

Real ID's Cost to the States: A Ballpark Estimate

No rigorous national studies of the cost of implementing Real ID have been undertaken. However, state officials in Washington State and Virginia have put together estimates for the Act's 5-year cost in their state, and by extending those estimates to the other 49 states and the District of Columbia, we can obtain a ballpark estimate for the national expense of implementing this legislation.

This basic estimate indicates that Real ID's national cost to the states would be between \$9.1 billion and \$12.8 billion.

This is of necessity a crude estimate of the Act's costs, but until a detailed, comprehensive study is performed that looks closely at the full range of known factors (including such items as regional labor costs, and how much each state needs to build or rebuild its computer and communications systems to come into compliance with Real ID), this is the best we have.

Real ID will require a complicated and wide-ranging set of changes on the part of motor vehicles agencies in every state – changes that will depend in part upon a state's current practices and systems. Those changes will range from changing the physical appearance of the plastic identity card given to citizens; to the computer hardware, software programs, and communications infrastructures of government bureaucracies; to the hiring of additional personnel to handle the increased workloads at DMV windows; to the increased technology and document-verification requirements; to the greater need for managers to oversee all of this.

The Washington State officials – incorporating factors such as increased workload, computer programming, equipment, facility, and system access costs – estimated that Real ID would cost their state \$251 million over 5 years.

Extending Washington State's estimate to the other states

An issue that arises in extending a cost estimate for the state of Washington (with 6 million residents) to a state like Texas (22 million residents), or a state like Wyoming (a half-million residents) is how much of Washington's \$251 million cost is dependent on the size of its population, and how much that of that \$251 million consists mostly of fixed costs that would be the same in Washington, Texas, or Wyoming. Would Wyoming, with one-twelfth the population of Washington, pay one-twelfth as much for Real ID? Or does the cost consist largely of expenses such as hiring a team of programmers to reconfigure the state's computer systems, which would be roughly the same no matter how many names are held in those computer systems?

It turns out not to make a very big difference. If we assume that the costs in Washington's estimate are entirely fixed (i.e., each state must pay exactly \$251 million regardless of size), we get a national cost of \$12.8 billion; on the other hand, if we assume that the costs in Washington's estimate are entirely dependent on population (i.e.,

each state would, like Washington, pay \$40 per resident), we get a national estimate of just \$1 billion less, or \$11.8 billion.

The other estimate of the Act's costs by state officials that has been widely reported comes from the state of Virginia, where state experts put the 5-year cost at \$232 million. Projecting Virginia's results in a similar manner yields a national cost estimate of between \$11.8 billion and \$9.1 billion.

In truth, of course, Real ID will inevitably impose a mix of fixed and per-capita costs on each state, and the cost will be somewhere within these ranges. But regardless of how you slice it, if the state officials in Washington and Virginia are anywhere near accurate in their estimates, and if their states are at all representative of what most states will have to confront, it is clear that Real ID will be very expensive indeed.