

**TRANSPORTATION**

Agency 240

**Department of Licensing**

**Recommendation Summary**

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>2013-15 Expenditure Authority</b>	1,332.8	2,451	299,994	302,445
<b>Total Maintenance Level</b>	1,313.8	2,440	291,977	294,417
Difference	(19.0)	(11)	(8,017)	(8,028)
Percent Change from Current Biennium	(1.4)%	(0.4)%	(2.7)%	(2.7)%
<b>Performance Changes</b>				
Initiative 594 Implementation	1.0	358		358
Drivers Services Workload	5.0		3,800	3,800
Commercial Driver License Workload	2.0		328	328
New Revenue- IT Support *			7,000	7,000
PTE Local 17 Agreement			1,466	1,466
Business and Technology Modernization	11.9		27,412	27,412
Prorate and Fuel Tax System Upgrade	.6		5,059	5,059
Central Issuance System	4.0		4,035	4,035
Ignition Interlock Assistance			2,431	2,431
Federal Grant Authority			2,642	2,642
Firearms Workload Staffing	3.5	436		436
Licensing System Improvements	3.0		1,754	1,754
CTS Rate Adjustment			(124)	(124)
Archives/Records Management			(1)	(1)
Audit Services			(1)	(1)
Legal Services			35	35
Office of Chief Information Officer			35	35
Administrative Hearings			4	4
CTS Central Services		10	1,390	1,400
DES Central Services			78	78
Core Financial Systems Replacement			68	68
Fleet Program Rate Reduction			(24)	(24)
Time, Leave and Attendance System			92	92
Self-Insurance Liability Premium			(9)	(9)
State Public Employee Benefits Rate		2	222	224
WFSE General Government Master Agreement		42	5,467	5,509
WPEA General Government Master Agreement			77	77
General Wage Increase for State Employees		8	1,320	1,328
<b>Subtotal</b>	31.0	856	64,556	65,412
<b>Total Proposed Budget</b>	1,344.7	3,296	356,533	359,829
Difference	12.0	845	56,539	57,384
Percent Change from Current Biennium	0.9%	34.5%	18.8%	19.0%

**Total Proposed Budget by Activity**

**TRANSPORTATION**

	Annual FTEs	General Fund State	Other Funds	Total Funds
<b>Total Proposed Budget by Activity</b>				
Providing License Integrity and Protection From Identity Theft	14.3		6,913	6,913
Providing Strategic Direction through Executive and Technology Administration	1.0	65	10,916	10,981
Driver License Suspensions and Reinstatements, and Maintenance of Driver Records	125.1	1	31,328	31,329
Licensing Citizens to Operate Motor Vehicles	515.4	67	121,205	121,272
Providing Due Process for Drivers	82.3		12,151	12,151
Regulate Driver Training Schools and Motorcycle Safety Education	9.2		6,935	6,935
Firearms Records Clearinghouse	17.2	1,786		1,786
Centralization of License Requirements For Businesses				
Administration of Fuel Tax Collection and Motor Carrier Services	105.7		27,757	27,757
Professional Licensing and Regulation	205.8	113	39,859	39,972
Uniform Commercial Code Program	12.0		3,064	3,064
Administration of Regulatory Functions Involving Vehicle and Vessel Dealers and Manufacturers	44.2	52	10,220	10,272
Administration of Vehicle and Vessel Title and Registration Services	212.8	1,212	86,185	87,397
<b>Total Proposed Budget</b>	<b>1,344.7</b>	<b>3,296</b>	<b>356,533</b>	<b>359,829</b>

**PERFORMANCE LEVEL CHANGE DESCRIPTIONS**

**Initiative 594 Implementation**

The passage of Initiative 594 requires most private gun transfers to be done through licensed firearms dealers who must conduct background checks before the transactions can be made. DOL needs to hire a part-time Investigator 3 to meet its new statutory duty to revoke the license of any firearms dealer who does not comply with this requirement. Funding is also needed for information technology investments and additional FTEs to address the increased workload for firearms transaction recordings.

**Drivers Services Workload**

Due to changing federal requirements for state identification cards, DOL will experience an increase in their driver's license and identification card workload. (Highway Safety Account-State)

**Commercial Driver License Workload**

To comply with final rules issued by the Federal Motor Carrier Safety Administration, the Department of Licensing (DOL) will hire 2.0 FTE staff to conduct refresher training for commercial driver's license (CDL) knowledge and skills test examiners. It also will conduct audits of CDL testers to ensure that CDL tests are performed in accordance with federal standards. (Highway Safety Account-State)

**New Revenue- IT Support \***

Department of Licensing (DOL) is currently undergoing upgrades to several information technology systems. Funding is provided to support the continuance of these upgrades. (License Plate Technology Account-State)

### **PTE Local 17 Agreement**

Funding is provided for a collective bargaining agreement with Professional and Technical Employees (PTE) Local 17, which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; targeted salary adjustments for the Washington State Patrol commercial vehicle enforcement series and communications officers; and employee insurance. (General Fund-State, various other accounts)

### **Business and Technology Modernization**

DOL is undergoing a business and technology modernization project to modernize its computer systems. The current phase will upgrade the vehicle software system, and the agency will use a commercial off-the-shelf solution that will be configurable to DOL specifications. (Highway Safety Account-State)

### **Prorate and Fuel Tax System Upgrade**

DOL collects state fuel tax through the Prorate and Fuel Tax (PRFT) system. DOL received funding in the 2014 supplemental budget to begin an update to the computer systems used to administer the tax. Funding is continued for the implementation of a PRFT computer system upgrade. (Motor Vehicle Account-State)

### **Central Issuance System**

Funding is provided to continue implementation of an updated central issuance system for the production and distribution of driver's licenses and identification cards. (Highway Safety Account-State)

### **Ignition Interlock Assistance**

Additional demand for ignition interlock devices for low-income drivers requires additional expenditure authority for DOL to provide financial assistance to drivers who qualify under state law. (Ignition Interlock Device Revolving Account-State, Highway Safety Fund-State)

### **Federal Grant Authority**

Federal expenditure authority is provided to support federal grants that will be used to implement new federal commercial driver licensing requirements and fuel tax evasion investigations and compliance efforts. (Highway Safety Account-Federal, Motor Vehicle Account-Federal)

### **Firearms Workload Staffing**

One-time funding is provided to enable the department's firearms program to hire six temporary staff to eliminate the backlog of firearm transfer records.

### **Licensing System Improvements**

DOL's Business and Professions Division (BPD) currently mails out paper application and renewal reminders to professional licensees. BPD will implement system changes that will move the majority of professional licensing online and create operational efficiencies. Existing revenue from licensing fees will be utilized to pay for these changes. Expenditures will be made from existing balances in BPD's appropriated and nonappropriated accounts. (Architects Licensing Account-State, Landscape Architects Account-Nonappropriated, Professional Engineers Account-State, Real Estate Commission Account-State, Real Estate Appraisers Account-State, Funeral/Cemetery Account-Nonappropriated, Geologists Account-Nonappropriated).

## **TRANSPORTATION**

### **CTS Rate Adjustment**

Agency budgets are adjusted to reflect changes in Consolidated Technology Services (CTS) rates. Specific changes include a reduction in metered storage rates and elimination of tailored storage rates, elimination of redundant firewalls, reduction in long distance telephone rates, a general rate reduction to reflect administrative efficiencies within CTS, and enhancements to the identity management service.

### **Archives/Records Management**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 10 percent reduction in the number of boxes submitted for records storage.

### **Audit Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a 5 percent reduction in charges for audit services.

### **Legal Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a reduction in legal service charges. The Attorney General's Office (AGO) will work with client agencies to implement stricter policies and best practices regarding utilization of its services to achieve lower legal bills.

### **Office of Chief Information Officer**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect increased billing levels for software subscriptions and office relocation.

### **Administrative Hearings**

Agency budgets are adjusted to update each agency's allocated share of charges and to reflect a cap on the hourly rate charged for services at \$120 per hour.

### **CTS Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges from Consolidated Technology Services (CTS) to reflect an increase in business continuity/disaster recovery costs and a new allocated charge for state data network costs.

### **DES Central Services**

Agency budgets are adjusted to update each agency's allocated share of charges and to align with anticipated billing levels from the Department of Enterprise Services (DES) in the 2015-17 biennium, including changes to the enterprise systems fee, personnel services, and small agency financial services.

### **Core Financial Systems Replacement**

Agency budgets are adjusted to align with anticipated billings from the Office of Financial Management in the 2015-17 biennium for core financial systems replacement planning through the One Washington project.

### **Fleet Program Rate Reduction**

Agency budgets are adjusted to reflect efficiencies and reduced costs for the Department of Enterprise Services' fleet program.

### **Time, Leave and Attendance System**

Agency budgets are adjusted to align with anticipated billings for the Time, Leave and Attendance system, including debt service and project completion costs.

**Self-Insurance Liability Premium**

Agency budgets are adjusted to reflect updated premium rates and a reduction in billings for the 2015-17 biennium.

**State Public Employee Benefits Rate**

Health insurance funding is provided for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. Insurance for employees covered by the health insurance coalition is included in funding for their respective collective bargaining agreements. The insurance funding rate is \$913 per employee per month for Fiscal Year 2016 and \$947 per employee per month for Fiscal Year 2017. (General Fund-State, various other accounts)

**WFSE General Government Master Agreement**

Funding is provided for a collective bargaining agreement with Washington Federation of State Employees (WFSE), which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; salary adjustments for targeted classifications; hazard pay for designated night crews; assignment pay in designated areas; and employee insurance. (General Fund-State, various other accounts)

**WPEA General Government Master Agreement**

Funding is provided for a collective bargaining agreement with Washington Public Employees Association (WPEA), which includes a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for all employees who earn \$2,500 a month or more, effective July 1, 2016; a general wage increase of 1 percent plus a \$20 per month increase for all employees who earn less than \$2,500 per month, effective July 1, 2016; salary adjustments for targeted classifications; an additional in-service day for the Washington State School for the Blind and Center for Childhood Deafness and Hearing Loss; and employee insurance. (General Fund-State, various other accounts)

**General Wage Increase for State Employees**

Funding is provided for wage increases for state employees who are not represented by a union or who are covered by a bargaining agreement that is not subject to financial feasibility determination. It is sufficient for a general wage increase of 3 percent, effective July 1, 2015; a general wage increase of 1.8 percent for employees who earn \$2,500 a month or more, effective July 1, 2016; and a general wage increase of 1 percent plus a \$20 per month increase for employees who earn less than \$2,500 per month, effective July 1, 2016. This item includes both higher education and general government workers. (General Fund-State, various other accounts)

**ACTIVITY DESCRIPTIONS****Providing License Integrity and Protection From Identity Theft**

This activity supports the safety of people and property and the economic vitality of businesses and individuals by investigating fraudulent activity. It provides public outreach, education, and assistance in partnership with the Washington State Patrol, Attorney General's Office, Federal Trade Commission, and government agencies to reduce suspected identity theft, fraud and other criminal activity. More than 70 percent of the 2,000 annual fraud allegations received by this activity are associated with crime-related activities, such as methamphetamines, check washing, credit card and check theft, loan frauds, and customer impersonation schemes. The average impact to victims of these criminal actions is over \$5,000 per incident.

## **TRANSPORTATION**

### **Providing Strategic Direction through Executive and Technology Administration**

This activity provides leadership and administration of daily functions for an agency with 1,224 employees. It focuses on strategic direction and oversight, human resources, employee development and training, performance management, public affairs, administrative services, information technology, internal audit, and budget development and monitoring. This activity partners with the courts, law enforcement, and other state and federal transportation agencies, and also serves as liaison to the Legislature, the Governor's Office, state agencies, the media, and stakeholders.

### **Driver License Suspensions and Reinstatements, and Maintenance of Driver Records**

This activity maintains on-line driver records that provide vital information on the license history and status of Washington drivers. These records are relied upon by the Department, law enforcement, and the courts to ensure the safety of people and property. Other entities, such as the Department of Social and Health Services' Division of Child Support and insurance companies, require timely and accurate driver licenses or identification cards. Driving records are updated with actions ranging from Failure to Appear (in court) to Driving Under the Influence (DUI). In addition, this activity verifies the financial responsibility of drivers and ensures that drivers are legally operating vehicles by suspending and reinstating the driving privilege, through either administrative action or upon order of the court.

### **Licensing Citizens to Operate Motor Vehicles**

This activity ensures the physical capability and driving skills of millions of licensed drivers of cars, trucks, and motorcycles in Washington. The Department of Licensing (DOL) ensures that drivers have the physical capability, knowledge, and skills to operate a motor vehicle safely. Special examinations and re-examinations are conducted for persons who fail to meet requirements for full driving privileges. Complying with federal Homeland Security directives, this activity administers the licensing requirements of 192,000 commercial vehicle drivers operating trucks and trailers, tankers, commercial and school buses, and 44,000 vehicle operators who transport hazardous materials. This activity also registers citizens for the Organ Donor program, and in partnership with the Secretary of State, collects 81,000 voter registrations.

### **Providing Due Process for Drivers**

In an effort to reduce preventable loss of life, injury or property due to accidents, this activity provides due process prior to the suspension of a citizen's driving privilege. Twenty-five hearing officers annually conduct: 16,500 driving under the influence (DUI) hearings which must be processed within 60 days; 1,200 hearings for habitual offenders who have accumulated multiple moving violations leading to increased civil penalties; 550 financial responsibility hearings for accidents without required insurance coverage; hearings to restrict the driving privileges of 170 drivers for medical reasons that impair their ability to safely operate a motor vehicle; and 60 fraud hearings.

### **Regulate Driver Training Schools and Motorcycle Safety Education**

This activity certifies, licenses and monitors the performance and compliance of instructors and operators of Driving Training School (DTS) and Motorcycle Safety Education (MSE) training courses. Successful administration of these training courses ensures that curriculum requirements are met to assist new drivers and motorcyclists to safely and properly operate their vehicles. Partnerships with the Washington Traffic Safety Commission, Driver Training School Advisory Board, and Motorcycle Safety Advisory Board assist in the administration of this activity.

**Firearms Records Clearinghouse**

Law enforcement agencies are required to complete background checks and either approve or deny various firearms licenses. As the clearinghouse for firearms records, the DOL Firearms program provides law enforcement with information on firearms licenses to ensure that only eligible individuals can obtain licenses and purchase handguns. The program is also used to investigate criminal activity and to arrest and prosecute individuals who violate firearm laws. Annually, DOL processes over 65,000 concealed pistol licenses, 50,000 handgun transfers, approximately 200 alien firearm licenses, and 600 firearm dealer licenses. In addition, DOL processes over 35,000 court conviction notices each year where an individual's firearm possession rights have been removed, and verifies concealed pistol license and firearm possession with law enforcement. DOL provides firearm dealers with forms and information on procedures for transferring handgun ownership. The Department also acts as a resource to law enforcement by providing direction and training on the firearm laws and proper licensing procedures.

**Centralization of License Requirements For Businesses**

The Master License Service program (MLS) simplifies the licensing process for businesses by collecting license application information for ten state agencies and four cities on a single form. The data and fees collected are then distributed to the appropriate agencies for licensing approval. Each year, MLS processes over 100,000 business license and registration applications on behalf of licensing and regulatory agencies. MLS collects and distributes close to \$30 million each year in licensing fees to our MLS partner agencies. MLS provides a single point of contact for information on all state licensing and regulatory requirements, as well as some local and federal information. MLS also processes the renewals for many state regulatory licenses and corporate and limited liability company licenses. MLS, in collaboration with the Secretary of State, provides a simple and quick registration renewal process for corporations and trade names.

**Administration of Fuel Tax Collection and Motor Carrier Services**

This activity administers state motor vehicle fuel, special fuel, and aircraft fuel tax collection programs for the licensing fuel suppliers, exporters, importers, blenders, and distributors. This activity processes efficient fuel tax returns and associated payments; provides taxpayer education and training; and conducts audit and compliance investigations that reduce fuel tax evasion. It collects motor vehicle and special fuel taxes at the terminal rack and administers a dyed special fuel program for fuel used off-highway that is not subject to the state tax. DOL partners with tribal governments, providing revenue to the tribes through fuel tax refunds. The activity receives federal funds to implement cost-saving programs, including the Commercial Vehicle Information System and Network (CVISN) program (which enables trucks to electronically transmit information without stopping at ports of entry and weigh stations) and the Performance Registration Information Systems Management (PRISM) program (which ensures that interstate trucks meet current safety standards). This activity also enables Washington-based interstate carriers to apply for and receive their international registration plan (IRP) operating credentials and file their international fuel tax agreement (IFTA) fuel tax returns via the Internet.

**Professional Licensing and Regulation**

There are approximately 225,000 individuals and businesses licensed to practice in 27 professions regulated by the Business and Professions Division. (RCW 18.118.010 (1)) DOL evaluates license applications, develops and administers valid professional licensing exams, and administers programs of continuing education, licensing renewals, and technical assistance. Through its regulatory, audit, investigation, and enforcement activities, DOL protects consumers from fraud, malpractice, negligence, deceptive advertising, and other potential violations associated with the delivery of services. Enforcement includes revoking or suspending a license, restricting or monitoring the licensee's practice, imposing monetary fines, or requiring completion of a remedial education program. DOL conducts approximately 6,150 audits or inspections each year to ensure compliance with regulations. Its online registry of licensed professionals alerts consumers to licensees who have been subject to disciplinary actions for unprofessional conduct. The 27 regulated professions include: appraisers, architects, auctioneers, bail bond agents, on-site wastewater inspectors and designers, cemeteries, collection agencies, commercial telephone solicitors, cosmetology, court reporters, employment agencies, engineers, funeral homes, geologists, land surveyors, landscape architects, limousine carriers, notaries, camping resorts, private investigators, professional athletics, real estate, security guards, sellers of travel, timeshare companies, vehicles for hire (taxi), and whitewater river outfitters.

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### **Uniform Commercial Code Program**

In accordance with RCW 62A.9A, the Uniform Commercial Code (UCC) program maintains the central repository of liens on personal property of residents and businesses in Washington and conducts certified searches of its records for the public. The UCC program's central repository is a key part of the larger Uniform Commercial Code system and laws. By filing a financing statement with the UCC program, the secured party (creditor) establishes its priority against the collateral, in case of default by the debtor.

### **Administration of Regulatory Functions Involving Vehicle and Vessel Dealers and Manufacturers**

This activity ensures protection for vehicle and vessel dealers, manufacturers, and individuals through the administration and enforcement of laws that license and regulate approximately 6,900 vehicle manufacturers and dealers of motor vehicles, motorcycles, snowmobiles, off-road vehicles, motor homes, travel trailers, manufactured homes, and vessels. This activity also includes the administration of the licensing of wreckers, tow truck operators, hulk haulers, scrap processors, and motor vehicle transporters operating or doing business in Washington State.

### **Administration of Vehicle and Vessel Title and Registration Services**

This activity collects and administers vehicle and vessel fees and taxes to support state and local transportation projects, law enforcement, and the Washington State Patrol. It records ownership interest and issues a secure, negotiable title for some of our citizens' and businesses' most valuable assets, and indicates legal ownership of the vehicle or vessel to prospective buyers and lending institutions. This activity partners with community groups, state and local agencies, counties, and cities to efficiently collect vehicle and vessel-based fees.