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PUBLIC HEARING

before

ASSEMBLY LAW, PUBLIC SAFETY AND DEFENSE COMMITTEE

on

ASSEMBLY BILL 166

(Changes the method by which vehicle agents would be chosen)

Held:
May 30, 1985
Room 346
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Joseph L. Bocchini, Jr., Chairman
Assemblyman Nicholas J. LaRocca, Vice Chairman
Assemblyman Frank M. Pelly
Assemblyman Robert J. Martin
Assemblyman William P. Schuber

ALSO PRESENT:

Aggie Szilagyi
Office of Legislative Services
Aide, Assembly Law, Public
Safety and Defense Committee

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ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 166

STATE OF NEW JERSEY

ADOPTED FEBRUARY 4, 1985

By Assemblywoman KALIK

AN ACT concerning motor vehicle agencies, amending R. S. 39:3-3
and supplementing P. L. 1954, c. 48 (C. 52:34-6 et seq.).

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 1. R. S. 39:3-3 is amended to read as follows:

2 39:3-3. **[The director shall designate]** *a. There shall be at least*
3 *one person in each county for each 300,000 inhabitants or fraction*
4 *thereof [to] who shall be [his] the full-time agent of the director*
5 *for the registering of motor vehicles, issuing registration certifi-*
6 *cates and licensing of drivers, subject to the requirements of this*
7 *subtitle and to any rules and regulations the director imposes.*
8 **[The agent shall so act until his authority is revoked by the di-**
9 **rector]** *Five-year contracts for each motor vehicle agency shall be*
10 *awarded by the Division of Purchase and Property in the Depart-*
11 *ment of the Treasury pursuant to the provisions of subtitle 5 of*
12 *Title 52 of the Revised Statutes. All moneys received by such*
13 *agents for registrations and licenses granted under the provisions*
14 *of this chapter shall forthwith be deposited as received with the*
15 *State Treasurer. The fee allowed the agent for registration certifi-*
16 *cates issued by him and for every license granted by him shall be*
17 *fixed by the director on the basis of the registration or license fees*
18 *collected by the agent. The director may limit the fee so paid to a*
19 *maximum. Such fee shall be paid to the agent by the State Trea-*
20 *surer upon the voucher of the director in the same manner as other*
21 *State expenses are paid.*

22 *b. A person who has been awarded a contract for a motor vehicle*
23 *agency shall develop and implement a five-year plan for improving*

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.

Matter printed in italics thus is new matter.

24 *the quality and efficiency of operations at the motor vehicle agency.*
25 *The plan shall include a required basic training course and annual*
26 *in-service training courses for all employees of the motor vehicle*
27 *agency. A motor vehicle agent is to submit an annual report to the*
28 *director on the progress of implementing the plan and the effects*
29 *and problems of implementation.*

30 *c. The Director of the Division of Motor Vehicles shall promul-*
31 *gate rules and regulations setting forth the minimum standards of*
32 *operation which are to be met by an agent who has been awarded*
33 *a contract. The standards of operation promulgated by the director*
34 *shall include, but shall not be limited to, such verifiable facts as the*
35 *number of calls received by an agency each month, the nature and*
36 *disposition of each call, the number of in-person transactions con-*
37 *ducted at an agency and the nature and disposition of each trans-*
38 *action. A monthly report addressing each standard of operation*
39 *promulgated by the director shall be compiled and forwarded to*
40 *the director by the agent.*

41 *d. The Division of Motor Vehicles shall conduct a review every*
42 *four months of each motor vehicle agency to evaluate its operation*
43 *on the efficiency of internal procedures, employee work product,*
44 *and other factors deemed appropriate for review, to verify the*
45 *contents of each monthly report, and to verify that the provisions*
46 *of the contract awarded to the agency are being fulfilled. A report*
47 *of the review evaluation shall be submitted to the motor vehicle*
48 *agency which was the subject of review with any deficiencies clearly*
49 *noted.*

50 *e. If the standards of operation provided for in the regulations*
51 *or the provisions of the contract awarded to the motor vehicle*
52 *agent are not being complied with as revealed by an evaluation*
53 *every four months, the agent shall be notified of the inadequate*
54 *performance evaluation and warned that the deficiencies are to be*
55 *corrected by the next evaluation. If the next evaluation again in-*
56 *dicates an inadequate performance, a hearing to rescind the contract*
57 *shall be conducted.*

58 *f. A hearing to rescind a contract awarded to a motor vehicle*
59 *agent because of inadequate performance evaluations shall be con-*
60 *ducted by a nonpartisan panel of three persons appointed by the*
61 *Governor for that particular hearing. The hearing shall be con-*
62 *ducted within one month of the third inadequate performance*
63 *evaluation. The findings of the hearing panel shall be final. If the*
64 *panel finds that the contract is to be rescinded, the rescission shall*
65 *take effect at the time that a new contract is awarded to an agent*
66 *for that motor vehicle agency.*

1 2. (New section) a. Prior to advertising for contract bids for
2 motor vehicle agency contracts awarded pursuant to R. S. 39:3-3,
3 a 30-day public comment period shall be provided by the Division
4 of Purchase and Property in order to receive comment upon which
5 to develop the specifications and invitations for bids under section
6 7 of P. L. 1954, c. 48 (C. 52:34-12). The public comment period
7 shall be advertised in the same manner as advertisements for bids
8 are made.

9 b. Notwithstanding any other provision of law to the contrary,
10 the Division of Purchase and Property shall give prime considera-
11 tion in its decision to award a contract for a motor vehicle agency
12 to a bidder who is a resident of the county where the agency is
13 located or to a business entity which has its headquarters in the
14 county where the agency is located.

1 3. This act shall take effect immediately but shall remain in-
2 operative until the 90th day after enactment.

ASSEMBLY LAW, PUBLIC SAFETY AND DEFENSE
COMMITTEE

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 166

STATE OF NEW JERSEY

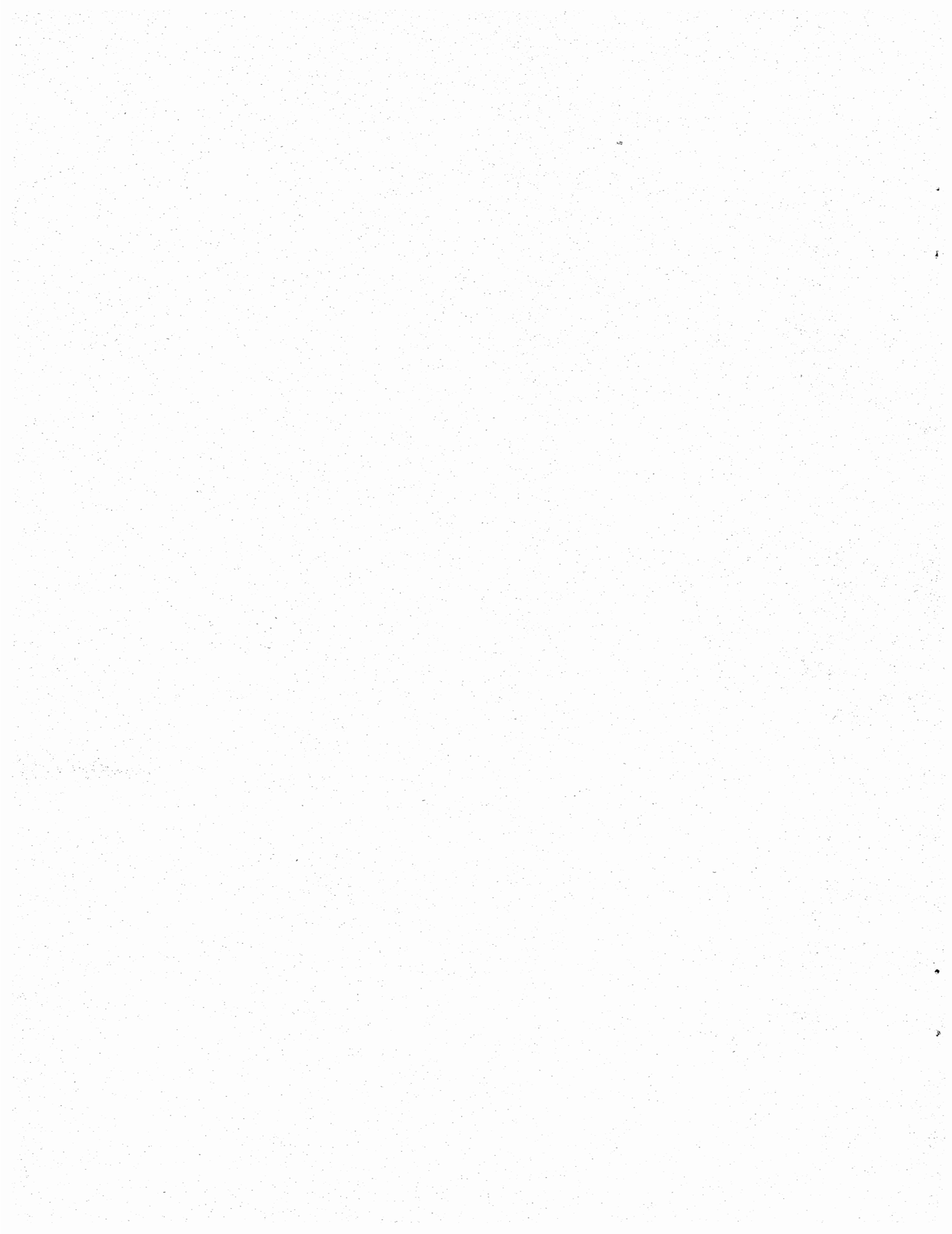
DATED: FEBRUARY 4, 1985

The Assembly Committee Substitute for Assembly Bill No. 166 requires the Division of Purchase and Property in the Department of Treasury to award five-year contracts for motor vehicle agents. The bill requires a 30-day public comment period in order to elicit comments upon which to develop the specifications and invitations for contract bids. A person who is awarded a contract is to develop and implement a five-year plan for improving the quality and efficiency of a motor vehicle agency.

Prime consideration in the decision to award a contract is to be given to a resident of the county where the agency is located.

The Division of Motor Vehicles is required under the bill to promulgate rules setting minimum standards of operation to be met at each agency. A monthly report addressing each standard of operation is to be sent to the division by the agent.

The division is to conduct a review of each agency every four months to evaluate its operation. If an agency receives two consecutive inadequate performance evaluations, a hearing will be conducted to rescind the contract.



ASSEMBLYMAN JOSEPH L. BOCCHINI, JR. (Chairman): Good morning, ladies and gentlemen. Thank you for coming to our hearing this morning, especially those of you who are agents. I apologize for holding the hearing today, after having been informed that this time of the month is probably the busiest time of the month for the Motor Vehicle agencies. When planning our future hearings, we will be certain to schedule them more in the middle part of the month so they will not interfere with your business.

Keeping that in mind, unfortunately, I have to pass some information along to you this morning that, needless to say, I am quite perturbed about. The original purpose of this hearing was to consider Assemblywoman Kalik's bill, A-166, which would require competitive bidding for the selection of Motor Vehicle agents to replace the current discretionary appointments made by the Director.

We invited six agents from across the State, taking into consideration large-, medium-, and small-sized agencies; we requested that two from each of those size agencies be here this morning.

By way of background-- Let me state this at this time: At 9:30 this morning, I received the following letter from Acting Director Robert Kline of the Division of Motor Vehicles. For the members of the press, we will have copies for you after the hearing. The letter reads as follows:

"Dear Assemblyman Bocchini: Although I have not received any formal request to appear before your Committee on May 30, 1985, I do want to explain why I feel it should be inappropriate for myself, or anyone else from the Division, to appear at this time.

"My two previous appearances before your Committee were prior to the start of the current State Commission of Investigation study. That study is still underway, and I do not believe it would be proper at this time for the Division to make any statements that might reflect on the investigation, either directly or indirectly. However, I would be happy to appear following the completion of the SCI investigation.

"In the meantime, the Division is continuing to cooperate with your Committee, and with this hearing, by supplying you with written replies and documentation concerning all of your previous questions. We will be happy to continue that practice.

"If I can be of any further assistance, please feel free to contact me. Sincerely, Robert S. Kline."

On May 17, at my request, a letter was directed to Mr. Kline concerning this hearing and requesting certain information consisting of: a breakdown of fees and commissions paid to each Motor Vehicle agent over the past two years; a copy of the current contract between the Division and each agent; a copy of the application form used by the Division in its selection of agents; a breakdown of the monthly and annual earnings of each agent for the past two years; the number of employees at each agency and their salaries and benefits; the monthly and annual expenses of each agent; and, a printout of complaints concerning Motor Vehicle agencies received over the last two years by the Office of Citizen Information and Complaints. If a printout would be too voluminous, a summary report of all complaints with relevant statistical information would then be sufficient.

Now, that request was dated May 17; I believe it was received on May 18. Today, May 30, at 9:30 a.m., the requested information was delivered to us, along with the letter from the Acting Director saying he chooses not to be here because of an SCI investigation. As Chairman of this Committee, I am disturbed, I am aggravated, not just for myself, but for those members of this Committee who have driven from all parts of the State, and for those members of Motor Vehicle agencies who have driven, on a busy day for their agencies, across this State, to sit here to give information concerning their particular agencies and any other information we might be able to incorporate into A-166.

I don't believe there is any justifiable reason, at this juncture, for Acting Director Kline to refuse to be in this room with an Assembly Committee discussing the business and pending legislation in this State. I do not recall a cabinet or sub-cabinet official refusing, other than in an instance where there was a criminal investigation. I am not trying to suggest that Mr. Kline is under any type of criminal investigation, but absent a criminal investigation, there is no justifiable reason, in my estimation, for him, or for anyone within his Division, not being here. The statutory authority for the SCI -- New Jersey Statute Annotated 52:9M-1, which continues --

states very clearly, after the creation section, under Section 3, that: "At the direction of the Governor, or by concurrent resolution, the Legislature shall conduct investigations and otherwise assist in connection with the removal of public officers by the Governor, the making of recommendations by the Governor to any other person or body with respect to the removal of public officers, the making of recommendations by the Governor to the Legislature with respect to changes in, or additions to, existing provisions of law required for the more effective enforcement of law, the Legislature's consideration of changes in, or additions to, existing provisions of the law required for the more effective administration and enforcement of the law"— It goes on to indicate, under Section 4: "Investigation of departments or agencies," and nowhere -- nowhere that I can find -- under the statutes that created the SCI, is there a prohibition that the Legislature not be able to conduct hearings in relation to legislation. There is no prohibition which says that the Legislature cannot conduct hearings simultaneously while the SCI is investigating something of a similar nature.

The Assembly Concurrent Resolution that was passed dealt more specifically with the Taggart/Sears photo license issue. I acknowledge that SCI indicated subsequent to that that they were going to expand their investigation to include the issue of Motor Vehicle agencies and the question of the political aspects of those Motor Vehicle agencies. They indicated that: "It appears to the Commission that the current political controversy over photo license processing contracts may have its origins in the underlying deficiencies of operating an agency system strictly on a political basis, with little or no regard for sound business practice, and seemingly with even less concern for the system's public credibility. No public institution can survive if the citizens and taxpayers it is mandated to serve become convinced that it lacks integrity and candor in its public dealings.

"The Commission's investigative objectives will be to ensure that the essential integrity of public service is strengthened and preserved and that the many citizens with whom the Division of Motor Vehicles makes such close and constant contact receive a response to

their varying motoring needs that is not only efficient and courteous, but also clean-cut and straightforward. The Commission will press to the fullest extent for the expeditious implementation of whatever recommendations result from its inquiry."

I have no problem with that, and I don't think the Committee has any problem with that. But, what I do have a problem with— The Commission, in its press release concerning the expansion of its investigation, said: "No public institution can survive if citizens and taxpayers it is mandated to serve become convinced that it lacks integrity and candor in public dealings." Well, if there has ever been an instance of a lack of integrity and candor in public dealings, you can see it this morning. I don't understand why it took better than a week and a half to get this information to this Committee. I was scolded by one of my colleagues recently for not disseminating information, and we had a difference of opinion as to why that didn't happen. But, my Committee members deserve this information. If I had received this information even by Friday of last week, my Committee members would have had it by yesterday, but they didn't. I was able to look at a couple of pages of it, but I am not in a position, and I do not think the Committee is in a position, to proceed with anything in relation to this this morning.

I would point out that at no time has the SCI ever contacted me, any of the Committee aides, or, to my knowledge, any members of this Committee, requesting that this Committee -- the Assembly Law, Public Safety, and Defense Committee -- not hold hearings, or refrain from holding hearings concerning the Motor Vehicle agency system, and refrain from holding hearings in relation to Assemblywoman Kalik's bill. Let me state very clearly for the record, I have had conversations to a very limited extent with some people from the SCI concerning questions they may have had from our previous hearings or information we may have had or obtained for clarification purposes. At no time did they ever request, nor have they ever requested, that we refrain or do not continue with these hearings. If they were to call and say, "Assemblyman, we believe, because of our investigation, that it would be beneficial if you refrained from any such hearings until we

complete our own investigation," I would certainly honor that request without any hesitation, because they are an arm of the Legislature. They were created by the Legislature. They exist as a result of a legislative enactment. But, I have not had that request. That request has never been sent in any manner, way, shape, or form.

So here we sit this morning with State government hiding in a closet, and I don't know why. I like Bob Kline. He is a nice person. I have been very candid with Robert through this entire scenario, since it started several months ago. Putting aside my personal disappointment with him, I cannot put aside the lack of candor, the lack of integrity, and the lack of forthrightness which is supposedly a hallmark of this Administration, as well as past and future administrations, when we allow ourselves to be put in a certain position because an investigative commission is conducting an investigation, and people will not come to a legislative Committee to discuss the pending legislation before it.

I know we have several agents with us this morning. In fairness to those of you who are here— We have Charles Kroh, an agent from Williamstown, Patricia Main, an agent from Edison, John Hansbury, from Baker's Basin, Lucille Gaskill from Flemington, and Kathy Edwards, an agent from Morristown. Since you are here, since you have taken the time to come down, I will certainly allow you to make any given statement that you choose to make this morning. However, I would indicate to the Committee, and to those of you who are here, that we are going to require another hearing. There won't be any questions asked this morning; your statements will be received if you want to give them.

Before we leave here this morning, I would request from the Committee that we look at our calendars to see if we can ascertain a mutually convenient date to reconvene this Committee for the purpose of further discussion. If I may, we might look at that at this time.

ASSEMBLYMAN SCHUBER: Mr. Chairman, if your statement is concluded, I would like to have the privilege of making a statement also.

ASSEMBLYMAN BOCCHINI: Certainly.

ASSEMBLYMAN SCHUBER: Mr. Chairman, I don't share your concerns with regard to the fact that Mr. Kline is not here. I think it is only fair that the record be set straight that Mr. Kline has been here on two previous occasions and has testified before this particular Committee. I believe he has testified on Assemblywoman Kalik's bill prior to this.

I don't think it is fair to castigate Mr. Kline, the Acting Director, at a time when he is spending a considerable amount of time, as I understand it, with the SCI, which is the intent and purpose of the legislation passed by a majority of its voters, as stated in the resolution you read, and as expanded on by the SCI into looking at all aspects of the Motor Vehicle agencies. Quite frankly, I do not find that Mr. Kline or any members of the Administration have hidden in a closet. In fact, if anything, they have been here at all times, and all were candid when testifying before us. I don't think that Mr. Kline prefers to have to come here to participate in what I think is really nothing more than political theater. I do not believe we are spending our time logically on this particular issue, to the expansion that this Committee has gone with it, at a time when the SCI— I remember hearing proponents of that resolution testify, or state on the floor of the Assembly, that that was the proper place to take care of all of this business.

I think it would be a more meaningful use of our time, Mr. Chairman, if we waited until such time as the SCI has completed its full investigation with the full authority and people that it has available to it, and makes available that information to us, so that we can do our job properly when looking at this system and change it to what we think is best for the citizens of our State.

I think what we have been doing here is really a useless or meaningless exercise mainly for the purposes of the press, and not really for eliciting any information that could not be available to the SCI. I think it is wrong to castigate Mr. Kline for not appearing at this time. I reiterate that Mr. Kline has been here on two separate occasions prior to this. Those occasions were before the SCI started its investigation. He has testified on Assemblywoman Kalik's bill

already; he has recommended it. The information you seek is considerable, and I don't think it was possible for him to get it in, in that short a time. So, he got it in a couple of days later than that. I don't think this Committee hearing should have been set up until you had the material, and it would appear that you didn't have it until this morning.

I think what we should do now-- I think this Committee should adjourn. I don't think there is any need to take testimony at this point until that information can be disseminated. Listen, I don't mind participating with legislators in a rational legislative inquiry. I have participated in a number of public hearings, and I have cooperated with this Committee considerably. But, I do not like being placed in the position of being a player in political theater. I think that is all this is.

ASSEMBLYMAN PELLY: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Assemblyman Pelly.

ASSEMBLYMAN PELLY: Mr. Chairman and members of the Committee, I would like to make a statement. I certainly take exception to my colleague, Assemblyman Schuber's, remarks, particularly with respect to us participating in political theater.

I received notification, as did everyone, to appear this morning to participate in a hearing which would affect Assembly Bill 166. All of us know that Assembly Bill 166 is not a new piece of legislation. It has been with us since the early 1980s. It has been reintroduced on two or three occasions. It has been objected to by my colleagues on the other side of the aisle with respect to releasing the bill from Committee. I can understand their reluctance to proceed with the release, and the ultimate signing into law, of legislation of this nature. But, I truly believe that the essence of this Committee hearing is to assemble the bill, A-166, into a form which can ultimately be voted upon by the full Assembly and sent to the Senate as expediently as possible.

This bill is needed by the State of New Jersey. We need to reform the system, and we need the participation of all of the agents in order to do this. I think what has occurred here today by the

Acting Director's failure to appear is absolutely inappropriate, as the Chairman has pointed out.

I must make several corrections, though, with respect to the time period of the request for information. This information was requested during the first week of May. We can look at the record and see that it was requested by members of this Committee, myself in particular. I requested some of this information during the first week of May, and I haven't received any of it to date. This is important information. It is not the May 17 request that I seek to discuss; it is the information that was requested the week of May 1. To date, I have received none of it.

I want to move this bill out of this Committee as quickly as possible, and I have said this on two or three other occasions. In order to do that, we need input from the agents. We also need the information and the presence of someone from the Division of Motor Vehicles, be it Robert Kline or one of his assistants.

So, if we are dealing with a date, and we are now going to be discussing a date on which we can reconvene and get this bill out of Committee quickly, I would suggest to the Chairman, and to the members of the Committee, that, number one, we contact the SCI, and if there is an incompatibility with the appearance of Mr. Kline here, then, as you point out, Mr. Chairman, we will have to abide by that. If there is no incompatibility with his coming here and he refuses to appear, I would suggest, and I would be willing to participate by introducing a resolution on June 17, reaffirming our ability to subpoena Acting Director Kline here at a date subsequent to June 17. We could then move forward with this legislation. I am anxious to get this legislation out of Committee.

With that in mind, let's move forward.

ASSEMBLYMAN MARTIN: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Assemblyman Martin.

ASSEMBLYMAN MARTIN: I would like to make a few statements, also, as far as the thrust of the hearing here today is concerned. I think it is fair to say that we all know the Assembly, in its infinite wisdom, decided to permit the State Commission of Investigation to

explore this whole area of Motor Vehicle agents and dealerships within the State. There were some of us who felt that this Committee might be the appropriate forum to explore that area and, indeed, despite whatever the SCI may decide, I am not suggesting that we should relieve ourselves of looking into that area. I think we--

ASSEMBLYMAN BOCCHINI: (interrupting) If I may, Mr. Martin, just for one moment by way of clarification. I think if you go back and check the resolution, you will see that the resolution that was passed by the Assembly and the Senate deals more specifically with the photo license issue, rather than the Motor Vehicle agencies. And the SCI, by itself, indicated that it would expand its investigation. The Assembly, through an Assembly resolution, had requested that the SCI look into the photo license problem. That resolution did not deal with the Motor Vehicle agencies, nor was it requested by the Legislature that they analyze the question of Motor Vehicle agencies, which we were prepared to do, contemplated doing, and are presently attempting to do. Please continue.

ASSEMBLYMAN MARTIN: Well, Mr. Chairman, it was my understanding when we passed this that there were at least references made during the discussions, and certainly the SCI itself, given the authority to look into it, has indicated that it wishes to look at the bigger picture. I think certainly that this is the bigger picture. Regardless of the criticisms which might be leveled at the Division of Motor Vehicles for the way it attempted to set up the photographic license, this is certainly all part and parcel of the whole system of the way in which dealerships are selected and awarded.

Be that as it may, I think in the interest of efficient government -- and I think that is something we are all concerned with -- the fact is we have a State Commission of Investigation going on right now, looking at the very same matter that we are dealing with today. I understand and appreciate my colleague, Mr. Pelly's, concern with having some legislation, but I would not feel good in acting on any legislation, even through this Committee, while not having the results of the State Commission of Investigation's findings. It seems to me we would be acting hastily and almost in disrespect for what a

majority of our colleagues had decided, that is, to have the Commission look at the problem. To say that they are dealing with part of the problem, you're right, Mr. Chairman, but I think if they, in fact, only limit themselves to the problem of photographic licenses, we would still do well to wait and find out what their findings are before we act.

I think to have two separate bureaucracies, if you will, acting on the very same problem at the same time, creates a kind of duplication and overkill which most people find fault with generally in government as a whole. Therefore, I think that what we are doing today is inappropriate as far as its timing. With respect to the information received, I can appreciate Mr. Kline having to try to assemble information for the SCI, and trying to assemble information for this Committee. He has prepared the information. We can fault him for having delayed, but at least it is here today. I think we can review it. I think we can take information and testimony from the Motor Vehicle agents here today and continue to review the legislation. Certainly, I do not think we are in a position to act on releasing the bill at this time.

ASSEMBLYMAN LaROCCA: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Yes, Assemblyman LaRocca.

ASSEMBLYMAN LaROCCA: I, too, concur with your views as the Chairman, and with the comments of my colleague, Assemblyman Pelly. It is unfortunate that no one from the Division of Motor Vehicles is here. There are problems in the Division, and I see no reason why an assistant or a representative of the Division could not be here, at least out of courtesy to the Committee.

I don't think the SCI investigation is paramount to the specific hearing we are holding today, that is, a hearing on Assembly Bill 166. That is a specific bill which has been assigned to this Committee, and the hearing is being held on this bill, which is the depoliticizing of Motor Vehicle agents. So, whether there is a conflict, or no conflict with the SCI, I think at this particular time and place, that is immaterial. I do not think that is a good reason for the Acting Director to confuse that with this.

We are here to gather facts about the operations of the agents, how the agents and agencies operate, the details of their contracts, are there any abuses or complaints by the public, and whether it would be good or not good for the public to change the system of private agencies to a system of public agencies. I think that is the reason we are here today. This happens to be very important because most of the biggest complaints I hear in the heavy urbanized area of Hudson County are complaints which involve the agencies. I think we have an obligation to listen to them, regardless of the SCI conflict, or alleged conflict.

ASSEMBLYMAN BOCCHINI: For the record, I request Aggie to address a letter to Acting Director Kline, inquiring from him, in more detail, why he believes there is a conflict about him appearing before this Committee in relation to the SCI investigation. In addition, I would request that a letter be sent to the SCI, asking them if they have any objection to Acting Director Kline, or the Division of Motor Vehicles, participating at any future Committee hearing concerning this issue.

ASSEMBLYMAN PELLY: Mr. Chairman, may I suggest that the responses be made prior to June 15 so that in the absence of there being compatibility, a resolution can be prepared for the meeting on June 17 with respect to subpoenas?

ASSEMBLYMAN BOCCHINI: I will request in that letter that a response be received on or before June 14, which I believe is a Friday.

ASSEMBLYMAN PELLY: Mr. Chairman, would it be appropriate to put this in the form of a motion, rather than a directive from the Chair, so that it would have the weight of the Committee?

ASSEMBLYMAN BOCCHINI: I have no objection to that.

ASSEMBLYMAN PELLY: If you have no objection, I would so move to that effect.

ASSEMBLYMAN LaROCCA: I second.

ASSEMBLYMAN BOCCHINI: Discussion?

ASSEMBLYMAN SCHUBER: Mr. Chairman, I have no problem with regard to asking the SCI what their opinion may be, although I am not sure what type of an answer they can give us at this time. As to any

letter with regard to asking Mr. Kline to further applify his letter of May 29, I would be opposed.

ASSEMBLYMAN BOCCHINI: Is there any further discussion?

ASSEMBLYMAN MARTIN: If this letter is passed on, Mr. Chairman, my suggestion would be to use the language he used in his letter. I think he stated he felt it was "inappropriate." You used the word "conflict," and conflict does have some legal understanding. I think it would be more appropriate to use his word.

ASSEMBLYMAN BOCCHINI: I think that is a fair request. As opposed to the word "conflict," frame it in the sense of why he believes it would be inappropriate and improper — because he does refer to proper.

ASSEMBLYMAN PELLY: Improper, yes.

ASSEMBLYMAN BOCCHINI: I move the question.

ASSEMBLYMAN LaROCCA: I second.

MS. SZILAGYI: Mr. Bocchini?

ASSEMBLYMAN BOCCHINI: Yes.

MS. SZILAGYI: Mr. LaRocca?

ASSEMBLYMAN LaROCCA: Yes.

MS. SZILAGYI: Mr. Pelly?

ASSEMBLYMAN PELLY: Yes.

MS. SZILAGYI: Mr. Schuber?

ASSEMBLYMAN SCHUBER: No.

MS. SZILAGYI: Mr. Martin?

ASSEMBLYMAN MARTIN: I abstain.

ASSEMBLYMAN BOCCHINI: I'm sorry. A lady had her hand up before.

LUCILLE GASKILL (from audience): Yes, I just have a little question. Assemblyman LaRocca mentioned that instead of privates, we could have publics. What does "public" mean?

ASSEMBLYMAN BOCCHINI: We are here to ascertain some of those answers.

MS. GASKILL: I was just wondering.

ASSEMBLYMAN BOCCHINI: I suggest you take that question up with Assemblyman LaRocca subsequent to statements by some of the agents who are waiting.

At this time, if there are any agents who would still like to give their statements, fine; we will take your statements. I am not going to elicit any questions at this point in time because I really want to review the material we have received. You will all be invited back. If you can't make it, I will understand; however, after this information is disseminated to the Committee members, I'm sure they will have questions of their own that they would like to see answered. Mr. Kroh?

CHARLES T. KROH: Mr. Chairman and members of the Committee: Since I traveled all the way up here from Williamstown today, I certainly don't want to leave without making the comments I came prepared to make. Whether they are going to fall on deaf ears or not, I don't know.

ASSEMBLYMAN BOCCHINI: Excuse me. Mr. Kroh, do you have a prepared statement as well?

MR. KROH: Yes, I do.

ASSEMBLYMAN BOCCHINI: If you have an extra copy, will you please give it to the transcriber? I'm sure she would appreciate it.

MR. KROH: Fine. In 1982, I applied for an appointment for the position of agent in the Division of Motor Vehicles at the Williamstown Agency. First I submitted a letter asking for consideration, and then, upon the request of the Director of Motor Vehicles, I submitted my resume for consideration. I was later contacted and asked to come to Trenton for an interview. I made the trip to Trenton to meet with Director Snedeker and Assistant Director Kline.

I was to have been appointed to my current position in October, 1982, but due to a suit filed by several previous agents, including the acting agent at Williamstown, a restraining order was issued by the courts and my appointment was delayed. Finally, the same judge that invoked the restraining order barring my appointment, and several others, withdrew the restraining order and I was permitted to take over the responsibility of the Williamstown Agency in November, 1982.

I would like to point out that the previous agent at the Williamstown Agency had not set foot inside the agency in six years

prior to my taking over the agency. In his place, his estranged wife -- they are now divorced -- was running the agency on a part-time basis. The agency employed a staff of four employees and was a computerized agency.

Under the previous Administration, an agent was not required to spend time in the agency, and thus absentee management was a normal way of running a local Motor Vehicle agency. Under the current Administration, an agent is required to spend a minimum of 30 hours per week in the agency having hands on management. In January, 1984, the hours of operations of local agencies were extended to make it easier for the general public to come into local agencies to conduct Motor Vehicle business. Our late night was extended from 6:00 p.m. to 8:00 p.m. and, also, Saturday hours were added.

To further improve the local agencies, manpower requirements were put into effect under this Administration. You never heard about these new changes and the impact they have had in different ways. I cited previously that my agency under the previous Administration was staffed by four employees and a part-time manager. Under the current Administration, we have expanded the hours we are open and I am required to have a minimum of nine employees on duty to man the work stations, plus myself. I am a full-time agent. In order to comply with the requirements for staffing, I have the following: six full-time employees; six part-time employees; three reserve employees; and, one full-time agent.

I believe you can readily see from this that we have a sizeable staff as compared to the previous staffing. This, in conjunction with the expanded hours, has added greatly to the payroll costs for running a local Motor Vehicle agency. Consider for a moment the following: The agency is staffed for approximately 53 hours per week; nine employees, not counting the agent; 477 hours of payroll, 53 times 9; average hourly rate of pay is \$5.00, and I might point out that that is low because my actual figure is higher; payroll costs of approximately \$2,385.00 per week gross; and, payroll benefits add about 11.25% additional cost.

Not included in the above is the number of holidays that the agency is closed and the full-time employees are paid. These holidays do not generate offsetting income, and thus become an additional expense.

As you are quite aware of the payment schedule -- commissions -- paid to the local agent, let us take a look at the supposed get-rich-type business that I am in, according to published reports.

Assuming the above figure for gross payroll of \$2,385.00 per week is a constant figure -- and it basically is -- and the commission structure is applied, we can determine the number of transactions an agency must have each week to break even: \$2,385.00 divided by \$0.90/transaction = 2,650 transactions; at \$0.70 per transaction, you need 3,407 transactions per week; at \$0.55 per transaction, you need 4,336 transactions per week; and, at \$0.40, you must have 5,962 transactions per week.

Last year, the Williamstown Agency averaged 3,386 transactions per week, so you can readily see that during the time I am receiving \$0.90 per transaction, I am making money. Once my commission rate drops, I am no longer in the same situation. Yes, I have heard many times how the previous agents made money, and I have been asked why I can't make money, since as reported in The Trentonian Saturday morning, April 30, 1983: "DMV agents cash in on fees...Hike ok'd by Kean Administration." The Trentonian reported that we agents would be making between \$60,000 and \$70,000 per year. They failed to report the real facts that we were required to increase our staffs and to basically be full-time agents, and that the money alluded to be going into the agents' pockets was really going to better staffs.

You know, how quickly one forgets about pay increases that employees expect each year. How soon we forget that employees in Motor Vehicle agencies do not work for the minimum wage. Or, take the headlines in The Trenton Times of Saturday, April 30, 1983: "'Giveaway' to Motor Vehicle Agents Alleged." The article goes on to say that Motor Vehicle Director, Clifford Snedeker, was accused of secretly creating a \$1 million giveaway in new fees paid to "patronage" Motor Vehicle agents.

Senator Laurence Weiss said, according to the article, that this would give most of the new Republican agents a \$27,500 a year increase. This article goes on to say that Democrats have been angered because of Snedeker's refusal to take the Division's appointments out of partisan politics. The previous Administration, as well as prior administrations, used the same system, but now they — the Democrats — want a change. That is why a suit was brought against me personally. When the Democrats were doing the appointments, did they appoint any Republicans? I know that this Administration did, in fact, appoint several Democrats as Motor Vehicle agents.

Motor Vehicle is taking a bum rap. Many things that happen or do not happen come about, not by Motor Vehicle and the "political patronage jobs," but because of the craziness of the bureaucracy of Trenton.

Over the past many months, there have been articles about the deplorable conditions of various facilities. Well, these facilities are not decided by Motor Vehicle; they are decided by the Bureau of Real Estate. I personally have been waiting for over a year for the Bureau of Real Estate to finalize agreements for a new facility for the Williamstown Agency. We have long outgrown our existing facility of approximately 1,250 square feet, and desperately need larger facilities to handle the volume of people who come through our agency on a daily basis. As of last week, the landlord has still not received the papers back from the Bureau of Real Estate. The problems at Cherry Hill could have been resolved long ago with better facilities. The dungeons that the papers refer to should not be; they are because of the bureaucracy of Trenton.

Let us go one step further. Take the photo license program, which has been so badly mishandled according to the press and some in elected office here in Trenton. What is wrong with this program is the on again, off again approach taken by the Legislature. Photo licensing is now in 48 states out of 50, with one of the remaining two states about to begin its program. We have people who want to take steps backward and do away with photo licensing.

ASSEMBLYMAN BOCCHINI: (interrupting) Mr. Kroh, I will receive your comments if you will keep them more in line with your agency and agency problems. We are not really discussing photo licensing today.

MR. KROH: It all ties in, Mr. Chairman.

ASSEMBLYMAN BOCCHINI: If you think so, then please proceed.

MR. KROH: If I didn't think so, I would not have prepared it the way I did.

We have people who want to take steps backward and do away with photo licensing, or just make it mandatory for those under age 21. You should be in a local agency when someone comes in who has had her pocketbook stolen, has lost her driver's license and checkbook, and who has had checks cashed from her account because the person who got her license could show identification for cashing that check. With a photo license this couldn't be done.

Talk to the trucker who has had trouble with identification out on the roads because he did not have a photo I.D. No, we don't want to talk about these things; we just want to throw rocks. We are not really interested in the major improvements that have been made in Motor Vehicles. We really just don't want the other guy to be able to decide who gets a job. That is really what this is all about. If it was any different, someone would have been out to the various agencies to see the problems we must cope with firsthand.

My staff really dreads coming in to work the day after an article appears in the local papers about the Division of Motor Vehicles. The papers say how bad we are, how incompetent we are, but they haven't been in to talk to us or to see what Motor Vehicle is all about. So, the people come in loaded for bear, and we get cussed at and abused. Two of my employees have been struck by members of the public because they couldn't do the work they wanted done. When a title is altered, we cannot accept it in a local agency. The public does not understand this. If a person has not transferred a title within 10 working days of the sale of a vehicle, there is a penalty. They don't want to pay the penalty, and we hear about it. When they change the mileage on a title, we cannot accept the title in the local

agency. We take a lot of abuse from the public. Because of the press coverage and statements by our legislators, we are called political cronies, and worse, by the public.

It is not all bad, for we do get a lot of compliments from the public regarding our agency and our staff. My people really try, and try hard, under some very trying times.

You know, to put things in a really true perspective, look at the mess we are in with license plates. Our legislators cannot decide what to do about plates. We have a number of different types of plates out on the road. We can't be uniform because we can't decide what color or what we want on them. We can't decide if we want photo licensing or not; we can't decide if we will have it for a certain age bracket and not for others, or whether it should be totally optional.

I ask you, who is playing games?

ASSEMBLYMAN BOCCHINI: Thank you, Mr. Kroh. May we have Patricia Main?

ASSEMBLYMAN SCHUBER: Will we all get copies of Mr. Kroh's statement?

ASSEMBLYMAN BOCCHINI: Yes, he handed it in to the transcriber.

ASSEMBLYMAN SCHUBER: Oh, okay.

PATRICIA A. MAIN: Good afternoon, everybody. I am not prepared with a written statement, only because I was not afforded the same kind of a letter that Mr. Kline was, to give me time before appearing before your Committee. Your Committee Aide called me two days ago to ask me if I would appear.

ASSEMBLYMAN BOCCHINI: Well, you got a break then, because there are not going to be any questions of you today, and we will probably be sending you some further information.

MS. MAIN: Well, the idea is, had I known I was to bring a written statement, I would have. And, had I known that you were now going to turn it around and not ask any questions of us— We all took time out of our busy schedules to come here. It is the thirtieth of the month. We are under a new computerized system; we are working a four-day week this week; and, the lines are out the door. I'm sure

the newspapers are there reporting that the lines are out the door because they always come in on the last day of the month. They never come in in the middle of the month when we are running at full capacity and efficiency.

ASSEMBLYMAN BOCCHINI: If I may, Ms. Main, I have just been advised by our aide that it wasn't two days ago that you received the phone call. It was last Thursday, and subsequent to that a letter went out which indicated the public hearing would include a discussion of the selection of Motor Vehicle agents, the contract division between Motor Vehicle agents and the Division of Motor Vehicles, and the fees, commissions, and expenses of agents, as well as a discussion of plans and projects currently underway to improve the efficiency of the service provided by Motor Vehicle agencies.

Please continue.

MS. MAIN: I believe it was Friday -- maybe it was Thursday -- but I really believe it was Friday. I did not have time to-- First of all, I was not requested to bring a written statement, which I would have if I had been requested to do so.

ASSEMBLYMAN PELLY: Excuse me, Ms. Main. Did you receive a written invitation to appear or not?

MS. MAIN: Just two days ago, yes. I have it in my pocketbook; it is dated, if you want to see it.

ASSEMBLYMAN PELLY: No, we have copies of it dated May 24.

MS. MAIN: Well, it did not go-- I received mine two days ago telling me where I was to appear. In that letter I was told what was going to be asked of me, but now I am told we are not going to be asked any questions. None of us have ever appeared before a Legislative committee before, so we really did not know what to expect. You know, we came here kind of blind. We did not know you would be discussing the bill.

ASSEMBLYMAN BOCCHINI: We don't know what to expect sometimes ourselves.

ASSEMBLYMAN PELLY: Don't you think, Mr. Chairman, that maybe we can be helpful. For all of the agents, the purpose of this hearing is to address Assembly Bill 166, as indicated.

MS. MAIN: We found that out while we were sitting here, but we didn't really know that. I thought you were just trying to find out what a Motor Vehicle agent does, what our requirements are, and what our contract is. That was the impression I got, and I think--

ASSEMBLYMAN BOCCHINI: (interrupting) In effect, I think that is an accurate representation or thought on your part. I think those things become pertinent in the scheme of analyzing Assemblywoman Kalik's bill. If there is going to be some type of a bidding process in relation to agencies, that information, obviously, would be of pertinent value to this Committee, as would be the information we requested from Acting Director Kline, which would enable each of the Committee members to more readily address questions regarding agency problems, fees, and costs concerning that. Okay?

MS. MAIN: Well, I would like to say a few things about--

ASSEMBLYMAN BOCCHINI: (interrupting) Sure.

MS. MAIN: First of all, I really don't understand why, at this particular point -- well, maybe I do understand, I know November is coming up -- you are investigating the agents' situation. Okay?

ASSEMBLYMAN PELLY: There is a bill before us, Ms. Main.

MS. MAIN: I know that.

ASSEMBLYMAN PELLY: That is the purpose of this hearing. This bill has been here for about five years and has been the subject of our Committee over the past several months. We are trying to get this bill released from Committee. We are trying to--

MS. MAIN: Right, but this bill had been around for many, many years, and it was not released.

ASSEMBLYMAN PELLY: Yes, that is correct, but we are trying to get this bill released from Committee. We would like to hear your views on the bill, what you think of the process, and the implications of the proposed changes; whether you think perhaps Motor Vehicle agents should be permitted to sell insurance from their agencies, for example, or should be prohibited from that practice. You know, things of that nature, so we can incorporate them into the bill.

MS. MAIN: I assume these are the questions you will be asking us at a later date. You will ask us specific questions, am I right?

ASSEMBLYMAN BOCCHINI: Yes, ma'am.

MS. MAIN: I am just trying to find out so we will be prepared when we come down, and so we will know what to expect.

ASSEMBLYMAN BOCCHINI: I think if you take that letter which was dated May 24 and go back and analyze it, many of those items were suggested within the contents of that particular letter. If you anticipate a written questionnaire from us, I am not certain you will necessarily receive that from us as a Committee. You may receive questions directly from any one particular member of the Committee, unless the Committee collectively decides to put together some type of a general questionnaire.

MS. MAIN: I would just like to reiterate what Mr. Kroh said, especially about the bad press Motor Vehicle gets. If you took nine out of ten people who walk into our agency and asked them, "How do you feel about walking into a Motor Vehicle agency to do your business?" they would tell you that they are scared to death and that they dread it. I mean, next to the Unemployment Office, it is probably the worst place that anyone could think of going. One of the reasons is because the newspapers have been giving us such bad press, and they have not been in to see the positive things that have been done in the last three years under this Administration.

When I took over my agency, there were four people working for the State. When I walked into my agency, it was a disgrace. These people were getting all kinds of benefits as State employees. It was run haphazardly, with no care for the public whatsoever. We went from doing 115,000 items to doing approximately 240,000 items this year in the Edison Agency. I have 13 employees. I am a full-time agent and I work 50 to 60 hours, as do most of the agents in this State. There was never an agent who worked, as far as I know, under the last Administration, let alone full-time. Most of them didn't even work part-time. Most of them--

ASSEMBLYMAN BOCCHINI: (interrupting) That is your opinion, correct?

MS. MAIN: I know many of them who didn't. If you can give me statistics as to who worked--

ASSEMBLYMAN BOCCHINI: (interrupting) No, if you can present the statistical information to us, I will accept it. If you choose to pander hearsay in front of the Committee, we are going to let you say that because this is not a body where we take your testimony under oath.

MS. MAIN: All right. The other thing is--

ASSEMBLYMAN BOCCHINI: (interrupting) We weigh testimony based on the statements. Each Assemblyman will evaluate your testimony.

MS. MAIN: There were no records as there are today because no agent had to sign a contract saying he would work so many hours a week. There was no such contract.

ASSEMBLYMAN SCHUBER: Have you signed a contract?

MS. MAIN: Yes, I have, as has every other agent in the State.

ASSEMBLYMAN SCHUBER: As I remember, Mr. Snedeker indicated that he instituted that.

MS. MAIN: Yes, he did.

ASSEMBLYMAN BOCCHINI: Evidently the contract is one of the things we received today, Assemblyman Schubert. Hopefully, we will be able to get a good look at it and analyze it. Obviously, I have always been a supporter, of sorts, of Cliff Snedeker and, to his credit, I am glad to see that he did that. That is one of the issues of the--

ASSEMBLYMAN SCHUBER: (interrupting) I am still waiting to cosponsor a resolution with you, Mr. Chairman, to reinstate him, so we will see what happens.

MS. MAIN: I am in favor of that.

ASSEMBLYMAN BOCCHINI: He may get to it.

ASSEMBLYMAN SCHUBER: You're Ms. Main?

MS. MAIN: Yes.

ASSEMBLYMAN SCHUBER: You're telling us that right now you are obligated to spend a considerable amount of your time as a full-time agent on the premises, is that right?

MS. MAIN: A minimum of 30 hours.

ASSEMBLYMAN SCHUBER: A minimum of 30 hours.

MS. MAIN: Most agents spend 50 to 60 hours. We are open 50 hours a week. One of the pluses we have is that we have all just about become computerized. If the agencies are not computerized, it is because the Legislature has held up the leases. The Bureau of Real Estate has held up leases for them to get into buildings big enough to be computerized to better serve the public. I think if you want to better serve people, you should start passing bills that will get us the places we need to better serve people. That is more important than who is running the agencies. I think if you found out that most of us— We are business people, yes.

ASSEMBLYMAN BOCCHINI: If you want to get into questions, I have a ton of them here for you.

MS. MAIN: Well, I thought I was--

ASSEMBLYMAN BOCCHINI: (interrupting) If you want to make statements for which you are not going to give me supporting information, I am going to get to--

MS. MAIN: (interrupting) You have supporting information on me working 30 hours.

ASSEMBLYMAN BOCCHINI: Please-- If you want to give statements that cannot be documented, that are, in effect, heresay, they serve no purpose other than to be self-righteous and cause indignation for other people.

Now, I am willing to listen to everything you have to tell me about your agency and your problems and the way your agency is operated. If you care to document previous agents and the way other agencies have been operated, and present that to this Committee, it will be greatly appreciated.

MS. MAIN: I said I would do that, but I don't think I was talking about that now. I think you said that to me before, and I said, "Yes, I will get that information for you."

ASSEMBLYMAN BOCCHINI: Thank you. Is there anything else you want to say?

MS. MAIN: Well, I guess anything I would say would have to be documented, so I will make sure that I get documented information for you.

ASSEMBLYMAN BOCCHINI: No, no, concerning your agency, anything you want to tell me— I would love to receive that information.

MS. MAIN: I thought I was telling you what was in my contract.

ASSEMBLYMAN BOCCHINI: I am not sitting here to get involved in a colloquy or an argument with you. I am sitting here trying to allow you to give a statement today. I had hoped to be able to elicit further information from you.

MS. MAIN: Sir, I don't think I am trying to argue with you. I think I am just trying to tell you some of the things that are in our contract, which are documented.

ASSEMBLYMAN BOCCHINI: It would have been nice if we had gotten those contracts when we requested them, but we didn't receive them.

MS. MAIN: That certainly isn't my fault, sir. I don't think you should badger me about that. Okay? You do have the contract.

ASSEMBLYMAN BOCCHINI: You're right; you're absolutely right, and I apologize.

MS. MAIN: I am just stating what is in my contract. That is a documented piece of material. Now, if you would like to wait until I come back another time, I would—

ASSEMBLYMAN BOCCHINI: (interrupting) We have requested that information from the Acting Director. Hopefully, he will have a copy of the contract in here. We have requested a copy of the contract, I believe, for each agency, so we should have them.

MS. MAIN: We were under the impression that you wanted to hear what we were doing as agents, and I was just trying to provide you with that information. But, if you would like all of that documented, I will get it documented for you.

ASSEMBLYMAN BOCCHINI: If you could supply that, it would certainly be helpful.

MS. MAIN: Everything I have just said is in our contract -- how many hours we have to work, how many employees we have to have, exactly what our commission is, what we can and cannot do, and the

auditing system we are under. Also, how we must pay -- which I don't think any of you are aware of -- for any shortages that occur in our agencies and any mistakes that are made by our employees. If they do not charge a customer for an item, we are charged by the State of New Jersey, and we must pay that. If we are required by the computer to put \$23,000 in at the end of the night, we must put \$23,000 in; and, if we are short, we must make it up. We have field reps who come out two times a week to make sure that we do those things. We are closely watched. Our employees must cover every terminal, plus there is a receptionist who has been put in under this Administration. I think this is a big plus for the public, and if the press came out, they would find that the receptionist is very well received by the public. Now they can walk in the door and they are not scared to death; someone is there to help them.

I think these are all the positive things. If you are going to investigate, maybe we can give you some of the positive things that have been done since we have been there.

ASSEMBLYMAN BOCCHINI: We would like to hear them as well.

MS. MAIN: Thank you.

ASSEMBLYMAN BOCCHINI: Thank you.

ASSEMBLYMAN LaROCCA: Mr. Chairman, I don't think that any of us on the Committee are that naive that we don't know how these agents operate. It is in the contract. They get paid. There is a system. I don't think this should be belabored too much. Everyone is harping on it. I think the main purpose, or one of the important questions that I would like to have answered -- possibly not today -- is, how do you get the job as a Motor Vehicle agent? Is it better to get it one way, or is it better to get it another way? One of the ways is-- I think everyone knows how you get the job. It is common knowledge. Now you have a specific bill, Assembly Bill 166. Shall we change the existing system -- everyone knows what the existing system is -- and go to a State operation of the agencies, as proposed in the bill? I think that is something we would like to hear, not today though, because of the Chairman's statement on behalf of all of the Committee members, that we do not have all of the documents.

I just wanted to clarify that for everyone here. Thank you.

ASSEMBLYMAN BOCCHINI: In fairness to the agents who are here, I don't think the Committee has any particular ax to grind with any particular agent. I know that when Governor Byrne was in office he had Democratic appointees. Under the system, I realize that with Governor Kean you have mostly Republican appointees. The tenor and feeling of everyone over the years has been that that is part of the pie. That is the way you whack it up. In fairness to the present Administration, they have acknowledged that they think it is probably not the best way to go. Prior Director Snedeker has indicated he doesn't think that is necessarily the best way for us to go now.

In fairness to the Byrne Administration, when we had Attorney General Zazzali in 1981, I believe his task force report indicated that Motor Vehicle agencies should be depoliticized. The Assembly Judiciary, Law, and Public Safety Committee, which was chaired at that time by Assemblyman Herman, presented a report -- this was a Democratic Administration with a Democratic chairman -- saying it was too politicized and that it should be depoliticized.

So, we understand it from that standpoint. What we are trying to ascertain in relation to the daily operations and the way the agencies are run-- If we are going to proceed with Assembly Bill 166, if we are going to get into a bidding process, what do we have to keep in mind in that type of legislation? Do we have to amend A-166, which I think will probably occur before the bill is finally voted on on the floor as a result of these hearings? Essentially, that is the type of information we are looking for.

I am inclined to agree with the manner in which, and the system by which, your agencies are selected. The leases -- the problems with the leases and the obtaining of space -- are a bureaucratic nightmare. That is an issue we have to address at the same time. I think Assemblywoman Kalik has very cogently stated that when people come to the State of New Jersey, probably one of the first contacts they have with the State of New Jersey is through a Motor Vehicle agency. So, we can appreciate it when someone says Motor Vehicle is first runner-up to the Unemployment Office as far as aggravation is concerned. We have heard that, and we would like to see

life better for you even if the system remains the same, because the way people leave your agencies, regardless of who is in control under what administration, is still a reflection upon this State.

Your job is tough -- we understand that -- and in some instances it may be more financially rewarding than in other instances. I don't want to belabor it, but I just wanted to say that by way of clarification.

May we have Mr. John Hansbury from Baker's Basin, please?
Good morning, John.

JOHN HANSBURY: Good morning, Mr. Chairman. If I may, I would like to go through a brief statement which was very roughly prepared, as everyone can see. We were given short notice. It is the end of the month, and we are as busy as can be. The lines are out the door right now, and I dread what Baker's Basin looks like at lunchtime. It is New Jersey's largest Motor Vehicle agency.

In spite of the short notice and it being the end of the month, I would like to thank the Committee for the opportunity to appear before it. I am here as a result of your invitation, and I welcome the opportunity to allow the citizens of New Jersey to more fully understand the Motor Vehicle system as it now stands.

I would like to give you a little background on the situation. I think I ought to put on record right now that I am the Republican chairman in Mercer County, and I have been since 1980. I just want that on record because everyone knows what this is all about.

ASSEMBLYMAN BOCCHINI: Thank you for the information.

MR. HANSBURY: Okay? I don't think I surprised anyone in the room with that information.

ASSEMBLYMAN LaROCCA: Coming from Hudson County, I didn't know that.

MR. HANSBURY: You didn't know that?

ASSEMBLYMAN LaROCCA: That is very important. Please continue.

MR. HANSBURY: On December 6, 1982, 10 months after Governor Kean was inaugurated -- it wasn't the day after the inauguration, but it was 10 months after the Governor was inaugurated -- Motor Vehicle

Director Snedeker appointed my wife, Elizabeth -- a little connection there -- as the agent at Baker's Basin, again, New Jersey's largest volume agency. At that time, Baker's Basin was a well-run agency, considering the limited number of employees it had and the physical condition of the facilities.

At that time, the agency had only six full-time employees, was open to serve the public only 41-1/2 hours each week, and had an annual payroll of \$66,700. This information is from downtown. I think I would like to say at this point, and suggest to the Committee that when you--

ASSEMBLYMAN BOCCHINI: (interrupting) I'm glad you're able to get the information from downtown.

MR. HANSBURY: Okay, it's public information. It's all public information. I would like to suggest that the Committee -- in your request to Acting Director Kline -- ask for the past two years' expenses of the agencies, payrolls of the agencies, and commissions of the agencies. I suggest very strongly that you go back further than just two years. Go back to 1980, or 1981. That happens to be the time under the previous Administration.

ASSEMBLYMAN BOCCHINI: That sounds like a reasonable request.

MR. HANSBURY: I think that would be fair. I think there is some startling information in there that may come out.

The volume of transactions in 1982 at Baker's Basin was 312,000 items; again, the largest volume in the State. In 1981, the volume of transactions was 315,000; in 1980, it was 301,000. The agency at Baker's Basin was computerized, I believe, in October, 1980. It was the first one to be computerized. As a result of the computerization, the volume increased. I guess that happened at all the agencies which were computerized at the time.

In February, 1983, the agency received a much-needed remodeling and a new coat of paint. I have some pictures of the agency I would like to submit which show the way it appeared prior to that time. Unfortunately, I do not have "after" pictures; however, I would like to welcome each and every member of this Committee to personally come and visit Baker's Basin.

ASSEMBLYMAN BOCCHINI: I do get out there.

MR. HANSBURY: Oh, you've been there, okay.

ASSEMBLYMAN BOCCHINI: You'll see me again in July, as a matter of fact.

MR. HANSBURY: All right. I welcome each and every one of you to visit Baker's Basin. You can visualize from the pictures how it looked.

ASSEMBLYMAN MARTIN: When were these pictures taken, Mr. Hansbury?

MR. HANSBURY: When?

ASSEMBLYMAN MARTIN: Yes.

MR. HANSBURY: They were taken in January, 1983, just prior to the remodeling that was done, the new counters that were installed, the new paint job, and so on.

I would also like to point out that the Baker's Basin Motor Vehicle Agency--

ASSEMBLYMAN BOCCHINI: (interrupting) The State takes care of the cost of that, is that correct?

MR. HANSBURY: Oh, yes. That was not at my expense. Baker's Basin has 1,900 square feet. That is all that agency has for the biggest and the busiest agency in the State. Presently, by comparison, new agencies opening up today have a requirement of 4,000 square feet. They are processing in Hamilton Township, as you know, a new agency that will be coming up soon. That agency will have 4,000 square feet. We have less than half of that space. This past year, 1984, the total volume the agency handled was 420,000 transactions. That is an increase of over 100,000 transactions in one year. At 300,000 transactions, anyone who knew Baker's Basin before knew that it was at its maximum of what it could handle. But we did squeeze another 100,000 transactions out of that agency.

Now, as a result of recommendations made by the task force that you referred to earlier, Mr. Chairman, Attorney General Degnan's task force, Motor Vehicle Director Snedeker announced a new compensation schedule to be effective March 1, 1983. That is the schedule that is presently in effect -- the 90-cent, 70-cent, 55-cent, and 40-cent schedule. If you compare the new compensation schedule to

the old schedule -- the 60/40 schedule it was before, in 1983 -- Baker's Basin received an additional \$12,500 in commissions, when comparing apples and apples. When you get the figures from downtown, and if you go back to previous years, you'll see that actually there was only a \$6,800-dollar increase in commissions, or fees, or whatever you want to call them, from the previous year. Yet, the payroll for employees, employees only -- I'm not talking about the agent -- increased from, as I said before, \$66,699 in 1982 to \$93,615 in 1983, a 40% increase in payroll, yet a \$6,800 increase in commissions and fees. There is a message there.

In fact, the previous agent at Baker's Basin received more than \$4,000 in commissions in 1981 than the new commission schedule paid to my wife at Baker's Basin in 1983. These figures from 1981--

ASSEMBLYMAN BOCCHINI: (interrupting) Excuse me, John. I am really interested in looking at those figures. Are you incorporated up there?

MR. HANSBURY: Absolutely not.

ASSEMBLYMAN BOCCHINI: I believe the previous agent was a corporation.

MR. HANSBURY: We were told that we could not be incorporated.

ASSEMBLYMAN BOCCHINI: Is that correct?

MR. HANSBURY: Director Snedeker said that he did not want any of the agents incorporated. I know the previous agent was incorporated.

ASSEMBLYMAN BOCCHINI: On the fee structure, at least the salary structure, you really can't ascertain where it was going as far as employees. Is that broken down?

MR. HANSBURY: We have to report our payroll to the Division on a biweekly basis. At the end of the year, we have to submit copies of the W-2s that the employees receive. I'm sure that was also the process in previous years. So, it is on record what the actual employee salaries were.

Going back to 1981 -- and this is why I say it is important to get previous figures -- the compensation that the agent received was

\$168,428. In 1983, after the new schedule came in on March 1 -- for that total year, Baker's Basin received \$164,664, or \$164,000 in round figures.

ASSEMBLYMAN BOCCHINI: Was that in commissions?

MR. HANSBURY: Yes, in commissions, compared to what the agent received in 1981 of \$168,000 in compensation. Yet, in our payroll, we were required-- There are performance standards that we have to abide by, as Pat Main stated: the number of hours we have to work, the number of employees, and so on. We had to increase the number of employees. This was needed; there is no question about it. They were needed. So, our payroll went up to \$93,000 compared to \$66,000. I just want to point out a few things.

Under the new compensation plan which took effect March 1 -- and I know that some reporters are in the room -- the press did me in pretty good, or did my wife in at the time, about all the windfall profits that we made. That compensation schedule was effective March 1; however, the item count went back to January 1. So, the so-called 90-cent bonanza was never realized by Baker's Basin in 1983 because we had already done 50,000 transactions in January and February. We were now down to the 70,000 level, so on March 1, boom, \$70,000, or 70 cents per transaction was what took place.

ASSEMBLYMAN PELLY: Excuse me. How often are you paid for your transactions?

MR. HANSBURY: We receive a check from the State every two weeks. What they do is, they break down the first to the fifteenth, and then the fifteenth to the thirtieth, the end of the month. They send the checks every two weeks.

ASSEMBLYMAN BOCCHINI: And then you make your own payroll.

MR. HANSBURY: Then we have our own payroll to make. In fact, today is our payday and we haven't received our check from the State yet. But, you know, that is our problem. The employees don't want to hear about that.

I would like to revert to another area. I'm jumping around; I wish I had a prepared statement to give you. On May 26, 1983, Assembly Bill 3524 was introduced without reference or any public

hearings such as this one. Assembly Bill 3524 is a bill to reduce fees to Motor Vehicle agents.

ASSEMBLYMAN BOCCHINI: That was vetoed by the Governor.

MR. HANSBURY: I am going to bring up that point. I'm proud of the fact that he did veto it, and justifiably so. I stated previously the recommendation made by former Attorney General Degnan and his task force, and also comments made by Assemblyman Herman, who I believe was Chairman of this Committee at one time, and who sometimes sits on this Committee. It was recommended that agents receive more compensation, yet this bill came running through. Assembly Bill 3524 was introduced on May 26, 1983 and was passed that same day in the Assembly, without reference. They didn't call the agents in to see whether or not it was justified, you know, did we need this money.

ASSEMBLYMAN BOCCHINI: John, please make your point. I know we can't take the political creature out of you, and I understand that. I have given you absolute latitude; you are a county chairman, do your thing, but make your point.

MR. HANSBURY: In fairness, I have been raked over the coals by the press--

ASSEMBLYMAN BOCCHINI: (interrupting) I understand that.

MR. HANSBURY: (continuing) --and by members of the other political party.

ASSEMBLYMAN BOCCHINI: I understand your feelings.

MR. HANSBURY: But, I want to put it on record. I want to be up-front with the people in the State of New Jersey about just what is taking place here, about this so-called bonanza and everything else that everyone talks about, because my reputation is at stake.

ASSEMBLYMAN PELLY: Excuse me, sir. I understand that, but your reputation is not at stake with us. You see, we're here on a different mission. If you have a problem with the press, I would suggest that perhaps you might want to consider requesting that the press have a public hearing, whereby you and the other agents who have problems can air your problems with the press.

We have no problem with you; our problem is getting a bill through Committee and getting comments from the various agents as to

whether or not you support this bill, whether you think there should be amendments made to this bill, or anything of that nature. That is what we are looking for. Your problems with the press should be dealt with with the press.

MR. HANSBURY: Okay. My problem is not with the press; my problem stems from a statement that was made by candidates running for governor that I should give the \$20,000 in commissions I received back to the State of New Jersey. I would like to follow through with that, and I think this is the opportune time to do it.

ASSEMBLYMAN PELLY: Oh, so your problem is not with the press, as you indicated previously. See, I don't understand problems with the press in that regard. Several other agents have said they have had problems with the press and they have castigated the press here today. We don't want to hear about that, truly, respectfully.

MR. HANSBURY: Okay, fine.

ASSEMBLYMAN PELLY: We really don't. We want to hear about how we can improve upon the system.

ASSEMBLYMAN BOCCHINI: We have been known to have a few problems with the press ourselves, John.

MR. HANSBURY: I'm sure. It is not a good thing to have a problem with the press because that is what people read. I will eliminate those comments.

Going back to Assembly Bill 3524, as I stated, it was suddenly introduced and passed. Why it was done without inviting agents in to find out why--

ASSEMBLYMAN BOCCHINI: (interrupting) John, you know, I am not going to be able to answer any questions concerning that. The record is very clear; it was vetoed by the Governor. I have the veto message here; I'm sure you have the veto message in front of you. So, if you want to read something from the veto message that you think applies to the agencies, go right ahead.

MR. HANSBURY: Okay, good, because I want to pass it out.

ASSEMBLYMAN PELLY: Mr. Hansbury, maybe I can get you back on track. What is your position with respect to Assembly Bill 166? We clearly understand your position in opposition to Assembly Bill 3524

several years ago; however, this is not on our agenda, nor are we considering it today.

MR. HANSBURY: I was invited to come to make a statement, and I would like to be able to follow through. I think it will all come together, you know, if we can all be patient.

ASSEMBLYMAN PELLY: You will ultimately tell us about it?

ASSEMBLYMAN LaROCCA: We are not being patient?

MR. HANSBURY: Oh, yes.

ASSEMBLYMAN PELLY: Okay.

MR. HANSBURY: It was passed in the Assembly on May 26, 1983, passed in the Senate on June 23, 1983.

ASSEMBLYMAN BOCCHINI: And, it was vetoed September 6, 1983.

MR. HANSBURY: Yes, but the point that I want to make is, the Assembly and this Committee never bothered to talk to the agents. They just rammed the thing through. I have the roll call and everything else on it. It was strictly along party lines. The Governor did veto it and his message -- I don't know if each and every member has a copy of the Governor's veto message -- was very clear. It pointed out why the increases were there. That was as a result of the task force before, Assemblyman Herman's comments, and so on.

I just want to put on record that here we are now at a public hearing to change the way Motor Vehicle agents are selected, and yet, you know, there was no public hearing on the necessary compensation to keep an agency operating. I will get back on the track here with my statement. I have so much I would like to say, but I know there is a lot of it you don't want to hear.

ASSEMBLYMAN LaROCCA: This is not the forum for that purpose.

MR. HANSBURY: Okay. I will get back on the track, if I can find my track here (indicating notes).

ASSEMBLYMAN BOCCHINI: John, in view of the fact you mentioned that the veto message where the Governor indicated -- and I think with justification -- the reason for an increase in the fees was in order to allow for more expeditious handling and stashing of the Motor Vehicle agencies-- We are going to question everyone about this, you know, the agents who spend a minimum number of hours per week.

I think this was referred to by Ms. Main in relation to the contract, and maintaining employee levels. It goes on to indicate: "And guarantee that the customer waiting time will never exceed more than 20 minutes." So, it cuts both ways. I don't know that any of the large agencies are able to maintain the 20-minute waiting period.

MR. HANSBURY: Depending upon the time of day and the time of month, I can tell you that it is a tough thing to do, to maintain the 20-minute turnaround time. In an agency such as ours where we run anywhere from 1,400 to 2,000 people through a day, to have them in and out in 20 minutes is tough.

I would like to end my statement here. Going back to 1983 again, as a result of the \$26,000 increase in payroll at Baker's Basin and the overall increases in operating expenses -- there was inflation going on at that time -- my wife had to borrow in excess of \$17,000 to meet the year-end expenses, to keep the agency operating, and to meet the payroll, expecting that with the start of the new year coming and receiving 90 cents for the first 50,000 items -- now we were into 1984 -- we would be able to justify or rationalize the borrowing of over \$17,000 in order to stay with the agency.

The point I am trying to make here is, during 1983, which was really her first full year in operation, the compensation was just not there for the expenses that were coming in with the increased payroll, and so on. We felt coming in at the new contract at 90 cents we would be able to justify borrowing the money, recoup it, and keep the thing going from there on.

Now, on January 1, 1984, along comes, as Mr. Kroh said, the present photo license program. Again, everyone here will recall that the legislation requiring the implementation of the photo license program was signed into law by former Governor Brendan Byrne in December, 1981, one month before he left office. I understand he previously vetoed the same legislation twice, obviously not wanting to get involved with it. But we are involved with it; we are in the middle of it right now.

As a result of the photo license program and the anticipated increase in volume--

ASSEMBLYMAN BOCCHINI: (interrupting) Did former Governor Byrne tell you that he didn't want to get involved with it?

MR. HANSBURY: He called me just the other day. (laughter) No, obviously not. I'm sorry; I didn't mean to be— I read in the paper that this was a statement, whether it was a political statement or not— I read that he didn't want to get involved with it.

As a result of the photo license program and the anticipated increase in volume, the Director required that agencies open at 8:00 a.m., instead of 8:30 a.m., remain open one night a week until 8:00 p.m., and open Saturdays from 8:00 a.m. until 12:00 noon. This would mean that the agencies would be open to the public 50 hours per week, compared to the former 41 hours. This is a 20% increase in hours of operation. The agent was required to hire two additional employees to handle the cameras, etc. for the photo license system.

At this time I want to put on record, too, that there was no increase in compensation to the agents, in spite of the substantial overtime pay and the hiring of two additional employees which the photo license program would require.

ASSEMBLYMAN BOCCHINI: You received \$1.80 for that; you were receiving \$1.80 for that, is that correct?

MR. HANSBURY: No. On the average? On the first 50,000, you get a double transaction for a photo; on a 90-cent transaction, that's \$1.80. That is where you come up with the \$1.80. However, it is a double transaction.

ASSEMBLYMAN BOCCHINI: Okay, wait a second. Assemblyman Schuber, when we had our first two hearings regarding photo licenses, weren't you under the impression that it was \$1.80 the agents were receiving?

ASSEMBLYMAN SCHUBER: Wasn't it \$1.87?

ASSEMBLYMAN BOCCHINI: Taggart was going to receive \$1.22, or \$2.20, or whatever. Then when you took down the rent for Sears—

ASSEMBLYMAN PELLY: (interrupting) He was getting \$1.87.

ASSEMBLYMAN BOCCHINI: He got \$1.87, but it was represented to us, John, that you were receiving \$1.80.

MR. HANSBURY: No.

ASSEMBLYMAN BOCCHINI: When I say you, I mean you in the form of the agency.

MR. HANSBURY: If I may simplify it, Mr. Chairman, it is what they call a double transaction. When a person comes in for a photo license, the computer makes it a double transaction. You get two items for every photo license that is done. Now, as you progress through the year in this regressive compensation plan, 50,000 items at 90 cents, you are getting \$1.80. Then it goes down to 70 cents, and you're getting \$1.40. I'm going to get into trouble if I have to multiply any more, but it keeps going down.

ASSEMBLYMAN BOCCHINI: I understand.

MR. HANSBURY: At the end of the year, in the major part of Baker's Basin volume, we get 80 cents per photo, a double item at 40 cents. Okay?

ASSEMBLYMAN BOCCHINI: You might want to go back to the Acting Director and to the Division of Motor Vehicles and indicate to them— My recollection is clear, and I am certainly going to request of them— I'm certain the representation was, and I stand to be corrected, that agents were receiving \$1.80, because I recall we analyzed the statute, and the statute spoke in terms of \$1.80.

MR. HANSBURY: I would be in favor of receiving \$1.80 all through the year, but—

ASSEMBLYMAN BOCCHINI: (interrupting) Director Snedeker and Acting Director Kline, and I believe others from the Division, testified as to \$1.80. Now, I'll go back and check those transcripts.

MR. HANSBURY: This, again, is part of the problem.

ASSEMBLYMAN BOCCHINI: Maybe you are being short-changed. Maybe they think you are receiving something you are not.

MR. HANSBURY: Maybe there are apologies in order from some people, but part of the perception the public has is that it is a bonanza. I will digress just briefly here. In an agency of our size when you are doing 420,000 items, the actual per-item charge, or compensation we receive throughout the year, is 51 cents -- 51 cents per transaction.

ASSEMBLYMAN BOCCHINI: Can you average that out?

MR. HANSBURY: That is our average through the year because we have so many items at 90/70, but at the end -- in my statement here it says this -- of May, 1984, my wife was getting 40 cents per transaction for the rest of the year. We're operating at a loss at 40 cents. I will be glad to pass this around (Mr. Hansbury refers to his figures) just to give you an idea. I think this would be helpful in your deliberations on this bill.

It was soon evident after the photo license program was installed that it was going to be a greater burden on the agency than had originally been anticipated. The problems and pressures got worse as the volume increased. Employees were overworked, not to mention the agent herself. I began to spend more of my own time at the agency and, as a result, my own business began to suffer severely. By May, 1984, Baker's Basin had produced more than 150,000 transactions, which meant that for the balance of that year, Baker's Basin would receive 40 cents for each transaction.

By mid-July, realizing that operating expenses were exceeding compensation at the 40-cent level, my wife was ready to pack it in. She wanted to resign. She talked to me about it and I just held it off, knowing that she had still not paid off the loan to keep the agency going for the previous year and to make it through 1983. She just wanted to get out before she lost any more money. I convinced her to hang on; I told her I would talk to the Director about the problem, ask him to consider a new compensation schedule, and that 40 cents was just unreasonable, especially for the larger agencies.

The Director told me he would take a look at the schedule and get back to me. Meanwhile, at the end of July, I came down with pneumonia, and my wife was out, I guess, for over three weeks. By that time, she was adamant about resigning.

ASSEMBLYMAN PELLY: What year was that, Mr. Hansbury?

MR. HANSBURY: It was 1984, just this previous year. This was all as a result of the influx of the photo licenses. If you recall, last year, I guess it was June or July-- By July, 25% of all those receiving their license renewals had to get a photo in order to--

ASSEMBLYMAN BOCCHINI: (interrupting) You were being notified that they had to go in for photo licenses.

MR. HANSBURY: They were told they had no choice; they had to get a photo. In fact, the computers were set up so that they wouldn't do anything but issue a photo license to them. So, people were coming in in droves, unhappy, ticked off, and taking it out on the Motor Vehicle agencies. Our volume in July was 42,000 transactions; in August, 43,000. That doesn't mean a whole lot to anyone here, but the month of March, everyone may recall, is traditionally the biggest month the Motor Vehicle agencies have because of commercial registrations. We did 40,000 transactions in March, so July and August were even bigger, busier than the month of March.

ASSEMBLYMAN PELLY: Who was the agent, you or your wife? I think I missed something.

MR. HANSBURY: All right. I am going to get into that. I will bring that up. My wife was the agent; I am now the agent, and I will bring that into the story here.

Once again, she wanted to resign and I convinced her to stay with it, that something would be done about the compensation problem and all of the other headaches and pressures with the agencies at that point. It was not until mid-September that I learned from the Director that there would not be any changes in the compensation schedule. Because my wife was operating at a deficit since reaching the 40-cent level in May, and because of the increase in overtime pay, my wife was once again forced to borrow money to get through the end of the year.

ASSEMBLYMAN BOCCHINI: John, you're taking a fair share of the time; that is for certain. I am not trying to limit you, but--

MR. HANSBURY: (interrupting) I only have a couple of more pages, okay? I want to get back to the business here. My wife was once again faced with borrowing money to get through the end of the year, still owing money from previous years. So, it was like -- whatever the term is -- it just didn't work out. She also had other obligations to meet before the year was out. She had to make good on more than \$3,000 that -- as the previous witness testified -- was what we call shortages at the agency. She owed over \$3,000 to the State to make good for shortages. This was due to bad checks and, I am still convinced in my mind, computer errors which came up. Suddenly

you are short of money and the computer says you owe it, so you have to pay it. She also had a commitment to her supervisor, based upon an incentive plan we had installed to try to convince employees to stay with us, to continue working there. Her supervisor has been an employee there for 10 years. Of the six full-time employees who were there when my wife took over, five of them are still working there full-time and they are doing an outstanding job.

By mid-October, my wife reached her limit of frustration and told me it was over. She was resigning, and this time I could not convince her otherwise. On October 9, she submitted her resignation. As a result of my heavy involvement and commitment to the agency, and my knowledge of the daily operations and the staff, the Division offered to allow me to take over the agency in order to keep the thing going, for continuity, and so on. I took over on November 16. This was with the understanding that I was not looking for a long-term commitment, but that I would take over the agency and keep it going through this troubled period, which, hopefully, would subside in the near future. Part of this troubled period was due to the new computer system that had been installed. The bugs are still being worked on. If they can get the computer operation up there— If they can get their act together, we can get this problem straightened out. Right now we have major problems at the agency in getting dealer work completed because of the new computer system. Hopefully, that will be ironed out.

ASSEMBLYMAN BOCCHINI: Evidently that is the \$20,000 you referred to in relation to the gubernatorial candidates, which resulted from your becoming the new agent.

MR. HANSBURY: That's right.

ASSEMBLYMAN BOCCHINI: The increase in the fees.

MR. HANSBURY: That's right. See, when I took over in November— When an agent changes over, there is a new contract established. I have a copy of it, and so on. Regardless of whether or not I took the agency over, whoever, if it was you or someone else, he would receive a new contract and would start—

ASSEMBLYMAN BOCCHINI: (interrupting) He would start from point one, so he would go back to the 90 cents per transaction.

MR. HANSBURY: Exactly. That is where the charges started flying, and so on. It was a difficult time for my wife, trying to make it through this past year. It was difficult on all of the Motor Vehicle agents because of the photo license headaches and everything else that took place. Just to give you an idea, overtime for 1984 resulted in 1,528 hours because of the increased hours we had to operate. The cost of that overtime was--

ASSEMBLYMAN BOCCHINI: (interrupting) Excuse me, John. Is your wife still on the payroll?

MR. HANSBURY: Is she on the payroll?

ASSEMBLYMAN BOCCHINI: Still?

MR. HANSBURY: She is not on the payroll per se. She is married to me, so whatever I have is hers as far as that is concerned. She does not receive a paycheck.

ASSEMBLYMAN BOCCHINI: So, when you came on in November, she was off then?

MR. HANSBURY: Right. Well, as the agent, she was not on the payroll anyway. You are not on the payroll as an agent. The figures I gave you before did not include any agent compensation. If it is an incorporation, it is a little different story. The owner of the corporation--

ASSEMBLYMAN BOCCHINI: (interrupting) Can still be an employee of that corporation.

MR. HANSBURY: Yes, he can still be an employee, but we are the sole proprietors of the business.

ASSEMBLYMAN BOCCHINI: Okay.

MR. HANSBURY: The overtime, again, for 1984, amounted to--

ASSEMBLYMAN BOCCHINI: (interrupting) When you say we, then, in effect, it is a family business?

MR. HANSBURY: Well, as it turned out, at the end of 1984, or during 1984, it was a family business because I started going in there, I guess it was sometime after May or June, when the volume was so horrendous and all of the problems were cropping up. I was spending more and more time there, and I guess it was in August, I was there full-time just working as a part of it. Baker's Basin is a unique

operation. Hopefully, the opening of the Hamilton agency— I encouraged the opening of it; I encouraged the Director to do something to take the pressure off Baker's Basin. The bonanza of 420,000 transactions, and everyone may say, "Look at all the money"— The problem with that 420,000 is that the bulk of that is at 40 cents an item, and you cannot meet expenses at 40 cents an item.

Hopefully, these are some of the things this Committee is going to be looking into as far as agency compensation is concerned. Perhaps a double standard should be in effect for the larger agencies, the ones over a certain volume, because of that. At this time, I would just like to pass out to the members of the Committee a breakdown showing — and this will be helpful in your deliberations — various size agencies, what the agencies actually receive in compensation, and what the average per item is. I think this is what has to be looked at. If you are going out on a bid process, are those bids going to be— Are they going to bid on a total dollar for the end of the year, or are they going to be compensated or bid on a per-item transaction or not?

In 1984, if you did 420,000 transactions, you got 51 cents per transaction. If an agency is doing 150,000 transactions, that agency will receive 71 cents on the average. Can you see the difference? Can you see what this regressive scale does to the large agencies? Yet, it is still going to take the same number of personnel to perform one transaction in a small agency as it does in a larger agency. It is still hands on for a photo or to punch into the computer. The cashier has to handle it. You have the front window. Sometimes you have four or five people handling one transaction. The more you do, the less you get per transaction. That's Chinese overtime. The more you work, the less you make. You know, this is what the present compensation schedule is. I think a lot of this has to be looked into with the bill. I have looked at the bill. I have not had a chance to study it, but all I can see is putting it out for bid. When I look at the cleaning outfit that cleans the agency up there, they got that contract by low bid. You know, I shutter to think that the person who is going to be running the agency is going to be

running it because he was the low bidder. We will have big problems — big problems — if that happens. A lot of study has to go into this. A lot of study has to go into the selection — whether or not this bill is passed — of whether it will be by low bid or not.

To sum up, presently we have 12 full-time permanent employees at the agency, one part-time permanent employee, who works four days every week as our cashier — she helps out as the cashier and puts in a full day — and three full-time temporary employees, who are summer help, college students who are home right now, who come in to help us get through the vacation time and what have you. We have a total of 16 employees at the Baker's Basin agency, as compared to what I mentioned before.

ASSEMBLYMAN BOCCHINI: So, you have increased from when you started? Have you been carrying 16 since you began the agency?

MR. HANSBURY: No, it increased as the compensation plan came in. On March 1, 1983, we added two new employees. Then with the photo licensing we added two new employees. In-between we have added employees as the work load increased. To put out 420,000 transactions, to handle that many transactions in 1984, it took a great deal of work. We had to put on a lot of help and there was a lot of overtime. The Division has asked why not do it by shift work or by having part-time help come in. You don't train part-timers to come in and look at titles from 50 other states and have them try to read the title to determine whether or not it is altered. You have to know what you are doing. The women who work up at the agency, and I am sure at all of the agencies, are very experienced and knowledgeable about Motor Vehicle business.

ASSEMBLYMAN BOCCHINI: John, did you give up your insurance agency or company?

MR. HANSBURY: You might say that I have temporarily. I am self-employed as a life insurance agent. I guess I saw the office the other night about eight o'clock when I stopped by. The company I write business for can verify the amount of business I have written in the past six months, which is almost nonexistent. So, in essence, being self-employed, I have the flexibility of doing what I am doing at this

point in time. I am putting in a minimum of 50 hours. I am there every hour that the place is open. There are times that I do get out of there, but we're putting in -- I said we're -- but I'm putting in at least 50 hours per week. Then last night we had the payroll, and you have everything else to contend with as you run your own business. So, there are a lot of hours that are unseen hours, because you don't do payroll at the agency with people beating up on you all day long.

ASSEMBLYMAN LaROCCA: Mr. Chairman?

ASSEMBLYMAN BOCCHINI: Assemblyman LaRocca.

ASSEMBLYMAN LaROCCA: I see that you have put in quite a bit of work. You know your business. You have done some cost analysis here. You have had your problems. We have listened to all of your woes; every businessman has the same woes. But as to the bottom line, would you say that you are making money? Would you be in this business if you weren't making money? Do you advocate that you would still endorse this system?

MR. HANSBURY: I would advocate endorsing the system as it presently stands as far as agents being appointed by the Administration in power is concerned.

ASSEMBLYMAN LaROCCA: Can you make a good living? Can you make a lot of money?

MR. HANSBURY: I can say that the problem we had at the agency, as far as-- Obviously, we took a salary out of the agency. We had to to keep ourselves going, because my income was gone. It had suffered dearly.

ASSEMBLYMAN LaROCCA: Regardless of that, as an operation, does an agency make money? It does. According to our system, you have to make money.

MR. HANSBURY: Obviously you have to make money. We are not making a lot of money. The bottom line is that we are not making a lot of money. When you throw into that the factor of the headaches and the pressures, you know, it's really not worth it.

ASSEMBLYMAN LaROCCA: Maybe the State ought to take over then. I am trying to get your bottom line on this.

MR. HANSBURY: I'm glad you brought this up. There is one other point I would like to put on the record. Again, this can be justified--

ASSEMBLYMAN LaROCCA: (interrupting) Yes, I don't think we want any more forms.

MR. HANSBURY: (continuing) --from downtown, too. The Motor Vehicle agencies take in a lot of revenue for the State of New Jersey. Again, I don't mean to put down the other agencies in the area, but Baker's Basin is the largest. In 1980, the agency took in \$6.4 million in revenue for the State Treasury. Out of that, \$115,000 was paid to the agent to run that agency. That is 1.8% of the money taken in. In 1981, \$6.4 million was again taken in. The agent received \$168,000. That was 2.6% of the volume of revenue brought into the State. In 1982, \$6.9 million taken in; the agent received 2.2%. In 1983 -- my wife took over at the end of 1982 -- she increased the revenue to the State of New Jersey to \$7.5 million, more than \$1 million in revenue to the State. The increase in compensation--

ASSEMBLYMAN BOCCHINI: (interrupting) You better check with them, John. They told us here that you gave them \$8.8 million.

MR. HANSBURY: No, I'm talking about 1983. That was the next year, 1984.

ASSEMBLYMAN BOCCHINI: Oh, excuse me; 1984, right.

MR. HANSBURY: In 1983, \$7.5 million was taken into the State coffers. The State paid my wife \$164,000, less than was paid in 1981 for \$6.4 million. It cost the State 2.1% to operate the agency. In 1984, \$8.8 million was taken in. The State paid out \$236,000 to operate that agency. That is two-tenths of 1% that the State paid to operate Baker's Basin in 1984. We increased the revenue to the State over a three-year period from \$6.4 million to \$8.8 million at a cost of two-tenths of 1% to the State. We have someone there telling me that I should return \$20,000 to the State of New Jersey. Maybe putting it out on bid it should be set up that a percentage of the revenue brought into the State-- Maybe the compensation schedule should be set up on that and we'll see what happens.

The State of New Jersey has no better bargain than its present system of operating Motor Vehicle agencies. Two hundred and thirty-six thousand dollars to operate an office the size of Baker's Basin, with the efficiency of the operation, the volume of work it does, and the number of citizens it serves— For that amount of money, if the State took it over, I dread to think what it would cost. If you put it out on bid, I would say that if it came in any lower than \$236,000, then everyone would suffer with the service. If it is a low bid, it has to be a problem. That is why we want to be careful.

I don't have a problem, right, with all of these headaches? I'm sure the Governor feels the same way. Take it out of the political process, but let's do it from now on. Let's not do it just because the Republicans are in. You know, it was tried--

ASSEMBLYMAN BOCCHINI: (interrupting) Do you think that is the only reason it is being done?

MR. HANSBURY: Well, it was tried before.

ASSEMBLYMAN BOCCHINI: But, do you think that is the only reason it is being done? I guess the Democrats were wrong when they said it should have been depoliticized under a Democratic Governor. They should have waited until now, like they did, I guess.

MR. HANSBURY: This is an article from The Star-Ledger of September 9, 1982 (witness refers to article he is holding). I outlined one part of it. This is about political choices. The GOP came in, and you know, it was a big surprise that Republicans were being appointed to Motor Vehicle agencies.

The point I highlighted here states: "Efforts to reform the agency system were stymied, however" -- this was during the previous Administration -- "due primarily to the efforts of Richard Coffee, then State Democratic chairman." I won't mention the rest of the facts here, but I think that just that alone--

ASSEMBLYMAN BOCCHINI: (interrupting) Do you know how many county Republican chairmen or their family members run agencies?

MR. HANSBURY: I am aware of--

ASSEMBLYMAN BOCCHINI: (interrupting) Ms. Main, your husband is a county chairman, isn't he?

MS. MAIN: (from audience; not near microphone) Yes, he is; however, I was not appointed by the Republicans. There was someone else there, and I was his manager. His wife passed away, and the Director asked me to take over.

ASSEMBLYMAN BOCCHINI: Okay.

MR. HANSBURY: I believe there is one other, Frank DeLello, up in Warren County. He is a county chairman and he has the agency up there.

ASSEMBLYMAN LaROCCA: Mr. Chairman, I would like to hear from whomever else is here. Also, I would like to suggest that if we have any future hearings like this, and I think we will, I would like to hear from some agents who are in minority districts and some agents who run very small agencies. I would also like to see, from the public, what their complaints are.

My constituents-- I have a girl, and all she does is listen to complaints. According to the few agents here, everything is hunky-dory. They're making money and all that. I would like to hear the other side. This is just a suggestion so that the other members of the Committee and I can have both viewpoints.

ASSEMBLYMAN BOCCHINI: John, is there anything else you want to add? There is one more agent here, and I want to conclude this by one o'clock.

MR. HANSBURY: No, thank you.

ASSEMBLYMAN BOCCHINI: Before I--

MS. MAIN: (interrupting) I just want to ask a question before you call someone else up. You told me there was not going to be a hearing today, that we were not going to be answering questions, and we would not be able to present anything. I see it has changed now. Assemblyman LaRocca said he would like a hearing set. We are willing to give you answers, but if I had known you were going to start asking questions of some and not others-- I would be glad to answer all of your questions, to let you know salaries--

ASSEMBLYMAN BOCCHINI: (interrupting) I don't really think we have gone into any question answering. We had a confession of sorts from Mr. Hansbury as to what happened with his agency.

MS. MAIN: Well, if you would like to hear all of those facets, I would certainly be willing to come back to give them to you.

ASSEMBLYMAN BOCCHINI: I appreciate that because we will be asking you to return.

ASSEMBLYMAN LaROCCA: I am trying to get everyone here to say something so that we don't waste the day. That's all.

ASSEMBLYMAN BOCCHINI: We have two more people. Lucille Gaskill? Is there anything you would like to add, Lucille?

MS. GASKILL: No, I don't think there is anything I could add. I agree with everything that has been stated. I think they have covered the field very well. I really have nothing more to say.

ASSEMBLYMAN BOCCHINI: Thank you. Kathy Edwards?

KATHY EDWARDS (from audience): I would just like to say one thing with regard to the bid system. I didn't know anything about the law. I was not sophisticated enough to vote. I was given a great opportunity when I became a Motor Vehicle agent. I have worked very hard.

ASSEMBLYMAN BOCCHINI: Ms. Edwards, will you come up here, please? Your statement can be picked up more clearly by the transcriber.

MS. EDWARDS: I think the difference between being appointed and the bid system is that there is absolutely no job security. You can be fired at any time at anyone's discretion. I think because of that it tends to make you work a little harder, because you know whatever you do can be grounds for dismissal.

I know we try very hard. I take exception to the comment about people coming into New Jersey being aggravated with Motor Vehicle. We have had so many people tell us— Two days ago, a woman said: "This is a country club compared to other Motor Vehicle agencies." That was my favorite compliment.

I operate a large agency, and we recently got a new system. Anything in a transition period will be a little harder at first, but I think it will fall into place. We were easily getting the people in and out within the 20 minutes, if not quicker. I think that eventually this will happen with the new system, once we get used to it.

All in all, I think that no matter what position you're in, people are not going to be wholly satisfied. However, I think Motor Vehicle has come a long way, and I think they compensate for the people in this Administration. They have tried to make people able to do just about everything, whereas before the public had to go through Trenton. So, I think Motor Vehicle has come a long way in the last couple of years, and I think it is going to go further. I think everyone is trying really hard. That is all I wanted to say.

ASSEMBLYMAN BOCCHINI: Thank you, Kathy.

ASSEMBLYMAN MARTIN: Mr. Chairman, I would just like to say I don't know Ms. Edwards at all, but I happened to be in her agency yesterday, although not as an Assemblyman. I wasn't dressed like an Assemblyman, and I didn't identify myself in any way as a State official.

ASSEMBLYMAN BOCCHINI: What were you dressed as, Robert?
(laughter)

ASSEMBLYMAN MARTIN: I was on my way to play a round of golf. I stopped into the Motor Vehicle agency dreading the time I would have to spend there. I got in and out in about five minutes. The woman I spoke to was very courteous. I just think that is a testament to your agency, Ms. Edwards.

MS. EDWARDS: Thank you. We try to practice courtesy. I know we have gotten three flower arrangements in the last month and a half. That is sort of unheard of, people saying, "Thank you for the courteous treatment." So, we do try, and I think it is because of the incentive given to us under this Administration. It has worked out pretty well. Thank you very much.

ASSEMBLYMAN MARTIN: The parking in Morristown--

MS. EDWARDS: (interrupting) Is not good. Thank you again.

ASSEMBLYMAN BOCCHINI: We are going to send that letter to the SCI and, also, to Acting Director Kline. I don't see the sense of setting up another hearing until we get responses from those letters. Do you agree, Frank?

ASSEMBLYMAN PELLY: Yes.

ASSEMBLYMAN BOCCHINI: As soon as I get a response, or responses, we'll— The information we received today from Mr. Kline will be copied and mailed out to all of the Committee members. I notice that Mr. Kline sent over the Motor Vehicle agents' Procedures Manual and Handbook. Aggie, why don't you give him a call to see if he has five or six more copies so each of the Committee members can have one, and you can have one? That would limit the copying you would have to do to just the other information we have received.

To the agents who came down here on a busy day — Mr. Kroh, Ms. Main, Ms. Edwards, and Ms. Gaskill — we promise when we have the next hearing we will be certain not to schedule it at the end of the month.

MR. KROH (from audience): Mr. Chairman, we just received today, for the first time, a copy of the bill that it turns out we were supposed to be discussing. It would have been nice if it had been sent out to us in advance. This is actually the first time I have seen it, and as I go through the bill and look at several things in there, they talk about a review once every four months.

ASSEMBLYMAN BOCCHINI: Excuse me. I find that interesting. It is unfortunate, and you should have received a copy of the bill sooner. Obviously, if you ever need that type of information, if you request it from us, I'm certain you will receive it in a timely fashion. I guess it would not be appropriate to think that you would have been concerned about this legislation, being an agent, when you heard about it two months ago. I was wrong when I assumed that you may have requested a copy of it, or possibly that Motor Vehicle may have sent each agent a copy of it. Any information you think our Committee can help you with in relation to anything you may be doing with our Committee, if we have it and it is available, please contact Ms. Szilagyi and she will certainly see to it that we get it out to you as quickly as possible. If we do not have the information you need, we will let you know.

MR. KROH: We are very much interested in returning to make comments relevant to the bill because, as I mentioned briefly, there are many areas that scare the living daylights out of us.

ASSEMBLYMAN BOCCHINI: That is the information we need, Mr. Kroh, you know, your thoughts concerning that. Thank you.
This hearing is adjourned.

(HEARING CONCLUDED)

APPENDIX

PROJECTED TOTAL ITEMS FOR 1984	420,000
PROJECTED INCOME FOR 1984	215,500
AVERAGE INCOME PER ITEM	.513

AGENCY WITH TOTAL OF	300,000	ITEMS
INCOME	167,000	
AVERAGE INCOME PER ITEM	.556	

AGENCY WITH TOTAL OF	200,000	ITEMS
INCOME	127,500	
AVERAGE INCOME PER ITEM	.637	

AGENCY WITH TOTAL OF	150,000	ITEMS
INCOME	107,500	
AVERAGE INCOME PER ITEM	.716	