

Fiscal Estimate Narratives

DOT 4/26/2010

LRB Number	09-3677/1	Introduction Number	AB-0777	Estimate Type	Original
Description The issuance of driver cards and driver card instruction permits by the Department of Transportation, requiring the exercise of rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

BILL SUMMARY

The proposal requires DOT to make available to persons who are not able to provide proof of legal presence in the United States with a product called a Driver Card or a Driver Card instruction permit that allows them to legally operate a Class D motor vehicle. The Driver Card or the Driver Card Instruction Permit may not be accepted by any federal agency for federal identification or any other official purpose. The proposal does not include consideration for issuing identification cards.

This proposal allows persons who do not provide proof of legal presence to obtain a product that allows them to legally operate a motor vehicle. A Driver Card Instruction Permit would be issued to only those persons who are at least 15 years and six months old, do not have a revoked or suspended operating privilege in this or any other state, successfully complete all required tests, provide proof of Wisconsin residency, are not eligible to obtain a social security number, and can provide an Individual Taxpayer Identification Number issued by the Internal Revenue Service. A Driver Card would be issued to those persons described above provided they have meet the same criteria and have held a Driver Card Instruction Permit for at least six months or are at least 18 years of age.

The Driver Card will have the same driving privileges and restrictions as a regular Wisconsin driver's license. Citations can be issued against a Driver Card and therefore the driving privilege of a person holding this type of license is subject to the same type of privilege withdrawals (revocation, suspension, cancellation) as a regular type driver license. A Driver Card will NOT be valid for operating commercial motor vehicles. Federal commercial driver license regulations require the applicant to have U.S. legal presence and a SSN must be provided.

Due to differing eligibility requirements and expiration periods, certain elements will be unique to the Driver Card. The expiration period of an original Driver Card will be two years from the applicant's last birthday. The expiration period for a renewed Driver Card will be two years from the product's last expiration date. A Driver Card Instruction Permit will expire one year from the date of issuance.

The Driver Card must have a different physical appearance and must be annotated in a manner to distinguish this product and it's use from the regular driver's license. The specific wording would be determined during implementation. Therefore, a new product template must be created.

ASSUMPTIONS

DOT will need one year after passage of the law to make driver licensing system changes, create the new Driver Card product, and train staff to be ready to issue the new product. Additionally, as a result of the programming and system changes necessary due to the passage of 2009 Act 100, work necessary for programming and system changes to implement this proposal could not begin until August 1, 2010. Therefore, using that time frame the Driver Card program could not begin until August 1, 2011.

All Driver Card products (first issues, renewals, IP) will be centrally issued (by mail rather than handed over the counter) to help deter and detect residency fraud. This process is currently in use for the issuance of all original products to individuals over 18 years old to allow for both identity and residency fraud detection and investigations. Central issuance will result in increased postage costs.

To arrive at an estimate of the number of applicants for the Wisconsin Driver Card, we considered Utah's experience, our historical data for pass/fail rates of knowledge and road skills tests, that the number of residency fraud cases will increase, and we assumed that most recipients of the Driver Card will seek to renew their product. More specifically:

- Wisconsin will process approximately 60,000 applicants the first year the Driver Card is offered.
- Assume 50%, or 30,000 applicants, would not have previously held a U.S. product within the past eight years and would require all tests to be successfully completed. Based on current experience in Wisconsin, assume 35% would fail the first test and 10% would fail the second test, resulting in a total of an additional 41,550 knowledge and driving skills tests the first year.
- Assume approximately 15% of the number of persons expected to be issued a product, 9,000, will appear at a DMV service center and complete some or most of the process (ie: knowledge and/or road skills tests) before it is determined they are not eligible for a Driver Card product due to Wisconsin residency issues, age, driver history, eligible for a SSN, lack of an ITIN, etc.
- Assuming a two-year expiration period of the Driver Card, Wisconsin can expect approximately 60,000 additional Driver Card renewals on an ongoing basis every other year.
- Based on experiences in Tennessee and Utah, a major increase in residency fraud occurred when large numbers of persons who were not residents of those states attempted to obtain products. This is likely due to the decreasing number of states that will not issue a credential without proof of legal presence. Wisconsin may have the same experience.

CONCLUSIONS

Project positions and permanent positions would be required to handle both the one-time and ongoing increased workload resulting from issuing Driver Cards.

- Project employees would be hired for the first year of issuance to handle the additional driving skills tests, as there will be a one-time increase in the number of skills tests to be administered. Staff can be trained for the unique skills required to conduct a road skills test and yet do not need the extensive training required for counter service. Conducting 41,550 tests in a 12-month period can best be handled by full-time project employees. These positions would terminate after 13 months.
- To address the likelihood of increased residency fraud, three fraud detection/prevention specialist positions would be needed – two project positions for the influx of transactions in the first 12 months, and one permanent position for ongoing investigations.
- Every other year, 60,000 Driver Card renewals will need to be processed. A smaller number of first issued Driver Card will be issued. DMV considered the related 'mpu' (minutes of labor required per transaction) to conduct the 41,550 knowledge tests in the first year and the 'mpu' to handle 60,000 of renewals in subsequent years. To arrive at a consistent permanent FTE need for the DMV Field Agent classification, the mpu's of these two activities were averaged together.
- Staff that provide counter customer service receive six months of extensive training in complex licensing laws, and will need to complete that training prior to the issuance of the first Driver Card. The fraud investigators and road skills testers can be trained in one month. As a result, hiring would be phased to accommodate training needs for Driver Card issuance.

13.6 FTE project positions and 8.0 FTE permanent positions would be needed to provide the following driver licensing services:

- DMV Field Agent (7.0 permanent) – Provide entry-level customer service activities at field locations and perform under close supervision. These front-line positions handle counter transactions. They will be distributed among five-day stations and headquarter team locations to mitigate increased customer wait times as a result of the issuance of the new Driver Card.

DMV Field Agent – Examiner (11.6 project) – Services would be limited to conducting road skills tests during the initial year of Driver Card issuance. They will be distributed among five-day stations and headquarter team locations to mitigate increased customer wait times for skills test appointments as a result of the issuance of the new Driver Card.

- Consumer Protection Investigator 2 (1.0 permanent and 2.0 project) – Located in the DMV regions, conduct residency fraud investigations related to documentation and proof of residency. Central issuance is tool utilized to identify potential fraudulent activities.

Note: Project positions would terminate on August 1, 2012.

Increased Revenues

As a result of issuing licensing products for a new group of individuals, revenues to the Transportation Fund will increase. We assumed that the current statutory fees are unchanged for Driver Card. The shorter expiration period is similar to the product now issued to conditional residents.

Instructional Permits:

As noted, we assume that 30,000 applicants would not have previously held a U.S. product within the past eight years and would therefore require a knowledge test and driving skills test. These applicants would be issued an instruction permit (IP) upon successful completion of the knowledge test. The fee for an IP is \$35. This will result in revenues of \$1,050,000.

Road Skills Tests:

These same 30,000 individuals will need to complete a driving skills test. The driving skills test fee is \$15 for up to three tests for each person; fees collected would total \$450,000.

Original Driver Card:

Upon successful completion of all requirements for licensing, these 30,000 applicants will be issued an original license. The fee for an original license is \$28; fees collected for an original Driver Card would be \$840,000.

Initial Renewal Driver Card:

Based on previous discussion, we assume that the other 30,000 applicants will be renewing a Wisconsin product they obtained prior to the legal presence requirement. Assuming these applicants now meet the requirements for issuance of a Driver Card, upon renewal they would receive that type of licensing product. The renewal fee is \$34; fees collected for renewals would be \$1,020,000.

Subsequent Renewal Driver Card:

Renewal fees collected upon expiration of the two-year license for 60,000 Driver Card license holders, with the \$34 renewal fee, would result in revenues of \$2,040,000 beginning two years after implementation.

We would expect some of the initial 60,000 Driver Card holders would not renew their product in upon its initial expiration, and beginning the second year of implementation, there will be new applicants for a Driver Card. We did not attempt to project the affect of those actions on revenues or costs.

The following summarizes additional revenues from various fees for the initial 60,000 applicants, assuming an effective date of August 1, 2011 to begin Driver Card issuance:

Instructional Permit FY12 = \$1,050,000 FY13 = Unknown FY14 = Unknown
Road Skills Test FY12 = \$450,000 FY13 = Unknown FY14 = Unknown
Original Driver Card FY12 = \$840,000 FY13 = Unknown FY14 = Unknown
Initial Renewal Driver Card FY12 = \$1,020,000
Renewal of 2-year Driver Card FY14 = \$2,040,000
Total New Revenues FY12 = \$3,360,000 FY13 = Unknown FY14 = \$2,040,000

One-time Costs:

In the past five years, the Department has developed new online driver's licensing services (ex: occupational license eligibility, reinstatement eligibility, etc.) and the driver license issuance and reinstatement systems have been redesigned into DB2 architecture. These systems and applications, and other processing business rules will all need updating to incorporate issuance of a new license type called the Driver Card. In addition, programming costs have increased over the ensuing three years. One-time funding of \$780,933 is required in FY 11 and \$118,567 in FY12 to be ready for Driver Card issuance on August, 2011.

- Computer programming changes to Wisconsin's driver licensing system for over the counter processing and online systems to issue, identify, update, and withdraw a Driver Card. The cost to complete these computer system changes is \$602,000.
- The Driver Card must be different in appearance, contain certain markings regarding usage, and will have a different expiration date than a regular driver's license. The card stock and product issuance vendor must create a new license product template and their development costs have increased over the past three years. The cost of template development is \$150,000.
- Training for 8.0 FTE permanent and 13.6 FTE project positions that provide front-line processing,

conducting road skills tests, and fraud investigations in field locations will vary, dependent upon their specific duties. All positions will require varying levels of initial position support, depending upon their duties. The total cost for this component is \$147,500.

Implementation Costs:

Implementation costs to issue and renew Driver Card products include: 8.0 FTE permanent and 13.6 FTE project positions to handle the new applicants who will be issued products, fleet and travel costs for the fraud investigators located in various regions across the state, and postage costs to mail all Driver Card products through central issuance. The total of the expenditures is \$159,041 in FY 11, \$1,203,400 in FY 12, and \$64,658 in FY13 of which \$840,558 is for one-time expenditures.

- Salary and fringe benefit funding for the permanent and project positions will be needed in FY 11, FY12, and FY 13; annualized position support costs for 8.0 permanent positions will be ongoing, and position support for 2.0 project positions will be needed for all of FY 12 and one month of FY13. The cost for these components is \$1,358,149.
- The fraud investigators who are located throughout the state in regional offices will incur fleet and travel expenses. The duties to investigate potential residency fraud cases involve travel for participate in cross-discipline meetings and conferences, interviews, and other field investigative responsibilities. The cost of fleet and travel expenses in FY 12 and FY13 is \$38,950.
- All Driver Card products, both initial issuance and renewals, will be mailed to the applicant. Central issuance provides a process to check for both identity and residency fraud. The mailing cost of 60,000 Driver Card products is \$30,000.

The following table summarizes the implementation costs for issuance of the Driver Card product:

Total Need FY11 = \$939,974 FY12 = \$1,321,967 FY13 = \$64,658 TOTAL = \$2,326,599

One Time Costs

Data Processing FY11 = \$551,833 FY12 = \$50,167 TOTAL = \$602,000
Template Development FY11 = \$150,000 TOTAL = \$150,000
Training & Position Set-up FY11 = \$79,100 FY12 = \$68,400 TOTAL = \$147,500
Total One-time Costs FY11 = \$780,933 FY12 = \$118,567 TOTAL = \$899,500

Implementation Costs

One-time:

Salary & fringe for 13.6 FTE Proj FY12 = \$744,300 FY13 = \$62,025 TOTAL = \$806,325
Fleet & Travel for Proj FTE FY12 = \$24,600 FY13 = \$2,050 TOTAL = \$26,650
Annual Support for Proj FTE FY12 = \$7,000 FY13 = \$583 TOTAL = \$7,583
Subtotal FY12 = \$775,900 FY13 = \$64,658 TOTAL = \$840,558

Ongoing:

Salary & Fringe for 8.0 FTE Perm FY11 = \$148,833 FY12 = \$357,200 TOTAL = \$506,033
Annual Support for Perm FTE FY11 = \$10,208 FY12 = \$28,000 TOTAL = \$38,208
Fleet & Travel for Perm FTE FY12 = \$12,300 TOTAL = \$12,300
Mailing Costs of Driver Card FY12 = \$30,000 TOTAL = \$30,000
Subtotal FY11 = \$159,041 FY12 = \$427,500 TOTAL = \$586,541
Total Implementation Cost FY11 = \$159,041 FY12 = \$1,203,400 FY13 = \$64,658 TOTAL = \$1,427,099

Projected costs for the positions and development, implementation, and administration of the system for issuance of Driver Cards and Driver Card Instruction Permits are \$2,326,599. The proposal also provides for an increase of authorized FTE positions by 8.5 positions. The projected new revenues for the first year after implementation of the system for issuance of Driver Cards and Driver Card Instruction Permits are \$3,360,000 with unknown ongoing revenues for the subsequent years.

Long-Range Fiscal Implications

See above.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description The issuance of driver cards and driver card instruction permits by the Department of Transportation, requiring the exercise of rule-making authority, and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
DMV will incur a one-time cost of \$1,740,058. The bill makes an appropriation of \$602,000 for the first year of the fiscal biennium and \$1,782,000 for the second fiscal year of the fiscal bienium in which the bill takes effect.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$357,200		\$
(FTE Position Changes)	(8.0 FTE)		
State Operations - Other Costs	70,300		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$427,500		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S (20.395(5)(cq))	427,500		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S (20.395(5)(cq))	3,360,000		
TOTAL State Revenues	\$3,360,000		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$427,500		\$
NET CHANGE IN REVENUE	\$3,360,000		\$
Agency/Prepared By			
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