



May 10, 2018

Ken Levine
Director
Sunset Advisory Commission
P.O. Box 13066
Austin, Texas 78711-3066

Dear Mr. Levine,

Thank you for the opportunity to provide the Texas Department of Motor Vehicles' (department) position on the issues presented in the Sunset Staff Report. The department appreciates the thorough and professional review performed by Sunset staff and I personally would like to thank your team for the long hours and hard work they put into learning about the important work of the department. We recognize the benefit of an independent review and from the beginning of this process have looked at the review as an opportunity for improvement and positive change.

In general, the department agrees with the findings and recommendations in the Sunset Staff Report. In fact, we have already taken steps to implement many of the management recommendations and improve processes to address issues identified in the report as discussed below.

In response to the specific issues identified in the Staff Report, the department provides the following comments:

Issue 1: The Department's Industry-Oriented Board and Its Processes Create Risk for the State.

The department believes the current board structure provides the ideal amount of expertise, knowledge and balance to effectively guide the agency and the industries that it regulates. While the department understands the optics of the board composition may lead one to conclude that an imbalance exists, the history of board decisions and actions validates that the board structure is balanced, unbiased and sound. The current structure reflects the diversified backgrounds and experiences required by state law that are helpful in providing objective direction to staff on the complex regulatory structures surrounding the many stakeholder groups relying upon the Texas Statutes and Administrative Code for guidance on day-to-day activities.

For example, statute requires the franchised dealer representatives represent different license classes (such as heavy trucks, light vehicles, motorcycles, recreational vehicles, etc.) to provide for mixed knowledge. These varied perspectives assist in providing the unique knowledge helpful to arriving at thoroughly vetted and informed decisions. The diversity of current board members' expertise offers the ability to guide the state in significant developments in the industries and helps to navigate staff through the complexity of the industries. Current and previous board chairs and members have demonstrated integrity and objectivity throughout any deliberations of issues or processes, regardless if they were a public or industry member.

The department agrees with the recommendations related to rules and policies surrounding contested cases and is already evaluating existing trainings and rules to determine what might need clarification. The department also agrees that balanced representation on advisory committees is helpful to achieve equitable outcomes and further the agency's goals on consumer involvement and transparency.

Issue 2: Texas Lacks Basic Safeguards to Identify and Address Vehicle Title Fraud.

The department is committed to the goal of investigating and preventing title fraud in Texas. The department agrees with the recommendations in Issue 2 and believes that each recommendation will result in more transparency, a greater ability to detect, investigate, and deter fraud, and ultimately a greater assurance that state processes are not being used to further the commission of crimes.

The department agrees that the counties would benefit from a standard contracting process to provide vetting of full-service deputy contractors to ensure Texas citizens are receiving the highest level of service. The department also supports efforts to further clarify the department's authority to administer the Registration and Title System.

The department also agrees with Sunset's recommendation to implement mandatory fraud training for all persons processing state registration or title transactions. The department currently requires all department employees to complete fraud training annually, and will make fraud training available to county staff and contractors through the department's Learning Management System. Because past efforts to adopt rules to require training were met with resistance, the department appreciates the Sunset staff's recognition not only of the benefits such training would provide, but also the support the department needs to ensure such training reaches everyone who should receive it.

The department agrees with Sunset's recommendation to implement a proactive, risk-based approach to monitoring fraud, and has already taken steps to do so. For example, the department has established risk levels for internal fraud, including for transactions processed at the Regional Service Centers (RSC), and is identifying risk levels for external fraud. The department is also exploring technology and refining its fraud, waste, and abuse staff training to include more specific examples and details on how to identify fraudulent transactions. In addition, the department is developing reports that will help staff identify trends and transactions that may indicate fraud through the Fraud Data Dashboard Information Technology (IT) Project.

The department is committed to improving efforts to prevent or detect fraud, and agrees with Sunset's recommendation to authorize the department to audit or perform a compliance review of any entity providing registration and title services. The department currently conducts compliance reviews of county offices and is partnering with county auditors' offices to facilitate transaction audits and fraud investigations. The department believes clear authority to audit or perform compliance reviews of any entity that provides registration and title services will further the department's goals in this area. When the department established the Compliance and Investigations Division (CID), all field service representatives were transferred into that division and their duties were restructured to increase the focus on fraud, waste, and abuse when identifying best practices in RSCs and county offices in addition to conducting compliance reviews. The field service representatives will also work closely with CID investigators when issues are identified so that investigators may take appropriate actions and to address unimplemented recommendations from previous compliance reviews.

Lastly, the department and the Automobile Burglary and Theft Prevention Authority (ABTPA) agree with the recommendation to expand the scope of authority for ABTPA grant recipients that would enable them to use funds to combat a broader range of motor vehicle crimes, such as title and odometer fraud. Expanding ABTPA grant recipients' authority to investigate these other types of crimes strengthens the nexus between ABTPA's goals and the department's goals overall.

Issue 3: The Department's Approach to Enforcement Does Not Effectively Address the Biggest Risks to the Public.

The department supports Sunset staff's recommendations to make statutory changes that expand the department's enforcement authority. The suggested changes will allow the department to provide greater assistance in resolution of consumer complaints and pursue sanctions that may deter future violations.

The department agrees with Sunset staff that shifting the responsibility for processing non-jurisdictional complaints away from investigators and developing more clearly defined case priorities for both motor vehicle and motor carrier cases will assist in reducing complaint resolution timeframes.

The department is aware of existing case processing bottlenecks and is actively working to ensure adequate resolution for consumers harmed by regulated entities while balancing time spent mediating complaints with closing, and reporting to department's Board regarding, aged cases. As Sunset staff reported, the department regulates more than 82,000 entities and receives approximately 14,000 complaints each year. While department staff work diligently to process cases and address consumer harm, the department acknowledges that a number of cases in the system have aged significantly. The department agrees that a policy requiring board review for cases aged beyond a specific point will be a useful tool in its efforts to improve case processing.

The department is in the process of implementing Sunset staff's recommendation to identify priority cases to ensure that current resources are properly utilized and that any associated risk to the public is balanced with the need to process aged cases. The department is also in the process of implementing case prioritization policies and procedures for Investigative staff. Going forward, investigator performance will be monitored using the measures that will be developed with anticipated implementation by March 2019. These changes, along with moving non-jurisdictional case processing from investigative staff to administrative staff, will ensure investigators are able to allocate time to cases associated with the greatest consumer risk.

As the report notes, the department can work to enhance reporting capabilities within its case management systems to allow for evaluation of trend data and to inform decisions concerning case prioritization and resource allocation. The department has documented the business requirements and needed system enhancements to track motor vehicle and motor carrier cases by type of licensee as well as enhancements to track motor carrier cases by violation type. While progress has been made, the department will continue to identify and implement the system tracking fields identified by Sunset staff.

The department recognizes the benefit of expanding internal key performance indicators to provide a complete picture of the efficiency and effectiveness of the enforcement process. The department will implement additional measures and add more comprehensive information to the Enforcement Division's annual reports once enhanced reporting functionality is added to the department's case management systems. The department anticipates that the ability to review and report information with a greater level of detail will allow the department to accurately assess where current processes could be improved to ensure it is operating efficiently and that resources are allocated appropriately.

The department is committed to implementing changes that increase transparency and provide visibility into the department's enforcement decisions. To this end, the department has started implementing the recommendation to publish the penalty matrices used by staff attorneys as well as detailed case histories of regulated entities. This information will be available on the department's website once development is complete. The department also took note of the recommendation to limit publication of certain cases and has taken steps to have information pertaining to active cases and cases where no wrongdoing was found removed from the motor carrier case history feature on the department's website.

As noted by Sunset staff, the recommendation to modify IT systems to track data and produce reports of enforcement efforts will likely have a fiscal impact on the department. Estimates of anticipated fiscal impact to further enhance the motor vehicle and motor carrier case management systems will depend on an assessment of the reporting capabilities identified in the recommendations.

Issue 4: Key Elements of the Department’s Licensing Functions Do Not Conform to Common Licensing Standards.

The department agrees with the recommendations in Issue 4 and shares Sunset staff’s viewpoint that the recommended statutory changes will streamline and simplify processes, remove unnecessary regulations, and reduce administrative burdens on department staff. The department also agrees with the recommended management actions and has begun conducting criminal history checks for all motor vehicle license renewals, taken steps toward aligning criminal history rules and reviews for salvage licensure with the rules applicable to the rest of the motor vehicle industry, and is addressing unnecessary application requirements.

Issue 5: Texas Has a Continuing Need for the Texas Department of Motor Vehicles, but Opportunities Exist to Better Leverage State IT Investments.

The department agrees with Sunset staff’s recommendations in Issue 5. Specifically, the department appreciates Sunset staff’s recognition of the department’s attempts to promote efficiencies by moving more transactions online, and is encouraged by Sunset staff’s recommendation that webDEALER be available in all Texas counties by September 1, 2020.

The webDEALER system provides dealers a method to electronically submit title applications to a county tax assessor-collector office. The system will not work if the county is not set up to accept the applications and review and approve them electronically. The department will support the counties by providing training and facilitating discussions between the county tax assessor-collector offices and dealers. If the Sunset Commission adopts this recommendation and legislation is passed to require counties to accept title application submitted through webDEALER, the department believes this recommendation could be fully implemented as early as January 2020.

The department also agrees with Sunset staff’s recommendations related to maintaining a system for acting on complaints. As a customer-focused agency, each of the department’s customer-facing divisions capture complaint information individually. Based on this recommendation, the department anticipates implementing a centralized system, which will be beneficial not only to the department but to anyone who seeks this type of information from the agency. The department looks forward to working with the Sunset Commission to obtain guidance on defining the scope of this recommendation in order to establish cost and a timeline for implementation.

The department also agrees with the recommendations related to developing, maintaining, and updating the department’s IT infrastructure. The department has created an inventory of major IT systems and conducted assessments regarding personnel and maintenance releases to develop a recommendation for additional resources and costs associated with meeting the increasing needs of system users. The department anticipates redesigning and implementing a new IT organizational structure and creating a full inventory of all IT assets by the end of this summer. The recent external assessment of the department’s IT Division will be used in conjunction with Sunset recommendations to implement strategies to recruit and retain a qualified IT workforce. Longer-term goals include development of product support and maintenance release schedules for all systems, as well as the creation of a short- and long-term technology roadmap; assessment of all technology project management, communication, and customer relationship management processes and procedures; implementation of additional infrastructure to support software development; and continued implementation of state cybersecurity requirements and industry best practices on an ongoing basis.



Lastly, the department has taken steps to evaluate and identify further opportunities to consolidate and modernize its customer service functions to improve efficiency and the customer experience. For example, the department is in the process of standardizing the customer service survey questions and evaluating possible systems to consolidate results. The department will evaluate its organizational structure to identify areas that may be realigned or consolidated to improve the customer experience. Several identified projects reflect the department's commitment to continuous improvement, such as a kiosk pilot program for certain registration services; online application for a certified copy of title; centralized printing of certified copies of title and ordering of certified title histories online; required online application for annual permits; and International Registration Plan (IRP) upgrades to allow for online application. The department will evaluate prioritization, costs, and timelines of implementation of these systems based on appropriation of automation funding.

The department agrees that an evaluation of the confusion between services provided by county offices and RSCs will likely result in efficiencies gained and improved customer experience. The department looks forward to working with Sunset staff and legislative offices on any statutory changes that may be necessary following such an evaluation. The department also notes that the recommendation in the Texas Department of Public Safety's (DPS) Sunset Staff Report to perform a joint analysis of the opportunities and challenges of transferring driver licensing from DPS to the department will provide, if adopted, a larger context for the department's evaluation regarding services. Both analyses will include consideration of many interdependent factors, including information technology, facilities, and staffing.

Conclusion

In closing, the department would like to thank the Sunset Advisory Commission staff for the time and attention they dedicated to this review, and for the professionalism with which they conducted the review.

Sincerely,

Raymond, Palacios, Jr.
Board Chairman

Sincerely,

Whitney Brewster
Executive Director