



U.S. Department
of Transportation
National Highway
Traffic Safety
Administration

742
Memorandum

NHTSA-98-3945-3

Subject: **ACTION: Preliminary Regulatory Evaluation State-Issued Driver's Licenses and Comparable Identification Documents** Date: **JUN 15 1998**

From: **William H. Walsh** (with signature) Associate Administrator for Plans and Policy Reply to Attn. of:

To: **DOCKET**
THRU: Frank Seales, Jr.
Chief Counsel

DEPT. OF TRANSPORTATION
DOCKET SECTION
98 JUN 23 AM 11:08

Please submit the attached 2 copies of the "Preliminary Regulatory Evaluation, State-Issued Driver's Licenses and Comparable Identification Documents, " June 1998, to the appropriate docket.

Attachments

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PRELIMINARY REGULATORY EVALUATION

National Highway
Traffic Safety
Administration

DEPT. OF TRANSPORTATION
DOCKET SECTION
98 JUN 23 AM 11:09

State-Issued Driver's Licenses and Comparable Identification Documents

Office of Regulatory Analysis and Evaluation

Plans and Policy

JUNE 1998

I. INTRODUCTION

The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (the Immigration Reform Act) was enacted to deter illegal immigration into the United States. The Immigration Reform Act requires that the Secretary of Transportation issue regulations governing State issued driver's licenses and comparable identification documents.

II. BACKGROUND

On September 30, 1996, the Omnibus Consolidated Appropriations Act for Fiscal Year 1997, P.L. 104-208, was signed. Included in the Omnibus Act were the provisions of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. The purpose of the Immigration Reform Act was to improve deterrence of illegal immigration into the United States.

Section 656(b) of the Act, (State-Issued Drivers Licenses and Comparable Identification Documents) provides that after October 1, 2000, Federal agencies may not accept as proof of identity driver's licenses or other comparable identification documents, issued by a State, unless the license or document conforms to certain requirements.

State-issued driver's licenses must meet three requirements to be acceptable as proof of identity:

- 1) The application process for the license or document shall include the presentation of such evidence of identity as is required by regulations promulgated by the Secretary of

Transportation, after consultation with the American Association of Motor Vehicle Administrators (AAMVA); 2) the license or document shall be in a form consistent with requirements set forth in regulations promulgated by the Secretary of Transportation, after consultation with AAMVA, and shall contain security features; 3) the license or document shall contain a social security number that can be read visually or by electronic means, unless the State issuing such license meets certain conditions. States meet the conditions if they require the submission of the social security number by every applicant for a driver's license or other comparable identification document, but do not require that the social security number be included on the license or document. The State must require that an agency of the State **verify** the validity of the social security number with the Social Security Administration (SSA).

NHTSA is issuing a Notice of Proposed Rulemaking which proposes a regulation that would implement the requirements of §656(b) of the Immigration Reform Act. Following are the proposed requirements: 1) NHTSA proposes that identical identification standards be followed for both driver's licenses and other comparable identification documents. The proposed rule provides that an applicant would be required to submit one primary and one secondary document for a new or duplicate driver's license or identification document. Renewal applicants would be required to show only their current driver's license or identification document. If the current driver's license or identification document is unavailable, the applicant would be required to submit instead a primary and a secondary document. The primary document must contain the full name and date of birth and must be verifiable through the issuing agency to determine the authenticity of the document. The secondary document should contain the applicant's name and

sufficient substantiating information for all or part of the information contained on the primary document. The secondary document assists in confirming the person's identity. The agency proposes to list acceptable primary and secondary documents in an appendix to the final rule. However, the agency proposes that exceptions to the published lists of acceptable documents could be made by States, provided that the exceptions are made in accordance with established procedures and on an infrequent basis and only in extreme circumstances, such as fire or natural disaster.

2) The driver's licenses or other comparable document shall also be in a form consistent with requirements set forth in regulations promulgated by the Secretary of Transportation.

3) The statute requires that the form shall contain security features designed to limit tampering, counterfeiting, photocopying, or otherwise duplicating, the license or document for fraudulent purposes and to limit the use of the license or document by imposters. The agency proposes that, at a minimum, certain features shall be included on both driver licenses and other comparable identification documents. The agency believes that some of the features included on the proposed list will help to limit the use of the license or document by imposters, such as the applicant's date of birth and signature, and a color photograph or image. The agency proposes to provide a list of suggested security features in an appendix to the final rule, and as needed, the agency would publish subsequent notices to update the list.

4) The Immigration Reform Act provides that, to be acceptable **after** October 1, 2000, driver's licenses or other comparable identification documents shall contain a social security number that can be read visually or by electronic means except in States that meet certain conditions. States meet the conditions if they require the submission of the social security number by every applicant for a driver's license or other comparable identification document, but do not require that the social security number be

included on the license or document. The State must also require that an agency of the State **verify** the validity of the social security number with the Social Security Administration.

Some States have sought guidance **from** the agency on how they can comply with the Immigration Reform Act without having to deny a driver's license to "legal aliens" who are prevented by their status from obtaining a social security number, e.g., foreign students. The agency proposes to permit States to continue processing applications for driver's licenses and identification documents for individuals legally in the United States. At the time of application for a new or duplicate driver's license or identification document, such individuals would be required under the proposed rule to submit (in addition to primary and secondary documents) a document demonstrating their lawful presence in the United States. This "proof of lawful presence" document would need to be verified by confirming that the document reasonably appears on its face to be genuine as it relates to the applicant.

The agency proposes to list acceptable "proof of lawful presence" documents in an appendix to the final rule and, as needed, the agency would publish subsequent notices in the Federal Register, updating this appendix.

States that include an individual's social security number on driver's licenses and identification documents may choose to include instead on documents for individuals who do not have a social security number an alternative numeric identifier. An alternative numeric identifier is a unique identification number issued by a State driver licensing agency to an individual who does not

have a social security number. The alternative numeric identifier should not contain the same number sequence as a social security number to protect against confusion with or duplication of a social security number. In addition, the agency proposes that States must require applicants who claim not to hold social security numbers to sign **certifying** statements to that effect.

The proposed rule provides that States must demonstrate compliance with the requirements of the regulation by submitting a certification to the National Highway Traffic Safety Administration. The certification shall contain a statement by an appropriate State official, that the State's driver's licenses and identification documents conform to the requirement contained in the regulation.

III. DRIVER'S LICENSING

The Immigration Reform Act requires that the Secretary of Transportation issue regulations governing State-issued driver's licenses and comparable identification documents. The Act requires that the Department must first consult with the American Association of Motor Vehicle Administrators. NHTSA consulted with AAMVA prior to issuing the Notice of Proposed Rulemaking and the agency considered carefully the contents of the AAMVA working group's model program. AAMVA is a voluntary, non-profit membership organization that represents the State and provincial officials (motor vehicle administrators) in the United States and Canada who are responsible for the administration and enforcement of laws pertaining to motor vehicles and their use. AAMVA has been concerned with the use of fraudulent driver's licenses and

identification documents. The Driver Licensing and Control Uniform Identification Working Group was formed by AAMVA to establish uniform identification procedures. In 1996 the working group published the Uniform Identification Practices Model Program (the model program). This program recommends the establishment of a unique identifier to track drivers/ID card holders throughout North America. AAMVA policy recommends that the Social Security Number or the Social Insurance Number for Canadian applicants be used as the unique identifier. Procedures for establishment, maintenance and transfer of driver/ID card records and digitized images/signatures are included in the model. The model program recommends identical identification standards be followed for both driver license and identification card applicants.

An applicant for a new or duplicate driver license or an ID card is required to submit one primary and one secondary document. In the model program, the primary document must contain the applicant's full legal name (including middle name) and the date of birth and must be verifiable. The purpose of the primary document is to establish identity. The secondary document must contain the applicant's name and sufficient substantiating information for all/part of the information contained in the primary document. The secondary document assists in confirming the person's identity. Renewal applicants would be required to show their current driver license or identification card. AAMVA developed and categorized a list of acceptable primary and secondary documents. AAMVA also supports digitized imaging and the transfer of information electronically. AAMVA proposed the incorporation of security features into a

driver's license and identification card that will make alteration or manufacturing of fictitious documents more difficult.

IV. BENEFITS

The estimated current illegal immigration population in the United States is approximately 5 million, and is increasing by approximately 275,000 annually. In 1996, the President outlined a four point plan contained in the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to deal with illegal immigration. The Immigration Reform Act endeavors to control illegal immigration by: 1) Strengthening Border Control - strengthening border control through increasing overall border personnel at the Southwest border from the current 8,000 to 10,000 over the next five years, upgrading resources and infrastructure along the border to combat alien smuggling, increasing criminal penalties for alien smuggling and document fraud, improving border inspection services, and seeking to negotiate arrangements to ensure assistance of foreign governments on international immigration issues; 2) Protecting American Jobs - protecting American jobs through **worksite** enforcement and employment verification through a new worker's social security number and Immigration and Naturalization Service databases to confirm work authorization; the Act establishes several voluntary pilot programs to help employers in five of the highest-impact States verify an applicant's eligibility to work, without instituting a national identification card or imposing on employer's or eligible worker's rights. Creating this partnership between the federal government and the private sector benefits both America's workers and employers, and improves our ability to end the employment magnet for

illegal immigrants; 3) **Deporting Criminal and Deportable Aliens** - The National Detention and Removal Program triples the number of criminal and other deportable aliens deported since 1993 and increases detention capacity by 46 percent; it also reforms asylum procedures to deport greater numbers of fraudulent asylum seekers; 4) **Providing Assistance to the States** - States and public hospitals are reimbursed for the costs of detaining or providing emergency care to illegal immigrants; illegal aliens should not be eligible for public service or welfare benefits. The only exceptions to service and benefits include matters of general public health and safety, such as emergency medical services, immunizations and temporary disaster assistance.

The Immigration Reform Act reduces the number of documents that can be used to establish a person's employment eligibility or identity on Form I-9, and sets security standards for key identification documents such as birth certificates and drivers' licenses to prevent fraud and counterfeiting. The Act curbs the production and use of fraudulent documents used by illegal immigrants to obtain jobs and welfare benefits and increases the maximum penalties for producing, assisting in the production, and selling false documents from five to fifteen years' imprisonment. The Act adds Immigration and Naturalization Service investigators to enforce current hiring laws, and implements fines for violating those laws.

The benefits of §656(b) of the Act are to curb economic losses through bank fraud, false entitlement to jobs, services, or welfare, and retail fraud. In addition, reducing the flow of false documents used to fraudulently obtain a driver's license would prevent some untrained and,

in some cases, untested drivers from circumventing the system. Although the Agency has not been able to obtain data relating to costs and injuries and fatalities, it is likely that persons who have not demonstrated their familiarity with State **traffic** laws and their skill at handling a moving vehicle by obtaining a legal State license, or whose license has been revoked due to traffic violations such as driving while intoxicated, would cause added safety hazards to the general driving public.

V. COSTS AND LEADTIME

NHTSA obtained the following estimates of costs for various States to comply with §656(b) of the Immigration Reform Act:

**Table 1. State Submitted Costs to Implement §656(b) of the Immigration Reform Act
(In 1998 dollars)**

Cost Item	Delaware	Iowa	Montana	Utah	Wisconsin
Computer programming for SSA access	50,000	7,200	6,400	10,000	75,000
Computer programming/redesign for SSN bar code	5,000				
Employee training and brochures	600		3,500		1,000
Procedural manuals/forms	4,000				
Public relations campaign	500				
Adding security features	5,000				
Changing identification procedures	1,000				
Hire new employees	144,000				
Annual verification of new applicants		2,700			
Field transactions (mismatches)					105,000
Communication costs				1,000	
Inquiry transaction costs				12,000	
One-time batch update		5,000			
Total	210,100	14,900	9,900	23,000	181,000

Delaware estimates the cost for implementation of §656(b) of the Immigration Reform Act at approximately \$210,100 which includes: 1) \$50,000 for computer programming to implement electronic access to the Social Security Administration's system; 2) \$5,000 for computer programming changes needed to redesign the driver's license to put social security numbers in

the bar code and on the face of the license; 3) \$600 for employee training; 4) \$4,000 for English and Spanish changes to the procedural manuals, rewriting the Driver's Manual, and publishing new forms; 5) \$500 for public relations campaign; 6) \$5,000 for adding security features to the driver's license and identification documents; 7) \$1,000 for changing identification procedures; 8) unidentifiable cost to the public for rejecting birth certificates that are no longer considered valid; 9) \$115,000 for four additional personnel to handle functions associated with a mismatch condition of name and date of the birth information contained in the social security information which is different than the information provided to the Department of Motor Vehicles (DMV); 10) \$29,000 for one additional personnel to respond to batch processing mismatch conditions in the correspondence section. This reject rate is estimated at approximately ten percent of applicants for driver's licenses.

Iowa reports cost estimates associated with implementation of §656(b) of the Immigration Reform Act as follows: 1) \$7,200 for data processing programming; 2) \$5,000 for a one-time batch update of the total database; and 3) \$2,700 for yearly on-line verification of new applicants. Iowa's total cost is estimated at \$14,900.

Montana reports cost estimates for implementation of §656(b) of the Immigration Reform Act as follows: 1) \$6,400 for implementing the social security requirements; and 2) \$3,500 for employee training and printing brochures for the Immigration Reform Act. The total cost for Montana to comply with §656(b) of the Act is approximately \$10,000.

Utah reports that due to the existing policies and processes used in driver license and ID card issuance, moving to social security number verification and requirements of §656(b) of the Immigration Reform Act requirement will be a fairly smooth transition. Utah reports that training, public relations, forms and security issues are virtually not impacted. The impacts that Utah will experience are related to computer program modifications. Utah's on-line verification costs are as follows: 1) \$10,000 for computer programming changes that will be performed by a contract programmer which will take approximately 200 hours at \$50 per hour; 2) \$1,000 for communication costs; 3) \$12,000 for inquiry transaction costs of approximately 400,000 inquiries. Utah estimates that the total costs under §656(b) for the first year are \$23,000, and the costs for the second year are \$22,000. This cost projection assumes that existing social security records on the database are not checked for validity. The social security number verification would take place only at time of application.

Wisconsin estimates the following potential costs to comply with §656(b) of the Immigration Reform Act: 1) \$75,000 for a data processing system; 2) \$105,000 for annual costs for field transactions (no matches and error resolutions); 3) \$1,000 for forms, training, and miscellaneous. Wisconsin's estimated total cost to comply is \$181,000.

The agency assumes that Delaware's cost for hiring new employees and Wisconsin's cost for field transactions (no matches and errors) are related to similar duties involving handling functions associated with mismatches in SSN verification.

Table 2 shows the total number of licensed drivers, and the estimated number of annual renewals and estimated new applicants, by State.

Table 2. Estimated Annual Renewals and New Applicants

States	Number of Licenses	Length of Term (Years)	Estimated Annual Renewals	Estimated New Applicants	Total New Licenses
				0.047455	
COLLECTED					
Delaware	513406	5	97808	24364	122172
DC	361854	4	86171	17172	103342
Hawaii	745392	3	236673	35373	272046
Iowa	1896518	3	602173	89999	692 172
Kentucky	2516408	4	599248	119416	718664
Louisiana	2594615	4	617872	123127	740999
Mississippi	1671690	4	398090	79330	477420
Missouri	3382046	3	1073850	160495	1234345
Nevada	1007191	4	239849	47796	287645
Ohio	7142173	4	1700810	338932	2039742
Virginia	4601235	5	876577	218352	1094928
Subtotal	26432528		6529121	1254356	7783477
OPTIONAL					
Alabama	2860724	4	681242	135756	816998
Alaska	435677	5	83000	20675	103675
Arizona	2849304	12	226174	135214	361388
Arkansas	1768394	4	421119	83919	505038
Colorado	2732682	5	520601	129679	650280
Georgia	4816618	4	1147011	228573	1375584
Idaho	800513	4	190631	37988	228620
Illinois	7502201	4	1786546	356017	2142563
Indiana	3860329	4	919284	183192	1102476
Kansas	1771566	4	42 1874	84070	505944
Massachusetts	4471529	5	851867	212196	1064063
Minnesota	2705701	4	644325	128399	772725
Montana	525780	4	125207	24951	150158
New Hampshire	877471	4	208958	41640	250598
New Mexico	1167462	4	278015	55402	333417
North Dakota	439330	4	104620	20848	125469
Oklahoma	2343555	4	558085	111213	669299
South Dakota	508076	5	96793	24111	120904
Tennessee	3825671	5	728825	181547	910372
Utah	1245205	5	237223	59091	296314
Washington	3775019	4	898969	179144	1078112
West Virginia	1298478	4	309215	61619	370834
Wyoming	341706	4	81373	16216	97588
Subtotal	5292991		11520957	2511461	14032418

States	Number of Licenses	Length of Term (Years)	Estimated Annual Renewals	Estimated New Applicants	Total New Licenses
NOT COLLECTED					
California	20156177	4	4799916	956511	5756428
Connecticut	2318543	4	552129	110026	662156
Florida	11005438	5	2096635	522263	2618898
Maine	913597	6	145040	43355	188395
Maryland	3308006	5	630205	156981	787186
Michigan	6601924	4	1572157	313294	1885452
Nebraska	1146447	4	273011	54405	327415
New Jersey	5433383	4	1293885	257841	1551727
New York	10376615	4	2471048	492422	2963470
North Carolina	4840104	5	922083	229687	1151771
Oregon	2542681	4	605505	120663	726167
Pennsylvania	8115074	5	1545995	385101	1931095
Rhode Island	688399	3	218577	32668	251245
South Carolina	2492019	5	474752	118259	593011
Texas	12109960	4	2883820	574678	3458499
Vermont	445576	3	141477	21145	162622
Wisconsin	3554003	4	846337	168655	1014992
Subtotal	97047946		21472574	4557955	14032418
Total	175403465		39522652	8323771	47846423

Source: "Driver Licenses - 1994," U. S. Department of Transportation, Federal Highway Administration, FHWA-PL-96-003, October 1995, pp. 2-7, 13.

The estimates of new applicants and annual renewals for each State were calculated by applying a ratio based on the estimated number of new applicants for one State (Iowa, 0.047455) to all States. For example, calculations for Delaware are as follows: $0.047455 \times$ the number of licenses (5 13406) = estimated new applicants (24364). The number of licenses (5 13406) - estimated new applicants (24364) / length of term (5) = estimated annual renewals (97808).

Table 3 shows the estimated costs for social security verification.

Table 3. Estimated National Costs for SSN Verification

(In 1998 dollars)

COSTS	ONE-TIME COSTS	ANNUAL COSTS
One-Time Costs		
Computers (programming)	345,600 - 4,050,000	
SSN access fee per transaction (\$.03)	3,792,875	
SSN collection	15,570,011	
Information collection	513	
Miscellaneous (training, brochures)	11,100 - 14,000	
AAMVA start-up computer service	258,194	
Subtotal	19,978,293 - 23,685,593	
Annual Costs		
Mismatch (error resolution)	5,182,120 - 49,197,164	5,182,120 - 49,197,164
SSA access fee per transaction (\$.03)	*	249,713
SSN collection	*	1,040,471
AAMVA annual service fee	N/A	40,000
Subtotal	5,182,120 - 49,197,164	6,512,304 - 50,527,348
TOTAL	25,160,413 - 72,882,757	6,512,304 - 50,527,348

* Already included in first year costs

NA = Not Applicable

The estimated national costs in Table 3 are described below:

Computer programming costs range from Montana's low of \$6,400 ($\times 54 = \$345,600$) to Wisconsin's high of \$75,000 ($\times 54 = \$4,050,000$). (54 includes 50 States and the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.) Miscellaneous costs include employee training and brochures, procedural manuals and forms, public relations, adding security features, and changing identification features. Only Delaware submitted costs for most of these categories. However, the unique Delaware costs were included in both the low range costs (based on Delaware) and the high range costs (based on Montana) under the assumption that similar costs would be required in all States even though they were not specifically estimated. Nationwide costs to resolve errors and mismatches in the SSN were based on estimates from Delaware and Wisconsin. Delaware's cost for new employees to resolve mismatches is \$144,000, divided by 513,406 total licensed drivers in 1994 = \$0.28 per licensed driver. This was applied to the total number of U. S. licensed drivers (175,403,465) to produce a national estimate of \$49,197,164. Wisconsin's cost for personnel to handle mismatches is \$105,000, divided by 3,554,003 total licensed drivers in 1994 = \$0.0295, applied to the total number of U. S. licensed drivers (175,403,465) = \$5,182,120. Note that, although these national estimates were based on the ratio of total licensed drivers, costs would be associated only with cases where applications for a new license or a renewal produce a mismatch.

The American Association of Motor Vehicle Administrators estimates that the cost to provide an AAMVA computer network system, including software and lines, that the States would access to

interface with the Social Security Administration totals \$258,194 for startup costs, line costs, and processing and management costs for the first year, and \$40,000 for each year thereafter.

AAMVA's Unified Network System would convert the States' data request to a form compatible with SSA and would supply data lines to transmit this information flow back to the States.

A. Information Collection:

The total cost for 50 States and the District of Columbia, Guam, Puerto Rico, the Virgin Islands to submit a certification of compliance to NHTSA is an estimated \$5 13 .00. It is estimated that the certification will take about 15 minutes to prepare, for a total of 13.5 hours (15 minutes x 54) x \$3 8 .00 per hour employee cost.

B. Social Security Number Collection:

Estimated transaction and SSN collection costs associated with submission and verification of social security numbers to the Social Security Administration by States will be estimated based on the following data (the cost for training Department of Motor Vehicle personnel on Immigration and Naturalization Service documents is unknown, and the number of identification cards is unknown and is not included in cost estimates):

- 1) Number of licensees in States that collect SSNs for drivers licenses: 26.4 million people.

- 2) Number of licensees in States that have optional collection of SSNs for driver's licenses: 52.3 million people.
- 3) Number of licensees in States that do not collect SSNs for driver's licenses: 95.9 million people.
- 4) Cost per on-line transaction (submission of SSN and verification) charged by the Social Security Administration to the State: 3 cents.
- 5) Annual number of new applicants: 8,323,771.
- 6) Cost per transaction for batch processing of SSNs = .0025 cents.
- 7) Cost for collection of SSN, submission, and transaction time by State personnel: \$15 .00 per hour x 30 seconds per transaction.

Estimates of new applicants (item 5 above) are derived based on the ratio of new applicants to total licensed drivers provided by Iowa. Estimated annual renewals were derived by subtracting estimated applicants from licensed drivers and dividing the result by the length of term for driver's licenses in each State. Following are the calculations used to estimate nationwide transaction costs and information gathering costs. These costs are summarized in Table 3.

costs:

- a) Transaction Costs: Charges paid to the Social Security Administration on a per case or per batch basis for verifying **SSNs**.

One-time costs:

- 1) 26.15 million x .03 (one-half (assumed) of 52.3 million licensees **from** States that optionally collect **SSNs** x 3 cents per transaction) = **\$784,500.00**.
- 2) 95.9 million x .03 (95.9 million licensees **from** States that do not collect **SSNs** x 3 cents per transaction) = **\$2,877,000.00**.
- 3) 52.55 million x .0025 (one-half of 52.3 million licensees from States that optionally collect **SSNs** plus 26.4 million licensees **from** States that collect **SSNs** x cost of .0025 per batch request) = **\$131,375.00**.

Total one-time transaction costs: **\$3,792,875**.

Annual costs:

- 1) Estimated annual new applicants (**8,323,771**) x 3 cents per transaction = **\$249,713 .00**.

Total annual transaction costs: **\$249,713**

- b) Social Security Number Collection Costs: Clerical costs to States for keying in information needed to file verification requests with the Social Security Administration.

One-time costs:

- 1) 26.15 million x .125 (one-half of 52.3 million licensees from States that optionally collect SSNs x rate of \$15.00 per hour x 30 seconds) = **\$3,268,750.00**.
- 2) 95.9 million x .125 (95.9 million licensees from States that do not collect SSNs x rate of \$15.00 per hour x 30 seconds) = **\$11,987,500.00**.
- 3) 2.5 1 million x .125 (one-half of 2.5 1 million new applications in States that optionally collect SSNs plus 1.25 million new applicants in States that collect SSNs x rate of \$15 .00 per hour x 30 seconds) = **\$313,761.00**.

Total one-time costs: **\$15,570,011.00**

Annual costs:

- 1) new applicants (**8,323,771** x rate of \$15.00 per hour x 30 seconds) = **\$1,040,471.00**.

The total estimated national first year costs for social security verification range from \$25,160,400 to **\$72,882,800**. The total annual estimated national costs thereafter range from \$6,512,300 to **\$50,527,300**.

In 1994, SSA received a request from the State of California to verify **SSNs** for applicants who requested a new or renewed driver's license. At that time, SSA did not have a routine use under the Privacy Act to verify **SSNs**. On September 15, 1994, SSA approved routine use to verify **SSNs** for State Motor Vehicle Administrations (**MVAs**), and the agency undertook efforts to provide online access. AAMVA contacted the SSA about offering **MVAs** online access through a network operated by their subsidiary, AAMVAnet Inc. It is more efficient and cost-effective for SSA to provide the service online through AAMVAnet than through individual online data links directly with State **MVAs**. Under two Memorandums of Agreement, AAMVAnet will serve as the conduit for State **MVAs** in transmitting and receiving **SSN** information from SSA. In addition, AAMVAnet is prohibited from capturing, storing or manipulating any information that it receives from SSA for transmission to the State **MVAs**.

In 1997, the **SSN Online Verification System** was piloted in Idaho, Maine, and Tennessee. The **SSN** verification service was evaluated with regard to development costs, implementation and **rollout** time, design and security issues, system productivity, technical support, and system benefits. The evaluation indicated that the system was relatively inexpensive to develop, with minimal programming time required to implement. **Rollout** time for the States was approximately 10 hours each and about one-half hour was required for SSA to bring up each additional State. The **rollout** time varies by State depending on whether the State integrates the query with the Problem Driver Pointer System (**PDPS**) or Commercial Driver License (**CDLIS**), (in which case would lessen the computer programming time involved), and the State's internal computer architecture and environment. The response time, from the receipt of the request by

SSA until a response is sent out **from** SSA, has been one second or less. The States report a response time of between 7 and **10** seconds, depending on the network transporting the messages and the individual State systems processing the messages. The benefits of the verification system include the ability to verify the identity of license applicants, which reduces the chance of fraud. In addition, the verification system improves customer service to the State's clients by performing immediate verification of SSN, and decreases questions of validity/accuracy of a customer's S SN.

Requirements for social security numbers on driver's licenses are listed by State in Table 4:

Table 4. Social Security Number Requirements on Driver's Licenses

State	Social Security	State	Social Security
Alabama	Optional	Montana	(2/)
Alaska	Optional	Nebraska	
Arizona	2/Required	Nevada	2/Required
Arkansas	Optional	New Hampshire	Optional
California		New Jersey	
Colorado	Optional	New Mexico	Optional
Connecticut		New York	
Delaware	Required	North Carolina	
Dist. of Columbia	1/Required	North Dakota	Optional
Florida		Ohio	Required
Georgia	(2/)	Oklahoma	Optional
Hawaii	1/Required	Oregon	
Idaho	(2/)	Pennsylvania	
Illinois	Optional	Rhode Island	
Indiana	Optional	South Carolina	
Iowa	(2/)	South Dakota	Optional
Kansas	Optional	Tennessee	Optional
Kentucky	(2/)	Texas	
Louisiana	Required	Utah	Optional
Maine		Vermont	
Maryland		Virginia	2/Required
Massachusetts	Optional	Washington	2/Optional
Michigan		West Virginia	Optional
Minnesota	Optional	Wisconsin	
Mississippi	1 /Required	Wyoming	Optional
Missouri	2/Required	Puerto Rico	Required

Source: "1996 Driver License Administration Requirements and Fees" U.S. Dept. of Transportation, Apr. 1996

1/ The SSN is the license number. 2/ The SSN is mandatory for CDL application. Arizona-Optional on Classes D & M. Georgia, Montana-Not mandatory; when supplied, SSN becomes license number. Idaho-effective 1/1/93, not collected for non-CDL; still required to be put on record for CDL (is part of record if collected prior to 1/1/93 or supplied for Class D). Iowa, Missouri, Virginia-SSN will remain in driver's file, but driver may choose not to have the SSN show on his/her driver license. If SSN does appear on driver's license, it will be the license number. Iowa State law requires that the CDL applicant submit his/her SSN and that it appear on the CDL license. Kentucky-Mandatory but as of 11/27/95 &es not appear on license. Nevada-The license number is a 12-digit number based on the SSN. Some licenses may continue to show the SSN as the license number until 1995. Washington-Not mandatory; when supplied becomes part of driver's file (not on license); required on CDL application.

VI. REGULATORY FLEXIBILITY ANALYSIS

The Regulatory Flexibility Act of 1980 (Public Law 96-354) requires agencies to evaluate the potential effects of their proposed and final rules on small businesses, small organizations and small governmental jurisdictions. Business entities are defined as small by standard industry classification for the purposes of receiving Small Business Administration assistance. One of the criteria for determining size, as stated in 13 CFR 12.160 1, is the number of employees in the firm; another criteria is annual receipts. Since the States are required to meet the conditions of the Immigration Reform Act, there is no cost burden to small businesses.