

Appendix A-2

SAMPLE DECISION PACKAGE - ADDENDUM

Agency:	240 Department of Licensing
Decision Package Code/Title:	PL-DC Enhanced Driver License
Budget Period:	2007-09
Budget Level:	PL - Performance Level

Agency Recommendation Summary Text

Implementation of an Enhanced Driver License and identity card (EDL/ID) was authorized by the Legislature in the approved 2007-2009 Biennium budget. \$8,872,000 in funding was provided for EDL/ID implementation. This funding was authorized based on Department estimates of the costs for creating a license capable of satisfying federal requirements under the Western Hemisphere Travel Initiative (WHTI). The estimate addressed costs that were known at that time. This supplemental request provides an additional \$4,135,000 in funding to address necessary implementation costs to conform to these federal requirements. The increased costs are due primarily to a significant shortening of the timeframe for delivery of the EDL/ID product from May of 2008 to January of 2008, the resulting costs associated with hiring staff for the implementation of the EDL/ID several months sooner, and increased technology development costs to meet the delivery timeframe. (Highway Safety Fund-State)

Fiscal Detail

Operating Expenditures	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
106-1 Highway Safety Fund-State	131,000	4,004,000	4,135,000
Total Cost	131,000	4,004,000	4,135,000
Staffing	<u>FY 2008</u>	<u>FY 2009</u>	<u>Annual Average</u>
FTEs	3.4	18.4	10.9

Package description

Background

Prior to development of last year's Border Crossing Security decision package, the Department had been exploring means to improve the process of validating foundational identity documents for the issuance of driver licenses and identity cards. Driver licensing staff lacked appropriate technology that could help them quickly detect fraudulent or altered documents, and federal authorities did not have a sufficient level of confidence that the current Washington driver license would be reliable as an alternative to a U.S. passport or other approved document for purposes of re-entry to the United States.

The Legislature recognized the importance of increasing the security of the border through the use of highly reliable, secure and convenient travel documents that in turn preserve and encourage travel, trade and cultural exchange with British Columbia. The leadership that Washington State has demonstrated has also been recognized around the nation. Several states, including Texas, New York, Arizona, Vermont and Ohio have expressed interest in the Washington model as a template for their own

development of enhanced driver license and identity card (EDL/ID) documents that will satisfy federal requirements: <http://buffalo.bizjournals.com/buffalo/stories/2007/07/23/daily2.html>.

Vermont recently reached an agreement with the federal Department of Homeland Security (DHS) to develop an EDL/ID, citing the work being done in Washington State: http://www.dhs.gov/xnews/releases/pr_1187646614580.shtm.

Current situation

Since adoption of ESHB 1289 (RCW 46.20.202) by the 2007 Legislature, the Department has worked closely with federal, state and private partners to implement the provisions of the statute. As a result of these efforts and negotiations, the Department has determined that its EDL/ID business model requires funding beyond that originally appropriated. The primary reasons for increased funding are the following:

- A shift in timing of EDL/ID implementation from May 2008 to January 2008, to coordinate with Western Hemisphere Travel Initiative (WHTI) land and sea rule implementation, and by agreement with DHS.
- Addition of DHS requirements to include additional checks and balances in the applicant screening and qualification process, to better ensure the integrity and reliability of the process and the EDL/ID.
- Modification of the Department's deployment plans for the number of offices and staff authorized to issue EDL/ID by increasing public access at ten (10) more licensing offices throughout the state, for a total of twenty-one (21) offices.

Negotiations with DHS were ongoing through the spring of 2007. In order to maximize the security and integrity of the document, as well as to protect the privacy of document applicants, several additional features of both the document and the document issuance process were agreed upon. These include the use of radio frequency identification (RFID) tags and machine readable zones (MRZ) on the document, and attenuating sleeves to ensure privacy during shipment of the document to the customer. The issuance process will include separation of duties in field offices between foundational document intake and document review. In addition, the issuance process will include a one-on-one interview between the applicant and specially trained Department staff.

Proposed solution

These factors caused the Department's business model for EDL/ID implementation to change, resulting in the increased costs for:

- Recruitment and training of additional field staff to conduct applicant interviews.
- The compressed implementation schedule increased costs for information system software development, testing, and deployment.
- Integration of DHS requirements for EDL/ID design features, security features to deter forgery and counterfeiting, and DHS and DOL system use. Such features include the use of RFID tags, MRZs, and attenuating sleeves.
- The Department's need to raise public awareness of the EDL/ID purpose and use, its availability, its security and privacy protection, and its benefits for expediting border crossings between the United States, Canada, Mexico, the Caribbean, and Bermuda by land and sea.
- Modification of licensing office facilities to ensure the privacy of the applicant interview and qualification process.

In addition, the Department recognizes the need to expand the number of licensing service offices that would have the capability to offer EDL/ID to customers. The current level of funding will allow an initial deployment to eleven offices; funding included in this package will allow further deployment to ten additional offices. This expanded deployment will significantly increase our geographic coverage statewide; ensuring that over 97 percent of our customers will have an EDL/ID location within 50 miles of their home, as well as increased coverage in population centers to improve our ability to meet anticipated demand. The following two charts illustrate the proposed geographic coverage of the initial deployment and the planned additional deployment.

Table I – Initial Deployment of EDL/ID to Eleven Offices

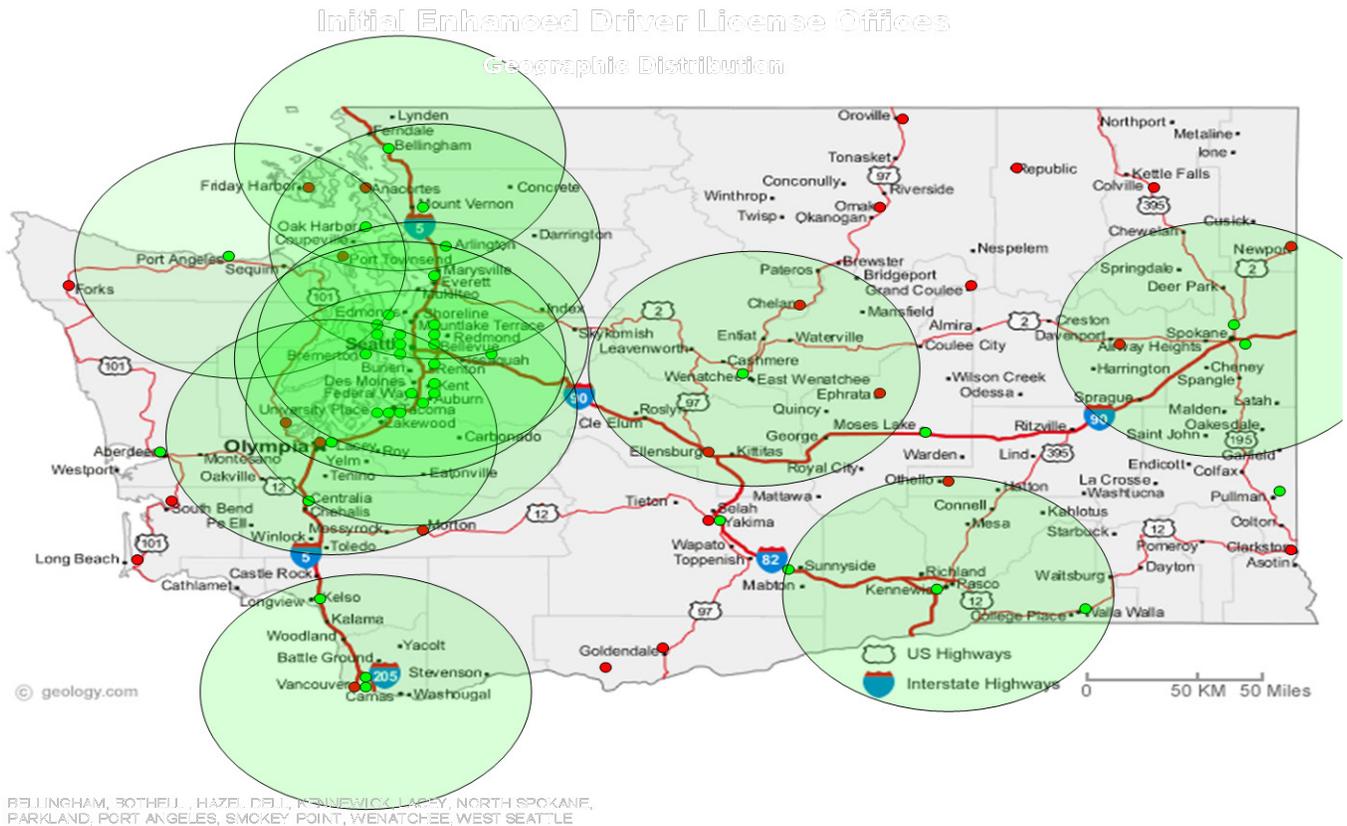
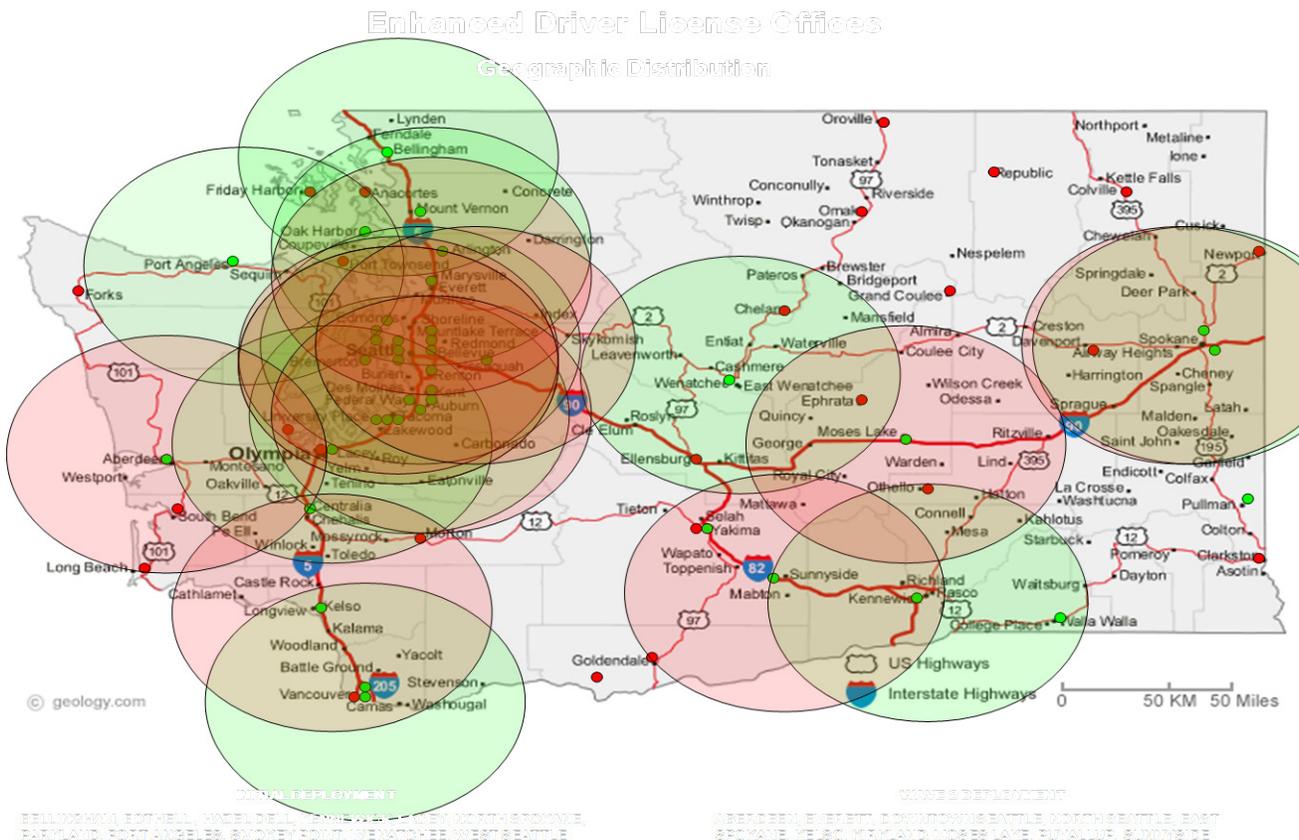


Table II – Proposed Deployment of EDL/ID to Ten Additional Offices



NARRATIVE JUSTIFICATION AND IMPACT STATEMENT

What specific performance outcomes does the agency expect?

Effective January 2008, the Department will implement the use of an enhanced drivers license and identification card (EDL/ID) as alternate documents in compliance with the Western Hemisphere Travel Initiative (WHTI) requirements for land and sea border crossing.

Department staff will be fully trained and authorized to successfully complete the applicant screening, interview, and citizenship determination processes. The public will have the ability to apply for an EDL/ID at 21 driver licensing offices throughout the state, including ten additional offices that will be capable of EDL/ID issuance by the fall of 2008.

The driver license is a nationally accepted means of identification. The use of the state-issued EDL/ID for border crossing purposes will enable Washington to maintain the level of free trade and tourism that has been of significant benefit to both Washington and British Columbia citizens.

Performance measure detail

Development of the EDL/ID is a new and significant policy initiative for the Department and Washington State. Because of the unique nature and precedent of this initiative, a number of potential performance measures will be tracked to gauge the success of the program. These will include:

- total number of enhanced card applications,
- total percent of applications denied,
- total volumes by office, and
- the type of source documents received that establish EDL/ID eligibility.

The Department will be working closely with the Office of Financial Management and the Legislature to evaluate which measures provide the best information for measuring the success and outcomes of this initiative.

Is this decision package essential to implement a strategy identified in the agency’s strategic plan?

This package addresses the Department’s goal in the 2007-09 strategic plan to improve public safety.

Activity: Improve Public Safety



We . . .

Hire staff; conduct IS system software development, testing and deployment; raise public awareness of the EDL/ID program; modify facilities; and issue EDL/ID cards

OUTPUTS

. . . so that . . .

The department will improve public access to EDL/ID cards & Decrease the potential for fraudulent licenses being issued

IMMEDIATE OUTCOME

. . . so that . . .

We better facilitate secure border crossings between the U.S. & Canada by land and sea

INTERMEDIATE OUTCOME

. . . so that . . .

We improve public safety & facilitate economic trade and tourism

ULTIMATE OUTCOME

State and Federal Initiative Program

Reason for change

The need for additional funding is the outcome of negotiations between the state of Washington and DHS to develop the prototype model for delivering a WHTI compliant document. Since these discussions were still ongoing in the spring of 2007, the costs of components and business processes that were agreed to were not fully captured in the initial Border Crossing Security decision package.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. The proposal supports improved public safety and facilitates economic trade and tourism.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Yes. Improved public safety, trade, and tourism contribute to the safety result and economic vitality result.

What are the other important connections or impacts related to this proposal?**Impact on clients and services:**

The applicant interview process for the EDL/ID will require additional personnel and will add an estimated 7 to 30 minutes to the application approval process.

The public will have the opportunity to apply for an EDL/ID in January 2008. By the fall of 2008 the public will have the ability to apply for an EDL/ID in ten (10) more licensing offices throughout the state.

Impact on other state programs:

This will benefit the Washington State Patrol and local and national law enforcement in their efforts to identify and deter fraudulent acquisition of driver licenses and ID cards for illegal purposes. The Department of Health (DOH) will establish a process for the online verification of birth certificates for those persons born in Washington. The Department entered into an agreement with DOH on May 1, 2007 that will allow us to electronically verify the authenticity of WA birth certificates at no cost through December of 2008. DOH has agreed to collect data on volume of inquiries for six months before developing a payment model for DOL to be implemented after December of 2008. The potential costs of this service are unknown at this time.

What alternatives were explored by the agency, and why was this alternative chosen?

The steps taken in this package are necessary to ensure timely implementation and broader public access to the use and benefits of an EDL/ID for land and sea border crossing. This budget package was developed collaboratively after fully negotiating its implementation requirements with our state, federal and private partners. The Department has evaluated alternatives that include curtailed or postponed deployment, and found that these alternatives were not in the best interests of the state's citizens and its commerce.

What are the consequences of not funding this package?

Non-funding will limit the department's capability to deploy the EDL/ID as broadly throughout the state. This could impair the Department's ability to deliver the EDL/ID in an efficient and timely manner, and with the level of convenience and access expected by the public.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions:

Revenue Calculations and Assumptions:

No additional revenue is associated with this decision package.

Expenditure Calculations and Assumptions:

The additional funding requested in this package is the result of the compressed implementation timeframe, additional document features required by DHS and deployment of EDL/ID capability to additional field offices. Table 3 includes a side-by-side comparison of current appropriation assumptions and requested supplemental appropriation assumptions.

Compressed implementation timeframe

The package that is currently funded in the Department's budget assumed a May 2008 implementation date. During the development of that package the Department did not have a clear indication from DHS regarding the effective date of land and sea rules for WHTI. The state and DHS subsequently agreed to a January 2008 implementation date to adequately prepare for a WHTI implementation date later in the spring. The compressed timeframe creates additional costs in several areas:

- Field office staff that were going to be hired in the spring of 2008 will be hired in the late fall of 2007 so that necessary training can take place before the January 2008 launch.
- Successful implementation of the EDL/ID initiative is highly dependent on information systems changes. Additional contract programmers, department testers and project management capacity are required.
- Washington State is leading the nation in the development of an acceptable alternative document that will satisfy WHTI requirements. In that role, extraordinary demands have been placed on Department resources to negotiate complex and original agreements with federal and international jurisdictions. Funding is included for a three member project implementation team for one year.

Additional document features to satisfy DHS requirements

In order to proceed with development of the EDL/ID the state will be required to incorporate several new document features. Inclusion of these features will satisfy DHS requirements that were developed in the spring of 2007. These features include:

- Development of a unique card design to clearly denote citizenship.
- Inclusion of a radio frequency identification (RFID) tag. This passive vicinity RFIP technology will not contain or transmit any personal data, only a unique reference number provided by DHS and assigned by the Department at time of issuance.
- Inclusion of a machine readable zone (MRZ) on the back of each document. The MRZ will facilitate border crossings at locations that are not equipped to read a reference number off of an RFID tag.

Deployment of EDL/ID capability to additional field offices

Negotiations with DHS also lead to some significant changes in the proposed service delivery model. Initially the Department intended to allow EDL intake at all field offices, then perform processing and acceptance duties at separate locations. To meet DHS requirements, however, the business model has been reconfigured to place specially trained staff in certain locations and to accept and process EDL/ID applications at only those offices. This model will provide a significant level of internal control on the process.

The current level of appropriation will allow the Department to deploy EDL/ID capability to eleven field offices. In order to maximize customer access to EDL/ID documents, resources in this package will enable to Department to deploy EDL/ID capability to ten additional offices around the state. Refer to Tables I and II above for a graphic representation of proposed coverage.

The following tables summarize the comparison of current funding to request funding for project implementation and deployment to ten additional offices.

Table III – Comparison of additional funding requirements / current funding level

	2007-09 Biennial Funding	2007-09 Biennium Projected Expenditures	Difference
FTE			
Driver Services	17.9	26.0	8.1
State & Federal Initiatives	0.0	1.5	1.5
Information Services	3.9	5.3	1.4
Management Support Services	2.4	2.3	0.1
Total	24.2	35.1	11.0
Salaries			
Driver Services	1,412,000	2,301,089	889,089
State & Federal Initiatives	0	250,100	250,100
Information Services	454,000	725,418	271,418
Management Support Services	215,000	213,116	(1,884)
Total	2,081,000	3,489,723	1,408,723
Contracts			
Digimarc Validation Suite	806,400	357,098	(449,302)
Biometrics	2,000,600	1,284,540	(716,060)
Applicant Interview Questions	0	225,000	225,000
Card Design, Software Update, Image Utility	0	183,465	183,465
IS Personal Service Contracts	0	561,820	561,820
Total	2,807,000	2,611,923	195,077
Goods and Services			
Card Production Costs	0	839,000	839,000
Contract Programmers	474,439	1,454,636	980,197
Contingency	263,000	263,000	0
Marketing	0	500,000	500,000
Rent and Improvements	448,091	448,091	0
Other Goods and Services	203,470	485,328	281,858
Total	1,389,000	3,990,055	2,601,055
Equipment			
Document Scanners	484,554	194,925	(289,629)

Handheld Scanners	1,383,446	0	(1,383,446)
Total	1,868,000	194,925	(1,673,075)
Travel	32,000	103,450	71,450
2005-07 Biennium Purchases			(200,000)
Agency Total	8,872,000	11,314,170	2,442,170

Table IV – Future Deployment Costs (10 Offices)

2007-09 Biennium Projected Expenditures	
Salaries and Benefits	\$1,122,540
Hardware/Software	370,834
Facilities	200,000
Total	\$1,693,374

Thus, the total request of \$2,442,170 plus \$1,693,374, or \$4,135,544.

<u>Object Detail</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
A Salaries and Wages	\$547,000	\$1,696,000	\$2,243,000
B Employee Benefits	\$176,000	\$540,000	\$716,000
E Goods and Services	\$1,058,000	\$1,349,000	\$2,407,000
G Travel	\$23,000	\$48,000	\$71,000
J Capitalized Equipment	(\$1,673,000)	\$371,000	(\$1,302,000)
Total	\$131,000	\$4,004,000	\$4,135,000

Six-Year Estimates			
<u>Revenue</u>	<u>07-09 Total</u>	<u>09-11 Total</u>	<u>11-13 Total</u>
Revenue Total	\$0	\$0	\$0
Expenditure Estimates			
106 Highway Safety Fund	\$4,135,000	\$7,901,000	\$7,969,000
Expenditure Total	\$4,135,000	\$7,901,000	\$7,969,000
FTEs	10.9	30.9	30.9

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Distinction between one-time and ongoing costs:

Initial expenditures for scanning and imaging equipment will be one-time costs, although replacement dollars will be required in future biennia. Staffing costs, card production, and system's, facilities, and equipment maintenance costs will be ongoing.

Budget impacts in future biennia:

Following January 2008 implementation, the Department's needs will include continued funding for information systems maintenance and component replacement, staff salaries, and benefits, and ongoing marketing efforts.

If demand for the EDL/ID exceeds the capacity of the requested deployment to 21 licensing offices, funding for additional staff, equipment, and office capacity will be requested.