



THE UNIVERSITY OF TEXAS AT AUSTIN  
CENTER FOR TRANSPORTATION RESEARCH



**TEXAS** LBJ School

The University of Texas at Austin



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

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The following attachments to this report are the technical memorandums generated during the project for the various tasks, including their embedded appendices. The text for each technical memorandum listed is linked to the actual file (provided online for the sake of brevity).

- [Technical Memorandum 1: Literature Review](#)
- [Technical Memorandum 2: Procedural Framework and Data Collection](#)
- [Technical Memorandum 3: Fact-finding through Expert Working Group, Workshops, Interviews, and Surveys](#)

- [Technical Memorandum 4: Processing and Preparation of Information Obtained from Tasks 1 through 3](#)
- [Technical Memorandum 5: Evaluation of the Management and Operating Structure of DPS and DLD](#)
- [Technical Memorandum 6: Compilation of Data Obtained and Fiscal Analysis Prepared](#)
- [Technical Memorandum 7: Evaluation of Benefits, Challenges, and Costs](#)
- [Technical Memorandum 8: Incentives for Online Renewal of Driver Licenses](#)
- [Technical Memorandum 9: Evaluation of Factors and Proposed Timelines](#)

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## List of Acronyms and Abbreviations

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CSR	Customer Service Representative
CTAC	County Tax Assessor-Collectors
CTR	The University of Texas at Austin’s Center for Transportation Research
DLD	Driver License Division of DPS
DLIP	Driver License Improvement Plan
DLO	Driver License Office
DPS	Texas Department of Public Safety
DMV	Texas Department of Motor Vehicles
FTE	Full-Time Equivalent: this represents one employee working full time and can represent multiple people working less than full time
H.B.	House Bill
ID	Identification
IT	Information Technology
LBB	Legislative Budget Board
LPS	License and Permit Specialist
MOU	Memorandum of Understanding
PIO	Public Information Office
S.B.	Senate Bill
SOS	Secretary of State
Study Team	The study team of CTR, the LBJ School, IC2, and Teleki Consulting
VTR	Vehicle Title and Registration

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# Executive Summary

## Background

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In 2019, the 86th Texas State Legislature passed Senate Bill (S.B.) 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).

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.
- Investigate methods to incentivize driver license online renewal for eligible individuals.
- Evaluate factors and develop proposed timelines associated with transferring DLD to either DMV (if it occurs) or a stand-alone agency
- 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.

## Key Overall Findings

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To address these 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, among other activities, 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.



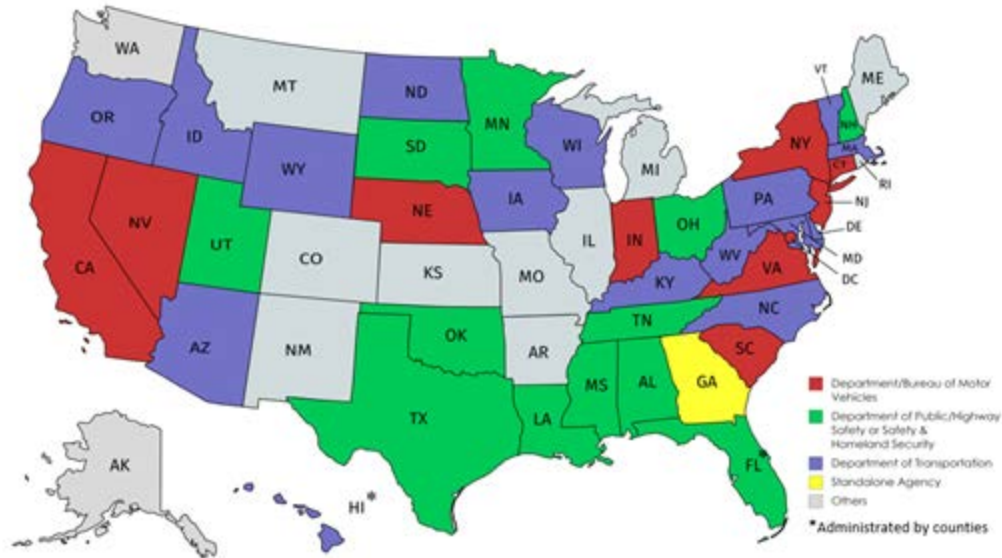


Figure E.1 Driver License Programs by State

- In Texas, vehicle services are provided by DLD and DMV.
  - o DLD issues new and renewal driver licenses (commercial and non-commercial, including road tests); identification cards; Election Identification Certificates; and suspensions and reinstatements of driver licenses.
  - o 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 86<sup>th</sup> Legislature. The statutory request included increasing the driver license term from six to eight years. 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. For example, the Study Team estimates up to 25 percent of in-person renewals could have been conducted 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 aspects of a transfer of DLD to DMV or a stand-alone agency, the Study Team found that:
  - o 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.
  - o 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.

## Key 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 in two areas.

### Management and Operating Structure

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	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

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 each of 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 86<sup>th</sup> 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 86<sup>th</sup> 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 Section 4.

- Redesign the website using a modern, user-friendly, fully functional design that displays well on mobile devices. 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. The website should support multiple languages.
- Reduce limitations to renewing online.
- Incentivize online transactions by reducing cost (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.

## Section 1. Overview and Background

In 2019, the 86th Texas State Legislature passed Senate Bill (S.B.) 616, and a similar provision in the General Appropriations Act, requiring a study to evaluate the Driver License Program operated by the Department of Public Safety's (DPS) Driver License Division (DLD).

The objectives of this study were to:

- 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 those three options.
- Investigate methods to incentivize driver license online renewal for eligible individuals.
- Evaluate factors and develop proposed timelines associated with either DLD transfer to DMV (if it occurs) or transfer to a stand-alone agency
- Make a recommendation as to whether to leave the function at DPS, move it to DMV, or move it to a new stand-alone state agency.

The Study Team developed a framework of nine tasks to logically guide the work and address the study objectives. Table 1.1 lists those tasks. The study methodology is detailed below.

**Table 1.1 Analysis Tasks.**

Task #	Task Name
1	Conduct literature review and gather information
2	Establish procedural framework and data collection
3	Assemble expert working group to conduct workshops, interviews, and surveys
4	Process and prepare data and feedback obtained in Tasks 1 through 3
5	Evaluate the management and operating structures of DPS and DLD
6	Prepare fiscal analysis associated with the three options: keeping DLD in DPS; transferring DLD to DMV; or creating DLD as a stand-alone agency
7	Evaluate benefits, costs, and challenges for the three options
8	Investigate methods to incentivize driver license online for eligible individuals
9	Evaluate factors and develop proposed timelines associated with DLD transfer to DMV or transfer to a stand-alone agency

## 1.1. Study Methodology

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The various tasks and components are not independent of each other, but were designed such that each component utilizes information obtained or generated from other components to assist the analysis. Nine detailed technical memorandums were submitted to document the task work.

The contract directed the Study 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. To that end, the Study Team focused on developing a simplified analytical framework to use as a decision-making tool that would yield a recommendation for one 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 and developed six key ranking criteria, summarized in Table 1.2.

**Table 1.2 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.

We held a final set of Study Team meetings to review the material as a whole and develop a consensus on the recommended placement of the driver license function (DPS, DMV, or stand-alone agency) and other critical recommendations.

The technical memorandums contain more information than can be included in this summary report. The Study Team invites the reader to review the technical memorandums (available via links in the Table of Contents) for the supporting information, data analysis, and additional findings and conclusions.

## 1.2. DPS/DLD Background

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### 1.2.1. Scope, Size, and Funding for DPS

The DLD is currently a division of the Texas DPS. Established in 1939, DPS's stated mission is 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.

Following is the DPS vision statement: "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. Board members must have, and maintain, a secret security clearance granted by the U.S. government.

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 year of the biennium. From a funding perspective, the agency is organized into six goals (listed in Table 1.3).

Appropriations to DPS for Driver License Services budget strategies accounted for \$486.2 million of DPS's total appropriations for the biennium (Table 1.4). Similar to 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. Similarly, fees from the driver license function 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. Until the legislature, in 2019, revised the Driver Responsibility Program (DRP), Driver License Services point surcharges were collected in varying amounts by DPS and deposited into the credit of General Revenue, the Designated Trauma Facility and EMS account, and the Texas Mobility Fund. Total collections in FY 2018 were \$143.5 million.<sup>3</sup>

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<sup>1</sup> The Texas Department of Emergency Management was a division within DPS until the 86th Legislature transferred it to the Texas A&M University System. DPS retains on their website the goal "Enhance Statewide Emergency Management."

<sup>2</sup> General Appropriations Act for the 2020–21 biennium, 86th Texas Legislature, Regular Session, 2019.

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

**Table 1.3 DPS Funding Goals in the 2020–2021 General Appropriations Act.**

<b>GAA Goal</b>	<b>Purpose</b>
Combat Crime and Terrorism	Strategies supporting this goal include addressing organized crime, criminal interdiction, intelligence services, security programs, and special investigations.
Secure Texas	This goal funds border security activities through networked intelligence, routine, and extraordinary operations. No funds may be transferred out of this goal without prior approval from the Legislative Budget Board.
Enhance Public Safety	This goal supports state highway patrol and includes traffic enforcement, commercial vehicle enforcement, and public safety communications.
Regulatory Services	Primary functions in this goal are crime laboratory services and crime record services; funds for victim and employee services are also included, as well as funding for compliance and regulatory issuance and modernization.
Driver License Services	Two programs fall within this goal: 1) driver license services and 2) enforcement and compliance. These are direct program funds; administration is noted below. No funds may be transferred out of this goal without the prior approval of the Legislative Budget Board.
Agency Services and Support	This funding supports all agency administration, including headquarters and regional administration, IT, financial management, training academy, facilities management, and Inspector General. These functions serve and support all other agency activities, programs, and staff.

**Table 1.4 Methods of Finance for Goal E, Driver License Services.**

2020–21 Biennium <sup>4</sup> (In millions)	
Method of Finance	Amount
<b>Driver License Services</b>	
General Revenue Fund	\$455.4
Appropriated Receipts	\$0.3
<b>Enforcement and Compliance</b>	
General Revenue Fund	\$5.8
Appropriated Receipts	\$8.9
Transportation Administration Fee	\$15.7
<b>Total</b>	
General Revenue Fund	\$461.2
Appropriated Receipts	\$9.2
Transportation Administration Fee	\$15.7
<b>Total, Goal E, Driver License Services</b>	<b>\$486.2</b>

<sup>4</sup> LBB, State Budget by Program application.



### 1.2.2. Duties and Responsibilities of DLD

DLD is responsible for issuance and renewal of driver licenses and identification (ID) cards, 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>5</sup> Figure 1.1 shows the number of examinations and license/ID cards issued from 2010 to 2019. DLD also provides certain state records and documents to eligible customers and supplies certain other state ID cards that may be used for general purposes and, importantly, for voter authentication. Texas law allows for DPS to issue an Election Identification Certificate to eligible voters who have no other acceptable forms of photo identification for voting. DLD also supports law enforcement and criminal justice entities through record review and administration.

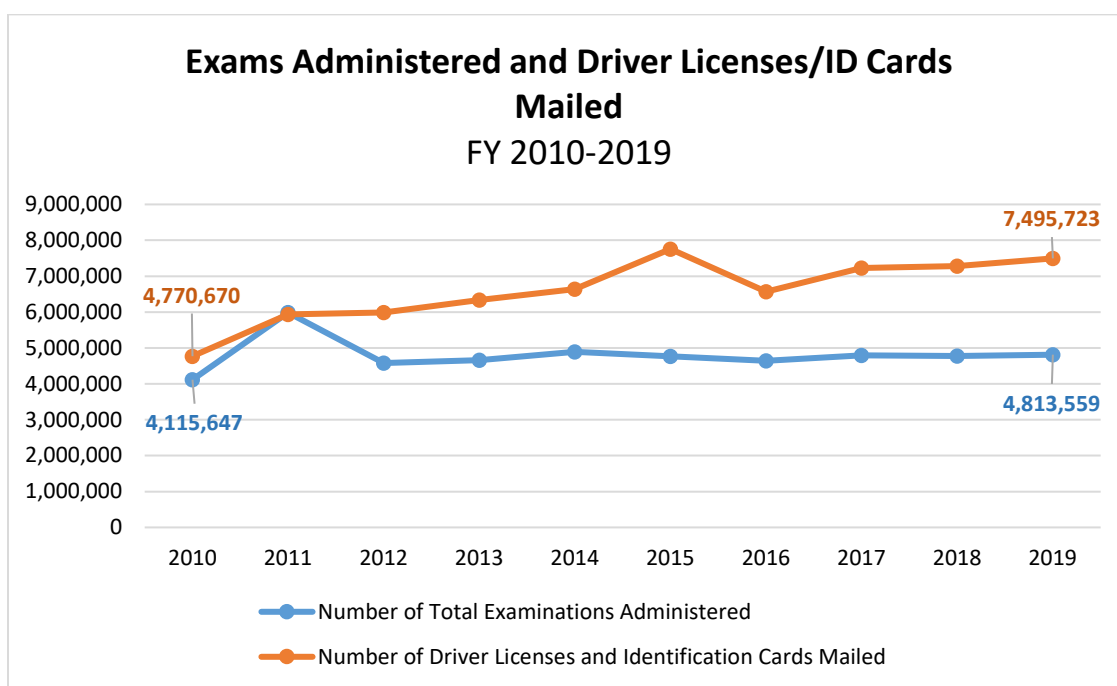


Figure 1.1 DPS Exams Administered and Licenses/ID Cards Mailed

### 1.2.3. Legislative and Appropriation Trends, 2009–2021 Bienniums

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 (DLOs). 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

<sup>5</sup> General appropriations Act, 86th Legislature, Regular Session, 2020–21 Biennium.



model.”<sup>6</sup> DPS agreed with the recommendation, and the 81<sup>st</sup> Legislature passed legislation implementing the commission’s recommendations (House Bill [H.B.] 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>7</sup> The legislature appropriated an additional \$63 million to DPS with over 360 new FTEs for the 2012–13 biennium with the expectation that these 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 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’s own internal audit showed it could not “confirm that appropriations made specifically for DLIP were expended in accordance with program objectives.”<sup>8</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’s ongoing, unresolved struggles. In October 2019, the agency wrote in an edition of *Fiscal Notes* 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.

Since 2010, overall appropriations to DLD have increased more than 160 percent. As shown in Figure 1.2, the legislature appropriated \$183.9 million for the division for the FY 2010–11 biennium and \$486.2 million for the FY 2020–21 biennium.

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<sup>6</sup>Department of Public Safety, *Private Security Board, Polygraph Examiners Board - Sunset Advisory Commission Final Report*. July 2009.

<sup>7</sup> Department of Public Safety, *Driver License Improvement Plan Issue Brief – Legislative Budget Board*. January 2013.

<sup>8</sup> *Legislative Budget Board Staff Reports*. January 2017.

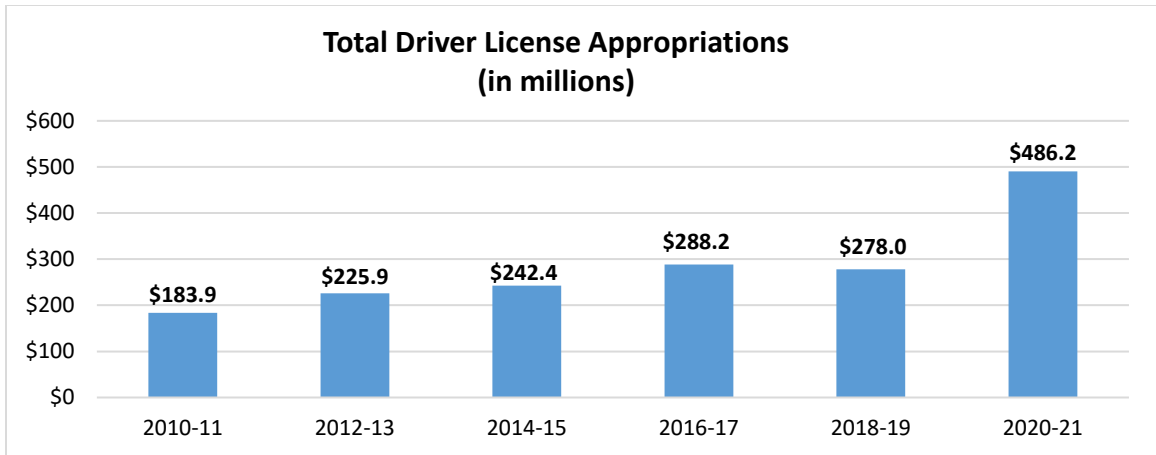


Figure 1.2 Total Driver License Appropriations 2010–2021

Sources: (1) General Appropriations Acts (81R, 82R, 83R, 84R, 85R, 86R); (2) LBB Fiscal Size-Up (2010–11, 2012–13, 2014–15, 2016–17, 2018–19).

The form, content, required reporting, and other stipulations for DLD have shifted regularly since the 2010–11 biennium. One reason for the change to appropriations formats and amounts is that various legislative oversight bodies, including the State Auditor, the Sunset Advisory Commission, and the LBB, raised concerns over the last decade about the program’s performance. Since FY 2012, the legislature has provided targeted appropriations increases intended to improve Driver License Program outcomes. According to the LBB’s 2018–19 *Fiscal Size-Up*, the legislature began appropriating additional funds to DPS in FY 2012 to attain “more efficient processes and shorter waiting periods for driver license applicants.” Since then, the legislature has made concerted efforts to not only provide additional funding to the DLD, but also to ensure that the funds are expended for the purposes for which they were appropriated.

In total, from FY 2012 to FY 2021, the legislature has appropriated \$655.5 million specifically targeted to make improvements to driver license services (Figure 1.3). This amount includes both a total \$443.1 million categorized as the DLIP from FY 2012 through FY 2019, and an additional \$212.4 million earmarked for DLD enhancements in the most recent budget covering FY 2020–21.

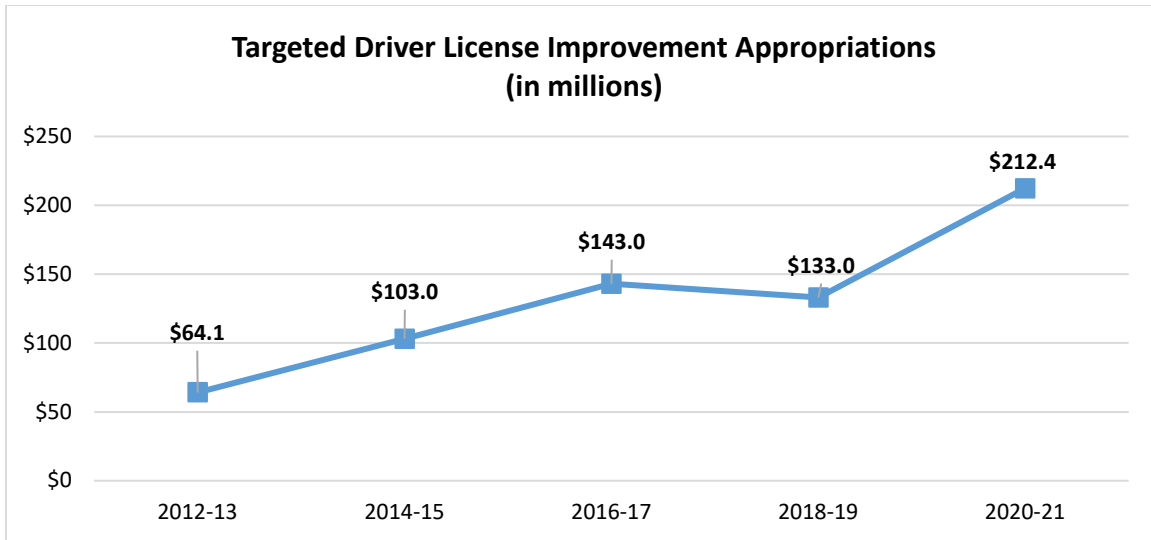


Figure 1.3 Targeted Driver License Improvement Appropriations 2012–2021

Source: Legislative Budget Board Fiscal Size-Up (2018–19) and Summary of 2020–21 Conference Committee Report for H.B. 1 (2019).

#### 1.2.4. DLD at the 86th Legislature

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>9</sup>

That session, the Sunset Advisory Commission reviewed the mission and performance of both DPS and DMV. Generally, the reviews concluded that DPS was still struggling to appropriately manage DLD, while DMV generally had succeeded in creating a customer-service-oriented motor vehicle regulatory agency. A major discussion topic during the legislative session 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 IT project management.

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. The legislature specified that the program automatically would transfer to DMV if the study were not completed by September 1, 2020.

<sup>9</sup> “Texas lawmakers hope an additional \$200 million will decrease dreaded wait times at driver's license centers.” *Texas Tribune*, May 26, 2019.

### 1.3. DMV Background

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DMV was established in 2009 by H.B. 3097. As discussed in more detail in Technical Memorandum 9, 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>10</sup>

DMV is headed by a board of nine members appointed by the Governor and an executive director hired by that board. The agency has 802 FTEs. Its key divisions include Automobile Burglary and Theft Prevention Authority, Consumer Relations, Compliance and Investigation, Enforcement, Motor Carrier, Motor Vehicle, and Vehicle Titles and Registration.

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 DMV, each year the agency:

- 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.

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>11</sup>

### 1.4. Role of County Tax Assessor-Collectors

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County tax assessor-collectors (CTACs) play a crucial role alongside DMV in providing vehicle title and registration (VTR) services. DMV's VTR Division has 16 regional service centers around the state and supports all 254 CTACs that process registration and title applications for DMV

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<sup>10</sup> TxDMV: About Us.

<sup>11</sup> Texas Comptroller of Public Accounts, *Sources of Revenue*, January 2019.

statewide. Using CTAC personnel multiplies the DMV workforce, with local employees handling titling and annual registration for approximately 22 million vehicles in Texas.

CTACs also have the option to offer limited driver license services. S.B. 1729 (83<sup>rd</sup> Legislature) established a pilot program for up to eight county offices to issue renewal and duplicate driver licenses, election identification certificates, and personal identification certificates. County offices offering driver license and personal identification certificate services may collect an additional fee per transaction of up to \$5. S.B. 1756 (84<sup>th</sup> Legislature) extended this option to any interested county office. Currently, 11 counties offer limited driver license services.

## **1.5. Voter Registration and DLD Interaction with Secretary of State**

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Upon applying for a driver license, residents who are citizens of the U.S. can also complete a voter registration application. DLD submits this form to the Secretary of State (SOS). The SOS then submits the forms to the county elections registrar. This process is conducted online, with a series of online interactions between the county, SOS, DLD, and DPS.

DLD sends a nightly change file update to the SOS office along with other batched processes. The SOS then uses their database to send the new data to the counties. When counties input voter data into the SOS file, this is sent back across to SOS, and then to DLD to conduct address check verification. The DLD database is a core component for many verification-type checks by the SOS; one such example is jury management.

## Section 2. Key Findings

This study revealed some key findings in each area considered. These are organized into the following sections:

- Literature review and background,
- Fiscal findings and considerations,
- Policy findings and considerations,
- Data analysis and survey findings, and
- Stakeholder engagement findings

### 2.1. Literature Review and Background

Driver license programs and other vehicle services are housed in a variety of organizational structures in other states, as Figure 2.1 shows. Given the diversity of states' needs, and the lack of established best practices for the issuance of driver licenses, 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.

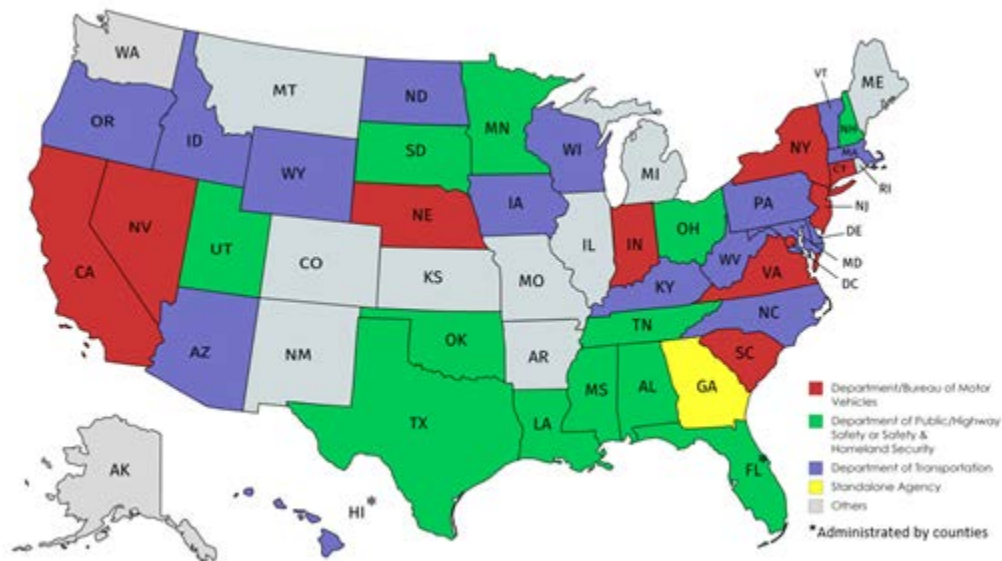


Figure 2.1 Driver License Program by State

In Texas, DLD provides driver license services and DMV administers vehicle titling-registration services, in addition to each agency's other responsibilities.

- DLD issues new and renewal driver licenses (commercial and non-commercial, including road tests); identification (ID) 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.

In 2008, Deloitte conducted a Management and Organizational Structure Study for DPS and then recommended organizational changes to DPS that affected DLD. DPS implemented these changes and they are reflected in the current organizational structure.

Since 2008, the legislature has taken further action to address ongoing customer service issues at DLD. In 2009, the 81<sup>st</sup> Legislature followed Sunset Advisory Commission recommendations to improve wait times in call centers and DLOs by passing H.B. 2730, which changed DPS’s management of DLD from a law enforcement businesses model to a “civilian businesses model.” During the following legislative session, the 82<sup>nd</sup> Legislature established the Driver License Improvement Plan (DLIP) to “improve services and shorten wait times for driver license customers.” During the 2012–13 biennium, as part of DLIP, the legislature appropriated an additional \$63 million and allocated over 360 new FTEs to DPS. According to DPS-provided data, the legislature has increased DLD-dedicated FTEs from 1,468 in 2010 to about 3,000 in 2020–21. While there have been minor fluctuations in the exact FTE count each year, the number of FTEs increased significantly after the legislature appropriated funds for DLIP for 2012–13.

As the legislature continued to appropriate funds to DLIP following the 82<sup>nd</sup> legislative session, a 2017 LBB performance review of DPS found that DLIP funds were not being used according to program objectives. In their October 2019 issue of *Fiscal Notes*, the Comptroller of Public Accounts found that DLD services had failed to noticeably improve, despite the near tripling of DLD’s annual budget over the course of the decade.

In an effort to address staffing and customer wait time issues, DPS submitted a “Driver License Plan – Exceptional Item and Statutory Change Requests” to the 86<sup>th</sup> Legislature. The statutory request included increasing the driver license term from six to eight years. The budget portion included funding for more staff, additional salary for staff, and the opening of 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 DLOs.

## 2.2. Fiscal Findings and Considerations

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The Study Team analyzed and compared the state budget impacts of the three options. A more detailed analysis can be found in Technical Memorandum 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, broken down into \$486.2 million in direct DLD program appropriations and an estimated \$108.2 million in DLD administration costs, such as facilities, human resources, and IT.

- Based on how the legislature historically has funded agency transfers, transferring the program to DMV would be cost-neutral to the state budget overall. *Note: a legislative action that an individual state agency would experience as a cost (or savings) might not be experienced the same way in the overall state budget. In the case contemplated here of a program transfer, one agency will experience a reduction, and the other an increase. While those are significant experiences for those agencies, from the broad state perspective, it is usually considered cost-neutral to the overall state budget.* The \$594.4 million currently appropriated to DPS to support the program would transfer to DMV. Any additional transitional costs associated with moving DLD to DMV are not expected to be significant.
- Creating a new stand-alone agency would cost an additional \$12.7 million to the state, for a total biennial cost of \$607.1 million. This estimate breakdown includes \$486.2 million in direct DLD program appropriations, an estimated \$108.2 million in DLD administration costs, and \$12.7 million in additional executive and central administrative costs.

## 2.3. Policy Findings and Considerations

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The potential transfer of the DLD out of DPS should be evaluated in the context of the many major organizational changes the legislature has implemented at state agencies over the years. The Study Team reviewed the reasons for legislative restructuring of agencies through four key metrics:

1. Poor performance.
2. Efficiency or cost concerns.
3. Results of a program review (Sunset and/or other type of review, e.g., audit).
4. Stakeholder pressures.

While the transfer of the Driver License Program out of DPS would be a significant undertaking, it is important to note that the legislature has directed, and state agencies have accomplished, numerous program transfers with limited problems and, often, improvements. The Study Team conducted eight detailed case reviews of Texas agency creations, transfers, and mergers to glean best practices and lessons learned (see Technical Memorandum 9). We also conducted two case studies of Georgia and Florida driver license agency moves to obtain additional insights, though the comparisons are not as direct. For each case study, the Study Team performed the following analysis.

- Reviewed bills, bill analyses, fiscal notes, and appropriations relating to each transfer.
- Requested and reviewed transition plans, interagency agreements, audits, reports, and evaluations of the transfers.
- Conducted a series of on-background interviews with former appointed board members, agency staff, and legislative staff involved in these changes.



- Drafted a summary analysis of each case (provided in the Appendix to Technical Memorandum 9).

Our analysis did not find significant differences in conceptualizing a move to DMV versus the creation of a new agency in terms of the implementation steps and timelines that the legislature should consider. Overall, our conclusion is that such a change could be accomplished successfully if a long planning timeline, a clear set of milestones, and consistent oversight is put into place to guide the transition.

One other key policy consideration, regardless of where DLD resides, is that increasing the rate of transactions conducted online can help the state save money and improve customer satisfaction at DLOs. Improving the online experience by optimizing the DLD website for user-friendliness and navigability using best practices for public website design could both increase online renewal rates and streamline the in-person experience at DLOs. Clear website direction will help customers find the information pertinent to their situation and correctly identify the documents they will need to bring when they must visit offices in person. Further, some states have implemented policy and technology changes to increase online transactions types, such as digital upload of vision test documentation. These improvements should be considered and tested, regardless of which agency offers driver license services.

## 2.4. Data Analysis and Surveys

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The Study Team conducted an analysis of DLD and DMV workforce data, and administered surveys of DLD DLO frontline staff, DLD administrative staff, and CTACs, as well as of Texas residents who had obtained or renewed a driver license or ID card, to obtain a multi-faceted picture of customer experience with DLD. Each of these elements are described below.

### 2.4.1. Analysis of DLD and DMV Workforce

The Study Team acquired workforce data for all active employees from DLD and DMV to analyze. The complete workforce analyses are in Technical Memorandum 5, with significant findings provided here.

#### 2.4.1.1. DLD Workforce Analysis

The 86<sup>th</sup> Legislature gave DPS additional budget and FTEs (from the Driver License Plan – Exceptional Item and Statutory Change Requests). In addition to general information about DLD employees, this section addresses the question of whether DLD is accomplishing these goals. DPS has increased salaries and hired staff. Additional hiring remains ongoing.

- FY 2019 staff increased significantly (results of the 86<sup>th</sup> Legislature) and service time analysis shows an influx of License and Permit Specialist (LPS) employees with 0 to 1 years of service time. These are newly hired employees.

- Reclassification (from Customer Service Representative [CSR] to LPS) and pay increases for frontline staff have increased the average customer service employee pay by \$840 per month to \$3545.
- These actions seem to be having the desired effect on turnover, as Figure 2.2 indicates, by reducing CSR/LPS voluntary separations beginning in July 2019.

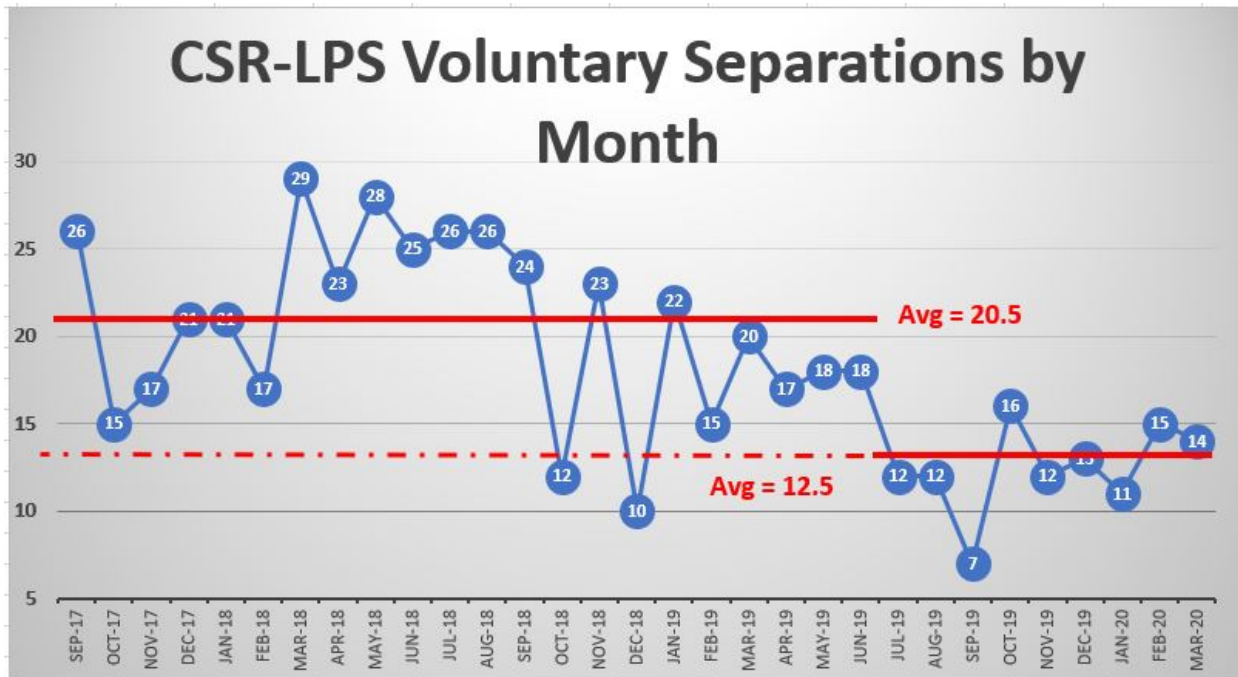


Figure 2.2 Voluntary Separations of CSR/LPS Employees

#### 2.4.1.2. DMV Workforce Analysis

Following is a summary of DMV workforce analysis from data that DMV provided on December 17, 2019.

- DMV had 714 total employees.
- For frontline staff, DMV has a combination of 73 percent CSRs and 27 percent LPSs.
- The average monthly salary for all customer service employees is \$3156.18 per month.

#### 2.4.1.3. Workforce Analysis Summary and Observations

DLD is fulfilling its legislative directive to add staff and increase salaries, and this appears to be assisting in reducing turnover.

Prior to September 1, 2019, DLD CSR and LPS employees were paid on average \$451/month less than comparable titles at DMV. After reclassification in September 2019, DLD LPS employees are paid on average \$389/month more than DMV comparable titles. This creates an equity issue if DLD were to be moved to DMV. Hence, DMV would need to evaluate job duties of DMV CSR

and LPS employees for possible classification and salary adjustments. This might require up to \$1.25 million per year to adjust DMV salaries to match current DLD LPS salaries, if it were determined that the positions were comparable.

## **2.4.2. DLD Frontline Staff (LPS) Outreach**

The Study Team conducted a voluntary survey of frontline staff that directly serve DLD customers. We sent the survey to all 2048 full-time DLD employees with the job title of CSR or LPS on October 1, 2019. The survey had a 45 percent response rate, producing a snapshot of DLD employee information at a 98 percent confidence level and a 3 percent margin of error. After compiling the survey results and analyzing the data, the Study Team held workshops to disseminate the results to frontline staff. Complete documentation of this task is contained in Technical Memorandum 5.

### **2.4.2.1. DLD Frontline Staff (LPS) Survey**

The following are results of analysis of the survey responses for DLD frontline staff (LPS job titles).

- Responding employees are overwhelmingly satisfied with serving customers (87 percent), helping people solve problems (91 percent), and working with diverse customers (91 percent).
- Most responding employees are satisfied with the training they get. Most employees were able to process transactions on their own in less than two weeks, but about one-third took longer than two weeks. Finally, most employees felt able to handle most situations encountered in the job within one year.
- Seventy-two percent of respondents indicated they plan to make a career at DLD.
- A “long” transaction (new license, ID card, or election certificate) generally takes less than 20 minutes to complete.
- A “short” transaction (renewal, change of address, etc.) generally takes less than 10 minutes.

Many responding employees have ideas on ways to improve office workflow and wait times.

### **2.4.2.2. DLD Frontline Staff Workshops**

In six frontline staff workshops, the Study Team presented results from the frontline staff survey and the customer experience survey (completed by Texas residents who had obtained or renewed a driver license or ID card), and held a group discussion. In some cases, the Study Team was able to interview DLD local management. From the frontline staff workshops, the following items emerged:

- Having an appointment-only system would not work for a small office serving rural customers, as many do not have internet access.

- Some customers cannot read or write. They would not be able to make appointments over the internet or read a list of required documents.
- Employee safety is a significant concern. This includes office safety and in leaving the office (parking lot).
- Staffing a triage desk helps ensure that customers have the correct documents before waiting in line.
- Updating queue system questions (used to assign a customer to the proper queue when they sign in), letters sent to customers, and website guidance can reduce confusion and ensure better understanding of required documents to bring to the DLO.
- DLD works with customers to find ways to deal with a lack of required documents. For instance, some customers do not have birth certificates. DLD works to find other acceptable documents on a case-by-case basis.
- The recent reclassification of job titles and increase in salary has attracted more and better qualified applicants.

Technical Memorandum 5 contains many other comments that should be reviewed.

### **2.4.3. DLD Administrative Staff (Non-LPS) Outreach**

The Study Team conducted a voluntary survey for DLD administrative staff. We sent the survey to all 260 full-time DLD employees without the job title of CSR or LPS on staff on October 1, 2019. The survey had a 51 percent completion rate. These numbers give survey results with a 95 percent confidence level and a 6 percent margin of error. After compiling the survey results and analyzing the data, the Study Team held a workshop to disseminate the information to frontline staff. Complete documentation of this task is contained in Technical Memorandum 5.

#### **2.4.3.1. DLD Administrative Staff (Non-LPS) Survey**

Following are the results of analysis of the survey responses for DLD administrative staff (all non-LPS job titles).

- The age and service time of employees responding is skewed to more experienced employees. This may point to a future problem for DLD.
- The vast majority of responding employees (67 percent) plan to make at career at DLD.
- Individual employee morale is high and has not changed much in the last year.
- As shown in Figure 2.3, administrative staff view staying at DPS as most positive, then moving to a stand-alone agency, and a move to DMV being least positive.

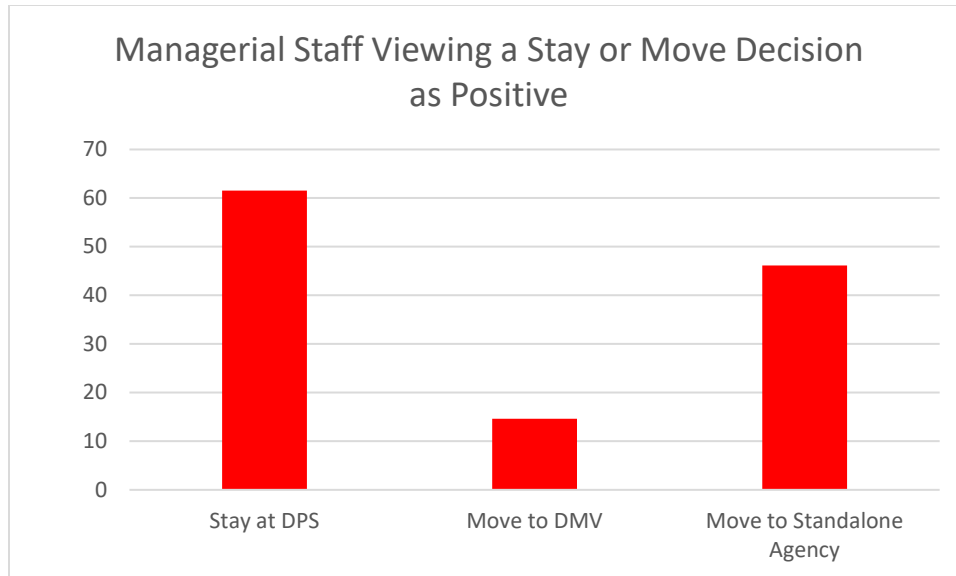


Figure 2.3 Managerial Staff's View of a Stay or Move Decision

#### 2.4.3.2. DLD Administrative Staff Workshops

The Study Team held one administrative staff workshop to present a summary of the salary and service time data acquired from DLD, the frontline and administrative staff survey results, and the customer experience survey results. A group discussion of some of the comments received in the administrative staff survey produced the following additional comments.

- There are many DLD areas besides DLO that have backlogs and produce waits of up to three weeks, such as resolving discrepancies and clearing barriers to get a license back once suspended. These areas did not get any FTEs.
- Even if DLD were allocated more FTEs, there is no room at Austin HQ to house them.
- The call center cannot respond to all of the calls; those callers give up and go to a DLO in person for information.

#### 2.4.4. CTAC Surveys

The Study Team conducted two surveys to obtain additional information from CTACs about their experiences and opinions regarding VTR transaction management and operations. The results of both surveys, though of interest, do not represent statistically valid samples. The complete documentation is contained in Technical Memorandum 3. Observations from these surveys are summarized below:

The first survey was sent to 31 CTACs and returned 22 responses:

- CTACs should retain the voluntary option to service driver license transactions regardless of which of the three options is selected by the legislature.

- CTACs think that counties should be consulted regarding the three options under consideration during the decision process.
- Seventeen of 22 CTACs recommended keeping the Driver License Program at DPS, with changes to improve the program in place, or to make DLD a stand-alone agency. One CTAC recommended moving DLD to DMV and four CTACs offered no opinion.

The second survey sent to 254 CTACs returned 81 responses:

- In addition to millions of VTR transactions, CTAC office employees answer millions of phone calls from VTR customers annually. Based on the 81 CTACs' responses (representing 173 county tax offices), these offices responded to an estimated 2.7 million VTR-related phone calls annually.
- Respondents indicated that CTAC offices do not provide sufficient space to expand in order to offer driver license transactions (31 percent of respondents) and/or have inadequate staff (31 percent of respondents) and/or do not think the \$5 transaction fee is sufficient (14.8 percent of respondents). Approximately 40 percent of respondents indicated that to their knowledge their county has never discussed performing driver license transactions based on S.B. 1756.
- Sixteen of the 81 CTACs (19.8 percent) reported receiving complaints from VTR customers directly or through County Officials about long wait times, long wait lines and other issues similar to DLD customer complaints. The frequency of complaints ranged from 'Rarely – perhaps once every six months', to 'More than 3 times per day'.
- Long wait times for CTAC VTR transactions are primarily seasonal and related to new car sales season and county tax season.

#### 2.4.5. Customer Experience Survey

A voluntary customer experience and opinion survey provided both quantitative and qualitative information about the Driver License Program (complete analysis and discussion is in Technical Memorandum 3). Survey invitations were distributed by email to customers who obtained a new or renewed driver license or ID card for these periods:

- January–December 2018, resulting in 11,852 completed surveys,
- January–September 2019, resulting in 19,587 completed surveys, and
- October 2019–February 2020, resulting in 13,105 completed surveys.

The total number of surveys completed at the writing of this report was 44,544. As shown in Figure 2.4, customer ratings of wait times resulted in a larger percentage of Very Good and a smaller percentage of Very Poor ratings for the period October 2019–February 2020, when additional FTEs were hired and salary increases were implemented by DLD.

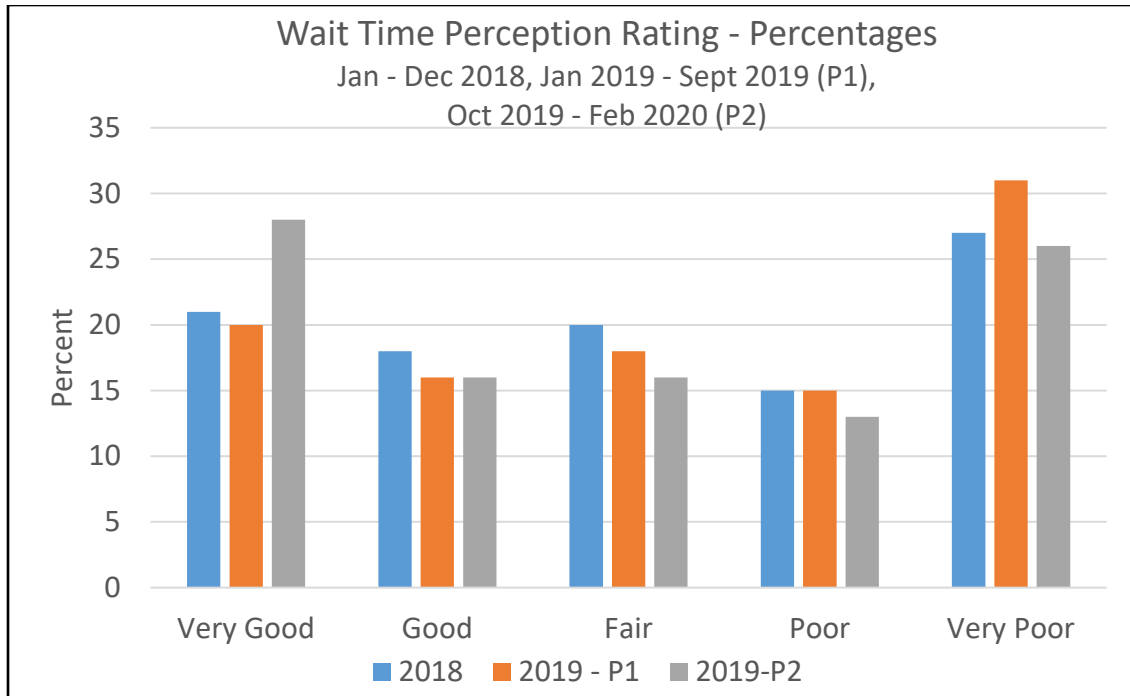


Figure 2.4 Comparison of Driver License Customer Wait Time Rating for the Three Time Periods

The results of surveys from all three time periods were combined and analyzed (and can be seen in Technical Memorandum 3). The combined analysis resulted in a median customer wait time rating of ‘Poor’, a median Processing Time rating of ‘Good’ and a median Driver License Program Management & Operations rating of ‘Fair’ (although this rating varied between ‘Fair’ and ‘Good’ over the duration of the survey). These ratings are attributed to customers’ experiences at the DLOs or mega centers they visited and thus to local office, regional, and DLD management.

### 2.4.6. Customer Renewal Experience Survey

In an effort to study incentivizing options for online driver license renewal, the Study Team sent email invitations for a voluntary survey to approximately 2 million customers who renewed their license during the period January 2019–September 2019 to determine why they chose their renewal method. The complete analysis and discussion are contained in Technical Memorandum 8.

In summary, approximately 35,000 responses were received, indicating:

- Seventy-five percent of the renewals were done through in-person visits,
- Twenty-three percent were online or by phone, and
- Two percent by mail.

Comments and recommendations include the following:

- Most respondents indicated they chose in-person renewal because they were not eligible for or believed they were not eligible for other methods. Based upon the survey and



estimates from DLD staff, approximately 52 percent of Texas license holders can renew their license remotely. However, this analysis indicates that only about 25 percent out of the possible 52 percent are renewing remotely. Therefore, about 27 percent of renewals could potentially switch from in-person to online, which would reduce the demand for in-person renewals significantly.

- Only about half of the customers who renewed remotely thought the instructions regarding eligibility were clear, indicating that improved communication with the public about renewal eligibility should be prioritized.
- Out of those who renewed online, 84 percent indicated that renewing online was easier than visiting a DPS office.
- Texas could allow residents to submit eye exam documents online (as is allowed in New York and Maryland, for example), to further expand eligibility for online renewals.

## **2.5. Stakeholder Engagement Findings**

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This section describes the stakeholder engagement activities. This includes input from focus groups and expert working groups. Each area is described below.

### **2.5.1. Focus Groups**

In February 2020, the Study Team facilitated three English-speaking focus groups, consisting of thirteen adults who had visited a DPS office in person to use DLD services within the last nine months. More focus groups were planned, including a Spanish language focus group, but the COVID-19 pandemic precluded conducting any more.

Focus group participants wanted to see improvement to the customer service factors that they identified as most important to their customer experience, regardless of whether DLD stays in DPS, moves to DMV, or becomes its own government agency. A few respondents were frustrated that their current experiences were the same as decades ago, despite supposed interventions by the legislature to improve the customer experience at DLD. Ultimately, participants want the customer service improved and expressed concern that an agency reorganization could distract management focus and resources away from that goal. The state of the website and length of wait times were the most discussed topics.

#### **2.5.1.1. Website**

Respondents felt that the website could be greatly improved. Although the website describes which documents customers need to bring when visiting DLD, respondents have had trouble finding this information. To support the website, respondents wanted a call-in phone system that is available to website users if they need to confirm or ask questions about information on the website. They also wanted the website to be translated into more languages than English and Spanish.



### **2.5.1.2. Wait Times**

The long wait time for service at DLD was one of the most important and least satisfactory parts of the customer service experience. However, even more important than the actual length of wait time was how the customers experienced that wait time. Specifically, participants cared more about the way they were treated at DLD, management of expectations (i.e., knowing how long the wait will be and seeing progression in line), and their ability to plan around a DLD visit.

Respondents wanted the ability to sign up for appointments earlier than the day of the appointment. While waiting in line, respondents wanted real-time updates on their place in the queue and their remaining wait time. By knowing how long their wait time would be, respondents could prepare dependents, such as elderly family members or children with disabilities, or minimize their wait time in the office by planning a longer drive to a more efficient office.

### **2.5.1.3. Parking and Seating**

Although less important to respondents than scheduling appointments and managing wait times, participants wanted sufficient parking and seating in the waiting area. Ideally, no one would wait outside in Texas, but if necessary, an outdoor waiting area should at least have seating, protection from the sun, and water available to customers.

## **2.5.2. Expert Working Groups**

The Study Team identified several areas where more information was needed from experts and administrators from DLD, DMV, and other organizations. These included customer service, security and compliance, IT, management operations and performance measures, and CTACs. This section summarizes the discussions with those experts and administrators.

### **2.5.2.1. Customer Service**

In May 2020, the Study Team facilitated three discussions on the topic of customer service with mid- and low-level managers and customer-facing employees at DMV and DLD. Employees at both agencies recounted similar ongoing issues with customer service. Both agencies deal with long wait times, insufficient waiting area space and parking, and confused customers that do not know which government office to go to for the service they need. DLD has taken steps to address these issues, but as a small component of DPS they are limited in their ability to respond. Because DMV is a smaller and more homogenous organization than DPS, DMV has been more responsive to its customers' needs. While DLD described customer service and work culture improvements initiated as a dynamic reaction to problems, DMV described improving customer service and work culture as formalized in an ongoing process, similar to a continuous improvement process.

### **2.5.2.2. Security & Compliance**

As a DPS division, DLD places high priority on security and compliance. DLD's organizational priorities facilitate implementation of state and federal regulations such as the ones required by the

REAL ID Act. DLD has done a good job implementing critical security aspects mandated by the Department of Homeland Security. However, while the need to implement changes related to the REAL ID Act is very high priority now, eventually the process will stabilize. Once all necessary systems are in place, DLD will need to expend less effort than it does now to maintain compliance with the REAL ID Act.

Overall, DLD is only a small division of a much larger department, and it falls low on the list of departmental priorities. Funding for better technology—for example, source identification document verification technology—and a check-in system that verifies eligibility would benefit communication with the public and increase customer experience and quality of service. Some attendees believed that moving DLD to a different state agency or even creating a new state agency to house the DLD would be costly in that new infrastructure, IT, legal resources, and human resources must be acquired that are already available through DPS. They also believed that while DMV has some of these resources in place, changing over from intra-agency information sharing to an inter-agency information sharing environment would require additional expenditures at DMV. *(The fiscal analysis described in Section 3 shows that this is not the case with respect to the overall state budget; with staff, contracts, and facilities transferring and memos of understanding providing technology services in place, a more seamless transfer with little extra cost to the state is possible.)* There is no clear advantage in terms of improving employee physical security gained by moving DLD to a different state agency.

### **2.5.2.3. Information Technology**

To improve efficiency and customer service, DLD is undergoing multiple IT upgrades and transitions, including replacing the appointment system [NEMO-Q with Applus kiosks (532 Applus kiosks in 226 DLOs)], updating 1600 workstations with Windows 10 upgrades, and adopting a new biometric system. The effectiveness of these efforts cannot be evaluated until after the implementation. Separating current DLD applications and data from the DPS servers and moving to new infrastructure and a new data center would be time-consuming and require a significant effort. If a move is to take place, the migration should be planned in a phased manner to accommodate the DLD's statewide operations. It took years for all of the DMV IT operations to migrate out of TxDOT. DMV is part of the state's data center while DPS is not. Legislation may be required to allow DLD data to be stored on the state's data center servers.

Past experience has shown that there will always be customers who directly visit the DLOs before checking online to determine the documents required for their situation.

DMV provides the computers and network to perform VTR functions at county offices. County offices conduct most of the VTR transactions for DMV.

### **2.5.2.4. Call Center**

Call centers at both DLD and DMV not only answer customer phone calls, but also reply to customer emails. These emails are submitted through a Contact Us form on DLD's website.

However, the current language on the Contact Us email page asks customers to “please allow four to five working days to receive a response,” which likely pushes customers over to the call center so they can meet their needs in a timely fashion. Both DLD and DMV have mandatory training programs for call center employees. No customer transactions are processed at call centers at either DLD or DMV.

The amount of DLD customer calls (at more than 7.1 million calls in FY 2019) overwhelms the system and most cannot be answered. What DLD needs most to address this issue is a strategic contact center to shift demand away from the call center over to more cost-effective digital channels. Attempting to answer all these calls is a huge, expensive task; therefore, deflecting these calls is a more cost-effective strategy for improving customer service. A call center is truly designed to handle only telephone calls. In contrast, the contact center model usually integrates with a company’s customer relationship management system, where all interactions between the organization and the public are tracked, coordinated, and managed. Contact centers can handle calls plus emails, chats, Tweets, and Facebook messages all from a single, organized dashboard provided by proprietary software. Contact centers boost efficiency; a single customer service representative can take care of multiple chat windows as opposed to only having the option of answering a single phone call at a time. The State of Tennessee boosted customer support by offering its 6.6 million residents and 120,000 businesses support across chat, phone, and email through a strategic contact center, and saved a quarter-million dollars in annual maintenance fees by making the switch. The DPS IT group supports all DPS IT needs, including the call center; therefore, a contact center would help make the IT group more efficient and better able to serve the agency as whole.

The DMV call center receives about 700,000 calls per year. In addition to handling calls from individual customers, DMV’s call center also serves as the technology help desk to support 254 county offices in case of any IT issues with the remotely administered VTR program. County offices and CTACs answer most customer VTR phone call queries at the local level.

#### **2.5.2.5. Management Operations and Performance Measures**

DLD views their first goal as providing Driver License Program customers with completed transactions or the information they requested on the first visit; this goal is more important than wait time. The second goal is to ensure safety and security while increasing online transactions. However, federal REAL ID compliance requirements often mean a customer must present documentation in person. This is a state and national security issue.

Because DPS is a law enforcement agency, it believes it is best equipped to operate the Driver License Program. DPS also believes it offers good customer service.

If DLD moved to DMV, DMV might consider cross-training employees to perform both the Driver License Program and VTR functions for efficiency. However, from experience, DMV knows a move is difficult and time-consuming—and having sufficient resources, particularly budget, is the key. As a stand-alone agency, DMV has improved customer service by streamlining processes.

DPS has many programs to manage; DLD does have a single focus and a team aspect. As a stand-alone agency, customers would know exactly where to get driver licenses and ID cards.

#### **2.5.2.6. CTAC – VTR Program**

The VTR Program is of comparable size and complexity to the DPS Driver License Program; as such, it provides opportunities for insights about management and operation of a current large DMV program. DMV develops policies and guidelines that are used to conduct VTR transactions, including collection, storage and distribution of data, and the documentation necessary to validate each transaction type. DMV and CTAC offices perform VTR transactions, but the types and numbers of transactions, as well as the staffing levels, are quite different. DMV employs approximately 146 personnel who primarily perform heavy truck and truck fleet VTR transactions at DMV regional centers and operate the DMV VTR call center. The DMV VTR call center processes approximately 650,000 to 700,000 calls per year and is a well-run, efficient operation. CTACs operate 514 county tax offices with approximately 3,000 employees statewide who support both tax office and VTR functions. In larger offices a portion of these county employees may be dedicated solely to VTR in office transactions, mailroom and mail-in transaction processing, accounting, and VTR-related phone calls. CTACs work to develop ‘partner’ locations in grocery stores and other businesses that sell vehicle registration stickers.

DMV data shows CTACs perform the following average numbers of VTR transactions annually:

- 18,138,275 customer-facing transactions in office
- 728,655 mail-in transactions, processed in office
- 4,103,623 online transactions (does not require direct CTAC employee involvement)
- 1,539,040 registration sticker transactions at partner locations

CTACs process more than 95 percent of annual VTR transactions. County tax offices maintain two computer systems—one to process county tax business and another DMV computer workstation for processing VTR transactions. The DMV computer system is maintained by DMV-contracted IT personnel.

CTACs can choose voluntarily to process driver license replacement and renewal transactions as a result of S.B. 1756, which granted authority for counties to perform driver license replacements or renewal transactions for a \$5 fee per transaction. Only 11 counties are participating.

CTACs emphasized that they are elected officials who manage county tax offices and the county employees who conduct VTR transactions according to DMV policies.

# Section 3. Option Analysis

## 3.1. Criteria for Ranking Options

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. The widely identified problems with the Driver License Program will not simply vanish by virtue of moving the function to another agency. All options would require continual evaluation of funding for staff, new technology, and initiatives to address performance. Other technical memorandums 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.

To aid the decision process, the Study Team developed a simple color scheme, shown in Table 3.1, to illustrate performance evaluation elements and present conclusions regarding the current and potential future performance of each criterion under each organizational structure scenario. The Study Team evaluated the status quo of the Driver License Program at DPS (as of June 2019, when the 86<sup>th</sup> Legislature asked for this study) against the potential for improved performance at one of the three organizational structure options: remaining at DPS, moving to DMV, or creating a stand-alone agency. The observations/assessments discussed under each option are based on evaluation of each criterion using the research conducted throughout the study.

**Table 3.1 Ranking Key.**

For each criterion, current performance is defined as:				
Very Poor	Poor	Average	Good	Very Good

The Study Team developed six key criteria to frame legislative decision-making, informed by analyses conducted across all study tasks. Table 3.2 summarizes each criterion and key measures used to evaluate these criteria across the three organizational structure options.

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 key observations of the Study Team’s evaluation to illustrate this point.

The evaluations 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 DLOs. However, additional factors, such as the cost and disruption of a transfer, may emerge as Texas responds to the COVID-19 pandemic and awaits state budgetary impacts.

**Table 3.2 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</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> </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 Advisory Commission, LBB, State Auditor’s Office)</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Driver License Improvement Plan 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 Advisory Commission, LBB, State Auditor’s 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>• LBB 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>

### 3.1.1. Status Quo – June 2019

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 for making comparisons.

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, exposing customers to the elements; and failure to implement new technologies such as faster computers, website improvements, and other IT measures.

In focus groups and surveys conducted by the Study Team (described in Technical Memorandum 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 frontline staff and provide overall salary increases with reclassification for all permit specialists in an effort to reduce employee turnover rates and improve overall program performance.

Table 3.3 summarizes observations about the DPS baseline. Note that links to the technical memorandums cited in the Reference column of Tables 3.3, 3.4, 3.5, and 3.6 are provided in the Table of Contents.

**Table 3.3 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 (exposing customers to the elements), and failure to implement new technologies such as faster computers and other IT measures	TMs 3 & 5
Compliance/Security	Compliance and security currently are 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.	TMs 3, 5, & 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 in administering DLD.	TM 7
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.	TM 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 customer service focus into DPS's law enforcement culture.	TMs 3 & 5
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



### 3.1.2. Retain at DPS

Our assessment (Table 3.4) is that this option is attractive when prioritizing concerns about organizational disruption and security over customer service improvements. However, this option would require continued investments and significant additional accountability to ensure customer service does not deteriorate, but continues to improve after the scrutiny of this study, given the DLD’s long struggle with improving performance while a division at DPS.

**Table 3.4 Assessment of Retaining at DPS.**

Criteria	Key Assessment	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.	TM 3 & 5
Compliance/Security	As DPS is primarily a law enforcement agency, compliance and security are already integral to the services that the organization provides and therefore would not require a reprioritization of organization goals.	TM 3, 5, & 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.	TM 7
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.	TM 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.	TMs 3 & 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.	TM 7

### 3.1.3. Transfer to DMV

Our assessment (Table 3.5) 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, however, 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.

**Table 3.5 Assessment of Potential Move to DMV.**

Criteria	Key Observation	Reference
Customer Service	DMV has a demonstrated track record of improving the 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 a large/complex program that DMV would have to integrate with existing programs.	TMs 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. Removing IT functions from DPS and integrating them into the DMV IT system will require much additional work to ensure compliance and cybersecurity.	TMs 3, 5, & 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.	TM 7
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-service-oriented, regulatory-minded agency implements consistent changes.	TM 6
Culture/Staffing	DMV has significantly fewer frontline workers than DLD. Recent salary increases at DLD would create tiered employees at a combined agency. Salary differentials would be needed to prevent emergence of a ‘them versus us’ culture, but would be costly to address.	TMs 3 & 5
Organizational Disruption	A move to DMV would likely be the most organizationally disruptive of the three options because the transfer would involve significant disruption both to DPS and to existing programs at DMV.	TMs 7 & 9

### 3.1.4. Create Stand-alone Agency

Our assessment (Table 3.6) is that this option has the best potential for addressing customer service and performance, but it has weaknesses in terms of 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 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. As noted earlier, the surveys and focus groups that we conducted revealed DLD employees’ clear preference for a new agency if the legislature decides to transfer the program out of DPS.

**Table 3.6 Assessments of Potential New Agency Creation.**

Criteria	Key Observation	Reference
Customer Service	The preliminary observation is that creation of a new agency has much potential for focused improvement, as customer service would be the agency’s primary focus.	TMs 3 & 5
Compliance/Security	Compliance and security require prioritization in allocations and appropriations to ensure this stand-alone agency can focus on them. DLD employee surveys noted security concerns at field offices that would need to be addressed. Removing IT functions from DPS and establishing new IT infrastructure and systems will require significant work.	TMs 3 & 5
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.	TM 7
Efficiency/Cost	This is the most expensive option, given the need 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.	TM 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.	TMs 3 & 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.	TMs 7 & 9

## 3.2. Fiscal Analysis of Options

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The Study Team analyzed and compared the state budget impacts of the three options (detailed in Technical Memorandum 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.

### 3.2.1. 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. DPS does not as a matter of course use a cost allocation methodology to map administrative support costs to direct program costs. As a result, the study team developed a methodology to estimate the total cost of running the DLD, in terms of both direct program costs and administrative support costs. The estimate assumes the cost to administer the DLD is 18 percent of the total expended on DLD per year, based on applying the same ratio of administrative cost to program cost as previously reported by DPS. 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>	

### 3.2.2. 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’s overall cost to the state is assumed to be cost-neutral, as the

current appropriation to DPS would transfer to DMV. In H.B. 11’s fiscal note, the LBB made the same assumption.<sup>12</sup>

Although some transitional costs would be 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. Clear legislative direction on the amount of appropriations to transfer, along with clear governance and oversight, allows the affected agencies the flexibility to allocate funds as needed to meet any identified costs. 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.

### 3.2.3. 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. Creating a new agency does involve some start-up costs. The major additional cost driver would be executive and central administrative staff, as hiring staff that is analogous to the current staffing level at both DPS and DMV would be an additional, discrete cost to a new agency. The estimate includes the approximately 100 additional FTEs needed to create the agency at a cost of \$12.7 million per biennium, based upon the job classifications and costs of the central/administrative FTEs noted in the Texas Department of Motor Vehicles Transition Report (2009). It is reasonable to assume that the positions the report identified as necessary to establish central operations for DMV would also be necessary to establish a similar stand-alone agency.

<u>Cost Breakdown</u>	
\$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
<hr/>	
<b>\$607.1 million</b>	

### 3.3. Potential Implementation Roadmap for Move to DMV and New Agency Options

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The potential transfer of the DLD out of DPS should be evaluated in the context of the many major organizational changes the legislature has implemented at state agencies over the years. While the

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<sup>12</sup> H.B. 11 Fiscal Note, House Committee Report, April 5, 2019. Legislative Budget Board. 86<sup>th</sup> Legislature.

transfer of DLD out of DPS would be a significant undertaking, it is important to note that the legislature has directed, and state agencies have accomplished, numerous program transfers with limited problems and, often, improvements.

Our analysis did not find significant differences in conceptualizing a move to DMV versus the creation of a new agency in terms of the implementation steps and timelines that the legislature should consider. Overall, our conclusion is that such a change could be accomplished successfully if a long planning timeline, a clear set of milestones, and consistent oversight is put into place to guide the transition.

Moving the program to DMV is perhaps a more disruptive option than creating a stand-alone agency because it would require the additional factor of integrating with DMV's existing systems, culture, governance, and organizational structure versus starting from a blank slate. A key difference between the two options relates to the governance structure. If moving the program to DMV, the composition of the agency's existing board, heavily focused on the auto industry, would need to be carefully considered and updated to appropriately oversee such a large new program. For the new agency option, the challenge would be creating an entity to negotiate with and make decisions on behalf of the new agency during the initial planning phase before it fully assumes the legal authority and funding to operate the program. We therefore recommend designating the new agency's governance and acting director early, with administrative attachment to the Governor's Office until the program fully transfers to the new agency.

In this report, only one set of recommendations is presented to cover both scenarios, with small variations between the two noted when appropriate. Under either scenario, patience would be required, and the legislature should not expect significant change until about five years from the bill's effective date under the timeline proposed here, though smaller improvements would start sooner. Throughout, clearly articulated legislative goals, oversight, and reporting are key to maintain momentum and a sense of urgency.

The success of the organizational changes contemplated here will depend on whether the legislature establishes clear expectations, sound process, and consistent oversight; success will also require that the agencies involved work in good faith to implement the changes to benefit Texans. The need for leadership to buy into the transition and commit to its success cannot be overstated. The legislature cannot control every detail but can establish a sound process to keep the transition on track and achieve objectives. Ultimately, the agencies must do the rest.

Transfers and consolidations of agency functions have occurred frequently over the state's history, providing ample opportunity to learn from experience. The Study Team conducted 10 detailed case reviews of agency creations, transfers, and mergers to glean best practices and lessons learned (listed in Technical Memorandum 9). In this review, we included two cases from Georgia and Florida driver license agencies that offer additional insights, though the comparisons are not as direct. For each case, the team performed the following analysis.

- Reviewed bills, bill analyses, fiscal notes, and appropriations relating to each transfer.

- Requested and reviewed transition plans, interagency agreements, audits, reports, and evaluations of the transfers.
- Conducted a series of on-background interviews with former appointed board members, agency staff, and legislative staff involved in these changes.
- Drafted a summary analysis of each case (provided in the Appendix to Technical Memorandum 9).

The team also reviewed two recent bills that proposed moving the DLD to DMV. While H.B. 11 (2019) did not pass the legislature, and the provisions of S.B. 616 (2019) will not take effect if this study is completed, both bills provided insights into how the legislature previously contemplated the mechanics of moving the Driver License Program to DMV.

### 3.3.1. Statutory and Appropriations Considerations (High Level)

Based on best practices gleaned through the extensive case study review the Study Team conducted, the legislature should consider including the following provisions in legislation transferring the DLD to DMV or a stand-alone agency. These elements are explained in detail in Technical Memorandum 9.

- **Clear goals and measures of success.** In making such a major change, the legislature should clearly articulate the goals, expectations, and measures for evaluating progress under a new organizational structure.
- **Phased transition period with specific milestones.** For either scenario, the legislature should contemplate an initial five-year transition period, including a one-year planning period before the funding and authority would transfer from DPS, and an additional four-year period of close oversight.
- **Transition roles.** The legislature should require appointment of the following teams to begin formal planning and oversight for the transition immediately upon the bill's effective date.
  - For the new-agency scenario only, temporary transition leadership should be appointed under the Governor's Office during the initial planning year to represent the interests of the new agency.
  - An Executive Working Group of agency executives should guide the planning and development of the interagency contracts and steps needed to execute the transition.
  - A Transition Oversight Committee, including members appointed by the Speaker of the House of Representatives, Lieutenant Governor, and Governor, should provide regular oversight.

- **Transition plan.** This plan, similar in focus to a strategic plan, should outline the broad strategies, goals, tactics, and timelines for phases of the transition process over the five-year transition period. The legislature should require the Executive Working Group to present a draft of this plan within three months of the bill's effective date, and the final plan should be presented to the Transition Oversight Committee no later than six months after the bill's effective date.
- **Interagency contract (memorandum of understanding)** The legislature should require the agencies to enter a formal, legally binding interagency contract (or memorandum of understanding [MOU]) detailing specific elements of the transfer. The LBB should review the draft MOU for budget implications before it is finalized.
- **Governance.** For the Driver License Program to be successfully administered, it is critical the legislature carefully consider the governance under either scenario. Merging the Driver License Program into the DMV's current governance structure would be more difficult than setting up a new governance structure at a new agency.
  - In the DMV scenario, the legislature should adjust the current composition of the DMV board, currently heavily focused on the auto industry, to reflect the significant change in the agency's functions if it were to take over the driver license responsibility. However, given the recent legislative history of DMV, the political issues surrounding a change in board composition will be difficult. Two options are presented in Technical Memorandum 9.
  - For the new agency scenario, a structure based on the successful Texas Department of Licensing and Regulation (TDLR) model, which regulates almost 40 different licensing programs under a single board, would be the preferred option from a best practice standpoint. TDLR's board consists of seven members of the general public who do not have conflicts of interest with industries regulated by the board.
- **Reporting to the legislature.** The Transition Oversight Committee should be required to provide the legislature with three comprehensive reports on the status of the transfer, communicating any issues that may need to be resolved (due prior to the three legislative sessions following the transfer, after which the reporting requirement and committee would be discontinued).
- **Follow-up reviews.** The State Auditor's Office, Sunset Advisory Commission, and LBB should be required to conduct targeted follow-up reviews after the initial transition is complete.
- **Other standard provisions.** Legislation transferring the administration of functions or programs between agencies usually contains several standard elements to ensure no grey area exists regarding the legal status of contracts, administrative rules, licenses, or staffing. Technical Memorandum 9 contains a list of specific provisions.



- **Appropriations considerations.** The General Appropriations Act (GAA) would reflect appropriations, and any restrictions on those appropriations, both for DPS and either DMV or a new stand-alone agency. Under the timelines described below, the GAA would sustain appropriations at DPS for DLD through the first year of the state fiscal biennium. The appropriations to DPS would then be reduced in the second year of the biennium and increased at DMV or the new agency.

### 3.3.2. Timeline

The detailed timeline provided in Table 3.7 summarizes each key point in the transition timeline recommended in Technical Memorandum 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 3.7 Proposed Transfer – Detailed 12-year Timeline.**

Date	Elapsed Time	Key Step
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 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).

<b>Date</b>	<b>Elapsed Time</b>	<b>Key Step</b>
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	State Auditor Office 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.

### **3.3.3. Proposed Oversight Measures / Structure**

The legislature should require appointment of the following teams to begin formal planning and oversight for the transition immediately upon the bill’s effective date (September 1, 2021).

#### **3.3.3.1. New Agency Scenario Only – Temporary Transition Leadership**

Governance during the planning year in the new agency scenario is complicated because, unlike in the transfer-to-DMV scenario, no existing agency leadership would be in place to advocate for the new agency on day one. While the new agency would not assume full legal and appropriations authority over the program for a year, it would need clearly designated representatives during that time to independently evaluate operational issues and prepare the necessary transition plans and interagency agreements.

To facilitate the transition planning, the Governor should appoint the new agency’s board and an Acting Director on the bill’s effective date (September 1, 2021 under this proposed timeline). The legislation should specify that the authority of these individuals during the first year is limited to planning the future transition. The individuals would be authorized to engage in planning and sign an interagency agreement related to the transfer, but they would have no operational authority until the legal change occurs (September 1, 2022 under this proposed timeline.) The Governor’s Office would be directed to provide administrative support for the planning duties and support the Acting Director’s salary during this time.

While creating a temporary administrative attachment to DPS for this temporary planning year may be tempting, the Governor’s Office would provide a more objective position for the new agency to negotiate agreements with DPS that will determine future success of the transfer.

### **3.3.3.2. Executive Working Group**

This staff-level team would provide critical high-level attention and expertise from senior agency staff members while providing flexibility for the agencies to appoint additional key personnel and sub-groups to facilitate planning as needed.

The six-member executive group should include:

- the DPS Director and two additional representatives from DPS executive administration appointed by the DPS Director, and
- the DMV Director, or the Acting Director of the newly created stand-alone driver license agency, and two additional representatives appointed by the DMV Director or new agency Acting Director.

The Executive Working Group should be co-chaired by the DPS Director and the DMV Director or the Acting Director of the new driver license agency, depending on the scenario.

The co-chairs of the Executive Working Group should be authorized to appoint special committees to address topic areas relevant to drafting the Transition Plan and interagency agreements, such as in the areas of human resources, facilities, or IT. The Executive Working Group should remain in place at least until December 1, 2026, but could be continued for a longer period upon mutual agreement.

### **3.3.3.3. Transition Oversight Committee**

Given the significant impact of driver license services on every Texan, the legislature should create a special committee to oversee the planning and implementation phases of the transition over a five-year period. The committee would be subject to the Open Meetings Act and provide a public forum for the agencies to present transition plans, report on progress, and provide a mechanism to discuss challenges and escalate implementation problems. Ultimately, the Committee could provide recommendations but would not make or officially approve agency implementation decisions, which should be made by the members of the Executive Working Group in their capacities as executives of the agencies, and through formal legal agreements between the agencies. The committee should be required to meet quarterly during the first planning year and semi-annually thereafter. The committee should be abolished on December 1, 2026.

The committee should include the following five members. The Speaker of the House of Representatives and Lieutenant Governor should each designate a Co-Chair.

- Two members of House, appointed by the Speaker
- Two members of Senate, appointed by the Lieutenant Governor
- One member of the public with experience in organizational mergers, appointed by the Governor

### **3.3.4. Transition Plan**

Immediately upon its creation, the Transition Oversight Committee and Executive Working Group should begin drafting a Transition Plan. This plan, similar in focus to a strategic plan, should outline the broad strategies, goals, tactics, and timelines for phases of the transition process over the five-year transition period contemplated by these recommendations. The legislature should require the Executive Working Group to present a draft of this plan within three months of the bill's effective date, and the final plan should be presented to the Committee no later than six months after the bill's effective date. The Committee should review and provide recommendations on the Draft Transition Plan, and the Executive Working Group should provide responses and explanation to how each recommendation was addressed in the Final Transition Plan. Both versions should be made publicly accessible on the agencies' websites.

## Section 4. Recommendations

The Study Team makes the following recommendations.

### 4.1. Recommendation on the Location of DLD

Based on the option analyses described in Chapter 4, the Study Team arrived at the following rankings presented in Table 4.1. Based on these scores, the Study Team recommends **creating a stand-alone agency for DLD**.

**Table 4.1 Ranking Matrix.**

Criteria	DPS – Baseline	DPS – Future	Transfer to DMV	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

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.

Additionally, a DPS Baseline ranking is included for comparison purposes. The 86<sup>th</sup> Legislature required this study as part of S.B. 616 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, or when the legislature formally required this study. Note that improvements made to DLD during the 86<sup>th</sup> legislative session are not included in DPS Baseline because the 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, but these improvements are considered part of the potential DPS-Future scenario.

### 4.2. Management and Operating Structure Recommendations

The overall recommendation to create a new, stand-alone agency for DLD requires simultaneously considering each of the six criteria in Table 4.1. However, the legislature may also want to consider individual, conditional recommendations dependent on each of the six specific criteria.

Based on the rankings in Table 4.1, the best decision for locating DLD—between keeping DLD at DPS, moving it to DMV, or creating a stand-alone agency—dependent on each criterion, is presented in Table 4.2.

**Table 4.2 Criteria Recommendations.**

Criteria	Recommendation	Reasoning for Recommendation
Customer Service	Create Stand-alone Agency	A new, stand-alone agency can explicitly dedicate itself to customer service. Both DPS and DMV face obstacles to focusing on DLD’s customer service.
Compliance/Security	Keep at DPS	As a law enforcement agency, DPS excels at compliance/security. Recent IT improvements at DPS are expected to yield dividends.
Accountability/Trust	Create Stand-alone Agency	The legislature required this study partly due to a lack of faith in DPS’s management of DLD. Moving DLD away from DPS offers a renewed faith in driver license services, with a higher upside at a new, stand-alone agency.
Efficiency/Cost	Transfer to DMV	Despite potential short-term inefficiencies from transferring DLD to DMV, this move is not expected to impact the state budget. Additionally, this move is expected to be efficient in the long term, as DMV adjusts to its new structure.
Culture/Staffing	Create Stand-alone Agency	DLD is hampered by DPS’s focus on a law enforcement culture. Moving DLD to DMV presents issues with salary differentials. These issues are not present at a new, stand-alone agency, making this the preferred outcome for culture/staffing.
Organizational Disruption	Keep at DPS	While DPS will need to change its management structure for DLD, this is the only option that does not change the overall arrangement of Texas’s governmental agencies.

The next sections discuss this decision based on the six criteria.

### 4.2.1. Customer Service

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 DLOs.

Of the three options being considered, a new, stand-alone agency solely focused on driver license services will have the best opportunity to commit itself to customer service. DPS has struggled over the last decade to significantly improve its customer service experience, despite considerable, continuing investments from the legislature for this purpose. Ultimately, DPS is a law enforcement agency, ranking law enforcement programs higher than the Driver License Program. Moving DLD away from DPS will allow the new agency to focus on the customer experience. While DMV has a reputation for good customer service, DLD's much larger size compared to the much smaller DMV may create significant challenges for DMV to continue meeting these high expectations.

#### **4.2.2. Compliance/Security**

Because DPS is a law enforcement agency, compliance and security issues are part of its day-to-day culture. With DLD being a part of that culture, a new stand-alone agency formed from DLD is likely to continue its focus on compliance and security protocols. DLD has not always had the most up-to-date technology, but recent IT hardware/software improvements are intended to account for some of these deficiencies. Since a new agency would inherit the updated IT infrastructure, ensuring a consistent focus on compliance/security should be achievable for the new agency. The Study Team foresees potentially significant issues attempting to integrate the complex DLD and DMV IT functions in the long term if DLD moves to DMV.

#### **4.2.3. Accountability/Trust**

In addition to customer service concerns, this study is also the result of growing frustration from the legislature about DPS's ability to improve the program, which has weakened trust in DPS as administrator of the driver license agency. In the midst of DPS's many critical law enforcement responsibilities such as criminal investigations and border security, accountability for DLD's performance can easily get lost.

A new, stand-alone agency would be an opportunity to start fresh with driver license services, with a board and executive management team focused entirely on delivering improved driver license services and singularly accountable to the legislature for delivering driver license improvements. If the new agency is designed to deliver high-quality services, the legislature is likely to have more faith in its ability to meet customer needs than it does currently with DPS. The legislature has been focused on the poor performance of DLD for many years, but increased investment and attention on DLD has not yielded significant improvement. A new start for DLD may renew Texans' faith in the State's ability to provide driver license services. DMV has succeeded in producing tangible improvements to its programs since its creation out of TxDOT in 2009 and enjoys a high degree of trust from the legislature as the state's motor vehicle agency administrator, so it also rates highly here.

#### **4.2.4. Efficiency/Cost**

Another motivation for this study has been the legislature's concern that DLD has received considerable monies over the past decade and yet performance does not seem to have improved.

A new, stand-alone agency would require a larger upfront cost of approximately \$12.7 million per biennium. However, this is a relatively insignificant portion of the overall state budget, especially when considering the importance of this function and in the context of significant recent investment in program improvement by the legislature. Not only has DPS failed to translate increased funding into improved DLD service outcomes over the years, but DPS also does not have accurate internal cost accounting processes in place. It is not clear how much DPS-DLD can improve its internal processes, or how much more efficient the department can be by increasing online adoption, for example. Moving DLD to DMV is expected to be cost-neutral with respect to the state budget, but efficiency might be compromised in the short term as the transfer is negotiated, and as IT infrastructure is merged.

#### **4.2.5. Culture/Staffing**

A new, stand-alone agency will have a much better opportunity to cultivate a culture dedicated to customer service than DPS. DPS's necessary focus on law enforcement makes it difficult to create a culture focused on the customer experience. Additionally, DPS has struggled with staff turnover, likely as a result of salary and management issues. DMV has a culture of committed customer service, but salary differentials between DLD and DMV could be difficult to resolve and might be a source of conflict between DLD employees and DMV employees in a merged agency, and could create a 'them versus us' culture without redress. DLD staff clearly preferred the stand-alone agency option or staying at DPS over a move to DMV.

#### **4.2.6. Disruption**

A new, stand-alone agency represents a notable disruption to the structure of Texas's governmental agencies. Keeping DLD at DPS does not require a large change in agency structure, but significant changes to the management and operational structure of DLD would need to be made, including continued and sustained focus on customer service, improved performance measures, development of a modern and user-friendly website, ensuring the call center metrics dramatically improve, and allowing DLD to have its own public information officer who has flexibility to respond to the changing environment. However, creating a new stand-alone agency is expected to be less disruptive than moving DLD to DMV. The latter not only involves removing the program from DPS, but it also requires integrating DLD's technology systems, facilities, staff, and governance into DMV's current agency structure.

### **4.3. Operational Recommendations for the Driver License Program**

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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.

Many recommendations are interdependent on others. For example:



- Successful website experience and online transactions, communications, and call center operations can all lead to fewer customers going to a DLO. This in turn could reduce the number of additional staff and office locations needed to keep up with the increasing demands stemming from the rapid population growth in Texas.
- Adequate staffing and salaries can lead to more employee satisfaction and less turnover, while reducing costs associated with training replacement staff, which can positively impact customer service and efficiency.

Some recommendations may require additional resources in funding, staffing, and technology.

The full set of Study Team recommendations fall into three categories: mission-critical, high importance, and other.

### **4.3.1. Mission-Critical Recommendations**

The recommendations in this section are the most critical to improving the DLD program and functions.

#### **4.3.1.1. Website Experience and Online Transactions**

These items directly affect customer satisfaction and can reduce the 5.6 million people making in-person transactions at DLOs per year. As many as 53 percent of those people do not have to go to the DLO in person. However, many people have indicated they cannot navigate the website or cannot find the information they want on it. Additionally, some call DLD rather than attempting to find information on the website. Call center staff then help the caller navigate the website while on the line or email the caller with links to the appropriate page(s). Encouraging online transactions (renewals, replacements, and changes) can produce more satisfied customers and reduce wait times for other customers who must make in-person visits. The Study Team recommends:

- Use a modern, user-friendly, fully functional website design that guides the user to the answer to the question that motivated the visit. Further, the guidance should lead the user to the renewal method that most efficiently accomplishes the objective. The redesign must provide ease of navigation and clarity to guide the user, clearly identifying all the documents needed for in-person visits, and indicating in plain language who is eligible to renew online. This can reduce repeat in-person visits or in-person visits altogether. Using customer focus groups during the redesign to fine-tune website changes is warranted. The website should support multiple languages and have a mobile-device-friendly design since many people access the internet from mobile phones and tablets.
- Reduce limitations to renewing online, such as allowing professional eye exams to replace in-person sight tests.
- Incentivize online transactions by reducing cost. Currently there is a convenience fee, but a discount for online renewal would draw more users. A study of incremental cost for in-person visits may help to set the discount.

#### **4.3.1.2. Communications**

All state agencies have a fundamental responsibility to inform the public—their customers and taxpayers—about the functioning of their agencies. DLD has demonstrated neither planning for nor consistency in providing important, timely information to the public. From March 2020 through July 2020, for example, the DPS Twitter account posted only a single tweet (March 20, 2020) explicitly mentioning the expiration dates of licenses and ID cards being extended as a result of the COVID-19 pandemic. Only nine tweets were posted by DPS about DLD-specific information during this 152-day period where at least 94,200 Texans voluntarily following this account could have received this crucial information. The rest of the 512 tweets posted by DPS were almost all retweets of content generated by other government agency accounts, which effectively buried the little critical information that was being disseminated.

The lack of active information campaign planning dates back to before COVID-19. For the entire month of January and February, DPS did not reply to a single tweet, posted self-generated content only nine times, and retweeted other accounts 66 times. A Texan looking for information on DPS on Twitter would have a 12% probability of finding a DPS-specific tweet in this sea of retweets during this period. In the past 12 months, not a single Spanish-language tweet has been posted natively by DPS. While Twitter is only one digital platform for communication with the public, it mirrors DPS's Facebook page activity and speaks volumes as to the lack of active information campaign content generation and strategy within DLD.

The underutilization of free digital communication platforms may stem from a misinterpretation of rules in the Administrative Code that prohibit state agencies from hiring public relations staff or firms. Most state agencies have a Public Information Office (PIO) staffed with public information officers. Their task is to communicate with the public in all matters of agency function. Although DPS has a PIO that could have clearly communicated to the public about office closures due to the COVID-19 pandemic, no such communication was issued, resulting in confusion among DLD customers. Further, the enduring misperception among customers that Driver License Program services are provided by DMV also appears to be attributable to communication constraints on both DPS and DMV. To remedy these communication issues, the Study Team recommends the following:

- DLD must have a dedicated PIO with staff focused on public outreach and awareness of DLD programs and activities.
- DLD should have a dedicated social media presence separate from DPS to ensure Texans can find the information they seek as efficiently as possible. DLD social media pages should minimize retweeting/sharing from other sources and instead post self-generated content to prevent important information from being digitally buried.
- PIO should use all social media (and any other means) available to distribute agency information on a timely and consistent basis and in multiple languages. PIO should pin (i.e., affix to the top of the feed) critical information by using the existing pinning technologies within social media platforms.

#### **4.3.1.3. Call Center Operations**

The call center currently answers only a fraction of the calls received (approximately 10 percent of 7 million calls annually). To have all 7 million calls answered by a DLD employee, DLD would need to invest in a very expensive call center with numerous new FTEs. While interactive voice response (IVR) technologies often provide the first line of contact for a call center, people both with and without accents tend to get frustrated communicating with these systems. Resolving a customer call with IVR instead of a live agent is 48 times more expensive. Many private and public entities have switched from the call center model over to a modern contact center, which boosts call deflections by shifting the demand for customer service over to less expensive digital means of communication. A Forrester Research study found that 72% of customers prefer to start with online resources before they ever contact a brand or company directly for support. Therefore, if only half of the 7 million customers calling can find their answers online, then at least 3.5 million calls would be deflected.

A modern DLD contact center would allow each customer service employee to work more efficiently and help more people per unit time. For example, a contact center employee would be able to work on multiple chat or message windows at a time versus picking up a single phone line. Many companies offer software that allows a customer service agent to address questions from Facebook, Instagram, Twitter, or a chat window on a website, all from a single dashboard. Current call center personnel indicated that unanswered calls lead to more DLO visits; therefore, shifting demand over to more efficient mediums of communication is critical. The Study Team recommends:

- Develop a modern contact center for DLD with capabilities to answer questions through various digital mediums (in-house or contracted).
- Implement a chat bot interface with an automated main menu that guides users to answers for many of their questions without employee intervention (like locations, hours, and documents needed). If none of the options help the customer, then they can be connected to a chat representative.
- Evaluate the contact center resource requirements to meet performance goals and allocate those resources either in-house or to contracted services.

#### **4.3.2. High Importance Recommendations**

These recommendations are necessary for long-term success of the Driver License Program.

##### **4.3.2.1. Resources (FTEs, Salary, and Employee Turnover)**

These are interrelated and affect other areas. A lack of adequate FTEs means overworking existing employees (this was mentioned in employee surveys and discussions) and longer wait times for customers. The call center can answer only about 10 percent of the calls. Paying non-competitive salaries leads to less qualified applicants, dissatisfaction, and turnover. Turnover leads to higher agency costs for hiring and training. Recent legislative actions have allowed DLD to increase the

number of frontline FTEs and frontline employee salaries, which seems to have had positive effects on wait times and turnover. A survey of administrative employees shows many with state service time skewed toward retirement eligibility. The Study Team recommends:

- Reviewing salary levels at least every two years for competitiveness.
- Reviewing 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 and funding where warranted to meet performance measures. This includes DLOs, call center, enforcement, and compliance, and ensuring staff allocations meet the needs of a growing state.
- Management should develop a plan to train and mentor a new generation of leaders to ensure agency continuity.

#### **4.3.2.2. Training and Employee Engagement**

Surveys show that some customers believe they received differing information from employees, especially on documents needed for REAL ID compliance. Some of this confusion can be prevented by clear website guidance. Some issues could be addressed by additional training. Training has a special emphasis at DLD, as frontline employees must know what to do in every situation and the team found that it may take up to a year for frontline workers to become fully trained. However, employees have reported that some DPS training programs, especially those germane to career advancement into supervisory or management roles, often are unavailable. Employee engagement is enhanced when employees perceive that their efforts are valued and that there are longer-term opportunities for growth. Employee engagement can include communications and training (both job training and management training). The Study Team found that frontline employees have many ideas to streamline office operations and reduce wait times. Some employees believe their ideas have been dismissed. The Study Team recommends:

- Review communications to and training of employees to ensure that all employees hear and say the same thing.
- Develop an automated training system that provides required online training, tracks employee training update needs, advises every employee when updates are required, and reports training status to supervisors.
- Ask for, review, and implement employee ideas that have merit—and follow up by communicating the disposition of ideas tried.

#### **4.3.2.3. Management, Change, and Performance**

The driver license function falls into an area where technologies can change, laws can change, and conditions can change. Management needs to be flexible and adjust as appropriate. This includes DLO operations such as office hours and employee assignments. DPS does not allocate its administrative costs by program, making it difficult to accurately estimate the true overhead costs

of its programs, including DLD. Some performance measures are not adequately measured. For example, incomplete transactions are not captured but do take employee time. The Study Team recommends:

- Develop a system and methodology for cost-allocating administrative costs for DLD if the legislature chooses to leave it within DPS. This will allow DLD to ask for resources that pertain only to driver license issuance management and will reduce the perception that monies are cross-allocated and not accounted for consistently.
- Review performance measures (both those used in the formal strategic planning process and those used internally for administrative monitoring) and ensure that all relevant data is captured.
- Review all DLD operations annually with a continuous improvement program and mindset.

#### **4.3.2.4. Information Technology**

DLD has initiated several projects to address IT issues of frontline workers (such as new computer systems and new biometric equipment) that may help office workflow. They have also transitioned to a new appointment system that may reduce wait times by requiring appointments for most transactions. It is too early to tell how these changes will affect operations and wait times. DLD management noted that many staff did not have home computers and had to get permission to take state-issued laptops home during the COVID-19 pandemic. The Study Team recommends:

- Establish ongoing IT upgrades with a regular replacement schedule and reviews to see that upgrades are working as intended.
- Initiate a blanket policy on using state-issued laptops at home for telecommuting or work from home.

#### **4.3.2.5. Safety**

Surveys and meetings with frontline workers indicated a concern about office safety, including arrival and departure. In years past, DPS Troopers typically were on hand to handle unruly customers, but Troopers generally are not available any more for this purpose and are not expected to be available in the future. DLO employees indicated that just before a transaction is complete, a final computer screen appears to advise the employee if there are any outstanding arrest warrants for the customer. This puts the employee in an awkward or potentially unsafe situation. The Study Team recommends:

- Conduct a safety evaluation at each DLO and provide security for office employees, including during their arrival and departure if necessary, to ensure employee safety.
- Eliminate the “warrants” screen or move it to the beginning of the transaction.

#### **4.3.2.6. Customer Expectations**

A common concern of customers is the wait time and uncertainty in wait time. DLD has initiated a new appointment-based system that may address this, but it is only being implemented now, and its success has not been measured. Many customers complain about not knowing how long the wait is and how office queues are organized. Other customer comments addressed inadequate parking; waiting outside in the weather; and whether they could eat, drink, or go to the restroom. The Study Team recommends:

- Review all facilities for size and parking to ensure an optimal customer experience. This review may result in securing alternate office locations or increasing size of parking lots.
- Provide outside shade and seating for facilities that have waiting lines out the door.
- Provide real-time forecasts of wait times for customers without appointments so customers can expect and plan for their wait.
- Respond to customer needs by modifying office hours and assigning triage employees to screen customers and enhance the customer experience (reduce wait times and add convenience).

#### **4.3.3. Other Recommendations**

The Study Team formulated other recommendations in developing this report that, while not mission-critical, merit review and consideration for implementation. Additionally, other ad-hoc recommendations may require focus from time to time. For example:

- Several lawsuits have arisen involving the National Voter Registration Act of 1993 (NVRA, 52 § 20501–20511), also known as the Motor Voter Act. Wherever DLD is located, legal counsel should be aware of the previous cases and possible future cases that many expect to arise in this highly political area. This is complicated litigation and needs expert counsel that understands case law. Another area where future case law is anticipated centers around gender identity, and again will require competent in-house legal counsel to guide the executive team and Commissioners if and when such litigation occurs.
- Given the dramatic changes that have occurred under COVID-19, ensure that the business continuity plan schedules and runs regular tabletop exercises to ensure that DLD can perform essential functions in a downgraded environment. The business continuity plan should ensure that frontline staff can access essential equipment to continue performing business functions.

The Study Team recommends a review of all technical memorandums to ascertain the full breadth of recommendations.