

# m7C for3ard

strategies for excellence



mvc  
forward  
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letter  
from the



chief  
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I am pleased to present this report, which was prepared through the attention, examination and dedication of the members of the five MVC advisory councils, as well as the many stakeholders, business partners, citizens and Motor Vehicle Commission employees.

By looking at where we have been, how far we have come and how far we need to go, the members of the advisory councils, as well as many others, have provided us with a roadmap for the future. This roadmap will pave the way to ensuring that the New Jersey MVC is a shining example of excellence in motor vehicle services.

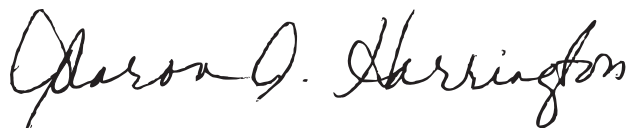
When the MVC was created four years ago, the charge seemed obvious: we must "fix the DMV." By doing so, the MVC's hard-working employees have turned this Commission into the welcoming face of government, have created one of the most secure digital driver licenses in the nation, and have committed to maintaining a high level of safety, security and service to all of New Jersey's motoring public. While these changes may indeed have "fixed" many of the problems identified in the original report, we must outline a plan to sustain this level of excellence.

This report is the first step in creating that plan. The original Fix the DMV Report acknowledged that cyclical reforms have defined the DMV, and that dire budgets undid the fixes of the past. By planning for the future, the MVC can break that cycle. With the help of the five advisory councils, focused on Business, Customer Service, Safety, Security and Privacy and Technology, we can identify what still needs to be addressed and create a blueprint for long-term success.

We extend our thanks to the Governor and the Legislature, who continue to provide the MVC with a strong foundation to continue an unquestionably massive undertaking. We also thank those who led the way in "fixing the DMV," the original Fix DMV Commission, whose collective vision, experience and energy is the force behind reform. Much gratitude is also extended to our employees. You lit the path the MVC is now paving.

I am pleased to present you with this report, which will serve as a blueprint for the future. I invite you to join me in the MVC's journey FORWARD.

Respectfully,

A handwritten signature in black ink, reading "Sharon A. Harrington". The signature is fluid and cursive, with the first name "Sharon" and last name "Harrington" clearly legible.

Sharon A. Harrington  
Chief Administrator



To know where  
you're going,  
know where  
you've been.▶

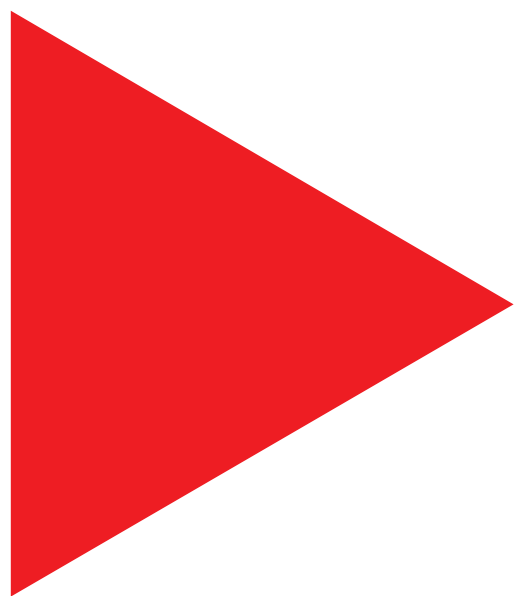
7	summary
9	<b>customer service advisory council</b>
18	<b>security and privacy advisory council</b>
28	<b>business advisory council</b>
37	<b>safety advisory council</b>
43	<b>technology advisory council</b>

# contents

47	building a solid foundation for a sustainable mvc
57	conclusion
60	timeline
62	strategies for excellence
69	stakeholders
82	end notes
84	glossary









In 2002, motor vehicle services in the State of New Jersey underwent a major transformation through the hard work and commitment of the Fix DMV Commission. Over a period of months, this group, made up of respected professionals from around the state, including a former New Jersey Supreme Court Justice, former Attorneys General and a former Public Advocate, completed a thorough review of all areas of the former Division of Motor Vehicles (DMV) and put forth invaluable recommendations that set the much-maligned agency on a course for reform. The charge was clear: bring the DMV into the 21<sup>st</sup> century.

# summary

Re-established as the Motor Vehicle Commission (MVC) in 2003, the new agency moved forward with an ambitious agenda designed to address longstanding problems in the areas of customer service, security and technology. The MVC, with the strong support of stakeholders, legislators, and most importantly, its employees, took positive steps forward in order to properly and effectively meet the needs of New Jersey's motoring public.

The Motor Vehicle Security and Customer Service Act of 2003 (the Act) incorporated many changes for the MVC that included, first and foremost, a statutorily-dedicated, stable funding source. The first \$200 million of the fees collected each year by the MVC through motor vehicle fees and surcharges are put towards the Commission's operations. In addition, a \$7 security surcharge fee on each registration, scheduled to sunset in 2013, provides funding for security enhancements. Prior to this dedicated funding source, the MVC was subject to the annual appropriations process. This approach to funding led to an inability to plan for the future. Inadequate financial support resulted in the decline of the agency. The DMV's funding levels, when adjusted for inflation, decreased by over \$69 million from FY 1989 to FY 2002. As the original report noted: "The funding of DMV's operations must be stabilized. Over the long run, the practice of instituting improvements at DMV, followed by their abandonment in lean budget years, has wasted state resources."<sup>1</sup>

In addition to improving the MVC's operations, the Act provided for a fund dedicated to capital improvements to revamp the "stark, institutionalized and unfriendly" facilities and improve the technology infrastructure with new systems and applications. The New Jersey Economic Development Authority (EDA) issued nearly \$160 million in bonds for capital improvements, secured by MVC surcharge revenues.

The report went on to note that decisive action was needed so that a fundamental shift in the way the DMV conducted business could occur and the public could begin to enjoy the benefits. A complete overhaul of the structure, governance and business practices was outlined. The Fix DMV Commission recognized that *"DMV must be ripped up by its roots and replaced with a more high profile, sophisticated and responsive agency."*<sup>2</sup> The MVC has answered that call, yet there is still work to be done.

On January 31, 2007, four years after the passage of the historic Act, Sharon A. Harrington, Chief Administrator of the New Jersey Motor Vehicle Commission, reconvened the Fix DMV Commission. In order to continue and sustain the MVC's positive momentum, Chief Administrator Harrington felt it was important to evaluate the Commission's progress to date and solicit feedback and recommendations that would continue to propel the MVC toward its goal of being a model for excellence in motor vehicle services.

In a short period of time, the MVC has achieved a great deal of success in its efforts to confront a looming security crisis, launch a digital driver license and combat extremely poor customer service. Despite these notable accomplishments, a lengthy to-do list still exists. The MVC needs to capably address the hurdles to future success. Strong feedback and fresh ideas from customers, partners and stakeholders will be needed to move forward. If true reform is to be sustainable, it must be recognized that every aspect of the MVC's operations must be examined. As the Fix DMV Commission reported, no longer can band-aid approaches or the status quo be tolerated.

The Act called for the creation of five advisory councils within the MVC, whose role is to advise the eight-member Commission on policies, operating practices, regulations and standards. Additionally, these councils were created to obtain expertise in certain areas, and to assist the MVC in overcoming obstacles to efficiency and security. The original report called for the MVC to *"be given the tools to renew itself without the need for cyclical reforms that have characterized its history."*<sup>3</sup> These councils are some of those tools; they empower the MVC to excel in customer service, safety, business, technology and security and privacy.

Following the January 2007 Fix DMV reconvening, Chief Administrator Harrington directed these advisory councils to meet in May and June of 2007 in order to address longstanding problems that continue to plague the organization. The councils, with additional stakeholders, reviewed current practices and procedures, identified organization priorities, and offered suggestions and recommendations on how to continue the MVC's progress and sustain the agency for the future.

In addition, the MVC also reviewed the financial aspects associated with each of the advisory council topic areas. In the first convening of the Fix DMV Commission, the importance of long-term planning was emphasized throughout the report. The lack of strategic business planning led the DMV into a *"spiraling degradation of service, glaring security breaches and a loss of confidence on the part of citizens and the Legislature."*<sup>4</sup> Given the success of the implementation of many of the Commission's original recommendations, this downward spiral can not be allowed to happen again. Strategic planning and sound budgeting practices will play a critical role in furthering the MVC's goals.

This report outlines the advisory councils and additional stakeholders' findings, highlights the issues and problems that continue to challenge the MVC, and sets a course for the next several years that will provide for the long-term vitality and health of the New Jersey Motor Vehicle Commission in the delivery of services to the motoring public.

The MVC will rely on the findings of the five advisory councils and other valued stakeholders to outline a blueprint for the future. The advisory councils hope that this report can move the MVC forward through the strategies for excellence outlined here.

# customer service advisory council

Commonly referred to as the “face of state government,” the New Jersey Motor Vehicle Commission (MVC) is the state’s principal customer service agency. Through direct contact with a majority of New Jersey citizens, the MVC performs millions of transactions annually.

Many citizens form their opinion of state government based upon their dealings with the MVC. This is a great challenge, a great responsibility, and an even greater opportunity for the MVC to change the public’s perception of its operations. The original report called for the DMV to remedy the inefficient customer service, directing the agency to institute Saturday hours, staff information desks at agencies, provide customer service training, institute credit card processing and modernize its Contact Center to reduce endless busy signals.

Greeting customers face-to-face upon their arrival in an agency was the first step in the MVC’s retail-like agency business process. Knowledgeable MVC employees first make sure customers have proper documents for specific transactions before directing them to the correct counter. The goal is to provide quick and efficient help to all customers, regardless of transaction type, facility location or the typical end-of-the-month rush.

Emphasis was also placed on a full review of current MVC facilities for location, cleanliness and comfort. Statewide, facilities are the foundation for the MVC’s service to the public. As one of the only state agencies with a comprehensive Facility Master Plan, the MVC is well positioned to wisely invest in and maintain its infrastructure. In 2004, with the help of Standard and Poor’s Corporate Value Consulting, a thorough Siting Study was developed, which serves as a blueprint for improving the MVC’s portfolio of properties. Presently, the MVC operates 78 facilities statewide, of which 45 are subject to lease agreements.

As the nature of motor vehicle service changes, driven primarily by the federal requirements and emerging technology, (discussed later in this report), the MVC must rethink where and how it delivers its services to optimize convenience to the motoring public. The MVC should examine opportunities for expanding partnerships with other organizations in the delivery of services and additional services offered on the internet or via kiosks at convenient locations. As the MVC reviews its Facility Master Plan, it should take into consideration the elimination and consolidation of certain agencies and services in order to provide better customer service.

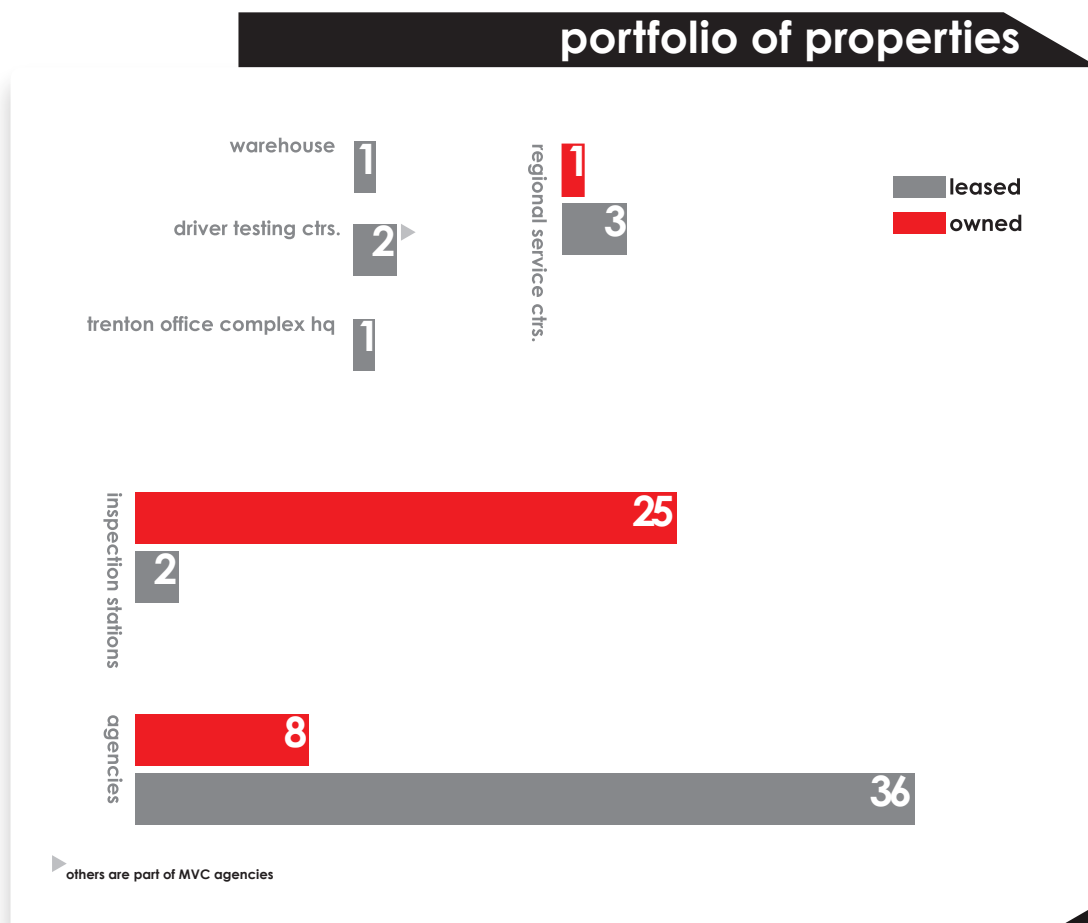
There is no doubt a significant change has taken place. Customer complaints are down significantly and customer satisfaction is up. The customer experience today is not nearly the same as four years ago. A newspaper editorial noted that: “Front desk workers greet you just inside the entrance .... The MVC has cleaned up its act – employees

are courteous and helpful and the service is efficient and quick.”<sup>5</sup> But these improvements must not end at the welcome desk. As the MVC continues to provide better customer service, the motoring public will expect and deserve more customer conveniences.

The original report called for the MVC to “fit the actual needs and schedules of customers.”<sup>6</sup> Today, those needs are best served through the online services found at [www.NJMVC.gov](http://www.NJMVC.gov). The MVC must look to adapt operations and expand information and services online, such as license and ID card renewal forms, E-mail alerts for license and registration expiration and the purchase of custom and vanity plates.

There are a number of items that are in need of attention and, if properly addressed, would go a long way to sustain the MVC’s improved customer-centered service. As a customer-centered service provider, the MVC must act like any other service organization or business. It must anticipate needs, address concerns and implement emerging technologies on a continuous basis.

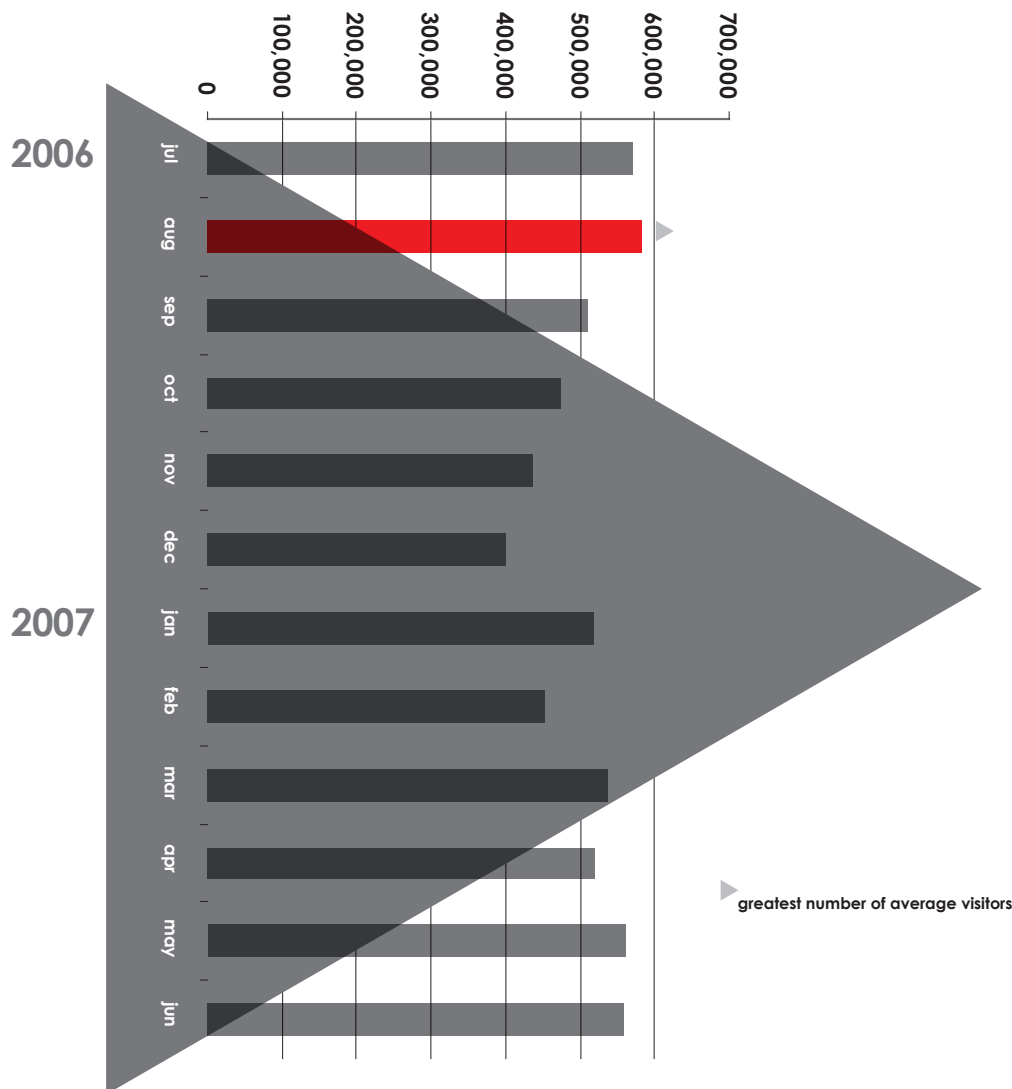
This advisory council relied upon many experts, with a diverse background representing many MVC partners and stakeholders with experience in customer service and the retail trade. After weeks of polling customers in the agencies, this group’s recommendations for improvement centered on five main themes.



# focus on web-based service delivery

One of the key components of customer service in virtually any industry today is online services. Customers today expect every institution with which they do business to provide high quality information and transactions online. The MVC is no exception. The main Web site, [www.NJMVC.gov](http://www.NJMVC.gov), receives approximately 500,000 unique visitors per month. That is an enormous amount of traffic, making [www.NJMVC.gov](http://www.NJMVC.gov) one of the state's most visited sites. That number is certain to grow even larger in the coming years. If the MVC is the face of state government, then [www.NJMVC.gov](http://www.NJMVC.gov) is certainly one of the most important tools in enhancing public perception and convenience.

MONTHLY VISITORS TO WWW.NJMVC.GOV



AVERAGE MONTHLY VISITORS FROM JULY 2006-JUNE 2007 WAS 510,278



Forms are at the heart of the MVC's business and customers want immediate access to information. While the MVC has increased the quantity of downloadable forms, it has not yet satisfied customer demand for all forms and applications. The MVC should also look to utilize the Web site to allow customers to pre-process forms online prior to visiting an agency. These customers would then receive "express service" at agencies. The MVC should also look to provide avenues for "express service," which could include having a voluntary biometrics program that would quickly identify customers and allow for a faster identification and approval process.

With nearly half a million hits per month, the revamped MVC Web site has been a tremendous source of information and an effective provider of certain motor vehicle services. Despite the Web improvements, customers continue to ask for basic items and services that have yet to be provided online. The MVC should explore further expansion of these services.

Expansion of online service would also decrease the volume at MVC agencies. Without these forms and services online, customers are required to visit an agency in-person or call to request the forms to be sent by mail. These individual mailings cost the MVC unnecessary money and employee time. Additional trips to an agency to perform basic functions also create a customer inconvenience. Outdated technology and processes for data retention and storage hamper progress toward modern solutions. The MVC is missing significant opportunities to limit the number of agency visits by allowing routine transactions to be processed and paid for online.

## eliminate the requirement to maintain one agency per 300,000 citizens and consolidate driver testing locations for better service

As technology improves, so does the Commission's desire and ability to provide services beyond the traditional "bricks and mortar" locations. Currently, the MVC is required by law to meet a mandate to locate one agency per 300,000 citizens in each county. This, in effect, ties the MVC's hands in choosing future locations or proposing the closure of low volume, substandard or inconvenient locations. As the Customer Service Advisory Council noted, and as customer surveys reflected, emphasis should be placed on additional online services. This update to online services would reduce the need for an in-person visit to an MVC agency, thus reducing overall volume.

When a visit is required, the MVC should provide convenient, adequately staffed facilities in strategic locations to accommodate the motoring public. The MVC Siting Study conducted by Standard and Poor's called for the "modifying or expanding existing sites, moving or consolidating existing sites, and adding sites. These recommendations take into account financial considerations as well as service times, drive times, and other public interest factors."<sup>7</sup> These locations should not be dictated by a statutory requirement that does not take into consideration many other factors that truly determine an agency's location, such as convenience, usage and accessibility.

Driver testing sites present another opportunity for improvement in consolidating services to match demand. For many drivers, a driver testing experience is a once-in-a-lifetime event. Since most driver testing customers are initial applicants for licensure, once licensed, a driver has the availability of all MVC locations for future renewal of his/her license. By consolidating driver testing into centralized locations based on usage and population, the MVC can provide better service with less overhead costs.

To further minimize the impact of any closures or consolidations, the MVC has expanded the ability of students who are coming of driving age to take the vision and knowledge tests at a certified driving school. The MVC should look to expand these types of consolidation partnerships, while maintaining the integrity of the process. Regular audits of such schools would ensure compliance with all MVC procedures and policies.

Emerging technologies and partnerships will continue to assist the MVC in strengthening customer service while consolidating services into more convenient locations for the motoring public. By eliminating the population requirements of agency locations, the MVC can move to create satellite offices and more centralized locations of both agencies and driver testing sites.

## explore additional partnerships for delivery of critical services

The MVC should continually examine opportunities for expanding partnerships with other organizations in the delivery of services. As this council mentioned earlier in this report, expansion beyond traditional motor vehicle locations for service delivery should be examined. This council suggests the MVC explore opportunities with various county governments and possible partnerships with retail locations, as well as the availability of conducting service via kiosk locations convenient to the public.

The Administrative Office of the Courts (AOC) maintains information systems and coordinates records for all of the state's municipal courts. Whenever a driver is convicted of a traffic violation, the record of the violation is sent to the MVC for update of the driver's record. The courts also use the MVC's driver records for sentencing purposes. Key to this relationship is that the two entities share the same customers. Drivers with a court-ordered suspension must satisfy court requirements and also pay the MVC to restore their license. Moving forward, the MVC and the AOC can build on this relationship to help customers. Drivers visiting a court should be able to pay their license restoration fee, and drivers visiting the MVC should be able to pay a court fine and restoration fee at the same time. It may even be possible for drivers to set up a single payment plan to cover payments to the courts and the MVC. Support for these service level improvements will require technology improvements. Other changes may be supported by regulatory or legislative initiatives. The courts, the MVC and its customers can all benefit from strategies directed at leveraging our existing relationship.

The establishment of these partnerships with local government and businesses would provide for the decentralization of specific services and further expand more traditional services beyond the current 44 MVC agencies. With the use of emerging technologies, satellite offices would provide customers with the ability to utilize the MVC's services without stepping foot into an agency. Not only would this provide a convenience for the customer, it would provide for more cost-effective service centers. As the MVC explores these partnerships, security should remain a paramount concern. Customers should have the assurance that no matter where they receive MVC service, their documents will remain secure.

## decentralizing transactions for customer convenience

Customers expect convenience and deserve to have as many services as possible offered in convenient locations or online. There are still many MVC services that remain centralized, forcing customers to do business with the main

office in Trenton. The MVC must investigate ways to provide these services at regional centers and agencies. There are still other services that the MVC offers to customers that may not require the full agency experience and that can be offered at kiosks or satellite offices.

When motor vehicle agencies were privatized in the 1990s, many functions remained centralized in Trenton and were not permitted to be conducted in motor vehicle agencies. Based primarily on security concerns, stemming from what the original report referred to as the “failed experiment”<sup>8</sup> of privatization, certain transactions could only be conducted by customers visiting the Trenton Office Complex (TOC). Due to increased security concerns and more stringent government policy, the MVC moved certain transactions, such as temporary visas and specialized licenses, to the TOC and the four regional service centers. This centralization ensured consistent application of standards and government oversight. However, this practice is not convenient for customers, and as agencies have since been de-privatized, the state can ensure consistent procedures at each location. The Customer Service Advisory Council has recommended that the MVC examine the remaining “centralized” transactions to determine what steps need to be taken to decentralize and allow these transactions (junk and abandoned title processing, handicap placard processing, etc.) to take place at most MVC facilities.

Currently, the MVC is piloting the processing of salvage titles at six agencies around the state. For years, salvage titling was handled strictly through the Trenton headquarters, which often experienced large backlogs and complaints from dealers and others who would wait weeks to receive a salvage title. This is one example of the MVC’s work to decentralize transactions. This council encourages such innovations and urges the MVC to continue to decentralize such services.

In an effort to maximize customer convenience, the MVC must have the goal of providing its customers the ability to conduct any transaction at any agency around the state. Investigating the use of kiosks and satellite offices to create new service delivery points may result in finding a more cost-effective way of providing many services to the motoring public. The MVC also needs to continually expand online services to meet customer demand through technological advances.

## utilizing past successes as a blueprint, the IRP partnership

The MVC has implemented a number of improvements, services and partnerships since its inception in 2004. Many continue to grow; some need additional support to achieve their goals and some can be used as a model for agency excellence. The International Registration Plan (IRP) is one such model for interstate partnership and enhanced customer convenience.

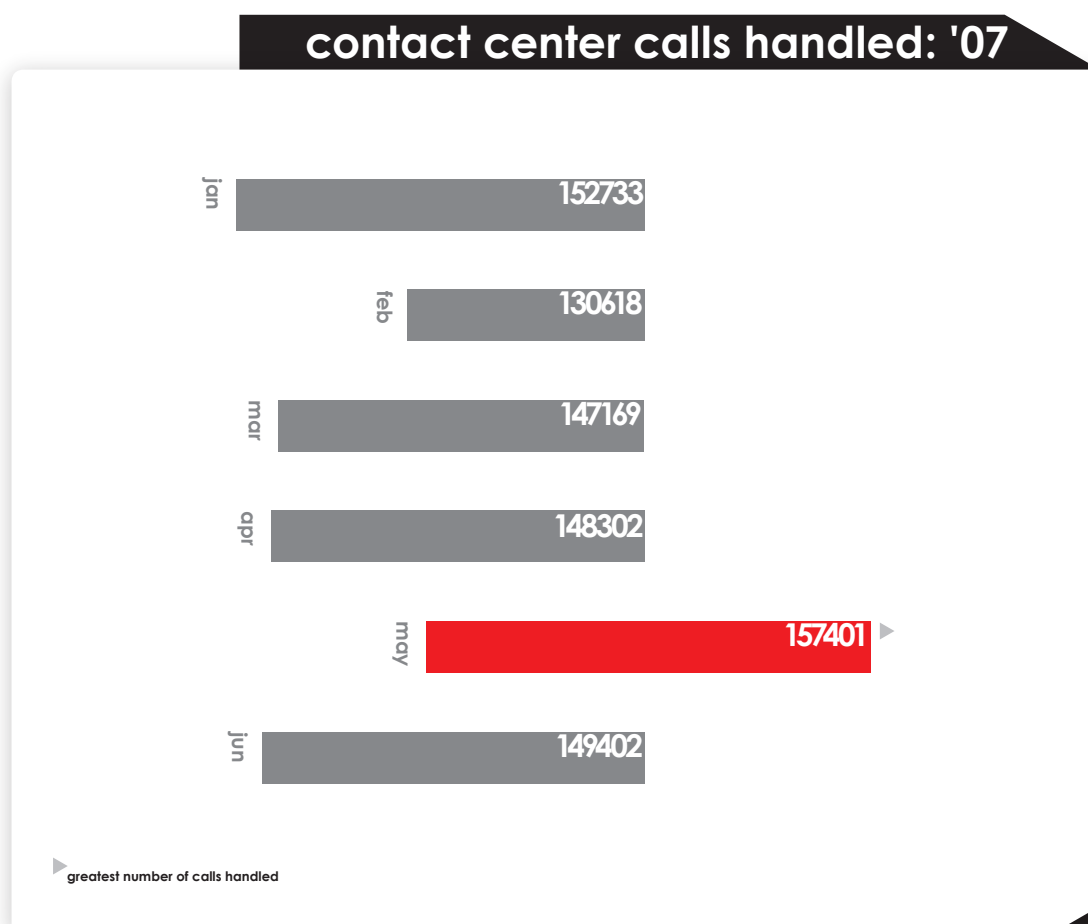
IRP is a U.S.-based plan that allows for the distribution of registration fees for commercial vehicles traveling inter-jurisdictionally (interstate) through member states and provinces. Plan members include 48 states and 10 Canadian provinces. It is recognized by the U.S. Department of Transportation and the Federal Motor Carriers Safety Administration, as well as by state Departments of Transportation, and all branches of law enforcement.

Motor carriers registered with the Plan are provided one registration document (referred to as a cab card) and two apportioned license plates recognized by all member jurisdictions. The jurisdiction in which the carrier registers is considered the base jurisdiction, which is usually the carrier’s originating state. The base jurisdiction collects the registration fees and distributes the fees among member jurisdictions based on the portion of miles traveled in those jurisdictions. Also, any commercial vehicle registered under the Plan may operate both interstate and intrastate without separate requirements.

A \$2.5 million dollar contract was awarded in December 2006 to up-grade the current IRP software. This upgrade will allow the MVC to offer additional customer conveniences to those participating in this program. These conveniences include: expanded information fields, improved navigation and automatic mileage calculations. The new system will allow for Web application of registration renewals with credit card and e-checking payment options. The utilization of this partnership to assist in expanding customer service should serve as a model as the MVC moves forward and continues to improve its service to the customer.

## conduct routine customer outreach/feedback

The original Fix DMV report stressed the importance of receiving continuous customer feedback. Customer surveys of millions of citizens conducting business or attempting to gain information through the agencies, regional service centers, contact center and mail were previously nonexistent. The DMV could not be effective in planning and implementing successful change because this information was not being gathered and analyzed.



The MVC currently has limited customer feedback. In 2003, the Eagleton Institute at Rutgers University began the first motor vehicle-related customer survey in more than 20 years. The Motor Vehicle Agency Customer Satisfaction Survey directly reached and questioned citizens and businesses, as well as polling employees. The results helped to establish a performance baseline against which future progress will be measured. Customer surveys, both in agencies and online, could be used continually to solicit feedback.

The Contact Center has been a primary vehicle for feedback and customer assistance. The original report cited numerous concerns about the long wait times customers experienced. One of the MVC's first customer service enhancements was to address those concerns. In the past four years, wait times have been decreased and many customers are now receiving efficient and friendly service when they call the MVC Contact Center.

Maintaining an open line of communication with the public is essential to the work of the MVC. There is a need for ongoing development of outreach tools, either Web-based or print, that can be used to share critical updates and important news related to motor vehicle services. Establishing a customer "E-News" list that could provide customers with a reminder of important renewal dates is just one example. A quarterly Customer Bulletin for distribution at MVC facilities would also help to accomplish this goal. The MVC must continue to work on creating a "customer feedback" section to the Web site. This section would feature a customer satisfaction survey, which could be continually updated to address particular service issues and would allow customers to provide the MVC with constructive advice on how to better serve New Jersey's motoring public.

This Customer Service Advisory Council urges the MVC to continue to solicit customer feedback through surveys, as well as to implement tools that will provide customers with information about the MVC's services.

# security & privacy advisory council

**T**he New Jersey Motor Vehicle Commission (MVC) is among the state agencies and departments that form New Jersey's front line of Homeland Security.

The Fix DMV report challenged the MVC to confront a serious security crisis through physical and technological enhancements to secure MVC facilities, transactions and documents. Recognizing the need to quickly deal with lax security, an Interim Report, published in August 2002, was issued and the MVC moved aggressively to strengthen security procedures.

The report cited numerous security lapses at motor vehicle agencies. Considering the amount of revenue generated at these agencies each and every day and the "street value" of MVC documents, increased security became a necessity and the cornerstone of the MVC reform.

The MVC's agenda must continue its progress in turning what was once an "easy target" for the criminal element into a safe, secure and well-monitored state agency. The MVC is committed to a high level of security that began with the creation of the Division of Security, Investigations and Internal Audit. This office, headed by a director with an extensive law enforcement background, has a multi-faceted agenda.

One of the first initiatives was to have the New Jersey State Police (NJSP) assess the physical security of the agencies and central headquarters. This joint venture allowed the MVC to secure each facility based on the NJSP's recommendations and provided for the installation of security cameras in each agency. Over 584 cameras were installed throughout the MVC's facilities that provide security personnel with clear, closed-caption viewing of agency activities. These cameras not only allow for increased prosecution of illegal activities, but also serve as a crime deterrent.

At the time of the original report, New Jersey was one of only four states without a digital driver license (DDL). The implementation of a new DDL was a multi-agency effort that produced one of the most secure driver licenses in the nation. This initiative was prefaced by the implementation of the 6 Point ID Verification Program, which tightened and secured the license issuance process. As identity theft continues to rise, customers have accepted the MVC's efforts to safeguard their personal information and are pleased that New Jersey is now one of the most secure states in this regard. "The best states (at verifying ID) are Arizona, Florida, Iowa, Kentucky, Maryland, Minnesota, New Jersey,"<sup>9</sup> according to a national report.

The MVC now has 41 investigators to probe complaints and suspicions of corruption in the agencies. In addition to the investigators, the Division of Security, Investigations and Internal Audit has done a number of overhauls to the MVC's internal controls and investigative procedures through the implementation of continual document fraud training for all employees who handle documents. Since the inception of the document fraud training program in 2003, over 3,000 arrests have been made and over 70 percent of those arrests were a result of fraudulent document activity. *(See chart on the opposite page)*

To insure the security of each of the 44 agencies, the Law Enforcement Agency Security Enhancement (LEASE) program was launched. This program provides a full-time police presence at MVC agencies during working hours. The objective is to support a safe and secure working environment for customers and employees alike. A uniformed police presence at the sites serves to deter the submission of fraudulent documents and provides an immediate police response to incidents and situations at any MVC location.

As the Fix DMV report pointed out, "safeguarding national security and economic well-being will not be found in one silver-bullet solution. It will be strengthened through a series of synergistic actions that culminates in greater security."<sup>10</sup> The MVC has implemented numerous security measures and is committed to continuing to enhance security for customers and employees. The Security and Privacy Advisory Council recommends additional steps for the continued security of the MVC's facilities, transactions and documents.

## determining participation in the REAL ID act

On May 11, 2005, federal legislation that included the comprehensive overhaul of states' driver license and identification card provisions (the REAL ID Act) was signed into law. The REAL ID portion of the law will become effective on May 11, 2008. The Act details extensive changes to the security and issuance of state driver licenses and identification cards, which will result in significant modifications to longstanding state laws and processes. The Notice of Proposed Rule Making (NPRM) in support of the Act was published on March 9, 2007, and further specified these requirements. As a result of these substantial changes to driver license and identification card issuance processes, compliance with the law will necessitate considerable investment by states and the federal government to meet the requirements of the Act.

The MVC has formulated a project team to address the next generation of driver licenses to include analysis of REAL ID. The MVC maintains communications in this matter with the American Association of Motor Vehicle Administrators (AAMVA) and the U.S. Department of Homeland Security (DHS).

## the impact of REAL ID on the state's citizens

The REAL ID Act is meant as a tool to deter terrorism, and as an extension, create a mechanism through which travel documents can be made more secure and less easily forged. One aspect of this program would be to create state-issued, federally-accepted identification that can be used when boarding planes and entering federal facilities.

The REAL ID Act established minimum standards for state-issued driver licenses and identification cards. Citizens in



## arrests at njmvc facilities

Location	Customers	Employees
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Bakers Basin	0	0
Bayonne	2	0
Bridgeton	9	1
Camden	5	0
Cardiff	12	0
Cherry Hill	1	0
East Brunswick	4	0
East Orange	49	1
Eatontown	11	2
Edison	0	0
Elizabeth	13	0
Englewood	3	1
Flemington	1	0
Freehold	2	0
Haddon Heights	0	0
Hazlet	16	0
Irvington	29	0
Jersey City	6	0
Lakewood	22	0
Lodi	11	0
Manahawkin	8	0
Matawan	9	0
Medford	3	2
Morristown	7	0
Mt. Holly	12	0
Newark	4	0
Newton	3	0
North Bergen	7	0
Oakland	6	0
Rahway	10	0
Randolph	4	0
Rio Grande	4	0
Runnemede	3	1
Salem	4	0
Somerville	16	1
South Plainfield	6	0
Springfield	15	0
Toms River	0	0
Trenton RSC	5	1
Turnersville	1	0
Vineland	6	0
Wallington	10	0
Washington	2	0
Wayne 23	23	16
Wayne 46	46	6
Wayne RSC	8	0
West Deptford RSC	5	0
Wycoff	3	0
MISC./Title Brokers	1	
Parsons	1	
Trenton TOC	1	1
<b>Totals:</b>	<b>429</b>	<b>33</b>

2007: SEPT '06--PRESENT

states that comply with these minimum standards will have federally-accepted identification. Although states have the ability to opt out of compliance with the REAL ID Act, non-compliance does have ramifications for those states. Citizens of non-compliant states would have to present alternate federally-acceptable identity documents to enter any federal facility that requires identification and board any federally-regulated commercial aircraft.

It is clear that the REAL ID Act will have a significant impact on the operations of the MVC and on New Jersey's citizens. For that reason, the MVC's working group has followed the legislation closely, and has provided this advisory council with a number of its recommendations, which were filed with the NPRM for REAL ID.

## formal comments filed

On May 8, 2007, the MVC filed 63 pages of substantive comments to the NPRM for REAL ID. The MVC's comments highlighted the operational concerns of compliance with REAL ID, as well as noting the significant funding and timeline issues associated with implementation. The State of New Jersey may likely be, but has not yet determined if it will be compliant with the provisions of REAL ID and, therefore, the MVC did not make any dispositive statements on policy or budget in the comments publicly filed.

DHS has commenced review of the comments and a Final Rule is expected to be published late summer or early fall detailing all amendments and further specifications. Under current NPRM requirements, issuance of the first REAL ID-compliant driver license or identification card must begin by January 2010.

## stakeholder input

Governor's Counsel suggested the MVC reach out to other agencies that will be impacted by the broad scope of the REAL ID Act. The MVC appreciates the cooperation of the agencies that were able to participate and give input in the comment process, namely the Office of Information Technology, the Department of Health's Office of Vital Statistics, the Department of the Treasury and the Office of Homeland Security and Preparedness (OHS), with additional comment provided by the State Police.

The MVC also met with members of the American Civil Liberties Union (ACLU) to discuss various privacy concerns. The ACLU has also filed formal comments to the NPRM.

## general compliance concerns

The general operational concerns noted by the MVC in the comments included:

### Degradation of Customer Service

The MVC has already made substantial changes in business processes to increase the level of customer service due to the requirements of the Fix DMV legislation. The impacts of the changes REAL ID would require will be substantial. Customers can expect increases in wait-times of at least 45 minutes and increased difficulty in obtaining valid and proper documentation. Full verification of source documents presented will likely require that final driver licenses be mailed to applicants through a central issuance process.

## Lack of Substantial Increase in Homeland Security

The MVC believes that its current 6 Point ID verification system, in combination with current document fraud training and comprehensive security systems, are excellent measures to ensure that licenses are issued to proper individuals. The MVC remains unconvinced that the far-reaching changes listed in the Act and enumerated in the NPRM cause a significant increase in homeland security, particularly for states that have substantially strengthened their issuance processes already.

## Technology Constraints

Proper technology and available systems do not currently exist to implement required programs or allow for verification. Database protection is also a significant concern. Sensitive information will be stored on MVC databases and transferred among states and the federal government with different levels of security, different technology interfaces and varying statutory protections. Information such as bank statements, which would be required to be captured to verify address, would present a "treasure trove" database of information highly valuable to hackers and a significant target for individuals wishing to perpetrate identity theft.

## Document Imaging and Storage

REAL ID would require document imaging and storage of three to five additional documents per person per enrollment (and potentially many more pieces of information as the individual comes to the agency to update name, address or other information), which would mean a substantial increase in technology and storage costs and possible reconfiguration of all agencies to accommodate the additional equipment and business flow.

## Lack of Rule Specificity

Many crucial programs, requirements, interfaces and definitions were not sufficiently described such that states would be able to determine what programs will be considered compliant for REAL ID purposes.

# main issues with timely compliance

## Funding

At this time, adequate funding for these costly programs and systems changes has not been sufficiently identified. OHS noted that all funds for FY07 have been dedicated (following guidelines for national priorities) and therefore no additional money is available for REAL ID implementation. Furthermore, of the \$40 million dedicated as additional and distinct federal grant money, \$34 million remains to assist in implementation. This is an insignificant amount of money for the vast scope of the project and the majority of these funds will likely be directed to the states that are furthest away from compliance.

It is estimated that this project will cost the MVC \$51.4 million upfront and a minimum of \$27 million annually, as the proposed federal regulations were drafted. However, some of the upfront costs (about \$8 million) would be covered under a major system overhaul that the MVC has embarked upon (MATRX).

## Current NPRM Timeline for Compliance

The current timeline and extensions provided for in the NPRM will not allow a sufficient amount of time for state compliance due to:

- Necessary Technology Development
- Systems and Business Process Changes

- Current Contracts and Procurement
- Current Renewal Cycles
- Training
- Communications and Public Outreach
- Database Cleanup
- Final Rule Review and Request for Extension

## the future of REAL ID in new jersey

The MVC supports, with funding, the use of verification systems, exchange of information and digital photos with other states and other suggested security enhancements within the mission of a motor vehicle agency. The MVC REAL ID working group suggests a number of steps which would allow the implementation of REAL ID to better serve New Jersey's citizens. Those steps include:

- funding be made available on the federal level.
- the MVC's current secure DDL be accepted as meeting requirements for the purposes of not forcing re-enrollment of all 6 million licensed New Jersey drivers.
- elimination of scanning source documents that have been verified in-person.
- elimination of financial background checks for covered employees.
- a phased-in approach of remaining requirements.

This advisory council has reviewed the security concerns outlined by the MVC working group, and agrees with the group, in that the MVC should continue to monitor the publication of the final rules for REAL ID, and assess the impact on New Jersey motorists prior to making a recommendation to the Governor and Legislature regarding the final decision on participation.

This council also suggests that New Jersey allow the voluntary use of biometrics to verify identification in the case that New Jersey does become REAL ID compliant. By utilizing a voluntary pilot program to imbed DDLs with biometric information, those customers who opt-in to the program could see faster service and quicker verification. Such a program could be similar to airline preferred flier programs that utilize more advanced identification systems to quickly process frequent fliers through security.

## securing temporary tag registration

One of the many services that the MVC supports for its customers is the Temporary Tag registration program. This program utilizes temporary license plates (paper decals), which are more commonly called Temp Tags. They are issued by the MVC to new and used car dealers and affixed to the rear window of the purchased vehicle. Temporary Tags have a registration number printed on top and an expiration date written by the dealer in black marker below. The Temp Tag allows the new owner to operate the vehicle while waiting for the standard plates to be issued.

The Temp Tags are purchased by the dealers in books from the MVC and maintained at the dealer's location until they are dispensed. There is no limitation on the number of temporary registration tag indicators purchased by a dealer. Currently, the Temp Tag number is logged from the warehouse to the MVC agency. The tags are logged at the agency, both manually and by computer, when the dealer purchases them from the agency. After a dealer

purchases the tags, the MVC has no direct control in determining the vehicle the tags are assigned to or the disposition of the remaining temporary registrations. Regulations governing dealer use and issuance of Temporary Tags require dealerships to keep a log on site that can be inspected by the MVC's Business Licensing Services. Violations of this requirement may lead to suspension of the dealer license.

The problem for the MVC is that once the temporary registration paper decals are issued, there is currently no computerized way to determine which vehicle the Temp Tag belongs on and, as an extension of that, to whom the vehicle is registered. This is a major problem for law enforcement when a vehicle with Temp Tags is used during a crime or is stopped for a motor vehicle violation. Law enforcement is unable to locate the vehicle owner through normal means, which results in an extended delay in determining the ownership of the vehicle. The potential for fraud with these temporary registrations can be significant. With slight alterations, the Temp Tag expiration date can be fraudulently extended many times over. There is anecdotal evidence that the temporary registrations are being placed on vehicles, which are then driven out-of-state and never converted to a standard plate. The illegal sale of the blank temporary registrations is a lucrative business in that they are purchased from the MVC for three dollars and can be resold for hundreds of dollars.

The Security and Privacy Council recommends the MVC require dealers to enter the temporary registration number into an MVC database upon its transfer to the customer. This would allow the MVC and law enforcement to obtain immediate information on the owner of the vehicle. This would significantly cut down on fraud in the issuance of the Temp Tags and alleviate many of the titling problems associated with the temporary tags. Temporary registrations that are not accounted for could be cancelled and/or placed in the NCIC system as lost or stolen.

## verifying corporation code (corp code) business

The Corporation Code (Business Identification Number) is a 15-digit numerical identifier issued by the MVC to any company that wishes to title and register vehicles in their legal business name in New Jersey. A business requesting a Corporation Code (Corp Code) must first be registered with the New Jersey Division of Revenue, Business Registration. The company name and mailing zip code are used to assign the number to the company. The Corp Code allows businesses to register multiple motor vehicles to the business in lieu of a particular licensed owner of a vehicle.

Currently, there are three units within the MVC that can create a Corp Code. This overlap can create multiple entries of the same company, because the way the information is supplied to the MVC computer will determine what Corp Code is assigned (i.e. the MVC and the Motor Vehicle Commission would have two separate Corp Codes if entered separately as written). The MVC is currently moving to consolidate this work into one unit to better identify and credential businesses. This new unit should investigate creating a uniform method of entry to ensure the integrity of the Corp Codes. This newly established unit would then be able to create a system in which branch offices of larger companies could be designated within the Corp Code. In creating a new method of capturing and assigning Corp Codes, the MVC should work with other partners (i.e. The Department of Banking and Insurance, Treasury and the Division of Consumer Affairs) to determine a uniform identifier for all businesses in New Jersey. This issue should be addressed through the new Motor Vehicle Automated Transaction (MATRX) system, to ensure that one Corp Code is assigned to the company. The MVC should also look to institute a fee for the creation of a Corp Code to ensure that the transactions can pay for themselves.

# improving physical security at facilities

One of the major goals of the Division of Security, Investigations and Internal Audit is to improve physical security at all of the agencies. Today, there are no two agencies that have the same physical security setup. Some variations are seen in the type of locks on the doors, the deployment of keys to the doors and the codes to activate and deactivate the security alarms at the agencies.

MVC employees at the Trenton Office Complex (TOC) are issued two cards when they report for work at the TOC, a photo ID and a SMART card, or key card. The key card has access levels programmed into it, allowing employees to enter only those areas that they have been granted access to by their unit. An employee must use the key card to enter the TOC and enter their work location on the floor they are assigned. The system is controlled by a series of card readers that are installed and maintained by the Department of Treasury. This allows for legitimate movement throughout the building by employees, but limits access to areas that require greater levels of security. This process is currently limited to the TOC; most agency employees do not have an ID bearing their photograph or key card. This program should be considered to secure agencies statewide.

In order to improve physical security, all agencies should be outfitted with card readers, which would require all employees to have key cards issued to them. The addition of card readers at outside points of employee ingress would address certain security concerns. Current practice at agencies allows for doors to be propped open to allow employees to return inside the agency if they step out. Key cards, if lost by the employee, or if an employee is removed from employment, separates voluntarily or retires, would be deactivated by the TOC so that those employees would not have access to the agency or the TOC. The use of card readers would also eliminate the "blind" opening of a door from the inside when someone knocks for entry.

Another method to improve the physical security of the agencies is to deploy a second generation of security cameras that would improve both the quality and coverage of the cameras currently deployed. New technology has been developed that can further enhance the ability to view, record and save video that can be utilized to protect MVC employees and assist in criminal investigations.

An additional enhancement to the security of the MVC's facilities is to install a fully functioning panic alarm system that connects directly with the local police department in whose jurisdiction the agency is located. These systems would be tested on a regular basis to insure their operability.

# strengthening law enforcement authority

Currently, no employee of the MVC has law enforcement authority. Investigators assigned to the Division of Security, Investigations and Internal Audit do not have this authority and are therefore not allowed by law to make arrests, conduct criminal investigations or carry a weapon. The MVC pays for these services in accordance with a Memorandum of Understanding (MOU) with the NJSP Document Fraud Squad, the Division of Criminal Justice (DCJ), and through agreements with local police departments, who supply uniformed officers to agencies through the Law Enforcement and Security Enhancements (LEASE) program.

The cost of these programs is in excess of \$5 million annually. This cost will continue to rise yearly as the cost of covering salaries increases. Currently, the MVC funds eight NJSP positions, 12.5 DCJ positions and is presently

paying 33 different police departments to cover 35 different MVC agencies. At some point these costs will become prohibitive and an alternate solution to maintain security at the MVC will become necessary. This advisory council offers alternatives to the current system, some of which have been implemented in the past.

One alternative would be to drop the MOUs with the NJSP and DCJ in favor of contacting them each time there is a potential criminal case. Once contacted, the NJSP and DCJ would then expend their resources in cases originated by the MVC. This solution was used prior to the creation of the MVC, and was found to have inconsistent results. Each agency or employee dealt with cases differently and the MVC was forced to rely solely on non-MVC personnel to investigate and prosecute offenders.

A more desirable alternative would be to have the Attorney General's Office provide a fixed number of law enforcement positions for the MVC. The number of positions required would need to be sufficient to staff each agency with full-time coverage of a uniformed MVC Police Officer during business hours and provide the administrative and supervisory staff to oversee the uniformed officers. A detective squad or investigative squad would also be required to conduct those investigations now conducted by the NJSP Document Fraud Squad and DCJ. Staffing levels would have to take into consideration training time, firearm qualifications and court time, as well as the standard vacation and sick time granted to New Jersey employees. In this situation, the MVC could predict and budget accordingly for the operation of the MVC police. This would give the MVC greater control of costs in future years. If the Attorney General's office were to create the proposed positions, the MVC would first look to fill them from within the Commission, which would allow for a more seamless transition. A law enforcement presence must be maintained if the MVC is to continue to enforce the security measures already in place.

# business ad>isory council



**D**uring the 2006 realignment of the MVC's internal units, a new Division of Business and Government Operations was established in order to consolidate related functions, which resulted in more efficient service.

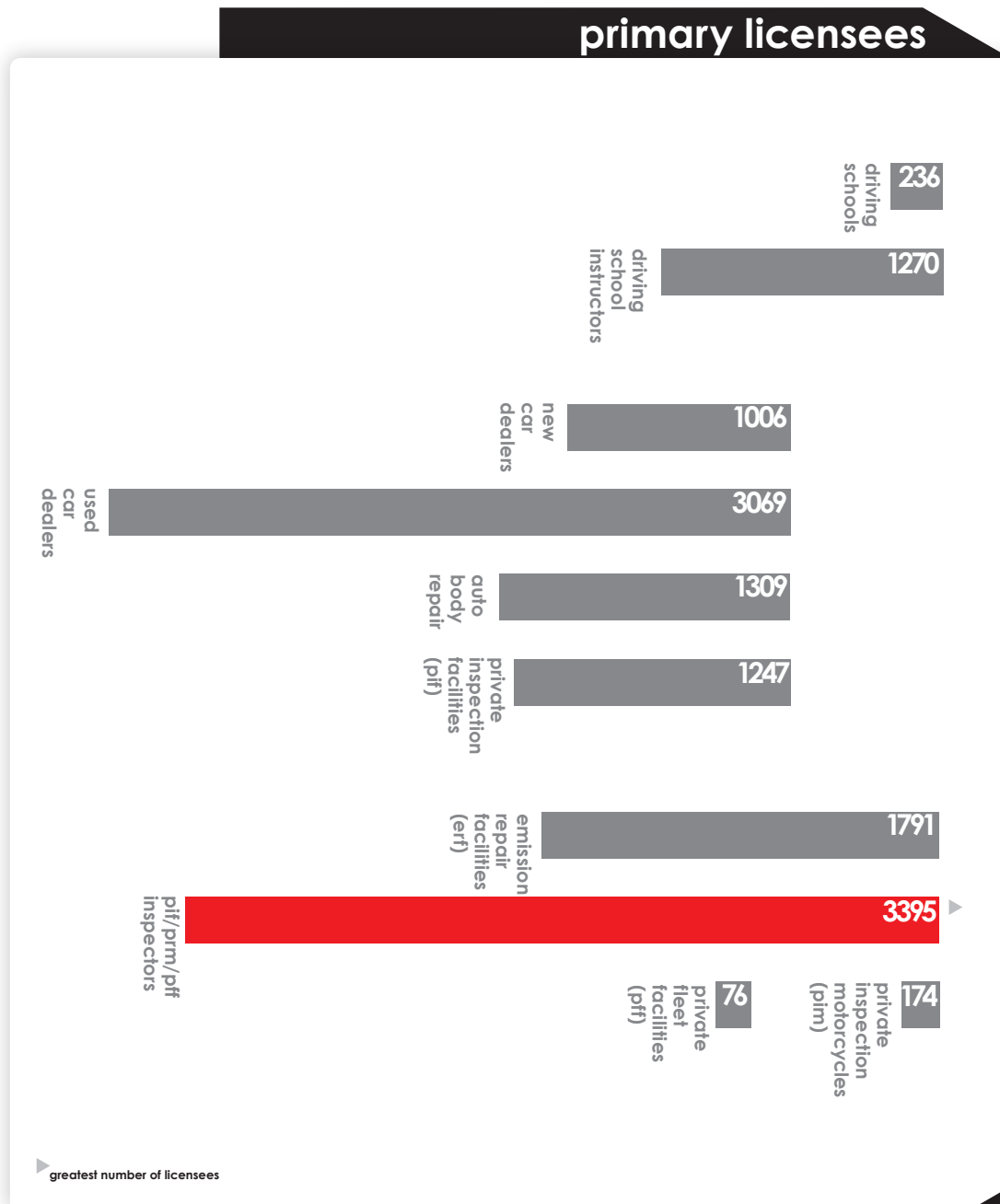
As the primary point of contact for business and government partners, this division is responsible for a myriad of functions, which include the licensing and monitoring of more than 18,000 business entities, including new and used car dealerships, driving schools, auto body repair shops, private inspection facilities, central lane inspections and junk yards.

The Division of Business & Government Operations also coordinates a variety of motor vehicle services for the commercial trucking industry and maintains essential MVC data, which is used to respond to business, government and public requests for motor vehicle information. The division images and indexes millions of MVC documents from various sources and performs reviews on a daily basis.

By centralizing all business-related functions into one unit, the MVC has improved its level of customer service, as well as created a more effective business model. One of the recent expansions to customer service was the unveiling of a new Business Services Web Portal, designed to provide 24-hour access to important information and forms.

Despite a number of successes, the MVC has yet to reach its full potential for service to the business community. The Business Advisory Council partners have identified issues that have persisted for years and continue to stifle the efficient interaction between the MVC and its business partners. The MVC must look to leverage its licensing program to ensure future business opportunities. The Commission must continue to improve service to business license applicants and current license holders, while effectively communicating critical information to business customers. The MVC must also improve customer protection, increase license holder accountability and support driver and vehicle safety. A variety of resources and tools will be needed to accomplish these tasks.

This advisory council has detailed the areas in which the MVC must utilize modern business practices in order to effectively serve its customers.



## overhauling business licensing services

Business licensing services are currently undergoing an extensive evaluation of existing internal practices and external factors that impact the delivery of licensing and monitoring services. The evaluation includes a review of all governing regulations and statutes and an analysis of present organizational structure and business processes.

The goal of the Division of Business and Government Operations and the Business Advisory Council is to ensure that business partners are provided with high quality service, facilitated by eliminating archaic state policy and procedures that hinder economic growth. While progressing, the MVC must maintain and institute secure practices that support consumer protection.

## reevaluating suspension of dealer licenses

Presently, the only method to cite a dealer that has violated MVC licensing provisions is the suspension of the dealer license. While obviously effective in cases of severe or repeated dealer violations, it amounts to an inappropriate solution for minor, infrequent violations. The MVC must look to develop a new system that properly addresses various levels of violation and obtain authority that will allow for discretion in working with dealers that violate MVC regulations.

The insufficient number of investigators to thoroughly review all licensed locations further complicates the MVC's ability to appropriately deal with violators. Expanding the number of investigators should be examined to allow for a more efficient process of completing site reviews, whereby ensuring that the licensee maintains compliance. Failure to expand the number of investigators will continue the backlog of reviews and increase the possibility that certain licensees continue to violate MVC provisions, all at the risk of exposing consumers to improper or illegal handling of vehicle purchase transactions.

## stagger dealer license renewal

All dealer licenses must be renewed in March, creating an uneven flow of work throughout the year. Currently, license issuance processes are inefficient and largely manual. A change in the statute to permit a staggered renewal period for dealer licensing must be sought. The MVC must also work to automate the licensing issuance and renewal processes.

## review dealer licensing fees

The Fix DMV report directed the MVC to analyze fees assessed for processing certain transactions. The current \$100 renewal fee, regardless of the number of dealership branch locations, simply fails to cover the administrative costs of issuing and monitoring these licensees. Consideration of a more reasonable fee structure must be given; such a fee structure should include individual license fees for each location.

The bonding structure, which is a part of the dealer license issuance process, must also be revised. The amount of the bond that is required to be posted as part of the dealer license issuance is presently \$10,000. This bond is meant to provide protection for consumers. However, this amount usually does not cover the value of a single transaction. The MVC has had several dealers file bankruptcy, leaving buyers who have made partial payments without financial recourse when the prior liens on the vehicles were not satisfied by the dealer. The bond amount should be raised to a level that would reflect today's market value for vehicles.

## expand online services for businesses

In addition to other necessary changes, online services must be expanded. Despite the recent launch of the MVC Business Services Web Portal, licensed dealers are still limited to certain types of services available online. Options such as online fee payment and fleet registration are not available to businesses at this time. Improvements to the MVC's comprehensive computer system, as well as better coordination with the Office of Information Technology (OIT), are critical for future improvements to online services through the business portal.

In order to secure and monitor transactions on the MVC's Web site, the MVC must strengthen investigative alliances with other state agencies like the Division of Consumer Affairs, the Division of Taxation (Treasury), the New Jersey State Police and insurance companies. In order to effectively monitor and take appropriate action during investigations, a more coordinated process must be developed among these stakeholders.

## regulating purchase, sale & transfer of vehicles

Although state rules governing motor vehicle dealer licensing were amended in March 2006, much remains to be done in this area in order to accommodate the MVC's customers. The 2006 regulatory changes impacted licensing of dealerships, facility requirements, and the selling, buying and trading-in of motor vehicles. However, there are many laws governing motor vehicle dealer licensing and motor vehicle transactions that must be amended in order to keep up with the changing environment in which the business of dealing in motor vehicles is conducted.

Vehicle purchase, sale and transfer processes present a number of ongoing challenges. Lack of automation in all areas is a primary concern. Temporary registration issuance, a manual process, fails to link the owner of record on the MVC database with the temporary registration issued. Not only does this lead to decreased toll and parking violation revenue, but it also increases the potential for fraud, security breaches and abuse. The Security and Privacy Advisory Council also made recommendations on this topic, which would help address these issues.

Licensed dealers continue to request an extension of the 20-day period of temporary registration tags due to the delay dealers often experience when requesting standard plates after the sale of a vehicle. With no automated process in place for financial institutions to notify the MVC of a lien release, delays are frequent in the title transfer process with used vehicles. This creates a problem for both dealers and vehicle owners whose temporary registration expires before a proper title is filed. Paper titles, which continue to be generated, are sent to financial institutions as long as a lien is in place. This creates storage and duplication costs for both the MVC and the financial institutions. The process also causes delays related to the sale because the sellers are often without a title when it comes time to sell or trade their vehicle. As such, this advisory council recognizes the need to implement an online lien release process, as well as a paperless titling system when a lien is in place.

The MVC has also recognized that one vehicle dealer license type does not fit all. The wholesale business (commonly known as dealer/auction-to-dealer) is unduly restricted by the retail laws and regulations. It would benefit the wholesale industry to have a separate licensing process that would allow dealer-only sales without meeting the same stringent requirements as a dealer selling to retail customers.

# expanding salvage vehicle designations

In New Jersey, when a vehicle is significantly damaged and the damage equals or exceeds the fair market value of the vehicle, a salvage title must be obtained. When the vehicle is considered economically impractical to repair, the salvage designation is intended to alert the owner and purchaser of the extensive damage. The vehicle may not be driven until repaired.

Typically, insurance companies pay out on claims to the owners of severely damaged vehicles and assume ownership of the vehicles. Insurance companies then usually provide power-of-attorney to auto auctioneers to process the vehicles on their own (tow, store, obtain title and resell). The auto auctions complete the paperwork and submit it to the MVC. A title with "SALVAGE" printed diagonally across the face is produced in the insurance company's name.

Once the auto auctions have the titles, the vehicles can be sold at auction. The auto auctions reassign the titles to the buyers who would then have to obtain salvage titles in their own names. If the buyer intends to repair the vehicle, they would pay \$200 (\$100 for motorcycles) to have the vehicle inspected after repairs at one of the three specialty inspection sites. The purpose of these specialty inspections is to check for stolen parts after the repairs are made.

Once a car, which remains in New Jersey, is inspected for stolen parts and passes, the customer must return to the MVC to get a standard title, which includes a small S (Salvage) designation. Once registered and insured, the car may be driven on the road. The vehicle is subject to standard safety and emissions inspection requirements.

Over the past five years, the MVC has made significant changes in the processing of salvage titles to mitigate complaints received from the industry. While the process has continually improved and now does a better job of serving the MVC's customers, changes and further improvements must still be made.

As the rules are currently written, a car worth \$10,000 can be assessed for \$9,999 in damages and still not be subject to salvage titling. This means repairs can be made prior to the vehicle being sold to a consumer who may be able to find out the vehicle was in an accident, but more than likely would never be made fully aware of extent of such the damage. The way to protect consumers from this situation would be to require any vehicle where the insurer takes possession of a title to the vehicle to be subject to a salvage title. This process is similar to the salvage process implemented in Pennsylvania.

The MVC can accomplish this change through a regulatory change. Salvage designations diminish the value of vehicles because it becomes known that the vehicle incurred serious damage. It is expected there will be opposition to such a change from some insurance companies and auctioneers, but consumer protection must be paramount.

It is estimated that only about 30 percent of the vehicles sold by the salvage auctions in New Jersey actually have salvage designations. If all the vehicles sold in a salvage auction were issued a salvage designation, the volume at state-run specialty inspection lanes would triple, unless the regulations were also revised to make additional exclusions to the mandatory specialty inspection. Currently, there are only six locations at which a customer can obtain salvage titles and only three specialty inspection stations statewide. In order to address this issue, additional inspection stations must be authorized to do salvage inspections or the regulations can be changed to reduce the number of vehicles required to be inspected at a specialty site. In order to establish the funding for the increased business, as well as providing for inspection sites, the \$200 (or \$100 for motorcycles) salvage fee for inspections could be modified.

The services of the specialty inspection sites are also utilized for inspections of recovered stolen vehicles. These inspections are offered free-of-charge but require the same level of detail as inspection of a salvage vehicle. The MVC should investigate instituting a fee to inspect recovered stolen vehicles.

## updating mobile home registration

Under New Jersey law, modular manufactured homes and mobile homes are in the same class as vehicles. As such, these permanent residences must be titled through the same process as other vehicles. This often causes problems when the homes become abandoned and must wait 78 days before a new title can be applied for.

Additionally, the seller of modular/mobile homes (manufactured homes) must have a dealer license to purchase new and used mobile homes. However, these modular/mobile dealers are not authorized to collect taxes on the sale of the homes. The MVC currently licenses the modular/mobile home dealers under the same regulations for new and used car dealers. These modular/mobile home dealers are also subject to the same regulations of other car dealers, including the issuance of titles and registrations.

In the case of modular and mobile home dealers, the dealer is acting as a broker and at no time takes possession of the title. It would be more appropriate for mobile home owners to receive a real estate deed or title. The dealer or homeowner would then deal with the reality transfer and property taxes that are not currently considered during these transactions. The MVC should work with Treasury to create a separate set of regulations for this business that addresses the specific needs and abilities of these brokers, as well as establish a titling or deed process that appropriately reflects the transaction.

## strengthening passenger transportation regulation

The passenger transportation vehicle industry has certainly changed over the years and attempts to address the evolution of this industry have resulted in several statutes and regulations under various entities. Statutes covering these vehicles are encompassed in N.J.S.A. Title 27 – Transportation, N.J.S.A. Title 39 – Motor Vehicles, and N.J.S.A. Title 48 – Public Utilities.

The MVC's Commercial Bus Unit was originally established in 1933 to inspect vehicles, buses, taxis, limousines and jitneys that were under the purview of the Board of Public Utilities (BPU, formerly known as the Public Utilities Commission). In 1938, when the then DMV established its inspection program, the smaller (less than 15-passenger) vehicles, such as taxis, limousines and jitneys, were included in the DMV inspection program with the BPU continuing to inspect commercial buses. This process continued until 1976 when commercial bus operations were transferred to the Department of Transportation (DOT). In 1995 when the DMV became a division of the DOT, the Commercial Bus Unit function was transferred back to the DMV. With the formation of the MVC in 2003, all functions concerning the vehicles originally listed under Public Utilities law, except the municipal consents necessary for taxis, limousines and jitneys, were transferred to MVC control. The MVC now has the opportunity to coordinate all diverse areas of this industry into a cohesive and effective unit.

Currently, the registration and inspection protocol for passenger transportation vehicles needs re-evaluation, correction and uniformity. Although N.J.S.A. 39:1-1 defines all motor vehicles carrying passengers for hire as "omnibuses," except school buses, commuter vans and vehicles used in ridesharing arrangements, in practice, the

registering of these types of vehicles varies widely. The following vehicle types fall in the category of passenger transportation vehicles:

- Commercial buses
- Taxis
- Hotel buses
- School buses
- Jitneys
- Limousines
- Special para-transit
- Farm labor transport
- Commuter vans

While the major passenger vehicle types, commercial buses and school buses, are not as problematic, the registration and inspection processes for all passenger transportation vehicles need review and revision. Certain classes of passenger transportation may fall under both state and federal regulations concerning licensing and inspection protocols, such as seat belts and egress. These vehicles are operating with plates such as passenger, commercial, governmental, no-fee and omnibus due to the MVC's inability to gather enough detailed information during the registration process. The current registration process for these types of vehicles does not verify use or passenger capacity. Therefore, vehicles improperly plated have altered capacity or use an improper registration class in order to gain an inspection advantage, i.e. registering vehicles in a self-inspection classification to avoid regulator oversight. This confusion over registration hinders effective law enforcement, proper recognition of vehicle types, and allows some operators to circumvent the inspection requirements. To correct these problems, the MVC must take the initiative to change the registration process for these vehicles, to ensure proper insurance levels for the type of transportation provided, clearly identify what inspection protocol is proper, inform the affected communities and make changes where necessary.

To understand and address these issues, the MVC recently established the Passenger Transportation Task Force, which is currently considering the following action plans:

- Revise registration forms for commercial vehicle codes to gather more information concerning the use of vehicles being registered to ensure the proper plates are issued.
- Create specific omnibus plates for taxi, hotel bus, jitney, special para-transit and farm labor transport vehicles.
- Create public education programs and online instruction for customers registering commercial vehicles. Information provided should detail use and responsibilities of different registration types.
- Create public outreach to governmental agencies, adult daycare, senior centers, religious organizations and schools concerning the use of vehicles for passenger transportation. Work with the Departments of Labor and Health & Senior Services to insure vehicles are properly registered and inspected for their appropriate use.
- Review and revise inspection protocols for passenger transportation vehicles. The Commission should also review the qualifications for personnel and titles issued by the DOP used for inspection employees to create a more uniform title series so that the greatest benefit from the available personnel can be attained.
- Review and revise, where necessary, statutes and regulations concerning passenger transportation vehicles.

Many of the external stakeholders have suggested that the MVC look to implement the appropriate changes recommended by the task force.

# utilizing communication, education and automation

Each facet of existing regulation and law, and every new change must be communicated in a user-friendly manner. Business partners should have motor vehicle information available at their fingertips. The MVC's Business Services Web Portal will be the repository for instructions, updates, procedures, forms and other vital information. However, many of the above recommendations will result in the need for further automation.

Currently, the process for establishing a business on the MVC system is manual, as is credentialing and verification of the business, and payment of fees. There is no electronic registration feature for fleets (other than motor carriers) through the MVC Web site. Registration renewal applications for leased vehicles are still mailed to the lease holders who in turn must mail them to the lessee. Most vehicle dealer work (titles and registrations) is submitted in batches. The MVC has yet to develop a mechanism for accepting credit or electronic payment for this batch work. Failure to establish automated processes slows the pace at which business can be conducted, resulting in the need for additional personnel for the state and the MVC, and spurs additional, unnecessary costs. The MVC should investigate ways to automate these processes.

Failure to properly educate business partners also slows the pace of business and results in inconsistent application of policy and procedure. Ideally, the MVC should hold educational forums and training for vehicle dealers, other business license holders and passenger transportation companies. The MVC should investigate the resources needed to educate all licensed businesses on current and emerging practices. It should also work to create instructional materials to provide to current and newly licensed businesses to better educate them on MVC processes.



# safety advisory council

The Safety Advisory Council focuses on driver, motor vehicle and traffic safety initiatives for all drivers – young, older, commercial and motorcycle. This council has supported numerous programs within the MVC, including the Graduated Driver License (GDL) Program, the Hazardous Material (HAZMAT) Commercial Driver License and the School Driver Bus Endorsement Program.

The Safety Advisory Council has the opportunity to propose suggestions to the MVC on policies, operating practices, regulations and standards relating to driver, motor vehicle and traffic safety. The council provides a forum to consider new initiatives or legislation to enhance the safety of the motoring public. This council is also tasked with developing an agenda that ensures the MVC will receive the appropriate advice, guidance and recommendations from concerned community groups on new safety initiatives.

The MVC has almost lifetime involvement with New Jersey drivers; through supporting driver education, testing, licensing, monitoring, sanctions, improvement and license retirement. This advisory council has identified the following programs that would improve the safety of New Jersey's drivers and roadways.

## revamping the point system

The driver point system was created to identify problem drivers and to ensure the proper administration of instructions and suspensions as required by law. The system works by transferring information on motor vehicle violation convictions to the MVC to be added to the driver license record. Points associated with each violation are monitored by the MVC's computer system, which generates notices for driver improvement classes and, in some cases, suspension related to the accumulation of points. The 30-year-old point system is out-of-date, given the noted increase in plea bargaining and a tendency of law enforcement to issue no-point tickets.

The Safety Advisory Council identified the MVC's growing inability to implement remedial and rehabilitative measures as a significant safety concern. The use of plea arrangements and the courts' tendency to reduce or eliminate violations that carry points has weakened the MVC's ability to properly identify problem drivers. This can make problem drivers "invisible" to the MVC while they continue to violate traffic laws. A study to determine the effects of plea bargaining traffic violations is underway. Results of the study, conducted by the Voorhees Transportation Center at Rutgers University, are due in January 2008.

The MVC's inability to accurately reflect a driver's violation history through the current point system creates a safety concern on New Jersey's roadways. This advisory council recommends that the MVC establish a task force to undertake a comprehensive review of New Jersey's point system and recommend changes to improve driver safety and accountability.

## keeping teen drivers safe

Teens are involved in more accidents per mile driven than any other driver age category. Media reports of death and injury associated with young and inexperienced drivers have raised public interest in this topic. Teen driver safety is an issue of concern for parents, law enforcement, educators and citizens across the state. The frequency with which teen driving fatalities are highlighted in the news cannot be ignored, nor can the research, which suggests that inexperienced teen drivers are most at risk for traffic accidents. To address this issue, Governor Jon S. Corzine and the Legislature created the Teenage Driver Safety Study Commission, which will work with the MVC, the Division of Highway Traffic Safety and other highway and driving safety stakeholders. Education, testing and driver improvement issues are considered to be key areas to improving safety for this segment of the driving public.

The state's Graduated Driver License (GDL) Program for new drivers under the age of 18 will be reviewed by the newly formed Teenage Driver Safety Study Commission. The MVC will work closely with the new commission to identify changes and strategies needed to increase teen driver safety in New Jersey. While the MVC awaits the recommendations of the Teenage Driver Safety Study Commission, there are some areas of driving instruction that can be enhanced to improve the safety of teen drivers and other motorists.

Two forums with driver education professionals found that this group would welcome a uniform Statewide Driver Education curriculum that would provide instructors with a state-of-the-art program featuring the latest training materials. Teaching guides, Web-based resources and educational aids would also greatly improve existing outdated driver education programs. A statewide initiative could improve driver behavior and impact road safety for this high-risk group.

This advisory council recommends that the MVC work with the Teenage Driving Safety Study Commission to address driver improvement programs, education and other related issues. It is also important that the MVC work to address the needs and concerns of the MVC's partners in driver education.

The MVC must also work with the Office of Information Technology (OIT) to ensure that the new computer system, MATRX, allows for more comprehensive tracking of GDL drivers. The current, outdated MVC system is unable to properly monitor and track the behavior of GDL drivers. Without this monitoring ability, the MVC can not effectively enroll GDL drivers in additional driver education, as prescribed by law.

## working with older drivers

The growing population of aging drivers increases the number of older drivers who exhibit reduced skills and medical conditions impacting safety. The MVC employs outreach and education to help this segment of the driving population discover when it is time to reduce driving time or give up driving all together. To aid in this process, the MVC is participating in an American Medical Association program to educate physicians regarding medical conditions which effect driving.

The MVC recognizes the importance of driving to many older New Jersey residents. Not only is it their only link to

goods and services, but it also provides independence and a measure of well-being. The MVC's efforts to educate and help older drivers are balanced by a need to ensure their safety as well as that of others on the road. Few older drivers know that they may request an ID-Only document. This document, which looks like a driver license and may be used for air travel and banking identification, does not give the bearer driving privileges. Making this option known to older drivers, and helping them assess their own skills and limitations, is an effective way for older drivers to maintain their independence while keeping the roads safe.

Vision screening can help the MVC and drivers identify vision deficiencies that can be corrected to reduce the risk of collision. The MVC is continuing its review of options for implementing driver vision screening, noting that age alone is not considered to be criteria for review or reduction in the driving privilege. Vision screening is a longstanding priority for the MVC and alternative approaches to vision screening are currently being explored.

Currently, through the medical review process, the medical review panel may restrict driving to daylight only or restrict which roads a driver can travel with regards to speed limit. Restricting driving to daylight hours would address vision deficiencies some older drivers develop. Restricting driving to roads with lower speed limits would address many of the dangers drivers incur if they have vehicle control problems at highway speeds (65 mph) and with ramp merges. While these restrictions are helpful, they are currently not denoted on the driver license, but can be accessed via an online driver record lookup. This advisory council continues to urge the MVC to take the steps necessary to denote these restrictions on driver licenses.

The MVC can also look towards technology to enhance driver control programs. For example, the new Motor Vehicle Automated Transaction System (MATRX) will be able to identify drivers by accident type, time between accidents, frequency, severity, existing medical conditions and court-related convictions. Identified drivers may be subject to a medical review or require re-examination.

The MVC's Web site, [www.NJMVC.GOV](http://www.NJMVC.GOV), should also be utilized in strengthening the Older Driver Program. The MVC should work to create a "Focus on Safety" section of the Web site to educate drivers on new laws and other safety issues, including medical review, GDL, defensive driving courses and vision screening. The "Focus on Safety" site should also provide links to the American Association of Motor Vehicle Administrators (AAMVA's) GrandDriver public awareness campaign. A prepared, comprehensive program with AAMVA Web site support, speaker materials and brochures can provide invaluable information to older drivers. The MVC site should also provide a clearly marked "Report a Problem Driver" section to make the process visible and easy for concerned relatives, doctors and other drivers to report someone who may need a medical review.

## encouraging motorcycle safety

In New Jersey and elsewhere, motorcycles are growing in popularity. Unfortunately, there is also growth in both motorcycle collisions and fatalities. Many collisions involve middle-age riders who recently purchased a motorcycle and have minimal or no experience or training. New riders also account for a higher level of collisions. The MVC kicked off a public awareness campaign in June 2007 to highlight motorcycle safety and bring much-needed attention to its Motorcycle Safety Education Program, which the MVC began managing in 2005. The campaign also alerted the non-motorcycle driving public to make special precautions for motorcycle riders.

The Motorcycle Safety Education Program offers basic and experienced rider courses free-of-charge. The MVC also coordinates with other private providers that offer the courses, for a fee, on behalf of the program. Demand for the free MVC courses in Sea Girt and Egg Harbor Township exceeds capacity. As demand increases, it may become necessary to introduce a nominal fee to offset the costs and to allow the MVC to invest in these important and popular classes.

# maintaining the commercial vehicle driver program

New Jersey is a corridor state that has the most densely populated roads in the country. These busy roads are often filled with large volumes of trucks and buses competing with cars and motorcycles on New Jersey's frequently crowded roadways. Commercial driving is regulated at the federal level. The MVC maintains a Commercial Driver License (CDL) Program that is compliant with federal requirements, and that utilizes federal funding to maintain and improve New Jersey's CDL Program. Program components include special licensing and testing for type of vehicle, medical review forms, criminal background checks and high safety standards leading to more severe penalties for violations. These measures mitigate the frequency of commercial vehicle collisions and the safety of all drivers. This council encourages the MVC to continue to monitor federal funding programs to ensure that New Jersey is receiving and utilizing as many federal grant programs as possible. Without these grant programs, the strong CDL Program will begin to weaken.

# revising vision testing requirements

Random vision testing of 10 percent of license renewal applicants is allowed each year. The Safety Council has noted the public outcry for retesting as a driver ages. Medical professionals agree that as a driver ages, eyesight may worsen, however, there is no statistical data that links vision retesting to a decline in traffic accidents. It should be noted that age alone cannot be a determining factor in retesting. This advisory council urges the MVC to look for ways to integrate vision retesting into a greater number of license renewals without targeting a specific population. The MVC should investigate working with optomologists, optometrists and other eye care providers to verify recent eye exam results of licensed drivers. The MVC should also look to emerging technologies and expanded partnerships, which hold vast options to accomplish this task as the MVC moves forward.

# sustaining medical review

The responsibility of the Medical/Re-exam Unit is to identify high risk drivers and take the necessary administrative action to ensure public safety. This is accomplished through the medical review process.

A medical review is initiated when the Medical Review Unit receives information indicating that a driver's medical/physical condition may compromise his/her ability to safely operate a motor vehicle. This review could be for a basic driver license or a commercial driver license (CDL), either with or without endorsements. The Medical Review Unit screens and establishes case files based on referrals from physicians, courts, police departments, rehabilitation therapists, social workers, family members, CDL physicals and other various sources.

Once a case has been generated, appropriate medical forms are sent to the driver for his/her treating physician to complete. These forms are to be returned within 45 days. If the forms are not completed, a scheduled suspension is issued for failure to submit medical information. Upon receipt of the completed form, a case manager will review the report to determine the next step. The case may be referred to the MVC's Medical Advisory Panel for review. When the panel recommendations are submitted, a consensus decision is made regarding potential administrative action. The decision of the panel may result in the suspension of driving privileges, request for additional information/test results, re-exam or compliance with an interval reporting program. If a scheduled suspension has been issued, a

driver may request a hearing, in writing, to contest the proposed administrative action.

In 2006, the MVC Medical Review Unit created a case management system to address current and backlogged cases. The MVC recognized that when public safety is an issue, timeliness is imperative. While the backlog has been eliminated, limited resources have impeded progress as the medical review process can be lengthy. Each case must be evaluated individually, as case managers analyze medical information, driver history and existing rules and regulations to determine the "best" decision for each case.

The MVC should work to ensure adequate staffing and proper training to sustain the continued success of this unit.

# tech- nology ad>isory council

Technology modernization continues to be the cornerstone of the MVC's reform efforts. Virtually every state motor vehicle department is wrestling with technology issues and accelerating plans to improve processes and implement more stringent security measures. Information technology (IT) initiatives will drive the Commission to higher standards of customer service, improved employee efficiency and enhanced system-wide security and accuracy.

Over the past several years, the MVC began work on the four "pillars" necessary to create a new, stronger technology foundation: agency technology infrastructure, technology contracts, rebuilding of the MVC's Web site and new processes and procedures to improve the customer experience. Emerging technologies will result in improved control over document issuance, all types of testing, secure facilities and improved business processes such as reduced wait times.

The MVC's original focus was modernizing the 44 motor vehicle agencies' technology infrastructure, primarily to pave the way for the new digital driver licenses and to create an expanded Web presence to improve the customer-to-government experience. This focus supported the plan for improvements that facilitated improved business processes.

This project, which was the first of many technology updates, paved the way for not only the infrastructure improvements, but many of the safety, security and customer enhancements that have defined the MVC's success in the past four years. The MVC must now look to integrate emerging technologies to ensure that New Jersey is a model in motor vehicle excellence today and in the future.

## entering the future of technology

The MVC has embarked on a new project that will replace the antiquated computer system, known as the Comprehensive (COMP) System, MVC's main computer, which has been in use for nearly 30 years. The MVC's Information and Technology Department (IT) is moving as quickly as possible to create the Motor Vehicle Automated Transaction System (MATRX), the organization's most important long-term project.



MATRIX is a project consisting of a set of 21st century computer components that will replace the existing COMP system that processes the core business of the MVC (driver and business licensing, driver history, vehicle registration, vehicle titling and interaction with many partners, such as law enforcement, courts, insurance companies, federal agencies and other states).

The patchwork approach to updating the COMP system over the years has wrought a fragile, unstructured, inflexible and antiquated system, one that has difficulty quickly responding to various new state and federal mandates. The MVC is now faced with a deluge of pent-up demand to revamp this system that touches nearly every corner of the MVC organization and the many partners who interface with the MVC.

The MVC must engage in a complete business process redesign effort to maximize the effectiveness of the new system. By delaying or foregoing this exercise, the MVC will miss the opportunity to improve obsolete business practices and effectuate real change in how it does business and delivers services to its customer base.

This advisory council urges the MVC to lobby external stakeholders for a moratorium on all major system modifications in an effort to stabilize the current legacy system prior to any contract awards for implementation. This is normal practice for a major system development effort. The MVC must decide on a development and maintenance strategy for the new system as well as clearly define the role of the Office of Information Technology (OIT) in this endeavor.

IT struggles with hiring skilled staff to develop and maintain the new technologies such as MATRIX due to inflexible Department of Personnel rules and regulations, outdated IT personnel titles and caps on salaries that do not match private industry pay scales for IT staff. Few current state employees have these newer skill sets as they maintain legacy applications.

The state procurement process and dealing with antiquated contracts makes the acquisition of IT products and services very difficult. It is difficult to predict which emerging technologies will be standard practice in future years. Current MVC contracts often extend for five or more years, locking the MVC into technologies that are no longer useful. Contracts that are five or more years old do not reflect the rapidly moving IT industry, and the amendment process is arduous. The MVC must look to create a contracting process that reflects these needs.

The MVC's infrastructure of networks and servers is still supported by the Department of Transportation (DOT). Although all other functions have been severed from DOT since the MVC became a Commission, the IT Network Support still resides at DOT. This link to DOT often hinders the MVC's progress, as DOT issues are often prioritized over the MVC's issues. In addition, the DOT Network staff is also struggling for resources and has been unable to support any new servers and initiatives requested by the MVC. After-hours support for the extended MVC business hours (including agency late nights on weekdays and Saturday mornings) is also an issue when the MVC must rely on DOT staff, who do not have this requirement from their department.

In order to provide up to the minute information to the motoring public, the MVC has contracted with an outside provider to update and monitor the Web site. This process is costly but effective while the server remains at DOT. The MVC should look to phase out this outside provider while working to maintain an in-house server and Network staff that can specifically address the MVC's needs.

A future IT governance and new OIT structure have been announced and signed into law, however, the benefit has

MATRIX is a project consisting of a set of 21<sup>st</sup> century computer components that will replace the existing COMP system...

not yet been realized by the MVC's IT. It must be the MVC's first priority to have the ability to provide excellence in customer support by maintaining operability of all IT systems. A high level of service is anticipated but has yet to be seen under this new model. Additional staffing and services that are needed by the MVC are still unavailable and the staff is struggling to maintain the current applications and projects without the required skills and training.

It is imperative for the MVC to create a system that can respond to today's changing business dynamics, produce more timely and accurate information, and empower a larger community of users with the right information at the right time, within the context of appropriate security and audit ability.

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The MVC Commission recognized that in order to sustain progress long-term, planning was the key to success. This long-term planning meant not only looking ahead to emerging technologies, but laying the ground work for a financial foundation and dedicated employees who could implement those plans. As the MVC moved forward in its path towards motor vehicle excellence customer service, safety and security were paramount, but it was recognized that before customers could be satisfied, MVC employees must have their concerns addressed. In the four years since the inception of the MVC, employee surveys have found that job satisfaction has indeed increased, but that there are still places for improvement.

## investing in the mvc's workforce

Following the split from the Department of Transportation (DOT) in 2003, it was decided that the MVC would remain within the civil service system. While this decision had the least impact on MVC employees at the time, the civil service system itself has certain limitations. These limitations must be overcome, with the help of the Department of Personnel (DOP), in order to ensure the MVC's ability to achieve the goals and objectives outlined in this report.

The MVC currently has a number of proposals to collapse titles, create new titles and modify job specifications to reflect the needs of the new work environment. All projects of this nature must be approved by the DOP, which has the final authority over civil service matters. Current projects include a career path proposal, a non-competitive designation for the Investigator title, and a reevaluation of the management structure to compensate MVC managers equitably in relationship to other departments and agencies.

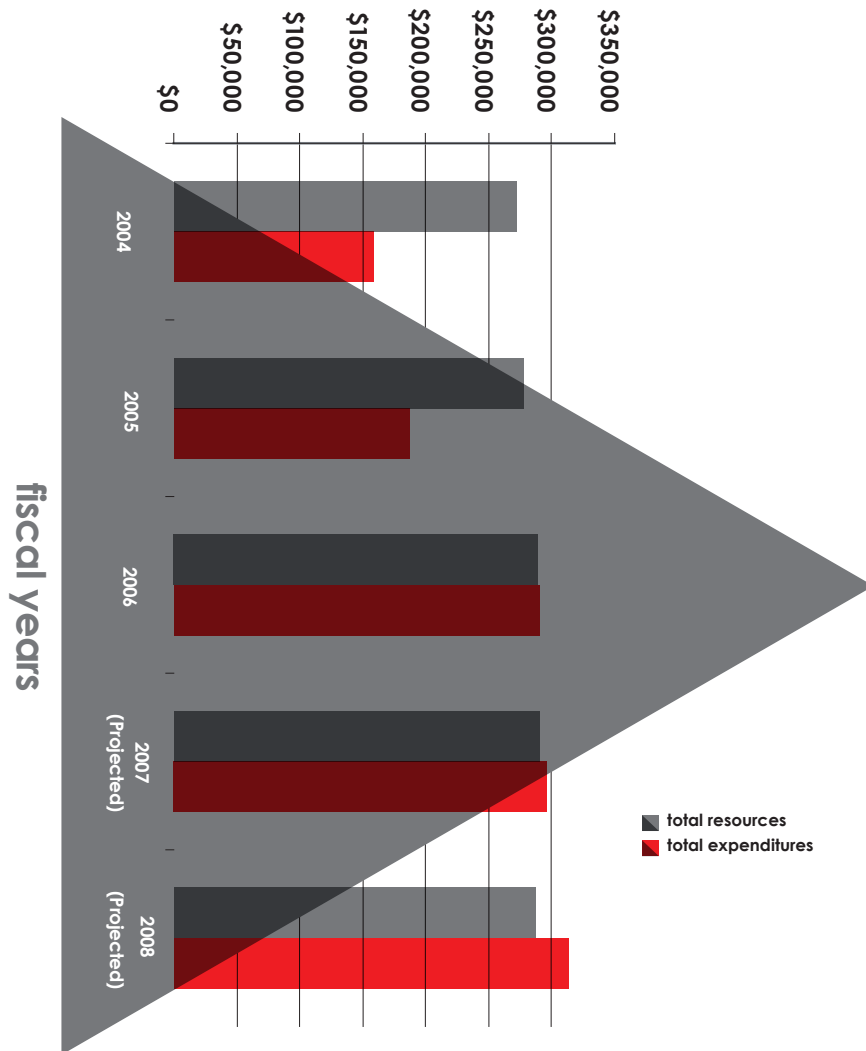
In order to move the MVC forward, employees must be dedicated to the goals and objectives outlined in this report, allowing for growth and promotion throughout the agency, which will help ensure employees will work towards excellence in motor vehicle services. The career path proposal does just this; it provides for "bridge titles" to permit employees a means to advance to the professional ranks and cross over into different career paths. Through the collapse of several entry level clerical title series into one series that may be used throughout the operating divisions, the MVC will be providing employees the opportunity to "cross train" throughout the Commission, making them an invaluable resource within the MVC.

In addition to the new career path proposal, there are titles that should be updated to reflect changes in duties. As the MVC regulates a number of business entities, many of the Field Monitors and Supervisors now have additional regulatory responsibilities placed on them as part of a renewed focus on security. Multiple positions across MVC departments and divisions now address compliance issues on either the state or federal level, often times both. The MVC proposes creating a Compliance Officer series to allow for increased opportunities in compliance and inspection areas. This new series will allow for cross-training of staff and provide staff compliance training in multiple areas of the industry. The proposed titles will allow flexibility in assignments and should decrease the amount of employees who are currently being found ineligible to take promotional examinations.

The Investigator MVC title series is a previously established title for positions that deal with security and investigations issues. The entry level title was set up with a competitive designation, which requires a civil service test for appointment. However, the MVC was permitted a non-competitive designation for one year, which allowed for hiring without the test. This process allowed the MVC to hire highly qualified and diverse investigators. The MVC has requested that the DOP allow this title to remain a non-competitive designation. This will allow the Commission to recruit a diversified investigative staff that reflects the make-up of MVC staff.

An additional proposal would address the management title structure within the MVC. While recruiting and training a qualified and diverse workforce is an important part of the MVC's future, retaining current employees is

also a priority. This proposal would address that issue. The MVC's predecessor, the DMV, was a division within both the Department of Transportation and the Department of Law & Public Safety, respectively. Under this structure, the head of the DMV was classified among the Departments' Assistant Commissioners or Division Directors. As such, DMV employees, including managers, were automatically classified at a lower compensation level than their state counterparts with similar duties. Now that MVC is its own entity, the management level is assigned a higher level of accountability and greater span of control, and should be classified and compensated in consideration of those factors.

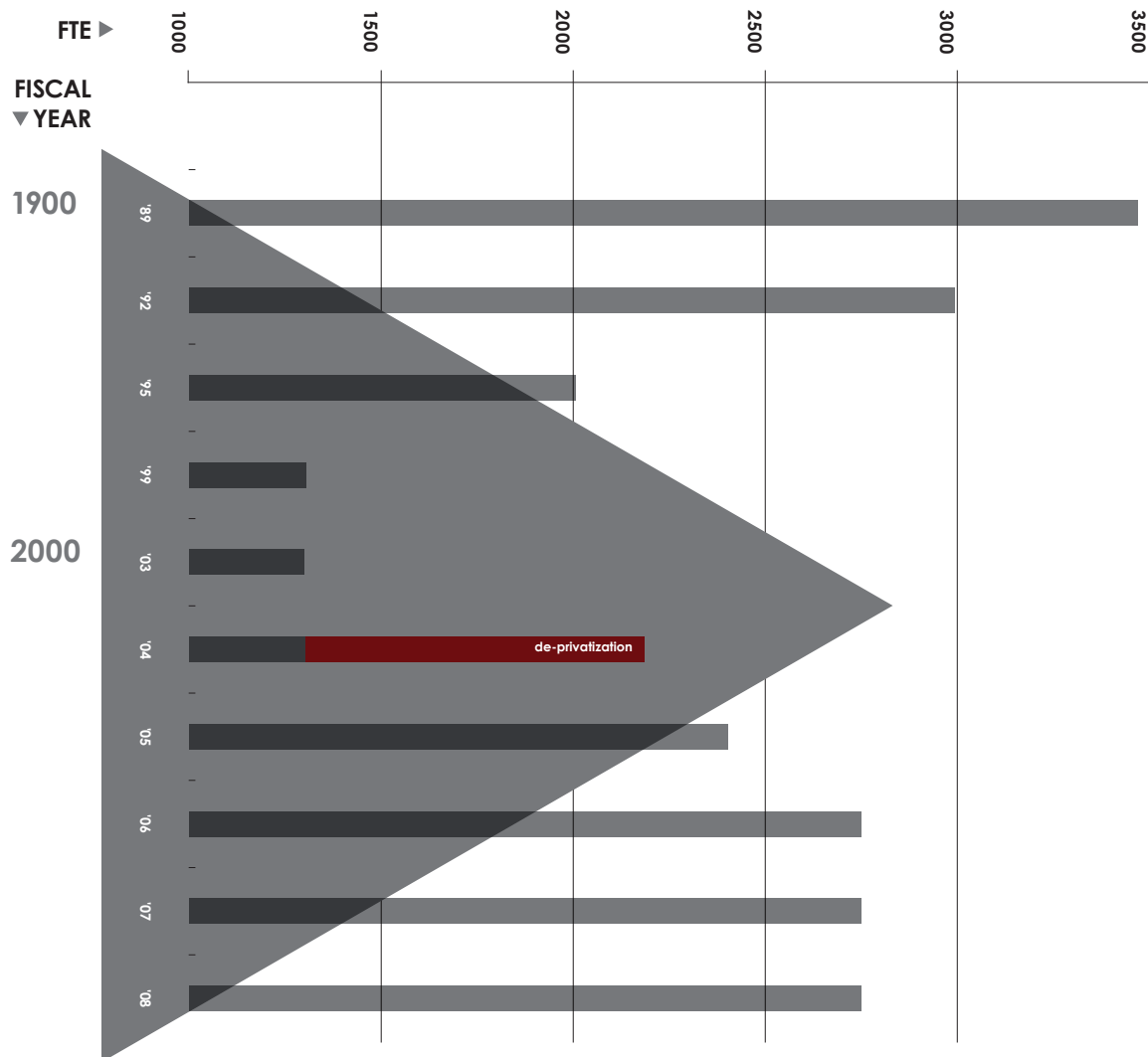


The MVC must work with its partners to move these proposals forward to ensure the Commission's ability to fulfill the recommendations set forth in this report. The advancements outlined here will make a big impact on the MVC's ability to meet its goals outlined in its strategic plan for excellence.

# understanding the mvc's financial obligations

From the start, the MVC began to build the foundation for the creation of new technology initiatives, implementation of new customer service programs and the investment in facilities that had long been ignored. The implementation of the Motor Vehicle Security & Customer Service Act (the Act), which provided the mandate for reform with a dedicated funding source, allowed the MVC to balance security and customer service initiatives while being fiscally responsible.

In order to maintain the organization's viability, the Act provided for the MVC to derive up to \$200 million of funding from a proportional share of over 70 fees, also known as service charges, for the operating budget. The Legislature



► This chart is based on data presented in the New Jersey Budget

approved a \$6 fee for a digital driver license photo and a \$7 security fee, which is scheduled to sunset in 2013. In FY 2008, the combination of the base budget and these fees is projected to total \$272 million. The MVC maintains four dedicated accounts– Commercial Vehicle Enforcement, Bus Inspections, Security Responsibility and the Motorcycle Education Fund, however, the cost of operating the Bus Inspection Program exceeds the dedicated resources. The Act also provides that, in addition to these revenues, the MVC is entitled to receive 100 percent of the revenues collected from any new fees and 100 percent of any fees that are increased by law. To date, no new fees or service charges have been initiated.

## MVC RESOURCES AND EXPENDITURES

As with all of state government, the MVC continues to be challenged to do more with less. The MVC provides continually improving services, while trying to balance customer service, security and stagnant resources. The MVC consistently looks to manager resources prudently and wisely to ensure that every transaction pays for itself.

In reconvening the five advisory councils, Chief Administrator Harrington recognized the need for an additional working group of stakeholders and MVC staff to address the fiscal needs of the organization. This working group, an ad-hoc Financial Advisory Committee, first looked at where the MVC has been and then made recommendations to move the MVC forward into a sustainable business model.

Many of the functions for the now-defunct DMV were being performed by the DOT. These functions included budget, procurement, accounting, warehousing, forms control and printing, along with various other activities. Upon becoming a Commission, these functions were transferred to the MVC. The MVC estimates that the conversion of these items along with the additional staff required for the deprivatization of the motor vehicle agencies, implementation of Saturday hours, establishment of audit functions, creation of an investigative division, training and public outreach, cost the MVC over \$40 million in unanticipated, ongoing expenses. Many of these upgrades were implemented on the recommendation of the Fix DMV Commission, but exceed the speculative costs outlined in the original proposals.

The MVC is also responsible for its own salaries, fringe benefits, cost-of-living increases and increments, and overtime expenses. In FY 2008, the MVC will also have to support the state's program for management raises – a program that is intended to be continued by the current Administration. Over the last four years, salaries and fringe benefits alone have increased 47 percent or \$43.2 million. All of these expenses had to be supported by the base budget. These costs would have been higher were it not for the current statewide hiring freeze.

The FY 2008 Budget projects total resources of \$286.9 million and operating and dedicated expenditures of \$313.1 million, resulting in a deficit. The MVC's current surplus will allow the MVC to maintain its current services, however, additional funding will be needed for the out-years. The chart on page 49 delineates the resources and expenditures for the MVC since its inception.

While the MVC currently maintains a surplus, the use of these funds is critical to successful completion of the mandates established within the Fix DMV legislation. While some of the funds remain unspent, the number and magnitude of the multi-year projects being rolled out presume 100 percent availability of these critical resources.

## managing the bond funds

Although the MVC does not directly have bonding authority, there are bond proceeds available that were issued by New Jersey's Economic Development Authority (EDA). This issuance of \$160 million in bonds, of which \$10 million was used for technology improvements at the Administrative Office of the Courts (AOC), provided the financing for the MVC's capital projects.

The bonds are paid solely from the Motor Vehicle Surcharge Fund, which assesses penalties on drivers who commit certain violations of the motor vehicle laws that include driving while intoxicated, motor vehicle points and regulatory violations. These surcharges have been levied since 1984, and on September 1, 1996, were transferred into the Surcharge Fund for transfer to the State Treasurer for repayment of the bonds.

In 2005, the EDA authorized \$200 million for the Special Needs Housing Fund Act to provide financing for special needs housing projects that are securitized by revenues from the Surcharge Fund. The EDA issued \$50 million in 2005 and is anticipating the release of the remaining \$150 million for the project in August 2007. This release will virtually eliminate the ability of the MVC to utilize this revenue source to secure additional bonding for outstanding capital projects, which total approximately \$40 million through 2013. These prioritized projects include the building of new agencies, renovation of existing agencies and fit-outs of leased facilities.

## creating a sustainable financial future

For the past four years, the MVC has made significant, sustained progress in operations and infrastructure. Through careful planning and sound policy, the MVC has been able to transform itself through customer service improvements, security enhancements and innovative technology. These programs include, but are not limited to:

- Return of the 44 privatized motor vehicle agencies to state control.
- Advisory councils established for Customer Service, Technology, Safety, Security & Privacy, and Business.
- Implementation of the Law Enforcement and Security Enhancements (LEASE) Program at 36 agencies.
- Six-Point Identification Verification Program launched.
- Issuance of digital driver licenses to over 6 million motorists. (DDL implementation will be completed in 2008.)
- Installation of security cameras at all MVC facilities, including the TOC and warehouse.
- Release of the Standard and Poors Siting Study to emphasize customer service outlets that was utilized in the development of the Facilities Seven-Year Master Plan.
- Affordability & Fairness Task Force Report issued to provide recommendations for improvement.
- Fraud tip-line instituted with an 800 number to report fraudulent activity.
- Continuous revamping of the MVC's Web site.
- Request for Proposal issued for new enhanced inspection system.
- Request for Proposal issued for new MATRX computer system.
- Credit card capability launched at all the MVC sites.
- Reducing the number of month-to-month leases.
- Retrofit agencies to model agency plan to allow more space for employees and customers.
- Innovative technologies such as the new Avaya phone system, imaging equipment, modernization of the mailroom and the ability to make online payments.



The MVC has also instituted efficiencies in a number of areas that have not only been positive in the financial arena but have also contributed to the effectiveness of services. These concerted efforts have contributed to a more sound, financially stable and effective organization.

However, the MVC needs to be well-positioned for the future. The organization's goal is to maintain financial strategies that include a balanced and fiscally responsible approach in an open and transparent process that will sustain the current activities of the Commission and ensure structural balance for the Commission's short-and long-term growth.

## creating a stable fiscal future

Knowing that the MVC plays a key role in the lives of all New Jersey citizens, this advisory committee has proposed several recommendations for the MVC's financial future that will ensure structural balance and maintain sustainability for the organization. To that end, this advisory council proposes the following recommendations:

## change the fee structure to allow funding for future projects

The MVC collects over \$1.1 billion in fees for the State of New Jersey. As previously noted, the MVC's base budget is predicated on the proportional split of over 70 fees that are directly related to the MVC. The MVC receives approximately 37 percent of these fees, or \$200 million, and the remainder supports the state's General Fund. This type of limited funding requires the MVC to remain static and offers no solution for the increased responsibilities of providing salary and fringe benefit increases that are mandated, along with other costs. The MVC has had to fund these increases from its surplus.

In order for the Commission to fully fund all of its operating programs and capital projects, it is recommended that the MVC receive 100 percent of certain fees, which could include licensing, registration, titles, abstracts and informational sales, which are the core activities of the MVC's business. It should be noted that any additional funds for the MVC that would otherwise go to the general fund, should be delayed until the state's fiscal future improves. In addition, the MVC should look to legislatively delay or eliminate the sunset provision of the \$7.00 security surcharge on vehicle registrations, which is scheduled for 2013. With the uncertainty of the federal REAL ID Act, the continuance of this fee will support the MVC's ongoing, high visibility security initiatives.

This type of funding would allow the MVC to fully fund its current operations, provide support for new initiatives, maintain the current capital program and provide a stable funding source for new capital projects – either through direct capital funding or the payment of debt service on revenue bonds. These are bonds in which the principal and interest are paid exclusively from the earnings of a public enterprise – in this case, the MVC.

The issuance of additional state debt is of concern to state governments throughout the country. The MVC is not looking to circumvent the state's system on debt limits with the potential for issuing revenue bonds – its only requirement is for a funding source for capital projects and programs so that it can move forward and not revert back to the problems of two decades ago. Further discussions with the Department of Treasury would be required for this recommendation.

# provide the mvc board the authority to adjust fees and establish the criteria to adjust fees

As with other commissions or authorities throughout the state, the MVC Board should be authorized to approve, after review, any fee, and consistent with the law, such increases would need to be approved by the Governor. Consenting to this recommendation of establishing criteria and increasing fees with the MVC Board and Governor's Office approval would allow the MVC to be more self-sufficient in determining its new direction for the next generation. This recommendation is also consistent with the Motor Vehicle Security & Customer Service Act in that it allows "any revisions to fees or service charges or changes to programs in order to insure the proper functioning and operation of the Commission."<sup>11</sup>

Most fees have been set by the Legislature, and in many cases, no longer reflect the cost of providing services. As the cost of providing services increases, there is no corresponding increase in fees. Without adequate funding support, processing and monitoring the many licensed drivers and businesses is compromised on various levels, including customer service, consumer protection and security.

The state currently does not have an established criterion for raising fees. Fee increases and/or changes are generally implemented to support the balancing of the state's General Fund and are not based on established, identifiable criteria.

In order to create a process to adjust fees, the MVC must establish certain criteria. These criteria should include: introduction of service enhancements, demonstrated support for an increase, and maximized benefits for New Jersey's citizens. This process would be consistent with other state authorities, such as New Jersey Transit, when requesting a fare increase. This process would lay the groundwork for providing the public, business partners and other affected stakeholders with the information that they need to have a comfort level with potential increases/modifications.

Since its inception as a Commission, the MVC has been cognizant of the fact that the current fee structure is outdated – there are fees that have not been adjusted in over 25 years. The MVC has also compared New Jersey's fees with other states to determine if the fees are consistent and found that many states face the same problem.

While continuously evaluating its current fee structure for both regulatory and statutory fees, the MVC has come to the conclusion that certain fees do not cover the cost of doing business. For example, the MVC charges school and commercial bus companies to inspect their buses and collects \$1.9 million for these efforts. However, this statutorily-dedicated program requires the MVC to expend \$6.8 million to perform these functions.

# creating a strong fiscal future

In times of competing priorities in state government, it is appropriate for the MVC to plan for its future. It is important for the MVC to be able to strike a balance allowing it to maintain its fiscal responsibilities, while providing for the needs of the motoring public.

These recommendations require statutory changes to ensure the dedication of certain fees and the removal of the sunset of the security surcharge. In addition, the MVC Board would be required to establish the criteria for increasing fees.

This advisory committee believes that these recommendations will allow the MVC to continue with its legislative mandates, while preparing for the next generation of providing motor vehicle services to our citizens.





# conclu- sion





Overall, each of the advisory councils has been pleased with the progress the MVC has made in the last four years. The MVC is meeting and exceeding motorist expectations and becoming the efficient, secure and progressive state agency envisioned by the Fix DMV Commission. Yet, it is clear from this report that the work of "Fixing" the DMV/MVC must continue to ensure that the MVC does not fall into the historical trap of cyclical reforms.

The advisory councils were equally pleased that Chief Administrator Harrington took seriously the warnings of the original Fix DMV Commission. By reconvening these advisory councils and instituting an advisory committee to specifically address the fiscal sustainability of the Commission, the MVC is working to guarantee that, unlike previous endeavors, this "fix" will not stop "short of ... assuring a governance and funding plan that would provide predictable resources and a responsible structural alignment." <sup>12</sup>

The MVC continues to remake itself while providing its day-to-day service to the motoring public. The changes that have taken place in the last four years have not gone unnoticed by the citizens of New Jersey or the media within the state. It is hard not to notice when an agency plagued with inefficiencies starts to move forward to become a model of motor vehicle services. Yet even those who have sung the MVC's praises know how short-lived the success can be without long-term planning. As recently as June, the Star-Ledger asserted that "the key for Gov. Jon Corzine and other chief executives who follow, is to make sure the agency doesn't backslide as it has more than once over the last 30 years."<sup>13</sup> This report provides a blueprint to ensure that does not happen.

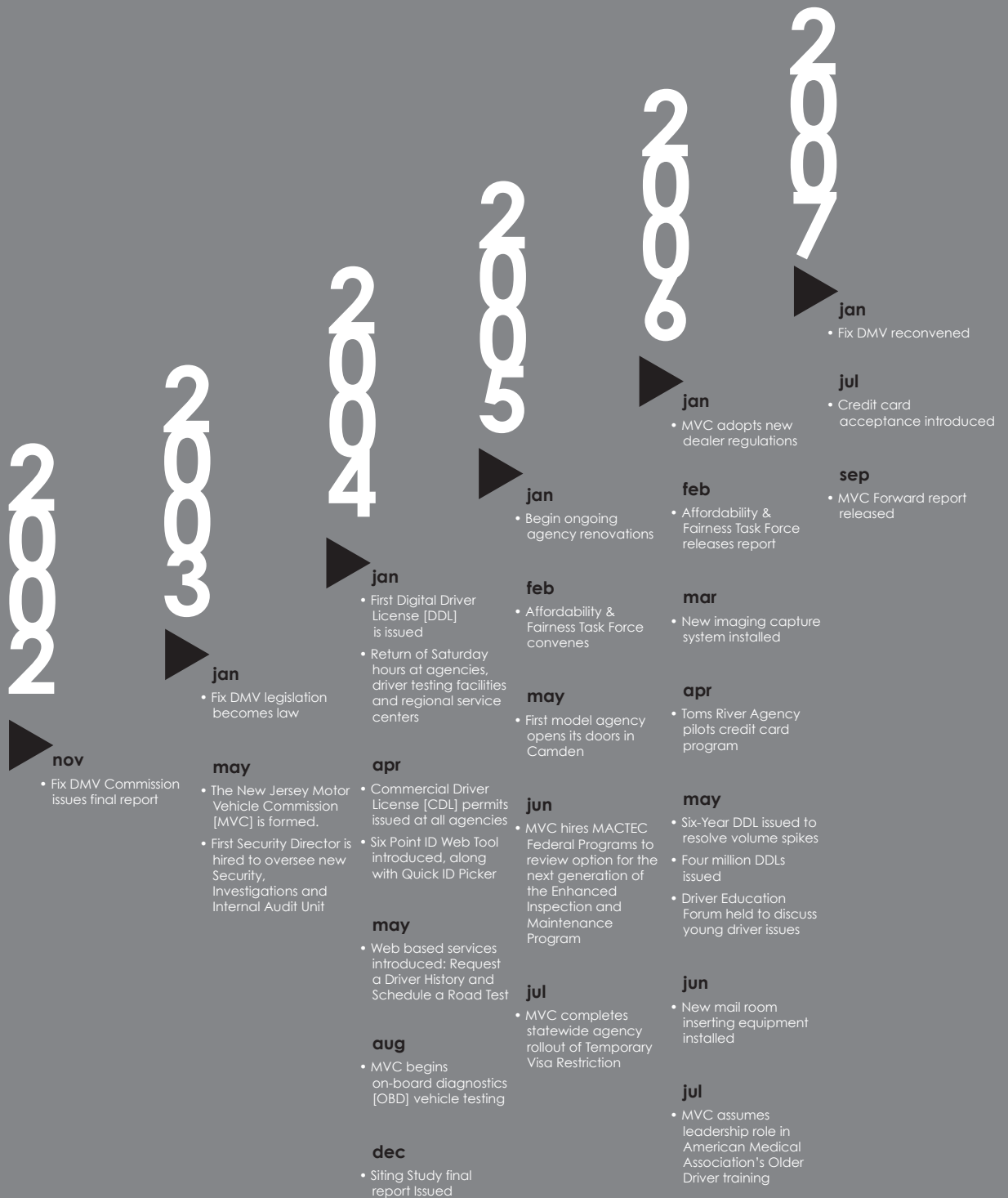
It is important to note that over time, the MVC's relationship with a large population of drivers and vehicles has prompted lawmakers and others to leverage those relationships by expanding the MVC's responsibilities. This expansion, while advancing many important legislative, social and policy initiatives, has impacted the MVC's ability to focus on its core responsibilities. Those core responsibilities, as outlined in state motor vehicle traffic laws, include: driver testing, licensing and control, vehicle titling, registration and vehicle inspection. Expanded responsibilities include, but are not limited to: organ donor coordination, registering voters, generating recognition of various causes through specialty plates, supporting air quality programs and, above all, ensuring the identity of citizens for travel, business and security purposes. In addition, other government entities use the MVC to carry out their responsibilities. For example, beyond the need to suspend drivers for bad driving, driver licenses are suspended to ensure payment of parking tickets and child support. As the MVC improves its data processing systems and capabilities, the list of expanded responsibility is expected to grow, and will further diminish the MVC's ability to meet core mandates. These councils urge legislators and other MVC partners to balance increased mandates with funding to ensure that the integrity of the core mission of the MVC remains intact.

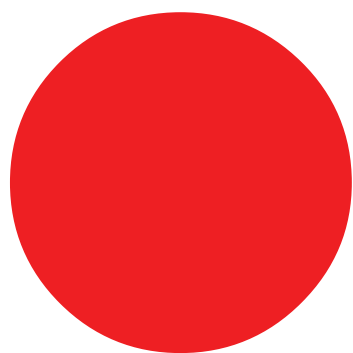
The original "Fix" required planning, training and efficient implementation, as well as dedication to the vision of the new Commission. The proposals outlined will require the same. It is the hope of the advisory councils that the MVC, the Legislature and the Governor make a commitment to continue the success begun in 2004 with the creation of the Motor Vehicle Commission.

## TIMELINE OF SUCCESS









# strategies for excel- lence

# Service

## **1. Expand services offered online**

Services offered at [www.NJMVC.gov](http://www.NJMVC.gov) must continue to expand. Additional forms should be made available for download as soon as possible. Additional Web functions should be implemented as soon as the appropriate infrastructure (MATRX) is available. **(pg.12,16,32,39)**

## **2. Eliminate the statutory requirement for one agency per 300,000 citizens**

Accessibility and availability of services provided by the MVC should not be judged by agency locations alone. With the use of emerging technologies, visits to agencies can be reduced through the use of kiosks and satellite locations in convenient government and retail locations. The MVC should be able to determine agency location through criteria developed to best address customers' needs. The legislative requirement of one agency per 300,000 citizens hinders the MVC's ability to best serve its customers and should be removed. **(pg.13)**

## **3. Consolidate driver testing locations**

Driver testing is often a once-in-a-lifetime event, after which drivers can use any MVC agency, statewide. Driver testing locations should be consolidated to best serve customer need. **(pg.13)**

## **4. Explore partnerships with various county governments and retail locations**

With the use of emerging technologies, secure satellite offices and kiosks would provide additional points of service to customers, without incurring the costs of a stand alone agency. **(pg.14)**

## **5. Decentralized certain transactions**

During privatization, the DMV needed to provide secure, consistent procedures for many transactions. The creation of the MVC and the de-privatization of the agencies have diminished the security concern. The MVC should move to train agency personnel on these transactions and decentralize these processes, thus providing customers with more efficient service. **(pg.14)**

## **6. Elicit customer feedback and increase public outreach**

Constant customer feedback will help the MVC to continue its progress and address concerns as they arise. The MVC should work to implement regular customer surveys, online and in person. It is also important that customers know about new and changing services at the MVC. The Commission should create a public outreach plan that keeps the public informed. **(pg.16)**

## **7. Institute a tiered system for dealer license violations**

Currently, the only way the MVC can penalize a violator, no matter how severe the violation, is through suspension. A system must be created that allows the MVC discretion in working with dealers that violate MVC regulations. **(pg.31)**

## **8. Start a public outreach campaign regarding commercial and passenger vehicles**

Information regarding the different types of commercial driving licenses and registration should be more available. The MVC should also reach out to governmental agencies, adult day care, senior centers, religious organizations and schools to ensure they are aware of regulations regarding passenger transportation. **(pg.34)**

## **9. Create a separate license and regulation program for different types of car dealers**

Dealers who sell to the public and dealers who sell to other dealers are currently treated the same. There should be a separate set of regulations and licensing procedure for dealers who sell solely to other dealers. **(pg.32)**

**10. Create processes to differentiate between types of passenger vehicle registration**

*See Security, Number 7*

**11. Create a “Focus on Safety” Web site**

This Web site would provide up-to-date information and recourses for many of the MVC's safety initiatives, including GDL, defensive driving courses, vision screening and older driver issues. **(pg.40)**

**12. Establish a statewide driver education curriculum**

*See Safety, Number 2*

**13. Create an education program for older drivers**

*See Safety, Number 3*

**14. Establish one unit to maintain and create Corporation Codes**

*See Security, Number 4*

## Security

**1. Monitor the final rules for REAL ID to determine participation recommendation**

Participation in the REAL ID program will determine much of the MVC's future in the coming years. The project is complex and expensive, so careful consideration should be given to ensuring the security of New Jersey's citizens and in maintaining the integrity of document security. **(pg.20)**

**2. Work with the Attorney General's Office to create MVC law enforcement positions**

Law enforcement presence in MVC agencies is an integral part of ensuring the security of customers, as well in prosecuting fraud when licenses are applied for with fraudulent documents. Creating law enforcement positions for the MVC would ensure that the MVC can effectively budget for the associated costs, and will ensure safety at all locations, as well as provide specific expertise needed in regards to MVC security. **(pg.26)**

**3. Automate the Temporary Tag program**

It is imperative that law enforcement be able to track vehicle and owner information. The current Temp Tag program does not allow easy access to information regarding vehicles with temporary registration tags. The system should be automated and policy should require dealers to enter owner information into a database when a Temp Tag is given out. This process should be started as soon as the MVC can implement MATRX. **(pg.24, 32)**

**4. Establish one unit to maintain and create Corporation Codes**

Currently, there are three units within the MVC which can create a Corp Code. This process must be centralized into one unit. The new unit can then create a uniform process through which to apply for a Corp Code. The new unit should also investigate instituting a fee for the issuance of Corp Codes **(pg.25)**

**5. Establish a “key card” security system at all MVC agencies**

Creating one uniform security method for all agencies will ensure the same level of security at each location. **(pg.26)**

**6. Install panic alarm systems in all agencies**

These panic buttons would allow employees to call for law enforcement without alerting those endangering the employees and customers. These systems would then be tested on a regular basis to ensure their functionality. **(pg.26)**

**7. Create processes to differentiate between types of passenger vehicle registration**

Registration forms for commercial vehicle codes should be expanded to differentiate between the types of vehicle (jitney, taxi, farm labor transport, etc). Special plates should be created for each type of passenger vehicle to ensure that the vehicle is used for the registered use. **(pg.34)**

## Safety

**1. Establish a task force to review and revise the points system**

With the court's tendency to reduce or eliminate violations that carry points, driving records do not accurately reflect the driving history of certain drivers. The point system must be revamped to restore accountability to the system and to create a mechanism in which the MVC can identify problem drivers who would benefit from driver improvement education. **(pg.38)**

**2. Establish a statewide driver education curriculum**

Private driving schools and high schools are currently responsible for creating driver education curriculum for their students. This curriculum is created in conjunction with the MVC driver manual. A uniform curriculum created by the MVC would ensure that all student drivers are receiving consistent, quality instruction which will lead to safer drivers on New Jersey's roadways. **(pg.39)**

**3. Create an education program for older drivers**

Many older drivers look to their license as a sign of independence. It not only confers driving privileges but allows them the proper identification to travel. However, the safety of these drivers is paramount, meaning older drivers should be made aware of driver improvement classes, which teach them to compensate for slower reaction time and other issues of aging. Older drivers should also be made aware that they should continually monitor their own driving skills and should cut back on driving time as reaction time and vision become a problem. If it becomes time to surrender a license, older drivers should be made aware that ID-only documentation will provide the proper identification for many transactions and travel. The MVC should move forward in creating such an educational program. **(pg.39)**

**4. Denote driving restrictions on driver license**

Restrictions to daylight-only driving or to roads a driver can travel with regards to speed limit are helpful tools in working with older drivers, however, these restrictions are not currently noted on licenses. Noting these restrictions on a driver license would not only remind drivers of their own restrictions, but would alert law enforcement. **(pg.39)**

**5. Create a fee for the Motorcycle Safety Education Program**

This program serves hundreds of riders each year. There are two MVC sites that offer courses free-of-charge. Demand for these courses has increased over the years, which results in rising costs. The MVC should look to create a nominal fee for this program, which would assist in offsetting the costs. **(pg.40)**

**6. Increase the percentage of vision retesting**

Only 10 percent of the license renewal population can be retested each year. This cap should be

increased and the MVC should work to find ways to institute vision retesting in more renewals, without targeting a specific population. **(pg.41)**

**7. Provide continual training for the Medical Review Unit**

The Medical Review Unit is an integral part of the MVC's safety initiatives. Staff must be continually trained to ensure an up-to-date understanding of a variety of medical issues and regulations. **(pg.41)**

**8. Expand the criteria for salvage titling**

Salvage titles should be expanded to include any vehicle that the insurer takes possession of the title. This would ensure that owners know what they are buying, even after a car has been sold and repaired following an auto auction. If the criteria are expanded, the inspection requirements must also be changed and additional inspection stations must be authorized to perform salvage inspections. **(pg. 33)**

**9. Create a "Focus on Safety" Web site**

**See Service, Number 11**

## Sustainability

**1. Work quickly to institute the new MATRX system**

The MVC must work with all partners, OIT, DOP and Treasury to ensure that the MATRX system can be implemented as quickly, efficiently and seamlessly as possible. This includes finding staff with experience with similar systems, and providing training to current MVC staff. The MATRX system will pave the way for many of the changes recommended in this report. **(pg.44)**

**2. Extend or Remove the sunset of the \$7 security fee**

REAL ID and emerging technologies both offer the chance to enhance the MVC's already stringent security. Without the \$7 fee, implementation of new technologies will become too costly to pursue. The sunset of 2013 for the \$7 fee should be extended or lifted to ensure funding for future enhancements. **(pg.53)**

**3. The MVC should receive 100 percent of certain fees**

To fully fund operating programs, capital projects and needed improvements, many of which are outlined in this report, the MVC must be authorized to receive 100 percent of fees for service integral to the MVC's mission. These fees include licensing, registration, titles, abstracts and information sales. **(pg.53)**

**4. Place a moratorium on all system modifications**

In order to prepare for an upgrade to a new commission-wide computer system, MATRX, all modifications must be put on hold. **(pg.45)**

**5. Provide the MVC board with the authority to adjust fees**

The cost of doing business continues to rise, and the MVC's fee structure no longer offsets the costs associated with doing many of its functions. The MVC should be authorized to create criteria to adjust fees, and to adjust fees, with the approval of the Governor, when it is financially prudent to do so. **(pg.54,31,33)**

**6. Institute a staggered dealer license renewal**

Currently, all dealer licenses are renewed in March, which leads to an uneven work flow throughout the year. This process should be automated and staggered renewal dates should be used to spread

the workload throughout the year. (pg.31)

**7. Institute a tiered dealer license fee program and adjust dealer license fees**

Dealer licenses are currently renewed for a \$100 fee. This fee does not reflect the costs of regulating car dealerships, and it does not take into account dealers who have more than one branch. Initial and renewal dealer license fees should be adjusted to a level which will offset the costs of the program. A tiered system should be implemented to reflect additional costs for additional dealerships. (pg. 31)

**8. Automate the vehicle purchase, sale and transfer process**

An online lien release process is necessary to facilitate efficient information gathering between the MVC and car dealers. This process should be implemented in conjunction with a paperless titling system when a lien is in place. These processes should be implemented as soon as MATRX is available. (pg.32,36)

**9. Create an information and technology contracting process**

Contracts for technological updates currently span up to five years. During this time, technology can become obsolete, binding the MVC's hands in providing adequate customer service. IT should work with its partners to find a contracting process that complies with state regulations, but also provides the MVC with the flexibility needed to stay current. (pg.45)

**10. House the MVC server within the MVC**

The MVC must be able to update its Web site, address computer malfunctions and make necessary upgrades on its own time table. Information and resources must be available to customers immediately, and housing the MVC server within the MVC and staffing it with knowledgeable MVC IT staff would ensure that the MVC priorities are taken care of quickly. Once the server is no longer housed with DOT, the MVC should move to end outside contracts which are used to serve IT needs created by the current practice. (pg.45)

**11. Create a fee for the Motorcycle Safety Education Program**

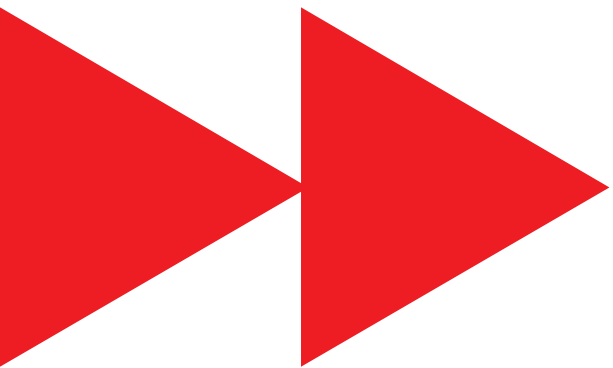
*See Safety, Number 5*

**12. Eliminate the statutory requirement for one agency per 300,000 citizens**

*See Service, Number 2*

**13. Provide personnel titles that reflect the MVC's needs**

The MVC should work with the DOP to ensure that personnel titles offer employees the ability to "cross train" in a variety of MVC departments, offering employees further opportunities to move up in the organization. Titles and financial compensation should also reflect the structure of the current MVC as its own department within state government. (pg.48,45)





we would like to extend  
our sincere **thanks** and  
gratefully acknowledge  
all our partners,  
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the citizens of new jersey  
and others who helped  
to contribute to this  
report and shared their  
insight and views for the  
mvc's future.

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## End Notes

- <sup>1</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>2</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>3</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>4</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>5</sup> Daily Journal of Vineland, editorial. June 2006
- <sup>6</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>7</sup> NJ MVC Standard & Poors Siting Study, Executive Summary, October 2002
- <sup>8</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>9</sup> Coalition for a Secure Driver's License March 2004
- <sup>10</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>11</sup> Motor Vehicle Security & Customer Service Act, 2003
- <sup>12</sup> Fix DMV Commission. Fix DMV Commission, Final Report. November 2005
- <sup>13</sup> Star-Ledger, editorial. July 21, 2007



# glossary of terms

**Abandoned Vehicle** – A vehicle which has remained on or along any highway or other public property or on private property without such consent for a period of more than 48 hours or for any period without current license plates shall be presumed to be an abandoned motor vehicle.

**Advisory Councils** – Five councils created by the original Fix DMV Commission to address Customer Service, Technology, Security & Privacy, Safety and Business. They provide suggestions, input and support for various MVC projects and initiatives. The Chief Administrator of the MVC can create additional advisory councils.

**Affordability & Fairness Report** – A report published in February 2006 by the Affordability and Fairness Task Force. The task force, established by law, investigated, analyzed and discussed the social impact of driver license and registration suspensions, as well as issues of motor vehicle-related safety, insurance and finance. The report offered a number of recommendations for legislative and regulatory changes that would address the identified problems.

**American Association of Motor Vehicle Administrators (AAMVA)** - The national organization that represents state and provincial officials in the United States and Canada who administer and enforce motor vehicle laws. AAMVA develops model programs in motor vehicle administration, law enforcement and highway safety.

**Auto Body Repair Shops** – The MVC licenses and monitors these establishments, which provide limited and full auto body services.

**American Civil Liberty Union (ACLU)** The mission of the ACLU is to preserve Constitutional protections and guarantees. The ACLU is also a stakeholder in the MVC's efforts to better understand the effects of REAL ID on New Jersey's citizens.

**Board of Public Utilities (BPU)** - The Board of Public Utilities, formerly known as the Public Utilities Commission (PUC), is a regulatory authority with a statutory mandate to ensure safe, adequate, and proper utility services at reasonable rates for customers in New Jersey. Five commissioners oversee the board, including the president of the board.

**Business Licensing Services** – The bureau within the MVC Division of Business and Government Operations that licenses all businesses as required by law.

**Business Web Portal** – Located at [www.njmvc.gov/biz](http://www.njmvc.gov/biz), this site was created to be a one-stop resource for businesses regulated by the MVC, as well as those requiring motor vehicle services.

**Car Dealers (New and Used)** - Dealerships are licensed and regulated by the MVC.

**Central Inspection Facilities (CIFs)** – These MVC facilities, operated by a contracted

vendor, provide certified vehicle inspection services to customers.

**Commercial Bus Inspection and Investigation Unit (CBIU)** – The unit within the MVC that performs biannual safety inspections and ensures that commercial motor coach transportation vehicles traveling New Jersey roadways are safe. This unit investigates motor coach accidents, unauthorized motor coach operations and frequently coordinates highway safety initiatives with local law enforcement and the U.S. Department of Transportation Federal Highway Authority's Office of Motor Carriers.

**Commercial Driver License (CDL)** – A federal program, administered by the MVC, to license commercial drivers residing in New Jersey. A CDL is required for drivers wishing to operate certain types of motor vehicles. Special testing and other requirements, such as a criminal background check and a medical exam, are necessary in order to obtain a CDL.

**Comprehensive System (COMP)** – The MVC's nearly 30-year-old computer infrastructure, which is the main system for motor vehicle transactions performed on a daily basis.

**Contact Center** – Centralized call center which answers customer questions. The MVC operates a general information line, as well as a line dedicated to questions specific to suspensions, surcharges and restorations.

**Corporation Code (Corp Code)** – An identification number used by businesses to title and register vehicles. This is the business equivalent of a person's driver license number.

**Dealer License** – A license granted to a new or used car dealer, which authorizes the business to operate in New Jersey.

**Department of Homeland Security (DHS)** – United State's department charged with protecting the homeland, the DHS is an integral partner in REAL ID implementation.

**Department of Transportation (DOT)** – The state agency charged with overseeing New Jersey's roadways and related authorities and divisions. *The MVC is "in but not of" the DOT.*

**Department of Treasury (Treasury)** – Treasury oversees taxation, government pensions, business formation and operation, the New Jersey State Budget, building and bonding.

**Digital Driver License (DDL)** – Established in 2004, the DDL, with its more than 20 security features, has made New Jersey's driver license one of the most secure in the nation, through the use of the 6 Points of Identification.

**Division of Business and Government Operations** – Established in 2006 as the primary point of contact for business and government partners, this division oversees all business-related regulations, licensing and monitoring functions for the MVC.

**Division of Motor Vehicles (DMV)** – Until 2003, New Jersey's motor vehicle services were performed by the Division of Motor Vehicles, which was part of the Department of Transportation (DOT).

**Division of Highway Traffic Safety** – A state agency within the Department of Law and

Public Safety, with a mission to reduce fatalities, injuries and property damage on the roads of New Jersey resulting from traffic crashes. To achieve its mission, the Division undertakes traffic safety programs relating to Education, Enforcement and Engineering. The agency frequently partners with the MVC on keeping New Jersey's roadways safe.

**Division of Security, Investigations and Internal Audit** – This division was established within the MVC to address the physical security of the MVC facilities, as well to enhance and maintain document and information security.

**Driver Education** – Provided by both private driving schools and public schools, driver education courses are intended to prepare new drivers for a lifetime of driving by providing them with the information necessary to pass the MVC's written and road test.

**Driver Improvement** – MVC courses intended to correct improper driving habits. Driver improvement programs are offered as mandatory sentences for certain offenses or for drivers who want to deduct points from their current driver status.

**Driver Testing Site** – See below

**Driver Testing Site: Inside** - A location where an applicant for a New Jersey driver license, after obtaining a New Jersey Examination Permit, can take their knowledge (written) test and vision screening can be administered. Most knowledge test facilities are located within a motor vehicle agency.

**Driver Testing Site: Outside** - A location where, when necessary and after successful completion of the knowledge and vision tests, an applicant for a New Jersey driver license takes their skills (road) test to prove their ability to operate a motor vehicle. Most skills testing sites are located adjacent to a motor vehicle agency, however, the test may take the driver off of MVC property.

**Driving School** – A private business certified and monitored by the MVC, which instructs new drivers on the rules of the road and other applicable information. These schools are certified to administer vision screening and written exams to student permit holders only. (To be eligible for a student's permit, the applicant must be 16 years old and a driving school must purchase the permit for the applicant.)

**Economic Development Authority (EDA)** – State authority through which the MVC has bonded \$160 million to pay for capital improvements. The EDA provides bonding capacity for other departments and agencies of New Jersey government.

**Endorsement** – A numerical or alphabetical code which indicates additional driver privileges on a DDL. These "endorsements" indicate such privileges as a motorcycle license and a commercial driver license.

**Facility Master Plan** – A long-range plan developed to help guide the MVC with investments in its physical infrastructure. The plan was adopted following an extensive study performed in 2004 by Standard and Poor's Value Consulting. The plan addresses everything from facility locations to proper facility layout for MVC services.

**Fix DMV Commission** – A Commission created in 2002 by then-Governor James E. McGreevey. The Commission was tasked with finding ways to move New Jersey's DMV



towards excellence in motor vehicle services. Commission members issued a final report with numerous recommendations, the primary being the formation of a new organization known as the Motor Vehicle Commission (MVC).

**Graduated Driver License (GDL)** – A program established to gradually build a driver's experience behind-the-wheel and prepare them prior to receiving full driving privileges.

**HAZMAT Program** – The MVC administers this federal requirement for individuals who possess a Commercial Driver License (CDL) and wish to legally transport hazardous materials such as gasoline, explosives and propane. Upon satisfying all requirements the individual possessing the CDL will be granted a HAZMAT endorsement.

**Handicap Placard Processing** – The MVC provides handicapped license plates and rearview mirror placards to permanently disabled persons at no charge to allow them to legally park a vehicle in specifically designated spaces. Qualified individuals must file an application, certified by their physician, with the MVC. Temporary disability placards are issued by local police departments.

**Information Technology (IT)** – MVC division which promotes the effective use of technology in meeting the business goals of the Motor Vehicle Commission and provides technical support and expertise to the Commission in solving IT related issues. Partners and liaisons with State Office of Information Technology.

**Junk Title** – If the public agency taking possession of an abandoned motor vehicle certifies to the MVC that the motor vehicle is incapable of being operated safely or of being put in safe operational conditional, except at a cost in excess of the value thereof, the MVC issues the public agency, for a fee of \$2.00, a junk title certificate which shall be assigned and delivered to the purchaser of the vehicle at public sale. When a junk status is assigned on the motor vehicle record, the vehicle may no longer be operated on any roadway but may be sold for parts.

**Junk Yards** – The MVC licenses and monitors these establishments, which are defined as any business adjacent to or visible from a state highway displaying vehicles used for parts and/or reconditioning that are equal in bulk to two or more vehicles.

**Law Enforcement Agency Security Enhancement (LEASE)** – A program through which the MVC partners with local law enforcement to provide a police presence in MVC facilities.

**License Plates** – The MVC issues plates to all registered vehicles. These plates have a unique ID to identify the vehicle and the vehicle's owner. **Custom plates** may be purchased through the MVC with a personalized, unique identifier.

**Medical Review Unit** – An MVC unit dedicated to reviewing cases in which drivers may no longer be physically fit to drive.

**Motor Vehicle Commission (MVC)** – The state entity responsible for motor vehicle services in New Jersey. Established in 2003 as "in but not of" the New Jersey Department of Transportation (DOT). *Also referred to as the Commission.*

**The Motor Vehicle Security and Customer Service Act of 2003** – The legislation which created the MVC and paved the way for many of the reforms in the past four years.

**Motorcycle Safety Education Program** – An MVC program established to train and educate motorcycle riders about safe and responsible riding. The program also reaches out to other motorists to encourage them to safely share the road and be alert to motorcycles.

**Motor Vehicle Agency Customer Satisfaction Survey** – A survey published in 2003 through the Eagleton Institute at Rutgers University that paved the way for many customer service improvements.

**Motor Vehicle Automated Transaction System (MATRX)** – The new computer system that will replace the MVC's outdated Comprehensive System and serve as the technological basis for motor vehicle services. This is one of the largest technological investments that the MVC will implement in the coming year.

**Motor Vehicle (DMV) Surcharge Fund** – Revenue collected as a result of surcharges assessed by the MVC on motor vehicle violations and administrative suspensions is deposited in the DMV Surcharge Fund and is managed and invested by the Division of Investment in the Department of the Treasury. The fund mainly supplies revenue to pay debt associated with bond issues.

**MVC Agency** – Locations across the state in which customers may do business with the MVC. Agencies offer typical motor vehicle services, such as licensing, registration and titling.

**New Jersey Motor Vehicle and Traffic Laws: NJSA Titles 39, 27 and 48** – Statutes that govern the motor vehicle rules and regulations of the State of New Jersey.

**Non-Driver ID** – An MVC document, similar to a DDL, granted to New Jersey citizens 17 years of age and older, which verifies identification, but does not confer driving privileges. Applicants must also present the 6 Points of Identification Verification.

**Notice of Proposed Rule Making (NPRM)** – Federal regulations proposed by the U.S. departments to outline specific requirements of legislation. In May 2007, the MVC submitted substantial comment to the rules specific to the U.S. Department of Homeland Security requirements of the Real ID Act of 2005.

**Passenger Transportation Vehicle** – A vehicle used to transport passengers "for hire."

**Passenger Transportation Task Force** – Established in 2007 to address areas of concern related to "for hire" passenger transportation.

**Point System** – Used to identify problem drivers by allocating a number of "points" determined by the type and severity of the violation.

**Private Inspection Facilities (PIFs)** – These MVC-regulated businesses provide certified vehicle inspection services to customers for a fee.

**Office of Homeland Security (OHS)** – The New Jersey department which administers,

coordinates, leads and supervises New Jersey's counter-terrorism and preparedness efforts.

**Office of Information Technology (OIT)** – The state's centralized agency charged with overseeing New Jersey's Information Technology endeavors.

**Real ID** – A 2005 federal law requiring all U.S. jurisdictions to follow new driver license and personal identification card issuance and document standards. One of the intents of the Act is to create documents that are acceptable for official federal purposes (e.g., boarding an airplane, entering federal facilities). The Act sets minimum standards for the creation and issuance of the documents by motor vehicle agencies. A rulemaking process by the Department of Homeland Security will further define the minimum standards set in the Act.

**Regional Service Centers** – Four facilities, each located adjacent to an MVC agency, which provide additional services to New Jersey's motoring public regarding suspensions, restorations, conferences and other driving record issues.

**Salvage Certificate of Title** – A document issued by the Motor Vehicle Commission which serves as proof of ownership of a motor vehicle and provides a method of transfer of the vehicle only as a salvage motor vehicle.

**Salvage Motor Vehicle** – A motor vehicle which has either been reported as stolen or suffered sufficient damage to render it economically impractical to repair.

**School Bus Endorsement Program** – A program administered by the MVC in partnership with the Department of Education that requires certain requirements for individuals who wish to drive vehicles that transport students. The MVC tracks individuals for both the (P) Passenger Endorsement and the federally-required (S) School Bus Endorsement.

**Security Surcharge Fee** – A \$7 fee created through the Motor Vehicle Security and Customer Service Act of 2003. This fee is scheduled to sunset in 2013.

**Six-Point ID Verification Program** – Created in conjunction with the issuance of the DDL, this program assigns point values to various personal documents that are used to prove identity when transacting business with the MVC. The program requires a minimum of six points of identification to prove both identification and address of every license applicant.

**State General Fund** – General Treasury account that is the source of funds to pay for many of New Jersey's operations.

**Teenage Driver Safety Study Commission** – Established by law in 2007, this commission is charged with studying the issue of teen driving and reviewing the current Graduated Driver License (GDL) law.

**Temporary Tag (Temp Tag)** – A temporary, paper decal that is affixed to newly purchased vehicles from new or used vehicle dealers, which provides verification of registration and a unique ID number.

**Trenton Office Complex (TOC)** – The main office of the New Jersey Motor Vehicle Commission located in the City of Trenton. This MVC facility houses the majority of the organization's administrative staff and provides centralized services to New Jersey customers.

**Vision Screening** – Each year, the MVC is required to retest 10 percent of all drivers renewing their licenses. Screening is required prior to first time licensing and may be requested as part of a medical review.

[www.NJMVC.gov](http://www.NJMVC.gov) – The official Web site of the New Jersey Motor Vehicle Commission.





