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Before the Subcommittee on Public Lands and Environmental Regulation
of the Committee on Natural Resources
U.S. House of Representatives
April 4, 2014

Hearing on H.R.____ (Bishop), To Amend the Federal Lands
Recreation Enhancement Act to improve consistency and
accountability in the collection and expenditure of Federal
recreation fees, and for other purposes.

Good morning Chairman Bishop, Ranking Member Grijalva, and other members of the Subcommittee. Thank you for the opportunity to discuss how technology can improve consistency and accountability in the collection and expenditure of federal recreation fees, and help enhance the visitor experience for those who enjoy our federal recreation lands and waters. My name is Elizabeth Pemmerl, and I am the President of NIC Technologies, the federal government services division of NIC Inc.

Our Company

NIC is the nation's leading provider of official government web sites, online services, mobile applications, and secure payment processing. We provide the official state websites for 29 states, including Utah and Oregon. We also provide a comprehensive online service for the Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) that allows motor carriers to check driver records for prospective employees. Since the Pre-Employment Screening Program launched in 2010, NIC has processed over 2.5 million driver record requests on behalf of FMCSA.¹

We focus on building solutions that make it easy and efficient for taxpayers to access government information and securely process all types of government transactions. In the majority of our engagements with government, NIC is able to build and manage online services at no cost to government agencies. Through our unique self-funded model, NIC provides the upfront funding for eGovernment services, and then recoups our investment through modest fees paid by citizens or businesses electing to use the service. These funds are then rededicated to support the cost of maintaining the web platform, including ongoing improvements and customer support. A 2013 study from the University of Utah found that implementing transaction-based contracting for eGovernment services has saved the State of Utah \$61 million over 5 years.²

Applications for Recreational Programs

¹ See attachment I

² See attachment II

We believe that technology can help make a wide range of government operations more efficient, secure and transparent. Employing the right technology can also save the government money. Agencies devote significant resources to entering data, printing forms, mailing and storing documents. Online services can help decrease these costs, and recreation programs are no exception.

In states ranging from Maine to Mississippi, NIC provides services that streamline the administration of hunting and fishing systems and game lotteries. For example, in the state of Hawaii, NIC's online camping system allows visitors to make reservations, buy permits, check site availability, and submit payments. The system then provides reports and transparent financial data back to the state. The state estimates the system saves thousands of dollars per year compared to the existing paper-based process.

In the state of Maine, NIC launched a campground reservations application on behalf of the Department of Agriculture, Conservation and Forestry in February 2014. On opening day, nearly 1,000 reservations were processed in the first hour.

Technology offers additional benefits - it offers consumers choices. Visitors to our nation's recreation sites want the ability to purchase passes and permits whenever, wherever – whether on a computer, tablet or mobile device. In the state of Montana, NIC helps provide residents and non-residents access to Montana's abundant wildlife by offering the online, immediate purchase of hunting and fishing licenses and accepting submissions for lottery draws.

Consumers also want to use technology to enhance their visit to federal lands. Mobile applications could allow visitors to report an invasive species sighting, or upload photos to a library that is 'crowd-sourced' from visitors to a specific park or recreation area.

Consumers want technology to make compliance more convenient. In Arkansas, hunters have the option to use the camera on their phone to file required game checks via NIC's mobile game check application. Now, hunters don't have to make a trip to a game warden or remember to file paperwork days after the hunt.

These solutions are available today, but the sky is the limit for what comes next.

It would be easy to make your National Park pass available on your iPhone, just like a mobile boarding pass at the airport, or associate GPS data with the purchase of a permit, so that recreation fees can be dedicated to targeted regions. The state of Utah is considering the prospects of wearable technologies. The state, in collaboration with NIC, announced the first government application for Google Glass just last month. The application will inform users when the next public bus or tram will arrive at their stop. Perhaps future generations of park visitors will use Google Glass to pull up a trail map!

We commend the Subcommittee for evaluating how technology solutions can play an important role in federal recreation programs.

NIC is proud to play a role in these great success stories from many of your home states. As you reauthorize the Act, we encourage you to consider authorizing pilot

projects to explore similar innovative partnerships, creative service delivery approaches, and alternative contracting models for these exciting technology services.

Thank you for the opportunity to address the Subcommittee. I look forward to any questions you may have.

Attachments

- I. Case study on NIC's work for the Department of Transportation FMCSA's Pre-Employment Screening Program
- II. Executive summary of December 2013 study from the Center for Public Policy & Administration, University of Utah, *Smarter eGovernment: The Economics of Online Services in Utah*

NIC CASE STUDY:

PRE-EMPLOYMENT SCREENING PROGRAM



US. Department of Transportation, Federal Motor Carrier Safety Administration

NIC developed and currently manages the Pre-Employment Screening Program (PSP) for the U.S. Department of Transportation, Federal Motor Carrier Safety Administration (FMCSA). This program is an excellent example of a successful no-cost service deployed for a federal government agency. PSP helps motor carriers review the safety histories of prospective employees as part of the hiring process. NIC provides payment processing, dedicated customer support, and all education, marketing, and outreach for PSP on behalf of FMCSA via a no-cost contract.

Since PSP launched in 2010, NIC has, on behalf of FMCSA:

- Processed over 2.3 million driver records through our secure, Section 508-compliant online service
- Attended over 80 industry events to promote PSP awareness
- Worked closely with FMCSA and members of the motor carrier industry to launch significant PSP enhancements and a PSP iPhone application
- Handled more than 97,000 customer phone calls with average wait times of less than 30 seconds per call

PSP Features

PSP offers convenient and secure online services:

- PSP driver record access for enrolled motor carriers who are prospective employers
- Access for commercial drivers to purchase their personal PSP record
- Access for industry screening companies that are involved in the driver hiring process

Motor carrier companies and other users must enroll to access driver records of prospective employees. Drivers can access their PSP data at any time to verify their record is correct. NIC handles the review and approval of users based on criteria established and managed by FMCSA. Once enrolled, users are provided system credentials and have instant access to PSP records in a convenient dashboard.

This user-friendly, secure online service is an alternative to the process of requesting a PSP record via a lengthy and paper-intensive Freedom of Information Act (FOIA) request.



Aligned Mission

FMCSA is dedicated to improving the safety of commercial motor vehicles and saving lives. NIC supports that mission every day with PSP. According to a 2013 FMCSA Safety Analysis,

“Companies that use PSP have lowered their crash rates by 8%, on average .”

PSP Website

The PSP website is designed, managed and hosted by NIC in accordance with DOT standards, including section 508 compliance.

PSP adopted the same styling as other FMCSA sites, as seen to the right.

The screenshot shows the PSP website interface. At the top, there is a navigation bar with links for 'PSP FAQs', 'CONTACT Us', 'EDUCATION', 'FMCSA.GOV', 'FMCSA PORTAL', and 'DOT.GOV'. A search bar is located on the right side of the header. The main heading reads 'MAKING THE ROADS SAFER, ONE HIRE AT A TIME'. Below this, a welcome message explains the PSP program. Two prominent blue buttons are visible: 'Access PSP Records' and 'SIGN UP NOW'. The page is divided into two columns of text: 'About the Service' and 'Security & Privacy'. At the bottom, there are three buttons for 'Account Holder Updates', 'Driver Updates', and 'PSP Updates'. The footer contains contact information for the Federal Motor Carrier Safety Administration.

PSP Security

NIC meets and maintains compliance with the Federal Information Security Management Act (FISMA) requirements for government systems containing personally identifiable and other secure information. NIC completed a “FISMA moderate” security authorization for the Federal Motor Carrier Pre-Employment Screening Program in 2010 and 2013.

NIC employs best-in-class security tools and processes to ensure that security is a critical component of the software development life cycle. The security assessment process is an exercise that allows NIC to improve and perfect various security measures, rather an exercise of implementing many new procedures that had not previously existed. NIC recognizes that FISMA compliance is a dynamic process that requires vigilance and dedication on the part of all stakeholders. For this reason, NIC employs a second security assessor to execute a continuous monitoring program.

NIC’s No-Cost Experience with FMCSA

NIC engages in a no-cost contract with FMCSA to deliver PSP. This means that FMCSA has no financial obligations for the development, support, design, maintenance, customer service, or education related to PSP. PSP is entirely self-funded through modest convenience fees charged to end-users of the system.

The no-cost contract has allowed FMCSA to realize cost saving in two ways. First, because this project was the result of an unfunded Congressional mandate, FMCSA would have had to allocate budget dollars to information technology, customer service, and program outreach to deliver the service. Our no-cost contract allows FMCSA to utilize resources that would have been spent on PSP to support other mission critical FMCSA safety initiatives. Second, by allowing citizens to fulfill their driver information requests online, FMCSA personnel are available to work on other priorities, rather than fulfilling FOIA requests. Also, FMCSA is not responsible for the cost of significant program upgrades, such as the PSP mobile application.

NIC's no-cost contract with FMCSA was designed to be specific and clear, allowing both parties to easily understand the contract's overall objectives and deliverables. The contract also offers both FMCSA and NIC flexibility in the details of exactly how the program is delivered, managed, and improved. This provides the opportunity for both parties to drive innovation and continuously improve the PSP service. Additional strengths of the contract include:

Facilitating a Collaborative Relationship:

NIC and FMCSA enjoy a productive, collaborative relationship. NIC communicates frequently, and can adjust communication style in accordance with the current project demands. The contract does not dictate how and when communications occur.

Both NIC and FMCSA provide representation from a variety of internal teams; this means that status meetings include robust, informed decisions on topics ranging from information security to program management to public relations and communications. The contract allows NIC and FMCSA to freely share ideas, which results in the best possible program for all stakeholders.

Promoting Aligned NIC/FMCSA Goals:

The structure of the PSP contract ensures that the goals of NIC and FMCSA are aligned. Per the contract, NIC handles all matters of PSP record pricing and fee collection through direct agreements with the end-users, meaning NIC is uniquely incentivized to grow the service.

NIC is responsible for providing an exceptional experience for users by monitoring market demand, handling industry outreach and customer service, and meeting and maintaining compliance with payment card industry security and privacy requirements.

PSP Customer Support Team

NIC's engagement with FMCSA includes all customer support for PSP. Transportation companies and drivers enjoy dedicated full-time NIC representatives available by telephone and email Monday through Friday. The customer service team has successfully handled over 97,000 phone calls since PSP's inception. Additionally, the team has handled over 100,000 emails from PSP users.

NIC is paid on a per-transaction basis by service end-users, so NIC is aware that customer satisfaction is critical to the success of PSP. NIC handles 100% of calls, with average wait times of less than 30 seconds per call. If a PSP user issue is the source of multiple calls, the NIC PSP customer service team submits a recommendation for a PSP improvement to NIC's internal tracking system. These recommendations become the enhancements that are integrated into the PSP system on a regular basis. The no-cost model supports these process improvements.

The dedicated PSP customer service team was recognized as a finalist in the 2011 Government Customer Support Excellence Awards and was also a finalist for the Contact Center Team of the Year for the 2014 Stevie Awards for Sales and Customer Service.

PSP Adoption Rates Due to Outreach

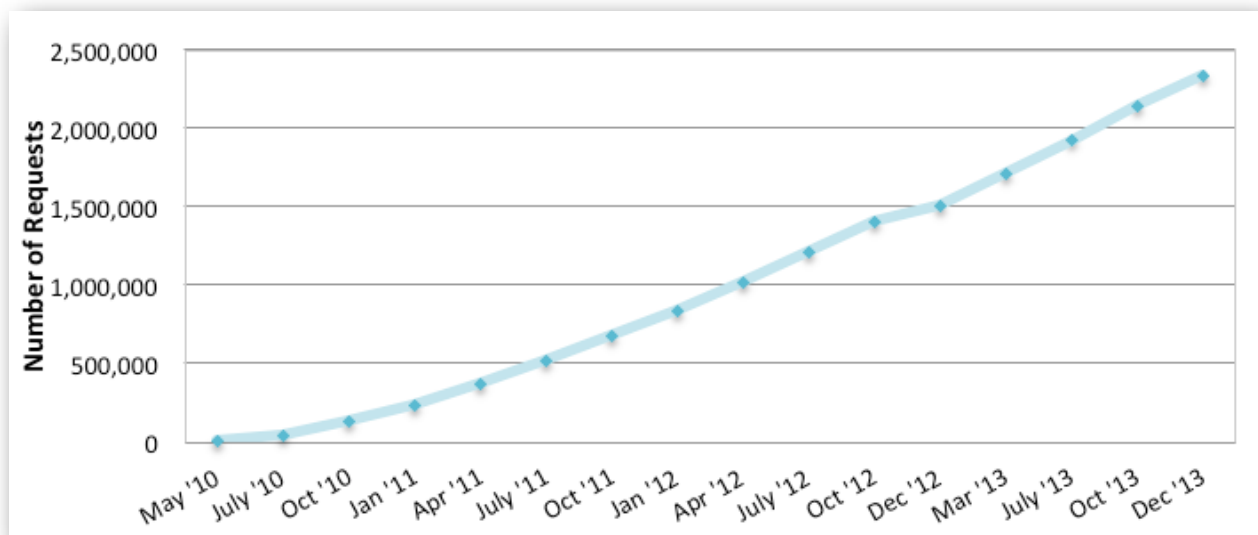
NIC designed and executed a customized, national outreach campaign for the Pre-Employment Screening Program in conjunction with the FMCSA program team. The campaign included attendance at more than 80 industry events in a four-year period, including thousands of miles of travel, with all costs incurred by NIC. Efforts also include webinars, presentations, and exhibitions. PSP has been highlighted in industry publications such as *Transport Topics*, *Overdrive Magazine*, *Landline*, and others. Additionally, NIC manages Twitter content to share information about PSP with the trucking community, interfaces with trade press, provides press releases and media interviews, and designs, manages and prints all marketing collateral. NIC works with FMCSA to edit and approve all communication and content.

Feedback from industry drives ongoing enhancements for PSP. For example, at the request of our industry stakeholders and with approval from FMCSA, NIC expanded access to PSP to a new category of end-users in 2012. This expansion led PSP to win honorable mention in the government to business category for the 2013 Digital Government Achievement Awards.

NIC is experienced in driving participation for any agency using creative approaches like the ones discussed above.

Cumulative PSP Requests By Quarter (2010–2013)

Since its launch, the PSP program has shown strong year-over-year adoption, as evidenced in the following metrics. The graph below shows the overall number of PSP record requests, demonstrating NIC's success in implementing marketing plans to increase adoption of federal services.



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Smarter eGovernment The Economics of Online Services in Utah

The way government operates is changing. Just as the business sector tapped into technology to change how it interacts with its customers, government is finding ways to better serve its customers. The key to this improved service is eGovernment - the process of delivering information and processing government transactions digitally through web, phone, mobile, and point-of-purchase channels.

Beginning with the launch of eUtah.org in 1999, the state of Utah has proactively developed new online services to meet the demand of both citizens and businesses.ⁱ Today, Utah.gov offers more than 1,000 online services. Examples are easy to come by when describing eGovernment services – renewing a car registration, ordering birth certificates, or filing income taxes online are just a few.

There are multiple benefits of online services for consumers, businesses, and the state.ⁱⁱ This study focuses on the financial benefits for Utah in the form of cost avoidance, which is the cumulative difference between the costs of providing a service online and the costs for providing the same service offline (i.e., in person at a government office, by phone, or by mail).

The results show that by providing online services Utah has avoided significant costs in the past five years. These savings are a result of moving services to an online format as well as the use of the self-funded model. The findings indicate the average cost to provide a service in an online format is significantly less than providing the services in an offline format. Because of the lower online costs, the state has avoided an estimated \$46 million. In addition, by relying on the self-funded model the state avoided approximately \$15 million more in costs; resulting in a five-year total cost avoidance of approximately \$61 million as a result of effectively implementing eGovernment solutions.

1000+ online services

Beginning in 1999 with just one service, Utah.gov now offers 1,000+ online services.



ⁱSubsequently changed to utah.gov.

ⁱⁱ Benefits of online services include financial benefits to government, financial benefits to consumers, social benefits, and the contribution to broader government objectives. The National Office for the Information Economy and DMR Consulting, "E-Government Benefits Study" Commonwealth of Australia, April 2003.

Study Design

As the state has experienced tremendous growth in both the number of services it offers through Utah.gov and the number of visitors to the state website, it is valuable to determine the financial benefits to agencies and thus to the state and its taxpayers.

The 25 online services with the highest transaction totals are the gauge for this research. These services were selected from the 2010 Utah.gov Online Service Report by the Utah Department of Technology Services. Data was requested from the respective agencies for the 25 services; however, agencies were able to provide adequate data for 19 of the services (see Table 1 for the list of services included in the study).

Online vs. Offline Format

A number of services offered through Utah.gov are available in both an online and offline format. In general, the cost for providing the services in an online format is less for the agency than providing the services in an offline format.

In a cost comparison between online and offline formats, nine services have a lower per transaction cost for online services, while four services see a higher online cost for each transaction.ⁱⁱⁱ The average cost (per transaction) for these agencies to provide the service online is \$3.91; to provide the same services offline, the average cost is \$17.11 - a difference of \$13.20 per transaction.

Table 1: Utah.gov Services Analyzed

Online Service	Agency
Transparency Website	Administrative Services
Business Entity Search, UCC Filing, and UCC Search	Commerce
Continuing Education for Contractors (approval process)	Commerce
One Stop Business Registration	Commerce
Professional License Verifications	Commerce
Real Estate License Renewals	Commerce
State Construction Registry	Commerce
Vital Event Records	Health
Agent Hunting & Fishing Licenses	Natural Resources
Campground Reservations	Natural Resources
Educator License Renewal	Office of Education
Impound Vehicle Services	Tax Commission
Title & Lien Request	Tax Commission
Tax Express	Tax Commission
Tax Payments	Tax Commission
Vehicle License Renewals	Tax Commission
<ul style="list-style-type: none"> • On the Spot (OTS) • Renewal Express (REX) 	
Express Lane Transactions	UDOT
CHIP Payments	Workforce Services
Job Referrals	Workforce Services

ⁱⁱⁱ Data was requested for all 25 services; however, adequate data to complete a cost comparison between online and offline services was only provided for 13 services.

Cost Avoidance over 5 Years

Calculating cost avoidance resulting from conversion of services to an online format is not a trivial undertaking.^{iv} The total cost avoidance is the product of the number of online transactions demanded and the cost avoidance per transaction as reported by each agency (transaction demand x cost avoidance = cost avoidance).

For example, if service A had a transaction demand of 2,000 over a five year period and the cost avoidance for this online service was \$10 per transaction, then the total cost avoidance for this service was \$20,000. The cost avoidance total is a conservative estimate because it is unlikely that another delivery method for offline transactions could be implemented that matched the same constituent-perceived quality and price of the online portals for the same or lower cost as the offline transactions.

The findings of the cost avoidance analysis indicate that Utah has avoided significant expenses by providing services in an online format. For the nine services used in the study, a cost avoidance of nearly \$46 million is seen over a five year period.^v Considering the hundreds of other online services provided by the state, it is expected that the savings are even greater.

financial savings

By moving nine services to online, Utah avoided up to \$45,911,391 in costs over five years.



Self-Funded Model

Many state agencies in Utah work with an independent contractor, such as NIC's Utah Interactive subsidiary, and use a self-funded model to fund the expenses of providing online services. There are two basic components of the self-funded model. The first involves modest user efficiency fees (also termed transaction fees) that are added to a select number of transactions and charged to the end user. These efficiency fees cover the private sector provider's costs to build, manage, and

^{iv} Inherently, there are differences in the constituents' perceptions of quality (convenience, efficiency, etc.) and price (actual transaction price coupled with the reduced time required to complete the transaction) between online and offline delivery of services. Any model used to derive the cost avoidance must rely on assumptions about the substitutability of the offline for the online service. This study takes an approach that assumes that each agency had some offline means of delivering services that the constituents perceived as identical in quality and price to the online services. Because there is no way of objectively estimating a ceteris paribus level of offline transactions assuming the program was never offered online, the study assumes that leaders would have decided to strive for the same level of constituent services provided by the online portals by using some other delivery method. If they had been able to achieve that same level of constituent-perceived quality and price, then it would follow that the level of transaction demand would be identical to the actual demand levels for online transactions from FY2007 to FY2008.

^v Data was requested from agencies for all 25 services; however, agencies provided data to analyze the cost avoidance for nine services. The remaining services did not have data, had inadequate data, or did not have an offline format of the service.

enhance eGovernment services across the state. The second component of the self-funded model allows the private sector provider to develop additional online services at no cost to the agency or the consumer. An example is the online voter registration service provided free of charge for the Lieutenant Governor's office by NIC's Utah Interactive. As a result, Utah and other states use the self-funded model to provide eGovernment services without requiring the use of appropriated taxpayer dollars.^{vi}

Utah Interactive provides more than 600 online services for the state of Utah through Utah.gov. The vast majority of these services (86%) are not financially self-sustaining. Under the self-funded model, Utah Interactive incurs direct costs for building, managing and maintaining the Utah.gov portal and the 600 online services. These costs include the following: 1) information technology; 2) project management and marketing costs; 3) utah.gov management and customer services; and 4) other operational administrative costs.

The estimated costs for providing these services under the self-funded model are approximately \$15 million. These are costs that the state of Utah would have likely spent to deliver a comparable in-house portal solution, but has avoided because it uses NIC's services under the self-funded model. This self-funded cost avoidance calculation is in addition to the \$45 million cost avoidance noted above.

Conclusion

eGovernment has a positive track record in the state of Utah. The growth in eGovernment services is significant and equaled by the high level of use by citizens and business. In 2011, the number of average monthly visitors to Utah.gov was nearly 1.3 million. These individuals and businesses accessed a wide range of services such as license renewals, business filings, and tax payments. Without question, Utah's tech-savvy citizens are using the Utah.gov portal increasingly as their first point of contact for state information and services.

As technology changes and the digital divide disappears, governments throughout the nation are finding more reasons to provide services online. The potential benefits of e-Government for citizens are numerous, such as saving time and money, ease of use, and convenience of accessing services 24 hours a day, 7 days a week. Beyond these benefits, eGovernment produces significant cost savings.

For both government and citizens, eGovernment is a smart choice.

^{vi} Developed by NIC, the self-funded model allows governments to offer eGovernment services without using upfront taxpayer funds. The self-funded model may or may not include a transaction fee charged to the consumer. NIC collects a nominal transaction fee for a limited number of high-volume applications to cover the costs of building and managing thousands of online services on behalf of federal, state, and local governments across the country.