

Under specter of Cover Oregon, DMV begins major upgrade

New online system could reduce customer visits to DMV offices

By PETER WONG
Capital Bureau

SALEM — State government's most recent failure in information technology hangs over it, but prompted by aging driver and motor vehicle systems that date back to the 1960s, Oregon lawmakers have launched an upgrade that will take a decade to complete.

Although the "service transformation" program will not change anything immediately, online transactions by customers with the Driver and Motor Vehicle Services Division are expected to multiply in a couple of years with the opening phase of DMV2U.

The DMV will still have field offices — it has 60 now — but the new online system will reduce customer visits for many routine transactions.

The new system also will provide quicker access to DMV records by business customers — financial institutions, insurance companies and vehicle dealers — and police and courts.

But Matt Garrett, director of the Oregon Department of Transportation — the DMV's parent agency — said he is aware of the public and legislative focus on a project that will affect millions of Oregonians.

"A lot is riding on this," Garrett said at a recent meeting of the Oregon Transportation Com-

mission. "The gravity of this is not lost to anyone here. The shadow of Cover Oregon hangs upon us."

Oregon and prime contractor Oracle have dueling lawsuits over the failed Cover Oregon website, which was intended to help individuals and small businesses shop for health insurance coverage and determine individuals' eligibility for state-supported health care.

"Matt Garrett is absolutely right," said state Sen. Betsy Johnson, D-Scappoose, the Senate co-chairwoman of the legislative subcommittee that approved the Oregon Department of Transportation budget, including \$30 million for the first phase of an upgrade estimated at \$90 million when it is done in 2023-25.

DMV Administrator Tom McClellan said his agency still uses mainframe technology that dates back almost 50 years, and relies on COBOL, a computer programming language that dates back to 1959.

The most recent upgrade was in the 1990s.

"We took an evolutionary approach and made gradual changes in response to legislative changes," he said. "This is the first time in 20 years that we have said we need to replace these systems, because they are the same as we were trying to replace back then — just 20 years older."



What's at stake

The DMV affects almost every adult Oregonian.

The department licenses 3.1 million drivers. It issues 4.1 million vehicle registrations, with 3.2 million of them for passenger vehicles.

On an annual basis, the DMV issues 200,000 new licenses and renews 350,000 more; license renewals are usually for eight years. It issues 1.8 million vehicle registrations — Oregon has a two-year cycle — 850,000 vehicle titles and 400,000 license plate sets.

Lawmakers began the effort in February 2012 with \$500,000 for planning. In the new two-year budget, they approved \$30 million and 30 full-time employees for the first phase.

Included is \$20 million for new records systems for vehicles, point of sale, and licensing and regulation of dealers. The new point-of-sale system will build on an effort, which lawmakers approved \$6.3 million for separately, to enable the DMV to accept credit and debit cards for transactions.

Another \$5 million is for the new employees, and the rest for development of the DMV2U customer portal and outside consultants to oversee the project, change management and quality assurance.

A multiyear \$10 surcharge on driver's licenses was proposed, but not approved by the Legislature, to help offset the cost of the upgrade. It remains an option in future sessions.

The budget also specifies the membership of a group to oversee the entire program: Three members each from the Senate and the House; two private-sector members chosen by the Technology Association of Oregon, and representatives of the Legislative Fiscal Office — which has a staffer assigned to information-technology projects — and the state's chief information officer within the Department of Administrative Services.

"I do not know what more you can do," Sen. Johnson said.

"On the panel you have members from the people's branch of government, professional staff and IT experts, and private-sector people who bring a different approach to dealing with these matters. There is no fail-safe system, but you do the best you can."

Future phases will involve vehicle titles and registrations, driver's licenses and other records, through the 2023-25 budget cycle.

McClellan has been DMV administrator since November 2007. He expects to oversee the project from start to finish.

"I'll probably not be retired, but the gray hairs are there," he said.

Other upgrades

The DMV project will follow several other high-profile



R.J. Marx/The Daily Astorian
State Sen. Betsy Johnson, shown here speaking in Seaside in July, is hopeful about a panel named to oversee the upgrade.

computer upgrades affecting key functions of state government.

Among them are Oregon eCourt, which the state court system launched in 2011 and expects to complete in mid-2016, and the core systems replacement project at the Oregon Department of Revenue, which the agency started in 2013 and expects to finish by spring 2019.

Like the DMV, the systems of those agencies are aging. OJIN relies on 1980s technology, and the Department of Revenue still processes tax returns with systems dating back to 1993.

Both projects have encountered some bumps — but nothing like the Cover Oregon failure, or some of the large cost overruns listed in a June 2014 report compiled by the Legislative Fiscal Office of 66 major information-technology projects dating back to 2006. "Major

project" is defined as more than \$1 million.

One of those was the OR-Kids system run by the Department of Human Services, which according to a 2014 state audit had to repay \$23.3 million in federal funds and correct \$9.5 million in balances as a result of errors between September 2011 and December 2013.

Lawmakers approved \$15.7 million and 24 more employees for the Department of Administrative Services — the central technology provider for state government — to fix problems and improve security.

Johnson acknowledges past IT failures, but said there was one critical difference between Cover Oregon and the others.

"We had people in charge of Cover Oregon coming to the Legislature and not telling the truth, in my observation," she said.

The Cover Oregon failure, in addition to the lawsuits, resulted in multiple resignations.

It also led to Republican-sponsored bills, which got a House committee hearing but did not advance, to require some officials to testify under oath and penalize "false swearing" to the Legislature.

"I think we have not reached the point where that is necessary," Johnson said. "But I certainly expect that legislators will be observant and encouraged to ask tough questions — and not accept superficial answers."

The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.

Oregon bottle deposit slated to rise in 2017 as redemption rate falls

By JONATHAN J. COOPER
Associated Press

SALEM — New state data show that Oregonians are returning fewer beverage bottles to redeem their 5-cent deposit, putting the state on track to double the deposit to 10 cents per bottle in 2017.

Figures released by the Oregon Liquor Control Commission on Wednesday showed that just over 68 percent of bottles were redeemed in 2014, down nearly three points from the year before.

Under a 2011 law aimed

at stemming the downward trend in bottle redemption, the deposit is slated to rise Jan. 1, 2017, if the redemption rate does not stay above 80 percent for two consecutive years.

"The dime will get the consumer's attention in a big way," said Vicki Berger, a former state representative from Salem and a strong advocate for the bottle bill. "Unfortunately, it will probably cause a backlash against the bottle bill, which I don't want to see."

Berger's father came up with the bottle deposit concept and convinced state lawmakers to adopt it in 1971.

It's credited with significantly boosting recycling and reducing litter, and has since been replicated in nine other states, 12 Canadian provinces and more than a dozen countries.

But redemption has fallen precipitously since the 1990s, when nearly all containers were returned for a refund. That's due in part to the growth of curbside recycling and consumer frustration with grocery store redemption rooms.

When they adopted the deposit hike, lawmakers tried to make the bottle-return process

less frustrating. They allowed unified redemption centers that aim to be cleaner, faster and larger than those in grocery stores. The installation of redemption centers has increased redemption rates within a 3.5-mile radius, though by varying degrees, said Cheryl Berges, a spokeswoman for Oregon Beverage Recycling Cooperative, which collects and recycles containers statewide.

At one store in Portland, the number of redeemed cans doubled, she said, while others have seen a smaller increase of 10 to 15 percent. Twelve centers are now open, with plans

to eventually create about 45.

"We believe the redemption centers are helping," Berges said. "They are increasing the (redemption) rate where they exist. They just don't exist in enough places yet."

Backers of the bottle bill say redeeming the deposit is preferable because the materials are presorted, preventing contamination and avoiding the substantial sorting costs associated with curbside recycling.

Another big change to the bottle bill is also on the way.

In 2018 the bottle deposit will begin applying to glass, metal or plastic beverage con-

tainers except those containing milk, wine or liquor — a significant expansion over the current system. Lawmakers said it made little sense that a soda bottle would require a deposit but a nearly identical iced tea bottle would not.

"People don't realize the billions and billions and billions of consumer containers in Oregon that never went into the waste stream, that were actually recycled," Berger said. "Particularly aluminum, which is so highly recyclable. All the energy that didn't have to go into making new containers."

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