

**Written Statement of Proposed Testimony
from Wayne Goodwin, NC DMV Commissioner
Submitted on May 30, 2024 for the
House Oversight and Reform Committee
Thursday, June 6, 2024**

Chairman Johnson and Chairman Warren, Members of the Committee, Other Legislators, Legislative Staff, Guests, and my fellow North Carolinians:

Good morning. Also, thank you for inviting me today pursuant to your letter dated May 21, 2024.

As a former member of the North Carolina House of Representatives it is an honor and pleasure again for me to join you and Members of this Committee as you do the business of our people. In my role as DMV Commissioner these last two years, in tandem with senior executive leadership, I helped develop our DMV goals for my tenure. To tackle long-standing, decades-long agency challenges further exacerbated by the pandemic and labor force dynamics, our primary 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

Other than the recent credentials production and delivery delay, by every other general metric of which I'm aware DMV is better now than it was two years ago. Recognizing that there remains much work to be done to meet the previously-stated goals – especially in a state that has significantly grown by 3 million citizens since 2000 – it is important to identify the many modernization changes and customer-friendly improvements over the last two years and to determine what our growing State needs to provide DMV services more efficiently to North Carolinians. To that end, you will see a detailed addendum to these remarks that chronologically outlines those many recent modernization changes. (**See Addendum 1.**)

Your May 21 letter asked me to be prepared to discuss several topics at the committee meeting originally set for May 30 but reset for June 6.¹ Within this written statement I will address, to the best of my ability and knowledge, each one. Any opening remarks I am allowed to make, if any, will be a much shorter verbal summary of this submitted statement.

¹ By subsequent communication after postponement of the May 30 hearing, House Majority Government Operations Director Joe Coletti indicated that this pre-testimony could instead be submitted no later than 5pm, May 30 instead of May 28. On May 31, Mr. Coletti asked for items referenced in the timeline. The exhibit references in the timeline were for internal agency purposes if asked about specific timeline entries. While Mr. Coletti and the Committee had already received those same emails within the batch of 3,882 sent on May 28, out of abundance of caution a zip file of duplicate emails (along with an updated statement) was submitted via email on May 31.

Status of the Backlog for Driver License and state ID issuances

Over the course of the last month various people have commented about the March-May 2024 credentials backlog without reference to or knowledge of all the facts. Respectfully, this committee hearing will help separate fact from fiction and will illuminate where matters stand with resolving the backlog and the good news going forward.

To those ends, after receiving your request on May 21 – and in preparation for the hearing -- the Division of Motor Vehicles submitted to this legislative committee on May 28 a batch of 3,882 emails and related documents relevant to this discussion.

Furthermore, in my opinion a review of all those 3,882 emails plus virtual meeting communications, telephone calls, meetings, and relevant facts between this agency and the current vendor² are vital to understanding what has led to this hearing – as well as the causes of the credentials delay and its solutions that are underway. Moreover, it is vital to hear both from those agency points of contact specifically tasked with interfacing with the vendor and the agency's subject matter experts (including DIT-T³, as warranted), particularly as it relates to this subject but also regarding daily operations with the vendor and transition to the new vendor.

The relevant emails and telephone/conference call discussions, the company card delay that predated the February 2024 SADLS coding error (also called a software “glitch”), the inexplicable growing credentials backlog from March into May 2024, and the lengthy history of defective cards produced for North Carolina by that company cannot be overlooked by the State or the public. DMV has previously informed the legislature about a history of defective cards with the current company.

As for the credentials backlog status, please consider the following observations based upon the partial timeline summary accompanying this statement (see **Addendum 2**) and, on information and belief, the submitted email records and relevant conversations and recollections from DMV subject matter experts:

- During its normal, daily process of reviewing online issuances on February 19, DMV discovered that one person who was ineligible for online renewal had been incorrectly allowed to receive it. DMV submitted a ticket with DIT-T and eventually learned that the coding error impacted 2,136 cards resulting from transactions within a small window of time (approx. 4 days: Feb 16-19). DMV and DIT-T immediately *resolved the problem in less than 24 hours* of learning about it.
- On February 20 DMV reported the problem to Idemia. That same day DMV requested that IDEMIA withhold those erroneous cards so unlawful cards did not enter the stream

² IDEMIA is also referred to herein as “Idemia” or “the manufacturer” or “the company” or “the vendor.”

³ “DIT-T” represents those IT professionals from the NC Department of Information Technology who are embedded within and work alongside the NC Department of Transportation. In this instance, the reference to DIT-T means those DIT professionals who specifically work as partners with DMV.

of commerce, jeopardize security, etc. (Those 2,136 cards only comprise 0.025% of North Carolina's active card holders.)

- IDEMIA also told DMV on February 20 that halting production of North Carolina credentials was the route to go as a resolution.⁴ Further, in an email that same day at 2:35pm, **the company asked DMV, “Will you approve a hold on production of all North Carolina jobs so we may focus on stopping those cards from being mailed?” DMV, working with Idemia, agreed to what it believed was the best course of action based on the information presented to it and known at the time.**⁵
- However, at the time that production was temporarily halted approximately February 22, internal DMV records and subject matter experts' analyses show that Idemia was already apparently seven (7) days behind its normal schedule for cards *not involved with the software error*. So, assuming those analyses are accurate, to assign the current credentials delay solely to the software glitch and temporary production delay is inaccurate.
- In a February 20 email at 4:02pm, DMV Deputy Commissioner Boyd-Malette indicated that North Carolina had agreed with the company to hold production for 2/19/24 through 2/21/24. Subsequently, the hold date was shifted backward from 2/19/24 to 2/16/24 to capture all affected records. **Accordingly, that appears to be a production hold date of approximately six (6) days.**
- Moreover, to the best of our knowledge DMV was never informed or never understood at the outset that the selected solution for the 2,136 cards was going to lead to a “domino effect” delay in the company's card production and mailing that would eventually grow to a 6-8 week delay two months later for over 354,697 cards.⁶
- Between approximately February 22 and over the next several weeks into March, DMV focused on identifying those 2,136 cardholders and contacting them directly and individually by email and/or telephone, notifying them of the problem and working with those customers to schedule either appointments or walk-in visits to DMV Driver License Offices so they could obtain lawful credentials.
- Further, Idemia claims on top of the production delays that it experienced a 15% increase in North Carolina card transactions volume in the current year. DMV's understanding of its data – as shown in **Addendum 3** to this statement and below – does not appear to support that statement.
- In a March 20 email, the company said, “Once all of the problem cards were pulled, we (Idemia) began printing again but this caused at least 12 days of backlog.” DMV does not

⁴ On information and belief, Idemia suggested that a smaller number of impacted cards would not have required a production shutdown. DMV is of the opinion that the company's *manual* process – that is, what appears to have been a lack of an automated process to retrieve the cards in production – is something to note.

⁵ It would be unacceptable for DMV to knowingly allow those unlawful, inadvertently issued cards go out to 2,136 persons. Among other things, that is a security issue.

⁶ On information and belief, an email review seems to indicate the first report to DMV from Idemia about a backlog was March 20.

understand why a production resumption on March 4 resulted in a backlog of at least 12 days. It remains unclear to DMV as to why a company that produces 40,000-50,000 cards per week for the state had to shut down for all the days it did in order to retrieve only 2,136 cards.

- March 20, on information and belief, appears to be the first time the “at least 12 days of backlog” phrase was included in an email from Idemia. Regardless of when Idemia first indicated there would be a 12-day backlog, DMV does not understand why that backlog time more than *quadrupled* thereafter, as noted below.
- That same day, March 20, the company said via email it would provide a status update in mid-April and weekly thereafter.
- On March 21, the company said DMV’s customers would receive their cards 4-5 weeks later. This report from Idemia remains confusing to DMV because on the day before (March 20) the company said that there were at least 12 days of backlog *but the next day* (March 21) the company said customers would receive their cards 4-5 weeks later (that is, 28 to 35 days, not 12 days).
- DMV apparently received additional conflicting information in a March 20, 2024 email from Idemia. It states:

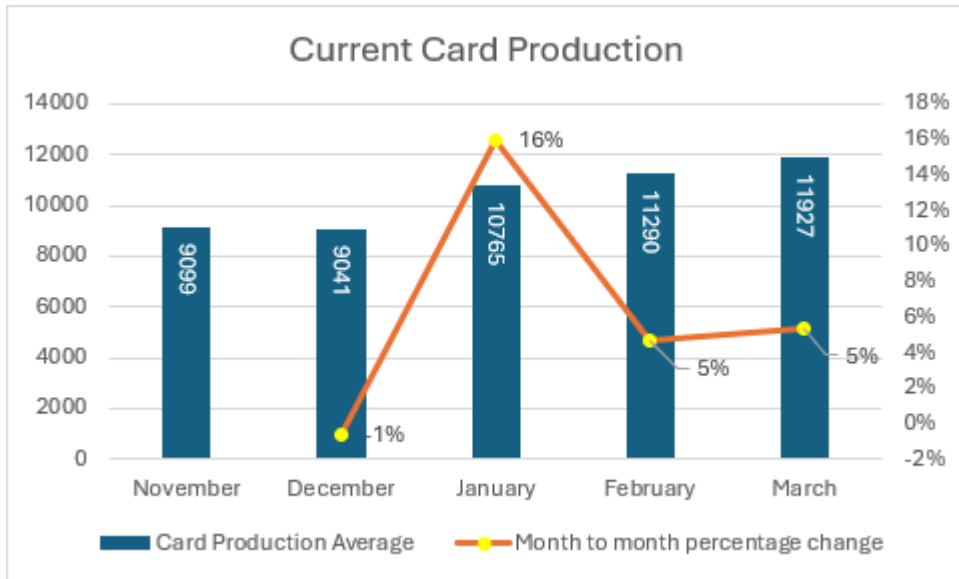
“.. In addition, month over month volume has increased an average of 1000 cards per day ...”

Then in a May 3, 2024 message from Idemia it states:

“... Card volumes have increased approximately 15% since February and although measures have been taken to get production back on track, processing of cards has not improved....”

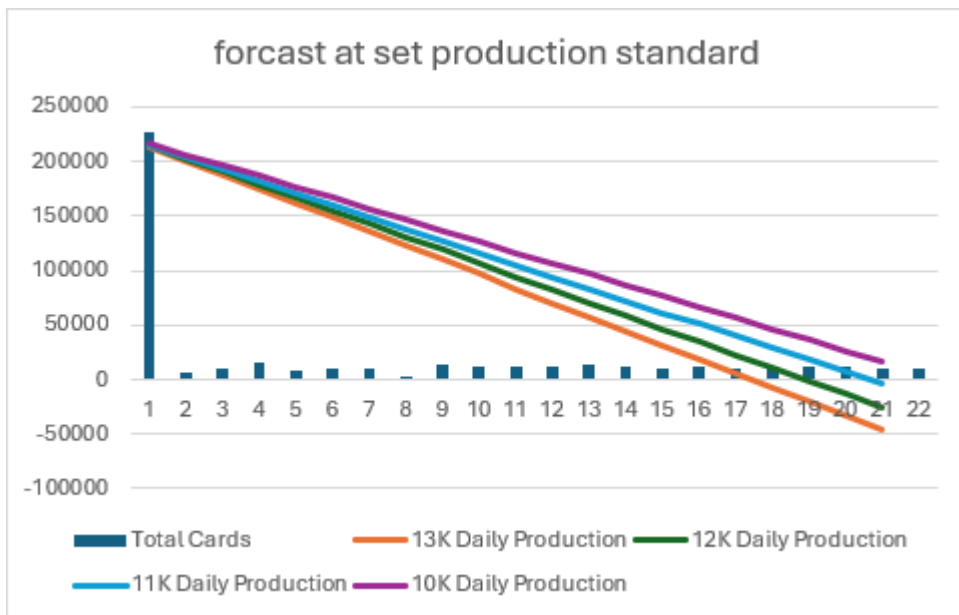
The above statements about an increased card volume while the delay is happening is confusing to the Division – particularly considering the data DMV obtained that compares and contrasts January 1-May 20, 2023 with January 1-May 20, 2024: DMV’s data shows 1,122,615 issuances for that time period in 2023 but only 1,116,346 in 2024 -- a decrease of 6,269 credential issuances by Idemia between the same time periods in 2023 and 2024, not a 15% increase. (See **Addendum 3**.)

Further, DOT’s internal records further indicate that while there appears to be a one-month increase of 16% between December 2023 and January 2024 – both of which predate the February software issue – it’s important to note that the State (and its DMV Driver License Offices) is closed for multiple holidays in November and December every year, thus the reduced numbers in those months compared to January. So, that “increase” in January 2024 may not be unusual – an “increase” that compared to the prior year (See **Addendum 3**) is not necessarily an increase. The data also appears to show that there was a 5% production change from January-February 2024 and February-March 2024.



Note: See Addendum 3 for a comparison.

- According to NCDOT/DMV on April 23: “Idemia’s ‘total cards’ column in their spreadsheet shows they can produce over 13K cards a day. If production maintained a daily standard, rather than chasing daily issuance, they could eliminate the backlog in 17 days if we stopped sending them work today. I believe a production rate of 13K cards a day will alleviate the backlog by about four days a month. I think that puts us back to normal in 2-3 months as long as they average 13k cards a day and our issuance maintains about 10.5k daily.” ... **Once Idemia added the second manufacturing facility on May 13, then the above is mooted; it would seem reasonable to expect the estimate to be cut in half or back to 17 days with the additional facility.**



- On April 3, the company indicated it was nine (9) days behind, which again conflicts with reports from the company to DMV on March 20-21. Idemia also indicated based on the current rate *at that time* it would not catch up on the backlog before the end of its contract on June 30 – what appears to be the first time Idemia had notified DMV that it would not catch up before June 30.⁷ That is also the first time the company said that it could also take a look at overtime options and would get back to DMV later with pricing.⁸
- An Excel spreadsheet attached to an April 5 email from the company appears to indicate that on April 4 the company was in the process of manufacturing cards issued March 13, 2024. That appears to be a delay of five (5) weeks for customers; subtracting out the customary and usual two weeks for production and mailing in the past, that indicates an additional three (3) weeks delay above and beyond the normal time frame.
- On April 15, the company indicated it would be 3-4 weeks before customers received their cards. That reflects what appeared to be the case on April 4.
- Those same records also appear to show that Idemia did not officially offer to add a second manufacturing facility to help tackle the credentials delay until approximately May 6. DMV greatly appreciated – and continues to appreciate -- the company's addition of the Illinois facility to its California facility to help solve the backlog for DMV's customers.
- With the addition of the second Idemia production facility and its apparent success in cutting into the backlog in May and now June, it appears to DMV that DMV's expressed willingness to pay Idemia overtime compensation to eliminate the backlog was mooted. On information and belief, the company did not reply to DMV about overtime.
- On May 13, the company reported that it was working on March 25 issuances – equating to six- or seven-week delay. DMV is not clear why the delay period was still growing at that time.
- Based upon a May 14, 2024, email from Idemia, the second facility began its work on the split batch on May 13. North Carolina's credential backlog was 354,697 cards heading into the week of May 13.
- Based upon its email dated May 29, Idemia appears to have reduced the backlog to approximately 141,000 cards by the week of June 3; down to an estimated 95,000 by the week of June 10; and further downward to Idemia's estimated 45,000 cards by the week of June 17.⁹ **Idemia's emailed reports to DMV over the last several weeks –**

⁷ More recent updates from Idemia to DMV indicate that the company projects eliminating the credentials backlog before June 30. See Addendum 2.

⁸ On information and belief, DMV did not receive overtime pricing options from the company. DMV later inquired about it, along with the status of card stock, but did not receive any updates about an overtime option.

⁹ The projected backlog numbers dropped further between the older and more recent updates from the company.

including through May 30 -- indicate that the credentials backlog will be *eliminated* before the end of June. This, of course, is much welcomed news for everyone.

Please see the more detailed timeline accompanying this statement and labeled as **Addendum 2**. Idemia has emailed regular reports to DMV prior to and certainly since both the vendor transition began and the backlog was identified.

Meantime, the process of onboarding the State's new card vendor at DMV Driver License Offices began this week (May 28) in Louisburg and Greensboro, with the balance of the remaining Driver License Offices statewide transitioning to equipment and software throughout the month of June. CBNSTI, North Carolina's new credential manufacturer located in Danville, Virginia, is projected to be in operation across North Carolina starting July 1.

Renewals and issuances *from online and kiosk services* will become CBNSTI (in place of Idemia) during that June deployment of the new equipment, software, and credentials.

It is important to note that CBNSTI will not inherit a backlog from Idemia: Under the proposed transition plans, credentials produced by CBNSTI will be for customers receiving services where that *new* company's equipment and software are in use. Idemia is responsible for producing and mailing cards issued in North Carolina Driver License Offices on or before June 28, the last weekday of the month and prior to its contract ending June 30. Given the normal two-week turnaround time (under usual conditions) and Idemia's projection of eliminating the backlog before its contract concludes and its last business day of June 28 with North Carolina, DMV anticipates any remaining Idemia-produced cards to be received by those customers in July.

With the launch of our new cards North Carolina will have the most secure credential in our great State's history. Our new licenses and IDs will be among the most secure identifying documents in the world.

(The next section continues on the following page.)

Progress in implementing kiosks

The three initial kiosks located in Raleigh, Charlotte, and Fayetteville grocery stores have been very popular. Please see the data below:

Date Range: Feb 19 – May 29, 2024

| | | | | | |
|---|----------|--|-----|--------------------------|-----|
| 1 | 0190-101 | Charlotte Harris Teeter (Riverbend Village) 4701 Smith Farm Road Charlotte, NC | 636 | Driver License Duplicate | 384 |
| | | | | Driver License Renewal | 211 |
| | | | | ID Card Renewal | 41 |
| 2 | 0190-100 | Fayetteville Harris Teeter (Highland Centre) 2800 Raeford Road Fayetteville, NC | 716 | Driver License Duplicate | 417 |
| | | | | Driver License Renewal | 243 |
| | | | | ID Card Renewal | 56 |
| 3 | 0190-102 | Raleigh Harris Teeter (The Corners at Brier Creek) 4221 Corners Parkway Raleigh, NC | 615 | Driver License Duplicate | 362 |
| | | | | Driver License Renewal | 237 |
| | | | | ID Card Renewal | 16 |

Total: 1,967

Note: 4 transactions via the display kiosk at the NC Transportation Summit. **Thus, the actual total is 1,971.**

| No. of Transactions Started But Not Completed | | | No. |
|---|--|--|-------|
| Driver License Duplicate | | | 973 |
| Driver License Renewal | | | 2,488 |
| ID Card Renewal | | | 426 |

Totals: 3,887

The above data – when combining the completed with the incomplete transactions (for a grand total of 5,385) -- reflects the *high and growing popularity* of the kiosks. Many of the incomplete transactions were apparently due to customers trying to renew at the kiosk but who were deemed ineligible because they had renewed online last time.

These three initial kiosks provide Driver Services.

As previously reported by the Division to the General Assembly, DMV and its kiosk vendor initially planned for the kiosk pilot project to start last Fall at selected Harris-Teeter grocery store locations and then planned to deploy the next seven kiosks thereafter with *full services* – that is, offering both Driver Services and Vehicle Services - in early 2024. It took several months longer – with the intervening November-December 2023 holidays as well – to complete the necessary testing to ensure the kiosks would work at the grocery stores as designed.

Further, the delayed introduction of Vehicle Services transactions has stemmed from a large quantity of ITI-owned defects and not the credit card or quadrennial fee increase projects. Originally, ITI sent over non-tested code to our STARS DIT-T partners which has been a

challenge for them. With correcting those defects, the experts have indicated that a lot of regression testing is mandatory since modifying code for one defect was causing issues with others.¹⁰

It is my understanding that the next seven (7) self-service kiosks will be deployed and will launch in approximately two weeks – on or about June 15, 2024 – and offer Driver Services like before. Approximate July 1 most kiosk locations will offer full services.

Locations for the next seven (7) kiosks are:

3 more in Mecklenburg County
2 more in Wake County
1 more in Cumberland (Fort Liberty)
1 in Durham

Locations for the next nine kiosks after the first ten are slated for:

Buncombe
Dare
Durham
Forsyth
Guilford (2)
New Hanover
Pitt
Watauga

DMV's self-service kiosk was on display for three days at the NORTH CAROLINA TRANSPORTATION SUMMIT in Greensboro. Here are photos from that event, including one showing NC DOT Secretary Hopkins ordering his duplicate driver license using the kiosk. As with other customers using the kiosks, it only took a few minutes for him to complete his transaction.

¹⁰ It is also important to note that unlike the original kiosks offering Driver Services in February through June 2024, when the kiosks become full-service with both Driver and Vehicle Services in July 2024 the new statutory cap of 2% on credit card transaction fees will have started.



While the present project plans on twenty (20) kiosks, I encourage and envision North Carolina's DMV mirroring what some other states have done: *Deploying over 100 kiosks statewide!* With the customer demand and the need to provide more flexible options for customer services, I believe deployment of over 100 self-service kiosks could be accomplished in 2025-2026 if the support for the program continues. (Complementing the kiosks and the other means of obtaining DMV services in the future will be development of portable DMV Driver License Office examiner unit project. Prototypes are apparently the size of carry-on luggage.)

Meantime, DMV's private vendor has begun reaching out to other North Carolina grocery store chains in addition to Harris-Teeter. The kiosk vendor is in the process of contacting Food Lion, Ingles, Carlie C's, and Compare Supermarket. Adding kiosks to any of these grocery stores will help more DMV customers receive services without going in-person to the DMV.

DMV looks forward to working with the legislature on the goal of further expanding our popular self-service kiosk program.

Any relationship between kiosk implementation and the backlog in credentials issuance

It appears that *part* of the credentials delay stems from a SADLS software malfunction – a coding error – during DMV's kiosk implementation; however, the error was not because of the kiosks or the kiosk vendor or any maleficent intrusions into the system. Due to that coding error and during slightly over 2 days, a relatively small number of customers using online services were inadvertently automatically allowed to request an online credential when they were ineligible for online renewals at that time. DMV discovered and resolved the error the same day.

Based upon the emails and documents provided by DMV to the committee and the recollection of the subject matter experts, on information and belief Idemia already had a small pre-existing credentials delay of up to seven (7) days *unrelated* to the February 2024 software malfunction and prior to the production shutdown.

Progress in transition to new vendor for credentials

Idemia has been migrating multiple years of North Carolina's driver and ID record data and photos to DMV in April and May.¹¹

Based upon the above data migration and what remains as of last week, it appears that DMV – and ultimately the new vendor, CBNSTI – are on target to have the data needed from Idemia for the transition. Please note that customer data and photographs are owned by DMV (the State of North Carolina) and the company is returning that property to the agency.

DMV and DIT-T have had weekly and oftentimes even more frequent meetings, conversations, and communications with our Idemia partner. DMV and DIT-T have done the same with their CBNSTI partner.

CBNSTI first operationally appeared in a North Carolina Driver License Office this week (May 28) at the Greensboro and Louisburg locations. Throughout each week of June more and more North Carolina Driver License Offices will transition to CBNSTI offices. It is projected that by July 1 the new vendor will be the credentials manufacturer for all offices as well as for online and kiosk services. As the number of CBNSTI offices in North Carolina increases in June, the number of credentials to be manufactured by Idemia in June shrinks.

Expectations for Summer rush

DMV's "Peak Season" occurs annually between Memorial Day and Labor Day. The increase in customers seeking DMV transactions during the Summer is certainly not all due to teen drivers getting their road tests, permits, and licenses; a great many persons *other than* teen drivers choose to address their DMV needs immediately prior to and during the Summer travel months.

Accordingly, for each of the last several years, DMV has offered Saturday morning "walk-in only" services at sixteen (16) locations across North Carolina. Coordinating these Saturday services is not easy for management and examiners alike; I express my profound gratitude to those dedicated State employees who help on these special weekend hours. I am not aware of many public-facing State agencies that offer Saturday customer-service hours.

This year these Saturday hours will start on June 8 and continue through August 24 (the last Saturday before Labor Day) at the following locations:

2024 Saturday services at the 16 DLOs:

- **Asheville**, 1624 Patton Ave.
- **Charlotte**, 9711 David Taylor Dr.
- **Charlotte**, 201-H W. Arrowood Rd.
- **Fayetteville**, 831 Elm St.
- **Graham**, 111 East Crescent Square

¹¹ With the State's current 2024 population of 10.5 million persons and 8.49 million of them who have state Driver Licenses or IDs – and multiplied by years and years of data – there are many millions of State files and records being transferred back to the State from the company.

- Greensboro, 2391 Coliseum Blvd.
- Greenville, 4651 North Creek Dr.
- **Andrews, 1440 Main Street**
- **Salisbury, US 29 S, 5780 South Main St.**
- Huntersville, 12101 Mount Holly-Huntersville Rd.
- Jacksonville, 299 Wilmington Hwy.
- Monroe, 3122 U.S. Hwy. 74 W.
- Raleigh, 2431 Spring Forest Rd., Suite 101
- Raleigh, 3231 Avent Ferry Road
- Wilmington, 2390 Carolina Beach Rd., Suite 104
- Winston-Salem, 2001 Silas Creek Pkwy.

Note: Locations in blue are new for 2024.

License Plate Agencies status update

There are currently 129 License Plate Agencies (LPAs) Commission contract locations in North Carolina, and 121 of those are currently open. Twenty-seven (27) are operated by local governments. The State operates an LPA in Raleigh and an Express Office in Huntersville.

As of May 24, there are two (2) locations that are not currently open but are in various stages of advertising. They are:

Eden
Hampstead

Two LPA offices recently re-opened: Jacksonville and Shallotte both opened the week of May 20.

In May, DMV received notices from two of the Charlotte contractors and the one in Lincolnton that they plan to retire later this year. The Charlotte contractors have operated their LPAs for 32 years and 17 years, respectively. We have begun advertising for new contractors for those locations.

LPAs opened in 2024 to date:

Spring Lake
Greenville 172 in the NCDOT building
Jackson Couty/Sylva
Lexington
Wilmington
Jacksonville
Shallotte

New Contractor Selected: Early Phase with Projected Opening Month in 2024 (Paperwork, Lease, Building Prep, Training)

Greenville 147 (July 2024)
Newton (July 2024)
Robbins (July 2024)
Mooresville (Aug 2024)

Southport (Aug 2024)
Hampstead (Fall 2024)
Plymouth (TBD)

Meantime, DMV has undertaken a *NCDOT Research Project* focused on LPA Compensation, Enhanced Efficiency, and Service Quality. As outlined in **Addendum 4**, the project will examine innovative tiered compensation models.

Other topics as appropriate

While I do not know what other topics will arise during this segment of the Committee hearing, please review **Addendum 1**. In contrast to those persons who mistakenly allege there have been no DMV improvements whatsoever, Addendum 1 highlights the great many modernization and customer-friendly improvements that have actually occurred over the last two years alone.

Thank you again for inviting me to appear before this committee. I will answer your questions as best I can and based on my knowledge, recollection, and belief and consultation with DMV and DIT-T subject matter experts. In case they are needed, several subject matter experts from DMV headquarters will also attend the committee hearing.

Addendum 1

DMV Modernization and Improvements in Customer Services 2022-24 (short list)

- **2022** – Launched Q-Anywhere project at DLOs statewide; allows customers to check-in by scanning QR code with smartphone and then can wait anywhere else outside of the office or go run an errand before receiving a text message to return to the DLO for service, all while holding their place in line
- **2022** – Extended DLO hours at 25 locations so those offices open at 7AM
- **2022** – Launched new process for non-English speaking customers to request an interpreter to be present and assist with DLO transactions
- **2022** – Launched an online process for customers who are deaf or hard of hearing to request an American Sign Language interpreter at their DLO appointment
- **2022** – Operated Saturday morning express-service walk-in hours for customers at 16 locations statewide
- **2022** – For greater efficiency, DMV re-organized its senior executive leadership: Wayne Goodwin, Commissioner; Portia Manley, Chief Deputy Commissioner; Paula Windley, Deputy Commissioner (Vehicle and Business Services); Charlotte Boyd-Malette, Deputy Commissioner (Driver Services); Tim Hayworth, Deputy Commissioner (License & Theft Bureau, and other services)
- **2022** – DMV's License & Theft Bureau launched easier, efficient online process for customer payment and processing of mechanic liens on unclaimed or abandoned vehicles
- **2022** – DMV online services now offer 22+ different services, [MyNCDMV.gov](https://www.ncdmv.gov)
- **2023** – Expanded DLO early open office hours to 7AM at 45 locations statewide
- **2023** – Moved all preset appointments to AM hours, walk-in services mostly to 12 noon and later hours; a more efficient process and also designed to prevent customers from unnecessarily showing up in early AM hours and to minimize the negative impact of appointment no-shows

- **2023** – Resumed 16 Saturday locations for DLO walk-in services during Summer peak season
 - **2023** -- Adding more DMV online services. Recent additions include:
 - Renew State ID within one year of expiration
 - Upgrade Level 3 Full Provisional License to regular Class C License
 - Renew Permanent Disability Placard
 - Exchange Specialty License Plate for a Standard Plate
 - **2023** – Launched online Walk-in Wait-Time Tool so customers could get estimated DLO wait times as close to real time as possible during weekday afternoons --- SIMILAR TO RESTAURANTS, GREAT CLIPS HAIR SALONS, FOR EXAMPLE
 - **2023** -- DMV to Begin Emailing Customers About DMV Service Changes, notifications, new online tools, etc. – SIMILAR TO PRIVATE BUSINESSES
 - **2023** – Partnered with NC Dept of Adult Corrections to automate updating IDs as certain offenders return to society post-incarceration
 - **2023** – Confirmed DMV has filled over 250 Driver License Examiner vacancies statewide since January 2022, reducing the DMV vacancy rate from more than 33% to 11-12%. As of the end of 2023, DMV had reached the lowest vacancy rate within NCDOT and among the lowest in state government. Please note that prior to January 2022, NCDMV had lost a large swath of its Driver License Examiners during and after the COVID pandemic and it remained that way until the intensified recruitment efforts of the agency and legislative approvals of higher compensation, hiring bonuses, and retention bonuses. Further, on information and belief, approximately one-half of the employees at DMV HQ either retired, transferred, or quit as a result of the State moving DMV HQ from Raleigh to Rocky Mount
 - **2024** – Launched the first three (3) self-service NCDMV kiosks in Harris-Teeter grocery stores in Raleigh, Charlotte, Fayetteville. Driver Services were offered initially; Vehicle Services are projected to be offered starting the end of May 2024. Further, the next seven (7) DMV kiosks will be deployed in metro areas for June 2024 operation. Ultimately twenty (20) kiosks are planned for 2024 – LIKE BANKS, CREDIT UNIONS, STATE LOTTERY, ARCADES AND BOWLING ALLEYS, THEATERS, FOR EXAMPLE
 - **2024** – Launched Email/Text Message Appointment Confirmation, Email/Text Message Appointment Reminders, an app that also helps greatly minimize appointment no-shows, eliminate bogus or multiple appointments, and opens up more morning appointment times for DMV customers statewide --- SIMILAR TO DOCTOR OFFICES, RESTAURANTS, GREAT CLIPS HAIR SALONS, FOR EXAMPLE
 - **2024** – Began deployment (starting May 28) of the most secure credential North Carolina has ever had and a credential that is among the most secure in the world; CBNSTI, DMV's first new card vendor since 1996, has its manufacturing facility in Danville, Virginia, much closer than the California facility of the present company, Idemia. This transition is a result of the DMV Credential Issuance Replacement Project
 - **Also in process:** Automated Hearing Solution; converting hundreds of DMV forms to online, fillable pdf documents; transitioned away from fax machines to online FS-1 submissions from insurance agents; eCrash (submission of law enforcement crash reports online from municipalities, etc, instead of by paper); DMV Application Systems Modernization (wholistic upgrading and modernization of all DMV systems applications – SADLS, STARS, MILES, et al. -- using the Arizona model)
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Addendum 2 – Partial Timeline of Events Regarding Credentials Backlog

Note: Dates and times (and matters noted as Exhibits) herein are references to email messages received/sent between DMV and IDEMIA, et al. DMV previously shared all of those with the Committee on May 28. The exhibit numbers within Addendum 2 were mostly for the agency's internal purposes if asked about a timeline entry. Based upon an email request on May 31, those same emails have also been re-produced and re-shared to the Committee in a zip file. Please further note that communications between DMV/DIT-T and IDEMIA also occurred by telephone, conference call, etc. Accordingly, all communications may not be reflected in emails.

February 19, 2024, 11:04 AM

DMV Nicole Hunter discovered a system error when processing an online transaction that allowed an ineligible online request (*allowing a customer 2 consecutive online renewals*) to process. Submitting a DIT service ticket for analysis, we later discovered that this was as result of a programming issue with Renewals through the PayIt Online application. Further analysis proved that a number of issuances received the same errors. The SADLS team fixed the issue on the same day and released the new updated SADLS module to PROD in the evening. (*see Exhibit 1&5*)

February 20, 2024, 9:41 AM

DMV Nicole Hunter contacted Idemia Director of Plant Operations Vic Thompson by email requesting to withhold a list of 2150 online transacted customer cards that were processed in error due to software glitch. (*see exhibit 2*)

Tuesday, February 20, 2024, 1:04 PM

Idemia Vic Thompson responded confirming that he's received the file containing the 2150 affected transactions but now better realizes the magnitude of the NC request and would need to place a hold on the production of all North Carolina jobs to focus and segregating these records in an attempt to not allow these credentials to not be mailed. This required approval from North Carolina to hold production until this request can be properly addressed and an action plan is implemented. (*see exhibit 2*)

February 20, 2024, 3:00 PM-4:00 PM

A Virtual Meeting occurred with DMV, DIT and Idemia to determine the impact and scope of temporarily halting production and to achieve a decision for the proposed resolution. (*see exhibit 3*)

February 20, 2024, 4:02 PM

Follow up email from DC Boyd-Malette indicating that NC had agreed to hold production for 2/19/24 through 2/21/24. (*see exhibit 4*)

February 22, 2024, 10:09 AM

DMV Deborah Little requested DMV approval to shift the hold date from 2/19/24 to **2/16/24** to capture all affected records since the kiosk implementation on 2/15/24. (*see exhibit 6*) It is important to note that **on Feb 22**, the day Idemia received authorization to halt production, *the vendor was already 7 days behind.*

February 28, 2024, 3:17 PM

Director Newsome received confirmation from Idemia indicating the total number of cards affected for each of the 3 print jobs equating to **2136**.

- 2/16 – 135
- 2/19 – 1448
- 2/20 – 553

At 12:43 PM, Idemia also provided a status update on credential pulled to indicate completion for issuance date 2/16/24. *(see exhibit 7)*

March 20, 2024, 11:00 AM

Deputy Commissioner Boyd-Malette confirmed messaging sent to customers regarding the system error event and refund information via the PayIt platform.

1. What was the final language sent to these customers?
 - Due to a system error, your North Carolins Driver License renewal payment has been refunded.
 - Provided Refund amount.
 - Provided a Confirmation number.
 - It also advised the money would be available in their account within the next 5 business days and instructed the customer to visit their local driver license office to renew their driver license at their earliest convenience.

When customers called the number provided, we made every effort to assist with an appointment. *(see exhibits 8&9)*

March 20, 2024, 7:20 PM (Initial Processing Update)

Idemia confirmed that printing had resumed once all cards were pulled but failed to indicate the actual day of resumed printing but stated that month over month volume has increased an average of 1000 cards per day. *(see exhibit 10)* Director Newsome, on May 9, pressed Idemia Rep Morgan on the official date for resumed printing which was then **confirmed March 4**. *(see exhibit 20)*

March 21, 2024, 11:29 AM

Idemia confirmed that they were **processing** the **March 4** job noting that customers should receive cards within 4-5 weeks. *(see exhibit 11)*

April 2, 2024, 10:53 AM

Director Newsome requested a progress update on the current processing date, as well as a follow-on weekly progress report. On **April 3, 2024, 9:01 AM**, Idemia rep Liz Morgan responded with a **March 11 processing** date, now 9 days behind. Morgan noted that at the current rate, it was unlikely to achieve the SLA target by end of contract but would provide updates each Friday following. *(see exhibit 12)*

April 5, 2024, 3:02 PM

Idemia provided an email containing print jobs from Nov 2023 to Apr 2024 with a **March 14 processing** date. *(see exhibit 13)*

April 15, 2024, 12:30 PM

Idemia Rep Liz Morgan indicated that customers should receive cards by mail **3-4 weeks from issuance date**. *(see exhibit 14)*

April 22, 2024, 6:14 PM

Idemia provided an email advising DMV of the **March 22 processing** date, but also noting prior dates not yet processed. *(see exhibit 15)*

April 23, 2024, 2:16 PM

DMV's internal review of Idemia's progress yielded a 13K daily rate projecting a 2-3 month return to normalcy as of this day. *(see exhibit 16)*

April 30, 2024, 2:13 PM

Idemia provided an email advising DMV of several **processing** dates, the latest of which was **March 28**. (see exhibit 17)

May 3, 2024, 11:31 AM

Email synopsis received from Idemia Vice President Tammi Popp with the following statement:

“On February 20, 2024, Idemia was notified by NC DMV that a software bug in NC SADLs application was allowing on-line users to complete back-to-back renewals. NCDMV applied the fix on February 20, 2024, but 2133 issuances were impacted covering batches from 2/16-2/21/24. NCDMV requested Idemia manually pull these cards in the factory, although an alternative option recommended by Idemia to fail the folio, would have had little or no impact on card production. Idemia received approval from NC DMV on February 22, 2024, to stop production for 2/16-2/21/24 card batches. The issuances were manually pulled, and the final cards were Fedexed to NCDMV on 3/4/24. Once operations resumed, card production was behind 12 days.

Card volumes have increased approximately 15% since February (see Exhibit 16 in comparison) and although measures have been taken to get production back on track, the processing of cards has not improved. Idemia offered to implement overtime at a cost to resolve this backlog, but to date has received no response from NCDMV. To reduce the backlog and resume normal operations, next week Idemia will move a portion of NCDMV card production to our factory in Springfield.” (see exhibit 18)

May 6, 2024, 12:49 PM

Deputy Commissioner Boyd-Malette sent an email to Idemia seeking clarification on the reporting process, the proposed move to an additional alternate Springfield location for printing and an explanation on how batches will be split between the two facilities. On **May 6, 2024, 4:52 PM**, Idemia Liz Morgan responded that their plan was to start Tuesday or Wednesday of the following week (**13 or 16 May**) with relocating some batches to Springfield noting the details of which ones and when were still under discussion. Morgan confirmed **completion of the Mar 28 processing date** but awaited further internal updates. (see exhibit 19)

May 8, 2024, 12:14 PM

DMV requested a **processing update** from Idemia. On **May 13, 2024, 3:08 PM**, Idemia Rep Morgan replied that the factory was still working on **March 25** jobs, a prior date as noted in the previous report. (see exhibit 21)

May 14, 2024, 11:25 AM

DMV received an email from Idemia Rep Morgan confirming that NC card processing was underway at both the Springfield and Sacramento facilities beginning **May 13**. (see exhibit 22)

Below is an estimate of how long it will take to get back to normal service levels:

- Current Backlog is approximately 300,000
- Each Factory can complete approximately 50,000 cards per week
- There are about 50,000 jobs coming into the factory weekly

| Week of | Target completion | New Cards | Backlog Remaining |
|---------|-------------------|-----------|-------------------|
| 13-May | 100000 | 50000 | 250000 |
| 20-May | 100000 | 50000 | 200000 |
| 27-May | 100000 | 50000 | 150000 |
| 3-Jun | 100000 | 50000 | 100000 |
| 10-Jun | 100000 | 50000 | 50000 |
| 17-Jun | 100000 | 50000 | 0 by June 21st |
| 24-Jun | 50000 | 50000 | 0 |

May 15, 2024, 1:46 PM

DC Charlotte-Boyd-Malette responded to Idemia's 5/14 email to acknowledge receipt of email information but noted that Idemia had yet to respond to DMV's request for information regarding card stock levels. *No response to date. (see exhibit 23)*

**Addendum 3: DMV Credentials Transactions During Jan 1-May 20, 2023 compared
with Jan 1-May 20, 2024**

Addendum 4: License Plate Agency Status Update