

Joint Transportation Committee Study on

**Vehicle Titling and Registration Processes
and Opportunities for Improvements**

FINAL REPORT

December 11, 2014

The Joint Transportation Committee (JTC) was directed to conduct this study in the 2014 Supplemental Transportation Budget, ESSB 6001, Sec 204(7).

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Executive Summary

The 2013-15 Supplemental Transportation Budget (ESSB 6001, Sec 204(7)) directed the Joint Transportation Committee (JTC) to coordinate a Work Group of County Auditors, Subagents, Agents, and the Department of Licensing to review vehicle titling and registration processes, along with policies that Auditors and Subagents must comply with when conducting title and registration transactions. The goal of the review is to make recommendations to streamline processes, modernize policies, and identify potential information technology opportunities. A report is due to the transportation committees of the Legislature by December 1, 2014.

Background

State law requires County Auditors or appointed Agents to conduct vehicle and vessel licensing operations on behalf of the State, under contract with the Department of Licensing (DOL). Subagents are private business owners who contract with County Auditors to conduct licensing operations at various locations. All 39 County Auditors or Agents perform the licensing function. (In 38 counties it is the County Auditor, and in King County, which has no County Auditor, a county employee serves as the Agent of the county. In this report, the term Auditor will include County Auditors and the King County Agent.) There are 141 Subagents located in 31 of the state's 39 counties.

In FY 2014, Auditors and Subagents processed 7.8 million vehicle transactions, including both title and registration transactions. They collected \$60 million in fees for these transactions; Auditors collected \$25 million in filing fees, and Subagents collected \$35 million in convenience fees.

The vehicle registration and titling process is a very paper-intensive process. Millions of pieces of paper are handled, sorted, mailed and archived every year. For example, to complete title transactions, every document associated with the 1.8 million titles issued in 2013 was mailed to DOL in order to officially record this legal document. This translated into 13 million pieces of paper handled, sorted, mailed and archived – just for title transactions. Subagents and/or Auditors also must mail documents related to fee collections, inventory adjustment reports, daily cash receipt logs, and many other documents.

Currently, Auditors receive a filing fee of \$3 for each vehicle registration and \$4 for each vehicle title issued in their county, whether completed by the Auditor or Subagent. In addition, Subagents must charge a convenience fee of \$5 for each vehicle registration and \$12 for each vehicle title transaction. As a result, fees are higher when a customer goes to a Subagent. In 2014, the Legislature adopted E2SHB 1129 to equalize the fees charged in Auditor and Subagent offices. Effective with January 1, 2015, registrations, Auditors will begin charging a \$5 fee on registrations and \$12 fee for title transactions conducted in Auditor offices. Revenues from the additional \$5 and \$12 fees charged at Auditor offices will be deposited into the Ferry System Capital Vessel Replacement Account.

Auditors and Subagents conduct title and registration transactions on a state computer system called the Vehicle Field System (VFS), which DOL administers and maintains. The system includes 645 terminals outside of DOL's Olympia headquarters: 181 terminals in Auditor offices and 464 in Subagent offices. The three-decade old VFS is extremely cumbersome to use, is incompatible with current Internet standards, and requires costly and time-consuming maintenance to keep it operational.

DOL provides and maintains the terminals, internet routers and printers for the VFS and supplies and/or pays for materials needed to conduct titling and licensing processes, such as license plates, printed forms, postage, and toner cartridges for each Auditor and Subagent office. DOL spends about \$7 million a biennium on these support costs. If an Auditor's costs to conduct title and registration services are higher than the service fees

collected, state law requires DOL to reimburse those Auditors to cover the shortfall. In 2013, 10 counties received a total of \$588,000 under this provision.

DOL is currently developing an estimated \$60 million project to completely revamp and modernize its driver and vehicle computer systems, including and starting with the Vehicle Field System (VFS). This is called the Business and Technology Modernization Initiative, or “BTM” for short. Appendix A describes the project. Auditors and Subagents will be involved in project development once the vendor is on board.

This JTC study came about due to concerns about the volume and handling of paper documents, physical rather than electronic transmittal of registration and title documents, requirements for retention of paper records, antiquated processes, and what some believe to be the dual regulation of Subagents by Auditors and DOL. Other issues raised include overall future trends in information and licensing processes, the potential implementation of alternative transportation taxation, and opportunities to merge vehicle licensing and taxation.

Study Approach

The study was conducted by legislative and Office of Financial Management (OFM) staff, and supported by a Work Group made up of County Auditors and staff, Subagents, and DOL personnel (Appendix C). The staff group consisted of staff from the House, Senate and Joint Transportation Committees, and OFM. The study commenced with interviews of each stakeholder group (County Auditors, Subagents and DOL; summaries provided in Appendix G). On August 18, 2014, staff met with Work Group members to discuss issues identified by each stakeholder group to streamline processes and policies, improve training and information flow, and potential technological opportunities. A draft report was circulated among Work Group members in October, for their input. A final report is due to the transportation committees of the Legislature on December 1, 2014.

Observations and Recommendations

Observations from stakeholder interviews and discussions include the following:

1. Widespread frustration with the antiquated and inflexible technology of DOL’s Vehicle Field System (frustration shared by Auditors, Subagents and DOL);
2. The volumes of paperwork required in current licensing processes, and the resulting paper management, physical retention, staffing and cost-related issues;
3. The need for improved training for Auditor, Subagent and DOL staff; and
4. The unique differences among counties, suggesting a “*one size fits all*” approach may not be appropriate to address every county’s situation.

There was widespread optimism regarding DOL’s recent collaborative efforts to improve licensing processes and staff training, and the potential for BTM to modernize processes, reduce paper handling requirements, and provide other efficiency improvements.

Study recommendations include the following:

Streamline licensing processes. The following recommendations would require DOL to work with Auditors and Subagents to:

1. Convene a Lean event or other process improvement method to evaluate opportunities to reduce paperwork requirements, and consider whether statewide consistency in paperwork requirements is warranted.
2. Explore ways to reduce mailing costs, including alternative means or carriers to transmit documents.
3. Explore more efficient inventory delivery from DOL to Auditors and Subagents.

Improve training and communication

4. Improve DOL staff training to ensure the Vehicle and Vessel Operations (VVO) support group provides consistent and timely answers, and consistent training is provided to Auditors and Subagents.
5. Smaller counties would benefit from more frequent training opportunities.
6. Auditors should periodically visit Subagents, and DOL should periodically visit Auditors and Subagents.
7. DOL should increase face-to-face interactions with Auditors and Subagents.
8. DOL should provide consistent fraud detection training for Auditors and Subagents, and utilize them to identify potential fraud issues.

Improve processes

9. Auditors should work with Subagents and DOL to develop guidelines for Auditor supervision of Subagents.
10. Auditors, Subagents and DOL should meet at least annually for training, and to discuss opportunities for process improvements.
11. Consider efficiency opportunities associated with elimination of periodic plate replacement.
12. DOL should improve response times for calls to the Vehicle Support Center, and consider using Live Chat or Instant Messaging.
13. DOL will research issues regarding signature requirements for title work.

Modernize technology

14. DOL should consider a BTM newsletter to Auditors and Subagents to keep them informed of design, implementation and training opportunities.
15. BTM may address current issues regarding the need for a dedicated terminal data line for titling and registration work, and provide opportunities for significant reductions in paper transactions.

A number of other suggestions were considered but not recommended by the Work Group, including evaluating the use of bar code technology to replace vehicle tabs, collect tolls, measure VMT, and other tasks; requiring title work to be conducted either by the public sector or the private sector but not both; removing Subagents from Auditors' supervision; eliminating the requirement for Auditors to audit Subagents; allowing auto dealers to do their own vehicle title work; and making all titles "quick titles".

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Study on Vehicle Titling and Registration Processes

Final Report

The 2014 Supplemental Transportation Budget (ESSB 6001, Sec 204(7)) directed the JTC to coordinate a Work Group of County Auditors, Subagents, Agents, and the Department of Licensing to review vehicle titling and registration processes, along with policies that County Auditors and Subagents must comply with when conducting title and registration transactions. The goal of the review is to make recommendations to streamline processes, modernize policies, and identify potential information technology opportunities. A report is due to the transportation committees of the Legislature by December 1, 2014.

Background

State law requires County Auditors or appointed Agents to conduct vehicle and vessel licensing operations on behalf of the State, under contract with the Department of Licensing (DOL). Subagents are private business owners who contract with County Auditors to conduct licensing operations. All 39 County Auditors or Agents perform the licensing function. (In 38 counties it is the Auditor, and in King County, which has no Auditor, a county employee serves as the Agent of the county. In this report, the term Auditor will include Auditors and the King County Agent.) There are 141 Subagents located in 31 of the state's 39 counties.

While Auditors and Subagents process both vehicle and vessel transactions, this study focuses on vehicle titling and registration, because vessel transactions are not addressed in the transportation budget, but rather in the general fund budget.

The Department of Licensing contracts with County Auditors to conduct the licensing process. Auditors recruit and recommend persons to act as Subagents in their county to the Director of DOL for approval and appointment. Auditors contract with Subagents to provide licensing services, using contracts provided by DOL. Auditors are responsible for overseeing the work of Subagents on a daily basis including financial reporting, transaction reporting, inventory, adherence to contract, policy and procedure and oversight of customer service standards. DOL also audits Subagents on a periodic basis. (See *Appendix B for a description of DOL and Auditor audits of Subagents.*)

In FY 2014, Auditors and Subagents processed nearly 7.8 million vehicle title and registration transactions. This included 1.7 million titles transactions and 6.1 million registration transactions. Auditors processed 42 percent of registrations, but only 12 percent of titles.

FY 2014 Vehicle Title and Registration Transactions by County Auditors and Subagents

| | Title Transactions | | Registration Transactions | | Total |
|-----------------------|--------------------|------|---------------------------|------|-----------|
| County Auditor | 195,879 | 12% | 2,581,327 | 42% | 2,777,206 |
| Subagent | 1,461,583 | 88% | 3,559,052 | 58% | 5,020,635 |
| Total | 1,657,462 | 100% | 6,140,379 | 100% | 7,797,841 |

Paperwork requirements. The vehicle registration and titling process is a very paper-intensive process. Millions of pieces of paper are handled, sorted, mailed and archived every year. For example, to complete title transactions, every document associated with the 1.8 million titles issued in 2013 was mailed to DOL by Auditors and Subagents in order to officially record this legal document. This translated into 13 million pieces of paper handled, sorted, mailed and archived – just for title transactions.

In addition to titles, Subagents and/or Auditors must mail documents related to fee collections, inventory adjustment reports, daily cash receipt logs, and many other documents. Appendix D identifies the vehicle licensing documents Subagents and Auditors are required to transmit and retain.

Auditors have some discretion over mailing and storage requirements for other documents, such as EFT transmittals, notices of office transaction voids, affidavits and others, and in certain cases, have implemented streamlining.

Transaction fees. Auditors receive a \$3 filing fee each vehicle registration and \$4 for each vehicle title issued in their county, whether completed by the Auditor or Subagent. In addition, Subagents must charge a convenience fee of \$5 for each vehicle registration and \$12 for each vehicle title transaction. As a result, fees are higher when a customer goes to a Subagent. In 2014, the Legislature adopted E2SHB 1129 to equalize the fees charged in Auditor and Subagent offices. Effective with January 1, 2015, registrations, Auditors will begin charging a \$5 service fee and \$12 title fee for transactions conducted in Auditor offices. Revenues from the additional \$5 and \$12 fees charged at Auditor offices will be deposited into the Ferry System Capital Vessel Replacement Account.

Vehicle Title and Registration Fees -- County Auditor Compared to Subagent

| | Current Fees | | | | January 1, 2015 Fees | | | |
|---------------------|-------------------|---------------------|----------------|---------------------|----------------------|---------------------|----------------|---------------------|
| | At County Auditor | | At Subagent | | At County Auditor | | At Subagent | |
| | <i>Title</i> | <i>Registration</i> | <i>Title</i> | <i>Registration</i> | <i>Title</i> | <i>Registration</i> | <i>Title</i> | <i>Registration</i> |
| Subagent Fee | | | \$12.00 | \$5.00 | | | \$12.00 | \$5.00 |
| County Auditor Fee* | \$4.00 | \$3.00 | \$4.00 | \$3.00 | \$4.00 | \$3.00 | \$4.00 | \$3.00 |
| To Ferry Account** | | | | | \$12.00 | \$5.00 | | |
| Customer Fee | \$4.00 | \$3.00 | \$16.00 | \$8.00 | \$16.00 | \$8.00 | \$16.00 | \$8.00 |

* The \$4.00 and \$3.00 fees Auditors collect for Subagent transactions are intended to cover the cost of Auditor supervision of Subagents. These fees generated \$16.4 million in FY 2014, and were deposited into county general funds.

** Deposited into Ferry System Capital Vessel Replacement Account, beginning with January 1, 2015, transactions.

Quick title fees. Auditors and Subagents are allowed to issue quick titles for a \$50 charge, with \$25 going to the county and \$25 deposited into the state motor vehicle fund. Prior to 2014, 22 county auditor offices and 15 subagent offices provided quick title service. HB 2674 enacted in 2014 removed restrictions on which Subagents could issue quick titles, and instead authorized all Subagents to do so in accordance with DOL requirements related to security standards and inventory protections for blank title certificates.

Outdated computer systems. Auditors and Subagents conduct vehicle title and registration transactions on an antiquated state computer system called the Vehicle Field System (VFS), which DOL administers and maintains. The system includes 645 terminals outside of DOL's Olympia headquarters: 181 terminals in Auditor offices and 464 in Subagent offices. The three decade old VFS is extremely cumbersome to use, employs outdated

COBOL programming code, is incompatible with current Internet standards, and requires a good deal of costly and time-consuming maintenance to keep it operational.

Modernizing business and technology systems. DOL is currently engaged in a multi-year effort to modernize their business and technology systems. The estimated \$60 million project, called the Business and Technology Modernization Initiative, or “BTM”, will modernize its databases, including and starting with the Vehicle Field System. *(Please see Appendix A for further description of BTM.)* Auditors and Subagents are involved in project development.

DOL supports Auditors and Subagents. DOL provides, installs, hard-wires and maintains the terminals and printers for the VFS. DOL also provides and/or pays for all the supplies needed to conduct titling and licensing processes, such as license plates, printed forms, postage, and toner cartridges for each Auditor and Subagent office. DOL spends about \$7 million a biennium on these support costs. Auditor and Subagents offices are responsible for other office expenses such as employee wages, payroll taxes, office rent or mortgage payments, standard office supplies (including envelopes, tape, pens, etc.) and utilities.

In ten counties, the transaction fees generated from titling and registration activities are insufficient to cover the Auditors’ titling and registration costs; state law requires DOL to provide subsidies to these counties to cover their shortfall. Counties receiving subsidies totaling \$588,000 in 2013 included Columbia, Ferry, Garfield, Lincoln, Pacific, Pend Oreille, San Juan, Skamania, Wahkiakum and Walla Walla. Subsidies ranged from \$31,000 in Garfield County to \$106,000 in Walla Walla County.

Opportunities for process improvements. This JTC study grew out of concerns about current titling and registration processes, including the volume and handling of paper documents, physical document transmittal, paper records retention requirements, antiquated processes, and what some believe to be the dual regulation of Subagents by Auditors and DOL. Other issues included DOL, Auditor and Subagent readiness to address future trends in information and licensing processes, the potential implementation of alternative transportation taxation, and opportunities to merge vehicle licensing and taxation.

Study Approach

The study was conducted by a staff group supporting a 15 member Work Group made up of County Auditors, Subagents, and Department of Licensing personnel. The staff and Work Group members identified issues and potential remedies to streamline processes and policies, and considered potential technology opportunities. Work Group members also provided comments on draft study reports. The Work Group membership is shown in Appendix C.

The staff group initially met with DOL staff to gather background on business processes involved in vehicle licensing including contracts with Auditors and Subagents, licensing procedures, equipment and supplies provided to Auditors and Subagents, and transaction data. DOL also provided a briefing on the Business and Technology Modernization Initiative, or BTM. Staff conducted interviews with each of the stakeholder groups (Auditors, Subagents, and DOL). These interviews identified licensing process issues, training and communication issues, and potential process improvements. Summaries of these discussions are found in Appendix G. Staff also conducted site visits to Auditor offices and observed the licensing process.

On August 18, 2014, staff and Work Group members met in Olympia to discuss issues identified by each stakeholder group to streamline processes and policies, improve training and information flow, and potential technological opportunities, and to identify potential recommendations.

A draft report was circulated among staff and Work Group members in October for their comment; a final draft report was presented to the JTC in December.

Study Observations and Recommendations

Observations from stakeholder interviews and discussions include the following:

1. Widespread frustration with the antiquated and inflexible technology of DOL's Vehicle Field System (frustration shared by Auditors, Subagents and DOL);
2. The volumes of paper work required in current licensing processes, and the resulting paper management, physical retention, staffing and cost-related issues;
3. The need for improved training for Auditor, Subagent and DOL staff; and
4. The unique differences among counties, suggesting a "one size fits all" approach may not be appropriate to address every county's situation.

There was widespread optimism regarding DOL's recent collaborative efforts to improve licensing processes and staff training, and the potential for BTM to modernize processes, reduce paper handling requirements, and provide other efficiency improvements.

Study recommendations include the following:

Streamline licensing processes

1. *DOL should convene a paperwork reduction Lean event with Auditors and Subagents seeking:*
 - *A reduction of costs and requirements associated with paperwork handling, transmittal, mailing and records retention, while ensuring fraud protection and relevant legal requirements are met;*
 - *statewide consistency among Auditors and Subagents to the extent practicable;*
 - *a cover sheet for title transactions, allowing for a single signature attesting to document veracity;*
 - *opportunities for scanning and electronic document transmittal.*

Background: The vehicle registration and titling process is a very paper-intensive process. Millions of pieces of paper are handled, sorted, mailed and archived every year. Significant volumes are mailed daily from Subagents to Auditors, Subagents to DOL, and from Auditors to DOL. For example, to complete title transactions, every document associated with a title must be mailed to DOL in order to officially record this legal document. In 2013, this translated into 13 million pieces of paper mailed for the 1.8 million titles issued that year.

Because many of these documents are legal documents related to the ownership of an expensive piece of property (a vehicle), it has been important to have access to the paperwork indicating legal ownership. This fact has driven some of the paper handling and retention requirements.

In addition to titles, Subagents and/or Auditors must mail documents related to fee collections, inventory adjustment reports, daily cash receipt logs, and many other documents. Appendix D identifies the vehicle licensing documents Subagents and Auditors are required to transmit and retain.

Some documents may be mailed or emailed at the discretion of the Auditor; this includes checks or EFT transmittals, office transaction voids, and affidavits. Some Auditors have implemented policies limiting paper Subagents are required to mail to the Agent (in King County), or have worked with DOL to reduce the amount of paper the Auditor is required to mail to DOL (Benton County).

When paper documents are sent to DOL, far less than 1% of the physical documents are reviewed. Instead the documents typically are scanned and stored electronically. If and when the documents are subsequently reviewed, DOL nearly always reviews the scanned document. In fact, in the last six months, DOL looked at just three paper titles. This leads to a question of why it is necessary to incur the expense of mailing and storing these volumes of paper, when perhaps scanning, e-mailing and electronic storage would suffice.

Auditors and Subagents expressed an interest in scanning, saving and e-mailing documents, rather than handling paper documents. Advantages include reduced mailing costs, reduced physical space needed in Auditor and Subagent offices, and potentially reduced staffing costs. There was also discussion about using FTP (File Transfer Protocol) to upload information via Internet to a location which could then be accessed by DOL.

Auditors reported having differing needs related to document storage; where one has very limited storage space, another reported having an excess of physical storage space and saw no advantage to changing to electronic document storage.

During the course of the study, Auditors noted that customers currently are required to sign many different pieces of paper when conducting title transactions, and this can take a significant amount of time and lead to return trips to the licensing office to secure all the signatures. Auditors suggested instead that the customer be allowed to sign a single sheet of paper to attest to the veracity of the documents, rather than multiple signatures on multiple documents.

RCW 46.01.325 requires DOL to produce an annual report analyzing Auditor and Subagent fees, and making recommendations for fee revisions. Some believe this annual requirement is too frequent.

BTM may address many paperwork issues.

Implementation:

- No appropriation is needed to convene a process improvement work group.
- May require changes to RCWs, WACs and operating procedures.
- BTM may address many of the issues.
- May generate additional costs (e.g. to purchase scanners for every office) as well as cost savings (postage, staffing, records storage and other)

Streamline licensing processes

2. *DOL should work with Auditors and Subagents to explore ways to reduce mailing costs, including alternative means or carriers to transmit documents.*

Background: Subagents reported that they are required to use the US Postal Service to mail government documents including vehicle title and registration documents, even though less expensive mailing alternatives may exist (such as UPS or others).

A Subagent reported she mails required documents using a regional USPS rate that is lower than first class postage, thereby reducing mailing costs. It is unclear if that regional rate is available in every county, for all sizes of mailings.

Scanning and e-mailing documents as discussed in Recommendation 1 (above) will reduce mailing costs.

Implementation:

- DOL is exploring whether a law or administrative rule change will be needed to allow documents to be mailed by services other than the US Postal Service.
- It would likely result in a cost savings for most Auditors and Subagents, and potentially for DOL as well.

Streamline licensing processes

3. *Explore more efficient inventory delivery from DOL to Auditors and Subagents.*

Background: DOL delivers licensing and registration inventory materials (tabs, license plates, title paper, toner, etc.) to Auditors via Department of Corrections (DOC) trucks, directly from DOC facilities. Most Subagents then travel to the Auditor's office to pick up their inventory materials. This costs Subagents staff time and money, and they would like the inventory delivered directly to them.

Some Subagents are able to get inventory delivered directly if their business is on the delivery route to the Auditor. Others have their inventory delivered from the Auditor to the Subagent by a private delivery service (King County).

Implementation: Issues to consider will be cost, inventory management and security, and whether BTM will provide any additional flexibility.

Improve training and communication

4. *Improve DOL staff training to ensure the Vehicle and Vessel support group (VVO) provides consistent and timely answers, and consistent training is provided to Auditors and Subagents.*

Background: The VVO is the group that provides Auditor and Subagent support from DOL. Within VVO, liaison officers provide training to Auditors and Subagents, but the training isn't always consistent from one trainer to another, or between Auditors and Subagents. Also, the responses DOL staff provide to questions asked by Auditors and Subagents calling in to VVO are not always consistent; they sometimes vary from one DOL staffer to another.

DOL is aware of these problems, and is working to identify the inconsistencies. They acknowledge that training needs to be improved. Cross training of staff may help to address issues related to timeliness of responses. Recent DOL staff retirements have exacerbated the problem of inconsistent phone responses. DOL is working to improve both training and technical assistance to Auditors and Subagents.

Implementation:

- Training videos or webinars could improve consistency, and may not require office closures (to attend training sessions) or travel expenses. A Subagent pointed to the Department of Revenue's Fair Market Training product as an excellent training tool, and an example of what DOL should strive to achieve in Auditor/Subagent training tools.
- Auditors in the Work Group said Auditors should shoulder some of the responsibility, and ensure their staff use resources at hand before calling DOL for help. Auditors and Subagents have access to an excellent *E-Guide to Vehicle Field System Policy* which can answer many day-to-day

questions. Auditors and Subagents can submit requests for E-Guide revisions/updates as they identify such needs.

- It is uncertain whether the training improvements will increase costs or save funds, but both are possible.

Improve training and communication

5. *Smaller counties would benefit from more frequent training opportunities.*

Background: Each county must have certified Vehicle Field System operators in order to conduct vehicle registration and titling transactions, and certification requires a defined level of training.

There are three levels of VFS operators:

- The entry level Trainee must have three months experience with licensing activities (with supervision) before taking an exam to become Qualified.
- After passing the exam, the Qualified operator must conduct 1,800 hours of licensing services, without immediate supervision, to become Certified.
- Maintaining Certification requires a minimum 10 hours of continuing education each calendar year. This education can include conferences, user group meetings, office training, or other DOL provided VFS training resources.

Qualified and Certified operators can do title work by themselves; however for quick titles, a two-person review process is required, and the second reviewer must be a Certified operator.

Vehicle Field System operators in smaller counties sometimes have trouble getting certified in a timely manner due to the work hours required in the VFS. Staff may also have difficulty maintaining their certification due to the annual 10 hour continuing education requirement because the required training opportunities are infrequent.

Implementation: It is unclear whether this recommendation will generate increased costs for DOL.

Improve training and communication

6. *Auditors should periodically visit Subagents, and DOL should periodically visit Auditors and Subagents.*

Background: Work Group members said better understanding is needed among DOL, Auditors, and Subagents of their respective work environments, roles and external pressures. Auditors and Subagents agreed one-size-fits-all requirements don't always work well; site visits would help identify the needs of different offices and/or counties to accommodate the different circumstances they must manage.

Implementation: Additional visits would require a change in current practices, and may drive some increased costs, such as travel costs.

Improve training and communication

7. *DOL should increase face-to-face interactions with Auditors and Subagents.*

Background: Auditors and Subagents would like more face-to-face communication with DOL. It frequently leads to better communication and improved understanding, helps build relationships, and increases morale.

Implementation: Additional interactions may lead to increased costs for travel and personnel and would require a change in current practice. DOL, Auditors and Subagents should consider video conferencing approaches such as Face-Time or Skype, in addition to in-person conversations.

Improve training and communication

8. *DOL should provide consistent fraud detection training for Auditors and Subagents, and utilize them to identify potential fraud issues.*

Background: Subagents requested more training and emphasis on what constitutes fraud, and how to identify fraudulent transactions. Subagents and Auditors also asked to be notified by DOL when someone under their supervision is the subject of a fraud investigation.

DOL is developing a new fraud policy, which was a topic of discussion with Auditors and Subagents at the September, 2014 WSACA Licensing Conference User Group meeting. An element of the policy calls for the counter staff to be more proactive in identifying potential fraud in their day-to-day work.

As a result of a Lean Process earlier this year, a notifications matrix has been developed which identifies what to do when staff know or suspects a transaction is fraudulent. DOL notes that fraud notification requirements are situational. Once an investigation is in progress, it is the responsibility of DOL's VVO to notify an Auditor of potential fraud involving an employee, office or a Subagent. The Auditor uses his or her own judgment to determine if the Subagent may be involved in the potential fraud, or if or when the Subagent should be notified about the investigation.

Implementation:

- Implementation would require a change in current practice.
- There may be some upfront costs associated with this recommendation, which may be balanced by longer-term savings.
- The BTM initiative may evaluate whether to include the ability to tag a record with a fraud alert/tracking notification.

Improve processes

9. *Auditors should work with Subagents and DOL to develop guidelines for Auditor supervision of Subagents.*

Background: While all Auditors operate under the same contractual requirements and the same certification process, there is no uniform standard for Auditors to supervise Subagents.

- Some Auditors visit Subagents regularly (e.g. four times a year); others do so less frequently, depending on what they believe is needed.
- Official Auditor reviews of Subagents also vary in frequency from county to county, depending on the size of the county, the number of Subagents, audit findings and available resources. Smaller counties with fewer resources may need additional support.

- Many Auditors have developed issue check lists they use when reviewing Subagents. The Auditors Licensing Subcommittee is working on compiling these check lists into a notebook for distribution to all Auditors.
- Because each county is different, a “one size fits all” approach may not be appropriate to address every county’s situation.

Implementation: This would involve a change in current practices.

Improve processes

10. *Auditors, Subagents and DOL should meet at least annually for training, and to discuss opportunities for process improvements. As an alternative, DOL could resume meeting with the Washington Association of Vehicle Subagents (WAVS) annually, and separately meet with the Auditors at least once a year.*

Background: With 39 different Auditors, DOL policies are often interpreted differently from county to county. This sometimes results in lack of consistency in policy implementation. The Auditors Association is starting to tackle the issue of inconsistent policy interpretation, and is working with DOL on a package of guidelines and best practices.

There is no current formal process to identify issues for Lean or other process improvements opportunities.

Given the desire for more consistent training, better communication, increased face-to-face communication, and more opportunities for input, an annual meeting would help address many of these concerns. While DOL currently attends the Subagents’ and Auditors’ annual meetings, participants have said there is not sufficient opportunity to address the many issues and concerns that require discussion among DOL, Auditors and Subagents. In part to address this concern, DOL is resuming quarterly meetings with Subagents beginning in late 2014. These may take the form of in-person meetings in Olympia, with the potential for video-conferencing into the meetings.

Implementation: This would involve a change in current practice, and could result in both increased costs (for travel and meeting arrangements) as well as decreased costs (due to better communication, improved policy implementation.)

Improve processes

11. *Consider efficiency opportunities associated with elimination of periodic plate replacement.*

Background: Eliminating the requirement to periodically replace license plates may present opportunities for process improvements. It may take a year or so with the new replacement requirements to fully understand the potential opportunities, which could then be the topic of a Lean event or other process improvement discussion.

Implementation: This would be a change in current practice, and may result in cost savings, depending on what if any efficiency opportunities are identified.

Improve processes

12. *DOL should improve response times for calls to the Vehicle and Vessel support group (VVO), and consider alternative means of communication such as Live Chat or Instant Messaging.*

Background: Auditors and Subagents can call DOL's VVO to get answers to questions or to address unusual situations presented by customers. They expressed frustration over sometimes lengthy wait times for their calls to be answered, and that too often, the operator is unable to answer their question. This necessitates waiting for a return call from a different VVO staff person, providing another source of delay and frustration.

DOL has acknowledged these problems, and as discussed in Recommendation 4 above, will address them at least in part with improved staff training and job cross training for VVO staff.

Others have suggested that software could help address the response time problem. Many call centers use Live Chat or Instant Messaging software to respond to inquiries. There are many different software packages available to provide this service.

Pierce County is currently testing Live Chat in its Elections Division, after having successfully implemented Live Chat in the Assessor-Treasurer's Office and the Pierce County District Courts.

Live Chat is a live support software solution that allows the Pierce County Auditor's Office to interact with their website visitors in real time. They were experiencing a significant problem with dropped calls (calls got dropped if more than three calls come in at once). Customers expressed frustration with the telephone routing system, and being unable to interact with a live person but instead having to leave voicemails and wait for a return call.

Pierce County said Live Chat allowed them to engage their customers immediately, reduced frustration, shortened service time, eliminated phone tag, and dramatically reduced email inquiries. In short, Live Chat enabled them to significantly improve customer service, without increasing their cost of operations. In the Assessor-Treasurer's Office, the same operators who were answering phone calls handled Live Chat inquiries as well. However, the District Courts found the volume of Live Chat participation warranted a dedicated operator.

Pierce County found Live Chat to be inexpensive, easy to administer, and flexible. They expected to experience a reduction in phone calls as a result of Live Chat, but that did not occur; it seems they gained new customers who were more comfortable with Live Chat than phoning or coming in to the office. They frequently hear very positive feedback from customers using the new service. In April, 2014, of the 8,089 customers served by the Assessor-Treasurer's Office, 716 were served via Live Chat.

The Auditor plans to expand Live Chat to their Licensing and Recording Division, which receives 1,000 calls a week, of which 40-60 calls are dropped each week. They hope to eliminate the dropped calls via Live Chat.

Pierce County identified other benefits from using Live Chat. It is compliant with the Public Records Act. It provides a customer service auditing tool, allowing operators to pre-screen answers to their most common questions. It also provides statistics such as how many calls were taken and the length of the call; cuts out the middleman by eliminating the need to forward emails to the proper department, and allows operators to juggle as many as four customers at once.

Implementation: This would involve changes in the staffing approach and training used at the VVO. This could result both in additional costs (to purchase new software and train staff on its use), and cost savings (resulting from quicker responses to questions), as well as improvements in customer service.

Improve processes

13. *DOL will research issues regarding signature requirements for title work.*

Background: Auditors and Subagents reported three specific problems related to signatures on vehicle title and registration documents:

- A DOL employee is reportedly rejecting title work when customer's signature is printed, rather than cursive. The Subagent reporting this problem believes the legal definition of a signature does not require it to be cursive.
- The customer's signature on title work must be the legal signature; if legal name is James Bernard Dough, the paperwork will be rejected if it's signed JB Dough. To correct the signature, customer needs to get revised signature notarized, and this causes delay and frustration for the customer.
- In some cultures, the surname is placed before the first name, which is the opposite of name placement in English. This has led to signature rejections on title work.
- As noted in Recommendation 1 (above), Auditors said customers must sign many different pieces of paper when conducting title transactions, and this can take a significant amount of time and lead to return trips to the licensing office to secure all the signatures. They suggested instead that the customer be allowed to sign a single sheet of paper attesting to the veracity of the documents, rather than multiple signatures on multiple documents.

Implementation: During the course of discussions, DOL indicated that some of these issues may have already been resolved, but DOL staff will continue working to resolve the problems noted.

Modernize technology

14. *DOL should consider a Business and Technology Modernization Initiative (BTM) newsletter to Auditors and Subagents to keep them informed of design, implementation and training opportunities.*

Background: Auditors and Subagents requested more information about and involvement in the BTM project, to ensure their needs are met in system design and that they are aware of opportunities for input and training. DOL has committed to involving Auditors and Subagents once the vendor is on board, and has hired two staff from Auditors offices to serve on the BTM project team.

An e-mailed newsletter would be a low-cost opportunity to provide on-going communication about this project that's critical to the vehicle registration and titling work done by Auditors and Subagents.

Implementation: A periodic e-mailed newsletter could be written without incurring additional costs to DOL, and could produce cost savings as a result of improved communication.

Modernize technology

15. *The Business and Technology Modernization Initiative may address current issues regarding the need for a dedicated terminal data line for titling and registration work, and provide opportunities for significant reductions in paper transactions.*

Background: Auditors and Subagents expressed concerns over the inflexibility of the current Vehicle Field System. With dedicated lines and terminals, the system cannot be used with other computer systems already in offices, including the internet connections. The system is also inefficient to use. For example, an operator must correctly input data into as many as 18 sequential screens in order to complete a title transaction. If there is an entry error during the sequence, the transaction must be voided, an error report recorded, and the process must start again at the first screen.

BTM likely will permit use of standard personal computers and internet connections for system access. The system is anticipated to provide more convenient user interfaces such as links to vehicle valuation, pull down menus to aid in standardized vehicle naming, and cross-links to driver license information. It will also permit more electronic, rather than paper processing of title and registration transactions, record keeping, and financial reporting. Appendix A describes the BTM project in more detail. Beyond improved user interface, easier to use menus, and internet connectivity, other anticipated benefits include reduced transaction times, reduced document process times from 17 days to 7 days, and improved system reliability.

Implementation: DOL is three years into the \$60 million BTM Initiative to develop an agency-wide system to include vehicle licensing, driver licensing, professional licensing and revenue modules. Currently the initial phase involves data clean-up and design of the new data model and developing system requirements for the procurement process. DOL is requesting \$27 million for the 2015-17 biennium to complete the vehicle portion of the project, anticipated for June, 2017.

Suggestions not recommended by the Work Group

A number of suggestions were considered but not recommended by the Work Group, including the following:

1. *Evaluate the use of bar code technology to replace vehicle tabs, collect tolls, measure VMT, and perform other tasks.*

Background: Washington currently uses the license plate for vehicle identification purposes, and the tab for vehicle taxation purposes. Those two functions could be separated. The license plate could be used simply for vehicle identification purposes, and the taxation, toll collection or other functions could be assigned to a different technology such as a bar code or some other means.

While some in the Work Group agreed that this is an idea that warrants future consideration, some concern was expressed that there may be public backlash against bar coding to count VMT and collect tolls, and it could hamper legislative willingness to appropriate the significant funds needed to complete the BTM project.

2. *Require title work to be conducted either by the public sector or the private sector but not both.*

Background: One Auditor suggested that title work should be conducted either by the public sector (Auditors Offices) or the private sector (Subagents or other private entities), but not both.

Work Group members disagreed with this suggestion, saying the current model is a good partnership which works well, and has improved in recent years. The Auditor receives a filing fee for supervising the Subagent. If only Subagents did title work, then presumably the Auditor wouldn't supervise them and it would be up to DOL to supervise their work; many questioned whether DOL had the capacity to do so. This would also cost counties the filing fee revenue they currently collect from Subagent transactions, as noted in item 3 below.

3. *Remove Subagents from Auditor supervision.*

Background: An Auditor suggested that DOL should directly supervise Subagents, removing that responsibility from Auditors.

The Work Group disagreed with this suggestion, saying DOL doesn't have resources to supervise all Subagents. The Work Group also said better customer service results from supervision closer to the Subagent (i.e. supervision by the County Auditor) rather than distant state agency personnel in Olympia. They added that elected Auditors are engaged in the community, and since Subagents are seen by some as the face of the Auditor, Auditors take pains to make sure the subagencies work well.

The Work Group said this suggestion would lead to a loss in revenue to the counties. In FY 2014, Auditors collected \$16.5 million in filing fees associated with Subagent title and registration transactions. Auditors receive a \$3 filing fee for each Subagent registration transaction, and \$4 for each Subagent title transaction – fees which they said are intended to cover the costs of Auditor supervision. (Auditors receive those same fees for transactions they perform.) The fees to the county as a result of the Subagent transactions actually generate more revenue than the cost of supervision in most counties. These fees are deposited in the County General Fund and used for a variety of purposes. For example, in Douglas County, the Auditor said these filing fees paid for two sheriff's deputies.

The Work Group also said that as a form of risk management, the State has passed liability to the County Auditors for Subagent financial errors. If DOL directly supervised Subagents, the State would assume this liability for financial errors.

4. *Eliminate the requirement for Auditors to audit Subagents.*

Background: An Auditor suggested that it is duplicative and inefficient for both DOL and Auditors to audit Subagents, and that only one should be required – DOL's audit or the Auditor's audit.

The Auditors in the Work Group disagreed, saying while there is some overlap, the two sets of audits complement each other.

- DOL's audits are intended to ensure compliance with state law, DOL policies and procedures, and contracts with licensing agents. They address financial accountability and cover a specified time period. In January 2014, DOL adopted a risk-based audit process for Auditor and Subagent audits. Each control and discrepancy identified as part of DOL's audit criteria is assigned a weighted impact rating score. Upon completion of the audit, an office is placed in one of three risk categories (significant, moderate or minor) based on the total impact rating score assigned during the audit; this informs an audit cycle of approximately 12, 18 or 24 months.
- Audits conducted by County Auditors review many of the same issues addressed by DOL audits, but additional issues as well, including document review, inventory control, collections, training,

and customer service. Customer service includes evaluating the professionalism of the Subagent facility, and may include periodic spot checks of Subagent work accomplished through online imaging systems. A Work Group Auditor said a subagency is often viewed by the public as the face of the Auditor's office, giving the Auditor added incentive to ensure it meets quality standards. County Auditor reviews often are more frequent than DOL audits, and while DOL's audits are announced, Auditor visits are at times unannounced.

Appendix C includes a more thorough description of the audits conducted by DOL and County Auditors.

5. *Allow auto dealers to do their own vehicle title work.*

Background: An Auditor suggested allowing dealers to do their own title work and issue license plates, in order to increase efficiency and provide better service to the customer.

A number of states allow motor vehicle services to be provided by privately-owned companies, which may include, for example, private for-profit or not-for-profit corporations, AAA auto clubs or organizations like Kiwanis, according to a February/March, 2014 survey conducted by the American Association of Motor Vehicle Administrators (AAMVA). The survey results (see Appendix F), were not detailed enough to answer whether auto dealers were allowed to conduct title work. Anecdotal evidence suggests auto dealers are allowed to conduct title work in some states, such as Nevada.

Subagents objected to this suggestion, noting allowing dealers to issue titles and license plates would reduce the Subagents' book of business. In FY 2014, Subagents conducted 88% of the title work in Washington State, and a sizable amount of that business came directly from local car dealerships. The 1.5 million title transactions conducted by Subagents in FY 2014 generated \$17.5 million in Subagent fees.

The Work Group also identified a potential conflict of interest in auto dealers doing title work on vehicles they're selling, saying that a system of check and balances currently exists and should be maintained. Some expressed concern about the extreme pressure some vehicle dealers place on salespeople to complete the sale leading to a potential for fraud.

6. *Make all titles "quick titles".*

Background: An Auditor suggested allowing all titles to be quick titles, and reducing the \$50 fee to a level that covers the cost of issuing the title. The rationale is that the same process is followed for regular titles and quick titles, and it would be more convenient for the customer.

The Work Group disagreed with this suggestion, citing concerns that this could lead to title fraud, although none has yet been identified since Subagents were authorized to issue quick titles. They also noted this could lead to increased costs, as some offices would have to increase staffing so that two certified people would be available at all times to review every title.

Furthermore, they noted that blank title paper is a very valuable commodity, and as such is kept in a locked vault. If all titles were quick titles, each operator in an Auditor's or Subagent's office would have to have title paper at their station, which could increase the opportunity for theft of title paper. It may also lead to reduced inventory control.

Finally, depending on what the new title fee would be, making all titles quick titles could actually increase the cost of a title for those people who currently pay \$12 and are content to wait 4-6 weeks to have their title processed.

Appendices

| | | |
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| Appendix C | Members of the Study Work Group | p. 25 |
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| Appendix F | AAMVA Survey re: vehicle services provided by private companies | p. 30 |
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Appendix A

DOL's Business and Technology Modernization Initiative: "BTM"

The Department of Licensing (DOL) is engaged in a multi-year effort to modernize their business and technology systems. The current legacy computer systems are outdated and cumbersome, difficult and costly to modify, and increasingly unreliable, containing over 11 million lines of antiquated COBOL code. It is difficult to recruit programmers to maintain the systems and even small updates or changes, like special license plates or new vehicle fees, require extensive development and testing. This causes delays and lost revenue collection.

In 2012, DOL began developing a blueprint and project roadmap of proposed future systems. The 2014 Legislature approved \$5.3 million for the next steps of the Business and Technology Modernization Initiative, or "BTM". The project is expected to cost \$60 million, and take 5 to 7 years to complete.

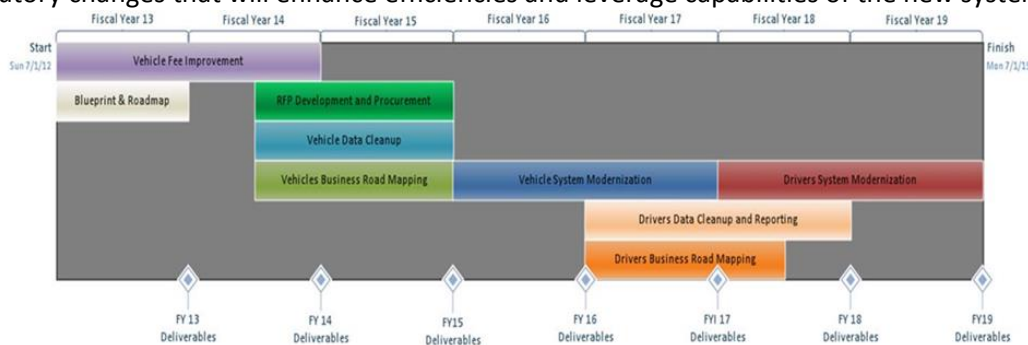
The modernization strategy began with a phased, commercial off the shelf software approach (COTS), designed to mitigate risk. The project is expected to deliver a modern DMV system that can adapt to legislative changes and business improvements, including paper and manual process reduction.

In designing the new system, DOL identified organizational change management; stakeholder and business partner involvement in building/testing user interfaces; and staff training as critical to success.

The driver and vehicle computer systems collect \$1.85 billion in revenue each year that supports Washington's transportation system. This includes \$480 million per fiscal year in vehicle-related fees that are processed by County Auditors and Subagents. In FY 2013, Auditors and Subagents processed 1.8 million vehicle title transactions using these systems, and 6.6 million vehicle registration renewals.

The vehicles system is first in line for modernization under BTM. DOL anticipates the new vehicles system to be up and running in Auditor and Subagent offices by July 1, 2017. DOL is currently validating and cleansing existing vehicles databases to significantly improve data integrity and accuracy, and improve turnaround times for data reporting and analysis. Current DOL databases contain inconsistent data that has accumulated over decades. In many cases, essential data to support operations and to provide accurate reports and data is missing. These deficiencies often make it difficult for DOL to provide accurate data to the Legislature, OFM and other partner agencies.

Documenting vehicle system requirements will lay the foundation to replace DOL's vehicle and driver systems. DOL will identify key requirements by reviewing existing business processes, identifying improvements to increase efficiency and enhance customer service, and defining business rules. Part of this work will also identify statutory changes that will enhance efficiencies and leverage capabilities of the new system.



Why BTM Matters to County Auditors and Subagents

DOL's antiquated computer systems pose considerable challenges to efficient business operations for Auditors and Subagents as they conduct their vehicle titling and registration work. One example: when entering title work into the system, operators must correctly input data into as many as 18 sequential screens; if there is an entry error, they must cancel the transaction and start again at the first screen. Another example: operators must hand type in the vehicle type, rather than selecting vehicle types from a drop down menu. This has led to multiple descriptions of a single vehicle type; a Harley Davidson motorcycle may be called a HD, Harley, Harley D, Hog, or a number of other descriptions.

Currently Auditors and Subagents are required to mail considerable volumes of title and registration paperwork on a daily basis, and to retain paper records for months at a time at considerable cost. It is anticipated that the BTM project will significantly reduce paperwork requirements, and result in efficiencies and cost savings for all licensing agents.

With an investment of this magnitude, there's also an expectation that the new system will be nimble enough to adapt to changing technologies or licensing, taxation, or other processes that are not even contemplated today.

Additional anticipated improvements are noted below.

Key facts:

- 6.7 million vehicles are registered in Washington and vehicle fees are calculated using multiple sources of data with systemic deficiencies.
- DOL collects \$1.85 billion in revenue for the transportation budget each fiscal year, including \$480 million per fiscal year in vehicle-related fees collected by county auditors and vehicle and vessel licensing subagents.
- Vehicle licensing agents and subagents processed more than 1.8 million vehicle title transactions and 6.6 million vehicle renewals in 2013, for a total of 8.4 million transactions.

Anticipated BTM project outcomes:

- Significantly decreasing the time and cost necessary to implement legislation and/or system changes to improve processes
- Ability to collect new or increased fees more quickly after legislative approval
- Providing more accurate records to law enforcement
- Improving data reporting and auditing functions
- Providing Auditors and Subagents with better processes and interfaces
- Develop and support efficient new business processes
- Increased system reliability; reduce system downtime
- Increased security for sensitive data
- Enhanced ability to respond to new fuel sources and a changing transportation system

Appendix B

Audits: Department of Licensing and County Auditors

Both the Department of Licensing and County Auditors conduct audits of licensing activities. The DOL conducts periodic audits of County Auditors and Subagents. County Auditors conduct audits of Subagents within their county contracted to perform licensing functions.

Department of Licensing audits are intended to ensure compliance with state law, DOL policies and procedures, and contracts with licensing agents. Much of the audit is focused on the financial aspect of their licensing work (e.g., cash handling, bank statements, accountable inventory controls and an examination of an office's direct/indirect costs of providing licensing services to the public.) The DOL auditor also examines office bonding and/or insurance, and may look into issues associated with title transactions.

DOL uses the same audit checklist for each Auditor and Subagent office. Following the completion of an audit, an exit briefing is conducted with the office manager or supervisor. A written draft audit report is shared with the Auditor or Subagent for information and comment, along with a request for their plan to correct discrepancies found during the audit. Upon that office's response, a final audit report is prepared. Final reports for Subagent audits are sent to the County Auditor for review and discussion with the Subagent. Copies of final audit reports for Auditors and Subagents are provided to the Washington State Auditor's Office.

In January 2014, DOL adopted a risk-based audit process for Auditor and Subagent audits. Each control and discrepancy identified as part of their audit criteria is assigned a weighted impact rating score. Upon completion of the audit, an office is placed in one of three risk categories (significant, moderate or minor) based on the total impact rating score assigned during the audit; this informs an audit cycle of approximately 12, 18 or 24 months. DOL may also audit an office "off schedule", based on certain circumstances. DOL may also audit outside the schedule if requested by the Auditor.

County Auditor audits of Subagents vary among counties, with larger counties having a staff person dedicated to subagency oversight and others having more limited audit resources.

Audits conducted by Auditors review many of the same issues addressed by DOL, but additional issues as well. Audits include documents, inventory control, collections, training, and customer service. Customer service includes the professionalism of the Subagent facility, and may include periodic spot checks of Subagent work accomplished through online imaging systems. The subagency is often viewed by the public as the public face of the Auditor's office, giving the Auditor added incentive to ensure it meets quality standards.

For example, Snohomish County's checklist of audit items include:

- Review of Subagent reports delivered daily to the Auditor, including review of random workstations
- Follow-up with DOL audit findings
- Contact Subagent with training issues including policy changes and compliance issues
- Review of Subagent staff certifications, new operator and work-station requests, and office practices including hours, proof of bonding, and insurance.
- Monitor inventory requests and monthly inventory reports.

County Auditor reviews often are more frequent than DOL audits, and while DOL's audits are announced, Auditor visits are at times unannounced.

As noted in Recommendation 9, many auditors have developed a check list for use when reviewing Subagents. The Auditor's Licensing Subcommittee is working to compile these check lists into a notebook for distribution to all Auditors.

Members of the Work Group for the Vehicle Titling and Registration Study

Representing County Auditors

| | |
|-------------------|-----------------------------------|
| Brenda Chilton* | Benton County Auditor |
| Thad Duvall* | Douglas County Auditor |
| Carolyn Weikel* | Snohomish County Auditor |
| Heather Hiroataka | Thurston County Licensing Manager |
| Joyce Turner | Thurston County Deputy Auditor |

* *Members of the Washington Association of County Officials Licensing Subcommittee*

Representing Subagents

| | |
|------------------|---|
| Bill Cox | Union Gap |
| Jan Novak | Federal Way |
| Mark Pfouts | Bothell |
| Elisha Wilhelm | Vancouver |
| Charlene Winzler | Moses Lake |
| Chester Baldwin | Washington Association of Vehicle Subagents (WAVS) Executive Director |
| Mark Gjurasic | WAVS Lobbyist |

Representing the Department of Licensing

| | |
|----------------|--|
| Tony Sermonti | Policy and Legislative Director |
| Jaime Grantham | Administrator, Vehicle and Vessel Operations |
| George Price | Policy and Legislative Analyst |

Study staff

| | |
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| Gene Baxstrom | Joint Transportation Committee, Project Manager |
| Mary Fleckenstein | Joint Transportation Committee |
| Amanda Cecil | Senate Transportation Committee |
| Jerry Long | House Transportation Committee |
| Veronica Jarvis | Office of Financial Management |

Appendix D

Documents Transmitted and Retained by Auditors and Subagents

| Document Transmission and Retention by Vehicle Licensing Offices (Auditors and Subagents) | | | |
|---|---------------------|---|-------------------|
| Document Name: | Retained at: | Sent: | Frequency: |
| All documents received for every title transaction (1.8 million title transactions yearly, approximately 13 million pages) | DOL | Yes (subagent to county, subagent to DOL, county to DOL) | Daily |
| 45-Day Nonresident Military Permit | County | Yes (subagent to county only) | Daily |
| Add/Delete/Change Legal Owner Batch Receipt | County | Yes (subagent to county only) | Daily |
| Cash Drawer Summation | County | Yes (subagent to county only) | Daily |
| Conscience Money | County | Yes (subagent to county only) | Daily |
| Daily Cash Log Sheet | County | Yes (subagent to county only) | Daily |
| Miscellaneous Fees Collection Report | County | Yes (subagent to county only) | Daily |
| Miscellaneous Receipt | County | Yes (subagent to county only) | Daily |
| Office Average Gross Amount Collected Report | County | Yes (subagent to county only) | Daily |
| Office Vehicle Override Fees Report | County | Yes (subagent to county only) | Daily |
| County Auditor Vehicle/RV/Vessel Value Exception Report | County | No | Daily |
| County Internet Daily Transactions (Offices) Report | County | No | Daily |
| County Deposit by Date Report | County | No | Daily |
| County Financial Overview | County | No | Daily |
| County Recapitulation Daily Remittance | County | No | Daily |
| County Recapitulation Weekly Remittance | County | No | Weekly |
| County Recapitulation Monthly Remittance | County | No | Monthly |
| County Recapitulation Quarterly Remittance | County | No | Quarterly |
| County Recapitulation Yearly Remittance | County | No | Annually |
| Checks Received Report | Subagent and County | Yes (subagent to county only) | Daily |
| County Inventory Report - Override/Adjustment | Subagent and County | Yes (subagent to county only) | Daily |
| Disabled Person Permanent Placard List | Subagent and County | Yes (subagent to county only) | Daily |
| Miscellaneous Receipt Daily Cash Log Sheet | Subagent and County | Yes (subagent to county only) | Daily |
| Month End Emblem Inventory Report | Subagent and County | Yes (subagent to county only) | Monthly |
| Office Internet Daily Transactions Report | Subagent and County | Yes (subagent to county only) | Daily |
| Month End Inventory Report - Unassigned and Central Inventory | Subagent and County | Yes (subagent to county only) | Monthly |
| Office Override/Adjustment Inventory Report - Adjustments | Subagent and County | Yes (subagent to county only) | Daily |
| Month End Inventory Report- Workstation Inventory | Subagent and County | Yes (subagent to county only) | Monthly |
| Office DHC Override Fees Report | Subagent and County | Yes (subagent to county only) | Daily |
| Vehicle/RV/Vessel Value Exception Report - Office | Subagent and County | Yes (subagent to county only) | Daily |
| Office Transaction Void Report | Subagent and County | Yes (subagent to county only) | Daily |
| Office Override/Adjustment Inventory Report - Overrides | Subagent and County | Yes (subagent to county only) | Daily |
| Office Vessel Override Fees Report | Subagent and County | Yes (subagent to county only) | Daily |
| Vessel Non-Title Shipping Document List | Subagent and County | Yes (subagent to county only) | Daily |
| Office Vehicle Value Exception Report | Subagent and County | Yes (subagent to county only) | Daily |
| Transaction Void | Subagent and County | Yes (subagent to county only) | Daily |
| Vehicle Previous Shortage Receipt | Subagent and County | Yes (subagent to county only) | Daily |
| Vehicle Non-Title Shipping Document List | Subagent and County | Yes (subagent to county only) | Daily |
| Vehicle Report of Sale Shipping Document List | Subagent and County | Yes (subagent to county only) | Daily |
| Vehicle/RV/Vessel Value Exception Report - County | Subagent and County | Yes (subagent to county only) | Daily |
| Vehicle Title Shipping Document Lists | Originating Office* | Yes (sent with title work to DOL) | Daily |
| Vessel Title Shipping Document Lists | Originating Office | Yes (sent with title work to DOL) | Daily |
| Affidavit in Lieu of Title (when processed alone) | Originating Office | No | Daily |
| Central Inventory System Values Display | Originating Office | No | Daily |

| | | | |
|--|--------------------|----|----------|
| Dishonored Check Instant Credit | Originating Office | No | Daily |
| Emblem Transaction Report | Originating Office | No | Daily |
| Office Available Inventory | Originating Office | No | Daily |
| Office Financial Overview Report | Originating Office | No | Daily |
| Office Inventory Issued | Originating Office | No | Daily |
| Office Start of Day Reports for Remittance Day | Originating Office | No | Daily |
| Out-of State Commercial Vehicle Intrastate Permit | Originating Office | No | Daily |
| Override Fees | Originating Office | No | Daily |
| Restitution Receipt for Previous Dishonored Check | Originating Office | No | Daily |
| Vehicle Additional Owner | Originating Office | No | Daily |
| Vehicle Multiple Renewal Error Report | Originating Office | No | Daily |
| Vehicle Report of Sale Deleted Receipt | Originating Office | No | Daily |
| Vehicle Report of Sale Receipt | Originating Office | No | Daily |
| Vessel 60-Day Temporary Registration | Originating Office | No | Daily |
| Nonresident Vessel Permit | Originating Office | No | Daily |
| Vessel Visitor Permit | Originating Office | No | Daily |
| Vessel Previous Shortage | Originating Office | No | Daily |
| Veteran Emblem and Military Service Award Receipt | Originating Office | No | Daily |
| Workstation End of Day Reports for Remittance Date | Originating Office | No | Daily |
| Yearly Transaction Stats - County | Originating Office | No | Annually |
| Yearly Transaction Stats - Office | Originating Office | No | Annually |
| Office Daily Unresolved DHC Report | Originating Office | No | Daily |
| Office Deposit By Date Report | Originating Office | No | Daily |
| Office Recapitulation Daily Remittance | Originating Office | No | Daily |
| Operator Summary Report | Originating Office | No | Daily |
| Workstation Recapitulation Daily Remittance | Originating Office | No | Daily |
| Workstation Summary Report | Originating Office | No | Daily |

*Originating office can be the County Auditor or a Subagent, depending where the transaction takes place.

Vehicle Registration and Title Service Fees Collected by Auditors/Agents and Subagents, FY 2014

| CountyName | Office Type | Tran Type | Record Count | Auditor Filing Fee | Total Filing Fee Collected | CountyName | Office Type | Tran Type | Record Count | Filing fee | Subagent Fee |
|--------------------------------|---------------|--------------|------------------|--------------------|----------------------------|--------------|-------------|--------------|------------------|---------------------|---------------------|
| Adams | Auditor/Agent | Registration | 8,624 | \$25,872 | \$68,181 | Adams | Sub-Agent | Registration | 14,103 | \$42,309 | \$70,515 |
| Asotin | Auditor/Agent | Registration | 27,829 | \$83,487 | \$102,807 | Asotin | Sub-Agent | Registration | 6,440 | \$19,320 | \$32,200 |
| Benton | Auditor/Agent | Registration | 130,170 | \$390,510 | \$526,620 | Benton | Sub-Agent | Registration | 45,370 | \$136,110 | \$226,850 |
| Chelan | Auditor/Agent | Registration | 49,820 | \$149,460 | \$253,167 | Chelan | Sub-Agent | Registration | 34,569 | \$103,707 | \$172,845 |
| Clallam | Auditor/Agent | Registration | 59,286 | \$177,858 | \$236,379 | Clallam | Sub-Agent | Registration | 19,507 | \$58,521 | \$97,535 |
| Clark | Auditor/Agent | Registration | 125,332 | \$375,996 | \$1,095,213 | Clark | Sub-Agent | Registration | 239,739 | \$719,217 | \$1,198,695 |
| Columbia | Auditor/Agent | Registration | 6,809 | \$20,427 | \$20,427 | | | | | | |
| County 40 | Auditor/Agent | Registration | 23,903 | \$71,709 | \$71,709 | | | | | | |
| Cowlitz | Auditor/Agent | Registration | 53,046 | \$159,138 | \$296,862 | Cowlitz | Sub-Agent | Registration | 45,908 | \$137,724 | \$229,540 |
| Douglas | Auditor/Agent | Registration | 15,422 | \$46,266 | \$109,668 | Douglas | Sub-Agent | Registration | 21,134 | \$63,402 | \$105,670 |
| Ferry | Auditor/Agent | Registration | 7,790 | \$23,370 | \$23,370 | | | | | | |
| Franklin | Auditor/Agent | Registration | 46,175 | \$138,525 | \$236,214 | Franklin | Sub-Agent | Registration | 32,563 | \$97,689 | \$162,815 |
| Garfield | Auditor/Agent | Registration | 3,408 | \$10,224 | \$10,224 | | | | | | |
| Grant | Auditor/Agent | Registration | 46,621 | \$139,863 | \$273,918 | Grant | Sub-Agent | Registration | 44,685 | \$134,055 | \$223,425 |
| Grays Harbor | Auditor/Agent | Registration | 31,043 | \$93,129 | \$201,615 | Grays Harbor | Sub-Agent | Registration | 36,162 | \$108,486 | \$180,810 |
| Island | Auditor/Agent | Registration | 39,159 | \$117,477 | \$243,831 | Island | Sub-Agent | Registration | 42,118 | \$126,354 | \$210,590 |
| Jefferson | Auditor/Agent | Registration | 34,212 | \$102,636 | \$102,636 | | | | | | |
| King | Auditor/Agent | Registration | 482,408 | \$1,447,224 | \$4,645,962 | King | Sub-Agent | Registration | 1,066,246 | \$3,198,738 | \$5,331,230 |
| Kitsap | Auditor/Agent | Registration | 103,581 | \$310,743 | \$709,653 | Kitsap | Sub-Agent | Registration | 132,970 | \$398,910 | \$664,850 |
| Kittitas | Auditor/Agent | Registration | 41,046 | \$123,138 | \$144,516 | Kittitas | Sub-Agent | Registration | 7,126 | \$21,378 | \$35,630 |
| Klickitat | Auditor/Agent | Registration | 18,986 | \$56,958 | \$76,947 | Klickitat | Sub-Agent | Registration | 6,663 | \$19,989 | \$33,315 |
| Lewis | Auditor/Agent | Registration | 49,072 | \$147,216 | \$243,627 | Lewis | Sub-Agent | Registration | 32,137 | \$96,411 | \$160,685 |
| Lincoln | Auditor/Agent | Registration | 12,893 | \$38,679 | \$44,250 | Lincoln | Sub-Agent | Registration | 1,857 | \$5,571 | \$9,285 |
| Mason | Auditor/Agent | Registration | 34,767 | \$104,301 | \$191,616 | Mason | Sub-Agent | Registration | 29,105 | \$87,315 | \$145,525 |
| Okanogan | Auditor/Agent | Registration | 30,771 | \$92,313 | \$151,101 | Okanogan | Sub-Agent | Registration | 19,596 | \$58,788 | \$97,980 |
| Pacific | Auditor/Agent | Registration | 22,721 | \$68,163 | \$68,163 | | | | | | |
| Pend Oreille | Auditor/Agent | Registration | 16,871 | \$50,613 | \$55,656 | Pend Oreille | Sub-Agent | Registration | 1,681 | \$5,043 | \$8,405 |
| Pierce | Auditor/Agent | Registration | 239,832 | \$719,496 | \$2,015,250 | Pierce | Sub-Agent | Registration | 431,918 | \$1,295,754 | \$2,159,590 |
| San Juan | Auditor/Agent | Registration | 19,051 | \$57,153 | \$57,153 | | | | | | |
| Skagit | Auditor/Agent | Registration | 66,284 | \$198,852 | \$396,249 | Skagit | Sub-Agent | Registration | 65,799 | \$197,397 | \$328,995 |
| Skamania | Auditor/Agent | Registration | 10,670 | \$32,010 | \$32,010 | | | | | | |
| Snohomish | Auditor/Agent | Registration | 178,730 | \$536,190 | \$2,006,580 | Snohomish | Sub-Agent | Registration | 490,130 | \$1,470,390 | \$2,450,650 |
| Spokane | Auditor/Agent | Registration | 173,064 | \$519,192 | \$1,280,211 | Spokane | Sub-Agent | Registration | 253,673 | \$761,019 | \$1,268,365 |
| Stevens | Auditor/Agent | Registration | 39,048 | \$117,144 | \$151,239 | Stevens | Sub-Agent | Registration | 11,365 | \$34,095 | \$56,825 |
| Thurston | Auditor/Agent | Registration | 95,249 | \$285,747 | \$732,531 | Thurston | Sub-Agent | Registration | 148,928 | \$446,784 | \$744,640 |
| Wahkiakum | Auditor/Agent | Registration | 4,869 | \$14,607 | \$14,607 | | | | | | |
| Walla Walla | Auditor/Agent | Registration | 51,631 | \$154,893 | \$154,893 | | | | | | |
| Whatcom | Auditor/Agent | Registration | 91,860 | \$275,580 | \$588,948 | Whatcom | Sub-Agent | Registration | 104,456 | \$313,368 | \$522,280 |
| Whitman | Auditor/Agent | Registration | 21,301 | \$63,903 | \$105,642 | Whitman | Sub-Agent | Registration | 13,913 | \$41,739 | \$69,565 |
| Yakima | Auditor/Agent | Registration | 67,973 | \$203,919 | \$681,492 | Yakima | Sub-Agent | Registration | 159,191 | \$477,573 | \$795,955 |
| Subtotal, Registrations | | | 2,581,327 | \$7,743,981 | \$18,421,137 | | | | 3,559,052 | \$10,677,156 | \$17,795,260 |

Vehicle Registration and Title Service Fees Collected by Auditors/Agents and Subagents, FY 2014

| CountyName | Office Type | Tran Type | Record Count | Auditor Filing Fee | Total Filing Fee Collected | CountyName | Office Type | Tran Type | Record Count | Filing fee | Subagent Fee |
|---|---------------|-----------|------------------|--------------------|----------------------------|------------------|---------------------|-----------|------------------|---------------------|---------------------|
| Adams | Auditor/Agent | Title | 1,000 | \$4,000 | \$18,952 | Adams | Sub-Agent | Title | 3,738 | \$14,952 | \$44,856 |
| Asotin | Auditor/Agent | Title | 2,791 | \$11,164 | \$23,948 | Asotin | Sub-Agent | Title | 3,196 | \$12,784 | \$38,352 |
| Benton | Auditor/Agent | Title | 17,465 | \$69,860 | \$202,100 | Benton | Sub-Agent | Title | 33,060 | \$132,240 | \$396,720 |
| Chelan | Auditor/Agent | Title | 4,834 | \$19,336 | \$78,868 | Chelan | Sub-Agent | Title | 14,883 | \$59,532 | \$178,596 |
| Clallam | Auditor/Agent | Title | 10,187 | \$40,748 | \$64,364 | Clallam | Sub-Agent | Title | 5,904 | \$23,616 | \$70,848 |
| Clark | Auditor/Agent | Title | 8,110 | \$32,440 | \$435,776 | Clark | Sub-Agent | Title | 100,834 | \$403,336 | \$1,210,008 |
| Columbia | Auditor/Agent | Title | 1,711 | \$6,844 | \$6,844 | | | | | | |
| County 40 | Auditor/Agent | Title | 1,031 | \$4,124 | \$4,124 | | | | | | |
| Cowlitz | Auditor/Agent | Title | 6,712 | \$26,848 | \$96,656 | Cowlitz | Sub-Agent | Title | 17,452 | \$69,808 | \$209,424 |
| Douglas | Auditor/Agent | Title | 586 | \$2,344 | \$37,456 | Douglas | Sub-Agent | Title | 8,778 | \$35,112 | \$105,336 |
| Ferry | Auditor/Agent | Title | 1,196 | \$4,784 | \$4,784 | | | | | | |
| Franklin | Auditor/Agent | Title | 4,784 | \$19,136 | \$90,720 | Franklin | Sub-Agent | Title | 17,896 | \$71,584 | \$214,752 |
| Garfield | Auditor/Agent | Title | 668 | \$2,672 | \$2,672 | | | | | | |
| Grant | Auditor/Agent | Title | 5,848 | \$23,392 | \$90,292 | Grant | Sub-Agent | Title | 16,725 | \$66,900 | \$200,700 |
| Grays Harbor | Auditor/Agent | Title | 2,332 | \$9,328 | \$64,516 | Grays Harbor | Sub-Agent | Title | 13,797 | \$55,188 | \$165,564 |
| Island | Auditor/Agent | Title | 1,358 | \$5,432 | \$47,368 | Island | Sub-Agent | Title | 10,484 | \$41,936 | \$125,808 |
| Jefferson | Auditor/Agent | Title | 4,927 | \$19,708 | \$19,708 | | | | | | |
| King | Auditor/Agent | Title | 10,100 | \$40,400 | \$1,629,068 | King | Sub-Agent | Title | 397,167 | \$1,588,668 | \$4,766,004 |
| Kitsap | Auditor/Agent | Title | 5,552 | \$22,208 | \$205,216 | Kitsap | Sub-Agent | Title | 45,752 | \$183,008 | \$549,024 |
| Kittitas | Auditor/Agent | Title | 8,189 | \$32,756 | \$39,624 | Kittitas | Sub-Agent | Title | 1,717 | \$6,868 | \$20,604 |
| Klickitat | Auditor/Agent | Title | 2,997 | \$11,988 | \$23,632 | Klickitat | Sub-Agent | Title | 2,911 | \$11,644 | \$34,932 |
| Lewis | Auditor/Agent | Title | 4,817 | \$19,268 | \$83,716 | Lewis | Sub-Agent | Title | 16,112 | \$64,448 | \$193,344 |
| Lincoln | Auditor/Agent | Title | 1,665 | \$6,660 | \$8,628 | Lincoln | Sub-Agent | Title | 492 | \$1,968 | \$5,904 |
| Mason | Auditor/Agent | Title | 3,190 | \$12,760 | \$46,792 | Mason | Sub-Agent | Title | 8,508 | \$34,032 | \$102,096 |
| Okanogan | Auditor/Agent | Title | 5,961 | \$23,844 | \$45,612 | Okanogan | Sub-Agent | Title | 5,442 | \$21,768 | \$65,304 |
| Pacific | Auditor/Agent | Title | 4,359 | \$17,436 | \$17,436 | | | | | | |
| Pend Oreille | Auditor/Agent | Title | 2,469 | \$9,876 | \$11,828 | Pend Oreille | Sub-Agent | Title | 488 | \$1,952 | \$5,856 |
| Pierce | Auditor/Agent | Title | 14,064 | \$56,256 | \$917,900 | Pierce | Sub-Agent | Title | 215,411 | \$861,644 | \$2,584,932 |
| San Juan | Auditor/Agent | Title | 2,076 | \$8,304 | \$8,304 | | | | | | |
| Skagit | Auditor/Agent | Title | 6,055 | \$24,220 | \$182,752 | Skagit | Sub-Agent | Title | 39,633 | \$158,532 | \$475,596 |
| Skamania | Auditor/Agent | Title | 1,478 | \$5,912 | \$5,912 | | | | | | |
| Snohomish | Auditor/Agent | Title | 5,629 | \$22,516 | \$746,920 | Snohomish | Sub-Agent | Title | 181,101 | \$724,404 | \$2,173,212 |
| Spokane | Auditor/Agent | Title | 9,073 | \$36,292 | \$510,088 | Spokane | Sub-Agent | Title | 118,449 | \$473,796 | \$1,421,388 |
| Stevens | Auditor/Agent | Title | 5,361 | \$21,444 | \$36,348 | Stevens | Sub-Agent | Title | 3,726 | \$14,904 | \$44,712 |
| Thurston | Auditor/Agent | Title | 5,129 | \$20,516 | \$283,472 | Thurston | Sub-Agent | Title | 65,739 | \$262,956 | \$788,868 |
| Wahkiakum | Auditor/Agent | Title | 789 | \$3,156 | \$150,720 | Whatcom | Sub-Agent | Title | 36,891 | \$147,564 | \$442,692 |
| Walla Walla | Auditor/Agent | Title | 9,136 | \$36,544 | \$36,544 | | | | | | |
| Whatcom | Auditor/Agent | Title | 6,418 | \$25,672 | \$25,672 | | | | | | |
| Whitman | Auditor/Agent | Title | 1,662 | \$6,648 | \$32,604 | Whitman | Sub-Agent | Title | 6,489 | \$25,956 | \$77,868 |
| Yakima | Auditor/Agent | Title | 4,170 | \$16,680 | \$291,912 | Yakima | Sub-Agent | Title | 68,808 | \$275,232 | \$825,696 |
| Subtotal, Titles | | | 195,879 | \$783,516 | \$6,629,848 | | | | 1,461,583 | \$5,846,332 | \$17,538,996 |
| TOTAL, Registrations and titles | | | 2,777,206 | \$8,527,497 | \$25,050,985 | | | | 5,020,635 | \$16,523,488 | \$35,334,256 |
| TOTAL, Registrations and Titles by Auditors/Agents and Subagents | | | | | | 7,797,841 | \$60,385,241 | | | | |

Appendix F

AAMVA Survey re: Vehicle Services Provided by Private Companies

QUESTION: Does your jurisdiction allow for contracted privately-owned companies to provide motor vehicle services?

Survey conducted by AAMVA in February and March, 2014. Where no response is given, none was received.

| | | |
|----------------------|-----|--|
| Alabama | NO | |
| Alaska | YES | |
| Arizona | | |
| California | YES | |
| Colorado | NO | |
| Connecticut | | |
| Delaware | | |
| District of Columbia | NO | |
| Florida | YES | Private tag agencies are operated/regulated under contract with the respective county tax collector, who acts as an agent of the Florida Dept. of Motor Vehicles. |
| Georgia | | |
| Hawaii | | |
| Idaho | | |
| Illinois | YES | |
| Indiana | YES | The Indiana Bureau of Motor Vehicles (BMV) contracts with 7 private companies with locations throughout the state. BMV Certified Partners provide specific credential and vehicle services to auto dealers, insurance companies, financial institutions, and fleet companies, as well as individual customers. |
| Iowa | | |
| Kansas | | |
| Kentucky | NO | |
| Louisiana | YES | |
| Maine | | |
| Maryland | YES | |
| Massachusetts | | |
| Michigan | NO | |
| Minnesota | YES | Minnesota uses a Deputy Registrar system for motor vehicle services, with Deputy Registrars appointed by the Commissioner of Public Safety. A Deputy Registrar may be a county or city government appointee, a private individual, or a private for-profit or non-profit corporation. |
| Mississippi | | |
| Missouri | YES | |
| Montana | NO | |
| Nebraska | NO | |
| Nevada | | |
| New Hampshire | NO | |

| | | |
|----------------|-----|---|
| New Jersey | NO | |
| New Mexico | YES | 18 of their 87 full-service field offices (driver and vehicle transactions) are operated by private retail agents (PRAs), contracted pursuant to a RFP process. They also have 44 title service companies (TSCs) licensed through a non-competitive process to perform vehicle registration and title transactions. |
| New York | NO | |
| North Carolina | | |
| North Dakota | | |
| Ohio | YES | Ohio only offers contracts to individuals, county auditors, county clerks, and non-profit organizations like Kiwanis or AAA auto clubs. They are currently in the middle of a competitive contract selection process. They are closing their only all state operated license agency this June. |
| Oklahoma | | |
| Oregon | | |
| Pennsylvania | YES | |
| Rhode Island | | |
| South Carolina | NO | |
| South Dakota | NO | |
| Tennessee | | |
| Texas | NO | |
| Utah | YES | |
| Vermont | NO | |
| Virginia | YES | |
| Washington | YES | |
| West Virginia | | |
| Wisconsin | YES | |
| Wyoming | NO | |

APPENDIX G

Summary of discussions between Department of Licensing, County Auditors and Subagents and study staff

Summary of discussion between DOL staff and study staff regarding issues to be evaluated in the study

July 21, 2014, 1:30-3:00

Participants:

Department of Licensing staff: Tony Sermonti, Policy and Legislative Director; Jaime Grantham, Administrator, Vehicle and Vessel Operations; George Price, Policy and Legislative Analyst

Study staff: Gene Baxstrom and Mary Fleckenstein (JTC); Amanda Cecil (STC); Jerry Long (HTC); Veronica Jarvis, (OFM)

Comments by DOL staff:

1. Paper work and processing:

- a. DOL recognizes the volume of paper work being processed and anticipates that certain processes can be streamlined to reduce volumes. DOL has an agreement with Benton County for electronically transmitting some materials and is willing to work with others to identify paper work reduction approaches.
- b. Title work all comes to DOL. It scans documents and keeps electronic records but does very limited review for quality control purposes.
- c. DOL maintains the integrity of vehicle titling process is critical and any changes must maintain that integrity.

2. DOL/Auditor/Subagent relations:

- a. DOL is dependent on Auditors and Subagents to process titles and vehicle registrations and it must ensure that those license agents are trained, well informed, and equipped to properly do their jobs. It must quickly and accurately convey any changes in agency policies, and changes due to legislative actions.
- b. The director has identified the importance of relationships with Auditors and Subagents in carrying out state policies, and maintains that DOL, Auditors, and Subagents must work collaboratively in implementing policies.
- c. DOL must be proactive to communicate with Auditors and Subagents and should spend more time in the field visiting Auditors and Subagents. Other methods of communicating with licensing agents should also be explored.
- d. DOL notes that fraud investigations are situational, and that a DOL fraud investigator may need to retain confidentiality to an entire office while ascertaining the breadth of the fraud.

3. BTM:

- a. DOL anticipates that technology modernization will improve the licensing process in terms of speed, accuracy, and customer service. It anticipates that BTM will address many issues with field services

including paper work reduction, data accuracy, and compatibility with other office computers and equipment.

- b. DOL acknowledged that it has not communicated much specific information to Auditors and Subagents about their involvement in the BTM project. This will change soon as the project gets to point of involving them in specific project development elements dealing with user needs.
- c. DOL will employ two county auditor staff during system development to help insure a system that addresses issues for licensing offices.

4. Process Improvement:

- a. DOL must evaluate its internal operations for vehicle licensing. This includes better identifying office goals and objectives, developing measures for assessing meeting those goals and objectives, and determining the resources needed to accomplish those goals.
- b. DOL's use of a Lean event to improve the vehicle valuation process was successful. DOL has identified other Lean process candidates including the fraud notification process and the Subagent appointment process. Other areas for improvement are the dishonored check process, fleet renewals, and mobile home ownership and titling.

5. DOL Support for Subagents and Auditors:

- a. DOL has identified more training opportunities for licensing agents are needed and that varied methods of delivering those training session would be helpful. DOL is working on training videos as well as other approaches.
- b. Regular training session on high priority issues would benefit DOL and licensing agents. An example of this is more training on fraud detection and prevention.
- c. DOL regularly publishes updates on DOL policies and procedures for licensing offices and DOL provides the *E-Guide to Vehicle Field System Policy* which can answer many day-to-day operational questions.
- d. DOL identifies the need to improve the Vehicle Support Center in terms of timeliness of response, consistency of answers, and staff training.

Comments from other meetings with DOL:

- a. DOL drafts the contracts for DOL/Auditors and for Auditors/Subagents.
- b. DOL audits of Subagent offices differ from those conducted by County Auditors. DOL has gone to a risk-based audit approach; with more frequent audits for offices with a higher risk rating.

Summary of discussion between Auditors and study staff regarding issues to be evaluated in the study

July 22, 2014, 1:30-3:00

Participants:

County Auditors and Auditor staff: Thad Duvall (Douglas); Carolyn Weikel (Snohomish); Brenda Chilton (Benton); Joyce Turner and Heather Hirotaka (Thurston);

Study staff: Gene Baxstrom and Mary Fleckenstein (JTC); Amanda Cecil (STC); Jerry Long (HTC); Veronica Jarvis (OFM)

Comments by Auditors and Auditor staff:

1. Paper work and processing:

- a. Some counties are scanning but not all have the capability to do so (issue of staffing? Equipment?) Document storage is a major issue in some counties, but not in others.
- b. If a county has a lot of subagents, it may not be feasible to scan their reports. With the current VFS system, subagent reports are mailed to the Auditor, who has scanning responsibility. BTM may allow for alternatives.
- c. Benton Auditor scans documents that are it is required to retain in the office, but title work is still mailed. Suggested a pilot program to explore options to scan title work rather than mail.
- d. What docs does DOL require in hard copy because they're legal documents, and which could instead be scanned? Do the legal documents have to be in hard copy? DOL may not be concerned with getting the legal docs because once a % of them are verified and DOL images them, they're shredded.
- e. Would like to see subagent daily work digitized; saves on storage and archiving costs. Responsibility of Auditor under VFS system, but BTM may allow for alternatives.
- f. What works in one office may not work in another, so provide options, not mandates (for example, Snohomish has a lot of room for doc storage, while Benton does not)

2. DOL/Auditor/Subagent relations:

- a. Audits done by DOL cover different topics than audits done by County Auditor. Not much overlap. Financial audit (county) vs. accountability audit (state). The Auditors provide broader ongoing oversight and review of the subagents, which may include annual review. Oversight includes title documentation review, inventory control, use tax collection monitoring, general customer service interactions, training tools, and reconciliation of fund collection. DOL audits are periodic and cover a specified time frame.
- b. DOL, Auditors and Subagents have knowledge of the VFS system and share certain common objectives for public service. Each, however, has a different set of external pressures. Therefore, the need for regular in-person visits is paramount.
- c. DOL doesn't have the resources to manage subagents; they don't even have enough resources to review all the title work. So Auditors do review subagent work. Each Auditor has determined the level of review that is necessary for the subagent in their county.
- d. As a form of risk management, State has passed on liability to the County for subagent errors. DOL is made whole if subagent absconds with money. So, if DOL has to supervise all subagents, they're assuming all the associated risks.

3. BTM:

- a. Not clear what role of Auditors will be in system development.
- b. *Study staff has asked DOL about this and they are providing an explanation of anticipated Auditor involvement*
- c. *The DOL is asking counties to provide two individuals who will work at DOL to provide technical and experiential advice on the BTM project for a period of several months. It is also anticipated that the Auditor representatives will sit on the committee that reviews the vendor RFP responses for the new VFS. In addition, DOL is in the process of organizing regional meetings across the state to obtain local feedback from counties and subagents.*

4. Process Improvement:

- a. Want more face-to-face training from DOL, but realize it's a budget issue
- b. Thurston County gets DOL to come to their semi-annual subagent training because they're right in Olympia.
- c. A challenge: when to train, because it requires them to shut down their licensing operations during that period of time. In Benton, one day a year the Auditor's office closes for training, and suggests customers instead go to subagent offices.
- d. Variations of training among Auditors and the county's subagents.
- e. HB 1632, enacted in 2013 (Wheeled ATV) doesn't work for Auditor and law enforcement.
- f. DOL has found a work-a-round but currently system constraints don't allow for inventory issuance.
- g. DOL requires a legal signature to release a title (if name is Robert, can't sign Bob). Challenging in, for example, in Hispanic populations, which often use varying forms of a multiple last name. Not same concern for signing ballots; people can sign Bob Smith even if registered Robert Smith). DOL worked with the Auditors to find solutions to this specific issue, although there are still some remaining issues on the name configuration. This is an example of when sometimes RCW or WAC puts unmanageable restrictions on processes.
- h. Who has imposed the regulation that DOL registrations and titling documents must use USPS and not UPS or some other conveyance?

5. DOL Support for Subagents and Auditors:

- a. DOL's support phone line staff isn't consistently well trained, and delivers inconsistent responses from one DOL staffer to another.

Comments from individual meetings with additional County Auditors and staff

- a. With BTM, agents could scan and upload information into system and accept electronic payments. Eliminates handling and mailing of documents. For example, it could reduce \$50 cost of Quick Title.
- b. Allow each agent/subagent to own and fix their own computers.
- c. Allow auto dealers to issue licenses, since plates are now replaced when vehicle is sold.
- d. See a future for technology such as a bar code affixed to vehicle to simplify renewals, eliminate tabs, process tolls, count vehicle miles traveled, etc.
- e. Lack of a uniform standard on how Auditors supervise subagents is a problem. This can be difficult for smaller counties.
- f. Take Auditors out of the supervisory role over Subagents
- g. Titling work should be public (Auditors) or private (subagents) but not both
- h. Eliminate hardware tethered to DOL licensing system and conform new system to network portals

Summary of discussion between Subagents and study staff regarding issues to be evaluated in the study

July 29, 2014, 1:30 - 3:00

Participants:

Subagents and Subagent staff: Charlene Winzler (Moses Lake); Bill Cox (Union Gap); Mark Pfouts (Bothell); Jan Novak (Federal Way)

Study Staff: Gene Baxstrom and Mary Fleckenstein (JTC); Amanda Cecil (STC); Jerry Long (HTC); Veronica Jarvis (OFM)

Comments by Subagents:

1. Paper work and processing:

- a. Great deal of variation among subagents and how they handle paper work.
- b. King County (and maybe Clark) adopted “green” business models to reduce paper handling King County subagents mail nothing to the county and instead scans voids and inventory adjustments
- c. Snohomish and Yakima County subagents send in all paper work—
- d. Study staff is working to identify and summarize paper work involved in the process.
 - Subagents have mailing expenses for paper processing, DOL pays for plate and tab mailings
 - Subagents would like to have DOL provide printer/scanners/faxes for subagent processing of paperwork (this would require an identification process for retrieving electronic documents)
- e. Question whether 15 days is enough time for vehicle transfers to be recorded
- f. DOL throws away after a short period of time hard copies they ask for permanent record
- g. Mention was made of ability for persons renewing a vehicle license to be able to pay for outstanding tolling bills at the same time (*parking tickets?*)

2. DOL/Auditor/Subagent relations:

- a. Auditor oversight of subagents appears to vary, from very infrequent to regular meetings/visits — perhaps quarterly.
- b. Subagents /Auditor relationships are mostly good, but vary from very strong ties and cooperation to more challenging, sometimes affected by problem actors or simply personalities.
- c. Subagents suggested need to improve Subagent/Auditor/DOL training sessions, so that all licensing entities receiving the same training at the same time. Subagents identified cases where different DOL trainers provided information which was inconsistent.

3. BTM:

- a. Subagents suggested that users of the system should be involved in the system applications design.
- b. Hopeful that system design will address current system issues such as the need for correcting errors without closing out system, use of multiple screens at the same time, other system issues.

4. Process Improvement:

- a. Like the LEAN suggestions to-date. Would like to have a regular forum for subagents to make LEAN process improvement suggestions to DOL/Auditors
- a. Observed that inventory process perhaps should involve direct shipments to Subagents rather than through Auditors
- b. Information and communications should be shared with both Auditors and Subagents. 39 Auditors sometimes interpret policies presented by DOL differently. Process changes should apply to all involved in licensing process.
- c. Concerns were expressed about the potential amount of vehicle fraud that could be occurring, sometimes with persons stepping outside a licensing office and coming back with new or altered information. Need LEAN process with all stakeholders to develop these procedures.
- d. DOL relies on operator summary reports which frequently are inaccurate; generates a lot of extra work for subagents.
- e. Concerns over requirements for notarization due to variations in name, and those requirements presenting an obstacle to person doing titling changes
- f. State law does not require that signatures be cursive, but sometimes DOL rejects printed signatures.
- g. Could process for subagent to get in-house training count as part of the required 10 hours of training to maintain "certified" status.

5. DOL Support for Subagents and Auditors:

- a. Better Training for Auditors and Subagents, including title work
- b. Same information shared with Auditors and Subagents
- c. Better training for licensing offices including use of on-line tutorials, video training sessions, interactive video conferences on issues of importance
- d. Better training for DOL personnel that answer phone inquiries from licensing agencies. The staff rotates and isn't as well trained as they need to be to answer questions consistently and well.

Bottom line:

- **Better training for licensing personnel at all levels**
- **Improved communication among DOL, Auditors and Subagents**
- **Reduce and/or streamline paperwork processing**