What is the real cost of REAL ID?

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The Bush administration calls it essential to national security. Arkansas Gov. Mike Huckabee (R) says it is "outrageous." New Mexico Gov. Bill Richardson (D) vows to challenge it in court, but he may have to hurry if he wants to beat the American Civil Liberties Union (ACLU) to the punch. "It" is the Real ID Act, the landmark federal bill passed in June that establishes national criteria for obtaining a driver's license, a measure that has so far left state lawmakers, governors and privacy advocates with far more questions than answers.

For states, Real ID is primarily a matter of dollars and cents. The new law requires that as of May 11, 2008, driver's license applicants must show four documents -– photo identification, birth certificate, social security number (or proof of SS eligibility) and documentation that shows the holder's name and principle address, all of which states must verify as authentic. None of the documents, with the exception of passports, can be of foreign origin. States will also have to develop databases that will be linked with one another.

The administration estimates that this process will cost states about $100 million over five years to implement. State leaders like Huckabee and Richardson, however, scoff at that figure, claiming it is only a fraction of what actual costs will be. New York Sen. Michael Balboni (R), co-chair for the National Conference of State Legislatures'(NCSL) Executive Task Force on Homeland Security, says the real cost to states will fall somewhere between $9 and $13 billion over the five-year time frame.

"Verification is really going to be the cost driver behind this legislation," says Cheye Calvo, who monitors state-federal issues for NCSL. "The law says DMV's will have to verify not just that an agency issued a document, but that they issued [each] specific document." Calvo says that means a lot of time spent by DMV workers scanning people's documents and sending them back and forth electronically between the other public and private agencies -– hospitals, government offices, utility companies, etc. -- that handed them out.

Larry Dzieza, budget director for the Washington state Dept. of Licensing, projects that his state alone will spend $97 million over the first two years of REAL ID implementation, while states like Virginia and Pennsylvania will dole out $232 million and $100 million respectively. Dzieza agrees that the bulk of those costs will be incurred from states having to add the staff and equipment necessary to process the required documentation. Most observers expect those costs to be passed along to consumers, meaning that getting a driver's license could soon cost as much as $150.

ACLU legislative counsel Tim Sparapani says that the increased costs to both states and consumers equates to a "two-way tax" the federal government is imposing without consent. He also argues that forcing the states to conduct what is essentially a federal task could also be a violation of the 10th Amendment of the U.S. Constitution. Far worse, he says, is that Real ID will result in an irretrievable loss of citizens' privacy.

"This is a sea change in the way that our culture is evolving," Sparapani says. "Make no mistake, this is the country's first true national ID card, the first time the government will have everyone's personal information in a single database."

He says that database will be an irresistible "one-stop shopping "attraction to thieves -- "the sweetest honeypot ever for hackers" – something which could render the entire system useless if breached.

"I won't deny that there are law enforcement benefits to having biometric [digital] fingerprints and photos in this kind of database," Sparapani says, "But if we put that information into the database, and that database is later breached, we will not in the future be able to use any fingerprint as a way of identifying people because we will know that hackers have been able to copy it and use it electronically on high quality forged documents. We will have blown for a generation our ability to use biometrics as a security tool."

That clearly concerns Balboni as well, who says that, "the security element is imperative to me. We need to get this done. At the same time, I realize that if we don't do this right we may actually create an even less secure system. If we don't create a foolproof system, and a terrorist gets into that system, we have literally given them the keys to the kingdom."

Speaking at the recent NCSL annual meeting, Sparapani urged lawmakers to "mimic Nancy Reagan and just say no" to accepting RealL ID's standards.

That may not be so easy, according to Dzieza. "States can reject Real ID, which would certainly lower verification costs," he says "But many banks, financial institutions and other retailers may require their customers to have Real ID licenses before they will accept a check or let that person open a bank account."

The problem at the moment with all of these scenarios is just that – they are only scenarios. Nothing at either the state or federal level has actually been cast in stone, leaving state leaders to ponder what will or won't actually end up being written into the system.

Jonathan Frenkel, Director of Law Enforcement Policy for the federal Dept. of Homeland Security, says many of the concerns being expressed by states and groups like the ACLU are much ado about nothing.

"There is no intention right now to develop a single national database," he says. "Nobody in the federal government or the administration is looking to make this a national ID card."

RealL ID supporters are also quick to note that four of the 911 hijackers used legally-obtained driver's licenses to board the planes they later crashed into the World Trade Centers. Oklahoma Rep. John Nash (R) says that given the "pathetic" security of most state driver's license systems, a similar event could have happened anywhere.

"I actually took six licenses onto the House floor and asked my colleagues to point out which ones were bad," he says. "Half of them were fakes, but they couldn't tell because all of them had been issued by our own public safety department."

Balboni also has problems with how the federal government has handled the Real ID issue, but says he is urging his colleagues across the country to "tread very lightly" when it comes to rejecting it before the details are worked out.

"[The need to develop] a secure driver's license was one of the key findings of the 911 Commission, so I think we [lawmakers] will have a very difficult situation at the state level if we say to our populace that we're not going to comply with the Homeland Security Department."

Fair enough say many lawmakers. But with a horde of other underfunded and unfunded mandates already in their lap -– No Child Left Behind, Medicaid, etc. – those same lawmakers are also saying to "show me the money."

"I don't know if I have a better alternative," says California Assemblyman Dave Jones (D), "But I do know that if the federal government gives us a mandate, then they ought to give us the money to pay for it as well."

Balboni says he is optimistic that states will see more funding from Washington, but only if they keep the heat on Congress and the White House.

"We need to continue to beat the drum," he says. "We need to tell Washington that they must provide us with the dollars for this because it really is all about national security, traffic safety and personal privacy. If we don't do that, if we just sit by and watch this play out while we move on to other topics, then I'm not optimistic at all that we will get what we need to make a top notch system that will work for everyone."

-- By RICH EHISEN