

**REPORT OF THE  
DEPARTMENT OF MOTOR VEHICLES**

**Response to Item 435 E  
of the 2006 Appropriation Act**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 71**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2006**





COMMONWEALTH of VIRGINIA  
Department of Motor Vehicles  
2300 West Broad Street

D. B. Smit  
Commissioner

Post Office Box 27412  
Richmond, VA 23269-0001  
866-DMV-LINE or  
800-435-5137

December 1, 2006

To: Members of the Virginia General Assembly

Pursuant to Item 435E of the 2006 Appropriation Act (HB 5002), I am respectfully submitting this report, titled "Response to Item 435 E of the 2006 Appropriation Act." Item 435E directed DMV to address policy and administrative issues in the Customer Service Study (House Document No. 108; 2005). The report examines the impact of potential changes to the department's services in order to reduce customer waiting times.

Respectfully,

A handwritten signature in black ink, appearing to read "D.B. Smit".

D.B. Smit  
Commissioner

DBS/cml

Enclosure



## **Response to Item 435 E of the 2006 Appropriation Act**

The Virginia Department of Motor Vehicles (DMV) serves a customer base of 5.2 million licensed drivers and the owners of almost 7.4 million registered vehicles. DMV serves its customers through a network of service options. Most visible, it operates 73 full-service offices, called customer service centers (CSCs), located throughout the Commonwealth. In addition, DMV offers customers a variety of other service options, including:

- DMV Selects (contractual vehicle license agents),
- mail-in program,
- customer contact center,
- www.dmvNOW.com web site,
- online dealer program,
- touchtone telephone system, and
- self-service centers.

DMV submitted a report to the 2006 General Assembly (House Document No. 108) that focused on the customer service DMV provides through its CSCs as well as usage of DMV's many other service options. DMV has a goal to serve its CSC customers within an average of 20 minutes. The DMV study, conducted in 2005, used statistical modeling to identify the cost implications of maintaining different average customer wait times at CSCs. A key finding from that study was that strategic scheduling of staff can reduce customer wait times using existing staff resources. It also showed the potential value of supplementing full-time staff with part-time and/or temporary staff to be able to adequately serve customers during peak times without having excess staff capacity during the slower times.

In addition to examining staffing and customer wait time issues, the report also discussed the progress DMV has made in migrating transactions from CSCs to its more cost-effective service options, such as the Internet and touchtone telephone system. DMV's goal in having alternative service options is to conduct the transactions via alternative services that are less complex, and that do not require face-to-face contact, so that the CSCs can focus on the transactions requiring a customer visit. Usage of DMV's alternative service options has increased during the past several years, as DMV has added transaction types available through alternative services and taken steps to promote these options. While DMV has taken numerous steps to encourage greater use of its alternative service options, the agency is always seeking additional ways to migrate customers to these more cost-effective options.

As a follow-up to the 2005 study, the 2006 General Assembly mandated in Item 435 E of the 2006 Appropriation Act that DMV further study the issues identified in the 2005 report. Specifically, this item stated:

“The Commissioner shall report to the General Assembly by December 1, 2006, on the department’s efforts to address policy and administrative issues in the Customer Service Study (House Document No. 108; 2005). The report examined the impact of potential changes to the department’s services in order to reduce customer waiting times.”

This report documents DMV’s efforts to address policy and administrative issues in the two areas of the 2005 study: customer wait times and DMV service options.

## **Wait Times**

Studies commissioned by DMV have consistently found that customer wait time is the most important factor affecting customer satisfaction with DMV services. DMV periodically surveys Virginia residents to determine how it may best serve its customers. The latest of these surveys, conducted by the Center for Survey Research at the University of Virginia (UVA), found a high level of customer satisfaction with DMV services. In its May 2006 survey, the UVA Center for Survey Research found that 92.3% of the respondents reported either being very satisfied or somewhat satisfied with DMV services. DMV’s CSCs also received favorable ratings for courtesy, efficiency, and helpfulness. On average, customers who responded to the survey reported that 22 minutes was a reasonable time to wait for front counter service. Approximately 71% of these customers felt that their wait time experience during the past year was reasonable. These results suggest that any effort to increase wait times beyond 22 minutes would be negatively perceived by customers.

DMV’s staffing level directly impacts customer wait time. However, many factors play into the adequacy of that staffing level, such as whether the staff are fully trained and whether they are appropriately scheduled to meet customer flow patterns. Increased staff turnover in recent years has resulted in a less experienced workforce in certain areas of the state. In addition, many of DMV’s transactions have become more complex. For example, in 2004 customer service representatives began verifying customers’ legal presence prior to issuance of driver’s licenses. In addition, procedural steps have been added to eliminate the potential for fraudulent activities to occur. While necessary, these additional steps lengthen the time it takes to complete each customer’s transaction, thus requiring longer wait times for subsequent customers. Further complexity is expected to result from implementation of the federal Real ID Act.

DMV has approached these business challenges by identifying how it can best use technology to minimize transaction times and more efficiently serve its customers through staffing and process improvements. These initiatives will well position the agency in the long term to meet customer service demands while ensuring the issuance of secure credentials. Specifically, DMV has implemented or is beginning to implement the following changes.

### *Personal Computers on CSC Front Counters*

DMV is replacing the terminals currently used at the CSC front counters with personal computers (PCs). The new PCs will give front counter employees direct access to DMV procedures, improve employee communications, increase security of computer systems and enhance DMV customer service statewide. The increased productivity resulting from this initiative, to be completed by March 2007, will help to partially offset the projected impact on customer volume and transaction time at CSCs due to Real ID requirements as well as the impact of fraud prevention procedural changes implemented in 2006.

### *Agency Systems Redesign*

DMV has begun the effort to redesign its outdated computer systems. Phase I, identification and collection of business requirements, is currently underway. When complete, the new system will improve the productivity of CSC staff by reducing the number of manual processes currently required to complete a transaction. In addition, routine checks and balances will be built into the system to ensure customers receive the credentials to which they are entitled. It should also enable CSC staff to identify and meet, in the first visit, all of a customer's business needs, which in turn will help reduce the number of trips to a CSC that each customer must make. Reducing the total number of customer visits reduces the average wait time for all customers.

### *Central Issuance of Driver's License and Identification Card Credentials*

DMV plans to centralize the physical issuance of its driver's licenses and identification cards. As under the current process, customers will come to a CSC to apply for the credential, provide the necessary documentation, pay the fee, and have their picture taken. However, they will no longer receive their credential during their CSC visit. Instead, after further security checks are conducted electronically, customers will be mailed the credential for which they have applied and are eligible. This new process will reduce the amount of time that these customers spend in a CSC because they will leave the facility once they have been served at the front counter. Transferring the credential printing process from CSCs to a central location will allow DMV to more efficiently meet the requirements of the Real ID Act.

### *Increase in Driver's License Period*

To reduce customer volume at CSCs, DMV is considering the merits of a possible increase in the validity period for a driver's license from five years to up to eight years. Increase in the validity period would require changes to the Code of Virginia.

### *Staff Training and Retention*

The ability to retain trained staff enables DMV to process a multitude of transactions more efficiently, thereby lowering overall customer wait times. One factor that can affect staff retention is adequate compensation. It is important to determine if CSC

staff compensation is appropriate to the complex transactions they are expected to perform. DMV has contracted with Virginia Tech to conduct a compensation study of its workforce. The results of this study are expected in February 2007. In addition, DMV recently increased the number of technical trainers available to train new CSC staff. These trainers have expanded the number of technical training courses available and have enabled new staff to begin technical training immediately upon hire.

#### *Use of Contract Staff*

As recommended by the previous study, DMV attempted to hire part-time classified staff to assist in strategically scheduling staff to meet times of peak customer demand; however, initial efforts were not successful. As such, DMV has focused on hiring contract administrative staff. These staff are responsible for performing back room, administrative tasks, such as inventory and document preparation for audits. The use of contract staff for these duties enables trained customer service representatives who previously performed these duties to spend more time helping customers at the front counter. Additional staff time spent at the front counter helps reduce customer wait times.

#### *Establishment of Central Verification Unit*

Due to the federal Real ID Act, DMV expects that there will be an increase in the number of customers visiting a CSC to renew their driver's license or identification card because they will not be able to provide the required documentation using DMV's alternative service options. Further, additional steps will be required to verify customers' legal presence and identity documents prior to issuance of the requested credential. The increased customer volume at the CSCs will negatively impact customer wait times. DMV has determined that the most efficient manner to effect these requirements is to establish a central verification unit. This process will enable CSC staff to receive the customers' required documentation, collect fees, and take the photograph. However, the potentially time-consuming task of verifying the veracity of customer documents will take place centrally. This process will help minimize the amount of time customers must spend in the CSC.

#### *Centralized Verification of International Fuels Tax Agreement (IFTA) and International Registration Plan (IRP) Processes*

By February 2007, the processing of all IRP and IFTA transactions will be conducted by staff in the Richmond headquarters office. CSCs will continue to accept applications, receive payments and provide the appropriate credentials to Motor Carrier customers. However, the complex paperwork will be processed by headquarters staff who are highly trained in IFTA and IRP transactions. With these changes, DMV anticipates improved revenue collection, greater efficiency and accuracy in processing, and improved customer service. As a result of this process improvement, more CSC staff time will be spent on the counters serving customers with other transactions.



### *Reduction in Number of Interactions Required to Complete a Customer Transaction*

In 2006, DMV underwent a communications audit, in part, to identify ways it may more effectively communicate with its customers. The review found that efficiencies could be gained from better serving customers during their first contact with DMV, thus avoiding the need for customers to visit or phone DMV subsequent times. Based on a customer survey conducted as part of that review, customers contact DMV an average of 1.8 times to complete a single transaction. DMV has developed a performance measure to track repeat customer contacts, with a goal of reducing contacts to an average of 1.5 contacts per transaction. Strategies DMV is working on to decrease multiple contacts include: collecting data to analyze and target the causes for multiple interactions with citizens, rewriting the automated telephone system messages to better inform customers of DMV requirements, and developing a military information packet to be distributed to newly assigned personnel in military facilities in Virginia. By taking action to improve first contact completion rates, and by proactively directing customers to the most effective communication channel for their needs, DMV will be moving to optimize the customer experience and more efficiently use agency resources.

### *Demand-based Resource Allocation*

DMV is considering the adjustment of service hours and the type of transactions that will be offered in each CSC to more effectively meet the flow of customers. Adjusting the staffing and type of transactions offered to the customer demand at each CSC will improve wait times, lower costs, and free up resources to support high demand areas.

### *New Resources to Meet Population Growth*

Substantial projected population growth is expected to require additional CSC capacity in Northern Virginia to meet increasing customer demands in that area of the Commonwealth. Virginia's population is expected to grow 6.1% by 2010 and 12.1% by 2015. About 34% of the 2010 growth will occur in Northern Virginia (Loudoun, Leesburg, Fairfax, Arlington, Alexandria, and Falls Church). DMV plans to evaluate the need for new facility(ies) and additional staff to meet this population growth, particularly in light of the increased customer volume expected once the Real ID Act provisions are implemented. Additional capacity would help alleviate customer wait times by providing a more efficient means to operate in a customer-friendly environment.

## **DMV's Multiple Service Options**

DMV strives to process driver and vehicle transactions at the lowest possible cost to Virginia citizens. DMV offers choices to its customers to obtain services either at a CSC or through a variety of alternative options, including DMV Select offices, Internet, touchtone telephone system, and mail-in. Services provided through these alternative options cost less than services provided through CSCs.

Usage of DMV's alternative service options has increased since FY 2000, as DMV has added transaction types available through alternative services and taken steps to promote these options. Given the relatively high volume of vehicle registration and driver's license renewals each year, and their central role in DMV's workload, the agency closely monitors service delivery for these transaction types. In FY 2000, almost all driver's license renewals were conducted in a CSC. By FY 2006, 52 percent of customers eligible to use an alternative service to renew their driver's license chose to do so. Likewise, fewer registration renewals are conducted in CSCs today (35 percent in FY 2006) compared to FY 2000 (41 percent). While the growth in alternative service usage for these transactions has slowed recently, the overall number of customers who use these alternatives remains substantial.

Similar to CSC customer satisfaction ratings, DMV customers have also reported satisfaction with their use of these other service options. Specifically, the 2006 DMV Customer Satisfaction Survey reported:

- Ratings for DMV's mail-in service were excellent. Almost all respondents (98.4%) agreed that the forms received in the mail were easy to understand and an even greater percentage (98.9%) said that DMV responded to their mail transaction promptly.
- A great majority of respondents agreed that the services received at DMV Select offices were provided in a courteous (96.2%) and efficient (89.1%) manner. In addition, 94.3% of respondents who visited DMV Select offices agreed that the representative made an effort to be helpful.
- The majority of respondents who talked to a customer contact representative in DMV's CCC agreed the service representative made an effort to be helpful (93%) and was knowledgeable about DMV procedures (88.4%).
- "The ease of Internet transactions" were rated 9.14 on a 10-point scale, in which 10 is "Very Easy", indicating customer satisfaction with the use of the DMV website.

DMV is continuing to study and promote the use of alternative services to save cost and enhance customer satisfaction. The 2005 General Assembly mandated that DMV study the average number of transactions conducted at each CSC that can be re-directed to alternative services. The study also examined the use of surcharges to re-direct transactions from CSCs to these alternative services. Given the requirements of the Real ID Act, the agency does not plan to further market the use of its alternative service options for driver's license renewals. Instead, DMV is addressing the use of alternative services via the following initiatives.

#### *Development of DMV Channel Driving Strategies for Key Transactions*

DMV plans to assess the current service options that are available to customers to complete each DMV transaction, the cost of each option, and customers' preferences for these options. Much of the information needed for this assessment has been compiled through DMV's activity-based cost accounting study and the

recent UVA survey of DMV customers. The goal of this endeavor is to identify the service options that should be available for each transaction type – options that would provide customers their best chance of successfully completing their transactions. Cost-efficient service is experienced when a well-informed customer is guided to the most effective channel for transacting business and that channel satisfies his/her need.

As a potential element of this overall strategy, DMV is considering the merits of allowing the Commissioner to establish specific transaction offerings and requirements for each service option, including those transactions that can and cannot be performed in CSCs.

Another option DMV could consider in the development of channel driving strategies is the use of price discounts or surcharges for services performed in a CSC that could have been performed via one of DMV's lower cost service options. The 2006 UVA survey of DMV customers found that a portion of DMV's CSC customers would migrate to use of a different service option if they received a transaction fee discount. Overall, one-quarter (25.0%) of the respondents who used a CSC to renew their driver's license and/or license plate decals would use an alternative service option if offered a \$1 price discount. This proportion would increase to 45% with a \$3 discount. Nearly two-thirds (61%) of the customers who used a CSC for a driver's license or decal renewal would use another service option with a \$5 discount. With this information, DMV could consider the use of price discounts and/or surcharges as a means to shift customers away from CSCs and towards its lower cost service options.

#### *Expansion of DMV Select Locations*

DMV is continuing its efforts to expand the availability of DMV Select offices for conducting vehicle-related transactions. This expansion will allow for fewer vehicle transactions to be performed in CSCs, freeing up those staff to focus on the increasing demands of Real ID requirements. DMV has opened eight new DMV Select locations and three replacement offices over the last two years, and ten new locations are tentatively planned for the remainder of Fiscal Year 2007. To assist DMV Select offices to perform vehicle transactions, DMV developed a web-based application that provides user-friendly access to DMV's network. Roll-out of this application in all existing DMV Select offices was completed during 2006.

#### *Increase the Number of Transactions Available Through DMV Service Options*

DMV is also continuing its efforts to add new transactions to its lower-cost service options. In 2006, DMV added *ID Card Replacement* and *Title Replacement* transactions to DMV's web site, and added *Title Replacement* as a transaction available on the touchtone telephone system. Four new transactions are targeted for implementation during the next year. First, online payment of reinstatement fees for driver's licenses and a no-PIN driver's license renewal option on the touchtone telephone system are slated for implementation during the first quarter of 2007. Two

additional transactions – payment of liquidated damages on the Internet and the ability to check registration renewal status on the touchtone system – are planned for completion by the end of 2007 or early 2008.

## **Conclusion**

DMV strives to balance its focus on wait times with that of transaction quality and cost efficiency in order to successfully meet its mission. As noted previously, DMV customers are generally satisfied with the services provided by DMV. DMV plans to build on this success as it endeavors to maintain reasonable wait times and promote service through its more efficient service options.



