

STATE OF CALIFORNIA
Spring Finance Letter - Cover Sheet
 DF-46 (REV 08/17)

Fiscal Year 2019/20	Business Unit 2740	Department Motor Vehicles	Priority No. 1
Budget Request Name 2740-301-BCP-2019-A1		Program 2135- DRIVER LICENSING & PERSONAL ID	Subprogram

Budget Request Description
 DMV Operational Improvements

Budget Request Summary

The Department of Motor Vehicles (DMV) requests resources to make short-term and long-term customer service, operational and information technology improvements to provide for a better overall customer service experience based on the recommendations from the Office of Statewide Audits and Evaluations (OSAE) Performance Review Audit and the Government Operations Agency's DMV Reinvention Strike Team's assessment. The DMV also requests resources for the continuing implementation of federally compliant Driver License/Identification Cards (DL/IDs) that will be accepted by the Transportation Security Administration (TSA) to board an airplane and to enter secure federal facilities consistent with the federally mandated REAL ID Act.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. Project Approval Document: Approval Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Tammy Hayward	Date	Reviewed By Robert Crockett	Date
Department Director Kathleen Webb	Date	Agency Secretary Brian Annis	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

PPBA **Original Signed by
Amanda Martin** Date submitted to the Legislature **MAR 29 2019**

A. Budget Request Summary

The Department of Motor Vehicles (DMV) is requesting 178.8 permanent positions and \$225.9 million in Fiscal Year (FY) 2019/20 to address a range of long-term operational improvements within the DMV. This amount reflects a request of \$242,127,000 off set by savings from credit card discount fees of \$16,187,000 from non-Motor Vehicle Account funds. In response to the Office of State Audits and Evaluation's (OSAE) Performance Review Audit and the Government Operations Agency's DMV Reinvention Strike Team's Assessment, this proposal requests resources to fund a communication campaign and customer service improvements such as credit cards in field offices, improving and redesigning DMV's website, and a range of online chat services to improve access to DMV's services outside of the field offices. This proposal also will fund operational improvements such as increased management and better training, an increase in the number of kiosks and additional kiosk functionality. Finally, this request provides for much needed IT improvements, such as a replacement of outdated and unreliable terminals, servers, circuits, and to provide network redundancies to reduce vulnerability to outages.

In the short term, this proposal will also continue funding 900 existing temporary positions and up to more than 970 new temporary positions such as temporary hires, permanent intermittent employees, overtime, retired annuitants, and staff borrowed from other departments to address this short-term increase in workload and keep wait times down. The requested level of funding decreases over the next 5 years with \$178.5 million in FY 2020/21, including 201 permanent positions, \$64.8 million in FY 2021/22, \$51.1 million in FY 2022/23, and \$23.9 million in FY 2023/24 and \$13.1 million in 2024/25 and ongoing. The need to convert any of these temporary positions to permanent will be re-evaluated in future years.

This proposal also includes provisional budget bill language, similar to the 2018-19 Budget Act, allowing for further augmentation should the requested resource level be insufficient to meet the public's needs (See Attachment 1).

The resources requested in this proposal replace those requested in two budget change proposals originally included in the Governor's Budget: Extension of REAL ID Resources and SB1-Transportation Funding. Those two requests are withdrawn.

B. Background/History

Strike Team and Performance Audit

On January 9, 2019 Governor Gavin Newsom tasked California Government Operations Agency Secretary Marybel Batjer, to lead a new DMV Reinvention Strike Team to make recommendations for new long-term leadership and reform at DMV – with an emphasis on transparency, worker performance, speed of service and overall consumer satisfaction. In addition, on September 21, 2018, then Governor Jerry Brown ordered OSAE to conduct a Performance Audit of DMV to include an assessment of DMV's current operations and make recommendations to improve DMV's practices and enhance its customer service. The results of the Performance Audit were released on March 27, 2019.¹ Many of the planned improvements in customer service, operations, and information technology included in this request are based on the first three months of the Strike Team's efforts and the recent findings of the Performance Audit.

Real ID

An extensive background and history of the REAL ID Act and the DMV's prior budget requests was included in the January 20, 2019 proposal, available on the Department of Finance's website at https://esd.dof.ca.gov/Documents/bcp/1920/FY1920_ORG2740_BCP2822.pdf. A key workload driver

¹ http://www.dof.ca.gov/Programs/OSAE/documents/WEB_Final_Report-California_Department_of_Motor_Vehicles_Performance_Audit.pdf

Analysis of Problem

is the federal requirement that customers visit a field office in person to receive a REAL ID, which increases the number of field office customers above historic levels. In addition, as part of REAL ID compliance, in August 10, 2018, the Department of Homeland Security (DHS) communicated to DMV that, in order to be fully compliant, they are now requiring California to establish a specific date with the American Association of Motor Vehicle Administrators (AAMVA) for the implementation of the State to State, which allows states to determine whether a DL/ID card applicant holds a DL/ID card in another state. In September 2018, DMV requested that AAMVA secure an implementation date for California to join the State to State database. As a result, AAMVA has placed California on the calendar for State to State implementation in October 2022. DMV will incur additional future costs, of which the amount is yet to be determined, to implement this system and to clean up driver records that may show up in another state's database

In February 2018, DMV submitted the REAL ID Compliance Package to the Department of Homeland Security (DHS) requesting California be deemed compliant with the Federal REAL ID Act. Supplemental information was submitted to DHS in June 2018 and September 2018, and DMV is currently awaiting a final compliance determination from DHS. California's extension to the REAL ID Act with DHS was set to expire October 10, 2018. On October 9, 2018, DHS notified DMV that California has been granted a three-month extension through January 10, 2019, to give DHS additional time to finish processing California's certification package. On January 10, 2019 DHS further extended California's extension through April 10, 2019.

Historically, California processes approximately 6.3 million DL/ID card renewals and approximately 1.5 million original DL/ID card applications annually. The implementation of Chapter 708, Statutes of 2015 (AB 1465, Gordon) in FY 2016/17 required proof of California residency for new DL/ID card applicants to obtain a DL/ID card. This incorporated an additional validation requirement for original California DL/ID card applicants and met one of the federal requirements for compliance with the federal standards. In order to become federally compliant, renewal applicants must present proof of birthdate/legal presence, one document to prove California residency, and proof of social security number.

As of March 26, 2019 the DMV has issued approximately 3.4 million federal compliant DL/ID cards, which is approximately 30% of the total DL/ID cards produced throughout the state. This volume is lower than the 40% adoption rate the department originally estimated in FY 2017/18. The volume of federal compliant DL/ID cards has continued to increase each month as customers are made aware of their options and it is anticipated that the volume will continue to grow to meet the current total estimate of 28.2 million (22.1 million current DL/ID card holders and 6.1 million new DL/ID card applicants) as the compliance date of October 2020 draws near. The assumptions have been revised to better reflect the year in which customers will choose to come into a field office to apply for a federal compliant DL/ID card. It is assumed that customers who initially renewed via mail or internet and received a California non-compliant DL/ID will choose to come into a field office outside of their renewal cycle to get a federally compliant card.

Customer Preparedness

DMV is ensuring customers are informed about their option to obtain a REAL ID and which documents they need to bring in order to receive a REAL ID. Coming prepared to a DMV field office will avoid unnecessary delays or a return visit to provide the necessary documents. The following actions have been undertaken to prepare customers:

- Updated REAL ID website with an interactive document checklist.
- Engaged in a proactive public outreach and education campaign to inform customers about their card options and the requirements to obtain a REAL ID.
- Added a mailing insert about REAL ID and the federally required documents needed to apply to all vehicle registration renewals and driver license and ID card renewals.

Analysis of Problem

- State Employee Messaging: Letters sent to agency secretaries, department directors, board executive officers and bureau chiefs statewide to distribute information to their employees.
- Departments throughout state government added the REAL ID button to their homepages to direct visitors to DMV's REAL ID website.
- Video in DMV Field Offices: A REAL ID video on DMV field office message boards plays every 15 minutes.
- Stakeholder and Legislator Outreach: Information packets were distributed to legislators and stakeholders, which included the REAL ID Fact Sheet, REAL ID document list, infographic, poster, helpful videos and REAL ID logo.
- Paid Digital Advertising: DMV's Office of Public Affairs developed a variety of digital advertising then worked with a vendor to distribute the material for a consecutive six-week period. This included geo-fencing airports to have REAL ID ads pop up on smartphones, pay-per-click to have REAL ID on the top of search engines, REAL ID ads on travel websites, direct email marketing and sponsored social media ads.
- Partnered with six California airports to add messaging about REAL ID, including video message boards.

Despite these efforts, many in the general public are still unclear on how REAL ID may impact them, what services are available outside of a field office, and how to adequately prepare for their visit to the DMV. This proposal includes a Government Operations Agency's DMV Reinvention Strike Team recommendation to fund a \$9.5 million communications strategy campaign to better inform the public regarding which transactions require a field office visit, alternative service channels such as online or self-service terminals (kiosks), and what documentation to bring in for various types of transactions, such as REAL ID.

REAL ID Workload:

Federal DL/ID card compliance standards establish minimum issuance criteria for state-issued DL/ID cards in order to be an accepted identification for official federal purposes, such as entering federal buildings or boarding commercial aircraft. These compliance standards mandate that DL/ID card applicants provide proof of Social Security Number and establish proof of residency by presenting at least two documents of the issuing states choice that includes their name and principal residence address, including a street address. The following assumptions are utilized in developing the REAL ID portion of this request:

- Assume approximately 22.1 million of the 29.5 million current DL/ID card holders will choose to have a federal compliant card over a five-year period.
 - Assume that additional field office workload will result from customers who choose to have a federal compliant DL/ID card and who would otherwise use an alternative service channel (Internet, Renewal by Mail, etc.) allocated by fiscal year as follows:
 - FY 2017/18 – 20% of 3.2 million for 640,000 (6 Months - Actuals)
 - FY 2018/19 – 40% of 6.3 million for 2.5 million
 - FY 2019/20 – 80% of 6.3 million for 5.0 million
 - FY 2020/21 – 75% of 6.2 million for 4.7 million
 - FY 2021/22 – 35% of 4.4 million for 1.5 million (DL dip-year)
 - FY 2022/23 – 30% of 3.1 million for 930,000 (6 months)
- Total Five-Year Volume – 15.3 million**
- Assume existing DL/ID card holders will choose to convert their existing California Driver License to a Federally Compliant Card; either coming in a second time for a new card or choosing to come in before or after their renewal period to convert their card before the compliance date of October 1, 2020.

Analysis of Problem

- FY 2019/20 – 3.4 million
- FY 2020/21 – 3.4 million

Total Conversion Volume – 6.8 million

- Assume approximately 6.1 million of the 8.3 million estimated new DL/ID card applicants will choose to have a federal compliant card over a five-year period, allocated by fiscal year as follows:

- FY 2017/18 – 20% of 753,000 for 151,000 (6 months - Actuals)
- FY 2018/19 – 40% of 1.5 million for 600,000
- FY 2019/20 – 90% of 1.5 million for 1.4 million
- FY 2020/21 – 85% of 1.5 million for 1.3 million
- FY 2021/22 – 85% of 1.5 million for 1.3 million
- FY 2022/23 – 85% of 1.5 million for 1.3 million (12 months and ongoing)

Total Five-Year Volume - 6.1 million

- Assume that additional field office workload will result from new DL/ID card customers who choose to have a federal compliant card, which will require photocopying, or scanning of the SSN card.
- Assume each renewal customer who comes into a field office to convert to a federally compliant card would need their Social Security number re-verified through the Social Security On-line Verification system at \$.05 per record.
- Participation volumes are based on a survey of other state experiences. For states which do not mandate the issuance of a REAL ID compliant license, Delaware has an adoption rate of 74% while Ohio is around 27%. DMV is assuming a total participation rate for renewals requesting a federal compliant DL/ID card of about 75% with a lower participation rate at the onset that will increase over time as it gets closer to the federal compliance enforcement date of October 1, 2020, and then DMV estimates the rate will decrease. This increasing percentage is consistent with other states experiences and estimates.
- DMV estimates that about 25% of the DL/ID card population over five years will not request a federal compliant DL/ID card. Approximately 40% of the population currently has a passport/passport card. It assumed that a percentage of the population that has a passport/passport card or does not regularly fly, will not have an immediate need for a Real ID card or will not be eligible (AB 60 customers).

Workload History						
DL/ID Card Originals & Renewals Issued by Channel						
Workload Measure	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
DL/ID Originals (Field Office)	1,477,656	1,577,968	1,461,441	1,491,243	1,336,746	1,268,270
Field Office - Renewal	3,462,322	3,729,917	3,799,731	3,931,480	2,867,362	3,875,343
Mail/Remittance - Renewal	1,377,899	1,497,607	1,385,880	1,209,335	736,747	1,222,440
Internet - Renewal	822,744	975,832	1,100,512	1,083,432	890,701	1,067,833
Interactive Voice Response (IVR) - Renewal	68,146	78,463	69,981	0	0	0
Total DL/ID Renewals	5,731,111	6,281,819	6,356,104	6,224,247	4,494,810	6,165,616
TOTAL DL/ID	7,208,767	7,859,787	7,817,545	7,715,490	5,831,556	7,433,886

Note: Volumes include both Commercial & Non-Commercial Driver Licenses (excludes AB 60 DL's)

Analysis of Problem

Cards Produced										
	REAL ID (compliant)				non-compliant			Total Cards		
	DL	ID	Total	%	DL	ID	Total	DL	ID	Total
January	29,725	9,971	39,696	13.64%	205,823	45,426	251,249	235,548	55,397	290,945
February	74,020	24,798	98,818	14.12%	498,284	102,984	601,268	572,304	127,782	700,086
March	111,296	33,216	144,512	18.13%	543,280	109,255	652,535	654,576	142,471	797,047
April	121,715	31,049	152,764	21.14%	476,314	93,661	569,975	598,029	124,710	722,739
May	141,704	30,160	171,864	23.08%	483,399	89,520	572,919	625,103	119,680	744,783
June	147,536	41,147	188,683	25.42%	464,538	88,930	553,468	612,074	130,077	742,151
July	171,051	43,491	214,542	27.57%	473,450	90,041	563,491	644,501	133,532	778,033
August	228,165	46,279	274,444	30.67%	516,521	103,929	620,450	744,686	150,208	894,894
Sept	219,054	34,315	253,369	31.62%	453,866	93,975	547,841	672,920	128,290	801,210
Oct	291,720	44,091	335,811	33.43%	559,184	109,507	668,691	850,904	153,598	1,004,502
November	244,166	35,383	279,549	36.49%	402,515	84,032	486,547	646,681	119,415	766,096
December	264,106	34,071	298,177	39.83%	372,205	78,245	450,450	636,311	112,316	748,627
January	293,666	45,793	339,459	41.63%	387,686	88,291	475,977	681,352	134,084	815,436
February	258,062	56,973	315,035	33.59%	501,193	121,662	622,855	759,255	178,635	937,890
March (thru 3/22)	254,033	36,763	290,796	38.40%	384,935	81,619	466,554	638,968	118,382	757,350
TOTAL	2,850,019	547,500	3,397,519	29.54%	6,723,193	1,381,077	8,104,270	9,573,212	1,928,577	11,501,789

C. State Level Considerations

This request addresses the department's strategic goal to "Provide Superior Customer Service," and "Equip our employees with the tools and facilities to meet DMV's current and future responsibilities." Based on the deficiencies identified by the Strike Team and OSAE Performance Audit, as well as the projected increase in customers that will submit DL/ID card renewal applications to obtain a federal compliant DL/ID card, the department has identified the need for increased resources to ensure that our customers' needs are met.

D. Justification

Beginning January 22, 2018, Californians now have an option to apply for either a federal compliant DL/ID card that will meet national standards or a legacy card, which will be classified as a California compliant DL/ID card.

Limited Term Staffing for Additional REAL ID Driven Field Office Workload

The department anticipates that about 75% of current DL/ID card holders and new applicants will choose to have a federal compliant DL/ID card over a five-year period (Originals – 6.1 million and Renewal/Conversion – 22.1 million). This workload will result in an additional field office workload need of 53 positions, and resources for up to 1847.3 temporary positions in FY 2019/20, 1791.5 temporary positions in FY 2020/21, 415.2 temporary positions in FY 2021/22, and 342.7 temporary positions in FY 2022/23.

Analysis of Problem

The tasks and time values associated with that additional field office work is as follows:

Workload Tasks		Time Value (min)
Driver License/Identification Card Originals		
a.	Assume that an MVR will review & scan an SSN card (possibly W2 or 1099) Residency documents are part of AB 1465 (Chapter 708, Statutes of 2015) process.	2
b.	Assume that 100% of original DL/ID customers are requiring additional talk time at the start here window (to ensure they have the proper documents, explain what's needed and/or make appointments if necessary.) 3 minutes for all DL/ID customers and 2 minutes for return visits.	3/2
Driver License (DL)/Identification Card (ID) Renewals and Conversions		
a.*	DL Renewals - Alternative Channel Customers: Assume that an MVR will process a DL transaction and perform a vision test, review and scan a SSN card, residency, birth document/legal presence (BD/LP) documents and take photo.	14
b.*	ID Renewals - Alternative Channel Customers: Assume that an MVR will process an ID transaction, review and scan an SSN card, residency, birth document/legal presence (BD/LP) documents and take photo	13
c.	DL/ID Renewals required to go to the field office: Assume that an MVR will review and photocopy an SSN card, residency, and BD/LP documents .	8
d.	Assume that 20% of opt-in customers (originals/renewals) will require an additional visit.	8
e.	Assume that 100% of renewal DL/ID customers are requiring additional talk time at the start here window (to ensure they have the proper documents, explain what's needed and/or make appointments if necessary.) 3 minutes for all DL/ID customers and 2 minutes for return visits.	3/2

*For renewals (a) and (b), the total time value was reduced by 5 minutes to account for the new Electronic DL 44 process.

Analysis of Problem

Field Office Volumes and Positions by Task and Transaction Type								
Time (min)		FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	5-Yr Cycle
Driver License/ID Card Originals:								
	Volume - DL	85,849	346,524	786,749	749,780	756,581	763,442	3,488,925
	Volume - ID	64,836	259,344	583,524	551,106	551,106	551,106	2,561,022
	Total	150,685	605,868	1,370,273	1,300,886	1,307,687	1,314,548	6,049,947
2	Positions - DL	1.6	6.5	14.7	14.1	14.2	14.3	65.4
2	Positions - ID	1.2	4.9	10.9	10.3	10.3	10.3	48.0
	Sub-Total	2.8	11.4	25.7	24.4	24.5	24.6	113.4
DL/ID Card Renewals (Alternative Channel Customers)& Conversions:								
	Volume - DL	269,578	1,078,312	2,149,594	1,992,438	628,204	398,077	6,516,203
	Volume - ID	21,882	87,527	175,054	164,113	76,586	33,322	558,484
	Conversion DL			2,698,770	2,698,770			5,397,540
	Conversion ID			689,079	689,079			1,378,158
	Total	291,460	1,165,839	5,712,497	5,544,400	704,790	431,399	13,850,385
14	Positions - DL	48.0	192.1	636.3	615.6	82.4	52.2	1,626.7
13	Positions - ID	3.7	14.8	105.3	104.0	9.3	4.1	241.1
	Sub-Total PY	51.7	206.8	741.6	719.6	91.8	56.3	1,867.8
DL/ID Card Renewals (Required to go to Field Office):								
	Volume - DL	299,064	1,196,256	2,384,712	2,210,367	696,916	441,621	7,228,936
	Volume - ID	41,788	167,153	334,306	313,412	146,259	63,636	1,066,554
	Total	340,852	1,363,409	2,719,018	2,523,779	843,175	505,257	8,295,490
8	Positions - DL	22.4	89.7	178.8	165.8	52.3	33.1	542.1
8	Positions - ID	3.1	12.5	25.1	23.5	11.0	4.8	80.0
	Sub-Total PY	25.6	102.2	203.9	189.3	63.2	37.9	622.1
Assume 2/3 of Field Offices will require 2 Pys to triage the customers in line prior to start here								
	Volume							-
	Positions		230.0	230.0	230.0	-	-	690.0
Return Visits - 20% of all DL/ID customers who opt in to Real ID will require a subsequent visit to complete transactions								
	Volume		627,023	1,960,358	1,873,813	571,130	450,241	5,482,565
8	Positions		47.0	147.0	140.5	42.8	33.8	411.1
Start Here Talk Time - 100% of all DL/ID customers in FO (5 min for all customers & 2 minutes for return visits):								
2	Volume of returns		627,023	1,960,358	1,873,813	571,130	450,241	5,482,565
3	Volume of all customers	782,997	6,380,491	10,633,795	10,439,892	4,652,316	3,913,679	36,803,170
	Positions	36.7	310.8	335.8	328.7	141.5	118.5	
Sub total		116.8	908.2	1,684.0	1,632.5	363.9	271.1	3,704.4
	MGR1 Overhead PY's	-	75.7	140.3	136.0	30.3	22.6	405.0
	FOD HQ Staff	-	-	5.0	5.0	5.0	5.0	20.0
	Regional AGPA's	-	-	8.0	8.0	8.0	8.0	32.0
	District Managers	-	-	32.0	32.0	32.0	32.0	32.0
	Online Duplicate PY Savings	-	-	-	(26.6)	(26.6)	(26.6)	(79.8)
	Human Resources Staff	-	5.2	8.0	8.0	8.0	3.0	32.2
	DLPC Staff	52.0	52.0	58.0	58.0	58.0	91.0	369.0
	FOD Outreach staff	-	-	30.0	30.0	10.0	10.0	80.0
	Departmental Training Officers	-	-	12.0	12.0	9.0	6.0	39.0
	US Pass Staff	-	-	5.0	5.0	3.0	3.0	16.0
	Office Of Public Affairs	-	-	3.0	3.0	3.0	3.0	12.0
	Live Chat Staff	-	-	66.8	89.0	89.0	89.0	333.8
Total Positions:		168.8	1,041.1	2,052.1	1,991.9	592.6	517.1	4,995.6

Analysis of Problem

Continuing Resources for DLPC Leases, Additional Swing Space & Overhead Staffing

There are currently three Driver License Processing Centers (DLPC's) located in Los Angeles, Stanton, and San Jose (originally established for AB 60 implementation) that the department requests continuing overhead staff and facilities costs in order to meet the increase in field office customers and to ensure quality customer service. The Los Angeles and Stanton DLPCs have a lease expiration date of 09/30/2019. Those offices will be closing as the lessors do not have plans to renew. The Department is proposing to find additional leased space to replace these offices as the workload in those geographic areas can support the need for additional facilities and the surrounding offices are at capacity and would not be able to absorb any re-directed staff. The San Jose DLPC lease has an expiration date of 11/30/2021 and this lessor has given indication that he would be interested in extending the lease. The Department would like to request permanent on-going funding and positions to retain the lease and keep this facility open permanently as the volumes and workload in the San Jose area necessitate the need for this additional office. In addition, in 2014, the Department relocated the State owned Fontana Field Office to a new larger leased facility. The existing state owned building is still available for use and the Department would like to utilize this existing resource to help alleviate wait times and office overcrowding in that area. It would cost approximately \$800,000 in one-time funding and \$360,000 in ongoing costs to re-operationalize this facility to a public field office.

This request also includes a Strike Team recommendation for funding of about \$136,000 in 19/20 for leased space at various California airports for mobile pop-up booths. This space would be used to answer customer's questions regarding Real ID requirements and to provide information for driver's licenses and identification cards.

There are 58.0 positions of overhead staffing in the Driver License Processing Centers that are included in the funding request. Sixteen of those would be continued permanently in San Jose, 36 will be temporarily funded for the lease duration of the two new replacement offices and 6.0 temporary overhead positions will be requested for the Fontana swing space. The Department also requests 33 permanent Motor Vehicle Representative positions for the San Jose DLPC beginning in 2022/23. The one-time costs to dismantle the two closing DLPC offices and open two new leased full service public field offices is approximately \$7.0 million dollars with full year costs for two new leased facilities, the San Jose DLPC and the Fontana state owned office at approximately \$4.4 million per year.

The Field Operations Division (FOD) also has a need for five temporary positions in DMV Headquarters unit to support the additional workload and staffing levels. The permanent need for these positions will be reevaluated in future years.

- 1- Research Data Specialist I – This position will be used to create additional reports through new, innovative data mining techniques to derive greater efficiencies for implementation of consistency efforts statewide. Due to the increased need for reports presented to the Governor's Office in light of the impact from REAL ID, FOD has been utilizing an existing budget analyst position to gather and deliver reports daily. This additional workload has created an extreme hardship to the existing unit during times of budget projection requirements and collection of disaster recovery efforts, as this unit only has two staff. In addition, if one of the two budget analysts is out, all of the budget reports and daily reporting requirements fall onto one staff member, which leads to missed due dates and overtime requirements. Allowing FOD the opportunity to hire an appropriately trained staff member that can create and report on a variety of data and review new data statistics for recommendations will allow the department the ability to achieve greater efficiencies and implement better strategies statewide.
- 1 – Associate Governmental Program Analyst (SSA/AGPA) to process HR paperwork from throughout the state. This position will act as an HR liaison to address the workload impact required for continued implementation of the federally compliant DL/ID (REAL ID) card, and to maintain staffing levels required to keep wait times down at DMV field offices statewide. This HR liaison will be responsible to assist with processing hiring documentation for over 1,300 Motor Vehicle Representatives and over 100 new managers in addition to Emergency Appointments and Retired Annuitants. FOD has eight field office regions and only three

Analysis of Problem

Divisional HR liaisons. Establishing an additional HR liaison, will allow the Deputy Director to assign each liaison with two regions each for a better distribution of regional HR workload. In addition to greater distribution of work, this new position will help to implement greater efficiencies statewide, reduce the need for overtime, and ensure paperwork is processed and keyed into the payroll system in a timely fashion.

- 1 – Associate Governmental Program Analyst (SSA/AGPA) for inventory control and to function as a backup for the procurement and contracts units. In an effort to ensure DMV field offices keep wait time down while processing Real ID DL/ID cards, many field offices throughout the state have extended their hours of operation and have opened field offices on Saturdays. The additional hours and increased number of customers received has led to an influx of additional procurement and contractual agreements that need to be processed and maintained. To ensure the Field Operations Division contracts and procurements unit has a staff member that is cross trained to act as a backup and to maintain inventory control, FOD is requesting an additional analyst. In addition to acting as a backup for the two contracts and procurement analysts, this analyst will audit and reconcile physical inventories against existing databases; balance monthly reports and prepare reports for distribution to regions; draft policies and procedures so that all regions maintain consistency; implement a statewide rolling inventory plan by establishing, maintaining and updating schedules for inventories of all facilities; and work with Control Agencies to obtain disposal approval for surveyed equipment.
- 1 - Information Technology Specialist I (ITSI) for database development and special projects - With all of the new data gathering efforts that the Field Operations Division is required to produce, it is essential to hire on an ITSI to develop various databases, streamline data input, and be able to export data in a consistent and readily available way. Many of the current data gathering efforts can be thwarted by human error as values are manually copied and pasted between various spreadsheets. If FOD has an ITSI on staff with database expertise, various dynamic databases can be developed to streamline all of the data, reduce duplication of efforts and human errors, and create greater efficiencies statewide. As various special projects requiring IT expertise arise, FOD will be able to assign the tasks to this new position instead of trying to prioritize existing efforts and ultimately pushing out assignments dates for current staff.
- 1 - Manager III – This position will act as a liaison for the ignite team with equipment requirements for pop-up events, disaster recovery, etc. DMV is launching a new DMV 2 U program that brings DMV services to communities through a mobile vehicle. In order to ensure that these mobile vehicles are properly equipped, DMV Field Operations Division FOD is requesting one Manager III position to act as a liaison between our Customer Service Technology Unit and the staff managing the mobile vehicle deployment efforts as well as assist with setup and coordination of LAC/DRCs as called upon during an emergency. This new Manager III will track equipment inventory, setup, take down, and ensure each station is operational. This will be done for all outreach events, disaster recover sites, temporary field office sties, etc. In addition, this position is required to attend meetings and assist with the increased implementation of newer Information Technology (IT) equipment that must be tracked and deployed statewide.

Health and Safety

Due to the implementation of REAL ID, transaction times have increased and DMV has experienced an increased volume of customers serviced daily. As a result, DMV is providing Saturday services at 62 locations and has contracted for mid-day janitorial services at 81 field offices. This solution allows for the maintenance and upkeep of the facilities. In addition, in an effort to meet our Strategic Goal to provide superior customer service, the Department has contracted with a vendor to deliver water to all public field offices to provide to customers who are waiting for their number to be called.

Saturday service allows customers the flexibility to visit a field office outside the normal workweek. In addition, extended field office hours gives customers the additional flexibility to visit a field office outside normal work hours. The department requests additional overtime, security guards, and janitorial costs associated with increased volume of customers, continuing Saturday service in 62 field offices every Saturday and providing extended field office hours in 16 of the 172 field offices.

Analysis of Problem

- Assume Saturday service is offered and extended field office hours are one hour earlier per day from 7:00 a.m. to 8:00 a.m. (Monday – Friday excluding Wednesday).
- Assume overtime will be required for Saturday service.
 - \$7.1 million for 52 Saturdays per year for Field Office Staff.
 - \$800,000 for Headquarters Overtime to support the Saturday service offices.
- Assume two security guards per office (hourly rate is \$42.10 based on the pending contract).
- Assume increased janitorial costs of \$975 per month per field office.
 - Additional security, janitorial, and utility costs of \$3.8 million for 52 Saturdays per year in 62 offices.
- Assume increased costs to provide mid-day janitorial services at 81 of the higher impacted field offices.
 - Services range from \$4,000 - \$8,000 per month dependent on office location, size and availability of staffing. The estimated costs for 81 offices for 12 months is \$6.0 million.
- Assume increased costs for water bottle delivery of \$215,000 per year.

Document Imaging Scanners

The Department is requesting \$350,000 one-time funding to replace one of the last two remaining original document imaging scanners that were purchased in 2008 and are past their end of life. The Document Imaging Unit scanned more than 145 million documents in the 2017/18 fiscal year. The unit is proposing to retire one of the last two original scanners, and replace the second remaining original scanner with one that is state-of-the-art. Even though this will reduce the overall complement of scanners in the unit from six to five machines, steady increases in machine throughput through modernization have actually increased unit workload capability. Further, since the implementation of REAL ID in January 2018, DMV has experienced a 20 percent increase of driver licensing documents received for imaging. As more licensees and identification card applicants opt to obtain a federally compliant DL/ID card, prior to its full adoption on October 1, 2020, the amounts of documents received will continue to increase past the 20 percent growth currently being experienced.

U.S. Pass

With the implementation of REAL ID in January 2018, the DMV is now validating all passports through the US Pass System. As such, a system was established that allowed for electronic verification of passports utilizing the AAMVA net contract. The US Pass System, also known as the American Association of Motor Vehicle Administrators United States Passport Verification System (USPVS) is used by DMV to verify US passport information against the Department of Homeland Security's (DHS) records to validate the information provided in compliance with the implementation of the REAL ID Act. This system will allow DMV to validate the information on an applicant in an effort to ensure the validity of the passport presented, and maintain data integrity on departmental databases. DMV will utilize the AAMVA system to pass data elements (e.g. Passport Control Number) through the departmental systems to provide information to DMV technicians in real time.

The DMV will now validate all US Passports regardless of if they are for a Federal compliant (REAL ID) DL/ID card or for a Non-Compliant DL/ID card. As many renewing cardholders are converting to REAL ID we have more "originals", who are required to bring in all their documents in order to comply and one of the acceptable forms of identification is a passport. This has created new and additional workload for the Department. If the applicant's passport data matches the data in the AAMVA system utilizing DHS records, the DMV application will continue. If the data does not validate, the applicant's information will be sent to DMV Headquarters for further validation and analysis. DMV Headquarters will be required to provide a secondary verification on the information provided. The DMV is currently

Analysis of Problem

processing approximately 195,000 US Pass verifications per month. The DMV is requesting ongoing costs of \$164,000 per year for the verifications and \$250,000 for three Senior Motor Vehicle Technicians to process the additional workload at Headquarters.

Outreach – Public Affairs

The Strike Team recommends \$9.5 million in FY 2019/20 for a REAL ID communications strategy campaign to provide outreach through media, outreach events, and provide pamphlets and notices. The campaign will utilize both paid and earned media in a sustained effort to inform the public about alternatives to visiting field offices for high-volume transactions in order to drive down office visits and to raise awareness of what documentation is needed for various types of transactions, such as REAL ID. Continued outreach is critical in 2019/20 to make sure Californians are aware of the pending October 1, 2020 enforcement deadline requiring appropriate documents to board a plane for a domestic flight.

The DMV Office of Public Affairs (OPA) is requesting three permanent full time positions to join the communications team at the DMV. The classifications include a Graphic Artist III, Television Specialist, and Associate Government Program Analyst to work on social media. There are presently not any full time positions for graphic design or videography at DMV in the Office of Public Affairs, as a result any collateral material for social media, traditional media, outreach, field office posters, stakeholder and legislative toolkits and collaboration, etc., must be requested via other departmental resources who also balance a multitude of department-wide projects. Until 2020, the focus will be on educating the public about the options available (Federally compliant vs. non-compliant card) and also about informing the public about the documents needed to apply for a REAL ID. This message will continually evolve as the deadline approaches; after the date passes there will still likely be a large number of people who either a) didn't come in to get a REAL ID in time or b) still don't know about it. Messaging will continue for the foreseeable future on this issue until it becomes as common place as the traditional DL/ID card is today, with the understanding that beyond 2020, there will still be a need to educate and inform the public.

Graphic Designer III

OPA is tasked with the development and production of all external promotion, marketing and media materials. A graphic designer is needed in order to complete time-sensitive projects that include the creation of layered graphics for video messaging, flyers, posters, brochures, FAQs, social media posts, and other projects.

The demand for new and updated graphics is not expected to decrease in the near future as heavy focus has been placed on the need to more clearly articulate to the public the functions available online and in field offices statewide. In addition, the DMV is scheduled to implement more public facing programs in 2019 and the messaging to customers about the federal compliant REAL ID will continue through the 2020 enforcement date. Additionally, OPA often coordinates with DMV's Legislative Office in addressing service issues identified by elected officials, who would benefit from legislative district-specific materials.

Television Specialist

OPA is tasked with creating promotional videos, Public Service Announcements, social media videos, videos for the message boards in all DMV field offices, and providing broadcast quality video to reporters. Having a TV specialist in the OPA office will allow information officers more flexibility to go to field offices to promote new services or alternative services and post on social media or share with reporters the same day. This will allow the department to share and spread our message much faster. In addition, with OPA solely housed in Sacramento, Public Information Officers are often asked to send television quality soundbites to television stations statewide. Currently, given time constraints and staffing availability this is done by a PIO recording audio or video and sending via email. As a result, quality is poor and in turn is a poor reflection on the professionalism of the department.

Analysis of Problem

AGPA (Social Media)

OPA was recently given the added task of creating and posting on all social media channels for the department. Social media is a crucial way for the DMV to educate and engage with its customers. It is a two-way communication tool, but without the proper resources, they DMV can only publish messages and not be reactive or responsive in a way that is meaningful to the customer. The DMV does not have an email address for customers to contact the department. Therefore, social media has become the only online method to get assistance. A frequent complaint into call centers and into the Office of Public Affairs is that the department isn't responsive enough on social media. The department strives to continue providing better service and information channels to our customers. This position will help ensure the best information is being provided, that it is resonating with our customers, and can help answer simple questions while a team of experts can have more time to help individual customer needs.

Online DL/ID Application

Per a recommendation from the Strike Team the DMV is requesting \$6 million to retain an identity management application software used by customers who utilize the online driver license/identification card application. This service will be extended to streamline the Real ID application process.

Customer Service Improvements

In addition to what is included in this funding request, the DMV has initiated a number of additional efforts to enhance the customer experience. On September 26, 2018 a key step to improve the efficiency of processing DL/ID card transactions in the field offices was implemented. The electronic DL/ID card application was integrated with the Enterprise Application System Environment (EASE), DMV's DL/ID card system used to process these transactions. The EASE integration minimizes technician keying and electronically populates a customer's application information into DMV's EASE database. This integration is a primary contributor in reducing the amount of time it takes to process a customer's transaction as customers now have the ability to complete their application on-line at home or on their personal devices before being called to a window. It also reduces the time it takes for the technician to process the application.

In addition, as of October 2018, each field office statewide has now received one or more tablet devices (depending on size and need of the office) to aid in appropriately triaging the pre-queue line by issuing queue tickets and making return appointments when necessary. The impact of the tablet devices on the pre-queue and queue wait times continues to be significant as use of the tablets also leads to increased attention and awareness of properly triaging the line to ensure that customers are prepared and have all of their required documents when they arrive at the technician window. The Department is utilizing the tablet devices to issue queue numbers to customers as soon as they arrive at the field office with the ultimate goal of eliminating a 'pre-queue' wait time and leveraging the tablet devices to capture the full wait time from the time a customer arrives at the office until called to a technician window. This should also aid in updating the website with up to date, accurate wait times, so that customers can see when an office is busy and plan accordingly. While getting their queue ticket, customers can provide the DMV their phone number and receive a text message prior to their ticket being called which allows them to leave the office all together until notified when they should return. In tandem with initiating the use of tablets, the Department is extending Wi-Fi to the offices in an effort to ensure that the tablets are able to assist customers outside the office when necessary. DMV also worked with a vendor to provide Wi-Fi at 129 offices for customer use while they are waiting.

DMV also initiated a Lean Six Sigma review of its DMV processes to better identify areas where improvement to customer wait times can occur. Recommendations that were implemented included centralizing the document verification process at the windows and to provide better inventory processes for technicians, such as sufficient cash for change at the start of the business day, to expedite an

Analysis of Problem

individual's transaction time. DMV is also bringing in a vendor to evaluate and assess the workflow and traffic flow within a DMV field office.

The Strike Team is also recommending \$2 million in 2019/20 to hire a vendor to assist with DMV's Website re-design in an effort to make DMVs public website more user friendly and to encourage online transactions instead of field office visits or phone calls. The DMV website redesign will be executed in tandem with the communication strategy campaign. It will enhance the customer's ability and experience to complete transactions without going into the field office.

Improved Call Center Wait Times and Customer Service

DMV Call Centers address approximately 19.3 million calls and transactions annually. Over 11.1 million calls are responded to via the Interactive Voice Response (IVR) and the remaining 8.2 million calls are requesting to speak to an agent in the call centers. The Call Center is one of DMVs primary contact points for customers seeking information regarding Driver License/Vehicle Registration transactions or other general inquiries in advance of their field office visit or as a result of attempting to avoid a field office altogether.

- The average agent answers over 18,000 calls annually. The call center overall average answer rate was 70% at the end of 2017. At the end of 2018 the answer rate dropped to 59% due to an increase in the volume of incoming calls and increased wait times.
- 41% (3.4 million calls) of the customers seeking to speak to an agent are abandoned for various reasons (too long of a wait, technical/drop call, decided to call back or reference web site, etc.).
- Currently, the average wait time is fifty minutes and the maximum wait time is approximately five hours to speak to an agent due to an increase in call volumes and inadequate staffing levels.
- Customers are offered virtual hold, meaning the DMV will call the customer back and the customer will maintain their place in line. Unfortunately, due to our high call volumes and inadequate staffing levels, this option is disabled at various times of the day ranging from 12:30 p.m. – 5:00 p.m. to ensure customers awaiting a call back will get one within business hours while allowing for customers waiting on hold to be answered promptly as well. Once the virtual hold feature is disabled, the customer must wait in queue to speak with an agent.
- Call centers hours of operation are 8:00 a.m. – 5:00 p.m. on Monday, Tuesday, Thursday and Friday and from 9:00 a.m. to 5:00 p.m. on Wednesday. There are three call centers located in Fresno (160 PYs), Riverside (184 PYs), and Sacramento (137 PYs).

The Call Center agents routinely process transactions that mitigate or prepare customers for a field office visit; the following are the most frequent examples:

- Refer customer to online services to complete their transactions (i.e. Change of Address, Registration Renewal, Release of Liability, Vehicle Insurance program, etc.).
- Schedule appointments.
- Provide customer with Driver License status (points on record – issuance of driver license).
- Provide customer with information regarding their registration (notice of release of liability, clear registration holds - issue registration).
- Educate customer on REAL ID requirements.

As a recommendation from the Strike Team and a finding from the OSAE Performance Review Audit this proposal seeks to decrease the Call Center average customer wait time and improve the customer experience by offering additional communication channels such as email, live chat and Chatbot through the previously procured Verizon platform and Salesforce to improve customer compliance and education while increasing call center answer rate and improving call volumes and call center performance indicators. Offering Customer Relationship Management (CRM) services may also reduce the amount of technician instruction and customer talk time in the field offices as customers should be able to get their questions answered before visiting a field office and may come to appointments better prepared to complete their transaction in one visit. Modern business models show that adding new

Analysis of Problem

customer service channels of live chat, email, and Chatbot does not merely move the population of customers between the various channels, it also results in increased contacts, as it is easier and more convenient to request assistance from DMV. The live chat/email will allow customers to send their questions directly to a representative who will be able to respond to them. This service will give those customers another alternative to getting their questions quickly and correctly answered prior to visiting a field office, enabling them to arrive better prepared or to eliminate a field office visit altogether.

This proposal would leverage the Salesforce Chat platform to build and utilize a Customer Relationship Management (CRM) database to provide a knowledge base for agents to utilize. The system would build customer profiles to begin moving the DMV to one stop database model for customer service and eliminate the need to search for customer information repeatedly over multiple databases decreasing handle time and repeat callers. The estimated costs to implement the system are \$5.7 million in one-time costs and \$2.4 million in ongoing.

Other Governmental Agencies utilizing Email and/or Live Chat:

- Covered California
- CalPERS
- Franchise Tax Board
 - Improvement in service, compliance and collection of revenue
- Texas Department of Motor Vehicles
- New York State Department of Motor Vehicles
- Nevada Department of Motor Vehicles
- City of Denver

The Department is requesting 89 new permanent ongoing positions to support this new service, anticipated to begin in January 2020. 77 Senior Motor Vehicles Technicians and 8 Manager I's would respond to approximately 2.5 million email/live chats annually and would be distributed to the three call centers that are located in Sacramento, Riverside, and Fresno. One Information Technology Associate, two Associate Governmental Program Analysts and one Staff Services Analyst would be needed to support the Customer Relationship Management Program.

Assumptions

Page	Daily page views	50% use Chatbot	50% use live chat
Real ID	4,314	2,157	1,079
Driver License	35,300	17,650	8,825
Daily Estimated Total	39,614	19,807	9,904
Annual volume of chats			2,475,875
Number of SMVTs needed			77
Manager I - Supervision			8

*Per FTB - average time per chat is just over 10 minutes per chat and a technician can generally process 3 chats at a time.

Chatbot

To alleviate the number of calls and emails call centers and technical support staff receive, DMV will also offer a Chatbot to customers on the DMV Website. A chatbot is a computer program or an artificial intelligence which conducts a conversation via auditory or textual methods. It will be implemented on the REAL ID webpage and selected driver license and vehicle registration webpages to answer simple customer questions and direct them to helpful information on the website.

Based on Google Analytics, the DMV Website receives 529 million customer views per year. To alleviate the number of calls and emails DMV call centers and technical support staff receive, DMV will utilize a chatbot to answer simple customer questions and direct them to helpful information on the website.

Analysis of Problem

Other Government Agencies utilizing a chatbot on their websites:

- State of California Secretary of State
- City of Los Angeles
- United States Citizenship and Immigration Services

Utilizing a Chatbot on the DMV website may increase the number of prepared customers visiting the field office for REAL ID, reduce the amount of technician instruction and customer talk time in the field offices, and reduce simple customer calls to the call center and simple customer emails to website technical support.

The State of Montana implemented a Chatbot system in August of 2017 and found that it had an immediate impact in terms of enhancing the customer experience as well as reducing the volume of problems and questions that had to be sorted out by staff at the DMV. According to their Public Information Officer, John Worts, "Our digital customer service skyrocketed, and people were showing up more than prepared. The difference, essentially, was that residents used to go online, get frustrated and arrive at the DMV confused. Now they come prepared, which is, of course, a more ideal scenario for all involved".

This service is estimated to have on-going costs of approximately \$500,000 per year. The payment process is a pre-paid account debited based on the amount of interaction between customers and the chatbot. The estimates are calculated based on 2017-2018 Google Analytics and various vendor feedback that assumes that 50% of customers use the chatbot for an average conversation of four interactions. Each interaction (one customer question and one chatbot response) debits an estimated \$.0025 from the account. \$500,000 allows for 200,000,000 interactions (one interaction equals one customer question and one chatbot response).

Benefits of the Chatbot include:

- Increase the number of prepared customers visiting the field office for REAL ID.
- Provide translation services for questions and answers.
- May reduce the amount of technician instruction and customer talk time in the field offices.
- Can direct customers to information they may not be able to find easily.
- Reduce simple customer calls to the call center, and reduce simple customer emails to website technical support.
- DMV Public Online Information Branch can absorb the chatbot maintenance responsibility (to add new or revise questions and answers) with the reassignment of Social Media to DMV Office of Public Affairs.

The chatbot tool should provide the following analytics:

- Visits (daily, weekly, monthly, yearly)
- Most frequently used word/concept/intent
- Total users/new users/returning users
- Frequent users
- Busiest hours/day/month
- Sentiment/user & trend
- Total number of messages/day
- Average number of messages/conversation/day
- Number of messages/conversation
- Number of conversations/user
- Languages used

Operational Improvements

Additional Online Services

In an effort to reduce the number of customers visiting a field office to complete tasks that could be done online, the Department is proposing to work with vendors to modernize DMV's identity management approach to authenticate customers' identity for online services. The \$6 million for identity management application software noted above under online DL/ID application will be used to streamline the Real ID application process through identity proofing and document authentication. This will build on the existing online DL/ID application process.

A complementary solution will validate customers' identity through information verification for other online transactions. This identity authentication will be seamless to the customer, and customers will no longer need to remember a login or password to use online services. Currently, DMV's identity management requires customers to enter the last four digits of their SSN. This change will allow more customers the ability to access and use DMV's online services. DMV estimates that there are 3.6 million customers who use online transactions requiring a login annually.

The Department is also proposing to offer replacement driver licenses to customers who have either lost or had their DL stolen, via the DMV website. The DMV field offices service approximately one million customers annually who request a replacement DL. Customers who lose, misplace, or have their DL stolen are currently required to visit a DMV field office to obtain a replacement. To reduce the number of customers visiting a field office, DMV will onboard a vendor at a cost of approximately \$500,000 to develop a software solution and \$1.6 million in software licensing costs for a replacement driver license application for customers to use as one of DMV's online services. Based on statistics from other states, the Department is estimating that approximately 45% of customers requesting a duplicate DL/ID will choose to do so online rather than come into a public office which will create position savings in the field offices of 26.6 PYs and \$1.8 million starting in the 2020/21 fiscal year.

There are currently 5 other state entities that offer replacement DL's (non-commercial) on their website:

- New York (DL cannot be expired) – 42% online transactions annually.
- Texas (no changes to the DL) – 32% online transactions annually.
- Washington (must be sent to the address on record) – 48% online transactions annually.
- Florida (social security number is required) – 24% online transactions annually.
- Colorado (must be 21-65, no citations, and social security number is required).

Most of the websites for the states listed above also include REAL ID messaging, reminding customers that a field office visit is required to acquire a REAL ID.

Learning Management System Implementation

In the 2017-2018 fiscal year, the DMV Departmental Training Branch (DTB) provided training for 3,714 employees and supported training provided by outside vendors for 5,153 employees. The department also contracts with outside vendors to deliver web-based training, such as Sexual Harassment Prevention, Ethics, and DMV Privacy and Information Security training. Administrative support for training is currently managed through a series of databases, spreadsheets, and e-mails.

As a recommendation from the Strike Team and a finding from the OSAE Performance Review Audit the Department is requesting \$600,000 annually to introduce a Learning Management System (LMS) into the department that will combine department-wide training management, records, reporting, scheduling, and compliance training management methods. An LMS strategically positions the department with the California Department of Human Resources (CalHR) and their goal to streamline the procurement process and provide a statewide data platform for training records. CalHR awarded contracts to two vendors, Blackboard and Cornerstone.

Analysis of Problem

An LMS will immediately improve how the department administers and manages training by combining two FileMaker databases, the Training Catalog on the DMV Web, and the enrollment process into a single platform. All functions of training management substantially improve, immediately in reporting, budget tracking, succession planning, and scheduling.

Several state agencies were contacted, in various stages of implementing an LMS, from initial launch to complete roll out. Each agency communicated a dedication to eLearning and improved training deliverables resulting from an LMS. Adding an LMS was also a key factor in their department's succession and workforce plans, as well as their commitment to their strategic plan.

As a finding from the OSAE Performance Review Audit the Department is also requesting 12 Training Officer I (TOI) positions in FY 2019/20 for 2 years, 9 TOIs in FY 2021/22 and 6 Permanent TOIs for FY 2022/23 and ongoing. In order to have more effective customer interactions for the 10 million REAL ID and other customers, and in response to the recommendations of the OSAE Audit and the Strike Team there is a need for additional Departmental Trainers to train and onboard all new employees and provide the necessary classes for staff to be able to begin serving customers. The existing training officers and training sites are all being utilized to first offer Basic Driver License classes to new hires to process REAL ID DL/ID workload. However, this is creating a backlog amongst other program and training needs. New staff need to eventually be trained on registration processes as well so they have the ability to assist all customer needs. There is also a need for training officers to provide classes for Commercial Driver Licensing (CDL), Licensing Registration Examiners (LRE), Driver Performance Evaluation (DPE), the Employer Testing Program (new and refresher course) and New Leader/Basic Supervision classes among others.

Over the course of a year, if the Department were to maximize the number of classes with the total number of working days available and assuming the utilization of the existing 11 automated training sites, plus the possible usage of three AAA offices (limited to registration classes only), the Departmental Training Branch would be able to offer an additional 180 classes. The additional classes would require 12 additional training officers. The following projected core training function courses and the associated PYs needed to conduct the classes are shown below:

District Managers

With the workload increases that have occurred in response to the implementation of the REAL ID Act, and a finding from the OSAE Performance Review Audit the DMV is also requesting 32 new permanent Assistant Division Chief/Program Manager (ADC/PM) positions to be allocated out to each of the eight regional offices located throughout the state. These Program Managers will function as an assistant administrator and assist the Regional Administrators (RAs) (CEA classifications) in the oversight and management of the 186 public field offices throughout the state and will be able to act on the RAs behalf with the authority to provide direction to the Office Managers. Currently, each region has an average of 24 offices of various grades, with one region office that oversees the management of all of the offices within this region. The RA is based out of the region office with one administrative assistant to assist in the collection of wait time data, trend analysis, forecasting customer volumes and workload data, personnel management, overseeing hiring, special assignments such as chairing exam panels, budget management, discipline issues, etc. 32 new state vehicles will also be requested as the ADC/PMs will be required to travel between offices in their district on a daily basis at an estimated cost of \$800,000.

The proposed ADC/PM classification will fulfill the need of an area manager who can act and make decisions within their geographical area and in the absence of the Regional Administrator. The Area Administrators will oversee the Office Managers to provide advice and act upon difficult administrative problems to alleviate the Regional Administrator of all but the most complex problems.

The Regional Administrator's scope of responsibilities and the sensitivity and complexity of those responsibilities has gradually increased over time. The change in responsibilities now requires multiple administrators who can perform at the managerial level to assist the Regional Administrator with

Analysis of Problem

oversight of region operations. They will ensure that the interpretation and implementation of policy and provide policy consultation to the Office Managers. The Area Administrator will consult with FOD Staff Services Managers and Human Resources Branch (HRB) staff to seek advice on employee issues and will make recommendations to the Regional Administrator to resolve problems. They will also oversee a geographical area's budget and personnel resources. They will be responsible for monitoring the Qmatic reports and utilizing the Customer Flow queueing system to make recommendations on field operations and implementing more efficient field office operations based on the Qmatic system data.

Unexpected office closures due to facility problems, such as power failures, road closures, security incidents, etc., can lead to office closures, redirection of staff, customer service delivery problems, and media interest where immediate communication with headquarters is required and direction on protocol for Office Managers is needed. The region office may also be called upon to remedy customer complaints that have a high level of media interest.

Currently, the volume of field offices assigned to a Regional office does not allow for adequate monitoring. The addition of the ADC/PMs will make it possible to break down the regions into smaller chunks and clearly allow for better management of each individual office. It will allow the RA's to provide consistency in operations, administrative functions, disbursements of directives and policy decisions and create a better customer service environment.

Regional AGPAs

As a finding from the OSAE Performance Review Audit the Department is also requesting eight permanent Associate Governmental Program Analyst Positions that will be located in each of eight regional offices located throughout the state. These positions will be responsible for ensuring reports, surveys, correspondence, training, and resources impacted by the federally regulated REAL ID Act requirements are thoroughly assessed and delivered accurately in a timely manner.

Currently, there are no analyst level classifications assigned to the region. The region offices have one Manager III that functions as an Administrative Manager. With the increasing demand for wait time data, reports, data gathering, trend analysis, and forecasting customer volumes and behavior related to REAL ID efforts, it is imperative the RAs are assigned an analytical classification to support the operations of the region.

Mobile Command Vehicles

As a recommendation from the Strike Team the DMV proposes to establish a Fleet of DMV Mobile Command Vehicles to cover defined geographical areas throughout California; Northern, North coast, Central and Southern. Each area would house the DMV Mobile Command Vehicle, allowing the DMV to react quickly, efficiently, and effectively to any emergency or non-emergency situation. The Department is proposing to purchase two of these units in the 2019/20 fiscal year at a cost of approximately \$350,000 each with on-going costs of \$103,000 per year and is currently working with Cal OES to see if grant funds are available for which this proposal includes \$700,000 in reimbursement authority.

With natural disasters, (fire, floods and mud slides) on the rise throughout California, Local Assistance Centers (LAC) have become a "business as usual" operation for the DMV. The LAC mission is to assist communities by providing a centralized location for services following a disaster or significant emergency. The DMV provides replacement of DMV related documents to individuals, families, and businesses affected by a disaster. In 2017, the DMV participated in 22 LAC's, serving 8,760 customers with 8,748 transactions and in 2018, DMV participated in 12 LACs and 7 Disaster Recovery Centers (DRCs) assisting 17,188 customers with 12,372 transactions.

These mobile command centers would also be used in instances where short term office closures are necessary to make repairs and/or perform necessary maintenance work or for other instances where swing space is needed during office renovations and relocations. The Department currently has 11 requests submitted to the Department of General Services to begin a site search for short term swing

Analysis of Problem

space (varying from 4 -16 week closures) for offices that are in need of, or in process of a renovation or where the office closure is necessary for relocation due to loss of lease. Several of these offices are in danger of unexpected closures should the work not be completed and the systems fail entirely. Finding swing space is a timely and expensive process and it is sometimes difficult to find space to meet the needs of the community. Each office needs to be reconfigured to assist customers and to include the necessary work stations and Stand Downs,

Military Bases/ Veteran Events specialized areas (touch screen terminals, camera stations, start here, connectivity, etc.) that are necessary to process customers' transactions. On average, the Department spends approximately \$500,000-\$750,000 in one-time costs to open a swing space office regardless of the length of time of the short term lease. A mobile command unit would only need to be built and configured once with minimal on-going costs creating long term cost avoidance and ensuring that there would not be an interruption in services to that community.

Mobile command centers could also be used at heavily impacted field offices where wait times are higher than average and can be utilized in other non-emergency situations to provide services to affected areas, underserved communities and all Californians. DMV services are additionally provided at a variety of community outreaches:

- ID's for Inmates
- Isolated customer service initiatives
- Homeless Connect
- Retirement/Assisted Living Facilities
- High School/College Campuses
- Public Awareness/Educational

The Department is requesting 30 additional positions and \$2.8 million to staff both the mobile command centers and REAL ID "Pop-ups" for outreach events throughout the state. 20 of the positions will be 2-year limited term and will focus on traveling to various "Pop-up" events to help educate the public of the requirement of REAL ID, answer questions and provide information. Ten of the positions will be permanent and on-going and will be used to staff the mobile command centers which will travel to various sites as needed.

Self-Service Terminals (Kiosks)

In attempt to re-direct customers from a public field office and reduce wait times, the Department is increasing the number of Self-Service Terminals (SSTs) in the field offices and external locations. The increase in the availability of an SST machine, will reduce the number of customers who are forced to wait in line at a DMV office, thereby reducing wait times for those customers who are required to make an in person visit. Those customers who choose to go to a field office to process a simple registration renewal often do so because of the need to pay in cash or want a registration sticker immediately after completing the transaction. The only options for these customers are to visit a field office or an SST machine.

In 2017/18 fiscal year, more than 30% of the vehicles that had their their registration renewed via an SST machine renewed in a field office the previous year and it is believed that this number will continue to rise as more SSTs are made available to the public. Through the end of 2018 and continuing in 2019, the DMV has increased the number of SSTs in various locations throughout the state to provide customers another way to complete their transactions without coming to a field office. With the addition of these new self-service terminals (kiosks), there are now 152 kiosks statewide: 70 in DMV field offices, 77 retail locations, three libraries, one at Mendota City Hall and one at UC Irvine and the

Analysis of Problem

Department plans to continue to increase the number of kiosks in the future. There are also 10 kiosks located in various AAA offices throughout the state.

The kiosks currently offer customers the ability to:

- Renew Vehicle Registration
- Process a Planned Non-Operation (PNO)
- Submit vehicle insurance
- Submit an Affidavit of Non-use form
- Remove an Affidavit of Non-use form
- Pay Vehicle Registration Suspension Reinstatement Fee

As a recommendation from the Strike Team and a finding from the OSAE Performance Review Audit the Department has plans to add another 200 kiosks to various high traffic locations and areas where SSTs are non-existent. The plan is to begin staggering the deployment of the 200 kiosks and have them all installed by December 2019. In addition to adding terminals, the Department is exploring the option of adding additional transaction types to include Official Driver Record History printouts, Vehicle Registration History printouts, the ability to print a replacement registration card and/or sticker, and process a duplicate driver license.

Offering this alternative creates both a convenience for the customer and an efficiency for the Department. The DMV currently has a base allotment of \$8,000,000 to fund the current SSTs that are placed in various locations throughout the state and are projecting an additional funding need of \$8.3 million in FY 2019/20 increasing to \$16.7 million in 2022/23 and on-going.

Workload History Self Service Terminals

	Actuals				
	13/14	14/15	15/16	16/17	17/18
Number of SST's	35	50	60	100	100
SST Transactions	875,956	1,037,077	1,219,372	1,430,773	1,837,339
SST Expenditures	\$3,285,000	\$3,900,000	\$4,573,000	\$5,365,000	\$6,890,000
	Projected				
	18/19	19/20	20/21	21/22	22/23
Number of SST's	350	350	350	350	350
SST Transactions	2,192,405	4,126,582	5,670,886	5,949,367	6,253,165
SST Expenditures	\$8,660,000	\$16,300,000	\$22,400,000	\$23,500,000	\$24,700,000
Add'l Funding Request	\$0	\$8,300,000	\$14,400,000	\$15,500,000	\$16,700,000

*In July 2018, the cost per transaction increased from \$3.75 to \$3.95.

**The number of SSTs for the 18/19 fiscal year was at 152 terminals. The department will begin to add 200 more starting in Feb 2019 until they have a total of 352 by July 31, 2019. The transaction volumes are expected to increase gradually as the terminals are installed and become established.

Fleet Replacement

The DMV's fleet is primarily used for investigations of vehicle fraud, title fraud, chop-shops, misuse of disabled placards, diving school violations, and enforcement of laws and regulations related to new and used vehicle dealers as well as for managers and Facility staff to travel to offices throughout the state. The DMV currently has 298 vehicles in their fleet. 88 of those vehicles exceed the DGS replacement thresholds and are over 10 years old and have exceeded 145,000 miles. Per a recommendation from

Analysis of Problem

the Strike Team, this request includes \$2.6 million in 2019/20 fiscal year to replace those vehicles and on-going requests of \$1.6 million to replace the remaining on their replacement schedule.

Per a recommendation from the Strike Team and a finding from the OSAE Performance Review Audit, the DMV is requesting funding for the following contracts:

Governance Consultant

The DMV is requesting \$1 million in 2019/20 and \$500,000 in 20/21 to onboard a consultant to develop an effective governance structure that aligns with the overall mission and goals of the organization to better coordinate and manage resources across the organization. Better coordination will improve decision making across the enterprise and breakdown barriers within divisions. This alignment will enhance communication with headquarters and field offices and help divisions to develop supporting business plans that contribute toward the organizational outcomes and overall mission.

Organizational Change Management Consultant

\$1 million is being requested in Budget year to hire an organizational change management consultant to assist DMV in implementing a customer-centered culture. A significant barrier that hinders meaningful improvements is the task of changing an organizational culture. In order for the DMV to make these improvements in a short amount of time, a new organizational culture must be developed to remove the status quo, embrace change, and reimagine the future of DMV.

Appointment System Modifications

\$150,000 is requested to work with DMVs Qmatic vendor to make modifications to DMVs appointment system to prevent individuals and outside companies from making multiple appointments.

Field Office Assessment and re-design pilot

\$1 million is requested to hire a vendor for a field office assessment that would be used to help redesign and streamline the DMV field office of the future. The vendor will develop workplace strategies, analytics, and use retail design to provide the basis of a new look and feel of the DMV of the future. The first year request will fund a Request for Quote (RFQ) and \$4 million is requested in 2020/21 to fund a redesigned field office pilot with the need for additional funding being re-evaluated in a future year.

IT Improvements

IT Components

Over the years, many DMV hardware components have reached its End of Life (EOL). Some of the servers cannot be patched to address security vulnerabilities due to vendor unsupported hardware. Parts to replace the EOL hardware have become scarce and failures of hardware are becoming more frequent. Many manufactures are no longer providing extended warranties/support to the EOL hardware. DMV has experienced and may continue to experience major outages in our field offices due to EOL hardware. The following requests are in response to findings from the OSAE Performance Review Audit.

In fiscal year 2018/19, as part of a California State Transportation Agency sponsored program to reform, improve and enhance performance in many areas of DMV Information Technology (IT), the DMV requested resources to support the replacement of DMV's most critical information technology infrastructure equipment that has reached its EOL. The DMV received a one-time operating expense increase of \$3.1 million for the replacement of outdated critical IT infrastructure equipment that had been identified as a priority to ensure continuity of business operations.

The Department is requesting an additional \$3.1 million annually to continue to replace the IT equipment that has reached its end of life on a five-year replacement schedule. The total cost of the needed replacement equipment DMV identified is approximately \$20.2 million. The Department plans to replace the equipment on a five-year replacement schedule which would create an additional

Analysis of Problem

expenditure of \$4 million per year. DMV currently spends approximately \$1 million per year for replacement equipment, creating a need for an augmentation of \$3.1 million per year.

In addition to core IT infrastructure components, DMV has over 9,400 desktop personal computers. Of those, there are 2,400 personal computers that are used for Automated Knowledge Testing Systems in field offices and 250 Virtual Desktop devices (aka thin clients) that are at end of life as well as 3,517 personal computers that have less than 4 gigabytes of memory (Office365 software cannot run efficiently on these desktops) and/or are still running Windows 7 operating systems (no longer supported after January 2020) which need to be replaced as soon as possible. The DMV is requesting \$6.2 million in one-time funding to replace 6,167 machines that are in dire need of replacement and \$940,000 for on-going PC refresh.

DMV's wide area network (WAN) was designed and implemented a number of years ago without redundant network connections to field offices, call centers and auto clubs to mitigate the risk of business operation interruptions due to wide area network failures. Costs for redundancy for the largest and busiest field offices (Grade III, IV and V), call centers and auto clubs are included in the table below.

Offices	Circuit Size	Number of Offices	Total One-time Costs	Total Monthly Costs	Total On-going Costs
Grade V	20MB	37	\$138,380	\$94,498	\$1,133,976
Grade IV	10MB	30	\$112,200	\$77,790	\$933,480
Grade III	5MB	51	\$190,740	\$112,455	\$1,349,460
Call Centers/Auto Clubs	Varies	14	\$27,888	\$63,965	\$767,577
		132	\$469,208	\$348,708	\$4,184,493

The failure to replace EOL equipment and redesign of the wide area network to include appropriate redundancy and right-sized network circuits will increase the risk of degraded system availability and outages that will adversely affect DMV's services to Californians. EOL equipment that cannot be upgraded with the latest software/security patches significantly increases the risk of interruptions to business operations and/or the release of sensitive data due to the intrusion by unauthorized agents. DMV must keep up with defense of advanced security threats with a modern infrastructure capable of integrating new security management solutions. Without the ability to maintain our IT security, DMV is exposed to the risk of security attacks that may bring business activities to a halt. If this were to happen, DMV and the State could be compromised and unforeseeable statewide financial liabilities could be incurred.

Document Authentication Devices (DADs)

The DADs are used to authenticate a wide range of customer presented documents which reliably enables operators to quickly and easily determine whether an identity document is genuine or suspect by automatically validating a range of physical and logical security features. There are currently 642 devices throughout the field offices that have reached their EOL and are in need of replacement. The department requests 700 devices to provide for replacements in the event a system goes down and/or requires repair at a cost of approximately \$3 million.

Analysis of Problem

Summary of Resource Request by Year (Dollars in Thousands)

Improvements	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 and ongoing
Managing increased transaction volumes driven REAL ID						
Total REAL ID Position Costs (19/20:1900.3 PYs)	\$150,004	\$143,752	\$44,137	\$34,242	\$13,476	\$4,239
U.S. Pass & SSN Verifications	\$548	\$538	\$339	\$373	\$351	\$351
Document Imaging (6 now, replacing 1)	\$400	\$0	\$0	\$0	\$0	\$0
DLPC Facilities Costs (Rent, etc.)	\$12,400	\$4,300	\$4,400	\$4,500	\$3,000	\$1,400
Extended FO Hours / Saturday Service Facilities Costs (Security & Janitorial) & Mid-day Janitorial Services	\$9,800	\$9,900	\$9,800	\$4,900	\$0	\$0
Outreach (Media)	\$9,500	\$0	\$0	\$0	\$0	\$0
Outreach/Media/Pub Aff. (3 pos)	\$377	\$348	\$348	\$348	\$348	\$348
Identity Management Real ID Workflow	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
DL/ID Card Contract (Duplicates)	\$6,892	\$6,892	\$0	\$0	\$0	\$0
Card Counters	\$60					
Subtotal, REAL ID Workload	\$195,981	\$173,030	\$65,024	\$50,363	\$23,175	\$12,338
Customer Service Improvements						
Credit Card in Field/Discount Fee savings	(\$18,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)
Increased SST Credit Card Fees	\$875	\$0	\$0	\$0	\$0	\$0
DMV Identifiable Attire (Lanyards)	\$100	\$0	\$0	\$0	\$0	\$0
Website Redesign	\$2,000	\$0	\$0	\$0	\$0	\$0
Chatbot user contract	\$500	\$500	\$500	\$500	\$500	\$500
CRM Live chat positions (89) 9 months in BY	\$6,072	\$7,679	\$7,679	\$7,679	\$7,679	\$7,679
CRM Live chat/email implementation	\$5,755	\$0	\$0	\$0	\$0	\$0
CRM Live chat/email ongoing support	\$844	\$885	\$885	\$885	\$885	\$885
CRM licenses	\$1,512	\$1,512	\$1,512	\$1,512	\$1,512	\$1,512
Subtotal, Customer Service	(\$342)	(\$13,424)	(\$13,424)	(\$13,424)	(\$13,424)	(\$13,424)
Operational Improvements						
Learning Management System	\$600	\$600	\$600	\$600	\$600	\$600
Departmental Training Officers (12 pos, dropping to 6 pos)	\$1,411	\$1,370	\$1,027	\$685	\$685	\$685
Mobile Command Units	\$700	\$200	\$200	\$200	\$200	\$200
FOD Outreach Staffing (30 pos for 2 yrs, then drops to 10 pos - Pop-ups)	\$2,836	\$2,732	\$911	\$911	\$911	\$911
District Managers (32 pos)	\$5,965	\$5,854	\$5,854	\$5,854	\$5,854	\$5,854
Vehicles (District mgrs)	\$900	\$100	\$100	\$100	\$100	\$100
District AGPAs (8 pos)	\$964	\$936	\$936	\$936	\$936	\$936
Software for Online DL/ID Replacement	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Online Duplicate DL/IDs - Programming Consultant	\$500	\$0	\$0	\$0	\$0	\$0
Online duplicate Savings (26 Positions)	\$0	(\$1,870)	(\$1,870)	(\$1,870)	(\$1,870)	(\$1,870)
SST Funding (for 200 new SSTs)	\$8,300	\$14,400	\$15,500	\$16,700	\$16,700	\$16,700
Fleet Replacement	\$2,600	\$1,600	\$1,500	\$1,600	\$1,600	\$1,600
Governance Consultant	\$1,000	\$500	\$0	\$0	\$0	\$0
Org Change Mgmt. RFO	\$1,000	\$0	\$0	\$0	\$0	\$0
Appointment System Modifications	\$150	\$0	\$0	\$0	\$0	\$0
Field Office Assessment and Redesign pilot	\$1,000	\$4,000	\$0	\$0	\$0	\$0
Subtotal, Operational Improvements	\$29,526	\$32,022	\$26,358	\$27,316	\$27,316	\$27,316
IT Improvements						
IT refresh	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100	\$3,100
Network Redundancy	\$4,654	\$4,185	\$4,185	\$4,185	\$4,185	\$4,185
Document Authentication Devices	\$3,008					
PC Refresh (6,500 PCs)	\$6,200	\$900	\$900	\$900	\$900	\$900
Subtotal, IT Improvements	\$16,962	\$8,185	\$8,185	\$8,185	\$8,185	\$8,185
Total Estimated Request	\$242,127	\$199,813	\$86,143	\$72,440	\$45,252	\$34,415
Less Discount Fee Savings from other funds:						
0042 SHA	(\$1,272)	(\$1,682)	(\$1,682)	(\$1,682)	(\$1,682)	(\$1,682)
0064 VLF	(\$8,508)	(\$10,776)	(\$10,776)	(\$10,776)	(\$10,776)	(\$10,776)
3290 RMRA	(\$6,407)	(\$8,873)	(\$8,880)	(\$8,880)	(\$8,880)	(\$8,880)
Total Additional Funding Request	\$225,940	\$178,482	\$64,805	\$51,102	\$23,914	\$13,077

Analysis of Problem

Outcomes and Accountability

The expected outcome of this proposal is to minimize impending backlogs and customer wait times due to the increase in DL/ID card customer transactions in the field offices. The department will continue to monitor the number of federal compliant DL/ID card applicants and current workload indicators, and will modify its projections and corresponding fiscal estimates, as data becomes available warranting such adjustments. The requests for operational improvements is designed to create efficiencies in the field offices and throughout the Department.

Projected Federal Compliant DL/ID Originals

Workload Measure	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	Total
Driver License	346,524	786,749	749,780	756,581	763,442	763,442	4,166,518
ID Card	259,344	583,524	551,106	551,106	551,106	551,106	3,047,292
Total DL/ID Originals	605,868	1,370,273	1,300,886	1,307,687	1,314,548	1,314,548	7,213,810

Projected Federal Compliant DL/ID Renewals

Workload Measure	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	Total
Opt-In Renewals (alternative channels)						
Driver License	1,078,312	2,149,594	1,992,438	628,204	398,077	6,246,625
ID Card	87,527	175,054	164,113	76,586	33,322	536,602
Conversion DL		2,698,770	2,698,770			5,397,540
Conversion ID		689,079	689,079			1,378,158
Total	1,165,839	5,712,497	5,544,400	704,790	431,399	13,558,925
Opt-In Renewals (already going to the field office)						
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	Total
Driver License	1,196,256	2,384,712	2,210,367	696,916	441,621	6,929,872
ID Card	167,153	334,306	313,412	146,259	63,636	1,024,766
Total	1,363,409	2,719,018	2,523,779	843,175	505,257	7,954,638
Total Opt-In Volume	2,529,248	8,431,515	8,068,179	1,547,965	936,656	21,513,563
Driver License	2,274,568	7,233,076	6,901,575	1,325,120	839,698	18,574,037
ID Card	254,680	1,198,439	1,166,604	222,845	96,958	2,939,525

E. Analysis of All Feasible Alternatives

Alternative 1:

The proposed solution is to hire additional staff for increased workload, retain funding for the San Jose DLPC, acquire swing space to replace the offices that are losing their lease, and temporarily re-open an additional Fontana field office as well as continue to provide Saturday Service and extended field office hours to issue federal compliant driver licenses and identification cards. This alternative will also provide funding to make customer service and operational improvements, remove the discount fee appropriation from DMV's budget, and provide IT improvements.

Costs: \$225.9 million

Pros:

- Will ensure that our customers' needs are met in a timely manner.

Analysis of Problem

- Provides Californians a DMV issued card that can be used by TSA to board an airplane for a domestic flight.
- Provides a better customer experience.
- Ensures DMVs IT systems are functional.

Cons:

- Additional funding would be required.

Alternative 2:

This solution is to only hire staff to issue federal compliant driver licenses and identification cards without continuing the driver license processing center leases and providing Saturday Service and extended field office hours and without providing any technology upgrades or refresh and without any additional operational or customer service improvements.

Costs: \$162.4 million

Pros:

- Less costly than proposed solution.
- Still provides Californians a DMV issued card that can be used by TSA to board an airplane for a domestic flight.

Cons:

- Will not provide Saturday Service and extended field office hours to ensure customer service levels are maintained.
- Will significantly increase field office wait times.
- Eliminates available additional appointment times after hours and on Saturdays.

Alternative 3:

Do not increase the staffing for this additional workload or offer additional services. Require appointments for all DL/ID transactions and increase the outreach and media campaigns so customers are aware of the requirements.

Costs: \$1-2 Million

Pros:

- Increased up-front costs will be minimal.

Cons:

- Californians may have to wait longer to get their federal compliant card as appointments may be difficult to get in a timely manner.
- Californians will be required to have another document that is accepted by the TSA to board a plane for a domestic flight.
- Customers who are unable to be serviced in an office at their convenience will be angry and will issue many public complaints.

F. Implementation Plan

In order to allow for the availability of appropriate funding for this request the Strike Team and the DMV worked closely with the Department of Finance to develop a plan that would retain an appropriate fund balance of at least \$100 million in the Motor Vehicle Account (MVA). This is accomplished by the following:

Analysis of Problem

- Suspending for five years the pension loan repayments and the annual Budget Act transfer associated with the non-Article XIX revenues.
- Passing on credit card transaction fees to customers similar to other state departments (e.g. Employment Development Department, Department of Food and Agriculture, and Franchise Tax Board).

Federal DL/ID card compliance has an operative date of October 1, 2020. In order to successfully implement the program by this date, the department conducted a mass hiring of 550.4 employees beginning in FY 2017/18 and continuing into FY 2018/19. In addition, the Department was given approval through Provisional Budget Act Language (SB 856 BA 2018) to hire an additional 230 employees to assist with the implementation of the Federal Compliant DL/ID cards. To meet the continuing increased workload, the Department will need approval and funding to retain those 780 temporary positions and hire an additional 1094 temporary and 178.8 permanent positions beginning in FY 19/20. The new hires will need to be trained for a period of three to four months.

The department has considered multiple approaches to comply with the federal standards within the limited timeframe in order to provide a DL/ID card that meets federal standards. In order to address the needs of existing and new customers, and to pursue implementation in the most fiscally prudent manner, while keeping to the department's strategic goals and objectives, the following framework has been utilized for implementation:

- Maximize existing infrastructure to help decrease the size and number of additional facilities required to adequately serve the increased customer volume.
- Continue leasing the temporary Swing Space sites in Stanton and Granada Hills through the expiration date of September 2019 and continue leasing the San Jose DLPC on a permanent ongoing basis to process additional DL/ID card transactions.
- Add two leased swing space offices to replace the DLPCs that are closing due to the lessors being unwilling to accept an extension and re-operationalize the existing State owned Fontana Field Office.
- Redirect workload where possible to alternate service channels to mitigate the impact to service levels in field offices and reduce wait times.
- Employ a variety of methods (educational outreach, media campaigns, online information, etc.) to prepare the applicant to ensure a timely and successful visit on the first attempt and to encourage appointments and the use of Saturday service hours.

G. Supplemental Information

The department has identified several ways of maximizing the existing field office infrastructure and has developed a facilities plan that includes; maximizing existing field office space to allow for the increased volume of customers; replacing the two temporary Driver License Processing Centers (DLPCs) with two new full service temporary leased offices; and to permanently fund and fully staff the San Jose DLPC to specifically service the needs of current DL/ID card customers and new DL/ID card applicants. In addition, service hours will be extended and Saturday service would be offered at specified field offices.

H. Recommendation

The recommendation is to approve the Budget request to provide the DMV with requested funding to meet the continuing increase in DL/ID card applications.

Add the following provisions to Item 2740-001-0044:

2. If additional resources are needed to further reduce or prevent field office wait times beyond the level provided for in this appropriation, the Director of Finance may augment the amount appropriated in this item by submitting a request by the Director of the Department of Motor Vehicles for additional resources. The request must justify the additional resources requested and demonstrate how and by what amount of time the level of resources requested will reduce or prevent wait times at individual offices and statewide. The request must also provide an update on the status of the resources provided pursuant to this appropriation and their impact on individual and statewide field office wait times. The requested augmentation is intended to reduce or prevent long wait times at impacted field offices and shall be limited to that purpose, including, but not limited to, additional field office staff, business process redesign, and expanded service hours. The request will also provide an updated forecast of the Motor Vehicle Account fund condition that reflects the impact of this request. The Director of Finance may not approve any augmentation unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.
3. Of the amount appropriated in this item \$9,500,000 shall be available for encumbrance or expenditure until June 30, 2021 for media to better prepare customers for interacting with the Department of Motor Vehicles.

BCP Fiscal Detail Sheet

BCP Title: DMV Operational Improvements

BR Name: 2740-301-BCP-2019-A1

Budget Request Summary

	FY19					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Personal Services						
Positions - Permanent	0.0	178.8	201.0	201.0	201.0	201.0
Total Positions	0.0	178.8	201.0	201.0	201.0	201.0
Salaries and Wages						
Earnings - Permanent	0	9,466	10,575	10,575	11,919	11,919
Earnings - Temporary Help	40,882	81,198	77,648	18,648	13,881	4,300
Overtime/Other	0	7,889	7,889	7,889	3,945	0
Total Salaries and Wages	\$40,882	\$98,553	\$96,112	\$37,112	\$29,745	\$16,219
Total Staff Benefits	1,288	57,901	56,360	19,073	16,609	10,250
Total Personal Services	\$42,170	\$156,454	\$152,472	\$56,185	\$46,354	\$26,469
Operating Expenses and Equipment						
5301 - General Expense	4,247	76,574	32,815	14,536	9,519	2,161
5340 - Consulting and Professional Services - External	0	1,527	1,919	3,030	4,204	4,204
539X - Other	0	-73	149	-66	-95	-40
Total Operating Expenses and Equipment	\$4,247	\$78,028	\$34,883	\$17,500	\$13,628	\$6,325
Total Budget Request	\$46,417	\$234,482	\$187,355	\$73,685	\$59,982	\$32,794

Fund Summary

Fund Source - State Operations						
0042 - State Highway Account, State Transportation Fund	0	-1,272	-1,682	-1,682	-1,682	-1,682
0044 - Motor Vehicle Account, State Transportation Fund	46,417	241,427	199,813	86,143	72,440	45,252
0064 - Motor Vehicle License Fee Account, Transportation Tax Fund	0	-8,508	-10,776	-10,776	-10,776	-10,776
0995 - Reimbursements	0	700	0	0	0	0
3290 - Road Maintenance and Rehabilitation Account, State Transportation Fund	0	2,135	0	0	0	0
Total State Operations Expenditures	\$46,417	\$234,482	\$187,355	\$73,685	\$59,982	\$32,794
Total All Funds	\$46,417	\$234,482	\$187,355	\$73,685	\$59,982	\$32,794

Program Summary

Program Funding

2130 - Vehicle/Vessel Identification and Compliance	0	29,976	13,669	10,340	10,992	10,920
2135 - Driver Licensing and Personal Identification	46,417	195,440	170,086	61,053	46,854	19,775
2140 - Driver Safety	0	6,344	2,520	1,604	1,495	1,469
2145 - Occupational Licensing and Investigative Services	0	2,721	1,080	688	641	630
9900100 - Administration	4,083	21,797	17,570	7,588	6,382	3,988
9900200 - Administration - Distributed	-4,083	-21,796	-17,570	-7,588	-6,382	-3,988
Total All Programs	\$46,417	\$234,482	\$187,355	\$73,685	\$59,982	\$32,794

Personal Services Details

Salary Information

Positions	Min	Mid	Max	<u>CY</u>	<u>BY</u>	<u>BY+1</u>	<u>BY+2</u>	<u>BY+3</u>	<u>BY+4</u>
OT00 - Overtime				0.0	0.0	0.0	0.0	0.0	0.0
TH00 - Temporary Help				0.0	0.0	0.0	0.0	0.0	0.0
VR00 - Various				0.0	178.8	201.0	201.0	201.0	201.0
Total Positions				0.0	178.8	201.0	201.0	201.0	201.0
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
OT00 - Overtime	0	7,889	7,889	7,889	3,945	0			
TH00 - Temporary Help	0	81,196	77,649	18,647	13,883	4,299			
VR00 - Various	0	9,466	10,575	10,575	11,920	11,920			
Total Salaries and Wages	\$0	\$98,551	\$96,113	\$37,111	\$29,748	\$16,219			
Staff Benefits									
5150900 - Staff Benefits - Other	1,288	57,901	56,360	19,073	16,609	10,250			
Total Staff Benefits	\$1,288	\$57,901	\$56,360	\$19,073	\$16,609	\$10,250			
Total Personal Services	\$1,288	\$156,452	\$152,473	\$56,184	\$46,357	\$26,469			

BCP Fiscal Detail Sheet

BCP Title: Withdraw Proposal: Extension of REAL ID Resources

BR Name: 2740-302-BCP-2019-A1

Budget Request Summary

	FY19					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	-30,553	-30,553	-30,553	-30,553	0
Overtime/Other	0	-3,412	-3,412	-3,412	-3,412	0
Total Salaries and Wages	\$0	\$-33,965	\$-33,965	\$-33,965	\$-33,965	\$0
Total Staff Benefits	0	-18,354	-18,354	-18,354	-18,354	0
Total Personal Services	\$0	\$-52,319	\$-52,319	\$-52,319	\$-52,319	\$0
Operating Expenses and Equipment						
5301 - General Expense	0	-1,466	-1,466	-1,466	-1,466	0
5320 - Travel: In-State	0	-383	-383	-383	-383	0
5322 - Training	0	-825	-825	-825	-825	0
5324 - Facilities Operation	0	-6,129	-6,129	-6,129	-6,129	0
5340 - Consulting and Professional Services - External	0	-2,000	-2,000	-2,000	-2,000	0
5346 - Information Technology	0	-608	-608	-608	-608	0
Total Operating Expenses and Equipment	\$0	\$-11,411	\$-11,411	\$-11,411	\$-11,411	\$0
Total Budget Request	\$0	\$-63,730	\$-63,730	\$-63,730	\$-63,730	\$0
Fund Summary						
Fund Source - State Operations						
0044 - Motor Vehicle Account, State Transportation Fund	0	-63,730	-63,730	-63,730	-63,730	0
Total State Operations Expenditures	\$0	\$-63,730	\$-63,730	\$-63,730	\$-63,730	\$0
Total All Funds	\$0	\$-63,730	\$-63,730	\$-63,730	\$-63,730	\$0
Program Summary						
Program Funding						
2135 - Driver Licensing and Personal Identification	0	-63,730	-63,730	-63,730	-63,730	0
9900100 - Administration	0	-5,608	-5,608	-5,608	-5,608	0
9900200 - Administration - Distributed	0	5,608	5,608	5,608	5,608	0
Total All Programs	\$0	\$-63,730	\$-63,730	\$-63,730	\$-63,730	\$0

Personal Services Details

	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
OT00 - Overtime	0	-3,412	-3,412	-3,412	-3,412	0
TH00 - Temporary Help	0	-30,553	-30,553	-30,553	-30,553	0
Total Salaries and Wages	\$0	-\$33,965	-\$33,965	-\$33,965	-\$33,965	\$0
Staff Benefits						
5150150 - Dental Insurance	0	-246	-246	-246	-246	0
5150200 - Disability Leave - Industrial	0	-104	-104	-104	-104	0
5150210 - Disability Leave - Nonindustrial	0	-26	-26	-26	-26	0
5150350 - Health Insurance	0	-4,113	-4,113	-4,113	-4,113	0
5150400 - Life Insurance	0	-6	-6	-6	-6	0
5150450 - Medicare Taxation	0	-492	-492	-492	-492	0
5150500 - OASDI	0	-2,105	-2,105	-2,105	-2,105	0
5150600 - Retirement - General	0	-7,731	-7,731	-7,731	-7,731	0
5150700 - Unemployment Insurance	0	-54	-54	-54	-54	0
5150750 - Vision Care	0	-44	-44	-44	-44	0
5150800 - Workers' Compensation	0	-1,256	-1,256	-1,256	-1,256	0
5150900 - Staff Benefits - Other	0	-2,177	-2,177	-2,177	-2,177	0
Total Staff Benefits	\$0	-\$18,354	-\$18,354	-\$18,354	-\$18,354	\$0
Total Personal Services	\$0	-\$52,319	-\$52,319	-\$52,319	-\$52,319	\$0

BCP Fiscal Detail Sheet

BCP Title: Withdraw Proposal: SB1-Transportation Funding

BR Name: 2740-303-BCP-2019-A1

Budget Request Summary

	FY19					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services - External	0	-8,542	-8,873	-8,880	-8,880	-8,880
Total Operating Expenses and Equipment	\$0	\$-8,542	\$-8,873	\$-8,880	\$-8,880	\$-8,880
Total Budget Request	\$0	\$-8,542	\$-8,873	\$-8,880	\$-8,880	\$-8,880

Fund Summary

Fund Source - State Operations

3290 - Road Maintenance and Rehabilitation Account, State Transportation Fund	0	-8,542	-8,873	-8,880	-8,880	-8,880
Total State Operations Expenditures	\$0	\$-8,542	\$-8,873	\$-8,880	\$-8,880	\$-8,880
Total All Funds	\$0	\$-8,542	\$-8,873	\$-8,880	\$-8,880	\$-8,880

Program Summary

Program Funding

2130 - Vehicle/Vessel Identification and Compliance	0	-8,542	-8,873	-8,880	-8,880	-8,880
Total All Programs	\$0	\$-8,542	\$-8,873	\$-8,880	\$-8,880	\$-8,880