

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016/17	Business Unit 2740	Department Motor Vehicles	Priority No. 2
Budget Request Name 2740-300-BCP-BR-2016-A1		Program 2135 - DRIVER LICENSING & PERSONAL ID	Subprogram

Budget Request Description
 REAL ID Implementation

Budget Request Summary

The Department of Motor Vehicles (DMV) requests a total of 70 positions and \$4.6 million in FY 2016/17 and \$4.5 million ongoing to implement Chapter 708, Statutes of 2015 (AB 1465, Gordon). Chapter 708, Statutes of 2015 (AB 1465, Gordon) will authorize DMV to require proof of residency for all original driver license and identification (DL/ID) card applications beginning July 1, 2016.

Requires Legislation <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed Vehicle Code Section 12801.5	
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
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. <input type="checkbox"/> FSR <input type="checkbox"/> 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>[Signature]</i>	Date 3/30/14	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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**2740 Department of Motor Vehicles
SPRING FINANCE LETTER
2016/17 FISCAL YEAR**

TITLE OF PROPOSED CHANGE

(SFL #2)

REAL ID Implementation

Licensing: Proof of Residency

DESCRIPTION:

The Department of Motor Vehicles (DMV) requests a total of 70 positions and \$4.6 million in FY 2016/17 and \$4.5 million ongoing to implement Chapter 708, Statutes of 2015 (AB 1465, Gordon).

Chapter 708, Statutes of 2015 (AB 1465, Gordon) will authorize DMV to require proof of residency for all original driver license and identification (DL/ID) card applications beginning July 1, 2016.

In the case that the Department of Motor Vehicles determines that additional funding is required to maintain customer service goals at field offices due to higher-than-forecast workload related to Chapter 708, Statutes of 2015 (AB 1465), or other workload directly related to the implementation of the Federal Real ID Act of 2005, the Department is requesting that provisional budget language be added to the Budget act that states; Upon approval of the Director of Finance, the amount available for expenditure in schedule (2) may be augmented to support activities associated with federal REAL ID compliance. No augmentation shall be made any sooner than 30 days after the Joint Legislative Budget Committee has been notified in writing.

AB 1465 – SUMMARY

The REAL ID Act of 2005 (REAL ID) establishes minimum issuance criteria for state-issued DL/ID cards in order to be an accepted identification for official federal purposes, such as entering federal buildings or boarding commercial aircraft. REAL ID standards mandate that original DL/ID applicants establish proof of residency by presenting at least two documents of the issuing states choice that includes their name and principle residence address, including a street address.

California has not yet submitted a REAL ID compliance package with Department of Homeland Security (DHS) and was granted an extension by the DHS through October 10, 2016 as California continues to prepare for REAL ID. Implementing the requirements of Chapter 708, Statutes of 2015 (AB 1465, Gordon) continues to move the state towards completing the requirements to be in full compliance. Pursuant to federal regulations, October 1, 2020 is the final date for states to become fully compliant with the REAL ID Act, after which non-compliant cards will not be accepted for federal purposes. AB 1465 demonstrates California's progress towards implementing REAL ID standards.

BACKGROUND:

In 2005, the REAL ID Act modified the United States (U.S.) federal laws pertaining to the security, authentication, issuance standards and procedures for state DL/ID cards. Prior to this,

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each state set its own rules and criteria regarding the issuance of a DL/ID to include: the look of the card, the data displayed, the required documents that must be provided to obtain one, and what information is stored within the state's database. Compliance with the REAL ID standards set forth will ensure California's DL/ID cards will be accepted for all official federal purposes. Failure to meet these standards would have a significant impact on California residents, such as necessitating passports, passcards, or other DHS approved travel identification document to be obtained in order to enter federal facilities or board commercial flights.

California processes approximately 1.5 million original DL/ID applications annually and does not currently require proof of residency for the issuance of a DL/ID card. Chapter 708, Statutes of 2015 (AB 1465, Gordon) will mandate California residency is established in order for new DL/ID applicants to obtain a DL/ID. Currently, the only DLs that mandate proof of residency are applicants without proof of legal presence in the U.S. who may be issued a DL by submitting proof of identity and California residency pursuant to Chapter 524, Statutes of 2013 (AB 60, Alejo). However, DLs issued under AB 60 bear specific notations on the front and back of the card and would not be considered a REAL ID compliant card.

Full compliance with REAL ID standards was scheduled to take effect January 15, 2013. However, in December 2012 the DHS notified states of a deferred enforcement period, implementing a four-phase enforcement plan and on January 8, 2016 updated the enforcement plan as follows:

- Phase 1 – Full enforcement of restricted access to DHS's Nebraska Avenue Complex Headquarters.
- Phase 2 – Restricts access to secure federal facilities and nuclear power plants. Completed July 21, 2014.
- Phase 3 – Restricts access for most federal facilities (areas accessible to the general public but require identification) and military bases. Began October 20, 2014 with full enforcement effective January 19, 2015.
- Phase 4 – Boarding Commercial Aircraft. January 22, 2018 is when passengers with a driver's license issued by a state that is still not compliant with the REAL ID Act (and has not been granted an extension) will need to show an alternative form of acceptable identification for domestic air travel to board their flight. Passengers with driver's licenses issued by a state that is compliant with REAL ID (or a state that has been issued an extension) will still be able to use their driver's licenses or identification cards. Beginning October 1, 2020 every air traveler will need a REAL ID-compliant license, or another acceptable form of identification, for domestic air travel.

General Assumptions:

- Assume proof of California residency will be required effective July 1, 2016.
- Assume DMV receives approximately 1,540,000 original DL/ID applications annually.
- Assume a message will be created to alert a field office technician to scan all proof of residency documents.

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- Assume it will take a field office technician an additional 5 minutes to review, verify, and scan the 2 proof of residency documents.
- Assume 78 new positions will be needed to process this additional workload. The Department will redirect 8 existing Motor Vehicle Representative Positions that were previously identified as savings attributed to the Self Service Terminal Program to this new AB1465 workload; creating a need for 70 new positions as identified below:

<i>Tasks Associated with Positions:</i>	Hours	2016/17 PYs & \$	2017/18 PYs & \$	2018/19 PYs & \$
Review, verify and scan 2 proof of residency documents	128,333	73.0 / \$4,626,613	73.0 / \$4,505,882	73.0 / \$4,505,882
Supervision of additional workload	10,668	5.0 / \$419,700	5.0 / \$411,431	5.0 / \$411,431
Re-direct SST savings positions	(14,224)	(8.0) / (\$466,313)	(8.0) / (\$466,313)	(8.0) / (\$466,313)
Total PY's:		70.0 / \$4,580,000	70.0 / \$4,451,000	70.0 / \$4,451,000

FISCAL IMPACT:

		2016/17		2017/18		2018/19
	Pos	\$	Pos	\$	Pos	\$
Salary & Wages:						
Motor Vehicle Representative	65.0	2,380,000	65.0	2,380,000	65.0	2,380,000
Manager I	5.0	248,000	5.0	248,000	5.0	248,000
Total Salaries & Wages	70.0	2,628,000	70.0	2,628,000	70.0	2,628,000
Staff Benefits		1,542,000		1,542,000		1,542,000
Total Personal Services	70.0	4,170,000	70.0	4,170,000	70.0	4,170,000
Total Operating Expenses & Equipment		410,000		281,000		281,000
Total Expenditures	70.0	4,580,000	70.0	4,451,000	70.0	4,451,000

REVENUE: No additional revenues will be generated for this bill.

BCP Fiscal Detail Sheet

BCP Title: REAL ID Implementation (AB 1465)

DP Name: 2740-300-BCP-DP-2016-A1

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	70.0	70.0	70.0	70.0	70.0
Total Positions	0.0	70.0	70.0	70.0	70.0	70.0
Salaries and Wages						
Earnings - Permanent	0	2,628	2,628	2,628	2,628	2,628
Total Salaries and Wages	\$0	\$2,628	\$2,628	\$2,628	\$2,628	\$2,628
Total Staff Benefits	0	1,542	1,542	1,542	1,542	1,542
Total Personal Services	\$0	\$4,170	\$4,170	\$4,170	\$4,170	\$4,170
Operating Expenses and Equipment						
5301 - General Expense	0	134	134	134	134	134
5320 - Travel: In-State	0	38	38	38	38	38
5322 - Training	0	109	109	109	109	109
5346 - Information Technology	0	129	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$410	\$281	\$281	\$281	\$281
Total Budget Request	\$0	\$4,580	\$4,451	\$4,451	\$4,451	\$4,451
Fund Summary						
Fund Source - State Operations						
0044 - Motor Vehicle Account, State Transportation Fund	0	4,580	4,451	4,451	4,451	4,451
Total State Operations Expenditures	\$0	\$4,580	\$4,451	\$4,451	\$4,451	\$4,451
Total All Funds	\$0	\$4,580	\$4,451	\$4,451	\$4,451	\$4,451
Program Summary						
Program Funding						
2135 - Driver Licensing and Personal Identification	0	4,580	4,451	4,451	4,451	4,451
Total All Programs	\$0	\$4,580	\$4,451	\$4,451	\$4,451	\$4,451

