

STATE OF CALIFORNIA
Spring Finance Letter - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016/17	Business Unit 2740	Department Motor Vehicle	Priority No. 1
Budget Request Name 2740-301-BCP-BR-2016-A1		Program 2135 Driver Licensing and Personal Identification	Subprogram

Budget Request Description
 Expanded Eligibility for Drivers Licenses

Budget Request Summary
 The Department of Motor Vehicles is requesting \$1.4 million in FY 2016/17 for costs related to Chapter 524, Statutes 2013 (AB 60, Alejo), which commenced on January 2, 2015. The Department is requesting funding for temporary positions for program costs related to the Administrative review and processing of documents associated with the Secondary review process, interpreter services, and the lease term through December 2016 at the temporary driver license processing field office facilities.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

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

Prepared By <i>John A. [Signature]</i>	Date 3/30/2016	Reviewed By <i>[Signature]</i>	Date 3/30/16
Department Director <i>[Signature]</i>	Date 3/30/16	Agency Secretary <i>[Signature]</i>	Date 3/30/16

Department of Finance Use Only

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

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA <i>[Signature]</i>	Date submitted to the Legislature 4/1/2016
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A. Budget Request Summary

The Department of Motor Vehicles (DMV) is requesting an additional \$1.4 million in FY 2016/17 for program costs related to the implementation of Chapter 524, Statutes 2013 (AB 60, Alejo), which commenced on January 2, 2015.

Since DMV started accepting driver license applications from undocumented Californians on January 2, 2015, the DMV has issued about 660,000 driver licenses through February 2016. Leading up to the implementation, the DMV opened four Driver License Processing Centers, hired nearly 1,000 new employees, developed regulations detailing documents required to prove identity and residency, extended office hours, added Saturday service, and participated in more than 200 public outreach events across the state.

Prior to AB 60 implementation it was determined that there needed to be processes identified to include additional reviews as necessary. This Finance Letter request funding for positions associated with this review workload for AB 60 licenses and also request funding for the four Driver's License Processing Center (DLPCs) field offices that were leased to handle the increased volume of customers due to the implementation of AB 60. The funding will provide costs for the lease of the facilities through December 31, 2016.

B. Background/History

From 1994 to 2014, California law had prohibited the Department from issuing a Driver License (DL) to an applicant who does not submit satisfactory proof of legal presence and the ineligibility for a Social Security Number (SSN) had prevented some applicants from applying for and receiving a DL/Identification Card. AB 60 is intended to enhance public safety by ensuring that California drivers are properly licensed.

Title 13 of the California Code of Regulations (CCR) provides the list of acceptable legal presence documents for both US citizens and immigrants. Title 13 of the CCR further provides that the "true full name" is the name specified on the document necessary to establish legal presence, birth verification, or name change that is submitted at the time of the application. Existing law further authorizes the Department to require the applicant to produce any identification that it determines is necessary in order to ensure that the name of the applicant stated in the application is his or her true full name. The Department visually inspects all legal presence documents and electronically verifies all Department of Homeland Security (DHS) issued legal presence documents with the DHS prior to the issuance of any DL. A customer is legally entitled to only one California Driver License (DL) number. As a result, one record, one-identity, one-license is the guiding force behind many of the functions within the Licensing Operations Division. As such, whenever it is discovered that a customer has more than one DL number, the records must be combined into a single record. Under legal presence requirements, the Department is responsible for vetting any suspected fraudulent applications, identity documents and / or the criminal aspect of identity theft. This is a workload that has been sustained and active for the last 15 years.

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As a result of AB 60 implementation, the Department has received an additional workload relating to the Secondary / Administrative Review of AB 60 documents. If the DL applicant does not provide acceptable identity / residency documents at the time they applied for their DL or if the record needs additional review the applicant will receive a Secondary Review Referral Notice from the field office technician informing them that further review of their documents must take place. This additional review may include the applicant meeting with DMV staff or just having their record reviewed or both.

C. State Level Considerations

This document addresses the Department's strategic goal to "Enhance Services to Our Internal and External Customers". Based on the projected increase in customers that will submit DL applications due to the implementation of AB 60, the Department has identified a need for increased resources to ensure that customers' needs are met in a timely manner.

D. Justification

The Department submitted a formal request for AB 60 positions and Operating Expenditures & Equipment (OE&E) through a FY 2014/15 BCP in anticipation of the significant staffing requirements expected to implement such an extensive new workload to the Department. That approved BCP only included funding through 2016/17. The DMV will continue to work with the Department of Finance on determining the permanent workload projections.

The additional review workloads are continuously monitored. The expected turnaround time between the date of application receipt and the completion of interviews (if necessary) is approximately 60 days and the expected turnaround time between receipt of application and completing the application review, which includes analyzing existing records, is approximately 30 days.

Of the total additional positions the Department received for AB 60, only six positions were approved for FY 2016/17 to address the initial fraudulent review workload but none for the additional workload related to the secondary review process or the reviewing of existing records. Due to the large volume of AB 60 applications, the department was given authority to administratively establish 49 Limited Term positions for the administrative review, effective July 1, 2015, through June 30, 2016. With the Limited Term positions set to terminate on June 30, 2016, continuing to process AB 60 workloads at the expected service delivery goal of 30 to 45-days warrants additional staffing beyond the June 30, 2016, timeframe.

In addition to the 49 positions for the administrative review, the Department was also authorized in FY 2015/16 to administratively establish 64 positions until June 30, 2016 to support the launch of AB 60 and the workload associated with the secondary review interview process.

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The following chart is a detailed summarization of the approved funding for AB 60 in FY 2016/17 and the proposed additional resources request for the increased workload due to the administrative review process, secondary review process, interpreter contract services and additional lease payments for four DLPCs.

2016/17 Resources for AB 60					
	FY 2016/17 Baseline Funding		FY 2016/17 Proposed Resources		
	Pos	\$	Pos	FTE	\$
Salary & Wages:					
Personnel Specialist	3.0	122,256	3.0	3.0	122,256
Office Technician (document imaging)	1.0	35,700	1.0	1.0	35,700
Motor Vehicle Representative – Call Center	3.0	54,036	3.0	1.5	54,036
Licensing Registration Examiner – Drive Tests	55.0	2,179,320	55.0	55.0	2,179,320
Motor Vehicle Representative – Half Time Permanent Intermittent Employees	132.0	2,377,584	132.0	66.0	2,377,584
Motor Vehicle Representative	11.0	396,264	11.0	11.0	396,264
Driver Safety Officer	4.0	201,840	4.0	4.0	201,840
Senior Motor Vehicle Tech - Fraudulent Applications	6.0	239,328	6.0	6.0	239,328
Overtime		7,831			7,831
Temp Salary \$		2,834,442			
Administrative Review Staff			-	11.0	452,298
Secondary Review Staff			-	32.0	1,524,426
4 DLPC staff for 2 months					944,814
San Jose DLPC staff for 2 months					216,384
Facilities additional months					613,000
Interpreter Services Contract					335,000
Staff Benefits		4,875,351			5,049,951
2016/17 Need Subtotal		\$13,323,952			14,750,032
Minus AB 60 16/17 Budgeted from 2014/15 BCP					(\$13,323,952)
One-Time Additional Funding Request			0.0	0.0	\$1,426,080

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The implementation of AB 60 commenced on January 2, 2015. The Department received approximately 16,000 new AB 60 applicants a month, from October 2015 – February 2016. It is anticipated that the 2016/17 workload will be 170,000 applicants annually. Of the total AB 60 applications, 11.0% require record correction and 7.1% require additional record reviews. Reviewing the data through 2015 concludes that secondary review referrals are approximately 5.4% of the total AB 60 applications and 2% of the applications are marked for secondary review in error at a field office. During the application process 10% of the total AB 60 applicants will fail the written or driving test three times. After the third failure the applicant will need to start the application process over from the beginning, of which 5.4% will need secondary review. Of the total AB 60 applications, approximately 0.7% of the applications will be fraudulent.

FY 2016/17 Projected Volumes	
<u>Perm-Perm / X-Perm Records Correction</u>	
Projected AB 60 Volume	170,000
Percentage of Applications Need Record Correction	11%
Volume of Record Correction Applications	18,700
<u>Administrative Review</u>	
Projected AB 60 Volume	170,000
Percentage of Applications Requiring Additional Review	7.1%
Volume of SSN Review	12,070
<u>Secondary Reviews</u>	
Projected AB 60 Volume	170,000
Percentage of Applications Need Secondary Review	5.4%
Volume of Secondary Review Applicants	9,180
<u>Applications Marked in Error in Field Offices</u>	
Percentage of Applications Marked for Secondary Review in Error	2%
Applications Marked for Secondary Review in Error	3,400
<u>Three Time Failures</u>	
Percentage of Applicants That Fail Written/Drive Test Three Times in the First Year	10%
Volume of Three time Failures	17,000
Percentage of Applications Need Secondary Review	5.4%
Volume of Three Time Failures Identified for Secondary Review	918
<u>Potential Fraudulent Applications</u>	
Percentage of Fraudulent Applications	0.7%
Volume of Fraudulent Applications	1,190

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A customer is legally entitled to only one California Driver License (DL) number. As a result, one record, one-identity, one-license is the guiding force behind many of the functions within the Driver Licensing Branch. As such, whenever it is discovered that a customer has more than one DL number, the records must be "doubled" (combined) into a single record. This "doubling" concept also applies to customers possessing a single California Identification Card (ID) or "X" file number. An "X" file number is assigned for identification purposes to individuals that have no record of possessing a California DL or ID. Combining records falls into two main categories:

- Combining two permanent DL/ID records-commonly referred to as Perm to Perm.
- Combining an "X" file number to a permanent DL number-commonly referred to as "X" file to Perm

The following instances also contribute to the creation of an "X" file number:

- Lack of 3-points of identification to an existing DMV record.
- Out-of-state driver receiving a California citation.

Many customers applying for a California Driver License via Assembly Bill 60 (AB 60) may have previously possessed a DL or ID which requires all associated records to be administratively reviewed. Funding for eleven (11) positions are being requested to address the administrative review workload and combining of records that are associated with AB60 driver's licenses.

Funding for thirty two (32) positions are also being requested to address the secondary review workload. This is to process the workload of the DL applicants who do not provide acceptable identity / residency documents at the time they applied for their DL and they will receive a Secondary Review Referral Notice from the field office technician informing the applicant that a secondary review of their documents must take place. The DL applicant will meet with staff from the Investigations Division to have their documents reviewed and their identity verified. Once the verification is completed the applicant may proceed with the DL process. Currently Investigators from districts statewide are redirected to help alleviate the workload associated with the Special Investigator Assistant Secondary Review task. The secondary review process entails the following:

- Pull file, print photo and review record.
- Conduct various database queries and review.
- Review application.
- Schedule and meet with applicant.
- Photocopy / scan documents.
- Close case files.

Driver's License Processing Centers (DLPC):

The department leased four additional temporary field offices to handle the increased volume of customers and additional staffing due to the implementation of AB 60. The DLPC's were strategically located to specifically service the needs of new DL applicants in the following locations; Granada Hills, Stanton, Lompoc and San Jose. The leases for the DLPC's are due to expire in FY 2019/20. However,

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The DLPC's were only funded through the firm term of their leases. The funding for the DLPC's is set to expire as of September 30, 2016 for three of the DLPCs and November 30, 2016 for one DLPC. The request would extend the funding for the lease agreements at the DLPCs through December 31, 2016.

Total Projected Expenditures for DLPC's	
	FY 2016/17 (2 months)
Rent – Non-State Owned	\$ 613,000
Total DLPC Costs:	\$ 613,000

E. Outcomes and Accountability

The expected outcome of this proposal is to meet the needs of an extensive workload that cannot be absorbed within current staffing capabilities.

F. Analysis of All Feasible Alternatives

Alternative #1: Approve the Spring Finance Letter to provide DMV with requested funding of \$1.4 million for program costs associated with AB 60 workload.

Pros:

- The Department will be able to minimize backlogs and continue to meet the "Service Goal" of the Department's Strategic Plan.
- The proposed plan will maximize the Department's existing infrastructure, redirect workload to alternative service channels where feasible, increase staffing, and control applicant flow in the Secondary Review Referral process.

Cons:

- Increased costs to the Motor Vehicle Account.

Alternative #2: Do not approve this proposal and the Department will redirect using existing resources.

Pros:

- Will not incur additional costs.

Cons:

- Due to the high number of applicants, customers will not receive Secondary Review referral appointments in a timely manner. The Department's Service Goal of the Strategic Plan will not be met, as the Department will not be serving customer needs.
- Existing field offices would incur longer wait times and existing resources would be strained.
- Will need to utilize existing resources that will jeopardize further Investigations Division functions; 1-800 Fraud hotline, Investigator caseload and existing criminal and administrative

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cases, outside agency assistance, statewide operations to enforce and deter misuse of Disabled Person Parking Placard that is a Departmental performance measure.

G. Implementation Plan

The workload validates the need for the onetime resources, including the DLPC's given the magnitude of the impact of increased volume of customers.

H. Supplemental Information

This request includes funding for facilities costs to continue operating the Driver Licensing Processing Centers for two additional months, interpreter services contract and workload associated with the secondary review process.

NONE FACILITY/CAPITAL COSTS EQUIPMENT CONTRACTS OTHER _____

I. Recommendation

The recommendation is to approve Alternative 1, which provides DMV with the requested funding of \$1.4 million in FY 2016/17 for program costs and to meet the currently projected increase in DL Administrative and Secondary Reviews.

Fiscal Impact:

Expenditures	FY 16/17	
	Pos	\$
Salaries & Wages:		
Temp Salaries	0.0	303,000
Staff Benefits		175,000
Total Personal Services	0.0	\$478,000
Operating Expenses & Equipment:		
Facilities Operations		613,000
Consultant & Professional Services		335,000
Total Operating Expenses & Equipment		\$948,000
Total Expenditures:	0.0	\$1,426,000

* Net additional funding request is \$1.4 million. The total Departmental need for FY 2016/17 is \$14.75 million, less the augmentation of \$13.3 million received in FY 14/15 BCP.

BCP Fiscal Detail Sheet

BCP Title: AB 60 Driver License Processing

DP Name: 2740-301-BCP-DP-2016-A1

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Temporary Help	0	303	0	0	0	0
Total Salaries and Wages	\$0	\$303	\$0	\$0	\$0	\$0
Total Staff Benefits	0	175	0	0	0	0
Total Personal Services	\$0	\$478	\$0	\$0	\$0	\$0
Operating Expenses and Equipment						
5324 - Facilities Operation	0	613	0	0	0	0
5340 - Consulting and Professional Services - External	0	335	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$948	\$0	\$0	\$0	\$0
Total Budget Request	\$0	\$1,426	\$0	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations						
0044 - Motor Vehicle Account, State Transportation Fund	0	1,426	0	0	0	0
Total State Operations Expenditures	\$0	\$1,426	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$1,426	\$0	\$0	\$0	\$0

Program Summary

Program Funding						
2135 - Driver Licensing and Personal Identification	0	1,426	0	0	0	0
Total All Programs	\$0	\$1,426	\$0	\$0	\$0	\$0

Personal Services Details

Salaries and Wages

Total Salaries and Wages

Staff Benefits

5150350 - Health Insurance

Total Staff Benefits

Total Personal Services

	CY	BY	BY+1	BY+2	BY+3	BY+4
Total Salaries and Wages	\$0	\$303	\$0	\$0	\$0	\$0
5150350 - Health Insurance	0	175	0	0	0	0
Total Staff Benefits	\$0	\$175	\$0	\$0	\$0	\$0
Total Personal Services	\$0	\$478	\$0	\$0	\$0	\$0