

## **Joint Committee on Appropriations Sub-Committee on Driver Licensing**

The Joint Committee on Appropriation's (JCA) Sub-committee on Driver Licensing was established to examine issues related to the closing of 15 driver licensing exam stations in South Dakota effective October 1, 2009. The 15 driver licensing exam stations were located in the following towns: Britton, Howard, Tyndall, Parkston, Salem, Freeman, Canton, Flandreau, Clark, Clear Lake, De Smet, Deadwood, Platte, Philip, and Beresford. The charge to the Sub-committee was to:

1. Review the manner in which these closings were communicated to the public;
2. Determine the amount of savings resulting from the closings and the alternative uses to which these funds were put; and
3. Explore alternative ways to resume service to the communities who lost it.

The Department of Public Safety provided information to a number of Legislators including all the members of the JCA. The information provided was an explanation as to why the driver licensing exam stations were closed during a restructuring of the driver licensing program, why the county/city issue option wasn't chosen as a replacement for the 15 stations closed, and included a driver licensing cost per card by site worksheet.

Some reasons for the closures as stated by the department include:

1. To shift staff time from low-volume sites to higher-volume sites to meet an increased demand for service;
2. To keep services available across the state, even though some residents will experience the inconvenience of traveling a little farther to obtain or renew a license once every five years;
3. It eliminated or avoided the need to request 4 additional FTEs in order to continue operating sites with an increasing demand for service in areas of the state with population growth; and
4. It eliminated or avoided the need to invest in technology upgrades at 7 sites and additional equipment for the new FTEs that would have been requested.

Some reasons the department chose not to go with the county/city issue option include:

1. Popularity with the county/city issue option is waning;
2. Adding additional county/city issue sites would require additional staff in the central location to process the driver licenses issued as well as additional staff needed to train and oversee the driver license issuance process at the county/city sites to ensure the ongoing integrity of the process; and
3. Specialized equipment would need to be purchased for each new county/city issue site.

A list of questions that members of the sub-committee still had regarding the closing of the 15 driver licensing exam stations was assembled and sent to the Department of Public Safety. These questions and responses to them are included in Exhibit A.

A conference call between the sub-committee and the Department of Public Safety was held on December 2, 2009. The department reviewed the initial questions from the sub-committee and provided verbal answers to each of them at that time. Members of the sub-committee addressed additional questions and concerns with the department. These questions and responses to them are included in Exhibit B.

The Sub-committee on Driver Licensing addressed several questions with the Department of Public Safety regarding the closing of the 15 driver license exam stations. These questions addressed many concerns regarding this issue and provided responses from the department that meet the charge given the

sub-committee by the JCA. While some members of the sub-committee were satisfied with the department's reasons for the closings, other members still have concerns and remain unsatisfied with the department's decision. These members believe the department could have made different choices such as: consolidating the two driver license exam stations in Sioux Falls in an effort to save costs, pursuing a larger increase in driver license fees to cover all costs of the driver license program in order to keep the 15 driver licenses exam stations open and meet the increasing demand in the more populated areas of the state, and chosen the county/city issue option for the 15 driver license exam stations that were closed.

While the sub-committee achieved the charge given from the JCA, the sub-committee members remain divided on this subject. Therefore, no common decisions or recommendations for the JCA are being offered from the sub-committee at this time.

Signatures on file with the Legislative Research Council

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Senator Jeff Haverly, Chair

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Representative Thomas Deadrick, Vice Chair

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Representative Deb Peters

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Senator Jim Hundstad

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Representative Susan Wismer

## **EXHIBIT A**

### **ANSWERS PREPARED FOR DRIVER LICENSING SUBCOMMITTEE OF THE JOINT COMMITTEE ON APPROPRIATIONS FOR DECEMBER 2, 2009 TELECONFERENCE**

1. Regarding personnel costs, it appears that the affected sites used 33 employee days per month, assuming two employees travel together to each site. Even if each employee only produces 18 working days per month, allowing for sick and vacation time, I do not understand how their reassignment can translate into avoiding the addition of four FTE's as stated in your information.

The reorganization reallocated 476 employee days (4760 employee hours), or the equivalent of about 2.3 FTE, across three geographic regions. If all closed sites were reinstated, the department would need three additional driver examiners, one each in Sioux Falls, Aberdeen, and Rapid City.

Staff members in the main exam sites, such as Rapid City, Sioux Falls or Aberdeen, are pulled from those sites to cover for illness or other leave at the remote sites. That happens frequently, and the alternative to pulling staff from the main sites in those situations is either to close the remote site for the leave period or to work short-staffed. Working short-staffed would prevent the remote site from offering the actual driving tests during the period of short-staffing. If all closed sites were reinstated, the department would need two half-time rover examiners to cover leave, one for the eastern part of the state and one for the west.

2. Regarding equipment costs, if those county renewal option sites do not actually prepare the license cards, why is the specialized equipment costs an item at all?

Under the new contract, the county issue sites are issued a specialized computer and camera. The previous system basically used a digital camera. The image a standard digital camera produces doesn't meet the stringent standard for photos outlined in the new federal requirements. The specialized computer software and camera enable us to produce driver licenses that meet those federal standards. The local site needs the specialized equipment so the photo and application submitted to the central office are in a form that can be completed to comply with the federal guidelines.

3. Why not reassign the specialized equipment that is issuing 44 and 86 licenses per year (Campbell and McPherson) to sites you have selected for closure, all of which issue more licenses than that?

The restructuring looked at offices where we could shift existing staff to other areas. That's not the case in Campbell and McPherson, which are staffed by local government employees, not state workers. Also, reassigning the specialized equipment to areas that were closed would mean additional training for someone (county or city employee) at the new location. Training is required for our partners at the county and city levels. A background check is also required for anyone involved in the issuance process. Additionally we pay \$5.00 per card issued to the county or city issuing the licenses. As the volume of licenses issued increases, the cost to the Department increases. The process ends up costing the state money. The partnerships were established many years ago as a measure to provide service in especially remote or low-volume locations. The local-issue program was never intended for sites with significant volume of cards issued. These local-issue locations begin the driver application process and the driver is given a temporary permit to drive. The application is then transmitted to Pierre where staff processes the application, enters the data, then produces the license and mails it to the applicant. Also, please note that citizen use of the county-issue option has declined by 41 percent since 2001.

4. The high cost associated with the additional DL Issuance Units is particularly troublesome. If enough units to service the sites that existed as of the order date were not ordered, before the announcement of the closing, it follows that the Department had this move in mind for quite awhile, and definitely during the 2009 legislative session when Public Safety came before the legislature to request a fee increase for drivers licenses. Yet, upon inquiry, you indicated that the fee increase would be sufficient to maintain service. Parsing the question into varying definitions of service maintenance is unacceptable in responding to legislative inquiries. When was the RFP issued for the new system? Were enough units ordered to supply the then existing distribution system, or the shrunken one now existing? Would the incremental cost of those additional units have been as high as quoted here if they had been included in the original bid package in the system changeover?

The basic premise of the question is in error. We certainly did not parse any questions from committee members. The discussion involved the fee increases and what was needed to provide driver license and ID cards. There was no calculation in that process of the restructuring plan. That issue simply was not in play at that time. It existed only as a general part of an ongoing analysis and discussion of how the department could best continue to provide statewide driver licensing service, meet a growing demand in certain areas and stay within the budget.

The RFP for the new system was issued on Sept. 12, 2008. The number of units required to provide service didn't change with the restructuring of driver licensing exam stations. The number of units is based on the number of teams servicing field offices, and the number of teams servicing the field offices didn't change. As we have said, the restructuring involved reallocating staff to high-volume work-stations. That didn't change the number of teams or the number of units needed. Additional units are needed only if we add staff.

5. Did the department consider strategies to smooth out the demand at high traffic centers over the course of the month?

We try to advise people through our Web site and other avenues about low-volume and high-volume times to visit a driver licensing station. In the end, the traffic at individual stations depends on when the customers decide to show up within the station's scheduled hours of operation.

6. Did the department consider contacting the local affected stations to ask for assistance in making them more cost-efficient? (equipment, staffing, computer hookups, etc.)

Quite frankly, it never entered our minds to ask another level of government to pay the cost of a state program. As we consider that suggestion now, it seems that it would create a great inequity across the state if citizens in some communities were subsidizing driver licensing services while citizens in other communities were not. That simply doesn't make sense. As we've said before, our focus was on reallocating our resources, freeing staff time to shift to higher volume sites and working within our authorized budget.

7. Please provide the list of percentages of local people who utilize each of the affected local exam stations.

Below is a chart showing the requested information. It is also important to note that only 15% of South Dakota communities have driver exam stations located in their community.

	<b>City</b>	<b>% Local Issue</b>
	Beresford	32.5%
	Britton	65.9%
	Canton	26.2%
	Clark	21.1%
	Clear Lake	28.0%
	Deadwood	76.2%
	DeSmet	44.6%
	Flandreau	23.9%
	Freeman	39.6%
	Howard	30.1%
	Parkston	25.9%
	Philip	28.6%
	Platte	58.0%
	Salem	36.2%
	Tyndall	45.8%
	Avg of Closed Sites	37.5%
	Avg of County/City Issue Sites	53.1%
	Avg of Open State Sites	91.8%

8. How did the department conclude or what was the decision process to leave driver licensing stations such as Mobridge, Armor, Martin, Webster, Parker, Redfield, etc. open but yet close the station in Deadwood which had a lower cost per card issued and higher number of cards distributed?

There were a number of things taken into consideration to determine which locations would be closed. One of those factors was proximity to additional locations. In order to allocate staff to Rapid City, Deadwood was closed to provide staff to Rapid City one day each week. Deadwood is close to both Spearfish and Sturgis. Examiners travel to both of those locations on a weekly basis.

9. Is there an FTE shift between driver licensing stations and/or elsewhere within the Department of Public Safety not shown in your report?

No. The program had 63.5 authorized FTE before the restructuring and has 63.5 authorized FTE today.

10. Please explain in more detail the misconception that the reorganization was done to save money that you refer to on page two of the report attached to your November 6th letter regarding the closing of the driver licensing stations.

We continue to get questions from legislators asking how much we are saving with the restructure plan. The restructuring was never an exercise in budget cutting. It was an analysis of existing resources and program needs that resulted in a shift of staff hours from lower-volume areas to areas with higher demand for service. The goal was to meet demands statewide and stay within authorized levels of funding and FTE. The true savings comes in costs we avoid incurring under the restructure plan. The true savings were realized in the elimination of the need to request additional FTE at high volume sites and the elimination of the need to invest in technology upgrades at 7 sites and additional equipment for the new FTE.

11. When was the decision made to close the driver licensing exam stations and why was the public not given more opportunity for input on these closures?

We have been studying for some time the growing imbalance between locations of our driver licensing exam stations and the demand for service in higher population areas. The final restructuring plan came together in August, about the time the department was working on its budget requests for the next year. The restructuring, which allowed us to shift existing resources and stay within our budget, was an alternative to requesting more staff and a higher level of funding. Issues of allocation of staff and budget are administrative decisions that are the responsibility of the Driver Licensing Program director and the Department of Public Safety secretary.

12. Does the Department of Public Safety see any way this might have been handled differently as to avoid issues with the public (lessons learned)?

The department did make contact with mayors in the affected communities about six weeks before the closures. The department also issues press releases statewide. An easy answer to the question would be to say that, yes, the process should have included more public input as the restructuring was being considered. In fact, had we given legislators and other citizens preliminary plans for the restructuring – a sheet identifying 15 sites to be closed, for example – can you see any way that document would have produced anything but criticism, no matter what 15 communities were on the list? Would we then have been expected to return to the drawing board and produced a different list of 15 communities? With all due respect, the decisions were administrative in nature and needed to be considered dispassionately. That doesn't mean those involved didn't struggle with the decision. Officials in the department were keenly aware of the impact the decisions would have on local communities and the citizens who live in those communities. We believed, however, that it was our responsibility to look at where services were offered, where demands for service were growing and where staff time was being underutilized. Armed with that knowledge, we developed a plan to continue basic service across the state while directing additional staff time to higher volume sites. The names of those sites, whether the area was losing or gaining service, didn't play a part in the restructuring decision. Location, volume of business, cost of cards, availability of the service nearby and other program-management issues guided the process.

## **EXHIBIT B**

### **Additional Questions and Concerns Discussed with the Department of Public Safety Along with Responses Provided During the December 2, 2009 Teleconference.**

1. By closing the 15 driver licensing exam stations it made it more difficult to vote since a valid driver's license is required at voting stations in South Dakota. In response, the department stated they do take voter rights seriously, but initially they did not take the motor voter rights act into consideration when their final decision was made. However, Mission and Wagner stations were later removed from the closure list because they were under a preclearance order regarding this act and the two reservations they provide service to.
2. Is the same information required at the county/city renewal sites for driver's licenses and for voter registration? In response the department stated that the same information is required at both the county/city and state sites.
3. What costs of operations were included in the per card cost calculation provided from the department? The department stated that all costs for the drivers licensing program are in the calculation which include: salaries; costs at each site including rent, equipment, etc; the cost to produce the card; and central office staff time and costs. This is a fully loaded cost calculation.
4. One problem the state has been dealing with for quite some time is a shift of population in some parts of the state to other parts of the state. However, it appears that state government tries to make things easier for those populated parts of the state and harder in the less populated parts of the state. Please expound on this? The department will follow up on this question.
5. How much did the Real Id Act requirements play into this decision? The department stated that this was not part of the decision to reorganize the drivers licensing program and to shift services. However, they are confident that the current drivers license produced will meet the Real Id Act requirements and the PASS Id requirements currently being addressed by congress.
6. Please reproduce the driver licensing cost per card by site for Sioux Falls, Rapid City and Aberdeen to reflect new data after the closing of the driver licensing exam stations as of October 1st. The department is following up on this request.
7. Why not offer the county/city renewal option at sites such as Tyndall, Britton, etc? The department referred to information that was provided on the cost of turning the 15 driver licensing exam stations into county/city issue sites. Costs associated with this are not just staff time but equipment as well. On average it takes 20 minutes to process a driver's license at the Pierre office and with the county/city option at an additional 15 sites this would increase the overall costs of the program even if you sent the renewals to another driver's license exam station to process.
8. Why didn't the state increase the driver's license fee during the last Legislative Session with the passage of SB 32 to cover the full cost of processing and issuing a driver's license? The department responded that they were trying to be fiscally responsible by only increasing the fee from \$8 to \$20. A portion of this fee; \$5, is dedicated to operations of the Highway Patrol; therefore, only \$15 of the fee is dedicated toward the drivers licensing program. However, other

fees were also increased with the passage of SB 32 that contribute to the costs of the driver license program.

9. A copy of the information that was presented during the last Legislative session regarding the new revenues generated from the passage of Senate Bill 32 was requested. The department is planning to submit this information.