

BEFORE THE JOINT COMMITTEE ON LEGISLATIVE BUDGET

Thursday, September 13, 2012

Motor Vehicle System Impact on Johnson County

Testimony of Thomas Franzen, CTP, CPFO
Johnson County Treasurer

Mr. Chairman and Members of the Committee:

My name is Thomas Franzen, and I am the Johnson County Treasurer. I am appearing before the Committee this morning regarding the impact of the new motor vehicle system (MVS) on Johnson County.

Background

Johnson County Motor Vehicle provides title and registration service to over 540,000 residents. In FY 2011, Johnson County Motor Vehicle processed 436,366 vehicle renewal registrations as well as 120,902 title transactions. Johnson County operates two Motor Vehicle offices for the public, along with a central processing site for automotive dealer and fleet customer transactions. In total, Johnson County Motor Vehicle consists of 60 staff. The Johnson County Treasurer does not provide driver's license services in Johnson County.

Current Issues

As with new computer system implementations in many different industries, the new MVS system has presented some challenges for motor vehicle operations across the State of Kansas. Key issues associated with the new system that have impacted Johnson County since go-live on May 7th include:

- 1) longer transaction processing times with the new system (more screens to navigate, more data to capture, and longer system response times),
- 2) more responsibilities transferred to the County (including document scanning and title approving, although in Johnson County, the Kansas Department of Revenue (KDOR) has provided assistance with title approving), and
- 3) clean-up of data records that did not migrate correctly or not at all, requiring new data capture.

Longer transaction processing times along with the transfer of additional responsibilities appear to be on-going in nature, while the clean-up of records should be short term (one-two years), as we correct the customer records in the database.

These key issues have combined to add time to each transaction, which has contributed to the increased processing times, leading to longer wait times for our customers and ultimately customer dissatisfaction in Johnson County.

Transaction Processing Times

In the previous motor vehicle system (VIPS) renewal and title transactions combined averaged approximately 10 minutes. In the MVS system transaction time averages were as follows:

- May renewal transactions averaged 12:04 minutes; title transactions averaged 18:35
- June renewal transactions averaged 10:13 minutes; title transactions averaged 17:25
- July renewal transactions averaged 9:43 minutes; title transactions averaged 15:53
- August renewal transactions averaged 8:29 minutes; title transactions averaged 15:09

As you can tell from these numbers, transaction processing times under the MVS system initially were significantly longer than under the VIPS system. During the months of May, June, and most of July the Motor Vehicle offices were forced to stop accepting new customers early each day once the offices reached their processing capacity, turning both title and renewal customers away. During August, the Motor Vehicle Offices were able to accept all customers each day except for the last four business days of the month, when we were forced to stop accepting new title customers once the offices reached their processing capacity, so that the offices could continue accepting renewal customers. Under the VIPS system, we never had to close the offices to customers. As you can see, while the transaction times have been improving, we are not back to transaction processing times under the VIPS system. These longer processing times have led to longer customer wait times.

Customer Wait Times

Customer wait times during May, June, July and August increased significantly from an average wait time of approximately 50 minutes for the same months last year under the VIPS system to the following customer wait times:

- May average wait times were 3:33 (hours:minutes) for renewals; 4 hours for titles
- June average wait times were 2:46 for renewals; 3:52 for titles
- July average wait times were 2:34 for renewals; 4:04 for titles
- August average wait times were 1:14 for renewals; 2:15 for titles

Here again, while we have seen an improvement in customer wait times since go-live on the MVS system, we still have significantly greater wait times than previously under the VIPS system.

Customer Behaviors

Beginning in July and continuing in August, data indicates that our renewal customers are changing their behavior, from previously seeking services in person at one of our offices to using the Web Tags renewal or mail renewal services. Our lockbox percentage of renewals increased from 28% in July 2011 to 37% in July 2012. Renewals in person dropped from 39% to 26% over the same time period. For the month of August 2012, we experienced a corresponding increase in lockbox percentage of renewals from 26% to 29% year-over-year. Renewals via the Web Tags service increased from 28% to 38% of all renewals year-over-year, and renewals in person at an office decreased from 41% to 26% year-over-year. We believe this change in behavior can be attributed to a few factors:

- Johnson County began mailing renewal notices with return envelopes and an insert encouraging use of the mail or web service in mid-May for June renewals
- Communication campaign launched in May to encourage customers to renew by mail or web service finally reaching customers
- Media coverage of extremely long average customer wait times or turning customers away
- State of Kansas waived online processing fees beginning August 1, 2012

While I am encouraged by the initial data showing a possible change in behavior, it is too early to tell if these behavior changes will be sustained.

Cost Impact Since Implementation

Since implementation of the MVS system, the operating cost of Motor Vehicle title and registration service in Johnson County has increased. Johnson County has had to backfill six front line positions that were vacated as part of a retirement incentive program in 2011. We are also adding another eight positions to meet the current demand. These 14 positions will cost Johnson County at a minimum \$554,000 annually. In addition, Johnson County has incurred overtime costs from go-live through the end of August totaling \$72,180 for Motor Vehicle staff, and an additional \$60,099 in personnel costs for law enforcement presence on-site. Additional costs of \$5,900 for technology hardware have been incurred as well. Total costs of the impact are approaching \$700,000.

These increased costs only exacerbate the current deficit the Johnson County Motor Vehicle operation experiences. Since 2007, the Motor Vehicle operation has averaged over a \$500,000 annual deficit. With the increased operating costs, the deficit is projected to increase to almost \$900,000. This projected increase in the deficit amount has led to my initiation of a discussion to increase the County Service Fee under K.S.A. 8-145d from \$5 per transaction to \$7 per transaction. This \$2 increase would cover the projected deficit. I have held preliminary discussions with members of the Kansas County Treasurers Association (KCTA) on increasing revenue for Motor Vehicle operations, but at this point the Association has not taken a position on the issue. KCTA will be discussing my proposal when its Legislative Committee meets next month. In addition, Johnson County has requested this item be added to the Kansas Association of

Counties (KAC) legislative platform. I will be discussing this item with the KAC this afternoon.

Not included in these cost numbers are expenses associated with five temporary staff totaling \$30,539. These costs are currently being paid by KDOR. These temporary staff are providing services in the areas of document scanning, title research, and address corrections needed for accurate tax distribution. We anticipate these staff approving titles and handling related correspondence in the future, as KDOR transitions title approving back to Johnson County. We will continue to keep these positions in a temporary status until we have a better handle on the ultimate workload, but these positions could ultimately become full-time equivalent positions of the County as well. If these positions become full time positions of the County, and if the County is required to continue to take on more work from the Division of Vehicles (e.g. title printing), the revenue component will need to be increased further.

In closing, we continue to work closely with Secretary Jordan, Director Shelite and her staff in the Department of Revenue, Division of Vehicles to improve the MVS system and processes associated with delivering motor vehicle title and registration services to Johnson County residents. I applaud Secretary Jordan for his establishment of a task force to completely re-evaluate Motor Vehicle operations in the State of Kansas, and thank him for including Johnson County on the task force.

And finally, I'd like to thank the Legislative Budget committee for the opportunity to address this important issue. I would be pleased to answer any questions the committee may have.