

Rep. Warren, Chair: Good morning. We call the Committee for Oversight and Reform to order. To get started, I'd like to recognize our Sergeant of Arms. Today we're being helped out by Russell Salisbury. Russell, where are you? Where's the person? Okay, and Thomas Terry, Glenn Wall, and David Layton. And thank you, gentlemen. Appreciate you being here this [00:00:30] morning and helping us out. The reason we're meeting today is a prime example of why oversight is so important. It's incumbent upon a general assembly to examine department's activities and finances to ensure it's operating according to the law and exercising good stewardship of taxpayer dollars. We're here to make inquiries of the Division of Motor Vehicles for two reasons.

First, Commissioner Wayne Goodwin, who's with us today, has spoken [00:01:00] out about a provision included in the budget that would extend eight-year driver's license renewal periods to 16 years and allow unlimited remote renewals until the age of 66. Commissioner Goodwin requested these changes in his budget submission in February. The commission would like to understand when the DMV officials realized the request did not comply with federal requirements. And if it's truly in conflict with federal law, why the commissioner didn't communicate that to legislators as soon as possible. [00:01:30] Second, the DMV has entered into a contract for printing driver's license with Canadian company CBN Secure Technologies. The timeline of this contract and the process for its procurement and bidding are in question. It also appears that the company doesn't have the capability to meet one of the most important statutory requirements for driver's licenses, that they be printed in color. There is contention on the definition of color. The law is black and white on this issue, however. [00:02:00] These issues raise many red flags, and we're here to determine the legitimacy of the contract and why such actions were taken.

Commissioner Goodwin and Deputy Commissioner Manley, thank you for appearing before the committee this morning. If you would both please step forward and raise your right hands. Just stand where you're at, that's fine. And I ask you, [00:02:30] do you affirm that your testimony is the truth, the whole truth, and nothing but the truth? Thank you very much. We will hear, first, brief opening comments from Commissioner Goodwin and then Deputy Commissioner Manley, after which each committee member will be allotted five minutes for questions. Members will have time for follow-up questions after all members who wish to speak have used their five minutes. Commissioner Goodwin, the committee members have each received the written testimony you submitted. So, in the interest of time, please keep your remarks [00:03:00] to no more than 10 minutes and relative to the two topics we're addressing this morning. And you have the floor, sir.

Mr. Goodwin: 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 this committee meeting. My opening statement this morning includes updates to my submitted testimony. In January 2022, I began serving as Commissioner of

the Division [00:03:30] of Motor Vehicles. I directly reported to then-DOT Secretary Eric Boyette, an inspiring and longtime dedicated public servant who previously served as DMV Commissioner and Secretary of DIT. Working with senior executive leadership, I helped develop our DMV goals for my tenure. To tackle longstanding agency challenges exacerbated by the pandemic and labor force dynamics, our goals became these: shorten wait times, shorten lines, modernize our technology internally and for customers externally, [00:04:00] fill DMV examiner vacancies, protect customers from identity fraud and investigate fraud and theft regarding IDs, provide more online service options for customers, and improve customer service overall for individuals and businesses. I publicly identified those goals multiple times, including on February 16, 2023, to a meeting earlier this year in this building of the Joint Appropriations Committee on Transportation.

Today, though, co-chairs Johnson and Warren invited me to explain two topics. Number one, specifically [00:04:30] North Carolina's driver license renewal policy, and number two, the recently awarded contract to CBN Secure Technologies. Joining me and providing comments today is DMV Chief Deputy Commissioner Manley, a long-serving DMV leader with decades of institutional knowledge. First, I'll discuss North Carolina's driver license renewal policy. North Carolina General Statute Chapter 20 identifies our driver license renewal policy. In the 1980s, persons receiving their driver licenses were required to return every four years. During that renewal visit, you had no choice but to appear [00:05:00] in person, and there was no internet back then. 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.

Later the legislature extended the renewal period by another year and then extended it to where it is now with a public safety exception for persons over a certain age. Most customers between 18 and 65 would have renewals at eight years while customers over age 65 would have renewals every five years. Further, instead of each driver license office printing [00:05:30] laminated licenses for and handing them to the customers before they left the DMV as they once did, 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 awaits receipt of the official plastic credential via the US Mail from the credential vendor. 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 our web portal, now myncdmv.gov [00:06:00]. Because of federal and state laws, customers seeking a renewal had to alternate each visit between in-person and online.

Federal law states that the customer image cannot be older than 16 years. What that means for customers is this very point. In most circumstances, a DMV customer only has to physically be in a DMV driver's license office once every 16 years if they use the renewal online. And if someone's over 65 years old, then they only physically have to appear in an office [00:06:30] once every 10 years if they renew online. I began sharing that message on social media and news

interviews and everywhere I could in early 2023, specifically in March, which is an important month to remember as it relates to these very comments this morning. I'll come back to that. As of now, DMV offers more than 22 online services, so customers do not need to come in person to a DMV office. Recent surveys indicate over 85 percent of the American public owns a smartphone.

Just a few more points about our renewal [00:07:00] policy, Mr. Chair. It's important to note that out of 10-plus million North Carolina residents there are approximately 7.4 million North Carolina residents with a driver license or state ID. When one estimates the maximum number of in-person service opportunities with our 538 license examiners and considering a quarter-hour service time, and you spread that out over an eight-year or five-year credential, there's not enough time blocks mathematically available to provide those services with the folks that we have. [00:07:30] In other words, that's why we promote online service renewals and for other DMV needs. I'll talk further at a subsequent visit with you, if invited, to address more separately the appointments and walk-in customers. There is a difference between appointments and walk-ins. And there've been new tools instituted online to assist customers to check in upon arrival with their smartphones and the like. We've also shifted those times.

State law allows DMV [00:08:00] customers to renew their licenses up to six months in advance. Most customers do not take advantage of that and that's a problem. They can do that in person or online. Our driver license renewal policy will improve not only as we're able to hire and retain more DMV examiners but also with an upcoming popular improvement—kiosks. The kiosk launch is slated for December with the remainder to be deployed in early 2024. Kiosks will start off in metro-area grocery [00:08:30] stores and military bases. Envision kiosks expanding to more than a hundred by the end of 2024.

As it relates to the statement that was made at the beginning, Mr. Chair, early on, about what was known as I've stated in another setting, I apologize for the miscommunication and for the confusion. Early on, we all were focused on trying to shorten lines and shorten wait times. And early on there was an attempt to try and do that, [00:09:00] but as soon as we realized that there was a second federal law in play that said that the card could not be more than eight years old. — We already knew that the photograph could not be more than 16. That's what we use now, but we realized that there was another. — That's when, starting in March, we notified our legislative director's office, and it had effect because by April that provision was removed from the agency bill. [00:09:30] And that's all we expected, was that it be removed from the agency bill, and that effort started in April.

And of course, the key point is to try, and knowing what we know now and knowing there's been miscommunication and now we have a better understanding, is focusing on that we need to solve this problem and get us back on track so that North Carolinians don't lose access to REAL IDs. So, like I said, there's a lot of confusion, and I apologize for that. [00:10:00] But as soon

as we knew starting in March, and obviously it had effect because it was removed from the agency bill.

The last thing regarding the first topic is regarding our license renewal policy. As we've stated, since March of 2023, unless you've had your license suspended, in most circumstances, a DMV customer does not have to physically be in a DMV driver license office only once every 16 years if they use online renewal. And if they're over 65, they don't [00:10:30] have to be physically in office if they use online renewal except once every 10 years, and that's been the law for years.

On the second and final point, more specifically about the awarding of the contract to CBN Secure Technologies, upon starting as DMV commissioner in January of 2022, I learned from then-Secretary Boyette DMV, senior leaders, and our DIT experts that the current vendor's contract would end in 2023, and that it only had a one-year extension remaining in its contract. I also learned that the current [00:11:00] vendor and its predecessor companies had held the contract with North Carolina, to the best of my knowledge, since 1996. The last of the contract extensions would end in June '24. I learned about the necessity for North Carolina to update its driver license and ID credentials to newer industry standards and to do what the United States has done. Our passports have changed. We need to be consistent with the way our US passports are because they interrelate with each other. These updated standards for credential security prevent ID theft guard against [00:11:30] financial crimes, underage alcohol purchase, et cetera. Please note the security concerns outlined in my prepared testimony.

I also learned from subject matter experts about best practices to institute and redesign a credential for issuance to North Carolinians. Those best practices are outlined in my submitted testimony. I also learned that if a jurisdiction applies a document redesign cycle about five years, this means a document with an eight-year validity can be in circulation for close to 13 years with two versions in circulation at the same time. If it's extended to [00:12:00] 16 years, the design cycle would lead to a 16-year validity document being in circulation for up to 21 years. That's a problem, another reason why the law needs to be addressed. Further, I learned from senior leadership at DOT and DMV and DIT about credential production errors over the years, and I personally saw the card errors in various examples. Last couple of points if I may, Mr. Chair, I just need a couple of minutes if I may.

Rep. Warren, Chair: No, that's fine. [00:12:30] Continue.

Mr. Goodwin: Is that the public and the legislators had begun asking when the DMV would reinstate its mobile DMV unit. When it was last tried, the technology... Since it was last tried, the technology has become much more advanced. Instead of needing a mobile bus, we learned about smaller portable units. This is important for this discussion about the contract regarding a vendor that provides credentials because these units must be interoperable with the vendor that produces [00:13:00] the contract. We decided the credential issuance

replacement project needed to include a dual goal of obtaining portable units for deployment across the state.

A couple other items that I learned that are relevant to this presentation this morning. I learned that credentials and portable units from a vendor necessarily rely upon and interface with DMV IT systems. More importantly, I learned from IT professionals that one cannot even have a modern secure credential without IT. Modernizing [00:13:30] our credential to get years of counterfeiters necessarily requires involvement of DMV IT systems. We've planned to also develop a new system overall for DMV.

During the February 2023 meeting of the Joint Appropriations Committee on Transportation, I shared in a presentation, this is a copy of it, how DMV decided that to best modernize our systems collectively instead of piecemeal and described it as turning a ship. Soon after joining DMV, Mr. Chair, I learned [00:14:00] that the 2021 North Carolina General Assembly ratified House Bill 650 into Session Law [2021-]134. Because the regular RFP procurement process had failed to meet the state's DMV modernization needs. Particularly in realizing that the standard process was taking years without success, a vital concern we heard from legislators, given the multiple DMV systems that are outdated. That law provides DMV up to five exceptions for IT related contracted projects, goods, and [00:14:30] services to help meet modernization goals.

DMV targeted several key projects where that law would help eventually, including the largest of our modernization efforts, including a systems upgrade. We call these special modernization projects the DMV Five. Consulting with various internal subject matter experts, then-DOT Secretary Boyette, DIT-Transportation, DMV, and legal experts and myself, we determined early that the credential issuance replacement will be best addressed by that new law. As [00:15:00] stated before, you cannot have credential issuance without interfacing with DMV IT and its intertwined security requirements. Also noteworthy, members of the committee, among the PowerPoint slides presented by me to the Joint Appropriation Subcommittee on Transportation meeting on February 16, 2023, was a slide where we specifically indicated the DMV Five projects. And on that list was the driver license credential issuance replacement. Each member of the committee and the committee staff received a copy [00:15:30] of the presentation. It was also shown on the PowerPoint as you know. And after the discussion led by our DIT subject matter expert, I do not recall receiving any questions and opposition to using that process. I do not recall receiving any additional requests for further information. DIT also attended that meeting, and that's why I want to reference that the importance of February of this year and March of this year.

Following the 2021 law on information and belief, DMV followed the procedures aligned [00:16:00] with the DOT's procurement policy with the exception of issuing the actual RFP for the reasons stated previously, we used an RFQ. Another reason is that there was a relatively small pool of eligible applicants for this type of good and service. DMV subject matter experts conducted a national

survey via AAMVA, the American Association of Motor Vehicle Administrators, and then market research analysis and then determine among the micro verse of private companies. We [00:16:30] also considered the federal government and laws and state government laws for their compliance. The search resulted in a list narrowed down by subject matter experts eventually down to three companies. All three are global companies including our present vendor. And then in my last comment, Mr. Chair, in fall of 2022, each of the three companies were given an equal amount of time to present their proposed products and to answer detailed questions of our experts from various entities, agencies. To the best of [00:17:00] my recollection, they each were allotted one whole day in addition to what they had previously submitted.

They presented at different locations on different days here in Raleigh, this was a year ago. DMV, DOT, and DIT subject matter experts and legal experts attended and asked questions. I've already referenced the RFQ that was submitted. After considering the presentations, their answers to questions and DMV's firsthand knowledge of their respective facilities and the multitude of factors sought by the subject matter experts, [00:17:30] both DMV agency and customer needs, the challenges the agency had faced in recent years with credential errors, the cost DMV and the state's taxpayers were bearing for those defects, and the desire to seek improvements including adoption of the best and most secure cards using the top industry standards to date, including doing what half of the states in the country are already doing and what the United States government is already doing. And four, to help onboard the portable units DMV needs for its customers [00:18:00] across the state, all of which intersect with our IT modernization efforts, DMV ultimately selected CBN Secure Technologies.

That global company produces American credentials just across our state line in Danville, Virginia, and its portable units are the size of the carry-on airline luggage and can be easily introduced into North Carolina in the timeframe that North Carolina needs. No one person made the decision. The decision relied upon the 2021 law, which was again discussed at the meetings [00:18:30] earlier this year, is also based upon recommendations of subject matter experts. It tracked DOT procurement and the RFP process, and followed the direction, approval and blessing of then Secretary Boyette and our legal team. Thank you for the extra time Mr. Chair. I believe it was important to address these points. Thank you, sir.

Rep. Warren, Chair: Yes, thank you. Thank you, Commissioner. Deputy Commissioner, did you have any comments you'd like to make before we open up for questions?

Ms. Manley: Not at this time, thank you.

Rep. Warren, Chair: All right, thank you very much. Members, Chair's [00:19:00] ready to recognize. Any members have questions at this time? Representative McNeely, you're recognized for five minutes.

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- Rep. McNeely: Thank you, Mr. Chair. Commissioner Goodwin, a couple of things I'd like to just maybe clarify here, or whatever. Excuse me. Would you repeat again when you all realized that the provision to go into 16 years was not legal—we'll say in conflict with the federal. When did you all realize this?
- Mr. Goodwin: [00:19:30] Thank you, Mr. Chair. Thank you, Representative McNeely. Based upon our discussions here, it was in March. The early requests, and again I apologize for the initial confusion, we were all trying to find ways how to shorten lines and shorten wait times. And what we were aware of was that the 16-year provision regarding photographs, that the photograph could not be more than 16 years. We knew that already. That's what the current law is. That's what we rely upon. [00:20:00] Now you can have a photograph up to 16 years. But what we found out beginning soon after the initial budget request long time ago but soon after, no later than March is when we realized that—of this year—we notified... I have copies of what we had sent to our legislative team. And it apparently did result in ultimate change because it was removed from the agency bill. And it was removed I believe by April of this year. I don't know... So, that's the agency bill. [00:20:30] We didn't request it for a budget bill.
- Rep. McNeely: Okay. Because the House budget was passed in April. When you say you sent it to your legislative team, did you send it out to the DOT chairs in the House in the Senate? Who did you send that to? What legislative team?
- Mr. Goodwin: It was our policy that we worked through our legislative liaison. So, I sent it to our DOT legislative team. And we have an email [00:21:00] dated March 13th that says, "Please remove this section from the bill." And apparently it got to where it was needed to go, because it was removed from the bill.
- Rep. McNeely: Okay. All right. Now being one of the chairs, my office did not receive any notification on this. So, in future I would love to see notification to all the DOT chairs that we were all on the House and the Senate side, that way we—
- Rep. Warren, Chair: Representative McNeely, apologize for interrupting you, but for clarification, when you say it was removed from the bill, are you [00:21:30] referring to the DMV's request or the House bill?
- Mr. Goodwin: It's my understanding it was removed from, eventually, from one of the later versions of the agency bill. I stand to be corrected, but I believe it was removed—
- Rep. Warren, Chair: From the agency bill?
- Mr. Goodwin: ... the agency bill.
- Rep. Warren, Chair: Representative McNeely, you may continue.

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Rep. McNeely: That's really all I had. Just seemed like lack of communication to the chairs [00:22:00] is the problem that I felt like in this. More eyes could have maybe realized what was happening and—

Mr. Goodwin: Yes, sir.

Rep. McNeely: ... make sure we corrected this. So, in the future we need to broaden our net as we cast it.

Mr. Goodwin: Yes, sir. And I appreciate that and again apologize for the miscommunication. But I know now to notify as many people as possible. Thank you, sir.

Rep. Warren, Chair: Thank you, Representative McNeely. And you have more time allotted if you want to come back and revisit. Do we [00:22:30] have any other members that have any other questions? Representative Willingham?

Rep. Willingham: Thank you. Good morning.

Mr. Goodwin: Good morning.

Rep. Willingham: Couple of questions, goes another way. What experience has DMV had with counterfeiting? I know that wasn't a thing you mentioned. Have you had any problems with counterfeiting and how have you handled that?

Mr. Goodwin: [00:23:00] We have our, within DMV, the License and Theft Bureau, and it is a constant challenge. I'm aware of there having been significant counterfeiting of North Carolina license IDs. As referenced in my prepared testimony, it indicates that after five years is when you start to see the counterfeiters start to have effect. And that's one of the reasons why it is imperative that the actual card be replaced [00:23:30] within eight years because the longer the actual card itself is out among the public and among the world, frankly, the more opportunities there are for counterfeiters to find out the secret sauce and find out the things that are embedded, the countermeasures that are embedded that involve IT and other modernization efforts.

Rep. Willingham: Now, did I understand you to say that you only had three companies that qualified to do this [00:24:00] work here in North Carolina? When you put out the request for a proposal, you only got three responses or three companies that fit all the things that you were asking for?

Mr. Goodwin: There ultimately was not an RFP because of our reliance upon the 2021 law, but we tracked the DOT procurement requirements. I'm subject to Chief Deputy Manley. I believe that they did, there was a market research done that narrowed it down to five and then down to three. [00:24:30] There's a small universe, as I understand it, of companies that provide credentials that are recognized by various standards and various governments.

- Rep. Willingham: Have you talked to other states, their DMV as it relates to what we're trying to do here in North Carolina?
- Mr. Goodwin: Through the AAMVA, the American Association of Motor Vehicle Administrators, we regularly interact with them about what other states [00:25:00] are doing. And early on, we can elaborate more on that, there was a survey among all the states in AAMVA soliciting their thoughts and feedback and guidance I believe on what to look for with the next credential provider in North Carolina.
- Rep. Willingham: What I'm asking is that all the other states, they issue a driver license, too. So, I'm asking if you've compared with what we are doing with whatever they're doing, [00:25:30] where it's legal, where it fits the federal regulations, and also their local regulations. So, have you done that or is that something that's in progress?
- Mr. Goodwin: Yes, we've done that and we have continued conversations with other states, and they have conversations with us. The states rely upon each other. And particularly when we're talking about industry standards and where the nation is moving, it's imperative given what's happening in the world that we [00:26:00] have the most secure credential for our citizens. So, yes, the answer is yes.
- Rep. Willingham: So, the company that we're using now, is that company an American company or is it a foreign company? Are they registered here?
- Mr. Goodwin: The company we use now, all the companies are global. It's my understanding that the headquarters is in France, but they have offices in the United States, the company that's used [00:26:30] now and that it and its predecessors we've had since 1996.
- Rep. Willingham: So we don't have any companies in America that can do this work right now. that's-
- Mr. Goodwin: My understanding that's-
- Rep. Willingham: ... home here in America?
- Mr. Goodwin: Again, I'd be happy to have our Chief Deputy respond. But the companies that the three all have American offices and I'm not aware of, these are all global companies that do the credentials. The one that was selected actually was founded [00:27:00] in New York and then eventually moved to Ontario as it began working there. But its production office is in Danville, Virginia.
- Rep. Willingham: Now is this the same company that's been with us for the past few years or is this company new?

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- Mr. Goodwin: I'm discussing the selected company. The current vendor, like I said, is also a global company and [00:27:30] has offices in different parts of the world as well as the United States. And they've had the contract, I believe, since 1996. If I may, Representative Willingham, Mr. Chair, may I have Chief Deputy Manley respond?
- Rep. Warren, Chair: Absolutely. You're recognized.
- Ms. Manley: Thank you. And to address your question, Representative Willingham—
- Rep. Warren, Chair: Deputy Commissioner, could you pull your mic down a little closer to you? Thank you.
- Ms. Manley: Can you hear me now?
- Rep. Warren, Chair: Yes, ma'am.
- Ms. Manley: Thank you very much. Just to address some of the questions that came from Representative [00:28:00] Willingham, we did do an AAMVA research survey, and on that survey we have over 60 some jurisdictions within the AAMVA community; 31 responded to the survey. And of those 31 that did respond, most of them are using the main providers of the credential, and they were CBN, Thales, and IDEMIA. There are two others and [00:28:30] only one each jurisdictions provided their service as well as Florida. You mentioned Florida. So, yesterday, because I'm not familiar with any Florida vendor, so I reached out to some of my colleagues within AAMVA and they are not familiar with the company that's producing a credential, a driver's license credential in the state of Florida at the current time.
- Rep. Willingham: That's all I have right now.
- Mr. Goodwin: [00:29:00] Mr. Chair, I was just given an update. It was a question from Representative Willingham about counterfeit. I have some data read briefly if I may?
- Rep. Warren, Chair: Sure. Go right ahead.
- Mr. Goodwin: Sir, and this was presented during our AAMVA meeting in Wisconsin two weeks ago, in 2020, the number of counterfeit driver licenses purchased that were determined by all of law enforcement was 8.3 million in the United States. And of the 2020 population, the teen population [00:29:30] ages 15 through 20 is estimated that 59 percent possess a false ID and estimated 27 percent possess an actual counterfeit. And our North Carolina License and Theft Bureau, working alongside our federal and other state law enforcement partners regularly, regularly are going after counterfeit cards in large numbers. There've been reports of this and there're also reports, obviously we can't make because

they're ongoing [00:30:00] investigations, but it is a live concern. That's why we need to update the card.

Rep. Warren, Chair: Well, thank you for that. Commissioner, is there a breakdown on that information on a state-by-state basis where you could look and see what the number of incidents of that were in states that are... I think you mentioned there were eight states that are using the advanced security so we could see some type of relativity there.

Mr. Goodwin: I'll be happy to get back with you and [00:30:30] supply that. I do not have the breakdown state by state. But I will consult with our experts, and we'll be with, your permission Mr. Chair?

Rep. Warren, Chair: Oh absolutely. If you would just make that available to all the members.

Rep. Willingham: I have just one other question.

Rep. Warren, Chair: You still have time.

Rep. Willingham: The vendors can only do the license in black and white. Did you say that?

Mr. Goodwin: I did not say that. I learned that the selected vendor can do color. And what I understand is that they would prefer not to because the color [00:31:00] is against the industry standard and actually is opposite of what the US passports used. Now if you've gotten your passport in the last couple of years, it is a black and white monochromatic photograph. And as I understand it, it's because with that not only you can use your facial recognition more readily, color is not the standard. Half the country has already gone to, as I understand from our experts, to the monochromatic, [00:31:30] and the US government has done that. And that's something that we'll continue to advocate for, Mr. Chair, is that North Carolina be among the states that seeks to protect its citizens as much as possible with a secure card. But it's my understanding that the selected vendor can do color but would prefer not, because that actually goes against the industry standard.

Rep. Willingham: So, we can look to have black and white photos from now on.

Mr. Goodwin: Actually, it's a grayscale. So, [00:32:00] it's the same that you see with the US military and others as I understand it. So, that's the industry standard.

Rep. Willingham: Okay, I understand.

Mr. Goodwin: Yes sir.

Rep. Warren, Chair: Does that complete your questioning Representative Willingham? Thank you, sir. Representative Chesser, you are recognized for five minutes of questioning. [00:32:30] I think the chair will give you a little latitude.

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Rep. Chesser: I didn't realize I needed a prop, but this is a military ID. That's a color photo. DOD issued right here, color photo. So, I don't believe the military standard is black and white.

Mr. Goodwin: If I may Mr. Chair, that's what we were told by another member of the military. But the US [00:33:00] passports are using black and white, and that's often used by the military as well.

Rep. Chesser: Could you, for me, Mr. Commissioner, could you restate the name of the company that just was awarded this contract?

Mr. Goodwin: CBN Secure Technologies.

Rep. Chesser: And could you clarify what CBN stands for?

Mr. Goodwin: It's Canadian Bank Note.

Rep. Chesser: Canadian Bank Note. Through this procurement process, did you guys define what data they would have access to?

Mr. Goodwin: [00:33:30] Yes, it's the same data that the current global company from France has access to, which was the personal identifying information, the data that individuals provide to the DMV when they request their license or ID, and also with the renewal. There are high security standards that the federal AAMVA partners along with our state DIT put in place, it'll be the same security standards [00:34:00] that are used and enhanced as I understand it for the current vendor, again, which has its headquarters in France. The current—

Rep. Chesser: What are those standards?

Mr. Goodwin: I would have to get back with you from our DIT experts, Representative Chesser, be happy to provide that for you. There was a very detailed discussion with all the three companies during the consideration process, and it was a deep dive with the experts [00:34:30] from our DIT family along with our legal experts.

Rep. Chesser: And you made reference to these being global companies. All three of the finalists we'll call them that you guys were looking at were global companies with local offices—

Mr. Goodwin: Including the current vendor.

Rep. Chesser: And CBN is the one you guys went with. How many countries is CBN servicing currently?

Mr. Goodwin: Countries and states, I believe it's 73 jurisdictions. But in the states [00:35:00] that they provide, as I understand it, are New York, Virginia, Wisconsin. And it's been published that South Carolina has selected CBN technologies.

Rep. Chesser: About how many entities outside of our geographical border order?

Mr. Goodwin: I do not have the answer. I can get that for you—

Rep. Chesser: Please.

Mr. Goodwin: As well as for the other companies if you'd like.

Rep. Chesser: I'm more concerned about the one you guys are awarding a contract to.

Mr. Goodwin: They also print the money for Canada.

Rep. Chesser: They also do a national identification and registry for several [00:35:30] other countries including the Republic of Trinidad and Tobago. So, my concern is the data going to be firewalled. There's a reason that the government doesn't directly do business with Google anymore, and it's because the data that's housed in their servers is not firewalled. So, when Google decided to become a partner with China and some of our, what we'll call not exactly allies, because they would not partition off the data, we stopped doing business with them. I'm curious if this was part of [00:36:00] the application process and the vetting process that you guys looked into, seeing as how we're not sure who they actually do business with.

Mr. Goodwin: And if I may, Mr. Chair, these companies including CBN, follow the ISO standards. So, they're following the standards that are required with the... But I'll be happy to provide a more detailed—

Rep. Chesser: Saying that you follow ISO standards does not mean you do, especially in international law. ISO standards and [00:36:30] international law are two completely different things. So, we need to make sure that we're partnering with entities that are going to protect the citizens of North Carolina and not sell their data, not provide their data to foreign entities, and firewall that data. I understand they have to have access to data, they're printing stuff, and we have to make sure that there's quality control, quality assurance. We have to be able to give them the information and verify that they're doing the job that they're contracted to do. But we also have a priority should be to protect the PII and the personal data of the citizens [00:37:00] of North Carolina.

Mr. Goodwin: And if I may, Mr. Chair, before Chief Deputy Commissioner Manley comments, and that is why it is imperative that we have the most secure up-to-date cards. The company we selected was the only company recognized at the AIC [AAMVA Annual International Conference] in Wisconsin two weeks ago [September 26-28] for having the most secure card. It was highlighted, there were 250 people there across the country, and this is the company we selected, the one that was recognized as [00:37:30] the best for preventing fraud. And I would hope, and as you stated, you and I both share a concern about protecting folks from fraud

and from foreign interference and the like. But the AAMVA recognized only this company as the one. If I may, Mr. Chair, if Chief Deputy Manley could respond?

Rep. Warren, Chair: Absolutely. Chief Deputy, you're recognized.

Ms. Manley: Thank you, Representative Chesser. Some of the questions [00:38:00] that you are asking about the data that would be received by a vendor, any vendor that produce our card. So, we have a Statewide Automated Driver's License System, you may know it as SADLS, and that system must be integrated with the vendor's solutions in order to provide the data required to be printed on our credentials. So, SADLS is a system of record. It contains all information pertaining to the citizen's [00:38:30] credential. It must be verified following state and federal guidelines to reduce the issuance of a driver's license ID or compliant REAL ID driver's license or ID. And this would've been for any vendor that was chosen. All applications that run on IT is considered an IT project. And this is the most important point for you, Representative Chesser. All applications that [00:39:00] run on the state system must follow the statewide security policy. And during all of the evaluations of the vendors that we talked to, we had our Director of Security there to make sure we comply with all the policies for DIT.

Rep. Warren, Chair: I'm sorry, Representative Chesser, is there a question? You may continue.

Rep. Chesser: [00:39:30] Thank you for that. So, as someone who works in security and IT, like I said, I don't doubt that they follow ISO policies. I don't doubt that. It's the implication of whether or not this data is firewalled from international servers. The problem with Google isn't that they don't have tight security. It's they have no internal restraints. They still follow all the ISO protocols. They're one of the most secure companies on the planet. But we [00:40:00] could not prevent entities, employees that have access to Google servers in China from accessing the information. I'm afraid... So, you guys said that the regular RFP process failed in this, and it's an IT project. But the only example you gave was that it would take too long to make the changes. When it comes to the security of the data of how many 10 million people? Is that what you said for the state of North Carolina, Mr. Commissioner?

Mr. Goodwin: More or less.

Rep. Chesser: Yeah. I don't think that's necessarily a process we need to rush. [00:40:30] I think that is one that we should take the time and vet properly. And so that would be my concern. Not stating that there's any mal-intent here at all. But just from a security standpoint, I think a little more vetting could be done. We don't know the countries that this company does business with. We don't know what entities they're doing. The national information and registry stuff that they're involved in and the countries that they're involved in it with [00:41:00] throws up a red flag for me. But I'd be happy to talk with you guys offline about that.

- Mr. Goodwin: Mr. Chair. I'd be happy to provide Representative Chesser any other information he needs. Again, we inherited, when I came into, this a company that has had the contract since 1996. And it's my understanding its headquartered in Paris, France, or not Paris but in France, and that the other company is in Paris, France. We're doing the best we can based upon the eligible companies that are recognized [00:41:30] as meeting the national standards. But I share the representative's concerns about protecting our data and security, and that's why we will always advocate for the most secure card using the most secure industry standards. And we protect our data based upon how we're required to do it. And it's imperative that we always be a step ahead of the counterfeiters, and that's what we considered in earnest. And we followed what we understood to be the 2021 [00:42:00] law and that its basis was that the RFP process procurement wasn't working. They were going years and they couldn't get the systems changed and the like. So, thank you.
- Rep. Warren, Chair: Representative Chesser, your time has expired, but you are welcome to a second round once everybody else has had a chance to ask questions. Commissioner, before we go further, I need some clarification for my benefit. So, [00:42:30] CBN prefers to do the license in black and white because of the enhanced security precautions. Is that correct?
- Mr. Goodwin: It's not just black and white, it's a grayscale. And that's because the US passports are now that. And it's where half of the country has already gone because we've learned that that is the industry standard. They would prefer to keep with the most secure [00:43:00] format for these cards to protect the holders of them.
- Rep. Warren, Chair: And that was one of the considerations you had in selecting them, is that correct? I understood that from your testimony.
- Mr. Goodwin: One of the considerations was that it would be... We wanted to have a company ultimately that provides the most secure card that North Carolina has ever had and that it be in the top of the security measures. And that's what we did.
- Rep. Warren, Chair: [00:43:30] Given that the existing statutory requirement is for the license to be printed in color, did the department reach out to any legislator or any agency, any department, any committee to request that the statute be changed? And if it isn't changed, how do you intend to proceed forward if you go with this company and you can't do it in color? It negates the security concerns [00:44:00] that was part of the reason for selecting the company, as I understand the whole thing here.
- Mr. Goodwin: Mr. Chair, we did request it earlier on to add the phrase "or monochromatic" as an alternative, and that was shared with the DOT leadership, and it did not make the, for whatever reason, did not make the final cut. But we have pledged to continue to work with the legislators because it says in General Statute 20-7 Subsection (n), [00:44:30] it says that in addition to color photograph, and by the way the CBN card has color on it, but in the rest of that statute it says,

basically using the most current industry standards. So, we're a little bit in a box here. We did ask for it. Did not make it to the legislature because somehow it got pulled by the leadership, they didn't think it was needed. I believe it's needed, and we will continue to advocate to have that phrase in there because [00:45:00] that is what the standard is now and what the United States government uses.

Rep. Warren, Chair: So, as I understand, your communication is with not directly with the legislature or anybody in the legislature but with leadership at DOT. Is that correct?

Mr. Goodwin: Yes. It was my understanding it was conveyed to somebody after that, and it does not appear anywhere.

Rep. Warren, Chair: So, you and your department have no confirmation or follow-up with DOT to confirm that your request for [00:45:30] changes both in the eight- and 16-year area and also in the color area were actually communicated from DOT to the legislature?

Mr. Goodwin: It's my understanding that because the agency bill did change whereas I understand it was taken out, that indicates that there was, as I understand it, communication on that.

Rep. Warren, Chair: Well, that's what I'm trying to establish is where are we missing the communication to [00:46:00] avoid these situations? So, I'm just trying to establish, should we have communication from DMV copied to the chair of the Transportation Committee in the House and the Senate or something in addition to that. I just looking at—

Mr. Goodwin: I think going—

Rep. Warren, Chair: I'm trying to help you out here a little bit.

Mr. Goodwin: Yes, sir. I think going forward that's certainly, again I apologize for the miscommunication. We worked through [00:46:30] the, as I was told, the process through our legislative team. And again, as I've stated, apologize for the confusion. But one of the things that I have learned is that we're going to need to copy everybody to make sure that everybody's on the same page. When we saw that the agency bill wasn't going to go forward with it, and then it wound up in the budget bill and that's when we go back to [00:47:00] we thought it was going to be addressed. And I've learned now that we needed to continue to, we need to have more writing back and forth and not just, "Hey, don't forget to take this out." But—

Rep. Warren, Chair: We're learning to trust but verify.

Mr. Goodwin: Yes, sir. Yes, sir. And I promise you that we were learning from this process. This 2021 law, for example, we weren't given guidance on it. It doesn't even say to

update the legislation until after the contract is signed. [00:47:30] Now admittedly we weren't able to get it to the folks within the 30 days, but as soon as we realized oh this new law says, but it's after the contract. That's what it says, notify the legislature after the contract is signed, not before. Though, we did this in February to the committee that I referenced, we did talk about that we were relying upon the 2021 law as you all know that was adopted by the legislature [00:48:00] for the credential issuance renewal project.

Rep. Warren, Chair: All right, thank you. Representative Dahle, you're recognized.

Rep. Dahle: So, hi. I did a little bit of research just while Representative Chesser was talking. There is in the ID world, I think there's a PVC ID and then a polycarbonate [00:48:30] ID, which was a delineation you can order PVC readily for counterfeiters. And I'm making a statement not asking a question. And the polycarbonate is harder to get. And also, what I understand just very simply was on the polycarbonate there's also little holes poked through for security [00:49:00] reasons that outline your picture. And I'm asking, did you know about this? So obviously you knew about this, and this is something that we need to take into consideration when looking at grayscale, color, that thing. And I don't know that that was communicated to this broad group. I'm not sure. Did you say that in [00:49:30] all of the words you said a while ago?

Mr. Goodwin: No, but I thank you very much for the question. That's another reason why we selected this company it's because it was the first in the North America I believe to offer polycarbonate cards, which you can't peel these. They're in the current vendor as I understand it is semi?

Ms. Manley: Semi.

Mr. Goodwin: Cannot do that. Is that correct?

Ms. Manley: Can I address this?

Mr. Goodwin: Chief Deputy Manley would like [00:50:00] to speak to that.

Rep. Warren, Chair: I was just going to ask if she'd like to use her mic because we couldn't hear her response.

Ms. Manley: No, thank you very much. And I would like to address your question, Representative. So, you are correct, and some people will call it PVC, but in the industry, it's called Teslin. And Teslin is something that they are using now for counterfeiting. So, if a card is Teslin, you can actually order the kit from China, and if you have the person's [00:50:30] photo, you can go to your copier that you have right now and go ahead and print one, a card. And we saw those when the Commissioner mentioned the conference that we just attended, it was three presentations done by the Department of Homeland Security, and they talked about this a lot. Your polycarbonate card is very hard, and the only way

that you can get to that is the etching. It is laser engraved. And so that's what [00:51:00] the security part is, is laser engraved. So, the picture that we are talking about today would be grayscale, but it's laser engraved and it cannot be lifted off the card like you can off the Teslin.

Rep. Dahle: Is this as a Teslin or poly-

Ms. Manley: Teslin, which you said PVC, but it's Teslin material.

Rep. Dahle: I have a few more questions. Okay. [00:51:30] I just wanted to make that, I hope that's clear because I just got my new passport, and I noticed it was much different than my old passport. It had a whole lot more heft to it. So, let me get back to where... Everybody is talking right now after COVID about staffing. Staffing is an issue that I think [00:52:00] every company discusses and has. And are there staffing shortages at DMV that are unable to be filled due to lack of folks wanting to work at DMV? I can't imagine why. Because we seem to be under the impression that there's a backlog. And I don't know if there [00:52:30] really is a backlog. My experience with DMV is it always takes four hours. That's just what it is. That's your rite of passage to go get a license.

So, what I'm trying to figure out is, has this time changed? Have you done any studies or looked at any data to talk about wait times? Would more staff help? [00:53:00] I'm just trying to figure it out. Because I have not been in a DMV office for a while, and I didn't even know you didn't actually print the cards anymore. That's how long it's been since I've been in a DMV, because I renewed twice and then I had to renew again during COVID, and I didn't have to go in. So, can you all elaborate on that please?

Mr. Goodwin: Yes, there are staffing shortages. [00:53:30] When I started this role, we had over, I think, 25 percent vacancies with examiners. And the fewer people we have the fewer appointments and walk-in customers you serve. Over the last year and a half, I believe we've filled approximately 200 of those positions. Though we have filled a significant number of the permanent positions, we need more permanent positions authorized because our state has grown significantly [00:54:00] since the last cap. The greatest need is filling the temporary positions. That's where we have 77 percent vacancy rate. And that's been reported on among our... And those temporary positions are important because they're the ones that work not the full year but 11 months, and they do the same work as examiners. They're also the ones that do the triage when people show up at the DMV.

Rep. Dahle: Do you have an answer [00:54:30] to my question? A further answer, I'd love to hear it.

Ms. Manley: I'm sorry. I thought the Commissioner was going to talk about the initiatives that we've had over the time. So, you asked about the shortage and what we have done. So, we have some new projects or new initiatives that we started, such as

the Anywhere Project, where a customer could go in and actually scan with the card with the iPhone or phone [00:55:00] the QR code to let them know, put in the information and that will let them then go wait in their car, go to a coffee shop, or whatever if it's nearby and come back in when their number is called. Also, if you do not have that type of device, we have pagers just like you have in a restaurant now that we would give our customers to do that as well.

We also have initiated the walk-in wait time online. So, if you walk in you can actually [00:55:30] go online and see where the shortest wait is in that particular area that you are looking for. So, we have looked at different initiatives. But as the Commissioner stated, we are still looking for employees. So, if you know anyone that's interested in working for the DMV, by all means have them to go online and apply.

Rep. Dahle: Follow up. I still got time. [00:56:00] Has anybody done any statistical analysis on wait times? I know we have a lot of growth. I know that there are an exorbitant amount of growth here in North Carolina. But has anybody done any statistical analysis of wait times, whether they've grown, whether they've lessened? Because it seems to me that we're trying to compare apples and oranges [00:56:30] and getting nowhere. So, I'd love to know. Because my office did get a lot of frustration during COVID, but that was a different time period than we are in now.

Mr. Goodwin: And we're still trying to dig out from that because many folks realize now that their licenses have expired or it's time for them to either go in or to use the online renewal system. We've implemented a dashboard, [00:57:00] which we have been asked to provide separately access to that, where we are able to analyze by day of the week, by hour of the day, by the office, by the service. And we are able to use that data and do use that data to see where things are working or things are not. And one of the many things that we learned was that because of no-shows for appointments, that was upsetting the flow of the day. And that's one of the reasons [00:57:30] why we moved the appointments to the morning and walk-ins to the afternoon. And then if somebody's a no-show in the morning, then a customer can be a walk-in and fill in there.

We have done analysis, and we are going to continue to do that and look forward to working with you and other members of this committee to help address... It's not just a North Carolina problem. It's a problem everywhere exacerbated by how quickly this state is growing. We need more offices, we need more staff.

Rep. Dahle: And one more [00:58:00] question, hopefully I still have five minutes or part of it.

Rep. Warren, Chair: You're on your second five minutes, Representative.

Rep. Dahle: Oh man.

Rep. Warren, Chair: Go ahead with your last question.

Rep. Dahle: Okay, so the last question is, I have also been told that there is an issue with the interface between the court system, which is also causing a hangup for people who have had their license suspended. They've gone through and done everything that they were supposed to do. But the court system... At one point there was an interface, [00:58:30] although albeit difficult to negotiate because you have a hearing officer that may or may not change the information correctly. But are you guys interfacing with them or not? Because I know the new eCourt system has changed all of your... It's changed the world actually, I think the eCourt system. So, I just wondered where are we [00:59:00] on that?

Mr. Goodwin: Right. I'd be happy to follow up in more detail on this, but to be very brief, this has been reported in the news media and with others that the eCourt system also called Odyssey, we did not select that vendor that's AOC, that the number of errors that DMV has received was approximately 19,000 for the four pilot counties before [00:59:30] expanding to Mecklenburg County this week. And that those 19,000 errors dwarfed the number of errors from the pre eCourt system among the other 96 counties. We are working closely with AOC and trying to address that. But unlike what has been stated, it is not a problem with DMV systems. We can only have go into the record what we are sent. And we're not the ones sending it. We're receiving the data [01:00:00] from the court system.

Rep. Warren, Chair: Representative Cervania, did you have your hand up? You're next.

Rep. Cervania: Thank you so much. And I know we have limited time, but I do want to thank both of you, all three of you, for coming today in person. I want to go through the process and have some questions about the RFP and why there was a failure point there. Clarify to me, IDEMIA, how long have we had [01:00:30] a contract with them?

Mr. Goodwin: It is my understanding based upon what was provided to me that IDEMIA and its predecessor companies, as you know, companies change names and merge—

Rep. Cervania: Yes.

Mr. Goodwin: That that company has had a contract with North Carolina since approximately 1996.

Rep. Cervania: 1996. And this is obviously procured before you and the Deputy Chief.

Mr. Goodwin: Long before.

Rep. Cervania: Yes. And then they were eligible for an extension, you said [01:01:00] in the last one?

Mr. Goodwin: They were eligible for two extensions. They had already used one. And then the contract said that they were eligible for one more, and they received that final extension. There was going to need to be a process anyway because there were no more extensions according to the contract that predated us.

Rep. Cervania: Very good. Okay. And so then now that you're at a juncture point where you need to acquire and procure another company, help me understand, because there's an [01:01:30] alluding that it would take too long. Help me understand the failure of your RFP process and the necessary legislation to be the mitigation of that.

Mr. Goodwin: Thank you for your question. As I understand it, the RFPs that were attempted on other things before Chief Manley and I were in these [01:02:00] positions, that those failed. They went for years and years, and they weren't able to be... And she can address it more specifically. And again, as I learned from then-Secretary Boyette and from others who were involved with the 2021 law, that the reason that the 2021 law was adopted was because of the frustration with how the system in place with procurement and RFPs was not working. And that it was taking years and years [01:02:30] and still nothing was happening. There were several instances where we had to stop it, again prior to. But I think, Representative, Chief Manley can provide more details about it.

Rep. Cervania: Please, thank you.

Ms. Manley: Thank you for that question. I just have a few examples that I would like to share with the committee today. So, the first one I would like to share is what we call the eCrash procurement, [01:03:00] and it is one of the DMV Five. The original RFP was sent, it was assigned in three, March 3, 2023. Fully executed contract was 6/2/2023. So, that only took three months. eCrash actually started though in 2018 when an MOA was done with the University of North Carolina. And the MOA [01:03:30] was terminated because they found out that they could not really execute it. So, we used this eCrash project as one of our first DMV Five to, so this is a good example of how quickly this was passed by using the Session Law 2021-134. We contract, I'm sorry, execute the contract, fully executed in three months. So, that [01:04:00] was a good example. And the crash collection data is being done in-house, and the analytic part is being done by a vendor.

The next example of a great success for Session Law 2021-134 is the Administrative Hearing System. We completed that one from November '22, and it was fully executed May 2023. That's another [01:04:30] DMV Five project. So, then I would like to talk about the ones that were not part of the DMV Five that we tried to execute on our own without using the Session Law. So, one in particular is the SADLS refactoring. And SADLS again is the State Automated Driver's License System. So, refactoring, we started the RFPs in [01:05:00] August 2020. We spent several years with that, and the contract was never awarded. So, we pulled that part because we need now to modernize all of the DMV systems that was just going to do the SADLS part. So, we pulled that to

work with another in-house... working with a state that has actually implemented their systems, [01:05:30] and that's the state of Arizona. And they're one of the leading jurisdictions within the AAMVA community. And I would say at least seven other jurisdictions are looking at their systems and how they implemented it because they're not using a vendor, they're going in-house. So, we pulled that one, but that was a very long one with no RFP.

Another one that you might be familiar with is central issuance that was assigned 12/2020 [01:06:00] in an RFP. We started the process. It was never awarded. And that had been going on probably for longer than 2020, but that's when we started the RFP process. That was pulled from that process because we wanted to separate the central issuance requirement from the print-on-demand requirements. And we would like to have the print on demand requirements as a [01:06:30] DMV Five because we know we could move that quickly as well. Another one is the North Carolina online Motor Vehicle Title and Registration Systems that was assigned in 8/2021, and it was awarded just last month, 9/23. So, you can see from those that if they were part of the DMV Five Session Law, they will move [01:07:00] quickly because you don't have to go through the procurement process. And it's not the procurement process. We might write the RFP, but once it's written then you have to go through another process with DIT.

Rep. Cervania: So, just as quickly as possible because I'm limited to five minutes. No, and they're great examples. So, the DMV Five legislation was something that was [01:07:30] agreed upon in working together with our body, correct? Now what is the differentiating, what makes it a better process versus your RFP process prior? In a very succinct way.

Mr. Goodwin: Well, it addresses the legislative requirement that we modernize our systems. That's first of all, it meets what this body as you know requested, [01:08:00] that it's modernized more quickly. The RFPs, the normal system, what we're accustomed with was not working for modernizing IT systems for DMV. And this is a huge collection of systems. And the benefit of it is that it, one, meets what the intent, as I understand that law was. And it relies upon the same data and evaluations but in a much quicker manner.

Rep. Cervania: So, I [01:08:30] recognize that it's speed. And I've been a state worker for many years prior. Sorry, and I've sat on RFP processes, sequestered IT projects. I'm just trying to understand what is the criteria of that it's speed, because it sounds like I'm going to just—

Mr. Goodwin: She can do it.

Rep. Cervania: Okay. Okay.

Ms. Manley: Thank you. And I'm going to do it speedily, because I'm going to read the general statute, what it says. It says, "The Department of Transportation

[01:09:00] may manage procure information technology goods and services and enter into a contracts for up to five information technology projects."

Rep. Cervania: So, just for clarification, and correct me if I'm wrong, that when you were in the process of doing a market analysis to fulfill this task, it was a micro level of people globally who can do [01:09:30] this. But it sounds like you still had lawyers, experts, representatives from the three entities that were necessary to make this decision, correct?

Mr. Goodwin: Yes.

Rep. Cervania: Okay. So, it sounds like it's just a very sped up process of an RFP process, but you still had all the elements for due diligence and legality.

Mr. Goodwin: Correct. We had everybody there who would normally be there.

Rep. Cervania: Okay. [01:10:00] Now I'm going to ask, I also have the concerns of privacy knowing that these are global companies. But you stress that also they have local or domestic presence. So, is there really a need and part of the process to even send this data outside our borders? If they have domestic entities here it would stay within our borders. [01:10:30] It sounds like Danville, Virginia, would be the only extent, correct? That our data would go. Would there be any other reason why it goes outside of Danville, Virginia?

Ms. Manley: Thank you for that question. Once the information leaves SADLS, it will go to their system, which is in-house in Danville.

Rep. Cervania: And we can create a contract that would prohibit it [01:11:00] from going globally because it's contract-like criteria, correct? If there's only need to just send it to Danville, Virginia or a domestic site, that would hopefully quell concerns that we all have when it comes to data privacy internationally, correct?

Mr. Goodwin: We'll be happy to provide more details on that.

Rep. Cervania: Appreciate that.

Mr. Goodwin: We share those concerns, and we believe they were addressed.

Rep. Cervania: Very good. And then [01:11:30] just a couple quick things. Yes.

Rep. Warren, Chair: Representative Cervania?

Rep. Cervania: Yes.

Rep. Warren, Chair: Chair has been very gracious on the time. You're well over 10 minutes.

Rep. Cervania: Thank you. Appreciate the time. Thank you for the responses.

Rep. Warren, Chair: Chair would like to ask. Commissioner, I'm a little confused on the 16-year renewal process. Where does that stand now? Because it sounded like there was a conflict between the pictures needing to be updated by... Could you [01:12:00] just tell us what the status is of the proposal to do the renewals on people ages 18 to 65 on 16-year terms? Is that still an active policy that you're looking for or planning on implementing?

Mr. Goodwin: We continue to advocate for a correction in the provision that was adopted. I'm not sure when... There are two federal statutes that [01:12:30] undergird that. One we were aware of already, which everybody including this body was aware that says the photograph or the image cannot be more than 16 years. The provision that came out in the REAL ID Act section 37.25 talks about that... I believe that's the correct one... talks about the card itself cannot be, I'm sorry, the REAL ID Act is HR1268 says that the actual card cannot be more than eight years. [01:13:00] We are respectfully requesting that if there's any technical correction bill, that that be addressed. As I understand it, the provision that was adopted, and again, I apologize for the confusion on the front end, but we've been working on since early on to try and address it. I believe it takes effect in July 1st, 2024. So, if it's not corrected now, we would respectfully request that it be corrected before July, 2024.

Rep. Warren, Chair: [01:13:30] Thank you. Representative Johnson, you're recognized.

Rep. Johnson: Thank you, Mr. Chairman. And, Commissioner Goodwin, thank you for being here this morning. We appreciate it with your staff. Were there any outside consultants used in this, or was it mostly done internal with DMV to evaluate vendors for this project?

Mr. Goodwin: It's internal.

Rep. Johnson: Oh, internal. I chair our IT Appropriations Committee too. So, when I say I know there are problems [01:14:00] with the procurement process, I am very aware. Because here's probably the issue we have, and it's been ongoing far before you were in this role and far before I was born probably. So, we've dealt with these procurement issues for a long time, and here's what I find is the problem. If it has to go through one department, whether it be transportation, DMV, and then there's an IT aspect of it, it usually gets lost in translation somewhere [01:14:30] between departments, not necessarily in the reporting process back to us. Sometimes it's between departments, and then we have to call and go, "Okay, where's this RFP at?" And they say, "Well, we did our part, we sent it over." You call the other one, "We did our part, we sent it over." And then we have to call people in to figure out where it actually is. I want this to be step one in a much bigger conversation that we have as partners trying to figure out how do we make this simpler.

And [01:15:00] really, my main question is this wasn't clearly a wide-open bidding process. Was there a reason that was the case? Or how was the criteria put together for what these vendors would have to show and ultimately making the decision?

Mr. Goodwin: And I'll ask Chief Deputy Manley to delve into the specifics, but we were following what we understood the intent of a 2021 law about IT modernization was, to get the [01:15:30] modernization done as quickly as possible with the tools and the experts that we have in place and to meet the industry standards. But Chief Manley can address the rest.

Ms. Manley: Thank you, Representative, for that question. The process, as you said, is a lengthy process. So, with just session law, we continue with the process that I would go through. So, first we did the AAMVA survey. [01:16:00] Survey all of the jurisdictions that were responding. Earlier I said 31 responded. Based on the information we received from them, what vendors they were using, there were top three. So, we contacted top three, and we did face-to-face interviews with them at their facilities, or two at their facilities, with one we did not because we were familiar with their facility and we had been there. [01:16:30] With the face-to-face, it was a small staff did the face-to-face. We then invited the vendor to come back to Raleigh to give a full presentation of all of their equipment technology that was new to the industry and what they were bringing out. So, everyone from DMV leadership as well as DIT's [01:17:00] leadership, including application managers, security director, infrastructure, and all of those technical people there to look at the software, what they had to offer and then ask questions.

Each vendor had the exact questions. And once this process was over, the team then evaluated the questions. And, based on the answers, we came [01:17:30] up with the selected vendor.

Rep. Johnson: Was the current vendor included in that or...?

Ms. Manley: Yes.

Rep. Johnson: Okay.

Ms. Manley: Yes.

Rep. Johnson: This is probably, we're talking very high-level procurement stuff, but we'd love at some point to definitely have a follow-up with you guys and partner on ways we can work on the customer service side of it and what we need. Because when I think modernization, and I think there was some language in the IT budget this year as well [01:18:00] regarding potential modernization efforts. And I'm thinking of it, and this is the way I always oversimplify it. I go to the airport, I'm getting on a plane, and we obviously want that to be secure. So, we are going to the airport. I've got a barcode on my phone where I've put in all my

information. I go up there, I scan it, it spits me out a piece of paper. I take it up to the counter, they check my ID, they verify it, make sure everything matches up, and then they have you through the line.

[01:18:30] Now there is a person at the end of that line looking at that and a human is verifying it, so it's not totally automated. I know that would make me and others nervous if it was totally automated. But you go up there, you've got everything verified on the backend. And when I look at the process, we have potential to do with these, kiosk is the wrong word, but with these mobile units that we're starting to do, does the new vendor have the capability to print [01:19:00] from those potentially or to do the automated aspects that we've talked about in modernization to integrate with that going forward?

Mr. Goodwin: Thank you, Mr. Chair. We look forward to partnering with you to improve the IT process. And you nailed it that that's been a problem for a long time predating us. And again, that's why we took to heart the 2021 law. As you know, because of your requests that we [01:19:30] have modernization, and they were asking, well, "What about mobile units?" It's no longer the standard necessarily to have vans and trucks and the like, but portable units as the phrase that is used. And yes, the selected company can do that. And it will interface with our system, and they will print out the TDC, temporary driving certificate, just like you were at the driver's license office. It will be a mobile [01:20:00] driver's license office. And that will help so many underserved communities and wherever we need to go. And I think it'll be a blessing, a godsend once we do that. And that was part of this request.

Rep. Johnson: I'm probably going off script a little bit here, but going forward when we're looking at that plan, I'm from a small rural county. I think we're around 20,000 people or something like that. How has the decision made on where to set up permanent offices versus temporary offices and things like that? [01:20:30] How are those decisions made? Is it just a traffic count game or?

Mr. Goodwin: Subject to Chief Deputy Manley, I believe I've answered that question with other legislators before. In essence, it is based upon staffing but also based upon the demand. So, that's what it's based upon. We do need more offices, but where the greatest demand is in the metro areas. But that's why these portable units are so important because they can go into the underserved communities [01:21:00] like rural counties like you and I are from.

Rep. Johnson: And that was a big point is making sure whoever we ended up going with that was going to be a part of their portfolio and what they could do. One more thing that Representative Chesser did a great job touching on is the security on the backend. Obviously in the IT sector, and I tend to agree with one direction the DMV went in considering these, it matters. They are the true joint of transportation and IT. And I think that when we start [01:21:30] talking about the backend of being able to modernize these systems, being under the purview of IT, I think that makes a lot of sense. Especially when we're talking about cybersecurity and how we can work with these vendors to do that. Do you think

going forward that this vendor's truly... When you're scoring and we asked, we'll probably get into it at a later date about the actual criteria used. Was the security truly the [01:22:00] trumping factor when deciding who to go with, that you internally where there was no outside consultants, you guys internally thought this is the most secure one going forward?

Mr. Goodwin: Yes, including that was verified by the presentation done at the annual international conference where this company was highlighted among all the other states and the provinces of Canada.

Rep. Johnson: Is there any way for us to get that and be able to see that on the back end? I noticed a lot of the questions posed. [01:22:30] Maybe that'll help us see the understanding of why this didn't go through a more traditional process if things outstanding like this, you guys saw and help factor that big into the decision. So, we'd love to see that presentation if they could provide it.

Mr. Goodwin: We'll be happy to provide that presentation, but also provide the criteria that was used, which were summarized in my opening statement. We'll provide more details.

Rep. Johnson: Perfect. And as one last follow [01:23:00] up, is there any way we can get as legislators, can we see the list of vendors that were being considered? Is there any way we can see that list?

Mr. Goodwin: Yes.

Rep. Johnson: Perfect. Okay. That's what we need to know. And again, if you guys would be willing to come in, we'd love to have a conversation regarding the modernization. Not a report on the backend once it's done that if we could partner during the process, I think that would be a great thing going forward.

Mr. Goodwin: [01:23:30] Yes, sir. Happy to do that.

Rep. Johnson: Mr. Commissioner, we appreciate it. Thank you so much. And thank you to the media outlets here covering this. We don't thank you guys enough. We appreciate it. We can do all the good things in the world. But if nobody knows it's going on, then we get the same calls from constituents. So, us being able to share the articles about the improvements you're trying to make, that makes a big difference for our people back home. So, thank you guys, too.

Rep. Warren, Chair: Commissioner Goodwin, when you provide that list of vendors who were offered an opportunity to [01:24:00] vie for that contract, could you also include what their responses were? The chair has been very gracious, I think with some of the members in their questioning. You've gotten more than 10 minutes, but we do have two members who did not use their full-time. Representative Willingham, Representative McNeely, do you have any last questions before we thank? Yes, sir. Very quick.

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Rep. McNeely: Mr. Chairman, I really don't have any questions other than the emails that were mentioned at the very first in my questioning where you said the pathway. Well, I'd love to get [01:24:30] that information. So, if you could supply us with those emails of the chain of how you went through to try to get word to make the changes in the budget and that didn't happen. So, if you could provide that, any pertinent information in that chain.

Rep. Warren, Chair: Commissioner Goodwin, Deputy Commissioner Manley, we want to thank you for appearing here this morning. We know this... I'm sorry, Representative Willingham?

Rep. Willingham: Yes, sir. I just got a couple more questions. In awarding the contract to [01:25:00] CBN, who evaluated what was the price that we're paying, the amount we're paying to this company to do this work?

Mr. Goodwin: That was part of what each of the companies were asked to present. And we'd be happy to provide the details on that. It's in the contract that we provided. But happy to answer any other questions related to it. If you'd like, I can tell you the price per card. This [01:25:30] is what the-

Rep. Willingham: If you've already provided, I can look at it. I can-

Mr. Goodwin: But this was not in there, because I was asked to have a short opening statement, but it's \$2.55 cents per card. And the current vendor, while Chief Deputy Manley is looking at what the current vendor, they're all about the same. But we're getting more security measures [01:26:00] with, as I understand, with what the selection that we had.

Rep. Willingham: So, you're saying the prices that we're paying now—

Mr. Goodwin: The current vendor is... I'm sorry.

Rep. Willingham: Excuse me. The prices we're paying now is about the same we were paying before?

Mr. Goodwin: Yes sir. From Chief, it's one penny more per card with more security measures.

Rep. Willingham: Okay, that's fine then.

Rep. Warren, Chair: Representative Willingham, you could probably find it on one of the 1,367 pages of that contract if you just glean [01:26:30] through it pretty quickly.

As I was saying, Commissioner Goodwin and Deputy Commissioner Manley, we really do appreciate you responding to our request to appear here today on such short notice. And we also appreciate your testimony. We appreciate your service to the state. I believe we've learned a lot today about the budget, the method by which you award contracts, and the budget process where we need

some improvement [01:27:00] on communication apparently. So, we trust that you and your staff will take appropriate steps to see that those changes are implemented. This committee does look forward to meeting with you again soon to discuss the customer service initiatives and challenges that you face, and initiatives you've taken that you alluded to in the written statement that you submitted to us yesterday.

Members of the committee, the Chair, wants to thank you for your attendance and for your questions. The Chair would also like to acknowledge and thank [01:27:30] the committee staff and the Sergeant at Arms for being here today to facilitate this meeting. And with no further business before us, this meeting is adjourned.