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**FOR IMMEDIATE RELEASE**

January 31, 2018

## State of Minnesota releases project roadmap for Minnesota Licensing and Registration System (MNLARS)

*All high-priority defects will be fixed by July 2018, with additional functionality developed through December 2019*

**SAINT PAUL, MN** – The Minnesota Department of Public Safety (DPS) and Minnesota IT Services (MNIT) today released a [project roadmap](#) for the State of Minnesota License and Registration System (MNLARS). The project roadmap is a complete strategy to aggressively address system shortcomings in MNLARS and build out system features that will support a modernized delivery method for Driver and Vehicle Services in the future. Its full execution will require additional funding and legislative support.

**“This roadmap reflects the top priorities and conversations that our technical team had with stakeholders, as well as a core understanding of underlying structural fixes necessary to be fully functional,”** said MNIT Chief Enterprise Architect Joan Redwing. **“We will continue to work on the back-end to stabilize MNLARS, but we’re focused on addressing the issues that directly impact Minnesotans first.”**

DPS and MNIT launched MNLARS in July 2017 to replace a 30-year-old legacy system to process vehicle title and registration transactions, but the system has encountered technical complications since that time.

**“The Department of Public Safety is committed to continuing work with our technical and business partners in order to make MNLARS a system that works reliably for everyone,”** said DPS Commissioner Mona Dohman. **“We owe it to the users of this system and the people of Minnesota to focus our efforts on the path forward.”**

The MNLARS project roadmap is the direct result of more than eight meetings across the state of Minnesota, covering over 1,600 miles, based on suggestions from more than 100 stakeholders. The roadmap was produced in partnership with deputy registrars, auto dealers, financial institutions, legislators, and other stakeholders who use this system for their work each day.

In conjunction with these stakeholder meetings, MNIT completed a deep technical assessment of the MNLARS system and an inventory of all remaining system defects and gaps in functionality.

Top priorities put forth in the roadmap include:

- **Fixing Bugs and Glitches.** Resolving system defects and time-consuming workarounds that are leading to delays and inconveniences for Minnesotans.
  - *Example: Building automated tools to ensure the consistent calculation of complex or seasonally-used transactions.*
- **Filling Gaps in Functionality.** Completing partially delivered features.
  - *Ability to transfer specialty plates, impounded plates, inventory management, and allow deputy registrars to edit transactions. Ability to bulk-update addresses for fleet vehicles.*
- **Empowering Users.** Adding features that will allow system users to make changes and fix mistakes without starting over or having to contact DPS. Adding the ability to print in-process work, transactions, and duplicate titles.
  - *Adding functionality to MNLARS that existed in the old system, like transferring specialty plates. Adding the ability to edit the cart, scan, and see specific details of all transactions.*
- **Delivering Faster Title Turnaround.** Providing the technology tools needed to speed up processing of vehicle titles.
  - *Continuing to decrease the number of backlogged titles. Managing title processing system errors more efficiently.*
- **Modernizing Business Processes.** Working collaboratively with local deputy registrar offices to build new features in the system that support a more modern mode of business operations for driver and vehicle services.
  - *Building ability to add or delete multiple transactions in the cart, without checking out.*
- **Improving Customer Service.** Adding 63 DVS call center staff and five training positions in FY19. The additional call center staff will help DVS improve customer service by responding to emails promptly, reducing wait times and answering the 65,000+ calls it receives each week. It will also ensure the state is ready to answer questions from Minnesotans leading up to REAL ID availability in October 2018. The five trainers will work with Driver License Agents on the new driver's license system and REAL ID requirements.

- *Phone calls from the public and stakeholders increased during the MNLARS rollout, peaking at 110,000 during the week of September 10. Email response times were as high as six weeks due to the influx of consumer questions and issues.*
- **Stabilizing and Optimizing System Performance.** Ensuring that each piece of the system is operating efficiently and working optimally to support heavy use.
  - *System slowdowns during daytime when system is under heavy use.*
- **Improving User Experience.** Making the system more user friendly and tailored to the needs of local deputy registrar offices.
  - *Modifying the way the system looks and feels to more closely align with deputy registrar needs. Enhancing screen colors and formatting based on user feedback.*

The MNLARS roadmap will additionally undergo rigorous external review by an industry leader, in keeping with IT best practices. The State of Minnesota is currently completing a request for proposals, and the results of that assessment will be made public when it is complete.

For more detail, [view the downloadable PDF of the roadmap](#).

## Legislative Support Needed to Implement Roadmap

The need for each fix and improvement indicated on the roadmap is clear, but current resources will only support a small volume of that work for the remainder of the biennium. Without additional funding, deputy registrars and other system users will continue to contend with cumbersome workarounds, system errors, and gaps in system functionality for the foreseeable future.

The roadmap will cost an additional \$43 million which the Legislature must appropriate to complete MNLARS defect fixes and add necessary features by December 2019. An estimated \$37 million in additional funding is needed to make critical system improvements and enhancements. \$6 million is needed for customer service capacity increases at DPS in the current biennium. This investment would provide the hardware, software, and human resources necessary to support an aggressive delivery roadmap with concurrent work streams – the approach that is needed to address multiple stakeholder priorities simultaneously, and to manage large volumes of customer service demand through the rollout of REAL ID.

For more detail, [view the downloadable PDF of the budget request](#).

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## About Minnesota IT Services

Minnesota IT Services, led by the state's Chief Information Officer, is the Information Technology agency for Minnesota's executive branch, providing enterprise and local IT services to over 70 agencies, boards and commissions. MNIT employs more than 2,000 people across 90 physical locations. Together, the agency builds, maintains, and secures the state's IT infrastructure, applications, projects and services. MNIT sets IT strategy, direction, policies and standards for enterprise IT leadership and planning. The agency also serves Minnesotans by connecting all 87 counties, 300 cities, and 200 public higher education campuses across the state on the MNET network. Through public-private partnerships, the

MNIT team proactively protects the state's information systems and the private data of 5.5 million Minnesotans.

## **About the Minnesota Department of Public Safety**

The Minnesota Department of Public Safety is a large and complex agency dedicated to prevention, preparedness, response, recovery, enforcement and education. The agency's 15 divisions serve Minnesotans with programs in law enforcement, fire code development, fire investigation and safety inspection, forensic science, crime and fraud prevention, crime victims' services, homeland security and emergency management, emergency communications network management, traffic and motorcycle safety, driver licensing and vehicle registration, alcohol and gambling enforcement, pipeline safety and rule enforcement, and public safety education.

# MNLARS Roadmap Fact Sheet

## Project Overview

Minnesota IT Services (MNIT) and the Department of Public Safety (DPS) have laid out a timetable for the improvement of the Minnesota Licensing and Registration System (MNLARS). This project roadmap is a complete strategy to aggressively address system shortcomings in MNLARS and build out system features that will support a modernized delivery method for Driver and Vehicle Services in the future. Its full execution will require additional funding and legislative support.

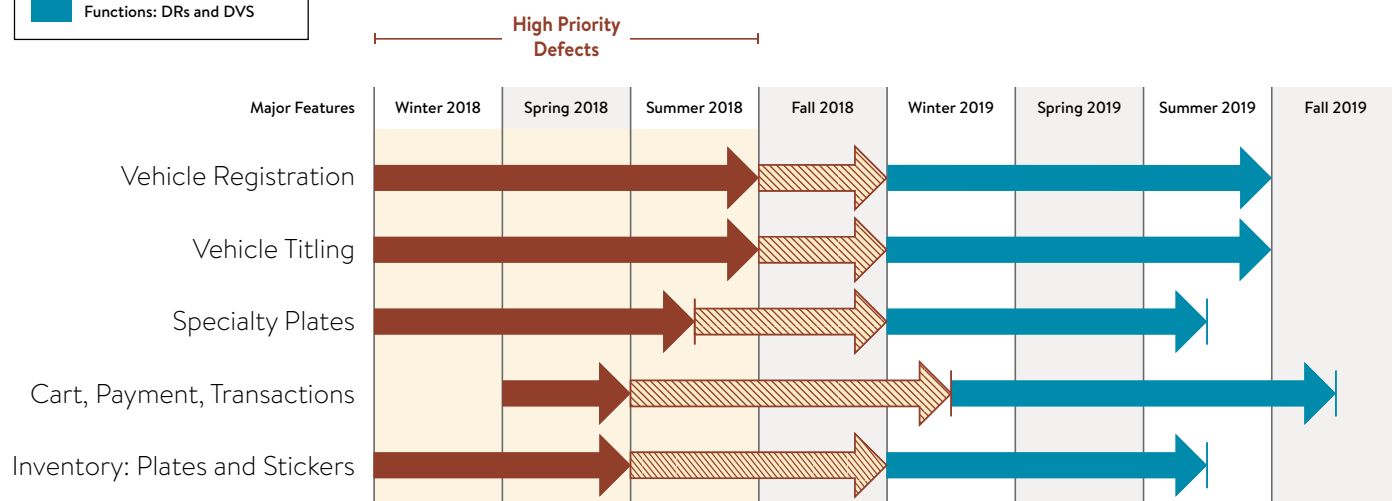
Roughly \$37M in additional funding is needed to make critical system improvements and enhancements, with \$6M needed for customer service capacity increases at DPS in the current biennium. This investment would support an aggressive delivery roadmap with concurrent work streams and manage large volumes of customer service demand through the rollout of REAL ID.

## Key Outcomes

1. All high-priority defects will be fixed by July of 2018 and additional functionality will be developed through December 2019.
2. Enables simultaneous delivery of both critically needed vehicle system improvements and Real ID by October 1, 2018.
3. Adds 63 DPS staff for call center and 5 positions for training in FY19.
4. Continues funding for multiple testing environments and system disaster recovery, which reduces risk.
5. Improves user experience and transactional integrity with a focus on the needs of local deputy registrar offices.



## MNLARS Project Roadmap (Executive Summary)



## What Does this Funding Buy?

- **Fixing Bugs and Glitches.** Resolving system defects and time-consuming workarounds that are leading to delays and inconveniences for Minnesotans.
  - *Example: Building automated tools to ensure the consistent calculation of complex or seasonally-used transactions.*
- **Filling Gaps in Functionality.** Completing partially delivered features.
  - *Ability to transfer specialty plates, impounded plates, inventory management, and allow deputy registrars to edit transactions. Ability to bulk-update addresses for fleet vehicles.*
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- **Delivering Faster Title Turnaround.** Providing the technology tools needed to speed up processing of vehicle titles.
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  - *Phone calls from the public and stakeholders increased during the MNLARS rollout, peaking at 110,000 during the week of September 10. Email response times were as high as six weeks due to the influx of consumer questions and issues.*
- **Stabilizing and Optimizing System Performance.** Ensuring that each piece of the system is operating efficiently and working optimally to support heavy use.
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- **Improving User Experience.** Making the system more user friendly and tailored to the needs of local deputy registrar offices.
  - *Modifying the way the system looks and feels to more closely align with deputy registrar needs. Enhancing screen colors and formatting based on user feedback.*

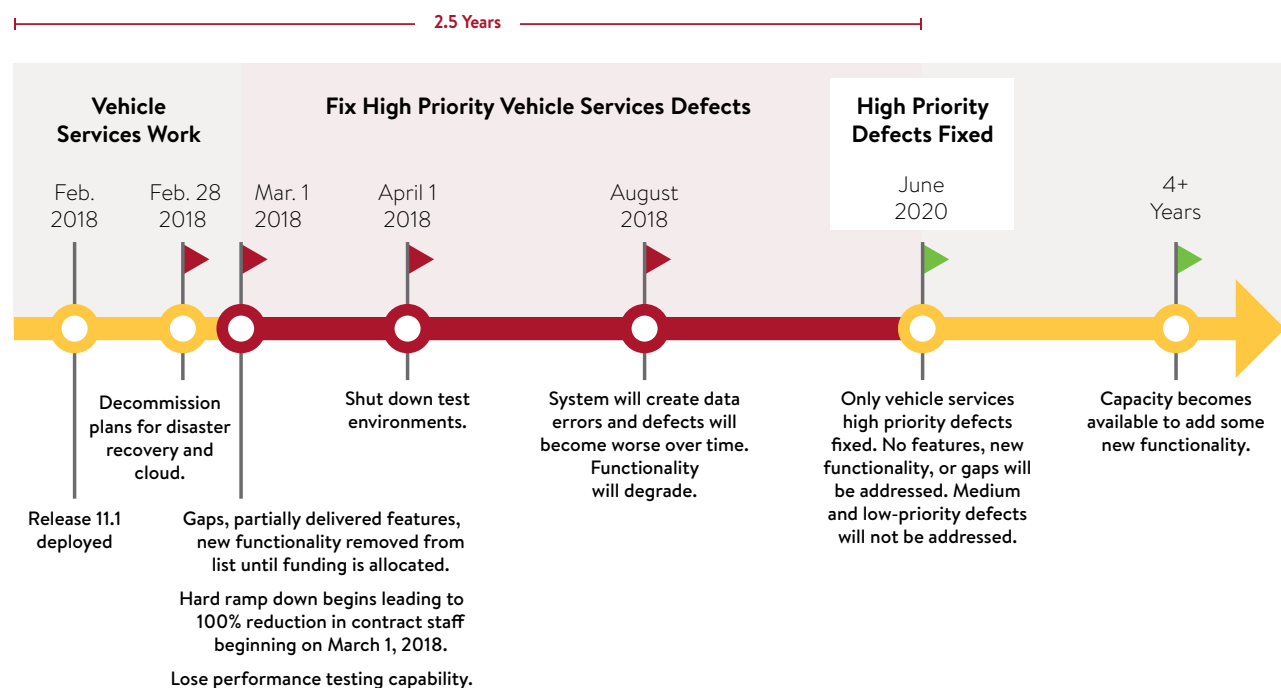


## Current Resources Breakdown

### The Cost of Inaction

- Because of critical system gaps and defects, additional resources are needed to build out and improve the MNLARS vehicle system that exceeds initial budget projections.
- In the absence of additional funding, the majority of these defects and gaps in functionality would remain unaddressed for the remainder of the FY 18-19 biennium.
  - *Example: Editing transactions in the cart. Building automated tools to ensure the consistent calculation of complex or seasonally-used transactions. Displaying deficiencies and their histories properly.*
- With current resources, vehicle project teams would be notified on March 1st that the budget can no longer support their ongoing work.
- Hard ramp down requires loss of performance testing capability, shutdown of test environments, and removal of new functionality and features from the roadmap.
- High priority defects will not be fully resolved until June of 2020. No new functionality will be added, and medium and low priority defects will remain unaddressed.
- Beginning in August of 2018, staff reductions will result in the need for the remaining team to focus on system support rather than development. Defects will worsen over time and system functionality will degrade.

### MNLARS Project Current Resources Timeline



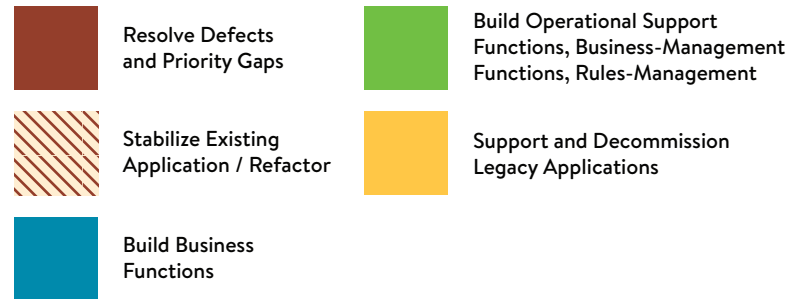


# Budget Breakdown

## Overview (in Thousands)

REVENUES	FY 2018	FY 2019	FY 2020	FY 2021
Carryforward	26,702	(12)	0	0
Receipts	1,900	1,900	1,900	1,900
Transfers In	8,000	8,000	0	0
<b>TOTAL RESOURCES</b>	<b>36,602</b>	<b>9,888</b>	<b>1,900</b>	<b>1,900</b>
<b>EXPENDITURES</b>				
Incurred or Fixed Costs	9,479	235	235	235
<b>DRIVER</b>				
FAST Contract	8,250	15,000	3,950	1,000
Staff	1,788	3,065	2,525	2,525
Technology Costs	1,197	2,754	2,754	2,754
DVS Customer Service	195	7,832	800	800
<b>VEHICLE</b>				
Staff	10,569	17,857	3,436	3,436
Technology Costs	5,136	5,960	4,200	3,300
<b>TOTAL EXPENDITURES</b>				
	36,614	52,703	17,900	14,050
<b>BALANCE</b>				
	(12)	(42,815)		
<b>SUPPORT FOR ADDITIONAL RESOURCES FOR DEPUTY REGISTRARS</b>				
	To be determined			

# MNLARS Project Roadmap (Expanded)



	Resolve Defects and Gaps			Complete Gap Functionality		Deliver New Business Functions: DRs and DVS		
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Mainframe Legacy Support								
E-Support Legacy								
Stellent Document Imaging Legacy Support								
HP Permits Legacy Systems Support – Commercial Permitting								
Vehicle Registration: Core Business Functions								
Title: Core Business Functions								
Vehicle Registration: Plates/Stickers Assignment and Manufacturing								
Vehicle Registration: Special Plates, Personalized Plates, Impounded Plates								
Inventory: Plates/Stickers Ordering-to-Stock, Distribution to Offices, Tracking/Control over Secured Stockable Items								
Finance: Cart/Payment Management, Corrections, Adjustments, Exception Handling								
Transactional Integrity/Exception Handling: Edit In-Process; Cancel After Paid/Finalized; Cart/Payment Corrections								
Finance: SWIFT Integration, Accounting Controls, Reporting								
Title: NMVTIS and Inter-jurisdiction Communication, Inter-agency Functions								
Vehicle Registration: Applications for Disability Status, Disability Plates/Placards								
Document Imaging: Replace Stellent								
Commercial Vehicle (Temporary) Permits								



February 23, 2018

Representative Paul Torkelson  
Chair, Transportation Finance Committee  
Minnesota House of Representatives  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155

Representative Dave Baker  
Chair, Select Committee on Technology and Responsive Government  
Minnesota House of Representatives  
100 Rev. Dr. Martin Luther King Jr. Blvd  
Saint Paul, MN 55155

Representatives,

Thank you for your letter requesting additional detail about the roadmap and associated fiscal needs for the improvement and enhancement of the MNLARS system. We appreciate your concerns and the questions that you raised. Our goal is to provide the legislature and the people of Minnesota with accurate and clear responses. We are prepared to meet with you to discuss any further questions.

Before we address your specific questions, we want to address our failure to implement the MNLARS system as we promised. We apologize to the people of Minnesota who experienced delays and frustrations after the MNLARS system was launched last July. Our responses will provide some detail and explanation for the launch and the failures of the system, but we want to stress that we do not describe these errors as an excuse, but rather as part of the process to make sure that our next steps do not repeat any of these errors and that the legislature can feel confident in funding our requests for additional funds to complete the MNLARS system and launch REAL ID in October of this year.

The roadmap and associated budget request that was announced at the end of January was the product of an internal technology assessment and a statewide stakeholder engagement process that occurred throughout December and January. Work on the system and title backlog continued during this planning period, with three successful releases of improvements, including a release of 47 fixes and features that was deployed earlier this month. These releases were successful because of a rigorous new testing regimen implemented by the IT team, who are now working under the leadership of MNIT's Chief Enterprise Architect, Joan Redwing. In total, the MNLARS system has now processed over 4.4 million title and registration transactions, bringing in more than \$900 million in revenue from the date of system rollout through February 21st. The total number of titles in backlog status has been reduced by over 40% from over 370,000 to roughly 215,000. For context, the pre-MNLARS title backlog with the mainframe system averaged roughly 150,000, equating to a 30-day title turnaround.

While progress is being made, we know that significant work remains ahead of us to get the MNLARS system where it needs to be. We have made significant leadership changes on the project to ensure effective management of the IT team, enhanced stakeholder engagement, and improved inter-agency and external coordination and communication. We will continue to assess and learn from the mistakes made in the rollout of the MNLARS system and stand ready to discuss the results of that assessment with you; at the same time, we owe it to the users of this system and the people of Minnesota to focus our efforts on the path forward and the work needed to improve and complete the system as quickly as possible.

Please see the responses to your question below, with supplemental information attached.

### ***Overview of the New Request***

- 1. Please provide details of your budget request including: contractor rates, hours worked, FTEs, for all personnel areas, phones, hardware, coding, dealer division, all divisions.**

Please see the attached *MNLARS Budget Request Breakdown* document.

The \$42.8M request is for staff, contractors, technology, and customer service needs at DPS and MNIT for the Driver and Vehicle Systems. The attached table shows current resources available and breaks down the funding request in terms of costs already incurred or that are fixed, costs for the Driver system, and costs for the Vehicle system.

Of the \$42.8M request, in FY19, \$10.344 would fund DVS customer service needs and DVS to support the Driver and Vehicle systems. The table shows that \$7.832M would fund DVS customer service needs, including hiring 63 permanent staff for the Public Information Center and 5 temporary training positions (total of \$6.604M). It also includes funding for an e-mail management system, self-help voice response, computers and software, and scanners (total of \$1.228M). In FY19, the request would fund \$1.19M for 14 DVS staff to support the Driver system and \$1.322M for 15 DVS staff to support the Vehicle system.

Of the \$42.8M request, in FY19, \$1.875M would fund 4 MNIT staff and 5 contractors, in addition to the FAST contractors, to support the Driver system. The table also shows that the request would fund \$13.75M in FY19 for 52 contractors to support the Vehicle system. The average annual contractor rate is \$126 per hour.

The table shows technology costs for both the Driver and Vehicle systems. In FY18-FY19, the Driver system technology costs total \$3.95M and includes funding for software licensing; servers and data storage for development, test and production environments; disaster recovery services; workstations; and network services. In FY18-FY19, the Vehicle system technology costs total \$10.7M and includes funding for identity and access management services; servers and data storage for development, test and production environments; cloud hosting services; software maintenance and licensing; disaster recovery services; and Microsoft Premier Support.

- 2. What are the specific usable work products provided by HP? Was ownership of all associated source code provided to the state?**

As part of the settlement agreement signed in 2014, DVS retained the current HP permit system which is in use today, HP permit source code, all purchased hardware and software, and all necessary documents and artifacts. HP also provided several months of technical support to complete knowledge transfer to DVS staff.

**3. How many permanent employees will be hired compared to contractors?**

The request would fund 63 permanent staff at DVS for PIC and 2 permanent staff for MNLARS support. The remaining DVS positions funded through the request would be temporary staff.

The request would enable MNIT to maintain the current IT contractor contingent in calendar years 2018 and 2019 and fund an additional 10 contractors to fill specialized skill gaps, for a total of 52 contractors to support MNLARS improvements and fixes.

***An Accounting of the Situation at Roll-Out***

**4. *Why was communication to dealers delayed? What tool are you using going forward, and how often do you expect to get communications out?***

We recognize that communications between our agencies and auto dealers should have been more robust, especially when issues involving titles and lien cards impacted their business processes. Traditionally, deputy registrars have been the source of communication to dealers regarding DVS information. DVS did not anticipate or discuss a change in this business process with the deputy registrars or dealers. DVS met every other month with the dealers, Minnesota Auto Dealers Association (MADA), and the Northland Auto Dealers Association to discuss MNLARS progress and how to roll out the system to their members.

Going forward, DVS is providing communication updates to the dealers twice a month. In addition, the Executive Steering Committee led by Dana Bailey is working on increasing communication frequency and necessary content for both deputy registrars and dealers. Dealers and MADA members are also part of the Executive Steering Committee and will be advising us on how we can improve communication.

**5. *Please provide a detailed written timeline of a history of key date/deliverable items, what was communicated, what were the problems, and what went wrong. Dawn Olson laid out a history in our February 1<sup>st</sup> meeting of pre-launch activities and we would like a copy.***

Please find the following attachments:

- *MNLARS Timeline*
- *Deputy Registrar Launch Checklist*
- *Deputy Registrar Office Readiness Checklist*
- *Stakeholder Readiness Plan*
- *2017 Deputy Registrar Communications*
- *MNLARS Top Issues*
- *MNLARS History Fall 2013-Launch*

The problems with the rollout of the MNLARS system were the result of a confluence of factors. Many of these factors were inter-connected and caused a cascade of issues post-launch. Factors involved included the following:

- There was a lack of adherence to architecture principles in the development process as the pace of work was accelerated in the spring and summer of 2017

- The design of testing was based on incorrect assumptions about adherence to those architecture principles. The assumptions built into the testing design led to system defects and performance issues going unidentified prior to launch.
- System performance issues and critical defects consumed the vast majority of time and focus after the rollout of MNLARS, pushing out the timeline for the delivery of planned post-launch features and enhancements.
- A multitude of feedback channels where system users were reporting issues with the system resulted in duplicative defect reports, and it was often difficult to replicate defects that were reported because they often occurred as part of unique scenarios referred to as “edge cases” that often involve multiple transactions on the same vehicle occurring simultaneously.
- The fluid nature of the situation post-launch led to communications and reports that, while understood to be accurate at the time of transmission, proved to be inaccurate in the days and weeks that followed.

**6. *It was raised that the “God Page” had not kept up with edits. From a customer service standpoint, will the new edit feature simply compile these manger-approved edits and how? Who will keep these current?***

In the legacy system, DVS was able to make data corrections on behalf of the Deputy Registrars using what has been called the “God Screen.” This screen could be used to replace any data in the system, but the changes to those records were not tracked in the system. Modern systems are required to have history tracking and an audit trail of who has made change to specific records along with the date of the change. The ability to edit records in the MNLARS system is currently limited. One of the high priority fixes in the MNLARS roadmap is to optimize editing capability in the system to avoid the need for deputy registrars to start transactions over when data errors are recognized.

**7. *Which parts of the system were known to be inoperable at the time of roll-out?***

Please find the attached *Non-release Items* document.

**8. *Who made the decision to try and blame problems with the system on the deputy registrars?***

System problems were not blamed on the deputy registrars. There was a steep learning curve for all users when the system went live and DVS engaged in refresher training for deputy registrars. The unfortunate perception that blame was assigned to our partners was unintentional and may be tied to media reports rather than interactions between DVS and the deputy registrars.

**9. *Who said the system was ready to go at the time of rollout and gave assurance of core functions?***

The decision to launch the MNLARS system in July was a joint decision made between MNIT and DPS and required the mutual agreement of MNLARS project leaders including the software development director, the Chief Business Technology Officer, and ultimately the Commissioners of the Department of Public Safety and Minnesota IT Services. The go-live decision related to MNLARS was based on data and analysis that was conducted as part of testing processes, project audits and project status reports that all indicated a manageable number of software defects and acceptable system performance. In hindsight, it is clear that testing of the system was designed based on assumptions that certain architecture principles were maintained throughout the code development process. Technology assessments performed at the end of 2017 revealed that, in an attempt

to streamline the development process, code was re-used across modules that resulted in unplanned integration, violating the underlying architecture principles. Modules that should have remained independent were integrated, rendering assumptions about the adequacy of component-based testing inaccurate. As a result, testing prior to launch indicated false positives about the readiness of the system for launch. Comprehensive regression testing just prior to rollout was deemed unnecessary by MNLARS project leadership on the grounds that there had been adherence to component-based architecture principles.

**10. What was the planned spend down of the Technology account and the DVS special revenue funds as of the end of session 2017?**

Please see the following attachments:

- *MNLARS Budget FY18*
- *MNLARS Revenue and Expenditures*

***A summary of Activity since Roll-Out***

**11. Please provide an organization chart at launch and a current organizational chart.**

Launch: See the attachment *MNLARS Org Chart 09.24.2017*.

Current: See the attachment *MNLARS Org Chart 02.23.2018*.

**12. How much unplanned overtime has occurred for state employees?**

Through January 23, 2018 the number of overtime hours worked by DPS employees is 9,064.11. No overtime has occurred for MNIT employees. IT contractors working on the project have worked thousands of overtime hours, but they have received no additional pay as a result, because they are working under fixed bid contracts.

**13. What was the revenue deficit the state faces in regards to road and bridge funding due to the MNLARS failure from July 20<sup>th</sup> to the current date?**

DVS is not able to determine any revenue deficit in regards to road and bridge funding. Deputy registrar offices were not able to close their "daily reports" in the first few weeks following the launch of MNLARS. As a result, revenue was delayed in reaching the designated funding location. These delays were caused by system issues and have been addressed. Deputy registrar offices are now able to close their books each day.

Some offices have reported discrepancies in fees. We continue to investigate any reported discrepancies and work with deputy and dealer offices to resolve any remaining issues.

**14. What other appropriations are being used for overtime related to MNLARS issues? How much of those funds have been used, and what services are not being provided as a result?**

DVS received \$500,000 from the DPS General Fund from the Administrative and Related Services/Public Safety Support Division to use for overtime. This includes both overtime and straight time for DPS staff, Department of Revenue staff, PIC staff, temporary employees, and department operating expenses.

As of January 23, 2018 the following has been paid from the DPS dollars:

- \$146,274.95 for Department of Revenue straight time.
- \$175,750.49 for overtime.

To date, all services have remained in place. Overtime was implemented to ensure there are no gaps in services.

**15. Has the department considered or identified any policy changes that the legislature could consider in the 2018 session (such as temporarily extending the length of the 21-day and 60-day permits)? If so, what are they?**

The department remains open to potential policy changes but is not initiating any at this time.

***Information about the Contract with FAST***

**16. Was FAST Enterprises considered to fix the motor vehicle side?**

Fast Enterprises was not considered to fix the motor vehicle system because FAST provides commercial-off-the-shelf (COTS) software and does not provide services in support of custom-developed systems such as MNLARS.

In order to ensure due diligence related to this budget request, however, we have had informal conversations with FAST to understand what their capacity is to implement their COTS vehicle system in addition to their drivers' system, though no formal proposal was put forward. While any potential COTS implementation timeline would likely not be clear until the conclusion of a competitive bidding process, it is clear that continued operation of a status quo MNLARS vehicle system for the remainder of the current biennium would be necessary under such a scenario. Recognizing the frustrations of MNLARS users and stakeholders, maintenance of this status quo was deemed unacceptable.

**17. As was announced, the state now has to maintain two separate host systems because MNLARS failed to be all-inclusive. How much will this extra cost be going forward in maintenance and upkeep? Will there be an opportunity to build a link in the future to remove those ongoing costs of maintenance?**

We are currently conducting analysis on the long-term maintenance and operations costs for both the MNLARS vehicle system and the FAST Enterprises driver system, but that analysis is not yet complete. While there will be data interchange between the systems and further integration is possible in the future, such integration would not be likely to reduce ongoing maintenance and operations costs.

**18. What would have been the situation today if FAST had not been contracted?**

Resources would have been strained due to the competing demands between resolving MNLARS issues and meeting the short statutory deadline to issue REAL ID compliant cards.

- 19. When asked about the financing for the FAST contract, DPS sent a spreadsheet with a single column showing the spend down of the Technology account and leaving a \$7.25 million balance by the end of FY 2019. Please explain the \$50 million difference between the spreadsheet with the single column dated November 30, 2017 and the spreadsheet showing a \$42.8 million need presented on February 1<sup>st</sup>. Please break the explanation down to spending in FY 2018-19 by month and type (Staff, technology, contact ext.) with one table showing a balanced at the end of FY 2019 in the Technology account at \$7.25 million and another showing the current request.**

The spreadsheet that was provided on November 30, 2017, was not intended to communicate that DPS and MNIT anticipated a \$7.25 million balance at the end of FY 2019 in the DPS Technology Account. The spreadsheet was intended to communicate that, after deducting FAST contract-related expenses from the 2018 Carryforward and projected FY18-19 receipts, a \$7.25 million balance remained for use on continued development of the vehicle system, in addition to the \$8 million per year appropriated in FY18 and 19 for operations and maintenance of the MNLARS system. When signing the FAST contract, MNIT and DPS projected that funding would be sufficient to address needed system improvements and maintenance over the course of the FY18-19 biennium. Technology analysis conducted by new MNLARS project leadership in December and stakeholder engagement work that occurred in January revealed that funding would be insufficient to address system defects and functionality gaps, needed refactoring work, and the development of additional new features needed by MNLARS users and stakeholders.

- 20. What was communicated to the governor's office and with Minnesota Management and Budget (MMB) about cost and availability of funds within the Technology account and the DVS special revenue appropriations for a month preceding the signing of the FAST contract?**

In the weeks leading up to the signing of the FAST contract, MNIT and DPS staff worked through various scenarios in meeting with MMB staff to fully understand the impact that potential contractual financial obligations would have on MNLARS vehicle system work. DPS and MNIT recognized that entering into a contract with FAST for development of the driver system would require a reduction in contractor capacity for work on the vehicle system over the course of the FY18-19 biennium. DPS also projected that MNLARS project-related DVS staff expenses being paid for out of the technology account would have to be shifted back to operational budgets in order to accommodate an acceptable level of continued work on the vehicle system. MNIT and DPS projected that, with these accommodations, the funding available after FAST contract expenses would be sufficient to address needed MNLARS vehicle system improvements and maintenance over the course of the FY18-19 biennium. It was not until a comprehensive technology assessment of the vehicle system was completed in December that it became clear that needed, additional work on the vehicle system would not be fully achievable within the funds available in the technology account for the 18-19 biennium; communication of the need for additional funds was communicated to MMB and the Governor's Office at this time.

- 21. What was communicated to the governor's office and MMB after entering into the FAST contract relating to new FTEs or contractors to work on MNLARS issues separate from the REAL ID implementation?**

In late December, MNIT and DPS communicated to MMB and the Governor's Office the results of the technology assessment performed by new MNLARS project leadership and relayed the likely need for contractors to be

retained on the project longer than expected and for new contractor resources to be brought on board the MNLARS project team in order to facilitate needed system improvements. We worked throughout January to solidify resource needs alongside a stakeholder engagement process that was designed to fully document remaining functionality needs as identified by system users.

**22. When was there communication between DPS and MMB suggesting that DPS will have to terminate employment for contractors on March 1, 2018 in order to have \$15 million available for the FAST contract in FTY 2019?**

There has been ongoing discussion and budget analysis since late December of 2017 about the timing of notice to contractors. Based on budget projections that were solidified in January of 2018, MNIT and DPS, working alongside MMB staff, determined that notification would have to be issued to contractors by March 1<sup>st</sup> in order to ensure sufficient budget carryforward to address FAST contract obligations in FY19 and provide a sufficient base level of operational support of the system for the remainder of the FY18-19 biennium.

### ***The Process for REAL ID***

**23. What is the fall back plan if the system is not functional by July 2018?**

The contract between the State of Minnesota and Fast Enterprises, Inc. for the delivery of a fully functioning, REAL ID compliant, driver license system provides that the system will be fully functional by October 2018, with testing occurring at full volume by July of this year. DPS and MNIT are also assembling a contingency plan that calls for the existing mainframe drivers system to remain in place as a contingency fallback for several weeks post launch. We currently have the capacity on the mainframe to issue enhanced drivers' licenses, which will enable Minnesotans to access a form of REAL ID-compliant drivers' license regardless of the outcome of the rollout of the new system.

**24. What call center metrics will be measured? Will employees work from home? Will you need to rent more space for a call center? Can other state offices help mitigate phone replacement costs?**

DVS utilizes the Cisco Finesse Contact Center Application supplied through MNIT Services. There are numerous performance measures captured through this service that range from individual agent metrics through system wide metrics. Most frequently used includes:

- Calls Handled – The calls that made it into queue and spoke to an agent.
- High Call Volume – Call attempts that were rejected from entering the call center due to queues already reaching their max capacity.
- Average Speed to Answer – How long a customer has to wait on hold to speak to an agent.
- Average Hold Time – Once an agent is talking to a customer, time spent with the caller on hold while the agent seek assistance or works to revolve their case.
- Average Handled Time – How long does it take an agent to complete a call.
- Total Agent Availability – Agent activity answering calls and doing customer follow-up.

DVS is looking into the technology that allows call center agents to work remotely, however there is no current plan to have individuals work from home. During the next several months, DVS anticipates a high need for

training as agents are taught the new FAST-Driver Services application and additional training needs as the MNLARS application is further developed.

The current call center floor plan at DVS has reached its maximum capacity. We are examining ways to increase the floorplan capacity to house additional temporary staff, but gains are likely limited. DVS is currently evaluating options to house staff.

Contact Center Phones are a specific type and different from regular office phone that are used in non-contact center environments. Adding additional agents requires us to purchase additional phone equipment through MNIT.

**25. Has any analysis been done on the impacts of moving the go-live date to begin issuing REAL ID-compliant licenses? Would a move reduce the risks regarding successful roll-out of the driver side of MNLARS?**

DVS has moved forward with only the required October 1, 2018 date as the date to begin issuing REAL ID compliant cards. DVS remains confident in the delivery of the Driver's Side system because the product is not being built from scratch. Rather FAST Enterprises, Inc. is providing a commercial-off-the-shelf (COTS) driver license system.

FAST Enterprises, Inc. general timeline for delivery of a fully-functioning, REAL ID-compliant, driver license system is 18 months. The timeframe for Minnesota from start of contract through REAL ID issuance is ten months. A shorter timeline does carry inherent risk; however, FAST is confident in their ability to deliver a full driver system by October 1<sup>st</sup>, and they have a strong track record of successful deliveries of driver systems in other states. In addition, a governance process is in place between FAST and leadership at DPS and MNIT to mitigate risk involved with the rollout.

**26. What is the department's estimate of the monthly increase in driver's license applications after REAL ID compliant ones become available?**

Based on the 2017 fiscal note, DVS estimates a 40% increase in driver's license applications each month once REAL ID-compliant cards are available. This average is 31,250 applications per month.

### ***The Impact on Deputy Registrars***

**27. When the system is stabilized, will more work be done at the deputy registrar offices or in St. Paul?**

The current work Deputy Registrars provide in title and registration production is invaluable, as they are capturing data at the point of customer contact. With the modernized system, more data will be captured at the first point of contact, generally meaning the Deputy Registrar office. By capturing the updated information, DVS is able to provide real-time information to system users and stakeholders such as law enforcement. The system has process improvements with the new automation such as edits, daily reconciliation reports, and fee calculations. The desired outcome is to improve processing time for title credentials and registration for the citizens of Minnesota.

We look forward to continued conversations with you and your staff and stand ready to provide additional information or answer whatever additional questions you might have.

Sincerely,

Handwritten signature of Johanna P. Clyborne in cursive script.

Johanna Clyborne  
Commissioner and State Chief Information Officer  
Minnesota IT Services

Handwritten signature of Ramona L. Dohman in cursive script.

Ramona L. Dohman  
Commissioner  
Minnesota Department of Public Safety

## Office Memorandum

**Date:** February 21, 2018

**To:** Representative Kurt Daudt, Speaker of the House  
Senator Paul Gazelka, Senate Majority Leader  
Representative Melissa Hortman, House Minority Leader  
Senator Tom Bakk, Senate Minority Leader

**From:** Commissioner Myron Frans 

**Subject:** Governor's Supplemental Budget Request – Early MnLARS Funding

The purpose of this memo is to officially transmit a supplemental budget recommendation on behalf of Governor Dayton. The Governor recommends an appropriation of \$10 million from the Driver and Vehicle Services Accounts in the Special Revenue Fund to support the ongoing work on the Minnesota Licensing and Registration System (MnLARS). Current estimates for the account balances before reserves are \$20 million in FY 2019. The Governor further recommends that action be taken in the first week of session to make this funding available.

Without this immediate funding, MNIT will not be able to maintain current staffing levels on the MnLARS vehicle services technology team and will not be able to add contractors with specialized IT skillsets to help further develop the system. Also, with this early investment, DPS could add additional support to their customer service call center to assist Minnesotans reaching out for assistance.

This proposal for early funding will be reflected in the Governor's supplemental budget release in mid-March. Bill language is currently being prepared and staff at MMB are available to answer any questions you or your staff may have.

cc: Senator Julie Rosen, Senate Finance Committee Chair  
Representative Jim Knoblach, House Ways and Means Chair  
Bill Marx, House Chief Fiscal Analyst and Eric Nauman, Senate Chief Fiscal Analyst  
Senator Newman, Senate Transportation Finance and Policy Committee Chair  
Representative Torkelson, House Transportation Finance Committee Chair  
Commissioner Clyborne, MN.IT  
Commissioner Dohman, DPS  
Margaret Kelly, MMB  
Erin Campbell, Office of Governor Dayton

All figures in Thousands

31  
32  
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All figures in Thousands

<b>Items using other appropriations or non fixes / Technology</b>		
	MNIT At Minimal Staff Level	(1,509)
	Use DVS Operating Appropriations, not FTE Backfill	(4,106)
	No REAL ID Temp Staff	(8,027)
	FAST Contract payment shifted to FY 2020	(5,500)

## Joe Marble - MNLARS Response

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**From:** "Weeks, Kathryn (DPS)" <kathryn.weeks@state.mn.us>  
**To:** Joe Marble <Joe.Marble@house.mn>, Andrew Lee <Andrew.Lee@house.mn>  
**Date:** 12/5/2017 5:09 PM  
**Subject:** MNLARS Response  
**Cc:** "Eichten, Jon (MNIT)" <jon.eichten@state.mn.us>, "Bailey, Dana (MNIT)" <...  
**Attachments:** MNLARS 2017 11 05 FY 2009 - 2018.pdf; Fast Enterprises 11.21.17 Fully executed.pdf; Attachment A - State Buisness Reqs.pdf; Attachment B - State Security Requirements.pdf; Attachment B1 - Appendix\_Redacted.pdf; Attachment C - Statement of Work MN DPS Driver markup.pdf; Attachment D - FastDS-VS\_License Fully executed.pdf; Attachment E - FastDS-VS Support and Maintenance Fullyexecuted.pdf; Attachment F - Escrow Agreement No. 7290 (1).pdf; MNLARS FAST.pdf

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Good afternoon,

Attached is a spreadsheet showing revenues/expenditures from the start of the project. As you know, the project is at a point of transition. With the hiring of FAST, resources will be redeployed that were assigned to building the driver services functionality internally. Thus, funds currently shown as encumbered in the system need to be reworked to reflect this new approach. We will have more information on this in the next coming weeks based on the completion of a MN.IT analysis and conversation with stakeholders. As shared with Andy earlier, there is enough funding in the account to cover the FAST contract through this biennium. I have also included that document.

I have also included contract with FAST Enterprises that you requested.

Jon, can you answer the question about how much as paid for the Microsoft analysis and whether or not any reports are available?

I apologize for the delay in response.

Sincerely,  
Kate



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**Kate Weeks**  
 Director of Legislative Affairs  
 Minnesota Department of Public Safety  
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Appropriation P077172

(Receipts as of 11/4/17  
\$168,286.34)

Fiscal Year	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Year to Date FY 2017 <sup>3</sup>	Estimate FY 2018 <sup>4,5</sup>
Roll Fwd In	\$ -	\$ 13,142,364.93	\$ 22,849,953.88	\$ 31,696,131.88	\$ 40,359,747.82	\$ 46,883,646.03	\$ 47,615,642.94	\$ 46,330,908.84	\$ 44,560,382.03	\$ 26,702,834.94
Revenue <sup>1</sup>	\$ 13,555,147.57	\$ 13,487,371.50	\$ 13,524,047.84	\$ 15,581,201.15	\$ 10,066,557.54	\$ 10,175,932.45	\$ 10,295,326.62	\$ 10,050,341.39	\$ 1,912,254.78	\$ 1,900,000.00
Expense	\$ (412,782.64)	\$ (3,779,782.55)	\$ (4,677,869.84)	\$ (6,917,585.21)	\$ (10,642,659.33)	\$ (9,443,935.54)	\$ (11,580,060.72)	\$ (11,820,868.20)	\$ (19,760,950.57)	\$ (4,635,628.18)
Encumbrance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,851.30)	\$ (25,604,698.29)
Transfer In <sup>2</sup>	\$ -	\$ -	\$ -	\$ -	\$ 7,100,000.00	\$ -	\$ -	\$ -	\$ -	\$ 8,000,000.00
Balance	\$ 13,142,364.93	\$ 22,849,953.88	\$ 31,696,131.88	\$ 40,359,747.82	\$ 46,883,646.03	\$ 47,615,642.94	\$ 46,330,908.84	\$ 44,560,382.03	\$ 26,702,834.94	\$ 6,362,508.47

Cumulative:

Revenue	\$ 13,555,147.57	\$ 27,042,519.07	\$ 40,566,566.91	\$ 56,147,768.06	\$ 66,214,325.60	\$ 76,390,258.05	\$ 86,685,584.67	\$ 96,735,926.06	\$ 98,648,180.84	
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ 7,100,000.00	\$ 7,100,000.00	\$ 7,100,000.00	\$ 7,100,000.00	\$ 7,100,000.00	
Expense	\$ (412,782.64)	\$ (4,192,565.19)	\$ (8,870,435.03)	\$ (15,788,020.24)	\$ (26,430,679.57)	\$ (35,874,615.11)	\$ (47,454,675.83)	\$ (59,275,544.03)	\$ (79,036,494.60)	

1. M.S. 299A.705 creates the Driver and vehicle Services Technology Account. Revenues are generated through a surcharge fee on vehicle registration renewals per M.S. 168.013, Subd. 21, vehicle titles per M.S. 168A.29, and drivers' licenses per M.S. 171.06. These surcharge fees were \$1.75 from 7/1/2008 through 6/30/2012, and \$1.00 from 7/1/2012 through 6/30/2016. Starting in FY 2017, a \$1.50 as part of a Deputy Registrars filing fee for vehicle registration renewals and other vehicle transactions per M.S. 168.33 is projected to bring in \$1.9M each year.

2. Transfer In of \$7.1M is from DVS to MNLARS per Laws 2011, 1st Special Session, Ch. 3, Sec. 5, Subd. 7, processed 8/2/2012, FY 2013, Journal Transfer 636606. \$4.6M from Vehicle Services (P077102), and \$2.5M from Driver Services (P077112).

3. FY 2017 records the current revenue, expenses and encumbrances as of the date of the reports used to prepare this document.

4. FY 2018 records the current estimated revenue, expenses and encumbrances as of the date of the reports used to prepare this document. It does not necessarily include all the spending requirements of FY 2018, as there may be more unanticipated expenditures needed as the year progresses.

5. Laws 2017, 1st SS, Ch 3, Art 1, Sec 4, Subd 4(c), transfers \$1M from the Driver Services Account and \$7M from the Vehicle Services Account to MNLARS in FY 2018.

**MNLARS Budget Summary**

11/30/2017

FY 2018 Carry Forward	\$	26,702,834.94
FY 2018 Receipts	\$	1,900,000.00
	\$	<u>28,602,834.94</u>
FAST FY 2018*	\$	<u>(8,250,000.00)</u>
	\$	20,352,834.94
FY 2019 Receipts	\$	1,900,000.00
	\$	<u>22,252,834.94</u>
FAST FY 2019*	\$	<u>(15,000,000.00)</u>
	\$	7,252,834.94

\*FAST 2 Year Total           \$     23,250,000.00

FAST Costs Next Biennium	\$	3,000,000.00
	\$	<u>26,250,000.00</u>