



Secure Identification State Progress

Fiscal Year 2012 Report to Congress
August 28, 2012



Homeland
Security

Office of Policy

Message from the Assistant Secretary for Policy

August 28, 2012

I am pleased to present the following report, "Secure Identification State Progress," prepared by the Office of Policy for Fiscal Year (FY) 2012.

This report was compiled pursuant to the language set forth in Senate Report 112-74 accompanying the *FY 2012 Department of Homeland Security (DHS) Appropriations Act (P.L. 112-74)*.

Pursuant to congressional requirements, this report is being provided to the following Members of Congress:



The Honorable Robert B. Aderholt
Chairman, House Appropriations Subcommittee on Homeland Security

The Honorable David E. Price
Ranking Member, House Appropriations Subcommittee on Homeland Security

The Honorable Mary L. Landrieu
Chairman, Senate Appropriations Subcommittee on Homeland Security

The Honorable Daniel Coats
Ranking Member, Senate Appropriations Subcommittee on Homeland Security

Inquiries relating to this report may be directed to me at (202) 282-9708 or to the Department's Chief Financial Officer, Peggy Sherry, at (202) 447-5751.

Yours very truly,

A handwritten signature in blue ink that reads "David Heyman". The signature is fluid and cursive, with a long horizontal line extending to the right.

David Heyman
Assistant Secretary for Policy

Executive Summary

All 56 states¹ have submitted some documentation of their status with respect to the material compliance benchmarks or “elements” of REAL ID to DHS since 2009. On the basis of the total dataset of states reporting, all states meet or commit to meet 83 percent of the material compliance benchmarks, which DHS believes may understate state progress. DHS relies on grant reporting information to document the progress made by states in improving the security of their driver’s licenses and identification cards commensurate with the standards of the REAL ID Act.

States awarded FY 2008 REAL ID Demonstration Grants or FY 2009 Driver’s License Security Grant Program (DLSGP) grants by the Federal Emergency Management Agency (FEMA) were required to submit status reports on 15 of the 18 material compliance benchmarks.² (See Section III and Table 1.) On the basis of the status reports received by FEMA, 50 states meet or commit to meet almost all of the 15 benchmarks.³ Although the data received by DHS do not cover all states or all material compliance benchmarks, the data document that an overwhelming majority of states meet almost all of the standards of material compliance that the states report on to DHS.

In addition, DHS has supported state efforts to meet the requirements of the REAL ID Act through three integrated assistance programs:

- First, FEMA has awarded approximately \$200 million in grants to states to fund individual state projects to improve the security of their credentials, facilities, systems, and business processes commensurate with the standards of the REAL ID Act. States have been able to allocate these funds on the basis of individual state needs, priorities, and operations. From FY 2008 through FY 2011, DHS awarded approximately 200 individual state grants to 54 states.⁴ States have used these awards to meet the material compliance security benchmarks and other REAL ID standards. That 54 of 56 jurisdictions have applied for and used these grant awards since January 2008 is an indication that DHS and the states share the same goals, objectives, and even standards for improving the security of state-issued credentials.

¹ The term “states” is used to refer to all 56 jurisdictions covered by the REAL ID Act, to include the 50 states, the District of Columbia, and the U.S. Territories of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Marianas.

² See Section III and Table 1 for a detailed discussion of the material compliance benchmarks.

³ Northern Marianas has experienced technical difficulties with the grant management system. As a result, FEMA is scheduled to conduct a site visit July 2012.

⁴ The material compliance benchmark reporting was only required for FY 2008–FY 2009 grant awards. Therefore, not all 54 states that received grants have reporting requirements.

- Second, from 2008 through 2011, FEMA awarded approximately \$63 million in targeted grants to five states⁵ to fund upgrades to the existing communications and verification infrastructure to assist states in meeting REAL ID standards. FEMA has awarded grants to states to fund upgrades to the network of state-owned/operated systems that states already use to verify and exchange information with both federal and state agencies. Led by the State of Mississippi, states are executing a comprehensive program to define and validate the capabilities states need to meet the electronic data validation and verification standards of the REAL ID regulation. In addition, the states are implementing and deploying the capabilities needed to electronically validate U.S. birth certificates and to verify that an individual does not hold multiple driver's licenses in multiple states by means of electronic communications systems.
- Third, since 2007, the United States Citizenship and Immigration Services (USCIS) has supported almost \$10 million in projects to develop and deploy cost-effective methods to electronically verify lawful presence, U.S. passports, and social security numbers (SSNs) pursuant to the requirements of the REAL ID Act.

This report documents the progress achieved through all three of these program initiatives.

Finally, this report outlines the initiatives ongoing within DHS to aid states in their efforts to understand and implement the security standards set in the REAL ID Act. Through multiple means, DHS is offering assistance to states to clarify aspects of the REAL ID regulation and aid state efforts to meet, or implement measures comparable to, the minimum standards of the Act and regulations. The Office of State-Issued Identification Support has conducted ample outreach through its participation in meetings with the states, territories, partnering federal organizations, and other stakeholders.

⁵ Five states were also awarded verification infrastructure grants: Mississippi, Kentucky, Indiana, Florida, and Nevada.



Secure Identification State Progress

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I. Legislative Language

This report is submitted pursuant to Senate Report 112-74 accompanying the *FY 2012 DHS Appropriations Act* (P.L. 112-74).

Senate Report 112-74 states as follows:

The Committee directs the Office of Policy to report on the status of each State in implementing each REAL ID element required for material compliance, a plan to increase compliance of each element required for material compliance by January 2013, and strategies related to compliance with the requirements of REAL ID. This report shall be submitted to the Committee by April 13, 2012.

II. Background

In May 2005 Congress enacted the REAL ID Act of 2005 in response to the 9/11 Commission's recommendations for more secure standards for identification. The Act included the following provisions:

- Prohibits federal agencies from accepting state-issued driver's licenses or identification cards unless the state is determined by the Secretary to meet minimum security standards
- Establishes minimum security standards for the:
 - Information and features that appear on the face of the card
 - Physical security of cards to prevent tampering, counterfeiting, and duplication of the documents for a fraudulent purpose
 - Presentation, and verification with the issuing source, of information an applicant provides, including evidence that the applicant is a U.S. citizen or is lawfully present
 - Physical security of production and storage facilities and for materials from which REAL ID cards are produced
- Authorizes the Secretary of Homeland Security to make grants to states to assist in conforming to the minimum standards of the Act

In June 2007, DHS submitted, and the Senate and House Appropriations Committees subsequently approved, the REAL ID Implementation Plan. Here, DHS outlined its plans to make grant funds available specifically for projects that addressed the following areas:

- Enhancements to existing communications and verification systems to support cost-effective electronic verification of source documents
- Development of a capability for verification that an individual does not hold licenses in multiple jurisdictions
- Development of a cost-effective capability for verification of lawful status
- Improvements to the infrastructure to support electronic verification of birth certificates
- Model privacy standards, security practices, and business rules regarding verification of applicant information with federal and state agencies

In January 2008, DHS published the REAL ID regulation, and, in June 2008, FEMA announced the first REAL ID grant awards. Since FY 2006, Congress has appropriated a total of \$295 million in REAL ID program funds to both FEMA and USCIS to support state efforts to meet the requirements of the REAL ID Act. Of this total, FEMA has awarded more than \$263 million in grants to states to assist them in meeting the standards of the REAL ID Act.

DHS has also been working closely with states to assist them in understanding and meeting the security standards of the REAL ID Act. In 2008 and 2009, DHS issued two guidance documents to states:

- *REAL ID Mark Guidelines* (October 2008), providing DHS recommendations for the marking of licenses
- *REAL ID Security Plan Guidance Handbook* (February 2009), providing best practices for: securing facilities involved in the enrollment, production, and issuance of REAL ID driver's licenses and identification cards; card design and security; privacy; personnel security; and the contents of the security plans

In addition, DHS has worked with the American Association of Motor Vehicle Administrators (AAMVA) to coordinate state implementation of the standards of the REAL ID regulation. In particular, DHS participated with the states in the drafting of the *Personal Identification – AAMVA North American Standard – DL/ID Card Design* (July 2009) to provide states with recommendations for card design by means of common, consensus-based data formats and card technologies endorsed by all states; the design must meet or exceed REAL ID requirements.

The January 15, 2013 deadline for meeting the standards of the REAL ID Act remains in effect. As of that date, federal agencies will not be able to accept driver's licenses and identification cards for official purposes from states that have not been determined to be compliant with the Act by the Secretary of Homeland Security.

III. Progress on Material Compliance Standards

A. Introduction

The concept of “Material Compliance” was developed in the REAL ID regulation to recognize and reward states for making significant progress toward meeting the full requirements of the Rule. Material Compliance security benchmarks focus on:

- Identity assurance procedures
- License information and security features
- Secure business processes
- Employee training and background checks
- Privacy protections

The benchmarks focused on measures that produced the greatest gain in security in the shortest period of time and at reasonable costs. They addressed the primary sources of fraud in the issuance and use of state driver’s licenses and identification cards.

The REAL ID regulation established an interim, material compliance deadline of January 1, 2010. States seeking to meet this deadline were required to submit a checklist to DHS documenting that they were meeting 18 material compliance standards or benchmarks.

On December 28, 2009, the Secretary of Homeland Security stayed the material compliance deadline of January 1, 2010.⁶ This action was based on information received from states indicating that 46 of the 56 jurisdictions would be unable to meet the 18 benchmarks by the interim deadline of January 1, 2010.

The 18 benchmarks are summarized in **Table 1**. As noted in Table 1, benchmarks 11, 17, and 18 include language that appears to commit states to “comply” with provisions of the REAL ID Act. Given that a number of states have laws prohibiting state efforts to comply with the REAL ID Act, states were not required to report on these three benchmarks to FEMA as a condition of award for the FY 2008 REAL ID Demonstration and FY 2009 DLSGP grants.

⁶ Federal Register, Vol. 74, No. 247, December 28, 2009, pp. 68477-8.

Does the State:	
1.	Subject each applicant to a mandatory facial image capture and retain such image even if a driver license (DL) or identification card (ID) is not issued
2.	Have each applicant sign a declaration under penalty of perjury that the information presented is true and correct, and retain this declaration.
3.	Require an individual to present at least one of the source documents listed in subsections 37.11 (c)(1)(i) through (x) when establishing identity
4.	Require documentation of: <ul style="list-style-type: none"> • Date of birth • Social Security Number • Address of principal residence • Evidence of lawful status
5.	Have a documented exceptions process.
6.	Make reasonable efforts to ensure that the applicant does not have more than one DL or ID already issued by that State under a different identity
7.	Verify lawful status through SAVE or another method approved by DHS
8.	Verify Social Security account numbers with the Social Security Administration
9.	Issue DL and IDs that contain Level 1, 2 and 3 integrated security features
10.	Surface of cards include the following printed information in Latin alpha-numeric characters: <ul style="list-style-type: none"> • Full legal name • Date of birth • Gender • Unique DL/ID number • Full facial digital photograph • Address of principal residence • Signature [with exceptions] • Date of transaction • Expiration date • State or territory of issuance
11.	Commit to mark materially compliant licenses with a DHS-approved security marking ‡ #
12.	Issue temporary or limited-term licenses to all individuals with temporary lawful status and tie license validity to the end of lawful status
13.	Have a documented security plan for DMV operations
14.	Have protections in place to ensure the security of personally identifiable information
15.	Require all employees handling source documents or issuing DLs or IDs to attend and complete fraudulent document recognition and security awareness training
16.	Conduct name-based and fingerprint-based criminal history and employment eligibility checks on all employees in covered positions or alternative procedure approved by DHS
17.	Commit to be in material compliance with the regulation no later than January 1, 2010. ‡ #
18.	Clearly state on the face of non-compliant DLs or IDs that the card is not acceptable for official purposes ‡

‡ — States not required to report to FEMA on this benchmark.

— Benchmark superseded by indefinite stay of material compliance deadline.

Table 1. Synopsis of Material Compliance Benchmarks

B. Data Sources

State reports on their performance with respect to the material compliance benchmarks have been submitted under three separate authorities.

In the first instance, the REAL ID regulation required states to file a request for a second extension by submitting a Material Compliance Checklist demonstrating material compliance by October 11, 2009. Most, but not all, states submitted checklists at that time. This submission, however, was a one-time requirement.

Second, the regulation details the documentation states should provide as part of a full compliance certification to DHS. Six states—Connecticut, Delaware, Maryland, South Dakota, Tennessee, and Wyoming—have submitted packages to DHS as of April 2012. Other than the material compliance and full compliance submissions, DHS does not have the authority to require states to submit progress reports.

Finally, as part of the terms and conditions of a FY 2008 REAL ID Demonstration Grants Award, states are required to report their status on 15 of the 18 benchmarks as part of their semiannual progress reports to FEMA. Similarly, for FY 2009 DLSGP grants, states are required to submit status reports for the same 15 benchmarks as part of their program narratives and semiannual Categorical Assistance Progress Reports. Fifty-one states were awarded FY 2008 or FY 2009 grants, and 50 submit benchmark reports to FEMA. As a result, most data on state progress available to DHS have been submitted pursuant to the REAL ID Demonstration and DLSGP grant awards and not in conformity with the REAL ID regulation.

Figure 1 shows the state benchmark data reports to DHS used in this report.

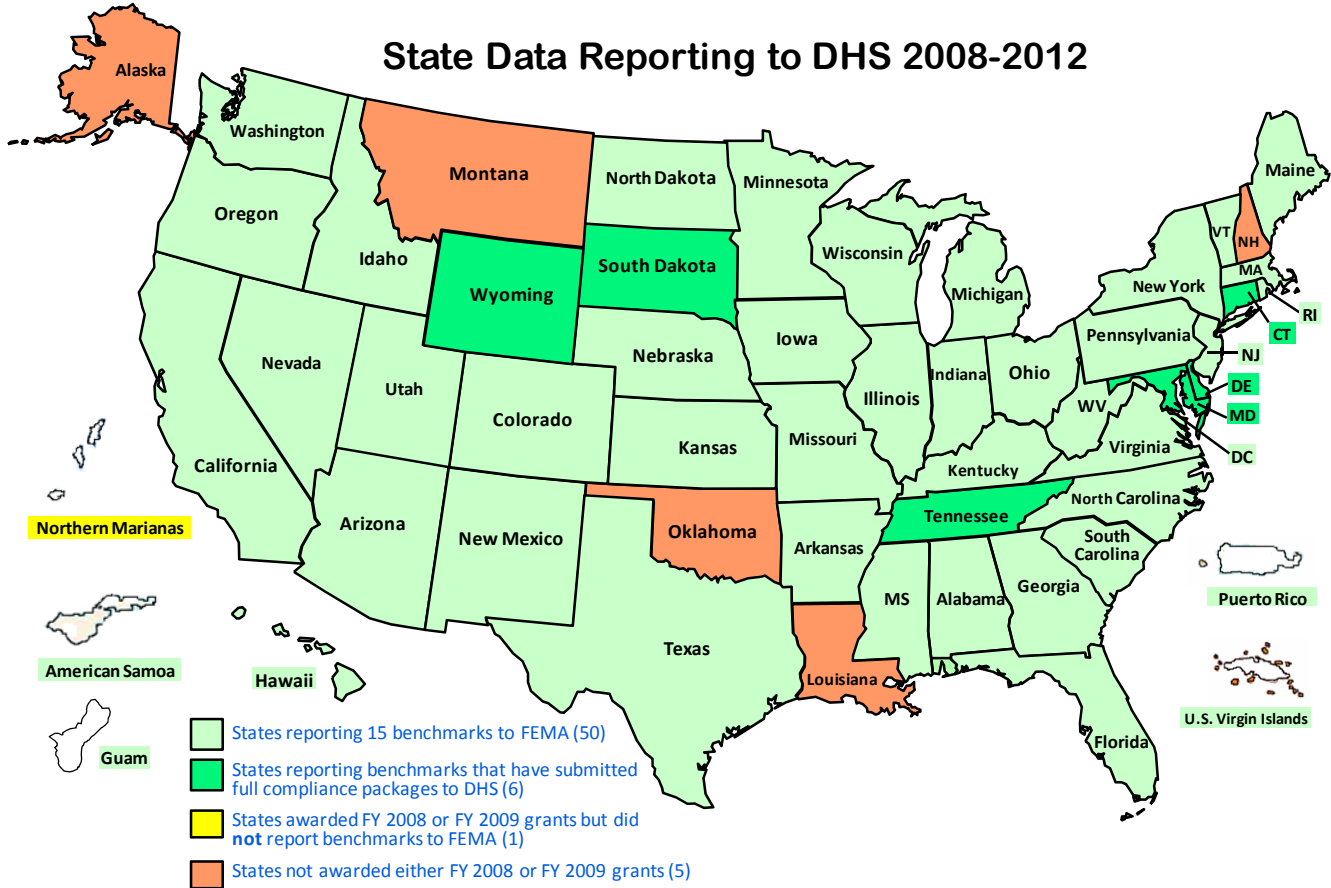


Figure 1. State Benchmark Data Reports to DHS

Finally, all states that applied for grants received individual state grants for the period from FY 2008 through FY 2011. In particular:

- 48 states received FY 2008 REAL ID Demonstration Grants awards
- 50 states received FY 2009 DLSGP awards
- 52 states received FY 2010 DLSGP awards
- 48 states received FY 2011 DLSGP awards

Figure 2 shows the number of grants awarded to each jurisdiction.

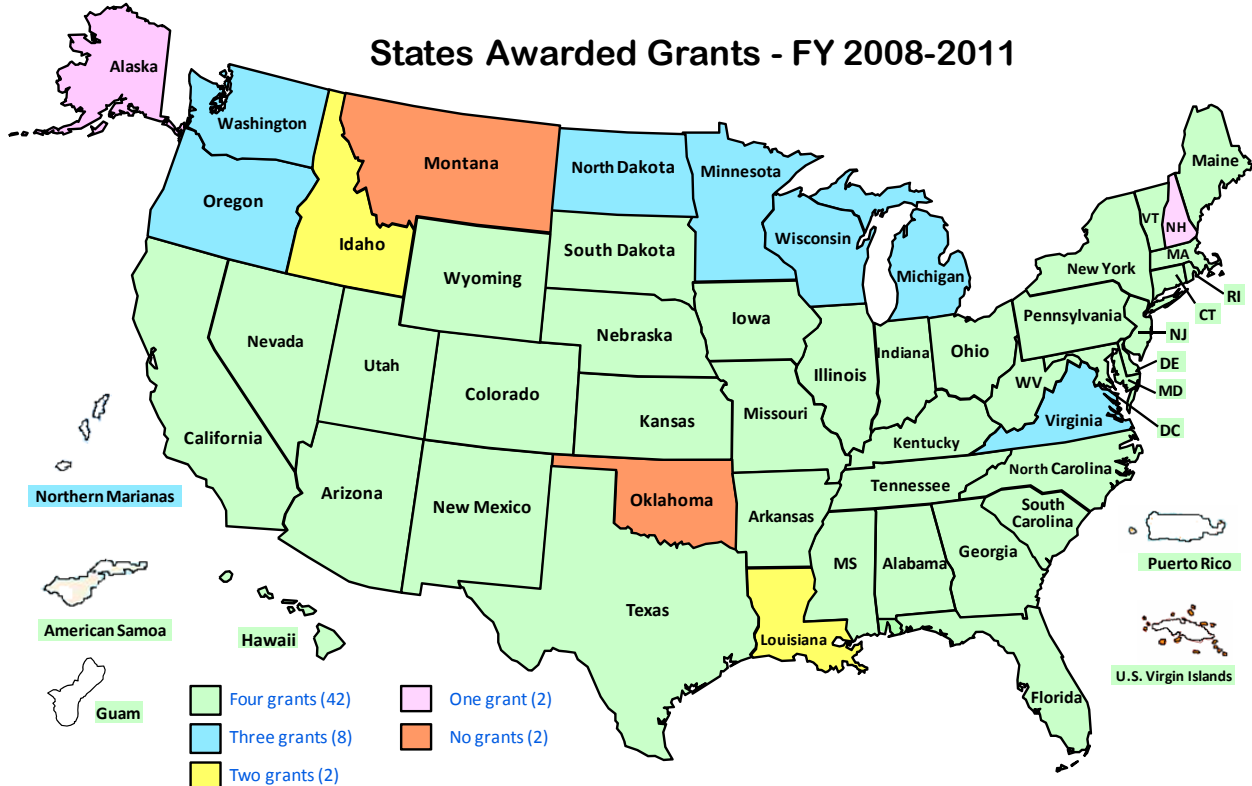


Figure 2. Number of Grants Awarded, FY 2008–FY 2011

From FY 2008 through FY 2011, FEMA awarded 198 individual state grants to 54 jurisdictions. Grants were awarded to all jurisdictions that applied. Only two states did not apply for or receive funding for projects to improve the security of their licenses consistent with the standards of the REAL ID Act.

C. State Progress on Material Compliance Benchmarks

All 56 states submitted some form of documentation to DHS regarding their status with respect to the material compliance benchmarks.

Figure 3 summarizes state progress on the benchmarks based on this documentation:

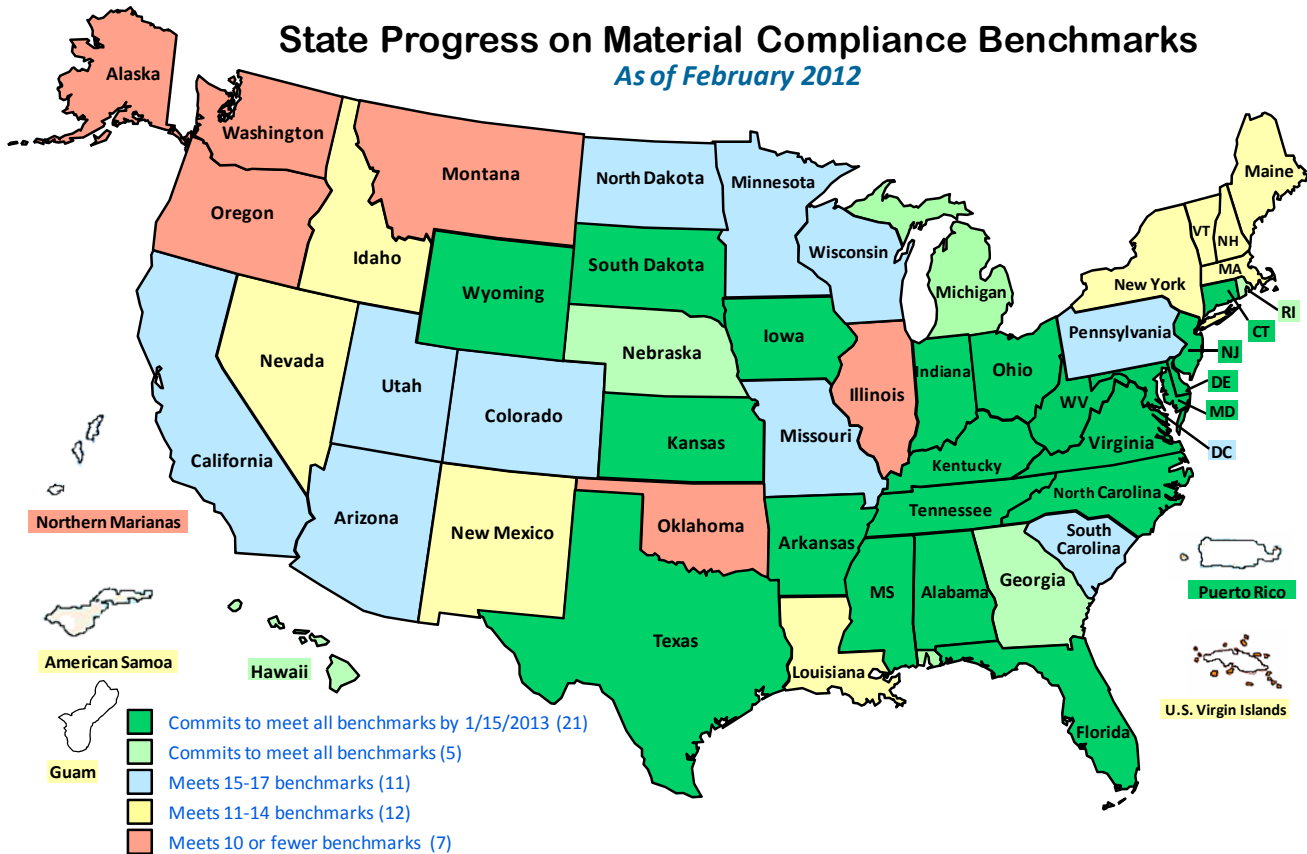


Figure 3. Overview of State Progress on Benchmarks

Twenty-six states meet or commit to meet all 18 benchmarks. Of these states:

- Twenty-one states meet or commit to meet all 18 material compliance benchmarks by January 15, 2013.
- Five states have committed to meet all 18 benchmarks, but believe they will be unable to meet them by January 15, 2013.

Table 2 details the status of the 18 material compliance benchmarks as reported by these 26 states.

Benchmarks States		Benchmarks																		
		1. Digital photo	2. Declaration	3. Identity Docs	4. Documentation	5. Exceptions	6. Intrastate check	7. SAVE MOA	8. SSOLV check	9. Level 3 Feature	10. Printed info	11. MC mark	12. End of status	13. Security plan	14. PII protection	15. FDR training	16. Bckgnd check	17. MC Commit	18. NC Marking	# of Benchmarks
1	Alabama	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
2	Arkansas	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
3	Connecticut	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
4	Delaware	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
5	Florida	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
6	Indiana	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
7	Iowa	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
8	Kansas	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
9	Kentucky	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
10	Maryland	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
11	Mississippi	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
12	New Jersey	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
13	North Carolina	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
14	Ohio	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
15	Puerto Rico	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
16	South Dakota	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
17	Tennessee	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
18	Texas	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
19	Virginia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
20	West Virginia	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
21	Wyoming	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	18
22	Georgia	●	●	●	●	●	●	●	●	●	■	●	●	●	●	●	●	●	●	18
23	Hawaii	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	■	■	18
24	Michigan	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	■	●	18
25	Nebraska	●	●	■	●	●	●	●	●	●	●	■	●	●	●	■	●	●	●	18
26	Rhode Island	■	■	●	●	●	■	●	■	●	●	●	■	●	●	●	■	●	●	18

● - state meets or plans to meet benchmark by 1/15/2013

■ - state plans to meet benchmark after 1/15/2013

Table 2. Status of States Committed to Meeting All Benchmarks

All 26 states committed to meeting all 18 material compliance benchmarks despite the fact that they are not required to report on benchmarks 11, 17, and 18.

The remaining 30 states do not commit to meet all 18 benchmarks.

Table 3 details the progress of the 30 states that do not commit to meet all 18 material compliance benchmarks based upon data submitted to DHS. The last row of Table 3 also shows the percent of all 56 states meeting each individual benchmark and the total percent of all benchmarks met by all 56 states.

27	Wisconsin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	17		
28	District of Columbia	■	●	●	●	■	●	●	●	●	●	●	●	●	●	■		16		
29	North Dakota	●	●	●	●	●	●	●	●	●	●	●	●	●	●			16		
30	Pennsylvania *	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	16		
31	Utah	●	●	●	●	●	●	●	●	●	●	●	●	●	●			16		
32	Arizona *	●	●	●	●	●	●	●	●	●		●	●	●	●	●		15		
33	California	●	●	●	●	●	●	●	●	●		●	●	●	●	●		15		
34	Colorado		●	●	●	●	●	●	●	●		●	●	●	●	●	●	15		
35	Minnesota *	●	●	●	●	●		●	●	●	●	●	●	●	●	●		15		
36	Missouri *	■	●	●	●	●	●	●	●	●		●	●	●	●	●		15		
37	South Carolina *	●	●	●	●	●	●	●	●		●	●	●	●	●	●		15		
38	Idaho *	●	●	●	●	●	●	●		●		●	●	●	●	●		14		
39	New Hampshire *	●	●	●	●	●		●	●	●		●	●	●	●	●		14		
40	New Mexico	●	●		●	●	●	●	●	●	●		●	●	●		●	14		
41	American Samoa	●	●	●	●			●	●	●	●		●	●		●	●	13		
42	Louisiana *		●	●	●	●	●		●	●	●		●	●	●	●		13		
43	Nevada	●	●		●	●	●	●	●	●		●		●	●	●		13		
44	Guam	●		●	●	●	●	●	●	●	●	●		●	●			12		
45	Maine *		●	●	●		●	●	●	●	●	●		●	●			12		
46	Massachusetts	●	●	●	●	●	●		●	●	●			●	●			11		
47	New York	●		●		●	●	●	●	●			●	●	●	●		11		
48	Vermont		●		●		●	●	●	●	●		●	●	●		●	11		
49	Virgin Islands	●	●	●			●	●	●	●	●		●	●		●		11		
50	Illinois	●	●	●			●	●	●	●	●		●		●			10		
51	Oregon *					●	●	●	●	●			●	●	●	●		9		
52	Washington *	●	●			●	●		●				●	●	●			9		
53	Alaska *	●		●		●	●		●					●	●			7		
54	Oklahoma *†								●									7		
55	Montana *	●					●	●	●				●		●			6		
56	Northern Marianas			●					●								●	3		
% of all States (56)		88%	88%	88%	84%	86%	93%	86%	100%	91%	88%	63%	86%	84%	91%	91%	77%	54%	54%	83%

● - state meets or plans to meet benchmark by 1/15/2013 State * - Law prohibiting compliance
 ■ - state plans to meet benchmark after 1/15/2013 □ - Does not submit data to FEMA
 † - OK reports meeting 7 benchmarks, but does not specify status of individual benchmarks..

Table 3. Status of States Not Committed to Meeting All Benchmarks

D. Analysis of State Progress Reports

On the basis of the data received by DHS, all 56 states report meeting more than 83 percent of the material compliance benchmarks. This is a significant achievement despite constraints upon what data DHS may request and states may provide. These constraints include:

- **Limited authority to require progress reporting.** DHS has to rely on grant reporting requirements to obtain data on state progress in meeting the material compliance benchmarks. Only 50 states have submitted material compliance benchmark reports to FEMA. The data received from the remaining six states was submitted on a one time basis in 2009 prior to the original deadline for reporting material compliance. Since the Secretary's stay of the deadline on December 28, 2009, no further reports have been received from these states. The data received from these states is both incomplete and outdated.
- **Reporting on a limited set of benchmarks.** The 50 states that did submit benchmark progress reports to FEMA were not required to report on benchmarks 11, 17 and 18. Although a majority of the 50 states voluntarily did commit to meeting each of these 3 benchmarks, the reasons other states did not commit to meeting these 3 benchmarks are unknown. As a result, state data reports on meeting the three "compliance" benchmarks are incomplete and unreliable as indicators of state intentions.
- **State laws related to the REAL ID Act.** These laws vary significantly in scope and applicability and may limit a state's efforts to improve licensing security, a state's ability to report such activities to DHS, or both. Each state's situation is different.

Finally, it is important to note that all of the benchmark data is self-reported by states and is informed by each state's understanding of the operational meaning of each benchmark. Given the constraints detailed above, it is likely that some states may rate themselves as nonconforming for certain requirements in cases where DHS might ultimately determine them to be in conformance.

IV. Support for State Efforts to Meet Standards

A. Program Overview

Since 2008, FEMA has awarded more than \$263 million in REAL ID and DLSGP grants to states. In addition, almost \$10 million has been expended by USCIS in support of state efforts to conform to REAL ID verification standards. All of the funding has been dedicated to helping states meet the requirements of the REAL ID Act and regulation.

- Approximately \$200 million dollars in grants to states to fund individual state projects to improve the security of their credentials, facilities, information technology (IT) systems, and business processes commensurate with the standards of the REAL ID Act. States have been able to allocate these funds on the basis of local driver's license agency (DLA) needs, priorities, and operations.
- Approximately \$63 million in targeted grants to five states to fund upgrades to the existing communications and verification infrastructure needed by states to meet the requirements of the REAL ID Act. These state awards are funding the development, testing, and initial deployment of state-owned and -operated verification capabilities based upon the existing communications systems operated by both AAMVA and the National Association of Public Health Statistics and Information Systems (NAPHSIS) on behalf of their member state agencies.⁷ These infrastructure development awards directly benefit all states by deploying cost-effective methods to verify the documentation provided by applicants and to ensure that applicants do not hold multiple licenses and identification cards in different jurisdictions in violation of both state and federal laws.
- Finally, almost \$10 million dollars in projects have been supported by USCIS since 2007 to facilitate verification of lawful presence and other documents issued by federal agencies. USCIS has worked closely with the states to coordinate the development and deployment of verification capabilities that will be state owned, operated, and financed.

The following paragraphs describe some of the results of these investments in state efforts to meet the standards of the REAL ID regulation.

B. Grants for Individual State Projects

DHS reviewed each grant application to ensure that the projects funded are consistent with both the Act and regulation. Although each state's situation is unique, common projects funded include:

⁷ AAMVA is a nonprofit association representing state and provincial officials in the United States and Canada who administer and enforce motor vehicle laws. NAPHSIS is a nonprofit association of state vital records and public health statistics offices in the United States. Both organizations provide communications and verification services support to their member organizations.

- Card security upgrades:
 - Add tamper-resistant or enhanced security features incorporated in driver's license and identification cards
 - Add DHS-approved security markings to cards
- Equipment Upgrades:
 - Document scanners
 - High-resolution digital cameras
 - High-speed printers
- Facility upgrades
 - Added security cameras
 - Modify facilities to limit public access to sensitive equipment and card production materials storage locations
 - Add or upgrade security alarms, doors, and other electronic detection equipment
- System and IT infrastructure upgrades
 - Modernize IT systems to ensure interoperability with all DLA locations within the state
 - Improve ability to protect personally identifiable information of applicants
 - Upgrade network and system security features
 - Upgrade databases and data formats, including storage and use of full legal names
- License issuance and business process security upgrades
 - Re-engineer the driver license issuance process to improve service delivery and reduce customer wait times
 - Convert driver's license/identification card distribution process from over-the-counter to more secure central issuance process
 - Implement electronic facial recognition software to detect a person with multiple driver's licenses using different names or SSNs
 - Modify driver's license issuance processes to ensure that all applicants have their photo taken as the first step in driver's license issuance process
 - Purge or cleanse incomplete, incorrect, or duplicate records
 - Scan or copy applicant source documents
- Employee programs
 - Conduct fraudulent document training
 - Conduct Federal Bureau of Investigation fingerprint background checks
- Electronically verify and/or authenticate applicant source documentation
 - Implement verification of SSNs
 - Implement verification of lawful status via the Systematic Alien Verification for Entitlements (SAVE) Program
 - Implement verification of U.S. passports

- Public service campaigns to inform public and potential driver’s license applicants of the various documents that are required to obtain a new or re-issued more secure driver’s license.

Although the benefits of such security enhancements are generally invisible to the public, their impact can be dramatic. For example, using REAL ID FY 2008 Demonstration Grant funds, the State of New York purchased facial recognition software to detect individuals holding multiple driver’s licenses, often with the intent of evading law enforcement detection.⁸

Although all of the individual state grants address specific requirements of the REAL ID Act, states choose their own projects on the basis of local priorities, operational needs, budgetary resources, and laws. There is no requirement that states use these grant funds to meet the requirements of the REAL ID Act. The requirement is simply that they be used for security improvements commensurate with the standards of the regulation.

C. Support for Verification Technology Infrastructure Solutions

A key requirement of the REAL ID Act is that a state “shall verify, with the issuing agency, the issuance, validity, and completeness of each document required to be presented by the person.”⁹ The implementing regulation defines verification as “procedures to ensure that: (1) the source document is genuine and has not been altered (i.e., “document authentication”); and (2) the identity data contained on the document is valid (“data verification”).”¹⁰ Long before passage of the REAL ID Act both the Federal Government and states recognized the importance of checking the validity of documents and information presented by applicants to qualify them for both state and federal benefits. Systems such as Social Security Online Verification (SSOLV) and SAVE had been widely used since the 1990s.

However, improved capabilities for electronic verification of source documents cannot be funded by individual state projects alone. Before state DLAs can electronically validate the information on applicant source documents with the issuing agency, a communications and verifications infrastructure must be deployed. That is why DHS has dedicated \$63 million of the funding appropriated by Congress to improving the existing communications and verification infrastructure to support timely, cost-effective verification of source documentation as required under the Act.

1. Overview of Requirements and State Solutions

The REAL ID regulation details the specific requirements for data verification.

- a. “States must verify the documents and information with the issuer of the document. States shall use systems for electronic validation of document and identity data as they become available or use alternative methods approved by DHS.” [6 CFR § 37.13(b)]

⁸ <http://www.governor.ny.gov/press/08182011MultipleLicenses>

⁹ REAL ID Act Section 202(c)(3)(A)

¹⁰ 6 CFR § 37.03

- “States shall verify DHS documents through the Systematic Alien Verification for Entitlements (SAVE) system.” [6 CFR § 37.13(b)(1)]
- “States must verify SSNs with the Social Security Administration.” [6 CFR § 37.13(b)(2)]
- “States must verify birth certificates presented by applicants. “ [6 CFR § 37.13(b)(3)]
- “States shall verify documents issued by the Department of State.” [6 CFR § 37.13(b)(4)]
- “States must verify REAL ID driver’s licenses and identification cards with the State of issuance.” [6 CFR § 37.13(b)(5)]

b. “Prior to issuing a REAL ID DL/ID, a State must check with all other States to determine if the applicant currently holds a driver’s license or REAL ID identification card in another State.” [6 CFR § 37.29(c)]

The electronic validation of source document information and real-time, electronic verification that an applicant is lawfully present and does not hold another driver’s license or REAL ID document in another state require the active participation and collaboration of three entirely different kinds of public organizations:

- **Data owners** – The issuing agencies that have the original records available. State DLAs cannot electronically verify information unless the issuing agencies have the electronic data and data-matching capabilities needed to respond to state queries. Moreover, source records must be of sufficient quality to support timely, cost-effective, and accurate comparison with the data provided by the applicant for a state credential. Successful electronic data verification as envisioned under the provisions of the REAL ID regulation would require the requisite capabilities and active participation of the following federal and state agencies:
 - 56 state DLAs – driver’s licenses and identification cards
 - 57 state vital records agencies (VRAs)¹¹ – birth certificates
 - USCIS – lawful status documentation
 - Social Security Administration – SSNs
 - Department of State – U.S. passports

All of these organizations must participate as partners in any solution sufficient to meet the verification requirements of the REAL ID regulation.

- **Service Providers** – Service providers broker the messages between users and data owners. They do not control or store driver records and only keep the minimum amount of information needed to route a user query to the correct data owner(s). AAMVA and NAPHSIS have fulfilled the role of communications service providers for their member organizations for decades. For example, AAMVAnet™, AAMVA’s network services, provides participating DLAs with access to more than a dozen application services.

¹¹ New York City is the 57th Vital Records Agency.

Similarly, NAPHSIS provides participating VRAs with the capability to electronically verify or exchange vital records and events data. Both the states and DHS have chosen to work with these nonprofit, state-based membership associations to upgrade their existing capabilities in support of the REAL ID verification requirements.

- **Verification service users** – The state DLAs and VRAs reviewing the source documents provided by applicants are doing so to seek assurance that the individuals are who they claim to be. Successful adoption of electronic verification of source document data is dependent upon availability, usability, and financial viability of systems by data owners and service providers.

To meet this need, DHS has provided support to all of these entities to upgrade existing data communications and verification systems on the basis of input received from more than 35 states since 2006.

Figure 4 presents a high-level overview of the of electronic data validation and verification capabilities. This architecture was proposed by the states, and endorsed by DHS, Department of Transportation, and other federal agencies.

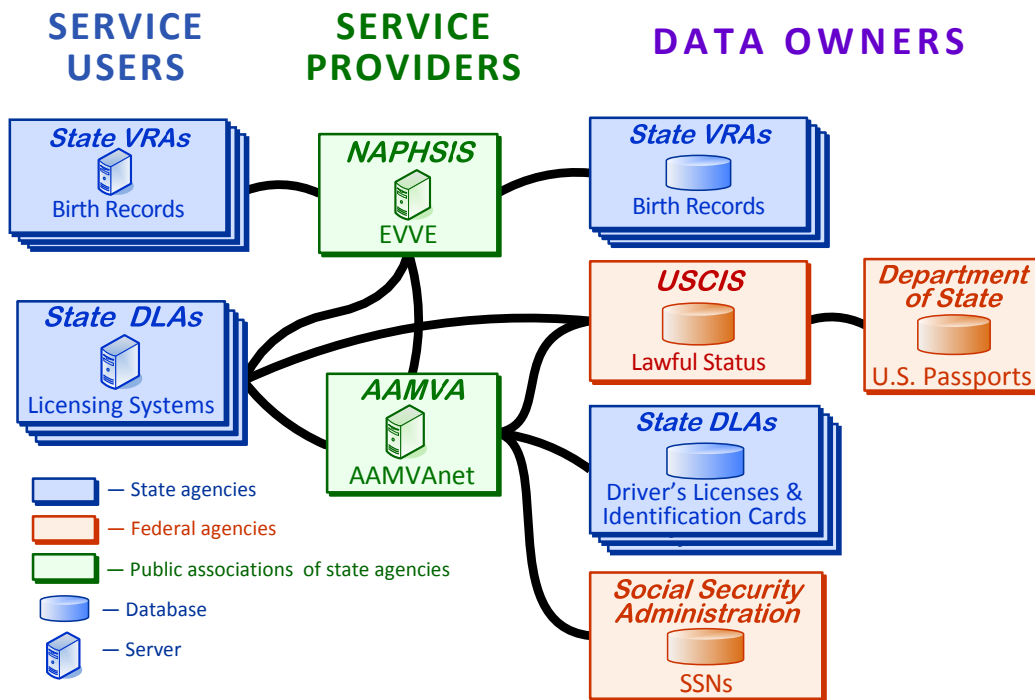


Figure 4. Infrastructure Solution for Electronic Data Validation and Verification

The following paragraphs describe the progress that both the states and DHS have made in deploying the infrastructure states need to support the electronic data validation and verification standards of the REAL ID regulation.

2. State Leadership of Verification Projects

On October 1, 2008, DHS entered into a Cooperative Agreement with the State of Mississippi to serve as the Lead State in a multi-state consortium to design, develop, and deploy communications and verification infrastructure capabilities states need. In January 2009, Mississippi, together with the Pilot States of Kentucky, Indiana, Florida, and Nevada, established a non-profit corporation (DIVS – DL/ID Verification Systems, Inc.) to provide program oversight, management, and governance of the development and deployment of the electronic verification capabilities required by both federal and state regulations. DIVS serves as an advisory body to the State of Mississippi, which is solely responsible to DHS for program administration and grant funding. Since that time, 23 additional states have participated in DIVS and are actively contributing to the definition, management, oversight, and validation of state requirements for new or modified verification infrastructure capabilities.

See **Figure 5** for a map of the states participating in this effort as of February 2012.

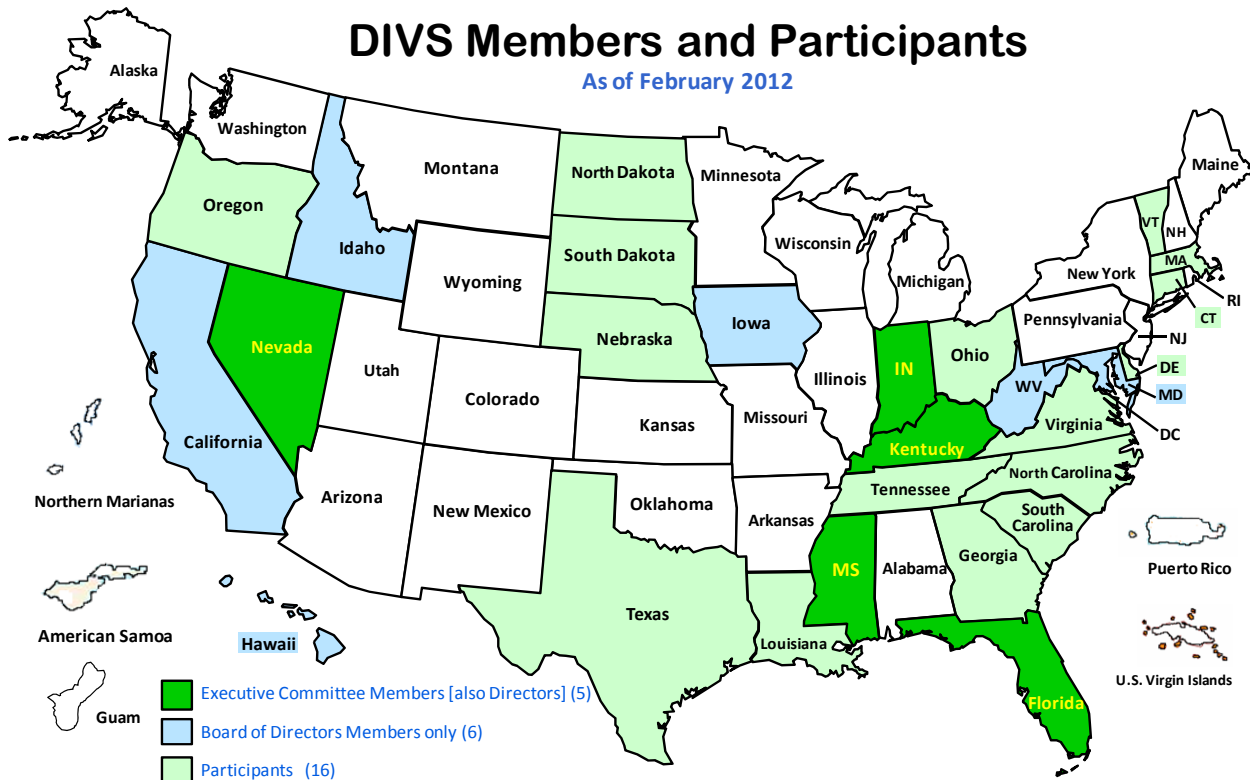


Figure 5. States Participating in the Mississippi Consortium of States

As each verification system matures, DIVS will transfer governance and financial responsibilities to an entity identified by the State of Mississippi and DIVS. It is anticipated that both AAMVA and NAPHSIS will continue to serve as system operators.

The status of each of the verification capabilities depicted in **Figure 4** is detailed in the following paragraphs.

3. Verification of Social Security Numbers

Under the authority of the Social Security Administration, AAMVA developed and deployed the SSOLV System to support near-real-time verification of SSNs. As **Figure 6** illustrates, all 50 states and the District of Columbia require SSN verification and use SSOLV.

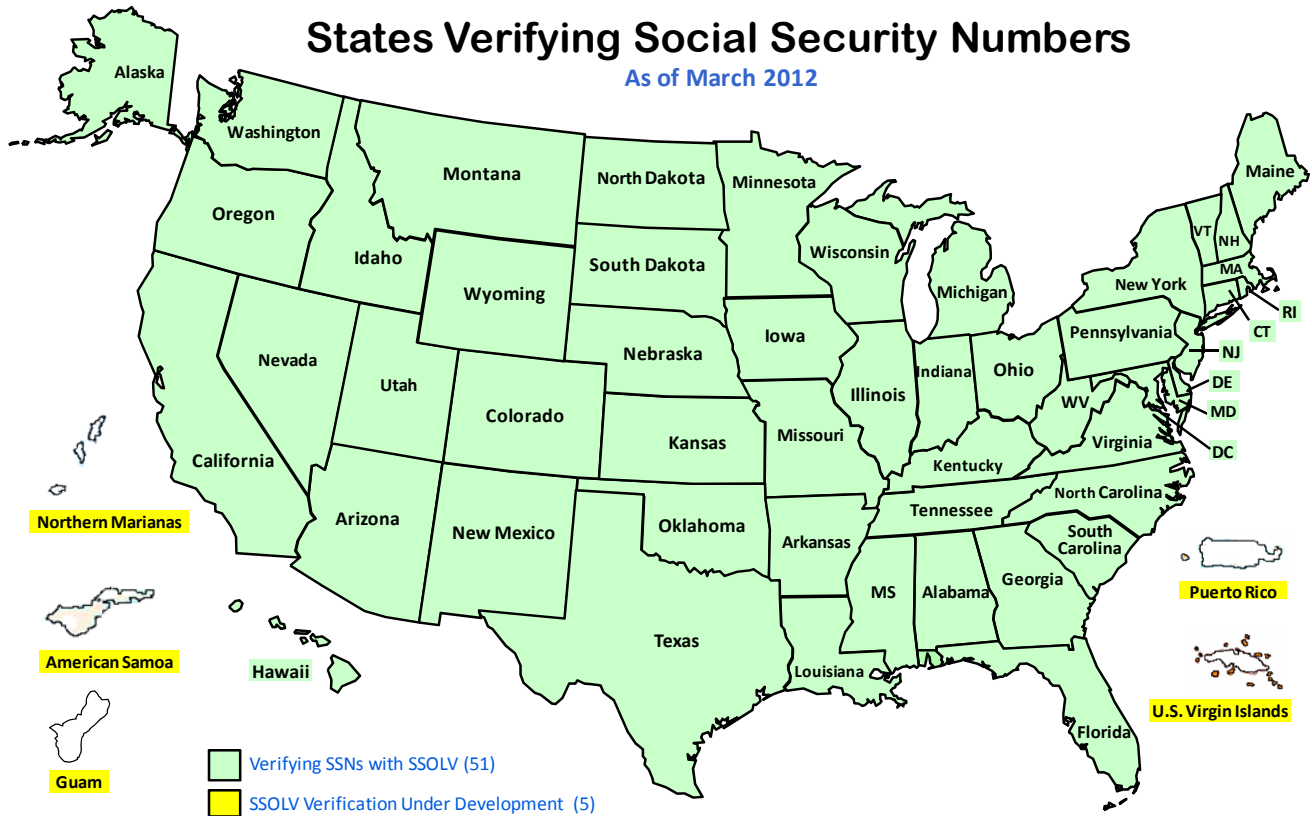


Figure 6. Verification of Social Security Numbers

This is a net improvement of two states since January 2008. However, the REAL ID Act extended the requirement for verification of SSNs to the five territories of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Marianas. These five territories did not have connections to the AAMVA network used to verify SSNs via SSOLV. To address this gap, DHS/USCIS funded projects to develop alternative, Web-based access to SSOLV for the five territories.

4. Verification of Lawful Status

As of February 2012, 47 states have signed Memoranda of Agreement with USCIS to routinely use SAVE, as required by the REAL ID Act. **Figure 7** shows the states using SAVE.

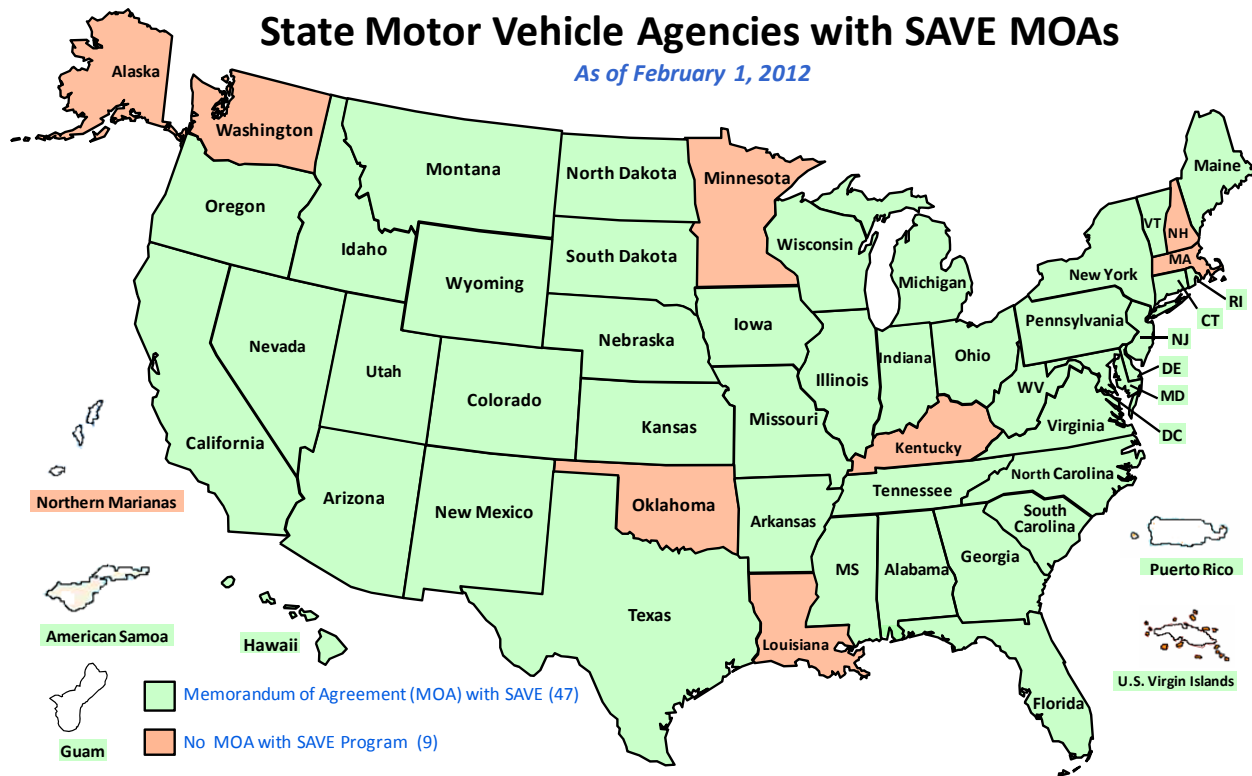


Figure 7. States With SAVE Memoranda of Agreement

The SAVE Program has been available directly to state DLAs by means of an Internet-based, Web menu application for nearly a decade. However, a number of states requested development of a means of accessing SAVE via AAMVAnet, the AAMVA communications network. Access to SAVE via AAMVAnet would help states to integrate SAVE verifications into their frontline operations. USCIS has funded the development and pilot testing of this alternative capability. Twenty states are either participating or have expressed an interest in participating in pilot testing of this alternative access method to SAVE; it will be available to all states by the end of FY 2012. Beginning in FY 2013, responsibility for funding operations and maintenance of the capability to conduct SAVE verification via AAMVAnet will be transferred to the State of Mississippi for 2 years. After that time period, states will pay directly for the access to AAMVAnet (as opposed to the State of Mississippi). States will continue to pay a transaction fee to USCIS under the terms of the required MOAs (with USCIS) to have the SAVE verification capability.

5. Verification of U.S. Passports

USCIS has funded the development and pilot testing of a service to verify U.S. passports. Through this capability, states are able to verify the passport information presented by an applicant presenting a U.S. passport for identity or lawful status purpose. States receive a match or no match response to their queries. Thirteen states, including all five territories, are participating or have expressed an interest in participating in pilot testing of this new capability.

Beginning in FY 2013, the State of Mississippi will also assume responsibility for funding operations and maintenance of this capability.

6. Verification of U.S. Birth Certificates

DHS has provided grant funding to states for a series of projects to facilitate and enhance state DLA verification of U.S. birth certificates. Verification of birth certificates poses a major challenge to state DLAs given that some state birth records held by state VRAs are either unavailable for electronic verification or are of relatively poor quality. The Mississippi Consortium and DHS identified and made targeted investments in upgrades to state VRAs, DLAs, and both NAPHSIS and AAMVA communications infrastructures needed to support state DLA verification of birth certificates. These projects include:

- ***Enhancements to the Electronic Verification of Vital Events (EVVE) application*** developed and operated by NAPHSIS. When installed at state VRAs, EVVE enables state DLAs or other federal or state agencies to electronically verify state birth records.
- ***Enhancements to the AAMVA Electronic Verification of Vital Events Records (EVVER) system.*** EVVER serves as a gateway to EVVE and provides a means to verify information on a birth certificate presented to a jurisdiction Department of Motor Vehicles (DMV) by a driver license applicant. Enhancements to EVVER enable state DMV frontline customer service representatives to directly verify birth certificates through the AAMVAnet network they already use for access to other verification information.
- ***Installation of EVVE on state VRA systems.*** DHS is funding the installation of the EVVE network interface by NAPHSIS on all 57 VRA systems. In January 2008, seven VRAs were EVVE capable—that is, capable of supporting electronic verification of birth records. As of June 2012, 43 state VRAs are online with EVVE, and the remaining jurisdictions will be completed by the end of FY 2012. The status of this project is shown in **Figure 8**.

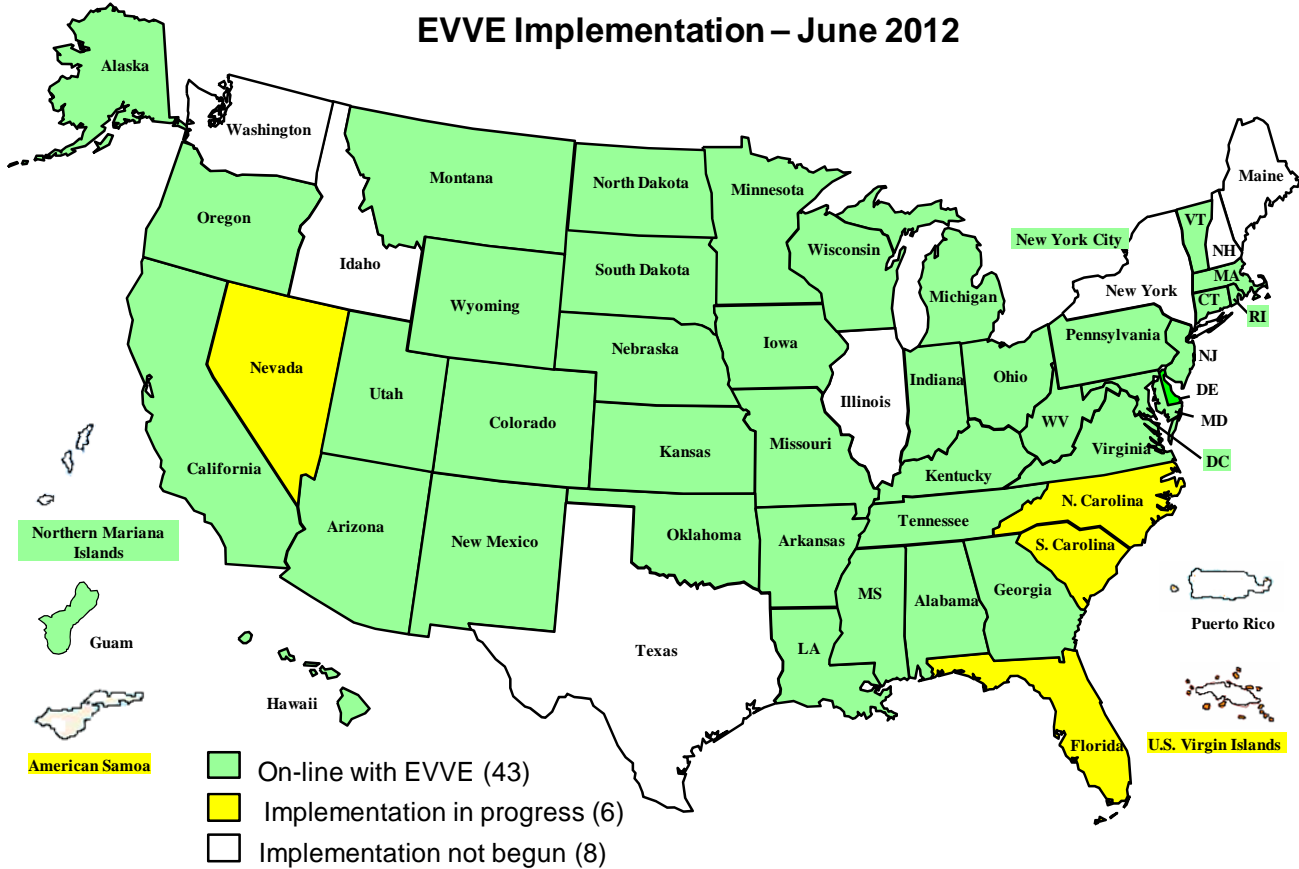


Figure 8. State Birth Records That Can Be Verified via EVVE

- **Analysis of VRA data quality.** The capability to verify state birth records is of little value unless those records are of sufficient quality to support cost-effective verification by state DLAs. DHS is providing state grant funding to evaluate the quality of state birth records and identify problems with missing, misformatted, or erroneous data.
- **Figure 9** shows the status of the NAPHSIS EVVE Data Analysis Project at state VRAs.

established the “one driver one license” policy in the 1960s to promote driver safety; this was embraced at the federal level in the 1980s.¹² The prohibition against holding multiple driver’s licenses or identification cards from multiple jurisdictions in the REAL ID Act is aligned with, and restates, this longstanding policy objective.

To support continued work in this area and, on the basis of the recommendation of the Mississippi consortium, DHS provided grants to advance the development of a state-owned/operated capability to meet both state and federal requirements for “one driver one license.” The State of Mississippi, which is leading the development of the solution, uses the following principles to guide implementation:

- State use of the state-to-state (S2S) verification capability will be voluntary and open to all jurisdictions.
- States will continue to issue credentials based upon state laws and regulations.
- Almost all states have laws or regulations prohibiting the possession of multiple driver’s licenses. States enforcing their own “one driver one license” laws and regulations via a S2S service would exceed the minimum requirements of the REAL ID regulation.
- State use of the S2S service will be limited to verifying if an individual possesses a valid license or identification card in another state and for authorized law enforcement investigations.
- The S2S solution will minimize both development and operational costs to states by building upon existing state information systems and business processes.
- Once fully operational, Mississippi will transfer the S2S service to governance and self-financing by the states.

The S2S project was initiated in 2009. Initial Operating Capability and pilot testing is planned for 2015, and Full Operating Capability is planned for 2016.

With the exception of “one driver one license” automated capability discussed in this report, all other IT capabilities needed to support state verification requirements under the REAL ID regulation are either operational or in pilot testing. As these automated capabilities become available, state DLAs will be able to use remaining Driver’s License Security Grant awards to fund the local IT and business process improvements required to connect to and use these systems.

8. Overview of Requirements and State Solutions.

¹² The Driver’s License Compact drafted in the 1960s commits signatory states (47) to refrain from issuing driver’s licenses to individuals possessing valid licenses in other states. The *Commercial Motor Vehicle Safety Act of 1986* limits commercial drivers to one license and mandates state use of the Commercial Driver’s Licensing Information System (CDLIS) before issuing commercial driver’s licenses. Finally, the *Motor Carrier Safety Improvement Act of 1999* requires that all applicants for driver’s licenses be checked against CDLIS and the National Driver Register to ensure that commercial drivers and individuals with revoked licenses or serious traffic convictions are prevented from obtaining additional driver’s licenses.

Verification must occur for identity, SSN, lawful status, date of birth, and not holding multiple licenses. With the exception of using SAVE for verifying lawful status, DHS does not prescribe the verification method other than requiring use of electronic systems verification, when available.¹³ DHS is open to use of available systems and other alternative methods that may be suggested by states (especially when electronic systems are not yet available). Such alternative methods must be approved by DHS and should be described in certification packages when that time occurs.

¹³ The REAL ID Act of 2005 requires the routine use of SAVE to verify lawful presence for persons other than U.S citizens.

V. Strategies for Facilitating State Compliance

A. Assistance to States

DHS is using multiple mechanisms to provide assistance that will aid states in their efforts to comply with the regulations. DHS is focused on outreach to the states, territories, federal organizations, and other stakeholders, to clarify aspects of the REAL ID Act for states as they implement security measures that are intended to meet, or be comparable to, the Real ID requirements of the REAL ID statute and regulation.

B. Compliance Determinations

In accordance with the REAL ID regulations, states must meet the minimum standards of the REAL ID Act by January 15, 2013. The regulation requires states seeking a compliance determination by DHS to submit its certification materials at least 90 days before the effective date of compliance. [6 CFR § 37.51(a)]

A DHS compliance determination means that a state's program meets or exceeds the REAL ID regulatory requirements or has a program comparable to the requirements of the REAL ID regulation. Driver's licenses and identification cards issued by a state that has received a compliance determination may be accepted for official federal purposes.

VI. Conclusion

On the basis of the information available to DHS, states have made significant progress in meeting the 18 material compliance benchmarks and other requirements of the REAL ID regulation. In the review of the data reported by all 56 states, 83 percent of the material compliance benchmarks have been or will be met. Although 26 states have committed to meet all the material compliance benchmarks, 37 states would meet the 15 security-based benchmarks that do not involve a commitment to comply with the REAL ID Act.

Moreover, states are dedicating available DLSGP grant funds to projects that will help them improve the security of their licenses, facilities, systems, and processes consistent with the standards of the REAL ID regulation. Finally, all projects needed to deploy the requisite electronic communications and verification infrastructure are in progress. DHS recognizes that resources continue to be an issue for states seeking to meet these standards with the time frames of the REAL ID regulation.

VII. Appendix—List of Acronyms

AAMVA	American Association of Motor Vehicle Administrators
AAMVAnet™	AAMVA Network Services
CDL	Commercial Driver’s License
CDLIS	Commercial Driver Licensing Information System
DHS	Department of Homeland Security
DIVS	DL/ID Verification Systems, Inc.
DLA	Driver Licensing Agency
DLSGP	Driver’s License Security Grant Program
DMV	Department of Motor Vehicles
EVVE	Electronic Verification of Vital Events
EVER	Electronic Verification of Vital Events Records
FEMA	Federal Emergency Management Agency
FY	Fiscal Year
IT	Information Technology
NAPHSIS	National Association of Public Health Statistics and Information Systems
S2S	State-to-State
SAVE	Systematic Alien Verification for Entitlements
SSN	Social Security Number
SSOLV	Social Security Online Verification
USCIS	United States Citizenship and Immigration Services
VRA	Vital Records Agency