

# State to State Verification Service (S2S)

AAMVA Spring Workshop  
March 9, 2016

Ann Perry, Wisconsin  
Scott Moran, North Dakota  
Helen Myers, Maryland  
Steve Leak, Indiana  
Tom Osterbind, Mississippi

# Agenda

- What is S2S?
- Pilot State Participation
- Fee Model
- Q&A with Pilot States

# State to State (S2S) Verification Service



# What is S2S?



## State to State Verification Service

- Allows a state to determine if an applicant has a DL or ID card in another state.
- Provides functionality States have sought for many years - to achieve the goal of “One Driver- One License” for all drivers.
- Allows all States to enforce their own laws, rules, regulations and policies.
- Participating in S2S does ***not*** require a State to participate in REAL ID, but it helps a state that wants to comply meet REAL ID requirements.

# What is S2S?



## State to State Verification Service

- Developed by the states, for the states.
- Federal grant funds were used for development.
- Federal grant funds are available to be used by states to implement S2S. (ex. NHTSA 405(c) formula grants, DHS grants)
- DHS has a stake in the pilot.
- No Federal oversight is anticipated post-pilot

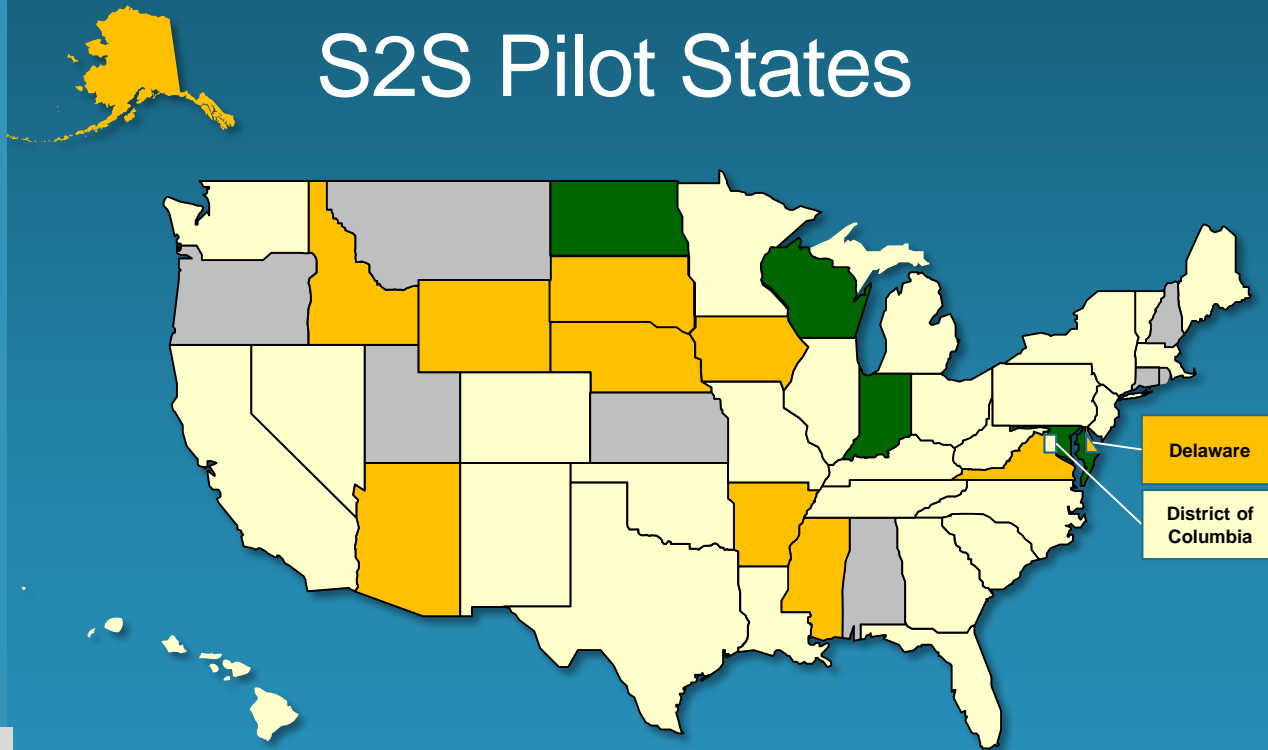
# What is S2S?



## Benefits of Participation

- Improved Integrity of US-Issued Credentials
- Compliance with State Laws
- Detect & Deter Identity Theft & Fraud
- Reduce Costs for Complying with Interstate Compacts
- Improve Highway Safety
- Improve Homeland Security

# S2S Pilot States



4	Live In Production
11	Signed LOI, Go Live Confirmed
28	Expressed Interest in Implementing

As of 3/9/2016

# S2S Pilot Schedule

As of 3/9/2016

<b>S2S Timeline – Key Milestones and Dates</b>	
<b>Task / Deliverable</b>	<b>Date(s)</b>
<b>Certification Environment Go-Live</b>	<b>03/03/2015</b>
<b>Production Environment Go-Live</b>	<b>07/06/2015</b>
<b>Wisconsin Go-Live</b>	<b>08/10/2015</b>
<b>North Dakota Go-Live</b>	<b>11/16/2015</b>
<b>Maryland Go-Live</b>	<b>01/31/2016</b>
<b>Indiana Go-Live</b>	<b>02/21/2016</b>
<b>Iowa Target Go-Live</b>	<b>06/2016</b>
<b>Arkansas Target Go-Live</b>	<b>06/2016</b>
<b>Nebraska Target Go-Live</b>	<b>07/2016</b>
<b>Delaware Target Go-Live</b>	<b>07/2016</b>
<b>Mississippi Target Go-Live</b>	<b>08/2016</b>
<b>South Dakota Target Go-Live</b>	<b>09/2016</b>
<b>Wyoming Target Go-Live</b>	<b>09/2016</b>
<b>Arizona Target Go-Live</b>	<b>10/2016</b>
<b>Alaska Target Go-Live</b>	<b>10/2016</b>
<b>Idaho Target Go-Live</b>	<b>11/2016</b>
<b>Virginia Target Go-Live</b>	<b>11/2016</b>
<b>Pilot Operations End Date</b>	<b>03/03/2017</b>



# S2S Pilot



## Go-Live Process

### What is required?

- Update all CDLIS pointers
- Add all Real ID pointers

### What is a state choice?

- Add all DL/ID pointers or follow a day forward approach?

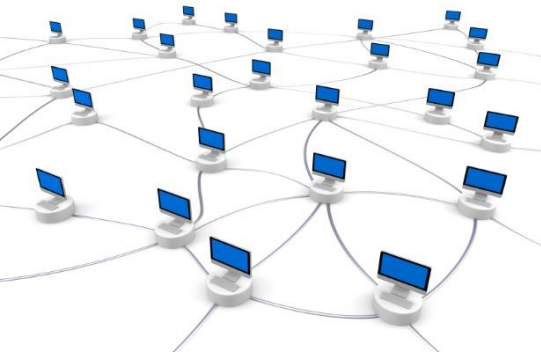
### What the pilot states chose to do?

- Add all DL/ID pointers for pilot evaluation and best practices

# Summary of Go Live Results

Go Live Statistics	WI	ND	MD	IN
<b># of CDL Pointers Updated</b>	<b>301,585</b>	<b>71,672</b>	<b>230,014</b>	<b>352,096</b>
<b># of Non-CDLIS Pointers Added</b>	<b>4,329,257</b>	<b>574,483</b>	<b>4,587,953</b>	<b>4,818,802</b>
Customary DLs	3,422,538	506,550	139,764	3,191,795
Customary IDs	351,906	50,803	6,057	303,384
Customary Base Permits	42,819	17,130	21,603	14,284
Real ID DLs	463,828	n/a	3,804,935	961,308
Real ID IDs	22,210	n/a	477,321	245,930
Real ID Base Permits	25,956	n/a	138,273	102,101
<b># of Potential Duplicate Pairs</b>	<b>5,032</b>	<b>17,143</b>	<b>8,299</b>	<b>17,516</b>
Prohibited Combination (Non-Type 7)	1,472	2,676	6,729	12,052
Permitted Combination (Type 7)	3,560	14,467	1,570	5,464
CDLIS	2,328	7,824	4,660	11,021
Non-CDLIS	2,704	9,319	3,639	6,495
Wisconsin	26	616	2,124	3,337
North Dakota	568	12,248	507	482
Maryland	309	156	1,074	2,452
Indiana	1,964	354	54	442

# S2S Pilot



## Potential Duplicate Resolution Process

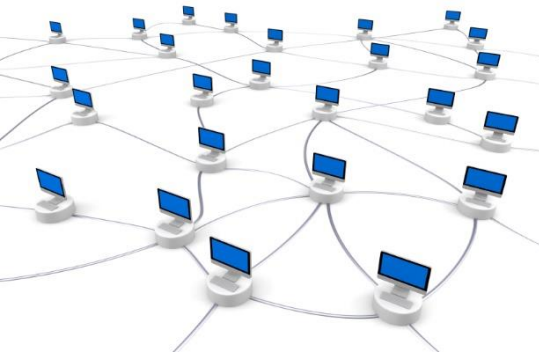
- Pilot States are developing a best practice
- Considerations include:
  - Efficiency and use of state resources
  - Is a pair using the same identity?
  - Is the pair associated with the same person?
  - How to determine appropriate course of action?
  - Customer Service Notifications
  - Prioritization of pair resolution (CDLIS, Real ID, DL, ID)
- Will refine the Best Practice before applying to existing duplicates

# State to State (S2S) Verification Service

## Governance Activities



# S2S Governance



## Governance Activities

- Long-Term Governance Approach
- S2S Financial Model and User Fees
- DIVS Executive Committee Approval
- Communication to States

# S2S Governance



## Decision Regarding Long Term Governance

- Long term Governance will be provided by an organization formed by the states participating in S2S.
- Named the S2S Board of Directors
- Will be formed in 2016 so that governance can be transitioned by March 2017.

# S2S Model for Initial Fees



## Development of the Financial Model

- Set objectives for the Financial Model
- Iterative development of the Financial Model
  - Determine scenarios
  - Build models for those scenarios
  - Review and revise
- Settle on a single proposed model
- Final review and recommendation process completed in mid-February
- **Developing a Risk Mitigation Approach**

# S2S Model for Initial Fees



## Fee Model Objectives

- Do not penalize early adopters
- Keep the per state fee equitable by size (i.e. population) of state
- Provide incentives for states to join
- Consider the benefit that could be provided by obtaining a subsidy from outside DIVS. Any subsidy should have defined beginning and end dates.



# S2S Model for Initial Fees



## Financial Model Parameters

- Covers FY 2017 through FY 2024
- Participation
  - 14 at end of pilot in March 2017
  - 2 new states during remainder of FY 2017
  - 4 new states each year after that
  - Driver population of a new state is 4 million
- Fee limits
  - Per state fee should be  $\leq$  \$50k
  - Per driver fee should be  $\leq$  \$.08
  - \$1.7 million will be available to offset operating deficits
- Re-engineering Reserve
  - Re-engineering to take place in FY 2024
  - Re-engineering funded from surplus revenue in later years

# S2S Model for Initial Fees



## One-Time Fee and Annual Fees

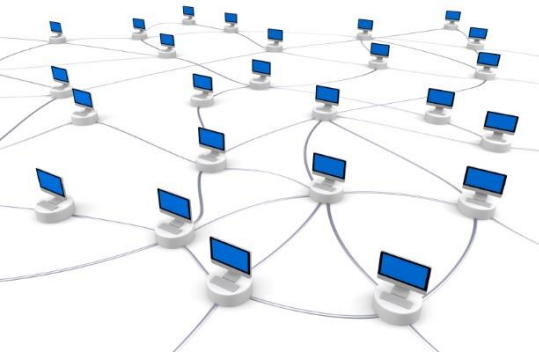
### One-Time Implementation Fee

- Covers the cost of structured testing and other AAMVA activities to add a new state
- Same for all states. Pilot States do not pay this fee

### Annual Fee (Two parts)

- Per State Fee
  - Same flat fee charged to all participating states
- Per Driver Fee
  - Fee for each licensed driver in the state
- Calculation of a state's annual fee
  - $(\text{Per Driver Fee} * \text{Number of Drivers in the State}) + \text{Per State Fee}$

# S2S Model for Initial Fees



## Features of Recommended Fee Model

- Meets the Fee Model Objectives
- Keeps fees in line with the 2013 Fee Model
- Based on 14 states on board by March 2017 and four states being added each year thereafter

Fiscal Year	Annual Per State Fee	Annual Per Driver Fee	On-Time Implementation Fee
2017	\$27,166	\$0.0720	\$93,671
2018	\$29,651	\$0.0720	\$96,331
2019	\$32,885	\$0.0720	\$99,066
2020	\$35,893	\$0.0720	\$101,883
2021	\$39,202	\$0.0720	\$104,784
2022	\$40,000	\$0.0720	\$107,772
2023	\$40,000	\$0.0720	\$110,837
2024	\$40,000	\$0.0720	\$113,990

- **Does not show a deficit**, if participation goals are met

# Estimated Annual Charges

## FY 2017 & FY 2018

Pilot States	March 1, 2017 –	Monthly		October 1, 2017-	Monthly
	September 30, 2017			September 30, 2018	
Arizona	\$ 238,719	\$ 34,103		\$ 421,258	\$ 35,105
Arkansas	\$ 111,389	\$ 15,913		\$ 194,546	\$ 16,212
Delaware	\$ 47,504	\$ 6,786		\$ 84,371	\$ 7,031
Idaho	\$ 65,209	\$ 9,316		\$ 115,501	\$ 9,625
Indiana	\$ 246,068	\$ 35,153		\$ 425,692	\$ 35,474
Iowa	\$ 109,427	\$ 15,632		\$ 190,109	\$ 15,842
Maryland	\$ 195,724	\$ 27,961		\$ 340,519	\$ 28,377
Mississippi	\$ 99,783	\$ 14,255		\$ 174,166	\$ 14,514
Nebraska	\$ 73,597	\$ 10,514		\$ 128,837	\$ 10,736
North Dakota	\$ 36,893	\$ 5,270		\$ 65,672	\$ 5,473
South Dakota	\$ 41,596	\$ 5,942		\$ 73,856	\$ 6,155
Virginia	\$ 261,033	\$ 37,290		\$ 454,313	\$ 37,859
Wisconsin	\$ 190,415	\$ 27,202		\$ 330,158	\$ 27,513
Wyoming	\$ 33,870	\$ 4,839		\$ 60,640	\$ 5,053

# S2S Model for Initial Fees



## How Do We Mitigate the Risk of the Recommended Financial Model?

**RISK:** That the program will not meet participation targets.

### Mitigation Plan:

- Pursue a subsidy (current thinking - up to \$5million) that could be used to mitigate the risk in case we don't hit our yearly targets (ex. 14 states by March 2017, 4 states each year after that).
- This funding would be used only in the event that we don't reach our goal of participating states each year.

# S2S Model for Initial Fees



## Summary of Proposed Fee Model

- Sets fees in line with the 2013 Fee Model
- **Is intended to motivate the participating states to actively pursue participation by additional states:**
  - Potential to reduce fees if participation increases above target
  - The more states involved, the greater the highway safety & ID security benefit to participating states.
  - If all target recruitment goals are met each year, the subsidy can stay in reserve for unanticipated events.
- Risk posed by a slower than planned implementation schedule will be mitigated by establishment of a financial subsidy to handle potential operational shortfalls.

# S2S Pilot



## Next Steps

- Support Pilot State Implementations
- Conduct Pilot Evaluation
- Gather Best Practice Recommendations
- Establish S2S Board of Directors
- Implement Fee Model starting March 2017
- Finalize the Risk Mitigation Approach

# State to State (S2S) Verification Service

## Q&A with Pilot States





# DIVS & S2S



Questions?

[ncarlson@clerussolutions.com](mailto:ncarlson@clerussolutions.com)

This Document was prepared under a grant from the Federal Emergency Management Agency's (FEMA) Grant Programs Directorate (GPD) United States Department of Homeland Security. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position or policies of FEMA/GPD or the U.S. Department of Homeland Security.

This document and associated work product were produced by Clerus Solutions, LLC as Program Manager to the DL/ID Verification Systems, Inc. program under contract to the Mississippi Department of Public Safety.

