

MINUTES OF THE HOUSE VETERANS, MILITARY AND HOMELAND SECURITY COMMITTEE

The meeting was called to order by Chairman Don Myers at 1:30 p.m. on February 17, 2009, in Room 711 of the Docking State Office Building.

All members were present except:

Representative Melanie Meier- excused

Representative Clay Aurand- excused

Committee staff present:

Art Griggs, Office of the Revisor of Statutes

Scott Wells, Office of the Revisor of Statutes

Corey Carnahan, Kansas Legislative Research Department

Chris Courtwright, Kansas Legislative Research Department

Barbara Lewerenz, Committee Assistant

Conferee appearing before the committee:

Ted Smith, Attorney for Kansas Department of Revenue

No Written Testimony:

Terry Mitchell, Chief Examiner of Driver Licensing, Kansas Department of Revenue

Dean Reynoldson, Identity Security Investigator, Kansas Department of Revenue

Others attending:

See attached list.

Moved by Representative Goico, seconded by Representative Goyle for approval of minutes of the House Committee on Veterans Military and Homeland Security, held February 12, 2009. Motion Carried.

The Chairman introduced Ted Smith, Attorney for the Kansas Department of Revenue. Mr. Smith briefed the Committee on the results of REAL ID, a bill that originated in the Veterans, Military and Homeland Security Committee in 2007 and is now known as **SB-9 AN ACT providing for improved security for drivers' licenses and identification cards** (Attachment 1). Mr. Smith introduced Terry Mitchell, Chief Examiner of Driver Licensing and Dean Reynoldson, Identity Security Investigator, both of the Kansas Department of Revenue.

Mr Smith said the new program has been underway for more than a year now and that much been learned regarding prevention of fraud and maintaining a secure identity system. Presently all new applicants are required to provide a valid birth certificate, verifiable social security number, proof of lawful presence and proof of address. Prior to **SB 9**, hundreds of individuals were issued drivers license and identification documents based on the submission of social security affidavits. **SB 9** explicitly removed the Division's authority to rely on affidavits and there has been a dramatic decline in applications from foreign applicants as a result.

The Division of Vehicles supervises 135 state driver's license examiners. Based on requirements in **SB 9**, each examiner has been fingerprinted and required to attend annual mandatory fraud document training. A grant from the Department of Homeland Security/Federal Emergency Management Agency has enabled Kansas to build a Model Office/Photo First process, which electronically attaches the photo image, signature and documents to the license. This will allow for detection of attempted fraud early in the process. Information for identity verification is shared with law enforcement. An interface with the Bureau of Vital Statistics allows death data to be shared and is also attached to the drivers record to "close" it. Currently work is being done to expand the interface to include birth records. As of January 26, 2009, 15 states are now able to share or query photo images to verify identity.

Following the briefing, Mr. Smith and Mr. Reynoldson answered questions of the Committee. The accuracy of the information verified by the Federal agencies has been reliable for verification of the social security numbers and the verification procedure for immigrant status has improved. The more formal the relations the United States has with a foreign country, the easier it is to validate documentation. Examiners are doing a good job recognizing fraud. The current trend is that authentic documents are being presented by imposters. When suspected fraud occurs, the documents are forwarded to the central office for investigation.

CONTINUATION SHEET

Minutes of the House Veterans, Military And Homeland Security Committee at 1:30 p.m. on February 17, 2009, in Room 711 of the Docking State Office Building.

The Chairman commended the representatives of the Department of Vehicles for their outstanding work on this project.

The Chairman advised the Committee to watch the agenda for further meetings. Currently there are none scheduled.

Meeting adjourned at 2:40 p.m.

To: Representative Don Myers, Chairman, House Veterans, Military and Homeland Security Committee

From: Carmen Alldritt, Director of Vehicles, and Ted Smith

Date: February 17, 2009

Subject: Report on SB 9 Implementation

Mr. Chairman and distinguished members of the committee, thank you for giving us the opportunity to report on our efforts to implement Senate Bill 9 (2007) and improve driver's license and identification card security throughout the State of Kansas.

Senate Bill 9 was passed during the 2007 session to deter identity fraud and provide and ensure a secure identity management system. We are now more than a year into the implementation of Senate Bill 9, and I am here today to tell you what the Division of Vehicles has learned much in its efforts to prevent driver's license fraud and maintain a secure identity system.

The biggest changes for the Division have been generated by the following:

- 1 Removal of the social security affidavit alternative.
- 2 Formalization of the naming, address, and Kansas resident requirements.
- 3 Requirement for higher standards in the establishment of lawful presence.

Presently, all new applicants are required to provide a valid birth certificate, verifiable social security number, proof of lawful presence and proof of address. Prior to SB 9, hundreds of individuals were issued drivers license and identification card documents based on the submission of social security affidavits. Senate Bill 9 explicitly removed the Division's authority to rely on affidavits and there has been a dramatic decline in applications from foreign applicants as a result.

In calendar year 2008, there were 625,210 applications for Kansas drivers' licenses and identification cards with approximately 520,000 licenses/cards actually issued. During 2008, the Division checked approximately 102,938 social security numbers through the SSOLV database, Social Security Online Verification System. The SSOLV system returned 7078 of those checks as unacceptable. The following table contains a break down of the various reasons why the social security numbers were denied:

Impossible or invalid SSN	660
Name did not match, DOB matches	3221
Name matches, DOB did not match	781
No match (on Name and DOB)	2369
SSA, DOB and name matches, SSA records indicate person is deceased	14
System Error: Request unable to be processed at this time	33

Based on training requirements mandated by SB 9 the Division now has better trained examiners for stopping the applications of those who are not entitled to drivers' licenses and identification cards, and speeding up the process when dealing with legitimate foreign applicants. Because of SB 9, non citizen applicants that provide legitimate documentation will find the process for securing drivers' licenses and identification cards to be quicker and more convenient.

SB 9 requires that non-immigrant, foreign applicants be issued a temporary drivers' licenses and identification cards that are limited in duration to the stay documented on the travel documents. 2008 was the first full year that temporary document were issued and we printed and mailed 13,078.

Foreign professors teaching at our Universities have offered another challenge. Even though travel documents expire on a given day the federal government allows a 30 day grace period for departure from the United States. (or renewal of lawful status). The professors' lawful status is linked to his or her employment contract. If the employment contract expires, the professors still need to close their offices, pack, raise their children, etc. Under limited circumstances, an individual with a temporary driver's license can request an extension that grants driving privileges only. This extension does not extends the identity credentials, nor mandate new credentials. Our experience with this 30 day grace period is a good example of how the Division is learning the nuts and bolts of the Federal immigration procedure, and incorporating those rules, exceptions, and regulations into the Division's procedure on a daily basis.

The Division of Vehicles supervises 135 state driver's license examiners. Based on requirements in SB 9, each one of our examiners has been fingerprinted and required to attend annual mandatory fraud document training. The examiners are tested and required to score 100%. We have also mandated additional training and competence from subject matter experts that are located in each region of the State.

Well trained examiners have the benefit of being able to identify questionable documents at the time of application. Some applicants are asked to bring further documentation, or in some cases we retain documents for further examination and can be referred to KDOR Identity Security Unit for resolution. The Fraud unit conducts extensive research to determine if the application should be processed or denied. In some cases an existing driver's license or identification card is cancelled for fraud. During 2008, this unit conducted nearly 300 investigations and averaged 2-10 referral cases per week. Many more cases were referred directly from law enforcement or anonymous tips. Our statistics show most attempted fraudulent attempts for drivers' licenses occur on late Friday afternoons when our offices are at their busiest. I have attached a document that breaks down the number of referrals by area of the State.

The KDOR Identity Security Unit not only conducts its own internal investigations, but also assists all levels of law enforcement when requested. Recently an officer in SE Kansas, who had taken the KDOR fraud document training, requested assistance verifying ID cards. As events unfolded, an individual was taken into custody by the Secret Service for alleged counterfeiting ID cards, disabled placards, and currency. This example underscores the trend we're seeing wherein identity fraud will normally be connected with tax fraud, benefit fraud, vehicle title fraud, and theft.

10% of our customers give incomplete or undeliverable addresses. SE and SW Kansas have more applicants turned away for failure to provide proof of address. The Division suspects that individuals in SE Kansas tend to move often between Kansas, Missouri, Oklahoma and Arkansas, and that SW Kansas movements seem to be influenced by the livestock and agriculture industries.

Applicants providing proof of address is a daily challenge. Since adding this requirement to the renewal card and the county treasurers notifying their constituents we have noticed more people arriving prepared. The most common complaint we receive is from individuals claiming no license was ever received in the mail. Recently a woman contacted us very upset. She had been to the exam station 3 times and never received anything in the mail. Terry Mitchell, DL Chief, hand delivered her drivers license. She realized she had thrown all previous envelopes in the trash. She thought they were credit cards.

So in answer to the question "Where are we today?" SB 9 gives drivers license examiners the tools and knowledge to make a more precise determination concerning identity documents and what qualifies applicants to obtain a Kansas identity document and gives clear instructions to individuals making application for identity documents what is acceptable to prove identity.

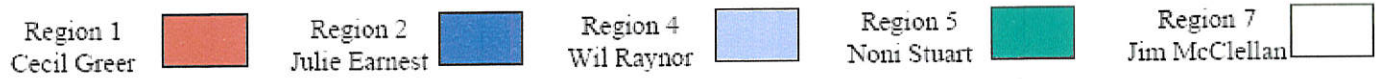
2009 brings us to the next phase of implementation. KDOR received a DHS/FEMA grant which enables Kansas to build a Model Office/Photo First process. Currently a photo is taken at the end of the application process. Grant funds are being used to re-configure the entire system and process which includes a total upgrade of the Photo Verification System currently in use. Photo, signature and documents will be electronically captured and attached to the driver record at the beginning of the process. If the application is terminated before completion all information is stored. If the individual visits any office in the future the stored images will be displayed to the examiner. Each image will be compared at the time 1 to 1 for possible matches, ensuring the most accurate "current applicant to previous photo" verification process. This will allow for detection of attempted fraud early in the process. The 1 to many photo verification process will be performed at the end of the day as a secondary means to detect attempted fraud. Checking the photos captured each day against the more than 9 million photos in our database will detect previous attempts by the applicant using different identities, and /or multiple attempts by the applicant visiting various offices during the same day. Birth certificates will be electronically verified through EVVE (Electronic Verification of Vital Events) and alien status will be verified through SAVE (Systematic Alien Electronic Verification for Entitlement). US passports will be verified through federal systems. The Model Office will be located in Topeka at our existing location and will run through 2009. 2010 will begin the roll out to all driver's license offices.

SB 9 allows agencies to share information for identity verification, and one of our most crucial partners is law enforcement. In addition, KDOR and the Bureau of Vital Statistics are working together to share data. Vital Statistics will share death data which will electronically attach to a drivers record and "close" it. KDOR has been sharing images with Vital Statistics which has proven useful at detecting attempted benefit fraud. Currently we are working together to achieve birth certificate verification.

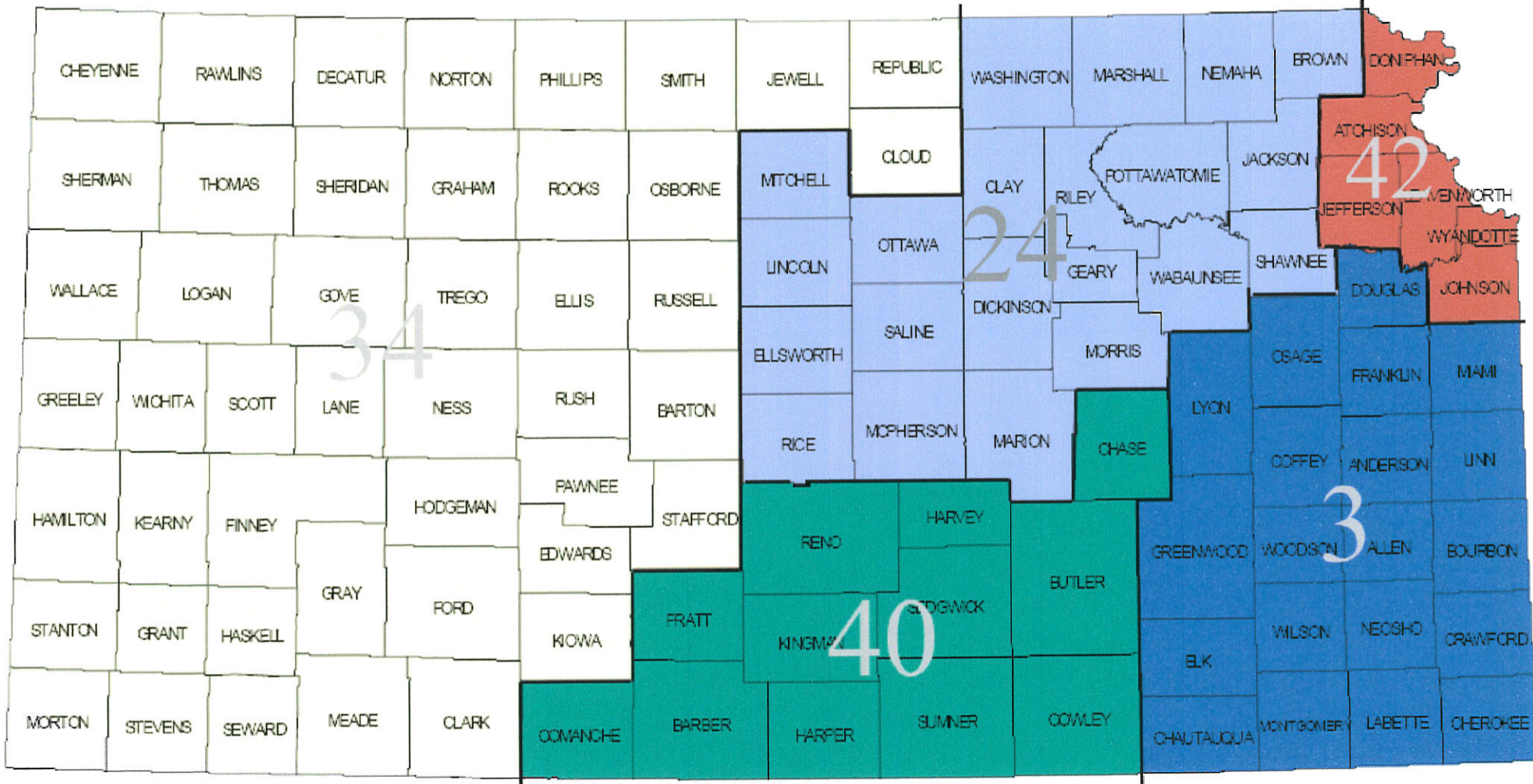
Digital Image Exchange went live January 26, 2009. 15 states are now able to share or query photo images to verify identity. More states continue to move into production.

SB 9 has made major improvements in security requirements for examiners; ability for data sharing, enhanced law enforcement capabilities and the continued refinement of process and systems allows Kansas to have a more secure Identity Management system. The Division of Vehicles thanks the Committee for its assistance in working and passing this legislation in 2007, and the Division asks for your continued support in 2009

Fraud Referrals for 2008 by Region



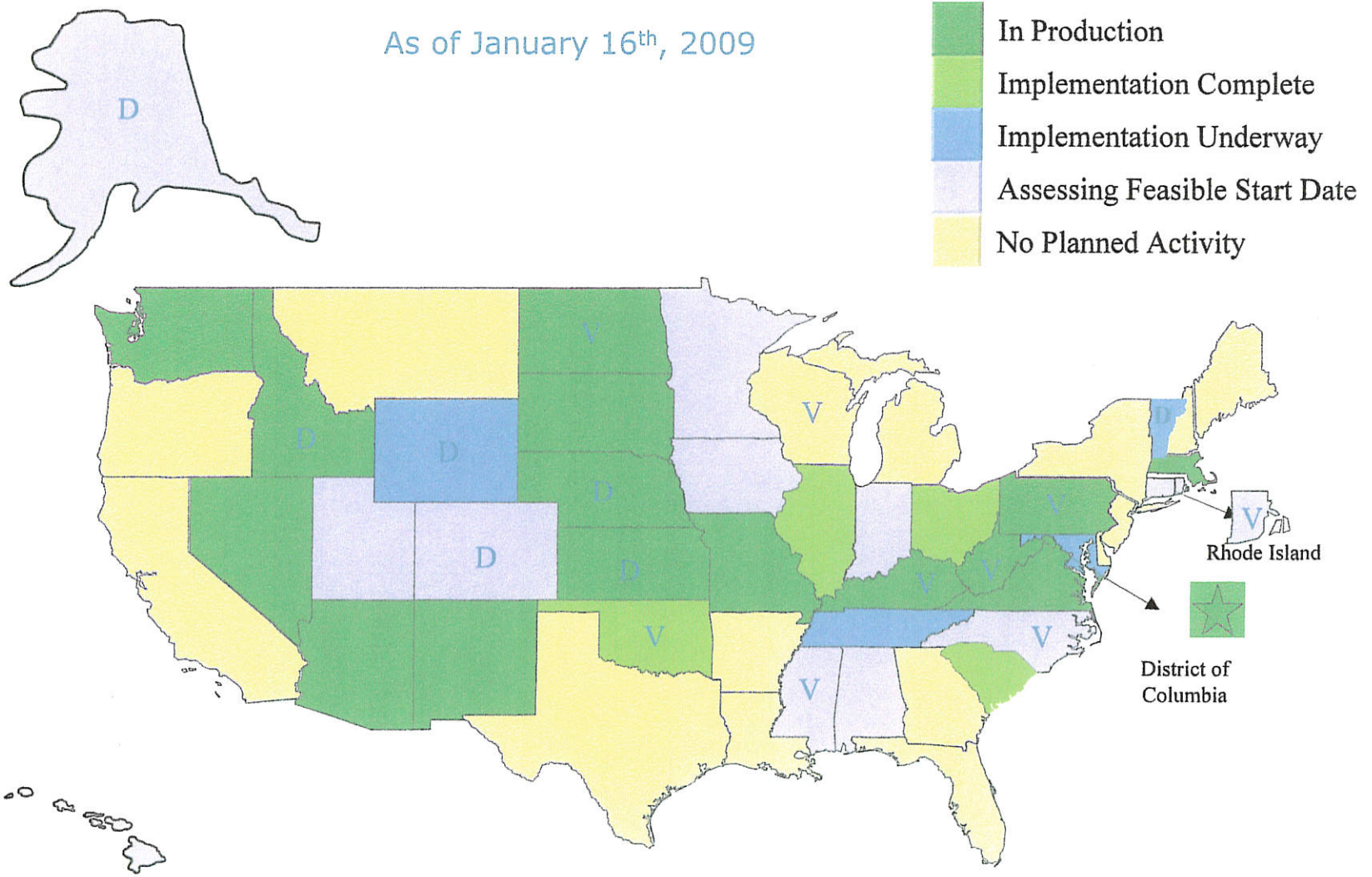
1-4



Referrals for Suspect documents, Suspect applicants and Possible Identity theft

DIAEP Implementation Status

As of January 16th, 2009



Collaborations: ViiSAGE (V) and Digimarc (D)

SB9 – Effective July 1st 2007

1. Requires KDOR to subject driver's license examiners and anyone else involved in the manufacture, production or issuing of Kansas driver's licenses and identifications cards to "appropriate security clearance requirements."
2. All examiners will need to successfully complete training on driver's license fraud (including document fraud and imposters) as well as federal rules used to determine lawful presence in the U.S.
3. Examiners have specific authority and responsibility to retain breeder documents whenever there are reasonable grounds to believe the documents are fraudulent or the applicant is an imposter. These documents are to be referred to Identity Security Unit.
4. All applicants must provide proof of age and identity, proof of residency, and address of principle residence. Applicants shall provide a photo identity document or a non-photo identity document if it includes both the applicant's full legal name and date of birth, and documentation showing the applicant's name, address of principle residence and social security number. We will not issue any driver's license, instruction permit or ID card to any person that fails to provide proof that the person is lawfully present in the United States.
5. Defines "Address of principal residence" means: (A) The place where a person makes his or her permanent principal home; (B) place where a person resides, has intention to remain and where they intend to return following an absence; or (c) place of habitation to which, whenever the person is absent, the person intends to return. If a person eats at one place and sleeps at another, the place where the person sleeps shall be considered the person's address of principal residence. *Applicants who participate in the substitute mailing address program may use an address approved by the Secretary of State's Office rather than their residential address. This program is available to persons who are the victim of domestic violence, sexual assault, trafficking or stalking.*
6. A social security number is required. If one can not be provided, the applicant will have to provide proof of legal presence and proof of Kansas residency. The signing of an SSN waiver is no longer required.
7. Examiners must ensure that the expiration date of a DL or ID card corresponds with the mandated departure date for non-immigrant visitors. If a departure date is 60 days or less, we will not issue anything. If a departure date is not specified the DL/ID card is to be issued for one year. (See Interim Procedures)
8. We will no longer issue ID cards to persons that hold an out of state driver's license or ID card unless they surrender said license or ID card.
9. We will no longer issue a driver's license or ID card to persons that hold an out of country driver's license or ID card unless they surrender said license or ID card.
10. All applicants must agree to have their face photographed – No Valid without Photos (no more exceptions for religious reasons)
11. Examiners must record the applicant's full legal name (not initials for middle names)
12. Examiners will no longer accept foreign birth certificates when processing applications for a replacement DL or ID card.
13. We will no longer renew by mail for anyone except Active Duty military.
14. We will no longer accept a Common Law Marriage affidavit as a legal document to change a person's name on their driver's license or ID card.