

Management, Operating Structure, Efficiencies, and Opportunities and Challenges of Transferring the Driver License Program

Background

In 2019, the 86th Texas State Legislature passed Senate Bill 616 and a similar provision in the General Appropriations Act requiring a study to evaluate the Driver's License Program operated by the Department of Public Safety's (DPS) Driver License Division (DLD). DPS contracted with the Study Team to investigate three options for optimal operation of the Driver License Program:

1. leave DLD at DPS,
2. move DLD to the Department of Motor Vehicles (DMV), or
3. create a new stand-alone state agency for DLD.

Recommendations

After conducting a thorough investigation of management, operating structure, efficiencies, and opportunities and challenges of transferring the Driver License Program, the Study Team provides the following recommendations:

- DLD should form a new stand-alone state agency. The Study Team created a 12-year timeline to facilitate a smooth transition.
- Regardless of where DLD ultimately resides, certain mission-critical practices and enhancement should be implemented to meet the needs of the growing Texas population.

Study Methodology

The Study Team developed tasks to logically guide the work and address the following objectives:

- Perform a comprehensive literature review and gather information to document DLD practices in Texas and in other states and countries.
- Conduct a thorough study of the management and operating structure of the DPS DLD.
- Assemble expert working groups and conduct fact-finding through workshops, interviews, and surveys.
- Obtain data and prepare summaries of fiscal analyses for three options: leaving the function at DPS, moving it to the Department of Motor Vehicles (DMV), or moving it to a new stand-alone state agency.
- Evaluate benefits, challenges, and costs for each of the three options.
- Develop proposed timelines associated with transferring DLD to either DMV or a stand-alone agency.
- Investigate methods to enhance operations in general, such as incentivizing online renewal for eligible individuals.
- Make a recommendation as to whether to leave the DLD at DPS, move it to DMV, or move it to a new stand-alone state agency.

Please see the full report for all study details, available at this link: www.dps.texas.gov.

Key Findings

To address the study objectives, the Study Team performed a literature search; analyzed data provided by DPS, DLD, DMV, and others; conducted multiple surveys for multiple audiences; organized focus groups; interviewed subject matter experts; and performed fiscal analyses to develop the following findings.

- Driver license programs and other vehicle services are housed in a variety of organizational structures in other states, as Figure E.1 shows. Given the diversity of states' needs, there is no one-size-fits-all standard and the driver license function should be located where it makes the most sense in a state.
- In Texas, vehicle services are provided by DLD and DMV.
 - DLD issues new and renewal driver licenses; identification cards; Election Identification Certificates; and suspensions and reinstatements of driver licenses.
 - DMV regulates vehicle manufacturers, dealers, moving companies, and other motor vehicle-related businesses; issues oversize and overweight permits for the trucking industry; administers the state's Lemon Law; and issues motor vehicle titles, registration, and license plates.
- To address staffing and customer wait time issues, DPS submitted a "Driver License Plan—Exceptional Item and Statutory Change Requests" to the 86th Legislature. The budget portion included funding for more staff, additional salary for frontline staff, and opening additional DLD offices. The request totaled \$420 million. The legislature approved increasing the driver license terms to eight years and increased funding of \$212.4 million to increase salaries, hire additional staff, and open two more driver license offices (DLOs).
- DLD has hired staff and increased the salary of frontline staff. Wait times have decreased some and turnover, as measured by voluntary resignations, has decreased.
- Wait times, which have been a focus of the legislature and complaints from the public, are being addressed by DLD with several newly initiated changes. Besides added FTEs, a new appointment system allowing appointments up to six months in advance and new IT equipment have been deployed in DLOs. Since these changes are only now being implemented, their effect on wait times cannot be evaluated yet. For example, the appointment system was scheduled for implementation just as COVID-19 spurred closure of DLOs; the system is only now being used by the public in DLD's phased re-opening of DLOs.
- Customers in focus groups and surveys pointed out a need for website improvements. They want information that guides them to the method of renewal best for their situation, improved guidance on required documents to take to the DLO, and easier site navigation.
- Increasing the rate of transactions conducted online can help the state save money and improve customer satisfaction. The Study Team estimates up to an additional 27 percent of in-person renewals could have been conducted online; only 25 percent of the eligible 52 percent currently renew online.
- The DLD call center can answer only about 10 percent of calls because of the high volume (7 million calls received annually) and the number of staff dedicated to this task.
- In evaluating the fiscal funding for a transfer of DLD to DMV or a stand-alone agency, the Study Team found that:
 - 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 estimated additional \$12.7 million to the state, for a total biennial cost of \$607.1 million.
- The legislature has directed, and state agencies have accomplished, numerous program transfers with limited problems and, often, improvements.

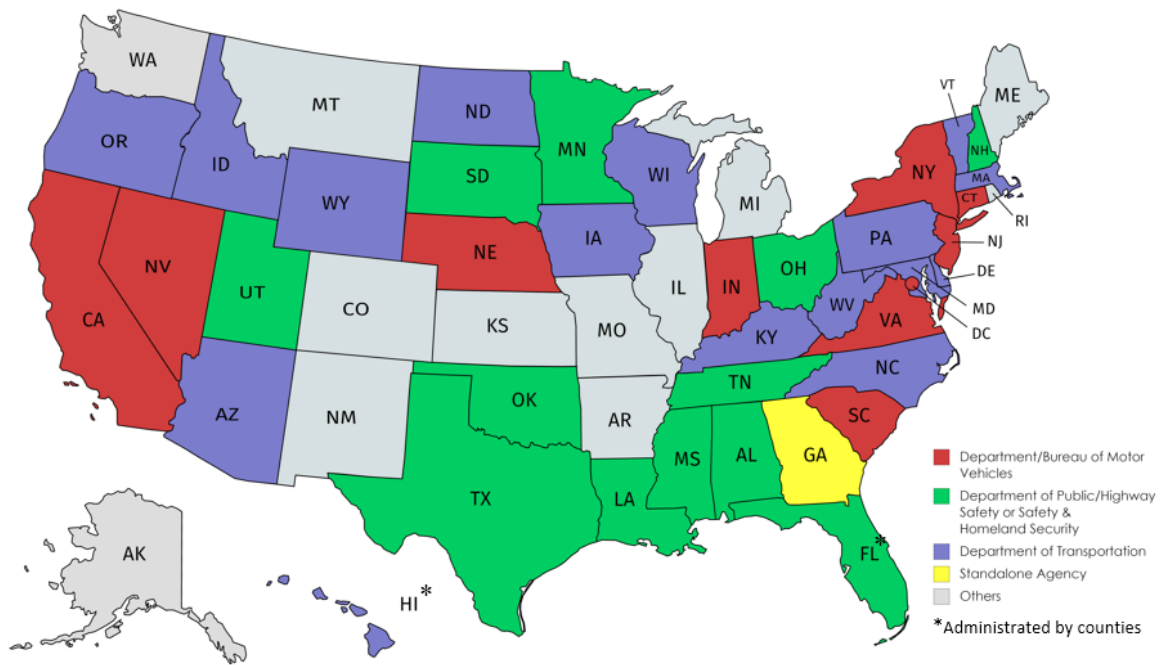


Figure E.1 Driver License Programs by State

Key Recommendations

The Study Team provides the following recommendations in two areas. Some recommendations may require additional resources in funding, staffing, and technology.

Management and Operating Structure Recommendations

The Study Team developed the matrix shown in Table E.1 using a five-point Likert scale to aid in determining the optimal location of the Driver License Program. Following a rigorous investigation, the Study Team recommends that DLD form a new stand-alone state agency.

Table E.1 Decision Matrix.

Criteria	DPS - Baseline	DPS - Future	Transfer to DMV	Create stand-alone agency
Customer Service	Very Poor	Average	Good	Good
Compliance/Security	Good	Good	Average	Good
Accountability/Trust	Very Poor	Poor	Good	Very Good
Efficiency/Cost	Very Poor	Average	Good	Good
Culture/Staffing	Poor	Average	Average	Good
Disruption	N/A	Good	Very Poor	Poor

For each criterion, current or projected performance is defined as:

Very Poor	Poor	Average	Good	Very Good
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This matrix shows rankings for each of the three options: keep DLD at DPS, move it to DMV, or create a stand-alone agency. Rankings for each of the three options are split into six categories: Customer Service, Compliance/Security, Accountability/Trust, Efficiency/Cost, Culture/Staffing, and Disruption. The Study Team did not assign numeric weights to these six criteria. The legislature may choose to evaluate the three options based on specific subsets of criteria or by weighting each of the six criteria as preferred.

Additionally, a DPS Baseline ranking is included for comparison purposes. The 86th Legislature required this study because of the legislature's perception of DLD's poor performance at DPS. The DPS Baseline rankings, therefore, attempt to quantify DLD's performance issues as of June

2019, which is when the legislature formally required this study. Note that improvements made to DLD during the 86th Legislative Session are not included in DPS Baseline because data is not yet available to quantify the impact of these changes. For example, DPS Baseline does not include the \$212.4 million additional funds earmarked for DLD enhancements in FY 2020–21.

In refining recommendations for DLD's transition to a new agency, the Study Team developed a multi-year transition timeline. The first several years comprise the bulk of the transition activity. The following years afford the legislature check-in points to address any oversight and provide course corrections, with the timeline extending to encompass the first full Sunset and LBB reviews.

Operational Recommendations

The Study Team developed a set of recommendations that do not depend on where the Driver License Program resides; these recommendations are critical to the program's success in general, with the most critical shown here. The rest appear in the full report.

- Redesign the website using a modern, user-friendly, fully functional design that displays well on mobile devices and supports multiple languages. Well-defined navigation should guide the user, with prominent placement of the documents needed for in-person visits and a clear explanation of whether a user is eligible to renew online.
- Reduce limitations to renewing online.
- Incentivize online transactions by offering discount instead of charging convenience fee.

- Create a dedicated Public Information Office (PIO) with an active staff providing education on and awareness of DLD programs and activities.
- Ensure that the PIO uses all social media available to distribute agency information in multiple languages.
- Develop a modern contact center to boost call center deflections by strategically opening up less expensive digital channels to customers.
- Review salary levels at least every two years for competitiveness.
- Review all operations at least every two years for optimum number and placement of FTEs in all areas of DLD. Adjust staffing where needed and ask the legislature for additional FTEs where warranted to meet performance measures.

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