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PUBLIC HEARING

before

ASSEMBLY SELECT COMMITTEE ON THE
DIVISION OF MOTOR VEHICLES

to

Discuss the proposals for the reform of the Division
of Motor Vehicles which have been developed
by the Attorney General

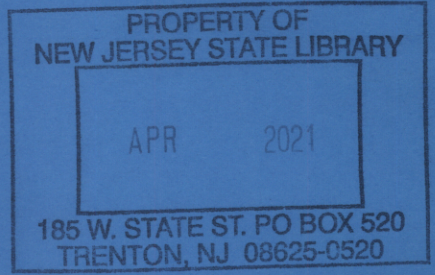
April 3, 1986
Room 403
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

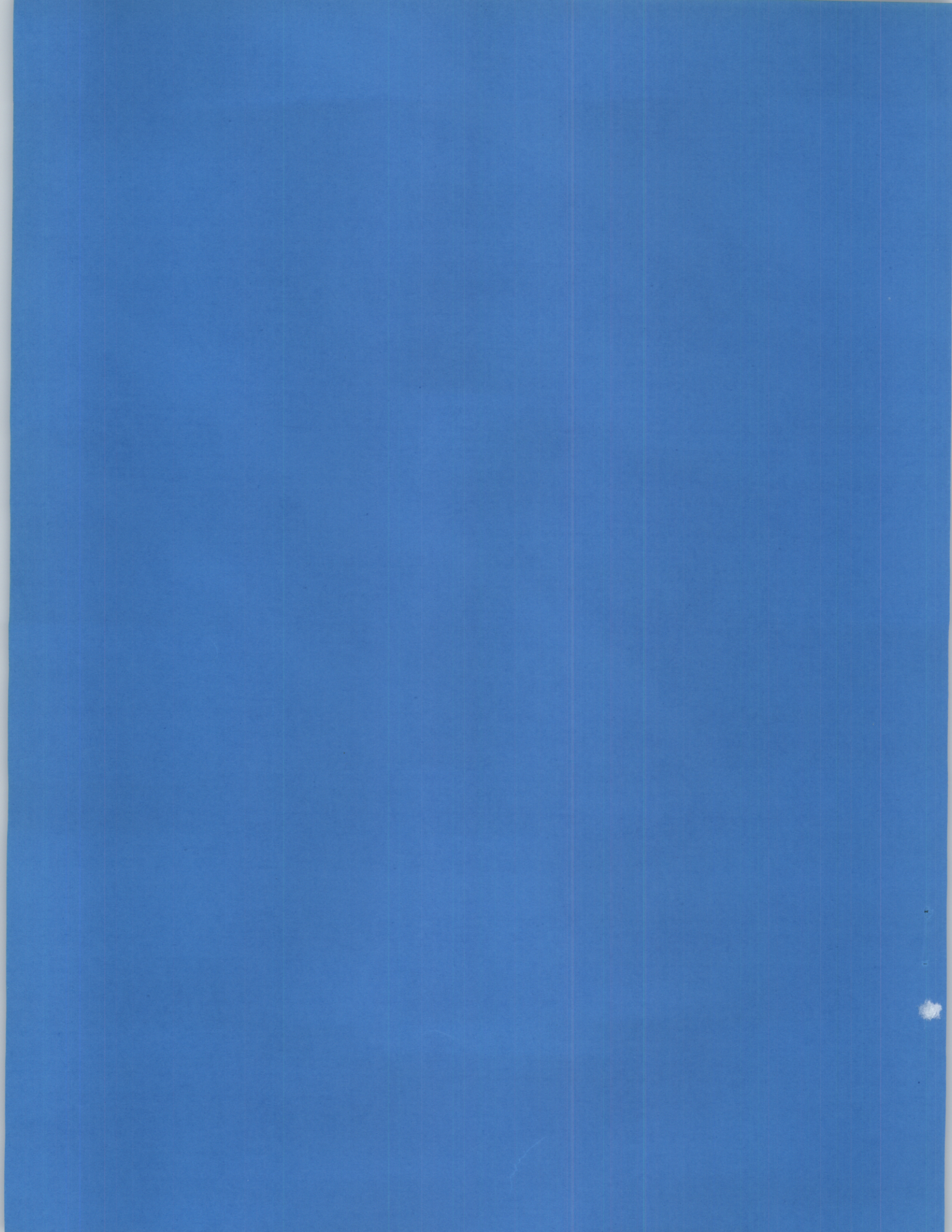
Assemblyman William "Pat" Schuber, Chairman
Assemblyman Thomas J. Shusted, Vice Chairman
Assemblyman Robert J. Martin
Assemblyman Joseph L. Bocchini, Jr.

ALSO PRESENT:

Aggie Szilagyi
Office of Legislative Services
Aide, Assembly Select Committee
on the Division of Motor Vehicles



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New Jersey State Legislature

**ASSEMBLY SELECT COMMITTEE
ON THE DIVISION OF MOTOR VEHICLES**

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THOMAS P. FOY

**NOTICE OF A PUBLIC HEARING
FOR APRIL 3, 1986**

March 27, 1986

The Assembly Select Committee on the Division of Motor Vehicles will hold a public hearing on Thursday, April 3, 1986 at 9:30 a.m. in Room 403 of the State House Annex in Trenton.

The purpose of this public hearing is to discuss the proposals for the reform of the Division of Motor Vehicles which have been developed by the Attorney General and which will be presented to the committee by the Attorney General at this hearing.

Anyone who would like to testify should contact Aggie Szilagyi, Committee Aide, at (609) 984-0231.

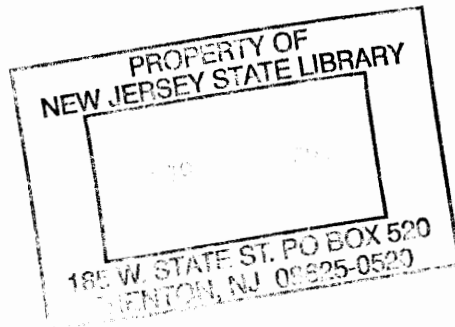


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ASSEMBLYMAN WILLIAM "PAT" SCHUBER (Chairman): Good morning, ladies and gentlemen. Let me welcome you to the beginning of the second phase of our review of the Division of Motor Vehicles' system. As for my fellow Committee members, unfortunately, Assemblyman Chinnici is ill, and won't be with us. Assemblyman Miller is chairing a Transportation Committee meeting down the hall. He will probably stop in periodically. I believe Assemblyman Foy is on vacation. We expect Assemblyman Bocchini momentarily. We welcome all to this second phase public hearing of the Assembly Select Committee on the Division of Motor Vehicles.

In our first phase of hearings, we looked at the issue of the inspection system and have made a report. In fact, we have recommended a bill which has since passed the Assembly -- it is in the Senate now -- making permanent the dual system of automobile inspection.

The purpose of this public hearing -- as we start the second phase -- is to receive a formal presentation from the Attorney General, Cary Edwards, regarding his proposals for the reorganization of the Division of Motor Vehicles. The Attorney General has already had the opportunity to discuss some of his ideas with the Assembly Appropriations Committee, and a copy of his testimony from that meeting has been provided to each of the Committee members.

Before we proceed with today's agenda, I would again inform the members that A-2218, which this Committee had recommended, that would make permanent the dual public and private motor vehicle system, passed the Assembly on March 6 by a vote of 69 to 2. It was received by the Senate on March 24, and was referred to the Senate Law and Public Safety Committee, chaired by Senator Graves. I believe there have been communications between the Department and the Senator's Committee on that. We hope that will be able to move in the spring.

Now, without any further ado then, we will start this second phase hearing with our first witness, Attorney General Cary Edwards.

A T T O R N E Y G E N E R A L W. C A R Y E D W A R D S:

Thank you, Mr. Chairman. It is a pleasure to be here today to go over a much broader perspective of the Division of Motor Vehicles' reform program than I did when I was here the last time. I think a couple of opening remarks would be in order.

I think you have in front of you a written statement, which I will not bore you by reading. You should all have copies of it, I hope. It is a more succinct way of describing the reorganization of Motor Vehicles than was presented to the Appropriations Committee. The Appropriations Committee obviously had to deal with budgetary items. Not that they are not a concern to you, but I thought this would be a much more succinct presentation on the reform concepts, which I am really here to talk about today. I will not go through the process of reading it to you.

I think it is important, also, for the Committee members to recognize that we have the new Director designee of DMV, Glenn Paulsen, sitting out here. And, hiding behind this particular poster is Chris Cox, who is the new Deputy Director, and will be Acting Director beginning next week until Mr. Paulsen is reviewed and confirmed by the Senate.

ASSEMBLYMAN SCHUBER: We welcome them both to our hearing. I know I have had the opportunity to introduce Mr. Paulsen to the members of the Committee and to the staff members. We look forward to working with him in the future, and give our best to Chris Cox also. We hope for a speedy confirmation of those appointments.

ATTORNEY GENERAL EDWARDS: Mr. Chairman, I would like to start out with a major caveat at the beginning of this, which I think needs to ~~overlay any activities that this~~ Committee deals with in these reviews and goes over either now

or over the next couple of years. That is, that it will be a couple of years before the reform of Motor Vehicles is at least effectuated at a level that we all anticipate -- the Governor anticipates, I anticipate -- with reference to this particular program.

There are no quick fixes to the Division of Motor Vehicles' problems -- historical problems. This is not something where you can point to a person or a thing, in my opinion, but something that points to the whole foundation organization approach to Motor Vehicles that has been historically used in the past.

To do this, I think it is probably-- You have the written statement in front of you, but it would be better, I think, if I use some of these charts, if you don't mind, for a couple of minutes. If you will bear with me, I will attempt to be as effective as I can. I assume I am supposed to use this (referring to microphone) so you can record what I say.

ASSEMBLYMAN SCHUBER: Since you don't have the other microphone.

ATTORNEY GENERAL EDWARDS: Since I don't have the other one. I have to tell you, Mr. Chairman, the Appropriations Committee has much more modern and up-to-date equipment. They have a portable mike with a little thing that hangs on the bottom of it without a cord that I have to worry about. I just thought you might want to mention that to the Speaker. He may be able to do something about it for you.

Getting into the purpose of my testimony here today, as I told you, I think it is important for you to recognize that there are no quick fixes to the problems at Motor Vehicles. It will take two, two and a half years from the time the budget is approved and the dollars are put into place, and the new Director is set up. I think both the Legislature and the public in general are going to have to exercise a certain amount of patience with us as we go through this reorganization proposal.

I would like to draw your attention to the two charts up on the wall. They are there to try to demonstrate, with some degree of visual acuity, the complexities of the Division of Motor Vehicles, the kinds of functions and the kinds of numbers that go with those functions that the Division of Motor Vehicles presently has to go through: Vehicle inspections, which we talked about at some length to the Committee a few weeks ago; driver testing; motor carrier fuel tax; violations records -- if you go through the various violations complaints that the Division has to do; auto insurance surcharges; the number of telephone inquiries every year; licensing -- who we are responsible to license in Motor Vehicles, everywhere from drivers, motorcyclists, boat operators, used car dealers, moped dealers; the kinds of licensing requirements; and, we have titles. We did this on a fiscal year basis, which is our FY '85 fiscal year. Registrations: The kinds of vehicles we have to register and the number of plates issued.

When you put all of these complex functions together, and have to implement them simultaneously -- perform those functions simultaneously -- it becomes a very complex system to deal with, to amend, to change. If you move one function from one part of the board to another, you stand the possibility and probability of disrupting the entire Motor Vehicle operation, because it has a domino effect in many instances.

The Legislature, governors, and policy-makers have, for a long time, thought that Motor Vehicle could pick up various functions, do them, and do them very effectively. The Legislature, from time to time, will pass a bill. The governors have historically signed them and said, "Motor Vehicle, you will do a new organ doner checkoff," for instance. I don't want to pick on any one legislator or any one group of legislators, but a new organ doner checkoff system for drivers' licenses-- The Legislature, in November, passed a bill that required that we do that.

Now, if you want to amend all of the drivers' licenses in the State -- there are some five million of them -- that is a major undertaking for the Department. That was mandated for the Division of Motor Vehicles to do by April 1, 1986 -- four months. If you remember, also, our computer system crashed in August -- the Price Waterhouse revamp of our computers -- and the capacity of Motor Vehicle to, in fact, accomplish that task was nonexistent.

Somehow, the Division and the Department of Law and Public Safety did not communicate that to the Legislature or to the rest of the world. I think historically they didn't. I think they came in and said, "If that is what the Legislature wants, we will try to do it for you." I think we all have to be very careful about what we impose on Motor Vehicle during this two-year period as we are revamping. If we are going to do things, we should do them with some degree of order. That is why I gave you the caveat in the beginning. This will probably take a good two, two and a half years to accomplish, and I use two fiscal years because the program would really begin when the budget is approved on July 1. We have to do this in some orderly, intelligent, and well-planned way.

I would like to bring your attention over to this particular chart right now. I hope you will forgive my pointer. The budget is very tight and my staff wasn't able to find anything, so they ripped off an antenna in the parking lot. (laughter)

ASSEMBLYMAN SCHUBER: I hope it wasn't the legislative parking lot, was it?

ATTORNEY GENERAL EDWARDS: Yes, it was, as a matter of fact.

The Governor asked me, in October, when I was wearing my other hat as counsel, to see if I could take a look at the Motor Vehicle problem and put together some program, or plan, to reform its functions to prevent the kinds of problems that

have historically happened, from happening in the future. I did that. I consulted with people from the Division. I consulted with people from outside the Division in the private sector. I read the dozens of reports that have been written over the history of Motor Vehicle, all of which made recommendations as to how to change it.

I came to a number of conclusions in that research and in that evaluation. I had the month of October, during which I was probably less busy than the rest of you and the Governor, who were all in election campaigns. But, that was my easiest time, so I had time to devote to it. I did come to a number of conclusions, the first of which was I was not going to recommend that another study be done. We had studied Motor Vehicles and looked at it in any way that it could be examined, and another study would just be another delay in implementing what the Governor had asked me to do, which was recommending some reforms to the operation.

But, in going through those reports, I noticed one thread that ran through all of them, including the Price Waterhouse Master Plan, which was the latest report, for which they had issued -- which dealt with their computerization and the functioning of Motor Vehicles and how we could mechanize it and make it operate better. I found there was a dominance that ran through not only Motor Vehicles' day-to-day activities, Law and Public Safety's, everyone's minds, all of the reports, and that was that the regulatory and enforcement environment was the foundation upon which -- or what drove Motor Vehicles.

I also looked at the SCI report and some of their preliminary reviews. I read some of the transcripts of their hearings, and I noted they were pushing Motor Vehicles more so in a regulatory and enforcement way than in anything else in their particular analysis. Example: License duplicative titles, the validity of titles, alterations of titles, and their inability to correct, or pick up, forged titles in their

title transfer process, and the impact that had on auto theft. Whether the Department and the Division should have picked those up, or shouldn't, I have not arrived at a conclusion about, but it is very illustrative of the emphasis that everyone puts on Motor Vehicles; that is, it was designed -- and properly so -- to regulate and enforce our motor vehicle laws in the State, and is to be a vehicle for that.

But, rather than that be the foundation of its operations, it became the dominant force that moved it. Licensing and registration of vehicles, licensing in general, and government have been run historically within the confines of a certain framework. It is a regulatory and enforcement responsibility whenever you are licensing. There is a big difference, however, when you license 20,000 accountants, or 30,000 accountants, or 100 other individuals in some of our professional boards and when you have to deal with 5.2 million licensed individuals each year, and you do 24 million transactions with reference to that process, when those 5.2 million people are paying you a very significant fee to deliver that particular service to them, when 4.8 million of those, or 4.9 million of those people have done absolutely nothing wrong. They are complying with a governmental mandate to help control automobile use in the State. They have a right to expect something different than an accursed regulatory and enforcement world.

So, in arriving at that, I thought of all the improvements and enhancements that had been attempted by Motor Vehicle. They have all been moving in the wrong direction, or with the wrong foundational philosophy. So, I went through and did an analysis of the functions and how I thought they should be, and what various other people recommended to me that they should be. I came away with a conceptual framework that is represented by this chart. Some of the numbers on the side of this will give you a flavor of the kinds of work and the volume

of work that Motor Vehicle has to do. As I said, it has 5.2 million licensed motorists. It has six million registered vehicles and 24 million transactions a year. Daily, it receives 323,000 DMV data base inquiries -- every single day. There are 11,000 telephone calls into Motor Vehicles on a daily basis; 1100 visitors go to the Central Office; 50,000 pieces of correspondence a day. That kind of volume of numbers and the number of people in the public it deals with require a different kind of thought, a different framework for handling the operation.

If you wanted to break that down into concepts, it breaks down into what I consider to be the most important, and that is a retail philosophy, or retail dominated theme that would purvey the formation of any function within the Division of Motor Vehicles.

Now, it has a very specific retail function in addition to that particular philosophy. We have 55 local agencies, 36 inspection stations, 22 driver qualification centers, and a central office to deal with all of these people. In a real sense, that retailing concept translates itself into a function. Every agency is, in fact, and should, in fact, be run as a retail outlet. The central office, as it deals with individual citizens of this State, should do that in a retail environment, and should be attempting to deliver a service to the public which the public has no other option but to go to that agency for. They are captive customers, which means that we have to try even harder to have that philosophy dominate the framework and foundation of Motor Vehicle.

The second major function it has, conceptually, is, it is a data information center. It is a data information center that collects all of those licenses and those registrations. All of those functions up there, and the data surrounding them, are all contained within a data information network. That data information network has to be shared with other people. It has

to be shared with State Police and local law enforcement; the court systems use it. The regulatory and enforcement foundation upon which Motor Vehicle exists uses that data base to meet its responsibilities. So, that data base becomes a central core around which everything in Motor Vehicle operates, including that particular retail environment, because when someone walks in, mails in, calls in, they must be able to get to their data and the data which applies to that individual. That data base is amended and modified by the actions within that retail world that they must deal with.

So, there is an interchange of information that must flow back and forth to that data and information base from the retail environment and from the regulatory and enforcement. It goes out to courts, local governments, the State, and back out to the public, and to the Legislature and to various other people in the form of more gross data and statistics.

Another thing I found in looking at it was that we in State government were not meeting our responsibilities as we should with reference to public information and citizens' complaints. If you have 24 million transactions a year -- which you do in Motor Vehicle -- and assuming that all of those functions continue and none are modified, that transactional base will grow. Boat ownership goes into effect and registrations go into effect in July of 1987 which are not presently there. So, the number of transactions will increase. The complexities and the problems will increase. If you had a 1% error rate in your function -- I don't care who you are or how well you design a system, people still do it and it will still have its problems and its errors -- that would be 240,000 errors made each and every year -- if you had a 1% error rate. If you had a half a percent error rate, it would be 120,000 mistakes that were made. There is no way of changing that.

There will be a number of errors that are made in that system. People will not get the right registration, the license-- There will be a mistake made somewhere. The important thing, however, is that everyone recognize and understand that there will be a number of mistakes that come out of this system. They must be prepared to deal with those mistakes. The important thing is not that the mistakes are made, if they are within acceptable tolerances of human error and system error. It doesn't mean that we don't keep trying to make it better. But, no matter how hard you try, you are still going to make some mistakes.

What do we do with the complaints when they come in? What do we do with the error that is, in fact, made to that individual? Now, you or I -- people in the Legislature and in government-- When my registration gets screwed up, personally, I pick up the phone and I call Motor Vehicle. I am the Attorney General. They fix mine in 15 minutes to an hour. Someone runs it over to me and all of those other kinds of answers. Legislators. When they call up with a problem, Motor Vehicle moves very, very quickly. I am not talking about you personally, but about your colleagues. They will move very quickly on that.

What does that tell you? It tells you that there isn't a system in place whereby the public doesn't have to call you, or me, or the Governor, and say, "I didn't get my registration." Citizens' complaints and public information are a key component to any conceptual organization of Motor Vehicles. A lot of the mistakes that are made are not the results of anything that Motor Vehicle did wrong, but it is a lack of understanding by the public of how to deal with Motor Vehicles. We have to communicate to those 5.2 million licensed motorists out there, who every year deal with this system, so they will understand how to deal with it. We will cut down the number of mistakes if we do that alone. If mistakes are made,

we must be able to respond to those mistakes as quickly and as effectively for every member of the public as if you or I called, to help them with their problems as constituents.

We shouldn't have to go through that. I shouldn't get letters if they have a problem in Motor Vehicles that they can't correct. The system should do it all by itself. You shouldn't be burdened in your offices with the kinds of phone calls you have been burdened with, dealing with problems with Motor Vehicles over a period of time. They should know how to go into the system and correct it, and the system should be designed to do it just as efficiently and effectively as if you or I called them to attempt to do it.

Now, having recognized that DMV's goal is the delivery of efficient, professional, and responsive service to the public, working within this conceptual framework, there are some specifics we can go to -- or I can point to, that I think have to be done to accomplish that. I have tried to lay them out up here (referring to chart). Some of them are a repeat of what is here, but there are about 10 items on this particular list that I think are important to draw your attention to. I have already gone through the first one, which is the retail data information and regulatory environment. That is a philosophy around which the Division of Motor Vehicles should work on an everyday basis.

It must be, as a result of many things that we all know about, that have been written about, that we have all sat at hearings and listened to-- Motor Vehicles must be apolitical. It must not be dominated by partisan political appointments or patronage to our agency system any more. I am really pointing now more toward the agency system than I am toward the central headquarter operation, because I believe the people there are apolitical; they are professional -- the people who are the senior managers in that operation. But our agency system has been a political patronage one ever since its

existence. That has to be changed. We need to reform our agency system and how we deal with these 55 different local agencies in the field, both from a mechanical standpoint and from a responsibility standpoint. Who is going to be responsible? That is probably the single most controversial and difficult problem to resolve. It is a conclusionary statement to say State takeover, not an answer to the problem.

The answer to the problem is much more complex. Anyone who has been to that central office facility, who has ever seen it, would be appalled. I don't care what political party you are in; I don't care when you have been there or seen how it operates. No one should have to work, or can work effectively or efficiently to deliver these kinds of services within that environment. We have to improve it and establish a much more comprehensive program of citizens' complaints and public information. The Governor went as far as to say we should put out a consumer guide periodically to Motor Vehicles, since it affects so many people.

We must enact a -- and you have already dealt with this issue -- permanent public/private inspection system as a major component. I won't go into detail. You have heard that, probably, about a million times by now.

We have, in Motor Vehicles, over 100 different physical facilities, whether they be agency offices, inspection station lanes, driver testing facilities, or the central office. One of the biggest problems Motor Vehicle has faced in its history -- recent history -- is dealing with those physical facilities. We have Motor Vehicle agency operations through our present leasing and management facilities' capacity that have been on a month-to-month basis for years. We can't get leases signed. We can't get lanes bought. The process by which Motor Vehicle fits into our normal building and construction process is one in which they do not have the resources to give to Motor Vehicle to focus on it. With the

volume of property it has to manage, it needs a dedicated staff and procedure to deal with the necessary flexibility in management of those Motor Vehicle facilities around the State, if we are going to own and/or lease them. I don't have a predisposed position as to where that should be, whether it should be mechanically located within DMV, Law and Public Safety, or Building and Construction in Treasury. I just know we need the dedicated facilities and a system, and a lease confirmation process that doesn't take two years for one to go through. That has to be addressed.

We need to enhance our information gathering, storage, and retrieval system. That is the data and information base here. Everyone is now fully aware of the infamous Price Waterhouse contract. When the Price Waterhouse contract is completed -- and it is still on schedule and on the timetable for completion by the end of June, the beginning of July, this summer -- we will have a new centralized core facility. But I told you at the outset of this, that that program -- that Master Plan, that contract that was let -- was dominated by a regulatory and enforcement environment. It was designed to be a central office computer system that would speed up the procedures and the time lines to deal with that vast amount of data information dealing with all of those functions.

It was not established to service a retail environment, or a retail philosophy. There are enhancements that have to be made to that system in order to make it function in what I perceive and consider to be a true retail environment. There are functions, for instance, that are not handled at the agency level, that should be handled at the agency level, or could be, as opposed to the three basic ones -- titles, registrations, and licenses -- that they deal with right now. Duplicate licenses, turning in plates, name changes, restoration of drivers' licenses-- I don't see why someone has to drive to Trenton to have that particular type of

problem resolved. They should be able to deal with it at least at the local agency, and we should be able to put the pieces in place to do that. A great part of that is the software and hardware configurations in the agencies that tie into the main data base that will be put into place when the Price Waterhouse contract is successfully completed.

We cannot forget that the foundation of Motor Vehicles is the enforcement operation. The Governor suggested we put a task force together -- a small one -- to look just at its enforcement and regulatory responsibilities, where it can do better, and where is it doing things that it shouldn't do. There has been a lot of discussion about whether it should be in title validity and fraudulent titles, and can we do a better job there, or can we not do a better job? If we can't, let's say we can't. If to do a better job we have to sacrifice those 5.2 million people or slow up the services they get materially, or if we are prevented from doing them, we should not do that.

Another thing that bothered me when I looked at Motor Vehicles was their budget and financial control setup. This is not a problem. It is just endemic to Motor Vehicles. I believe that it exists elsewhere. Motor Vehicles has had, for a long time, through the agency system, almost an open-ended process by which budgeting was done. Language was put into the budget that allowed agents to be paid out of revenues collected from Motor Vehicles and turned over to those particular agents without a number or line item in the budget. So, the fiscal and financial controls were lax, to say the least, and behind.

I believe we can do a better budget and financial control system within Motor Vehicles. Some things have been done, especially on the revenue side and cash collection, over the last two or three years to ensure the validity of the \$400-plus million that passed through Motor Vehicle from license, registration, and other fees, motor carrier taxes, and surcharges that are collected. But, I believe we can do a

better job on that. I promised Dick Standiford at OMB that we would try to bring Motor Vehicles as a Division, including the rest of Law and Public Safety, into a much more profound configuration with the rest of the budgeting processing, with better predictions as to what those costs would be in advance.

Having gone through those particular goals, I would like to bring your attention over here to the last chart. I will try to make this as quick as I can. How do we go about accomplishing the things I just went through? We have some very specific things. We know we have to build a new central office facility, but we have other things that are much more amorphous and much more problematic.

I spent a great deal of time looking at the management structure of the Division of Motor Vehicles. In doing that, I came to a number of conclusions: First, if we are going to do any major modifications to the functioning capacity, we can't shut Motor Vehicles down. We don't have the luxury of turning off the spigot for a month, two months, six months, a year, or two years. Somehow we have got to maintain the existing operations of Motor Vehicles. While Motor Vehicles is running, we are going to have-- My staff laughs at me sometimes, but I call that "running the railroad." There is a railroad that has to be run. There is a level of service that has to be maintained, improved where we can while it is going, but at least continuing to deliver a certain modicum of service that the public has a right to expect.

But, while we are doing it, we also have to make changes. If you deal with the complexities of the items that are up there (referring to chart) and a modification to any one of them, or any of the things we are talking about, including a State takeover of agencies, you are going to have to, somehow, make those changes while the agency is running, without missing a beat. That is going to require a hell of a lot of planning and coordination.

I also am not naive enough to believe that just because the Attorney General and/or the Division of Motor Vehicles wants to make a change in their operation, that they can effectuate that. There are a lot of other levels of government within the Executive Branch alone, that are involved in that process. You can't deal with a personnel system for 55 agencies without dealing with the Department of Civil Service. You can't deal with the facilities and management of 100 different pieces of property without dealing with Building and Construction. You can't build a new central office building without dealing with Building and Construction. You can't enhance a computer system and bring that retail environment configuration on-line without having OTIS directly involved in that operation. You can't deal with the regulatory and enforcement environment world without the State Police and the local police being involved in that process, particularly the State Police.

So, we have tried to put together a Governor's Intergovernmental Task Force. You have seen-- I think that Executive Order was released historically about, I guess, a week or two ago. That is a guiding task force to provide both the expertise of those particular department level people -- the tops of those departments -- but is also designed to lend, where necessary, the expertise which exists within those other divisions and departments of State government to implement the reforms that will be planned and/or implemented in the future.

In addition to that, we are -- and I have been for months -- talking to various private sector individuals -- retail utility companies, people who deal with captive customers -- large amounts of people -- to try to set up a private sector advisory group. We asked them if they would lend us some people to help us do the planning and implementation of the various reform functions in Motor Vehicle that we have talked about. I have gotten very good results. I

would imagine that in about 30 to 45 days, I will be able to come back to the Governor, and to this Legislature, and say that we have such an advisory group together, who will be adding to the existing governmental forces to help plan, on a day-to-day basis, week-to-week basis, and month-to-month basis, the various reforms.

How do we go about accomplishing those particular two operations -- running the railroad and reforming the railroad, and implementing those reforms simultaneously? As I said, we divided the functions up into two. We used to have one deputy director, one director, and some senior assistants who ran the Division. I have asked the new Director, Glenn Paulsen, and I have asked Mr. Ed Lawler, who is presently an Assistant Director in Motor Vehicles, and Chris Cox -- the three of them -- to come together and form a planning function and an operational function that will do that. Mr. Lawler has agreed to take the Deputy Director's position for operations, and to keep that railroad running on a daily basis, under the supervision of the Director, but not the same kind of supervision we have historically noted in Motor Vehicles.

The running of Motor Vehicles has been consuming for whoever the director and deputy directors have been. There will probably be a couple more assistants under this Deputy Director for Operations, who will assist in them. I would prefer to see the Director focus most of his time and attention on the second leg of that, which is the reform side and planning side of Motor Vehicles, and to coordinate the activities, and help me to coordinate the activities of the Governor's Intergovernmental Task Force and the private advisory groups. We have asked Chris Cox to be the Deputy Director for Planning, to put together a group of strategic target groups to deal with this list of functions (referring to chart). You have a copy of this chart in front of you. Those strategic target groups will be made up of DMV personnel, State

personnel from other departments and divisions, and private sector loan people, to actually draw a plan for the implementation of the various problems and goals I have outlined on that particular chart.

There is one thing that I think is important in this group. Most of them I have gone through with you already, but there is one thing at the bottom (again referring to chart) called "DMV Mission Evaluation," which I think may be the single most important component that we go through in this process. It is going to be their job to take all of those functions that you see on that chart up there, and evaluate them, to find out whether or not we are doing or should do those particular functions, do them better, and to come back and make recommendations as to how those functions should, in fact, be implemented. That is a much bigger responsibility than it looks at first blush from looking at the bottom line of this particular chart.

They may come back -- and I think they probably will come back -- and recommend that motor carrier fuel tax be transferred to the Division of Taxation, for instance. It seems to me from my analysis -- I am not going to make that conclusionary statement -- that a good case can be made for it to be there. There is a desire on the part of a number of people to have that particular move happen. Some people may object. But they should be analyzing each and every one of the functions in Motor Vehicle to come to that very same conclusion as to how, in fact, it should operate.

There are two important policy judgments that have to be made. This Committee will obviously be responsible for making the recommendation with reference to those particular policy judgments which I think I ought to highlight to you. Then I will try to answer any questions you may have on the system.

First is the agency system. How will the agency system be configured? Will it be a State-run agency system? Will it be a privately run agency system? Will it be a county-run agency system, or a municipal-run agency system? How are we going to configure that particular system? The State, right now, does not have the authority, without legislative action, to walk in and have a full State takeover of all of the agencies in the State, nor can they put the configuration together the way I believe it, in fact, should be. So, this Committee, and the rest of the Legislature, is going to have to focus on how our agency systems are run.

The second issue is the funding issue. How are we going to pay for the operations of the Division of Motor Vehicles? If we have a State takeover, for instance, there are about 650 to 700 personnel who are presently being paid for by the State through the commission system, who are not on the State payroll. How are we going to handle those new people? How much is the additional cost going to be to run our agency system in the State, whether it is private or State-run or county-run or municipally run? What level of service are we going to deliver, and how much is that level going to cost in that system? We know that no matter how you look at it, the present dollars we are paying for agency operations can't deliver that service. That is one of the problems. Agents, to an extent, are taking a profit, but the profit is not that exorbitant.

The level of service, the number of personnel, the training of those people, and the amount of pay they receive just will not deliver the kind of service we are talking about. In the State, we are presently operating 15 agencies. I think it is 15 -- 14 or 15. Four are dealer owned, 10 are State -- which the State is running, where agents have either left or been removed for cause -- and one is county. Atlantic County has volunteered, as part of an experiment, to run that particular agency.

The costs of all of those operations, as we run them, or as Atlantic County is presently running one, are more than we are paying the present agents to operate them. I will be happy to go into that in more detail. But, I need you to focus on the method by which we can best service the public on agency operations, and you are going to have to focus on the costs of that particular operation. When I say that, I think I need to add one more fact to the mix. I do have my own recommendations, and I will talk to you about those. The one more fact you have to understand is, we collect over \$360 million in registration and licensing fees in the State of New Jersey. Our present budget for the entire operation of the Division of Motor Vehicles runs somewhere around \$80 million to \$85 million, which means we are spending about 25% of the fees we are collecting to give the service, which isn't very good. If we have to spend more dollars, we should spend more dollars. If someone comes in and pays a registration fee, he or she has a right to expect a certain level of service, and it is our obligation in government to be sure that we deliver that, and spend the necessary dollars to do so, without being extravagant, without just throwing money at it, because throwing money at a problem in Motor Vehicles will not solve the problem by itself.

We have to be sure that we supply a sufficient amount of money from the revenues that are presently being collected, to deliver the service that the public has a right to expect.

Mr. Chairman, that concludes my extemporaneous explanation of the DMV reform program. It is more fully outlined with some numbers and some backup material in the two documents you have, the one I handed out to the Assembly Appropriations Committee, and the copy of the statement which summarizes -- probably a lot more eloquently than I just did -- what I just attempted to explain to you. I will now be happy to respond to any questions or inquiries with reference to

that. Pardon me if I have to call on Chris Cox or some other people to deal with anything, but I will do the best I can.

ASSEMBLYMAN SCHUBER: General, we appreciate your coming and sharing your proposals with the Committee today. I think we all recognize the fact, given the history of the system, that the reform of it is not going to come about overnight. As I think you said before the Appropriations Committee, "You can't wave a wand across it and expect it to change" -- or in today's case, an automobile antenna.

ATTORNEY GENERAL EDWARDS: A rusty automobile antenna.

ASSEMBLYMAN SCHUBER: I think the Committee does have some questions they would like to ask you on this. Let me, first of all, if I may, shift over to the Governor's Intergovernmental Task Force, the private sector advisory group. What role do you see that playing in this system, and what do you see coming out of that? What are your hopes for what you see coming out of that?

ATTORNEY GENERAL EDWARDS: It has two roles. It has a policy role, an advisory role to the Governor and myself and to the Division, and it has a secondary role, which is the actual implementation of reforms. The people chosen to be on that Intergovernmental Task Force are from disciplines that must interact with the list of reforms that have to be effectuated. So, they bring two things to it. Clint Pagano, who obviously is the head of the State Police, is on it. He brings to the regulatory and enforcement environment an expertise and a background and staff support which can assist in various ones of these functions, the regulatory and enforcement one very specifically. The Treasurer, who obviously is the head of the Treasury Department, is on it, along with the Director of the Division of Building and Construction, the Purchasing Division, and the Director of OTIS. Obviously, they bring their individual backgrounds and expertise as to what can, in fact, be accomplished and, along with their staffs, they can serve on

the various strategic target groups. They also bring their own expertise into the final judgmental processes that the Governor and/or myself and/or the Director must make in the process of making those reforms, because there are a number of judgments that are involved. All of those will be presented for advice and recommendation to the Task Force.

In addition, they will then be able, as a secondary function, to take some of their very talented people in their departments -- for instance, Gene McCaffrey in Civil Service to deal with the personnel system for agency operations -- who will be able to lend to those Task Force groups -- to the strategic target groups -- the kinds of expertise necessary to actually not only plan in a real world that is implementable, but then to assist in the actual implementation as that department interacts with that particular implementation plan while the agency is still running. If you see the line that runs back and forth, you've got interaction implementation, and those people become very important.

So, the two roles are advice and recommendation, their expertise on the decisions on the plans, and secondly, for the implementation of those plans once decisions are made as to how they, in fact, will be implemented.

ASSEMBLYMAN SCHUBER: Let me ask you a question on funding, if we may just touch on that for a minute. If we were to implement this system as we see it here, how much do you anticipate that would cost?

ATTORNEY GENERAL EDWARDS: If I give you a number, I am only guessing. One of the problems we have is, we do not have a configuration of an agency. Now, I have numbers for the operation of agencies and projections for numbers for the operation of agencies that run anywhere from \$.92 a transactions to \$1.80 a transaction. The \$1.80 a transaction right now is the cost that is being expended in Atlantic County. It is the highest of all of the configurations I have.

I have another configuration which is the 10 State-run operations which we are presently involved in, that run somewhere around \$1.30 -- I can get those numbers for you if you would like -- per transaction.

I have another configuration that would show the same personnel structure that exists in our existing State operations where we have had to go in and take over, but if we bid them out to the public, then you would have to add a profit motive -- profit on top of that particular process.

Let me tell you where the differences in the dollars are between the existing State operations and a parallel private operation, let's say the Atlantic County one. The main difference is the salary that is being paid to the supervisor of the Atlantic County office. He is getting paid \$35,000 a year. Our configurations show the supervisor of the operation earning \$21,000 a year -- the person who runs that agency office. Is that the right salary level? I can't tell you. Is \$35,000 the right salary level? To bring in the kind of person who could run and manage a retail operation, what is the competitive market out there for someone who will have that responsibility? We will find that out in the process.

So, the best that I can tell you now, or give you data about, is what exists, with a promise to go through that process -- through this process here -- and report back to this Committee and the rest of the Legislature with our final recommendation as to agency configuration as to what the cost of an agency should be. Now, maybe some agencies should be making more than others. If you have a multi-faceted agency that is running an inspection operation, driver testing, and a documentation component, then the person who runs that should obviously be paid a lot more than someone who runs a very small agency which has a very low volume because of the number of customers it attracts.

I have a feeling that the final recommendation is going to be different, depending on the level of agency and the level of responsibility that that particular agency operation has.

ASSEMBLYMAN SCHUBER: It is my understanding that part of your proposal -- I think before the Appropriations Committee -- calls for the use of Motor Vehicle receipts to implement the reform package--

ATTORNEY GENERAL EDWARDS: Correct.

ASSEMBLYMAN SCHUBER: --which I don't think is part-- Obviously, there was no proposal in the past for the reform of this. You are looking for different language in the appropriation than you had before which, in a way-- Would it undercut the legislative oversight of that particular issue which we have had before; that is, the utilization of those Motor Vehicle receipts?

ATTORNEY GENERAL EDWARDS: No, I'm recommending to-- There has always been -- let me see if I can explain what has been in the budget before -- language in the budget that allowed the tapping of revenues to pay for agency operations. Not agency operations, it said, "Licensing and registration fees can be tapped to pay for those functions and the delivery of those functions."

Now, the only thing I did when I made a recommendation to the Governor to put language in this particular budget was, I expanded that to deal with the whole reform operation. I also now told the Appropriations Committee, the Office of Legislative Services, and OMB that I hope this is the last year -- and I plan for this to be the last year -- we will ask for any language -- not any language, but language that broad to deal with that kind of a problem. I want to come back in next year's budget and have a very specific line item recommendation for the costs of the various functions.

Presently, I am prepared to rely -- and I think the Governor is prepared to rely -- on the Office of Legislative Services, the Office of Management and Budget, and the Committee on Transfers of the Appropriations Committee to deal with any appropriation of language that comes -- language of appropriation dollars that have to be disbursed to an operation in this reform program to approve or reject those, within certain limits, you know, a \$100,000 limit, or a \$200,000 limit, some dollar amount that anything above that would have to be cleared by the Committee on Transfers. Anything below that could be handled administratively between OLS and OMB.

So, yes, the Legislature does have oversight, through the Committee on Transfers process, to guarantee that those dollars are being expended in a way that fits the program that has been laid out or the responsibilities of the Division.

ASSEMBLYMAN SCHUBER: So, it is fair to say that you would have no objection to the continuation of that oversight in that particular area.

ATTORNEY GENERAL EDWARDS: Absolutely not. I would welcome it. I don't even want to sit solely responsible for the decision on those dollars and the review of those. I want the Legislature to be part of it.

ASSEMBLYMAN SCHUBER: Well, let me ask you this: Are you asking for any other appropriations other than the tapping of the Motor Vehicle receipts?

ATTORNEY GENERAL EDWARDS: Yes, there are two other major appropriation line items. There is \$5 million for computer enhancement. If you look at the chart up there where it says -- let's see which one -- "Enhance information gathering, storage, and retrieval system"-- I went back to OTIS and asked them what it would cost to enhance and to move the existing Motor Vehicle operations into the twentieth century retail world. They said, "Not more than \$10 million or \$12 million, and probably less, but we will need an up-front

appropriation." I didn't want to deal with that particular appropriation in my use of language. I made an actual request to do \$5 million of that in this particular budget. There is a whole configuration breakdown -- you have some of it in front of you in my testimony before the Appropriations Committee -- to deal with those particular problems.

There is another \$3 million appropriation in the budget to deal with a down payment, if you will, for an architectural engineering study site evaluation for a central office facility -- a new central office facility for DMV. We must begin that process. The normal time in tracking for the construction of a building approximately 350,000 square feet is anywhere from three to four years. We need the initial appropriation of dollars in order to do site evaluation, purchase, and design for that particular facility.

ASSEMBLYMAN SCHUBER: I think you made a statement with regard to this at the Appropriations; I don't remember. Do you foresee any need to raise any of the Motor Vehicle fees to implement this?

ATTORNEY GENERAL EDWARDS: No, I don't. That is why I pointed out that there is \$360-some-odd million presently being paid by the public. In order to improve this particular system, we should not be raising Motor Vehicle fees to do it. Motor Vehicle fees, you must be able to clearly recognize at this point, have a lot more to do than just pay for the delivery of that service.

The reason for increasing fees should not be the reform of Motor Vehicle. It has been a revenue source for the State for a long time used in the Motor Vehicle-- I mean, it is part of-- We have always been able, in State government, to justify the use of gasoline taxes and Motor Vehicle fees that are pumped back into the transportation system. So, I don't want to make it as if it is just kind of a willy-nilly decision made by the Legislature and governors, to take money from the

motoring public. But if we are going to deal with an increase in the fees for Motor Vehicles, it will be for that general revenue raising component, not for the reform. Or, there might be modifications to the fee structure that come about for different reasons -- simplification. I looked at the Motor Vehicle registration fees. They are very complex -- different weights, different years, different sizes. We may come back in that function evaluation and say, "Look, you should do that in two or three weight classes." We will try to make that revenue neutral, not as a revenue raiser.

ASSEMBLYMAN SCHUBER: Right now it is not part of your recommendations?

ATTORNEY GENERAL EDWARDS: Absolutely not; absolutely not.

ASSEMBLYMAN SCHUBER: Let me ask you a couple of questions with regard to the public system you are recommending, to compare it with some of the other systems that we are going to be looking at and that other folks have talked to us about. For instance, what about the Atlantic City experiment? What is your opinion-- I'm sorry, the Atlantic County experiment. What does your data show on that? We are going to have those individuals here at our next hearing next week, but, you know, that was something that was implemented, I guess, in the last quarter of last year. I have not seen much data on it and, of course, we are looking forward to having those folks here. What does your preliminary show on that?

ATTORNEY GENERAL EDWARDS: First of all, the County of Atlantic is contributing 62 cents right now to the operation of that facility, above and beyond the commission moneys and arrangements we have made with them to act as an agent. What we have done is appoint the County of Atlantic as an agent, as we would a private individual. Under the contract we have with them, we pay them "X" amount of dollars, which generally approximates the amount you would pay a normal agent. They are

supplementing that with county funds right now, at the rate of some 62 cents. So, the property taxpayers of Atlantic County are subsidizing the operation of that Motor Vehicle function.

Now, has it proven successful? I think they are delivering a better service. The general attitude of the employees is better. Some of them are the same employees who were there before. The manager, as I said, is getting paid \$35,000 a year. His primary function is to see that that agency runs smoothly, efficiently, effectively -- all the goals we are talking about. I understand that he has been relatively successful in changing the attitude and atmosphere of the operation of that facility. He is dealing with a number of handicaps. The computer system isn't working the way it is supposed to. Price Waterhouse is not finished upgrading that, nor is that internal system enhanced to deliver the kinds of retail services that it should. The responsibility of the agency and his capacity to deliver and deal with certain problems have also not been changed. He can't give a duplicate title. If somebody comes in and wants one, he is going to make him or her mad when he says he can't do it, because that has not been modified yet in our agency system.

So, if I had to do my evaluation of it, I think they are doing the best they can to deliver a better service, without having the other enhancements in place which I think we are responsible for here at the State level -- a change in attitude, better training of the employees -- which he has gone through -- all the kinds of things we are talking about doing at the State level in a State takeover. The issue becomes, who should be paying for that -- the delivery of that service? Should the property taxpayers of Atlantic County be subsidizing the Motor Vehicle operation in Atlantic County? Over a long period of time, no, I don't think they should.

I was asked the other day, "How do you feel about that experiment?" very similar to the way you asked, and whether or

not I think it should continue. I was behind that experiment. Senator Gormley originally came to me with that proposal back last summer. I signed off on it and recommended it back to the Governor that he do it, and he announced that he would. Motor Vehicle subsequently went ahead and implemented it.

I think that particular experiment-- We might want to continue it for an extended period of time, maybe beyond agency takeover by the State, or whatever configuration we put together, just to see how that works as a comparison to the rest, particularly if we are going to be satisfied that the level of service and personnel that is here is going to be adequate. I am not prepared to make that recommendation to you today, but I would throw that out to keep your minds open as you talk both to them and other agencies and operations, and as you talk to myself and the Division over the next few months while we go through the configuration of our agency system.

ASSEMBLYMAN SCHUBER: We intend, after next week's second hearing on this, to go out into the field. We will be visiting a public agency, a private agency, and I would like to go to the Atlantic County one just to see what it is like.

Let me ask you this: How would you contrast the advantages, as you see them, between the public system you are recommending and, let's say, a privatization system -- a complete privatization system? How do you see one superior over the other? It's not multiple choice, but there are a couple of changes. How do you contrast your public recommendation with a system that has been proposed and is before the Legislature also, to let borough clerks handle this entire transaction, or -- although I think you have answered this with regard to Atlantic County -- having the counties do it?

ATTORNEY GENERAL EDWARDS: I am obviously not rejecting any options that we would be happy to consider, but my evaluation of it is the following: First, we have an agency

configuration in the State of New Jersey that doesn't, in fact, work. It is a privately run operation by private sector people. The causes for that were probably debatable. Some of them would be the level of commissions paid and the contract we put together.

Secondly, I did a survey nationally as to how agencies and field agencies are being operated in the other 49 states. In none of the states do they go to public bid for field agency operations. Most of them -- 45 or some odd number -- are run by the state and county governments.

ASSEMBLYMAN SCHUBER: How many? I'm sorry.

ATTORNEY GENERAL EDWARDS: About 40 or 45 are run by state and county governments. I can get you the results of that survey; my staff can get that for you.

ASSEMBLYMAN SCHUBER: I would like to see that if we could.

ATTORNEY GENERAL EDWARDS: There are about three or four of them that are done by an appointment process, the way we do it here in New Jersey. My analysis also is that Motor Vehicle is probably the worst run operation in all the 50 states. We are not unique here in New Jersey. I don't want us to think we are the only ones who have that problem. It is in varying degrees around the country, and has existed at various levels.

There is no industry, there is no world, there is no place that I can go and come back to you and represent to you that if we put this out for public bid, who would bid and how well they would be able to perform those bids. Unlike our inspection system, where I knew we had 5000 gasoline stations out there that were presently performing reinspections, or do that kind of work, I was able to measure the potential success of a private operation. I am not able, at all, to predict or measure the success of any private bidding operation -- public bid -- for private operation of Motor Vehicle stations -- agencies.

In attempting, in that same period -- this fall, this past fall -- to draw the specifications for a public bidding process, I also came to the conclusion that no matter how many checks and balances I put into that system, without a known configuration as to how that system should function, without some kind of (indiscernible) to be able to make to the general public -- in the general public's behalf -- that I could represent that the bidders would, in fact, be able to perform -- we would have to give them a long-term bid, three years, five years; you can't ask someone to bid from the private sector and not give them a long-term contract -- there is going to have to be some criteria they are going to have to meet. We draw that criteria as best we are able to. Not having designed an agency setup the way I have described it here, but as two people in Purchase and Property and some DMV people who are able to sit down and do that, I could not represent back to you how well they were performing. We put a monitoring system together. We laid out the configuration for that. That monitoring system would find 10% of the bidders, 20% of the bidders not performing their contract. Now we have to remove them from that process.

While we are going through that, 10% or 20% of them would not be performing their contract up to snuff. What's 10% or 20% of 24 million transactions and 5.2 million people? How bad is the service going to be that they are going to be receiving while we are going through the rebidding process, throwing that agent out? Are they going to be getting the service they should? How long will it take us to stabilize the agency system in the State? Three years, five years, eight years? I don't think the public should have to live through that process. I am asking them to live through two, two and a half years, until we put together a stable system.

I also represented, Mr. Chairman, to the Assembly Appropriations Committee, that I believe our configuration must

be done in such a way so that we never foreclose the option of going to the private sector for bid. Very often the private sector can run things more efficiently and effectively than government can. Sometimes they can't. In mass transportation they have proven that they can't. Mass transportation went bankrupt in this country being run by the private sector. Government had to walk in or we would have lost mass transportation in this country.

So, sometimes government can, in fact, do it better. But, we don't know that. We don't know what those options are. First we have to draw a configuration of an agency with responsibilities that are at a level that meets the particular conceptual framework. Then we have to put that agency in place and see how it works, with the kinds of controls that are necessary to be able to move quickly and effectively to change it if it is not working, not without dealing with a contract agent out there in the public. One of the problems we are having right now that we are living through is, agents have no degree of surety; they have no control over us walking in and taking them over.

But, I want a configuration done, so that when we are finished, that could be converted and put out for public bid at the option of the policy-makers who are here at that particular point in time. The danger in a State takeover is how we do it, so that we lock it into the bureaucracy in the State system, so that it does not have that convertibility at some point in time. I, for one, would not be prepared to stand before this Committee or the rest of the Legislature and say you should go to private bidding for the agency system with any degree of surety that you are going to be able to deliver the kinds of services I am talking about here, and I would not want to be responsible for having done that.

ASSEMBLYMAN SCHUBER: How do you contrast the recommendation you're making with letting the borough clerks or

the municipal clerks operate this type of system? I think some states do that now.

ATTORNEY GENERAL EDWARDS: Yeah, they do. New Jersey has 567 municipalities. I am having trouble right now coordinating and guaranteeing the level of service and the kinds of functions -- the complexities of functions, remember, that are on that board -- to 55 agencies. To try to be able to turn around to you and say we can do that to two, or three, or four hundred municipalities, is something where I also do not have a comfort level that we could, in fact, deliver the product, nor get the kind of system back. Are we going to pay for 500 computer centers in 500 municipalities, or 300? I am not prepared to say that we should do that.

I have not, however, said that we shouldn't look at it. I did say that the counties provide a reasonable central source for that particular operation. I wonder if we are trying to deliver a uniform product every place we go, if it can operate in a franchise way, whether that franchise be private, municipal, or county. I don't know if you can. I have a feeling that you probably can, but not until we have devised the configuration of that franchise. McDonald's or Burger King or Photomat have a very, very strict framework in which they franchise out to other people in order to guarantee the level of service they are giving. We don't have such a framework. We don't have such a configuration yet.

I don't believe either you or I are going to be in a position to really answer that question until we have designed and devised that framework as to what franchise -- which is what we are really talking about -- with the State government having the responsibility of county, local, or private sector running it, until that franchise is designed, and it is not.

ASSEMBLYMAN SCHUBER: I had the opportunity -- I think some of us from Bergen County had the opportunity -- several weeks ago to go to a forum sponsored by the Bergen County Board

of Freeholders, which brought together all the legislators from Bergen County from the five legislative districts, and the mayors, council members, borough clerks, and managers from the 70 communities in Bergen County. While not everyone showed up, there was a good cross section. I raised that very question with them, that there was a proposal to do that.

At first, many of the clerks were kind of opposed to the concept. Some of the clerks hung back, though, and said they would like to think about it, and possibly look at it a little bit more closely. The League of Municipalities, I think, had endorsed the concept last year. But, I recommended that the clerks, the mayors, and the council members contact your office for the purpose of--

ATTORNEY GENERAL EDWARDS: Thank you, Mr. Chairman.

ASSEMBLYMAN SCHUBER: --talking to you about this for some more clarification. I don't really think they knew, quite frankly, the complexity of the operation that Motor Vehicles runs, as we see on the board here on my right. Most of them just think of it as registrations and licenses, but it is obviously a much more complex procedure than that. I guess if you get a number of more calls than you have been getting, I think they are probably from Bergen County.

ASSEMBLYMAN MARTIN: All 70 municipalities.

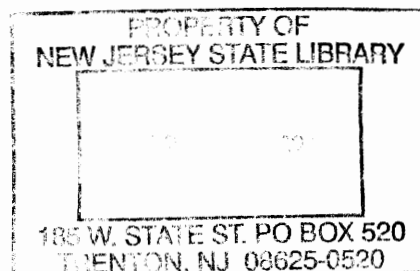
ASSEMBLYMAN SCHUBER: In the final analysis, Mr. Attorney General, how are we going to-- One of my biggest peeves with the agency system has been the level of courtesy shown to the public. I know you are concerned, too, with regard to making it more of a retail outlet. How are we going to ensure the fact that a State-run agency system -- run by the State now -- is going to be any more efficient or any more courteous to the public than, let's say, a private outlet?

ATTORNEY GENERAL EDWARDS: I think that depends on the configuration we set up for the personnel structure within that agency. I have stated, on a number of occasions, that I have a

great deal of difficulty with a tenured Civil Service employee standing behind a counter where you've got every single citizen in this State, regardless of their own internal stability and desire to be there to deal with that individual, that customer, on a reasonable, courteous, and intelligent basis without proper training. We do it in the retail world, whether it be Bambergers, or Sears, or the utility companies, or banks that deal with those kinds of volumes of people that have to go back and forth to them. They manage to do it.

I came out of the retail world. Originally I spent five years with the Macy Corporation. As a matter of fact, I got a scholarship to college from the Louis Bamberger Fund when I worked for Bambergers. I know that retail clerk personnel can be trained to deliver courteous and efficient service, if that is the emphasis upon which it is done. We must design an employee system, in my opinion, that does not have tenured, guaranteed jobs, but is based on the performance -- the employment initially and continued employment is based on the performance of the individual and on his or her suitability for the delivery of that particular performance. That means a merit system, an evaluated initial employment structure, and a promotional and personnel evaluation system that judges performance based on those very, very sound criteria.

I will be asking, if I can get that configuration put together, for a system to accomplish just that. How would I go about doing it, I have been asked, and that may be your next question. I am not really sure. I don't want to set up a very large internal training mechanism within State government to accomplish that. One suggestion that was made to me which I find intriguing is to go to a private -- to put out for public bid to a private employment operation the responsibility of setting up and hiring those particular individuals, to guarantee that the choices are made on an apolitical basis, that they are based on merit by people whose professional



responsibilities are the hiring of certain talented people, or finding talented people for certain jobs, and putting together an evaluation system to do that, within Civil Service or without Civil Service, but to have them handle that particular process. I have yet to meet with the unions in the State, which I know will be a major part of this process. We do a lot of these retail functions within our central Motor Vehicle office, whether it be our telephone banks-- Those 1100 people per day who are walking into the central office are going to a mini agency that we operate at 25 South Montgomery, but they are going to be at the Voorhees Building next-door very soon.

Do they fit into that particular configuration also? I think they do. Do we need a system internally within State government to train people to be courteous and efficient when delivering retail service? We in State government, I think, in my opinion, deliver other retail services. I don't know if that is so bad to do, and this is not a bad place to start doing it, to see, in fact, how it would work. We may find that training process to be of value in dealing with the public across-the-board for State employees. Whether you are giving licenses to accountants or whether you are giving Motor Vehicle licenses, the principles are still the same. The training would still be valuable, and perhaps something that our Department of Civil Service, or the Civil Service Commission -- I hope the Civil Service reform bill goes through, our new Personnel Department -- would be able to do, not unlike what we do in the Certified Public Managers Program now, which has proved very successful for management level people. Why can't we do that in a broader sense? I think maybe we can.

But, I am open to suggestion. This group should be coming back with the recommendations from the private sector. The strategic planning groups should be coming back with recommendations, more precisely to both you and I, as to how to do that. Ultimately, that judgment will be yours in the Legislature.

ASSEMBLYMAN SCHUBER: For the record I would indicate that in our future hearings the employees' unions will be coming forth to the Committee, among other witnesses, to testify. Let me ask you this.

ATTORNEY GENERAL EDWARDS: Mr. Chairman, the retail world is also unionized.

ASSEMBLYMAN SCHUBER: I appreciate that, yes.

ATTORNEY GENERAL EDWARDS: It is, and it functions. It delivers a service; it delivers it very effectively. My problem -- and I think I need to state this publicly -- is not with unionization or nonunionization. It is with Civil Service, really, and what tenured Civil Service has historically meant, not maybe what it should mean, but what it has historically meant. I think we may have an opportunity here to make a major improvement to that system that would be positive for everybody.

ASSEMBLYMAN SCHUBER: Let me ask you this: Last year, I think the Law and Public Safety Committee members wrestled with the issue of the Taggart affair. I think that one of the tragedies -- there were a number of tragedies -- with regard to that incident was that the baby might have gone out with the bath water. The proposal that was made at that time, I think, had a lot of validity; that is, the marketing of the Motor Vehicle system through a retail outlet that is so readily available around the State, provided it is done properly. Have you given any more thought to that type of an operation?

ATTORNEY GENERAL EDWARDS: I was one of the ones who shared the potential tragedy of that. For lack of having disclosed a name in a press release, we may have lost a golden opportunity to have done some experiments within a major successful retail chain -- Sears -- on the delivery of a component of Motor Vehicle, which was photo drivers' licenses, and issue of the drivers' license component, which would have proved, at minimum, an incredibly valuable experiment for us.

I might not have been as uncomfortable sitting here today dealing with the rest of the agency operations had we had that particular experience behind us. We don't. We did not. I think that is probably a shame. I think it was a golden opportunity. Whether we should be going back to some retailing chain-- Sears happened to be very good because they are so widely used and their locations are usually good -- all of the kinds of things you want with agencies -- so it is a shame we were not able to do that particular experiment.

ASSEMBLYMAN SCHUBER: I would recommend that the Task Force continue to look at that. I still think it is an opportunity that might serve some purpose in the future for the availability of the service at a courteous level.

I guess one of the enigmas that has always bothered me with regard to the system -- and I don't even know if there is an answer to the question -- is the fact that in the private sector, in certain industries, certain services can be delivered so readily around the State by cheerful individuals, regardless of hour. Maybe the analogy is not accurate and there is a lot left to be desired by the analogy of a McDonald's or a Burger King, you know, where you can go in and switch the rolls and all the different things in front of a person, and he remains relatively cheerful during the course of that time period. They move that thing pretty swiftly and they have it pretty much down to a system.

The question is, why can't we do that with Motor Vehicles? I recognize that we are not talking about the same thing, but the systematic aspect of that is what seems to be very similar.

ATTORNEY GENERAL EDWARDS: The systematic solution to the problems at Motor Vehicle -- the functions at Motor Vehicle -- should be able to be done. It is complex. It is a little more complex than everyone realizes. I think, but we have to do that in an orderly way. If the foundation has never been laid

to do it in the configuration that I talked about, then it is not going to be done successfully. That is why I believe it is going to take a couple of years.

Mr. Chairman, I was just notified that Senator Russo had to run over to Philadelphia for a couple of hours and Chuck Hardwick is out of the State, so I have just been told I am Acting Governor. I hope you will treat me appropriately for the next two hours.

ASSEMBLYMAN SCHUBER: I appreciate that. I know you told me that as a result of your testimony here, we can all get out our licenses and registrations and you will pass among us and have them renewed without us having to go down there.

You know, not facetiously, but the fact of the matter is, it would appear to me that it would be a great concept to let the licensing and registration to go out to a McDonald's and a Burger King and, you know, the great burger wars, we would have the great registration wars, and maybe the competition would generate--

I am not going to ask any more questions. I am going to ask if any members of the Committee have any questions. I will start on my left with Assemblyman Martin.

ASSEMBLYMAN MARTIN: I think you touched on some of the things I wanted to say. You used the term "comfort level." I guess maybe what Pat is wrestling with -- at least I am -- is the comfort level of turning over the Division of Motor Vehicles to some large State-run organization. That is not to say that practically any experiment, I would say, at this stage, may not be better than what we have. It just strikes me--

Let me ask you a question, General. You talked about--

ASSEMBLYMAN SCHUBER: It's Governor now. (laughter)

ATTORNEY GENERAL EDWARDS: Thank you, Mr. Chairman.

ASSEMBLYMAN MARTIN: How about Governor General?

ATTORNEY GENERAL EDWARDS: I never get the deference I deserve. Go ahead.

ASSEMBLYMAN MARTIN: You spoke about the fact that there is apparently no real model throughout the country which you could turn to in the private sector world. Is there anything like what you are proposing around the country of having a retail-oriented operation? That is the thing that bothers me the most on this. Is there something that you can point to in some other state similar to what you are talking about -- this retail-oriented, retail-sensitive model, in which you have professional people working on a day-to-day basis with the public?

ATTORNEY GENERAL EDWARDS: I don't know. My research has not gone that deeply into the day-to-day operations. I am assuming that our strategic groups will do that kind of an analysis. I don't think the retail environment -- something that is subject to specific evaluation in Motor Vehicles -- that could be done anywhere would change my mind as to the philosophy around which the approach to Motor Vehicles should be made.

I stand open-minded if someone can really show me it is the wrong philosophical approach to it. That recommendation is not to try to set up a Burger King or a McDonald's or a Photomat specifically. It is designed to be the concept and the framework upon which the decision-makers, the policy-makers, the implementers -- and the managers and implementers all the way down the line -- approach their daily functions. It is designed to be a change in the direction and thought processes and what motivates them to make a decision or do a function a certain way. I call it retail. You could call it service; you could call it courtesy; you could call it a lot of things. But I think retail epitomizes more what I am talking about philosophically as to the mind-set and philosophy of all those who deal with, and are responsible for, the delivery of those Motor Vehicle functions on a daily basis.

When you get to the more specific configuration of an agency, then the strategic target group, using the best we can find, should come back to this Legislature with a recommendation, and with responses to other concepts and ideas that members of this Committee or the rest of the Legislature have, whether it should be competitive, as the Chairman maybe has pointed out, having two different people very close to each other competing to deliver it, as a way of helping to motivate that process on.

I am perfectly open to dealing with those options. I am not trying to increase the State's responsibility on a daily basis, nor the number of employees who are on the State payroll by 600 or 700 people. I am only interested in the delivery of that service and that function as efficiently and effectively and politely as we can deliver those functions up there. I believe we have to stabilize that system right now.

Allow me for a moment to take a step back and look at where we are right today. I have 10 State-run agencies, where we have gone in, based on the contract powers we have to run them, because the agents have either abandoned them or they haven't run them properly. I have no authority to set up a State-run agency on a long-term basis. I've got them on the State payroll. The only personnel system I have to hire those people is as temporary and provisional employees. That has a limited duration in which it can exist. I've got another 40 agencies out there to which we have announced that there will no longer be political appointments. Every single person running those 40 agencies out there knows they are not going to be here at some reasonable point in time in the future. The level of service they are prepared to deliver and the period of time they are prepared to stay themselves and run that, vary among all 40 of them. There is a very volatile delivery system in place today. I am talking about running that railroad. I have some that may not be operating well that we want to remove

because of the level they have been delivering, and I am doing a very detailed evaluation of that based on some SCI reports we have gotten.

But, I am assuming that we are going to have, over the next six months, maybe 15 more agencies we are going to wind up with. I've got to be prepared to run 20 more if they walk out. The agency system in contracts, as presently configured, pays 90 cents a transaction to the agent for the first 100,000 or 150,000, then it goes to 70 cents, then it goes to 45 cents. They are going to hit certain volumes where they are going to say, "It doesn't pay me to be here any more because I am going to be gone in four months, and I am only getting 45 cents a transaction. I'm losing money." Or, "I am going to cut back on this level of service."

So, I am dealing with an immediate problem which needs an immediate solution; it needs stabilizing. The level of service that is being delivered out there is just so sporadic and varied. Some agents are doing a super job. Some have been there as a career almost. Some aren't even showing up at the agencies to run them. We need to stabilize that system. I need to, as the Attorney General. I must take that responsibility, but so must the Legislature.

What I am really saying is, give me a configuration on a State-run operation for a limited period of time. Give me a year, two years, five years -- three years, something -- so we can stabilize that, and then leave ourselves open to the judgment as to how that can be configured. Maybe leave Atlantic County running as an experiment for the alternate government franchise operation. Maybe at some point in time throw out a couple of private agency bids -- throw them out and see how they work on some very controlled, experimental way, so we can make that judgment, not unlike we handled the public/private inspection system. It took us three years to stabilize the inspection system in the State. It is going to

take us that long to stabilize the agency system, but let's get going with a configuration that allows that to happen. Let that strategic group come back and make some really good, solid recommendations as to how we structure it.

We are going to need a temporary system, and we are going to need a long-term permanent system. I hope to come back to you very, very soon with very concrete recommendations on how to manage that. We are working very hard on that. That Intergovernmental Task Force is going to be very important, I think, in coming back to you with some recommendations, so that you can have some input. Right now, it is not your fault that that is happening. It is not the Legislature's responsibility. It is really ours to come back to you and give you some options to choose from, and then respond to the suggestions for improvements you might make.

I think the public/private system works because of that joint effort by the Legislature and the Executive. I was part of that two and a half, three years ago. It did work; and it worked, I think, very well. The partnership worked. It is that partnership that has to exist here if we are really going to accomplish that bottom-line goal.

I didn't mean to go off on you in a very long answer to a question, or portions of it.

ASSEMBLYMAN MARTIN: At least conceptually, we had, obviously, a number of these proposals discussed last year. One of the ones about which I was originally skeptical, I think may have some merit; that is the one with the municipalities, in at least this fashion: I recognize, I think, the principal reason you are saying we have to have a State-run operation is control. There is no other way you can really get control of the whole system, especially on a short-term basis. It seems to me, among the proposals with the municipalities, that some of the transactions, especially given the telecommunications in

this computer age -- maybe not right now with the system of computers -- are such that a local operation -- maybe not for every municipality--

One of the proposals suggested last year was that there may be at least some municipalities in every county which would be willing to participate for, I guess, a share of revenue, in which those municipalities, of course, would offer the convenience. They may be in a position to at least be able to take in money and handle some of the basic paperwork which would, of course, I think, enhance that system to the public because it would really provide a major convenience if you were dealing with a local municipality. I am not saying it may have its place throughout the State, but if you are talking about some experimentation in this two-year or three-year period of transition, it strikes me that if you could have a number of municipalities which may be willing to enter into an experiment, you could try something like that, where you would have a terminal, or whatever needed to be in place, and allow the municipalities a chance to see whether they, too, could possibly participate.

That is just a comment. The one thing I did want to ask more of a technical nature-- You indicated that there has to be additional computerization. Of course, going through last year, and now presumably the Price Waterhouse-- The major obstacles will be cleared, hopefully this summer. What specifically is this new \$5 million appropriation for the additional computerization going to do?

ATTORNEY GENERAL EDWARDS: You indicated a moment ago that telecommunications and technology have advanced to a level that is more profound, and we are taking advantage of it. That is what OTIS has really been designed to do for the State -- been put together to do. They are just getting under way, and I don't want to get into a debate about the successes or failures of OTIS in that process.

The original Price Waterhouse contract was designed to bring together different computer operations that already existed, whether it was licensing, which was handled by one -- the software package -- or the registrations which were handled by another, or the titles which were handled by another. They were all disparate functions that happened in independent little kingdoms within Motor Vehicle with their own internal software. Price Waterhouse, as a result of the study they bid for, and won, came back with a recommendation for a centralized software system. It was an integrated one. That's all it was. They had other recommendations with microfilming being implemented, and some other things, but basically as a computer network it was designed to centralize that data base and improve the files of each individual, so that they would be interrelated and the time response would be enhanced.

They also made a recommendation to computerize the agencies. Our last computerization of the 50 agencies happened in February of this year. So, the last one came up on-line with an actual terminal. They didn't have terminals before this. This was started in 1982, '83. This Administration did it.

What didn't happen was, the computer configurations that Price Waterhouse was putting in were never added to, to deal with a more profound interrelationship between that central CPU operation and software and a real retail environment. Nobody thought about a retail environment -- about different services. They were dealing with the delivery of the existing agency framework -- a title, a license, and a registration form. They weren't dealing with duplicate titles or all the other functions and responses. Violations, restorations, none of that was handled.

The system was designed to pull up on the screen the data from the central CPU -- from the central data base -- that person's title, that person's license, and that person's

registration, and to print them out on a unified form. You noticed your driver's license changed. It looks just like your registration. That was designed for simplicity of operation, so that they weren't all different. That was part of that recommendation. But it never took our telecommunications capacity, trying to deal with enhancements in the field for more work that could be done in an agency -- faster, more information, and the transfer of information back and forth to solve various functions. This \$5 million is part of the recommendation of the \$12 million program that came from OTIS as to how to deal with those enhancements, how to do more things in the agencies than are presently being done, that we want to do, and how to take advantage of the new telecommunications equipment and capacities that are out there for better, not only response times, but more data and better service -- faster printers, different kinds of printers. Somebody has recommended, you know, that at some point you may want to walk into a Motor Vehicle agency with your license, you will have a card with a magnetic imprint that they can run through it and pull your whole data base up as proof and guarantee as to who you are, like you do with a credit card today, as they do your American Express card when they check it over the phone line -- that that might be a way of bringing your screen up a lot faster, than sitting there typing in your driver's license number.

Those kinds of enhancements are the kinds of things that we are talking about in this data processing operation, to make it a retail environment, service environment computer system, not a central operation dominated by the regulatory world.

Now, that is the best way I can describe it. There are numbers that I will be happy to get you, which are projections for the use of ~~that~~ \$5 million -- \$1.8 for enhancements, and certain other components which I can get

you. But, even those numbers are only guesstimates at this particular point in time, as to the amount of dollars necessary to accomplish that retailing. I could liken it -- going back three years to public/private -- to when Marty Herman and myself made arrangements to get \$5 million to do lane expansion improvement so that the inspection system would be capable of handling any member of the public who went there. It is the same kind of offer I am going back to the Legislature and making in reverse with reference to the computer system, to make it a retail friendly environment and enhance its total services, in fact, better. I am really offering the same deal.

I will get you those numbers, Assemblyman, more specifically.

ASSEMBLYMAN MARTIN: Thank you.

ASSEMBLYMAN SCHUBER: Two quick questions before I move over to my right. One is, is there a study available as to the comparison of the operations of those parts of our agency system which are now in public hands, as opposed to the ones which are in private hands?

ATTORNEY GENERAL EDWARDS: No. They have only been in public hands for a very short period of time. We don't even have a full year cycle. We have been picking them up one here and one there if somebody resigns. We have taken over a couple. There have been as much as eight months or ten months on some. Four of them are dealer operated; we opened them to handle the dealers' circumstances, which is different than our normal Motor Vehicle customers. Some of them have been around a little longer, but that is not the retail environment I am talking about. So, no, there is not.

ASSEMBLYMAN SCHUBER: I think you also answered this before the Appropriations Committee. When do you expect that all of the kinks of the Price Waterhouse system will be taken care of, and the system will be fully operational?

ATTORNEY GENERAL EDWARDS: We think they will have completed the redesign of most of the programs -- there are 120 different functions in there -- by April 15, which is very, very soon, or within a week or two of that. What has not been done-- All of those 120 functions have been run as an integrated operation. When they start banging up against each other, we will find out where the bugs are. We believe it will probably take three months to find out whether or not they met their contract -- whether they debugged the system so that where the software is hitting each other in those 120 different reconfigurations that were done -- if we will have by July 1 a debugged operating system or, at the minimum, know what things still have to be done by Price Waterhouse in order to meet the final responsibilities under their contract.

They have been working very hard, Mr. Chairman. The Price Waterhouse people have done a yeoman's job in trying to correct the mistake which they acknowledge they made. From a professional standpoint, they are a very, very reputable company, and they are trying to stand behind that product, as any good, reputable company would. They have put a lot of resources into making that system work as it was contracted for.

ASSEMBLYMAN SCHUBER: On my right, Assemblyman Shusted, the Vice Chairman of this Committee.

ASSEMBLYMAN SHUSTED: General -- or Governor, I should say -- I have a whole list of tough questions here.

ATTORNEY GENERAL EDWARDS: Only for another hour, Mr. Shusted.

ASSEMBLYMAN SHUSTED: I was thinking to myself that I would forego these tough questions, if when you get back to your office you will sign a pet bill which is-- (laughter)

I only have one question. I was just concerned that if the agency does go to a State-run operation, is it your opinion that we can run those agencies basically on the fees that are generated, or would that require a supplemental appropriation?

ATTORNEY GENERAL EDWARDS: No, it can run on the fees that are generated. We are only using about 25% of the fees to run the entire Motor Vehicle operation now; the other 75% is going into the General Treasury -- the General Fund. Three hundred and sixty million dollars is being generated on registration fees, licensing fees, etc. There is another chunk of dollars we are collecting for insurance surcharges and motor carrier fuel taxes, to bring the total revenue collection responsibility of Motor Vehicle up into the \$450, \$480 million category, with a total budget of about \$90 million.

The agency operations, we believe will probably increase in costs -- and I am really ball parking it -- between \$5 million and \$10 million. We don't know because we don't know how many agencies we need. That configuration is undecided. The location of agencies isn't decided. We have a lot of them which are not located in the most convenient places. We pay cheap rent. If we want to put them in a shopping center where they would be conveniently located to meet that philosophy, we have to pay more rent. There are just so many variables out there until the analysis is complete and we have an authorization to go ahead and set up a separate facilities and management -- a leasing procedure, until I get the Intergovernmental Task Force people and the Building and Construction people together, until I get some leases signed by the Speaker and the President of the Senate, which have been hanging around for years.

Those are the kinds of unanswered questions that make it impossible for me to tell you today how much we should line on a budget for the agency operations.

ASSEMBLYMAN SHUSTED: Okay, thank you.

ASSEMBLYMAN SCHUBER: And, to my far right -- and that is not a political comment -- is Assemblyman Bocchini. We are, obviously, very pleased to see him back on his feet again. Joe?

ASSEMBLYMAN BOCCHINI: Thank you. Governor, I'm glad you're here this morning. Actually, I guess, considering the topic, I really need your help. I locked my keys in my car when I got here this morning. (laughter) If you can take care of that, the rest of the day will be easy.

ASSEMBLYMAN SCHUBER: He's got an extra antenna for you. You can use that.

ASSEMBLYMAN BOCCHINI: Cary, actually, a lot of what you said this morning I agree with. Some of it I don't necessarily agree with. I believe the State is capable and can potentially handle the agency system. I don't see any reason why we can't. At least my own feelings are -- and always have been -- that DMV is the area where the people in this State, the public in general, have some of their closest contacts with State government. In many instances, it may be their first contact, or their only contact. If we can't do that job, then maybe we ought not be in the business of government for some reason.

In relation to some of your proposals, one particularly-- I know in the beginning of this Administration, the Governor initiated the Governor's Management Improvement Plan, GMIP as it was better known, and as I look at your chart up there, I see the private sector advisory group, and I am just wondering are we entering into an era of GMIP revisited under a different scenario?

ATTORNEY GENERAL EDWARDS: No. I believe that we need the expertise of the people and the specific trades which deal with the same kinds of problems we deal with in Motor Vehicle -- banks, utilities, retail merchants, both franchised and nonfranchised, where they are centrally run -- to bring that expertise together to help us to make as much the policy judgments as the management or efficiency judgments. GMIP was designed to be an efficiency study, to see how well we were managing the people and the facilities we had in State government.

I am not looking for that. I am looking for something far more profound. GMIP had a component of it called Strategic Planning -- Long-Range Planning -- which caused a great deal of furor when it came out. It was almost a sidelight of their responsibility. "Tell us that you have been looking at this," we told GMIP. "What do you think are some of the functions as you see them, and some of the long-range solutions for them." They came out with them with a great deal of fanfare right before an election, and created nothing but distortion in a real sense.

I am really going back to this group and saying, "Now, do that strategic planning. It is your primary function." I am not looking for a management efficiency evaluation. Although I do want the place to run efficiently, that is not their primary goal. We have trouble with the expertise that exists in State government as to how to run an agency -- a retail-oriented agency -- and we ought to be drawing on as much talent as we can. That advisory group is designed to do that.

ASSEMBLYMAN BOCCHINI: All right. You know, one of the basic concepts, I think, in management is setting forth specific and measurable objectives, whether it be in a service industry or any other type of business.

ATTORNEY GENERAL EDWARDS: Yes.

ASSEMBLYMAN BOCCHINI: In relation to everything you have said, would you be willing to set certain specific objectives that you would hope to come out of a properly functioning Division of Motor Vehicles, i.e., time service goals for licensing, registrations, etc., so that at the end of a period of time, from an objective standpoint, you, as the overseer of the entire Department, would be able to say, "Well, we have reached the plateau we are looking for"?

We, as the Legislature, based on what you have told us you would be looking for, would be able to say, "Mr. Attorney General, DMV has reached this." That's great. We don't have a

problem. But, maybe they didn't reach it, and then we are going to say, "Why?" Obviously, you are going to be saying, "Why?"

ATTORNEY GENERAL EDWARDS: Why also.

ASSEMBLYMAN BOCCHINI: Can we anticipate hearing from you certain service time-oriented goals?

ATTORNEY GENERAL EDWARDS: Not only objection standards upon which to measure the functioning of the office, but subjective ones, because some of the items we want to measure will not lend themselves to objective analysis in a statistical way. The level of courtesy in service that is delivered is not necessarily measurable as to time of response for a customer who comes in. It is a component of it.

The answer is, absolutely. You can't set up a system as complex as this and do these kinds of things that those strategic target groups are designed to do, without setting management goals and objectives -- both objective and subjective standards. Their job -- these groups -- to deliver those standards, back up to and through this change for final decision, and then implementation back into the existing operation, so that they are, in fact, measurable in a management sense. I think we have, within DMV and State government, the management expertise to set those objectives.

ASSEMBLYMAN BOCCHINI: When do you think we will be able to see something in writing which would say, "This is what we are looking to do. This is what we see as an outside" -- you know -- "time frame that we think an agency should be able to handle a transaction, etc."?

ATTORNEY GENERAL EDWARDS: I think you will be seeing various components of that as they are even developed and as recommendations are made, especially this Committee, since it has been designed as a Select Committee to deal with this issue. I look forward to really dealing with you more than the Division does on a regular basis. Over the next two years,

different components, different operations-- If I can get the budget in place and I have the option to draw on the revenues that are there, and we arrive at a configuration as to authorization -- as the Legislature -- to do State takeover, can I then go ahead and proceed -- on a temporary basis-- Can I then go ahead and proceed with a permanentization (sic) of a system for you, and come back in six months? I can't tell you. That is what these people are there to do.

The strategic group on agency reform will be reporting back specifically to me, and I subsequently to you, with those kinds of recommendations.

ASSEMBLYMAN BOCCHINI: In relation to the Intergovernmental Task Force, I have no problem with some of the people, or the capacities of those people who are serving on that. But it seems to me that it does not include any legislators. Should it?

ATTORNEY GENERAL EDWARDS: Not unless you are willing to let my people sit on this Committee, you know, to deal with other issues that you have. I believe, Assemblyman, that this is an Executive responsibility. The Legislature set this Select Committee up to be that arm and that expertise.

We, as a management group, responsible for the administration of State government, are putting together an intergovernmental working group to help make our decisions, our judgments, and our recommendations back to you. I believe this Committee is a prime example of the arm and the vehicle and the way that this Legislature should be reacting to that problem.

If I were putting together a study commission, which is a much broader view -- and we have had a lot of study commissions look at various things -- then, yes, it would obviously be a joint role that we should play together. This one, I believe, is one in which we have a responsibility to recommend back to you and the Speaker, who has properly put together this Committee, how to deal with it on a daily basis.

For me to interact, I've also got to deal with the Senate. Senator Graves' Committee, I think, has been assigned a similar kind of responsibility, and I will report back to them.

But I believe we are talking about our responsibilities as the Executive Branch administratively, to deal with not only problems that are of your concern, but just the day-to-day implementation problems that are not being dealt with.

ASSEMBLYMAN BOCCHINI: Assemblyman Martin covered an area that I was concerned about fairly well. Five million dollars more in computer services-- I couldn't help but chuckle when you first mentioned that.

ATTORNEY GENERAL EDWARDS: You should have seen how I chuckled when OTIS told me 10 or 12.

ASSEMBLYMAN BOCCHINI: That leads me to another question, speaking of 10 or 12. We recently had another \$12 million no bid contract that went out on computer services in relation to OTIS, I believe through the Treasurer's office. A California group just received that in the last few months.

I was wondering -- and if you don't know, you may want to try to find out -- how that will tie in as far as what they are doing in OTIS in this revamping of their system over there for \$12 million, if any of that can possibly be built into the mechanism that you are talking about in expanding the services of our computer system for DMV.

One of my concerns, Mr. Attorney General, is the fact that, you know, we are spending a heck of a lot of dollars on computer services over the last number of years. I just don't see us getting what we have been paying for. I am very fearful. I am going to be very skeptical of it all the way through. I'll probably be the devil's advocate, I guess, through the entire process, only as a result of what we experienced last year.

You represented, in part, that Price Waterhouse was doing what they are supposed to be doing. Well, our opinions differ to that extent. I am not here to debate that. But, getting back to the \$12 million I was speaking about, and your \$5 million, do you know if there is any possibility for any interrelationship between those?

ATTORNEY GENERAL EDWARDS: No, there isn't. I am going to have to go back to my old counsel hat really to-- I am not wearing that hat any more, so OTIS ain't my job, as they say. But to an extent, OTIS' functionability as it interrelates to the whole Department of Law and Public Safety-- I just don't have Motor Vehicles; I've got State Police, I've got Consumer Affairs, and I've got all kinds of operations that interrelate with the central hub computer. It is my understanding, as best I know, that that was a \$12 million consulting agreement done by OTIS to bring the expertise necessary to centralize our computer and hub operation, as originally programed and presented by the Governor to the Legislature about two years ago in appropriations.

How they use that consultant is an internal judgment made by OTIS. They bill us as agency departments for whatever work they perform for us. So, if they were to use \$2 million of that 12, they would then bill us \$2 million back for that particular work, or if they were to do an add-on for Motor Vehicle that wasn't part of the original configuration. A \$12 million bid by OTIS for a consultant, or for anything that they hire internally, is billed back to the Department, and is ultimately paid through the departmental process. That was the judgment made by the Legislature two budgets ago -- three budgets ago -- with the beginning of our computer enhancement program.

So, this \$5 million is designed to go into our budget to hire OTIS to do what we might want to hire Price Waterhouse

to do historically. They have the ability now and the capacity to do it. If they need additional help, they then go and provide it.

I am as skeptical as you are. I have always told this Legislature, even sitting as counsel, that we sit wearing very similar hats. Sometimes I am the last to know; sometimes you guys used to know before I did, and the Governor's office did. We have a management structure that requires checks and balances. Governors and legislators are those checks and balances. The computerization -- the OTIS formula concept -- and the computerization of this State is absolutely necessary. It is very, very complex. You looked at those functions, and you think they are complex. I want us to sit down some day and you can take a look at what OTIS has to look at as far as complexity in putting the essential hub system together. We didn't have enough talented people at all in this State -- they weren't recruitable, especially at the levels we pay them -- to do the diversified computer operation we embarked on 10 years ago.

So, I don't want to get into a discussion about all of OTIS. As I said, it is not completely my job, but as a user agency now in Law and Public Safety -- a heavy user agency -- it is vitally important to me that OTIS succeeds. I think their plans are right; they are going in the right direction; they are doing the right kinds of things that have to be done for the State. Yes, it is going to cost hundreds of millions of dollars. You better believe it is. But it is a \$9.3 billion annual service corporation. You have to spend money to be able to deliver the services to the public.

ASSEMBLYMAN BOCCHINI: These will be my final two questions: Considering the magnitude and the scope of what you are projecting for the future and the way you anticipate DMV to operate -- this goes very much into you -- can you foresee DMV becoming its own department?

ATTORNEY GENERAL EDWARDS: I had to wrestle with that question when the Governor asked me to do the analysis I did and make the recommendations I did. What you see in that chart is really the result of the Governor's decisions on the priorities in those recommendations and, in this chart, the concepts that he finally adopted. You have to recognize that one of the judgments was whether we should leave the Division of Motor Vehicles in the Department of Law and Public Safety, or set it off as a separate department. At that time, the Governor knew that he was considering, at least, a recommendation to the Legislature to remove the Department of Energy, so there would have been a vacancy there to fill. There were recommendations out there, and I did some analyses about what some other states do, and what other departments might absorb it in State government if we didn't leave it in Law and Public Safety. Transportation was the main one considered.

My recommendation back to him at that point in time -- and it remains the same -- was that it belongs in the Department of Law and Public Safety, that it should not be a separate department in and of itself; that if we make it a separate department in and of itself we would be diminishing its apolitical character by making it a Cabinet level agency.

One of our goals, as was stated in the second area, was to establish an apolitical Division of Motor Vehicles. I sat down and talked to a number of people about that very question you asked. One of them was Clint Pagano, the Superintendent of State Police. I said, "Clint, you dealt with Motor Vehicles 10 or 20 years now with the State Police. Should we set it up as a separate department? Should be set it up as a division of a different department?" He said, "I haven't spent a lot of time thinking about it, but I'll tell you what my thought processes are." He went on to explain that he, as the Superintendent of State Police is an apolitical

operation within the Department of Law and Public Safety, that he would not want to be, as the Superintendent of State Police, part of any Governor's Cabinet. It has nothing to do with Tom Kean or Brendan Byrne or whoever will be our future Governors, that there are things that go on at Cabinet meetings that he, as the Superintendent of State Police, feels he should be removed from. He is more comfortable with -- let me say -- sitting on the outside.

When you then take an analysis and look at all the divisions and departments of State government, that as a result of efforts by Attorneys General Kugler, Hyland, Degnan, Zazzali, and Kimmelman that the Department of Law and Public Safety, those under the control of the Attorney General directly, or those which have been decided by a Governor that they will be apolitical and an Attorney General, they are -- the Division of Law, the Division of Criminal Justice, specifically -- apolitical operations. I have no idea of what the political registrations of any of the individuals who are in those Divisions are. You can't be the chief law enforcement officer of the State and have divisions that do that, that are run on a political basis, as they historically had been. Kugler changed that in 1970, and it has been maintained by every Attorney General since. So has the Division of Law; so has the Division of State Police, for obvious reasons. So has the Division of Gaming Enforcement.

Do we want to move Motor Vehicles into that configuration? Yes, in fact, we do. Where, in my judgment, and in the judgment of the Governor, is the best place for that to be accomplished to be able to be sustained above and beyond any particular Governor or time period? We believe that is in the Department of Law and Public Safety, if it is not going to be a separate department in and of itself. We have the best chance of making it as apolitical, and as being perceived as apolitical.

You remember, Joe, you sat through those hearings, part of the problem with our agency system in the Taggart matter was perception as opposed to any real wrong-doing by anybody, but the public perception is very important. We stand the best chance of succeeding there. That was my recommendation to the Governor; that was the Governor's ultimate determination.

ASSEMBLYMAN BOCCHINI: See, you just rattled off three or four areas, you know, under the auspices of the A.G.'s office now, including DMV. The others were all very apolitical. I think I would acknowledge that, and I believe that. DMV has been under the A.G. and the Department of Law and Public Safety since its inception, I believe, and it has been, probably, the most political animal in State government.

ATTORNEY GENERAL EDWARDS: Correct.

ASSEMBLYMAN BOCCHINI: So, the mere fact that we are-- I think the big question here is the agency question, which has given it the political overtones. When you straighten out the agency problem, I think that will do a lot to diminish the political aspect of it.

ATTORNEY GENERAL EDWARDS: It will; it will. But, you want to keep it--

ASSEMBLYMAN BOCCHINI: At the same time, as I look at what your responsibilities are-- I think we are fortunate. I think you are going to be a very good Attorney General. Time hopefully will show that to be the case. But it's a heck of a lot of work, Cary, you know, and I just wonder about the purposes of being able to serve, you know, your own self as well as you can doing what you have to do. You know, you can only have so many pots on the stove. Maybe that is one big kettle that deserves to be on a stove by itself. That is what my thoughts are.

My final question is--

ATTORNEY GENERAL EDWARDS: I might just add a quick comment to that and say, I wouldn't trade places with Geoff Perselay in Human Services, if you want so many pots on the stove, or maybe with Dick Dewling in DEP.

ASSEMBLYMAN BOCCHINI: Okay, touche. Finally, if things are not in place on July 1, are you prepared to sue -- prepared to take Price Waterhouse into court?

ATTORNEY GENERAL EDWARDS: The evaluation of our reaction to the performance of Price Waterhouse under their contract cannot -- and you know this, Joe, as a lawyer-- We can't evaluate that until the whole case is in. The decision as to how and what we do with Price Waterhouse, the level of damages that have been suffered-- An evaluation of that can't take place until reformation is completed.

I will answer that for you after we have done an analysis, when we have accepted the system, and I know exactly what it is, and what our rights are. Then I can make the analysis -- under the contract -- what the rights of the State are.

ASSEMBLYMAN BOCCHINI: Would you project that to be sometime in July, or August?

ATTORNEY GENERAL EDWARDS: They will be finished in July. My evaluation would be sometime over that summer period, yes.

ASSEMBLYMAN BOCCHINI: Okay.

ATTORNEY GENERAL EDWARDS: Or early fall at the latest. There are very complex legal questions, Joe, very complex.

ASSEMBLYMAN SCHUBER: General Edwards -- Acting Governor -- thank you very, very much.

ATTORNEY GENERAL EDWARDS: Thirty-five more minutes.

ASSEMBLYMAN SCHUBER: We appreciate your being with us to share your concerns with us. We appreciate it very much.

For the members of the Committee, two last items: I would like to express, on behalf of the members of the Committee and the staff, our sincere condolences to our Minority Staff member, Al Harris, on the passing of his father. We send you and the members of your family our sincere sympathy.

I would also tell the members of the press that the second hearing on this issue will take place next Wednesday, at 9:30 a.m., in these chambers, I believe, at which time we will have the representatives of the agency in Atlantic County. We will have a representative of the SCI. We will have representatives of the private agency system, and we may have some surprise witnesses as a result of that.

After that hearing, we are then going to go into the field to visit some of the agencies, both public and private. We then anticipate bringing in some representatives from some of the state agencies in other states to testify in regard to their systems.

So, that is the preliminary agenda for the Committee for the next month or so. I thank everyone for coming out. I appreciate it.

ATTORNEY GENERAL EDWARDS: Thank you.

(HEARING CONCLUDED)

APPENDIX

TESTIMONY

OF THE

HONORABLE W. CARY EDWARDS
ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY.

BEFORE THE

ASSEMBLY SELECT COMMITTEE
ON MOTOR VEHICLES

APRIL 3, 1986
TRENTON, NEW JERSEY

MR. CHAIRMAN AND MEMBERS OF THE ASSEMBLY SELECT COMMITTEE
ON MOTOR VEHICLES:

TODAY I WOULD LIKE TO OUTLINE THE FRAMEWORK DESIGNED TO
BUILD A STATE MOTOR VEHICLE SYSTEM WHICH IS EVERYTHING THE
PUBLIC DEMANDS AND DESERVES. IT IS A PARTICULAR PLEASURE TO
HAVE THIS OPPORTUNITY BECAUSE, AS ATTORNEY GENERAL, I WANT TO
SEE THE CREATION OF A DIVISION OF MOTOR VEHICLES (DMV) WHICH
FULFILLS THE GOVERNOR'S GOALS OF BEING EFFICIENT, PROFESSIONAL
AND RESPONSIVE TO NEW JERSEY DRIVERS.

THE BUDGET I PRESENTED TO YOUR COLLEAGUES ON THE
APPROPRIATIONS COMMITTEE REPRESENTS THE COMMENCEMENT OF FUNDING
THE MAJOR INITIATIVES WHICH WILL EFFECTIVELY OVERHAUL NEW
JERSEY'S MOTOR VEHICLE SYSTEM. THESE INITIATIVES FOCUS ON
REBUILDING THE CORE FUNCTIONS OF DMV, ENSURING THAT THESE BASIC
SERVICES ARE SUBSTANTIALLY IMPROVED.

OUR PLAN RECOGNIZES THAT THE ONE STATE SERVICE WITH WHICH
MOST NEW JERSEYANS HAVE CONTACT MUST BE DRAMATICALLY REVAMPED.
CLEARLY, THIS WHOLESAL CHANGE WILL COST MONEY AS ANY MAJOR
RENOVATION PROGRAM MUST. HOWEVER, THE MONIES INVESTED THIS YEAR
AND BEYOND WILL ENSURE THAT OVER THE YEARS NEW JERSEY MOTORISTS
WILL RECEIVE VALUE AND SERVICE FOR EACH DOLLAR THEY SPEND IN
LICENSING AND REGISTRATION FEES.

LOOKED AT FROM ANOTHER VIEW, IT IS AN EXPENDITURE WHICH IS
OWED THE TAXPAYER. PRESENTLY DMV COLLECTS OVER \$400 MILLION A

YEAR IN VEHICLE LICENSE AND REGISTRATION FEES AND OTHER REVENUES. THE LEAST MOTORISTS DESERVE BACK IS COURTEOUS, EFFICIENT SERVICE.

THE FACT THAT THE LEGISLATURE HAS ESTABLISHED THIS SPECIAL COMMITTEE WHOSE SOLE PURPOSE IS TO STUDY, REVIEW AND RECOMMEND CHANGES IN DMV IS EVIDENCE OF THE COMPLEX CHALLENGE BEFORE US. A LOOK AT THE TASKS WHICH FACE DMV FURTHER ILLUSTRATES HOW DEMANDING IS ITS MISSION.

EACH AND EVERY YEAR DMV MUST ADMINISTER AND OVERSEE 24 MILLION TRANSACTIONS INVOLVING 5.2 MILLION LICENSED DRIVERS.

EACH YEAR DMV CONDUCTS 6.8 MILLION VEHICLE INSPECTIONS.

EACH YEAR DMV ISSUES 2.3 MILLION CERTIFICATES OF OWNERSHIP.

EACH YEAR DMV HANDS OUT OVER 1 MILLION LICENSE PLATES AND PROCESSES 1.5 MILLION VIOLATIONS.

EACH AND EVERY WORKING DAY DMV'S COMPUTER MUST DEAL WITH 323,000 INQUIRIES. BUT THE DIVISION'S RESPONSIBILITIES DO NOT STOP THERE.

DID YOU KNOW DMV MUST ALSO LICENSE EVERY JUNKYARD, BODY SHOP, AND DRIVING SCHOOL FROM HIGH POINT TO CAPE MAY? MOREOVER, DID YOU KNOW EVERY MOTORCYCLIST, TRUCK DRIVER, NEW OR USED CAR DEALER, AND PRIVATE INSPECTION OPERATOR MUST BE LICENSED BY DMV?

TO MEET THE COMPLEXITY BROUGHT ABOUT BY THE MAGNITUDE AND DIVERSITY OF THESE TASKS, AND MOST OF ALL, TO DO SO IN A WAY THAT TREATS EACH MOTORIST RESPONSIBLY REQUIRES ALL THE TECHNICAL

AND HUMAN RESOURCE SKILLS AT OUR DISPOSAL. THIS CAN ONLY TAKE PLACE UNDER A NEW CONCEPTUAL FRAMEWORK AIMED AT DELIVERING SERVICES EASILY AND EFFICIENTLY TO STATE RESIDENTS.

THIS NEW FRAMEWORK WILL REQUIRE DMV TO COMPLETELY REORIENT ITS PHILOSOPHY. ITS WORK WILL BE STRUCTURED AROUND THREE CAREFULLY CONSTRUCTED COMPONENTS: (1) OPERATIONS DOMINATED BY A RETAIL, CONSUMER ORIENTED APPROACH; (2) IMPROVED INFORMATION GATHERING, STORAGE, AND RETRIEVAL SYSTEMS; AND (3) REALISTIC AND ACHIEVABLE REGULATORY AND ENFORCEMENT CAPABILITIES.

UNTIL NOW, THE PHILOSOPHY THAT HAS DRIVEN THE SYSTEM IN FULFILLING ITS RESPONSIBILITIES HAS EMPHASIZED REGULATORY AND ENFORCEMENT ACTIVITIES. WHEN DMV WAS CREATED IN 1906 ONLY ONE NEW JERSEY RESIDENT IN 69 HAD A CAR. AT THAT TIME, THIS NEW INVENTION WITH PREVIOUSLY UNHEARD OF CAPABILITIES WAS A RARE AND SUSPECT MACHINE ON OUR ROADWAYS. THEN, IT WAS PERFECTLY FITTING THAT DMV'S EXCLUSIVE MANDATE WAS: TO FIX AND ENFORCE RULES AND REGULATIONS FOR THE USE AND SPEED OF VEHICLES, TO FIX AND COLLECT FEES FOR LICENSING AND TITLING, AND TO CONDUCT PROCEEDINGS FOR THE VIOLATIONS OF THESE NEW RULES.

OBVIOUSLY, OVER THE LAST 80 YEARS THE USE OF THE AUTOMOBILE HAS REVOLUTIONIZED OUR LIVES, AND PARTICULARLY DMV'S WORKLOAD. THE MOST GLARING RESULT OF THE DIVISION'S OVEREMPHASIS ON REGULATORY AND ENFORCEMENT ACTIVITIES HAS BEEN ITS FAILURE TO ATTEND TO THE SERVICE NEEDS OF THE INDIVIDUAL MOTORIST. IT IS NO SURPRISE THEN, THAT THE AVERAGE LAW-ABIDING CITIZEN'S SIMPLE

REQUEST TO RENEW A LICENSE HAS TAKEN A "BACK SEAT." IN SHORT, THE PROCESSING OF A VIOLATION HAS RECEIVED CONSIDERABLY MORE ATTENTION THAN THE ROUTINE TRANSFER OF A TITLE.

BY CHANGING DMV'S PHILOSOPHY TO EMPHASIZE RETAIL ACTIVITIES THE CONSUMER'S NEEDS WILL BE A PRIORITY.

ALTHOUGH ITS REGULATORY AND ENFORCEMENT RESPONSIBILITIES MUST CONTINUE TO BE DMV'S FOUNDATION, THE DIVISION'S MISSION SHOULD BE TO DEVELOP AND IMPLEMENT A RESPONSIVE SERVICE PLAN. THE GOAL OF THIS PLAN WILL BE TO TREAT MOTORISTS AS VALUED CUSTOMERS.

AS IN ANY RETAIL BUSINESS, VALUED CUSTOMERS EXPECT A CERTAIN BASIC LEVEL OF SERVICE. BY ESTABLISHING A RETAIL ENVIRONMENT I ENVISION THAT WHEN A MOTORIST WALKS INTO AN AGENCY TO PERFORM A ROUTINE FUNCTION HE OR SHE WILL BE TREATED COURTEOUSLY AND WALK OUT WITHIN A REASONABLE TIME CARRYING THE ITEM WHICH WAS INITIALLY SOUGHT. ABOVE ALL ELSE, A NEW EMPHASIS WILL BE PLACED ON PROMPT, POLITE TREATMENT. VALUED CUSTOMERS EXPECT TO BE SERVED IN CLEAN, WELL-LIGHTED PLACES WHICH CAN PROPERLY ACCOMMODATE THEIR NEEDS. OPERATIONS WITH A RETAIL EMPHASIS REQUIRE THE AGENCIES' OVER-THE-COUNTER ACTIVITIES TO BE ORDERLY, UNDERSTANDABLE AND EFFICIENT. A RETAIL EMPHASIS REQUIRES THAT THE WAITING TIME AT INSPECTION STATIONS NOT BE MEASURED BY HOURS. AND A SYSTEM WHICH IS CONSUMER-SENSITIVE DOES NOT ALLOW NEW DRIVERS, ITS NEWEST CUSTOMERS IF YOU WILL, TO

BECOME DISENCHANTED WITH THE SYSTEM BECAUSE OF DELAYED DRIVER TESTS.

AT ITS CORE, THIS RETAIL APPROACH WILL HAVE AN INFORMATION AND DATA PROCESSING SYSTEM CAPABLE OF GATHERING, STORING, AND RETRIEVING INFORMATION TO HANDLE THE TENS OF MILLIONS OF DRIVER LICENSES, TITLES, AND VEHICLE REGISTRATIONS WHICH THE DMV MUST PROCESS EACH YEAR. THIS SYSTEM MUST ALSO BE CAPABLE OF HANDLING THE REGULATORY AND ENFORCEMENT RESPONSIBILITIES OF THE DIVISION, INCLUDING THE PROCESSING OF VIOLATIONS AND DRIVER ABSTRACTS AND THE COLLECTION OF FINES. IN SUM, THE SYSTEM MUST BE ABLE TO DEAL WITH HUNDREDS OF THOUSANDS OF INQUIRIES EACH DAY.

UNDER THIS NEW PLAN, NEITHER THE REGULATORY AND ENFORCEMENT COMPONENT NOR THE RETAIL COMPONENT WILL DOMINATE THE DATA AND INFORMATION COMPONENT. RATHER, EACH COMPONENT WILL BE ASSURED APPROPRIATE ACCESS TO AND RETRIEVAL FROM THE DATA SYSTEM. THE ULTIMATE RESPONSIBILITY OF THIS DATA AND INFORMATION COMPONENT WILL BE TO PROVIDE DMV WITH A SERVICE THAT IS TECHNICALLY ACCURATE AND COMPREHENSIVE. THE COMPONENT MUST ALSO FUNCTION IN SUCH A WAY AS TO PROVIDE EXTERNAL ENTITIES SUCH AS THE STATE POLICE, LOCAL LAW ENFORCEMENT AGENCIES, AND THE COURTS, WITH PROPER AND EFFECTIVE COMMUNICATIONS LINKS AND DATA EXCHANGES.

* * *

EFFECTIVE COMMUNICATIONS MUST BE THE LINCHPIN OF REFORM AND REVITALIZATION OF THE DIVISION. COMMUNICATING SUCCESSFULLY

REQUIRES SUPPORT FROM ALL SIDES. DMV MUST DEVELOP AN INCREASED CAPACITY TO LISTEN TO CITIZENS AND TO MORE AGGRESSIVELY HANDLE PUBLIC COMPLAINTS AND INQUIRIES ON A TIMELY BASIS. THIS IS MORE THAN GOOD PUBLIC RELATIONS--IT IS GOOD PUBLIC POLICY. MOST IMPORTANT, DMV MUST DO MORE THAN MAKE THE PUBLIC AWARE OF THE RULES AND REGULATIONS SURROUNDING THE STATE'S MOTOR VEHICLE LAWS. OUR CITIZENS ALSO NEED TO KNOW ABOUT THE DIVISION'S OWN CAPABILITIES AND LIMITATIONS. FOR EXAMPLE, IT SHOULD BE EXPLAINED TO MOTORISTS THAT DMV HANDLES OVER 24 MILLION TRANSACTIONS ANNUALLY AND THAT JUST A ONE HALF OF ONE PERCENT ERROR RATE WILL PRODUCE 120,000 MISTAKES IN THE SYSTEM. NO OPERATION, PUBLIC OR PRIVATE, CAN GUARANTEE SERVICE FREE OF HUMAN ERROR. MISTAKES WILL ALWAYS OCCUR. RECOGNIZING THIS FACT DMV MUST FURTHER DEVELOP, AND MAKE KNOWN TO THE PUBLIC, THE STEPS INVOLVED IN CORRECTING ERRORS WHEN THEY HAPPEN. ONLY WHEN THE PUBLIC HAS THOSE FACTS CAN DMV'S WORK BE PUT IN PROPER PERSPECTIVE.

UNREALISTIC EXPECTATIONS, ON THE OTHER HAND, OFTEN CREATE UNREALISTIC DEMANDS. CURRENTLY, MORE THAN 90 BILLS ARE PENDING IN THE LEGISLATURE TO CHANGE, RESTRICT, OR EXPAND DMV'S RESPONSIBILITIES. OUR POLICY MAKERS, IN PARTICULAR, MUST BE INFORMED BY DMV OF THE POTENTIAL IMPACT OF EVERY NEW LAW OR REGULATION THE DIVISION IS EXPECTED TO IMPLEMENT. AT THE SAME TIME, THESE POLICY MAKERS MUST LISTEN AND WEIGH FUTURE DEMANDS ON THE SYSTEM TO DETERMINE WHAT IS REALISTIC AND ACHIEVABLE.

* * *

I AM PROUD TO SAY THE STATE'S CHIEF POLICY MAKER, OUR GOVERNOR, HAS A PRACTICAL AND ACHIEVABLE REFORM PLAN.

IN HIS STATE-OF-THE-STATE MESSAGE, GOVERNOR KEAN CORRECTLY DIAGNOSED THE AILMENTS AFFLICTING THE MOTOR VEHICLE SYSTEM. HE OUTLINED HIS VISION OF HOW TO REFORM DMV BASED ON TEN ESSENTIAL OBJECTIVES. OUR REFORM PROGRAM REFLECTS GOVERNOR KEAN'S GOALS AND INCLUDES:

AN APOLITICAL DIVISION OF MOTOR VEHICLES

MANY OF THE AGENCIES AND THEIR EMPLOYEES HAVE DONE AN EXCEPTIONAL JOB UNDER TRYING CIRCUMSTANCES. HOWEVER, THE CURRENT APPOINTIVE AGENCY SYSTEM IS ONE THAT LENDS ITSELF TO THE INTERFERENCE OF POLITICAL PATRONAGE. AS LONG AS POLITICAL PATRONAGE PLAYS A ROLE IN THE AGENCY SYSTEM, NEW JERSEYANS WILL NOT BE ENSURED UNIFORM HIGH-QUALITY SERVICE. ONLY THROUGH THE INSTITUTION OF A MERIT-ORIENTED SYSTEM CAN WE PROVIDE THE PUBLIC THE RELIABLE AND RESPONSIVE SERVICE IT DESERVES AND PAYS FOR.

STATE TAKEOVER OF AGENCY SYSTEM

THE "HEART" OF THE ELIMINATION OF PARTISAN POLITICS FROM THE CURRENT SYSTEM IS THE STATE FORMALLY TAKING OVER THE OPERATION OF ALL FIELD AGENCIES. CURRENTLY, WE HAVE 55 FIELD AGENCIES IN OUR DMV SYSTEM, 15 OF WHICH ARE PRESENTLY BEING OPERATED BY THE STATE ON A TEMPORARY BASIS. IN ORDER TO REFORM

THE AGENCY SYSTEM IN SUCH A WAY AS TO ESTABLISH AN "APOLITICAL" AND EFFECTIVE RETAIL OPERATION, THE REMAINING 40 AGENCIES MUST BE STATE OPERATED.

INDEED, WE HAVE CONSIDERED THE ARGUMENTS RAISED BY THOSE WHO WOULD FAVOR A PUBLIC BIDDING SYSTEM UNDER WHICH THE AGENCIES WOULD BE OPERATED BY ONE OR MORE PRIVATE AGENTS. ALTHOUGH HAVING THE POTENTIAL TO SUCCEED IN KEEPING THE SYSTEM FROM THE "CLUTCHES" OF POLITICAL PATRONAGE, THE ADVOCATION OF A BIDDING SCENARIO AT THIS TIME IGNORES FUNDAMENTAL PRACTICAL CONSIDERATIONS.

FOR EXAMPLE, WE HAVE TRIED FOR MONTHS TO FORMULATE A REQUEST FOR PROPOSAL WHICH WOULD PRECEDE THE SUBMITTAL OF ANY PRIVATE BIDS TO RUN THE AGENCIES. IN THAT PROCESS, WE HAVE ATTEMPTED TO SPECIFY EXACTLY WHAT KIND OF OPERATION AN AGENCY MUST BE, INCLUDING FACILITY LOCATIONS, STAFFING, AND PERSONNEL PRACTICES. WE HAVE FOUND THAT MORE QUESTIONS ARE RAISED THAN ANSWERED IN THIS PROCESS. WE CERTAINLY CANNOT USE THE CURRENT AGENCY SYSTEM AS A MODEL. THEREFORE, WE MUST STABILIZE THE SYSTEM, THROUGH A STATE-TAKEOVER, BEFORE WE CAN EVEN CONSIDER A PUBLIC BIDDING PROCESS.

THERE ARE ALSO THOSE THAT WOULD ARGUE THAT A STATE TAKE-OVER WOULD BE MUCH TOO COSTLY. ON THE CONTRARY, A LEGITIMATE COST COMPARISON MUST COMPARE SIMILAR ELEMENTS. THAT IS, BY HOLDING A PRIVATELY-RUN SYSTEM TO THE SAME STANDARDS AS WE WILL HOLD STATE-RUN AGENCIES, A REALISTIC COST COMPARISON

ARISES. THIS COMPARISON SHOWS THAT ONCE PROFIT WAS ADDED TO LIKE OPERATING COSTS, A PRIVATE SYSTEM CAPABLE OF DELIVERING THE SAME LEVEL OF SERVICE AS A STATE-RUN SYSTEM WILL COST MORE THAN THE STATE-RUN SYSTEM.

FURTHERMORE, THE GOVERNOR BELIEVES, AND I AGREE, THAT ONLY BY PROVIDING FOR STATE-RUN AGENCIES CAN WE INSURE TOTAL CONTROL BY MANAGEMENT OVER AGENCY OPERATIONS AND PERSONNEL PRACTICES, CONSISTENT AND UNIFORM MANAGEMENT ACROSS ALL AGENCIES, AND EASIER IMPLEMENTATION OF TRAINING PROGRAMS. A STATE-RUN SYSTEM WILL ALSO PROVIDE DMV WITH THE ABILITY TO EXPAND ITS HOURS AND TO MOVE EMPLOYEES BETWEEN AGENCIES TO COVER EMERGENCIES AND MANPOWER SHORTAGES, AND TO IMPLEMENT NEW PROGRAMS WITHOUT THE RESISTANCE THAT MIGHT BE INCURRED UNDER A PRIVATE SYSTEM BECAUSE OF INCREASED COSTS TO THE AGENT.

MOREOVER, THE GOAL OF AN APOLITICAL AND EFFICIENT MOTOR VEHICLE AGENCY MODEL CANNOT BE ACHIEVED BY A GOVERNOR OR AN ATTORNEY GENERAL ALONE. THE LEGISLATURE ALSO HAS A CRITICAL ROLE TO PLAY IN MAKING THIS GOAL A SUCCESS BY PROVIDING THE STATUTORY AUTHORITY FOR THIS PROPOSED STATE RUN SYSTEM.

PHYSICAL REFORM OF AGENCIES

A PRELIMINARY EXAMINATION SHOWS THAT THE NUMBER OF AGENCIES CURRENTLY IN EXISTENCE MAY BE INADEQUATE FOR THE "NEW" DIVISION OF MOTOR VEHICLES TO PROPERLY SERVE THE PUBLIC. THEREFORE, IN ADDITION TO THE STATE OPERATING THE 55 EXISTING AGENCIES, AN

ANALYSIS WILL BE CONDUCTED OF THE CURRENT LOCATIONS AND POTENTIAL EXPANSION OF THE NUMBER OF AGENCIES IN ORDER TO PROVIDE THE MOST EFFICIENT SERVICE WE CAN TO MOTORISTS.

CITIZENS SHOULD HAVE EASY ACCESS TO DMV AGENCIES. AGENCIES SHOULD BE OF ADEQUATE SIZE AND BE PLACED IN CONVENIENT LOCATIONS WITH SUFFICIENT PARKING, LIKE SHOPPING MALLS. THEREFORE, EXISTING AND NEW AGENCIES MUST BE EVALUATED AND CONSIDERATION SHOULD BE GIVEN TO RELOCATING MANY OF THE EXISTING AGENCIES TO NEW, MORE ACCESSIBLE LOCATIONS. IN ADDITION, AN EXAMINATION WILL BE CONDUCTED REGARDING THE ESTABLISHMENT OF TWO REGIONAL OFFICES, ONE IN NORTH JERSEY AND ONE IN SOUTH JERSEY, MAKING MOTOR VEHICLES MORE ACCESSIBLE TO ALL NEW JERSEYANS. THESE FACILITIES WILL PROVIDE THE PUBLIC WITH SERVICES CURRENTLY OFFERED ONLY IN THE CENTRAL OFFICE.

AGENCY STAFFING AND TRAINING PRACTICES ARE TWO MAJOR AREAS THAT MUST ALSO RECEIVE ATTENTION IF DMV IS TO SUCCEED. THE AGENCY SYSTEM SHOULD FOLLOW AN "APOLITICAL" MERIT SYSTEM FOR ALL PERSONNEL PRACTICES. EMPLOYEES SHOULD BE PROPERLY TRAINED TO EMPHASIZE CUSTOMER SERVICE AIMED AT PROVIDING NEW JERSEY TAXPAYERS WITH COURTEOUS AND EFFICIENT SERVICE.

THESE PERSONNEL SYSTEM GOALS ARE NOT COMPATIBLE WITH THE PRESENT CLASSIFIED CIVIL SERVICE SYSTEM. THEREFORE, A NEW MERIT SYSTEM MUST BE DEVELOPED FOR AGENCY OPERATIONS WHERE ALL EMPLOYEES ARE ACCOUNTABLE FOR THEIR DAILY PERFORMANCE AND PERSONAL CONTACT WITH THE PUBLIC.

THE NEW SYSTEM WILL NOT PRECLUDE, HOWEVER, THOSE CURRENTLY SERVING AS MOTOR VEHICLE AGENTS FROM SERVING IN SUCH POSITIONS IN THE FUTURE. OF COURSE, THOSE PERSONS MUST BE SUBJECT TO THE SCREENING PROCESSES THROUGH WHICH ALL PROSPECTIVE AGENTS MUST PASS.

COMPUTER ENHANCEMENT

THE ABOVE PHYSICAL REFORMS, AIMED AT ACHIEVING A RETAIL ENVIRONMENT, CANNOT BE FULLY EFFECTIVE WITHOUT IMPROVED COMPUTER SUPPORT. THAT IS, DMV MUST STRIVE TO ENHANCE ITS DATA AND INFORMATION GATHERING, STORAGE, AND RETRIEVAL SYSTEMS.

OVER THE PAST FIVE YEARS, DMV HAS UNDERTAKEN AND COMPLETED TWO SIGNIFICANT MODERNIZATION PROJECTS. THE FIRST OF THESE, "AGENCY AUTOMATION", RESULTED IN ALL FIELD AGENCIES BEING FULLY AUTOMATED. INSTEAD OF TOTAL MANUAL OPERATION, AGENCIES NOW HOUSE TERMINALS FOR INPUT, AS WELL AS PRINTERS FOR THE PRODUCTION OF TITLES, LICENSES AND REGISTRATIONS. SECOND, DMV REDESIGNED ITS CENTRAL DATA BASE, BY VIRTUE OF THE PRICE WATERHOUSE CONTRACT, AIMED AT CONVERTING ALL EXISTING FUNCTIONS TO A STATE-OF-THE-ARTS, ON-LINE SYSTEM. COMPLETION OF THIS PROJECT IS EXPECTED BY JULY, 1986.

IT MUST BE NOTED THAT SYSTEM DEFINITIONS ASSOCIATED WITH THESE REFORMS DID NOT INCLUDE: THE EXPANSION OF DMV'S CAPACITY TO STORE DATA, THE ADDITION OF NEW FUNCTIONS, THE TRANSFERABILITY OF CENTRAL AGENCY FUNCTIONS TO FIELD LOCATIONS.

AND OTHER DATA PROCESSING ENHANCEMENTS ASSOCIATED WITH THE EXPANSION OF THE NUMBER OF FIELD SITES. THE SYSTEM SIMPLY WAS NOT DESIGNED TO, AND AT THE PRESENT, WILL NOT ACHIEVE THE FUNCTIONS WHICH ARE ESSENTIAL TO THE DELIVERY OF THE RETAIL ENVIRONMENT. THEREFORE, WITH THE HELP OF THE STATE OFFICE OF TELECOMMUNICATIONS SYSTEMS (OTIS), DMV IS FORMULATING A PLAN FOR THE FURTHER ENHANCEMENT AND FUTURE USE OF ITS CURRENT DATA GATHERING AND INFORMATION SYSTEMS WHICH WILL ENABLE IT TO MEET ITS "NEW" GOALS AND RESPONSIBILITIES.

THE INTERRELATIONSHIP OF THE FIELD AND CENTRAL COMPUTER SYSTEMS MUST ALSO BE ADDRESSED. THE CURRENT DMV SYSTEM IS OPERATED ON THE SAME COMPUTER THAT PROCESSES WORK FOR STATE POLICE AS WELL AS THE REST OF THE DEPARTMENT OF LAW AND PUBLIC SAFETY. THIS WORK HAS EXHAUSTED ALL PRESENT CAPACITY AND THE SYSTEM CAN NO LONGER MEET ALL USER DEMANDS. CONFLICTING PRIORITIES RESULT IN POOR CUSTOMER RESPONSE AT PEAK LOADS. IF THE STATE POLICE, FOR EXAMPLE, REQUIRE A PRIORITY MESSAGE TO BE SENT TO ALL LAW ENFORCEMENT AGENCIES, MOTOR VEHICLES WILL SIMULTANEOUSLY EXPERIENCE DELAYS IN PROCESSING SIMPLE REQUESTS.

IN ORDER TO INSURE FAST, RELIABLE SERVICE TO ITS CUSTOMERS, DMV MUST HAVE NEW COMPUTER CAPACITY WHICH WILL PROVIDE DEDICATED SEPARATE ENVIRONMENTS SO THAT DMV, STATE POLICE, AND OTHER LAW ENFORCEMENT AGENCIES WILL NOT BE IN COMPETITION WITH ONE ANOTHER.

CENTRAL OFFICE FACILITY

THE PRESENT CENTRAL OFFICES ARE OVERCROWDED, TECHNOLOGICALLY OBSOLETE AND NOT EASILY ACCESSIBLE TO THE OVER 1100 CITIZENS AND APPROXIMATELY 1400 EMPLOYEES WHO BY NECESSITY ARE REQUIRED TO VISIT IT DAILY. THE ADJACENT NEVIUS VOORHEES BUILDING, WHICH WILL HOUSE SOME DMV FUNCTIONS IN THE NEAR FUTURE, WILL HELP TO OVERCOME OF THESE PROBLEMS. NONETHELESS, A NEW MODERN CENTRAL OFFICE BUILDING WITH ADEQUATE OFFICE SPACE, PARKING, AND ACCESSIBILITY TO MAJOR TRANSPORTATION SYSTEMS IS ABSOLUTELY NECESSARY FOR THE PROPER FUNCTIONING OF THE DIVISION OF MOTOR VEHICLES.

THE NEW FACILITY WILL BE DESIGNED AND CONSTRUCTED WITH AN ATMOSPHERE CONDUCIVE TO MAINTAINING AN EFFICIENT AND SERVICE-ORIENTED OPERATION. SEVERAL LOCATIONS FOR THE NEW FACILITY ARE BEING EVALUATED, AND WE HOPE TO OCCUPY THE NEW BUILDING WITHIN THE NEXT TWO YEARS.

CONSUMER COMPLAINTS/PUBLIC INFORMATION

THE CENTRAL OFFICE CURRENTLY CONTAINS AN OFFICE OF CITIZENS' INFORMATION AND COMPLAINTS. THIS OFFICE IS SERVING A VERY IMPORTANT AND MUCH-NEEDED FUNCTION. THROUGH THE USE OF AN AUTOMATIC CALL DISTRIBUTOR DESIGNED TO ENABLE CALLERS TO REACH THE DIVISION ON THE FIRST TRY, DMV ANSWERS AN AVERAGE OF 11,000 CALLS PER DAY. THE CALLS DEAL WITH THE ENTIRE SPECTRUM OF MOTOR VEHICLE TOPICS, INCLUDING LICENSING AND REGISTRATION.

SUSPENSIONS AND RESTORATIONS, AND INSURANCE SURCHARGES. THE DMV FACILITY ALSO HANDLES ALL CALLS PLACED TO MOTOR VEHICLE AGENCIES AS WELL AS CALLS FROM MOTOR VEHICLES AGENTS.

IN ADDITION TO DMV "LISTENING" TO THE PUBLIC THROUGH ITS OFFICE OF CITIZENS' COMPLAINTS, IT MUST ALSO COMMUNICATE EFFECTIVELY TO THE PUBLIC REGARDING THE STATE'S LAWS, REGULATIONS AND NEW PROCEDURES. THIS GOAL WILL BE ACHIEVED, IN PART, BY AN EASILY-UNDERSTOOD GUIDE PERIODICALLY DISTRIBUTED TO EVERY LICENSED DRIVER IN THE STATE.

FACILITY MANAGEMENT/REAL ESTATE LEASING

THE DIVISION OVERSEES THE LEASES FOR 55 LOCAL AGENCIES. IT OPERATES 36 INSPECTION CENTERS, MAINTAINS 22 DRIVER QUALIFICATION CENTERS, AND HAS SIX CENTRAL OFFICE FACILITIES. THE LEASING, ACQUISITION, AND MAINTENANCE OF DMV FACILITIES IS A "FULL-TIME JOB".

WITH THE CHANGES OUTLINED ABOVE, THIS FUNCTION WILL BECOME INCREASINGLY IMPORTANT. THEREFORE, RESPONSIBILITY FOR MAINTAINING THESE FACILITIES AND HANDLING THESE REAL ESTATE TRANSACTIONS SHOULD BE DELEGATED TO AN ENTITY WHICH HAS AS ITS SOLE FOCUS AND RESPONSIBILITY THE ACQUISITION AND LEASING OF DMV PROPERTIES AND FACILITIES. WHETHER THAT ENTITY IS WITHIN THE DEPARTMENT OF TREASURY, OR WITHIN DMV, IT MUST HAVE AS ITS GOAL THE STREAMLINED AND EFFICIENT OPERATION OF ALL DMV FACILITIES.

BUDGET AND FINANCIAL CONTROL

MOTOR VEHICLES COLLECTS OVER \$400 MILLION PER YEAR IN REVENUES. IT HAS AN ANNUAL OPERATING BUDGET OF APPROXIMATELY \$80 MILLION. THESE FIGURES, COUPLED WITH THE MAGNITUDE AND DIVERSITY OF ITS FUNCTIONS, DEMAND A NEW AND DISTINCT BUDGET AND FINANCIAL CONTROL SYSTEM FOR DMV'S INTERNAL AND EXTERNAL OPERATIONS AND EXPENSES. THEREFORE, THE GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET AND THE DEPARTMENT OF LAW AND PUBLIC SAFETY'S DIVISION OF ADMINISTRATION WILL CONTINUE TO WORK WITH DMV REGARDING ITS FISCAL POLICIES. THE ULTIMATE GOAL IS FOR DMV TO ESTABLISH A COMPREHENSIVE AND RESPONSIBLE BUDGETING AND ACCOUNTING SYSTEM.

REGULATORY AND ENFORCEMENT RESPONSIBILITIES

ALTHOUGH DMV WILL BE "REORIENTED" ALONG A RETAIL PHILOSOPHY, IMPROVING ITS ENFORCEMENT AND REGULATORY FUNCTIONS IS AN IMPORTANT PRIORITY. THEREFORE, A TASK FORCE WITH REPRESENTATIVES FROM THE GOVERNOR'S OFFICE, THE ATTORNEY GENERAL'S OFFICE, AND THE STATE POLICE, WILL BE CREATED TO ENABLE ALL CONCERNED PARTIES TO WORK TOGETHER TO IMPROVE THE DIVISION'S ENFORCEMENT RESPONSIBILITIES. THE TASK FORCE WILL ALSO RECOMMEND ANY MODIFICATIONS IT DEEMS NECESSARY TO DELIVER DMV GOALS AND OBJECTIVES MORE EFFICIENTLY AND EFFECTIVELY.

PUBLIC/PRIVATE INSPECTION SYSTEM

THE KEY COMPONENT TO THE SUCCESS OF THE VEHICLE INSPECTION PROGRAM IS FOR THE LEGISLATURE TO MAKE PERMANENT THE PUBLIC/PRIVATE INSPECTION SYSTEM. A PROVEN SUCCESS STORY, THIS SYSTEM HAS DRASTICALLY REDUCED WAITING TIMES AND HAS HELPED CONFORM INSPECTION STANDARDS TO THE REQUIREMENTS OF THE FEDERAL CLEAN AIR LAWS. THEREFORE, BASED ON THIS RECORD, I COMMEND YOUR COMMITTEE AND THE ENTIRE ASSEMBLY FOR ITS OVERWHELMING SUPPORT OF A-2218 INTRODUCED BY ASSEMBLYMAN SCHUBER, WHICH MAKES PERMANENT THIS SUCCESSFUL PROGRAM. I URGE THE SENATE TO TAKE A SIMILAR ACTION AS SOON AS POSSIBLE.

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TO BRING THIS COMPREHENSIVE REFORM PROGRAM INTO BEING, DMV WILL BE OVERSEEN BY A NEW MANAGEMENT TEAM, COMPRISED OF A DIRECTOR AND TWO DEPUTY DIRECTOR POSITIONS. THE DIRECTOR WILL BE RESPONSIBLE FOR FORMULATING GENERAL POLICY FOR THE DIVISION AND FOR COMPLYING WITH ESTABLISHED STATUTORY OBLIGATIONS. RATHER THAN BECOMING CONSUMED WITH THE DAY-TO-DAY DETAILS OF OPERATING THE AGENCY, THE DIRECTOR WILL CONCENTRATE HIS EFFORTS ON DEVELOPING, ALONG WITH THE DEPUTY DIRECTOR FOR PLANNING, A STRATEGY TO IMPLEMENT THE OVERALL REFORMS. IN ADDITION, THE DIRECTOR WILL BE PRIMARILY RESPONSIBLE FOR ENSURING THAT THE LEVEL OF INTERACTION BETWEEN EXISTING DIVISION OPERATIONS AND ITS NEW "PLANNING ARM", LED BY THE DEPUTY DIRECTOR FOR PLANNING,

IS EFFECTIVELY AND CONSISTENTLY MAINTAINED. THIS INTERACTION IS A PREREQUISITE TO THE SUCCESS OF THE ULTIMATE REFORM OF THE AGENCY.

WHILE ATTENTION IS FOCUSED ON THE "FUTURE" OF THE DMV, WE CANNOT UNDEREMPHASIZE THE IMPORTANCE OF MAINTAINING THE OPERATIONS OF THE DIVISION WHILE THE NEW PROGRAMS ARE BEING IMPLEMENTED. DMV DOES NOT HAVE THE LIBERTY OF CLOSING DOWN IN ORDER TO PLAN AND IMPLEMENT ITS NEW SYSTEMS. IN FACT, IRONICALLY, THE EFFORTS TO IMPROVE DMV'S SERVICES WILL THEMSELVES CAUSE CERTAIN DISRUPTIONS AND INCONVENIENCES. OUR AIM IS INTENDED TO MINIMIZE THE HARDSHIPS ASSOCIATED WITH THIS MAJOR OVERHAUL. THE DAY-TO-DAY MANAGEMENT OF THE DIVISION WILL BE LED BY THE NEW DEPUTY DIRECTOR FOR OPERATIONS. IT IS EXTREMELY IMPORTANT THAT THE EXISTING OPERATIONS UNIT CONSISTENTLY STRIVE TO ENSURE THAT THE PUBLIC CONTINUES TO RECEIVE BASIC SERVICE.

IN ORDER TO FOSTER THE REDEVELOPMENT PLAN, DMV'S NEWLY CREATED MANAGEMENT STRUCTURE REQUIRES THAT THE DEPUTY DIRECTOR FOR PLANNING ORGANIZE AND WORK WITH "STRATEGIC TARGET GROUPS" COMPRISED OF DMV STAFF, STATE GOVERNMENT PERSONNEL, AND PRIVATE SECTOR PARTICIPANTS. THE FUNCTION OF THESE TARGET GROUPS WILL BE TO APPLY THEIR EXPERTISE IN THE FORMULATION OF SPECIFIC REFORM PLANS. THEIR FOCUS WILL INCLUDE ANALYZING THE MANAGEMENT AND ORGANIZATIONAL DESIGN OF THE DIVISION, ENHANCING BUDGET CONTROLS, REFORMING AGENCY SYSTEMS, STREAMLINING FACILITIES

MANAGEMENT AND LEASING, IMPLEMENTING MERIT-ORIENTED PERSONNEL PROGRAMS, IMPROVING REGULATORY AND ENFORCEMENT RESPONSIBILITIES, EXPANDING CUSTOMER SERVICE AND PUBLIC INFORMATION CAPABILITIES, ENHANCING THE DIVISION'S INFORMATION GATHERING, STORAGE, AND RETRIEVAL SYSTEMS, AND COORDINATING ALL LEGAL FUNCTIONS OF THE DIVISION. AS WELL, THE OVERALL "MISSION" OF DMV WILL BE THE SUBJECT OF ANALYSIS.

AS I SAID, THE COMPREHENSIVE REFORMS OUTLINED HERE CANNOT BE THE WORK OF A GOVERNOR, AN ATTORNEY GENERAL, OR AN AGENCY ALONE. SUCCESS WILL DEPEND, IN PART, ON THE COOPERATION OF STATE AGENCIES SUCH AS THE DEPARTMENT OF TREASURY AND CIVIL SERVICE, THE DIVISIONS OF STATE POLICE AND BUILDING AND CONSTRUCTION, AND THE OFFICE OF TELECOMMUNICATIONS AND INFORMATION SYSTEMS. THEREFORE, DMV'S PLANNING ARM WILL INTERACT ON A REGULAR BASIS WITH THE NEWLY CREATED INTERGOVERNMENTAL TASK FORCE ON MOTOR VEHICLES. THE TASK FORCE WILL REVIEW, ADVISE, AND ASSIST THE DIVISION IN FORMING, IMPLEMENTING, AND EXPEDITING ITS REFORM PLANS.

IN ADDITION, PRIVATE SECTOR ADVISORY GROUPS AND INDIVIDUALS WILL BE CALLED UPON FOR THEIR EXPERTISE IN OPERATING MAJOR BUSINESSES AND RETAIL SYSTEMS.

DESPITE THE PROMISE HELD OUT BY THIS MANAGEMENT REFORM PROGRAM AND BY THE NEW CONSUMER EMPHASIS, SUCCESS WILL NOT OCCUR OVERNIGHT. SOME INITIATIVES ARE ALREADY UNDERWAY. YET OTHERS WILL REQUIRE ADDITIONAL TIME AND RESOURCES TO MAKE THEM

OPERATIONAL. ALL TOGETHER, THE ELEMENTS OF THIS REFORM PLAN WILL TAKE A MINIMUM OF TWO YEARS TO FULLY DEVELOP AND IMPLEMENT.

FROM OUR STUDY OF THE PROBLEM WE KNOW THE MANAGEMENT AND TECHNOLOGY PIECES OF THE PUZZLE ARE OUT THERE AND AFFORDABLE TO US. THE QUESTION IS (AND IN FACT HAS ALWAYS BEEN) HOW TO PUT IT ALL TOGETHER.

FROM THIS POINT FORWARD, THE STATE AGENCY WITH WHICH NEW JERSEYANS MOST COME INTO CONTACT SHOULD BE FIRMLY SET ON THE ROAD TO RECOVERY. WITH A NEW MISSION, NEW STRUCTURE, AND A NEW EMPHASIS ON CUSTOMER SERVICE, DMV CAN, AND MUST BECOME, EFFICIENT, PROFESSIONAL, AND RESPONSIVE TO ALL GARDEN STATE MOTORISTS.

FUNCTIONS OF DMV

(FY '85)

TELEPHONE INQUIRIES 2,600,000

LICENSES

Drivers	2,400,000
Motorcyclists	88,200
Truck Drivers	64,305
Bus Drivers	15,508
Moped Drivers	6,708
Non-Drivers ID's	5,101
Boat Operators	50,500
Driver Permits	500,000
New Car Dealers	1,347
Used Car Dealers	3,135
Moped Dealers	29
Duplicate Licenses	173,000
Private Inspection Centers	3,201
Junkyards	91
Auto Body Shops	1,700
Driving Schools	130
Driving Instructions	673

TITLES 2,300,000

REGISTRATIONS

Passenger	5,500,000
Commercial	477,552
School Buses	7,480
Motorcycles	95,500
Mopeds	24,187
Boats	149,800
Duplicates	150,000

LICENSE PLATES ISSUED 1,400,000

FUNCTIONS OF DMV

(FY '85)

VEHICLE INSPECTION

Initial	4,200,000
Reinspection	2,600,000
Roadside	58,000
School Bus	8,200

DRIVING TESTING

Road Tests	227,800
Written/Vision Tests	541,242

MOTOR CARRIER FUEL TAX

Account Maintenance	40,000
Decals Issued	450,000
Audits	520

VIOLATION RECORDS

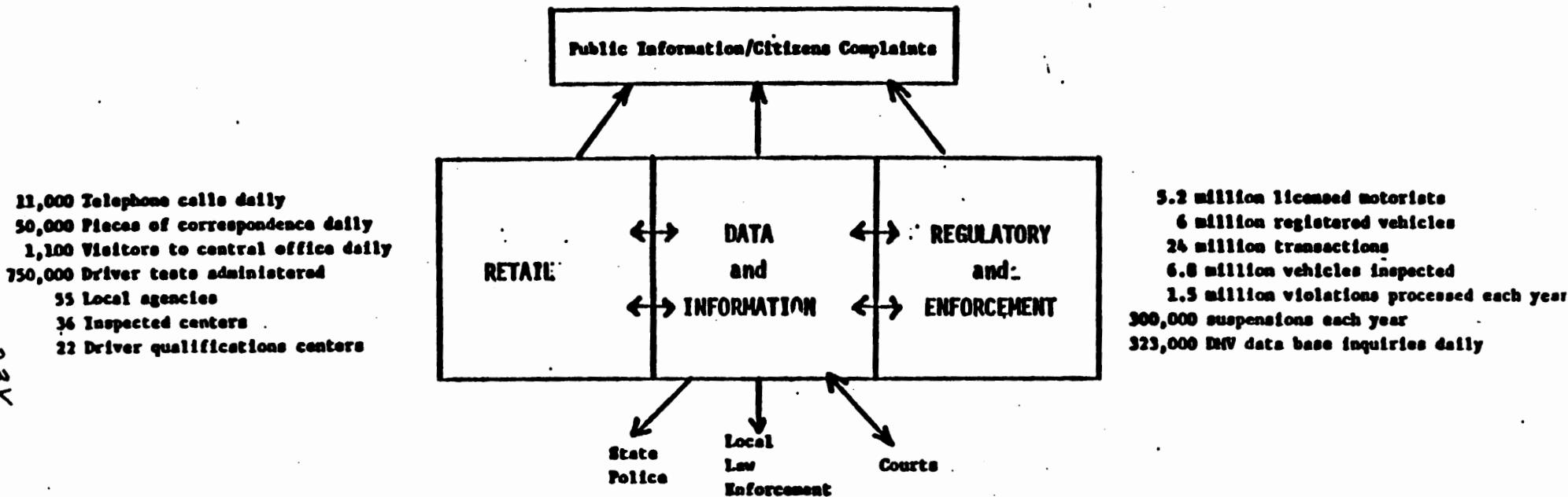
Violations Processed	1,500,000
Abstracts Processed	2,600,000
Drivers Suspended	281,365
DWI Suspensions	28,061
Safety School Completions	9,500
Restorations	94,630
Medical Reviews	2,124
Hearings/Conferences	86,024

INSURANCE SURCHARGE

Billings	293,454
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DIVISION OF MOTOR VEHICLES

CONCEPTUAL FRAMEWORK



"DMV's goal is the delivery of efficient, professional and responsive service to the public."

DIVISION OF MOTOR VEHICLES TARGETED GOALS AND OBJECTIVES

- Reorient philosophy of Division (retail, data and information, regulatory and enforcement)
- Establish an "Apolitical" Division of Motor Vehicles
- Reform agency system—State take-over
- Construct new central office facility
- Implement comprehensive programs for citizens complaints/public information
- Enact permanent public/private inspection system
- Create efficient facilities management/leasing procedures
- Enhance information gathering, storage, retrieval
- Improve enforcement operations
- Establish meaningful budget and financial control

BASIC MANAGEMENT CONCEPTS

