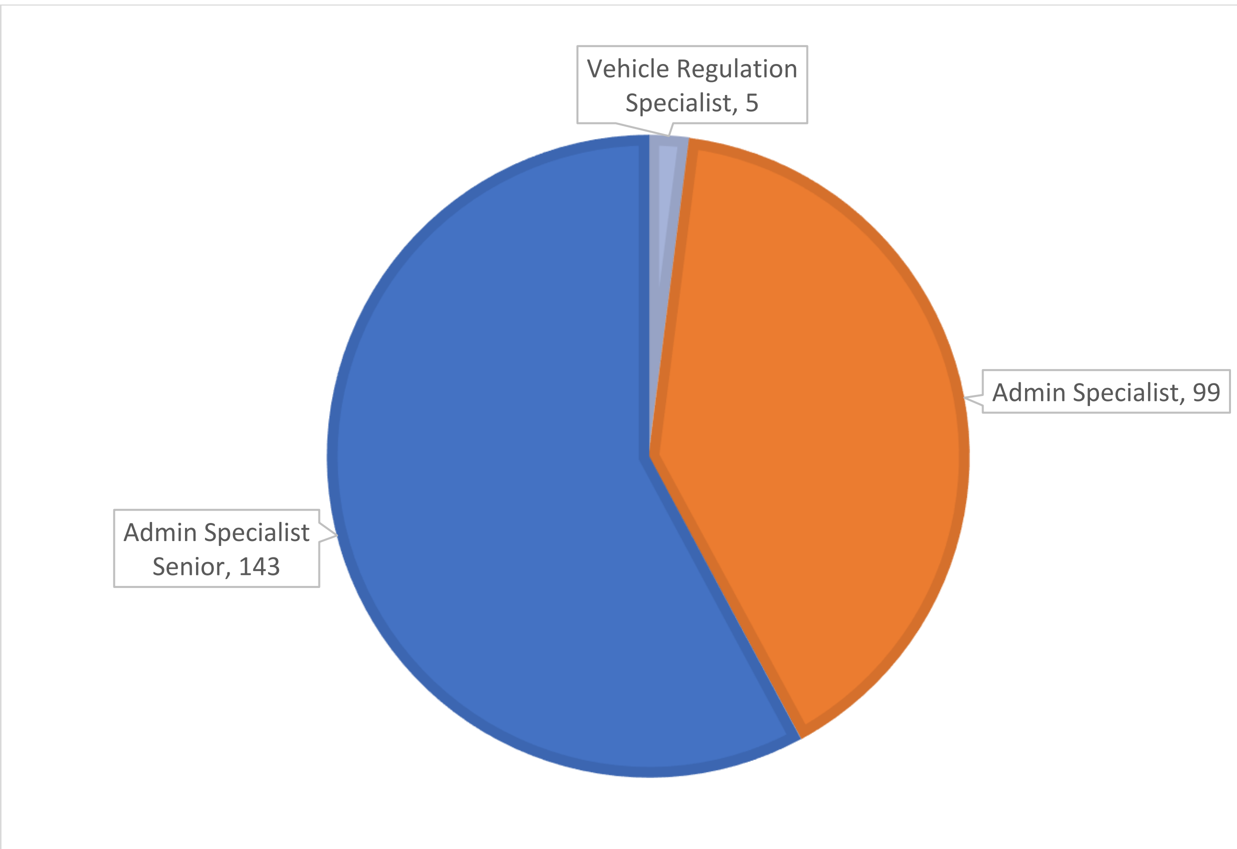



**Figure 4.3** Breakdown of Impacted Employees by Job Specification

Not all divisions would be impacted equally (Table 4.5). DDL would see the greatest impact because it has staff in Frankfort and situated across the state in regional offices. DCS would be the least impacted, with just one Administrative Specialist Senior on staff.

**Table 4.5** Number of Affected Employees by Division

| | Administrative Specialist | Administrative Specialist Senior | Vehicle Regulation Specialist | Total |
|---|---|---|---|---|
| Administrative Support Branch | | 3 | | 3 |
| Division of Customer Service | | 1 | | 1 |
| Division of Driver Licensing | 86 | 103 | | 189 |
| Division of Motor Carriers | 1 | 15 | 5 | 21 |
| Division of Motor Vehicle Licensing | 12 | 18 | | 30 |
| Motor Vehicle Commission | | 2 | | 2 |
| **Total** | **99** | **142** | **5** | **246** |

All employees considered in this study fell into one of three categories:

- Initial probation — Employee hired within the last sixth months
- Promotion probation — Employee promoted within the last six months
- Status — Employee that has completed the necessary initial probationary period (Kentucky Revised Statues § 18A.111, 2010).

Once an employee completes their probationary period, they receive a 5 percent salary advancement or increase in pay. Over the next few months, DVR will incur expenses due to staff completing their probationary period. DDL will be most impacted, with 106 employees on initial probation as of April 2025, while Motor Carriers had 3 and the Administrative Support Branch had one.

In addition to probationary raises, a 3% statewide raise is scheduled to take effect on July 1, 2025 (Kentucky General Assembly, 2024). We incorporated all planned costs to ensure estimates are as accurate as possible. Figure 4.4 shows the current outlook for DVR with respect to forthcoming probationary raises as well as the 3% statewide raise.

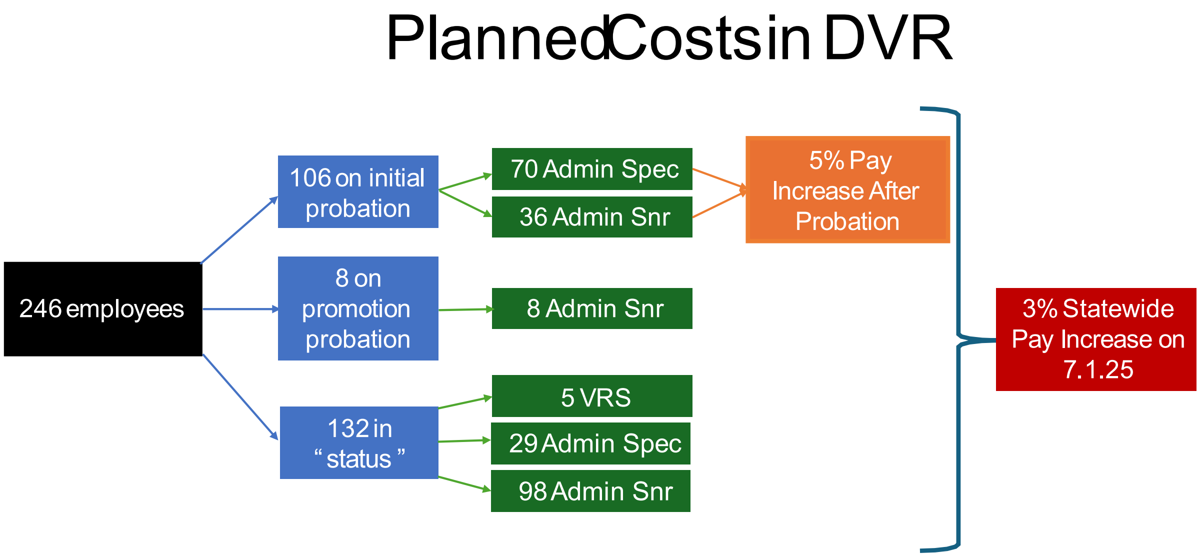



**Figure 4.4** Planned Costs in DVR

**4.2 Cost to Create the VRS Job Series**

Based on the employment information described above, we estimated the cost of creating the VRS job series. We used current salaries and fringe benefits to incorporate planned costs and then all costs associated with implementation. Only salary information associated with impacted employees was included. No personally identifiable information was used.

**4.2.1 Current Costs**

DVR requires $19.2 million to fund the salaries of 246 Administrative Specialists, Administrative Specialists Senior, and Vehicle Regulation Specialists. Figure 4.5 breaks down costs by division.

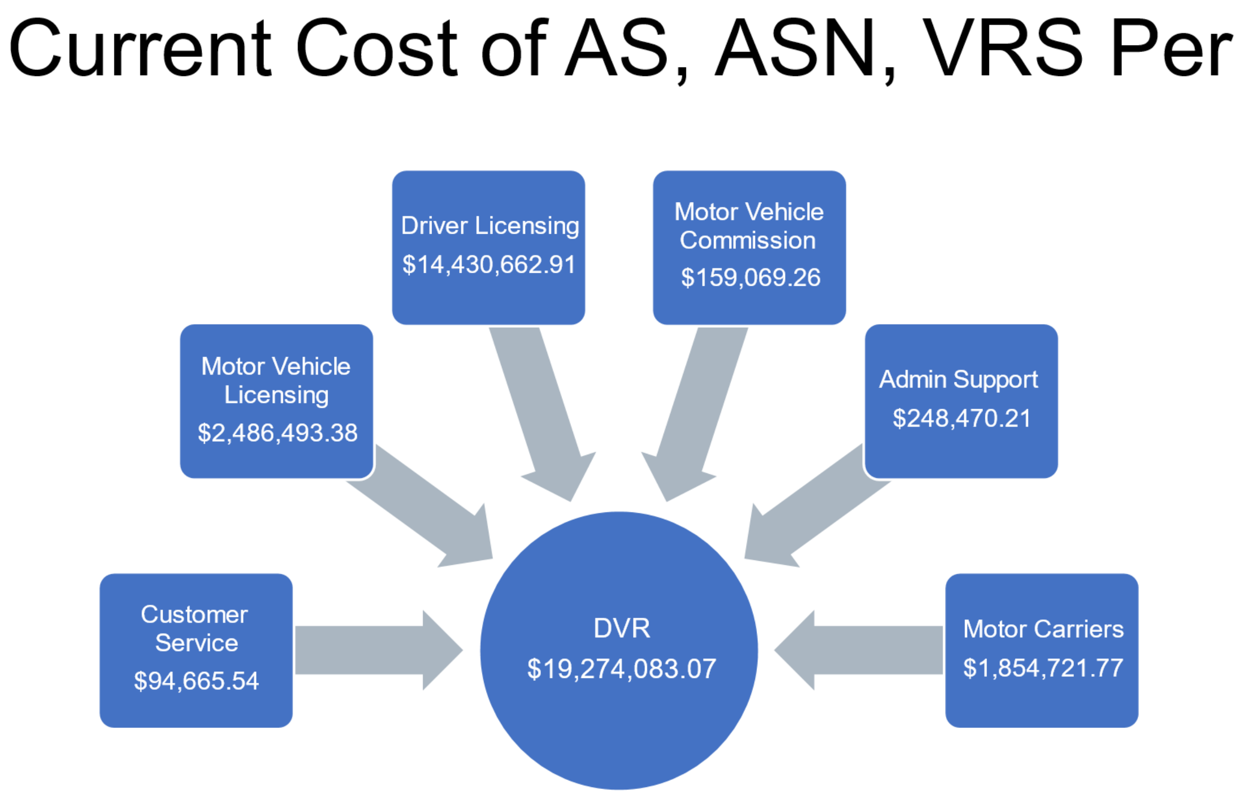



**Figure 4.5** Current Cost of AS, ASN, VRS Per Year

#### 4.2.2 Statewide Raise

DVR will need about $473,000 to fund 3% salary increases for staff across all divisions. Figure 4.6 shows costs by division.

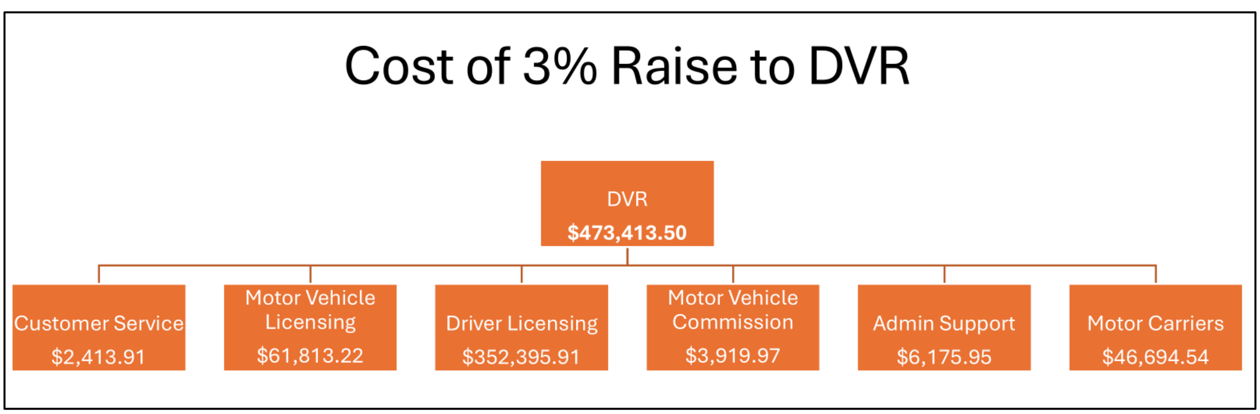



**Figure 4.6** Cost of 3% Raise to DVR

#### 4.2.3 Probationary Raises

Giving 5% probationary raises to 106 employees will increase DVR costs by just over $197,000. Only three divisions will be impacted: Administrative Services Branch, DDL, and DMC. Figure 4.7 shows the cost.

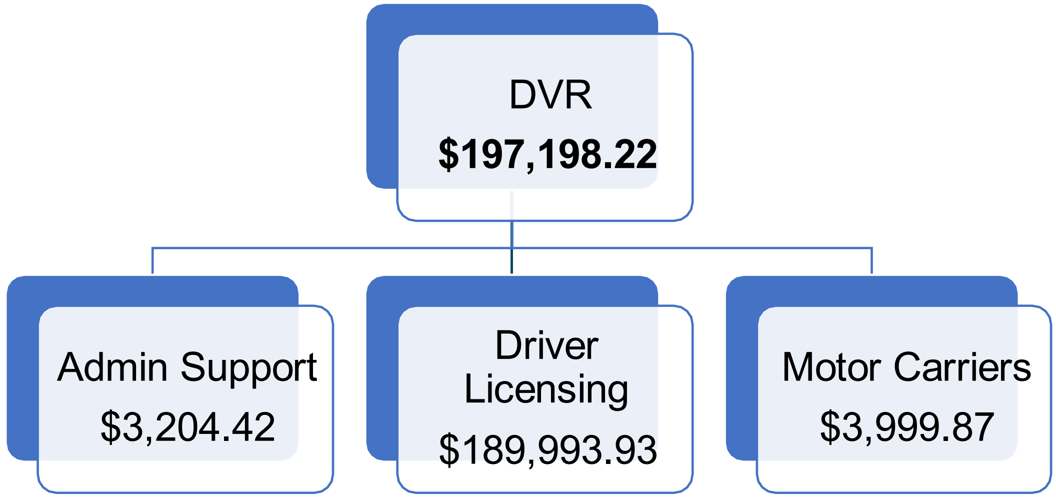



**Figure 4.7** Cost to Give 5% Probation Raises to AS & ASN

#### 4.2.4 Promoting AS TO VRS I

Ninety-nine employees will be impacted by this transition — 86 in DDL, 1 in DMC, and 12 in DMVL. The total cost of this move is a little under $326,000. Figure 4.8 shows the budgetary impact of promotions.

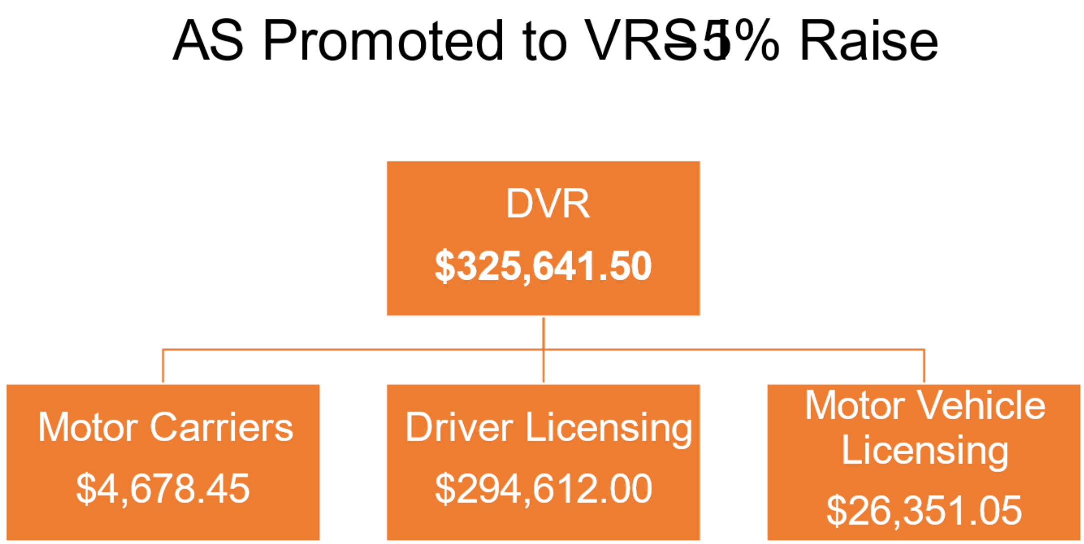



**Figure 4.8** Cost to DVR to Promote AS to VRSI

#### 4.2.5 Probation Raise for New VRSI

After six months in their newly appointed VRSI position, the 99 employees will be eligible for a 5% probation raise, which cost roughly $428,000. Figure 4.9 below breaks down these costs across impacted divisions.

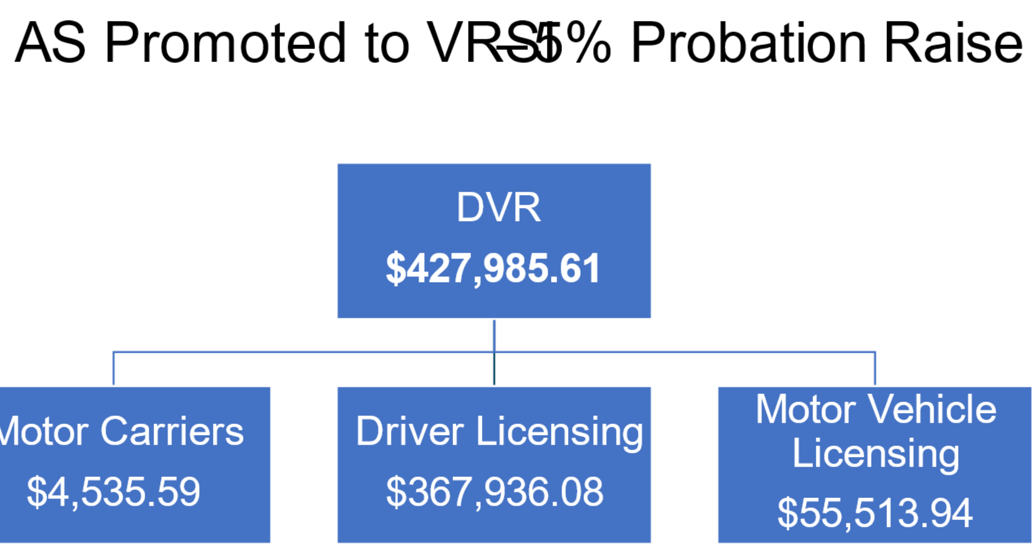



**Figure 4.9** Cost to DVR for 5% Probation Raise

#### 4.2.6 Promoting VRS I to VRS II

One of the job reclassification initiative's first steps is to convert all current ASN staff to VRS I. This lateral move carries no cost. The next step in is to promote VRS I staff to VRS II, which requires additional money. With 143 employees impacted by this change, these promotions will significantly impact on DVR's budget — adding just over $500,000 in salary expenses. Figure 4.10 shows how each division will be affected.

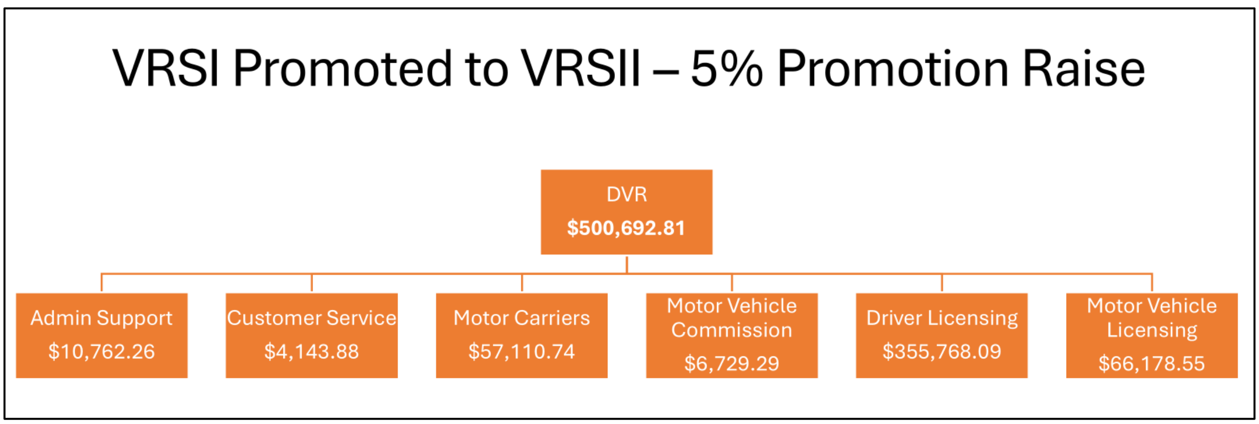



**Figure 4.10** Cost to DVR to Promote VRSI to VRSII

#### 4.2.7 Probation Raise for New VRS II

Newly designated VRS II employees will be eligible for a 5% probationary raise after six months, which will cost DVR just under $526,000. Figure 4.11 shows costs across divisions.

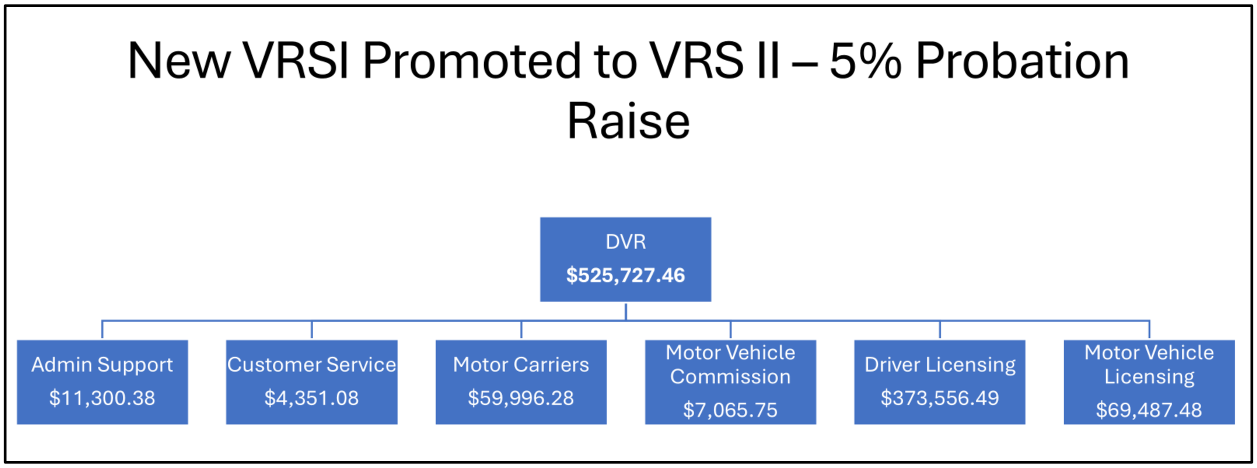



**Figure 4.11** Cost to DVR for 5% Probation Raise

#### 4.2.8 Total Costs

Table 4.6 summarizes expenses associated with funding the new job series, including planned costs. Planned costs and transition costs total $2.45 million.

**Table 4.6** Actions and Costs of Planned Costs and Transition

| Action | Cost to DVR |
|---|---|
| Cost of 3% Raise to DVR | $473,413.50 |
| Cost of Giving 5% Probation Raises to AS & ASN | $197,198.22 |
| Cost of Promoting AS to VRSI | $325,641.50 |
| Cost of Probation Raise for AS to VRSI | $427,985.61 |
| Cost of Promoting VRSI (ASN) to VRSII | $500,692.81 |
| Cost of Probation Raise for VRSI (ASN) to VRSII | $525,757.46 |
| **Total Cost of Planned Costs + Transition** | **$2,450,689.10** |
| **Total Cost of Transition** | **$1,780,077.38** |

Table 4.7 breaks down costs by division, including planned costs. Implementing the job series change in DDL carries the highest cost — $1.93 million — while DCS will only see increase costs of just under $11,000.

**Table 4.7** Cost to Each Division for Planned Costs and Transition

| | Total Cost to Division for Planned Costs and Transition | Total Cost to Division for Transition Alone |
|---|---|---|
| Customer Service | $10,908.88 | $8,494.96 |
| Motor Vehicle Commission | $17,715.02 | $13,795.04 |
| Administrative Support | $31,443.01 | $22,062.64 |
| Motor Carriers | $176,985.48 | $126,291.07 |
| Motor Vehicle Licensing | $279,344.24 | $217,531.02 |
| Driver Licensing | $1,934,262.50 | $1,271,910.38 |
| **Total DVR** | **$2,450,6859.12** | **$1,780,047.40** |

### 4.2.9 Midpoint Calculations

To ensure DVR would have enough information to submit with its request, we developed a separate forecast with all raises moved to the midpoint of the next grade regardless of current salary. For VRS I (Grade 13) the monthly midpoint salary was $4,767.60; for VRS II it was $5,244.04. Because these salaries are higher than those used in the original projections, overall implementation costs, including planned costs increases to $9.73 million. Planned costs of roughly $670,000 were unchanged (Table 4.8).

**Table 4.8** Cost to DVR for Planned Costs and VRS Transition — Midpoint

| Division | Current Total Yearly Cost | AS, ASN, VRS After 3% Raise | AS & ASN After 5% Probation Raise | AS to VRSI Mid-point | AS TO VRSI 5% Probation Raise | VRS to VRSII Mid-point | ASN to VRSI Mid-point | VRSI to VRSII Mid-point | VRSI to VRSII 5% Probation |
|---|---|---|---|---|---|---|---|---|---|
| DCS | $94,665.54 | $97,079.45 | $97,079.45 | $97,079.45 | $97,079.45 | $97,079.45 | $107,536.11 | $116,863.28 | $121,996.36 |
| MVC | $159,069.26 | $162,989.24 | $162,989.24 | $162,989.24 | $162,989.24 | $162,989.24 | $215,072.22 | $233,726.56 | $243,992.72 |
| Admin Support | $248,470.21 | $254,646.16 | $257,850.58 | $257,850.58 | $257,850.58 | $257,850.58 | $322,608.34 | $350,589.85 | $365,989.08 |
| DMC | $1,854,721.77 | $1,901,416.31 | $1,905,416.18 | $1,936,022.15 | $1,940,688.86 | $2,051,760.51 | $2,256,627.84 | $2,449,468.47 | $2,526,464.62 |
| DMVL | $2,486,493.38 | $2,548,306.60 | $2,548,306.60 | $2,869,636.00 | $2,925,636.61 | $2,925,636.61 | $3,204,627.88 | $3,449,973.03 | $3,542,368.40 |
| DDL | $14,430,662.91 | $14,783,058.81 | $14,973,052.74 | $17,826,248.67 | $18,227,586.38 | $18,227,586.38 | $20,254,269.21 | $21,677,027.96 | $22,205,734.80 |
| **Total DVR** | **$19,274,083.07** | **$19,747,496.57** | **$19,944,694.79** | **$23,149,826.08** | **$23,611,831.12** | **$23,722,902.76** | **$26,360,741.60** | **$28,227,649.16** | **$29,006,545.96** |

### 4.3 Implementation Timeline

The timeline for implementing the new job series is currently unknown. DVR administrators need to submit documentation to the Personnel Cabinet justifying the new job series, but it is unclear how long the process will take. Ultimately DVR and the Personnel Cabinet will decide on a timeline jointly. However, we developed timelines for two scenarios, both of which include a phased transition.

#### 4.3.1 Proposed Timeline #1

On Timeline #1 (Figure 4.12), planned costs are incurred first. On July 1, 2025, all employees will receive a 3% raise. Between July 2025 and January 2026, several employees will receive probationary raises.

Phase 1 begins on January 1, 2026. At this time, VRS staff will be reclassified to VRS II and the ASN staff will be reclassified as VRS I. This step will not require additional funding obligations from DVR. At the same time AS staff will be promoted to VRS I, requiring a 5% promotion raise. The next part of Phase 1 is the probationary raise on July 1, 2026, for AS staff promoted to VRS I.

Phase 2 begins on September 1, 2026, when staff now classified as VRS I (previously ASN) are promoted to VRS II and will require a 5% raise. Phase 2 wraps up on March 1, 2027, when newly appointed VRS II staff are eligible for a 5% probationary raise.

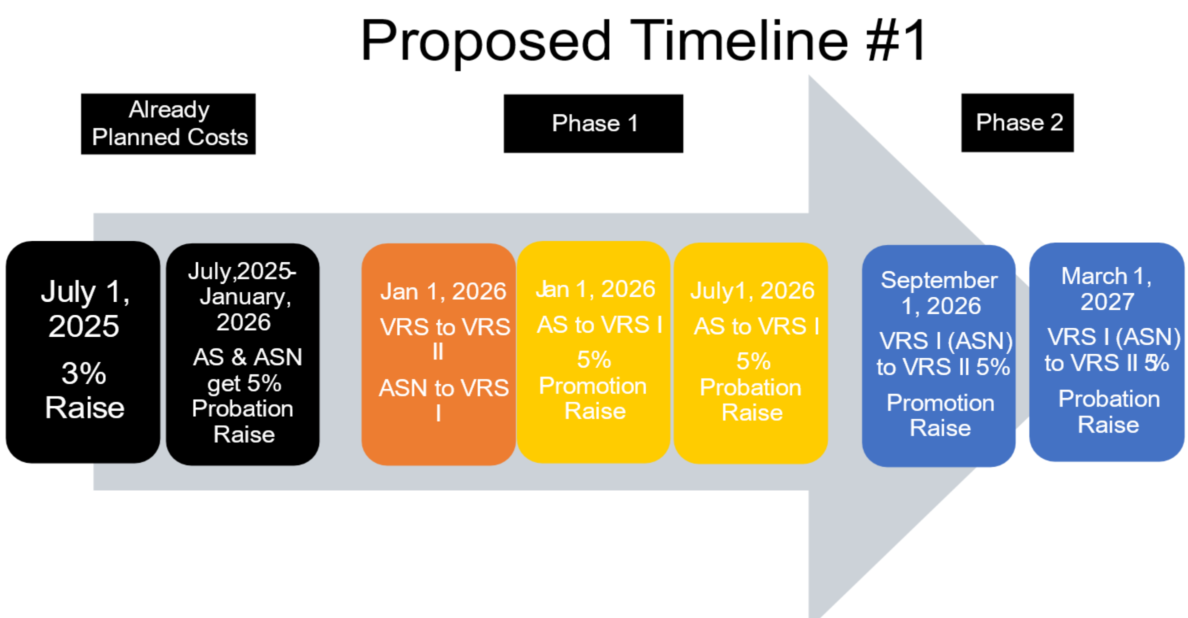



**Figure 4.12** Proposed Timeline #1

#### 4.3.2 Proposed Timeline #2

On Proposed Timeline #2, planned costs are incurred starting in July 2025 and ending in January 2026 (Figure 4.13). An additional financial commitment will be required at the start of Phase 1 on July 1, 2026, when AS staff are promoted to VRS I. On January 1, 2027, the VRS I (ASN) staff will be promoted to VRS II.

Phase 2 begins on January 1, 2027, with a probationary raise for AS staff who were promoted to VRS I. It ends on July 1, 2027, when the newly appointed VRS II staff receive their probationary raises.

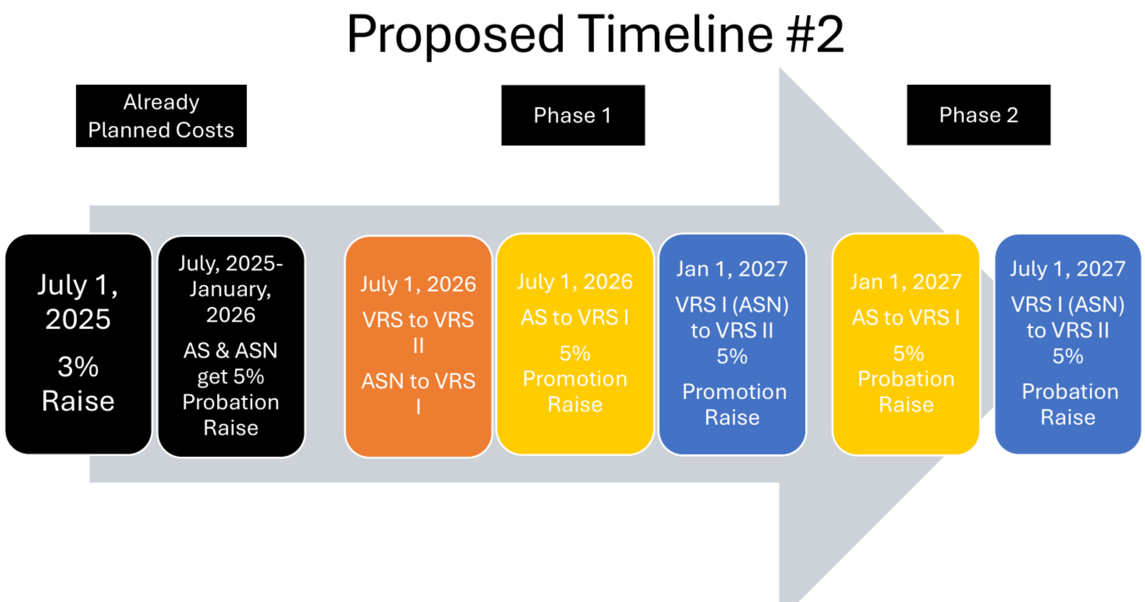



**Figure 4.13** Proposed Timeline #2

**4.4 Feasibility of Implementation**

The Personnel Cabinet requires agencies requesting the creation of new job classifications provide a statement attesting that funds are available to accommodate the request. To determine if DVR has sufficient funding to support the new job series, we assessed the remaining personnel budgets at the end of FY 2024 for each funding source. This included all functions of the Road Fund and Federal Vehicle Regulation Fund and several other funds with personnel budgets — Alcoholic Driver Education Fund, the Motor Boat Titling Fund, the Commercial Driver's License Fund, the Motor Vehicle Commission Fund, the IFTA Processing Fund, and the Ignition Interlock Administration Fund. Table 4.9 lists each fund and its associated functions, FY 2024 personnel budgets, full-time employee expenses, and money remaining at the end of FY 2024.

**Table 4.9** Remaining Personnel Funds (End of Fiscal Year 2024)

| Fund | Function | Personnel Budget | Full-time Employee Expenses | Remaining Funds |
|---|---|---|---|---|
| Road Fund | | | | |
| — | Office of the Commissioner | $1,190,000.00 | $917,762.55 | $272,237.45 |
| | Driver Licensing | $22,227,900.00 | $10,414,088.11 | $11,813,811.89 |
| | Motor Carriers | $4,618,900.00 | $3,395,764.51 | $1,223,135.49 |
| | Motor Vehicle Licenses | $2,173,400.00 | $1,558,000.44 | $615,399.56 |
| | Driver History Record DUI | $25,000.00 | $86,012.14 | ($61,012.14) |
| | Customer Service | $1,782,500.00 | $756,533.73 | $1,025,966.27 |
| | Drivers Education | $921,300.00 | $77,546.70 | $843,753.30 |
| | Photo Licenses | $725,300.00 | $0 | $725,300.00 |
| | State Traffic School | $3,250,700.00 | $124,088.42 | $3,126,611.58 |
| | Vehicle Titling | $1,190,000.00 | $1,606,562.07 | ($416,562.07) |
| | Total | $38,105,500.00 | $18,936,358.67 | $19,169,141.33 |
| Federal Vehicle Regulation Fund | | | | |
| — | Driver Licensing | $925,000.00 | $22,248.79 | $902,751.21 |
| | Motor Carriers | $2,417,500.00 | $575.00 | $2,416,925.00 |
| | Total | $3,342,500.00 | $22,823.79 | $3,319,676.21 |
| Alcoholic Driver Education Fund | Alcoholic Driver Education | $200,400.00 | $194,698.31 | $5,701.69 |
| Motor Boat Titling Fund | Motor Boat Titling | $200,000.00 | $213,518.94 | ($13,518.94) |
| Commercial Driver's License Fund | Commercial Driver's License | $2,204,569.00 | $541,372.60 | $1,663,196.40 |
| Motor Vehicle Commission Fund | Motor Vehicle Commission | $2,040,000.00 | $1,179,689.37 | $860,310.63 |
| IFTA Processing Fund | IFTA Processing | $778,400.00 | $2,454.75 | $775,945.25 |
| Ignition Interlock Administration Fund | Ignition Interlock Device Program | $392,900.00 | $274,385.16 | $118,514.84 |
| | **Total** | **$46,228,969.00** | **$21,394,110.71** | **$24,834,858.29** |

Our analysis shows that DVR has sufficient funding to create and finance the new job series. For each division, Table 4.10 lists the funding amounts needed to cover the transition and the personnel budget that remained at the end of FY 2024.

**Table 4.10** Financial Obligation of Each Division for Transition Compared to Remaining Personnel Balance (FY 2024)

| Division | Financial Obligation for Transition | Remaining Personnel Balance (Year End 2024) |
|---|---|---|
| Customer Service | $10,908.87 | $1,025,966.27 |
| Motor Vehicle Commission | $17,715.02 | $860,310.63 |
| Admin Support | $31,443.01 | $272,237.45 |
| Driver Licensing | $1,934,262.50 | $11,813,811.89 |
| Motor Vehicle Licenses | $279,344.24 | $615,399.56 |
| Motor Carriers | $176,985.48 | $1,223,135.49 |
| **Total** | **$2,450,659.12** | **$15,810,861.29** |

Because the financial obligations required of DCS, the Motor Vehicle Commission, and Administrative Support are modest compared to the remaining personnel balances for FY 2024, it seems unlikely that any employees qualifying for a new classification would be denied due to budget constraints. The Division of Driver Licensing, which has the greatest financial burden, would need less than 20% of its remaining FY 2024 personnel funds to fund the transition. From a financial perspective, implementing the new job series can be done with minimal impact to the department's personnel budgets.

### 4.5 Assumptions and Limitations

#### 4.5.1 Assumptions

We made several assumptions when calculating costs for implementing the VRS job series:

- A 3% statewide raise on July 1, 2025, for all employees, 5% promotion raises, and 5% probationary raises for all employees moving into new roles
- All calculations were based on employment data current as of April 14, 2025
- All employees classified as Administrative Specialists, Administrative Specialists Senior, or Vehicle Regulation Specialists would remain employed throughout the transition to the new job series
- A monthly rate of $1,183.48 for health insurance
- All DVR employees currently classified in administrative roles would be moved to the new VRS job series

#### 4.5.2 Limitations

One major limitation of this study is the lack of additional revenue and expense data. We based analysis on financial data from a single FY (2024), which prevented us from factoring in year-to-year changes or identifying variability in personnel expenses. These data are also from a period during which major changes and system upgrades were underway that likely influenced the overall budget. Using employment data from a single point in time is also a limitation. It is highly unlikely that the employment numbers have stayed the same, thus limiting our ability to predict with 100% certainty how many employees will be impacted by implementation of the new job series. Lastly, we used financial data from FY 2024 but employment data from FY 2025. Comparing data from two different years reduces the accuracy of cost projections.

# Chapter 5 Considerations

## 5.1 Current Considerations

DVR and the Personnel Cabinet need to consider several factors when deciding how to move forward with creating the VRS job series.

### 5.1.1 Impact on Division Employment Caps

Based on budget and tasks, every division has an employment cap for full- and part-time employees. Because all DVR divisions will require additional spending, it is possible that employment caps could be lowered. Not only does this impact the number of employees in each division, but it could also effectively increase the job responsibilities of current and future employees.

### 5.1.2 Part-Time Employees

Currently, there is only one part-time employee that could be impacted by creation of the VRS job series. This employee was not considered when calculating costs for transitioning the department to new job specifications, but if they were transitioned and promoted like full-time employees, DVR would incur additional costs. Because there is only one part-time staffer, the decision about how to proceed with their classification can likely be left to the division leaders.

### 5.1.3 Current Job Postings

The Personnel Cabinet website currently lists multiple job postings for Administrative Specialist Senior vacancies. Assuming the transition request clears the Personnel Cabinet process and is implemented, job classifications being advertised will need to be updated.

### 5.1.4 Funding for Budget Increase

While the initial stages of the job classification transition will not require a budget increase, additional funding will be needed during the latter stages to finance promotions and raises.

### 5.1.5 Annual Increments for Employees

KRS 18A.355 stipulates that each state employee receive a 5% raise on their first anniversary of employment (Kentucky Revised Statutes § 18A.355, 2024). While funds are not always available to provide this raise, this should be considered as an additional budget line item that could impact overall personnel budgets.

## 5.2 Future Considerations

Two main factors could increase costs further but have yet to be determined — (1) a potential statewide raise in 2026, and (2) the opening of additional field offices to meet customer demand.

### 5.2.1 Statewide Raise in 2026

Budgets for FYs 2027 – 2029 will not be established until the January 2026 legislative session. If a statewide raise is implemented on July 1, 2026, it will further impact the budget and require that more funds be put toward staffing.

### 5.2.2 Opening of Additional Field Offices

Kentucky currently has 32 field offices, but more field offices could be opened to help meet demands related to Real ID and new vision testing requirements that took effect on January 1, 2025. If additional offices are opened, DDL will need to hire additional staff, likely increasing its employee caps.

### 52.3 DVR Staff at Weigh Stations

Recent conversations have examined potentially moving DVR employees to weigh stations across the state for tax collection purposes. If this change is made, adding these employees will impact the available personnel budget.

# Chapter 6 Conclusions

## 6.1 Synthesis and Outcomes of Implementation

By overseeing driver licensing, vehicle titling and registration, motor carrier services, and other functions, DVR provides essential infrastructure that underpins commerce, transportation, and mobility. The department's regulatory efforts also help maintain roadway safety and efficiency, reduce fraud, and generate substantial revenue through fees and taxes.

DVR must be fully staffed to process high volumes of transactions quickly and accurately. When staffing levels fall, backlogs grow, service quality declines, and ripple effects are felt statewide. Full staffing is especially important for adapting to technological changes, navigating emerging transportation trends, and improving customer service while maintaining compliance with federal regulations.

If DVR is to be fully staffed, the department must have job series designations that help attract and retain qualified, dedicated personnel. Without these, it is difficult to recruit candidates with the right skills or offer meaningful career development pathways. Competitive and equitable pay grades are also essential for reducing turnover and maintaining institutional knowledge. Turnover increases service disruptions and training costs while reducing staff morale. Well-structured job classifications paired with fair compensation sends a strong message that Kentucky values the critical role DVR employees play in supporting public safety, economic development, and government efficiency.

Creating a new DVR-specific VRS job series would significantly benefit operational control, workforce development, and the department's long-term growth. Currently, many DVR roles are classified under broad state job titles that do not fully capture the unique scope, complexity, and regulatory nature of the work performed. This misalignment makes it challenging to hire the right people, set appropriate expectations, and reward performance in a way that reflects the true demands of the job.

Establishing the VRS job series will let DVR create a more precise and flexible staffing structure. This allows for clearer job progression pathways, better alignment of duties with qualifications, and the ability to customize training and professional development specific to departmental needs, all while opening the door for DVR to expand or refine services as demands evolve (e.g., incorporating emerging technologies, addressing cybersecurity threats, managing growing commercial transportation activity).

Most importantly, a DVR-specific VRS job series gives department leadership more control over organizing and managing the workforce strategically, advocating for appropriate pay scales based on market comparisons and internal responsibilities, and improving recruitment and retention. This supports long-term planning, helps DVR respond more quickly to policy or industry changes, and reinforces the department's ability to deliver high-quality services that directly impact the safety and efficiency of Kentucky's transportation system.

## 6.2 Additional Recommendations

### 6.2.1 Advocate for Skills-Based Testing and Changing Education Requirements

One challenge DVR currently faces is finding candidates that meet the education and training requirements. Other states have found success eliminating these requirements and transitioning to skill-based hiring. Adopting these tactics would likely benefit Kentucky's state workforce as well. According to 101 KAR 2:020 Section 1(7), the Personnel Cabinet "may change any job specification in whole or part," which suggests room may exist to move toward a skills-based hiring model (101 KAR 2:020 § 1(7), 2018).

#### 6.2.1 Further Expand the VRS Job Series

Creating the DVR-specific VRS job series will help ensure the department can act independently when making decisions about pay as well as education and experience requirements. All DVR division leaders have approved the proposed job series and believe it will benefit their hiring practices. Moving forward, DVR should investigate expanding the VRS occupational series to include three grade levels (like the Resource Management Analyst series, which includes Grades 13 – 15). Many employees are not interested in management roles, which can limit their promotional opportunities. Expanding the VRS series to include three grade levels would allow DVR to carve out a second pathway for career advancement, and thus likely improving retention rates.

### 6.3 Future Research Opportunities

We recommend pursuing a comprehensive workforce needs assessment and an in-depth analysis of compensation structures, including long-term organizational impacts, . This would involve identifying the core competencies, qualifications, and career pathways necessary to support DVR's evolving responsibilities — from front-line licensing services to CMV enforcement and regulatory compliance. Evaluating the long-term impacts of the VRS job series on service delivery, morale, efficiency, and customer satisfaction will be critical to measure its value. With DVR continuing to integrate new technologies into its workflows, and to address cybersecurity and data management needs, future research should examine how new types of job roles can incorporate these emerging skills. A final possibility is a study that collects feedback from current DVR employees and key stakeholders to ensure this job series is future-ready while being aligned with operational goals and employee needs.

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## Appendix A Establishing and Revising a Job Classification Form

A request to create or modify a job specification and/or to change a grade assignment/establish a special entrance rate by an agency shall be in the form of a letter from the agency head, appointing authority, or HR Executive to the Classification, Compensation, and Organizational Management Branch Manager. The agency should consider the questions below when submitting the request to the Personnel Cabinet and answer those questions pertinent to the request. If sufficient information is not provided, the agency will be required to submit additional information before the request can be acted upon.

1. The reason an existing classification does not accurately or adequately describe job functions.
2. The level of expertise minimally required for an incumbent to be reasonably expected to independently perform the basic elements of the job within the timeframe of the probationary period.
3. The relationship between jobs in the class and other jobs in different classes or class series within the agency.
4. If the work is currently being performed, what classification is used for the employees performing the work?
5. The nature of the problem with the current grade assignment.
6. The relationship of the classes affected with other classes used within the agency.
7. The number of employees which would be affected.
8. The agency's intention of how it will treat affected employees if the request is approved.
9. The cost of the proposed change, including fringe benefits, and a statement attesting that funds are available to cover any financial impact.

Please do not send separate letters requesting classification and compensation reviews.

The CCOM Branch staff will notify any impacted agency in writing that a request has been received and shall schedule a meeting with each agency to discuss the request, develop timelines, and set the order of procedures to be followed, if necessary.

The CCOM Branch staff and others may audit a reasonable sample of positions in each affected class. The classification analyst will then work with the agency to draft specifications for review or revise the draft submitted by the agency and will work with the agencies to develop the final work product.

The CCOM Analyst will review the initial agency request and factor the pay grade or conduct a salary survey if needed. If preliminary data indicates that a change may be appropriate for a substantial number of employees, the Governor's Office of Policy and Budget will be requested to review the budgetary implications prior to any final decision. Agencies will be contacted to discuss any grade assignments or reassignments prior to implementing any specification development or revisions.