

HF4 - 0 - Noncompliant License or Identification Card

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 Committee: **Transportation Finance**
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 Agency: **Public Safety Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1,453	1,413	891	891	
Restrict Misc. Special Revenue	-	(361)	(180)	(180)	(180)	(180)
Total	-	1,092	1,233	711	711	711
Biennial Total			2,325			1,422

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	16	16	10	10
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	16	16	10	10

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 1/6/2023 2:35:42 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	1,453	1,413	891	891	
Restrict Misc. Special Revenue	-	(361)	(180)	(180)	(180)	
Total	-	1,092	1,233	711	711	
Biennial Total			2,325			1,422
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	1,453	1,413	891	891	
Restrict Misc. Special Revenue						
Expenditures	-	56	-	-	-	
Absorbed Costs	-	(56)	-	-	-	
Total	-	1,453	1,413	891	891	
Biennial Total			2,866			1,782
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Restrict Misc. Special Revenue	-	361	180	180	180	
Total	-	361	180	180	180	
Biennial Total			541			360

Bill Description

Modifying requirements for noncompliant driver’s license and identification cards. Making changes related to eligibility, proof of lawful presence, primary and secondary documentation, and data practices.

Assumptions

Assume no impact to REAL ID compliant credentials.

Assume for individuals with temporary admission status, only REAL ID compliant credentials will be restricted if the temporary admission period expires outside of 30 days of their application date.

Assume all noncompliant credentials will receive standard expiration period of four years from issuance.

Assume applicants no longer required to certify that they are not eligible for a Social Security number on their application. Assume all individuals eligible for a social security number must continue to provide one.

Assume noncompliant credentials may be issued to applicants who have not provided evidence of U.S. citizenship or lawful presence within the U.S.

Assume documents submitted as a primary or secondary identification documents for a noncompliant credentials must meet the requirements listed in the bill. Assume certified legal name change documentation must be provided if documentation submitted is under a different name.

Assume the department will establish a waiver process consistent with the existing variance process (Minnesota Rules 7410.0600) from requirements under Minnesota Statute 171.0605 subd. 6.

Assume noncompliant commercial driver’s license (CDL) applicants must continue to meet federal requirements with regard to citizenship and social security numbers to ensure compliance with federal laws. (Minn. Stat.171.161)

Assume no changes to the credential design.

Assume that noncompliant cards will not bear any indication of lawful presence and only REAL ID compliant cards will reflect the applicant's temporary status in accordance with the 2005 REAL ID Act.

Assume that information received on a noncompliant credential application, including supporting identification documents cannot be disseminated or disclosed to outside entities and must not indicate whether or not the individual provided documentation to demonstrate U.S. citizenship or lawful presence.

Assume that driver's license agents will be subject to noncompliant disclosure restraints and that both business partners and the department are prohibited from disclosing this information.

Assume if a request for this data is received, including a court order, subpoena, or search warrant, supporting documents provided by the customer pertaining to noncompliant driver's license or identification cards could not be provided as this would indicate or have the effect of identifying whether or not an individual has demonstrated U.S. citizenship or lawful presence in the U.S.

Assume programing changes to MNDRIVE to implement changes including updating required documents for noncompliant credential applications, updating the online pre-application and application to reflect changes and testing. Assume total programing time of seven weeks at a cost of \$56,000. Assume that these costs will be absorbed by the Driver and Vehicle Services Technology Account (280 programming hours x \$200 per hour = \$56,000).

Assume DVS will create a primary and secondary identification document list to be uploaded to the DVS website. Assume DVS will also update driver's license manuals to reflect the new acceptable documentation. Assume these costs are minimal and can be absorbed by the department.

Assume repeal of the rulemaking limitation does not grant DVS new rulemaking authority to change existing rules.

Assume there are 81,000 individuals living in Minnesota without legal immigration status. Of those, assume 77,000 individuals are over the age of 16 eligible for noncompliant credentials.

Assume of the 77,000 eligible individuals, approximately 20%, or 15,400, would apply for a noncompliant credential in the first year it becomes available and 10%, or 7,700, would apply for a credential in each of the following years.

Based on the pass rate of the driver's license exams, DVS estimates that on average, each individual applying for a driver's license will need to take the exam 1.9 times. Assuming 15,400 of those eligible will apply in the first year and 7,700 in each year thereafter, DVS would need to be prepared to administer an additional 29,260 exams in the first year and 14,630 exams in each following year. Assume current staffing levels at DVS are unable to meet existing demand and the additional exams resulting from this change. Assume examiners can complete 4.5 exams per day and additional examiners are needed to meet the ongoing increase in exams from the newly eligible population.

Assume DVS will add 12 Exam and Inspection Specialists (E&Is) to administer Class D written and skills exams at DVS exam stations to manage the increased applications.

Assume \$967,332 in FY24 for salary and benefits for 12 E&Is ($\$80,611 \times 12 = \$967,332$).

Assume \$969,912 in FY25 for salary and benefits for 12 E&Is ($\$80,826 \times 12 = \$969,912$).

Assume one-time uniform costs of \$8,736 ($\$728 \times 12 = \$8,736$) and ongoing annual monthly costs for travel expenses and office supplies in the amount of \$73,188 ($\$500 \times 12 \text{ months} = \$6,000$; $\$8.25 \times 12 \text{ months} = \99 ; $\$99 \times 12 \text{ FTEs} = \$1,188$; $\$6,000 + \$1,188 = \$73,188$).

Assume a total cost of \$1,049,256 in FY24 and \$1,043,100 in FY25 for 12 new E&Is. ($\$967,332 + \$8,736 + \$73,188 = \$1,049,256$ in FY24) ($\$969,912 + \$73,188 = \$1,043,100$ in FY25)

Assume DVS cannot meet current demand for applications requiring additional review or applying for variances from primary and secondary document requirements.

Assume DVS will add 2 Office & Administrative Specialist Seniors (OAS-S) to serve as subject matter experts regarding

the requirements to obtain a noncompliant credential for individuals who do not have legal presence. Assume these individuals will review applications, supporting documents, administer the variance process, and merge duplicate records of applicants.

Assume OAS-S Ftes in the Issuing Unit can review approximately 50 of these applications per day, requiring an additional FTE to process the increased applications. Assume Issuing Unit will receive an additional 140 variances per year (10% of 14,100) with the increased applications and will also need to merge records of duplicate entities. Assume OAS-S can review up to four variances per day. Assume one additional OAS-S assigned to the Issuing Unit will review the increased variances as well as duplicate records.

Assume \$159,944 in FY24 for salary and benefits for 2 OAS-S FTEs ($\$79,972 \times 2 = \$159,944$).

Assume \$160,368 in FY25 for salary and benefits for 2 OAS-S FTEs ($\$80,184 \times 2 = \$160,368$).

One-time costs per OAS-S FTE:

Furniture = \$6,466
Sit to Stand = \$800
Office Chair = \$500
Telephone with headset = \$650
Computer Monitors = \$290

Total one-time costs: $\$8,706 \times 2$ OAS-S FTEs = \$17,412

Monthly Costs per OAS-S FTE:

Office Space $\$215 \times 12 = \$2,580$
Laptop Computer $\$77.98 \times 12 = \936
Telephone Desk $\$40 \times 12 = \480
Office Supplies $\$8.25 \times 12 = \99

Total Annual Monthly Costs: $\$4,095 \times 2$ OAS-S FTEs = \$8,190

Assume a total cost of \$185,546 in FY24 and \$168,558 in FY25 for 2 new OAS-S FTEs. ($\$159,944 + \$17,412 + \$8,190 = \$185,546$ in FY24) ($\$160,368 + \$8,190 = \$168,558$ in FY25).

Assume DVS will add two State Program Administrative Seniors (SPA-S) to provide education and training for Driver's License Agents (DLAs), and community groups, as well as be available to answer questions regarding this new process. Assume on demand phone and email service will be needed for DLAs to be able to provide assistance while the customer is present at the counter.

Assume over 175 Driver License Agent (DLA) offices will need training on the new documentation requirements. Assume permanent support for DLA and community outreach as documents issued by other entities will change appearance over time and DVS must ensure that acceptable documents are submitted. Assume 2 new FTEs will provide ongoing phone and email support to DLAs and engage in training and ongoing community outreach.

Assume \$191,120 in FY24 for salary and benefits for 2 SPA-S FTEs ($\$95,560 \times 2 = \$191,120$).

Assume \$191,666 in FY25 for salary and benefits for 2 SPA-S FTEs ($\$95,833 \times 2 = \$191,666$).

One-time costs per SPA-S FTE:

Furniture = \$6,466
Sit to Stand = \$800
Office Chair = \$500
Telephone with headset = \$650
Computer Monitors = \$290

Total one-time costs: $\$8,706 \times 2$ SPA-S FTEs = \$17,412

Monthly Costs per SPA-S FTE:

Office Space $\$215 \times 12 = \$2,580$
Laptop Computer $\$77.98 \times 12 = \936
Employee Computing $\$53.89 \times 12 = \647
Telephone Desk $\$40 \times 12 = \480
Office Supplies $\$8.25 \times 12 = \99

Total Annual Monthly Costs: $\$4,742 \times 2$ SPA-S FTEs = $\$9,484$

Assume a total cost of $\$218,016$ in FY24 and $\$201,150$ in FY25 for 2 new SPA-S FTEs. ($\$191,120 + \$17,412 + \$9,484 = \$218,016$ in FY24) ($\$191,666 + \$9,484 = \$201,150$ in FY25)

Assume 16 new FTEs to have an initial cost of $\$1,452,818$ in fiscal year (FY) 2024. ($\$1,049,256 + \$185,546 + \$218,016 = \$1,452,818$). Assume 16 new FTEs have cost of $\$1,412,808$ in FY25. Assume money from general fund will be appropriated for these FTE costs.

Assume a reduction to the number of E&Is to 6 in FY26 and beyond as demand would likely level off after the first two years.

Assume additional revenue to the Driver Service Operating Account (DSOA) based on the increased noncompliant credential applications. Assume 15,400 additional noncompliant credential applications in FY24. Assume that 91% of applications would be for a driver's license and 9% would be for an identification card, consistent with other noncompliant credential applications.

Assume 14,014 individuals apply for a noncompliant driver's license in FY24. ($15,400 \times 0.91 = 14,014$) Assume driver's license fees include $\$21$ for the credential, $\$2.25$ technology surcharge, and $\$8$ filing fee. Assume additional credential fee revenue of $\$294,294$ to the DSOA in FY24 ($14,014 \times \$21 = \$294,294$).

Assume additional technology surcharge revenue of $\$31,532$ to the Driver and Vehicle Services Technology Account (DVSTA) in FY24. ($14,014 \times \$2.25 = \$31,532$).

Assume 13% of noncompliant driver's license applications are completed at DVS Exam Stations while 87% are completed with a DLA and DVS only receives filing fee revenue for applications completed at an exam station. Assume 1,822 new driver's license applications at DVS Exam Stations in FY24 for total filing fee revenue of $\$14,576$. ($1,822 \times \$8 = \$14,576$)

Assume 1,386 individuals apply for a noncompliant identification card in FY24. ($15,400 \times .09 = 1,386$) Assume identification fees include $\$11.25$ for the credential, $\$2.25$ technology surcharge, and $\$8$ filing fee. Assume additional credential fee revenue of $\$15,593$ to the DSOA in FY24 ($1,386 \times \$11.25 = \$15,593$).

Assume additional technology surcharge revenue of $\$3,119$ to the Driver and Vehicle Services Technology Account (DVSTA) in FY24. ($1,386 \times \$2.25 = \$3,119$).

Assume 13% of noncompliant identification card applications are completed at an exam station. Assume 180 new identification card applications at DVS Exam Stations in FY24 for total filing fee revenue of $\$1,440$. ($180 \times \$8 = \$1,440$)

Assume total revenue of $\$325,903$ to the DSOA and $\$34,651$ to the DVSTA in FY24. ($\$294,294 + \$15,593 + \$14,576 + \$1,440 = \$325,903$) ($\$31,532 + \$3,119 = \$34,651$).

Assume half as many new applications in FY25 for one-half the revenue totals. Assume total revenue of $\$162,952$ to the DSOA and $\$17,326$ to the DVSTA in FY25.

Assume an effective date of October 1, 2023. Assume money appropriated July 1, 2023, to allow for programming, hiring, and training of new staff and outreach to customers.

Expenditure and/or Revenue Formula

FY24 Expenditures

General Fund

12 E&Is (Step 7) annual salary & fringe benefits = $\$967,332$

One-time costs for 12 E&Is = \$8,736
Annual Monthly costs for 12 E&Is = \$73,188

2 OAS-S (Step 7) annual salary & fringe benefits = \$159,944
One-time costs for 2 OAS-S = \$17,412
Annual Monthly costs for 2 OAS-S = \$8,190

2 SPA-S (Step 6) annual salary & fringe benefits = \$191,120
One-time costs for 2 SPA-S = \$17,412
Annual Monthly costs for 2 SPA-S = \$9,484

Total General Fund FY24 = \$1,452,818

\$56,000 programming absorbed in the DVS technology account (special revenue fund)

FY24 Revenue

Restricted Misc. Special Revenue Fund Driver Services Operating Account

Increased credential applications = \$325,903 revenue

Restricted Misc. Special Revenue Fund Driver and Vehicle Services Technology Account

Increased credential applications = \$34,651 revenue

FY25 Expenditures

General Fund

12 E&Is (Step 7) annual salary & fringe benefits = \$969,912
Annual Monthly costs for 12 E&Is = \$73,188

2 OAS-S (Step 7) annual salary & fringe benefits = \$160,368
Annual Monthly costs for 2 OAS-S = \$8,190

2 SPA-S (Step 6) annual salary & fringe benefits = \$191,666
Annual Monthly costs for 2 SPA-S = \$9,484

Total General Fund Expenditures FY25 = \$1,412,808

FY25 Revenue

Restricted Misc. Special Revenue Fund Driver Services Operating Account

Increased credential applications = \$162,952 revenue

Restricted Misc. Special Revenue Fund Driver and Vehicle Services Technology Account

Increased credential applications = \$17,326 revenue

Long-Term Fiscal Considerations

FY26 and beyond Expenditures

6 E&Is (Step 7) annual salary & fringe benefits = \$484,956
Annual Monthly costs for 6 E&Is = \$36,594

2 OAS-S (Step 7) annual salary & fringe benefits = \$160,368
Annual Monthly costs for 2 OAS-S = \$8,190

2 SPA-S (Step 6) annual salary & fringe benefits = \$191,666
Annual Monthly costs for 2 SPA-S = \$9,484

Total Expenditures FY26 and beyond = \$891,258

FY26 and beyond Revenue

Restricted Misc. Special Revenue Fund Driver Services Operating Account

Increased credential applications = \$162,952 revenue

Restricted Misc. Special Revenue Fund Driver and Vehicle Services Technology Account

Increased credential applications = \$17,326 revenue

Local Fiscal Impact

References/Sources

Migration Policy Institute <https://www.migrationpolicy.org/data/unauthorized-immigrant-population/state/MN>

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