

REAL ID First Quarter Report (Oct-Dec 2018) – Executive Summary

Accomplishments Leading up to REAL ID Implementation

Process Changes

- In fall of 2017, proof document requirements were updated to comply with REAL ID regulations
- Began requiring submission of social security numbers (SSNs) by ID card applicants
- Established remote processing initiative whereby work is electronically transferred from NoVa customer service centers (CSCs) to CSCs in Southwest VA, with wage staff provided

Staffing

- Filled 42 classified and 57 wage REAL ID positions
- More than half of the positions were allocated to Northern Virginia CSCs
- Added two additional DMV Connect Teams – based in Harrisonburg and Fredericksburg
- Provided wage staff to CSCs in Southwest to assist with remote processing work

IT System Preparation

- Created a REAL ID transaction within front counter processing system
- Developed new scanning application that integrated with REAL ID transaction
- Established batch SSN verification process with Social Security Administration for renewal customers
- Integrated with the U.S. Passport Verification System to verify U.S. passports
- Integrated with State-to-State Verification System to verify ID cards and driver's licenses with other states

Facility Adjustments

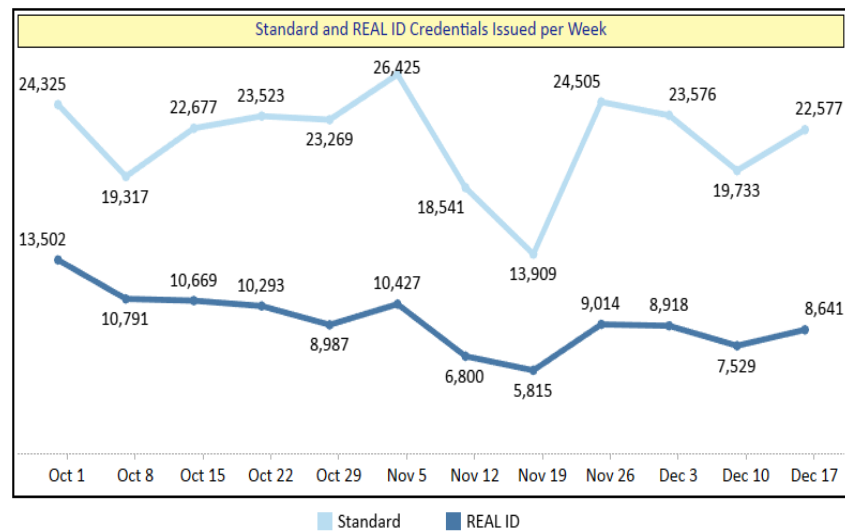
- Added ten cameras at eight locations.
- Installed more than 450 document scanners throughout the state
- Upgraded bandwidth at 24 CSCs to increase the speed of electronic traffic
- Moved the Dealer Center at Tysons Corner CSC to Arlington Metro CSC to provide space at Tysons office for additional customers

Public Relations

- In spring of 2018, began a public relations campaign designed to prepare Virginians for the upcoming roll-out
- Issued two REAL ID news releases prior to October 1, 2018
- Updated DMV website with REAL ID information to further educate the public on the identification requirements
- Added REAL ID information to driver's license and ID card renewal notices and automated phone messaging
- Placed signage at CSCs to inform customers of transactions that can be conducted online, at a nearby DMV Select office, via our mobile operations or the mail

REAL ID Roll-out - October 1, 2018. Results through December 27th, 2018

Credentials Issued		Percent REAL ID 29.8%	Credential Type			Total Customers (all Transactions)	Wait Time (all Transactions)	Serve Time (all Transactions)	
Standard	REAL ID		Original	Renewal	Replacement	2017	2018	2017	2018
271,298	115,373		Standard 68,669 (59.0%)	Renewal 116,551 (69.1%)	Replacement 86,078 (84.6%)	1,112,920	00:21:08	00:09:49	
			REAL ID 47,729 (41.0%)	52,017 (30.9%)	15,627 (15.4%)	1,146,566	00:34:37	00:10:39	



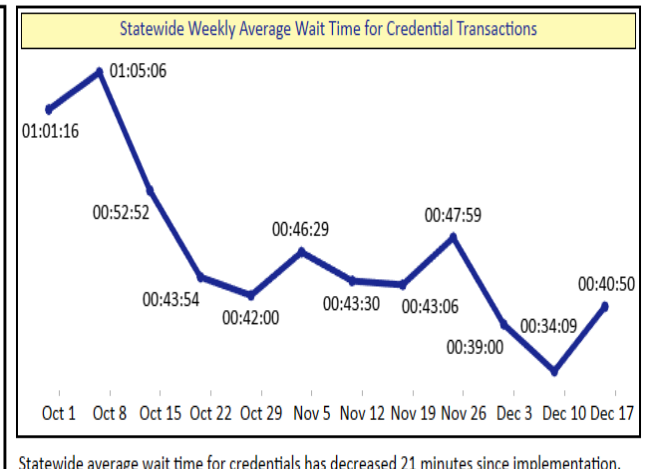
REAL ID Highlights and Issues:

- REAL ID customer volumes during the first quarter indicate that REAL ID positions were appropriately allocated to CSCs throughout the state. Customer projections indicate that additional staff are needed to accommodate expected increasing volumes
- DMV has been experiencing elevated staff turnover levels, hindering efforts to increase staffing to meet REAL ID demand. Efforts to retain staff have become a priority for the agency. Field staff received a small raise, effective 10/25/18, to begin to address recruitment and retention issues
- CSC wait times rose during the first quarter of REAL ID roll-out, although they have been generally dropping from a peak in the first few weeks of implementation
- Three primary factors are affecting wait times:
 1. Increase in customer volumes
 2. Amount of time spent serving customers is substantially higher for customers seeking REAL ID
 3. Staff turnover, especially of seasoned staff, has resulted in overall less experienced workforce, with a substantial portion currently in some stage of training
- DMV Selects have begun to see an increase in vehicle transactions. Volumes increased 11.9% during the first two months of implementation
- REAL ID expenses through 12/22/2018 total \$2.1 million; DMV collected \$1,113,860 in REAL ID surcharges
- On 12/10/2018, Department of Homeland Security certified Virginia as fully compliant with REAL ID

Percent of Credentials REAL ID	
District	% REAL ID
Fairfax North	44.6%
Fairfax South	34.6%
Mobile Operations	31.6%
Staunton	30.9%
Hampton	25.6%
Portsmouth	24.5%
Richmond	23.5%
Roanoke	22.1%
Bristol	17.5%
Statewide %	29.8%

REAL IDs Issued by District	
District	REAL IDs
Fairfax North	30,486
Fairfax South	21,383
Richmond	16,144
Staunton	12,942
Portsmouth	12,460
Roanoke	8,701
Hampton	7,904
Bristol	3,150
Mobile Operations	2,203
Statewide Total	115,373

Top 10 CSCs based on Number of REAL IDs Issued	
CSC	REAL IDs
Fair Oaks CSC	5,402
Fairfax/Westfields CSC	4,869
Leesburg CSC	4,498
Tysons Corner CSC	4,346
Sterling CSC	4,165
Alexandria CSC	3,963
Metro VA Square CSC	3,720
Arlington CSC	3,486
Franconia CSC	3,473
West Henrico CSC	3,218



REAL ID Next Steps

Anticipated Customer Volumes

- Month over month REAL ID customer volume growth rates are expected to rise during summer and fall of 2019 as the REAL ID deadline gets closer and DMV increases promotion of REAL ID
- Customer volumes will likely continue to increase throughout 2020, with peak volumes expected in summer and fall 2020
- While REAL ID volumes may decrease somewhat after October 2020, continued higher customer demand is expected through at least first quarter 2021

Staffing

- Aggressive hiring efforts will continue in early 2019 to be prepared for increasing REAL ID customers in latter half of 2019 and 2020
- Given staff turnover, especially for wage staff, DMV needs to increase reliance on full-time staff rather than predominantly wage staff
- DMV, with the administration's support, has begun filling 71 positions that were allocated to REAL ID in DMV's MEL in 2008 but not filled because REAL ID was not implemented at that time
- Alternative ways of increasing staff resources are being pursued. Examples:
 - Recruited eight recent retirees to return to work part-time; recruitment of retirees continues
 - HQ employees who have transaction processing experience have been offered an opportunity for overtime to work Saturdays in CSCs
 - Increasing recruitment of Virginia-based college students through the PEAK/DMV internship program
- Over the next two years, DMV will closely monitor REAL ID customer demand and strategically schedule mobile visits where most needed

Process Improvements

- DMV will continue to expand remote processing technology. CSCs in urban areas electronically transmit their daily document preparation work to more rural areas (Clintwood and Gate City) allowing more staff time in urban offices for direct customer service
- DMV team is visiting CSCs to identify best practices that can be shared among all CSCs; effort will continue in 2019
- DMV implemented a pilot on November 3, in Christiansburg, Tysons Corner and Woodbridge CSCs to have specialized employees conduct road skills tests for improved staff efficiencies
- "Start Anywhere" transactions will be implemented Feb. 2019 to allow customers to begin their driver's license renewal online prior to their CSC visit, shortening serve time once in the CSC
- DMV will begin offering Google Pay and Apple Pay at CSCs in April 2019, which will shorten customer time to pay on the credit card terminal

Facility Adjustments

- DMV will replace offices in Ft. Lee, Bedford and Manassas by summer 2019
- Office renovations to increase front counter stations will occur by fall 2019 in the following CSCs: Tysons, Woodbridge, Richmond Central, Fairfax/Westfields, Charlottesville and Alexandria
- As a result of renovations and new offices, the number of driver customer service windows will increase by 35
- Active discussions are underway to potentially establish additional DMV Selects

Public Relations

- January 2019** – New brochures will be distributed to CSCs that encourage original driver's license and ID card customers to become REAL ID compliant during their initial visit since they have their required proof documents
- Spring 2019** - Statewide push to encourage customers to visit DMV in 2019 to get REAL ID instead of waiting until 2020 deadline nears
- Public educational opportunities include visiting Virginia airports, meeting with stakeholder groups and holding events with legislators and officials
- Summer-Fall 2020** – A campaign release will be held to remind Virginians of the REAL ID requirements prior to the deadline

I. Introduction

A. Report Purpose

In 2018, the General Assembly passed and the Governor signed the 2018 Appropriation Act, which in part required the Department of Motor Vehicles (DMV) to report quarterly to the Senate Finance and House Appropriations Committees concerning the roll-out of REAL ID in Virginia. As this is the first of such reports, it includes background on REAL ID and Virginia's preparations on REAL ID roll-out.

B. History of REAL ID

Congress enacted the REAL ID Act of 2005 in response to specific recommendations contained in the report of the 9/11 Commission and authorized the Department of Homeland Security (DHS) to establish standards that states and territories must meet for their driver's licenses and identification (ID) cards to be accepted by federal agencies as proof of identification. The purpose of REAL ID is to improve security and identity standards for identity credentials, such that the federal government can have confidence in the identity of the holder of a REAL ID compliant driver's license or identification card. On December 23, 2013, DHS announced a multi-phased REAL ID enforcement plan. According to that plan, DHS will begin full enforcement of REAL ID on October 1, 2020. From that date on, only REAL ID compliant credentials will be acceptable as identification for federal purposes, including boarding a domestic flight and entering certain federal facilities.

C. Virginia's Early REAL ID Efforts

Virginia began working on credential security before Congress passed the REAL ID Act in 2005. In January 2004, the Virginia General Assembly passed legislation creating § 46.2-328.1, which today is known as Virginia's legal presence law. As a result of § 46.2-328.1, new applicants for driver's licenses and ID cards are required to present proof of lawful presence in the U.S. Additionally, any holder whose license has expired or has had their license suspended, revoked, cancelled must also prove legal presence before renewing his or her license. Virginians that maintain valid DMV credentials prior to the passage of this law are exempt from proving legal presence as long as their credentials remain valid, including being renewed on-time. When Congress passed the REAL ID Act in 2005, it required all applicants for a REAL ID credential to present proof of legal presence with the legal presence eligibility language of this requirement copying verbatim the language in Virginia's legal presence law.

Virginia continued to implement REAL ID requirements over the following years. For instance, in June 2009, DMV completed its central issuance project, such that all Virginia driver's licenses

and ID cards are now produced by a central, secure facility in Danville. In November 2010, DMV began requiring all new employees and employees transferring between positions to undergo background checks. By January 2014, all DMV employees had undergone criminal background checks. In December 2016, DMV implemented State-to-State verification for driver's licenses, which allowed DMV to verify driver's license information with participating states. As a result of these efforts, Virginia had implemented many REAL ID requirements by April 2017, when Governor Terry McAuliffe committed to DHS that Virginia would fully implement REAL ID on October 1, 2018, two years prior to DHS' October 1, 2020 deadline. Virginia's implementation allows residents the choice whether to obtain a REAL ID compliant driver's license or ID card.

II. REAL ID Roll-out Preparations

After Governor McAuliffe submitted Virginia's REAL ID letter of commitment to DHS, DMV immediately began work on the final phase of REAL ID implementation to ensure that the first REAL ID compliant credentials could be issued beginning October 1, 2018. This implementation date would give Virginians up to two years to successfully apply for a credential prior to full federal enforcement, if they chose to obtain one. The majority of DMV's efforts involved making changes to policies, processes, and IT systems to enable Virginia's credentials to meet all REAL ID requirements. DMV also focused on preparing staff, facilities, and customers for the impacts from potentially millions of customers conducting the in-person REAL ID transaction between October 1, 2018 and October 1, 2020.

A. REAL ID Roll-out Preparations: 2017-Early 2018

In preparing for REAL ID, DMV staff estimated the volume of customers that might apply for a REAL ID credential and where those customers might conduct their transactions. Based on other states' experiences and the fact that many Virginians need access to federal facilities in order to live and conduct business in the Commonwealth, DMV estimated approximately 40% of DMV credential customers, or 2.6 million Virginians, would apply for a REAL ID compliant credential. About a third or more of these customers would be able to obtain a REAL ID credential at DMV during their regularly scheduled license renewal. However, the remainder would need to conduct a REAL ID transaction outside of their normal renewal cycle, which is a significant increase in customer traffic over the two-year period leading up to enforcement.

To adequately prepare for these additional customers, DMV made the strategic decision to implement as many REAL ID requirements as possible prior to October 1, 2018, while also preparing a budget and staffing proposal for the Governor and the General Assembly to consider during the 2018 General Assembly session.

DMV made two important credential application process changes during the Fall of 2017. First, DMV updated its proof document requirements for all credentials to comply with REAL ID regulations. Second, DMV began collecting social security numbers (SSNs) for ID cards, also in compliance with REAL ID regulations. By making these changes in late 2017, DMV gave staff and customers nine months before REAL ID roll-out to become aware of and used to the new documentation requirements.

In April 2018, DMV successfully implemented the State-to-State verification system for ID cards, which allows DMV to verify ID card status with participating states. This was the final step to full participation with the State-to-State verification program, which DHS stressed to states was an essential REAL ID requirement for certification. DMV also began preparing its networking and information systems to interface with two additional verification systems: the U.S. Passport Verification System, to enable verification of U.S. passports; and the U.S. Social Security Administration's electronic verification system, to verify SSNs of ID card applicants and to re-verify SSNs on all renewals of driver's licenses and ID cards.

Further, DMV designed a new scanning application that would enable DMV staff to scan and securely store customers' proof documents as required by federal REAL ID regulations. The new application automated portions of a previously manual exceptions process, minimizing re-work by eliminating the need to re-scan documents or re-key customer information. The scanning application was also seamlessly integrated into DMV's core transaction processing system to streamline the transaction process for DMV's customer service representatives (CSRs).

And finally, DMV began a public relations campaign in Spring 2018 designed to prepare Virginians for the upcoming roll-out of REAL ID, the dates and deadlines associated with REAL ID, and the documents needed for a successful visit to DMV. To inform the public, DMV issued several news releases, shared regular messages on its social media channels, created a REAL ID-specific webpage, publications and a REAL ID video, and directed customers to REAL ID information via credential renewal communications. In addition, the Commissioner gave presentations on REAL ID to several organizations, including to the Virginia Military Advisory Council and at the 44th Annual Virginia Aviation Conference.

B. REAL ID Preparations: Summer and Fall 2018

Because some of the actions necessary to prepare for REAL ID would require substantial expenditures, DMV needed to ensure an adequate funding source for REAL ID. Therefore, DMV submitted a request for a \$20.7 million line of credit to provide an advance of the funding necessary to implement REAL ID, with a one-time \$10 surcharge on compliant credentials as the repayment mechanism. The agency also requested an increase in the agency's Maximum Employment Level (MEL) of 71 temporary full-time positions, which would be supplemented

with wage staff, to handle the influx of REAL ID customers. In order to implement REAL ID, the General Assembly approved a \$10.5 million line of credit, along with 42 additional full-time positions. On June 1, 2018, Governor Northam signed the 2018 Appropriation Act that also included a \$5 title fee increase to address DMV's underlying budget concerns. DMV's main fees, which had not been keeping pace with inflation, were being eroded by inflation and cost increases such as salaries and benefits, retirement costs, health insurance, and information technology bills. Unless DMV received a fee increase or made significant reductions in customer service levels, the agency was forecasting a negative cash balance as soon as FY2022.

When DMV requested the line of credit, the agency anticipated that it may be ending FY2018 with a low cash balance in the DMV Special Fund. The low balance was estimated to grow worse in subsequent years due to cost increases and DMV had no guarantee of a 2018 legislative increase in any of its fees. DMV feared that the agency would not have sufficient funding to make the advance expenditures that were required in order to be prepared to issue REAL ID credentials on October 1, 2018 before the surcharge revenue would be collected. Two events have since increased DMV's cash reserves, and DMV is now facing a different cash flow picture than originally envisioned:

- DMV was able to reduce operating and capital expenditures and build up its cash reserves, and
- DMV also received a \$5 increase in the title fee which began on July 1, 2018, providing an estimated \$13 million in new annual funding.

The need to receive a loan for REAL ID expenditures was no longer necessary to begin issuing REAL ID credentials. With the additional cash flow, DMV loaned itself money by borrowing from its special fund balances. The borrowed funding will be repaid by the \$10 surcharge before the funding is required to meet DMV Special Fund expenses beginning in FY2022.

With an improved fiscal outlook, DMV prepared for REAL ID by:

- Increasing bandwidth at 24 customer service centers (CSCs) to address expected increases in electronic traffic between CSCs and headquarters from the federal requirement to scan and retain customer proof documents;
- Installing more than 450 document scanners at service windows that conduct driver and ID transactions to handle the increased volume of scanning required for REAL ID transactions;
- Adding ten cameras at eight locations to allow for processing more licenses and IDs; and
- Moving the Dealer Center that was in the Tysons Corner CSC to the Arlington Metro CSC to allow more space for the expected REAL ID customer volumes coming to the Tysons Corner office.

In addition, following the Governor signing the 2018 Appropriations Act on June 1, 2018, DMV began the process of hiring 42 full-time and 57 part-time employees to assist with REAL ID roll-out. Almost all of these positions were allocated for customer service, specifically as classified and wage CSRs in the CSCs.

Hiring and preparing CSRs to serve customers at customer service centers is a several months-long process. A fully trained CSR is capable of processing transactions associated with a wide range of DMV transactions, including: driver and vehicle transcripts; disabled parking placards; original, substitute, and replacement titles; vehicle registrations; customer/vehicle stops; overload permits; child and adult identification cards; learner's permits and driver's licenses; motorcycle permits and class upgrades; commercial learner's permits and commercial driver's licenses; among other transactions. Additionally, CSRs perform non-front counter duties on a rotating basis, including: staffing the Information Desk, conducting road tests, conducting quality reviews, and reviewing inventory.

In an ideal situation, a new hire can be completely trained on all CSR front counter transactions in ten consecutive weeks. During those ten weeks, the new hire will alternate between attending training classes, working on the front counter with direct supervision by experienced staff, and shadowing experienced staff as they conduct more advanced transactions. However, new hires often cannot complete their training within ten consecutive weeks. Instead, the training is delayed by holidays, sick days, system issues, bad weather closings, available training classes, and other staffing issues.

Due to the relatively compressed timeframe between when DMV was authorized to hire REAL ID positions and REAL ID roll-out, DMV new hires were generally trained in less advanced transactions, such as vehicle registration, and then began staffing front counters, which allowed DMV to shift more experienced staff to the more complicated REAL ID transactions. The new hires' additional training is being spread out over a longer time period.

DMV allocated the bulk of new staff in offices serving Northern Virginia, Tidewater, and the Richmond metro area. Over half of DMV's new hires were allocated to CSCs in Northern Virginia. At the same time, some CSC work that could be conducted remotely was electronically shifted from busy Northern Virginia offices to the Clintwood and Gate City CSCs in Southwest Virginia, with wage staff hired to accommodate the additional work, as needed. DMV plans to expand these efforts to the Lebanon CSC, also located in Southwest Virginia.

C. Submission of REAL ID Certification Package

Virginia's final preparation for REAL ID roll-out was to submit to DHS Virginia's REAL ID compliance certification package. REAL ID regulations state that in order for a state to be deemed REAL ID compliant, the state must have implemented all federal regulations, begun

issuing REAL ID credentials, and have submitted a complete certification package to DHS. Prior to October 1, 2018, Virginia provided DHS with all necessary certification package documents as required by 6 C.F.R. § 37.55, including:

- a certification from Governor Northam as to Virginia's compliance;
- a letter from Attorney General Mark Herring confirming Virginia's legal authority to impose requirements necessary to implement REAL ID;
- a description of Virginia DMV's exceptions process under § 637.11(h) and Virginia's waiver processes under § 37.45(b)(1)(v); and
- Virginia DMV's Security Plan under § 37.41.

On October 1, 2018, DMV Commissioner Richard Holcomb informed DHS that Virginia had begun issuing REAL ID compliant credentials, and thus had fully implemented all requirements to obtain REAL ID certification.

DHS reviewed all aspects of Virginia's certification package and on December 10, 2018 confirmed Virginia as REAL ID compliant. This designation officially declares that Virginians will be able to use their REAL ID compliant credentials issued by DMV when federal enforcement begins on October 1, 2020.

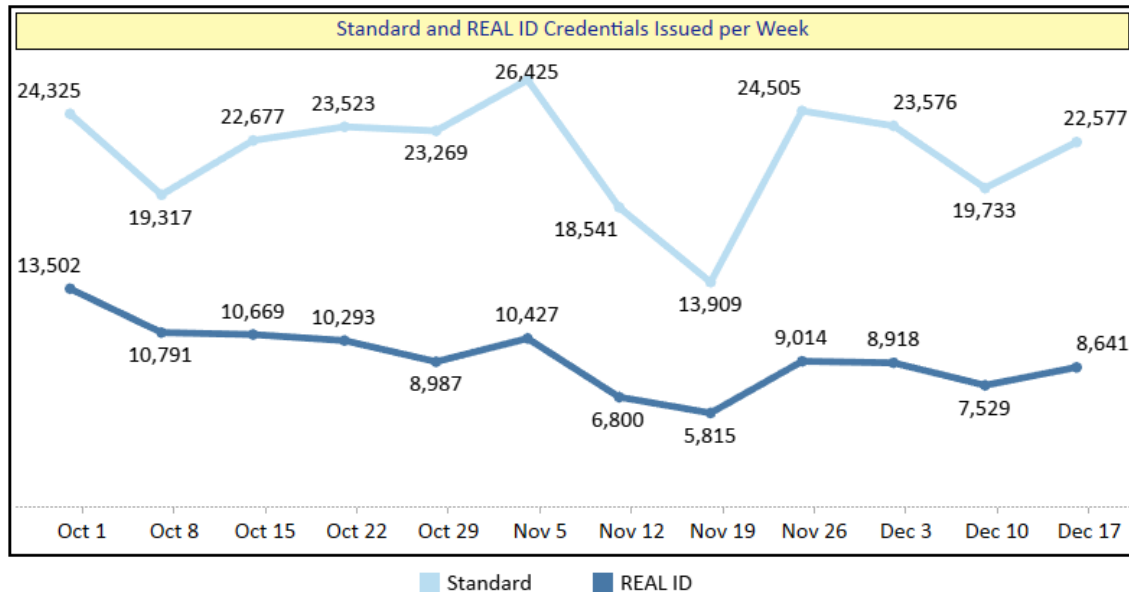
III. REAL ID Roll-Out

Due to the extensive preparations made by DMV, the General Assembly, and the Administration, Virginia has successfully begun issuing REAL ID credentials. Though only three months into an initiative that will stretch over a 24-month period and into calendar year 2021, DMV is able to report on customer volumes, wait times, and expenditures and revenue.

A. Volume of REAL ID Credentials Issued

Virginians in all parts of the Commonwealth have successfully applied for REAL ID compliant credentials in a volume roughly equivalent to that predicted by DMV. In the first week of issuance, CSCs processed 13,502 REAL ID compliant credentials, equaling 35.7% of total credentials issued that week. Demand has decreased some since then, with DMV issuing a total of 115,373 REAL ID compliant credentials from October 1-December 27, representing approximately 30% of the total number of credentials issued by CSCs during that period. If the volume of driver's license and ID card transactions processed through the internet and mail were included, the proportion of REAL ID credentials is 23%. Chart 1 displays the weekly REAL ID credential volumes throughout the first quarter.

Chart 1: Virginia DMV Credentials Issued Per Week: October 1st-December 17th 2018



As previously noted, DMV estimated that by October 2020, 40% of credential customers will have obtained a REAL ID credential. Based on typical customer behavior DMV expects the proportion of REAL ID credentials issued to start lower and gradually increase, with substantial increases as the federal enforcement deadline nears in 2020. Table 1 shows the number of REAL ID credentials issued and the percentage of credential customers obtaining REAL IDs across the state, which fell roughly along the lines of DMV’s pre-roll-out estimations.

Table 1: Overview of REAL ID Credentials Issued By DMV District

Percent of Credentials REAL ID		REAL IDs Issued by District	
District	% REAL ID	District	REAL IDs
Fairfax North	44.6%	Fairfax North	30,486
Fairfax South	34.6%	Fairfax South	21,383
Mobile Operations	31.6%	Richmond	16,144
Staunton	30.9%	Staunton	12,942
Hampton	25.6%	Portsmouth	12,460
Portsmouth	24.5%	Roanoke	8,701
Richmond	23.5%	Hampton	7,904
Roanoke	22.1%	Bristol	3,150
Bristol	17.5%	Mobile Operations	2,203
Statewide %	29.8%	Statewide Total	115,373

Note: A map of the Commonwealth showing where DMV’s districts are located is included in Appendix A.

As expected, Northern Virginia customers have been most interested in REAL ID compliant credentials. Table 2 shows the individual CSCs issuing the most REAL IDs during the first quarter, and nine of the top ten offices are in Northern Virginia. In addition to the CSCs in Northern Virginia, other CSCs that have issued sizable volumes of REAL ID credentials include West Henrico, Charlottesville, Chesterfield, and Roanoke CSCs. Appendix B provides the number of REAL IDs issued by each CSC from October 1 to December 27.

Table 2: Top 10 CSCs: Volume of REAL ID Credentials

Top 10 CSCs based on Number of REAL IDs Issued	
CSC	REAL IDs
Fair Oaks CSC	5,402
Fairfax/Westfields CSC	4,869
Leesburg CSC	4,498
Tysons Corner CSC	4,346
Sterling CSC	4,165
Alexandria CSC	3,963
Metro VA Square CSC	3,720
Arlington CSC	3,486
Franconia CSC	3,473
West Henrico CSC	3,218

B. Customer Wait Times

Wait times rose during the first quarter of REAL ID roll-out, although they have been generally dropping from a peak in the first few weeks of implementation. Overall, the statewide average wait time across the first quarter was 34 minutes and 37 seconds, compared to last year’s same quarter wait time of 21 minutes and 8 seconds. The week prior to REAL ID roll-out, wait times for all transactions statewide averaged just under 25 minutes, in keeping with the five-year average wait time of 25 minutes 17 seconds. For the first week of REAL ID issuance, October 1–6, the statewide wait time increased to an average of 46 minutes 32 seconds across all transactions, with particularly elevated wait times in Northern Virginia. By the last full week of issuance in the quarter, December 17 – 21, the statewide average wait time for all transactions dropped to 30 minutes 25 seconds. Chart 2 shows the weekly average wait times for the first quarter of implementation.

Chart 2: Statewide Weekly Average Wait Time: October 1st – December 17th 2018

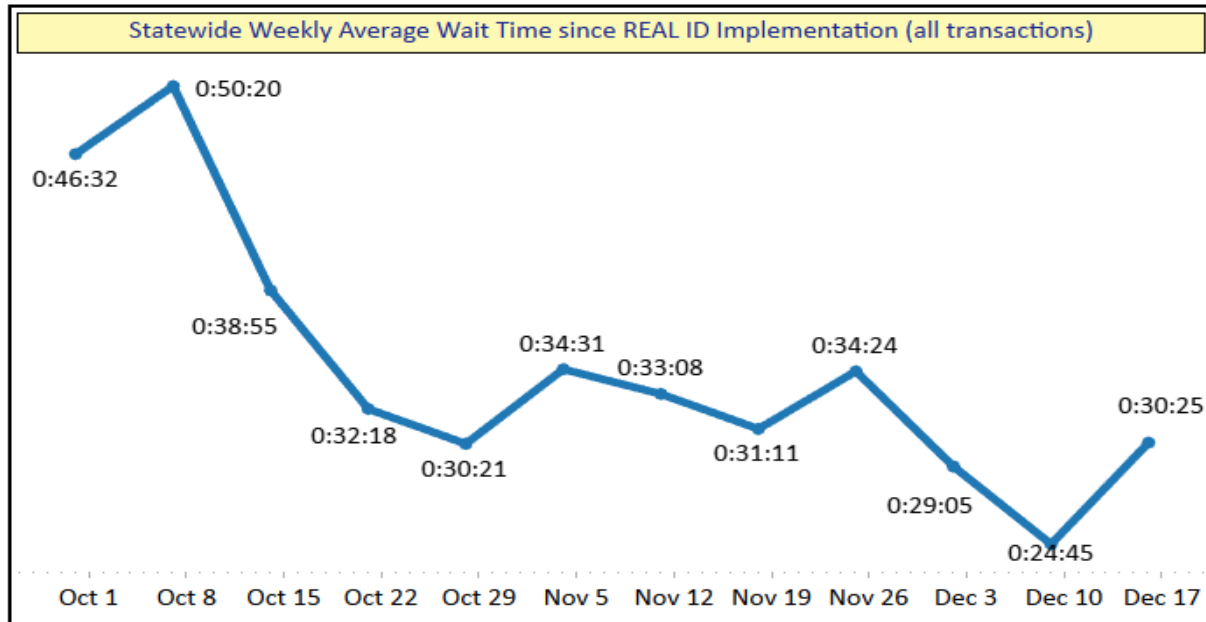
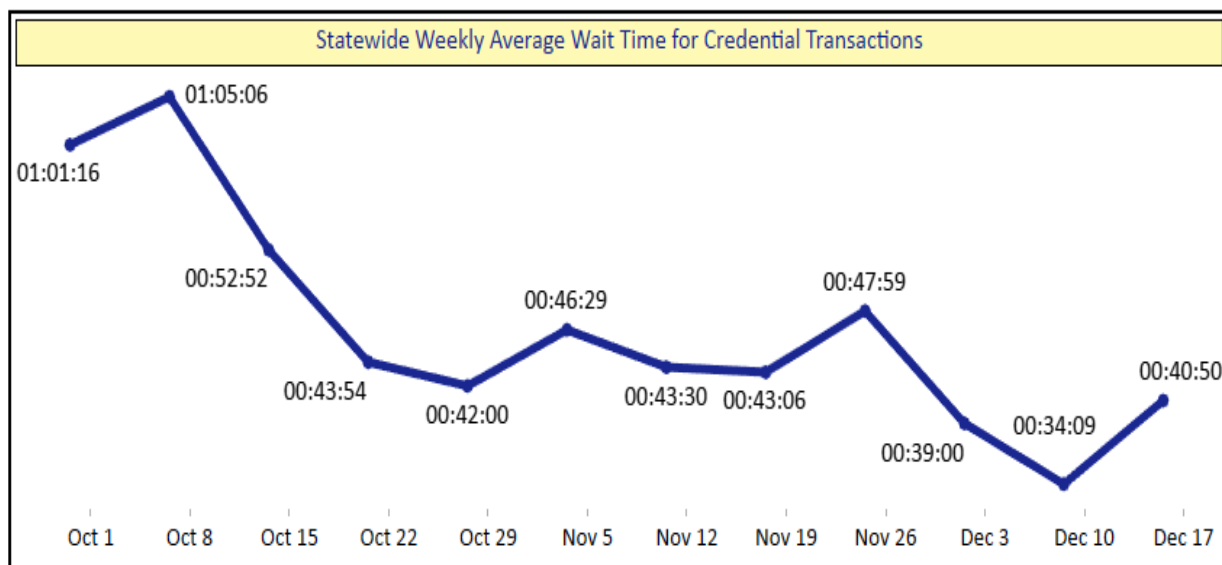


Chart 3 shows the statewide weekly average wait times specifically for credential transactions. Weekly average wait times for credentials have declined by more than 21 minutes since initial roll-out. Despite this positive trend, wait times are still somewhat elevated at CSCs that issue proportionally more REAL ID credentials.

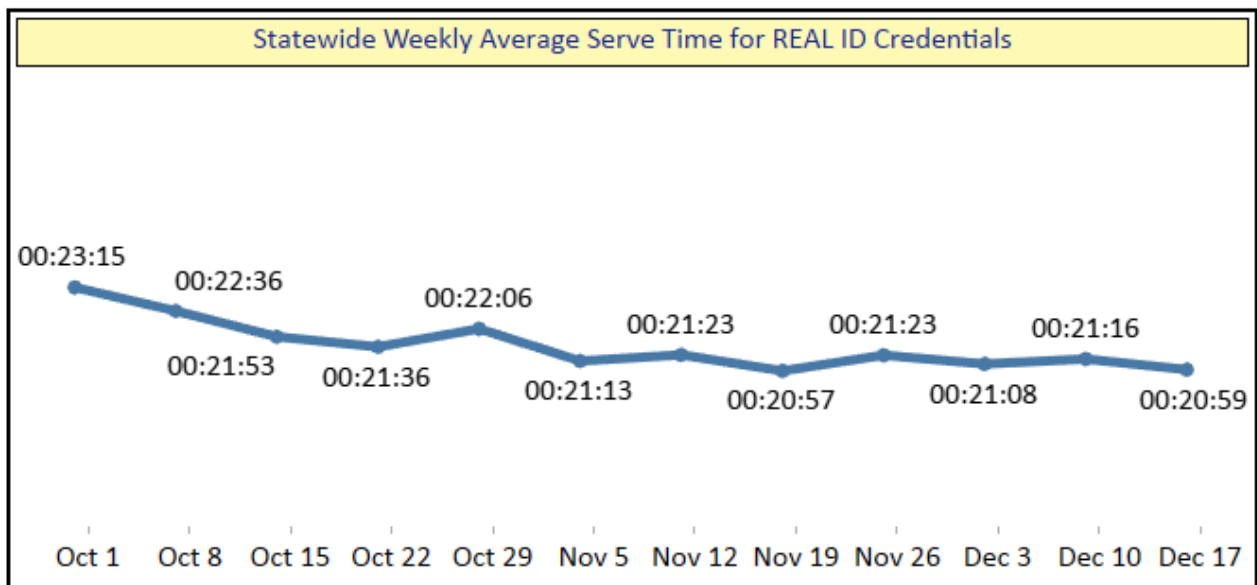
Chart 3: Weekly Average Credential Transaction Wait Time: October 1st – December 17th 2018



Three primary factors affected wait times. First, there was an increase in customer volume compared to the same time last year. To illustrate, during October 2017, DMV served 416,042 customers, while in October 2018, DMV served 439,046 customers, an approximate 6% increase. Customer volumes in November 2018 were lower than in October, but still 2% more than November a year ago.

Second, the amount of time spent serving customers, referred to as “serve time,” is substantially higher for customers seeking a REAL ID credential than for a standard credential. Much of the added serve time stems from staff helping to educate customers about REAL ID and why they may want to obtain a compliant credential. In addition, this transaction requires staff to scan customers’ proof documents and includes added verification checks which further add to serve time. When initially rolled out, the average serve time for REAL ID transactions took 7-14 minutes longer than standard credential transactions. While REAL ID transactions will always take longer than standard credential transactions due to the added requirements, DMV staff’s increasing familiarity with the new transaction and scanning process has steadily reduced the gap. By the end of the quarter, weekly average serve times for REAL ID credentials declined by more than two minutes (Chart 4). As with any new service, it takes time for field staff to get acclimated to issuing a new credential type. DMV expects serve times to further decrease and normalize over time.

Chart 4: Weekly Average Serve Time for REAL ID Transactions: October 1st – December 17th 2018



The third primary factor affecting wait times pertains to staffing levels and experience. While DMV hired additional staff to help serve customers, DMV's training is extensive and it requires many months to become proficient with the range of transactions DMV provides. Also, as will be discussed in more depth later in the report, due to substantial CSC staff turnover, DMV is faced with an overall less experienced workforce. Newer staff tend to be slower to process transactions and also take time away from experienced staff because they often require assistance. Lower levels of experience typically translate into higher serve times, and subsequently longer wait times.

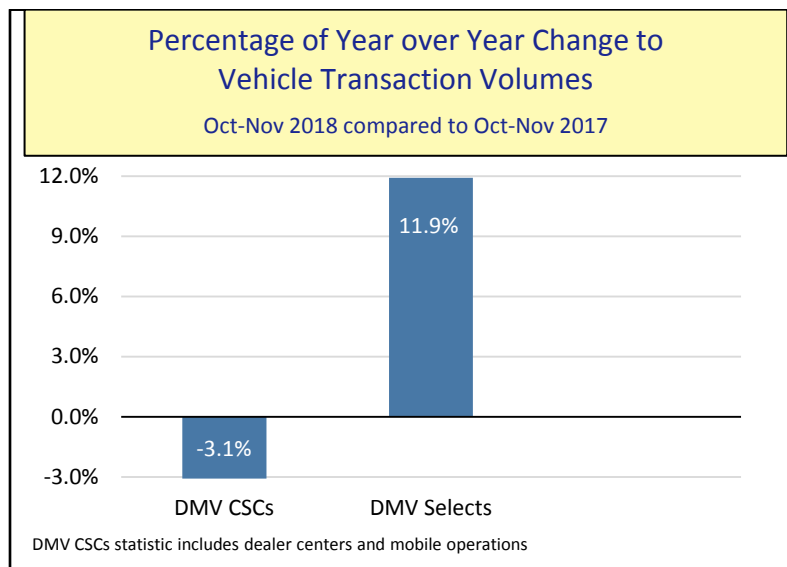
C. Expenditures and Revenue

With the roll-out of REAL ID, DMV began collecting the \$10 REAL ID surcharge on all REAL ID transactions to offset the additional REAL ID expenses. As was stated previously, DMV used its own funds to pay for the \$1,100,399 spent on REAL ID start-up costs. As such, DMV is able to space out repayment of these funds to its reserves over the two-year REAL ID implementation period. This repayment will occur long before DMV will need to begin to draw on its reserves starting in FY2023. The REAL ID revenue also offsets ongoing expenses related to staff costs, verification and processing costs, as well as ongoing connectivity charges.

Beginning October 1 through December 22, 2018, DMV had collected \$1,113,860 in REAL ID surcharges and incurred \$998,276 in REAL ID related operating expenses.

During REAL ID roll-out, DMV is promoting the use of DMV Select offices as a means of decreasing customer traffic in CSCs. DMV Selects offer customers additional locations to complete their vehicle transactions and a limited number of driver transactions, such as address changes. DMV Selects are usually operated by local government offices, and in a few cases private entities. DMV pays Selects a percentage of the revenues collected by the Selects. As can be seen in Chart 5, DMV Selects have already seen an increase of 11.9% in their transaction volume during the first two months since REAL ID implementation, and thus, DMV payments to Selects will increase accordingly.

Chart 5: Changes in Vehicle Transaction Volumes: 2017 to 2018 Comparison



IV. Ongoing Management of REAL ID Roll-out

With the technical requirements of REAL ID successfully accomplished as of October 1, DMV moved into the next phase of actively managing and monitoring the ongoing REAL ID roll-out. This report section outlines key steps planned as part of DMV's roll-out, as well as steps taken or identified as needed in response to issues that have arisen since the roll-out began. DMV has divided its actions into five areas – facilities, mobile operation, processes, public relations/communications, and staffing.

A. Facilities

Due to the longer lead-time necessary to make many facility improvements and the uncertain financial situation in early 2018, DMV was generally only able to ensure the minimum federal requirements for facilities were met prior to the October 1 implementation. However, to be able to adequately meet expected REAL ID customer demand in the coming two years, DMV needs to make physical improvements to some of its CSCs.

During the first quarter of the REAL ID roll-out, DMV began undertaking additional facility enhancements that will serve to streamline processes and increase office throughput capacity. Specifically, DMV renovated the Tyson Corner CSC in December 2018 to increase work stations and streamline processing. DMV added three additional customer service windows and added seven cameras to existing windows. It also placed shared printers between front counter stations to eliminate the time CSRs spend walking to the back counters to pick up printed documents.

DMV has scheduled the following facility improvements in 2019:

- New replacement offices:
 - Ft. Lee (February 2019) – 1 additional window
 - Bedford (May 2019) – 5 additional driver windows
 - Manassas (June 2019) – 10 additional driver windows and a new staff training center

- Office renovations to increase front counter stations and streamline processing:
 - Woodbridge CSC (February 2019) – 5 additional driver windows
 - Richmond Central CSC (April 2019) – 2 additional driver windows
 - Fairfax Westfields CSC (May 2019) – 5 additional driver windows
 - Charlottesville CSC (September 2019) – anticipate 3 additional driver windows
 - Alexandria CSC (October 2019) – anticipate 4 additional driver windows

During some renovations, DMV must temporarily close the offices. When this occurs, DMV front-counter staff are temporarily re-assigned to other nearby offices in order to assist with the influx of customers that would usually visit the closed office.

Finally, DMV is exploring the establishment of additional DMV Selects in areas with particularly high customer volumes and wait times.

B. DMV Mobile Operation

DMV has successfully operated two types of mobile customer service operations during the past several years: four *DMV2Go* mobile units (customer service centers “on wheels”) and five DMV Connect teams (DMV services “in a suitcase”). DMV Connect teams are particularly cost-effective and valuable in serving locations that do not have the space required for an external mobile unit. Recognizing that some of DMV’s CSCs will be challenged to physically handle the expected volume of REAL ID customers, particularly as 2020 approaches, DMV expanded its DMV Connect program to help address REAL ID customer volumes.

After procuring the equipment and hiring the staff, two new DMV Connect teams were placed in service in November 2018. One of the teams is based in Harrisonburg and will cover an area reaching up into the far western portion of Northern Virginia and down to Charlottesville. The other team is based in Fredericksburg and will cover the fast growing jurisdictions north of Fredericksburg up to the southern portion of Northern Virginia.

DMV’s mobile operation conducted approximately 1,100 site visits in 2018, and with the two new Connect teams, is on target to exceed 1,900 visits in 2019. Both DMV Connects and *DMV2Go* units visit a wide range of locations such as libraries, businesses, government centers, nursing homes, military installations, universities, and correctional facilities. The initial 2019

schedule of visits has already been posted on DMV's website at: <https://www.dmv.virginia.gov/general/#csc/mcsalendar.asp>. Some of the scheduled 2019 visits include the following locations:

- Fort Eustis; Gerber; James Madison University; McGuire VA Medical Center; Fairfax Government Center; Salem Farmers' Market; Tysons Food; Virginia Tech; and the Wilson Workforce and Rehabilitation Center.

In addition, a *DMV2Go* unit will be at the General Assembly during the week of February 4, 2019 to serve the public.

DMV's mobile operation provides valuable flexibility to the agency to address spikes in customer volumes in specific areas of the state and ease the load on CSCs. Throughout the next two years, DMV will closely monitor REAL ID customer demand and CSC capacity and strategically schedule mobile operation visits where most needed.

C. Public Relations – Communications about REAL ID

DMV has a multi-prong REAL ID communications plan, and intends to regulate customer volume through the use of several public relations channels. With the initial surge of REAL ID customers along with corresponding high wait times during the first couple of weeks of implementation, DMV eased its promotional communications for REAL ID. In addition, signs were placed in offices throughout the state to promote other means by which to conduct popular (non-REAL ID) DMV transactions. These means include DMV Select offices, the mail, DMV's mobile operation, and DMV's website.

As DMV continues to hire additional staff and existing staff continue to get more comfortable with the new transaction process, DMV anticipates building additional capacity for more REAL ID customers. February and March are typically two of the busiest months of the year at DMV and, as such, the next major public relations campaign in the REAL ID series is scheduled to begin in April, with the hope of directing customers to DMV in the historically less busy months of late spring and early summer. The campaign will close well in advance of late summer months, when customer volumes typically increase, and will resume in early fall when traffic starts to recede. With the next customer messaging campaign, customers will be encouraged to visit DMV in 2019 to obtain a REAL ID to avoid the rush of customers who are expected to visit DMV closer to the federal enforcement deadline of October 2020.

As previously mentioned, DMV has developed REAL ID informational publications to help educate customers about REAL ID. CSCs have been instructed to provide REAL ID brochures to their customers at the Information Desk. Despite the overall easing of REAL ID promotions, the

one sub-group of customers which DMV is currently working to better target is customers who are visiting CSCs for an original driver's license or ID card. By definition, these customers have all the proof documents they need to obtain a REAL ID compliant credential during their visit, but currently, only about 41% have chosen to get a REAL ID. DMV is developing a brochure specifically encouraging these customers to save themselves a later trip to the DMV and obtain a REAL ID during their initial visit. These new brochures will be distributed to CSCs for use by January 2019.

In addition, DMV is working with several Virginia airports on a coordinated education effort for the flying public. As an initial step the Richmond International Airport began distributing DMV's REAL ID informational brochure to airport customers as they leave airport parking, beginning in late December during the busy holiday travel season.

D. Processes

DMV has a long-standing practice of analyzing ways to streamline and otherwise improve processes to make better use of its limited resources, and this is a particularly critical approach to take with REAL ID. Toward that end, below are a number of process-related enhancements underway.

Currently, DMV is expanding its remote processing capability whereby CSCs in urban areas electronically transmit their daily document preparation work to offices in more rural areas for processing, allowing more staff time in the urban offices for direct customer service. The following list includes the current status and planned expansions of remote processing work:

- Phase 1.1: Clintwood CSC (02/8/2018) - 5 CSCs served (primarily in Northern Virginia)
- Phase 1.2: Clintwood CSC (09/20/2018) - 4 additional CSCs served (all in Northern Virginia)
- Phase 2.1: Gate City CSC (01/09/2019) - 4 additional CSCs served (all in Northern Virginia)
- Phase 2.2: Gate City CSC (03/01/2019) - 6 additional CSCs served (all outside of Northern Virginia)
- Phase 3.1 Lebanon CSC (TBD)

DMV will also implement a "Start Anywhere" driver's license renewal transaction beginning February 2019. This new transaction will allow customers to begin their transaction online, pre-filling the driver's license application and building their list of required documents to bring to the CSC to renew and obtain a REAL ID compliant driver's license. The process will shorten the serve time for these transactions once at the CSC. Additional "Start Anywhere" transactions (e.g., driver's license replacement/reissue and ID renewal and replacement/reissue) will follow in the near future.

In addition, DMV will be offering two new payment options in the CSCs – Google Pay and Apple Pay – beginning in April 2019. These payment options allow customers to tap their phone to the credit card terminal for quick payment of their DMV transaction. These options process payments quicker than traditional credit card use, in which customers pull out their credit card from a wallet and swipe or insert the card into the credit card terminal. While providing a convenient payment option for customers, it should also shorten the overall serve time.

Once REAL ID was implemented, a headquarters team began conducting field visits at CSCs across the state to identify best practices and lessons learned that could be shared across CSCs. Among its findings, the team has identified opportunities to eliminate redundant verifications that are taking place with certain transactions, Information Desk enhancements that will shorten the serve time once a customer gets to the front counter, and ways to more quickly scan customer proof documents. Some potential enhancements are under further review. As best practices are confirmed, that information is being communicated to the CSC managers to implement in their offices. The headquarters team will continue to visit offices and share best practices across CSCs for at least the next several months. And, they are coordinating efforts with DMV's communications team to evaluate signage and public information displays at CSCs to ensure customers are exposed to ample REAL ID messaging.

Finally, DMV is looking at ways to improve how staff are assigned to conduct road tests. Currently, most CSRs in an office are trained to conduct road tests and are expected to conduct these tests. In November DMV started a pilot at three CSCs (Christiansburg, Tysons Corner, and Woodbridge) in which specialized employees conduct road tests, enabling other staff to remain on the front counter windows serving customers. DMV will continue to monitor the pilot to determine if this alternative approach to road test assignments maximizes CSR time on the front counter and reduces training requirements, and if so, this approach will be expanded beyond the pilot locations.

E. Staffing

At the same time DMV was attempting to hire for and train the new REAL ID positions, the agency was faced with high rates of staff turnover. Table 3 provides data on field staffing levels, new hires, and separations for classified and wage staff for each of the last four years. Since 2016 the agency began experiencing an increase in field separations, particularly with experienced staff. Comparing staffing data from year to year shows the struggle faced by DMV in recruiting and retaining staff. For example, from 2016 to 2017 the agency hired 108 classified field staff but lost 100 staff, and from 2017 to 2018 it hired 145 classified staff but lost 123 staff. In each year, over half of the departures were staff with more than three years of experience. The situation with wage staff is even more problematic, as the table shows. At the time DMV

conducted its REAL ID staffing needs analysis in early 2017, this alarming turnover trend had not yet become apparent.

Table 3: Summary of Changes in Classified and Wage Field Staff

Summary of Changes in Classified Field Staff				
STATEWIDE	CY 2015	CY 2016	CY 2017	YTD 2018
Classified Staff as of Jan. 1	805	816	824	846
New Hires	74	108	145	150
Separations	63	100	123	121
Separations of Staff with 3 or More Years of Service	46	67	71	63

Note: Classified staff as of 12/13/18: 875

Summary of Changes in Wage Field Staff				
STATEWIDE	CY 2015	CY 2016	CY 2017	YTD 2018
Wage Staff as of Jan. 1	227	267	247	254
New Hires	107	90	116	111
Separations	67	110	109	113

Note: Wage staff as of 12/13/18: 252

The high turnover rate is particularly challenging on customer service operations when understood in the context of training. The high turnover rate means that an increasing number of new hires must complete training. As was noted previously, training takes time, and while it is occurring, CSCs are often left shorthanded. As of mid-December 171 new hires were in some stage of training.

DMV intends to continue aggressively hiring additional staff to meet the expected increase in customers that should come from our spring public relations efforts and to address current wait times. However, for this effort to be fruitful the agency needs to reduce its turnover rate. DMV provided a small raise to field staff in an attempt to address one of the recurring themes given during exit interviews with departing field staff. The salary levels for front counter positions were not competitive with those offered for less demanding positions in retail and fast food. While the salary increases will cost \$1.4 million annually, DMV is seeing some early signs of improvement in recruitment and retention.

DMV is also in the final stages of developing a “clear path” strategy for its employees specifically working in the CSCs and call centers. This “path” clearly defines professional

development and advancement opportunities, while encouraging CSRs and call center agents to remain in their field positions as they progress.

Despite these efforts, the turnover data also points to a serious concern with reliance on part-time staff to address increasing REAL ID customer volumes. DMV does not believe that predominantly relying on part-time employees will be a viable solution moving forward. Based on exit interviews with wage staff, DMV Human Resources staff reports that most part-time employees take the position only so long as it takes them to find full-time work, which comes with better pay and benefits. For DMV, this often means either during the ten weeks or more of training, or shortly thereafter, the part-time employee leaves. As a result, many new hires do not work for the DMV long enough to provide much assistance for DMV's understaffed customer service outlets. For purposes of REAL ID, this problem can best be addressed by moving toward greater use of full-time staff.

In addition to recruitment from the general public, DMV is taking some additional creative approaches to meeting the staffing needs in the CSCs. For example, DMV is recruiting recent retirees to return to work part-time. Seasoned employees are being called and offered the opportunity to earn extra income to supplement retirement. To date, eight retirees have agreed to return to DMV part-time. Further, DMV is recruiting additional Virginia-based college students, through the PEAK/DMV internship program, particularly to assist CSCs during busy lunch times and Saturdays. DMV is also utilizing its current staff by soliciting Saturday support from headquarters employees who have transaction processing experience and would be interested in volunteering for overtime work. These staff will be transported to selected busy offices on Saturdays to serve customers. If a pilot effort proves successful, DMV will continue this initiative at strategic points throughout the year.

V. Next Steps

From the submission date of this report, Virginians will have twenty-one months to successfully apply for a REAL ID compliant credential prior to full federal enforcement on October 1, 2020. (Note: Customers will not need to get a REAL ID compliant credential until they plan to fly domestically or enter secure federal facilities, even after the federal enforcement date.) Based on customer volume data from the first quarter of REAL ID issuance and estimates concerning the total population of REAL ID applicants, DMV anticipates significant REAL ID volume increases throughout 2019 with a peak volume expected the summer and early fall of 2020.

Having reviewed DMV's staff and facility needs necessary to efficiently serve DMV's expected customers in 2019 and 2020, it is clear DMV will need to hire additional full-time staff beyond the 42 classified employees the General Assembly provided last session.

In 2008, the General Assembly increased DMV's MEL to allow for hiring 111 full-time staff for REAL ID. Because REAL ID was not implemented at that time, the decision was made not to fill those positions. In the intervening years, 40 of those positions were authorized for use for other needs, including DMV's partnership with the Virginia Department of Transportation to provide full-service E-ZPass services at six of DMV's CSCs (20 positions), opening the Arlington Metro CSC (14 positions), and administration of the Transportation Network Company (TNC) program (six positions). In order to serve customers efficiently as REAL ID roll-out continues, DMV, with the administration's support, has begun filling the remaining 71 positions so that they may be used to meet customer demand for REAL ID credentials. With these positions, DMV is satisfied that the agency will be adequately staffed to handle REAL ID fulfillment through the end of calendar year 2019.

VI. Conclusion

Overall, the first quarter of DMV's REAL ID roll-out has gone well. Wait times increased in the first few weeks of implementation; however, improvements have been made across the state as employees become more familiar with the REAL ID transaction and as headquarters and field staff identify and implement best practices. DMV must continue to work diligently to ensure adequate staff are in place and trained to meet the increasing demand expected in the coming months. The agency will also need to implement the planned improvements identified in this report as well as identify additional enhancements that could be made so that customers are served within the shortest time possible. DMV will report in April 2019 as to customer volume, wait times, and any further efforts DMV has made towards REAL ID roll-out.

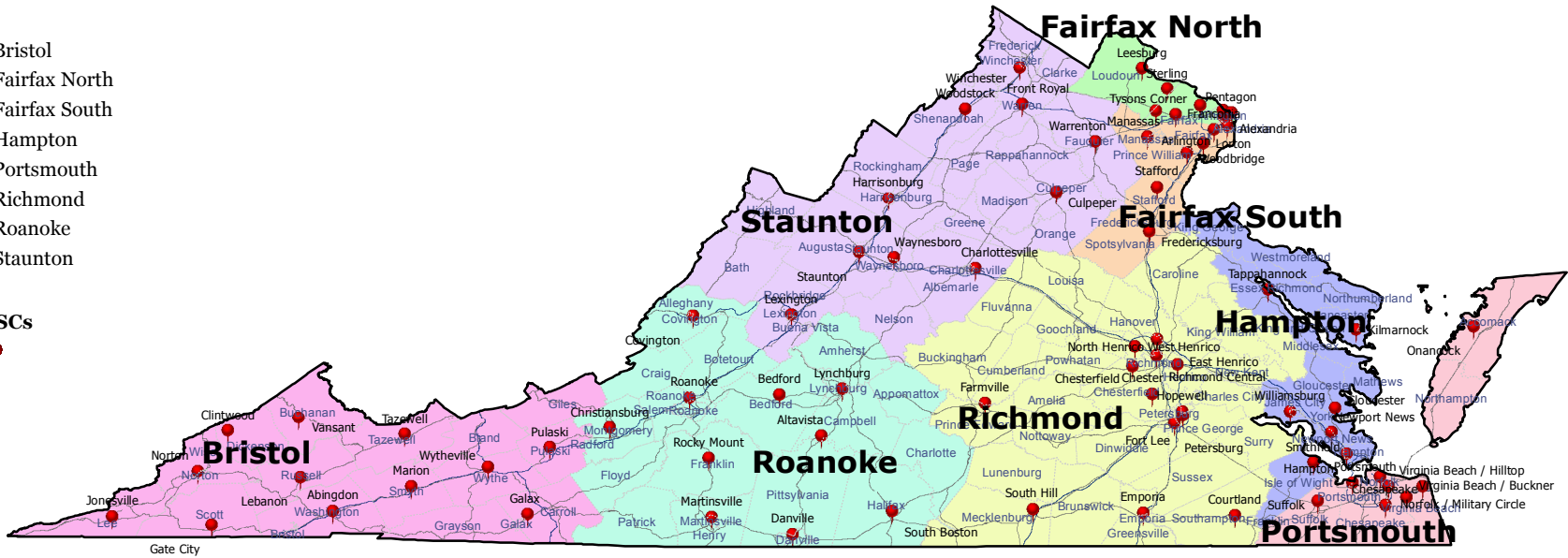
Appendix A

DMV Districts and Locations of Customer Service Centers

DMV Districts

- Bristol
- Fairfax North
- Fairfax South
- Hampton
- Portsmouth
- Richmond
- Roanoke
- Staunton

CSCs



**Appendix B: REAL ID Credentials Issued
by Customer Service Center
October 1, 2018 - December 27, 2018**

Customer Service Center*	REAL ID Credentials Issued	Percent of Credentials Issued that are REAL ID
Fair Oaks CSC	5,402	44%
Fairfax/Westfields CSC	4,869	51%
Leesburg CSC	4,498	50%
Tysons Corner CSC	4,346	40%
Sterling CSC	4,165	44%
Alexandria CSC	3,963	43%
Metro VA Square CSC	3,720	59%
Arlington CSC	3,486	33%
Franconia CSC	3,473	35%
West Henrico CSC	3,218	36%
Charlottesville CSC	2,972	37%
Chesterfield CSC	2,886	28%
Manassas CSC	2,883	33%
Woodbridge CSC	2,850	28%
North Henrico CSC	2,822	29%
Lorton CSC	2,815	36%
Fredericksburg/Spotsylvania CSC	2,671	29%
Roanoke CSC	2,653	25%
Chesapeake CSC	2,549	34%
VA Beach/Buckner CSC	2,399	26%
Warrenton CSC	2,297	44%
VA Beach/Hilltop CSC	2,093	28%
Williamsburg CSC	2,008	41%
Stafford CSC	1,962	35%
Newport News CSC	1,920	25%
Richmond Central HQ	1,761	19%
Harrisonburg CSC	1,719	28%
Chester CSC	1,698	23%
Lynchburg CSC	1,620	24%
Christiansburg CSC	1,523	31%
Winchester CSC	1,490	31%
Portsmouth CSC	1,432	20%

Customer Service Center*	REAL ID Credentials Issued	Percent of Credentials Issued that are REAL ID
Hampton CSC	1,408	17%
Norfolk/Widgeon CSC	1,366	19%
Culpeper CSC	1,263	26%
Norfolk/Military Circle CSC	1,143	17%
Suffolk CSC	1,058	27%
Front Royal CSC	996	29%
Gloucester CSC	975	30%
East Henrico CSC	893	15%
Farmville CSC	797	23%
Pentagon	766	69%
Bedford CSC	730	29%
Waynesboro CSC	705	25%
Abingdon CSC	676	21%
Smithfield CSC	631	27%
Staunton CSC	568	20%
Rocky Mount CSC	542	22%
Hopewell CSC	518	13%
Tappahannock CSC	508	17%
Galax CSC	504	23%
Petersburg CSC	478	11%
Woodstock CSC	477	21%
Lexington CSC	455	29%
Kilmarnock CSC	454	31%
Danville CSC	428	12%
Martinsville CSC	421	12%
Onancock CSC	420	20%
Wytheville CSC	369	22%
Fort Lee CSC	364	47%
Pulaski CSC	344	16%
Courtland CSC	297	18%
South Hill CSC	295	18%
Altavista CSC	277	16%
South Boston CSC	258	13%
Covington CSC	249	18%
Marion CSC	226	21%
Lebanon CSC	214	18%
Gate City CSC	191	20%

Customer Service Center*	REAL ID Credentials Issued	Percent of Credentials Issued that are REAL ID
Norton CSC	183	11%
Tazewell CSC	178	11%
Emporia CSC	117	9%
Clintwood CSC	113	19%
Jonesville CSC	78	10%
Vansant CSC	74	9%

**Sorted by most to least REAL ID credentials issued.*