

Washington State  
Department of Licensing

# 2018 Supplemental Budget Submittal



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STATE OF WASHINGTON  
DEPARTMENT OF LICENSING  
PO Box 9020 Olympia, Washington 98507-9020

October 9, 2017

Mr. David Schumacher, Director  
Office of Financial Management  
PO Box 43113  
Olympia, WA 98504-3113

Dear Mr. Schumacher:

Enclosed is the Department of Licensing's (DOL) proposed 2018 supplemental budget request for your review. Our proposed budget is based on Governor Inslee's goals for Healthy and Safe Communities, a Prosperous Economy, and Efficient, Effective, and Accountable Government.

The department is requesting funding to:

- Continue the agency's technology modernization project implementation;
- Respond to increased demand for DOL services;
- Advance identity verification to prevent fraud; and
- Request funding realignment to equitably redistribute the cost of indirect services and central services.

**Business Technology and Modernization – Drivers Module:** DOL requests continued funding to improve business processes through the replacement of the state's antiquated driver licensing system (Rollout 2). This is part of the ongoing Business and Technology Modernization (BTM) project. This budget request provides additional funding during 2017-19 biennium to complete the replacement of the driver licensing system by September 2018 – nine months ahead of the original investment plan timeline.

The vehicle licensing portion (Rollout 1) of the modernization project, which started in June 2015, was completed in December 2016. The project supports more efficient, accurate and reliable vehicle and driver licensing services and revenue collection.

**Business Technology and Modernization – Business and Professional Licensing System:** DOL requests an increase in spending authority to improve business processes through the replacement and consolidation of the state's antiquated legacy business and professional licensing systems as part of the on-going Business and Technology Modernization (BTM) project. The modernization of the business and professional licensing and regulatory functions is referred to as BTM Rollout 3. This request provides for increased spending authority to access dedicated fund balances during the 2017-19 biennium to start implementation of Rollout 3 and continue into 2019-21. Spending authority will be applied to procuring, configuring and implementing an integrated commercial off-the-shelf (COTS) solution.

**Licensing Service Office Workload and Wait Time:** DOL requests funding to meet workload demands from increasing demand for federally compliant enhanced driver license and enhanced identification documents, and an overall customer volume increase in driver license offices due to population growth. Accommodating current and anticipated workload increases within acceptable wait times requires FTEs and technology modifications.

David Schumacher  
October 9, 2017  
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DOL is experiencing increased business costs as a result of population growth, and demand for enhanced documents. Driver in-migration (population moving to Washington from other states) during the 2015-17 biennium was up 12.9 percent over the previous biennium, and similar rates of in-migration is expected over the next few biennia.

**Identity Verification and Fraud Prevention:** DOL requests funding to support the use of nationally used identity verification services during issuances of Commercial Driver's Licenses, Enhanced Driver's Licenses, and Enhanced Identicards to prevent identity theft and protect consumers from fraud. Using nationally accepted identity verification services during issuance will reduce the issuance of fraudulent documents on the front end of the process and identify additional attempts to commit identity fraud that is not detectable through visual inspection.

**Cost Allocation Fund Realignment:** DOL requests a cost allocation related fund realignment that is based on an updated cost allocation plan that redistributes charges for indirect services and central services in an equitable manner across all programs and funding sources. Overall expenditures within the agency will not increase, and this action ensures compliance with accounting and audit standards.

**Providing Core Services:** DOL requests funding and/or spending authority to cover the increased cost of doing business including credit card cost increases related to online transactions, licensing card production, and postage and printing.

This budget proposal funds our ongoing commitment to work towards a better, safer future for the state of Washington as we continue to implement smarter business strategies, enhance public safety, focus technology and facility investments to meet customer expectations, and deliver the best value to the people of Washington State. If you or your staff have any questions please contact me at (360) 902-3603 or Diamatris Winston, our Chief Budget and Forecasting Officer at (360) 902-3644.

Sincerely,



Pat Kohler  
Director

Enclosure

cc: Jeff DeVere, Deputy Director  
Diamatris Winston, Chief Budget and Forecasting Officer

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## ELECTRONIC SUBMITTAL CONFIRMATION FORM

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Agency Number: 240

Agency Name: Department of Licensing

Agencies are required to provide electronic access to each decision package in their budget request as part of the submittal process. Confirm Option 1 or 2 below:

Option 1:

- This agency posts all decision packages for our 2017-19 budget request to our public facing website at the following URL:

URL: <http://www.dol.wa.gov/about/budgetnews.html>

Option 2:

- This agency does not post decision packages and has forwarded copies via e-mail to [OFM.Budget@ofm.wa.gov](mailto:OFM.Budget@ofm.wa.gov).

These decision packages conform to our agency's ADA accessibility compliance standards.

Agency Contact: Diamatris Winston

Contact Phone: 360-902-3644

Contact E-mail: DWinston@dol.wa.gov

Date: October 9, 2017

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**Agency Performance Measure  
Incremental Estimates for the Biennial Budget**

**Agency: 240 Department of Licensing**

**Budget Period: 2017-19**

**Activity: A030 Agency Administration**

M2 8Y Cost Allocation Adjustment

No measures linked to decision package

**Activity: A031 Driver Licensing, Regulation and Records**

M1 CC Credit Card Transaction Fees  
M1 DL Driver License Card Production  
M1 M0 Driver License Office Workload  
M2 8L Lease Rate Adjustments  
M2 8Y Cost Allocation Adjustment  
PL P1 BTM Continuation – DRIVES R2  
PL P3 Identity Verification Fraud Prevent

No measures linked to decision package  
No measures linked to decision package

**Activity: A032 Vehicle and Boat Registration, Titles and Records**

M1 CC Credit Card Transaction Fees  
M2 8Y Cost Allocation Adjustment  
M2 PP Postage and Printing Adjustments

No measures linked to decision package  
No measures linked to decision package  
No measures linked to decision package

**Activity: A033 Professions Licensing, Regulation and Records**

M1 CC Credit Card Transaction Fees  
PL P5 BTM - Business and Prof Licensing

No measures linked to decision package  
No measures linked to decision package

**Activity: A035 Data Clearing House**

M1 CC Credit Card Transaction Fees

No measures linked to decision package

**Activity: A036 Agency IT Projects**

PL P1 BTM Continuation – DRIVES R2

No measures linked to decision package

**Agency Performance Measure  
Incremental Estimates for the Biennial Budget**

**Agency: 240 Department of Licensing**

**Budget Period: 2017-19**

**Activity: A037 Agency Overhead**

M2	8L	Lease Rate Adjustments
M2	8L	Lease Rate Adjustments
M2	8Y	Cost Allocation Adjustment
M2	8Y	Cost Allocation Adjustment

No measures linked to activity
No measures linked to decision package
No measures linked to activity
No measures linked to decision package

**Recommendation Summary**

**Agency: 240 Department of Licensing**

1:51:11PM

10/9/2017

Dollars in Thousands

	<b>Annual Average FTEs</b>	<b>General Fund State</b>	<b>Other Funds</b>	<b>Total Funds</b>
<b>2017-19 Current Biennium Total</b>				
<b>Total Carry Forward Level</b>				
Percent Change from Current Biennium				
M1 CC Credit Card Transaction Fees			3,709	3,709
M1 DL Driver License Card Production			888	888
M1 M0 Driver License Office Workload				
<b>Carry Forward plus Workload Changes</b>			<b>4,597</b>	<b>4,597</b>
Percent Change from Current Biennium				
M2 8L Lease Rate Adjustments			400	400
M2 8Y Cost Allocation Adjustment		171	(171)	
M2 PP Postage and Printing Adjustments			118	118
<b>Total Maintenance Level</b>		<b>171</b>	<b>4,944</b>	<b>5,115</b>
Percent Change from Current Biennium				
PL P1 BTM Continuation – DRIVES R2			3,252	3,252
PL P3 Identity Verification Fraud Prevent			635	635
PL P5 BTM - Business and Prof Licensing			3,391	3,391
<b>Subtotal - Performance Level Changes</b>	<b>0.0</b>		<b>7,278</b>	<b>7,278</b>
<b>2017-19 Total Proposed Budget</b>		<b>171</b>	<b>12,222</b>	<b>12,393</b>
Percent Change from Current Biennium				

**Recommendation Summary**

**Agency: 240**

1:51:11PM

10/9/2017

Dollars in Thousands

<b>Annual Average FTEs</b>	<b>General Fund State</b>	<b>Other Funds</b>	<b>Total Funds</b>
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**M1 CC Credit Card Transaction Fees**

The Department of Licensing requests funds to pay increased credit card costs resulting from online licensing transactions for driver, vehicle, business and profession licenses, and uniform commercial code transactions. (Multiple funds)

**M1 DL Driver License Card Production**

The Department of Licensing requests funding to support increased driver license card production costs. (Highway Safety Account-State)

**M1 M0 Driver License Office Workload**

Department of Licensing requests funding to meet workload demands from increasing demand for federally compliant enhanced driver license and enhanced identification documents, and an overall customer volume increase in driver license offices due to population growth. Accommodating current and anticipated workload increases within acceptable wait times requires FTEs and technology modifications. (Highway Safety Account-State)

**M2 8L Lease Rate Adjustments**

Department of Licensing requests funds for increased lease and janitorial costs for Licensing Services Offices (LSO), Commercial Driver License (CDL) testing sites, and two Olympia area offices. (106-1 Highway Safety Fund-State, 108-1 Motor Vehicle Fund-State).

**M2 8Y Cost Allocation Adjustment**

The Department of Licensing requests a change in appropriation level by fund to redistribute indirect and central service expenses to more equitably reflect the cost of supporting the agency’s direct and indirect service programs. (Multiple Funds)

**M2 PP Postage and Printing Adjustments**

Department of Licensing request funds for postage and printing costs due to increased volume of title, registration and disability renewal notifications. (108-1 Motor Vehicle Account)

**PL P1 BTM Continuation – DRIVES R2**

The Department of Licensing (DOL) requests funding for additional testers, trainers, and for the cost of integrating Drivers Licensing System modernization with the Card Issuance System to complete the implementation of DRIVES Rollout 2. (106-1 Highway Safety Account)

**PL P3 Identity Verification Fraud Prevent**

The Department of Licensing (DOL) requests funding to support the use of nationally used identity verification services during issuances of Commercial Driver’s Licenses, Enhanced Driver’s Licenses, and Enhanced Identicards to prevent identity theft and protect consumers from fraud. (106-1 Highway Safety Account)

### Recommendation Summary

Agency: 240

1:51:11PM

10/9/2017

Dollars in Thousands

Annual Average FTEs	General Fund State	Other Funds	Total Funds
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**PL P5 BTM - Business and Prof Licensing**

The Department of Licensing (DOL) requests increased spending authority from dedicated business and professions accounts to replace outdated and legacy business and professional licensing systems by procuring a commercial off-the-shelf (COTS) solution. This is Rollout 3 of the agency's Business and Technology Modernization project. (Various Dedicated Business and Professions Accounts)

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**Fund and FTE Detail by Fiscal Year**

<b>Budget Period:</b> 2017-19	<u>Element</u>	<u>Selection</u>	<u>Grp</u>	<u>Element</u>	<u>Selection</u>	<u>Grp</u>	<u>Element</u>	<u>Selection</u>	<u>Grp</u>
<b>Agency:</b> Department of Licensing	Agy-Activity:	(None)		Division:	(None)		Project:	(None)	
<b>Version:</b> S1	Program:	(None)		Branch:	(None)		Sub-Project:	(None)	
<b>Budget Level:</b> (ALL)	Sub-Program:	(None)		Section:	(None)		Phase:	(None)	
<b>Sorted by:</b> Decision Package Code	Activity:	(None)		Unit:	(None)		Budget Unit:	(None)	
<b>Show Locked Only:</b> No	Sub-Activity:	(None)		Cost Center:	(None)				
<b>Include RecSum Text:</b> No	Task:	(None)							

6

		<b>Fiscal Year 1 FTEs</b>	<b>Fiscal Year 2 FTEs</b>	<b>Annual Average FTEs</b>	<b>Fiscal Year 1 Funds</b>	<b>Fiscal Year 2 Funds</b>	<b>Total Funds</b>	<b>Percent Share of Recsum</b>
<b>CC</b>	<b>Credit Card Transaction Fees</b>				<b>1,754,000</b>	<b>1,955,000</b>	<b>3,709,000</b>	
003-1	Architects' License-State				1,000	1,000	2,000	0.04%
024-1	Profess Engineers'-State				5,000	6,000	11,000	0.24%
026-1	Real Estate Cmsn-State				35,000	21,000	56,000	1.22%
04E-1	Uniform Comm Code-State				13,000	13,000	26,000	0.57%
06G-1	Real Est App C Acct-State				3,000	3,000	6,000	0.13%
06L-1	Business Professions-State				10,000	11,000	21,000	0.46%
106-1	Highway Safety Acct-State				3,000	67,000	70,000	1.52%
108-1	Motor Vehicle Acct-State				274,000	362,000	636,000	13.84%
108-7	Motor Vehicle Acct-Private/Local				1,400,000	1,461,000	2,861,000	62.24%
15V-6	Funeral & Cemetery-Non-Appropriated				7,000	7,000	14,000	0.30%
16B-1	Landscape Architects-State				2,000	2,000	4,000	0.09%
298-6	Geologists' Account-Non-Appropriated				1,000	1,000	2,000	0.04%
<b>DL</b>	<b>Driver License Card Production</b>				<b>170,138</b>	<b>717,832</b>	<b>887,970</b>	
106-1	Highway Safety Acct-State				170,138	717,832	887,970	19.32%
<b>Carry Forward Plus Workload Changes</b>					<b>1,924,138</b>	<b>2,672,832</b>	<b>4,596,970</b>	
% Change from Current Biennium								
<b>Carry Forward Plus Workload Changes Fund Totals</b>								

**Fund and FTE Detail by Fiscal Year**

		<b>Fiscal Year 1 FTEs</b>	<b>Fiscal Year 2 FTEs</b>	<b>Annual Average FTEs</b>	<b>Fiscal Year 1 Funds</b>	<b>Fiscal Year 2 Funds</b>	<b>Total Funds</b>	<b>Percent Share of Recsum</b>
003-1	Architects' License-State				1,000	1,000	2,000	0.04%
024-1	Profess Engineers'-State				5,000	6,000	11,000	0.24%
026-1	Real Estate Cmsn-State				35,000	21,000	56,000	1.22%
04E-1	Uniform Comm Code-State				13,000	13,000	26,000	0.57%
06G-1	Real Est App C Acct-State				3,000	3,000	6,000	0.13%
06L-1	Business Professions-State				10,000	11,000	21,000	0.46%
106-1	Highway Safety Acctnt-State				173,138	784,832	957,970	20.84%
108-1	Motor Vehicle Acctnt-State				274,000	362,000	636,000	13.84%
108-7	Motor Vehicle Acctnt-Private/Local				1,400,000	1,461,000	2,861,000	62.24%
15V-6	Funeral & Cemetery-Non-Appropriated				7,000	7,000	14,000	0.30%
16B-1	Landscape Architecs-State				2,000	2,000	4,000	0.09%
298-6	Geologists' Account-Non-Appropriated				1,000	1,000	2,000	0.04%
<b>8L</b>	<b>Lease Rate Adjustments</b>				<b>186,000</b>	<b>214,000</b>	<b>400,000</b>	
106-1	Highway Safety Acctnt-State				183,000	208,000	391,000	75.45%
108-1	Motor Vehicle Acctnt-State				3,000	6,000	9,000	1.74%
<b>8Y</b>	<b>Cost Allocation Adjustment</b>				<b>242,727</b>	<b>(242,727)</b>		
001-1	General Fund-State				242,727	(71,598)	171,129	33.02%
104-1	State Wildlife Accou-State					(171,129)	(171,129)	(33.02)%
106-1	Highway Safety Acctnt-State					10,454,060	10,454,060	2,017.38%
108-1	Motor Vehicle Acctnt-State					(10,454,060)	(10,454,060)	(2,017.38)%
<b>PP</b>	<b>Postage and Printing Adjustments</b>				<b>(3,400)</b>	<b>121,600</b>	<b>118,200</b>	
108-1	Motor Vehicle Acctnt-State				(3,400)	121,600	118,200	22.81%
<b>Total Maintenance Level</b>					<b>2,349,465</b>	<b>2,765,705</b>	<b>5,115,170</b>	
% Change from Current Biennium								
<b>Total Maintenance Level Fund Totals</b>								

**Fund and FTE Detail by Fiscal Year**

		<b>Fiscal Year 1 FTEs</b>	<b>Fiscal Year 2 FTEs</b>	<b>Annual Average FTEs</b>	<b>Fiscal Year 1 Funds</b>	<b>Fiscal Year 2 Funds</b>	<b>Total Funds</b>	<b>Percent Share of Recsum</b>
001-1	General Fund-State				242,727	(71,598)	171,129	3.35%
003-1	Architects' License-State				1,000	1,000	2,000	0.04%
024-1	Profess Engineers'-State				5,000	6,000	11,000	0.22%
026-1	Real Estate Cmsn-State				35,000	21,000	56,000	1.09%
04E-1	Uniform Comm Code-State				13,000	13,000	26,000	0.51%
06G-1	Real Est App C Acct-State				3,000	3,000	6,000	0.12%
06L-1	Business Professions-State				10,000	11,000	21,000	0.41%
104-1	State Wildlife Accou-State					(171,129)	(171,129)	(3.35)%
106-1	Highway Safety Acct-State				356,138	11,446,892	11,803,030	230.75%
108-1	Motor Vehicle Acct-State				273,600	(9,964,460)	(9,690,860)	(189.45)%
108-7	Motor Vehicle Acct-Private/Local				1,400,000	1,461,000	2,861,000	55.93%
15V-6	Funeral & Cemetery-Non-Appropriated				7,000	7,000	14,000	0.27%
16B-1	Landscape Architects-State				2,000	2,000	4,000	0.08%
298-6	Geologists' Account-Non-Appropriated				1,000	1,000	2,000	0.04%
<b>P1</b>	<b>BTM Continuation – DRIVES R2</b>				<b>1,662,000</b>	<b>1,590,000</b>	<b>3,252,000</b>	
106-1	Highway Safety Acct-State				1,662,000	1,590,000	3,252,000	44.68%
<b>P3</b>	<b>Identity Verification Fraud Prevent</b>					<b>635,242</b>	<b>635,242</b>	
106-1	Highway Safety Acct-State					635,242	635,242	8.73%
<b>P5</b>	<b>Business Tech Modernization (R3)</b>					<b>3,391,000</b>	<b>3,391,000</b>	
003-1	Architects' License-State					208,000	208,000	2.86%
026-1	Real Estate Cmsn-State					478,000	478,000	6.57%
06L-1	Business Professions-State					2,705,000	2,705,000	37.17%
<b>2017-19 Total Proposed Budget</b>					<b>4,011,465</b>	<b>8,381,947</b>	<b>12,393,412</b>	
% Change from Current Biennium								
<b>2017-19 Budget Fund Summary Totals</b>								

**Fund and FTE Detail by Fiscal Year**

		<b>Fiscal Year 1 FTEs</b>	<b>Fiscal Year 2 FTEs</b>	<b>Annual Average FTEs</b>	<b>Fiscal Year 1 Funds</b>	<b>Fiscal Year 2 Funds</b>	<b>Total Funds</b>	<b>Percent Share of Recsum</b>
001-1	General Fund-State				242,727	(71,598)	171,129	1.38%
003-1	Architects' License-State				1,000	209,000	210,000	1.69%
024-1	Profess Engineers'-State				5,000	6,000	11,000	0.09%
026-1	Real Estate Cmsn-State				35,000	499,000	534,000	4.31%
04E-1	Uniform Comm Code-State				13,000	13,000	26,000	0.21%
06G-1	Real Est App C Acct-State				3,000	3,000	6,000	0.05%
06L-1	Business Professions-State				10,000	2,716,000	2,726,000	22.00%
104-1	State Wildlife Accou-State					(171,129)	(171,129)	(1.38)%
106-1	Highway Safety Acct-State				2,018,138	13,672,134	15,690,272	126.60%
108-1	Motor Vehicle Acct-State				273,600	(9,964,460)	(9,690,860)	(78.19)%
108-7	Motor Vehicle Acct-Private/Local				1,400,000	1,461,000	2,861,000	23.08%
15V-6	Funeral & Cemetery-Non-Appropriated				7,000	7,000	14,000	0.11%
16B-1	Landscape Architects-State				2,000	2,000	4,000	0.03%
298-6	Geologists' Account-Non-Appropriated				1,000	1,000	2,000	0.02%

**Fund and FTE Detail by Fiscal Year**

		<b>Fiscal Year 1 FTEs</b>	<b>Fiscal Year 2 FTEs</b>	<b>Annual Average FTEs</b>	<b>Fiscal Year 1 Funds</b>	<b>Fiscal Year 2 Funds</b>	<b>Total Funds</b>	<b>Percent Share of Recsum</b>
<b><u>Parameter</u></b>	<b><u>Entered As</u></b>							
Budget Period	2017-19							
Agency	240							
Version	S1							
Budget Level	(ALL)							
Decision Package ID	(All)							
Agency Level	Y							
Budget Activity Inventory	(None)							
Program	(None)							
Sub Program	(None)							
Activity	(None)							
Sub Activity	(None)							
Task	(None)							
Division	(None)							
Branch	(None)							
Section	(None)							
Unit	(None)							
Cost Center	(None)							
Project	(None)							
Sub Project	(None)							
Project Phase	(None)							
Budget Unit	(None)							
Data Type	(All)							
Locked Only	N							
Show Decision Package Description	N							
Sort Within Budget Level	DPC							
Group 1	(None)							
Group 2	(None)							
Group 3	(None)							
Group 4	(None)							
Group 5	(None)							
Group 6	(None)							
Group 7	(None)							

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**No Data**

BASS - BDS029

## State of Washington

### Summarized Revenue by Account and Source

Budget Period: 2017-19  
Dollars in thousands  
240 - Department of Licensing  
Agency Level  
S1 - FY18 Supplemental  
Supporting Text Included

10/9/2017  
10:28AM

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## 2018 Supplemental Budget Decision Package

Agency: 240 – Department of Licensing

Decision Package Code/Title: ML-M0 Driver License Office Workload

Budget Period: 2017-19

Budget Level: Maintenance Level

**Agency Recommendation Summary Text:** Department of Licensing requests funding for FTEs and technology modifications to manage anticipated workload increases within acceptable wait times. Anticipated increase in demand for federally compliant enhanced driver license and enhanced identification documents is driven by Department of Homeland Security identification requirements for card marking, domestic flights, and access to federal facilities that take effect October 2020. (106-1 Highway Safety Account-State)

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

### Operational Summary

#### Account Summary

Account Name	Account	FY 2018	FY 2019	FY 2020	FY 2021
Highway Safety	106	10,355,800	34,748,300	31,454,100	31,664,600
<b>Account Totals</b>		<b>10,355,800</b>	<b>34,748,300</b>	<b>31,454,100</b>	<b>31,664,600</b>

#### FTE Summary

Position	Salary	FY 2018	FY 2019	FY 2020	FY 2021
Administrative Assistant 3	3,700	-	2.0	2.0	2.0
Customer Service Specialist 2	3,353	5.5	15.5	15.5	14.5
Customer Service Specialist 3	3,700	-	1.0	1.0	1.0
Customer Service Specialist 4	4,085	1.0	3.0	3.0	3.0
Fiscal Analyst 2	4,191	3.5	8.4	8.2	8.3
Human Resource Consultant 3	5,358	2.4	5.5	5.5	5.4
Investigator 2	4,737	2.0	2.0	2.0	2.0
Licensing Services Manager 1	5,770	7.3	26.0	24.0	23.0
Licensing Services Representative 2	4,292	73.6	169.3	165.8	165.7
Licensing Services Representative 3	4,737	19.1	49.6	49.4	49.5
Licensing Services Representative 4	5,358	8.2	11.0	11.0	11.0
Management Analyst 3	5,101	-	1.0	1.0	1.0
It Specialist 4	6,529	5.9	13.8	13.5	13.5
Proviso	-	(25.0)	-	-	-
<b>Total FTE</b>		<b>103.5</b>	<b>308.1</b>	<b>301.9</b>	<b>299.9</b>

## Object Summary

Object Name		FY 2018	FY 2019	FY 2020	FY 2021
FTE Staff Years		103.5	308.1	301.9	299.9
Salaries and Wages		4,131,700	17,498,400	17,291,800	17,176,900
Employee Benefits		1,612,200	7,245,800	7,129,500	7,082,100
Goods and Services		3,415,500	7,372,400	5,600,200	5,981,300
Travel		1,196,400	1,998,700	1,432,600	1,424,300
Equipment		-	633,000	-	-
<b>Total By Object Type</b>		<b>10,355,800</b>	<b>34,748,300</b>	<b>31,454,100</b>	<b>31,664,600</b>

## Cash Receipts Summary

Account Name	Account	FY 2018	FY 2019	FY 2020	FY 2021
Highway Safety	106	13,000,000	29,000,000	17,000,000	20,000,000
<b>Account Totals</b>		<b>13,000,000</b>	<b>29,000,000</b>	<b>17,000,000</b>	<b>20,000,000</b>

Department of Licensing (DOL) anticipates an increase in revenue due to increased demand for enhanced driver license (EDL) and enhanced identification (EID) documents, assuming DOL can reasonably manage increased transaction volumes. The cash receipts table provided above includes new revenue that is in addition to DOL's current quarterly EDL and EID related revenue forecast as adopted by the Transportation Revenue Forecast Council. This revenue estimate is based on the predictive model described on the third and fourth page.

## Package Description

DOL requests funding to add workload capacity at Licensing Services Offices (LSO) to meet anticipated increase in demand for EDL/EID documents and maintain DOL's performance target of customers experiencing a statewide average initial wait time of under 30 minutes. The 30 minute initial wait time target has been in place more than ten years and recently confirmed this summer in survey feedback on acceptable wait times for DOL services. Beyond a 30 minute wait, the survey confirmed customers are highly dissatisfied. Based on current LSO funding and capacity levels, and if no action is taken to address demand for LSO services, the average statewide customer wait time is predicted to climb to 9.3 hours in FY 2019. Customers would not be seen during a business day which will result in customers abandoning their wait and require another trip to the LSO. Approximately 85 percent of Washington customers are eligible for an EDL/EID, and DOL expects 65 percent, 4.8 million, of all customers will receive an EDL/EID document during the first full renewal cycle (6-years) spanning FY 2018 through FY2023. Currently, there are more than 689,000 EDL/EID cardholders. The predicted significant wait time increase will result when customers come in to LSOs during and ahead of their normal expiration cycles to convert standard driver licenses and identification (ID) documents to EDL/EID documents due to Department of Homeland Security (DHS) enforcement of REAL ID requirements beginning October 2020. Currently, issuances of standard driver licenses and ID documents far exceed issuances of EDL/EID. Based on the experiences of other states after the passage of REAL ID legislation, EDL/EID documents are expected to become the new preferred document for customers over the next 3-6 years. For example, the California DMV hired 326 FTEs, expanded office operations to 6 days per week in 60 offices, and implemented a \$1 million media campaign through an appropriation in their FY 2017-2018 budget. The DMV plans to request additional funds for more FTEs in their

FY 2019-2020 budget allowing them to ramp up for the Department of Homeland Security enforcement date of October 1, 2020. In the state of Montana, the Motor Vehicle Division secured a \$4.6 million loan for REAL ID implementation to increase staffing and add technology to their licensing offices in preparation for an “anticipated rush on the IDs once they’re available.”

DOL took advance action to become more efficient and minimize the impact of the predicted workload before requesting additional funds in this package.

- Employed Lean principles and LSO employee innovations to develop new customer workflow in the offices and modifications to the EDL/EID transaction process that result in significant process improvement efficiencies described in this package as initiatives 1b and 1c. Early results show transaction times reduced by 1.4 minutes on all transactions and an additional 1.5 minutes for all EDL/EID transactions. The transaction efficiency results are equivalent to gaining the capacity of 37.8 additional front-line Licensing Services Representative FTEs in FY 2019. By gaining this capacity to process additional EDL/EID transactions, DOL has reduced the level of front-line FTEs requested in this package.
- Reduced the total time needed to recruit, onboard, train and certify LSR staff to issue EDL/EID from 15 months to 5 months. It takes approximately 8 months for an LSR to be “seasoned” to work at optimal levels.

The issuance of original EDL/EID requires validation of the customer’s identity and proof of United States citizenship. Meeting the workload caused by increased EDL/EID demand will be accomplished through a combination of maximizing operational efficiencies, technology enhancements, expanding operating hours at LSOs, and adding FTEs to maintain staff ratio to workload level. Requested funding will allow DOL to:

- Install customer photograph cameras at 300 LSO workstations to optimize workflow efficiency and reduce transaction time.
- Develop a mobile-based application for use by LSO staff to manage customer flow and assist customers in the lobby and outside the building when customer volumes exceed lobby capacity.
- Expand the customer service operation hours in 18 LSOs located in densely populated areas of the state to gain capacity to serve additional customers and spread the workload over a longer service period.
- Deploy additional FTEs to LSO locations with the highest predicted growth in customer service demand over the next five years. Additional FTEs will be accommodated by facility reconfigurations and relocations as planned in DOL’s 6-year Facility Plan.
- Redirect two services from LSOs to agency centralized units to increase licensing staff availability to serve in-office customers. The two services are customer telephone calls and scheduling commercial driver skills tests.

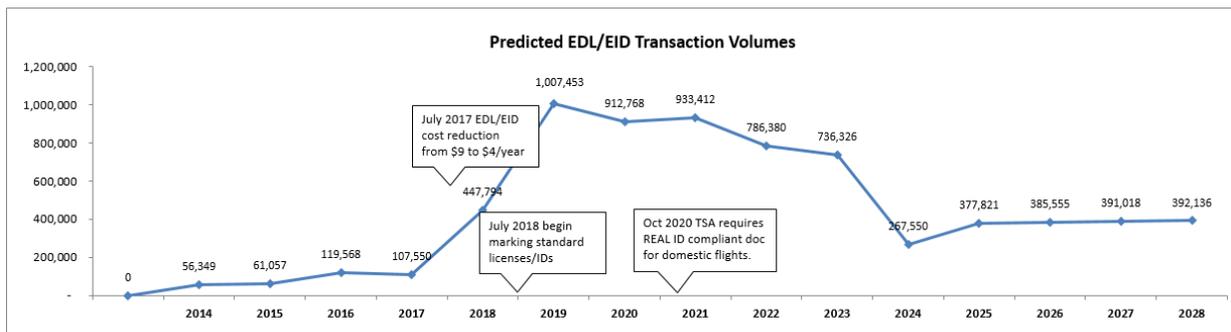
Predicting human behavior in light of REAL ID requirements is a challenge. Public awareness and federal enforcement will impact people’s desire to obtain EDL/EID documents. DOL developed a predictive model to project the impacts of both increased and accelerated adoption of REAL ID-compliant documents. The model uses the eligible population (those that are US citizens) and takes into account those with and without passports, and their predicted timing for opting for an

enhanced document at either their regular renewal period, or out of their renewal cycle. The model uses actual EDL/EID transactions as a starting point and adjusts demand for EDL/EID documents based on several factors including Transportation Security Administration (TSA) travel enforcement dates, awareness/media coverage, and the date DOL will begin marking standard licenses and ID cards with a non-compliant marking for certain federal purposes.

DOL’s predictive workload model projects by FY 2023, 65 percent of customers, more than 4.8 million, will apply for an initial Washington EDL/EID. The workload model includes the statewide forecast for population growth. According to the State of Washington Forecast of the State Population, November 2016 Forecast, published by OFM, population is expected to grow to 8.3 million persons between 2018 and 2028, this is an increase of 11.3 percent.

DOL’s predictive model projects EDL/EID demand is at the beginning of a bell-curve where demand for EDL/EID issuances will increase significantly and quickly. As shown on the Predicted EDL/EID Transaction Volumes chart provided below, DOL expects the volume of EDL/EID transactions to significantly increase in FY 2019, with high demand continuing through FY2023. The urgency is demand will be primarily driven by DHS enforcement of REAL ID requirements for air travel and access to certain federal facilities beginning October 2020. By FY 2024, the demand for EDL/EID documents will level off to a ‘new normal’ once the majority of those eligible and interested in getting EDL/EID documents have cycled through. Currently, there are about 689,000 EDL/EID cardholders, but there are 4.8 million customers expected to adopt an EDL/EID document within the next 6 years.

**Predicted EDL/EID Transaction Volumes**



	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
<b>Increased EDL/EID Demand</b>	447,794	1,007,453	912,768	933,412	786,380	736,326	267,550	377,821	385,555	391,018	392,136

**Background:**

**Federal Identification Requirement Impacts**

During the 2017 Legislative Session, ESB 5008 was signed into law allowing Washington State to seek full compliance with the Federal REAL ID requirements. The bill repealed statutes prohibiting state agencies from complying with REAL ID, authorized the department to place a distinguishing identifier on non-REAL ID-compliant documents, and reduced the cost of EDL/EID documents. DOL anticipates achieving full compliance in September 2018 after launching the second phase of

the agency's business modernization effort which will have the full compliance requirements configured in the system.

Everyone will be required to present a federally acceptable identification document at federal facilities including commercial air travel, in the near future dependent upon future compliance extensions from the Federal government. Acceptable IDs are a U.S. passport, REAL ID-compliant driver license or ID card, or other acceptable identification listed on the TSA's website. Without such identification, travelers will either be denied access to domestic flights or face secondary screenings and subsequent delays.

DOL continues to issue EDL/EID documents that meet the Department of Homeland Security travel requirements. As Department of Homeland Security announces enforcement of this travel requirement and the public becomes more aware of it, DOL anticipates a higher volume of customer inquiries and a greater adoption level of EDL/EID to simplify domestic air travel. Given the transaction time to issue an EDL/EID is 7.2 minutes longer than the time required for a driver license or ID, the increased in-office EDL/EID transactions workload will significantly impact LSO workload, operational costs and customer wait times. DOL is working to develop efficiencies in the process to reduce the time it takes to issue EDL/EID documents down to 5.7 additional minutes – and that time (workload) savings is reflected in this request.

DOL will conduct an outreach campaign informing citizens of their varied options to obtain REAL ID-compliant documents, for example a U.S. Passport or Passport Card. However it is still predicted that 1,007,453 Washingtonians will opt for an EDL/EID in FY 2019. A contributing factor for this projection is the July 2017 reduction in fees for Washington State issued enhanced documents from \$9 per year to \$4 per year, making this a more economical and convenient option than a U.S. Passport. Another contributing factor will be the implementation of markings on non-REAL ID compliant on standard driver licenses and ID documents starting July 2018.

During the summer of 2017, DOL experienced an unexpected increase in wait times caused by unanticipated in-office workflow issues after the implementation of a new Central Issuance System process. Fortunately the system implementation went well and was on time and on budget, but the changes to in-office workflow caused increased wait times. Application of lessons learned through this experience and having additional licensing service representatives (LSRs) funded through the EDL Workload proviso allowed DOL to bring statewide initial wait times down from 40 minutes in June and July, to 28 minutes in August and 21 minutes in September despite comparable transaction volumes over that period of time. Through Lean workshops and employee innovations, such as the new customer workflow and modifications to the EDL/EID processes, DOL reduced wait and transaction times without compromising federal compliance standards.

The unexpected summer wait time spike confirmed that workflow changes and demand for EDL/EID documents which take longer to process can have significant negative impacts on wait times. Due to DHS enforcement of REAL ID requirements beginning October 2020, DOL projects a 3-6 year period to process upwards of 4.8 million transactions when the demand for EDL/EID will become the new preferred document in Washington, as demonstrated in other states. Initial

conversions to an EDL take approximately 7.2 minutes longer than the time to issue a standard driver license or ID document. The workload challenges for DOL include:

- Increased demand
  - In-cycle conversions to EDLs (people who have to renew expiring standard driver license and ID documents)
  - Out-of-cycle conversions (people who don't have to renew but want to change now)
- State population growth
- Longer transaction times for EDLs

**Base Budget:** If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Program Area	Fund	Activity		FY 2018	FY 2019	FY 2020	FY 2021
Driver Examining Administration	106-1	A031	FTE	7.0	7.0	7.0	7.0
			Expenditures	\$1,311,728	\$1,346,800	\$1,311,728	\$1,346,800
Enhanced Driver License Program	106-1	A031	FTE	6.0	6.0	6.0	6.0
			Expenditures	\$1,495,733	\$1,448,045	\$1,495,733	\$1,448,045
Licensing Services Offices*	106-1	A031	FTE	324.0	324.0	324.0	324.0
			Expenditures	\$27,701,146	\$28,335,990	\$27,701,146	\$28,335,990
Customer Service Center	106-1	A031	FTE	49.8	49.8	49.8	49.8
			Expenditures	\$3,158,185	\$3,289,952	\$3,158,185	\$3,289,952
License Integrity Unit	106-1	A031	FTE	22.0	22.0	22.0	22.0
			Expenditures	\$1,643,083	\$1,702,573	\$1,643,083	\$1,702,573
Technical Training	106-1	A031	FTE	24.8	24.8	24.8	24.8
			Expenditures	\$2,113,943	\$2,189,748	\$2,113,943	\$2,189,748
Total			FTE	433.5	433.5	433.5	433.5
			Expenditures	37,423,818	38,313,108	37,423,818	38,313,108

\*Includes 266.0 Licensing Services Representative 2 FTE at Licensing Services Offices

In the 2017-19 budget, a proviso (non-base) was included for \$4.471 million, of which only half has been released by OFM as of October 2017, so DOL could manage increased demand for EDL and EID documents. Additional proviso (non-base) funding for \$350,000 was included in DOL's budget for communication and education about EDL and EID documents.

A031 – Driver Licensing, Regulating and Records Management

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:** Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

The initiatives provided in the Workload Solutions and Efficiencies table allows DOL to build capacity to manage increased EDL/EID workload. An overview of each initiative is also provided beneath the table.

## Workload Solutions and Efficiencies

Initiative			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
+	1a EDL/EID Demand ^	FTE*	89.6	208.7	176.4	172.4	154.6	145.2
		Cost	\$10,543,800	\$23,519,700	\$19,140,200	\$19,017,300	\$16,877,400	\$15,915,800
	2a Expanded Customer Service Hours in LSOs ^	FTE*	65.1	158.1	184.6	185.2	199.2	206.2
		Cost	\$6,586,500	\$15,654,600	\$17,026,400	\$17,286,700	\$18,359,500	\$18,979,800
	3a Cameras** ^	FTE	0.0	0.0	0.0	0.0	0.0	0.0
		Cost	\$0	\$835,600	\$160,100	\$169,700	\$172,600	\$172,800
	4a Centralized CDL Skills Test Scheduling ^	FTE*	1.6	1.6	1.6	1.6	1.6	1.6
		Cost	\$185,600	\$126,400	\$127,300	\$129,200	\$127,300	\$127,300
	5a Centralized Customer Phone Calls ^	FTE*	3.4	18.6	18.6	18.6	18.5	18.6
		Cost	\$308,800	\$1,677,000	\$1,563,000	\$1,589,200	\$1,554,100	\$1,563,000
	6 Customer Education Outreach	FTE	0.0	0.0	0.0	0.0	0.0	0.0
		Cost	\$40,600	\$486,700	\$486,700	\$486,700	\$486,700	\$486,700
	7 Technology	FTE	0.0	0.0	0.0	0.0	0.0	0.0
		Cost	\$229,500	\$0	\$0	\$0	\$0	\$0
-	1b EDL/EID Transaction Efficiency**	FTE*	(16.1)	(15.8)	(13.6)	(12.2)	(11.5)	(10.6)
		Savings	(\$1,600,100)	(\$1,400,000)	(\$1,212,800)	(\$1,100,800)	(\$1,025,600)	(\$947,200)
1c LSO Process Improvement Efficiencies**	FTE*	(12.9)	(25.8)	(25.7)	(25.7)	(25.6)	(25.7)	
	Savings	(\$1,282,000)	(\$2,455,500)	(\$2,293,400)	(\$2,323,000)	(\$2,284,500)	(\$2,293,400)	
1d EDL Workload Proviso	FTE*	(25.0)	0.0	0.0	0.0	0.0	0.0	
	Cost	(\$4,471,000)	\$0	\$0	\$0	\$0	\$0	
3b Cameras** ^	FTE*	0.0	(31.9)	(34.6)	(34.6)	(34.5)	(34.6)	
	Savings	\$0	(\$3,234,900)	(\$3,086,000)	(\$3,125,700)	(\$3,076,800)	(\$3,086,000)	
4b Centralized CDL Skills Test Scheduling - Reduced LSO Workload ^	FTE*	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	
	Savings	(\$88,100)	(\$75,800)	(\$76,400)	(\$77,500)	(\$76,400)	(\$76,400)	
5b Customer Phone Calls - Reduced LSO Workload ^	FTE*	(1.1)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)	
	Savings	(\$97,800)	(\$385,500)	(\$381,000)	(\$387,200)	(\$381,000)	(\$381,000)	
=	Net Total	FTE*	103.5	308.1	301.9	299.9	296.9	295.3
		Cost	\$10,355,800	\$34,748,300	\$31,454,100	\$31,664,600	\$30,733,300	\$30,461,400

**NOTES:** FY 2018 reflects EDL Workload Proviso resources already received which buys down this request.

See detail section for summary of costs and savings associated with each initiative.

\* FTE shown reflect all staff needed to implement each initiative

\*\* Time savings efficiency translated to FTE savings

^ This initiative adds costs, and also provides efficiencies.

### 1a. Predicted EDL/EID workload increase as result of REAL ID

The transaction time to issue an EDL/EID is longer than the time required for a standard driver license or ID document due to the requirement to verify proof of U.S. citizenship. Historically, EDL/EID transactions (workload) take 7.2 minutes longer than a standard license transaction, and that timing is factored into the Predicted Wait Time and the Staffing tables below. Workload capacity needs and FTE levels were estimated based on the predicted increase in EDL/EID and additional transaction times to determine the most cost effective ways to maintain acceptable wait times. DOL's current performance measure for initial statewide initial wait times is 30 minutes. The Predicted Wait Time table demonstrates wait time impacts caused by the increased EDL/EID transactions that are shown on the Predicted EDL/EID Transaction Volumes chart displayed earlier. The wait time impact shown on the table below assumes no change to existing workload capacity or efficiency.

### Predicted Wait Time and Staffing

Wait Time Impact in Minutes

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Statewide Average	559	376	351	225	216	51	122	122	124	126
Upper Limit	1046	704	657	421	404	95	228	228	232	236
Lower Limit	366	246	230	147	141	33	80	80	81	83

In FY 2019 for example, DOL anticipates a 559 minute (9.3 hours) statewide average wait time. DOL would expect to see the upper limit wait of 1,046 minutes in high-volume offices during the

summer workload peak, and the lower limit of 366 minutes in rural offices during the winter months.

**FTEs Needed For EDL/EID Workload - Front-line LSR2 Positions**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
LSR2 FTEs Needed	50	119	95	93	79	71	26	50	51	53	53

DOL would need an additional 119 front-line/counter Licensing Services Representative 2 (LSR2) FTEs in FY 2019 to accommodate this workload and maintain a 30 minute wait time target based on the EDL/EID demand modeling and capacity modeling. Additional support and back office FTEs would then need to be added support the LSR staffing capacity. The increased workload will exceed DOL’s current LSO staff/counter capacity, particularly in the state’s more densely populated areas, such as the I-5 corridor and city of Spokane.

This initiative shows the results of a workload conversion to FTEs. Cost includes frontline staff and support staff needed to manage the work. Workbooks that calculate this need are too large and complicated to be included in this request. Reviewers are welcome to arrange time with DOL to review the workbooks.

**1b. EDL/EID Transaction Efficiency**

As part of DOL’s commitment to continuous improvement, a Lean event was held in September 2017 to identify ways to reduce EDL/EID transaction time. DOL implemented the identified work process efficiency in October 2017, and preliminary results show a reduction of 1.5 minutes from each EDL/EID transaction. Transaction time reduced from 7.2 to 5.7 additional minutes beyond the transaction time for standard driver license and ID documents. DOL will have the experience factor to calculate the impact of this efficiency on statewide initial customer wait times in early 2018. The transaction efficiency results are equivalent to gaining the capacity of 14.4 additional LSR 2 FTEs in FY 2019. By gaining this capacity to process additional EDL/EID transactions, DOL has reduced the level of front-line FTEs requested in this package. The Workload Solutions and Efficiencies table shows the reduction in estimated FTE and cost savings each year through FY 2023.

This initiative shows how process efficiencies translate to increased productivity and FTE savings to maintain a 30 minute wait time target. Savings includes frontline staff and support staff needed to manage the workload. Workbooks that calculate this need are too large and complicated to be included in this request. Reviewers are welcome to arrange time with DOL to review the workbooks.

**1c. Process Improvement Efficiencies**

In August and September 2017, DOL engaged LSO employees in identifying and piloting efficiencies in their work processes to reduce transaction times and customer wait times. Two efficiency workflow models were implemented in multiple LSOs: ‘keep your customer’ and ‘express lanes’. Early results show a reduction of 1.4 minutes from each transaction in the pilot offices. Additional months experience with these two process efficiencies are needed to calculate their impact to statewide initial customer wait times. DOL estimates the transaction efficiencies are

equivalent to gaining the capacity of 23.4 LSR2 FTEs and the ability to serve 164,000 additional customers in FY 2019. The gained capacity to serve additional customers allowed DOL to reduce the level of front-line FTEs requested in this package. The Workload Solutions and Efficiencies table shows the reduction in estimated FTE and cost savings each year through FY 2023.

This initiative shows how process efficiencies translate to increased productivity and FTE savings. Savings includes frontline staff and support staff needed to manage the workload.

**Initiative 1c Process Improvement Efficiencies  
Based on 22 LSOs implementing process improvement**

Total customers served 2016 in 22 LSOs	1,642,879
Efficiency gain percentage	10%
Gained capacity to serve additional customers	164,288
Average customers served per LSR2	7,032
<b>Gained capacity converted to LSR2 FTEs</b>	<b>23.4</b>

**1d. EDL Workload Proviso**

In the 2017-19 budget, a proviso (non-base) was included for \$4.471 million, of which only half has been released by OFM as of October 2017, so DOL could manage increased demand for EDL and EID documents. DOL assumes the second half of the proviso funding will be released by OFM and is reduced from the total request; 25 FTE, \$4.471 million.

**Net cost summary for predicted EDL demand initiative**

DOL requests the following number of front-line LSR2s, supervisor and support staff for increased EDL/EID workload.

**Net Cost Summary - Predicted EDL Workload**

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1a	Predicted EDL/EID Demand						
	FTE	89.6	208.7	176.4	172.4	154.6	145.2
	Cost	\$10,543,800	\$23,519,700	\$19,140,200	\$19,017,300	\$16,877,400	\$15,915,800
1b	Predicted EDL/EID Transaction Efficiency						
	FTE	(16.1)	(15.8)	(13.6)	(12.2)	(11.5)	(10.6)
	Savings	(\$1,600,100)	(\$1,400,000)	(\$1,212,800)	(\$1,100,800)	(\$1,025,600)	(\$947,200)
1c	LSO Process Improvement Efficiencies						
	FTE	(12.9)	(25.8)	(25.7)	(25.7)	(25.6)	(25.7)
	Savings	(\$1,282,000)	(\$2,455,500)	(\$2,293,400)	(\$2,323,000)	(\$2,284,500)	(\$2,293,400)
1d	EDL Workload Proviso						
	FTE	(25.0)	0.0	0.0	0.0	0.0	0.0
	Savings	(\$4,471,000)	\$0	\$0	\$0	\$0	\$0
<b>Net Request</b>							
	FTE	<b>35.6</b>	<b>167.1</b>	<b>137.1</b>	<b>134.5</b>	<b>117.5</b>	<b>108.9</b>
	Cost	<b>\$3,190,700</b>	<b>\$19,664,200</b>	<b>\$15,634,000</b>	<b>\$15,593,500</b>	<b>\$13,567,300</b>	<b>\$12,675,200</b>

Note: FTE shown reflect all staff needed to implement this initiative.

**Supervisory Staff**

The additional LSR2 FTEs requested in this package will be placed in higher volume LSOs across the state increasing current supervisor span of control. Additional supervisory FTEs are included in this request as Licensing Services Representative 3 and 4 (LSR3) and (LSR4) and Licensing Services Manager 1 (LSM1). This table shows the front-line LSR2 staff to supervisor ratio within a LSO:

LSR2	LSR3 Working Staff Supervisor	LSR4 Office Supervisor	LSM1 Office Manager
0	1		
1 thru 4		1	
5 thru 8	1	1	
9 thru 16	2	1	
17 thru 25	3		1
26 thru 32	4		1
33 +	5		1

The level of LSO supervisory staff requested for the predicted EDL/EID workload is: 10 FTEs in FY 2018, 45 FTEs in FY 2019, 42 FTEs in FY 2020, 39 FTEs in FY 2021 onward.

### Support Staff

Consistent with current practices, DOL requires funding for staff that perform critical functions to ensure the security and integrity of documents issued to the public. The level of support staff is driven by the predicted increase in EDL/EID transactions and increase in front-line LSR2 FTEs. Requested level of support staff is: 5 FTEs in FY 2018, 18 FTEs in FY 2019, 18 FTEs in FY 2020, and 17 FTEs in FY 2021 onward.

- Six Licensing Services Representative-4 (Technical Specialists) and one supervisor Licensing Services Manager-1 are requested in FY 2019 onward. These positions will train and certify the new LSR2 FTEs requested in this package, along with onboarding new FTEs assuming the current 25% annual staff turnover rate, provide procedural and technical support to front-line LSR2s, troubleshooting technical problems preventing transactions, and work with the second component of the federally-required two-step EDL/EID authentication process. Additionally, these staff audit 5 percent of EDL/EID transactions set out in Homeland Security’s Washington State Business Plan for Implementation of the Enhanced Driver License/Identification Card.
- Two Investigator-2 are requested in FY 2018 onward. These positions are needed to review inconsistencies in facial recognition screening and proof of identity documents used in EDL/EID transactions as well as investigate cases of identify fraud and identity theft. One Investigator 2 can process 26,000 facial recognition screenings and 52 fraud investigations per year. We expect an additional annual workload of 50,000 facial recognition screenings and 100 fraud investigations per year resulting from the predicted increase in customers upgrading to EDL/EID documents out of the renewal cycle of their standard driver license or ID card. Therefore, an additional two Investigator 2 FTEs are needed.
- Five Customer Service Specialist-2 and one supervisor Customer Service Specialist-4 are requested positions are needed within the agency Customer Service Center to answer customer telephone calls and emails. Due to the complexity of the REAL ID Act’s requirements, DOL expects the volume of telephone calls and emails to increase by 108,000 in FY 2019, with volumes decreasing each year to 82,000 in FY 2023 as the public becomes aware of the impacts and options. A Customer Service Specialist 2 can answer 20,800 telephone calls and emails per year, therefore an additional five FTEs in FY 2019 and FY 2020, and then decreasing to 4 FTEs in FY 2021 onward are needed. The additional Customer Service Specialist 2 staff will exceed current supervisor span of control. Therefore, 1 Customer Service Specialist 4 supervisor position is requested to level out the span of control.

- One Management Analyst-3 position is needed beginning FY 2019 to provide business analysis to the agency Driver Examining program on the development of new customer service improvement initiatives, and measuring the effectiveness of existing initiatives. The position will provide project management oversight of LSO facility reconfigurations and relocations approved within DOL’s 6-year facility plan. The reconfiguration and relocations are required to accommodate the additional LSR2 and LSR3 FTEs requested within this package.
- Two Administrative Assistant 3 (AA3) positions are needed beginning FY 2019 to provide administrative support within the agency Driver Examining program. This package adds up to 177 FTEs in the Driver Examining program and expands the responsibility to manage their onboarding, new hire training and certification to issue EDL/EID documents, uniforms and supplies, and contracted armored car and LSO janitorial services. One AA3 will also provide administrative support the EDL Program Manager and independently draft responses to escalated customer inquiries regarding EDL/EID documents and services.

**2a. Expanded customer service hours in LSOs**

The predicted increase in LSO workload will have the greatest impact on offices located in the state’s more densely populated areas, such as the I-5 corridor and city of Spokane. These offices currently have the highest customer volume, and therefore, the highest customer wait times and customer abandon rate. During the highest years of the predicted EDL/EID workload, FY 2019 through FY 2023, daily customer volume will exceed the facility capacity of these offices as they currently operate. Extended hours will expand service availability and help to maintain DOL’s 30 minute wait time target during peak service times of the day and the year, without incurring additional facility costs.

In these high-volume offices, customer lines form outside the offices beginning at 7:00 a.m. before the LSO opens for service at 8:30 a.m. Twenty percent of the total daily customers walk in the front door and receive a service queue ticket within the first 30 minutes the office is open. This creates, at opening, an immediate backlog of customers and high wait times that compound throughout the day. The high wait time causes customers to leave (customer abandon rate), requiring another trip to the office to complete their service.

DOL began a pilot to expand operation hours in the Lynnwood LSO in late August 2017 during the summer workload peak. Early data demonstrates that opening the office an hour earlier, at 7:30 a.m., has smoothed out the customer volume through the morning, and midday wait time has reduced significantly, staying consistent throughout the day. Capacity was gained to serve more customers per day. The expanded hour pilot ran simultaneous with a process efficiency pilot, ‘keep your customer’. The incremental efficiency of each pilot is shown in the table below.

**Lynnwood LSO Expanded Hours Pilot Efficiency**

<b>Pilot Name and (Time Period)</b>	<b>Average customers served per day</b>	<b>Average wait time (initial)</b>	<b>% Customers abandon their wait for service</b>	<b>% Served after hours (requires OT pay)</b>
Before pilots (6/1/17)	353	77	27%	15%
Keep your customer pilot (7/29/17)	350	61	20%	7%
Expanded hours (8/21 - 9/1/17) *	365	49	13%	4%

\*Express Lanes pilot implemented too close to Expanded Hours pilot to be included in evaluation separately

DOL requests additional FTEs above initiative 1.a. needed to expand the customer service hours at 18 LSOs beginning in spring 2018. If funded the new hours for the 18 offices will be 7:30 a.m. to 5:30 p.m. To ensure Monday through Saturday service availability in the most populated areas of the state, the 18 LSO will expand their daily hours of operation in a combination of Monday through Friday and Tuesday through Saturday work weeks.

Staffing levels need to increase at these offices to meet collective bargaining contract requirements for staff days off and hours of work, training coverage and anticipated/unanticipated leave coverage. The staff level must be sufficient to create multiple work shifts for expanded hour coverage and include additional supervisory staff. A benefit to multiple work shifts occurs when they overlap mid-day, sufficiently raising the staff level to provide a continuous level of customer service through contract required staff breaks and lunch schedules.

**Net Cost Summary - Expanded Customer Service Hours in LSOs**

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
2a Expanded Customer Service Hours	FTE	65.1	158.1	184.6	185.2	199.2	206.2
	Cost	\$6,586,500	\$15,654,600	\$17,026,400	\$17,286,700	\$18,359,500	\$18,979,800
<b>Net Request</b>	<b>FTE</b>	<b>65.1</b>	<b>158.1</b>	<b>184.6</b>	<b>185.2</b>	<b>199.2</b>	<b>206.2</b>
	<b>Cost</b>	<b>\$6,586,500</b>	<b>\$15,654,600</b>	<b>\$17,026,400</b>	<b>\$17,286,700</b>	<b>\$18,359,500</b>	<b>\$18,979,800</b>

Note: FTE shown reflect all staff needed to implement this initiative.

### 3a. Additional cameras in LSOs

DOL recently changed processes in LSOs to align with the American Association of Motor Vehicle Administrators' (AAMVA) fraud prevention best practices to combat identity theft and other types of fraud. Customers applying for driver licenses, ID cards and permits are photographed before their document is issued. This resulted in a new 3-step process where customers begin their transaction at one service counter, wait to be called to the camera workstation where a photograph is taken, and wait to be called to the third counter where the document is issued and transaction completed. The current camera equipment is expensive and requires a dedicated workstation and blue backdrop screen. As a result, each LSO is equipped with only 1 or 2 cameras, creating a bottleneck point at the camera station and transaction completion. Installation of cameras at each workstation allows the entire transaction, including photograph, to occur at one service counter, creating significant transaction time efficiencies (3b) which will maintain the 30 minute wait time target.

A one-time investment of \$835,600 in FY 2019 to add 300 cameras in the LSOs will result in a long-term net savings of over \$2 million annually. In partnership with the existing camera vendor, a smaller and lower-cost camera and backdrop configuration was designed for installation directly on the customer service counter. This solution will be piloted in the Tacoma LSO in December 2017.

Ongoing camera maintenance costs based on the number of license documents issued is requested: \$160,100 in FY 2020; \$169,700 in FY 2021; \$172,600 in FY 2022; and \$172,800 in FY 2023.

### 3b. Efficiencies gained through additional cameras in LSOs

Based on initial testing, DOL expects transaction efficiencies results equivalent to gaining the capacity of up to 31.6 LSR2 FTEs only if the requested cameras are purchased. By gaining this capacity to process additional EDL/EID transactions, DOL has reduced the level of FTEs requested in this package, in lieu of reducing wait time efficiency, to maintain the 30 minute wait time target and keeping costs down.

This initiative shows how process efficiencies translate to increased productivity and FTE savings. Savings includes frontline staff and back office staff needed to manage the workload.

**Initiative 3b Camera Efficiencies**  
**Based on installing 300 cameras in 39 LSOs**

Total transaction/touch time saved 2016, minutes	2,492,551
LSR2 annual capacity, minutes	78,942
<b>Gained capacity converted to LSR2 FTEs</b>	<b>31.6</b>

### Net cost summary for additional cameras in LSOs

**Net Cost Summary - Additional Cameras in LSOs**

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
3a	Additional Cameras	FTE	0.0	0.0	0.0	0.0	0.0	
		Cost	\$0	\$835,600	\$160,100	\$169,700	\$172,600	\$172,800
3b	Camera Efficiencies	FTE	0.0	(31.9)	(34.6)	(34.6)	(34.5)	(34.6)
		Savings	\$0	(\$3,234,900)	(\$3,086,000)	(\$3,125,700)	(\$3,076,800)	(\$3,086,000)
<b>Net Request</b>		<b>FTE</b>	<b>0.0</b>	<b>(31.9)</b>	<b>(34.6)</b>	<b>(34.6)</b>	<b>(34.5)</b>	<b>(34.6)</b>
		<b>Cost</b>	<b>\$0</b>	<b>(\$2,399,300)</b>	<b>(\$2,925,900)</b>	<b>(\$2,956,000)</b>	<b>(\$2,904,200)</b>	<b>(\$2,913,200)</b>

Note: FTE shown reflect all staff needed to implement this initiative.

### 4. Centralized CDL skills test scheduling – redirect workload outside LSO

DOL will increase the time front-line LSR2 staff have available to issue EDL/EID documents by redirecting the scheduling of commercial driver skills tests from the LSOs to the agency's centralized Commercial Driver License (CDL) unit. Redirecting the workload from LSOs results in a time savings equivalent to gaining the capacity of 1 additional LSR2 FTE. The CDL unit will require 1.6 Customer Service Specialist 2 FTEs to assume this workload. The net FTEs requested for this initiative is 0.6 Customer Service Specialist 2.

Currently, CDL applicants visit a LSO to schedule a CDL driving skills test, and they pay a fee when scheduled with a DOL tester. A recent agency Lean event, including customer and stakeholder participants, identified scheduling of tests and other CDL non-licensing services as ideal candidates for centralizing into the agency's CDL unit. LSO in-office workload would be reduced by approximately 12,000 customer visits per year and customers will avoid the cost to travel to a LSO and time spent waiting for service.

One-time cost of \$49,400 in FY 2018 is requested to modify DOL's information technology systems in order to redirect commercial driver skills test scheduling from LSOs to the agency central commercial driver unit. DOL will hire contract programmers to modify the Drivers Headquarters System and the Drivers Field System to accomplish the work.

## Net cost summary for centralized CDL skills test scheduling

Net Cost Summary - Centralized CDL Skills Test Scheduling

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
4a	Centralized CDL Skills Test Scheduling	FTE	1.6	1.6	1.6	1.6	1.6	
		Cost	\$185,600	\$126,400	\$127,300	\$129,200	\$127,300	\$127,300
4b	Centralized CDL Skills Test Scheduling - Reduced LSO Workload	FTE	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
		Cost	(\$88,100)	(\$75,800)	(\$76,400)	(\$77,500)	(\$76,400)	(\$76,400)
<b>Net Request</b>		FTE	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	
		Cost	<b>\$97,500</b>	<b>\$50,600</b>	<b>\$50,900</b>	<b>\$51,700</b>	<b>\$50,900</b>	

Note: FTE shown reflect all staff needed to implement this initiative.

## 5. Centralized public telephone calls – redirect workload outside LSO

DOL will increase the time front-line LSR2 staff have available to issue EDL/EID documents by redirecting approximately 294,000 public telephone calls from 20 LSOs to the agency's centralized Customer Service Center. Redirecting the workload out of the LSOs results in a time savings equivalent to gaining the capacity of 1 additional LSR2 FTE in FY 2018 increasing to 4 LSR2 FTEs in FY 2019 and forward. The Customer Service Center will require 3 Customer Service Specialist 2 FTEs to assume this workload in FY 2018, increasing to 17 in FY 2019 and forward.

Shifting public calls to the Customer Service Center will result in standardized customer service. The Customer Service Center staff are trained on both driver and vehicle related topics and have access to expanded information and data needed to fully answer calls from the public. In comparison, the front-line LSR receives the knowledge, training and access to records that is limited to their job duties. As a result, LSRs are less equipped to resolve calls from the public – and calls are frequently transferred to the Customer Service Center for resolution. The average length of a public call handled in the Customer Service Center is 4 minutes, as compared to a 1.2 minute call length when answered in the LSO by a front-line LSR.

Approximately two-thirds of public calls received by LSRs are being redirected to call the Call Center to fully resolve their inquiries – this solution fixes an inefficient process. As part of the agency's ongoing Lean efforts, incoming public telephone calls in 6 high-volume LSOs were redirected to the centralized agency call center as a pilot project in spring 2017. An evaluation of the pilot results determined the call center required additional FTE resources to answer the increased call volume within target service level of less than four minute hold time. This package requests funding for FTE resources in the call center to build sufficient capacity to answer the calls from the 6 piloted LSOs and answer calls from 14 additional LSOs. The call center facility lacks space for this level of additional staff. DOL plans to address this through telework options for staff. Expanding the number of staff participating in telework aligns with the Governor's Executive Order 14-02.

## Net cost summary for centralized public telephone calls

Net Cost Summary - Centralized Customer Telephone Calls

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
5a	Centralized Customer Phone Calls	FTE	3.4	18.6	18.6	18.6	18.5
		Cost	\$308,800	\$1,677,000	\$1,563,000	\$1,589,200	\$1,554,100
5b	Centralized Customer Phone Calls - LSO Workload Reduction	FTE	(1.1)	(4.4)	(4.4)	(4.4)	(4.4)
		Cost	(\$97,800)	(\$385,500)	(\$381,000)	(\$387,200)	(\$381,000)
<b>Net Request</b>		FTE	<b>2.3</b>	<b>14.2</b>	<b>14.2</b>	<b>14.2</b>	<b>14.1</b>
		Cost	<b>\$211,000</b>	<b>\$1,291,500</b>	<b>\$1,182,000</b>	<b>\$1,202,000</b>	<b>\$1,173,100</b>

Note: FTE shown reflect all staff needed to implement this initiative.

## **6. Customer Education Outreach**

The Federal REAL ID Act requirements affect all customers, including underserved communities. It is important that DOL is able to educate a large number of people quickly in order to avoid confusion and an unmanageable workload in LSOs. DOL is utilizing the \$350,000 received in the 2017-2019 budget to develop a broad-scale outreach and marketing effort using a media and advertising vendor.

An additional \$40,600 in FY 2018 and \$486,700 per year ongoing until FY 2023 is requested to expand the campaign through additional paid radio, television, print and social media. To spread the workload and reduce the number of customers visiting the LSOs, the desired outcomes of the education outreach are all customers, including underserved communities:

- Understand their options to comply with the REAL ID law beyond what the state offers (passport, passport card, military ID, etc.), and the REAL ID timeline.
- Are directed to use the agency's time-saving online services.
- Are aware of new LSO extended hours of operation.
- Are educated how to prepare and when to visit an LSO, balancing the workload to avoid bottlenecks.

DOL will assess the effectiveness of the outreach campaign and modify approach as needed.

## **7. Technology improvements**

One-time cost of \$229,300 in FY2018 to develop an application program interface (API) service. DOL will hire contract programmers to develop an API service and the infrastructure and foundational components which will help LSO staff transact business processes on mobile devices. The outcome is a mobile browser based application that will be used by the LSO staff on-the-go, working with customer lines in the lobby or outside the building to manage customer flow, streamline the customer experience and decrease the overall wait times. The LSO Lobby Coordinator will use a mobile tablet for a variety of purposes, including but not limited to:

- Prescreen customers (verify documentation, checklists) and place them in the most efficient service line. Or, help the customer exit the line sooner to obtain missing documentation.
- Perform any transaction within DOL's online services for the customers waiting in the lines/lobbies.
- Ability to add the feature allowing customers to get inline via an online application and receive a mobile text message when their turn is approaching.
- Answer customer questions regarding license status and reinstatement.
- Provide a queue 'ticket' to customers waiting for service inside and outside the office.
- Scalable to add other features to mobile devices to expedite customer service.

## **Support Staff**

DOL requires funding for back-office staff to support. The level of support staff is driven by the predicted increase in EDL/EID transactions and increase in FTEs, and consists of:

- Human Resources Consultant 3 are needed at the ratio of 1 to 50 new FTEs. LSR2 positions turnover at a rate of 25% annually, and that creates a continuous level of recruiting effort. The role of human resource consultants supports managers and supervisors in recruitment, hiring, staff performance management, and labor relations. The LSR recruitment process is more labor intensive than other recruitments as they do more in depth initial screening process on behalf of program supervisors. Having appropriate HR resources allows for the accelerated onboarding process to manage staff attrition. Efficient and timely onboarding of staff minimizes disruption to customer service and helps meet the 30 minute wait time target.
- Fiscal Analyst 2 are needed at the ratio of 1 to 200 new FTEs for cash management duties, 1 to 200 new FTEs for disbursements duties, and 1 to 50 new FTEs for payroll duties. The role of fiscal analysts supports managers and supervisors in, reconciling LSO daily bank deposits, staff travel cost reimbursements, assist with LSO cash drawer reconciliation, payroll, benefits administration, IRS and SSA reporting.
- Information Technology Specialist 4 are needed to manage and support staff access to DOL's technology services, resolve system and equipment issues, telecommunication support, and deployment and management of computer related hardware. The 25% turnover rate with LSRs require frequent updates. A failure in systems or equipment in the LSOs may result in work stoppage and could be detrimental to customer service. Reliability of systems and equipment is critical to completing customer service transactions. Any and all interruptions negatively impact wait times and increase customer abandonment rate.  
Note: IT costs was determined by identifying specific support functions that are impacted by change in FTEs related to this activity for true costs of support for this decision package.

Not funding support services will directly impact to customer service at the LSOs as well as all other existing DOL staff who would compete for limited resources in human resources, accounting, payroll, and information technology services. To compensate, DOL may need to reduce LSRs to fund support staff to ensure expected level of support is maintained which may impact processing the workload or may result in reducing other services at DOL to maintain optimal staffing ratios.

**Summary of FTE staffing requirements by job classification:**

All FTE	Decision Package Request			
	FY 2018	FY 2019	FY 2020	FY 2021
Administrative Assistant 3	0.0	2.0	2.0	2.0
Customer Service Specialist 2	5.5	15.5	15.5	14.5
Customer Service Specialist 3	0.0	1.0	1.0	1.0
Customer Service Specialist 4	1.0	3.0	3.0	3.0
Fiscal Analyst 1	0.0	0.0	0.0	0.0
Fiscal Analyst 2	3.5	8.4	8.2	8.3
Human Resource Consultant 3	2.4	5.5	5.5	5.4
Investigator 2	2.0	2.0	2.0	2.0
It Specialist 4	5.9	13.8	13.5	13.5
It Specialist 5	0.0	0.0	0.0	0.0
Licensing Services Manager 1	7.3	26.0	24.0	23.0
Licensing Services Representative 2	73.6	169.3	165.8	165.7
Licensing Services Representative 3	19.1	49.6	49.4	49.5

Licensing Services Representative 4	8.2	11.0	11.0	11.0
Management Analyst 3	0.0	1.0	1.0	1.0
Proviso	-25.0	0.0	0.0	0.0
<b>Total</b>	<b>103.5</b>	<b>308.1</b>	<b>301.9</b>	<b>299.9</b>

The following table illustrates the Object E breakdown.

<b>Object E - Description</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
EA - Workstation Costs	1,003,500	1,478,500	-	347,800
EA - General Office Supplies	98,800	324,500	317,900	315,800
EB - Phone/Install/Usage	15,700	185,600	181,700	180,500
ED - Facility/Lease Costs	92,500	315,100	312,100	306,500
EG - Training	64,600	163,400	160,000	159,000
EK - Facilities and Services	150,700	381,400	373,800	371,200
EL - Interagency DP Svcs	320,600	812,700	796,300	791,100
EN - Personnel Services	27,100	68,700	67,600	67,100
ER - Other Contract Costs	1,016,800	2,872,900	2,636,600	2,691,200
ER - Standard Other Contract Costs	46,100	116,800	114,600	113,700
ER - Application Programmers	278,900	-	-	-
EY - Software Maintenance	259,500	558,600	547,300	543,800
EZ - Other Goods & Svcs	40,700	94,200	92,300	93,600
<b>Total Goods &amp; Services</b>	<b>3,415,500</b>	<b>7,372,400</b>	<b>5,600,200</b>	<b>5,981,300</b>

## Decision Package Justification and Impacts

### What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Funding is essential to continue implementing DOL's strategic initiatives 6 and 7. These initiatives maintain customer service and wait time performance based on customer needs and feedback.

Performance outcomes are expected to increase the percentage of:

- Customers initial wait time of 30 minutes or less.
- Customers who say DOL service met their ideal standards.
- Customers who say DOL service is friendly & helpful.
- Customer telephone calls answered within 4 minutes.
- Use of DOL's CDL test sites and tester FTEs from 60% to 90%.

Increasing the workload capacity in LSOs support the Results Washington Goal 5 for Efficient, Effective and Accountable Government, customer satisfaction measure 1.1 and service reliability measure 1.2.

### Performance Measure detail:

DOL will continue to measure customers' timely service in driver license offices using our Results DOL measure OM2d. Statewide customer wait time is reported monthly. It is reported both in average wait time in minutes and as a percent of customers served in less than 30 minutes. Reporting includes impacts to performance and corrective actions. The measure target is 90% of customers have an initial wait time in under 30 minutes.

DOL will continue to measure customer satisfaction in LSOs. Results DOL measure OM2a reports on customers who say office service met or exceeded their ideal expectation. This performance is also reported monthly with analysis and action plans updated.

DOL will continue to measure the percentage of customers who say service in driver license offices is friendly and helpful using our Results DOL measure OM2f. This performance is also reported monthly with analysis and action plans updated.

DOL will continue to measure how timely customer telephone calls are answered using Results DOL to measure OM2e. This performance is also reported monthly with analysis and action plans updated.

DOL will continue to measure customer satisfaction with the service received from the Customer Service Center. Results DOL measure OM2b reports on customers who say phone service met or exceeded their ideal expectation. This performance is also reported monthly with analysis and action plans updated.

**Fully describe and quantify expected impacts on state residents and specific populations served.**

When Department of Homeland Security begins commercial aviation travel enforcement, the demand for EDL/EID will sharply increase as people learn they need an EDL/EID or other federally acceptable documentation to board domestic flights. Wait times at LSOs will climb to unacceptable levels, with wait times exceeding the current performance measure of under 30 minutes. Customer levels in high-volume LSOs will exceed facility capacity levels. A structured implementation and operations strategy is crucial to providing acceptable service levels to DOL.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Local facilities that accept US passport applications.
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate, or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	

Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

Facilities that accept US passport applications could see an increase in applications and face increased wait times.

**What alternatives were explored by the agency and why was this option chosen?**

DOL explored an option that expands both days and hours of operation in a 6-day work week in multiple LSOs along the I-5 corridor and the city of Spokane. This option provides customers with additional locations offering service Monday through Saturday in the state’s most densely populated areas. However, the staffing costs to cover a 6-day work week with 10-hour work days is approximately double the cost of initiative 2. Expanded Customer Service Hours in LSOs.

DOL explored opening new locations in areas of the state that are densely populated and have high customer volumes as an alternative option to expanding hours of operation in LSOs. The same staffing level would be required for both options, but there would be additional costs for the new facilities. It takes a minimum of two years to find suitable locations and leasing options in these geographical locations. DOL anticipates the peak period to happen within the next two years, so this may not be a timely solution.

DOL considered the model Montana developed to implement the REAL ID Act. Montana plans to increase staff, add technology to their license offices and recover the costs through a \$50 fee charged for customers seeking a REAL ID card outside their licensing renewal period. Applying this option in Washington would require changes to existing law. Charging a higher fee for an EDL/EID is counter to the intent of the 2017 Legislature who reduced the cost of an EDL/EID from \$9 to \$4 per year.

**What are the consequences of not funding this request?**

**Option 1:** Do nothing. This option is not considered because of the following:

- This option results in wait time increases beyond what is acceptable to the public by creating wait times beyond 9 hours. Upset customers could then result in negative coverage by the media.
- Customers will abandon their transactions resulting in return visits to LSOs.
- Working conditions for staff would deteriorate which may cause labor union complications.
- Overflow of customers will push past facility capacity creating problems with the fire marshals.
- Overflow of customers at LSOs will create conflict at locations where other business are impacted from lack of parking for customers which could have an economic impact as well as complications with landlords.

- Customers who are not able to obtain an EDL/EID document timely may be impacted by not being able to fly domestically or have to endure secondary screenings at the airport to fly; people may not be able access federal facilities as well.
- If LSOs are severely back logged, this will impact all customers coming in for any service. This means it could impact people from renewing their driver license timely and cause issues with WSP and other law enforcement entities because people are driving with expired licenses.

DOL has already taken proactive measures to start hiring above base-budget supported FTEs to ensure staff are trained and ready before next summer's peak season. (Takes about 8 months.) Non-funding would require DOL to scale back in FY 2019 to stay within biennial budget during the anticipated peak demand period of the predictive model for EDL demand.

**Option 2:** Request funding to increase staffing levels and in-office capacity so that customers experience wait times of 30 minutes or less, even during a period of increased workload. Adding LSRs also allows DOL to offer expanded hours of service to manage a significant volume of people converting standard driver licenses and ID documents to more time consuming EDL/EID documents. This request also allows DOL to maximize operational capacity and efficiencies by adding cameras to workstations so that LSRs can complete the entire transaction at one service counter instead of having customers begin their transaction at one service counter, wait to be called to the camera station for a photograph, and return to a service counter to complete the transaction. These resources with the use of technology and process improvements allows DOL to serve in-office customers consistent with what customers have come to expect, and consistent with the current wait time measure of 30 minutes or less.

**How has or can the agency address the issue or need in its current appropriation level?**

DOL cannot address the expected increase in EDL/EID demand and workload at the current appropriation levels without making substantial cuts to other core licensing and regulatory functions that are relied on by the public, businesses, law enforcement and entities that receive revenue generated by DOL's activities. The agency has already identified all available resources to commit to this effort through redirecting budgets and streamlining processes, and is still short by magnitudes. Anticipated workload is potentially quadruple of current production capabilities.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

See added addendums for calculations of initiatives.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

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## 2018 Supplemental Budget Decision Package

Agency: Department of Licensing

Decision Package Code/Title: ML2-8Y Cost Allocation Fund Realignment

Budget Period: 2017-19

Budget Level: Maintenance Level

### Agency Recommendation Summary Text:

The Department of Licensing requests a change in appropriation level by fund to redistribute indirect and central service expenses to more equitably reflect the cost of supporting the agency's direct and indirect service programs.

### Fiscal Summary:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
001-1	242,727	(71,598)		
104-1		(171,129)		
106-1		10,454,060		
108-1		(10,454,060)		
<b>Total Cost</b>	<b>242,727</b>	<b>(242,727)</b>	<b>-</b>	<b>-</b>
<b>Staffing</b>				
FTEs	0	0	0	0
<b>Revenue</b>				
N/A				
<b>Object of Expenditures</b>				
Object E	242,727	(242,727)	0	0

### Package Description

#### *Background*

This package realigns the funds used to pay for indirect and central service costs by the distributing costs to programs based on an updated cost allocation plan (CAP) and supporting data. The updated cost allocation plan reveals that certain funds have been paying more or less than a fair share of indirect and central service costs. Overall expenditures within the agency will not increase but will result in an equitable redistribution of indirect services and central services costs across all funding sources. This realignment ensures DOL is in compliance with accounting and audit standards, which precludes one fund from benefiting another fund.

The agency has not comprehensively implemented or updated its cost allocation methodologies to align service usage and funding for several biennia. Prior to the start of the 2017-19 biennium, executive management directed the Budget & Forecasting Office and impacted programs to review

current allocation methodologies and to update/adopt methodologies and use supporting data that supports these cost allocation principles: fair, accurate, sustainable, and transparent. The cost allocation plan results reflect these principles, and now full implementation requires a change in appropriation level by fund in order to redistribute indirect and central service costs to the proper programs and funds.

#### *Solution*

The fund realignment requested in this decision package is based on a CAP that redistributes charges for indirect services and central services in an equitable manner across all programs and funding sources. The Budget & Forecasting Office and program staff developed methodologies and updated usage data to equitably allocate indirect costs and central service costs to benefitting programs and associated funds. Several methodologies and approaches are used to allocate costs including but not limited to: measurable usage and demand, FTEs, and size of budget. Each cost center was analyzed to identify the most appropriate allocation method to ensure users pay a fair share. DOL receives funding through the transportation and operating budgets. The new CAP reveals that some programs are contributing more or less than a fair share. Based on the results of the CAP and DOL's current expenditure authority, DOL needs to more Highway Safety Fund (106) authority and less Motor Vehicle Account (108) authority. DOL determined that sufficient expenditure authority and program revenue is available within its dedicated funds, so no additional authority is being requested.

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.**

This proposal does not expand or alter programs or services, and it does not increase DOL's base budget. This proposal allows DOL to equitably align what funds and how much of each fund is used to pay for existing indirect and central services based on an updated CAP. This proposal seeks a change in appropriation level by fund to redistribute indirect and central service costs to more equitably reflect the level of effort and expenditures required to support DOL's programs.

This alignment primarily impacts A030 and A037; directly and indirectly impacts most all activities.

A030 – Agency Administration

A031 – Drivers Licensing, Regulating and Records Management

A032 – Issuing and Regulating Vehicles and Boats Records

A033 – Professions Licensing, Regulation and Records Management

A034 – Administration of Fuel Tax Collection and Motor Carrier Services

A035 – Data Clearing House

A037 – Agency Overhead

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

#### *Expenditure and FTE*

The net impact to DOL's total appropriation level, expenditures, and FTEs is zero.

#### *Impact on funds*

The results of DOL's updated CAP initially involved 19 different funds that support services provided by its Administrative Services Division, Information Services Division, and the new Central Payment Area which captures services provided by other agencies and vendors. The final result left a balance in a few funds DOL could not be realign internally due to the size of the imbalance and availability of certain funds within the agency.

This decision package is required to ensure that DOL has the right mix of funds (expenditure authority) to pay for indirect and central services according to the adopted CAP. The largest fund imbalances are between the Highway Safety Fund (106) and Motor Vehicle Fund (108). These two funds are also DOL's largest funds. General fund state is minimal in DOL and is used for Firearms and Vessel related operations. The Firearms Program already has a backlog and cannot afford any reductions, and the Vessels Program budget consists of renewal reminders and licensing production costs that are tied to revenue. CAP revealed additional Wildlife funding was available because past specialty plate forecasts were higher than actual demand, resulting in less production work and costs.

Many dedicated funds will experience changes to their obligations – some funds will see reduced obligations and others will see increased obligations. Most of the impacted dedicated funds have enough expenditure authority to handle to redistribution of indirect and central service costs.

The decision was made to internally realign funding as much as possible without a decision package. It was determined that this was feasible with all funds except the funds being requested for adjustment.

### ***Revenue***

This decision package has no direct impact on revenue. This request does provide relief for the Motor Vehicle Fund (108), but increases the obligation assumed by the Highway Safety Fund (106).

### **Decision Package Justification and Impacts**

#### **What specific performance outcomes does the agency expect?**

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Performance outcomes will include:

- More accurate, timely and sustainable cost allocation data.
- More accurate and reliable financial data for DOL's operations and customers.
- Less risk of audit findings.

This request supports the Results Washington Goal 5 for Effective, Efficient and Accountable Government. Implementation will:

- Improve the allocation method and funds used to pay indirect and central service costs.
- Improve DOL's ability to collect and analyze data, report on, and research the full cost of delivering services internally and externally.

Performance measure SP3 – Manage Risk seeks to reduce risk exposure to DOL, which includes resolving audit issues. Last biennium DOL received an audit finding related to an outdated cost allocation model in its business profession area which contributed to an overhaul of DOL's cost allocation model.

Performance measure SP5a – DOL will continue to measure fiscal accountability and fund usage using DOL's internal agency budget variance performance measure. Each month DOL's Budget and Forecasting Office reports variances by fund and as percentages. The report includes what has been

impacting the variance, and what action is being taken to stay within the target of less than three percent underspent or overspent.

**Performance Measure detail:**

**Fully describe and quantify expected impacts on state residents and specific populations served.**

DOL developed a CAP that equitably allocates indirect and central service costs. The decision package enables DOL to redistribute costs to more clearly reflect usage of internal indirect services and statewide shared central services. In the future this will allow DOL to develop unit costs for services that better reflect the full costs of individual services. Funding this request also allows DOL to provide more accurate central service model fund splits to OFM.

These changes impact some of DOL’s self-supported programs that use revenue collected into dedicated funds (appropriated and non-appropriated). The proposed realignment helps stakeholders paying fees into these accounts understand and trust that fee revenue is being spent efficiently and properly.

**Process for Future Cost Allocation Plan Updates:**

1. Document procedures and data sources.
2. Update cost allocation plan data yearly to support the submission of biennial budgets, and as needed for supplemental budget submittals.
3. Keep a history of CAP adjustments after data or methods are updated and changed.
4. Submit updated fund splits that support the CAP to OFM to support budget development and central service model processes. This process will ensure fund splits are up-to-date and accurate so the appropriate mix of funds are received for payment of central service billings.

**What are other important connections or impacts related to this proposal?**

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate, or exec order?	No	
Does request contain a compensation change?	No	.

Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	

**What alternatives were explored by the agency and why was this option chosen?**

No viable alternatives are available. DOL’s updated CAP is based on widely used and best cost allocation practices. This realignment ensures DOL is in compliance with accounting and audit standards. Adopted methodologies align with commonly used cost allocation principles: fair, accurate, sustainable, and transparent. Full implementation of the updated CAP requires a permanent change in appropriation level by fund in order to support equitably and accurate allocation of indirect and central service costs.

**What are the consequences of not funding this request?**

DOL cannot redistribute “rebase” how indirect activities and central services are paid without changing the appropriation levels between funds. Not funding this request puts DOL at risk of future audit findings as each fund has restrictions on appropriate use.

**How has or can the agency address the issue or need in its current appropriation level?**

An internal fund realignment was completed for most funds impacts by the updated CAP. The proposed funding realignment is being requested because the remaining alignment is too large to accomplish without a permanent change in appropriated funding levels.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

None.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

## 2018 Supplemental Budget Decision Package

**Agency:** 240 Department of Licensing

**Decision Package Code/Title:** ML1-CC Credit Card Transaction Fees

**Budget Period:** 2017-19

**Budget Level:** Maintenance Level

**Agency Recommendation Summary Text:**

The Department of Licensing requests funds to pay increased credit card costs resulting from online licensing transactions for driver, vehicle, business and profession licenses, and uniform commercial code transactions. (Multiple funds)

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

<b>Operating Expenditures</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
003-1	1,000	1,000	1,000	2,000
024-1	5,000	6,000	7,000	8,000
026-1	35,000	21,000	37,000	22,000
04E-1	13,000	13,000	13,000	13,000
06G-1	3,000	3,000	3,000	3,000
06L-1	10,000	11,000	14,000	13,000
15V-6	7,000	7,000	7,000	7,000
16B-1	2,000	2,000	2,000	2,000
106-1	3,000	67,000	42,000	110,000
108-1	274,000	362,000	500,000	543,000
108-7	1,400,000	1,461,000	1,525,000	1,590,000
298-6	1,000	1,000	1,000	1,000
<b>Total Cost</b>	<b>1,754,000</b>	<b>1,955,000</b>	<b>2,152,000</b>	<b>2,314,000</b>
<b>Staffing</b>				
FTEs	0	0	0	0
<b>Revenue</b>				
N/A				
<b>Object of Expenditures</b>				
Object E	1,754,000	1,955,000	2,152,000	2,314,000

## Package Description:

### Summary

This package requests \$3,709,000 for the 2017-19 biennium and \$4,466,000 in on-going biennia to cover higher credit card transaction fees resulting from increased online transaction. Online transactions continue to increase as the customer base increases and more services are available online.

Credit card companies charge Department of Licensing (DOL) an average rate of 2.25% of the customer payment amount. At current funding levels, DOL is unable to pay for rising credit card fees incurred when more customers conduct online licensing transactions using credit cards. The type of licensing transactions include driver, vehicle, business and profession licenses, and uniform commercial code.

### Background

DOL offers customer the ability to conduct online transactions for their convenience. This also helps maintain reasonable wait time at Licensing Service Offices (LSO) and sub-agents.

The composite credit card rate is 2.25%. Each credit card company charges their own rate and DOL has no control over which credit cards customers use to pay for their transactions.

DOL collects Regional Transit Authority (RTA) motor vehicle excise taxes (MVEIT) on behalf of Sound Transit in King, Pierce, and Snohomish counties, to pay for their local transit-related projects. The RTA reimburses the state for the actual costs of administering this program, including related credit card costs for online renewals. In order to spend the money the state receives from RTA, DOL needs appropriation authority from the legislature. Due to the increase in both online renewals and the number of registered vehicles, and the impact of increased RTA payments following the implementation of the Sound Transit 3 initiative, credit card costs will increase over DOL's appropriation level for the 2017-19 biennium. An appropriation increase is requested to ensure DOL has sufficient spending authority related to RTA credit card costs.

DOL collects state mandated licensing fees from business and professions defined by applicable laws. DOL also collects fees for uniform commercial code inquiries and requests. The vast majority of these transactions are done online. Due to increase in online renewals for applicable professions and licensees, credit card costs have increased.

Over the past two years, Washington's population increase has been noted by the state. A June 30, 2017 press release titled "Population growth in Washington remains strong" issued by the Office of Financial Management (OFM) notes:

"Washington's population grew by an estimated 126,600 persons, a 1.76 percent increase over the past year — the largest percentage increase since 2006. As of April 1, 2017, there were 7,310,300 Washington residents, according to annual estimates prepared by the Office of Financial Management.

Migration is once again the primary driver behind Washington’s population growth. From 2016 to 2017, net migration (people moving in versus people moving out) to Washington totaled 90,800, up 3,700 from last year. Net migration accounted for 72 percent of the state’s population growth this year, with natural increase (births minus deaths) responsible for the other 28 percent (35,800 persons)”.

[http://www.ofm.wa.gov/pop/april1/ofm\\_april1\\_press\\_release.pdf](http://www.ofm.wa.gov/pop/april1/ofm_april1_press_release.pdf)

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Fund	Activity	FY 2018	FY 2019	FY 2020	FY 2021
003-1	A033	3,000	3,000	3,000	3,000
024-1	A033	20,000	20,000	20,000	20,000
026-1	A033	17,000	31,000	17,000	31,000
04E-1	A035	12,000	12,000	12,000	12,000
06G-1	A033	2,000	2,000	2,000	2,000
06L-1	A033	38,000	39,000	38,000	42,000
15V-6	A033	2,000	2,000	2,000	2,000
16B-1	A033	1,000	1,000	1,000	1,000
106-1	A031	582,000	562,000	582,000	562,000
108-1	A031	3,167,000	3,169,000	3,167,000	3,169,000
108-7	A031	814,000	814,000	814,000	814,000
298-6	A033	2,000	2,000	2,000	2,000
	<b>Total</b>	<b>4,660,000</b>	<b>4,657,000</b>	<b>4,660,000</b>	<b>4,660,000</b>

A031 – Drivers Licensing, Regulating and Records Management

A032 – Issuing and Regulating Vehicles and Boats Records

A033 – Professions Licensing, Regulation and Records Management

A035 – Data Clearing House

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

**Drivers and Vehicles**

Over 31% of customers are projected to complete major vehicle transactions online, such as vehicle registration renewals or address changes. Additionally, more than 28% of customers are projected to complete major driver transactions online, such as driver license and identification renewals or address changes. These transactions are paid for with a credit card. There is a credit card fee of 2.25% applied to the amount of the transaction, payable by DOL to credit card companies.

Driver Credit Cards	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	106	ED0	585,000	629,000	1,214,000	624,000	672,000	1,296,000
Current Expenditures	2.25%	106	ED0	582,000	562,000	1,144,000	582,000	562,000	1,144,000
<b>Total</b>				<b>3,000</b>	<b>67,000</b>	<b>70,000</b>	<b>42,000</b>	<b>110,000</b>	<b>152,000</b>

Vehicle Credit Cards	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	108	EE0	3,441,000	3,531,000	6,972,000	3,667,000	3,712,000	7,379,000
Current Expenditures	2.25%	108	EE0	3,167,000	3,169,000	6,336,000	3,167,000	3,169,000	6,336,000
<b>Total</b>				<b>274,000</b>	<b>362,000</b>	<b>636,000</b>	<b>500,000</b>	<b>543,000</b>	<b>1,043,000</b>

### Regional Transit Authority

The Sound Transit 3 initiative, adopted by voters in November 2016 and implemented in March 2017, has resulted in both higher RTA collections and higher RTA-related credit card fees.

Increased credit card costs were estimated using calendar year revenue forecast information from Sound Transit. The Sound Transit MVET forecasts are CY 2017, \$236.9 million; CY 2018, \$243.2 million; and CY 2019, \$250.0 million. As a proxy for fiscal year estimates, the general formula of  $(CY1+CY2)/2 = FY2$  was applied. For fiscal year estimates in the 2019-21 biennium, DOL extrapolated the percentage change in growth from CY18 to CY19. DOL used historic transaction data for RTA internet payment option (IPO) collections as a percentage of total RTA collections. DOL has calculated an average rate of credit card fees of 2.25% for online transactions.

RTA Credit Card Costs	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	108	5L0	2,214,000	2,275,000	4,489,000	2,339,000	2,404,000	4,743,000
Current Expenditures	2.25%	108	5L0	814,000	814,000	1,628,000	814,000	814,000	1,628,000
<b>Total</b>				<b>1,400,000</b>	<b>1,461,000</b>	<b>2,861,000</b>	<b>1,525,000</b>	<b>1,590,000</b>	<b>3,115,000</b>

### Business and Professions

Approximately 67% of customers renew their professional licenses and pay uniform commercial code requests online using credit cards. There is a credit card fee of 2.25% applied to the amount of the transactions.

Architects	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	003	1B0	4,000	4,000	8,000	4,000	5,000	9,000
Current Budget	2.25%	003	1B0	3,000	3,000	6,000	3,000	3,000	6,000
<b>Total</b>				<b>1,000</b>	<b>1,000</b>	<b>2,000</b>	<b>1,000</b>	<b>2,000</b>	<b>3,000</b>

Engineers	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	024	1E0	25,000	26,000	51,000	27,000	28,000	55,000
Current Budget	2.25%	024	1E0	20,000	20,000	40,000	20,000	20,000	40,000
<b>Total</b>				<b>5,000</b>	<b>6,000</b>	<b>11,000</b>	<b>7,000</b>	<b>8,000</b>	<b>15,000</b>

Real Estate Commission	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	026	1F0	52,000	52,000	104,000	54,000	53,000	107,000
Current Budget	2.25%	026	1F0	17,000	31,000	48,000	17,000	31,000	48,000
<b>Total</b>				<b>35,000</b>	<b>21,000</b>	<b>56,000</b>	<b>37,000</b>	<b>22,000</b>	<b>59,000</b>

Uniform Commercial Code	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	04E	1H0	25,000	25,000	50,000	25,000	25,000	50,000
Current Budget	2.25%	04E	1H0	12,000	12,000	24,000	12,000	12,000	24,000
<b>Total</b>				<b>13,000</b>	<b>13,000</b>	<b>26,000</b>	<b>13,000</b>	<b>13,000</b>	<b>26,000</b>

Real Estate Appraisers	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	06G	1R0	5,000	5,000	10,000	5,000	5,000	10,000
Current Budget	2.25%	06G	1R0	2,000	2,000	4,000	2,000	2,000	4,000
<b>Total</b>				<b>3,000</b>	<b>3,000</b>	<b>6,000</b>	<b>3,000</b>	<b>3,000</b>	<b>6,000</b>

Multiple Professions	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	06L	CN0	48,000	50,000	98,000	52,000	55,000	107,000
Curent Budget	2.25%	06L	CN0	38,000	39,000	77,000	38,000	42,000	80,000
<b>Total</b>				<b>10,000</b>	<b>11,000</b>	<b>21,000</b>	<b>14,000</b>	<b>13,000</b>	<b>27,000</b>

Funeral & Cemetery (Nonappropriated)	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	15V	970	9,000	9,000	18,000	9,000	9,000	18,000
Curent Budget	2.25%	15V	970	2,000	2,000	4,000	2,000	2,000	4,000
<b>Total</b>				<b>7,000</b>	<b>7,000</b>	<b>14,000</b>	<b>7,000</b>	<b>7,000</b>	<b>14,000</b>

Landscape Architects	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	16B	973	3,000	3,000	6,000	3,000	3,000	6,000
Curent Budget	2.25%	16B	973	1,000	1,000	2,000	1,000	1,000	2,000
<b>Total</b>				<b>2,000</b>	<b>2,000</b>	<b>4,000</b>	<b>2,000</b>	<b>2,000</b>	<b>4,000</b>

Geologists (Nonappropriated)	%	Fund	AI	FY 2018	FY 2019	2017-19 Total	FY 2020	FY 2021	2019-21 Total
Future Transaction Fee Costs	2.25%	298	963	3,000	3,000	6,000	3,000	3,000	6,000
Curent Budget	2.25%	298	963	2,000	2,000	4,000	2,000	2,000	4,000
<b>Total</b>				<b>1,000</b>	<b>1,000</b>	<b>2,000</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>

## Decision Package Justification and Impacts

Increasing the number of transactions completed online remains one of DOL's key strategies for customer satisfaction and efficient and effective service delivery. As online transactions increase, DOL costs to provide this service also increases. Without funding for these credit card costs, DOL cannot sustain the level of service which is valued by customers and is an integral part of DOL's business efficiency model.

### What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

If funding is provided, DOL expects:

- Ability to continue offering all the online services without negatively impacting customer needs.
- Customer satisfaction with online services would remain high, ranging from 88 to 92 percent as shown by our monthly analysis of customer feedback from our online survey.
- 31% of vehicle transactions and 29% of driver transactions would continue to be completed online (based on 2015 and 2016 actuals).
- Significant increase in professions' online transactions (based on technology advances in 2016 and 2017 have provided more online service options to professions).

If funding is not received, DOL may have to limit online services and would expect:

- Significant customer complaints.
- Increased customer traffic to driver, vehicle and professional licensing offices.
- Increased wait times in field offices.

These outcomes would be counter to DOL's commitment to great service. If funding is not received and DOL cuts other services to pay for unfunded credit card fees, DOL expects a decrease in satisfaction among impacted customers, which in turn would impact the Results Washington Goal 5 sub-topics of customer satisfaction and service reliability.

**Performance Measure detail:**

DOL will measure the percent of transactions completed online, by transaction type and customer group; and the percent of customers who say DOL met or exceeded their ideal expectations with online services. These are outcome measures in our 2017-2020 Strategic Plan, reflecting our goals of customer focus and efficient, effective services.

**Activity:**

- A031 – Drivers Licensing, Regulating and Records Management
- A032 – Issuing and Regulating Vehicles and Boats Records
- A033 – Professions Licensing, Regulation and Records Management
- A035 – Data Clearing House

Measure: Driver, Vehicle and Vessel Registration Transactions (001715): This decision package is specific to online vehicle registration renewals, which are a subset of the statewide vehicle and vessel transactions included in this statewide measure. To provide context for the online growth, here is a look at statewide growth of online vehicle registration renewals:

**Fully describe and quantify expected impacts on state residents and specific populations served.**

Based on 2015 and 2016 actuals, as many as 3.35 million online customers a year could be impacted (2.5 million vehicle transactions, and 850,000 driver transactions, see table below).

<b>*2015 Counts from December 2016 Stats and Trends Report</b>	
8,152,474	Total major vehicle transactions (page 34)
2,503,820	Major vehicle transactions completed online
31%	% of vehicle transactions completed online
<b>2016 Counts from July 2017 Stats and Trends Report</b>	
2,901,059	Total major driver transactions (page 9)
858,033	Major driver transactions completed online
30%	% of driver transactions completed online

\*Note: Due to the implementation of DRIVES, vehicle and vessel data is delayed and will be added back to the [Stats & Trends Report](#) once it is available and validated.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Sound Transit revenue collection.
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate, or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections	None	

Please provide a detailed discussion of connections/impacts identified above.

The state collects RTA fees that are used to support local projects. The state is reimbursed for expenses related to DOL's collection of the fees.

**What alternatives were explored by the agency and why was this option chosen?**

Option 1: Do nothing. This option is not considered practical because of negative impacts on other driver's license related service areas.

Option 2: Request funding for increased credit card fees. This option allows DOL to continue offer customers access to online services without impacting other business areas.

**What are the consequences of not funding this request?**

DOL is required by law to furnish driver licenses, vehicle registrations, business, and professional licenses. By providing these services online credit card fees are incurred and without this funding, DOL would need to reduce services in other areas or reduce online services. Reducing online services will increase traffic to Licensing Services Offices (LSOs) and sub-agent offices.

**How has or can the agency address the issue or need in its current appropriation level?**

DOL cannot address this issue without negatively impacting other service areas.

One of DOL's strategic initiative is to promote online transactions which:

- Allows for faster processing of eligible transactions (no waiting in line).
- Provides online renewal notifications (saves printing, postage, and staffing costs).

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

N/A

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

## 2018 Supplemental Budget Decision Package

**Agency:** 240 Department of Licensing

**Decision Package Code/Title:** ML1- DL Driver License Card Production

**Budget Period:** 2017-2019

**Budget Level:** Maintenance Level

**Agency Recommendation Summary Text:**

The Department of Licensing requests funding to support increased driver license card production costs. (Highway Safety Account-State)

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
106-1	170,138	717,832	572,292	1,023,288
<b>Total Cost by Fund</b>	<b>170,138</b>	<b>717,832</b>	<b>572,292</b>	<b>1,023,288</b>
<b>Staffing</b>				
FTEs	0.0	0.0	0.0	0.0
<b>Revenue</b>				
Total Revenue	0	0	0	0
<b>Object of Expenditure</b>				
E	170,138	717,832	572,292	1,023,288
<b>Total Cost by Object</b>	<b>170,138</b>	<b>717,832</b>	<b>572,292</b>	<b>1,023,288</b>

**Package Description**

**Summary**

Department of Licensing (DOL) requests funding to support increased driver's license and identicard production. The total 2018 supplemental budget request is for \$887,970 from the Highway Safety Account to pay DOL's contracted central issuance system vendor for card production. This total includes cost-per-card changes associated with a new central issuance vendor and increased document production driven by new residents in the state.

## **Background**

Under the provisions of Chapter [46.20 RCW](#) the Department of Licensing (DOL) issues driver's licenses and identicards to qualified residents of the state. These documents are produced in a secure facility operated by a central issuance system (CIS) vendor under contract with DOL. DOL pays the vendor for the costs of producing personal driver's licenses and enhanced driver's licenses, as well as sales tax on the document costs and postage for mailing documents to customers. The agency's allocation to cover these costs is based on forecast data adopted by the state's Transportation Revenue Forecast Council.

Washington State is experiencing an increase in population that impacts the demand for driver's license and identicard documents. This package requests supplemental funding for the 2017-19 biennium to respond to higher demand and the subsequent production costs of driver's licenses and identicards caused by state population growth.

## **Current Status**

Over the past two years, Washington's population increase has been noted by the state. A June 30, 2017 press release titled "Population growth in Washington remains strong" issued by the Office of Financial Management (OFM) notes:

"Washington's population grew by an estimated 126,600 persons, a 1.76 percent increase over the past year — the largest percentage increase since 2006. As of April 1, 2017, there were 7,310,300 Washington residents, according to annual estimates prepared by the Office of Financial Management.

Migration is once again the primary driver behind Washington's population growth. From 2016 to 2017, net migration (people moving in versus people moving out) to Washington totaled 90,800, up 3,700 from last year. Net migration accounted for 72 percent of the state's population growth this year, with natural increase (births minus deaths) responsible for the other 28 percent (35,800 persons)".

[http://www.ofm.wa.gov/pop/april1/ofm\\_april1\\_press\\_release.pdf](http://www.ofm.wa.gov/pop/april1/ofm_april1_press_release.pdf)

DOL's Washington State Drivers Report further supports this trend. The 2017 report noted that for the 12 months ending June 2017, 190,298 out-of-state drivers obtained a Washington driver license. This package requests funding to support increased driver's license production costs associated with in-migration and general population trends.

## **Total Package Expenditure and Allocation Impact**

This decision package is a composite of forecast changes that impact projected volumes of card production and contractual changes related to the acquisition of a new CIS vendor. Contracted vendor changes include a reduction of \$0.11 in the cost of a non-enhanced personal driver's license (PDL) or identicard and a reduction of \$0.23 in the cost of an enhanced driver's license (EDL) or enhanced identicard (EID). All contract-related changes were fully incorporated by the beginning of the 2017-19 biennium. The lower cost-per-card in the new contract serves as an offset to costs driven by additional card production.

Forecast changes are subject to ongoing revision as forecasts are updated in accordance with the schedule as determined by state law. Changes are impacted by in-migration and other population changes within the state, which as noted above have been significant over the last several years. Expected changes in distribution of documents, such as different adoption levels of enhanced licenses and identicards, are also included in the base forecast assumptions. In future biennia, in-migration pressures on license issuance will be mitigated by the effect of the state's adoption of a six-year license life cycle, which has the effect of spreading five years of workload across six years.

Card production will increase in September 2018 as the department transitions from issuing a paper document to restricted license holders to a hard document produced by the CIS vendor. Approximately 9,500 applications for restricted licenses (occupational and ignition interlock) are received each year, with 84 percent of applications typically resulting in a license issuance. The cost for these documents is estimated at \$17,000 in Fiscal Year 2019, and \$21,000 per year in subsequent years.

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

DOL's 2017-19 base allocation for contracted cost-per-card payments is based on the November 2016 forecast of workload. Allotments are distributed for basic or PDL document production and EDL/EID document production.

\$9,505,609	PDL document production, Highway Safety Account-State (106-1)
<u>\$1,877,162</u>	EDL/EID document production, Highway Safety Account-State (106-1)
\$11,382,771	2017-19 allocation base

No FTE associated with document production, only vendor related expenditures.

Both types of document production are included in Activity A031, Driver Licensing, Regulation and Records.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:** Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

## Expenditures

The funding level in this package represents the net difference between volumes projected in the September 2017 Transportation Revenue Forecast and the average volumes projected in the November 2016 Transportation Revenue Forecast, which served as the base for card production cost allocations.

Cost-per-card assumptions in future biennia reflect production cost as negotiated with DOL's Central Issuance System (CIS) vendor. Table 1 illustrates PDL and EDL/EID document volumes, the costs for each, and the difference between expected costs from the adjusted 2017-19 baseline to the September 2017 forecast. Expenditures are from the Highway Safety Account-State (106-1) and are expensed to Sub-object ER (Other Purchased Services).

## FTEs

There are no FTEs associated with this request.

## Revenue

Revenue changes associated with increased driver's license and identicard production are included separately in DOL's revenue forecasts as adopted by the Transportation Revenue Forecast council. These forecasts are updated regularly to capture fluctuations in document demand. (Captures originals, renewals, replacements, and address/name updates that require a new card to be produced.)

Table 1 provides detail of changes for personal driver's licenses and identicards.

**Table 1**

Personal Driver's License (PDL) Production Costs	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2020-21
<b>Production Changes</b>						
September 2017 Forecast	1,913,054	1,826,405	3,739,459	1,767,676	1,839,517	3,607,193
Nov 2016 Forecast (avg/yr=funded production baseline)	1,910,806	1,816,884	3,727,690	1,863,845	1,863,845	3,727,690
<b>Change</b>	<b>2,248</b>	<b>9,521</b>	<b>11,769</b>	<b>(96,169)</b>	<b>(24,328)</b>	<b>(120,497)</b>
<b>Cost Changes</b>						
September 2017 Forecast						
CIS Contract \$2.55/card	\$4,878,288	\$4,657,332	\$9,535,620	\$4,507,575	\$4,690,768	\$9,198,343
November 2016 Forecast						
CIS Contract \$2.55/card	\$4,872,555	\$4,633,054	\$9,505,609	\$4,752,805	\$4,752,805	\$9,505,610
<b>Change, Basic (PDL/ID) documents</b>	<b>\$5,733</b>	<b>\$24,278</b>	<b>\$30,011</b>	<b>(\$245,230)</b>	<b>(\$62,037)</b>	<b>(\$307,267)</b>

Table 2 provides detail of changes for enhanced driver's licenses and identicards.

**Table 2**

EDL/EID Driver's License Production Costs	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2020-21
<b>Production Changes</b>						
September 2017 Forecast	228,367	346,474	574,841	366,952	423,570	790,522
Nov 2016 Forecast (avg/yr=funded production baseline)	193,609	203,254	396,863	198,432	198,432	396,863
<b>Change</b>	<b>34,758</b>	<b>143,220</b>	<b>177,978</b>	<b>168,521</b>	<b>225,139</b>	<b>393,659</b>
<b>Cost Changes</b>						
September 2017 Forecast						
CIS Contract \$4.73/card	\$1,080,176	\$1,638,822	\$2,718,998	\$1,735,683	\$2,003,486	\$3,739,169
November 2016 Forecast						
CIS Contract \$4.73/card	\$915,771	\$961,391	\$1,877,162	\$938,581	\$938,581	\$1,877,162
<b>Change, Enhanced (EDL/EID) documents</b>	<b>\$164,405</b>	<b>\$677,431</b>	<b>\$841,836</b>	<b>\$797,102</b>	<b>\$1,064,905</b>	<b>\$1,862,007</b>

Table 3 provides detail of restricted licenses that will be issued a hard document, produced by the department's central issuance vendor.

**Table 3**

Restricted Licenses - Occupational/Ignition Interlock	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2020-21
September 2017 Forecast - Applications	0	9,484	9,484	10,010	10,010	20,020
Restricted licenses - Issuances @ 80 percent of apps	0	7,587	7,587	8,008	8,008	16,016
Cost of issuance @ \$2.55; Sept 2018 implementation	\$0	\$16,123	\$16,123	\$20,420	\$20,420	\$40,841

Table 4 is a summary of the changes that make up DOL's 2018 supplemental budget request.

**Table 4**

Document Production Costs (Net Change)	FY 2018	FY 2019	2017-19	FY 2020	FY 2021	2020-21
PDL/EDL	\$170,138	\$701,709	\$871,847	\$551,872	\$1,002,868	\$1,554,740
Occupational/Ignition Interlock Licenses	\$0	\$16,123	\$16,123	\$20,420	\$20,420	\$40,841
Decision Package Funding Request	\$170,138	\$717,832	\$887,970	\$572,292	\$1,023,288	\$1,595,581

**Decision Package Justification and Impacts**

**What specific performance outcomes does the agency expect?**

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

If funding is received, DOL can issue the increased volume of documents, pay the related invoices timely, and avoid using funds needed for direct customer service and operations. If funding is not received, agency performance may decline in the service area absorbing the increased costs.

**Performance Measure detail:** If funding is not received, we would carefully analyze any performance data changes from the area that absorbed the increased costs.

**Fully describe and quantify expected impacts on state residents and specific populations served.**

This package supports all state residents that apply for and receive driver's licensing or identocard documents from the department. Maintaining sufficient funding for document production will help ensure that front line and back office customer services are not negatively impacted.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	

Other state agency impacts?	No	
Responds to specific task force, report, mandate or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections	None	

**Please provide a detailed discussion of connections/impacts identified above.**

N/A

**What alternatives were explored by the agency and why was this option chosen?**

Option 1: Do nothing. This option is not considered practical due to negative impacts on other driver's license related service areas.

Option 2: Request funding for increased driver's license production. This option allows DOL to maintain higher driver's license card production levels without impacting other driver's license related functions, such as maintenance of driver records and licensing office counter services.

**What are the consequences of not funding this request?**

The department is required by law to furnish driver licenses and identification cards. Without this funding, the agency would have to reduce services in other areas. Service reductions in field offices would result in longer wait times. Service reduction in headquarters would extend the time it takes to update driver records or to administer driver sanctions, both of which have public safety implications. It takes a coordinated effort from supporting service areas to effectively issue licenses and identicards in a timely manner.

**How has or can the agency address the issue or need in its current appropriation level?**

DOL found a more cost effective vendor when contractually allowed which will lower production costs in the future. Additional funds are needed during the transition period.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

N/A

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.

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## 2018 Supplemental Budget Decision Package

**Agency:** 240 – Department of Licensing

**Decision Package Code/Title:** ML2-8L Lease Adjustments

**Budget Period:** 2017-19

**Budget Level:** Maintenance Level

**Agency Recommendation Summary Text:**

Department of Licensing requests funds for increased lease and janitorial costs for Licensing Services Offices (LSO), Commercial Driver License (CDL) testing sites, and two Olympia area offices. (106-1 Highway Safety Fund-State, 108-1 Motor Vehicle Fund-State).

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

**Operational Summary**

Account Summary

Account Name	Account	2018	2019	2020	2021
Highway Safety	106	186,000	211,000	211,000	211,000
Motor Vehicle	108	-	3,000	3,000	3,000
<b>Account Totals</b>		<b>186,000</b>	<b>214,000</b>	<b>214,000</b>	<b>214,000</b>

FTE Summary

Position	Salary	2018	2019	2020	2021
<b>Total FTE</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Object Summary

Object Name	2018	2019	2020	2021
Goods and Services	186,000	214,000	214,000	214,000
<b>Total By Object Type</b>		<b>186,000</b>	<b>214,000</b>	<b>214,000</b>

Cash Receipts Summary

Account Name	Account	2018	2019	2020	2021
<b>Account Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Package Description**

This package requests \$400,000 for the 2017-19 biennium and \$428,000 ongoing to cover increased lease and janitorial costs for both full service and stand-alone contracts.

**Background:**

DOL leases are negotiated by the Department of Enterprise Services (DES). Inflation and market conditions affect the increased lease costs across the state. Most leases are negotiated for five-year periods, with some scheduled increases for certain variable periods. Not all leases have the same lease end date, and not all leases include janitorial services.

Approximately 40% of all DOL non-state owned leases are full service contracts, which include janitorial services and utilities. About 60% of these non-state owned leases are not full service contracts; per the terms of these leases, in order to provide janitorial services, stand-alone contracts are necessary. These services are obtained through the mandatory two tier master contract for janitorial services (DES contract 00508).

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Table 1 illustrates the total base budget for the non-state owned leases and mandatory DES two tier janitorial master contracts requested in this package.

**Table 1\***

Fund	Activity	Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
106-1	A031	Expenditures	\$1,582,000	\$1,582,000	\$1,582,000	\$1,582,000
106-1	A037	Expenditures	\$266,000	\$266,000	\$266,000	\$266,000
108-1	A037	Expenditures	\$446,000	\$446,000	\$446,000	\$446,000
Total			\$2,294,000	\$2,294,000	\$2,294,000	\$2,294,000

\*Rounded to the nearest thousand.

A031 – Driver Licensing, Regulating and Records Management

A037 – Agency Overhead

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Table 2 illustrates DOL facilities where lease adjustments were not signed or not in effect at the time of the last lease adjustment request. The dates and amounts shown are based on contracts signed and on file. It includes dates and amounts from new contracts, and variable increases from original contracts.

**Table 2\***

Licensing Service Offices (LSO)	New Lease Rate Start Date	Old Lease Rate	New Lease Rate	Difference per month	FY 18	FY 19	2017-19
Bellingham	01/01/16	\$8,979	\$7,313	(\$1,666)	(\$19,993)	(\$19,993)	(\$39,987)
Centralia - variable increase	06/01/18	\$2,719	\$2,909	\$190	\$190	\$2,280	\$2,470
Chelan	07/01/15	\$1,430	\$1,458	\$28	\$336	\$336	\$672
Clarkston	01/01/17	\$2,175	\$2,325	\$150	\$1,800	\$1,800	\$3,600
Colville	05/01/16	\$2,100	\$2,163	\$63	\$758	\$758	\$1,516
Coulee Dam	01/01/17	\$425	\$445	\$20	\$246	\$246	\$491
Ellensburg	02/01/16	\$2,725	\$2,862	\$136	\$1,635	\$1,635	\$3,270
Ephrata	07/01/17	\$1,950	\$2,317	\$367	\$4,401	\$4,401	\$8,801

Federal Way	10/01/16	\$10,695	\$8,081	(\$2,614)	(\$31,368)	(\$31,368)	(\$62,736)
Friday Harbor	01/01/17	\$250	\$300	\$50	\$600	\$600	\$1,200
Goldendale	06/01/17	\$1,000	\$1,100	\$100	\$1,200	\$1,200	\$2,400
Kelso	07/01/16	\$5,580	\$5,550	(\$30)	(\$360)	(\$360)	(\$720)
Kent	01/01/16	\$8,627	\$8,564	(\$63)	(\$754)	(\$754)	(\$1,508)
North Bend	08/01/16	\$3,186	\$3,914	\$728	\$8,735	\$8,735	\$17,469
Omak	04/01/17	\$3,058	\$3,227	\$168	\$2,020	\$2,020	\$4,039
Oroville	11/01/16	\$700	\$750	\$50	\$600	\$600	\$1,200
Pullman	03/01/16	\$1,336	\$1,525	\$189	\$2,268	\$2,268	\$4,536
Seattle West	11/01/15	\$14,799	\$17,447	\$2,648	\$31,779	\$31,779	\$63,558
Smokey Point	12/01/15	\$9,020	\$9,144	\$124	\$1,484	\$1,484	\$2,967
Spokane	09/01/16	\$7,680	\$15,503	\$7,823	\$93,876	\$93,876	\$187,752
Walla Walla	12/01/16	\$2,835	\$3,020	\$185	\$2,220	\$2,220	\$4,440
Wenatchee	04/01/17	\$6,487	\$6,990	\$503	\$6,037	\$6,037	\$12,073
White Salmon	07/01/16	\$1,300	\$805	(\$495)	(\$5,940)	(\$5,940)	(\$11,880)
<b>LSO</b>							
<b>Subtotal*</b>					<b>\$102,000</b>	<b>\$104,000</b>	<b>\$206,000</b>

<b>Commercial Driver Test Sites (CDL)</b>	<b>New Lease Rate Start Date</b>	<b>Old Lease Rate</b>	<b>New Lease Rate</b>	<b>Difference per month</b>	<b>FY 18</b>	<b>FY 19</b>	<b>2017-19</b>
Cheney		\$3,000	\$0	(\$3,000)	(\$36,000)	(\$36,000)	(\$72,000)
Pacific	10/01/15	\$6,100	\$12,245	\$6,145	\$73,740	\$73,740	\$147,480
Pasco	02/01/17	\$3,150	\$3,308	\$158	\$1,896	\$1,896	\$3,792
Pasco - variable increase	02/01/18	\$3,308	\$3,473	\$165	\$825	\$1,980	\$2,805
Ridgefield		\$4,500	\$0	(\$4,500)	(\$54,000)	(\$54,000)	(\$108,000)
<b>CDL</b>							
<b>Subtotal*</b>					<b>(\$14,000)</b>	<b>(\$12,000)</b>	<b>(\$26,000)</b>

<b>Olympia Area Offices</b>	<b>New Lease Rate Start Date</b>	<b>Old Lease Rate</b>	<b>New Lease Rate</b>	<b>Difference per month</b>	<b>FY 18</b>	<b>FY 19</b>	<b>2017-19</b>
Bristol Court	07/01/15	\$25,888	\$26,704	\$816	\$9,792	\$9,792	\$19,584
Tumwater Warehouse	12/01/16	\$32,383	\$33,578	\$1,195	\$14,340	\$14,340	\$28,680
<b>Olympia Area Facilities*</b>					<b>\$24,000</b>	<b>\$24,000</b>	<b>\$48,000</b>

<b>Cost Allocation Adjustment**</b>	<b>(\$2,000)</b>	<b>(\$2,000)</b>	<b>(\$2,000)</b>
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<b>Lease Adjustment Total*</b>	<b>\$110,000</b>	<b>\$114,000</b>	<b>\$224,000</b>
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\*Rounded to the nearest thousand.

\*\*Please note package request reflects \$2,000 less per fiscal year due to cost allocation of lease costs for the Tumwater Warehouse, which is multi-funded by several funds weighted less than 6%, which round to zero.

Table 3 illustrates DOL facilities that have stand-alone janitorial services contracts, which were not signed or in effect at the time of the last budget request. The dates and amounts shown are based on contracts signed and on file.

**Table 3\***

<b>Licensing Service Offices (LSO)</b>	<b>New Rate Start Date</b>	<b>Old Janitorial Rate</b>	<b>New Janitorial Rate</b>	<b>Difference per month</b>	<b>FY 18</b>	<b>FY 19</b>	<b>2017-19</b>
Anacortes	10/01/17	\$613	\$679	\$66	\$594	\$792	\$1,386
Bellingham	11/01/17	\$912	\$1,453	\$541	\$4,328	\$6,492	\$10,820
Clarkston	09/01/17	\$778	\$867	\$89	\$890	\$1,068	\$1,958
Colville	08/01/17	\$684	\$914	\$230	\$2,530	\$2,760	\$5,290
Ellensburg	09/01/17	\$441	\$615	\$174	\$1,740	\$2,088	\$3,828
Ephrata	11/01/17	\$440	\$637	\$197	\$1,576	\$2,364	\$3,940
Goldendale	09/01/17	\$296	\$274	(\$22)	(\$220)	(\$264)	(\$484)
Hoquiam	10/01/17	\$1,049	\$1,036	(\$13)	(\$117)	(\$156)	(\$273)
Moses Lake	09/01/17	\$663	\$778	\$115	\$1,150	\$1,380	\$2,530
Mount Vernon	11/01/17	\$827	\$1,475	\$648	\$5,184	\$7,776	\$12,960
Vancouver North	10/01/17	\$1,408	\$1,975	\$567	\$5,103	\$6,804	\$11,907
Oak Harbor	10/01/17	\$917	\$1,248	\$331	\$2,979	\$3,972	\$6,951
Omak	09/01/17	\$533	\$753	\$220	\$2,200	\$2,640	\$4,840
Oroville	09/01/17	\$202	\$264	\$62	\$620	\$744	\$1,364
Port Angeles	10/01/17	\$518	\$833	\$315	\$2,835	\$3,780	\$6,615
Port Townsend	10/01/17	\$545	\$1,106	\$561	\$5,049	\$6,732	\$11,781
Pullman	08/01/17	\$638	\$796	\$158	\$1,738	\$1,896	\$3,634
Renton	10/01/17	\$834	\$2,172	\$1,338	\$12,042	\$16,056	\$28,098
Seattle West	10/01/17	\$1,211	\$1,397	\$186	\$1,674	\$2,232	\$3,906
Spokane Valley	08/01/17	\$888	\$1,364	\$476	\$5,236	\$5,712	\$10,948
Union Gap	10/01/17	\$1,074	\$1,748	\$674	\$6,066	\$8,088	\$14,154
Walla Walla	10/01/17	\$625	\$1,274	\$649	\$5,841	\$7,788	\$13,629
Wenatchee	10/01/17	\$770	\$1,403	\$633	\$5,697	\$7,596	\$13,293
<b>LSO Subtotal*</b>					<b>\$75,000</b>	<b>\$98,000</b>	<b>\$173,000</b>

Olympia Area Offices	New Rate Start Date	Old Janitorial Rate	New Janitorial Rate	Difference per month	FY 18	FY 19	2017-19
Bristol Court	12/01/17	\$1,060	\$1,224	\$164	\$1,148	\$1,968	\$3,116
<b>Olympia Area Facilities*</b>					<b>\$1,000</b>	<b>\$2,000</b>	<b>\$3,000</b>

<b>Janitorial Adjustment Total*</b>	<b>\$76,000</b>	<b>\$100,000</b>	<b>\$176,000</b>
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<b>Lease Adjustment and Janitorial Adjustment Total*</b>	<b>\$186,000</b>	<b>\$214,000</b>	<b>\$400,000</b>
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\*Rounded to the nearest thousand.

### Decision Package Justification and Impacts

Funding is needed to ensure DOL can meet its contractual lease and janitorial obligations DES negotiates. LSO and CDL facilities are the primary locations customers come to receive services. DOL provide services to millions of customers a year and proper funding is needed to ensure facilities are kept regularly clean.

#### What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

With full funding, millions of customers who will visit these LSOs will continue to receive friendly and helpful service in safe and clean offices. These outcomes align directly with the Governor’s Goal 5 measures of customer satisfaction and timely services, and indirectly with Goal 4 traffic safety measures as we screen applicants for safe driving.

#### Performance Measure detail:

DOL will continue to measure customer wait times and satisfaction with service at all LSOs. Analysis and actions to achieve performance targets for these measures (OM2a, OM2d and OP2f) are reported each month in our Results DOL Report.

#### Fully describe and quantify expected impacts on state residents and specific populations served.

As noted above, millions of customers a month could be negatively impacted by inadequate funding of leases and janitorial services. Leasing appropriate facilities allows for convenient delivery of services including Americans with Disabilities Act (ADA) accessibility, adequate parking, and a clean, comfortable and safe setting for customers.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	None
Other local gov't impacts?	No	None.
Tribal gov't impacts?	No	None.
Other state agency impacts?	No	None.
Responds to specific task force, report, mandate, or exec order?	No	None.
Does request contain a compensation change?	No	None.
Does request require a change to a collective bargaining agreement?	No	None.
Facility/workplace needs or impacts?	No	Pertains to increased lease and janitorial costs only.
Capital Budget Impacts?	No	None.
Is change required to existing statutes, rules or contracts?	No	None.
Is the request related to or a result of litigation?	No	None.
Is the request related to Puget Sound recovery?	No	None.
Identify other important connections	N/A	

Please provide a detailed discussion of connections/impacts identified above.

This request pertains to increased lease and janitorial costs only; however, properly sited facilities allow DOL to provide information to law enforcement, license and regulate drivers, register vehicles and vessels, manage professional and business licensing programs, and ensure the fair and efficient collection of state revenue.

**What alternatives were explored by the agency and why was this option chosen?**

DOL facility planners and DES work together to reduce and eliminate costs through careful space planning. As program needs change, sites are reviewed for appropriate size, location, and current market rates. It is a complex process. The goal is to lease space at or below the standard market rate. When possible facility footprints are condensed as well.

**What are the consequences of not funding this request?**

Lease and janitorial agreements are binding. If funding is not received for lease and janitorial adjustments, funding that supports other areas of the agency will be used thus affecting services provided to the public elsewhere, as well as other state agencies.

**How has or can the agency address the issue or need in its current appropriation level?**

Inflation causes costs of goods and services to continually increase over time which is out of DOL's control. Periodic funding increases are needed to maintain existing service levels.

Per RCW 46.01.330, where community needs warrant collocation, DOL and WSP coordinate siting LSOs and vehicle inspection service facilities.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

None.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

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## 2018 Supplemental Budget Decision Package

**Agency:** 240 – Department of Licensing

**Decision Package Code/Title:** ML2-PP Postage and Printing Adjustments

**Budget Period:** 2017-19

**Budget Level:** Maintenance Level

**Agency Recommendation Summary Text:** Department of Licensing request funds for postage and printing costs due to increased volume of title, registration and disability renewal notifications. (108-1 Motor Vehicle Account)

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

### Operational Summary

#### Account Summary

Account Name	Account	2018	2019	2020	2021
Motor Vehicle	108	(3,400)	121,600	250,700	383,900
<b>Account Totals</b>		<b>(3,400)</b>	<b>121,600</b>	<b>250,700</b>	<b>383,900</b>

#### FTE Summary

Position	Salary	2018	2019	2020	2021
<b>Total FTE</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

#### Object Summary

Object Name		2018	2019	2020	2021
Goods and Services		(3,400)	121,600	250,700	383,900
<b>Total By Object Type</b>		<b>(3,400)</b>	<b>121,600</b>	<b>250,700</b>	<b>383,900</b>

#### Cash Receipts Summary

Account Name	Account	2018	2019	2020	2021
<b>Account Totals</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Package Description

#### Summary

Department of Licensing (DOL) is experiencing increased postage and printing costs due to increased volume of titles and registrations which creates the need for more renewal notifications. This service covers the renewal notices for titles, vehicle registrations and disability placards/identification cards. The total 2017-19 biennium request is for \$118,200 from the Motor Vehicle Account (108) to pay contracted postage and printing service.

**Background:**

DOL prints and mails out over 15,000,000 renewal notices a biennium. Due to increased population migration and a healthier economy, more people are purchasing and titling vehicles in Washington State. This is leading to increased costs. Funding this request ensures the agency will continue to maintain the level of service that is expected by customers. DOL continues to encourage citizens to sign up for online renewal notifications to minimize postage and printing related costs.

Over the past two years, Washington’s population increase has been noted by the state. A June 30, 2017 press release titled “Population growth in Washington Remains strong” issued by the Office of Financial Management (OFM) notes a 1.76% increase in the past year and a 1.73% increase in 2016.

[http://www.ofm.wa.gov/pop/april1/ofm\\_april1\\_press\\_release.pdf](http://www.ofm.wa.gov/pop/april1/ofm_april1_press_release.pdf)

<http://www.ofm.wa.gov/pop/april1/poptrends.pdf>

Also per the Detailed Forecast Tables published June 2016 by the OFM, vehicle registrations grew 4.0% in 2016 and 1.6% in 2017. There is expected growth from fiscal year 2018 thru 2027 of 1.4% per year.

<http://www.ofm.wa.gov/budget/info/June17transpovol2.pdf>

DOL’s Washington State Drivers Report further supports this trend. The 2017 report noted that in 2016 and 2017 almost four hundred thousand drivers migrated into Washington from other states. This package requests funding to support increased driver's license production costs associated with in-migration population trends.

<http://www.dol.wa.gov/about/docs/driver-reports/2017-07-WDL-report.pdf>

**Base Budget:** If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Fund	Activity		FY 2018	FY 2019	FY 2020	FY 2021
108-1	A032	FTE	0	0	0	0
		Expenditures	4,609,266	4,734,207	4,863,251	4,996,538
Total		FTE	0	0	0	0
		Expenditures	4,609,266	4,734,207	4,863,251	4,996,538

All of these costs are under fund 108-1 Motor Vehicle Account and activity codes A032 Issuing and Regulating Vehicles & Boats Records.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:** Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

**Expenditures:**

The following table captures the printing and mailing costs for 5 different renewal notifications for the 2017-19 and 2019-21 biennium. The Expenses were determined from trend data for the last 5

fiscal years and applying the average growth of postage at 3.436% and printing at 0.503% to each subsequent year.

Type	PI #	SubObjects	2018	2019	2020	2021
ALLOTMENT BY OBJECT	17500	EB - Communications/Telecommunications	\$ 3,212,230	\$ 3,212,223	\$ 3,212,230	\$ 3,212,223
EXPENSES	17500	EB - Communications/Telecommunications	\$ 3,322,471	\$ 3,440,941	\$ 3,563,481	\$ 3,690,233
VARIANCE BY OBJECT	17500	EB - Communications/Telecommunications	\$ (110,241)	\$ (228,718)	\$ (351,251)	\$ (478,010)
ALLOTMENT BY OBJECT	17500	EF - Printing and Reproduction	\$ 1,400,400	\$ 1,400,400	\$ 1,400,400	\$ 1,400,400
EXPENSES	17500	EF - Printing and Reproduction	\$ 1,286,796	\$ 1,293,266	\$ 1,299,769	\$ 1,306,305
VARIANCE BY OBJECT	17500	EF - Printing and Reproduction	\$ 113,604	\$ 107,134	\$ 100,631	\$ 94,095
Total ALLOTMENT BY OBJECT	17500		\$ 4,682,773	\$ 4,682,773	\$ 4,682,773	\$ 4,682,773
Total EXPENSES	17500		\$ 4,609,266	\$ 4,734,207	\$ 4,863,251	\$ 4,996,538
Total VARIANCE BY OBJECT	17500		\$ 3,364	\$ (121,584)	\$ (250,621)	\$ (383,915)

The allotments and the expenses above reflect the policy level reduction of \$125,000 in each fiscal year to find ways to reduce this renewal costs. DOL expects to modernize and lean the process with more online renewals and use of post cards. Future years also continue the reduction. Due to an increased volume of mailings and printing because of migration and growing population. DOL requests the remaining variance to cover the expected costs.

**FTEs:**

There are no FTEs associated with this request.

**Revenue:**

There is no expected additional revenue from this decision package if customers continue to receive renewal notifications. Receiving notifications however is likely to ensure timely renewals.

**Decision Package Justification and Impacts**

**What specific performance outcomes does the agency expect?**

DOL will be able to continue offering mailed reminders and therefore continue meeting the customer expectation for mailed notification services for those who have not signed up to receive emails. If funding is not received, DOL will have to limit offering mailed vehicle tab renewal notices and would expect:

- Significant customer complaints.
- An increase of expired tabs and the associated work for law enforcement to pull cars over.
- Less timely and accurate customer data in DOL systems needed by DOL and law enforcement for regulatory purposes.
- A decrease in revenue from vehicle tab renewals.

**Performance Measure detail:**

DOL will continue measuring documents printed and mailed, and comparing those to electronic alternatives chosen by customers, analyzing for trends and opportunities to increase electronic alternatives. DOL will continue measuring customer satisfaction for service by mail, office, phone and internet. If this request is not funded, an analysis of customer comment data for feedback would be used on what services to cut from.

Fully describe and quantify expected impacts on state residents and specific populations served.

These mailings include the vast majority of Washington State residents. This would impact those with vehicles, disability placards and identification cards.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate, or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	
Is change required to existing statutes, rules or contracts?	No	
Is the request related to or a result of litigation?	No	
Is the request related to Puget Sound recovery?	No	
Identify other important connections	Yes	Increasing online transactions increases credit card fees incurred.

Please provide a detailed discussion of connections/impacts identified above.

Customers who are likely to sign up for online renewals are also more likely to renew online which will incur credit card fees. However, credit card fees are significantly less than hiring staff to process those transactions.

By having citizens do more online transactions increases customer satisfaction from quicker transactions: no wait times, can be done from home and electronic notifications. Online transactions will encourage savings from postage, printing, facility and staffing costs for renewal notifications and in-person renewal transactions, but will incur more credit card fees and online website maintenance. As more people adopt online services, it will create the budget savings and works to offset population growth budget impacts at DOL

What alternatives were explored by the agency and why was this option chosen?

Option 1 – Request additional funds to maintain current service levels.

Options 2 - The agency continues to encourage customers to sign up for online license renewal notifications to minimize postage and printing costs. Long-term effort.

Option 3 - With direction from OFM, DOL also intends to implement sending renewal notifications via a post card. In order to operationalize the process DOL has to further implement DRIVES and the procedure on who can receive a post card.

Option 4 – Make cuts to other DOL services to maintain this particular service. This could also include limiting which service products get renewal notifications or make cuts to other business areas to make this service whole.

Option 5 – Stop sending renewals. This would save the department money but will impact customer satisfaction and revenue levels by not getting reminders.

DOL is pursuing options 1, 2 and 3 to maintain current service levels that will best meet the customer’s expectations and confidence in government services while DOL continues to encourage the use of online services.

#### **What are the consequences of not funding this request?**

This cost is linked to continued population growth in which the department cannot sustain its budget without additional funding. Without additional resources, DOL will have to divert resources from other direct service program areas. Diverting resources would only shift customer dissatisfaction from one business area to another or in multiple areas because it would then create underfunding in multiple areas.

These outcomes would be counter to elements of DOLs mission – great service, public safety and collecting revenue. If funding is not received and DOL cuts some other service to pay for unfunded postage, DOL would expect a decrease in satisfaction among those customers impacted, which in turn would impact the Results Washington Goal 5 sub-topics of customer satisfaction and service reliability.

#### **How has or can the agency address the issue or need in its current appropriation level?**

One of DOLs strategic initiative is to reduce barriers with online transactions by adding more services and making the website user friendly. With each generation becoming more comfortable with technology and with increasing access to the internet it is anticipated the use of online services will continue to rise.

#### **Other supporting materials:**

None.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.

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## 2018 Supplemental Budget Decision Package

**Agency:** 240 – Department of Licensing

**Decision Package Code/Title:** PL-P1 BTM Continuation – DRIVES R2

**Budget Period:** 2017-19

**Budget Level:** Policy Level

**Agency Recommendation Summary Text:**

The Department of Licensing (DOL) requests funding for additional testers, trainers, and for the cost of integrating Drivers Licensing System modernization with the Card Issuance System to complete the implementation of DRIVES Rollout 2. (106-1 Highway Safety Account)

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

**Operational Summary**

<b>Operating Expenditures</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
106-1	1,662,000	1,590,000	0	0
<b>Total Cost by Fund</b>	<b>1,662,000</b>	<b>1,590,000</b>	<b>0</b>	<b>0</b>
<b>Staffing</b>				
FTEs	0.0	0.0	0.0	0.0
<b>Revenue</b>				
Total Revenue	0	0	0	0
<b>Object of Expenditure</b>				
A	479,000	679,000		
B	170,000	274,000		
C	1,013,000	637,000		
<b>Total Cost by Object</b>	<b>1,662,000</b>	<b>1,590,000</b>	<b>0</b>	<b>0</b>

**Package Description**

**Summary:**

In this supplemental request, DOL is requesting the \$1.4 million left unspent from contractual obligations in the 2015-17 biennium to be carried over into the 2017-19 biennium to complete the implementation of DRIVES Rollout 2. In addition, DOL is requesting \$1.6 million for staffing and \$250,000 for unanticipated implementation cost for Valid (contractor) to complete on-site system

integration for the Drivers portion of DOL's Business and Technology Modernization (BTM) project.

Funding received through the 2017-19 biennial budget is currently being used to complete the Drivers system modernization, following the Vehicles (DRIVES Rollout 1 – R1) system rollout in December 2016. The Drivers system implementation (DRIVES Rollout 2 – R2) is approximately one-third complete as of the beginning of the 2017-19 biennium. The new system is expected to go live in September 2018, and the system optimization and stabilization to be completed by December 2018.

R2 started after the completion of R1, so through mutual agreement DOL and the contractor decided to delay the start of R2 because transition time was needed to shift the project team from R1 to R2. This caused a three (3) months delay to the accelerated project timeline, but R2 is still expected to be completed nine (9) months ahead of the original timeline. By starting later DOL was not able to use the full amount of funding provided in FY2016 decision package (DP), and therefore, approximately \$1.4 million related to contractual services was returned at the end of the 2015-17 biennium.

Funding this DP will allow DOL to:

- Ensure the rollout schedule stays on track
- Minimize the transitional impact on customers, stakeholders and staff
- Maximize the system's effectiveness and functionality by ensuring the newly developed system complies with all planned business needs and requirements
- Reduce deployment issues and delays by identifying and resolving system "bugs"
- Minimize post-deployment troubleshooting and rework
- Ensure field staff are properly trained during peak season (spring – summer)

### **Background:**

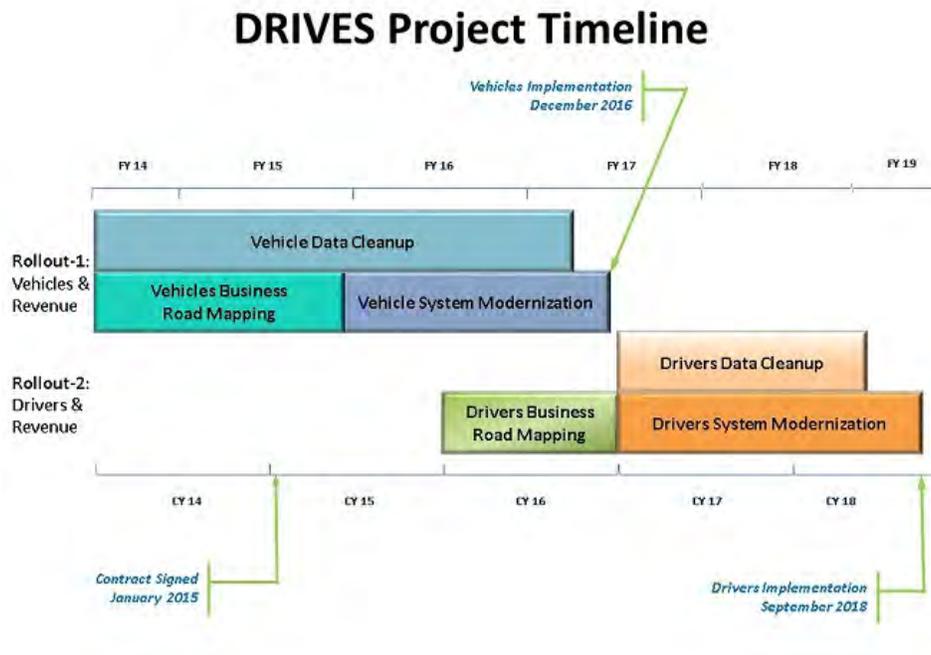
The DRIVES technology modernization project supports more efficient vehicle and driver licensing services and revenue collection. These functions are dependent on the usability and reliability of the supporting information technology systems and infrastructure. Modernized systems will provide employees with enhanced tools and information that enable DOL and contracted vehicle licensing offices at county auditor offices and subagents to provide better and faster customer service, support continuous process improvement and effectively measure work output. Project completion ensures tools and data are in place to provide reliable and timely customer service performance metrics, including improved wait times, better performance data reporting capability and the ability to make system modifications and legislative changes faster and generally with lower costs.

DOL's core information technology systems are significantly outdated, not reliable and in need of modernization. In January 2015, DOL contracted with Fast Enterprises, LLC (FAST) for implementation of a commercial off-the-shelf (COTS) software solution for licensing and revenue management systems. The contract was reviewed and approved by the Department of Enterprise Services (DES) and the Office of the Chief Information Officer (OCIO).

DRIVES R1 for the Vehicle licensing portion of the modernization project was completed and went live in December 2016, six (6) months earlier than the original timeline. DOL received funding in

FY2016 Supplemental Budget to start the modernization of DRIVES R2 for the Drivers system. Implementation of the driver licensing system and remaining revenue functions are now underway. The Drivers system implementation is approximately one-third complete as of the beginning of the 2017-19 biennium. DRIVES R2 is scheduled for completion in September, nine (9) months ahead of the original timeline.

Beginning with the 2013-15 biennium and including current funding for 2017-19, DOL has received a total of \$59.26 million in funding (of that amount \$35.45 million has been expended to date). The accelerated project timeline based on the contract with the vendor is shown below:



The accelerated implementation schedule allows completion of the Vehicles and Drivers systems in three (3) years rather than the original four (4) year plan. The accelerated schedule was the result of the final negotiated sole-source contract with the vendor. The contract was reviewed and approved by DES and OCIO.

**Base Budget:** If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

DOL's base budget does not include funding to complete modernization of the driver licensing systems. One-time project funding for Drivers system modernization was received in DOL's 2017-19 biennial budget. Funding received for this project impacts activity code A036 – Agency Information Technology (IT) Projects. Note that this system modernization will also impact A031 – Driver Licensing, Regulating, and Records Management.

Fund	Activity		FY 2018	FY 2019	FY 2020	FY 2021
106-1	A036	FTE	29.0	14.7		
		Expenditures	\$11,065,000	\$11,065,000		
Total		FTE	29.0	14.7		
		Expenditures	\$11,065,000	\$11,065,000		

The 2017-19 biennial budget request for the Drivers system modernization was based on project cost estimates for implementation vendor, staffing, goods and services, and equipment. This supplemental budget request was developed based on lessons learned and experience gained through the implementation of R1.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

This budget request provides funding for the following professional services to adequately support the implementation of R2 per the project schedule:

- \$1.4 million for continued funding for contract costs carried over from 2015-17. (Note: the almost \$1.7 million carried over into 2017-19 was for the system vendor, these funds are to support vendor services.)
- \$1.6 million for staffing needed to ensure field staff are properly trained and system “bugs” are identified through testing.
- \$250,000 for unanticipated implementation cost for Valid (contractor) to complete on-site system integration for the Drivers portion of DOL’s BTM project.

**Decision Package Justification and Impacts**

Based on lessons learned from the completed R1 (Vehicles) system implementation, DOL identified additional resources such as project support, testing, and training staff to ensure successful completion of R2. Many of the lessons learned during R1 implementation were documented on a project issues log which revealed that more adequate testing, training, and identification of any “bugs” and inefficiencies in the system will increase the system’s initial usability and functionality. This request ensures that critical testing and training activities can occur according to the project’s schedule, so the project is delivered on time according to established business needs and requirements.

**Continuation of Vendors Support of \$1.4 million:** Since R2 started later than planned, DOL was not able to use all the funding provided in FY2016, and therefore, approximately \$1.4 million related to contractual services such as Organizational Change Management (OCM), Business Analyst (BA), and Project Manager (PM) was returned at the end of the 2015-17 biennium. Included under these contracts are:

- OCM resources will assist with the creation, implementation and management of the agencies OCM plan that will position DOL for a successful R2 implementation for the DRIVES project.

- PM provides services such as planning and project scheduling, participation in project and steering committee team meetings, facilitation and completion of tasks, changes, issue and risk management, communications, quality assurance activities, and project implementation.
- BA provides services such as analytical assistance to the agency and OCM team with the launch and support of R2. This includes the as-is and to-be business and system processes, business procedure, policy documentation, and training materials.

Typically these services are provided on a project of similar scale from start to finish. Originally these costs would have ended in September 2018 following stabilization of R2. With the three (3) months delayed start of R2, these services now began in April 2017, and are expected to be utilized through system optimization and stabilization, which last until December 2018 when the project is completed.

**R2 Temporary Project Staffing Costs of \$1,602,000:** Additional staff resources are needed for the following areas:

- **Testing:** These positions are needed to ensure system issues are identified prior to launch for a smoother roll out of the new system by minimizing workflow glitches that can impact customer wait times.
  - **Lead Tester – one (1) position at \$171,000:** Position coordinates the involvement, schedule, resourcing, and execution of the testing performed by the large test team.
  - **Testers – at \$373,000:** This amount is equivalent to about four (4.15) testers (90K\*4.15=373K), and it represents the shortfall between the original request and the current need.
- **Trainers – at \$234,000:** This amount is equivalent to about three (3.4) trainers (69K\*3.4=234K) to include an additional three (3) months required to ensure timely and thorough user training and post launch support. Training front-line Licensing Service Representatives will require them to come off of service counters during the peak spring/summer season which will reduce capacity to serve customers.
- **Data Integrity:** These positions are needed to ensure data integrity from legacy system as well as ensuring new data to be captured properly.
  - **Lead Data Engineer – one (1) position at \$186,000:** Position is senior-level specialist that extracts data from legacy systems, reconciling extract procedures, and providing definition and meaning to legacy data structures and data values.
  - **Data Engineer – 1 position at \$171,000:** Position extracts data from legacy systems, reconcile extract procedures, and provide definition and meaning to legacy data structures and data values.

#### **Key Project Support Staff:**

- **Project Business Liaison – 1.05 positions at \$115,000:** This temporary project position performs Drivers business rules research, analysis, and coordinates Drivers commercial off-the-shelf (COTS) configurations. Ensures business needs are being met and compliance with existing laws.

- **Human Resource (HR) Operations Manager – one (1) position at \$166,000:** This temporary project position provides human resource consulting and guidance to the project team. Project requires a complex coordination of temporarily reassigning staff during various stages of the project to involve program staff participation to ensure new system will meet all business needs.
- **Enterprise Program Management Office (EPMO) Budget Manager – one (1) position at 70% at \$116,000:** This temporary project position manages, conducts, and coordinates the budget and fiscal activities for the EPMO and DRIVES project, including contracted professional service vendors. Large projects like this require a high degree coordination related to staffing changes, resource management, and budget impacts during various stages of the project.
- **DRIVES Training & Testing Logistics Support – one (1) position at \$70,000:** This temporary project position supports DRIVES R2 testing and training activities, staffing logistics, HR alterations, travel arrangements, facility requirements, equipment assignments, and required training management.

It is important that the above positions are funded because each of them performs critical functions within the R2 project. These resources will allow DOL to successfully implement R2 and eliminate potential delays, budget overruns, and other unforeseen project issues.

**Staffing Summary:**

<b>Job Classification</b>	<b>2017-19 Total Salary &amp; Benefits</b>	<b>Notes</b>
Lead Tester	\$ 171,000	
Testers	\$ 373,000	
Trainers	\$ 234,000	
Lead Data Engineer	\$ 186,000	
Data Engineer	\$ 171,000	
Project Business Liaison	\$ 109,000	
Project Business Liaison	\$ 6,000	5% Pay
HR Operations Manager	\$ 166,000	
EPMO Budget Manager	\$ 116,000	70% Pay
DRIVES Training & Testing Logistics Support	\$ 70,000	
<b>Total:</b>	<b>\$ 1,602,000</b>	

- **Valid On-Site of \$250,000:** Valid is the implementation vendor for the CIS project implemented earlier this year and is the application used to issue driver license cards. Based on lessons learned from R1 and the system integration experiences from other states, it is critical that funding is available for Valid to be on-site during the integration portion of R2 implementation. The previous request anticipated system integration, but did not request enough funding to bring the vendor on-site to develop CIS-DRIVES interface and verify the accuracy of the two system's connection. Integration of the two (2) systems allows applicant information (photo/images) to be fed into the DRIVES application – licenses cannot be issued without the properly integration of these applications.

## Expenditure and FTE Calculations and Assumptions

Summary of FY2018 Supplemental Request:

<b>Contract &amp; Staffing Items:</b>	
1. Continuation of Vendor Support	\$1,400,000
2. R2 Increased Staffing Costs	\$1,602,000
<b>New Unanticipated Items:</b>	
3. Valid On-Site	\$250,000
<b>Total:</b>	<b>\$3,252,000</b>

### What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Performance outcomes will include:

- More accurate, timely and secure driver record data,
- More timely implementation of new laws and the related revenue collection,
- More reliable daily operations and customer service.

Those outcomes can be achieved because DRIVES R2 will:

- Eliminate driver record errors caused when legacy systems react inconsistently to new entries or codes reflecting new laws. Eliminating errors will improve accuracy of records used by DOL, courts and law enforcement for regulating licensees. Better regulating leads to safer roads.
- Mitigate the risk of unauthorized access and fraudulent use of customers' personal information.
- Increased capacity of staff to ensure implementation of state and federal laws are completed on time and on budget, and that new revenue is not delayed.
- Reduce driver field system outages causing service slowdowns and errors from manual workarounds during outages.

DRIVES R2 supports the Results Washington Goal 4 for Healthy and Safe Communities, traffic safety measures 2.4 through 2.4c, and Washington's strategic highway safety plan Target Zero. Implementation will:

- Improve DOL's ability to collect data, report on, and research traffic fatalities and the associated causal factors found in driver records.
- Improve DOL's ability to collect and analyze driver education and training participation data.
- Improve driver record accuracy and availability used by law enforcement to take action with drivers posing a risk to the public. (Pertinent records include endorsements, citations and violations).

R2 will also support the Results Washington Goal 5 for Effective, Efficient and Accountable Government, by reducing customer service slowdowns. Without DRIVES R2, DOL cannot reduce disruptions to daily operations or driver record errors. Therefore DOL cannot improve record quality for law enforcement or record security for DOL's customers.

DOL's 2014-17 Strategic Plan includes DOL's BTM initiative 11, to complete the system implementations for vehicles and prorate and fuel tax. DOL's 2017-20 Strategic Plan moves forward with initiative 8 for driver licensing systems and ongoing adaptability of all systems to meet emerging needs. These projects remain DOL's highest strategic priorities and are interdependent.

**Performance Measure detail:**

DOL will continue to measure DOL's fiscal accountability for DRIVES implementation, using DOL's internal performance measure SP5c, the fiscal year to date project budget variance. Each month DOL's Enterprise Performance Management Office reports this variance as a dollar and a percent, what has been impacting the variance, and what action they are taking to stay within the target of less than three percent underspent or overspent.

DOL will continue to measure the project timeline management, using the internal performance measure SP7c, the timeliness of completing all major project milestones. This performance is also reported monthly with analysis and action plans updated.

DOL will continue to measure the driver systems outages, using the internal performance measure, and expect to see outages decline.

DOL will continue to report driver record errors caused by system weaknesses, along with solutions or barriers to solution, to the executive team for resource and risk mitigation decisions

**Fully describe and quantify expected impacts on state residents and specific populations served.**

The driver licensing system is integral to DOL's ability to provide key services to citizens, agency business partners, and state and federal agencies that rely on data for public safety, licenses, IDs, and revenue for state's transportation system. The funding requested in this decision package enables DOL and business partners to be more responsive to changes in policy and business needs.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
<b>Regional/County impacts?</b>	<b>No</b>	
<b>Other local gov't impacts?</b>	<b>No</b>	
<b>Tribal gov't impacts?</b>	<b>No</b>	
<b>Other state agency impacts?</b>	<b>Yes</b>	The DRIVES modernization project will improve the speed of implementing fee and tax proposals

		so that DOL can achieve faster collection of revenues that are anticipated through legislative action and projected in revenue forecasts. This funding request increases the likelihood of project success. In addition to DOL, Washington Department of Transportation and Washington State Patrol budgets are linked to transportation budget, so other key stakeholders benefit from more efficient DOL operations, and its ability to collect revenue and its data capabilities.
<b>Responds to specific task force, report, and mandate or executive order?</b>	No	
<b>Does request contain a compensation change?</b>	No	
<b>Does request require a change to a collective bargaining agreement?</b>	No	
<b>Facility/workplace needs or impacts?</b>	No	
<b>Capital Budget Impacts?</b>	No	
<b>Is change required to existing statutes, rules or contracts?</b>	No	
<b>Is the request related to or a result of litigation?</b>	No	
<b>Is the request related to Puget Sound recovery?</b>	No	
<b>Identify other important connections</b>	N/A	

**Please provide a detailed discussion of connections/impacts identified above.**

The approved Investment Plan proposed a solution to carry out an enterprise-wide COTS implementation strategy to replace core legacy systems in the Vehicles, Drivers, and Revenue domains. COTS is the agency’s preferred alternative based on an assessment of risks and cost. The COTS approach to BTM offers:

- A more agile and flexible platform for future enhancements, including interfaces with other agencies such as the State Patrol and the Departments of Transportation and Revenue, and improved online services.

- Allows more rapid changes to information systems driven by legislation and other changing business needs.

**What alternatives were explored by the agency and why was this option chosen?**

The alternative would be to maintain current testing and training staff levels which DOL has learned from R1 are inadequate to ensure a smooth rollout of R2.

**What are the consequences of not funding this request?**

The new system is expected to go live in September 2018. If funding is not provided to continue and successfully complete the Drivers phase of the project:

- System “bugs” may not be identified resulting in higher costs and the final product that does not meet business requirements, causing negative impacts to customer service times.
- Inadequate training will negatively impact wait times at Licensing Service Offices because of system functionality issues.
- The resulting benefits of an enterprise-wide system will not be achieved.
- The Drivers phase of the project will remain incomplete and non-functional resulting in a lack of integration of the Vehicles and Drivers system components as originally planned.
- The agency will be unable to realize the efficiencies of an enterprise system addressing both vehicles and driver licensing functions.
- Reliance on the legacy system will continue with existing system failure and reliability issues. In addition, the system’s Revenue management capability will remain incomplete without continued funding.
- Further, if this budget request is not approved, the current investment \$22.1 million appropriated in the 2017-19 budget for implementation of DRIVES R2 will not be a full successful return on the investment of state dollars.

**How has or can the agency address the issue or need in its current appropriation level?**

DOL is unable to divert funds from other business lines without negatively affecting the department’s ability to serve its customers.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

N/A

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

# 2017-19 IT Addendum

## Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”)

### Contracted Information Services (IS) Costs

Information Technology Items in this DP <i>(insert rows as required)</i>	FY 2018	FY 2019	FY 2020	FY 2021
Organizational Change Management (OCM), Business Analyst (BA), & Project Manager (PM) Contractual Services	\$763,000	\$637,000		
Lead Tester	\$113,000	\$58,000		
Testers		\$373,000		
Trainers		\$234,000		
Lead Data Engineer	\$123,000	\$63,000		
Data Engineer	\$113,000	\$58,000		
Project Business Liaison	\$72,000	\$37,000		
Project Business Liaison	\$4,000	\$2,000		
Valid On-Site	\$250,000			
<b>Total Cost</b>	<b>\$1,438,000</b>	<b>\$1,462,000</b>		

**Continuation of Vendors Support of \$1.4 million:** Since R2 started later than planned, DOL was not able to use the full amount of funding provided in FY2016 DP, and therefore, approximately \$1.4 million related to contractual services such as OCM, BA, and PM was returned at the end of the 2015-17 biennium. Included under these contracts are:

- OCM resources will assist with the creation, implementation and management of the agencies OCM plan that will position DOL for a successful R2 implementation for the DRIVES project.
- PM provides services such as planning and project scheduling, participation in project and steering committee team meetings, facilitation and completion of tasks, changes, issue and risk management, communications, quality assurance activities, and project implementation.
- BA provides services such as analytical assistance to the agency and OCM team with the launch and support of R2. This includes the as-is and to-be business and system processes, business procedure, policy documentation, and training materials.

Typically these services are provided on a project of similar scale from start to finish. Originally these costs would have ended in September 2018 following stabilization of R2. With the three (3) months delayed start of R2, these services now began in April 2017, and are expected to be utilized

through the optimization and stabilization period, with the R2 project being complete in December 2018.

**R2 Temporary IT Project Staffing Costs of \$1,250,000:** Additional staffing needs to be included for the following positions:

- **Testing:** These positions are needed to ensure system issues are identified prior to launch for a smoother roll out of the new system by minimizing workflow glitches that can impact customer wait times.
  - **Lead Tester – one (1) position at \$171,000:** Position coordinates the involvement, schedule, resourcing, and execution of the testing performed by the large test team.
  - **Testers – at \$373,000:** This amount is equivalent to about four (4.15) testers (90K\*4.15=373K), and it represents the shortfall between the original request and the current need.
  
- **Trainers – at \$234,000:** This amount is equivalent to about three (3.4) trainers (69K\*3.4=234K) to include an additional three (3) months required to ensure timely and thorough user training and post launch support. Training front-line Licensing Service Representatives will require them to come off of service counters during the peak spring/summer season which will reduce capacity to serve customers.
  
- **Data Integrity:** These positions are needed to ensure data integrity from legacy system as well as ensuring new data to be captured properly.
  - **Lead Data Engineer – one (1) position at \$186,000:** Position is senior-level specialist that extracts data from legacy systems, reconciling extract procedures, and providing definition and meaning to legacy data structures and data values.
  - **Data Engineer – 1 position at \$171,000:** Position extracts data from legacy systems, reconcile extract procedures, and provide definition and meaning to legacy data structures and data values.

**Staffing Summary (IT-related):**

<b>Job Classification</b>	<b>2017-19 Total Salary &amp; Benefits</b>	<b>Notes</b>
Lead Tester	\$ 171,000	
Testers	\$ 373,000	
Trainers	\$ 234,000	
Lead Data Engineer	\$ 186,000	
Data Engineer	\$ 171,000	
Project Business Liaison	\$ 109,000	
Project Business Liaison	\$ 6,000	5% Pay
<b>Total:</b>	<b>\$ 1,250,000</b>	

- **Valid On-Site of \$250,000:** Valid is the implementation vendor for the CIS project implemented earlier this year and is the application used to issue driver license cards. Based on lessons learned from R1 and the system integration experiences from other states, it is critical that funding is available for Valid to be on-site during the integration portion of R2 implementation. The previous request anticipated system integration, but did not request enough funding to bring the vendor on-site to develop CIS-DRIVES interface and verify the accuracy of the two system's connection. Integration of the two (2) systems allows applicant information (photo/images) to be fed into the DRIVES application – licenses cannot be issued without the properly integration of these applications.

## Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service?  Yes  No
2. Does this decision package fund the acquisition or enhancements of any agency data centers? (See [OCIO Policy 184](#) for definition.)  Yes  No
3. Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)  Yes  No

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## 2018 Supplemental Budget Decision Package

**Agency:** 240 Department of Licensing

**Decision Package Code/Title:** PL-P5 BTM – Business and Professional Licensing

**Budget Period:** 2017-19

**Budget Level:** Policy Level

**Agency Recommendation Summary Text:**

The Department of Licensing (DOL) requests increased spending authority from dedicated business and professions accounts to replace outdated and legacy business and professional licensing systems by procuring a commercial off-the-shelf (COTS) solution. This is Rollout 3 of the agency’s Business and Technology Modernization project. (Various Dedicated Business and Professions Accounts)

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Fund	Program	FY 2018	FY 2019	FY 2020	FY 2021	Total
003-1	Architects' License Account	0	208,000	150,000	0	358,000
026-1	Real Estate Commission Account	0	478,000	0	0	478,000
06L-1	Business Licensing Account	0	2,705,000	1,589,000	0	4,294,000
<b>Total Cost by Fund</b>		<b>0</b>	<b>3,391,000</b>	<b>1,739,000</b>	<b>0</b>	<b>5,130,000</b>
<b>Staffing</b>						
FTEs		0.00	0.00	0.00	0.00	0.00
<b>Revenue</b>						
Total Revenue		0	0	0	0	0
<b>Object of Expenditures</b>						
C	Personal Service Contracts	0	3,391,000	1,739,000	0	5,130,000
<b>Total Cost by Object</b>		<b>0</b>	<b>3,391,000</b>	<b>1,739,000</b>	<b>0</b>	<b>5,130,000</b>

### Package Description

#### Summary

The Department of Licensing (DOL) requests an increase in spending authority to improve business processes through the replacement and consolidation of the state’s antiquated legacy business and professional licensing systems as part of the on-going Business and Technology Modernization (BTM) initiative. The modernization of the business and professional licensing and regulatory functions is referred to as BTM Rollout 3. This request provides for increased spending authority to access dedicated fund balances during the 2017-19 biennium to start implementation of Rollout 3 and continue into 2019-21. Spending authority will be applied to procuring, configuring and implementing an integrated commercial off-the-shelf (COTS) solution.

## **Background**

According to the 2012 Gartner Total Cost of Ownership statewide assessment, DOL ranked lowest of all 33 state agencies in application development spending relative to peer organizations. The study also found DOL application support costs to be less than peer organizations. This has created a situation where DOL carries substantial “technical debt” – the gap between current agency technology infrastructure and industry standards for organizations with similar functions.

DOL received funding in fiscal years 2013 and 2014 to plan the initial stages of its Business and Technology Modernization (BTM) initiative. Planning activities were completed with a BTM Blueprint and Roadmap document produced in June 2013. The BTM Feasibility Study was completed in May 2014, which recommended the acquisition of a proven, highly configurable COTS solution. In January 2015 a contract was signed with a vendor for the implementation and configuration of a COTS solution.

The first phase of BTM initiative was Rollout 1 for vehicle titling and registrations, which started in June 2015 and was completed in December 2016. The second phase is Rollout 2 for driver licensing, which runs from January 2017 to December 2018. DOL plans to begin Rollout 3 for business and professional licensing beginning in the fall of 2018 if funding request is approved.

Consumers rely on DOL to ensure that certain services they purchase meet a reliable standard so they can confidently participate in the state economy. For instance, because DOL regulates real estate licensing – which includes education requirements, and investigations – home buyers have confidence to participate in \$36 billion of transactions in Washington State each year. To ensure reliable services are provided, DOL licenses and regulates approximately 275,000 individuals and businesses in 44 different programs.

Some of the ways that DOL services the public include:

- **Public Protection** – by licensing and regulating security guards, private investigators, bail bonds agencies and bail recovery agents;
- **Consumer Confidence** – by licensing and regulating real estate agents, appraisers, professional engineers, architects, funeral directors, home inspectors;
- **Health and Sanitation** – by licensing and regulating cosmetology practitioners, and body piercing and tattoo artists.

## **Current Situation**

The DOL business and professional licensing and regulatory systems are aging, operating on unsupported software, and at high risk of failure. The brittle nature of the system has impacted customer service and business support. For instance:

- An error in the License Query System caused at least one licensee to lose work because of incorrect data. Other licensees were likely affected as well;
- Last year the License Query System was down for two weeks. This resulted in the Secretary of State having to call DOL several times a day to verify notary license status. Not being able to identify people who hold multiple business and professional licenses can prevent DOL from protecting the public. Unprofessional conduct in one license could impact other licenses that person may hold;

- The Inspection System was down for one month for the largest profession (Cosmetology), and many of the processes had to be done manually through spreadsheets. When asked to ensure that all cosmetology salons in Washington were inspected, staff were required to review spreadsheets to ensure that the inspections were complete. Even after bringing Inspection System back up, issues still remain that require manual intervention;
- DOL's online systems are incomplete. Many of the programs have not yet been added, resulting in thousands of professional licensees that are unable to apply for a license online and still others that are unable to renew online, requiring them to either mail in material to DOL or go in-person to Olympia to complete their application or renewal.

These systems challenge DOL's ability to maintain and improve expected standard of service to business and professions licensees because:

- The applications within the systems are brittle and difficult to maintain. A few examples of this are:
  - The task of adding a single user's access to the system requires 2 hours of developer time;
  - A new Cosmetology Exam Vendor application interface required almost 3,000 hours of effort to implement;
  - The main licensing system was built program by program over the years which resulted in "silo" logic, which means making one change impacts 5 programs and requires 5 modifications.
- There is only one person in DOL who knows the complete system; other staff only know pieces of it, and the system is mostly undocumented;
- System interfaces are prone to issues on a daily basis; e.g., inspection results uploads;
- There are currently four developers just addressing system fixes.

Because these legacy systems are difficult to modify, DOL has resorted to implementing many manual workarounds to compensate for deficiencies in the system functionality: For example:

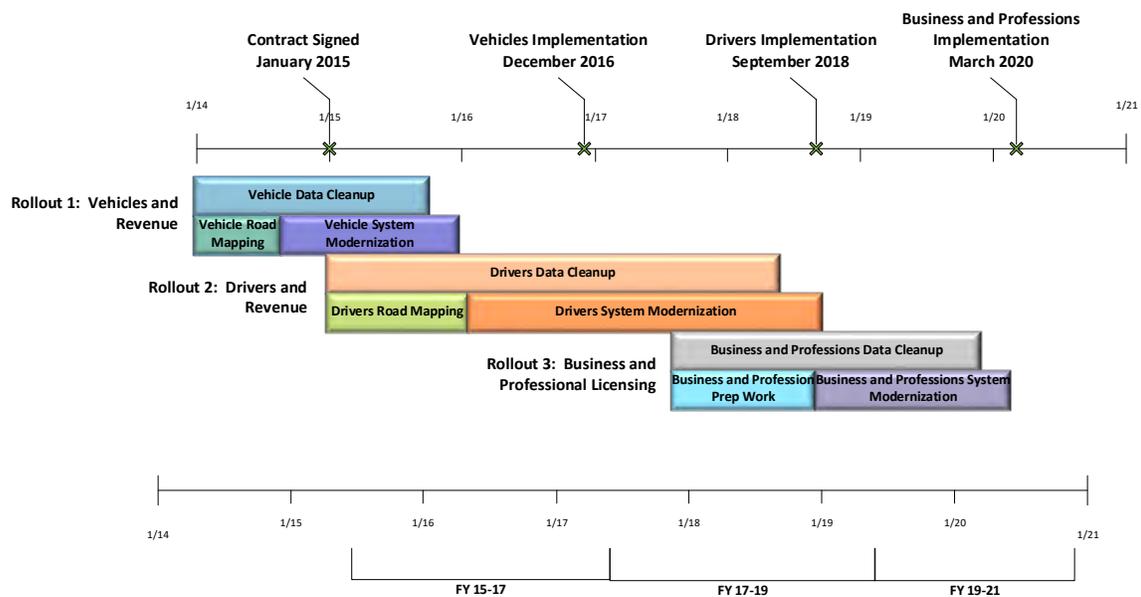
- Spreadsheets are used to track inspections for Cosmetology;
- Spreadsheets are used to track audits for all programs that require audits;
- Two small programs are not in the system at all. Therefore, licensing and regulatory functions are entirely manual processes;
- Staff manually create letters because the system generated letters have been outdated for many years and are difficult to update;
- When payment is received by mail DOL staff must enter the receipt in 3 separate systems. Additionally, these systems do not contain the detail needed to efficiently reconcile amounts received and later apply to customer accounts and the applicable revenue account codes. A manual review is required for every financial transaction. Two other systems are used to record revenues, refund amounts not due to DOL, and checks returned due to non-sufficient funds.

Lastly, the current technology used to automate existing business activity must be modified in 2017-2018 just to keep it on "life-support." This will provide more system reliability, reduce vulnerability, and extend the end of life through 2020 by updating software at a cost of \$1,050,000. This update does not add new functionality.

## **Proposed Solution**

Under the BTM initiative, DOL's legacy systems are replaced by implementing a COTS solution that improves the business climate by facilitating easier access to consumers, and more reliable system for licensees and DOL.

Approval of this request would allow the current BTM initiative to continue past Rollout 2 for Drivers, to include procurement of a COTS solution to support business and professional licensing, and regulatory business processes.



## **Expect Results:**

Completion of BTM Rollout 3 for business and professional licensing allows the agency to accomplish the following:

### **Improve Customer Facing Services, New Mobile and Online Options**

- Provide efficient handling of customer complaints with an online complaint option for the public;
- Expand electronic and online payment options with the inclusion of an automated clearing house (ACH) network and other payment options;
- Enable all professions to offer online applications and renewals;
- Reduce public disclosure requests as more information would be available online;
- Increase efficiencies for staff in the field through expanded mobile device and Geographic Information System (GIS) options such as mapping inspection and audit routes.

### **Business Process Improvements**

- Develop streamlined and consistent business processes through process reengineering throughout the programs;

- Increase efficiencies for licensing staff to process licenses through automated work queues and automation of tasks that are currently manual; e.g., letter generation and workflow management;
- Reduce the need for manual operational workarounds that introduce potential for error and inefficient processes;
- Reduce the need for multiple revenue systems and manual data entry and improve processes for reconciliation;
- Measure transaction step times to facilitate process improvement efforts;
- Improve turnaround times for the majority of new applications due to online capabilities;
- Save costs related to postage, printing and paper through automated communications;
- Increase the agency's ability to respond to changing policy and business needs;
- Provide reliable, timely, and accessible data while still ensuring data security.

### **Risk Mitigation**

- Reduce fraud by including licensee photos on high-risk professional licenses;
- Enhance audit, investigation and compliance functions, such as auto-discovery, automated communications, and workflow management to improve focus on high-risk licensees;
- Reduce risk of system failure by having COTS software supported by the vendor with regular releases and upgrades;
- Reduce technical support by using a COTS solution and vendor maintenance and support model.

In summary, the completion of BTM R3 for BPD will improve performance and reliability outcomes including:

- Faster time to licensing for more customers;
- More reliable daily operations and customer service;
- More accurate, timely and secure data;
- Improved ability to interface with other agencies and partners;
- Enhanced ability to provide open data with the Open Data Portal and other agencies;
- Timelier and more efficient implementation of new laws and the related revenue collection;
- Reduced technology support by eliminating reliance on old, brittle and unsupported components.

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

**Venture Maintenance and Operation Costs (Biennial):**

<b>Fund</b>	<b>Activity</b>	<b>Program</b>	<b>Amount</b>
003	A033	Architect	102,000
024	A033	Engineers	325,000
026	A033	Real Estate	906,000
06G	A033	Appraiser (Real Estate)	30,000
06L	A033	Business Licensing	1,834,000
15V	A033	Funeral	20,000
16B	A033	Landscape Architect	10,000
16M	A033	Appraisal Management	3,000
298	A033	Geologist	23,000
<b>Total</b>			<b>3,251,000</b>

A033 – Professions Licensing, Regulation, and Records Management

**Decision Package Justification and Impacts**

The following impacts can be expected from this project.

**Consumers:**

- Increased consumer access to DOL data and statistics by providing online options;
- Ability to file complaints online;
- Improved public safety through more accurate and timely data related to complaint notifications and agency follow-up.

**Business and Professional Licensees (estimated 275,000 licensees):**

- Time to license will improve for those programs that do not currently have online access for licensing applications and renewals;
- More licensees will have the option to apply for or renew a license online;
- Low-risk professions will be able to print their own licenses;
- Increased payment options will be available to licensees;
- Application and license status tracking will be available to licensees;
- An individual’s account could be tied to a several professional licenses.

**Agency:**

- DOL business units that support business and professional licensing including Revenue Accounting and Information Services Division, will backfill positions in order to support ongoing business transactions and the implementation project;
- Revenue accounting and budgeting manual work will be reduced as a result of automated interfaces;

- The Business and Professions Division will decommission 15 applications and 3 interfaces;
- Revenue Accounting will decommission 5 applications;
- Human Resources will support backfill recruiting and onboarding efforts.

**Business Partners:**

- More online interaction alternatives so that data can be transmitted in real time; e.g., examination results;
- Increased ability to support open data using modern COTS interface and data exchange capabilities;
- Partner agencies, such as the Secretary of State, that utilize the License Query System will benefit from increased search capabilities;
- Department of Revenue may be impacted, if it is decided to have DOR provide interface from ATLAS to the new solution. Also, there are potential areas of business process improvement between DOR and DOL that could result from the new solution.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

DOL is requesting increased spending authority to support the Business and Technology Modernization Rollout 3 project. The estimated cost for this project is \$14,971,000 during the 2017-19 and 2019-21 biennium. This budget request is to increase spending authority by \$3,391,000 for 2017-19, and \$1,739,000 for 2019-21 for project costs outside of existing authority levels, which are available in current and projected fund balances. The financing plan assumes no fund sweeps will occur during the 2017-19 and 2019-21 bienniums. A temporary tech fee may be needed for a few funds/licensee base depending on the actual project costs; determined after request for proposals (RFP) and market trends that impact the number of licensees. (e.g.: Real estate market)

DOL met with the following Boards, Commissions and Associations over the summer to describe the project and funding plans: Landscape Architect Board, Funeral and Cemetery Board, Engineer Board, Cosmetology Board, Real Estate Appraiser Commission, Washington Association of Realtors, Architect Board, Home Inspector Board, Geologist Board, Court Report Association, Collection Board and Real Estate Commission. All Boards, Commissions and Associations indicated they supported the project and funding plans.

**Table 1: Total Project Cost**

<b>Project Costs</b>	<b>Within Current Spending Authority</b>	<b>Additional Spending Authority Needed</b>	<b>Total</b>
Staffing	5,001,000		5,001,000
Contractor Costs	2,281,000	5,130,000	7,411,000
Goods and Services Cost	2,559,000		2,559,000
<b>Total</b>	<b>9,841,000</b>	<b>5,130,000</b>	<b>14,971,000</b>

**Table 2: Project Funding Breakout by Fund**

<b>Fund</b>	<b>Program</b>	<b>Cost</b>
003	Architects' License Account	454,000
024	Professional Engineers' Account	1,480,000
026	Real Estate Commission Account	4,121,000
06G	Real Estate Appraiser Commission	135,000
06L	Business and Professions Account	8,347,000
082	Motorcycle Safety Education Account	28,000
106	Highway Safety Account	157,000
15V	Funeral and Cemetery Account	94,000
16B	Landscape Architects' License Account	38,000
16M	Appraisal Management Company Account	10,000
298	Geologists' Account	105,000
	<b>Total</b>	<b>14,971,000</b>

Included in this budget request is funding to support the vendor implementation services to configure the solution, vendor training services, licensing of vendor COTS solution, and anticipated additional hardware needs. The details of this request are:

- Vendor implementation services at \$5,000,000;
- Vendor training services at \$60,000;
- Software licensing and hardware at \$965,000;
- Project reserves calculated at 10% of direct costs at \$602,500.

Also included in the project estimate is vendor-provided professional services which are typically included in projects of this size and complexity. These services include:

- Project Management services which are responsible for planning and project scheduling, participation in project and steering committee team meetings, facilitation and completion of tasks, change management, issue and risk management, communications management, quality assurance activities, and project implementation activities to ensure successful project delivery;
- Business Analysis services which are responsible facilitation and documentation of business process mapping for as-is and to-be processes, documents requirements and business rules, gap analysis of requirements to solution, documenting as-is and to-be processes for business procedures, system and business processes, policy documentation and training materials to ensure solution satisfies business need;
- Quality Assurance services which are responsible for independent reviews and reporting on effectiveness of project processes and delivery to ensure successful project delivery;

- Organizational Change Management services which assist in the creation, implementation and management of the agencies Organizational Change Management plan to position DOL for a successful implementation for Rollout 3;
- Penetration testing service ensures the solution selected meets the security requirements.
- Tester service which are responsible for creating test plans, and test scripts from requirements and conducting validation and reporting defect to project team to ensure a reliable solution that meets the business need;
- Additional goods and services needed to support the project.

Other project expenditures will be provided by DOL staff and covered within current spending authority. These include the following:

- Core Enterprise Program Management Office (EPMO) services;
- Product Owners for both the business and revenue functions;
- Subject Matter Experts;
- Information Technology Specialists (developers, business analysts, and testers);
- Customer Support Specialists for user acceptance testing.

### **What specific performance outcomes does the agency expect?**

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

### **Alignment with Agency Strategic Plan**

This project directly supports all five of the agency's goals comprising its Strategic Plan:

- **Engaged Employees** – Provide employees with the tools, equipment and information systems required to provide outstanding customer service; provide performance data to support Lean activities and enable business process improvement; measure relevant work output to improve productivity and workflow;
- **A Customer Focused Organization** – Deliver reliable and trustworthy performance benchmarking metrics, including time to license and customer satisfaction trends;
- **Efficient, Effective Services** – Implement a flexible solution that provides needed functionality, usability, and reliability and that meets performance demands;
- **Trusted, Credible Partner** – Provide accurate, timely licensing data to multiple state, federal and other external partners to support vital Government and non-Governmental functions. Accurate, reliable and readily accessible agency data is essential to DOL remaining a responsive and valuable business partner and maintaining the integrity and trust of these vital public safety, law enforcement and revenue collection functions;
- **Improved Public Safety** – Enhance the accuracy, reliability and accessibility of agency data to improve public safety, since DOL is a primary data source for law enforcement agencies and other agency partners.

### **Alignment with Governor's Priorities**

- **Results WA Goal 5** is to provide and deliver an Effective, Efficient and Accountable Government. Integral components of this goal are to enhance:
  - Self-service access to state data;

- Self-service access to state performance measures;
- Integration with Washington Business One-Stop (WABOS), the ‘one-stop shopping’ portal for licensed businesses to interact with Washington State agencies.

The BTM Rollout 3 project directly supports the tenets of an Effective, Efficient and Accountable Government by improving service delivery and data quality, as well as enhancing transparency into departmental functions, including assessment of compliance with state performance metrics.

### **Alignment with Agency Measures**

DOL would expect improvements in these performance measures as the result of this project:

- **(OP2d1) Licenses issued timely**
  - Percent of licenses issued timely will improve by having system ensure collected data is complete and accurate wherever possible, as well as providing online initial licensing and renewals for all professions. Over the past 12 months, DOL met its time to license target of 95% 2 out of 12 months. After stabilization of new solution, DOL will meet its 95% target more frequently;
  - Timely service ties back to Results WA Goal 5: Efficient, Effective and Accountable Government.
- **(OM2c) Percent of customers reporting online experience meets or exceeds their ideal expectations**
  - DOL measures customer satisfaction of in-person, phone and online services. With more customers having access to online services, DOL expects improvements to the customer experience;
  - The system would support DOL's strategic initiative to gather and use customer feedback.
- **(SP4c) Percent of IT releases without rework**
  - DOL's current systems need constant bug fixes and patches which sometimes result in other issues. A COTS system would allow new features without causing IT releases and rework.

DOL measures major projects based on schedule and budget.

- (SP5c) Major project budget variance;
- (SP7c) Percent on schedule for major projects.

### **Fully describe and quantify expected impacts on state residents and specific populations served.**

DOL licenses approximately 275,000 individuals and businesses through 44 programs. A new solution will improve the business climate by providing easier access for consumers and more reliable solution for businesses. Specific impacts include:

**Business and Professional Licensees (approximately 275,000):**

- Improved time to license for those programs that do not currently have online access for licensing applications and renewals. Solution will enable at least 14 business types and 21 professions to apply and renew online;
- Low-risk professions would be able to print their own license. It is anticipated that at least 16 professions and 13 business types could print licenses;
- Increased payment options would be available to licensees;
- Ability for licensee to track status of application and renewals;
- Decrease system down time.

**Consumers:**

- Increased consumer access to data with more online options;
- Ability to file complaints online;
- Improved public safety through more accurate and timely data related to complaint notifications and agency follow-up.

**Business Partners:**

- More online interaction alternatives so that data can be transmitted in real time;
- Increased ability to support open data using modern COTS interface and data exchange capabilities.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	Yes	DOL will work with agencies that have interfaces that send and receive data, such as DOR, DSHS, Secretary of State and WSP.
Responds to specific task force, report, mandate, or exec order?	No	
Does request contain a compensation change?	No	

<b>Does request require a change to a collective bargaining agreement?</b>	<b>No</b>	
<b>Facility/workplace needs or impacts?</b>	<b>No</b>	
<b>Capital Budget Impacts?</b>	<b>No</b>	
<b>Is change required to existing statutes, rules or contracts?</b>	<b>Yes</b>	<p>Potential rule and statutory changes may be required to implement the system with standardized processes and industry best practices.</p> <p>Potential rule to add a one-time fee to applicants and renewing licensees to support funds needed for the project.</p> <p>Potential amendments to existing contracts and service level agreements.</p>
<b>Is the request related to or a result of litigation?</b>	<b>No</b>	
<b>Is the request related to Puget Sound recovery?</b>	<b>No</b>	
<b>Identify other important connections</b>	<b>No</b>	

**Please provide a detailed discussion of connections/impacts identified above.**

DOL will coordinate with impacted agencies to modify existing interfaces. For example, Department of Revenue may need to change the interface used to send license data to DOL for the six programs which initiate their licensing through DOR. Other agencies that send and receive data from DOL may also need to modify interfaces.

As part of the implementation, DOL desires to standardize and streamline processes, and implement industry best practices. These improvements may require rule and/or statute changes.

There is a potential need to add a one-time fee for some applicants and renewing licensees to support the project. DOL will use the rule-making process to apply fee adjustments as necessary to mitigate fund balance and revenue shortfalls.

**What alternatives were explored by the agency and why was this option chosen?**

The alternatives considered were:

- **Do Nothing** – Avoids significant expenditures, but at the risk of the impaired business operations and customer service. There is a high cost of ongoing maintenance and no prospects for system enhancement to address current business needs. There is a real risk that the system could fail permanently, with no recovery;
- **Modernize Venture** – This option would add some business functionality to the existing system, but would fall significantly short of the business needs. The cost to implement the solution would be dependent on how much modernization is undertaken; therefore, this option allows DOL to control implementation costs. The ongoing cost of support and maintenance would be lower than current costs, but not up to par with modern configurable COTS solutions. This solution would not be a permanent fix;
- **Custom In-House Build** – This option has the greatest project risk profile and would require a significant investment. This option provides the opportunity to substantially satisfy business needs. This would not simplify DOL’s application support profile due to the new technologies and applications that would need to be added to the portfolio;
- **Procure COTS** – Acquire a COTS solution for business and professional licensing. Most business needs could be met with this approach and industry best practices would be implemented as part of the solution. Application support would be simplified as the vendor would maintain solution with regular patches and releases. A number of existing applications and interfaces could be decommissioned. This option would be a medium-risk technology effort.

The preferred solution is to procure a COTS solution, which would provide the following benefits:

- Business functionality that meets, and in some cases exceeds, current needs;
- System flexibility to accommodate changes in the licensing and regulatory environment;
- Consistent and streamlined processes amongst business and professions;
- System maintenance and technology upgrades provided by the vendor.

### **What are the consequences of not funding this request?**

Failure to fund this project means there is a high risk that DOL would not be able to perform its statutory obligations in regards to business and professional licensing. The system is antiquated, fragile, and at high risk of failure. If the system does fail:

- DOL would have to revert to manual processes and an emergency effort would be under way to replace the system;
- DOL would experience a loss of historical data on licensee’s regulatory activity;
- Licensees would be impacted by increasing their time to license, in some cases, from minutes to weeks;
- Licensees could experience a loss of business because consumers would not be able to verify credentials;
- Consumers would have increased risk to their public health and safety due to limited available data to pursue complaints and inspections.

If this request is not approved for this budget cycle, DOL will submit a request the next biennium, which pushes earliest implementation into 2021. Such a delay would:

- Increase the risks of current system failure before replacement is implemented;
- Increase the risk of losing staff with a broad understanding of the entire system;
- Prevent enhancement efforts that impact licensees and DOL staff, such as providing all licensees the ability to apply or renew licenses online;
- Require DOL to continue to absorb the high support costs of the system;
- Neglect addressing ongoing technical errors that impact licensees as well as the general public;
- Make business and operational improvements very difficult;
- Require more and more manual processes to attempt to maintain customer and partner services.

**How has or can the agency address the issue or need in its current appropriation level?**

DOL will assume a majority of the project costs within current appropriation level. DOL is requesting additional spending authority for purchasing the solution and vendor services to implement and configure the solution which can be covered within current fund balances and forecasted operating revenue coming from licensing fees expected over the next few years. There are several programs and funds that could be impacted if revenue levels drop or in the event of an economic downturn. If that were to occur, DOL would revisit the project budget, schedule, and scope of implementation, and determine what adjustments should be made. DOL would also look to program budgets for potential adjustments. If these efforts still resulted in a shortfall, DOL would work through rule-making process to assess a technology fee for licensees within those impacted funds.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

# 2017-19 IT Addendum

## Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can. (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs.”)

Information Technology Items in this DP	FY2018	FY 2019	FY2020	FY2021
Vendor Software Licensing and Hardware		\$ 450,000	\$ 515,000	\$ 500,000
Vendor Implementation Services		\$ 3,000,000	\$ 2,000,000	\$ -
Vendor Training Services		\$ 50,000	\$ 10,000	\$ -
Vendor Maintenance and Support Services		\$ -	\$ 100,000	\$ 200,000
Project Management		\$ 386,000	\$ 290,000	\$ -
Organizational Change Management		\$ 345,000	\$ 258,000	\$ -
Business Analysts (3)		\$ 658,000	\$ 634,000	\$ -
Developers (3.5 )		\$ 1,057,000	\$ 1,081,000	\$ -
Testers (4)		\$ 418,000	\$ 470,000	\$ -
Quality Assurance Service		\$ 129,000	\$ 106,000	\$ -
Penetration Testing		\$ -	\$ 50,000	\$ -
<b>Total Cost</b>	<b>\$ -</b>	<b>\$ 6,492,000</b>	<b>\$ 5,513,000</b>	<b>\$ 700,000</b>

## Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

1. Does this decision package fund the development or acquisition of a  Yes  No new or enhanced software or hardware system or service?
2. Does this decision package fund the acquisition or enhancements  Yes  No of any agency data centers? (See [OCIO Policy 184](#) for definition.)
3. Does this decision package fund the continuation of a project that  Yes  No is, or will be, under OCIO oversight? (See [OCIO Policy 121](#).)

If you answered “yes” to *any* of these questions, you must complete a concept review with the OCIO before submitting your budget request. Refer to chapter 12.2 of the operating budget instructions for more information.

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## 2018 Supplemental Budget Decision Package

**Agency:** 240 Department of Licensing

**Decision Package Code/Title:** PL-P3 Identity Verification Fraud Prevention

**Budget Period:** 2017-2019

**Budget Level:** Policy Level

**Agency Recommendation Summary Text:**

The Department of Licensing (DOL) requests funding to support the use of nationally used identity verification services during issuances of Commercial Driver's Licenses, Enhanced Driver's Licenses, and Enhanced Identicards to prevent identity theft and protect consumers from fraud. (106-1 Highway Safety Account)

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

**Operational Summary**

<b>Operating Expenditures</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
106-1	0	635,242	703,308	739,829
<b>Total Cost by Fund</b>	<b>0</b>	<b>635,242</b>	<b>703,308</b>	<b>739,829</b>
<b>Staffing</b>				
FTEs	0.0	0.0	0.0	0.0
<b>Revenue</b>				
Total Revenue	0	0	0	0
<b>Object of Expenditure</b>				
E	0	635,242	703,308	739,829
<b>Total Cost by Object</b>	<b>0</b>	<b>635,242</b>	<b>703,308</b>	<b>739,829</b>

**Package Description**

**Request Summary**

The Department of Licensing (DOL) requests \$635,242 in the 2017-19 biennium to support the use of nationally accepted identity verification services during issuances of Commercial Driver's Licenses (CDLs) and Enhanced Driver's Licenses and Identicards (EDLs/EIDs) to prevent fraud and protect consumers.

DOL currently performs a visual inspection of birth certificates, Certificates of Citizenship or Naturalization, U.S. Passports and Consular Birth Abroad documents to verify authenticity. In FY 2016, 222 fraudulent identities were discovered before issuance, using existing identity verification processes. In the same year, DOL found and cancelled 1,019 licenses and identification cards that

had been issued under fraudulent identities. Based on DOL's current practices some identity theft is avoided before issuance, but the majority isn't detected until after issuance. Using nationally accepted identity verification services during issuance will reduce the issuance of fraudulent documents on the front end of the process and identify additional attempts to commit identity fraud that is not detectable through visual inspection. The Licensing Integrity Unit (back end process) relies on Licensing Service Representatives on the front end process to flag documents of concern, and use of facial recognition software to detect fraud; and relies on fraud identification provided by law enforcement authorities.

Driver's licenses are regularly used as proof of identity, however, these documents can be counterfeit or altered. The use of centralized verification systems will allow DOL verify that the data on documents presented to the department matches the data held by the jurisdiction that issued the document.

Access to identity verification services is provided by the [American Association of Motor Vehicle Administrators](#) (AAMVA), and the [National Association for Public Health Statistics and Information Systems](#) (NAPHSIS).

DOL anticipates use of NAPHSIS for birth certificate verification in the 2019-21 biennium. This package enables access to systems and databases providing secondary verification of document authenticity in order to reduce the instance of identity theft and fraud. By accessing these systems, DOL will supplement visual inspection of documents by cross-referencing databases containing information that can verify or negate a document's authenticity. This package includes one-time set-up fees, annual subscription fees, and ongoing transactional costs. Funding for system connectivity (system interface) was included in the biennial request for DRIVES Rollout 2 (Drivers system modernization).

### **Background**

Founded in 1933, AAMVA is a tax-exempt, nonprofit organization developing model programs in motor vehicle administration, law enforcement and highway safety representing state and local officials throughout the US and Canada. The association serves as an information clearinghouse in these areas. AAMVA's development and research activities provide guidelines for more effective public service. DOL connects to several national systems through the AAMVA network. These systems support commercial driver licensing as well as identity verification.

DOL started utilizing AAMVA network to access the Commercial Driver's License Information System (CDLIS) in compliance with the Federal Motor Carrier Safety Association ([FMCSA](#)) regulations Title 49 CFR 383 prohibiting a commercial motor vehicle driver from having more than one commercial motor vehicle driver's license. As technology and information sharing have evolved AAMVA has become a critical connection point for clearing information.

NAPHSIS is the national nonprofit organization representing the state vital records and public health statistics offices in the United States. NAPHSIS brings together more than 250 public health professionals from each state, the five territories, New York City, and the District of Columbia. NAPHSIS provides access to electronic verification of birth certificates through its Electronic Verification of Vital Events (EVVE) program.

## **Current Status**

DOL accesses the AAMVA network of systems to verify social security numbers through Social Security Online Verification (SSOLV) and the Commercial Driver's License Information Systems (CDLIS) to transmit out-of-state convictions/withdrawals and transfer drive records to other states. Under current practice, DOL visually inspects birth certificates, Certificates of Citizenship or Naturalization, U.S. Passports and Consular Birth Abroad documents to verify authenticity.

## **Proposed Solution**

With the increased number and quality of forgeries, the risk of accepting fraudulent documents is significantly increased without a secondary method of verification. DOL proposes strengthening the licensing process by expanding access to secondary verification services through AAMVA. Secondary verification reduces the risk of accepting fraudulent documents that are used to attempt the theft of an individual's identity.

DOL's solution includes accessing the following systems for document verification through AAMVA:

- **US Passport Verification (USPVS)**
  - Verification system access, facilitated by AAMVA, allowing DOL to verify U.S. Passport document data against DOL of Homeland Security's (DHS) backend systems.
- **Verification of Lawful Status/Systematic Alien Verification of Entitlements (VLS/SAVE)**
  - Application allows DOL to verify the document matches the electronic record of the document held by the DHS in the Systematic Alien Verification for Entitlements (SAVE). SAVE is **not** used for non-EDL applicants that do not have a citizenship requirement for issuance.
- **State to State Verification (S2S-one driver one record)**
  - Service allows DOL to electronically check with all other participating states to determine if the applicant currently holds a driver's license or identification card in another state. (Supports one driver-one record requirements for Title 49 CFR 383).

## **NAPHSIS-Electronic Verification of Vital Events (EVVE)**

DOL's long-term solution also includes accessing NAPHSIS for birth certificate verification using Electronic Verification of Vital Events (EVVE). Electronic birth certificate verification is recommended for CDL applicants, but will be required for EDL applicants when DOL has connectivity with NAPHSIS. This requirement is part of the EDL business plan agreed to by DOL and the Department of Homeland Security for enhanced document issuance.

Due to current NAPHSIS system stability issues, DOL will not pursue this verification option in the current biennium. For planning purposes, estimated costs in the 2019-21 biennium have been provided.

## **Expected Results**

Expanding secondary verification of identification documents will better protect Washingtonians from identity theft and fraud. Implementation of this package will also facilitate DOL's compliance with federal regulations related to document verification requirements.

**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Fund	Activity		FY 2018	FY 2019	FY 2020	FY 2021
106-1	A031	FTE	0	0	0	0
		Expenditures	0	0	0	0
<b>Total</b>		<b>FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The AAMVA identity verification services described in this package are not currently used by DOL, therefore no base budget information is applicable. If funded, the new services would become part of Activity A031, Drivers Licensing, Regulating and Records Management.

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:**

Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Costs for new AAMVA services include one-time set-up/implementation fees, annual subscription fees, and transaction costs. Table 1 outlines the set-up fees and subscription fees.

**Table 1**

Verification of Identity Channels	Fees and Startup Costs for Document Verification			
	FY 18	FY 19	FY 20	FY 21
USPVS (US Passport)				
<i>One-time Implementation Set-up Fee</i>		\$10,440		
VLS (Cert. of Citizenship/Naturalization)				
<i>One-time Implementation Set-up Fee</i>		\$47,500		
NAPHSIS-EWE (birth certificates)				
<i>Subscription Fee--Annual (\$100/mo)</i>	\$0	\$0	\$1,200	\$1,200
State to State (Driver's License, Identocard)				
<i>Implementation Fee--One-time</i>		\$96,331		
<i>Participation Fee--Annual flat fee for each state</i>	\$0	\$29,651	\$29,651	\$29,651
<b>Total</b>	<b>\$0</b>	<b>\$183,922</b>	<b>\$30,851</b>	<b>\$30,851</b>

Table 2 summarizes the expected level of activity by verification channel and the transaction costs of that activity. The following assumptions were used:

- Verification services apply to CDL and EDL applicants.
- Data on documents presented by CDL and EDL applicants in late calendar year 2015 were used to project future utilization by verification channel. DOL's workload projections were used for expected transaction volumes.
- The VLS fee of \$0.80 is a composite: \$0.30 is an AAMVA fee, \$0.50 is a U.S. Citizenship and Immigration Service (USCIS) fee. The USCIS fee is for matching documents presented by applicants with records in the Systematic Alien Verification for Entitlements Program (SAVE). The SAVE fee will be paid through AAMVA. SAVE can require an additional

\$0.50 fee for retrying initial verification. For purposes of this decision package one-time only usage is assumed.

- Use of these AAMVA identity verification services begins in FY 2019. The annual fee for the State to State service is based on the number of drivers in the state of Washington and will rise with in-migration.
- Use of NAPHSIS birth certificate verification is assumed to begin in Fiscal Year 2020.

**Table 2**

Verification of Identity Channels		Documents Issued Requiring Verification			
Applications by channel, CDL and EDL	% Usage	FY 18	FY 19	FY 20	FY 21
USPVS (US Passport)	54%	-	193,225	200,892	227,855
VLS (Cert. of Citizenship/Naturalization)	3%	-	10,735	11,161	12,659
NAPHSIS-EVVE (birth certificates)	43%	-	-	159,969	181,440
<b>TOTAL</b>		-	203,960	372,022	421,954
		Transaction Costs for Document Verification			
Cost = applications x channel x unit rate	Unit Rate	FY 18	FY 19	FY 20	FY 21
USPVS (US Passport)	\$0.090	\$0	\$17,390	\$18,080	\$20,507
VLS (Cert. of Citizenship/Naturalization)	\$0.800	\$0	\$8,588	\$8,929	\$10,127
NAPHSIS-EVVE (birth certificates)	\$1.350	\$0	\$0	\$215,959	\$244,944
State to State	\$0.072	\$0	\$425,342	\$429,490	\$433,400
<b>TOTAL</b>		\$0	\$451,320	\$672,457	\$708,978

**Acronym Key**

USPVS: United States Passport Verification Service.

VLS: Verification of Lawful Status; through AAMVA, matches documents with records in SAVE. VLS and SAVE have separate fees.

NAPHSIS: National Association for Public Health Statistics and Information Systems, which provides the EVVE system--Electronic Verification of Vital Events.

**Decision Package Justification and Impacts**

**What specific performance outcomes does the agency expect?**

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Expanding secondary verification of identification documents is expected to:

- Increase the number of fraudulent documents found while screening license applicants
- Decrease the number of fraudulent licenses issued
- Decrease the number of identity theft and fraud victims

In Fiscal Year 2016 alone, DOL found and cancelled 1,019 licenses and identification cards that had been issued under fraudulent identities. Another 222 fraudulent identities were discovered before issuance, using existing identity verification processes. Regrettably, DOL is confident the number of frauds actually occurring is much larger.

DOL is also confident that increasing identity verification steps will decrease fraud and its victims. The department cannot reasonably estimate the future decreases due to the immeasurable nature of

frauds not caught. Instead, there is qualitative public value for each fraud prevented, and financial value for each victim spared. The Bureau of Justice Statistics found the mean loss for identity fraud victims in 2014 was \$1,343. LexisNexis currently estimates every dollar of fraud costs merchants \$2.40.

Expanding identification verification aligns with [DOL's 2017-20 Strategic Plan](#), including the goal of being a trusted credible partner, and initiative 11 to prevent fraud by continuously researching and responding to emerging risks.

Reducing identity fraud aligns well with the intent of the Results Washington Goal 5 of efficient, effective and accountable government. It also indirectly supports the Goal 4 sub-topic of traffic safety; preventing an applicant from getting a fraudulent license may prevent other criminal or unsafe behavior on the roads.

**Performance Measure detail:**

DOL will continue to measure identity fraud using Results DOL measure OP2b. This measure is reported monthly with data of fraud attempts, analysis and action plans for continuous improvement. DOL will also measure timeliness of implementing identity verification expansion, as part of monitoring strategic initiative 11.

**Fully describe and quantify expected impacts on state residents and specific populations served.**

This initiative has the potential to impact the safety of Washington residents and business interests. The 2015 Consumer Sentinel Network Data Book produced by the Federal Trade Commission (page 69) recorded Washington as the 15th highest ranked state in identity theft with 9,043 reported incidents. Forty six percent of these complaints were government documents or benefits fraud.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	
Other local gov't impacts?	No	
Tribal gov't impacts?	No	
Other state agency impacts?	No	
Responds to specific task force, report, mandate, or exec order?	No	
Does request contain a compensation change?	No	
Does request require a change to a collective bargaining agreement?	No	
Facility/workplace needs or impacts?	No	
Capital Budget Impacts?	No	

<b>Is change required to existing statutes, rules or contracts?</b>	<b>No</b>	
<b>Is the request related to or a result of litigation?</b>	<b>No</b>	
<b>Is the request related to Puget Sound recovery?</b>	<b>No</b>	
<b>Identify other important connections</b>	<b>Yes</b>	Responds to federal requirements under Title 49 CFR 383 for CDL issuance and Dept. of Homeland Security Minimum standards for EDL Issuance. Also responds to federal requirements under Title 6 CFR 37.13, Document Verification Requirements.

**Please provide a detailed discussion of connections/impacts identified above.**

Expanding document verification services DOL supports public safety per Title 49 CFR (Code of Federal Regulations) part 383 which is intended to reduce or prevent truck and bus collisions, fatalities and injuries by disqualifying drivers who operate commercial motor vehicles in an unsafe manner. These outcomes will support the Results Washington goal area of Healthy and Safe communities by reducing the number of unsafe drivers and thereby reducing traffic fatalities to achieve Target Zero.

In order to be fully compliant with Title 6 CFR part 37, DOL will need to implement systems for electronic validation of document and identity data. Data that needs to be verified are social security numbers, birth certificates, driver's licenses issued by other jurisdictions and passports. The CFR allows the department latitude to build its own electronic systems connecting to each jurisdiction individually, but as systems already exist (State to State, USPVS and SSOLV), it would be more cost effective to utilize the available systems.

**What alternatives were explored by the agency and why was this option chosen?**

Option One: Continue current fraud control efforts which include audits and visual inspection of documents.

Option Two: Expanded access to AAMVA and NAPHSIS mitigates risk of fraud by secondary electronic verification methods which allow access to nationwide information clearinghouses. By approving this request, DOL will be able to improve fraud elimination efforts in the area of identity theft.

**What are the consequences of not funding this request?**

Opportunities to reduce fraud will be significantly impaired and the current number of fraud victims will be static or increase.

**How has or can the agency address the issue or need in its current appropriation level?**

DOL does not have a current base appropriation level for these services which means DOL would have to reduce service levels at licensing offices or in other areas, such as processing and maintenance of driver records.

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

N/A

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)