



THE UNIVERSITY OF TEXAS AT AUSTIN  
CENTER FOR TRANSPORTATION RESEARCH

## Technical Memorandum

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**Subject:** DPS-CTR IAC Contract – Technical Assistance to TxDPS Driver License Division, Technical Memorandum 7: Evaluate benefits, challenges, and costs for keeping the Driver License Division in the Department of Public Safety; transferring the Division to the Department of Motor Vehicles; or creating the Division as a stand-alone agency

**Date:** May 31, 2020

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## **Chapter 1. Task 7 Summary**

This memo contains the results of work performed under Task 7 of the contract. Task 7 directed the study team to develop a decision matrix to evaluate the benefits, costs, challenges, and other issues for each option: stay within DPS, move to DMV, or create a stand-alone agency. The contract directed the team to use interviews and surveys with stakeholders and subject matter experts, as well as information the team collected in completing other contract tasks, to evaluate the three options and present the costs, challenges, benefits, and trade-offs of each option through a decision matrix.

After the conclusion of all study tasks and final synthesis of ongoing survey results, as well as input from DLD, the study team will refine the decision matrix criteria, and produce a ranking analysis. This analysis along with conclusions and recommendations will be included in Task 10's report draft and Task 11's final report.

## Chapter 2. Executive Summary

### 2.1. Decision Matrix Ranking Criteria

In this task, the study team focused on developing a simplified analytical framework to use as a decision-making tool to show the costs, benefits, and trade-offs associated with each of the three options: to keep the DLD at DPS, to move it to DMV, or to create a stand-alone agency.

The study team considered the preliminary findings from all of the tasks under the contract and additional analysis conducted for this task, and developed six key ranking criteria, summarized in Table 2.1. These criteria will form the basis for a more complete analysis and evaluative ranking that we will include in Tasks 10 and 11.

It is important to note that Task 10 also will include a summary of recommendations designed to improve the driver license program regardless of DLD's location, since the Division's location is only one factor in the program's future potential success.

**Table 2.1 Proposed Decision Matrix Ranking Criteria**

<b>Matrix Ranking Criteria</b>	<b>Description</b>
<b>Customer Service</b>	Responsive and timely service to the people of Texas.
<b>Compliance/Security</b>	Adherence to federal and state laws regarding identity verification, information sharing, personal privacy, and security of information technology (IT) and other systems.
<b>Accountability/Trust</b>	Transparent and responsible program management and communication to state leaders and the public.
<b>Efficiency/Cost</b>	Return on investment and implementation of program best practices. More heavily weighted to short-term costs but considers potential for longer-term efficiency gains.
<b>Culture/Staffing</b>	Productive work culture and staffing structure that can reduce turnover and enhance service.
<b>Organizational Disruption</b>	Ability to balance the significant disruption caused by organizational change with the potential for achieving real program improvements.

The study team also developed a Draft Ranking Key, described in Figure 2.1, to evaluate the three options considered in this study: keeping the DLD at DPS, moving it to DMV, or creating a stand-alone agency. The team will use a color code of red, yellow, or green to broadly illustrate our findings, while a simultaneous one-to-10 ranking (with one being worst and 10 being best) will provide additional detail. We will apply this ranking approach in the Task 10 draft report and in the Task 11 final report.

8-10	Current performance is excellent and/or the scenario offers high potential for increased performance for the selected criterion. Within this category, three numerical scores (with 10 being the best) will provide additional nuance.
4-7	Current performance is stable and/or the scenario offers limited potential for improved performance for the selected criterion. Within this category, four numerical scores (with 7 being the best) will provide additional nuance.
1-3	Current performance is poor and/or the scenario presents risk of deteriorating performance for the selected criterion. Within this category, three numerical scores (with 3 being the best) will provide additional nuance.

*Figure 2.1 Draft Ranking Key*

## 2.2. Summary of Preliminary Observations

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A key consideration for using the proposed decision matrix ranking criteria for legislative decision-making will be a determination of how to rank the criteria against each other. The following discussion provides preliminary observations of the team’s evaluation to illustrate this point. We will provide a more complete ranking analysis in Task 10.

The preliminary observations below provide an example of how the Legislature could use the decision matrix ranking criteria to frame an understanding of the trade-offs, benefits, and challenges of each option. For example, based on recent history, customer service has been the criterion most often cited by the Legislature as a critical item of concern and need for improvement, usually expressed as frustration with long wait times many constituents report at driver license offices. However, additional factors, such as the cost and disruption of a transfer, may emerge as Texas, and the world responds to the COVID-19 pandemic and awaits state budgetary impacts.

### 2.2.1. Retain at DPS

Our *preliminary observation* is that this option is attractive when prioritizing concerns about organizational disruption and security more than customer service improvements. However, this option would require continued investments and significant additional accountability to ensure customer service does not deteriorate, and to ensure customer service continues to improve after the scrutiny of this study, given the DLD’s long struggle with improving performance while a division at DPS.

### 2.2.2. Transfer to DMV

Our *preliminary observation* is that this option is attractive from the standpoint of customer service and increased accountability. The impact to the overall state budget is also neutral relative to sustaining operations at DPS. Organizational disruption would be higher, as this option would require both removing the agency from DPS and integrating it with DMV’s existing systems, structure, and culture. However, this disruption may be a trade-off the Legislature is willing to make for longer term program improvements.

### 2.2.3. Stand-Alone Agency

Our *preliminary observation* is that this option has the best potential for addressing customer service and performance, but it has weaknesses under disruption and cost due to the need to establish a new system of administration and management (though the additional estimated costs of \$12.7 million per biennium are overall fairly minimal within the context of the overall state budget and this program's importance). This option offers the best opportunity for addressing persistent issues endemic to the current placement within DPS. Therefore, the disruption and minimal additional cost may be a trade-off the Legislature is willing to make for longer term program improvements. Based on the surveys and focus groups that we conducted during this study, this option also is the DLD employees' preferred option (over moving to DMV) if the Legislature decides to transfer the program out of DPS.



## Chapter 3. Agency Overviews

### 3.1. Department of Public Safety

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#### 3.1.1. DPS Mission and Functions

DPS was established in 1939 and it has the stated mission to “Protect and Serve Texas.” The agency’s public safety and threat mitigation focus is clear from its established vision and goals. The agency’s purpose, as conveyed in its adopted goals, is to combat crime and terrorism, enhance highway and public safety, enhance statewide emergency management<sup>1</sup>, and enhance public safety licensing and regulatory services.

The DPS vision statement is “Proactively protect the citizens of Texas in an ever-changing threat environment while always remaining faithful to the U.S. and State Constitution.”

The agency’s governing structure is a five-member board appointed by the Governor and confirmed by the Senate; members must have, and maintain, a secret security clearance granted by the U.S. government.

#### 3.1.2. DPS Funding

DPS is supported in the 2020-21 biennium by \$2.3 billion in All Funds of which \$2.1 billion is General Revenue<sup>2</sup>; this funding level supports a full-time equivalent (FTE) staff of approximately 11,100 in each of year of the biennium. Appropriations to DPS for the driver-license-specific budget strategies accounted for \$486.2 million of DPS’ total appropriations for the biennium. As with overall DPS appropriations, driver license-specific appropriations are overwhelmingly supported by state General Revenue.

DPS is responsible for collecting certain fee revenue associated with the driver license function. These revenues are deposited into statutorily defined accounts in the state treasury and appropriated by the Legislature for uses in accordance with state law. For example, DPS collects Driver Record Information Fees in various amounts for driver record reports, while the Texas Department of Transportation (TxDOT) collects fees for accident report information. Fees collected by DPS are deposited into the Texas Mobility Fund, which is appropriated to TxDOT. Fees collected by TxDOT are deposited into General Revenue. In total, \$69.1 million was collected from these fees in 2018. Similarly, Driver’s License Fees are collected by DPS in varying amounts on a standard renewal cycle and deposited primarily into the Texas Mobility Fund with voluntary fees deposited into General Revenue (such as the organ donor education program); total collections in FY 2018 were \$145.1 million. Finally, until the Legislature in 2019 revised the Driver

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<sup>1</sup> The Texas Department of Emergency Management was a division within the Department of Public Safety until the Eighty-sixth Legislature transferred it to the Texas A&M System. DPS retains on their website the goal “Enhance Statewide Emergency Management.”

<sup>2</sup> General Appropriations Act for the 2020-21 biennium, Eighty-sixth Texas Legislature, Regular Session, 2019

Responsibility Program (DRP), Driver’s License Point surcharges were collected in varying amounts by DPS and deposited to the credit of General Revenue, the Designated Trauma Facility and EMS account, and to the Texas Mobility Fund. Total collections in FY 2018 were \$143.5 million.<sup>3</sup>

### 3.1.3. Duties and Responsibilities of the Driver License Division

DLD is responsible for issuance and renewal of driver licenses and for associated testing and eligibility determination. In FY 2018, DLD conducted an estimated 4,777,493 examinations; this number has remained relatively consistent but is estimated to increase to 4,970,000 by 2021.<sup>4</sup> The DLD also provides certain state records and documents to eligible customers and supplies certain other state identification (ID) cards that may be used for general purposes and, importantly, for voter authentication. The Division also supports law enforcement and criminal justice entities through record review and administration

DPS headquarters is in Austin, but the Division operates approximately 230 offices statewide, including driver license mega centers in select locations.

## 3.2. Department of Motor Vehicles

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### 3.2.1. DMV Mission and Functions

DMV was established in 2009 by House Bill (HB) 3097. As discussed in more detail in the Task 9 case studies, the 81st Legislature transferred four divisions from TxDOT to create the agency. DMV’s mission is “to serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.”<sup>5</sup>

### 3.2.2. DMV Funding

DMV is largely a self-funded agency. The 86<sup>th</sup> Legislature appropriated \$310.8 million for the FY 2020-21 biennium. Of this amount, more than 90 percent (\$283.6 million) came from the TxDMV Fund. The remaining funding (\$25.7 million) is General Revenue and federal reimbursements (\$1.5 million). Not all revenues collected under these fee structures are appropriated to DMV. The largest of the DMV-related fees are the Motor Vehicle Registration Fees, which DMV collects in various amounts. Those revenues are deposited into General Revenue, the Texas Mobility Fund, the TxDMV fund, and the License Plate Trust Fund. Total collections in FY 2018 were nearly \$1.6 billion.<sup>6</sup>

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<sup>3</sup> Texas Comptroller of Public Accounts, *Sources of Revenue*, January 2019.

<sup>4</sup> General appropriations Act, 86<sup>th</sup> Legislature, Regular Session, 2020-21 Biennium.

<sup>5</sup> TxDMV: About Us.

<sup>6</sup> Texas Comptroller of Public Accounts, *Sources of Revenue*, January 2019.

### **3.2.3. Duties and Responsibilities of the Department of Motor Vehicles**

DMV's primary responsibilities are to: 1) register vehicles; 2) regulate vehicle dealers; 3) credential buses and large trucks; 4) issue oversize and overweight permits; and 5) provide grants to law enforcement agencies to prevent burglaries and thefts. According to the agency, each year DMV:

- issues more than 24 million vehicle registration stickers and nearly eight million vehicle titles;
- licenses nearly 36,000 motor vehicle dealers and related entities;
- credentials over 60,000 commercial motor carriers;
- issues over 700,000 oversize and overweight permits; and
- investigates nearly 10,000 complaints.

## Chapter 4. Study Findings

In addition to reviewing analyses being performed by other contract tasks, the study team conducted further analyses including a detailed statutory review and interviews with DLD management, DMV executive staff, the American Association of Motor Vehicle Administrators (AAMVA), and several county tax assessor-collectors.

Analysis for this task included the following key questions.

- What does the recent legislative history and interest in the driver license program tell us about the legislative intent of Senate Bill (SB) 616, which required this study?
  - o What are the identified priorities of the Texas Legislature for DLD activities and interaction with the public?
- What is the legal definition of the driver license function? What statutes need to be considered when contemplating a transfer of this function to DMV or a stand-alone agency?
- From an overall state budget perspective, how should the Legislature evaluate the costs of the three options? (Review of findings described in Tech Memo 6)
- How would the options to move the driver license function to DMV or a stand-alone agency be implemented, from a timeline and oversight standpoint? (Review of findings described in Tech Memo 9)

### 4.1. Legislative History and Intent

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Legislative oversight agencies have observed concerns with driver license services for over a decade. In 2009, the Sunset Advisory Commission noted DPS did not “effectively meet consumer needs.” Sunset found long wait times in call centers and driver license offices. It also noted that few states used their public safety agencies to issue licenses, and DPS used an inefficient law enforcement operating model. Sunset recommended that the agency use a “civilian business model.”<sup>7</sup> DPS agreed with the recommendation, and the 81<sup>st</sup> Legislature passed legislation implementing the commission’s recommendations (HB 2730).

The following session, the 82<sup>nd</sup> Legislature established the Driver License Improvement Plan (DLIP). According to the Legislative Budget Board (LBB), the objective was “to improve services and shorten wait times for driver license customers.”<sup>8</sup> The Legislature appropriated an additional \$63 million to DPS with over 360 new FTEs for the 2012-13 biennium with the expectation these

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<sup>7</sup>Department of Public Safety, *Private Security Board, Polygraph Examiners Board - Sunset Advisory Commission Final Report*. July 2009.

<sup>8</sup>Department of Public Safety, *Driver License Improvement Plan Issue Brief – Legislative Budget Board*. January 2013.

funds would lead to “outcome improvements...in the areas of customer service, safety and security, and employee environment.”

To analyze and review the agency’s fiscal operations and programs, the LBB required a Strategic Fiscal Review (SFR) of DPS in 2014. As part of this process, the agency had to prioritize its 47 programs. The agency ranked Driver License Services 33<sup>rd</sup> and DLIP 35<sup>th</sup>. DPS ranked organized crime, criminal interdiction, and counterterrorism at the top of the list. The LBB determined driver license programs were of “moderate” importance to the agency’s overall law enforcement mission.

Meanwhile, the Legislature continued to add more funding to DLIP in an effort to resolve operational problems. However, accountability issues with the use of funds were identified. In a 2017 performance review, the LBB noted that DPS’ own internal audit showed it could not “confirm that appropriations made specifically for DLIP were expended in accordance with program objectives.”<sup>9</sup> The review further noted that:

Despite receiving \$310.1 million in General Revenue Funds since fiscal year 2012 for the Driver License Improvement Plan, service outcomes at select high volume driver license offices remain lower than targeted levels. Performance measure results show that the Department of Public Safety failed to meet the targeted wait times for driver license offices in fiscal years 2014, 2015, and 2016.

The Comptroller of Public Accounts also noted DPS’ ongoing, unresolved struggles. In October 2019, the agency wrote in an edition of *Fiscal Notes*:

Lawmakers and legislative agencies have worked with DPS to address delays for a decade. Since fiscal year 2009, the annual budget for DPS’ driver’s license (sic) services has nearly tripled, while the number of full-time-equivalent (FTE) employees assigned to provide these services has increased almost ninefold.<sup>10</sup>

The article pointed out that issuing driver license and ID documents had been an “ongoing challenge,” and DPS “continually struggles to meet performance measures set by the Legislature— as well as the expectations of Texas residents.” It also mentioned reforms in other states that the agency could consider, such as Saturday office hours, mobile offices, and technology upgrades.

Table 4.1 provides a picture of DPS’ performance in several legislative measures over the last decade. As Figure 4.1 additionally shows, while Texas’ population growth has been a challenge to all state regulatory agencies, the increase in volume relating to this program has been fairly stable over the last several years.

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<sup>9</sup> *Legislative Budget Board Staff Reports*. January 2017.

<sup>10</sup> *Fiscal Notes – Comptroller of Public Accounts*, October 2019.

**Table 4.1 DPS Performance Measures**

Measure	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021*
<b>Number of Total Examinations Administered</b>	4,115,647	5,985,579	4,578,611	4,657,386	4,891,564	4,767,505	4,646,339	4,790,085	4,777,493	4,813,559	4,950,000	4,970,000
<b>Number of Driver Licenses and ID Cards Mailed</b>	4,770,670	5,938,187	5,992,195	6,337,997	6,637,362	7,756,789	6,572,311	7,229,695	7,284,458	7,495,723	7,298,238 (DPS projection)	7,300,000 (DPS projection)
<b>Percentage of Applications Completed in 45 Minutes</b>			29.0%	58.0%	41.0%	46.4%	46.0%	44.7%	41.0%	47%	75.0% (official target)  30% (DPS projection)	75.0%
<b>Percentage of Calls Answered</b>							15.0%	15.0%	13.4%	10.9%	14.0% (DPS projection)	14% (DPS projection)

Notes: Areas in grey indicate that measure was not required in that fiscal year or not available; 2020-21 measures are legislative targets or agency projections as actuals were not yet available.

Sources: Department of Public Safety Legislative Appropriations Request and Operating Budget; Legislative Budget Board, Legislative Budget Estimates; and General Appropriations Act (86R).

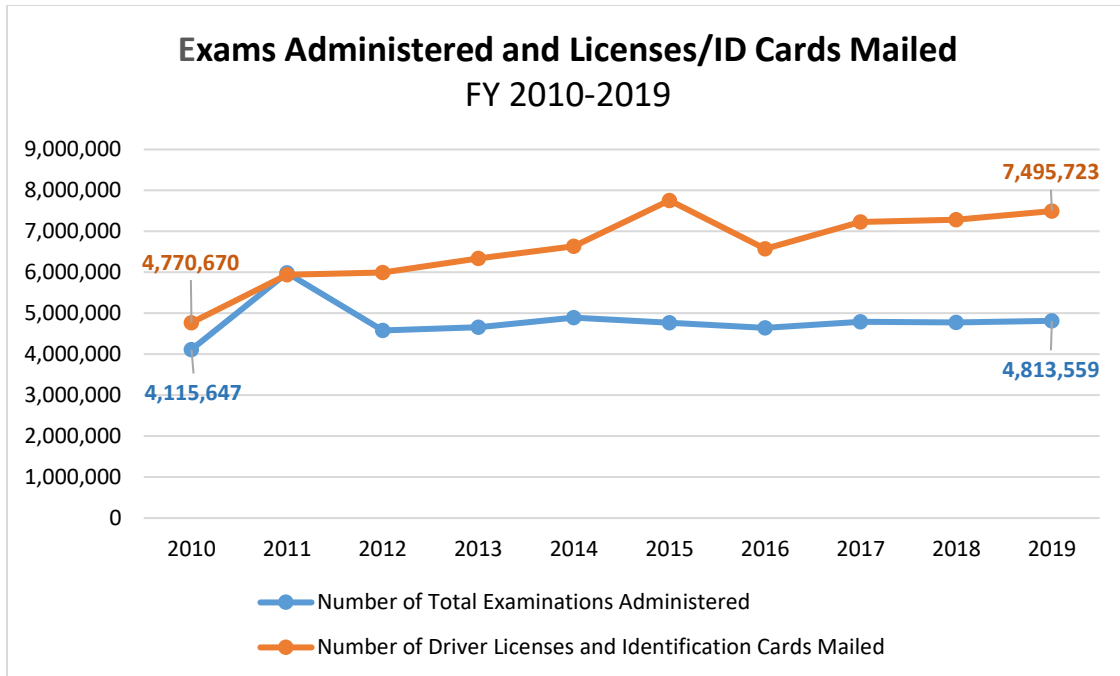


Figure 4.1 DPS Exams Administered and Licenses/ID Cards Mailed

Scrutiny of the driver license program culminated during the 86<sup>th</sup> Legislature, when the Sunset Advisory Commission reviewed the mission and performance of both DPS and DMV. Generally, the reviews concluded that DPS still was struggling to appropriately manage the DLD, while DMV generally had succeeded in creating a customer-service oriented motor vehicle regulatory agency. A major discussion topic during the legislative session then revolved around whether DMV would be a better agency to administer the driver license program. While the Sunset review of DMV concluded that the agency had a strong customer service record, the review also found several concerns with DMV’s governance and operations such as its board structure and management of IT projects.

The driver license program in particular has continually struggled to meet customer service expectations of the millions of Texas residents that rely on its services. – Sunset Advisory Commission, *Department of Public Safety Staff Report with Final Results* (June 2019), p.1.

Through proactive management, the [Department of Motor Vehicles] has modernized motor vehicle services and improved customer service for both the public and industry – Sunset Advisory Commission, *Department of Motor Vehicles Staff Report with Final Results* (June 2019), p.1.

During the 86<sup>th</sup> Legislative session, the Texas Tribune reported that “lawmakers worry that the agency currently in charge of driver licenses, DPS, has mismanaged public money in recent years.

Wait times at driver license offices have only worsened, even as the legislature has funneled more than \$300 million into the program since the 2012 budget year.”<sup>11</sup>

Ultimately, the 86<sup>th</sup> Legislature did not remove DLD from DPS; instead, it invested significant additional funding for DLD enhancements. However, the Legislature also directed DPS to contract for this study to evaluate the potential trade-offs of a major future organizational change, and the Legislature specified that the program automatically would transfer to DMV if the study were not completed.

The Legislature included the following directives for the study in law and in an appropriations rider, which form the authority and direction for this study.

The Department of Public Safety shall enter into a contract with an independent, third-party contractor to conduct a feasibility study that examines and makes recommendations on the management and operating structure of the driver’s license program and the opportunities and challenges of transferring the driver ’s license program. Not later than September 1, 2020, the contractor...shall submit a report on the study conducted under that subsection to the legislature, the governor, the Sunset Advisory Commission, the Department of Public Safety, and the Texas Department of Motor Vehicles. – SECTION 6.005 (b) and SECTION 6.005(c), Senate Bill 616, 86th Regular Session (2019).

**Study the Management, Operating Structure, and Opportunities and Challenges of Transferring the Driver License Program.** Included in the amounts appropriated above in Strategy E.1.1, Driver License Services, is \$1,000,000 in General Revenue Funds in fiscal year 2020 for the Department of Public Safety to contract with an independent, third party, consistent with general law, to conduct a study that examines and makes recommendations on the management, operating structure, methods to incentivize driver license online renewal for eligible individuals, and opportunities and challenges of transferring the driver license program to the Department of Motor Vehicles, or becoming a standalone agency. The contractor must submit a report containing the results of the study and recommendations to the Legislature, the Governor, the Sunset Advisory Commission, the Department of Public Safety, and the Texas Department of Motor Vehicles not later than September 1, 2020. – Rider 53, Department of Public Safety Bill Pattern, General Appropriations Act for the 2020-21 Biennium, 86<sup>th</sup> Texas Legislature, Regular Session (2019), p. V-58.

## 4.2. Legal Analysis of the Driver License Division’s Statutory Duties

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The study team performed a legal analysis of the state statutes governing the DLD to define the functions that would be impacted by a potential transfer out of DPS. The review provided a

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<sup>11</sup> “Texas lawmakers hope an additional \$200 million will decrease dreaded wait times at driver's license centers.” *Texas Tribune*, May 26, 2019.



baseline legal understanding to inform development of the fiscal and policy analysis. We provided the analysis to DPS and DMV for review and comment prior to submission of this task deliverable.

DLD functions can be divided into five categories:

1. Issuance Services (Customer Operations and Headquarters Operations)
2. Eligibility Verification
3. Enforcement and Compliance
4. Driver Record Maintenance and Information Sharing
5. Customer Service Center.

According to SB 616, § 6.003 the DLD functions being examined for this study for the Legislature mostly fall under four statutory areas:

- i. TEX. TRANSP. CODE, Chapter 521. Driver’s Licenses and Certificates;
- ii. Chapter 522. Commercial Driver’s Licenses;
- iii. Chapter 521A Election Identification Certificates (including § 63.001 Texas Election Code (TEC)); and
- iv. “Other Law” that licenses a person to operate a motor vehicle or a commercial motor vehicle (CMV).

“Other law” covers a variety of legal codes, including federal, and criminal law (for purposes of this study, the Texas Transportation Code will be “Tex. Transp. Code”).

Not mentioned in SB 616, but also considered as DLD functions in this analysis, are other Chapters of Tex. Transp. Code, other Texas Codes, Federal laws, and Regulations. Ch. 524, Administrative Suspension of Driver’s License for Failure to Pass (FTP) Test for Intoxication, and Ch. 724, Implied Consent, govern the “Administrative License Revocation Program” (ALR), in which the DPS and the State Office of Administrative Hearings adopt rules to implement the program. Ch. 601, Motor Vehicle Safety Responsibility Act, covers post-crash suspension of a license and financial responsibility, among other areas. The Texas Administrative Code (TAC), Title 37, Pt. 1, covers administrative rules. Tex. Transp. Code, Ch. 703, Non-Resident Violator Compact of 1977 and Ch. 523, Driver’s License Compact of 1993, involve reciprocity and interstate cooperation by licensing authorities in the administration and enforcement of the compacts and laws. Ch. 706 Denial of Renewal of License for Failure to Appear (FTA) prevents a violator who fails to appear in court or fails to pay fines from renewing the license. Once a violator has been reported by Texas cities and/or counties, they will not be able to renew a Texas driver license until the reported violation is resolved with the reporting court. Tex. Transp. Code, Ch. 730, Motor Vehicle Records Disclosure Act, implements 18 U.S.C. Chapter 123 (The Driver’s Privacy Protection Act of 1994 (DPPA)) and protects the interest of an individual in the individual’s personal privacy by prohibiting the disclosure and use of personal information contained in motor vehicle records, except as authorized by the individual or by law.

“Other Law” includes Federal laws, Health and Safety Code, Family Code, Penal Code, Code of Criminal Procedure and other Codes that relate to licensing. The National Voter Registration Act of 1993 (NVRA) requires DLD specialists to provide customers the opportunity to complete a voter registration application at the time of their driver license transaction. (See also, TEC § 20.063, § 20.062; 52 U.S.C. § 20504). The Driver License System (DLS) is part of the process in voter registration services for customers at the DLD. DPS is one of several agencies listed as a voter registration agency (TEC, § 20.001; NVRA 52 U.S.C. § 20502(5) & § 20506(a)(1)).

The REAL ID Act of 2005, Pub. L. No. 109-13, 119 Stat. 302 (May 11, 2005), has created many federal requirements for licensing authorities to follow, especially in verifying identity, lawful presence, and Social Security status. The federal government monitors compliance of States that must follow the REAL ID Driver’s Licenses and Identification Cards Regulations (6 C.F.R. Pt. 37) and identity verification requirements (see list of databases used under Eligibility, *infra*). Department of Homeland Security (DHS) final rule (see 6 CFR part 37) establishes standards to meet the minimum requirements of the Act, including information and security features that must be incorporated into each card; application information to establish the identity and lawful status of an applicant before a card can be issued; and physical security standards for locations issuing driver licenses and ID cards (in accordance with the REAL ID Act of 2005, Pub. L. 109-13, 119 Stat. 231, 302 (2005) (codified at 49 U.S.C. 30301 note)).

#### **4.2.1. Issuance Services**

DLD issuance services consist of:

1. Customer Operations: field office/in-person services, knowledge and skills exams, administrative hearings, Medical Advisory Board investigations and enforcement; and
2. Headquarters Operations: eligibility for driver licenses, ID cards, and election identification cards (EIC); online services, DLS operations and management, and card production operations.

An original ID card application, like a driver license, is subject to the REAL ID law. The application processes for an original driver license, commercial driver license (CDL), and ID card all begin in a similar fashion, with a License and Permit Specialist (LPS) verifying several criteria using documents given to the LPS in person: identity, lawful presence (§ 521.101), Social Security number (SSN) (§ 521.142); and proof of residency (§ 521.1426). The commercial learner permit (CLP)/CDL application process is similar to the driver license process except there are additional CDL requirements related to testing (§ 522.022; 49 C.F.R. Pt. 383) and eligibility standards (Ch. 522). The non-domiciled CDL (§ 522.013; 49 C.F.R. Pt. 383) has a slightly different process than the limited term non-CDL driver license (§ 521.271 on expiration).

DLD issuance services include the intake of driver license applications from customers for original (Tex. Transp. Code § 521.142), renewal (Tex. Transp. Code § 521.271, § 521.146, § 521.1425),

duplicate (Tex. Transp. Code § 521.146), modified, and occupational (Tex. Transp. Code § 521.242) licenses (see also, Tex. Transp. Code § 521.141. General Application Requirements).

Within this process, there is a legal bifurcation between an ID, a driver license (class A, B, C, and M, Ch. 521), and a CDL/CLP (Ch. 522, including federal law).

Although DLD interaction with customers may happen online, through email, by phone, or in person, many transactions may not occur through alternative methods, but must occur in person for various legal reasons. Generally, first-time transactions are limited to in-person service primarily due to the many requirements of verifying identity, lawful presence, SSN, and residency documents. Other requirements necessitate in-person interaction, such as examining veteran documents; collecting signatures, fingerprints, and an image; and vision testing.

Alternative transactions, such as renewing online (Tex. Transp. Code § 521.104; § 521.274), are limited by administrative rule (37 TAC § 15.59). In addition to first-time applicants, some customers are not eligible for online renewal transactions, such as non-citizens (§ 521.142), sex offenders (§ 521.272), applicants over 79 (§ 521.274(3)), holders of class A or B licenses, those with licenses that have been expired for two or more years, those under 18 years of age with a provisional or learner license (see various teen driver rules), those with limited-term driver license or ID cards, some non-residents currently living out of state (many detailed rules apply), those with medical conditions that affect the ability to operate a vehicle, those with suspended licenses, those with revoked licenses, those with warrants or unpaid tickets, and those with no SSN on file.

In issuing a Texas driver license, an LPS must request the customer surrender their license or ID card from their previous state before the new Texas card may be issued to the applicant (Tex. Transp. Code § 521.182, § 521.183, Ch. 523.006 (Interstate Compact), REAL ID, §202(d)(6), and 37 TAC § 15.50(a)).

Certain counties and cities are able to issue duplicate cards and renew licenses on behalf of the DPS (originally a pilot program, Tex. Transp. Code § 521.009; § 521.271 renewals, § 521.146 duplicates)). In addition to driver licenses, the DLD may issue Personal Identification Certificates (“ID”, § 521.101), and Election Identification Certificates (“EIC”, Tex. Transp. Code § 521A). For each transaction, procedures are established by DPS rulemaking authority (governed by Tex. Transp. Code § 521.005).

Ch. 522, Subch. C. governs the CLP/ CDL application and issuance process. CDL issuance often requires application of federal rules (49 C.F.R. Pt. 383, as adopted by Texas in Title 37, Pt. 1, Ch. 16, TAC).

Ch. 522, Subch. D. governs classification, endorsement, or restriction of CDLs. Ch. 522 and Subch. E. govern how DLD manages the expiration and renewal of CDLs and CLPs.

Pursuant to Health and Safety Code (HSC), Title 2, § 12.095, DPS may request an opinion or recommendation from the Medical Advisory Board on the ability of an applicant or license holder to operate a motor vehicle safely. If DPS makes a request, the commissioner or a person designated

by the commissioner will convene a panel (HSC § 12.95) to consider the case or question submitted. These records are confidential (HSC § 12.097) and are stored at DPS. In the process of collecting demographic person data to issue cards, DLD collects customer information regarding other status as a parolee § 521.271), sex offender (Tex. Transp. Code § 521.272), foster youth (§ 521.1015), Texas resident, age (Tex. Transp. Code § 521.204 minors and § 521.2711 age 85 and up); veteran designation (Tex. Transp. Code § 521.102, § 521.1235), and selective service (Tex. Transp. Code § 521.147). Voluntary /donation programs also require data collection: Blindness Education Screening and Treatment (Tex. Transp. Code § 521.421), the Glenda Dawson Donate Life Texas donor registry (Tex. Transp. Code § 521.008), the Texas Veterans Assistance Program (Tex. Transp. Code § 521.010), the Evidence Testing Grant Program (Tex. Transp. Code § 521.012), and the Identification Fee Exemption Fund (Tex. Transp. Code § 521.4265). Customers may also opt to submit voter registration applications and/or organ donor forms to the LPS during this information gathering process.

#### **4.2.2. Eligibility Verification**

DPS primarily ensures the eligibility of original Texas CDL, driver license, EIC, and ID cards through in-person transactions, due to the many requirements linked to the application process. However, some renewals may be conducted through alternative transaction methods (§ 521.104; 37 TAC § 15.59), such as online, postal, and telephone. Indeed, the DHS as of February 19, 2020, announced that the “states may now add the pre-submission of identity and lawful status source documents, through a secure electronic process, prior to an applicant’s in-person DMV visit, and physical presentation of those same documents for authentication and verification by DMV personnel.”<sup>12</sup>

Once the LPS has documents, it can start the process of entering the customer record and document data into the DLS, scanning in legal documents to verify identity by category (Primary, Secondary and Supporting documents, § 521.142(a)). Many criteria can be verified electronically with various databases.

Driver license information is available through the Texas Law Enforcement Telecommunications System (TLETS), which can be accessed through the DPS DLD database. This database, the DLS, is the repository for driver information, status, and history. DLD may also obtain information on drivers from other states using the National Law Enforcement Telecommunications System (NLETS) network.

Personal information is defined as “information that identifies an individual, including an individual’s photograph and/or computerized image, SSN, driver identification number, name, address (but not zip code), telephone number, and medical or disability information” (see Tex. Transp. Code §730.003(6) and Ch. 730 generally). A motor vehicle record is any record that pertains to a motor vehicle operator’s permit, motor vehicle title, motor vehicle registration, or ID card issued by an agency authorized to issue an identification document. Personal information

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<sup>12</sup> (<https://www.dhs.gov/news/2020/02/19/dhs-announces-streamlining-measures-help-states-issuing-real-ids>).

obtained from driver license records are also restricted by the Federal Driver Privacy Protection Act of 1994 (18 U.S.C. §2721 et. Seq.). There are specific exclusions in these statutes for use by law enforcement. The DPPA prohibits the dissemination or disclosure of a photograph, SSNs, medical or disability information from motor vehicle records without the express consent of the person to whom the information pertains. However, this information may be released without the express consent of the person for use by any government agency, including any court or law enforcement agency, in carrying out its functions, or any private person or entity acting on behalf of a Federal, State, or local agency in carrying out its functions. Therefore, driver license information obtained from the TLETS system is to be used strictly for criminal justice and law enforcement purposes only and may not be disseminated to the public. DPS responds to reasonable requests for information stored in the driver license record as long as the requestor is eligible to acquire it.

The Texas Crime Information Center (TCIC) provides access to data regarding the status of stolen property and the wanted, missing, sex offender, or protective order status of persons. This database is managed by the DPS Crime Record Service. TCIC also provides a direct link to the National Crime Information Center (NCIC) providing information on wanted persons.

TLETS and TCIC programs ensure that valid information, such as driver license, vehicle registration data, theft reports, warrants, missing person reports, and other law enforcement data can be shared with local law enforcement. TLETS provides intrastate network interconnectivity for criminal justice agencies to a variety of local, state, and federal database systems. TLETS' link to NLETS (the International Justice and Public Safety Network) assists Texas in the exchange of data between criminal justice agencies across Texas to their counterparts in other states. NLETS is a third-party portal and operates through a secure private network through which each state has an interface. Users include all U.S. states and territories, Federal agencies with a justice mission, and certain international agencies.

TLETS also provides the DPS and local criminal justice agencies with access to the TCIC; DPS' Computerized Criminal History System (CCH); the DPS DLS; DMV's Registration Title System (RTS), TexasSure – the Financial Responsibility Verification Program (FRVP), and Texas Parks and Wildlife Department.

Some Texas databases gather driver information and interface with the DLS system to aid DLD staff in eligibility checks: TCIC/NCIC and IVS (Tex. Transp. Code § 521.059, Image Verification System, stores all photos and compares them). Any problem with IVS photo comparison may be referred to CID—the Criminal Investigations Division (outside of DLD)—for possible fraud (Tex. Transp. Code § 521.455).

DPS determines driver and ID eligibility in accordance with State and federal law with the help of several national databases, such as SSOLV (Social Security Online Verification, SSNs from Social Security Administration, § 521.044), CDLIS (Commercial Driver's License Information System, a driver history database maintained by AAMVA), CSTIMS (Commercial Skills Test Information Management System, also maintained by AAMVA), PDPS (Problem Driver Pointer System,

which is an enforcements registry system developed and maintained by the National Highway Traffic Safety Administration), TCIC/NCIC, and SAVE (the DHS' Systematic Alien Verification for Entitlements program, used for lawful presence verification). The Verification of Lawful Status (VLS) application by AAMVA allows the DLD to verify that an immigration document matches the electronic record of the document held by the DHS in the SAVE program. DLD can detect fake and altered immigration documents being presented as proof of identity and proof of lawful status in the U.S. by using VLS. VLS also helps DLD to fulfill the requirements of the REAL ID Act for compliant driver licenses and ID cards by verifying the lawful status of the applicant with a system that is designed to be integrated into a motor vehicle agency's driver licensing and ID card issuing systems (in Texas, the DLS). The REAL ID Act requires that states "establish fraudulent document recognition training programs for appropriate employees engaged in the issuance of drivers' licenses and identification cards" (REAL ID Act of 2005, § 202(d)(9)).

Lawful presence verification is required to maintain federal REAL ID compliance (6 C.F.R. Pt. 37). Based on the driver license and/or ID application questions, the following criteria are input into the DLS: identity (Tex. Transp. Code § 521.142), image comparison (Tex. Transp. Code § 521.059), SSN (Tex. Transp. Code § 521.142(g)), citizenship (Tex. Transp. Code § 521.142(c)), lawful presence (Tex. Transp. Code § 521.142(a)), veteran status (Tex. Transp. Code § 521.102, 521.1235), impediments (§ 512.142(h)), criminal status (§ 521.057; Code of Criminal Procedure (CCP) Ch. 62 sex offenders), address (Tex. Transp. Code § 521.121, § 521.142(c) (2), § 521.1427, § 521.1211; CCP § 56.81-56.93) vehicle ownership and registration, and proof of financial responsibility (§ 521.143).

EICs are a form of identification that can be used for voting purposes if a person lacks other forms of identification required by the TEC Ch. 63. EIC applications are not eligible for alternative methods and thus must occur in person (see § 521A.001).

New residents and other already-licensed drivers have fewer education and exam requirements to meet if they fall under these sections: § 521.029. Operation of Motor Vehicle by New State Residents; § 521.030. Reciprocal License; § 521.0305. Agreements with Foreign Countries; and § 521.031. License from Other Authority. Already-licensed drivers may meet certain interstate reciprocity requirements (Tex. Transp. Code § 521.030) and/or may have certain waivers (military or CMV employment) and may not need to take certain exams.

Upon receiving an application for a new license to drive, DLD shall ascertain whether the applicant has ever held, or is the holder of, a license to drive issued by any other state. (Interstate Compact of 1993, Tex. Transp. Code Ch. 523.) Applying for a driver license or ID in Texas will cancel cards from other states with assistance from the verification provided by the State to State (S2S) Verification Service (adopted by rule, 37 TAC § 15.50 and soon to be implemented). As required by the federal REAL ID Act, the DPS will use the State-to-State Verification Service (by AAMVA) to electronically verify if applicants for non-commercial licenses or IDs have such licenses or IDs in other states. Once an individual is issued a new or duplicate license or ID in Texas, any card issued in any other state is automatically canceled and must be physically surrendered to the LPS. (§ 521.182, 512.183; REAL ID; 37 TAC § 15.50). The S2S Service helps

fight and reduce identity fraud by identifying and eliminate potential duplicate licenses and ID cards. State-to-State only verifies non-commercial driver licenses. The Commercial Motor Vehicle Safety Act of 1986 has required states to verify single driving records for commercial drivers since 1992.

The Texas Department of Licensing and Regulation (TDLR) regulates the parent-taught education of drivers now (Educ. Code, § 1001.112), but the driver certification, vision tests, and examinations (Tex. Transp. Code § 521.161) have remained with DPS for driver license, CDL, and CLP (Tex. Transp. Code § 522.014 Permits) issuance. The Class C Third Party Skills Test (TPST) program allows employers, government agencies, and driver education schools to administer the driving skills test for non-CDL applicants (Tex. Transp. Code § 521.165, § 521.1655). The Texas Workforce Commission (TWC) regulates commercial truck driving training locations and compliance with standards for instructors and courses.

Chapter 522 governs CDLs and Subch. B. covers the eligibility requirements of the CDL and CLP. The CDL TPST program allows third-party entities to administer CDL skills testing for Class A, B, and C CDL applicants (Tex. Transp. Code § 522.023). CDL applicants must pass an exam in accordance with federal standards (49 C.F.R. Pt. 383, Subparts G and H).

Many federal laws, administrative rules, and agency information-sharing processes are governed by the “other law” category in SB 616, § 6.003. Aside from REAL ID and the Federal Motor Carrier Safety Administration (FMCSA) regulations for CDLs (49 C.F.R. Subt. B, Ch. III, Subch. B, Pt. 383 and 384), there is the NVRA. The National Voter Registration Act of 1993 (NVRA, 52 §. 20501-20511), also known as the federal “Motor Voter Act,” requires that “(a)(1) Each State motor vehicle driver’s license application (including any renewal application) submitted to the appropriate State motor vehicle authority under State law shall serve as an application for voter registration with respect to elections for Federal office unless the applicant fails to sign the voter registration application” (52 U.S.C. § 20504. Simultaneous application for voter registration and application for motor vehicle driver’s license). The NVRA requires that states offer to an individual seeking services from various agencies the opportunity to register to vote. Since the DPS is one of the state agencies involved in registering voters (TEC § 20.001), this means the LPS must offer voter registration opportunities to any eligible person who applies for or renews a driver’s license or ID. NVRA defines the term “motor vehicle driver's license” to include “any personal identification document issued by a State motor vehicle authority.” This means the NVRA voter registration opportunity applies to applications, renewals, and change of address transactions regarding any personal identification document (such as an ID card) issued by a State motor vehicle authority. The voter registration application portion of an application for a State motor vehicle driver’s license shall include a statement that “requires the signature of the applicant, under penalty of perjury” (52 U.S.C. §20504(c)(2)(C)(iii)).

CDL upgrades and endorsements (for example, Hazardous Materials, Title 49 C.F.R. Pt. 1572) and federal or state waivers of the testing requirements may apply. (Tex. Transp. Code § 522.022). CDL examination waivers are regulated by Tex. Transp. Code § 522.023, 37 TAC § 16.26 and § 16.29, 49 C.F.R. § 383.77.

LPSs must check for driver license (Ch. 521, Subch. K), CDL and CLP restrictions, such as age (Tex. Transp. Code § 521.203; § 521.204) or medical conditions (Tex. Transp. Code § 521.221) when determining eligibility of applicants. Certain education waivers for driver license applicants (Tex. Transp. Code § 521.167) may exempt them from parts of the exam requirements. LPSs collect thumbprints, photos, signatures, driver histories, residency information, and original documents (f.ex. birth certificates (Tex. Transp. Code § 521.142) from the customer to verify driver license or ID card eligibility. The LPSs must enter these into the DLS and other databases (f.ex. image comparison, § 512.059, “IVS”). Evidence of financial responsibility (insurance and other forms, such as self-insurance § 601.051) is required by law (§ 601.072) and must be given to DPS (Tex. Transp. Code § 521.143). LPSs must also check for prior driver license suspensions (Ch. 524, 706 or 724), as well as prior history and records of denial, suspension, cancelation, or revocation (Tex. Transp. Code § 521.041).

### **4.2.3. Enforcement and Compliance Service (ECS)**

The Enforcement and Compliance Service (ECS) staff must manage all enforcement actions. Some enforcement actions are automatic (mandatory) based on a conviction for a certain offense (f.ex. Automatic Revocation for Certain Sex Offenders § 521.348). Other enforcement actions require some form of due process before the enforcement action can be placed on the record. Revocations (Tex. Transp. Code Ch. 521 Subchapter N § 521.294) are indefinite until compliance is received. Departmental Suspensions (Tex. Transp. Code 521 Subchapter N) are administrative actions initiated by the Department. Disqualification actions taken against individuals who hold a CMV driver license or are driving a CMV at the time of the offense are governed by Tex. Transp. Code 522. Administrative License Revocation (ALR) Suspensions (Tex. Transp. Code 524 & 724) occur when DLD initiates action against an individual who fails or refuses a breath or blood test at the time of a DWI stop. Mandatory Suspensions are enforcement actions that are automatic and the result of convictions reported by the courts. Safety Responsibility (SR) Suspensions (Tex. Transp. Code 601) result from the failure to maintain liability insurance (“financial responsibility”). Denials of the Issuance or renewal of a driver’s license are governed by Tex. Transp. Code Ch. 521; 706; 601 and CCP § 45.050. Cancellations of a license may occur if an individual is not entitled to a license, failed to give required information or pay the required fee for the license (Tex. Transp. Code § 521.314). Out of State Enforcement Actions result from another state reporting an enforcement action to Texas for inclusion in the person’s driver history (Tex. Transp. Code § 523.004; 523.005). ECS also handles Reinstatement of a driver license (Tex. Transp. Code § 521.313, § 521.3451) or CDL (Tex. Transp. Code § 522.082) after a hearing. Since an occupational License (Tex. Transp. Code § 521.241) is issued because of a suspension or conviction, the ECS staff handles its issuance. Other functions include managing crash suspensions (Tex. Transp. Code Ch. 601), alcohol and drug related offenses, traffic violations, and financial responsibility requirements (Tex. Transp. Code § 601.051). Administrative actions also include Violation of Restrictions (Ch. 521, Subch. K), Minor Failure to Appear/Pay (Tex. Transp. Code § 521.201), Violation of Probation (Tex. Transp. Code § 521.310), Driving While License Invalid (DWLI) (§ 521.457), Driving While License Disqualified (DWLD) (Tex. Transp. Code § 522.071, including federal penalties under 49 C.F.R. Pt. 383), Driver License Violations (Tex. Transp. Code



§ 521.292), Medical Revocations (Tex. Transp. Code §521.319), and NRVC (Non-Resident Violator Compact, § 521.294). Tex. Transp. Code, Ch. 523. governs the Driver's License Compact of 1993 and how states share driver violations with each other.

The FTA program (Tex. Transp. Code Ch. 706) denies the renewal of a Texas license for individuals reported by the court, who have failed to appear or pay for a citation. The Non-Resident Violator Compact (NRVC; Tex. Transp. Code § 703) also acts as a nationwide “failure to appear” enforcement device in that drivers who fail to respond to a citation in another state will also have enforcement consequences, such as a suspension of license request and warrant, in their home state due to the sharing of information among member states.

The ALR Program (Ch. 524 and Ch. 724) provides a civil procedure for the automatic suspension of driving privileges for failure or refusal of alcohol tests. ALR hearings adjudicate suspensions at the State Office of Administrative Hearings facilities and require attorneys in the administrative process by which the Department suspends the driver license of individuals arrested for the offense of driving while intoxicated (DWI). The ALR Program maintains a database of driver records, offense reports and findings that assists the ALR attorney group. The ALR Program also assists DLD in scheduling hearings with SOAH. The ALR Program is separate from other Administrative Enforcement Actions that occur for non-mandatory suspensions with different procedures.

Administrative Enforcement Actions that fall under Tex. Transp. Code §§ 521.292 and § 521.294 offer hearings in JP (Justice of the Peace) and municipal courts and are handled by local driver license field office personnel. The procedures and due process for these enforcement actions are covered by Subchapter N, Chapter 521.

DPS Rulemaking and the Administrative Procedure Act (Tex. Transp. Code § 524.002, § 724.003) guide ECS staff and SOAH (Tex. Transp. Code § 524.033) on the request for a hearing (Tex. Transp. Code § 524.031, § 724.041).

Although SB 616, § 3.002 effectively moves the DPS Ignition Interlock Device (IID) Program under the Regulatory Area of DPS (see SB 616, adding to Gov. Code Ch. 411 the Subchapter Q. Powers and Duties Related to Certain Regulatory Programs), the bill only mentions § 521.2476 (DPS rulemaking role for IIDs).

Currently Ch. 521 defines “Department” as both DPS and DMV (Tex. Transp. Code § 521.001(a)(1)(1-a)). In the event of an agency transfer of DLD duties from DPS, some legislative clarification may be needed. The mention of the “department” and ID’s occurs often in Ch. 521, Subch. L. Occupational License, §§.521.246-521.253. To avoid any confusion, some legislative clarification of which “department” is handling which function in Subch. L would be advised. (See “the department by rule shall adopt” in § 521.247; 521.2476).

#### 4.2.4. Driver Records Maintenance and Information and Database Sharing

The inextricable link between the collecting, verifying, storing, and sharing of driver data, through the use of original official documents and other government databases, means that the DLD at DPS is performing services for various entities in its most significant function: that of driver record verification and maintenance.

The License and Records Service (LRS) staff must maintain all records associated with identity and the issuance of a driver license, ID, CDL, and CLP by also gathering data related to traffic convictions from courts (Tex. Transp. Code § 521.042; Tex. Transp. Code, Title 7, Subt. C, Ch. 543), enforcement actions (including in other states, § 522.061, § 521.292, Ch. 523), and crash reports (Tex. Transp. Code § 521.042). These records are used in determining eligibility for a license, but they are also used for investigations and enforcement (f.ex. if a driver is a frequent violator, § 521.292).

Ch. 521, Subch. C governs License Records. In the process of issuing DLs, CDLs, IDs, and EICs, the DPS collects information from applications (Tex. Transp. Code § 521.041), enters it into the DLS, and shares information with a variety of federal, state, and local government agencies (Tex. Transp. Code § 521.049). Tex. Transp. Code Chapter 730. Motor Vehicle Records Disclosure Act details when personal information in a motor vehicle record may be disclosed. Personal information obtained from driver license records are protected by The Motor Vehicle Records Disclosure Act (Tex. Transp. Code § 730.004) states “Notwithstanding any other provision of law to the contrary, including Chapter 552, Government Code, except as provided by Sections 730.005-730.008, an agency may not disclose personal information about any person obtained by the agency in connection with a motor vehicle record.”

Since DPS is tasked with maintaining correct, updated information in the records, it also must employ external checks on drivers using other national and state databases listed above (see list in Eligibility). In addition to other databases listed under Eligibility, DPS may access the TexasSure program through TLETS. TexasSure, Vehicle Insurance Verification database, was unveiled in 2008 and is a secure database that matches the records of registered passenger vehicles in Texas to personal auto insurance policy data submitted by 200-plus Texas insurance companies. The “verification program” mentioned in § 601.053(c) is this database in which DPS can verify whether a vehicle has auto liability coverage required by Ch. 601.

DPS may disclose to Courts (local, state, and federal) driver information (accidents and convictions, Tex. Transp. Code § 521.046; Ch. 730) that may be used in prosecutions and the FTA/FTP programs. In collecting traffic conviction information from courts pursuant to Tex. Transp. Code, Title 7, Subt. C, Ch. 543, DLD may also share this information with other entities. Under the Driver License Compact of 1993, DLD has a duty to report each conviction of a person from another state occurring within its jurisdiction to the licensing authority of the home state of the licensee (Tex. Transp. Code. Code § 523.004). Law enforcement statewide provides criminal records to DPS for investigative use and for Administrative or ALR hearings. Disclosure of driver

data is sometimes permitted to the general public (accidents, § 521.046), persons with subpoenas (Tex. Transp. Code § 730.007), law enforcement personnel, and governmental agencies (open records requests, medical certifications, CDL Reviews). CDL employers (Tex. Transp. Code § 522.061) are asked to share information about convictions and driver history with DPS. Some information may also be disclosed about CDL holders (Tex. Transp. Code § 521.053; Ch. 730). DLD must also work with Texas Department of Criminal Justice (TDCJ) to accept electronic files to process eligible TDCJ Offender ID cards (Tex. Transp. Code § 521.1421). Subchapter C, Chapter 521 mandates that the DPS must record all applications and accident reports. DPS is also responsible for providing driver records to various parties via online, paper requests, and secure FTP websites.

#### **4.2.5. Customer Service Center**

The Customer Service Center’s primary function is to assist callers with driver license issuance and enforcement questions through review of the customer’s driver history and providing answers to their questions. Calls and email duties should provide “the greatest convenience to the public” (Tex. Transp. Code § 521.002) and address concerns of customers who may not be able to visit in person to ask about topics on issuance, eligibility, enforcement, compliance, driver history records, and unique issues that cannot be addressed by the website.

### **4.3. Interviews**

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In addition to the surveys, focus groups, and breakout sessions conducted with other study tasks, the study team conducted additional on-background interviews with agency staff from DLD, DMV, county tax assessors, and AAMVA to inform the evaluation matrix methodology. As these interviews are ongoing, key points from these interviews will be summarized and placed as an appendix to the Final Report that will be developed in Tasks 10 and 11.

### **4.4. Task 6 Summary – Fiscal Analysis**

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The team reviewed the conclusions and findings of Task 6, which analyzed and compared the state budget impacts of the three options. The information below briefly summarizes the information found in Task 6. This analysis revealed the following:

- The total current biennial cost for operating the driver license program at DPS is an estimated \$594.4 million, including administrative costs.
- Based on how the Legislature historically has funded agency transfers, transferring the program to DMV would be cost neutral to the state budget overall. (The \$594.4 million currently appropriated to DPS to support the program would transfer to DMV.)
- Creating a new stand-alone agency would cost an additional \$12.7 million (for a total biennial cost of \$607.1 million) due to additional executive and central administrative costs involved.

#### 4.4.1. Retain at DPS Cost Estimate Summary

The cost to keep the DLD at DPS is estimated at \$594.4 million per biennium. This estimate assumes operations and staffing are maintained at FY 2020-21 levels. It also assumes the cost to administer the DLD is 18 percent of the total expended on DLD per year (as described in more detail below). The main cost drivers to keep the DLD at the agency are program and indirect (administrative) FTEs; IT; capital expenditures; and rent (buildings and other materials).

<u>Cost Breakdown</u>	
\$486.2 million	FY 2020-21 Direct DLD Program Appropriation
+ \$108.2 million	Estimated FY 2020-21 DLD Administration Costs
<hr/>	
<b>\$594.4 million</b>	

#### 4.4.2. Move to DMV Cost Estimate Summary

If the Legislature transferred the DLD to DMV, the estimated cost is \$594.4 million per biennium—equal to the cost of keeping the division at DPS. This estimate assumes operations and staffing would be maintained at FY 2020-21 levels.

As the current appropriations supporting DLD would transfer from DPS to DMV (including administrative costs), the program overall cost to the state is assumed to be cost neutral. As the current appropriation to DPS would transfer to DMV. In HB 11’s fiscal note, the LBB made the same assumption.<sup>13</sup>

Although there would be some transitional costs associated with moving the DLD to DMV, most personnel, IT, contracts, and office space could transfer from one agency to another without significant expense. Therefore, the overall cost to operate the division at DMV is not expected to be significantly greater than keeping it at DPS.

Although no major costs are anticipated, the agencies may incur some efficiency costs such as the time and effort needed to negotiate, manage, and execute the transition. However, these costs are likely to be secondary, will be fully revealed in negotiations between the two agencies, and depending on scope could be absorbed within existing resources.

#### 4.4.3. Create New Agency Cost Estimate Summary

If the Legislature were to establish a new agency to run the DLD, the estimated cost is \$607.1 million per biennium. There are some start-up costs to creating a new agency. The major additional cost driver would be executive and central administrative staff.

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<sup>13</sup> HB 11 Fiscal Note, House Committee Report, April 5, 2019. Legislative Budget Board. 86<sup>th</sup> Legislature.

Cost Breakdown

	\$486.2 million	FY 2020-21 Direct DLD Program Appropriation
+	\$108.2 million	Estimated FY 2020-21 DLD Administration Costs
+	\$12.7 million	Additional Executive/Central Administrative Staff Costs
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	<b>\$607.1 million</b>	

## 4.5. Task 9 Summary – Transfer Timeline and Implementation Considerations

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### 4.5.1. Case Study Review

This analysis benefitted from the extensive review carried out in Task 9 of other agency and program transfers and mergers, occurring concurrently to this task. Table 4.2 lists the other program transferred reviewed. The creation of DMV in 2009 was particularly illustrative and relevant to this analysis. In addition to reviewing legislation, fiscal notes, appropriations, audits, and evaluations relating to the following cases, the study team interviewed current and former agency staff and other persons familiar with the transfers to obtain lessons learned and considerations for the evaluation matrix. More detail and analysis of these cases is included in Task 9.

**Table 4.2 Task 9 State Agency Organizational Change Case Studies**

<b>Creation of New Agencies</b>	
Creation of the Texas Department of Motor Vehicles from the Texas Department of Transportation	House Bill 3097 (2009)
Creation of the Texas Building and Procurement Commission out of the abolished General Services Commission	Senate Bill 311 (2001)
<b>Transfer of Programs between Agencies</b>	
Transfer of the crash records program from the Texas Department of Public Safety to the Texas Department of Transportation	Senate Bill 766 (2007)
Transfer of 13 licensing programs from the Department of State Health Services to the Texas Department of Licensing and Regulation	Senate Bill 202 (2015)
Transfer of the motorcycle safety program from the Texas Department of Public Safety to the Texas Department of Licensing and Regulation	Senate Bill 616 (2019)

Transfer of the motor fuels program from the Texas Department of Agriculture to the Texas Department of Licensing and Regulation	Senate Bill 2119 (2019)
<b>Major Consolidations and Reorganizations</b>	
Creation of the Texas Juvenile Justice Department from the merger of the Texas Youth Commission and Texas Juvenile Probation Commission	Senate Bill 653 (2011)
Consolidation and reorganization of the Texas Health and Human Services agencies	Senate Bill 200 (2015)
<b>Other States</b>	
Creation of the Georgia Department of Driver Services	House Bill 501 (2005)
Transfer of driver license responsibilities from the Florida Department of Highway Safety and Motor Vehicles to tax collectors	House Bill 5501 (2010)

#### 4.5.2. Recommended Implementation Timeline

The detailed timeline provided in Table 4.3 summarizes each key point in the transition timeline recommended in Task 9, from year one through year twelve. The first five years compose the bulk of the transition activity, while the following years provide check-in points for continuing oversight and course corrections, if needed.

A deliberate approach balancing time for careful planning with deadlines, direction, and oversight to maintain momentum is the best way to accomplish organizational change of this magnitude, while ensuring strong accountability mechanisms so that progress does not languish.

The timelines do not vary greatly between the two scenarios, so they are presented together. The main difference between the two scenarios relates to needing to appoint key governance positions for the new agency sooner to create a legal entity that can fully engage in planning.

**Table 4.3 Proposed Transfer – Detailed 12-year Timeline**

<b>Date</b>	<b>Elapsed Time</b>	<b>Key Step</b>
June 2021	--	Bill Signed by Governor.
September 1, 2021	--	Bill Effective Date. Appointment of Executive Working Group and Transition Oversight Committee. <i>New Agency Scenario Only – Appointment of new agency board and acting director, with limited planning authority and administrative attachment to the Governor’s Office.</i>
By December 1, 2021	3 months	Draft Transition Plan presented to Transition Oversight Committee.
By March 1, 2022	6 months	Final Transition Plan presented to Transition Oversight Committee in public meeting.
By June 1, 2022	9 months	Draft Interagency Memorandum of Understanding (MOU) (agreement in principle) presented to Transition Oversight Committee and submitted to LBB.
By July 15, 2022	10.5 months	LBB conducts a fiscal review of the draft MOU and related budget implications.
By August 31, 2022	1 year	Interagency MOU executed between DPS and receiving agency (updated at least every two years thereafter).
September 1, 2022	1 year	Legal authority, appropriations, and staff transfer from DPS to receiving agency. Receiving agency assumes full authority. <i>DMV Scenario Only - DMV Board and Advisory Board changes take effect.</i>
By October 1, 2022	1.25 years	First Report to Legislature from Transition Oversight Committee.
By March 1, 2024	2 .5 years	SAO audit of the financials and any observed issues.
By October 1, 2024	3.25 years	Second Report to Legislature from Transition Oversight Committee.
October 1, 2026	5.25 years	Third and final Report to Legislature from Transition Oversight Committee and Committee abolished.
September 1, 2027	6 years	Special-purpose, limited scope Sunset and LBB (Strategic Fiscal Review) reviews of transfer.
September 1, 2033	12 years	Full Sunset and LBB (Strategic Fiscal Review) reviews of receiving agency.

## **Chapter 5. Preliminary Observations**

The discussion below identifies six key goals the Legislature should consider when weighing the options of where to place the DLD. These criteria provide a framework for making preliminary observations based on the study team's ongoing analysis, and data and findings which are included in other study task memos in addition to Chapter 4 of this task memo. The discussion below will be further refined and finalized as part of the final report (Tasks 10 and 11) of the contract.

### **5.1. Decision Matrix Ranking Criteria**

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To evaluate the three proposed organizational alternatives against one another for legislative decision-making, the study team focused the decision matrix on high-level factors that should drive a major policy decision, versus focusing the analysis on operational details that would not greatly impact the reasoning for where to place the DLD. Other technical memos written under this contract provide more detailed analyses of key operational elements such as culture and staffing, management and operating structure, customer service opinions, and barriers to higher adoption of online services. Tasks 10 and 11 will provide recommended improvements in these areas which should occur regardless of the DLDs location.

The study team developed six key criteria to frame legislative decision-making, informed by analyses conducted across all study tasks. Table 5.1 summarizes each criterion and example measures being used to evaluate these criteria across the three organizational structure options. Final refinements to this structure will be made in Tasks 10 and 11 based on completion of research tasks occurring concurrently across other elements of the contract.



**Table 5.1 Summary of Decision Matrix Ranking Criteria**

Criteria	Description	Evaluative sources	
		Qualitative	Quantitative
<b>Customer Service</b>	Responsive and timely service to the people of Texas.	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• DLD customer focus groups</li> <li>• Gap analysis of importance and satisfaction ratings for customer service items</li> </ul>	<ul style="list-style-type: none"> <li>• Wait times (in-person and call center)</li> <li>• Online adoption rate</li> <li>• Customer survey results</li> </ul>
<b>Compliance &amp; Security</b>	Adherence to federal and state laws regarding identity verification, information sharing, and personal privacy.	<ul style="list-style-type: none"> <li>• Federal and state statute and policy review</li> <li>• Interviews</li> <li>• Training on compliance /security and accessibility to AAMVA applications</li> <li>• Cybersecurity measures</li> <li>• Intra- versus inter-agency information sharing</li> </ul>	N/A
<b>Accountability &amp; Trust</b>	Transparent and responsible program management and communication to state leaders and the public.	<ul style="list-style-type: none"> <li>• Legislative audits and reviews (Sunset Commission, Legislative Budget Board, State Auditor Office)</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Driver License Improvement Program analysis</li> <li>• Fiscal analysis</li> </ul>
<b>Efficiency &amp; Cost</b>	Documented return on investment and implementation of program best practices. More heavily weighted to short-term costs but considers potential for longer-term efficiency gains.	<ul style="list-style-type: none"> <li>• Legislative audits and reviews (Sunset Commission, Legislative Budget Board, State Auditor Office)</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriations and performance measures over time</li> <li>• Fiscal analysis</li> <li>• Legislative Budget Board analysis</li> </ul>
<b>Culture &amp; Staffing</b>	Productive work culture and staffing structure that can reduce turnover and enhance service.	<ul style="list-style-type: none"> <li>• Focus groups</li> <li>• Surveys</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Turnover rate</li> <li>• Pay scales</li> </ul>
<b>Organizational Disruption</b>	Ability to balance the significant disruption caused by organizational change with the potential for achieving real program improvements.	<ul style="list-style-type: none"> <li>• Comparisons with level of disruption and outcomes of other transfers</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Fiscal analysis</li> </ul>

### 5.1.1. Ranking Approach

To aid the decision process, the study team developed a simple, color- and numerical-based ranking system to present conclusions regarding the current and potential future performance of each criterion under each organizational structure scenario. The initial observations discussed under each option are based on a preliminary evaluation of each criterion using the research conducted throughout the study. The study team developed a Ranking Key, described in Figure 5.1, that can be used to evaluate the status quo of the driver license program at DPS (defined as the time this study was required in June 2019) against the potential for improved performance across the criteria in-place, at DMV, or as a stand-alone agency. A color code of red, yellow, or green will provide a broad picture, while a simultaneous one-to-10 ranking (with one being worst and 10 being best) will add additional nuance. Below, initial observations provide insight into how these categories may be used to rank criteria against one another to aid decision-making. The team’s final ranking conclusions will be provided in the Task 10 draft final report.

8-10	Current performance is excellent and/or the scenario offers high potential for increased performance for the selected criterion. Within this category, three numerical scores (with 10 being the best) will provide additional nuance.
4-7	Current performance is stable and/or the scenario offers limited potential for improved performance for the selected criterion. Within this category, four numerical scores (with 7 being the best) will provide additional nuance.
1-3	Current performance is poor and/or the scenario presents risk of deteriorating performance for the selected criterion. Within this category, three numerical scores (with 3 being the best) will provide additional nuance.

Figure 5.1 Ranking Key

## 5.2. DPS – Status Quo

As a starting point for comparison, the study team made initial observations regarding the baseline status of the DLD program at DPS. This baseline was set at June 2019. An understanding of the baseline condition is important to consider for making comparison.

### 5.2.1. Observations – Customer Service

The primary reason for the Legislature’s interest in this program is persistent complaints from constituents and continued performance issues, especially regarding long wait times and inadequate call center performance.

Information gathered during this study has shown that the primary DLD customer service issues have included failure to achieve wait-time performance measures; wait lines that extend outside DLD offices, or mega centers, which exposes customers to the elements; and failure to implement new technologies such as faster computers and other IT measures.

In focus groups and surveys conducted by the study team (which will be documented and described in more detail in Tech Memo 3), customers described difficulty navigating the website for information, an inability to reach a person through the call center, and a feeling that they were treated poorly. Customers sometimes waited for several hours, sometimes over multiple visits for the same service. Customers described a lack of parking and waiting area space. Customers observed the elderly, children, and customers with disabilities forced to stand outside in Texas summer temperatures without water or shade. Other comments noted the customer's inability to plan their schedule, given an unknown wait time.

In breakout sessions, DLD employees and managers reported not knowing who was in charge of communicating policy and procedure changes to the public. Additionally, DLD staff noted the call center was not structured into DLD as a critical resource for customer service, but rather served DPS as a whole, including being the main switchboard. DLD will need to address these customer service issues regardless of whether it stays in DPS, merges with the DMV, or becomes its own agency.

The Legislature appropriated \$655.5 million from fiscal years 2012-2021 to make improvements to driver license services. This includes \$212.4 million appropriated by the 86<sup>th</sup> Legislature to DLD to support hiring additional front-line staff and to provide overall salary increases with reclassification for all permit specialists in an effort to reduce employee turnover rates and improve overall program performance.

### **5.2.2. Observations – Compliance/Security**

As the state's law enforcement agency, DPS' primary mission focuses on security. DPS has a strong reputation for handling security matters properly, an area of significant relevance to this project due to enhanced federal regulations relating to REAL ID implementation.

The driver license function has a critical need for compliance with state and federal regulations, strong security systems for identity verification, and physical security in DLD offices. DLD currently uses several digital and manual systems to verify identity and it is consistently looking for improvements in technology.

DLD employees also reported physical security concerns associated with angry customers denied documents for various legitimate reasons, and they welcomed the availability of DPS state troopers to assist with security issues, including responding to outstanding arrest warrants that appear on the final screen that the permit specialists review in entering data to provide a driver license.

DLD LPS staff stated in several comments received in surveys that they are the first line of defense in homeland security. This focus on compliance and security impacts organizational culture. DLD staff prioritize security and align with a law enforcement culture, which at times can be markedly different from a customer-service-based focus and culture. However, DLD staff in surveys and focus groups noted that they were customer-service focused and liked to help people (see Tech Memos 5 and 3).

### **5.2.3. Observations – Accountability/Trust**

As discussed extensively in Section 4.1 above, this study arises from nearly a decade of scrutiny and action on the part of the Legislature regarding the performance of the driver license program at DPS. The Legislature has demonstrated concern about DPS’s management of DLD through multiple critical reviews of DLD’s performance, additional funding and reporting requirements for the program, and numerous debates about whether to move the program out of DPS.

### **5.2.4. Observations – Efficiency/Cost**

The overall observation is that since 2012, the Legislature has specifically appropriated over \$655.5 million for improvements and enhancements to the driver license program; yet key performance measures have shown little improvement, and little, or no, return on that investment.

The Legislature has placed strict reporting requirements and limitations on transfers from these appropriations, both hallmarks of legislative dissatisfaction with agency performance and concern over whether appropriated funds are being maximized for the Legislature’s clearly articulated performance goals. Finally, the inability of DPS to monitor, track, and report the allocation of appropriated funds for administration of the DLD limits the agency’s ability to monitor and adjust needed administrative support to ensure the program runs efficiently.

### **5.2.5. Observations – Culture/Staffing**

The overall observation is that DPS’ difficulties with administering DLD are the product of high staff turnover and an inability to integrate a customer service focus into DPS’ law enforcement culture.

Managers in DLD are aware of the ongoing customer service issues that they are facing and have been taking steps to address them. However, their division is a just one part of DPS. In focus groups and workshops held with DLD staffers (which are detailed in Tech Memo 3 and 5) they noted that when opportunities for career advancement and additional employee training arise, these opportunities are not communicated clearly throughout the organization and are not implemented in a way that increases DLD employee engagement in their work. DLD employees and lower level managers expressed that they did not know how to advance in their careers. For example, in breakout groups DLD staff noted that a management training academy was supposed to be offered to all employees in DPS; however, lower level management and customer-facing employees within DLD were unclear about what had happened to that initiative. While managers were supposed to have an “open-door” policy for communication with their employees, the employees noted that this policy was only effective as long as the “manager was effective.” Individual managers would implement initiatives to increase worker engagement but these practices were not implemented across the board, and there were limited formal opportunities for these ideas and practices to be shared among employees and managers.

### 5.2.6. Observations – Organizational Disruption

While doing nothing could be viewed as the least disruptive to the agency bureaucracy, maintaining the status quo of this program is not realistic. Through approved budget requests covering the current biennium, the Legislature has already directed changes to the program that are in process of being implemented.

### 5.2.7. Overall Observations for DPS Status Quo

Table 5.2 summarizes observations about the DPS baseline.

**Table 5.2 Observations of DPS Baseline State**

Criteria Ranking	Key Observation	Reference
Customer Service	Information gathered during this study has shown that the primary DLD customer service issues have included: failure to achieve wait time performance measures, wait lines that extend outside DLD offices or mega centers which exposes customers to the elements, and failure to implement new technologies such as faster computers, and other IT measures	Tech Memo 3, 5
Compliance/Security	Compliance and security are currently prioritized but are not the most efficient, as the most up-to-date technology is not provided to DLD. New employees receive extensive training, but continuing education for employees is currently a manual process that could use more attention to achieve consistency.  DLD has started several initiatives regarding IT, including a new appointment-based reservation system and new IT hardware/software installation.	Tech Memo 3, 5, and 8
Accountability/Trust	This study is an outcome of nearly a decade of scrutiny and frustration on the part of legislators regarding the agency’s performance.	Section 4.1 above, Legislative context
Efficiency/Cost	Despite years of increased investments in the program, performance improvements have been limited. DPS internal processes do not account for the true administrative costs of the program.	Tech Memo 6
Culture/Staffing	The overall observation is that DPS’s difficulties with administering DLD are the product of high staff turnover and an inability to integrate a	Tech Memo 3 and 5

Criteria Ranking	Key Observation	Reference
	customer service focus into DPS's law enforcement culture.	
Organizational Disruption	While doing nothing could be viewed as the least disruptive to the agency bureaucracy, maintaining the status quo of this program is not realistic.	N/A

### 5.3. DPS – Potential Future State

Preliminary observations regarding the costs and benefits of keeping DLD at DPS across the six criteria are discussed below.

#### 5.3.1. Observations – Customer Service

The study's preliminary findings are that the Legislature's recent investments have begun to produce some reductions in wait times. Additional, sustained investment could possibly continue this trend.

Currently, DPS has several ongoing initiatives to address customer service concerns. These include moving to a new appointment-based reservation system, installing new IT hardware/software in all driver license offices to improve customer service, enhancing biometric identification, hiring more front-line staff (320 as of report writing) to address wait times, and reclassifying and increasing salaries of permit specialists to address employee turnover (see Tech Memo 5). Data analysis conducted regarding wait times and transaction times under Task 3 of this study (prior to closure of driver license offices due to COVID-19) has shown that both wait times and transaction times decreased by over 14 minutes on average due to these investments. The analysis from the study's customer satisfaction surveys also shows an increase in DLD customer satisfaction regarding wait times. The complete analysis of the current queuing system, analysis of transaction times, a survey administered to Texas citizens, and customer focus groups conducted with citizens will be found in Technical Memorandum 3 of this study.

While DPS is currently addressing wait times and employee turnover with additional funding provided by the Legislature in 2019, this effort is only beginning to see results. Employees reported they are grateful for the recent reclassifications and raises, but these investments will need to be maintained for DPS to ensure progress. Additional resources need to be provided to address call center operations and develop strategies to address the low utilization of online renewals.

#### 5.3.2. Observations – Compliance/Security

As the culture of DLD reflects a law enforcement and homeland security focus, our preliminary observation is that maintaining the program at DPS offers no additional risks in the compliance and security posture of the program.

DLD prioritized and attained compliance with federal REAL ID regulations. Identities are verified using Social Security Online Verification (SSOLV), SAVE, and the US Passport Verification system. Texas will need to be compliant with the State to State (S2S) program as part of the “one driver, one license” requirement of the REAL ID Act by October 1, 2021. Currently, DLD does not use S2S verification, but it is planning to do so in the future.

Employees are trained through a series of online SharePoint modules that are consistently updated. New employees go through extensive training, but continuing education is mostly manual. Currently, there is no established platform to manage how each employee receives continued training and this process could use more attention to ensure consistency.

### **5.3.3. Observations – Accountability/Trust**

Changes that DLD currently is implementing, such as a new appointment system, new computers, and new biometric systems, could impact wait times and transaction times within the DLD offices. However, we could not evaluate the impacts of these changes because they were in progress, or commencing, after we completed this study’s research tasks. Historically, consistent attention to DLD has been challenging for a law enforcement agency with other significant priorities such as border security, crime investigations, and drug interdiction.

DPS has the potential to make modest improvements in its responsiveness and accountability to the Legislature regarding the driver license program under the “stay in place” option. However, our preliminary analysis considers the potential modest given the longstanding legislative concerns noted above, including the understandable difficulty DPS will always face prioritizing this program relative to its other major law enforcement responsibilities (such a border security and drug enforcement) consistently into the future. Consistent improvement of customer service and performance measures would hinge upon the Legislature requiring enhanced budget and performance reporting of DPS as part of a recommendation to keep the program under DPS’ umbrella.

### **5.3.4. Observations – Efficiency/Cost**

From a state budget perspective, keeping the program at DPS could be cost neutral unless the Legislature again makes additional investments in the program beyond the \$655.5 million it has invested over the last eight years.

However, given past performance, concerns would remain under this scenario on whether continued investment in DPS’ management of DLD represents the best long-term investment for the state. These observations recognize the modest improvements in staff retention and wait times that have been observed with the study team’s data analysis and in the 320 new hires and increased salary rates. The additional funding provided by the Legislature is leading to improved hiring and performance outcomes. Success in this scenario, however, would be dependent on DPS continuing to prioritize improvements in the program after the scrutiny of this study.

### **5.3.5. Observations – Culture/Staffing**

The culture of DLD within DPS includes dedicated employees who like their jobs (see status quo scenario) and is unlikely to change if the DLD function stays at DPS. Recent increases in resources have allowed some reductions in wait times and staff turnover.

The high turnover rates were attributed to a combination of inadequate staffing and low salaries. The recent salary increase has reduced turnover, as measured by the number of LPS leaving the agency each month (documented in Tech Memo 5). Increased staffing can improve culture from the standpoint of reducing individual employee workload, but is also key to reducing wait times. However, the DLD front-line staff noted that salary adjustments should not be a one-time event. The driver license function needs continued support and financial resources in staff, technology, and other resources. For this scenario to work, the DLD function needs to be a priority for DPS.

Current staff culture at DLD is effective at maintaining security and compliance with regulations, and has resulted in a dedicated and serious work force. In surveys (conducted under Task 3 and 5 of this study) permit specialists consistently stated they liked serving people, solving problems, and are dedicated to their jobs. As they scrutinize documents for security purposes, they tend to see themselves as conducting a homeland security service, and are deeply connected to the “law enforcement culture” of DPS.

While improvements to turnover rates are possible with increased staffing, overall, the placement of the program within a much larger agency with critical responsibilities relating to crime prevention and border security means this program and its staff will not receive sustained consistent attention.

### **5.3.6. Observations – Organizational Disruption**

While keeping the driver license program at DPS would be the least disruptive of the three options analyzed, some degree of disruption must still be expected under the “stay in place” scenario because the status quo is not acceptable. The Legislature should account for additional changes DPS must implement to continue improving the performance and accountability of the program (these suggestions will be summarized in Task 10 under the contract.)

### **5.3.7. Overall Observations for DPS Potential Future State**

Table 5.3 summarizes observations about the DPS potential for future trends.



**Table 5.3 Observations of Potential DPS Future State**

Criteria	Key Observation	Reference
Customer Service	The study’s preliminary findings are that the Legislature’s recent investments have begun to produce some reductions in wait times. Continued, sustained investment and oversight could impact this trend.	Tech Memos 3 and 5
Compliance/Security	As DPS is primarily a law enforcement agency, compliance and security are already integral pieces of the services that the organization provides and therefore would not require a reprioritization of organization goals.	Tech Memos 3, 5, and 8
Accountability/Trust	Assuming the Legislature continues to make investments and requires enhanced performance reporting, modest improvement in accountability might be possible under the “stay” option.	Section 4.1 above, Legislative context
Efficiency/Cost	Assuming the Legislature requires significantly more detailed cost accounting for the program, and the program can make improvements to enhance online adoption, some improvement in the programs overall efficiency/cost is possible.	Tech Memo 6
Culture/Staffing	Employees will remain dedicated. Increased staffing has had a positive effect on wait times. Reclassifications and salary increases have had a positive effect on staff turnover.	Tech Memos 3 and 5
Organizational Disruption	While keeping the program at DPS is the least organizationally disruptive of the three options, some change management must be expected and accounted for because the status quo is not acceptable.	Forthcoming Task 10 recommendations

## 5.4. Move to DMV

Preliminary observations regarding the costs and benefits of moving DLD to DMV across the six criteria are discussed below.

### 5.4.1. Observations – Customer Service

DMV has a good reputation with the Legislature for providing high-quality customer service. The county tax assessor-collectors conduct a significant portion of the citizen-facing vehicle title and registration (VTR) functions in partnership with DMV. A move of DLD to DMV would present immediate questions regarding the county’s role in driver license services. DMV could potentially

gain efficiencies through cross-training existing staff and partnering with counties to be more of a “one-stop shop” for Texans who already often confuse the services offered at DMV, county, and driver license offices. However, these changes would not be automatic in a transfer and would need to be carefully negotiated with counties as they would have significant cost implications on counties.

The DMV and DLD indicated in breakout sessions that they face similar types of issues with customer service. However, because DMV is a smaller and more homogenous organization than DLD, its structure (and its partnership with counties) has meant it can be more responsive to emerging needs of DMV customers. Additionally, DMV has a dedicated high-performing call-center and a division dedicated to improving communication with the public

#### **5.4.2. Observations – Compliance/Security**

While there is no indication DMV would falter in this regard (as was noted in Task 1’s literature review, driver license and ID card issuance programs are housed in 42 other states’ DMVs and those entities successfully administer programs with the same federal requirements), disruption always creates risk. DMV currently has numerous IT system improvements being made to its systems and DMV could be stretched in terms of project management focus with the large task of integrating DLD systems, servers, computer programming and training needs.

DMV directly operates significantly fewer field offices than DPS. While DMV has successfully addressed security issues at these facilities, assuming security for the DLD office locations would be a significant undertaking. As discussed in Task Memo 9, DMV and DPS would need to enter into an interagency agreement for DPS to continue assigning troopers to certain driver license offices, as needed, or DMV would have to secure other security services to address employee concerns.

#### **5.4.3. Observations – Accountability/Trust**

A move to DMV offers significant potential for improved accountability, based on the success demonstrated since the agency was created from TxDOT in 2009.

As noted in Section 4.1 above, the 2018-2019 Sunset review of DMV found a largely successful agency that is responsive to, and trusted by, the Legislature. However, issues revealed during the Sunset process regarding the industry-focused behavior of the previous DMV Board create some concern, since some risk would remain in how well a new DMV Board would be able to balance competing interests if DLD moves to DMV. Recommendations included in Task 9 would help ameliorate this issue, but it would still be a challenge.

#### **5.4.4. Observations – Efficiency/Cost**

From a state budget perspective, the transfer of DLD from DPS to DMV would be cost-neutral.

Assuming the transfer of not only the current direct program appropriations, but also, associated administrative support costs, the \$594.4 million in estimated total cost to operate the program at DPS is assumed to be adequate in a transfer to DMV. From a return on investment standpoint, the option to move DLD to DMV may leverage DMV's proven record of improving performance of its programs over time. Further, placing the program in an environment of an agency with a more consistent overall mission focused around customer service may allow for a higher prioritization of the program. However, the transition timeline and effort associated with negotiating the transfer details and integrating DLD staff into an existing culture may result in short-term inefficiencies, limiting the short-term potential return on investment. To ensure cost is contained and efficiencies are maximized, significantly revised program accounting should be implemented.

#### **5.4.5. Observations – Culture/Staffing**

Blending two agencies together will not be without challenges, especially because DLD is a larger program by several thousand employees than DMV's current size. Stakeholders interviewed for this study repeatedly mentioned the phrase "the minnow swallowing the whale" when discussing the challenges that DMV would face in absorbing DLD.

As discussed in Tech Memo 5, recent DLD reclassifications and salary increases would require the DMV to address pay disparities for similar front-line employee salaries (the study team estimated that to address the salary differential between DMV and DLD front-line employees would take \$1.25 million per year); otherwise, the merged agency might experience increased staff turnover due to employee dissatisfaction with salary differences. More importantly, an effective merger with DMV should be experienced as an opportunity rather than a penalty. The DLD and DMV may be found to have similar customer service needs and would benefit from the sharing of best practices, resources, and cross-training.

During the transition, it would be important to structure the training process as an equal meeting of experts in the services that employees are already doing. The DMV has taken recent steps to make the organization's communication and feedback loops between all levels of employees more horizontal instead of vertical. Instead of policy and procedure changes only coming from top management and trickling down to customer-facing employees, formal mechanisms for customer-facing employees to communicate emerging issues and suggestions to higher-level management have been implemented and motivated by team-based reward mechanisms. DMV also has made change to its hiring, career advancement, and management training programs to specifically recruit and advance employees with different leadership styles and backgrounds, compared to the type of management DMV experienced under TxDOT.

In breakout groups conducted with DLD and DMV front-line staff, it was noted that DLD described customer service and work culture improvements initiated as a dynamic reaction to problems, whereas DMV described improving customer service and work culture as a formalized ongoing process not inextricably tied to problems. Notably, DMV appreciated being located near DLD offices because there were law enforcement officers nearby if they needed them. Although DMV employees were less worried about their safety than DLD employees, DMV also recently

installed panic buttons in response to DMV employee concerns. In focus groups conducted with the general public, people noted that having DMV and DLD offices physically near each other facilitated improved customer service (see Tech Memo 3).

### 5.4.6. Observations – Organizational Disruption

The preliminary observation is that a move to DMV would be the most disruptive of the three options that we analyzed. In this scenario, in addition to the disruption to DPS of having to remove the program, the transfer would also involve significant disruption to DMV. Clearly, DMV would have to integrate technology systems, facilities, staff, and governance into their current agency structure and culture, which would be a significant undertaking. DMV’s existing infrastructure also would help support the program initially, but DPS could also provide this type of administrative support to the new agency until it gets started.

### 5.4.7. Overall Observations for Move to DMV

Table 5.4 summarizes observations about the potential transfer of the DLD.

**Table 5.4 Observations of Potential Move to DMV**

Criteria	Key Observation	Reference
Customer Service	DMV has demonstrated track record of improving customer service metrics of a transferred program. Customers often confuse DMV/DPS and DMV could be the one-stop shop customers expect. However, DLD is large/complex program that DMV would have to integrate with existing programs and stakeholder such as counties.	Tech Memos 3, 5
Compliance/Security	A move to DMV allows for prioritization that would create efficiencies as DLD currently has to compete for resources within DPS provides. Removing IT functions from DPS and integrating them into the DMV IT system will require much additional work to ensure compliance and cybersecurity.	Tech Memos 3, 5, and 8
Accountability/Trust	A move to DMV offers significant potential for improved accountability, based on the success demonstrated by the agency since being created from TxDOT in 2009.	Section 4.1 above, Legislative context
Efficiency/Cost	Estimates to move this program to DMV are neutral from a state budget perspective, but efficiency may be compromised in the short term as a transfer is negotiated. Over time the program could gain efficiencies and see improvements as a customer-	Tech Memo 6

Criteria	Key Observation	Reference
	service, regulatory-minded agency implements consistent changes.	
Culture/Staffing	DMV has significantly fewer front-line workers than DLD. Recent salary increases at DLD would create tiered employees at a combined agency. Salary differentials between the two agencies may be costly to address, either through increased state investment or increased fee revenue, but would need to be addressed to stop a ‘them versus us’ culture emerging.	Tech Memos 3 and 5
Organizational Disruption	A move to DMV would likely be the most organizationally disruptive of the three options being analyzed because the transfer would involve significant disruption to both DPS and the existing programs at DMV.	Task Memo 9

## 5.5. New Agency

Preliminary observations regarding the costs and benefits of creating DLD as a stand-alone agency across the six criteria are discussed below.

### 5.5.1. Observations – Customer Service

The preliminary observation is that since this would be the only focus of this agency, there is a good potential for improvement. The opportunity for DLD to have its own agency, and to create a new culture may result in increased morale, which may positively affect customer service.

While a new agency would face many start-up challenges, the timeline proposed under TM 9 would allow for a long planning year and continued administrative support from DPS via an MOU (which could include IT, HR, legal, facility support, and provision of security/troopers) until the new agency has a process solidly established. This would address concerns raised in this study’s surveys and breakout groups about the amount of time and money required to create a new agency. DLD administrative staff noted that with driver license function as their only focus, and with adequate resources from the Legislature, a stand-alone agency could see improved outcomes in customer service. They also indicated that this was their preferred option, rather than a move to DMV.

Similar to the DMV transfer from TxDOT, DLD could restructure itself and orient its training and work culture to focus on customer service improvements as an ongoing goal of the organization.

### **5.5.2. Observations – Compliance/Security**

A main observation for compliance and security is that disruption always creates risk. The existing focus on security and an organizational culture that values DPS' homeland security focus would likely continue as existing DLD staff would take some of this cultural aspect with it to a move to a stand-alone agency.

The new agency would require implementation of careful controls to ensure “can’t fail” contracts are met (for example, card production and delivery) and that existing IT management and structures can manage ongoing processes as well as the move to a new agency. Removing IT functions from DPS to establish the new agency IT infrastructure system will require considerable efforts and must ensure that “can’t fail” activities are fully supported.

DLD constantly pursues new technology for cybersecurity. However, it was noted in surveys and breakout groups with DLD staffers conducted in this study that they often had to wait for funds due to other DPS service priorities. A stand-alone agency would be able to funnel sufficient funds for top of the line cybersecurity systems and identity verification databases.

As noted in the other scenarios assessed, security concerns for front-line workers is an issue, especially for staff leaving work after-hours when dealing regularly with frustrated customers. As noted under Tech Memo 9, continued administrative support from DPS via an MOU could address this issue through provision of security/troopers until the new agency has process in place to take over.

### **5.5.3. Observations – Accountability/Trust**

A stand-alone dedicated agency with the focused mission of delivering high-quality driver license services would likely have the best potential for increasing focus, accountability, and trust with the Legislature. In every aspect of traditional legislative oversight—including appropriations oversight, performance measures, and performance reviews—the new agency's dedicated governing board and executive management would be a clear point of accountability for the Legislature.

### **5.5.4. Observations – Efficiency/Cost**

This option would be the most expensive from a short-term state budget perspective, with an estimate of an additional \$12.7 million in cost. However, these additional estimated costs are negligible when compared to the scale, importance, and increased appropriations to the program overall. While the long-term potential for return on investment gains from this option are high, creating a new agency would create unavoidable short-term increased costs to support a new management structure. To minimize out-year costs and ensure high-quality, efficient program administration, the Legislature should implement clear requirements for program accounting.

### 5.5.5. Observations – Culture/Staffing

In feedback obtained from the breakout groups and surveys of DLD permit staff and administrative staff, the major overall observation was consistently that a stand-alone agency is the best chance to achieve a total agency culture reset, reduce culture clashes, and create career-path opportunities for staff.

Forming its own agency may result in increased morale for DLD, positively affecting customer service. Several comments predicted such an outcome in the DLD administrative staff survey. However, because DLD culture currently reflects a homeland security/law enforcement focus, this mindset is likely to carry over to a new agency. It will be critical in a new agency scenario to ensure adequate resources in terms of people, money, and technology to achieve the new agency’s mission and create a new culture. Early failures due to insufficient funding and resources could undermine some of the culture and staffing value this change would bring. In the short term, the new agency would need to request needed appropriations from the Legislature, work to successfully improve service, and not falter in executing “can’t fail contracts or services” (such as card printing and issuance). The DLD administrative and executive staff survey results indicated that creation of a new agency would do more to improve morale than would a merger with DMV.

### 5.5.6. Observations – Disruption

Removing the driver license program from DPS and creating a stand-alone agency would be less disruptive than integrating the program within DMV’s existing structure, but still it would be a significant undertaking. Unlike a move to DMV, the new agency would have to implement its own support service systems, but as outlined in Task 9, the Legislature should phase the administrative separation to ensure new systems are functioning before DPS stops supporting them. Because the new agency’s management would have complete control over designing the systems and organizational structure to support the driver license programs’ unique needs, this scenario would be less disruptive than having to also consider the impact to DMV’s existing programs and needs at the same time.

### 5.5.7. Overall Observations for New Agency

Table 5.5 summarizes observations about the potential creation of a new agency.

**Table 5.5 Observations of Potential New Agency Creation**

Criteria	Key Observation	Reference
Customer Service	The preliminary observation is that creation of new agency has much potential for focused improvement, as customer service would be the agency’s primary focus.	Tech Memos 3 and 5
Compliance/Security	Compliance and security require prioritization in allocations and appropriations that a stand-alone	Tech Memos 3 and 5

Criteria	Key Observation	Reference
	agency can focus upon. DLD employee surveys noted security concerns at field offices would need to be addressed. Removing IT functions from DPS and establishing new IT infrastructure and system will require significant work.	
Accountability/Trust	A stand-alone dedicated agency with the focused mission of delivering high-quality driver license services would have a high potential for increasing accountability to and trust within the Legislature.	Section 4.1 above, Legislative context.
Efficiency/Cost	This is the most expensive option due to having to create a new management structure. However, a new agency with a ground-up culture focused on customer service could likely realize program and budget efficiencies.	Tech Memo 6
Culture/Staffing	The DLD staff prefer creation of a new agency over combining with DMV from a culture and staffing standpoint. A new agency could dedicate consistent and sustained attention to HR, training, and other staffing issues, and ensure consistency in manager approaches to team leadership.	Tech Memos 3 and 5
Disruption	Removing the driver license program from DPS and creating a stand-alone agency would be less disruptive than integrating the program within DMV's existing structure but would still be a significant undertaking.	Tech Memo 9