Legislative Testimony

To: Interim Joint Budget Committee

Subject: Division of Vehicles Modernization Update

Chairwoman McGinn, Vice Chairman Rhoades, and committee members, thank you for this opportunity to provide an update on the state's new motor vehicle system. I would like to brief you on three key aspects of this important modernization project: 1) why a new system was needed, 2) performance of the new system, and 3) next steps.

Why a New System Was Needed

Let's begin with a brief review of why the technology modernization was started in the first place.

Around 2007, county treasurers recognized that Kansas' vehicle system was among the oldest in the nation, and they were concerned, as was the Division of Vehicles, that the decades-old technology was becoming increasingly difficult to maintain and enhance. In fact, most IT professionals could no longer service the system because it was so outmoded.

Metaphorically speaking, there's only so much duct tape and string that can be used to keep an old system going. This is particularly true in the world of technology in which five years can be an eternity, let alone 25 years.

Further, the old system had inherent limitations and flaws such as allowing county users to force through incomplete or incorrect vehicle registration records that, for many years, have created problems for everyone — including citizens, counties, and the state.

So while a system conversion of this magnitude is never without challenges, it was necessary, and, in 2008, the legislature approved the modernization project. Former Revenue Secretary Joan Wagnon then signed a contract with 3M to formally initiate the system upgrade in 2009.

With this modernization, the goal is to replace three mainframe software systems with a single, integrated system that puts our customers at the center of all transactions. The new system will:

- Eliminate many variations of "exceptions to the rule" in 105 different counties, providing data with the integrity and uniformity one would expect in a statewide system. This will end a practice in the old system in which users could force through incomplete records that caused inefficiencies, inconsistencies, and customer delays, sometimes for years after the forced transactions were performed.

- Allow print-on-demand decals that make it easier for county treasurer and state offices to manage inventory with significantly less handling.

- Eliminate manual, paper-driven procedures that were adopted to complete routine tasks when existing technology could not keep pace with changing business processes. For example, counties are no longer required to regularly sort and ship boxes of vehicle records to the state to be microfilmed, another outmoded technology.

- Reduce fraud and theft.

- Replace the dated, batch-process based system with a system that provides accurate information when users and customers need it. This will provide the ability to receive and process, in real time, data from external sources such as lien holders, electronic funds transfer, proof of insurance, and accident reports.
- Give law enforcement officers tools they've requested for years, like the ability to easily run partial plates to find possible matches.

System Performance

Next, I'll summarize how the vehicle titling and registration portion of the new system has performed. This can be done in two distinct timeframes: 1) May and June and 2) July through September.

It has been well documented and discussed that we experienced significant technical glitches and challenges with the new system in May and June.

In addition to technical problems during that timeframe, system users were getting acclimated to a new system, while also processing more transactions than normal due to county offices being closed for vehicle related business the first week of May for the system switchover and conversion of 6.8 million records.

We have sincerely apologized to those who were inconvenienced because of conversion problems, particularly in May and June in our state's largest counties.

Now, in July through September, we have benefited from significant improvements in system stability and performance. At the same time, system users have grown much more familiar with the new technology and processes, and transaction numbers have returned to more normal levels as the May backlog has been eliminated.

There are many factors that impact customers' experiences when they renew their tags or apply for a title, but, for a moment, let's focus on data related solely to the output of the new computer system.

Statewide in June 2012, vehicle renewal transactions were up 10.6 percent, and title and registration transactions were up 15.1 percent compared to June 2011.

More than 327,100 registration renewals and titles were processed in July, compared to about 289,600 in July 2011, a year-over-year monthly increase of 13 percent.

In August, more than 278,000 renewals were processed, and more than 61,000 titles were completed. The number of titles processed last month was up 8.3 percent over August 2011.

As of the end of August, more than 1.2 million renewals and titles had been processed successfully in the new system. This means the new system has processed more transactions since May than the old system did during the same timeframe last year.

It's important to note that counties and the state worked hard to achieve these high transaction numbers, and, in some cases, those extra efforts would not be sustainable over the long term. This is where context and understanding regarding the May-June and July-September timeframes is critical.

Next Steps

While transaction numbers in the new system show an increase over last year, these numbers are only one important aspect of the modernization project. We fully understand the frustration and inconvenience some customers, particularly in our largest counties, experienced in May and June due to a once-in-25-years system conversion of this magnitude.

That's why we have been committed to working night and day at the state level to address as quickly as possible any transition and system issues with 3M and our 105 county partners, building on the improvements experienced since July.

We will continue this commitment on our part moving forward, as 3M addresses outstanding issues that must be resolved in accordance with our contract and agreed-upon system performance measurements.

To be clear, these outstanding issues are not impacting every county, nor causing problems every day, but they must be remedied so we can continue to improve customer service. 3M has committed to do this, and we are monitoring progress on a daily basis.

Another action we are taking to assist our county treasurer partners is waiving for one year the online convenience fees to encourage more Kansans to experience the ease of renewing their vehicles with Web Tags.

This saves citizens' time and gas by eliminating a visit to a county treasurer's office, and it reduces wait times in busy treasurers' offices.

It's proving popular as well. In August, we saw a 50 percent increase in WebTags transactions compared to August of last year.

Another sign of commitment to our county treasurer partners is our decision to provide a cost-share to counties for their conversion-related overtime pay in May and June. This month, we will distribute a total of approximately $561,000 to counties to partially offset additional expenses incurred in the weeks immediately following system conversion.

It is important to note that this is a one-time cost-share payment that acknowledges the extra effort associated with unique circumstances in May and June during a conversion that takes places only once every couple of decades.

Since July, we have not seen a general increase in overtime statewide thanks to system improvements and transaction counts returning to more normal levels.

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Here we are after launching the new system about four months ago. A very important takeaway at this juncture is that **perception often lags reality**.

The reality is that, while we still face challenges ahead in making the new system even better for all who use it, the experience of May and June was very different from that of July through September.

We are striving to build on the progress achieved to date, and with well over 1.2 million transactions already completed in the new system, I am optimistic we will succeed in delivering a system that will serve Kansans well for decades to come.

Finally, we also are using this experience as an opportunity to examine not just the new computer system, but all aspects of the Division of Vehicles. A task force to be appointed by the Governor later this month will be asked to think outside the box and envision how we can make Kansas' DMV the best in the nation for our state's citizens.

No matter what computer systems are used, citizens have expressed an understanding that there are many factors impacting wait times, ranging from the day of the month to computer system performance to the number of clerks serving customers.

We look forward to examining all aspects of how we can improve service to citizens statewide.

I personally reiterate our commitment to helping counties succeed as we bring the Division of Vehicles into the 21st century. Thank you to everyone who has worked on this enormous and important undertaking.