

Wayne Goodwin, NC DMV Commissioner
Written Statement of Proposed Testimony to the
House Oversight and Reform Committee
11 October 2023

Co-Chairs Johnson and Warren, Members of the Committee, Other Legislators, Legislative Staff, Guests, and Members of the Public:

Good morning.

Thank you for inviting DMV Chief Deputy Commissioner Portia Manley and me to the meeting of this committee.

One of the highlights of my public service career over the last thirty (30) years is my tenure as a member of the North Carolina House of Representatives. Only a few years out of law school in my first term, I valued then, and over the decades, and now the immense work that House members do on behalf of their districts and citizens statewide. I recognize the vital work you do every day - whether in session or not - to address constituent needs and concerns, improve the laws and governance and direction of this great State. The vast majority of the public has no idea about the constant tsunami of materials, facts, opinions, meetings, data, and the analyses you must receive, review, discern, deliberate, and publicly act upon – all while navigating the pressures and demands placed upon you by deadlines and perhaps the competing efforts of your contemporaries as they shoulder those same burdens. Thank you, All, for your service to North Carolina.

Most of my professional career since completing college has been dedicated to public service. Helping people solve problems and finding solutions for challenges facing our State has always been a passion of mine. For that reason, I have worn many hats in the public arena – some of those roles being in the legislature, later on the Council of State, and now within a division of a Cabinet agency.

In January 2022, based upon my past service and germane experiences in State government, I began serving as Commissioner of the Division of Motor Vehicles, what we all know as the DMV. As you know, prior to both the COVID-19 pandemic and to my service in this position, state leaders decided to move DMV headquarters - its primary state office - from Raleigh to Rocky Mount. I directly reported to then-DOT Secretary Eric Boyette, an inspiring leader and dedicated public servant who had previously served as DMV Commissioner and Secretary of DIT.

Working with senior executive leadership, very soon on the job in January 2023 I helped develop our DMV mission and goals for my tenure. Desiring greatly to tackle head-on long-standing agency challenges that were exacerbated by the pandemic and labor force dynamics, our goals became these:

- (1) Shorten wait times
- (2) Shorten lines
- (3) Modernize our technology internally and for customers externally
- (4) Fill DMV Examiner vacancies
- (5) Protect customers from identity fraud and investigate fraud/theft regarding IDs
- (6) Provide more online service options for customers
- (7) Improve customer service overall for individuals and businesses

I have reported on those goals on multiple occasions, including, to the best of my memory, to a meeting earlier this year of the Joint Appropriations Committee on Transportation and in other correspondence and discussions.

As much as possible, the micro and macro decisions and work of DMV management and rank-and-file DMV colleagues have been to include one or more of those seven (7) goals.

Without getting into the weeds on them, DMV's renewed, revised focus resulted in our observing successes in each of those categories – while still recognizing there remains much more work to do to build on that momentum to better meet our goals. Ultimately, when you get down to it, our DMV during this administration is about improving the customer experience with the limited resources available. I'll be happy to answer any questions about DMV goals and what I have observed.

Today, though, Co-chairs Johnson and Warren invited me to explain two topics:

- (1) North Carolina's driver license renewal policy, and**
- (2) the recently awarded contract to CBN Secure Technologies.**

I greatly anticipate there will be some overlap with comments provided by DMV Chief Deputy Commissioner Manley, a long-serving DMV leader with decades of institutional knowledge.

First, I will discuss North Carolina's driver license renewal policy.

Incorporating by reference the relevant portions of Chapter 20 of our North Carolina General Statutes and not knowing how detailed you wish for me to be, here is an executive summary of

our state's driver license renewal policy to the best of my knowledge and memory, condensed from the early 1980s to the present:

For many years – including when I first obtained my own driver license in the early 1980s - persons eligible for and receiving their drivers license were required to return every four years. During that renewal visit, you had to appear in-person. There was no choice because there was no Internet and, thus, no online opportunities. Further, you physically received your renewed license that same day – literally hot off the press after it was laminated. Those cards *no longer meet industry standards* using many metrics.

Eventually the legislature extended the time period for renewals by another year and then extended it to where it is now: generally, eight (8) years before renewal.

Further, and instead of each Driver License Office printing laminated licenses for customers and handing them to customers before they left the Driver License Office, North Carolina moved to a Central Issuance system. In other words, after getting one's license or renewal the customer receives a paper Temporary Driving Certificate (TDC) and then awaits receipt of the official plastic credential via the U.S. Mail from one vendor in one location somewhere in the country. I'm not sure how long it took in the earlier days, but now I believe we advise customers it may take 7-10 business days to receive their renewal from the credential provider. If the mail is going cross-country, then we have learned it may take longer these days. (One must also consider that between the time a customer applies for a license or ID, or a renewal, there is work performed by the DMV team to prevent fraud, etc.)

Eventually, state leaders determined that for public safety there should be a smaller renewal window for persons over a certain age. More specifically, customers between 18 and 65 would have renewals at eight years, while customers over age 65 would have renewals every five years.

With the development of the Internet and the ability to pay renewal fees online, eligible DMV customers were able to renew their licenses online through a web portal, now MyNC DMV.gov. However, because of federal and state laws, customers seeking a renewal had to alternate each visit between in-person and online. Those laws state that the picture - the image - of the customer could not be any older than 16 years.

What that meant for customers is this: In most circumstances a DMV customer only had to *physically* be in a DMV Driver License Office once every 16 years. And if someone is over 65 years old, then they only physically have to appear in a DMV office once every 10 years.

That message is one I began sharing with customers on social media and everywhere I could in early 2023 because many folks thought that they had to visit the DMV every time in person. It is

certainly less daunting when one realizes that they do not have to physically appear in the office for such an extended period.

As of now, DMV offers more than 22 online services so customers do not need to come in-person to a DMV office. Those online services *include*:

Renew Driver License/ID card
Renew Vehicle Registration & Pay Property Taxes
Change Address
Signup for Email Notifications
Order Duplicate License/ID/Registration Cards
Order Driving Records
Order Personalized Plates
Pay Insurance Lapse Penalties
Renew Commercial Carrier Registration

Even if a customer does not own a smartphone or a computer, customers can obtain those services online on a smartphone or computer of a friend, or at school, or the local library, or at work. Recent surveys indicate that over 85% of the American public owns a smartphone.

Notwithstanding, I have discovered a frustrating phenomenon during my Undercover Boss travels to Driver License Offices: Many customers eligible for online license renewal and other services are still appearing in-person and yet have their smartphones with them. On multiple occasions I have talked with a customer in line and asked if they knew about whether they were eligible for online services. To their surprise, while waiting in line we went online and they completed their service with their smartphone and then they left.

Perhaps more frustrating, though, are the instances where someone knows they're eligible for online services but won't pay the \$3 convenience fee but will go wait in line instead. For example, I learned of one instance where a fellow told a member of the news media he had been in line on several different days because he did not want to pay the \$3 convenience fee.

Meantime, in discussing our driver's license renewal policy it is necessary to address appointments and walk-in customers. These are two distinct categories of service.

With the advent of online services, DMV began providing the opportunity for customers to schedule appointments for whatever DMV services they need. They can choose a location, day, and time block that best suits them – subject to availability.

Speaking of availability and why DMV spends a great deal of time advocating for more customers to use online services is the mathematics of it all:

Out of 10+ Million NC residents there are approximately 7.4 Million NC residents with a driver license or state ID. When one estimates the maximum possible number of in-person service opportunities assuming quarter-hour service with our 538 license examiners per year and then diffusing those drivers over the span of either an 8- or 5-year credential, there are not enough time blocks mathematically available – which is complicated by factors persons seeking multiple services, road tests, and examiners out sick or on leave or vacation. In other words, there is good reason why we highly promote online service renewals and for other DMV needs.

Meanwhile, from my observations it appears that a significant segment of the DMV customer base has mistakenly come to believe that they could only obtain services if they have a pre-set appointment.

I also learned when starting this position that the policy of DMV Driver License Offices is to try and balance each workday between appointments and walk-ins. Why? It is because some customers need the certainty of an appointment at a given time on a given day of the year at a set location, while walk-in customers want more immediate service at any DMV location and time.

Appointments are most often sought out by persons planning their in-person renewals months in advance. In many instances appointments are available 2-3 months out – similar to a non-urgent doctor or dental visit. If someone needs more immediate, more instant DMV customer needs, then DMV highly recommends being a walk-in customer. To be a walk-in customer it is best to make a smart plan – considering location, type of service needed, time of day, etc. Earlier this year DMV instituted our Walk-In Wait Time Tool, for weekday afternoon hours. As with many of our challenges with lines and wait times, the accuracy of that Walk-in Wait Time Tool will improve greatly if DMV is able to fill more positions and DMV receives authorization for more positions. That tool will also improve as more customers check-in using the QR code they can scan upon arrival.

You're also probably aware we have increased the number to 45 offices that open at 7AM now and Saturday hours during summer peak season.

After visits statewide with many of our approximate 115 Driver License Offices, I learned directly from supervisors that up to 25% of customers with appointments they themselves had preset were no-shows. No-shows significantly and negatively impacted our ability to provide services smoothly, and were aggravating lines and wait times. Consequently, as of May 2023 we instituted a new policy: appointments receive service in the morning and walk-ins after 12. And

if there was a no-show for an appointment in the morning it did not disrupt the day anymore, but allowed someone who was there early as a walk-in to receive service.

Meanwhile, state law allows DMV customers to renew their licenses up to six months in advance, whether in person or online. In my opinion, we need to do more to educate the public about that. To that end, DOT and DMV have launched a reminder service that supplements the one postcard mailed to a customer's home address: If someone has used online services to pay their DMV bills or pay their fees for taxes and tags or paid their vehicle taxes online, and if they've opted in, then DMV will send one or more email messages to remind persons in advance to renew before their deadline and to consider if they're eligible for online renewal.

Our Driver License renewal policy will improve not only as we are able to hire and retain more DMV examiners, but also with another improvement that has received the most public excitement this year: kiosks. The first set of kiosks are slated for launch in December and then the remainder of the first test phase will be deployed in early 2024. These kiosks will start off at metro-area grocery stores and military bases. Ultimately, I envision expanding the customer kiosks to more than 100 locations by the end of 2024. It will necessarily require customers using them so we meet the necessary triggers. Kiosks, like our online services, will be another tool for customers to stay out of the DMV office.

As I close my comments about DMV's driver license renewal policy, please note that we have implemented other operational changes - and have more in store - that are designed to make the renewal policy more convenient for customers and with shorter lines and shorter wait times.

Second, I will more briefly discuss the awarding of the contract to CBN Secure Technologies for production of driver licenses.

Upon starting as DMV Commissioner in January 2022, I learned from then-Secretary Boyette and DMV senior leaders that the contract with the current vendor was soon to run out. Further, I learned that the current vendor - and its predecessor companies - had held the contract with North Carolina for many years and that the last of the contracted extensions was coming near.

Moreover, I learned about the necessity for North Carolina to update its DL and ID credentials to the industry standard.

More specifically, I learned even more why credential security is important (prevent identity theft, guard against financial crimes, underage alcohol purchase, etc.)

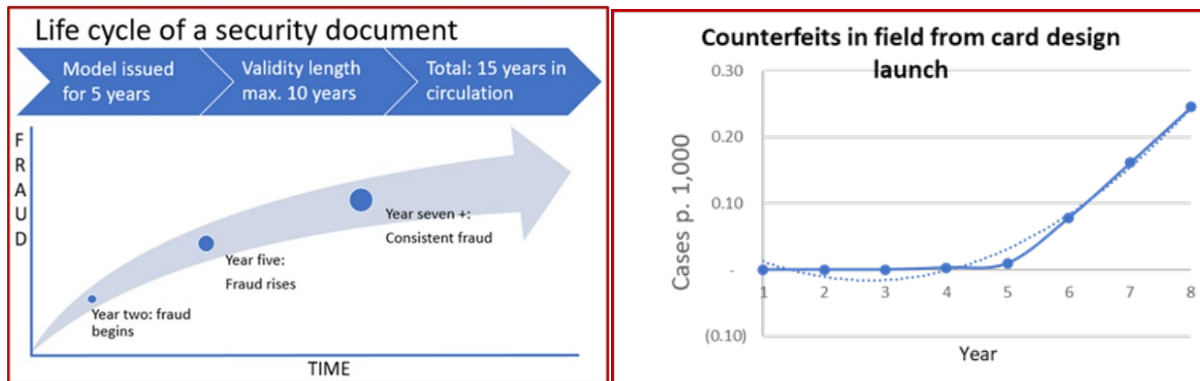
Security Concerns

- Industry data indicates a correlation exists between the prevalence of fraudulent documents, the quality of fraudulent documents, and the period a design is valid in circulation.
- The exposure of a design to counterfeit attacks is the period during which the design version is being issued, plus the validity period measured from the date the final card is issued for that version.
- Counterfeiting attempts significantly increase approximately five years from the date a design is first released.
- Multiple valid design versions in circulation at the same time creates complexity for enforcement officials, and opportunity for counterfeiters to attack any of the circulating designs (especially older ones).

Best practice is to:

- Secure: Increase counterfeit deterrence (Monolithic inseparable card body, Security printing on multiple card layers, Complex windows, Advanced color shifting inks, Secure personalization)
- Secure: Continuously Upgrade Card; Don't wait 15-20 years stay ahead of counterfeiters (use best value evaluation)
- Control the length of time a design version is being issued to keep security features current.
- Control the document validity period to limit the total life cycle over which a design may be attacked.
- Control the quantity of valid design versions in circulation at the same time, to reduce enforcement complexity and opportunities for attacks on older designs.
- If a jurisdiction applies a document redesign cycle of about 5 years, this means a document with an 8-yr validity can be in circulation for close to 13 years, with up to 2 versions in circulation in that same time period.
- If document validity is extended to 16 years, one must consider the redesign cycle. If the design cycle is 5 years, then a 16-year validity document will be in circulation for almost 21 years with up to 4 versions in circulation.

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I also learned from then-Secretary Boyette, DMV senior management, and our DIT-T subject matter experts about their concerns regarding credential production errors in recent years. I also saw the card errors and learned of disturbing examples, including from customers.

Further, the public and legislators had begun asking when the DMV would reinstate its mobile DMV unit. In the years since that was last tried, the technology has become much more advanced: In fact, instead of needing a bus or a van or a truck, we heard that we needed portable units. With our concerns about how to better tackle the lines and wait times as quickly as possible, and with so many new people moving into the state when they're required to go in-person to the DMV, we decided the credential issuance project needed to include a dual goal of obtaining portable units for deployment across the State. (We envision taking portable units into underserved areas of North Carolina and also using them at large-scale events.)

I learned that credentials and portable units necessarily rely upon IT and must interface with the IT (both front office and back office) that DMV relies upon. Further, credentials and portable units must also be able to work with the new systems we plan to come on line as soon as possible in the next few years. During a Spring 2023 legislative meeting – I believe it was the Joint Appropriations Committee on Transportation - I shared how DMV had decided it was best to modernize our major systems (including SADLS and STARS) at once instead of piecemeal and that we were focused in earnest on that, and described it as “turning a ship.”

Soon after joining DMV I also learned that in 2021 the North Carolina General Assembly ratified House Bill 650/Session Law 134. In that law, it indicated that DMV could select up to five (5) IT-related projects to help meet modernization goals without it taking years and years to address the modernization that NC DMV desperately has needed. DMV targeted several key projects where that law would help, including the largest of our modernization efforts involving a systems upgrade. We often call these special modernization projects the “DMV 5.”

Consulting with various internal subject matter experts, then-Secretary Boyette, DIT-T, DMV, legal experts, and I determined this modernization task regarding credential issuance would be best addressed by that new law.

DMV subject matter experts conducted a market analysis among the microverse of private companies that make credentials and are recognized by AAMVA, the federal government, and state governments for their compliance.

The search resulted in three companies – all three of which are global companies, which includes our present vendor.

In Fall 2022 each of the three companies were given an equal amount of time to present their proposed products and to answer questions. To the best of my recollection, they each had one day and presented at different locations on different days here in Raleigh. Attending the presentations were DMV, DOT, and DIT-T subject matter experts and legal experts. Many questions arose from both our IT and DMV operations experts.

After considering (1) the presentations and first-hand knowledge of their respective facilities and the multitude of factors sought by the subject matter experts, (2) both DMV agency and customer needs, (3) the challenges the agency had faced in recent years with credential errors and the desire to seek improvements - including adoption of the best and most secure cards using the top industry standards to date - and (4) to help onboard the portable units DMV needs for its customers across the state, all of which intersect with our IT modernization efforts, DMV selected CBN Secure Technologies. That global company not only produces American credentials just across the stateline in Danville, Virginia, but its portable units are the size of carry-on airline luggage and can be easily introduced into North Carolina in the time frame North Carolina needs. No one person made the decision. The decision relied upon the recommendations of subject matter experts and with the direction, approval, and blessing of then-Secretary Boyette and our legal team.

Thank you for your consideration of the above and inviting Chief Deputy Commissioner Manley and me here today.