Welcome to
State to State System

Please record your attendance using the Sign In Sheet

June 10, 10:30 a.m. - Noon
International Salon 3
State to State System

Moderator:
Brett Young

Presenters:
Judy Brown, Vice President Clerus Solutions
Philippe Guiot, CIO AAMVA
Steven Fielder, Deputy Director, FLHSMV
DIVS
DL/ID Verification Systems
Program Benefits

Mission Critical

- Compliance with State laws
- Reduce costs for interstate compacts
- Highway Safety

Improve the Integrity of US-Issued Credentials
Program Benefits

Important Additional Benefits

• Improve Homeland Security
• Combat Identity Theft & Fraud

Improve the Integrity of US-Issued Credentials
Project Deliverables:

- Develop governance plans
- Develop cost models
- Develop user agreements
VLS & Passport Working Group

- Mississippi
- Hawaii
- Indiana
- Maryland
- Iowa
- Texas
- Wisconsin
FY 2013 Tasking
• Develop Cost Model
• Develop Governance Plan
• Develop User Agreement

FY 2014 Tasking
• System Operations
• Transition per Governance Plan
• Project Closure
DIVS

Birth Record Verification
Task 1: Develop Verification Capability for DLAs & VRAs

Task 2: VRA Data Analysis & Improvements

Task 3: Implement Birth Record & DL/ID Pilot
Birth Record & DL/ID Verification Pilot

Schedule

- Pilot Definition & Evaluation Criteria August 2013
- AAMVA DLDV & EVVER Development October 2013
- NAPHSIS DLDV Development February 2014
- Reciprocal Pilot Begins February 2014
- Pilot Evaluation, Best Practices & Cost Model Late 2014
Birth Record & DL/ID Verification Pilot

Working Group:
- Mississippi and North Dakota VRAs
- Mississippi DLA
- DIVS PMO, AAMVA & NAPHSIS

Activities:
- Kick off meeting – February 21, 2013
- In-person meeting – April 2&3, 2013
DIVS
S2S Pilot
S2S Governance
Pilot Working Group

- State Participants
  - Business
  - Privacy & Security
  - IT
- MS PMO – Clerus Solutions
- AAMVA
- DHS
- DOT
First Year - Pilot Participants
Maryland, Mississippi, Indiana, Iowa, North Dakota, Wisconsin, Nevada, Florida

Second Year - Pilot Participants
Nebraska, North Carolina, Louisiana, West Virginia
S2S Current Focus

- Requirements Review
- Design Review
- Assist with Development Process
- Pilot Definition and Evaluation Criteria
WG will focus on:

- Pilot Definition and Evaluation Criteria
- Cost Model (Governance WG)
- Long-Term Governance Plan (Governance WG)
- Pilot User Agreement
### Important Milestones

#### S2S Pilot

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>AAMVA S2S Online Specification Complete</td>
<td>Feb-2014</td>
</tr>
<tr>
<td>AAMVA S2S State Procedures Manual Complete</td>
<td>Aug-2014</td>
</tr>
<tr>
<td>AAMVA S2S Web UI and Reports Complete</td>
<td>Sept-2014</td>
</tr>
<tr>
<td>Pilot Year 1 – Pilot Begins</td>
<td></td>
</tr>
<tr>
<td>Service Ready for Certification Testing</td>
<td>Nov-2014</td>
</tr>
<tr>
<td>Service Ready for PRODUCTION Operations</td>
<td>Jan-2015</td>
</tr>
<tr>
<td>Pilot Year 2 – Post Pilot Begins</td>
<td>Nov-2015</td>
</tr>
<tr>
<td>AAMVA Training Begins for Post-Pilot States</td>
<td>Nov-15 to Oct 16 (monthly)</td>
</tr>
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</table>
DIVS Executive Committee:
- Bernard Soriano, CA, Chair
- Steven Fielder, FL
- Randi Bristol, ID

AAMVA International Board:
- Patricia McCormick, MN
- Jennifer Cohen, DE
- Kurt Myers, PA
S2S Governance

Summarized as two functions:

• Drafting recommendations for the S2S cost model

• Recommending the long term governance entity for S2S
Direction Set by the Working Group

- Objective to get the S2S service to operate without external funding
- Working Group is setting the initial cost structure.
- The long term governance entity will take responsibility in 2017.
S2S operational costs are incremental costs, above the costs currently incurred by AAMVA for CDLIS.

S2S costs will be distinguishable from those of CDLIS.

The five year period (2017-2021) will be the basis for the initial cost model.
The initial S2S user fee will be based on two factors:

- Covering ongoing operational costs (O&M)
- Establishing a fund for the S2S rewrite.

Costs incurred by AAMVA for testing of the states during the implementation of S2S will be covered by a separate, one-time fee.
A amount that represents the even distribution of fixed costs across all participating states.

- System, programmatic documentation, system security, setting and adhering to privacy guidelines, etc.

A amount that represents those costs that vary by state size.
The variable portion of the S2S fee will be based on the number of drivers in a state, not the number of pointers the state has added to S2S.

• US DOT published numbers will be used.
• This approach can be reconsidered in the future.
The 2013 Cost Model will generate a range of costs (high and low) not a specific fee.

Once operational costs are better known (2016), a more precise estimate can be provided.
<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed costs - Lower range</strong></td>
<td>$1,170,431</td>
<td>$1,201,213</td>
<td>$1,232,919</td>
<td>$1,265,576</td>
<td>$1,299,213</td>
</tr>
<tr>
<td><strong>Fixed costs - Upper range</strong></td>
<td>$1,755,646</td>
<td>$1,801,820</td>
<td>$1,849,379</td>
<td>$1,898,364</td>
<td>$1,948,820</td>
</tr>
<tr>
<td><strong>Variable costs - Lower range</strong></td>
<td>$1,753,456</td>
<td>$2,451,862</td>
<td>$3,184,219</td>
<td>$3,952,040</td>
<td>$4,756,899</td>
</tr>
<tr>
<td><strong>Variable costs - Upper range</strong></td>
<td>$2,630,184</td>
<td>$3,677,793</td>
<td>$4,776,329</td>
<td>$5,928,060</td>
<td>$7,135,348</td>
</tr>
<tr>
<td><strong>Total Lower Range</strong></td>
<td>$2,923,887</td>
<td>$3,653,075</td>
<td>$4,417,138</td>
<td>$5,217,616</td>
<td>$6,056,112</td>
</tr>
<tr>
<td><strong>Total Upper Range</strong></td>
<td>$4,285,820</td>
<td>$5,479,612</td>
<td>$6,625,708</td>
<td>$7,826,424</td>
<td>$9,084,168</td>
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### S2S Cost Estimates

#### One-time Implementation Cost

**Structured Testing Cost per State**

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lower range</strong></td>
<td>$77,785</td>
<td>$80,119</td>
<td>$82,523</td>
<td>$84,998</td>
<td>$87,851</td>
</tr>
<tr>
<td><strong>Upper range</strong></td>
<td>$116,678</td>
<td>$120,178</td>
<td>$123,784</td>
<td>$127,497</td>
<td>$131,776</td>
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</tbody>
</table>
### S2S Re-engineering Costs

**Need to Save This Much by FY 22**

<table>
<thead>
<tr>
<th>Range</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower range</td>
<td>$2,700,509</td>
</tr>
<tr>
<td>Upper range</td>
<td>$3,443,148</td>
</tr>
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</table>
### S2S Fixed Fee Portion

<table>
<thead>
<tr>
<th>Average Lower Range of Fixed Costs</th>
<th>$38,000 per state, per year</th>
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</thead>
<tbody>
<tr>
<td>Average Upper Range of Fixed Costs</td>
<td>$57,000 per state, per year</td>
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</table>

- Concern was expressed by small population states that both numbers were too high.
- Compromise was reached to lower the fixed fee to $28,000 (half of Upper Range Fee)
S2S Variable Fee

Portion

Cost Model

COST PER DRIVER = $0.0508 (or Less)
For 2017, the **maximum** one-time implementation/structured testing fee = $117,000.

The **maximum** yearly fee, if the state’s driver population is 2 million drivers, would be:

Variable Portion: \[2 \text{ million} \times 0.0508 = 116,000 \text{ per year}\]

Fixed Portion: $28,000 per year

Total fees: $144,000 per year
<table>
<thead>
<tr>
<th>Activity</th>
<th>Target Date</th>
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<tbody>
<tr>
<td>Recommended Cost Model</td>
<td>March 2013</td>
</tr>
<tr>
<td>DIVS &amp; AAMVA Board Review</td>
<td>April 2013</td>
</tr>
<tr>
<td>Obtain Feedback from States</td>
<td>June – August 2013</td>
</tr>
<tr>
<td>Initial Cost Model Complete</td>
<td>September 2013</td>
</tr>
<tr>
<td>Review Actual Costs &amp; Determine if there are unspent grant monies</td>
<td>June 2016</td>
</tr>
<tr>
<td>Finalize Initial Cost Model</td>
<td>September 2016</td>
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## Long-Term Governance

<table>
<thead>
<tr>
<th>2013 Governance Activities</th>
<th>Target Date</th>
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<tbody>
<tr>
<td>Initial Discussions</td>
<td>April 2013</td>
</tr>
<tr>
<td>First Draft</td>
<td>August 2013</td>
</tr>
<tr>
<td>Recommended Approach</td>
<td>October 2013</td>
</tr>
<tr>
<td>DIVS &amp; AAMVA Board Review</td>
<td>November 2013 - January 2014</td>
</tr>
<tr>
<td>Obtain Feedback from Stakeholders</td>
<td>January – August 2014</td>
</tr>
<tr>
<td>Finalize Recommended Long-term Governance Approach</td>
<td>September 2014</td>
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Up Next

Lunch
International Salon 4-10
Noon – 1:30 p.m.

Followed by General Session: Quick Connect
Imperial Salon B
1:30 – 3 p.m.