

NJMVC 2005 Annual Report & Service Assessment

Record of Achievement



The New Jersey Motor Vehicle Commission, September 2005

Sharon A. Harrington
Chair, Chief Administrator

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Vice Chair, Public member

Peter C. Harvey
Attorney General

John E. McCormac
Treasurer

John F. Lettiere
Commissioner of Transportation

Pamela S. Fischer
Public member

Steven S. Scaturro
Public member



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“To be the model for excellence in motor vehicle services”

MESSAGE FROM THE CHIEF ADMINISTRATOR



More than two years ago, the promise of reform was before us. This organization committed to enhancing New Jersey drivers' experience with the New Jersey Motor Vehicle Commission (MVC) – the face of state government.

This was no small promise because our problems required more than spin. Planning, training and efficient implementation had to define our solutions.

And they have. For these efforts, MVC has a record of achievement to show, a record cultivated in Trenton and around the state at more than 75 facilities.

After the Motor Vehicle Security and Customer Service Act became law in 2003, MVC kept one promise after another, reforming the way this organization informs, interacts and caters to our customers.

This is true reform.

MVC employees have closed security loopholes, produced one of the country's most secure driver licenses and trained scores of coworkers, law enforcement officials and others in the private sector who are all helping to decrease document fraud. MVC employees have improved processes and customer service to such a degree that compliments have replaced most criticisms.

A list of fixes lengthens ...

MVC's reform sits on a foundation of planning, training and effective implementation. This effort continues each day, in the open and with the interest of the state's motorists in mind.

The entire MVC family is thankful for the Legislature's support and support from Acting Governor Richard J. Codey, all of which is helping MVC achieve its vision to become the model for excellence in motor vehicle services.

Sincerely,

A handwritten signature in black ink that reads "Sharon A. Harrington". The signature is written in a cursive, flowing style.

Sharon A. Harrington

PLANNING AND FISCAL RESPONSIBILITY – A BLUEPRINT FOR THE FUTURE

For the Motor Vehicle Commission (MVC), it remains a privilege to plan, develop and run a structured organization that serves New Jersey residents in a fiscally responsible manner.

This is MVC's blueprint for the future, designed with a foundation of planning and responsible budgeting in mind.

NEW JERSEY MOTOR VEHICLE COMMISSION - FY 2006 BUDGET

REVENUES

Base Budget

The Motor Vehicle Security and Customer Service (the Act), P.L. 2003, c.13 established a stable funding source for the Motor Vehicle Commission in response to issues raised by the Fix DMV Commission (Fix DMV). The Act requires MVC to receive a 37.4% proportional split of 68 revenue categories. In FY 2005, MVC received \$195.9 million from these fees and anticipates receipt of \$197.7 million in FY 2006.

Beyond these fees, the Act also established a \$6 fee for the digital photograph on any new or renewed driver license and a \$7 security surcharge for any new or renewed motor vehicle registration. Senior citizens and handicapped individuals are exempt from this security surcharge. The \$7 security surcharge will sunset in FY 2013, 10 years after enactment of the law. In FY 2005, MVC received \$57.1 million from these fees, and anticipates collecting \$60.6 million in FY 2006.

The combination of these fees, anticipated to be \$258.3 million in FY 2006, forms the basis for the MVC operating budget.

Salaries, fringe benefits and overtime expenses are expected to increase in FY 2006 because of increased staffing in driver testing, school bus inspections, the Contact Center, business license compliance and administrative services – hiring consistent with Fix DMV initiatives, which also called for a modern, customer service-oriented agency that integrates technology with security and meets customer expectations.



MVC will reimburse Treasury at the fringe benefit rate of 32.8% in FY 2006. Fringe benefit costs include pension and health benefits, payroll taxes and accounts for sick and vacation allotments. Overtime for MVC employees is used primarily at the 45 motor vehicle agencies, which provide one late night and Saturday hours each week. However, overtime is used in other MVC areas, like the Surcharge Unit, which collects revenues to support current bond debt service, which supports the MVC Bond Fund Capital Program.

In FY 2006, MVC anticipates spending \$13.8 million on technology improvements, including purchasing and upgrading software and Information Technology (IT) equipment, and the development of new technological solutions through professional services. These improvements are all Fix DMV initiatives. MVC has budgeted \$7.6 million for the continued support of MVC systems through the Office of Information Technology (OIT), approximately 55% of the operating budget for these services. Outside professional services overseen by OIT, which are one-time projects and not considered routine, are included in this budget category. The FY 2006 Budget projects \$1.5 million for these initiatives, which include the Motor Carrier Safety Improvement Act (MCSIA), the Graduated Driver License program and other IT initiative costs. Also included in this category are: software licenses and computer software, equipment maintenance, new personal computers and necessary technology upgrades for employees.

MVC has budgeted \$11.5 million for office supplies, data processing supplies, printing, photocopying, copy machine rental, gasoline and other smaller items in this category, of which 40%, or \$4.7 million, is specifically dedicated to manufacturing license plates, which is done by the Department of Corrections. MVC issues more than 1.6 million passenger, commercial, bus, specialty and vanity license plates annually.

The remaining \$6.8 million will fund other initiatives, including a new, leased warehouse facility to provide enhanced agency, Regional Service Center and Trenton Office Complex service. Funding has been allocated for printing forms, dealer decals, program notifications, two legislatively required reports and other items. Included in this category are supplies for the Digitized Driver License program.

MVC will continue to incur costs for specific outside professional or technical skills in FY 2006, as called for in the Fix DMV Report. In recent years, these services have allowed

MVC to initiate many new and exciting technology projects. Initiatives to be completed in FY 2006, totaling \$11 million, include: updating MVC's agency business process to include credit card processing, automating agency manuals to allow Customer Service Representatives to more easily help customers, and, furthering communication efforts to the public. On-going expenditures include the Law Enforcement Agency Security Enhancement (LEASE) program, which provides funds for law enforcement presence in 28 of our 45 agencies, a partnership with the State Police on document fraud investigations and on-line registration costs.

Rent, telephone and postage costs are Treasury-managed central accounts charged to MVC. These charges will total \$14.8 million in FY 2006. Rent charges for MVC decreased in FY 2005 after a reduction in month-to-month leases for motor vehicle agencies. However, MVC anticipates that the rent account will increase for leased space at motor vehicle agencies as locations designed to support the new business processes are added. MVC and Treasury are considering building, expanding and renovating agencies. This partnership has allowed MVC to develop a program to ensure customer convenience and technological advancement.

Safe, clean and comfortable facilities are a necessity. The Fix DMV Commission wrote as much in its final report. To that end, MVC has embarked on a facilities modernization initiative to provide enhanced lighting, painting and renovation of bathrooms. MVC has budgeted about \$1.6 million for this effort at leased and owned sites. The budget for the leased facilities provides \$850,000 for these items. MVC has also embarked on new business processes in the area of driver testing and the FY 2006 Budget provides \$700,000 for renovations to driver testing facilities.

Buildings and grounds maintenance and repair are an important part of MVC's operations. This work, for which MVC has budgeted \$1.4 million, includes boiler, heating and air conditioning systems maintenance, as well as facility water supply, snow removal, paving and plumbing. Additionally, MVC is projecting \$622,000 for maintenance of the 306-vehicle MVC fleet, which is leased to MVC by Treasury. Included are 122 older vehicles, which make up MVC's covert fleet for driver testing, investigative staff and administrative duties. Average vehicle maintenance cost is \$170 per month.

Funding for equipment was virtually non-existent at MVC before the Fix DMV initiatives. In FY 2002, the budget for new equipment was less than \$500,000. A similar amount was appropriated in FY 1990. MVC had to make a substantial investment in new equipment in recent years. MVC anticipates spending about \$3.4 million in FY 2006 for vehicles, office furniture and office machines. MVC plans to replace 45 high-mileage, high-maintenance vehicles for enhanced inspection program employees, commercial bus inspectors and agency operations field monitors. MVC's Facilities Unit requires new maintenance trucks and the warehouse requires a forklift to assist in operations.

Vehicle Inspection Program funding includes the enhanced inspection and maintenance contract, as well as the program area that reviews and audits inspection lanes. Costs increase annually based upon a Consumer Price Index inflation factor.

Bond Fund Capital Budget

The Motor Vehicle Security and Customer Service Act provided \$160 million in bonds for capital and technological improvements recommended by Fix DMV. The Administrative Office of the Courts received \$10 million of these funds to update its computer system interface with MVC.

The statute requires that expenditures from the MVC Bond Fund be designated for specific MVC capital purposes. The following are the general categories of costs:

Infrastructure

In FY 2006, MVC is projecting to spend \$2.1 million on infrastructure. Before planning major initiatives, such as the Digital Driver License (DDL) project, MVC needs the proper infrastructure in place. Before DDL photos could be taken, all agencies needed rewiring, new racks, servers and network switches and routers. The next major project was the installation of the security cameras in all MVC facilities. More than 584 cameras have been installed.

In FY 2006, MVC will install a credit card system and a new point of service system. Both will allow MVC to complete modern, over-the-counter transactions. The system will track the types of transactions and revenues collected at all facilities, resulting in improved accounting, reconciliation and auditing of the more than \$900 million MVC collects annually. Credit card processing alone will provide improved cash management.

Systems and Applications

MVC is completely revamping the current computer system, known as the Comprehensive, or COMP, System. It was developed in the early 1980s to process titles, register vehicles and license drivers. Today's MVC business portfolio is more complicated than tracking vehicles and drivers. MVC interacts with more than 300 business partners, exchanges information with more than 140 insurance companies, supports law enforcement activities, issues a sophisticated DDL, verifies data with state and federal systems, tracks and issues driver history abstracts, issues jury notices, processes voter registrations, offers close to a dozen on-line services over the Internet and much more. Over time, MVC scrambled to meet state and federal mandates by creating a fragile, inflexible and costly-to-maintain COMP system.

In the next several years, MVC will replace this antiquated system with MATRX, a state-of-the-art, adaptive computer system. In FY 2005, MVC experts designed the architecture of this new computer system and developed a Request-For-Proposal (RFP) to bring in a qualified consultant to provide development and implementation oversight.

Although the new system has been planned in its entirety, implementation will take place in phases. This phased approach will allow MVC to deliver some components before the entire system is built. The overhaul of this system will be the major focus of the Commission in FY 2006. For these efforts, MVC plans to spend \$12 million in FY 2006.

e-MVC

MVC has been diligent in providing our customers with new and expanded on-line systems and in FY 2006, MVC has budgeted \$1.4 million for this effort. On-line customers can now download forms, make address changes on-line, search for MVC's nearest facility, pay surcharges, practice a sample knowledge test and find an emission repair facility. MVC has also implemented MyMVC for Citizens, which allows motorists to personalize on-line services with the added convenience of e-payment through a secure Internet connection. To date, more than 20,000 customers have used the convenience of MVC's Web site to schedule a road test. To build on this success, MVC plans to unveil three additional services during FY 2006 including a personalized plate request application and school bus inspection reports.

Supporting Technologies

Supporting technologies are MVC's backbone, like the organization's telephone bank, the Contact Center. In FY 2006, MVC will continue funding additional improvements to the telephone system and document imaging processes. MVC will develop Geographic Information Systems (GIS) tools for over-the-counter address verification to minimize costs associated with returned or undeliverable mail. These costs are anticipated to be about \$946,000 in FY 2006.

Facilities

With Treasury oversight, plans to replace roofs, expand inadequate facilities, renovate existing facilities and build new agencies on MVC sites are in development. In FY 2006, MVC has increased funding to \$19.3 million, more than \$14 million more than was allocated for facility improvement in FY 2005.

Other Projects

MVC has partnered with the State Police to provide funding for scanners so that the new digital driver license can be automatically scanned in the squad car. This capability will allow troopers to verify DDL authenticity and give law enforcement the capability to access the Image Repository System to view digital photographs of New Jersey drivers. These and other projects are funded at \$5 million in FY 2006.

Other Fund Supported Programs

Fees, fines or other entities support four programs within MVC. These funds are collected as revenue and used to support the program while having minimal impact on the MVC operating budget. These programs are as follows:

- **Commercial Vehicle Enforcement Fund** This program, a partnership with the Department of Environmental Protection and the State Police, conducts diesel emissions tests for diesel-powered vehicles weighing more than 18,000 pounds. Fines from these inspections and a portion of commercial registration fees are dedicated to personnel, equipment and related program costs.
- **Security Responsibility** As required under the Motor Vehicle Security Responsibility Law (N.J.S.A. 39:6-24), insurance companies fund a trust fund to benefit motorists in accidents involving uninsured drivers. This \$14.7 million fund supports MVC positions and technology improvements associated with uninsured drivers.

- **Bus Inspection Program** Inspections of New Jersey's commercial bus fleet, which consists of 6,000 commercial buses – of which 4,000 are private carriers and the remaining 2,000 are part of New Jersey Transit's fleet – are the core of this program. Fees from the inspection process support staff and other related operating costs. MVC also inspects school buses. More than 22,800 school buses are inspected every six months at more than 1,300 terminals.

- **Motorcycle Fund** On March 25, 2005, MVC accepted oversight of the Motorcycle Safety Fund. This fund had been the domain of the Office of Highway Traffic Safety. This program has an educational component and provides hands-on safety instruction, all of which is funded by a \$5 fee on all motorcycle licenses.

Prior Year Appropriations

MVC plans to carry forward \$45 million from the FY 2006 Budget. This surplus is a result of slower-than-anticipated movement on projects, hiring of staff in stages and reimbursement from the Trustee for prior year capital projects. Thorough planning has resulted in costs to be incurred in the middle to later years. Many of these projects, such as agency renovations and movement, the anticipated building of six new agencies on MVC-owned property, the replacement of an antiquated computer system and the building of a new warehouse, are considered multi-year initiatives. MVC has plans in place to complete them.

THE REAL ID ACT & NEW JERSEY

I

New Jersey is positioned to comply with the Real ID Act, a sweeping federal mandate to improve state driver license security, which became law in May 2005. For example, New Jersey's driver license issuance process and MVC's 6 Point ID Verification process comply with this Act today, as they did more than two years ago, when MVC initiated them.

Other states must implement a similar process and meet other provisions that New Jersey already meets. After May 2008, federal agencies cannot accept, for any official purpose, any state driver license issued through a process not conforming to requirements of this Act.

MVC's secure Digital Driver License, the secure data and features it contains, as well as efficient MVC policies associated with the expiration of documents issued to non-U.S. citizens legally in this country, all comply with requirements of this Act.

Additionally, MVC already verifies each driver license applicant's Social Security number through a secure connection to the Social Security Administration — and through other secure, national databases. These are key components of compliance with this Act.

Achievements MVC has made since the Fix DMV Commission issued its final report in November 2002 have placed New Jersey far ahead of most states, not only in protecting residents from ID theft and other risks, but also in documenting how close the state is to complying with every provision in this Act.

However, New Jersey will have to make some changes. Impacts to customer service may be felt in MVC's agencies as the organization begins to implement these provisions, which require MVC to verify the validity of identification documents issued by other state and federal agencies.

Transaction times are acceptable today but might increase for customers, and MVC and the state likely will need technology to facilitate modern communication among government entities. MVC will apply for federal grants to offset the cost of compliance with the Act.

MVC and the state must also begin capturing and archiving digital images of identity documents, like birth certificates, which are often presented during ID verification. MVC does not currently use this technology and will need to in order to meet the requirements of this Act.

A record of achievement in these and other areas over the last two years is apparent. As the organization initiates full compliance with this Act, this record will grow, and New Jersey will continue to be well served.

TO KNOW WHERE YOU'RE GOING, KNOW WHERE YOU'VE BEEN

II

In June 2004, the state's most influential newspaper ran a less-than-flattering, 900-word story about MVC's Wayne Regional Service Center under the following headline:

Time Is Relative

A shorter wait, but still a wait, in Wayne

(Star-Ledger, 6/15/04)

Such headlines evoke images of unacceptable customer service. The story evoked even worse images, like Saturday morning lines backing out of the building and unacceptable waits for service. It came at a time, too, when MVC was ready to enact plans to ease these lines, but had not yet implemented them.

In August 2005, the newspaper revisited Wayne. After improving MVC's entire system of agencies and Regional Service Centers, including Wayne, another story ran, but under this headline:

A new look for the old DMV

Empty seats are replacing long lines at most-crowded motor vehicle office

(Star-Ledger, 8/8/05)

Like the headline, the accompanying story was flattering, although at about 700 words, not quite long enough for MVC's taste. But flattering news coverage is among MVC's changes for the better.

Success in Wayne — a facility once considered beyond help — cannot be seen as a one-time, feel-good achievement. It must be seen as a microcosm of the entirety of MVC — once also considered beyond help.

Smart policy changes, like spreading transactions for legal non-U.S. citizens and commercial drivers to all 45 MVC agencies from MVC's four Regional Service Centers, have helped.

New technology, along with better training and a vision to be the best in motor vehicle services, has produced a more than two-year record of achievement.

MVC reforms are working, and the "fix" continues.

Inside the Regional Service Center (RSC)

Backlog Reduction

At the peak of the lines in Wayne, MVC needed to schedule 5,400 pre-hearing conferences statewide. Of that number, 4,400 would be scheduled at the Wayne RSC.

Moving Temporary Visa Restricted (TVR) License processing to the 45 agencies in June 2004 from the RSCs alleviated these wait times, moving an average of 6,000 transactions per month from four RSCs: Wayne, Eatontown, Trenton and West Deptford.

RSCs provide certain services agencies do not, such as driver conference hearings and testing.

Staff shortages existed throughout these RSCs. In June 2004, MVC was trying to fill 54 positions, down from 63 vacancies in March of 2004. Today, 28 positions are vacant.

One benefit produced by moving TVR to the agencies was training Driver Improvement Analysts (**from 35 total to 52**) to hold pre-hearing conferences. Delayed conferences were the key to resolving the backlog. In August 2004, RSCs began to increase their scheduled conferences gradually – from 559 scheduled in June 2004 to 1,831 scheduled in March 2005.

Backlogs dropped from 5,403 in August 2004 to 247 as of July 1, 2005, a number easily eliminated within a month.

This reduction has allowed MVC to more closely review requests for conferences and eliminate cases that do not require a conference.

MVC's record of achievement in this area should be attributed to the dedication and hard work of employees bringing about a more efficient Motor Vehicle Commission.

THE STAKEHOLDERS HAVE SPOKEN

III

Customers, business partners, employees – speak your mind. MVC prefers your cheers but will not improve even more without understanding your jeers.

This was MVC's call to arms in May 2005. Today, the organization's leadership awaits results from the Eagleton Institute's Center for Public Interest Polling (CPIP) at Rutgers University,

which ran MVC's Key Stakeholder Study. Today, the famed institution is studying and analyzing data, and preparing an all-encompassing report.

The results of this enormous undertaking will help guide MVC even farther into its massive reform effort. Results will be compared with a much smaller, telephone-based customer survey completed by CPIP for MVC in 2003.

This time around, MVC sought all-encompassing feedback, in "their own words," from every employee and type of MVC customer. CPIP facilitated focus groups for customers, completed 1,500 telephone surveys and designed an Internet-based and mail survey completed by more than 1,100 employees.

New data will help MVC improve the customer and employee experience by:

1. analyzing shifts noted in the 2003 survey
2. assessing how customers perceive MVC
3. assessing how employees perceive MVC
4. providing direction for improvement in all areas

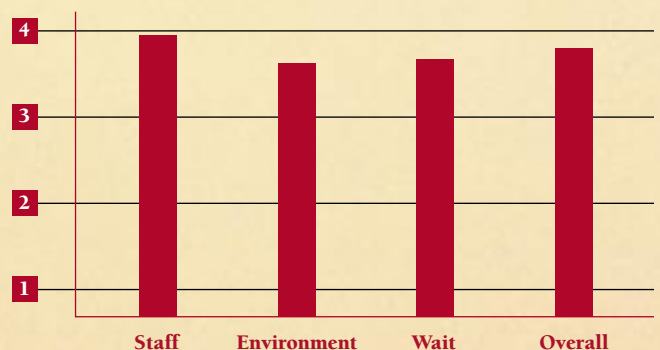
The six-month project will be completed in early October, when CPIP will present the findings publicly.

5-a-day ...

MVC continues to collect five customer service surveys each day, from each agency, a rate of about 225 random customers a day and about 1,350 each week. This survey, designed by MVC's Strategic Planners, captures customers' opinions directly after they have completed a transaction with MVC.

This survey is among the ways MVC continues to rate performance.

(This chart shows an average score for each category for a five-month time period, 2-28-05 to 7-30-05.)

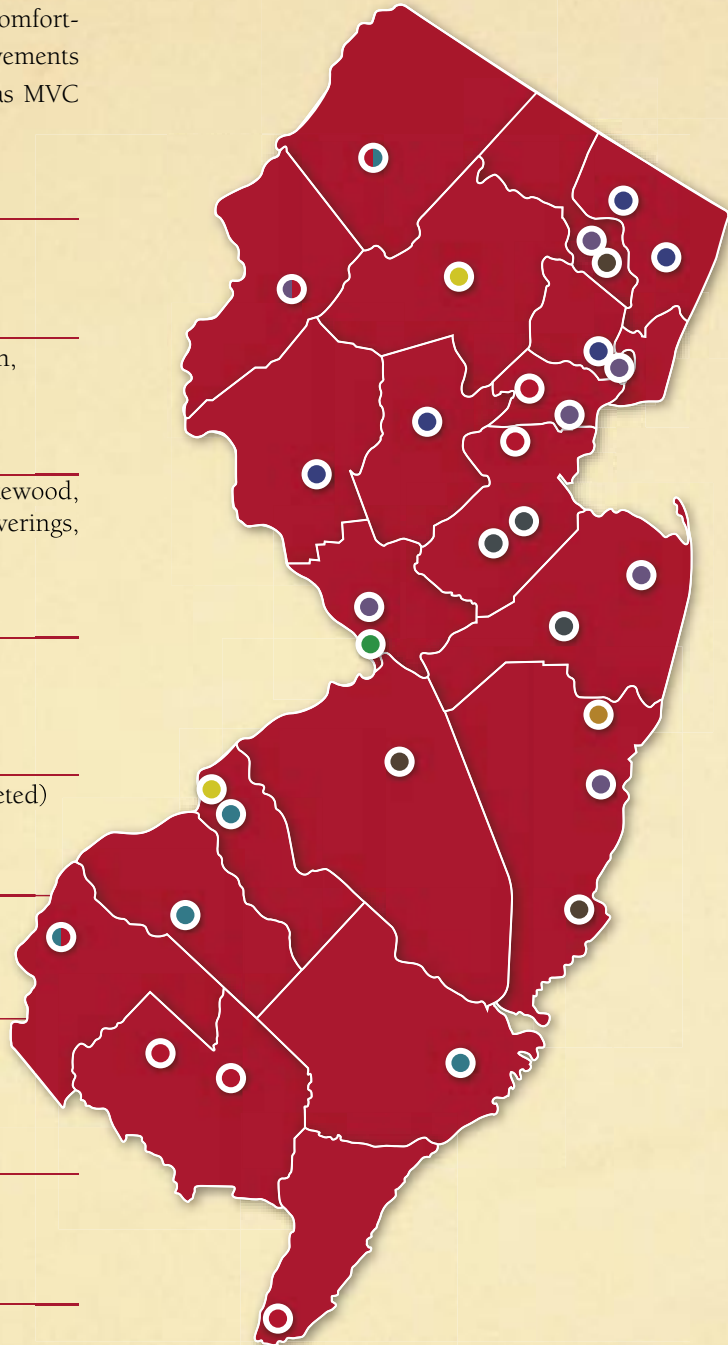


(4) Completely Satisfied - (1) Dissatisfied

THE STATE OF MVC FACILITIES

MVC's promise to motorists is safe, clean and comfortable facilities. Throughout the state, improvements have already been made. More will be made as MVC adds to its Record of Achievements.

- Renovations Completed**
Camden, Randolph
- To be Renovated**
Washington, Toms River, Somerville, Eatontown, Bakers Basin, Rahway, Wayne
- Cosmetic Renovations Completed**
Trenton, Newark, Irvington, Somerville, Lakewood, Lodi, Flemington Wyckoff (new paint, wall coverings, lighting, ceiling tiles, etc.)
- Moving**
Cardiff, Newton, Haddon Heights, Salem, Williamstown
- Being Renovated**
Trenton Office Complex (more than 3/4 completed)
- New Agency Opened**
Mt. Holly, Manahawkin
- New Agency Planned**
Paterson
- New Agency (to Replace Leased Space) on existing State-owned land**
East Brunswick, Flemington, Freehold, South Brunswick
- Leases Extended**
Lakewood, Randolph
- VIS (Inspection facility) Window replacement**
Millville, Bridgeton, Washington, Salem, Cape May, Westfield, South Plainfield, Newton



NJMVC AGENCY LEASE PROGRAM

ARRESTS

(from April 2005 – August 2005)

NJMVC Agency LEASE Program (LEASE: Law Enforcement Agency Security Enhancement)	YES	NO
Bakers Basin		•
Bayonne	•	
Bridgeton	•	
Camden	•	
Cardiff	•	
Cherry Hill	•	
East Brunswick	•	
East Orange	•	
Eatontown RSC	•	
Edison		•
Elizabeth	•	
Englewood	•	
Flemington	•	
Freehold		•
Haddon Heights	•	
Irvington	•	
Jersey City		•
Lakewood		•
Lodi	•	
Manahawkin	•	
Matawan		•
Medford		•
Morristown		•
Mt. Holly	•	
Newark		•
Newton		•
North Bergen	•	
Oakland	•	
Rahway		•
Randolph		•
Rio Grande		•
Salem	•	
Somerville	•	
South Plainfield		•
Springfield	•	
Toms River	•	
Trenton RSC		•
Vineland		•
Wallington	•	
Washington	•	
Wayne 46	•	
Wayne RSC	•	
West Deptford RSC	•	
Williamstown	•	
Wyckoff		•
TOTALS	28	17

Region	Customer	Employee	Broker
Central			
Bakers Basin	4		
East Brunswick	28		
Eatontown	17		
Edison	13		
Flemington	2		
Freehold	1		
Lakewood	31		
Matawan	6		
Somerville	65	3	
Toms River	3		
Trenton	22	3	
Trenton HQ	1		
	193	6	
South			
Bridgeton	20		1
Camden	10	3	1
Cardiff	28		
Cherry Hill	8		
Haddon Heights	7		
Manahawkin	8		
Medford	1		
Mt. Holly	17	2	
Rio Grande	4		
Salem	1	1	
Vineland	7	1	
West Deptford	6		
	117	7	2
North			
Bayonne	4		
East Orange	76		
Elizabeth	10		
Englewood	1		
Irvington	15		
Jersey City	7		
Lodi	13	1	
Morristown	5		
Newark	10		
Newton	3		
North Bergen	4		
Oakland	18		
Rahway	9		
Randolph	7		
South Plainfield	16		
Springfield	23	1	
Wallington	7		
Washington	2		
Wayne 46	11		
Wayne 23	11		
Wyckoff	1		
	253	2	
Totals	563	15	2

PERFECT TOGETHER: TECHNOLOGY AND AGENCIES

IV

Headset Success

You're a customer: Here are two service scenarios.

a) A lack of communication among the back office employees at an MVC agency and employees working face-to-face with the customers causes excessive waiting and miscommunication.

b) Communication among MVC employees behind-the-scenes and the Greeter who works with MVC customers when they enter the agency is crystal clear and facilitated by walkie-talkie type headsets, leading to quick transactions and consistent, correct information.

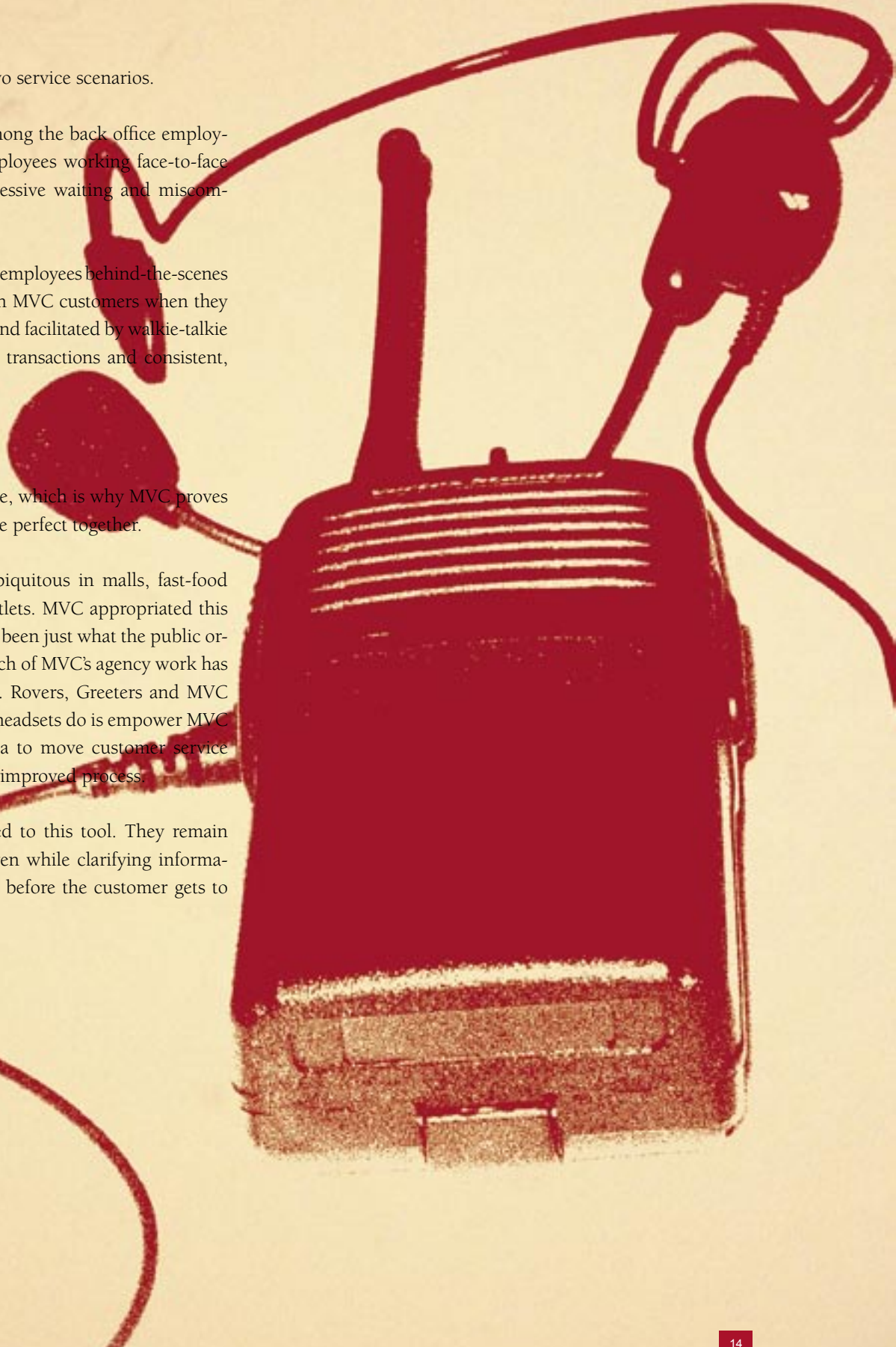
Which is more palatable?

The answer is obvious, of course, which is why MVC proves that technology and agencies are perfect together.

Wireless headsets – They're ubiquitous in malls, fast-food places and at retail clothing outlets. MVC appropriated this technology and the results have been just what the public ordered. In the last two years, much of MVC's agency work has been moved to customer areas. Rovers, Greeters and MVC agency employees. What these headsets do is empower MVC employees working in that area to move customer service even farther beyond an already improved process.

Employees have readily adapted to this tool. They remain face-to-face with customers, even while clarifying information with the back office. Even before the customer gets to the counter.

This is customer service.





The Point of Pen Tabs

It was only a pilot program in early 2005 and now it's been recognized as a Best Practice in New Jersey State Government. Like all projects, this one had to start some time and some place. For Pen Tabs, it was January 13, 2005, in Mt. Holly.

Since then, MVC has brought this empowering wireless tool to each and every agency throughout the state. Wallington brought the rollout to a finish on June 2. The impact of this technology cannot be overstated.

With an assist from MVC's Training Unit, agency employees learned the ropes. They now verify personal information for customers when they enter an agency – a much more acceptable sequence for customers.

Along with employee headsets that enable communication, Pen Tabs have become essential to customer service. And MVC is now working to make them even more functional for employees by adding tiny, practical keyboards to them to replace “stylus” pens.

Technology of this type is bringing even quicker accuracy to MVC customers across the state.

MVC, AUDITED

V

Organizations often hear “audit” and turn defensive. Immediately. Without considering the audit’s intent: To improve an organization.

MVC, on the other hand, heard “audit” and instantly welcomed more opportunities to talk openly about improvement, reform and the future.

Clearly, the state Office of Legislative Services audit (April 2005) found an organization much better organized and operated than the now-abolished DMV. It found an organization not yet fixed but one well into a massive reform effort. It found vast improvement from the Fix DMV Final Report (November 2002).

This audit, the first of MVC’s agency operations in more than six years, confirmed that a new culture of enhanced security has taken root throughout the organization.

However, MVC still has reforms to implement, as the audit confirmed.

Post-audit, MVC has

- Increased the frequency with which agency field monitors visit agencies and file detailed, written reports.
- Increased security for to-be-destroyed DDL consumables after field monitor pickup.
- Created a Document Fraud Training classes and attendance database.
- Hired, trained and deployed 10 additional investigators to enhance coverage at agencies, including one high-volume agency enrolled in MVC’s LEASE program (local, county or State police stationed at MVC agencies).
- Installed POS (point of service) terminals at agencies that better document, and reconcile, monetary discrepancies (following a .004 percent discrepancy in the collection of almost \$1 billion over 18 months).

This audit proved that MVC documents are safe from inside or outside fraud. MVC is as confident in the security of the Digital Driver License today as it was in January 2004, when it was first issued. MVC is even more confident in the 6 Point ID process today than when it commenced in September 2003.

The next state audit of MVC operations will conclusively show that every effort has been made, and has been successful, in improving security of important documents and improving training for employees who handle those documents.

2005	Introduction to Document Fraud Training	Basic Document Fraud Training	Advanced Document Fraud Training	Title Fraud Training	Identity Theft Training	Law Enforcement Training
January	•	•	•	•	•	3
February	•	2	3	3	•	4
March	4	3	4	2	•	4
April	4	3	4	3	•	5
May	3	3	3	2	•	11
June	2	3	2	2	1	8
July	3	3	3	•	•	2
August	3	•	•	•	1	3
Total Classes	19	17	19	12	2	40
Total MVC employees trained	1,104					
Total Law Enforcement trained	1,711					
Total trained	2,815					

BILLS, BILLS, BILLS - INTERGOVERNMENTAL RELATIONS

VI

At the State House and within the Legislature, MVC's Intergovernmental Relations (IGR) Unit is the organization's voice, reviewing proposed legislation and helping to improve proposed legislation by meeting the needs of the state's motorists and the organization's needs.

Currently, almost 1,000 bills are on IGR's radar. Some could impact employee relations and contracting or procurement, and **nearly 600 would directly affect MVC operations.**

One bill that does affect organizational operations is a measure that enacts federal mandates relating to school bus drivers and other commercial motor vehicle drivers. IGR helped to craft a suitable bill that met Homeland Security concerns. The bill makes it law in New Jersey, based on certain provisions of the federal Motor Carrier Safety Improvement Act, that commercial drivers who move hazardous materials (HAZMAT) must undergo new criminal background checks. The mandates also impose stricter penalties for commercial drivers who violate traffic laws.

Legislation regarding school bus driver training and testing was also amended.

IGR shepherded the "Go-Ped, Pocketbike or Minibike" bill through the Legislature. In July, legislation became law that clarified rules for these miniature motor vehicles, which are essentially toys. In recent years, these toys have become an increasingly bigger problem for law enforcement: They cannot be registered by MVC because they do not meet the state definition of motor vehicles or National Highway Traffic Safety Standards.

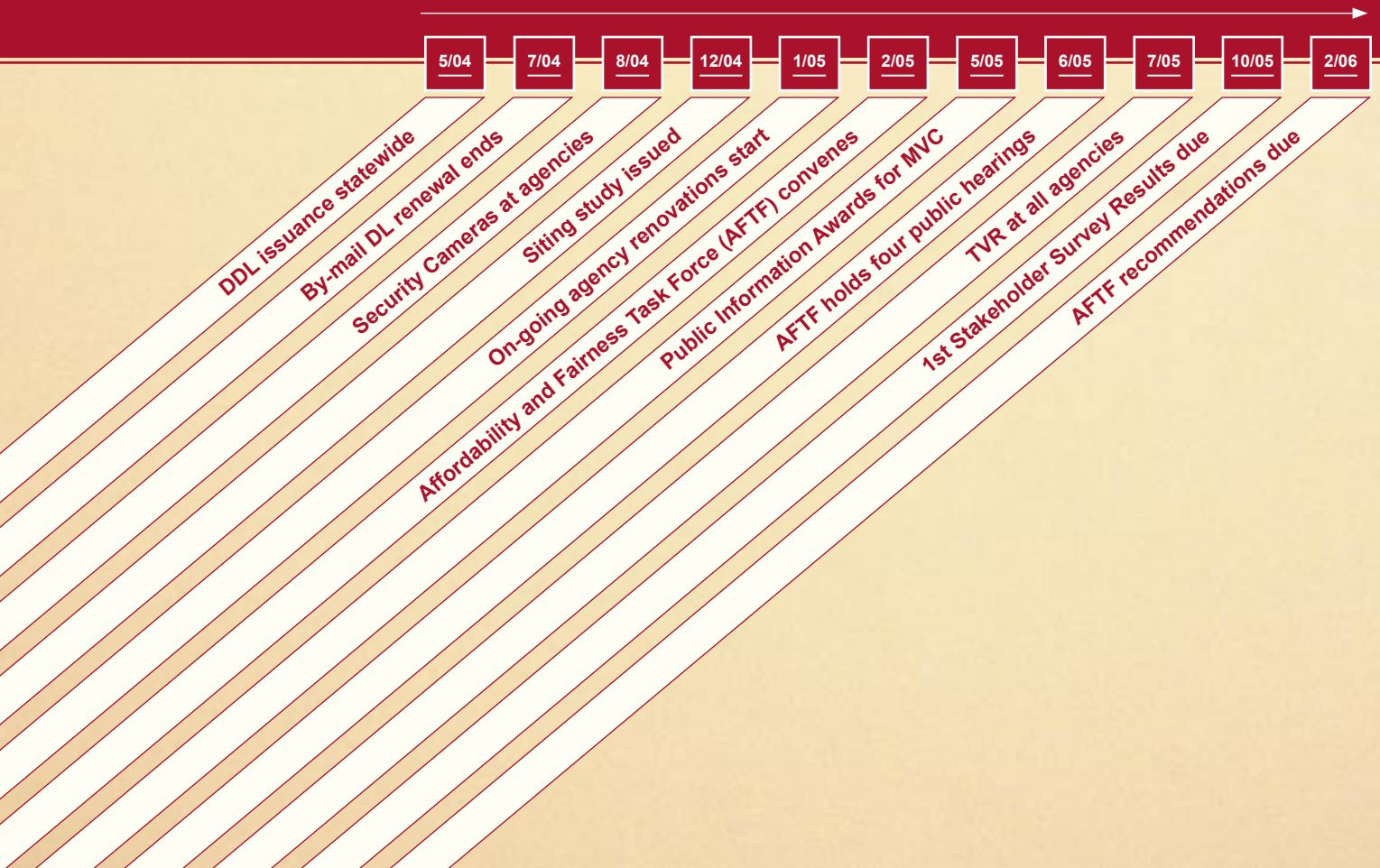
Through IGR's advocacy and guidance, a new statute was enacted that brings clarity and closure to this problem.

IGR also collaborates with other state and federal agencies. One recent partnership with the state Department of Environmental Protection has, after a long, cooperative process, produced a Diesel Truck Retrofit law that gives MVC an enforcement role within a new program designed to ensure cleaner air in New Jersey. Prompted by air quality issues, this measure will require retrofitting for a number of diesel vehicles to reduce fine particulate emissions.

IGR is also helping to alleviate a major concern the Fix DMV Commission had, which is the number of unfunded mandates enacted in the last 10 years; a number well over 100.



Record of Achievement



Service Assessment issued



RFP FOR INSPECTION SYSTEM

VII

The New Jersey Motor Vehicle Commission (MVC) has initiated a comprehensive study to evaluate all components of the New Jersey Motor Vehicle Inspection System (NJMVIS).

This study will determine if MVC should modify this system. The analysis will focus on vehicle safety inspection, vehicle emission inspection, data management systems, motorist convenience and the public/private partnerships used to deliver vehicle inspection services.

MVC selected MACTEC Federal Programs, Inc., to conceptualize and propose options to modify the overall vehicle inspection system or provide reasons why the existing system should remain unchanged.

MACTEC is researching options to assist the state in selecting a program that is safe for employees and customers, cost effective and technologically current. It will also anticipate regulatory and technological trends/changes that impact or will impact motor vehicle inspections in the future.

INFORMING THE PUBLIC, SUCCESSFULLY

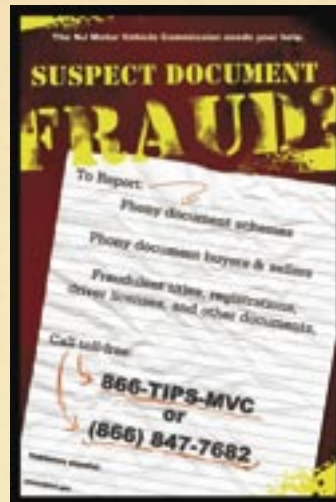
VIII

MVC's audience comprises more than 5.7 million drivers who own and lease more than 7.3 million vehicles. This audience is geographically, socially and linguistically diverse.

With the help of experts from more than 100 internal program areas, one of MVC's smallest departments communicates to this audience as its main function: It's a print shop, an advertising shop, a public and media relations shop and, an internal communications shop.

Two respected professional organizations – the Jersey Shore Public Relations and Advertising Association (JSPRAA), and the American Association of Motor Vehicle Administrators (AAMVA) – agree that MVC's efforts in this area are award-winning.

After winning a Silver JASPER Award for the latest version of New Jersey's driver manual from JSPRAA, the organization was also awarded five 1st place regional PACE awards from AAMVA in May 2005, as well as an International PACE award from the same group. (PACE: Public Awareness and Consumer Education.)



Beyond awards, though, is MVC's commitment to organization-wide accuracy in public information. MVC's user-friendly Web site and informational campaigns, a modern Customer Contact Center and an entertaining, award-winning radio call-in show, help the organization hit its targets.

Still, improving is MVC's goal. The entire organization is working to become more consistent, more efficient and more aware of specific groups' needs, and the needs of the entire audience and underserved groups. Before 2006, with a consultant's help, MVC will begin to bring the organization's communication with customers, business partners and other stakeholders to that level, which is the next level.

AFFORDABILITY AND FAIRNESS TASK FORCE: PROGRESS, IN PROGRESS

IX

The goal remains clear: To research, debate and address the unintended consequences of state laws relating to driver license suspension policies and processes.

A true partnership among government, private and non-profit organizations, the Task Force remains a shining example of New Jersey's commitment to examine and fix what is widely considered a broken system. The result will be a tribute to what a diverse perspective can achieve.

The Task Force will issue its report to the Office of the Governor and the Legislature by February 2006, a year after initially convening.

Members have met across the state in public hearings in Newark, New Brunswick, Camden and Atlantic City. They have met in sub-committee meetings in Trenton. They have held round-tables with relevant advocacy and other groups. Today, they continue to hear first-hand how non-driving and non-moving violation license suspensions have impacted lives.

For the Task Force, access to the public has been extraordinary, as has access for the public to Task Force members. For everyone involved, this combination has produced an excellent perspective that is committed to addressing unintended consequences.

Experts on transportation policy, the Voorhees Transportation Institute at Rutgers University, continue to guide the Task Force.

Dozens of citizens have embraced the Task Force's forum, an opportunity made much easier by locating each public hearing within walking distance of public transportation. Evening hours for public comment were offered at two of the four public hearings.

The Task Force continues to accept comments, recommendations and other public perspective via mail and through e-mail (taskforcecomments@dot.state.nj.us).



FEDERAL MANDATES

X

New Jersey continues to implement federal Motor Carrier Safety Improvement Act (MCSIA) and USA Patriot Act (the Act) provisions related to school bus drivers and other commercial drivers.

As implementation continues, MVC's enhanced customer service and targeted communication strategies are helping these motorists to comply with the new federal standards.

MCSIA

New Jersey will fully implement all provisions of the Federal Motor Carrier Safety Improvement Act of 1999, which sets new standards for moving violations committed by Commercial Driver License (CDL) holders.

So far, MVC has undertaken extensive reprogramming of the organization's computer system, application design changes and procedural changes within the agencies and Driver Testing Centers for expanding CDL verification.

Implementation costs could be minimized through federal reimbursement grants.

Hazardous Material Endorsement

At this time, the Transportation Security Administration (TSA) has cleared about 2,800 New Jersey-based applicants for the "H," or hazardous material, endorsement. Almost two-dozen applicants have been turned down for the endorsement following criminal background checks. An appeals process exists for first-time applicants through TSA.

There are about 50,000 commercial drivers in New Jersey who will need to meet this provision of the Act. To do so, they must complete the new process when their CDL is due for renewal.

In February 2005, MVC began facilitating criminal background checks for first-time applicants. In June 2005, MVC began facilitating the background check for existing "H" endorsement holders renewing their endorsement.

To simplify the process, advisory notices are sent 90 days in advance to renewal applicants to give them time to meet the Act's criteria.

TSA's live scan fingerprint vendor provides four sites. Applicants' fingerprints are run through databases at the FBI, Bureau of Citizenship and Immigration Services, Interpol and other law enforcement agencies.

MVC is notified if an "H" endorsement may be issued.

School Bus Endorsement

Full MCSIA implementation is close – even though MVC and the state's school bus drivers have until October 2006 to do so based on a federal government extension granted in August 2005.

About 15,000 New Jersey drivers, approximately 58% of the relevant population, now have a school bus endorsement. MVC will continue to work and communicate with drivers, bus companies and school districts to facilitate compliance.

In 2004, state-run training programs were offered in March through November 2004. During that time, 6,721 riders were trained across the state, including 921 at the state-run facilities, and 5,800 through the non-state program. In the same time period in 2003, about 400 fewer riders were trained overall.

MVC wants to increase the locations where this program is available and is researching collaborations with other organizations in federal and municipal government. Cooperation can increase the number of classes available and can reduce costs. To continue improving road safety for all motorists, it is a priority to ensure these training classes are available to new and experienced riders.

TRANSFER OF THE NEW JERSEY MOTORCYCLE SAFETY PROGRAM

XI

In March 2005, MVC assumed oversight of the New Jersey Motorcycle Safety Program, which was previously run by the state Division of Highway Traffic Safety.

This important safety program helps new and experienced riders to acquire motorcycle riding skills and knowledge. It promotes and teaches safe riding, and is offered by the state at the Sea Girt National Guard Training Center and in Egg Harbor Township, at the Anthony Canale Fire Training School.

Three other MVC-approved organizations (Gloucester County College, Fairleigh Dickinson University and Rider Education of New Jersey Inc.) provide the training courses. Each of these organizations can administer a Motorcycle Operator Skills Test (MOST). These organizations offer this service at six locations around the state.

The state-run program is offered free. Five dollars from each motorcycle license and endorsement fee is directed to this program's budget. The other organizations charge from \$225 to \$300 per student. The state provides training materials, such as the motorcycle manual, to these providers.





Annual Budgets

'05 • '06 • '07



**NJMVC Summary of Resources and Expenditures for Fiscal Year Ending
June 30, 2005**

Resources	
MVC Base Budget	\$195,979,801
Fees	57,078,945
FY 2004 Reappropriation	59,906,682
MVC Trust Fund Eligible Capital Proceeds	12,479,092
MVC Trust Fund Eligible Capital Proceeds - Prior Years	11,675,168
Commercial Vehicle Enforcement Fund	8,262,390
Motorcycle Safety Education Fund	581,963
Security Responsibility	13,463,571
Bus Inspections - School and Commercial	1,966,730
Total Resources	\$361,394,342
Operating Expenditures	
Salaries & Fringe	\$118,851,774
Materials and Supplies	4,250,805
Services Other Than Personal	28,179,776
Maintenance and Fixed Charges	8,185,704
Special Purpose:	
Vehicle Inspection Program	76,486,712
Agency Modernization	2,119,125
Digitized Driver's License	1,347,681
Reflectorized Plates	4,626,000
On-Line Registrations	3,185,219
Additions, Improvements, Equipment	3,177,464
Total Operating Expenditures	\$250,410,260
MVC Trust Fund Capital Projects	
Infrastructure	\$4,846,145
Systems and Applications	1,595,741
eMVC	573,520
Supporting Technologies and Process	41,338
Facilities Renovations	5,236,367
Other	185,981
Subtotal MVC Trust Fund Capital Projects	\$12,479,092
MVC Non-Trust Fund Capital Projects	
Facility Renovations	\$443,932
Capital Equipment	2,478,637
Subtotal MVC Non-Trust Fund Capital Projects	\$2,922,569
Other Fund Supported Expenditures	
Commercial Vehicle Enforcement Fund	\$4,267,528
Bus Inspections - School and Commercial	\$6,355,158
Motorcycle Safety Education Fund	\$38,974
Security Responsibility Fund	13,463,571
Subtotal Other Expenditures	\$24,125,231
Total Expenditures	\$289,937,152
Total Resources	\$361,394,342
Total Expenditures	\$289,937,152
Surplus / (Deficit)	\$71,457,190

**NJMVC Annual Budget for Fiscal Year Ending
June 30, 2006**

Resources	
MVC Base Budget	\$197,715,000
Fees	60,603,000
FY 2005 Reappropriation	71,457,190
MVC Trust Fund Eligible Capital Proceeds	40,916,000
MVC Trust Fund Eligible Capital Proceeds - Prior Years	3,177,000
Commercial Vehicle Enforcement Fund	8,144,000
Security Responsibility	14,700,000
Motorcycle Safety Education Fund	390,000
Bus Inspections - School and Commercial	2,012,000
Grant Awards	3,282,868
Total Resources	402,397,058
Operating Expenditures	
Salaries & Fringe	\$140,404,000
Materials and Supplies	11,482,000
Services Other Than Personal	42,631,000
Maintenance and Fixed Charges	8,308,000
Claims & Indirect	750,000
Additions, Improvements, Equipment	5,966,000
Special Purpose:	
Vehicle Inspection Program	78,546,000
Total Operating Expenditures	\$288,087,000
MVC Trust Fund Capital Projects	
Infrastructure	\$2,129,000
Systems and Applications	12,050,000
eMVC	1,420,000
Supporting Technologies and Process	946,000
Facilities	19,291,000
Other	5,080,000
Subtotal MVC Trust Fund Capital Projects	\$40,916,000
Other Fund Supported Expenditures	
Commercial Vehicle Enforcement Fund	\$7,807,000
Bus Inspections - School and Commercial	5,062,000
Motorcycle Safety Education Fund	477,000
Security Responsibility Fund	14,700,000
Subtotal Other Expenditures	\$28,046,000
Total Expenditures	\$357,049,000
Total Resources	\$402,397,058
Total Expenditures	\$357,049,000
Surplus / (Deficit)	\$45,348,058

* In previous years the following items were reported as Special Purpose, which are now reflected in Operating Expenditures as they are part of the core business of MVC: Digitized Driver's License, Graduated Driver's License, Reflectorized Plates, On-line registrations and Agency Modernization.

NJMVC Projected Annual Budget for Fiscal Year Ending
June 30, 2007

Resources	
MVC Base Budget	\$199,700,000
Fees	54,750,000
FY 2006 Reappropriation	45,348,058
MVC Trust Fund Eligible Capital Proceeds	58,700,000
MVC Trust Fund Eligible Capital Proceeds - Prior Years	4,000,000
Commercial Vehicle Enforcement Fund	8,145,000
Security Responsibility	14,700,000
Motorcycle Safety Education Fund	538,000
Bus Inspections - School and Commercial	2,015,000
Grant Awards	3,300,000
Total Resources	\$391,196,058
Operating Expenditures	
Salaries & Fringe	\$143,359,000
Materials and Supplies	11,662,000
Services Other Than Personal	40,624,000
Maintenance and Fixed Charges	8,367,000
Claims & Indirect	750,000
Additions, Improvements, Equipment	5,016,000
Special Purpose:	
Vehicle Inspection Program	80,886,000
Total Operating Expenditures	\$290,664,000
MVC Trust Fund Capital Projects	
Infrastructure	\$2,200,000
Systems and Applications	22,150,000
eMVC	1,750,000
Supporting Technologies and Process	1,500,000
Facilities Renovations	29,800,000
Other	1,300,000
Subtotal MVC Trust Fund Capital Projects	\$58,700,000
Other Fund Supported Expenditures	
Commercial Vehicle Enforcement Fund	\$7,807,000
Bus Inspections - School and Commercial	5,170,000
Motorcycle Safety Education Fund	490,000
Security Responsibility Fund	14,700,000
Subtotal Other Expenditures	\$28,167,000
Total Expenditures	\$377,531,000
Total Resources	\$391,196,058
Total Expenditures	\$377,531,000
Surplus / (Deficit)	\$13,665,058

