



The Florida Legislature

OFFICE OF PROGRAM POLICY ANALYSIS AND
GOVERNMENT ACCOUNTABILITY



SUNSET MEMORANDUM

Report No. 07-S16

Department of Highway Safety and Motor Vehicles Division of Driver Licenses Options for Legislative Consideration

December 7, 2007

Summary

To support the Sunset Review process, the Legislature directed OPPAGA to examine the Division of Driver Licenses of the Department of Highway Safety and Motor Vehicles.¹ This memo describes the division's purpose, resources, performance, and organization. The memo also describes organizational options for legislative consideration. These include (1) transferring the division to another state agency, (2) outsourcing selected activities of the division to county tax collectors, and (3) outsourcing selected activities of the division to private contracted entities. This memo also analyzes the option of extending driver licensing renewal periods.

¹ Sections 11.901-11.920, *F.S.*

Gary R. VanLandingham, Ph.D., Director

Purpose, Organization, and Responsibilities

The mission of the Division of Driver Licenses is to promote safety on the streets and highways by preventing unqualified drivers from obtaining a driver license, controlling and improving problem drivers, ensuring that drivers are financially responsible for their actions, and maintaining adequate records for driver evaluation and administrative control. The division will implement the federally mandated Real ID Act if Florida chooses to comply.^{2, 3} The act creates national standards for the issuance of state driver licenses and identification cards.

The division is organized into three programs.

- The Driver Licensure Program ensures that only those drivers who demonstrate the necessary knowledge, skills, and abilities are permitted to operate a vehicle on Florida roads. The department and some county tax collector offices administer driving knowledge tests, vision tests and driving tests and issue driver licenses, commercial licenses, identification cards, and renewals. Five bureaus and department field offices suspend, revoke, cancel, or disqualify driver licenses for cause, and administer the Commercial Driver License, Organ Donor, Voluntary Contribution, Selective Service Registration, and Motor Voter programs. The division's Bureau of Records maintains information on 15.5 million Florida drivers licensed by the program.
- The Motorist Financial Responsibility Compliance Program ensures that licensed drivers comply with Florida requirements to carry property and personal liability insurance coverage. The program verifies insurance coverage of Florida drivers and suspends driving privileges of drivers not complying with the requirements until they obtain the proper insurance coverage.
- The Identification and Control of Problem Drivers Program takes action against persons with poor driving habits (multiple or serious traffic law violations) or who drive under the influence (DUI) of alcohol or illegal drugs. The division's Bureau of Driver Education and DUI Programs certifies commercial driver schools and instructors, approves driver improvement instructor credentials, evaluate and approve curriculum, inspect and approve DUI and motorcycle safety schools, and conducts research to develop improved education methods. The division's Bureau of Driver Improvement suspends or restricts driving privileges of problem drivers and the division's Bureau of Administrative Reviews hears appeals of program actions to suspend or otherwise restrict driving privileges.

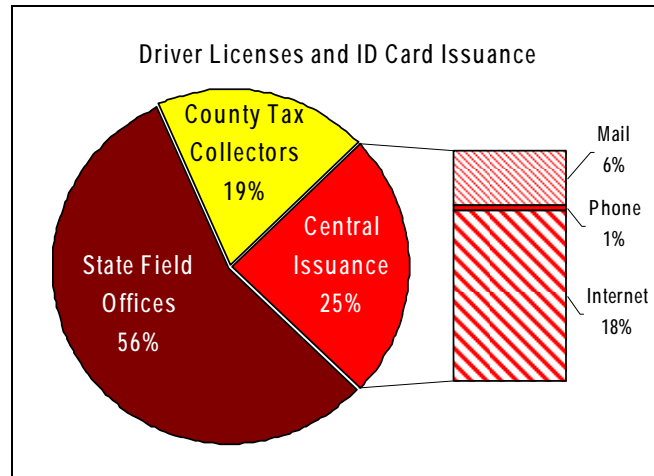
Every Floridian who operates a motor vehicle must maintain a valid and current driver license issued by the division. Driver licenses are intended to ensure that only safe and knowledgeable drivers use the state's roads. In addition, driver licenses serve as a primary means of personal identification. Adults and juveniles who do not have a driver license commonly carry a personal identification card, which the division also issues. As of June 2007, over 16.5 million Floridians held driver licenses or identification cards issued by the division.

² Public Law 109-13, Title II "Improved Security for Drivers' Licenses and Personal Identification Cards."

³ State compliance is voluntary; however, citizens of states that choose not to comply will no longer be able to use their driver licenses and identification cards to access federal facilities or board federally regulated commercial aircraft.

The Division of Driver Licenses provides driver licensing services through three methods: field offices, central issuance, and tax collectors.⁴ As shown in Exhibit 1, the department's 100 state field offices issued over half (56%) of driver licenses during Fiscal Year 2006-07. A quarter of driver licenses and identification cards were issued via the department's central office by telephone, mail, or the department's website. Thirty-three of the state's 67 county tax collectors provide driver licensing services and issued the remaining 19% of all driver licenses and identification cards.^{5,6}

Exhibit 1
State Field Offices Issued 56% of the State's Driver Licenses and ID Cards in Fiscal Year 2006-07



Source: OPPAGA analysis of Highway Safety and Motor Vehicle data.

Resources

The Division of Driver Licenses collected approximately \$192 million in revenue in Fiscal Year 2006-07. The division's revenue primarily supports department functions and the state General Revenue Fund.

The Legislature appropriated \$106.2 million and 1,609 positions to division programs for Fiscal Year 2007-08, as shown in Exhibit 2. This represents a 1.3% increase in funding and a reduction of five positions compared to the previous fiscal year.

Exhibit 2
The Legislature Appropriated Over \$106 Million to the Division for Fiscal Year 2007-08

Program	General Revenue	Trust Funds	Total	FTE
Driver Licensure	\$1,178,061	\$85,966,206	\$87,144,267	1,312
Motorist Financial Responsibility Compliance	2,367	2,560,173	2,562,540	56
Identification and Control of Problem Drivers	31,477	14,481,143	14,512,620	217
Division Subtotal	\$1,211,905	\$103,007,522	\$104,219,427	1,585
Executive Direction/ Support Services	\$ 154,709	\$ 1,832,088	\$ 1,986,797	24
Total Funds	\$1,366,614	\$104,839,610	\$106,206,224	1,609

Source: Department of Highway Safety and Motor Vehicles Fiscal Year 2007-08 Operating Appropriations Following Special Session C, November 2007.

⁴ Driver licensing services include issuing driver licenses (original, new resident, renewal, duplicate, and replacement) and identification cards; reinstating suspended and revoked driver licenses (i.e., due to driving without proper insurance, failure to pay traffic tickets, and driving under the influence of alcohol or drugs); driving/road and written tests for both commercial driver licenses and regular driver licenses; and tests for issuing motorcycle driver licenses.

⁵ County tax collectors have been authorized to serve as the department's driver licensing agents since 1996.

⁶ As of November 30, 2007, the department operates 93 state field offices and county tax collectors operate 85 offices offering driver licensure services.

Performance

The Division of Driver Licenses' performance measures demonstrate mixed results, with some programs not achieving performance standards, as shown in Exhibit 3. (The highlighted measures are those that were met.) Overall, the division met 6 of its 12 legislatively approved performance measures in Fiscal Year 2006-07. Many of the measures are outputs and are based on demand and other external factors.

The division performed better than the standard for maximizing the percentage of customers waiting 15 minutes or less for driver licensure service and minimizing the percentage of customers waiting 30 minutes or more.

Exhibit 3

The Division of Driver Licenses Met 6 of 12 Performance Measures in Fiscal Year 2006-07

Performance Measure	Fiscal Year 2006-07	
	Actual Performance	Standard
Driver Licensure		
Percentage of customers waiting 15 minutes or less for driver license service	80%	50%
Percentage of customers waiting 30 minutes or more for driver license service	8%	35%
Average number of corrections per 1,000 driver records maintained	5.10	4
Number of driver licenses issued	5,269,917	5,418,344
Number of identification cards issued	988,178	852,315
Number of written driver license examinations conducted	1,656,371	1,561,590
Number of road tests conducted	483,217	492,055
Motorist Financial Responsibility Services		
Percentage of motorists complying with financial responsibility	95%	96%
Number of insured motorists	11,736,154	12,180,000
Identification and Control of Problem Drivers		
Percentage of DUI course graduates who do not recidivate within three years of graduation	86%	86%
Number of driver licenses/ID cards suspended, cancelled, and invalidated as a result of fraudulent activity ¹	2,695	2,356
Number of problem drivers identified	1,841,461	1,866,461

¹ This measure also includes the annual percentage change of suspensions, cancellations, and invalidations. The standard for Fiscal Year 2006-07 was a reduction of 27% from the previous fiscal year, but the department reduced the number by 4.2%. However, this is not a meaningful measure.

Source: The Florida Department of Highway Safety and Motor Vehicles Long-Range Program Plan for Fiscal Years 2008-2009 through 2012-2013.

However, the division did not meet the standards for six measures. The difference between actual performance and the standards was small for five of the measures and was due mainly to fluctuations in citizen demand for several driver licensing services:

- the number of driver licenses issued,
- the number of road tests conducted,
- the percentage of motorists complying with financial responsibility,
- the number of insured motorists, and
- the number of problem drivers identified.

Department staff reported that it did not meet the standard of 4 average corrections per 1,000 driver records maintained because other agencies, such as the Florida Department of Revenue, clerks of court, and county tax collectors made mistakes in records submitted to the department.

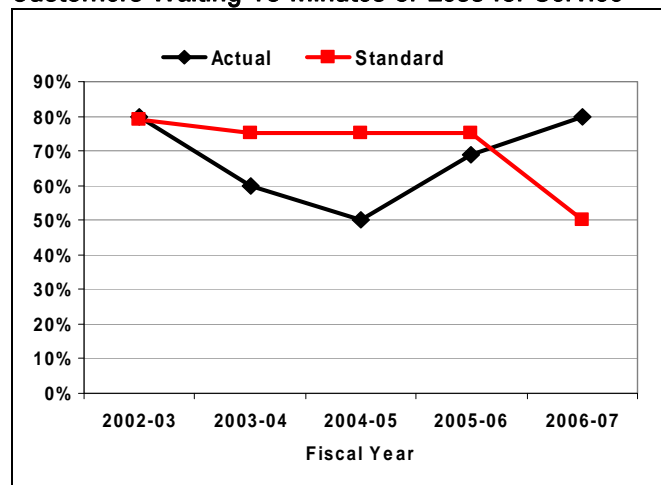
Customer wait times have improved. Customer wait times have been an ongoing concern for the Driver Licensure Program. The program met its performance standard for customer wait times in Fiscal Year 2006-07 for the first time in four years (see Exhibit 4).

Similarly, the percentage of customers waiting 30 minutes or more for driver license services declined in Fiscal Year 2006-07, when the division met its performance standard for the first time in recent years (see Exhibit 5).

The division reports that it has improved its control of customer wait times by taking several steps—expanding appointments for service, expanding mail-in and internet renewals, increasing partnerships with county tax collectors, and using mobile staff and license services.

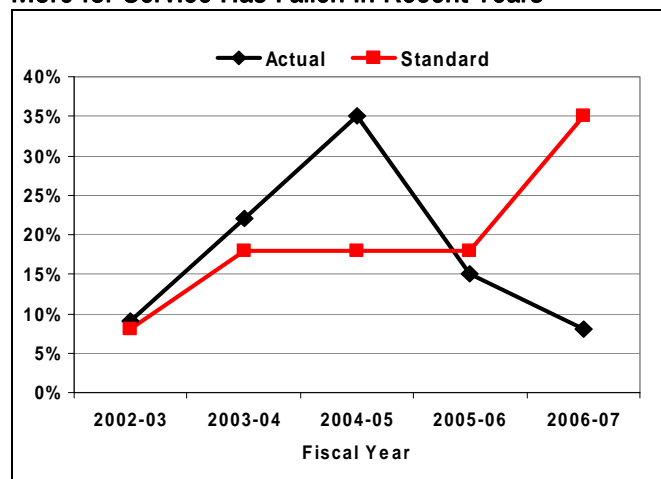
Expanded customer service and appointment centers – the department’s Online Appointment Services and Information System (OASIS) and the South Florida central call center allow customers to schedule appointments in state licensing offices. The department reports that these systems have reduced calls to local offices for appointments and general office information. In addition the department’s customer service center answers customer questions by telephone.

Exhibit 4
The Division Has Increased the Percentage of Customers Waiting 15 Minutes or Less for Service



Source: OPPAGA analysis of Department of Highway Safety and Motor Vehicle data.

Exhibit 5
The Percentage of Customers Waiting 30 Minutes or More for Service Has Fallen In Recent Years



Source: OPPAGA analysis of Department of Highway Safety and Motor Vehicle data.

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Expanded central issuance renewal options – drivers can now renew their licenses and identification cards, obtain duplicate licenses, and change their addresses over the internet through the department's website and by telephone and mail. Internet transactions have grown by 311% over the past five fiscal years and enable customers to use credit or debit cards to pay fees, which is not available in most state and tax collector offices.

Increased partnerships with county tax collectors – the number of tax collector offices providing driver licensing services has increased 170% since 2001, and 33 county tax collectors provided driver licensing services in 81 offices in Fiscal Year 2006-07. The department reports that tax collectors have made innovations in areas such as customer flow management by using specialized software to direct customers to open examiner stations and measuring transaction times. Tax collectors also have more flexibility than the department to open newer, more spacious facilities that can better accommodate new equipment and reduce wait times.

Expanding mobile license staff and offices – seven roving teams of 10 members each provide customer service support by filling in at various office locations while employees attend training or are on vacation or sick leave and to cover staffing vacancies. The department reports that this has allowed offices to maintain daily staffing. The department has also increased the number of Florida Licensing on Wheels buses (FLOWmobiles) it uses. These are self-contained mobile driver license issuance offices, which are taken to community locations and events to relieve traffic flow in state license offices.

Options for Organizational Placement

The major programs administered by the Division of Driver Licenses—driver licensure, motorist financial responsibility compliance, and problem driver identification and control—are closely related. Co-locating these programs within one agency is reasonable and promotes coordination of their activities, such as when enforcing state motor vehicle insurance laws, investigating driver license and identification fraud, and promoting driver safety and education. Therefore, there would be little benefit to separating the programs if the Legislature wishes to modify the organizational placement of the Division of Driver Licenses.

Abolishing the division's programs would not be in the state's best interest. All states require drivers to possess a valid license, and these licenses are a key personal identification document. Accordingly, Floridians would be unable to drive legally in other states if Florida no longer issued driver licenses, and the state would lose the ability to remove the driving privileges of persons who do not obey state driving laws, such as those who commit numerous traffic violations or drive under the influence of alcohol and drugs. In 2007, the Legislature considered the option of allowing the state's financial responsibility law to sunset, which would have no longer required drivers to carry personal injury protection insurance; the Legislature determined to modify and reinstate this law.

If the programs were eliminated, the state would lose annual revenues of approximately \$192 million from licensing fees. The state would also lose \$164.7 million in federal funding if it abolished the program's commercial driver licensing activities. Federal rules provide that if the Federal Motor Carrier Safety Administration is not satisfied with a state's commercial driver licensing efforts, the state may lose 10% of its federal highway funding.

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Housing the Division of Driver Licenses and Division of Motor Vehicles in the same department has a number of benefits. The primary benefit is the use of shared databases for driver history and vehicle and vessel title and registration data. We assessed options that the Legislature could consider in its Sunset Review should it wish to modify the division. These options include:

- (1) transferring the division to another state agency,
- (2) expanding the outsourcing of Driver Licensure Program field operations to county tax collectors, and
- (3) outsourcing the field operations of the driver licensure program to private contracted entities.

These options are summarized in Exhibit 7 at the end of this report.

Transferring the division to another state agency is feasible but would not result in significant cost savings. The Division of Driver Licenses could potentially be moved to the Department of Revenue.⁷ The Department of Revenue collects the majority of the state's revenues and currently processes some mail-in driver license renewals for the division. The Department of Revenue also has a working relationship with the county tax collectors, which are agents of the Department of Revenue in collecting taxes and fees such as sales, corporate income, and documentary stamp taxes. The Department of Revenue also has a network for field offices that it operates as part of the Child Support Program.

If the division were transferred, the Department of Revenue would assume responsibility for oversight of tax collector services and the other Driver Licensure Program activities such as maintaining the state's driver license database, establishing driver licensing policy and procedures, and providing technical support for county tax collector staff. In addition, a transfer would require the Department of Revenue to administer the financial responsibility and control of problem driver programs.

However, because the two agencies' efforts are not duplicative, there would be no significant cost savings from such a transfer. It is questionable whether driver licensing and child support enforcement field offices would benefit from co-location because the functions differ substantially. The primary reason to consider such a transfer would be that it would allow the state to continue program functions should the Legislature choose to abolish the Department of Highway Safety and Motor Vehicles.

The Legislature could expand outsourcing activities to the county tax collectors, but some program functions would need to be retained at the state level. Expanding the current partnership with tax collectors that provide driver license services is feasible, although it presents logistical and funding challenges. Such an expansion is feasible whether or not the Legislature wishes to modify the organizational placement of the Division of Driver Licenses.

⁷ Another option would be to transfer the Division of Driver Licenses to the Department of Transportation. However, these functions are not consistent with the Department of Transportation's core mission of building and maintaining the state highway system. The Department of Transportation does not have an ongoing relationship with the county tax collectors.

Currently, 33 of the 67 county tax collectors provide certain driver licensing services. Each of these tax collectors provides license renewal services, and most administer written knowledge tests, and provide services to non-citizens, as shown in Exhibit 6. However only 15 tax collectors offer driver skills testing.

Exhibit 6 Less than Half of County Tax Collectors Providing Driver Licensing Services Offer Driver Skills Testing

Service Type	Number of Tax Collectors Offering Service	Percentage of Tax Collectors Offering Services (n=33)	Percentage of All Tax Collectors (n=67)
Basic Renewals	33	100%	49%
Driver Knowledge Testing	26	79%	39%
Service to Non-Citizens	21	64%	31%
Driver Skills Testing	15	45%	22%

Source: OPPAGA analysis of data from the Department of Highway Safety and Motor Vehicles.

There are several potential advantages to expanding use of tax collectors as driver licensing agents.

- **Cost savings to state.** In Fiscal Year 2006-07, the division collected \$24.6 million in revenue from services conducted by tax collector licensing agents without incurring direct costs of providing these services. Expanding the use of tax collectors would also permit the department to reduce its state driver licensing offices. For example, the department's 2007 budget reduction plan to the Legislature proposed to close or consolidate 16 state driver license offices in 15 counties. Some of these offices would be transferred to county tax collectors. The potential annual state cost savings would be \$2.1 million.
- **Customer service.** Expanding tax collectors as driver license agents could increase the program's ability to meet additional demand for services. The federal Real ID Act is likely to require the state and tax collectors to re-process all 16.5 million driver license and identification card holders over the next 10 years.⁸ The division indicates that tax collectors are trusted partners in the driver licensing process because they are accountable to the state and citizens as elected constitutional officers.
- **Service enhancements.** Tax collectors can offer customers a "one-stop shop" for both driver license and motor vehicle services. In contrast, most state driver license offices do not offer motor vehicle services.

There are also challenges and disadvantages of expanding use of tax collectors as driver license agents.

- **Higher cost to consumer.** Customers pay higher fees for the driver licensing services provided by tax collectors. Tax collectors are authorized to retain a \$5.25 service fee that is added to the cost of service for each original, duplicate, replacement, and renewal driver license or identification card they issue.
- **Current service fees do not cover all tax collectors' costs to deliver driver licensing services.** Tax collectors report that the service charges they are authorized to assess do not recover their costs of providing licensing services. For example, for Fiscal Year 2006-07, the

⁸ The Real ID Act (Public Law 109-13, Title II "Improved Security for Drivers' Licenses and Personal Identification Cards") creates national standards for issuing state driver licenses and identification cards. If Florida chooses to comply with the act, all persons holding Florida driver licenses and identification cards will be required to visit a driver licensing office in person and resubmit identity documents to acquire a new license/card by May 2018.

Pinellas County tax collector's office reported a \$4 million shortfall, which it attributed to costs associated with providing driver licensing services. While the tax collectors charge fees for most transactions, including new driver license and identification card issuance, renewals, and reinstatements of suspended and revoked licenses, tax collectors do not retain any of the fees for several of these services. Tax collectors are authorized to retain a \$5.25 service fee that is added to the cost of service for each original, duplicate, and renewal driver's license or identification card they issue. They may also retain \$37.50 of the state's \$47.50 license suspension reinstatement fee, and may retain \$5.25 for all other reinstatements.⁹ However, tax collectors are not authorized by statute to retain fees for services such as replacing stolen licenses and administering knowledge or road tests or reexaminations. Tax collectors reported overall net losses from providing driver licensing services. Therefore, it is unlikely that additional tax collectors will be willing to provide services if this issue is not addressed.

- ***County tax collectors are reluctant to assume all driver licensing services.*** Most county tax collectors that currently provide driver licensing services provide only partial services. For example, several tax collectors who are currently providing partial services stated that they prefer not to conduct road testing for any class of license because of the additional resources required and the potential risk to their staff. Nearly one-third of county tax collectors providing licensing services do not issue licenses, renewals, and identity cards to non-citizens, largely because of the additional tasks required for document validation.¹⁰ Additionally, tax collectors argue that space requirements for security and licensing equipment can limit expansion of their driver licensing services.

Transferring all functions of the Division of Driver Licensure to county tax collectors is not desirable for three reasons. First, as noted above, most county tax collectors currently either do not provide driver licensing services or only provide partial services. Accordingly, it would be difficult to transfer all program functions to these elected constitutional officers.

Second, it is more efficient to provide certain services such as maintaining statewide driving records and monitoring driving schools through a centralized structure than a fragmented system operated by the 67 tax collectors. Third, the state would lose control over critical law enforcement functions such as taking enforcement action against problem drivers, verifying motorist financial responsibility, and ensuring the integrity of driver license records if these functions were decentralized to the counties, which could hinder the state's ability to maintain public safety and domestic security.

Allowing private entities to issue driver licenses may increase security concerns and vulnerability to fraud. As with the option of expanding use of tax collectors, privatizing all functions of the division is not desirable but contracting with private entities to provide driver license services could potentially improve customer convenience and reduce state costs. Under this option, the state would contract with private entities to conduct tests and issue driver licenses and identification cards.

⁹ A D-6 suspension is for persons charged with specified offenses and who fail to comply with directives ordered by traffic court or who fail to pay any financial obligation in any other criminal case, according to s. 322.245, *F.S.*

¹⁰ Temporary foreign residents must renew their licenses annually, which requires examiners to identify several forms of federal immigration documents to confirm the foreign national's legal presence and scan these documents into the department's record database for verification. Once the department verifies the immigration documents, the department issues the driver licenses and identification cards of foreign non-residents centrally through its headquarters in Tallahassee. The issuance and renewal process extends the processing time and therefore the amount of time the customer waits in the office.

- **Reduced costs to state.** As with the option to expand the use of tax collectors, the division could reduce its direct costs by contracting out driver licensing services to private entities and reducing the number of field offices it operates with state employees. However, these cost savings would be offset in part by additional expenses to oversee and manage the outsourced providers.
- **Private entities could increase customer service and convenience.** Contracting with private providers has the potential to improve customer convenience if it resulted in an increase in the number of locations where driver licensing services are offered and/or more hours of service. For example, currently most department and tax collector offices in Florida are open only during normal state business hours; private entities could provide services in the evening, which might be more convenient for many citizens.

However, outsourcing driver licensure field services to private entities would also have challenges and disadvantages.

- **Customers would likely pay more for licensing services.** Private vendors would need to charge service fees to customers in addition to the state fees. As private vendors would not be able to subsidize these services with other revenues as tax collectors reportedly do, customer fees would need to be higher than those currently charged by tax collectors in order to cover these costs and provide a reasonable profit level unless the private vendors were able to achieve substantial efficiency improvements over current operations.
- **Increased exposure to fraud.** Private entities could create a risk of personal identity data breaches and identity theft if they did not develop and enforce rigorous internal accountability systems. Noncompliance with accountability standards also could threaten integrity of the driver license or identity card as federally accepted identification, as will be required by the federal Real ID Act. Florida has experienced fraud with private entities providing driver licensing and motor vehicle services. Since 2000, the department has decertified or terminated seven third-party commercial driver license testers as a result of identified fraud; this required the retesting of 12,380 Florida commercial drivers at a cost to the state of approximately \$172,000.¹¹ In June 2003, the division conducted a pilot project involving third-party testers to administer road tests for Class E (standard) driver licenses.¹² The project found numerous security and accountability gaps where fraud could occur. The division subsequently discontinued third-party Class E driver license testing due to concerns regarding test integrity, noncompliance, and contractor failure to meet quality assurance standards.

To minimize the threat of fraud, the division would need to carefully negotiate contracts with the providers, closely monitor their performance, and be able to provide continuity of services if a vendor failed to perform. It would also be important to establish performance measures for contractors. This increased monitoring and oversight would increase the department's cost of delivering this service; however, these costs are indeterminate.

- **Real ID requirements may make outsourcing less desirable.** The implementation of the federal Real ID Act will impose additional requirements and costs such as staff background

¹¹ This estimate does not include the costs associated with investigating and prosecuting the criminal cases.

¹² The pilot project operated in seven counties (Dade, Leon, Orange, Pinellas, Polk, Sarasota, and Volusia) with seven vendors participating. The participating vendors included five commercial driving schools, one non-profit safety council, and one adult education center.

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checks and more stringent security standards and inspections that may make bidding to provide driver license activities less appealing for private companies. The act will require driver license examiners to review original identity documents, requiring more examiner time and increasing processing costs as well as negatively affecting customers who will be required to revisit offices in person and present identity documents. Potential private contractors may not be able to meet the act's enhanced requirements for license issuance, storage, and security. Driver license examiners will be subject to the act's background check requirements, and licensing offices will be required to comply with more stringent security standards, including security upgrades and annual inspections. These requirements may preclude many potential vendors from bidding. It may be more feasible for the department to contract with private entities that already have stringent security requirements such as financial institutions that are currently required and designed to protect customer data and physical assets, such as card stock. However, financial institutions have not historically participated in driver licensing and it is unknown whether they would be sufficiently interested in providing this service which is not critical to their core business.

The Legislature could consider extending the driver license renewal period. In addition to the organizational placement options discussed above, the Legislature may wish to consider extending the driver license renewal period. This measure could lower costs to both the state and consumers. However, it would also likely reduce state revenue from driver license renewals and could weaken the value of driver licenses as identification documents.

Currently, Florida law allows safe drivers to renew their driver licenses every six years.¹³ The department has analyzed extending the renewal period to eight years, and has determined that this would result in annual savings of \$762,471 by reducing workload, which would allow the department to eliminate 22 full-time field office positions. It would make licenses more convenient to the public by extending the time period between license renewals. This option would also decrease the number of persons in driver licensing offices, which could reduce customer wait times.

However, this option would reduce state revenues from driver license renewals unless the renewal fee was increased. Currently, the prorated annual cost of a Class E license is \$3 for a first-time licensee and \$2.50 for persons renewing their license. The cost of a renewal would need to be increased from \$15 to \$20 to be revenue-neutral for the state. License fees were last raised in 1989; if adjusted for inflation since that time the renewal fee would equate to roughly \$25 in current prices.

The disadvantage of this option is that it would weaken driver licenses as identity documents. While persons holding driver licenses are required to notify the department when they move, many do not do so until it is time for them to renew their license. Also, the photos on extended driver licenses may no longer represent the individual's appearance after many years. Additionally, there would be the potential for drivers with questionable vision and driving ability to go longer without an office visit to test for such problems.

¹³ All other drivers, except foreign nationals, renew their licenses every four years. Foreign nationals are required to renew upon expiration of their legal presence documentation.

Exhibit 7

The Legislature Could Consider Four Options to Modify the Division of Driver Licenses

Option	Advantages	Disadvantages
Option 1 -- Transfer Division of Driver Licenses to the Department of Revenue		
Transfer Division of Driver Licenses to the Department of Revenue.	<ul style="list-style-type: none"> ▪ Continuing the program would facilitate the licensing of Florida drivers and maintain administration of Florida driver license records should the Legislature wish to abolish the Department of Highway Safety and Motor Vehicles. ▪ The Department of Revenue has a working relationship with county tax collectors as the department's agents, some of whom provide driver licensing services. 	<ul style="list-style-type: none"> ▪ The Department of Revenue's mission is fundamentally different in that its focus is on increasing voluntary payment of taxes and child support. Also, the Department of Revenue has no public safety mission. ▪ The state would not realize any cost savings in transferring the division.
Option 2 -- Expand the Use of County Tax Collectors as Driver Licensing Agents		
Expand the use of county tax collectors as driver license agents.	<ul style="list-style-type: none"> ▪ The state would continue to collect approximately \$192 million of annual revenue from driver licensing operations with lower overhead costs, as tax collectors are responsible for collecting the state fee and their transaction fee. ▪ Expanding the use of tax collectors would permit the department to reduce its state offices. ▪ Tax collectors could help the division meet the growing demand for services. ▪ Tax collectors could provide increased convenience to customers, such as providing both driver license and motor vehicle services in single venues, and potentially providing more convenient locations. ▪ Tax collectors are accountable to citizens as elected constitutional officers. ▪ The division has an existing relationship with tax collectors that could facilitate expanded contracting with additional tax collectors. 	<ul style="list-style-type: none"> ▪ Customers pay more for services delivered by tax collectors compared with the department. ▪ Tax collectors currently providing services may not wish to expand services and prospective tax collectors may not agree to provide services because the current fee structure does not cover the costs of providing services. ▪ The records, central issuance, and program support components of the driver licensure program, including operations dealing with motorist financial responsibility, sanctioning DUI and problem drivers, and administrative reviews, would have to be transferred to another state agency should the Legislature wish to abolish the Department of Highway Safety and Motor Vehicles.
Option 3 -- Allow Private Entities to Provide Driver Licensing Services		
Outsource driver licensing services to contracted private license agents.	<ul style="list-style-type: none"> ▪ The division could reduce its direct costs by contracting out driver licensing services to private entities and reducing the number of state field offices it operates. ▪ Private license agents could help the department meet the growing demand for services. ▪ Private license agents could provide increased convenience to customers, such as extended hours and more locations. 	<ul style="list-style-type: none"> ▪ Customers would likely pay more for services delivered by private vendors than from the department or tax collectors because private vendors would charge higher or additional fees to make a profit and provide convenience. ▪ Experience with outsourcing in Florida has shown that state and citizen exposure to fraud could be increased. Private entities could create a risk of data breaches and identity theft if they do not enforce rigorous internal controls. As a result, the department would need to increase its monitoring and oversight. ▪ Implementation of new federal Real ID requirements may make contracting to provide the services more complex and many potential vendors may not meet security requirements. ▪ The records, central issuance, and program support components of the driver licensure program, including operations dealing with motorist financial responsibility, sanctioning DUI and problem drivers, and administrative reviews, would have to be transferred to another state agency should the Legislature wish to abolish the Department of Highway Safety and Motor Vehicles.
Option 4 -- Extend the Driver License Renewal Period		
Extend the Class E (standard) Driver License Renewal Period from six to eight years.	<ul style="list-style-type: none"> ▪ Customers would not need to renew their licenses as frequently, resulting in a lower annual cost if fees were not increased. ▪ The department reports that it could realize annual savings of \$762,471 by eliminating 22 full-time field office positions. ▪ The number of customers in driver licensing offices to renew their licenses would decrease, which could possibly reduce customer wait times. 	<ul style="list-style-type: none"> ▪ State revenue from driver license renewals would be reduced unless the fee was increased to reflect the longer license period. ▪ There would be the increased potential for drivers with questionable driving ability to go longer without an office visit to detect problems.