Digitizing the Customer Experience for N.C. Division of Motor Vehicles Hearings

Initiated: February 2020
Completed: July 2023

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Executive Summary

State legislation required the N.C. Department of Transportation, Division of Motor Vehicles for the first time to implement and charge fees to conduct hearings for North Carolina citizens related to driver licenses, medical review, dealer licenses, emissions, liability insurance and various other areas. After an initial phase to collect fees for certain hearings, phase two of the NCDMV Hearing Fees Project was launched in February 2020. A new, comprehensive solution that could manage all NCDMV administrative hearings and could be integrated with NCDMV systems was needed to replace existing business applications and processes.

While overcoming disruptions from the COVID-19 pandemic, a legislatively mandated relocation of NCDMV headquarters and other challenges, this large, complex project was implemented in five sub-phases over three years with the partnership of multiple teams in two state agencies and a third-party vendor. The NCDMV Hearing Fees Project aligns with NASCIO's State CIO Top Ten Priorities to modernize legacy systems and to improve and digitize the citizen experience.

The enhanced automation, intelligence, control and functionality implemented have resulted in a modern digital customer experience, including online fees payment, and have improved customer service through more efficient hearing processing and scheduling with fewer errors. The customers who need it most benefit from the faster and more efficient processing of hearing fees, waivers, refunds and non-sufficient funds payments.

As a next step, the Administrative Hearing Solution Project will leverage the efficiencies gained through automation and standardization of the process for all types of hearings.
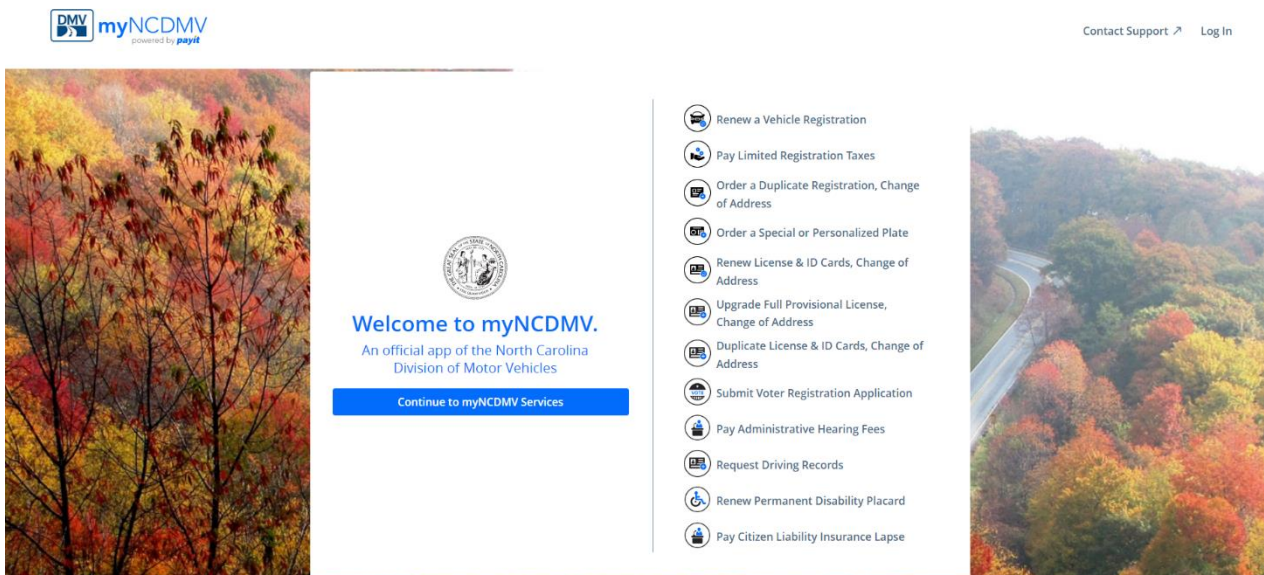
Idea

The N.C. Department of Transportation, Division of Motor Vehicles conducts hearings for North Carolina citizens related to driver licenses, medical review, dealer licenses, emissions, vehicle liability insurance, dealerships, salesmen, inspection stations and various other areas. Legislation passed in 2014 (Session Law 2014-100) directed NCDOT to implement and charge fees to recover the direct and indirect costs for administrative hearings. Previously, the NCDMV did not require any fees to be paid for hearings and only required submitting written requests for hearings when state statute specifically required it.

The first phase of the Hearing Fees Project, completed in October 2018 with support from the N.C. Department of Information Technology, provided a means to collect fees for a subset of hearings. Planning then began for the second phase to complete the remaining project scope, address additional new requirements identified during the first phase and implement hearings and associated fees for the those not covered in the first phase.

At that time, NCDMV administrative hearing processes were implemented across multiple lines of business applications in accordance with legislative mandates. A new, comprehensive solution that could manage all NCDMV administrative hearings and be integrated with NCDMV systems was needed to replace existing business applications and processes. The new system should:

- Provide the customer with the ability to pay for hearings online using debit or credit cards
- Enhance and automatically generate correspondence with customers
- Improve and provide a more consistent process for the Hearing Fee Waivers program across all fee types for customers who cannot afford to pay for a hearing
- Enhance and automate the reversal process for hearing fees
- Enhance and automate hearings fiscal process for collecting and posting fees
- Provide enhanced and new reports

The three-year implementation of this large, complex project involved personnel resources from two state agencies and a third-party vendor and overcame disruptions from the COVID-19 pandemic and relocation of NCDMV headquarters. NCDMV's Hearing Fees Project has produced a solution that improves customer service by:

- Collecting fees online via credit and debit cards, modernizing the customer experience
- Providing a better customer experience of the Hearing Fee Waiver process, reducing hearing delays and manual processing
- Improving fees refund issuance, providing approved refunds to customer more quickly and efficiently providing an overall better customer experience
- Automatically generating customer correspondence, speeding up its delivery and reducing clerical errors
- Significantly reducing processing errors and time, resulting in increased customer satisfaction.

Implementation of the new hearing fees technology and framework aligns with NCDOT's and NCDIT's strategic vision for the modernization of DMV systems. The project also aligns with

NASCIO's State CIO top priorities to replace legacy systems and to improve and digitize the citizen experience.

Implementation

Implementation of the second phase of the NCDMV Hearing Fees Project began on February 7, 2020. This large, complex project was immediately complicated by several factors:

- COVID-19 pandemic, with resulting shifts in priorities and working arrangements
- Legislatively mandated relocation of the NCDMV headquarters from Raleigh to Rocky Mount
- Loss of significant intellectual and human capital due to attrition associated with the DMV headquarters move
- Competition with other high-priority projects (e.g. legislative mandates, other NCDMV projects) that required some of the same project resources
- Changes in business leadership

The project's business subject matter experts and technical resources were spread across multiple business units and divisions, including six NCDMV business units, NCDOT and NCDIT staff embedded within NCDOT. The project also included integration with the state's third-party online payment processor vendor for online fearing fees payment collections and refunds. This integration promoted a modern, electronic mechanism for more efficient payment processing, which also enhanced customer service and goodwill. The scope of the project also required new technology and cross-framework implementation, including new web services, web service integration with mainframe applications utilizing .Net framework and application programming interfaces (API) through RESTful-based services.

Given the challenges, aggressive implementation timeline and enhanced business processes for a large, intricate project requiring new technology, a phased implementation was undertaken. Below is a summary of each phase's scope, accomplishments and benefits for North Carolina residents as well as NCDMV staff.

- **Phase 1 (Completed March 2022)** – Automation of Driver Services reversals and miscellaneous enhancements to the administrative hearings processing
  Benefits:
  - Significantly reduced the business team's dependency on other teams for processing hearings, resulting in a more efficient process and better customer service
  - Reduced the number of phone calls into the Customer Compliance Services Customer Service Support Helpdesk, promoting better resource utilization and less frustration among customers

- **Phase 2 (Completed April 2022) –** Increased efficiency and automation for expedited, fleet and liability insurance-related administrative hearings, streamlining the overall process of scheduling, conducting and generating the associated correspondence
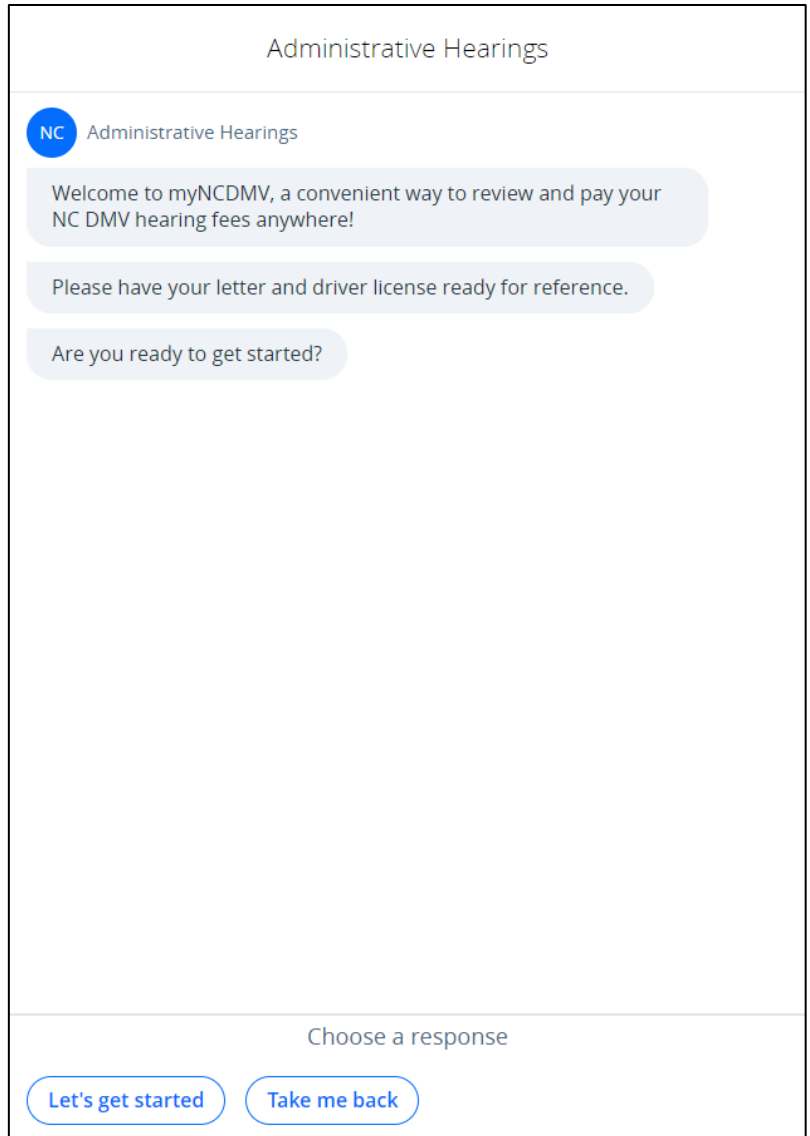 **Benefits:**
  - Significantly decreased processing errors and time, increasing customer satisfaction
  - Significantly reduced dependence on IT teams for business processing tasks

- **Phase 3 (Completed May 2022) –** Integrated driver license services related to administrative hearings through the PayIt platform, creating the ability to collect hearing fees through online credit card payments
  Benefits:
  - Quicker revenue recognition
  - Enhanced modern customer experience

- **Phase 4 (Completed November 2022) –** Provided enhanced functionality for processing administrative hearings waivers, automating refunds, handling bad debt,

Administrative Hearings

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enhanced and new reports, and improved safety and responsibility hearings involving cases of traffic accidents without liability insurance

Benefits:
- o Issued approved refunds for customers more quickly and efficiently
- o Enhanced waiving hearing fees for qualified customers
- o Greatly improved customer satisfaction

- **Phase 5 (Completed July 2023) -** Integrated liability insurance services related to administrative hearings and civil penalty payments processing through PayIt, allowing collecting administrative hearing fees and liability insurance lapse fines through online card payments

  Benefits:
  - o Enhanced, modern customer experience
  - o Quicker revenue recognition

Impact

In response to a legislative requirement to develop and implement a new fees schedule for administrative hearings involving North Carolina citizens, the NCDMV has implemented new technology and frameworks to support more efficient and effective processes for customers. In addition to modernizing legacy systems according to NCDOT and NCDIT's strategic vision, the second phase of the NCDMV Hearing Fees Project has improved customer service and provided an enhanced, modern digital customer experience.

With enhanced automation and intelligence, better IT resources utilization and additional control and functionalities, NCDMV staff are able to more efficiently process and make more timely decisions regarding customers' hearing requests, payments and refunds with significantly fewer clerical errors. Providing the ability to make online credit and debit card payments has earned goodwill with constituents, as well as a reduction in manual processing of checks allowing the state to more efficiently realize revenues from hearing fees.

Faster and more efficient processing of hearing fees waivers, refunds and non-sufficient funds payments, in particular, provide enhanced service to the customers who need it the most. The automated, electronic waiver process offers an additional mechanism for customers who cannot afford to pay for a hearing to have the fee waived. The automation also helps identify and process denied waiver requests.

The project has also realized the additional benefits for North Carolinians who require administrative hearings with NCDMV:

- Much more efficient, effective hearings fee collections, scheduling and conducting of hearings, and correspondence generation as well as timelier decisions
- Significant reduction in financial errors with the introduction of electronic payments
- Reduced dependency on IT resources promoting more effective customer service with more efficient operations by business team members
- Fewer errors and quicker response time with automated correspondence generation

The completion of the second phase of NCDMV Hearing Fees Project in July 2023 quickly proved its utility as **liability insurance hearings increased more than fivefold that year (from 325 in 2022 to 1,570 in 2023)**. With the enhancements and added functionality, including the online fees payment, and a more efficient scheduling process, the NCDMV staff were able to handle the increase in hearing fees and conduct a greater number of hearings without an increase in hearings-related calls to the Customer Compliance Services Help Desk – indicating customer satisfaction with the new system. Between July and December 2023, **83 percent of liability insurance hearing fee collections were completed online**, demonstrating that the online payment option provides a valuable and wanted service for North Carolinians.

Next Steps

The NCDMV and NCDIT-Transportation have launched the Administrative Hearing Solution Project to leverage the efficiencies gained through automation and standardization of the process for all types of hearing. The solution will standardize the administrative hearing process, including fee collections and processing; requesting, scheduling and conducting hearings; processing hearing decisions; and eliminating the dependency on aging mainframe technology.

A public-facing portal will allow for quick administration of hearing requests, form submissions and collaboration with the NCDMV. The public-facing portal will include integrations with multiple NCDMV systems, third-party vendors and the North Carolina Identity Management Service system.

This system will be implemented in two tracks, scheduled to launch in June 2024 and April 2025.