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DMV Field Office Wait Times and Operational Improvements

PRESENTED TO:

Senate Committee on Budget and Fiscal Review
Hon. Holly J. Mitchell, Chair



LEGISLATIVE ANALYST'S OFFICE

Overview of REAL ID Implementation and DMV Operations

■ Federal REAL ID Requirements

- The federal REAL ID Act of 2005 requires state-issued driver licenses and identification (ID) cards to meet minimum identity verification and security standards in order for them to be accepted by the federal government for official purposes—such as boarding federally regulated commercial aircraft.
- After October 1, 2020, individuals with noncompliant driver licenses and ID cards will need to provide an alternative federally acceptable form of ID—such as a passport—for boarding domestic airplanes.

■ Increased California Department of Motor Vehicles (DMV) Workload

- California began issuing REAL ID compliant driver licenses and ID cards in January 2018 and reports having issued about 3.1 million from January 2018 through February 2019. Individuals seeking REAL IDs are required to visit a field office and provide certain specified documents that must be verified and scanned.
- This has increased DMV workload for two major reasons: (1) REAL ID transactions taking longer to process and (2) more individuals visiting field offices than normal (such as those who would have renewed their license by mail or those whose licenses expire after October 2020).



Overview of REAL ID Implementation and DMV Operations

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■ Increased DMV Field Office Wait Times

- Despite receiving additional resources, wait times in DMV field offices increased significantly in the summer 2018. At its peak, some individuals visiting certain offices experienced wait times of a few hours.
- According to DMV, wait times in February 2019 decreased to an average of 50 minutes (32 minutes queue time and 18 minutes pre-queue time) for individuals without appointments. In comparison, DMV’s goal wait times is less than one hour—no more than 45 minutes queue time and no more than 15 minutes pre-queue time. This reduction was achieved through various actions, including hiring temporary workers and expanding the number of self-service terminals.



2017-18 and 2018-19 Funding for REAL ID Workload and Reducing Wait Times

- **Limited-Term Funding in 2017-18 and 2018-19.** Given the uncertainty in workload, the state provided DMV with limited-term funding—\$23 million from the Motor Vehicle Account (MVA) to support 218 positions in 2017-18 and \$46.6 million to support 550 positions in 2018-19.
- **Provisional Language to Increase Current-Year Resources.** The *2018-19 Budget Act* authorized the Department of Finance (DOF) to provide DMV with additional resources as needed no sooner than 30 days following notification to the Joint Legislative Budget Committee (JLBC). Three augmentation requests have been submitted pursuant to this authorization.
 - **\$16.6 Million (Requested and Approved).** In August 2018, an additional \$16.6 million from the MVA and 230 positions were requested and provided in order to help reduce the significant wait times in the field offices—bringing total funding for REAL ID workload in 2018-19 to \$63.2 million to support 780 positions.
 - **\$40.4 Million (Requested but Pending Review).** In January 2019, DOF submitted a subsequent notification to JLBC that it intends to provide DMV with an additional \$40.4 million no earlier than April 30, 2019. This funding will be used to support an additional 120 positions, as well as to maintain all activities enacted to date (such as the extension of field office operational hours). At the time of submission, DMV reported having already spent \$17.5 million of the requested funds in the first six months of 2018-19.
 - **\$6 Million (Requested but Pending Review).** In March 2019, DOF notified JLBC of its intention to provide an additional \$6 million (MVA) to support various activities intended to reduce wait times in the budget year. This includes: (1) \$4.5 million to hire and train 300 additional temporary positions proposed in the Governor’s 2019-20 budget request, (2) \$1 million for a full-day training session for all employees, (3) \$250,000 to contract with a communications strategist to better inform the public, and (4) \$250,000 to develop a strategy for streamlining DMV’s website.



Governor's 2019-20 Budget Proposals

- In an April Finance Letter, the Governor proposes \$242.1 million from the MVA in 2019-20 to support (1) about 179 permanent positions and 1900 temporary positions and (2) various other activities, such as implementing live chat customer service and hiring consultants to study governance and change management.
- Under the Governor's proposal, the amount requested would decline to \$199.8 million in 2020-21, \$86.1 million in 2021-22, \$72.4 million in 2022-23, \$45.3 million in 2023-24, and \$34.4 million in 2024-25 and annually thereafter.
- Similar to the current-year budget, the Governor proposes provisional budget language for 2019-20 that authorizes DOF to provide DMV with additional resources as needed no sooner than 30 days following notification to JLBC.



Various Evaluations of DMV

- ***DOF Performance Audit.*** DOF's Office of Audits and Evaluations conducted a performance audit between September 2018 and March 2019. This audit evaluated, raised significant concerns, and made recommendations related to DMV operations, information technology (IT) infrastructure, and customer service.
- ***DMV Reinvention Strike Team.*** In January 2019, the administration tasked the Government Operations Agency Secretary to lead a new DMV Reinvention Strike Team to (1) examine DMV operations with an emphasis on various factors such as worker performance and customer satisfaction and (2) make recommendations to modernize and reinvent the DMV.
- ***McKinsey & Company Evaluation.*** In March 2019, DMV contracted with McKinsey & Company for an evaluation of (1) DMV communication regarding Real ID, (2) staff training on REAL ID, and (3) REAL ID processes and customer service experiences in the field offices. These evaluations are expected to be followed by pilot tests of potential improvements in each of these areas as well as final recommendations.
- ***Office of Digital Innovation.*** The Governor's 2019-20 budget proposes to create the Office of Digital Innovation within the Government Operations Agency, in order to develop and enforce requirements for state departments to assess their service delivery models, reengineer how they deliver customer service, and leverage digital innovation where appropriate. DMV is expected to be the first department to work with the office.



Issues for Legislative Consideration

- **Clearly Specified Performance Goals Are Important**
 - Clearly specified performance goals across DMV operational areas can help facilitate accountability and ensure that funds provided are used in a manner consistent with legislative priorities and expectations. At this time, however, it is unclear what specific performance goals the administration is seeking to achieve with the requested resources.
- **Requested Resources Based on Various Assumptions**
 - The administration’s request is based on various workload assumptions on how individuals will react to the REAL ID deadline and to the availability of the various new activities DMV seeks to implement.
 - For example, DMV proposes to reduce field office REAL ID processing time by using software to authenticate required documentation before an individual visits a field office. However, it remains uncertain how many people will be comfortable with providing such documents electronically.
- **Unclear Net Impact of Various Activities Proposed**
 - The Governor’s budget request proposes a wide range of activities across DMV operations. The net impact of these activities, however, is unclear—making it difficult to assess whether the requested level of resources is appropriate.
 - For example, the budget proposes activities to effectively shift more workload outside of the field office. If such efforts are successful, existing staff who would have processed such workload could be redirected to handle REAL ID workload.



Issues for Legislative Consideration

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- **Some Changes Would Have Immediate Impact, While Others Would Have Long-Term Impacts**
 - The Legislature could consider focusing on those changes that can generate more immediate impact given the pending REAL ID October 2020 deadline.
 - For long-term structural or operational changes, the Legislature could first require DMV to develop a long-term strategic, tactical, and operational plan. Moving forward in a deliberative and comprehensive manner, rather than in a piecemeal fashion, could reduce disruption to customers and ensure cost-effective use of funding in the long run.
- **Pending Evaluations Could Impact Level or Mix of Resources Needed**
 - These evaluations could offer recommendations that potentially impact the level or mix of resources needed in both the short term and the long term.
 - For example, to the extent that an alternative way of operating the field offices is identified, it is unclear whether (and which) existing resources would be redirected or whether additional resources would be requested in the budget year.
- **Existing Processes or Infrastructure Could Impact Effective Use of Requested Resources**
 - The DOF audit raised significant concerns with existing DMV processes and IT infrastructure that could impact how effectively the requested resources are used.
 - For example, ineffective allocation of existing staffing resources raises questions about whether the requested resources will be used effectively or if additional resources will be requested in the budget year.



Issues for Legislative Consideration

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■ Ongoing Legislative Oversight Needed

- Regardless of how much funding is ultimately provided, ongoing legislative oversight will be important. For example, for the budget year, the Legislature could consider providing only limited-term funding. This would require that DMV (1) report to the Legislature on how it used budget year resources, (2) reassess its processes and needs, and (3) justify its subsequent request for resources. (We note this is particularly important given the continued structural imbalance of the MVA.)
- Under the proposed provisional language, the department would have the flexibility to incur expenses prior to seeking legislative approval. The Legislature could consider modifying the language to require DMV seek legislative approval *before* incurring additional spending.
- The Legislature could also consider regular reporting on the use of the requested resources as well as any significant operational or governance changes that are being considered or being implemented.

