Update on REAL ID Implementation and DMV Operations

PRESENTED TO:

Senate Committee on Transportation Hon. Jim Beall, Chair



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 nearly 2.5 million through the end of 2018. 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).

Increased DMV Field Office Wait Times

- Despite receiving additional resources, wait times in DMV field offices increased significantly. At its peak, some individuals visiting certain offices could experience wait times of a few hours.
- According to DMV, wait times in the month of December 2018
 decreased to an average of 44 minutes for individuals without
 appointments and an average of 13 minutes for those with an
 appointment. This decrease was achieved through various actions,
 including hiring temporary workers and expanding the number of
 self-service terminals.



Funding Provided 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 the 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). Two 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 was requested and provided in order to help DMV reduce the significant wait times in the field offices. This brings total funding for REAL ID workload in 2018-19 to \$63.2 million to support 780 positions.
 - \$40.4 Million (Requested but Not Yet Approved). 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. DMV reports that 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).



Governor's Budget Proposals

- Placeholder Budget Request. The Governor's 2019-20 Budget includes \$63.7 million annually through 2022-23 from the MVA to support 780 positions—the same level of resources provided to DMV in the current year. However, the administration clearly indicates that this request will be updated in the spring after further study of DMV's workload and processes.
- Pending Evaluations. The administration anticipates that its spring request may be informed by currently pending evaluations of DMV.
 - DOF Performance Audit. In September 2018, DOF's Office of Audits and Evaluations began a performance audit that expects to (1) evaluate DMV's current operations and efforts to address its aging information technology infrastructure and (2) make recommendations to improve DMV's operations and enhance its customer service. A full report is expected to be released in March 2019.
 - DMV Reinvention Strike Team. In January 2019, the administration tasked the Government Operations Agency Secretary to lead a new DMV Reinvention Strike Team. The team is expected 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.
- **Proposed Future Evaluations.** The Governor's budget proposes to create the Office of Digital Innovation within the Government Operations Agency, in order to develop and enforce requirements for departments to assess their service delivery models, to 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

■ Examine Changes That Can Generate More Immediate Impact

- Given the October 2020 deadline for REAL ID compliance, the Legislature could consider focusing on identifying changes that can generate more immediate impact to help DMV operate more cost-effectively as field offices are likely to experience similar or increased workload levels.
- For example, it is possible that additional or improved outreach efforts could increase the number of individuals arriving in field offices with all completed and necessary documents—thereby reducing overall transaction times.

Consider Directing DOF and DMV Reinvention Strike Team to Report at Spring Budget Hearings

- The Legislature could consider requiring DOF and the DMV Reinvention Strike Team to submit a report at hearings this spring on potential operational efficiencies.
- This would allow the Legislature to examine and evaluate all of the potential efficiencies that have been identified thus far—not just those selected by the administration. The Legislature can then determine which of these, or other efficiencies or operational changes, it would like to implement. This is particularly important given the pending insolvency of the MVA.

Consider Level of Appropriate Oversight

- Regardless of how much funding is ultimately provided, the Legislature will want to consider what level of legislative oversight would be appropriate.
- For example, the Legislature may want to require DMV to seek legislative approval before incurring additional spending to allow the Legislature to examine the reasons for the increased expenditures and determine what action, if any, it would like to take.

