#30

A STUDY OF THE DEPARTMENT OF MOTOR VEHICLES

BY THE

COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

MAY 1977

STATE OF CALIFORNIA

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Honorable Leo T. McCarthy
Speaker, and to Members of the Assembly

For the past several years this Commission has had a continuing interest in the operation of the State's vehicle emission control program. Our first report on this subject was released in January 1975. In the Spring of 1975, then Chairman Manning J. Post was shocked to learn of a 50 percent error rate in information supplied by the Department of Motor Vehicles, upon which the Riverside Vehicle Emission Inspection Pilot Program was designed and its facilities were constructed. The members were concerned with this finding since emission control programs to be instituted throughout the South Coast Air Basin, and eventually statewide, were to be based on similar incorrect Department of Motor Vehicles data. This would have resulted in the needless expenditure of many millions of dollars.

Upon learning of this erroneous data, in addition to having concern about other aspects of the operation of the department, the Chairmen of the Senate and Assembly Committees on Transportation requested this Commission to study the management and operation of the Department of Motor Vehicles. The Commission concurred. Chairman Shapell subsequently appointed a subcommittee of Manning J. Post, Chairman, Maurice Rene Chez, and H. Herbert Jackson to determine the scope of the study and to provide policy guidance and direction to the Commission staff. The late Albert J. Veglia helped formulate the study objective and scope and reviewed and concurred with the findings and recommendations contained in the report. His expert assistance, based on his many years experience at the Department of Motor Vehicles, was an invaluable aid to the subcommittee and staff in the conduct of the study. The Department has lost a long-standing friend and loyal supporter.

May 1977

The overall objective of our study was to evaluate the Department's performance of its statutory functions and make recommendations in sufficient detail to provide a basis for the Executive and Legislative Branches to improve the efficiency and cost-effectiveness of the Department.

When the Director, Herman Sillas, took office he announced, "The goal of the Department must be TO PROVIDE A BETTER SOCIETY THAN WE PRESENTLY HAVE." However, little did most people realize the scope, variety, and diversified program Mr. Sillas had in mind.

This Commission, after an exhaustive and thorough analysis of the projects that have been launched, has come to the conclusion that the Department of Motor Vehicles has been--and still is--conducting diversified programs that have no direct bearing on the specific duties and responsibilities the Department of Motor Vehicles was created to perform.

Although some of the special programs described in Section 2 may have social merit, the Legislature has not appropriated funds nor given permission to the Department of Motor Vehicles to conduct programs which are not directly related to the department's basic mission, such as open house, interdivisional conferences, community council programs, looz-a-ton, mural projects, voter registration, distribution of farm labor ballots, employee perception survey, women's exchange, child care center, child drop center, consumer education and protection, paint-a-door project, exploring bureaucracy, special activities to relieve employee drudgery, and so forth.

The Commission strongly recommends and urges the legislative fiscal committees' review of the department's expenditures for projects that are not mandated by the Legislature. We feel the expenditures for activities not related to the department's mandated functions should also be reviewed by the legislative policy committees as to the propriety of these special projects, and a judgment as to their value and cost, and retention or discontinuance, be made by the Legislature.

The report that follows has two major sections. The first section is a complete evaluation of the department's operations divided into six major divisions. This combined analysis has created 60 recommendations from the Commission, which if implemented promptly, would create a savings of millions of dollars a year.

The second section explains in detail all of the projects that have never been cleared or mandated by the Legislature as to whether they should properly be placed into the DMV duties. They will substantiate and clarify our recommendations related to Special Projects.

May 1977

The Commission has found evidence of poor management, faulty procedures and misguided programs. Some examples are: the lack of an effective cost accounting system prevents the determination of actual costs; an unacceptably high error rate of 8 percent in EDP input functions, as compared to an error rate of one tenth of one percent in most commercial operations; and, a disproportionately high increase in program cost vis-a-vis results. There are, however, encouraging indications that the department recognizes the need to evaluate all programs for effectiveness and cost on an on-going basis. A program evaluation section was created in July 1976. Later, during the 1977-78 budget preparation period, a task force of managers was assembled to challenge all programs. They developed approximately 50 recommendations.

The Commission considers these moves as preliminary steps in the right direction. We trust our recommendations will assist DMV's management in a continued effort to make the department more efficient and cost-effective.

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**Appointed to the Commission on March 15, 1977, therefore, did not participate in the study.

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Subject: Acceptance of Commission Reports

My approval of this report is based on the assumption that the factual data included therein are correct. I must label the correctness of the facts as an assumption because I was not directly or indirectly involved in the accumulation of the facts nor in the supervision of this process.

The subject of most commission studies is contraversial, almost by definition. There are many areas where the approach is subjective. This subjectivity can materially affect the data gathered.

I do not object to the subjectivity; it cannot be avoided. But when a report is prepared by a consultant working under the supervision of a sub-committee of which I am not part, there is no way that I can validate the facts therein without an exhaustive analysis and investigation which the present procedures of the Commission preclude.

A STUDY OF THE

DEPARTMENT OF MOTOR VEHICLES

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SUMMARY OF RECOMMENDATIONS

This report contains 60 recommendations on the operation of the Department of Motor Vehicles. Most recommendations are in sufficient detail for the department or the Legislature to initiate implementation of the recommendations. Some recommendations will require either Legislative action or policy decisions.

The following recommendations are divided into four major categories: (1) management procedures, (2) program effectiveness, (3) work processes, and (4) policy decisions. Listed below are the major recommendations:

Section 1

I. MANAGEMENT AND OPERATIONS

1. The department should immediately initiate an intensive management training program. This program should include training in: (1) modern production management and control; (2) personnel; (3) computer sciences for managers; (4) preparation of program budgets; and (5) basic principles of cost accounting; and (6) inventory control. This should be an on-going training program, established in such a manner that specified training would be required prior to promotion. The training courses should be commensurate to the responsibilities and level of management.

2. The department should take immediate steps to reduce the error rate on data being entered into the computer system. This will require some form of verification of data prior to being forwarded to the Division of Electronic Data Processing, as well as key entry verification of the data as it is being entered into the computer system. The additional cost of data verification should be offset by the savings realized by not having errors to correct.

3. The Management Reporting and Control (MARC) program should be phased out. After eight years in operation at an extremely high cost, the program remains inefficient and unreliable. The function of setting work standards or efficiency levels, as well as the preparation of the budget, should be returned to the managers. These managers should be evaluated on their performance and held accountable for the expenditure funds in the budget. The Commission estimates these actions would produce substantial annual savings and at the same time permit a more realistic cost evaluation cystem.

4. The Budget Officer should be given line authority and should report directly to the Chief Deputy Director. The Budget Officer, in conjunction with the Legislative Analyst and the Department of Finance, should develop a budget preparation system that would accurately reflect the department's budgetary needs. In addition, the Budget Officer should develop the proposed budget using the technique of 'zero base budgeting.'

5. The department should recruit professionally trained accountants to establish a cost accounting system. The staffing of this unit should be sufficient to provide cost information to: (1) the Budget Officer for the preparation of the budget, (2) the managers as required for the operation of their units, (3) the program evaluation unit for cost-benefit and cost-effectiveness analysis, and (4) the top administrators for decision-making purposes. Among the first priorities of the cost accounting unit should be: (a) determine the actual costs of collecting use taxes and in-lieu taxes and adjust the allocation of costs to state and local agencies, (b) determine the actual cost of issuing drivers licenses, and registering

vehicles and boats, and (c) determine the cost for providing associated services which are not within the primary mission of the department.

II. Division of Administration

1. All research, statistical, operational and management analysis functions should be reorganized into one unit. This unit should be staffed with professionally trained employees who have expertise in modern production management, industrial engineering, statistics, economics and business administration.

2. All business services functions throughout the department should be consolidated within the business services unit in the Division of Administration. Recruitment for business service personnel should include individuals with backgrounds in business administration.

3. The department should computerize its accounting, cashiering, inventory control and personnel records.

III. Division of Compliance

1. The Legislature should review the department's consumer protection activities. The program's statutory authority is not clear; its effectiveness and cost-benefit ratio appear marginal; and it is cumbersome and confusing to have two state agencies investigating complaints about the sale and repair of vehicles.

2. If the Legislature decides the department should continue consumer protection programs, clear statutory authority and more precise guidelines as to the type and scope of consumer complaint investigations should be established. In addition, the Legislature should decide whether to continue financing these activities from the State Transportation Fund.

3. The Legislature should review the appropriateness of the department's involvement, to the point of arrest, in investigating cases that would normally be conducted by regular law enforcement agencies, such as grand theft, receiving stolen goods, impersonating a peace officer and petty theft. The five-week peace officer training program should be modified accordingly.

IV. Division of Vehicle Registration

1. The appropriate Legislative fiscal and policy committees, the Legislative Analyst and the Department of Finance should review the current reimbursement system for the cost of collecting taxes and fees for the State Board of Equalization.

2. The department should further automate its vehicle registration procedures in such a manner that the computer system can be updated with as little manual keying of data as possible.

3. The department should take aggressive measures to reduce the vehicle registration error rate on information put into the computer.

4. The department should undertake a program to evaluate the need for hard copy file systems. If the need can be justified, the department should investigate micro-photography for reducing the files to film.

5. Work procedures in the Division of Registration should be revised so that the work flow will provide quality control, verification of information and security for documents.

6. The Legislature should review the off-highway vehicle registration program for deficiencies in the enforcement statutes. Costs are increasing disproportionately to revenue.

7. The Legislature should make a policy decision as to the funding source for DMV's participation in the California Law Enforcement Telecommunications System (CLETS). Currently it is financed from the Transportation Fund.

8. A study should be made of the feasibility of contracting with a commercial banking institution to receive and deposit the department's revenues. Such a "lock box" type operation would reduce the amount of time during which checks and other payments are in process.

9. Funding should be provided for the safety license program and the program implemented as soon as possible.

V. Division of Drivers Licenses

1. The department should cease all reorganizational activities in the Division of Drivers Licenses and concentrate all effort on improving the efficiency and cost-effectiveness of each unit within the division.

2. The department should cease all activities on the multi-lingual translation and printing of driver handbooks and driver tests until the Legislature has had an opportunity to review the need and costs.

3. The group educational (GEM) program should be phased out, as its effectiveness is either marginal or non-existent. This would produce an estimated annual savings of $1.2 million.

4. The Legislature should evaluate the cost-effectiveness of the warning letter and the informal hearing segment of the Post-Licensing and Control Program. This evaluation should be done by someone outside the department, such as the Legislative Analyst. The department's current evaluation system is inadequate.

5. If the Legislature decides to continue any or all driver improvement programs, the Vehicle Code should be amended to show the following: (a) the authority, (b) the program scope and objectives, and (3) the establishment of an on-going evaluation system, capable of illustrating the cost-benefit and cost-effectiveness of each program.

6. Inasmuch as many aspects of Financial Responsibility law are unenforceable, it is recommended that a legislative committee study the entire program in an effort to develop a workable system. If a practical solution to the many enforcement problems are not attainable, the program should be abolished.

7. The Financial Responsibility Act should be amended to require financial responsibility on the person as well as the financial responsibility on the vehicle that individual is operating.

8. The Legislature should consider waiving the requirement for filing accident reports with the department if the parties involved in an accident had financial responsibility. However, reports should be filed if the accident caused injury or death, or if any operator was under the influence of alcohol or drugs.

9. If the Legislature continues requiring accident reports, the minimum property damage at which reports are required should be increased to reflect the substantial increase in auto repair costs. There would be an undetermined amount of savings because fewer accident reports would be filed.

10. A study should be conducted to determine the feasibility of finding some form of fault or culpability after an accident. The department should record accidents only on the driving record of the individual determined to be at fault. This is to protect the innocent victims from paying increased insurance premiums.

11. The Legislature should decide whether the Division of Drivers Licenses should continue to be a primary source of photographs for law enforcement agencies, as the cost of this service is borne by the State Transportation Fund. Consideration should be given to transferring this function to the Department of Justice.

12. Phase out the Soundex file system at an annual savings of $700,000.

13. Section 12804(d) of the Vehicle Code should be amended to include the following:

(a) The department should be given the authority to perform on-site inspections of trucking firms or carriers who are authorized to submit certificates of driving experience in lieu of taking a driving test.

(b) The Department of Motor Vehicles and the California Highway Patrol should establish guidelines and minimum standards for a trucking company or carrier to qualify for issuing certificates of driving experience.

(c) The department should be authorized to collect fees to cover the cost of processing a trucking company's application to issue driving experience certificates as well as processing the certificates of the individual.

(d) There should be a periodic renewal of these authorizations for trucking firms to issue driving experience certificates.

VI. Division of Field Office Operations

1. The three regional manager positions should be eliminated and their responsibilities transferred to the district managers. In addition to the salary savings, this change would provide a more direct line of authority between the headquarters and the field offices.

2. The assistant field office manager should be eliminated in all field offices and the senior supervisor should be trained to fill in for the field office manager in his absence. This would produce even more salary savings.

3. The department should establish a program to transfer some of the management responsibilities from headquarters and the districts to the field office managers. Field office managers should have the same discretionary management latitude as the line headquarters processing personnel.

Section 2

Special Programs

1. The Legislature should review the department's expenditures for projects that are not mandated by the Legislature. The Commission considers inappropriate the large expenditure of State Transportation Funds for activities not related to the department's mandated function.

CHAPTER 1, MANAGEMENT AND OPERATIONS

Objectives and Structure

The stated objectives of the department are:

1. To protect public interest by identifying ownership through the process of vehicle registrations.
2. To promote safety on highways by licensing and controlling drivers.
3. To provide public protection by licensing and regulating occupations and business related to manufacture, transport sale and disposal of vehicles and to the instruction of drivers in safe operation on the highways.
4. To provide a source of compensation through the Compulsory Financial Responsibility Law to those who suffer injury or damage to property in automobile accidents.
5. To provide services, not directly related to motor vehicles or drivers' licensing, to the public and to other state agencies as required by statute.

However, the current director has a much broader view of the department's mission. In a cover letter dated January 1976 which accompanied the department's Long Range Plan, the director set the tone and direction of his administration.

> "The goal of the Department must be TO PROVIDE A BETTER SOCIETY THAN WE PRESENTLY HAVE. We implement that goal by providing greater service. This goal permeates all issues and objectives of the Long Range Plan.
>
> "We have a facilities resource. We have not only buildings, but communication networks. Traditionally, they have been used in a very limited area: registration of motor vehicles and issuance of drivers licenses. Now we are exploring the greater potential of our 147 field offices and their two-way communication networks.

We have disbursed farm labor ballots. We have registered voters. We have painted some murals, piloted child-care and child-drop programs, and opened up our conference rooms to the public. I think we have only started to make our offices and their walls and their equipment the public resource they have the potential to be.

"We should also view our personnel as a resource and the communities we serve as a resource. Our employees have skills and ideas which really haven't been effectively tapped or utilized. Meeting the needs of the public is not incompatible with meeting the needs of the employees. Developing the public as a resource will make it easier to develop the employee as a resource."

In the fiscal year 1976-77, the department will process an estimated 17,110,000 vehicle registrations, issue approximately 4,790,000 drivers licenses, maintain records on 13,719,000 outstanding drivers licenses, issue 407,000 identification cards and process 546,000 undocumented vessel registrations.

To perform these duties, the Department maintains 147 field offices and employs approximately 7,735 staff-years of labor. The budget of the department for fiscal 1976-77 is $131,854,143.

There are three top administrators in the department. The Director is appointed by the Governor and is accountable to the Secretary of the Business and Transportation Agency.

The second is the Chief Deputy Director, appointed by the Director and accountable for the every day operations of the department. The third is the Deputy Director for Planning and Research, who is also appointed by the Director.

The department is organized into six functional divisions: (1) Administration, (2) Drivers Licenses, (3) Field Office Operations, (4) Vehicle Registration, (5) Compliance, and (6) Electronic Data Processing (EDP). Each division is headed by a civil service division chief who is accountable to the Chief Deputy Director. Chart 1-1 illustrates DMV's organizational structure as of June 1, 1974.

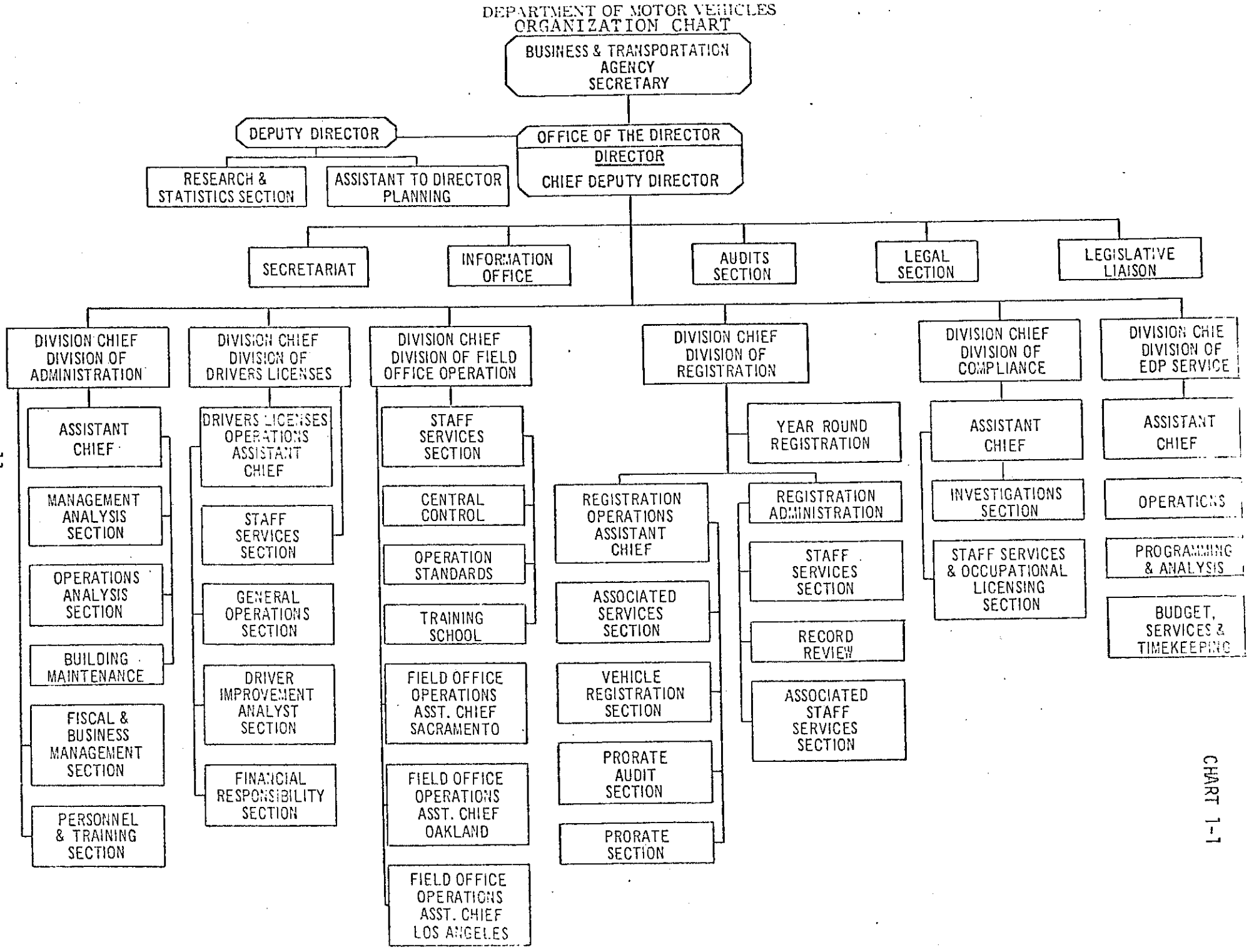

DEPARTMENT OF MOTOR VEHICLES
ORGANIZATION CHART
BUSINESS & TRANSPORTATION AGENCY SECRETARY
DEPUTY DIRECTOR
OFFICE OF THE DIRECTOR
DIRECTOR
CHIEF DEPUTY DIRECTOR
RESEARCH & STATISTICS SECTION
ASSISTANT TO DIRECTOR PLANNING
SECRETARIAT
INFORMATION OFFICE
AUDITS SECTION
LEGAL SECTION
LEGISLATIVE LIAISON
DIVISION CHIEF DIVISION OF ADMINISTRATION
ASSISTANT CHIEF
MANAGEMENT ANALYSIS SECTION
OPERATIONS ANALYSIS SECTION
BUILDING MAINTENANCE
FISCAL & BUSINESS MANAGEMENT SECTION
PERSONNEL & TRAINING SECTION
DIVISION CHIEF DIVISION OF DRIVERS LICENSES
DRIVERS LICENSES OPERATIONS ASSISTANT CHIEF
STAFF SERVICES SECTION
GENERAL OPERATIONS SECTION
DRIVER IMPROVEMENT ANALYST SECTION
FINANCIAL RESPONSIBILITY SECTION
DIVISION CHIEF DIVISION OF FIELD OFFICE OPERATION
STAFF SERVICES SECTION
CENTRAL CONTROL
OPERATION STANDARDS
TRAINING SCHOOL
FIELD OFFICE OPERATIONS ASST. CHIEF SACRAMENTO
FIELD OFFICE OPERATIONS ASST. CHIEF OAKLAND
FIELD OFFICE OPERATIONS ASST. CHIEF LOS ANGELES
DIVISION CHIEF DIVISION OF REGISTRATION
YEAR ROUND REGISTRATION
REGISTRATION OPERATIONS ASSISTANT CHIEF
ASSOCIATED SERVICES SECTION
VEHICLE REGISTRATION SECTION
PRORATE AUDIT SECTION
PRORATE SECTION
REGISTRATION ADMINISTRATION
STAFF SERVICES SECTION
RECORD REVIEW
ASSOCIATED STAFF SERVICES SECTION
DIVISION CHIEF DIVISION OF COMPLIANCE
ASSISTANT CHIEF
INVESTIGATIONS SECTION
STAFF SERVICES & OCCUPATIONAL LICENSING SECTION
DIVISION CHIE DIVISION OF EDP SERVICE
ASSISTANT CHIEF
OPERATIONS
PROGRAMMING & ANALYSIS
BUDGET, SERVICES & TIMEKEEPING

CHART 1-1

Deficiencies in Management

Resistance to Change All five current division chiefs started their careers in field offices and worked their way up the civil service ladder to top management. They have survived many changes in the department's organization, functions, and directorship. In contrast, Directors and Deputy Directors are appointed and serve a limited term. The resulting confrontation between the appointed managers and civil service managers tends to intensify a resistance to change by the latter career managers. Civil service managers generally approach a suggested change by developing reasons why it should not be made.

Even though newly appointed Directors may have excellent ideas on improving efficiency, the number of changes actually implemented has been minimal.

This resistance to change is not unique in state government, but is extremely intense in DMV because of the organizational structure and the way it has grown into an overwhelming bureaucracy. Previous directors have fostered this attitude by permitting the various divisions to operate almost autonomously.

The current director has attempted to break down the interdivisional isolation by rotating managers, and this has been somewhat successful. There is no evidence that the almost parochial management concepts of the top civil servants was changed by the rotation. And the rotation had a negative effect in the Division of Drivers Licenses. (This is discussed in detail in Chapter 5.) The department is largely a "closed shop." Other state workers generally cannot compete effectively for DMV management positions.

To qualify, an applicant must have at least one year's experience in the

department, or four years' experience working with regulations governing vehicle registration or drivers licenses. If an outsider clears this hurdle, he must then pass an oral examination. And because the examining board includes DMV staff, a person working for promotion within the department tends to be favored over an outsider. There are a few exceptions, when the department seeks highly specialized skills and must recruit from the outside. But the overall system effectively bars outsiders from DMV management positions, and thus precludes the introduction of new management talents, ingenuity and creativity.

The department and the State Personnel Board have overlooked some of the necessary qualifications and experience in assigning or promoting individuals to highly specialized positions, such as accounting, computer and operational systems analyst and management analysts. The fact that a person has spent many years as a driver license examiner or registering vehicles does not in itself qualify him to be an accountant, fiscal officer or a division chief.

Inefficient Use of Talent One of the Commission's most disappointing findings was that the department does not effectively utilize the talents of many of its employees. During the course of our study, more than 100 employees and managers were interviewed and observed on the job.

Many employees recognized archaic work procedures and inefficiencies early in their DMV careers. But most follow the unspoken rule established by their superiors: "Don't make waves." They feel their careers with the department may be jeopardized if they pursue changes which would challenge

the overall system. The department does from time to time, make procedural changes, but these do not generally threaten the entrenched bureaucratic structures.

Managers in Name Only DMV's operational procedures, developed over the past 30 years, are published in numerous manuals for each division, some exceeding 1,000 pages. The rigorously followed manuals have become such a controlling force in the department's operation that managers and employees alike view them virtually as law. What has evolved is management by manuals.

At the same time, the management reporting and control (MARC) program, not the manager, develops the staffing levels for each function and even its preliminary budget. (A detailed analysis of MARC is found in the section relating to Fiscal Operations.)

"Non-managing" managers are most visable in the field office operation. All the tools to be a manager have been stripped from them. The current Director, Herman Sillas, essentially stated this point:

> "Today many field office managers are not managers, but supervisors. They do not set policy. They do not hire. What happens is that, if someone knows how to register an automobile thoroughly, we slowly move him or her into a managerial position. Registering a vehicle has nothing to do with the ability to manage. DMV has to take on the tremendous process of producing and selecting managers. Managers must be advised of their new, greater responsibilities; they must be trained to perform them; then their performances must be evaluated, using valid measurements."

However, despite this laudable goal, this Commission found no evidence that the training or selection of managers has been improved.

Part-time Managers A large percentage of managers interviewed indicated they are able to devote only approximately half of their working hours to

actually managing their respective units. They have been assigned to task forces, special projects, pilot projects, oral examination boards, grievance committees, training programs, and required "rap sessions." In addition, they must attend countless meetings, conduct studies, write reports and prepare special replies to sensitive correspondence. Managers in the department have been away from their primary responsibilities for two to three weeks at a time. Even the best of managers would have difficulty doing an effective job by devoting only half his energies to his primary responsibilities. This poor management practice tends to be symptomatic of a massive bureaucracy.

When an organization like DMV becomes so large and complex that a large part of a manager's efforts is diverted from his primary duty, the operation becomes inefficient and ineffective, costs are stretched out of proportion and the system controls the manager, rather than the manager controlling the system. There is strong evidence that this is occurring in DMV.

Inefficient EDP Operations Although various functions of the department are ideally suited for computer application, many managers ineffectively and inefficiently utilize computer capabilities. This problem stems both from managers being untrained in computer sciences and from poor management practices.

The overall error rate of DMV computer operations is seven to eight percent, excessively high in view of the cost to correct these errors. If a private enterprise, such as a banking operation or a large retail operation, had an error rate of eight percent, it would not be in business very long.

However, the Commission was surprised to find employees are told that an error rate of even three percent is within acceptable limits. It should be management's responsibility to strive for a zero error rate even though ac achieving it may be virtually impossible.

In addition, this error rate has fostered a feeling among most managers that computer data is unreliable. To compensate, managers maintain extensive and costly hard copy files as back-up for computer data. Thus, they continue to accept sub-standard performances from EDP without taking corrective action.

If they were really managing and had an understanding of computer technology, they would have made the necessary changes to ensure accurate and reliable EDP data. Glaring examples of this data duplication are in the Division of Registration and Division of Drivers Licenses. (A detailed analysis and recommendations concerning these divisions can be found in Chapters 4 and 5.)

In two operations the managers do use the computer system effectively: the Drivers License Issuing Unit and Vehicle Registrations Central Inquiry. We feel the success and efficiency of these two units can largely be attributed to the management practices. For example, the error rate in the former Drivers License Issuing Unit is kept to 2.8 percent, nearly one third the rate in other computer operations.

The area of Commissionconcern is DMV's proposed computer system expansion and management's ability to gear up for the projected tremendous increase in workload. The department is already contacting major computer manufacturers who may bid on the project.

A major part of the projected workload increase is from the State Department of Justice's program of Law Enforcement Telecommunication System (CLETS), which has direct access into the department's computer for vehicle registration and drivers license information.

In addition, future projects now in the planning or implementation stages, will have an even greater impact. They include parking citation collection, administrative adjudication of traffic offenses and on-the-spot issuance of drivers license and vehicle registrations.

The total effect of all these projects would triple the workload of the department's computer system. Currently, the computer processes approximately 49.8 million inquiries a year. By 1985, that is estimated to rise to 146.1 million inquiries. The Commission is concerned that managers who are not trained in computer sciences are the same managers who have outlined the needs for the new computer system.

Labor-intensive Management From top to bottom, the department's operation is 'labor intensive,' freely using manpower to perform the task, instead of adopting a more 'capital intensive' approach by purchasing machines to do the work.

For example, vehicle registration stickers are stapled to each one of the 16 million registration cards by hand, not with automatic staplers. And the stamping of numbers in three places on registration documents is also a manual operation--48 million strokes by hand-held stamping machines.

The department's mountain of paper work and massive file system are other indications of management's labor-intensive philosophy. It also reflects

on the inability or reluctance of managers to reduce the dependency on labor by using modern technology, such as micro-photography and computers.

As an illustration of management's propensity to generate paper work, the Division of Vehicle Registration has a unit of 36 employees solely to file correspondence, including maintaining cross-reference files of 1,000,000 index cards. Although there are only about 17 million registered vehicles in the state, the department maintains 64 million records and files over 26 million vehicle documents each year.

In two divisions, there are 317 full-time employees who do nothing but maintain files. And this is only the tip of the iceberg. The very expensive manpower to produce documents and maintain the files is one of the department's most costly operations.

While work procedures designed by the department's managers are inefficient and archaic, the civil service system also contributes to the labor intensive system. For example, one civil service specification for Manager I requires that he "supervise a large group of employees." This is not an incentive for a manager to reduce the number of employees under his supervision. Indeed, it is subtle pressure for managers to design work processes with as many employees as possible to obtain the necessary qualifications for promotion to a higher management level and pay scale.

Fiscal Operations

The Management Reporting and Control (MARC) Program In 1968, the department implemented the MARC system as a management tool to determine appropriate staffing levels and work efficiency of all reporting units. Information derived from MARC is also used to develop budget requests and cost allocations.

Basically, MARC assigns each function or task an "engineered work standard," derived from procedures similar to time and motion studies. Various functions are grouped into MARC reporting units which report their activities daily to the MARC headquarters unit. This data is fed into the computer system which periodically generates reports indicating the efficiency of each unit.

In principle, the MARC program is an excellent tool to inform top administrators on the efficiency of this very large and very complex department. In reality, the MARC program, as it is being used by the department, is an inefficient, unreliable and extremely costly system.

In September 1973, a private consulting firm concluded that the MARC program had serious problems:

> "Currently, the Management and Reporting Control Program is without controls. Once again, the current level of direction and emphasis, in our judgement, is unsatisfactory and will produce a program in name only. ... Data is not current and controls are ineffective. Because of a variety of reasons ... time standards and report data, particularly the utilization figures, are not fully representative of actual conditions and efforts."

Despite such criticism the department continued to permit the MARC program to deteriorate to such a degree that the data produced by the program was almost meaningless. In December 1976, the Joint Legislative Audit Committee, Office of the Auditor General, issued a report on the inaccurate methods of establishing staffing needs. It concluded that the MARC work standards had not been revised and the information generated by MARC is unreliable.

During our Commission's study, which was in progress at the same time as the Auditor General's numerous MARC work standards were reviewed. Some had not been revised since 1968 when the MARC program was first implemented.

In one case, changes in an entire operation altered the work procedures of approximately 150 employees, but the MARC standards remained unchanged for over one year.

Because there is a complete absence of a cost accounting system in the department, no one knows how much the MARC program costs. It is estimated that the department will spend $903,295 just in salaries and staff benefits for the MARC analysts during fiscal 1976-77. This expenditure does not include the cost for the computer or the staff time to keep running tallies on the work activities and the preparation of reports for the MARC headquarters unit.

Recognizing the serious problems in the MARC program, the Director has begun an extensive program to up-date all MARC standards by March 1, 1977. The Commission questioned whether the effort and cost of updating MARC standards is justified in view of the problems that have plagued the program since its implementation. The Director responded, "I didn't want to kill the program until I found out whether it would work or not."

Many methods are used to develop and establish work standards for given tasks, but almost all employ an analysis of each phase of the function. Private industry has been using and refining engineered work standards techniques for many years to increase productivity and measure efficiency.

However, DMV does not engineer work standards according to established standards and techniques employed by private enterprise. Few, if any, of the traditional engineering analysis techniques are used by the MARC analyst to set work standards. Additionally, most MARC analysts have had

neither the formal training nor the necessary experience to engineer work standards. In reviewing the backgrounds of 41 MARC analysts, only seven had work experience that could be related to MARC and only two had educational backgrounds of value in setting MARC standards. None were specifically and formally trained to develop engineered work standards.

Furthermore, before a work standard can be engineered for a function, it is essential that the analyst thoroughly understand that function and how it interfaces with other functions within the work flow.

Nearly all of the numerous managers and supervisors interviewed on their perception of the MARC program stated: (1) the work standards do not reflect the actual conditions or efforts; (2) MARC analysts do not understand the functions for which they were setting standards; (3) analysts do not work with the managers and supervisors when they are developing standards; (4) MARC standards are not revised on a timely basis when a function is changed; (5) MARC analysts do not have the background or experience to set standards; and (6) MARC reports are little help to a manager in the decision-making process because they are not current.

Besides issuing drivers licenses and registering vehicles, the department collects fees, in lieu taxes and use taxes for other agencies and is reimbursed for the administrative costs of this service. There is strong evidence that the amount of administrative costs collected by the department are inaccurate.

For example, the department collects a use tax for the State Board of Equalization, which in turn allocates the revenues to the counties in

the Bay Area Rapid Transit District. Because the administrative costs which the Board pays are based upon inaccurate MARC standards, those billed costs are also inaccurate. It is possible that the department may be undercharging or overcharging the Board. No one knows what the actual costs of collecting these revenues are because the department does not have a cost accounting system or other procedure to determine these costs.

The problem of the inaccurate administrative costs to the Board are further compounded by the department in having an 8.3 percent error rate of coding and key entering into the computer the use tax code on transactions for the Board. This monitored error rate covered a period of only two weeks and approximately 12,500 transactions. Exhibit 1-1 lists these errors.

The potential fiscal impact of MARC's inaccuracy becomes more serious considering the fact that DMV will be reimbursed an estimated $7.13 million in fiscal 1976-77 for all such collection services, many of which are charged solely by MARC standards.

Incidentally, this reimbursement problem is not new and not totally due to MARC. As early as December 1966, before MARC, it was brought to the department's attention by the Department of General Services.

MARC is also the cornerstone of DMV's annual budget. Although the state has been on a 'program budgeting' system since 1968, DMV still prepares an organizational budget similar to a line item budget, then transforms this into a program budget format using the MARC program.

The total dollar amounts and personnel requirements of the organizational budget and the program budget are the same. However, the similarity

between the two budgets ends here. The budget transformation process becomes an administrative jungle of personnel and cost allocations by program to all units, divisions and functions of the department. And most of these allocations are based upon the unreliable MARC work standards.

The dual system of organizational and program budgets creates confusion in trying to determine the personnel and cost allocated to perform a certain function. For example, in the fiscal 1976-77 organizational budget, the Division of Driver's Licenses was authorized 1,548 positions. Yet under the program budgets "driver licensing and control" is authorized 2,867.4 personnel-years. This difference of 1,319.4 personnel-years is assigned by the MARC program to other divisions which supposedly do work for the driver's license and control program. (See Exhibit 1-2.)

The inaccuracy of the department's budget process can be determined by the amount of budgeted but unused funds returned by the department. In each of the past five years, the department has returned budgeted funds for a total of $24,275,270. (See Exhibit 1-3.) However, the department claims these as "savings" resulting from operational efficiency, rather than overbudgeting due to an inadequate budget preparation procedure. And a return as high as the 8.71 percent in 1971-72 is beyond the realm of a permissable error.

The Commission has also found that because of DMVs organizational structure, the Budget Officer has little or no line management authority. Basically, top administrators perceive the Budget Officer's function as someone to put together a proposed budget by plugging in the appropriate figures. For example, the Director went through a zero base budgeting process with each

division during the final preparation phase of the budget. This was done without the budget officer, the one person with all the facts and figures that the top administrator should have had for advice and counsel.

DMV Budget Trends An in-depth analysis of the budget was not made by the Commission, as this is an annual project of the Legislative Analyst and the Department of Finance. But we did produce a summary analysis of trends and the causes of the budget increases.

A meaningful comparison of budget increases among DMV and other state agencies is virtually impossible because of the differing impact of external factors beyond the department's control, such as inflation, salary adjustments, and staff benefits. Because the department is labor-intensive, the impact of a general state salary increase on DMV could be greater than on other state agencies.

Some of the significant trends in DMVs expenditure of budget funds are unique to the department while others are common to all state agencies. The budget for the department has increased from $84,496,785 for fiscal 1972-73 to $131,854,143 in fiscal 1976-77, or a 53.8 percent increase. (See Exhibit 1-4.)

In the same period, DMVs personnel requirements increased from 6,606.2 man-years to 7,893.6 man-years, or 19.5 percent. Approximately 74.4 percent of the department's budget is payed for personnel. Salaries for the department have increased from $51,160,636 to $91,173,421 between fiscal 1969-70 and 1975-76, or 78.2 percent. (See Exhibit 1-5.)

There are four significant changes in the allocation of funds to programs within the department. First, in the fiscal years 1973-74 and 1974-75

there were large increases in the administrative costs. These increases ranged from a low of 27.4 percent to a high of 65.3 percent in all program categories. This trend of disproportionate increases in administrative costs is continuing. The ratio of administrators to employees has increased 34.7 percent in the last five year period. Total administrative costs over the five year period has increased 136.1 percent.

The department has become top-heavy in administration. Listed in Exhibit 1-6 are the increases in the administrative cost distributions for the department's programs for fiscal 1972-73 and 1976-77, plus the percentage increase.

Second, the cost of electronic data processing has increased from $821,433 to $2,091,736 or 154.6 percent during fiscal 1972-73 through 1976-77. The increase was largely the result of additional personnel hired during 1974-75.

Third, the cost of doing research and statistics has increased from $195,647 to $677,083 or 241.6 percent during the same period.

Fourth, the cost of personnel training has increased from $577,152 to $1,242,856 or 115.3 percent during fiscal 1972-73 through 1976-77. This figure does not include salaries and benefits of personnel being trained. The total cost for training alone in the fiscal year 1975-76 was estimated to be $2,515,760.

It is clear that increased expenditure trend of the department is the result of the extremely high cost of salaries and benefits for employees. The increase in program size had a relatively small impact the last five years, compared to the impact of a $40 million increase of salaries and another $4.7 million in employee benefits.

The cost trends of the department will continue because the management philosophies are 'labor-intensive.' Over the years, the department designed work procedures around labor. To redesign these procedures around automation will require a massive effort and a considerable capital outlay.

Approximately 94 percent of DMVs budget derives from two sources: The Motor Vehicle Account in the State Transportation Fund, and The Motor Vehicle License Fee Account in the State Transportation Tax Fund. These two funds also support the following eleven agencies and programs:

Secretary, Business and Transportation Agency
Department of the California Highway Patrol
State Highway Users Tax Study Commission
Air Resources Board
Air Resources Board (loan)
Department of Justice
Judicial Council
Department of Health
Local Assistance (Air Resources Board)
Capital Outlay for the Department of Motor Vehicles
Capital Outlay for the California Highway Patrol

The revenue for these two funds is collected by the Department of Motor Vehicles. Exhibits 1-7 and 1-8 show these revenues for fiscal 1972-73 through 1975-76.

The condition of these two funds and the projected revenue are critical in two areas: (1) they provide the funds to support all of the various agencies and programs listed above, and (2) the 'spillover funds' remaining after the budgetary requirements of these agencies and programs have been satisfied are transferred to the Highway Account.

Budgetary demands on these funds by the listed agencies have increased so much over the past five years that the amount of spillover into the Highway Account is expected to be 'zero' sometime during the 1977-78 fiscal year.

The condition of these two funds is very sensitive to the economic health of the state. For example, during the 'oil embargo period' revenues increased only 2.5 percent in the Motor Vehicle Account rather than the average increase of 23.1 percent. In dollar terms, the account increased only by $8 million rather than the expected increase of $30 million. At the same time, the increased demands on the account by the Department of Motor Vehicles, excluding the Highway Patrol and other agencies, was $13 million. The total amount of new money available from both funds was $20 million to off-set the increased costs of all the agencies and programs who rely upon these funds for financial support.

Cost Accounting Cost accounting in the department is almost non-existent. During the course of this study, numerous requests were made for cost information which the respective manager should have at his fingertips. But in most cases, neither the manager, the accounting section, nor the budget section had any idea what a given program or function cost.

Generally, this information had to be developed by special task forces, some of which included as many as eight people. And because most of the resulting cost data showed a heavy reliance on information provided through unreliable MARC standards, its validity is questionable.

In most cases, the department was able to provide the Commission with the requested cost information. But some major requests such as the actual cost of registering a vehicle or collecting a use tax went unanswered.

Because DMV managers are not challenged by a good cost accounting system, they continue to look for additional revenue when operational costs increase due to additional workload or inflation, rather than look for cost-saving techniques.

The Commission found another disturbing feature in this department which will take in approximately $861 million in fiscal 1976-77 revenues while running on a $132 million budget. Of the three top managers in the accounting and fiscal sections, only one was professionally trained as an accountant. Some others had college-level accounting instruction. The net result has been a very poor bookkeeping operation, rather than the efficient accounting system which a department of its size needs.

RECOMMENDATIONS

1. The department should immediately initiate an intensive management training program. This program should include training in: (1) modern production management and control; (2) personnel; (3) computer sciences for managers; (4) preparation of program budgets; and (5) basic principals of cost accounting; and (6) inventory control. This should be an on-going training program, established in such a manner that specified training would be required prior to promotion. The training courses should be commensurate to the responsibilities and level of management.

2. The State Personnel Board and the department should take immediate steps to open up the competitive examinations for management positions in the department to any qualified civil servant and not restrict the examination to persons within the department. The requirement of prior service in the department or a four-year working knowledge of issuing drivers licenses and vehicle registrations should be eliminated.

3. The department should immediately start a transition period of transferring management responsibilities from the department's headquarters

to the managers in the 147 field offices. Field managers should be responsible for: (1) preparation of the program budget; (2) allocation of resources within the field office; (3) establishment of policies in the field office within the broad guidelines set by the department; (4) establishment of employment levels based upon the existing or projected workloads; (5) hiring and firing employees within the established regulations of the State Personnel Board; and (6) inventory control. In addition, the department should establish criteria to evaluate field managers on performance, efficiency and cost-effectiveness.

4. The department should take immediate steps to reduce the error rate on data being entered into the computer system. This will require some form of verification of data prior to being forwarded to the Division of Electronic Data Processing, as well as key entry verification of the data as it is being entered into the computer system. The additional cost of data verification should be offset by the savings realized by not having errors to correct.

5. The Management Reporting and Control (MARC) program should be phased out. After eight years of effort and extremely high cost the program is inefficient and unrealiable. The function of setting work standards or efficiency levels as well as the preparation of the budget should be returned to the managers. These managers should be evaluated on the basis of their performance and held accountable for the expenditure funds in the budget. This would produce an estimated annual savings of $1 million.

6. The Budget Officer should be given line authority and should report directly to the Chief Deputy Director. The Budget Officer, in conjunction

with the Legislative Analyst and the Department of Finance, should develop a budget preparation system that would accurately reflect the budgetary needs of the department. In addition, the Budget Officer should develop a method to analyze the proposed budget, nor more than the division level, through the technique of 'zero base budgeting.'

7. The department should establish a cost accounting unit, that is staffed with professionally trained accountants. The staffing of this unit should be sufficient to provide cost information to: (1) the Budget Officer for the preparation of the budget, (2) the managers as required for the operation of their units, (3) the program evaluation unit for cost-benefit and cost-effectiveness analysis, and (4) the top administrators for decision making purposes. Among the first priorities of the cost accounting unit should be: (a) determine the actual costs of collecting use taxes and in lieu taxes and adjust the allocation of costs to state and local agencies, (b) determine the actual cost of issuing a drivers license, registering vehicles and boats, and (c) determine the cost for providing associated services which are not within the primary mission of the department.

8. The department should establish a small industrial engineering unit to assist the department in streamlining the various functions of the department. The goal of this unit should be to provide the engineering skills to reduce the cost in the various functions of the department.

9. The department should first evaluate all computer applications and usages to eliminate the inefficient and ineffective utilization of the computer system. The department should evaluate existing computer

programs and the feasibility of other computer applications, such as accounting, cashiering, inventory control and budgeting, prior to making the decision for a new computer system.

10. The department should immediately develop accurate cost data on all of the computer operations. This cost information should include all information being put into the computer as well as all being extracted from the computer by requesting agency. Costs should be refined to the point where each keying operation can be identified and a cost can be determined. In addition, no new computer programs should be implemented until the cost and benefits of the program are determined.

EXHIBIT 1-1

DEPARTMENT OF MOTOR VEHICLES

File No.:

Date : December 1, 1976

To : Marge Lucy

From : Lee Schiffner

Subject: Monitoring BART Use Tax Collections

On November 17, 1976, this division began monitoring the errors made in coding and key entering the use tax code on transactions for the Bay Area Rapid Transit District (BART). Instructions call for coding the appropriate transactions with an alpha "B" in front of the use tax amount. This code is then to be key entered as part of the use tax field in the accounting records. The results of our first survey follow:

FIELD OFFICE	TOTAL TRANSACTIONS	CODING ERRORS	KEY ENTRY ERRORS	ERROR RATE
San Francisco	1,978	68	61	6.5%
Oakland	955	8	13	2.2%
Martinez	140	-	14	10.0%
El Cerrito	867	7	48	6.3%
Hayward	1,842	28	199	12.3%
Pittsburg	534	4	81	15.9%
Oakland Coliseum	2,406	31	118	6.2%
Walnut Creek	1,718	22	194	12.6%
Livermore	501	6	31	7.4%
Fremont	1,524	17	88	6.9%
Others	-	-	-	-
Totals	12,465	191	847	8.3%

NOTE: Error rates pertain only to the clearances being monitored for use tax code errors. Because the total transaction count does not take into account the volume of work processed without errors, and because the error counts do not take into account any other types of errors, no projections on actual error rates can be determined from these percentage factors.

Because our monitoring with correction processing is only temporary (scheduled to end December 31, 1976, with the elimination of county code), it is becoming increasingly apparent that some permanent solution to this problem must be found, and quickly. Of the two solutions available to us, the one suggested by the Division of Field Office Operation is the best. Their solution would be to have the computer generate use tax code based on county code, e.g. county code = 01, 07, or 38, generate alpha "B" for BART; county code = 43, generate alpha "C" for Santa Clara.

EXHIBIT 1-1

Procedures, key entry manuals, and computer program changes would be required in order to implement this suggestion. The one drawback to this suggestion is the elimination of county code based on a decision made by the Division of Registration. A compromise solution would be to extend county coding until implementation of the "single screen format processing" takes place (approximately August 1977). Under this new processing, county coding would not be required - county code would be generated from city and the use tax code would be generated from the generated county code.

The only other solution available is to have the Division of Administration reinstate its procedures calling for the recording of use tax on its reporting forms. A major drawback to this suggestion would be the number of man-hours required in the field and in headquarters keeping track of these taxes. If this suggestion is adopted, we will have to modify our prooflist and prooftab reports to show separate totals for the various types of use tax collections.

All divisions involved in this particular problem are aware of it, and they are also aware of the solutions available to us. What we are lacking in is a decision on which solution to adopt. If a decision is not made soon, we shall once again return to inaccurate reporting of use tax collections.

LEE SCHIFFNER, ADPA
Systems Analysis

LS:ss

EXHIBIT 1-2

DEPARTMENT OF MOTOR VEHICLES
RECONCILIATION OF PROGRAM II
DRIVER LICENSING AND CONTROL
1976-77 GOVERNOR'S BUDGET TO THE FINAL BUDGET
1976-77 FISCAL YEAR

	PERSONNEL YEARS 1976-77 FISCAL YEAR		
	GOVERNOR'S BUDGET	LEGISLATIVE CHANGES	FINAL BUDGET
DEPARTMENTAL ADMINISTRATION	130.2	-1	129.2
DIVISION OF DRIVERS LICENSES	1,341.5	-28	1,313.5
DIVISION OF FIELD OFFICE OPERATION	1,134.8	-41.3	1,093.5
DIVISION OF EDP SERVICE	317.6	-5	312.6
DIVISION OF COMPLIANCE	18.6	-	18.6
TOTAL, DEPARTMENT OF MOTOR VEHICLES	2,942.7	-75.3	2,867.4

DEPARTMENT OF MOTOR VEHICLES

COMPARISON OF SAVINGS

MOTOR VEHICLE ACCOUNT, STATE TRANSPORTATION FUND

	1972-73				1971-72			
	ALLOTMENT	EXPENDITURES	SAVINGS	PERCENTAGE OF ALLOTMENT SAVED	ALLOTMENT	EXPENDITURES	SAVINGS	PERCENTAGE OF ALLOTMENT SAVED
PERSONAL SERVICES	$61,171,778	$59,985,250	$1,186,528	1.94%	$55,718,114	$53,544,848	$2,173,266	3.90%
OPERATING EXPENSES AND EQUIPMENT	20,247,036	19,471,628	775,408	3.83%	17,200,583	16,617,344	583,239	3.39%
UNALLOTED BALANCE	3,759,070	-	3,759,070	-	2,799,222	-	2,799,222	-
MINOR CAPITAL OUTLAY	-	-	-	-	63,850	62,000	1,850	-
DATA PROCESSING SUPPORT:								
CONSOLIDATED DATA CENTER	937,398	933,576	3,822	-	-	-	-	-
REIMBURSEMENTS	-6,398,512	-6,066,633	-331,879	-	-5,894,979	-5,783,391	-111,588	-
DUE FROM OTHER SOURCES	-10,912,670	-10,650,668	-262,002	-	-10,225,401	-9,974,200	-251,201	-
NET TOTAL	$68,804,100	$63,673,153	$5,130,947	7.46%	$59,661,389	$54,466,601	$5,194,788	8.71%

EXHIBIT 1-3

EXHIBIT 1-3

DEPARTMENT OF MOTOR VEHICLES

COMPARISON OF SAVINGS

MOTOR VEHICLE ACCOUNT, STATE TRANSPORTATION FUND

	1975-76				1974-75				1973-74			
	ALLOTMENT	EXPENDITURES	SAVINGS	PERCENTAGE OF ALLOTMENT SAVED	ALLOTMENT	EXPENDITURES	SAVINGS	PERCENTAGE OF ALLOTMENT SAVED	ALLOTMENT	EXPENDITURES	SAVINGS	PERCE OF ALLO SAVE
PERSONAL SERVICES	$95,023,320	$91,173,421	$3,849,899	4%	$81,238,496	$76,903,263	$4,335,233	5.3%	$66,989,381	$65,827,635	$1,161,746	1.
OPERATING EXPENSES AND EQUIPMENT	33,158,703	30,801,459	2,357,244	7.1%	27,250,834	25,965,102	1,285,732	4.7%	23,407,314	22,554,322	852,992	3.
UNALLOTED BALANCE	1,540,978	-	1,540,978	-	586,843	-	586,843	-	-	-	-	-
MINOR CAPITAL OUTLAY	112,900	102,479	10,421	-	97,100	66,885	30,215	-	9,800	2,000	7,800	-
DATA PROCESSING SUPPORT:	-	-	-	-	583,000	575,810	7,190	-	-	-	-	-
CONSOLIDATED DATA CENTER	-	-	-	-	-	-	-	-	1,794,477	1,794,136	341	-
REIMBURSEMENTS	-7,153,209	-7,675,195	521,986	-	-7,178,605	-6,684,660	-493,945	-	-7,159,540	-6,700,380	-459,160	-
LESS FROM OTHER SOURCES	-18,269,875	-17,813,482	-456,393	-	-15,827,040	-14,931,348	-895,692	-	-12,316,053	-12,022,158	-293,895	-
NET TOTAL	$104,412,817	$96,588,682	$7,824,135	7.5%	$86,750,628	$81,895,052	$4,855,576	5.6%	$72,725,379	$71,455,555	$1,269,824	

FIVE YEAR COMPILATION OF DEPARTMENT OF MOTOR VEHICLES BUDGET

Fiscal Year / Programs	72-73 Man-Years	73-74 Man-Years	% Change	74-75 Man-Years	% Change	75-76 Man-Years	% Change	76-77 Man-Years	% Change	% Change Between 72-73 & 76-77
I. Vehicle Licensing & Titling										
a) Registration Documentation & Certificate Issuance	1,714.9	1,661.9	-3.1	1,638.2	-1.4	1,851.2	13	1,979.2	6.9	15.4
b) Vehicle Fee Collection & Acct	829.5	816.7	-1.5	857.4	5	1,009.2	17.7	1,027.6	1.8	23.9
c) Vehicle Record & File Maintenance	296.6	307.0	3.5	359.8	17.2	396.9	10.3	416.2	4.9	40.3
d) Vehicle Info & Sale of Records	153.1	148.2	-3.2	157.2	6.1	157.4	0.1	183.2	16.4	19.7
e) Administration Distribution	n/a	193.8	n/a	268.6	38.6	306.6	14.1	297.0	-3.1	n/a
Totals	2,994.1	3,127.6	n/a	3,281.2	4.9	3,739.3	14	3,903.2	4.4	n/a
Driver Licensing & Control										
a) Drivers License Issuance	1,471.4	1,457.2	1	1,468.2	0.8	1,554.7	5.9	1,621.1	4.3	10.2
b) Post Licensing Control	895.8	884.7	-1.2	773.1	-12.6	806.6	4.3	842.2	4.4	-6
c) Certificate Issuance	6.7	8.4	25.6	9.5	13.1	9.3	-2.1	9.7	4.3	44.8
d) Information Services	146.2	136.1	-6.9	207.3	52.3	234.8	13.3	253.5	8	73.4
e) Administration Distribution	n/a	157.3	n/a	206.3	31.2	213.2	3.3	216.2	1.4	n/a
Totals	2,520.1	2,643.7	n/a	2,664.4	0.8	2,818.6	5.8	2,942.7	4.4	n/a
Occupational Licensing & Regulation										
a) Occupational Licensing	82.9	88.3	6.5	91.7	3.9	105.8	15.4	106.9	1	29
b) Occupational Regulation	139.2	162.5	16.7	160.6	-1.2	220.6	37.4	215.9	-2.1	55.1
c) Administration Distribution	n/a	26.4	n/a	33.6	27.2	41.3	22.9	40.8	-1.2	n/a
Totals	222.1	277.2	n/a	285.9	3.1	367.7	28.6	363.6	-1.1	n/a
Compulsory Financial Responsibility										
a) Registration & Driving Privilege Control	150.5	141.0	-6.3	147.0	4.3	200.7	36.5	196.0	-2.3	30.2
b) Information Services	22.8	24.1	5.7	22.2	-7.9	24.9	12.2	24.4	-2	7
c) Administration Distribution	n/a	9.8	n/a	12.0	22.4	15.1	25.8	17.3	14.6	n/a
Totals	173.3	174.9	n/a	181.2	3.6	240.7	32.8	237.7	-1.2	n/a
Associated Services										
a) Identification Card Issuance	29.5	22.6	-23.4	27.2	20.4	36.3	33.5	57.4	58.1	94.6
b) Vessel Registration	68.5	74.7	9.1	68.9	-7.8	71.2	3.3	74.4	4.5	8.6
c) Environmental Plate Registration	37.3	45.1	20.9	57.8	28.2	66.4	14.9	69.2	4.2	85.5
d) Use Tax Computation & Collection	137.0	142.1	3.7	133.4	-6.1	141.5	6.1	145.6	2.9	6.3
e) OHV Registration	63.8	49.5	-22.4	62.4	26.1	70.5	13	91.8	30.2	43.9
f) Bicycle Licensing	----	0.8	----	----	----	----	----	----	----	----
g) Administration Distribution	n/a	5.2	n/a	7.2	38.5	8.0	1.1	8.0	0	n/a
Totals	336.1	340	n/a	356.9	5	393.9	10.4	446.4	13.3	n/a
II. Administration										
a) Executive	17.8	21.4	20.2	18.3	-14.5	21.6	18	20.6	-4.6	15.7
b) Program Administration	96.0	102.6	6.9	154.5	50.6	160.4	3.8	165.0	2.9	71.9
c) Legal	15.0	16.4	9.3	18.3	11.6	20.4	11.5	22.4	9.8	49.3
d) Fiscal & Business Management	77.3	81.2	5.0	89.4	10.1	88.0	-1.6	88.2	0.2	14.1
e) Personnel & Training	51.3	54.5	6.2	59.4	9	80.1	34.8	81.0	1.1	57.9
f) Operations & Management Analysis	46.4	46.8	0.9	51.4	9.8	72.4	40.9	72.4	0	56
g) Research & Statistics	12.4	12.7	2.4	32.2	153.5	41.5	28.9	33.1	-20.2	166.9
h) Public Information	3.4	4.8	41.2	3.5	-27.1	4.1	17.1	4.1	0	20.6
i) EDP Services	40.9	52.1	27.4	100.7	93.3	95.7	-5	92.5	-3.3	126.1
Totals, Administration	360.5	392.5	8.9	527.7	34.4	584.2	10.7	579.3	-0.8	60.7
Less Amounts Charged to Other Programs										
i) Vehicle Licensing & Titling	n/a	-193.8	n/a	-268.6	38.6	-306.6	14.1	-297.0	-3.1	n/a
ii) Driver Licensing & Control	n/a	-157.3	n/a	-206.3	31.2	-213.2	3.3	-216.2	1.4	n/a
iii) Occupational Licensing	n/a	- 26.4	n/a	- 33.6	27.3	- 41.3	22.9	- 40.8	-1.2	n/a
iv) Compulsory Financial Responsibility	n/a	- 9.8	n/a	- 12.0	22.4	- 15.1	25.8	- 17.3	14.6	n/a
v) Associated Services	n/a	- 5.2	n/a	- 7.2	38.5	- 8.0	1.1	- 8.0	0	n/a
Totals, Distributed Administration	n/a	-392.5	n/a	-527.7	34.4	-584.2	10.7	-579.3	-0.8	n/a
Net Totals, Undistributed Administration	n/a	----	----	----	----	----	----	----	----	----
TOTALS, Programs	6,606.2	6,563.4	-0.6	6,769.6	3.1	7,560.2	11.7	7,893.6	4.4	19.5

Fiscal Year / Programs	72-73 Expenditures	73-74 Expenditures	% Change	74-75 Expenditures	% Change	75-76 Expenditures	% Change	76-77 Expenditures	% Change	% Change Between 72-73 & 76-77
I. Vehicle Licensing & Titling										
a) Registration Documentation & Certificate Issuance	$21,138,845	$21,837,893	3.3	$ 23,683,366	8.5	$ 30,624,600	29.3	$ 32,442,493	5.9	53.5
b) Vehicle Fee Collection & Acct	11,558,870	12,176,245	5.3	15,243,754	25.2	18,917,118	24.1	19,205,171	1.5	66.2
c) Vehicle Record & File Maintenance	3,299,160	3,487,957	5.7	4,687,676	34.4	5,684,464	21.3	6,020,139	5.9	82.5
d) Vehicle Info & Sale of Records	1,824,249	1,810,748	-0.7	1,943,934	7.4	2,390,659	23	2,514,160	5.2	37.8
e) Administration Distribution	2,362,323	3,161,997	33.9	4,641,685	46.8	5,525,846	19	5,523,867	*	133.8
Totals	40,183,447	42,474,840	5.7	50,200,415	18.2	63,142,687	25.8	65,705,830	4.1	63.5
Driver Licensing & Control										
a) Drivers License Issuance	20,086,706	21,062,464	4.9	23,076,844	9.6	27,007,769	17	28,133,893	4.2	40.1
b) Post Licensing Control	11,347,554	11,700,875	3.1	11,142,102	-4.8	13,048,577	17.1	14,040,861	7.6	23.7
c) Certificate Issuance	84,827	123,705	45.8	186,726	50.9	210,503	12.7	228,165	8.4	169
d) Information Services	1,852,471	1,081,056	-41.6	3,049,226	182.1	3,737,864	22.6	4,084,390	9.3	120.5
e) Administration Distribution	1,959,806	2,569,866	31.1	3,602,492	40.2	3,968,059	10.1	4,041,232	1.8	106.2
Totals	35,331,364	37,257,966	5.5	41,057,390	10.2	47,972,772	16.8	50,528,541	5.3	43
Occupational Licensing & Regulation										
a) Occupational Licensing	1,190,340	1,283,644	7.8	1,447,505	12.8	1,968,460	38.9	1,853,428	-5.8	55.7
b) Occupational Regulation	2,193,762	2,781,291	26.8	3,193,561	14.8	4,798,934	50.3	4,867,029	1.4	121.8
c) Administration Distribution	304,501	406,280	33.4	561,256	38.1	718,243	28	730,549	1.7	139.9
Totals	3,688,603	4,471,215	21.2	5,202,322	16.4	7,485,637	43.8	7,451,006	-0.5	102
Compulsory Financial Responsibility										
a) Registration & Driving Privilege Control	1,818,961	1,638,856	11.2	1,822,787	11.2	2,723,731	49.4	2,701,985	-0.8	48.5
b) Information Services	259,664	281,566	8.4	298,024	5.8	347,663	16.7	374,675	*	33.9
c) Administration Distribution	121,707	151,812	24.7	203,844	34.3	269,245	32.1	302,253	12.3	148.3
Totals	2,200,332	2,072,234	-5.8	2,324,655	12.2	3,340,639	43.7	3,361,913	0.3	52.3
Associated Services										
a) Identification Card Issuance	341,555	350,207	2.5	490,918	40.2	647,329	31.9	953,427	47.3	179.1
b) Vessel Registration	658,688	835,529	26.8	973,983	16.6	1,019,296	4.7	1,069,663	4.9	62.4
c) Environmental Plate Registration	529,569	402,357	-24	519,937	29.2	615,836	18.4	712,529	15.7	34.5
d) Use Tax Computation & Collection	1,249,787	1,356,133	8.5	1,477,569	9	1,773,013	20	1,846,682	4.1	47.7
e) OHV Registration	760,273	738,956	-2.8	965,663	30.7	1,306,858	35.3	1,559,917	19.4	105.2
f) Bicycle Licensing	----	13,208	----	50,000	278.6	63,169	26.3	78,437	24.2	----
g) Administration Distribution	124,322	205,448	65.3	298,209	45.2	349,579	17.2	370,503	6	198
Totals	3,664,194	3,901,838	6.5	4,776,279	22.4	5,775,080	21	6,590,158	14.1	79.9
II. Administration										
a) Executive	308,141	480,668	56	404,674	-15.8	475,622	17.5	475,455	*	54.3
b) Program Administration	1,512,211	1,752,098	15.9	3,145,230	79.5	3,400,109	8.1	3,570,571	5	136.1
c) Legal	236,050	286,337	21.3	343,222	19.9	428,420	24.8	470,624	9.9	99.4
d) Fiscal & Business Management	767,866	937,943	22.1	1,046,462	11.6	1,147,008	9.6	1,175,007	2.4	53
e) Personnel & Training	577,152	687,874	19.2	782,774	13.8	1,188,707	15.2	1,242,856	4.6	115.3
f) Operations & Management Analysis	653,647	748,173	14.5	806,013	7.7	1,147,633	42.4	1,196,985	4.3	83.1
g) Research & Statistics	195,647	219,394	12.1	577,879	163.4	827,315	43.2	667,083	80.1	241
h) Public Information	64,017	87,609	36.9	66,392	-24.2	78,858	18.8	78,087	-0.9	22
i) EDP Services	821,433	1,295,307	57.7	2,134,840	64.8	2,137,300	0.1	2,091,736	-2.1	154.6
Totals, Administration	5,136,163	6,495,403	26.5	9,307,486	43.3	10,830,972	16.4	10,968,404	1.3	113.6
Less Amounts Charged to Other Programs										
i) Vehicle Licensing & Titling	-2,362,323	-3,161,997	33.9	-4,641,685	46.8	- 5,525,846	19	- 5,523,867	*	133.8
ii) Driver Licensing & Control	-1,959,806	-2,569,866	31.1	-3,602,492	40.2	- 3,968,059	10.1	- 4,041,232	1.8	106.2
iii) Occupational Licensing	- 304,501	- 406,280	33.4	- 561,256	38.1	- 718,243	28	- 730,549	1.7	139.9
iv) Compulsory Financial Responsibility	- 121,707	- 151,812	24.7	- 203,844	34.3	- 269,245	32.1	- 302,253	12.3	148.3
v) Associated Services	- 124,322	- 205,448	65.3	- 298,209	45.2	- 349,579	17.2	- 370,503	6	198
Totals, Distributed Administration	-4,872,659	-6,495,403	33.3	-9,307,486	43.3	-10,830,972	16.4	-10,968,404	1.3	125.1
Net Totals, Undistributed Administration	263,504	----	----	----	----	----	----	----	----	----
TOTALS, Programs	$84,496,785	$89,944,193	6.4	$103,561,080	15.1	$120,948,558	16.8	$133,727,448	10.6	58.3

Man-Year Expenditures Taken from Governor's Budget.

Percentages Rounded to Nearest 0.1%

* Less Than 0.1%

n/a - not available

EXHIBIT 1-4

EXHIBIT 1-5

DEPARTMENT OF MOTOR VEHICLES

ANALYSIS OF PERSONAL SERVICES

ACTUAL EXPENDITURES 1969-70 THROUGH 1975-76 F.Y.

	FISCAL YEAR						
	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76(a)
Actual Expenditures							
Personnel Years	6,401.9	6,055.9	6,177.6	6,606.2	6,563.4	6,769.6	7,232.4
Salaries	$45,981,365	$46,668,839	$47,831,418	$53,218,825	$58,055,939	$65,834,842	$76,613,332
Staff Benefits	5,179,270	5,431,635	5,713,431	6,766,425	7,771,646	11,068,421	14,560,089
Total, Personal Services	$51,160,636	$52,100,474	$53,544,849	$59,985,250	$65,827,635	$76,903,263	$91,173,421
Average Cost per Personnel Year							
Salaries	$7,182	$7,706	$7,743	$8,056	$8,845	$9,725	$10,593
Staff Benefits	809	897	925	1,024	1,184	1,635	2,013
Total	$7,991	$8,603	$8,668	$9,080	$10,029	$11,360	$12,606
Percent Change over Previous Year							
Salaries	-	7.3%	0.004%	4.0%	9.8%	9.9%	8.9%
Staff Benefits	-	10.9%	3.1%	10.7%	15.6%	38.1%	23.1%
Total	-	17.8%	0.8%	4.8%	10.5%	13.3%	11.0%
Inflationary Increase(b)							
Salaries	$ -	$3,172,445	$220,256	$1,934,605	$5,181,961	$5,773,558	$5,876,050
Staff Benefits	-	532,279	169,223	614,108	1,049,048	2,959,638	2,560,052
Total	$ -	$3,704,724	$389,479	$2,548,713	$6,231,009	$8,733,196	$8,436,102
Workload Change(c)							
Personnel Years	-	-346	121.7	428.6	-42.8	206.2	462.8
Salaries	$ -	$-2,484,972	$942,323	$3,452,802	$-344,737	$2,005,295	$4,902,440
Staff Benefits	-	-279,914	112,573	438,886	-43,827	337,137	931,616
Total	$ -	$-2,764,886	$1,054,896	$3,891,688	$-388,624	$2,342,432	$5,834,056

(a) See attached schedule for general explanation of increases. Please note the analysis is for Revised 1975-76 Budget not Actual 1975-76 expenditures.

(b) Inflationary Increase includes merit salary adjustments, authorized pay raises, net differences for reclassifications and authorized staff benefits increases. It also includes net differences for positions filled by employees at a different salary scale than the position was budgeted.

[illegible] authorized [illegible] not programed and not statutes.

EXHIBIT 1-6

ADMINISTRATIVE DISTRIBUTED COSTS

	1972-73	1976-77	Percentage Increase
Vehicle Licensing and Titling	$2,362,323	$5,525,846	133.8%
Driver Licensing and Control	$1,959,806	$4,041,232	106.2%
Occupational Licensing and Regulation	$ 304,501	$ 730,549	139.9%
Compulsory Licensing and Regulation	$ 121,707	$ 302,253	148.3%
Associated Services	$ 124,322	$ 307,503	198.0%

EXHIBIT 1-7

MOTOR VEHICLE ACCOUNT
OF
STATE TRANSPORTATION FUND

Fiscal Year	1972-73	1973-74	1974-75	1975-76	
Motor Vehicle Registration & Other Fees	$194,204,604	$197,336,523	$202,059,418	$224,496,776	
Weight Fees	84,647,458	106,608,844	108,952,888	116,119,093	
Drivers Licenses	13,312,147	14,285,052	14,657,273	14,720,453	
Other Motor Vehicle Licenses	11,021,212	14,614,399	14,719,872	17,332,707	
Identification Card Fees	342,012	413,170	545,376	771,345	
Senior Citizens Identification Card Fees	----	----	----	24,255	
Off Highway Vehicle Fees	608,046	405,340	915,002	632,394	
Lien Sale Application Fees	----	----	224,802	110,927	
New Car Dealer License Fee	86,527	77,390	96,396	150,165	
Other Regulatory Licenses	4,591	5,406	5,345	----	
Sale of Documents	----	----	----	32,151	
Income From Surplus Money Investment	1,937,787	2,481,879	2,264,054	2,230,000	
Miscellaneous Service to the Public	----	----	----	38,688	
Rentals of State Properties	207,046	211,581	226,891	238,667	
Miscellaneous Use of Property & Money	----	----	----	7,710	
Sale of Fixed Assets	60,602	----	22,479	94,472	
Other Miscellaneous Income	1,123,625	1,162,332	1,425,011	1,459,161	
Total	$307,555,657	$337,601,916	$346,114,807	$378,458,964	23.1%

From Annual Reports of the State Controller

MOTOR VEHICLE LICENSE FEE ACCOUNT
OF
STATE TRANSPORTATION FUND

Fiscal Year	1972-73	1973-74	1974-75	1975-76	
Motor Vehicle License-Trailer Coach Fees	$ 21,666,595	$ 24,436,756	$ 25,580,400	$ 29,939,838	
Motor Vehicle License-In-Lieu Fees	271,727,699	286,753,309	297,713,200	346,420,570	
Income From Surplus Money Investments	2,397,532	3,812,833	3,451,863	2,500,000	
Total	$295,791,826	$315,002,898	$326,745,463	$378,860,408	28.1%

From Annual Reports of the State Controller

EXHIBIT 1-8

CHAPTER 2, DIVISION OF ADMINISTRATION

Program Statement

The division is arranged into four main functions; (1) Fiscal and Business Management, (2) Personnel and Training, (3) Office of Program Development and Evaluation, and (4) Staff Services. It should be noted that the department is in the process of making some organizational changes in the division. Listed below are the stated objectives for each of the four main functions of the division:

Fiscal and Business Management This section is responsible for departmental accounting procedures, and administers fiscal and business programs of the department.

Personnel and Training This section is responsible for planning, organizing and administering the department's personnel management and training program, including equal employment opportunity coordination.

Office of Program Development and Evaluation The management operations analysis functions were consolidated into the Office of Program Development and Evaluation. The consolidation included the following sections; (a) Research, Development and Consultation Services, (b) Program Evaluation and Special Projects, (c) Management Systems and Surveys, and (d) Management and Operations Analysis. A Staff Services Section was formed from part of the Management Analysis Section when the Office of Program Development and Evaluation was established.

Staff Services Section This section is involved with space allocation and field office facilities planning; performs analyses required for divisional equipment purchasing or leasing; administers office landscaping projects; analyzes systems and procedures, and also laws and regulations relative to the division's functions; and holds the responsibility for paperwork and forms management.

The division's budget increased from $4,823,839 in fiscal year 1971-72 to $11,692,641 in 1976-77, a 142.4 percent increase (See Table 2-2). In the same period, its staff increased 61.7 percent from 287.4 personnel-years to 486.4 (See Table 2-2). The method by which the division apportions its cost of operation to other divisions and programs is shown in Table 2-3. For example, under Occupational Licensing and Regulation, the Division of Administration's cost to assist that program increased from $388,595 to $904,360 or 132.7 percent. The far right-hand column of Table 2-1, indicates the percent increases of apportioned costs for the division.

The apportionment of administration costs is based upon the Management and Reporting Control (MARC) standards. As discussed in Chapter 2, these standards are generally unreliable. It is thus possible that a given division may be charged more or less than its proper share of the department's overall administrative costs.

The largest share of the division's budget is consumed by staff salaries and benefits. The Division has a larger proportion of higher-paid technical personnel than most other divisions, so inflation, salary adjustments and staff benefit increases have had a dramatic impact on the division's budget. However, a factor of more concern to the

DIVISION OF ADMINISTRATION
APPORTIONMENT OF PROGRAM BUDGET

Fiscal Year	73-74		74-75			75-76			76-77			
	Man Years	Amount	Man Years	Amount	Change in Amount	Man Years	Amount	Change in Amount	Man Years	Amount	Change in Amount	Change in Amount 73-74 to 76-77
I. Vehicle Licensing & Titling												
a) Registration Documentation & Certificate Issuance	19.0	$ 743,554	17.4	$ 835,064		10.2	$ 954,024		12.3	$ 1,051,082		
b) Vehicle Fee Collection & Acct.	35.1	631,181	35.9	789,285		97.8	1,523,959		93.4	1,807,697		
c) Vehicle Record & File Maintenance	40.1	483,332	39.2	533,306		1.4	183,614		1.5	200,936		
d) Vehicle Info. & Sale of Records	3.5	82,636	3.8	96,784		2.9	121,810		3.1	133,010		
e) Administration Distribution	111.4	1,465,950	132.2	1,915,961		156.2	2,451,788		176.9	2,970,528		
Totals	209.1	3,406,653	228.5	4,170,400	22.4%	250.5	5,235,195	25.5%	287.2	6,163,253	17.7%	80.9%
II. Driver Licensing & Control												
a) Drivers License Issuance	8.4	839,066	6.1	984,808		6.2	901,436		8.1	922,343		
b) Post Licensing Control	3.7	554,993	0.2	652,505		0.2	622,157		0.2	627,909		
c) Certificate Issuance	0.1	3,661	0.1	4,618		---	5,862		0.1	7,484		
d) Information Services	1.1	55,830	0.9	85,719		1.3	154,882		1.3	163,981		
e) Administration Distribution	94.1	1,238,785	107.8	1,563,281		127.9	2,019,333		141.6	2,381,138		
Totals	107.4	2,692,335	115.1	3,290,931	22.2%	135.6	3,703,670	12.5%	151.3	4,102,855	10.8%	52.4%
III. Occupational Licensing & Regulation												
a) Occupational Licensing	0.7	36,054	0.6	40,040		2.0	73,923		1.7	76,996		
b) Occupational Regulation	---	228,633	---	280,552		---	372,595		---	528,659		
c) Administration Distribution	9.4	123,908	11.1	160,551		15.1	237,540		17.8	298,705		
Totals	10.1	388,595	11.7	481,143	23.8%	17.1	684,058	42.2%	19.5	904,360	32.2%	132.7%
IV. Compulsory Financial Responsibility												
a) Registration & Driver Privilege Control	1.3	59,411	0.5	59,488		0.2	91,947		0.2	94,130		
b) Information Services	---	7,986	---	8,182		---	3,104		---	3,299		
c) Administration Distribution	6.3	82,605	7.4	107,668		9.2	144,397		10.0	167,653		
Totals	7.6	150,002	7.9	175,338	16.9%	9.4	239,448	36.6%	10.2	265,082	10.7%	76.7%
V. Associated Services												
a) Identification Card Issuance	---	9,457	---	10,170		0.1	26,663		0.1	29,105		
b) Vessel Registration	3.9	34,644	4.3	43,670		5.0	50,426		5.8	63,933		
c) Legal	1.2	23,483	0.9	26,734		1.4	40,274		1.5	45,797		
d) Use Tax Computation & Collection	3.3	28,316	2.3	30,927		3.9	39,205		3.7	41,990		
e) OHV Registration	0.2	18,504	0.2	25,180		1.0	40,755		1.1	43,094		
f) Bicycle Licensing	---	---	---	---		---	---		---	---		
g) Administration Distribution	3.0	38,943	3.9	61,595		5.4	92,250		6.0	109,635		
Totals	11.6	153,347	11.6	198,213	29.3%	16.8	289,573	46.1%	18.2	333,554	15.2%	117.5%
VI. Administration												
a) Executive	(21.4)	(462,649)	(18.3)	(391,782)		(20.2)	(440,809)		(19.7)	(470,173)		
b) Program Administration	(4.9)	(61,862)	(5.0)	(229,530)		(14.0)	(341,444)		(15.0)	(412,987)		
c) Legal	(16.3)	(272,276)	(18.3)	(330,330)		(19.6)	(390,639)		(21.6)	(450,119)		
d) Fiscal & Business Management	(77.4)	(810,437)	(86.6)	(934,203)		(97.2)	(1,193,381)		(103.1)	(1,382,111)		
e) Personnel & Training	(49.1)	(527,189)	(55.9)	(670,309)		(73.2)	(1,007,904)		(81.8)	(1,241,211)		
f) Operations & Management Analysis	(39.5)	(548,520)	(46.8)	(674,413)		(86.2)	(1,468,151)		(107.1)	(1,855,913)		
g) Research & Statistics	(11.0)	(169,574)	(28.2)	(481,765)		*	*		*	*		
h) Public Information	(4.6)	(80,241)	(3.3)	(59,423)		(3.4)	(65,393)		(4.0)	(74,463)		
i) EDP Services	---	(17,443)	---	(37,301)		---	(37,587)		---	(40,682)		
Totals	(224.2)	(2,950,191)	(262.4)	(3,809,056)		(313.8)	(4,945,308)		(352.3)	(5,927,659)	19.9%	100.9%
Totals, All Programs	345.8	$6,790,932	374.8	$8,316,025	22.5%	429.4	$10,151,944	22.1%	486.4	$11,769,104	15.9%	73.3%

Figures rounded to nearest 0.1% from Departmental documents

*Sub-programs "f" & "g" were combined in FY 75-76 and titled "Program Development and Evaluation".

TABLE 2-1

TABLE 2-2

DEPARTMENT OF MOTOR VEHICLES

1977-78 GOVERNOR'S BUDGET

DEPARTMENTAL ADMINISTRATION

SUMMARY OF ANALYSIS OF PERSONNEL REQUIREMENTS

FISCAL YEARS 1971-72 THROUGH 1977-78

PERSONNEL YEARS	1971-72 ACTUAL	1972-73 ACTUAL	1973-74 ACTUAL	1974-75 ACTUAL	1975-76 ACTUAL	1976-77 REVISED	1977-78 PROPOSED
DEPARTMENTAL ADMINISTRATION:							
Executive:							
Director's Office & Staff	13.4	14.4	20	15.6	17.6	17.7	17.7
Internal Audits	5.6	5.6	6	6	6	6	6
Legal	13.1	14.9	16.3	18.3	19.6	21.6	23.2
Research & Statistics	14.1	15.2	17.3	-	-	-	-
Research & Planning	-	-	-	28.2	-	-	-
Office of Program Development & Evaluation (a)	-	-	-	-	2	2	2
Research, Development & Consultation Services Section	-	-	-	-	15.3	14.3	16.4
Program Evaluation & Special Projects Section	-	-	-	-	11.8	12.9	13
Management Systems & Surveys Section	-	-	-	-	16.6	16.1	16.1
Management & Operations Analysis Section	-	-	-	-	40.5	62.2	42
Division of Administration:							
General Administration	2.3	2.8	4.9	4.8	6	7	7.5
Management Services:							
Assistant Division Chief	2	2	-	-	-	-	-
Manpower Review & Authorization	2	3	-	-	-	-	-
Operations Analysis	21	24.6	29	35	-	-	-
Management Analysis	9.9	9.9	10.5	11.8	-	-	-
Staff Services Section (b)	-	-	-	-	8	8	8
Budget Section (c)	-	-	-	5.7	6	7.2	7.1
Fiscal & Business Management	168.5	186.5	192.7	193.5	(206.9)	(227.8)	(225.2)
Fiscal Office	-	-	-	-	3	3	3
Accounting Unit	-	-	-	-	127.3	143.3	140
Business Services Unit	-	-	-	-	76.6	81.5	82.2
Personnel Management Services Section	35.5	46	49.1	55.9	73.1	83.6	80.6
TOTALS, DEPARTMENTAL ADMINISTRATION	287.4	324.9	345.8	374.8	429.4	486.4	464.8

(a) This organization consisting of 1) Research, Development & Consultation Services Section, 2) Program Evaluation & Special Projects Section, 3) Management Systems & Surveys Section, and 4) Management & Operations Analysis Section was formed in 1975-76 fiscal year to consolidate the following sections: 1) Research & Planning, 2) Operations Analysis, and 3) part of Management Analysis.

(b) Staff Services Section was formed from part of Management Analysis at the time OPDE was established.

(c) Budget Section was a unit within Fiscal & Business Management in 1971-72, 1972-73, and 1973-74 fiscal years.

NET TOTAL EXPENDITURES BY DIVISION

FISCAL YEARS 1971-72 THROUGH 1977-78

DIVISION	ACTUAL 1971-72	1972-73	1973-74	1974-75	1975-76	REVISED 1976-77	PROPOSED 1977-78
NEW MOTOR VEHICLE BOARD	$45,014	$47,362	$50,783	$77,465	$163,293	$196,208	$207,830
DEPARTMENTAL ADMINISTRATION	4,823,839	5,278,860	6,562,149	7,953,733	9,883,686	11,692,641	12,351,578
REGISTRATION	11,129,634	12,184,083	13,680,006	16,867,857	20,449,211	22,628,933	23,297,764
DRIVERS LICENSES	9,300,395	11,573,233	13,441,277	15,623,555	17,695,672	21,310,648	22,052,559
FIELD OFFICE OPERATION	23,356,073	27,485,306	29,679,583	33,390,549	39,889,191	44,908,933	46,959,638
EDP SERVICES	9,088,433	9,318,523	9,565,064	12,087,910	13,461,886	15,872,694	16,716,180
COMPLIANCE	3,388,197	3,825,878	4,569,999	5,670,784	7,345,123	8,700,775	8,852,995
FACILITIES OPERATION	3,287,477	3,736,376	4,366,299	4,511,853	5,411,623	6,006,560	6,918,911
MINOR CAPITAL OUTLAY	62,000	-	2,000	66,885	102,479	109,450	*
CONSOLIDATED DATA CENTER/DATA PROCESSING SUPP.	-	933,576	1,794,136	575,810	-	-	-
FIRE DAMAGE, CHAPTER 53/73	-	4,038,000	-233,900	19	235,352	-	-
BICYCLE LICENSE, CHAPTER 971/74	-	-	-	50,000	-	-	-
UNPAID PARKING VIOLATIONS, CHAPTER 1179/75	-	-	-	-	-	-	1,500,000
TOTAL EXPENDITURES, DMV	$64,481,062	$78,421,197	$83,477,396	$96,876,420	$114,637,516	$131,426,842	$138,857,455

* Minor Capital Outlay is included in Capital Outlay Budget effective with 1977-78 fiscal year.

TABLE 2-3

Commission is the budget growth resulting from the magnitude and complexity of functions which the division performs. Many of these functions are discretionary, and their elimination would have little or no impact on the efficient operation of the division or the department.

The other DMV divisions have natural workload indicators such as the number of vehicles registered or the number of drivers licenses issued by which staffing levels, productivity and costs can be measured. But because of the nature of its work, the Division of Administration does not have clearly defined workload indicators.

Any organization as large as DMV needs research and management and operations analysis. But there is a point where the operational complexities of these units render them ineffective. Examples are the problems with the MARC program, as discussed in Chapter 1, and the archaic work procedures detailed throughout this report.

Business Services Unit (Fiscal and Business Management Section) This unit, accounting for 81.5 personnel-years, is responsible for property accountability, procurement of equipment, duplication services, supplies for headquarters and field offices, and outgoing mail. Other divisions in the department have established their own business services units to perform essentially the same function, thus creating a costly duplication of effort.

Some employees of this unit are aware of many inefficiencies, but are unable to get them corrected because of the division's organizational structure and management philosophies. For example, one manager stated that DMV's telephone utilization rate does not justify the number of

instruments or lines servicing its various functions. The same, he said, is true with computer terminals. But he indicated this needless expense continues because a computer terminal within a unit is a status symbol even though the utilization rate is very low. This utilization rate, observed in both the Division of Vehicle Registration and the Division of Drivers Licenses, was in some cases as low as 40 percent.

The manager also stated that in many cases, two separate studies are conducted on the same subject by two different units. For example, if another unit or division wants a piece of equipment, they would make their own study to justify the need. Then the business services unit would evaluate the proposal on its own.

One function of the business services unit is contracting with the Department of General Services for a wide variety of services, ranging from electronic data processing to hearing officers and reporters. In fiscal year 1976-77, the General Services (GS) cost to the department was $6,664,519 (See Table 2-4). Two of the most expensive items being billed by GS are printing ($2,221,089) and contractual services, primarily maintenance, security and janitorial ($2,005,334).

The department could realize substantial savings by assuming some of the services now being provided by GS. For example, GS charges the department $8.63 per hour for the services provided by a janitor, while a janitor's maximum hourly wage under civil service is $5.72. If the maximum cost of fringe benefits (26.5 percent of salary) were added to the maximum hourly wage, it would still be only $7.24, or 16 percent less than GS charges.

There are many areas in which GS billings are not clearly related to any

TABLE 2-4

DEPARTMENT OF MOTOR VEHICLES
EXPENDITURES
SERVICES PROVIDED BY DEPARTMENT OF GENERAL SERVICES

TYPE OF SERVICE	1972-73 FY	1973-74 FY	1974-75 FY	1975-76 FY
NEW MOTOR VEHICLE BOARD				
Service, Parts & Repairs to Office Equipment (a)	$ -	$ -	$24	$83
Exchange Service (a) (b)	694	1,002	1,509	1,957
Hearing Officers and Reporters Fees	-	-	9,813	32,257
Sub-Total	($694)	($1,002)	($11,346)	($34,297)
DEPARTMENTAL ADMINISTRATION				
Purchasing Division	$14,530	$13,572	$22,557	$24,530
Service, Parts & Repairs to Office Equipment (a)	26,865	28,351	32,410	43,216
Printing (a)	222,483	392,217	524,838	229,693
Cost of Operating State Owned Vehicles				
Storage (a)	1,886	893	2,540	1,978
Inspection Service	874	398	859	1,576
Insurance	1,872	2,444	2,551	2,949
Exchange Service (a) (b)	49,688	55,849	69,579	81,960
Legal Services - Dept. of General Services	-	2,372	2,116	2,611
Procurement Charges	-	38,833	38,011	52,285
Interagency Mail	-	11,725	879	966
State Records Service and Paper Management	-	16,709	13,100	3,702
Hearing Officers and Reporters Fees	81,027	118,384	134,588	178,816
Planning Expense	-	-	6,048	2,564
Governor's Accident Preventive Program	2,532	1,920	4,500	962
Sub-Total	($401,757)	($683,667)	($854,576)	($627,808)
DIVISION OF REGISTRATION				
Purchasing Division	$35,898	$42,567	$69,433	$76,587
Service, Parts & Repairs to Office Equipment (a)	24,107	25,796	34,293	30,509
Printing (a)	493,575	615,830	762,100	1,217,932
Exchange Service (a) (b)	82,334	123,100	214,003	257,846
Vessel Registration				
Printing (a)	20,972	31,140	22,708	27,594
Service, Parts & Repairs - Equip. (a)	525	15	824	831
Sub-Total	($657,411)	($838,448)	($1,103,361)	($1,611,299)
DIVISION OF DRIVERS LICENSES				
Purchasing Division	$74,840	$87,546	$98,335	$107,451
Service, Parts & Repairs to Office Equipment (a)	44,895	46,859	59,725	60,666
Printing (a)	388,155	392,623	629,129	649,431
Cost of Operating State Owned Vehicles				
Inspection Service	1,369	517	1,118	2,049
Insurance	2,574	3,178	3,317	3,834
Exchange Service (a) (b)	79,032	120,806	149,147	186,89[illegible]
	[illegible]	($651,529)	($940,771)	($1,010,32[illegible]

TABLE 2-4

DEPARTMENT OF MOTOR VEHICLES
EXPENDITURES
SERVICES PROVIDED BY DEPARTMENT OF GENERAL SERVICES

TYPE OF SERVICE	1972-73 FY	1973-74 FY	1974-75 FY	1975-76 FY
DIVISION OF FIELD OFFICE OPERATION				
Purchasing Division	$87,603	$102,615	$136,004	$150,452
Service, Parts & Repairs to Office Equipment (a)	48,729	41,378	46,165	72,455
Printing (a)	12,714	15,315	26,600	18,774
Cost of Operating State Owned Vehicles				
Storage (a)	392	395	518	288
Inspection Service	1,382	613	1,289	2,364
Insurance	2,964	3,667	3,827	4,424
Exchange Service (a) (b)	255,309	289,451	358,883	391,545
Sub-Total	($409,093)	($453,434)	($573,286)	($640,302)
DIVISION OF EDP SERVICE				
Purchasing Division	$36,004	$41,689	$42,653	$47,099
Service, Parts & Repairs to Office Equipment (a)	1,237	8,112	10,040	12,029
Training Service & Material (a)	3,797	6,305	9,688	20,445
Printing (a)	30,660	55,144	83,956	79,190
Exchange Service (a) (b)	25,553	31,891	37,164	38,895
Data Processing Support	-	-	35,066	-
Moving Expense - EDP	42,451	-	-	-
Sub-Total	($139,702)	($143,141)	($218,567)	($197,658)
DIVISION OF COMPLIANCE				
Purchasing Division	$13,106	$15,831	$20,286	$21,682
Service, Parts & Repairs to Office Equipment (a)	3,743	3,546	3,998	5,057
Printing (a)	8,095	12,743	30,459	26,069
Cost of Operating State Owned Vehicles				
Storage (a)	1,065	1,917	1,242	1,665
Inspection Service	6,270	2,481	5,328	9,770
Insurance	14,586	15,155	15,818	18,284
Exchange Service (a) (b)	26,718	45,196	67,242	83,639
Sub-Total	($73,583)	($96,869)	($144,373)	($166,166)
LAND AND BUILDING				
Rent Building Space Lease Management Services	$ -	$32,704	$31,081	$23,115
Contractual Services - General Services	1,546,143	1,682,018	1,862,688	2,353,378
Repairs and Alterations Capital Outlay Site Acquisition	7,608	6,080	12,945	171
Sub-Total	($1,553,751)	($1,720,802)	($1,906,714)	($2,376,664)
GRAND TOTAL, Department of Motor Vehicles	$3,826,856	$4,588,892	$5,752,994	$6,664,519

TABLE 2-4

DEPARTMENT OF MOTOR VEHICLES
EXPENDITURES
SERVICES PROVIDED BY DEPARTMENT OF GENERAL SERVICES

TYPE OF SERVICE	1972-73 FY	1973-74 FY	1974-75 FY	1975-76 FY
Purchasing Division	$261,981	$303,820	$389,268	$427,801
Service, Parts & Repairs to Office Equip. (a)	149,576	154,042	186,655	224,015
Training Service & Materials (EDP Only) (a)	3,797	6,305	9,688	20,445
Printing (a)	1,155,682	1,483,872	2,057,082	2,221,089
Cost of Operating State Owned Vehicles				
Storage (a)	3,343	3,205	4,300	3,931
Inspection Service	9,895	4,009	8,594	15,759
Insurance	21,996	24,444	25,513	29,491
Exchange Service (a) (b)	519,328	667,295	897,527	1,042,736
Vessel Registration				
Printing (a)	20,972	31,140	22,708	27,594
Service, Parts & Repairs - Equip. (a)	525	15	824	831
Data Processing Support	-	-	35,066	-
Moving Expense - EDP	42,451	-	-	-
Legal Services - Dept. of General Serv.	-	2,372	2,116	2,611
Procurement Charges	-	38,833	38,011	52,285
Interagency Mail	-	11,725	879	966
State Records Service and Paper Management	-	16,709	13,100	3,702
Hearing Officers and Reporters Fees	81,027	118,384	144,401	211,073
Planning Expense	-	-	6,048	2,564
Governor's Accident Prevention Program	2,532	1,920	4,500	962
Rent Building Space				
Lease Management Services	-	32,704	31,081	23,115
Contractual Services - General Services				
Contractual Labor & Supplies (c)	1,233,991	1,319,404	1,516,337	2,005,334
Security Services	312,152	362,614	339,290	303,901
Fire Insurance Premium	-	-	7,061	108
Space Management Services	-	-	-	43,551
Real Estate Services Division	-	-	-	484
Repairs and Alterations				
Miscellaneous (a)	4,859	30,815	77,500	19,827
Capital Outlay Site Acquisition	7,608	6,080	12,945	171

(a) Amount includes payments to private vendors and/or other state agencies. These expenditures cannot be separated without checking individual invoices.

(b) ATSS Only.

(c) Supplies furnished by General Services and billed to department.

services actually rendered. For example, GS bills the department for security services on a pro rata basis determined by the number of square feet contained in the department's parking lots and the number of people DMV employs. However, many DMV field offices receive no General Services security services at all.

There are other examples where the department is billed for services on office equipment when no service is actually performed. The department is billed for "exchange services" in the amount of $1,042,736. GS explains this is for ATSS (The State's telephone system) and also "includes payments to private vendors and/or other state agencies. These expenditures cannot be separated without checking the individual invoices." The department has no way of knowing if these charges are appropriate or that the service was actually performed.

It is estimated that if the department provided its own janitorial and maintenance service for the headquarters and field offices, the annual savings would be between $100,000 and $250,000. Although there are some in the DMV hierarchy who favor terminating the GS contract for these services, others oppose this idea even though they do not dispute the potential savings. The latter faction believes the Legislative intent expressed in Government Code Section 14600 makes it inappropriate for a department to attempt to discontinue such service. They also believe that if any such attempt were made, it should be initiated at the agency level. During the 1977-78 budget preparation period, the department did go so far as to prepare a budget change proposal in this direction, but it was withdrawn.

Accounting Unit (Fiscal and Business Management Section) This unit of approximately 140 employees accounts for the $861 million in revenues which the department will collect this year. The inability of the accounting unit to determine costs of various DMV functions was discussed in Chapter 2. Here the various functions which the accounting unit does perform are analyzed.

An indication of the antiquated accounting system can be determined from the organizational chart (Chart 2-1). For example, in inventory control, at least 12 people are keeping track of accountable items, such as forms, stickers and receipts, and another five are involved in the "automatic supply" unit to make sure that the offices have sufficient supplies on hand. These people do not actually fill supply orders; they place the orders for the office manager.

Although accounting and inventory control could be done almost exclusively by computer, only a very small percentage is done this way.

The department reports that the accounting manuals are being revised. However, there are serious doubts as to the department's willingness or ability to redesign its accounting system along more efficient and automated lines. For example, a 1975 internal study on automated revenue collection and accounting recommended:

"1. That our revenue collection and accounting be done by electronic cashiering devices--coupled with the use of our EDP facilities.

"2. That inventory control of accountable items and supplies be automated.

"Savings: $1,400,000"

What is of great concern to the Commission is that the department recognizes

DEPARTMENT OF MOTOR VEHICLES — DIVISION OF ADMINISTRATION
FISCAL AND BUSINESS MANAGEMENT SECTION
ACCOUNTING UNIT

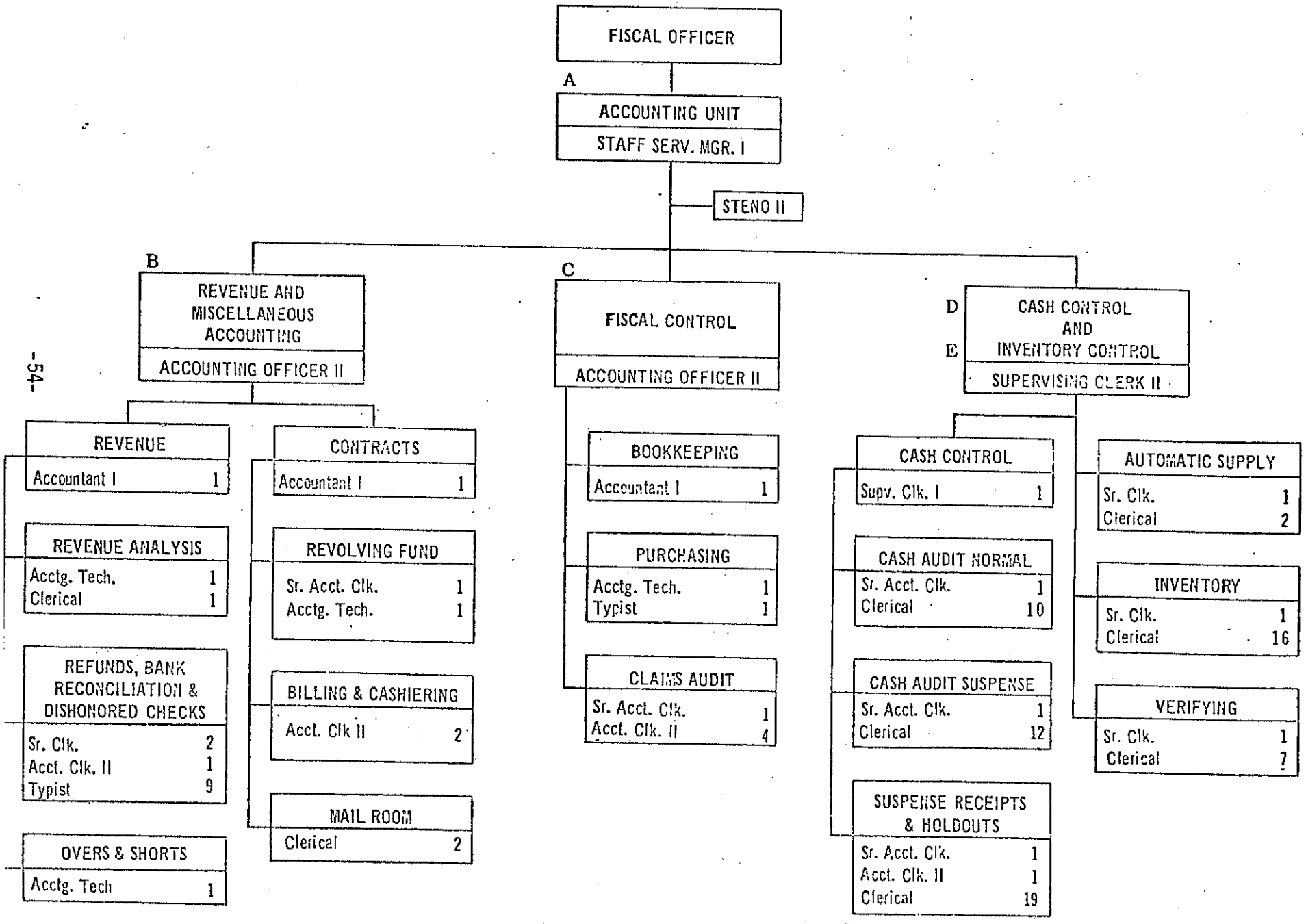


CHART 2-1

inefficient operations such as the accounting and inventory control procedures, but does nothing to correct them.

Within the next two years, automated cashiering, accounting, and inventory controls could be implemented throughout the department, including field offices, as computer terminals are installed to accommodate another mandated program.

Research, Management and Operations Analysis (Office of Program Development and Evaluation) The number of research and analysis operations and the number of employees staffing them are indicators of the overwhelming bureaucracy established by DMV management.

The effectiveness of these units to analyze current or proposed management and operational procedures has been minimal, primarily because: (1) current and prior management philosophies have led to labor-intensive work procedures and resistance to change, and (2) specialized analysis positions are filled by employees who do not possess the necessary skills and training.

An example of a poor management decision based upon the recommendation of the management analysis unit occurred in July 1976. The unit concluded that one division was over-staffed and recommended that new hiring be stopped. Top management agreed and froze hiring for the entire division. If the management analysis section had been doing an effective job, the recommendation should have indicated where the division was over-staffed and recommended a shift or personnel. Instead, the mass hiring freeze delayed relief for one processing unit which was unable to keep current on its workload.

An illustration of the incredibly complex procedures within the department and the divsion is the process for hiring five additional employees in 1976 as the result of a reorganization. The hiring "action request forms" needed approval of the following:

1. Supervisor
2. Manager I
3. Manager IV
4. Manager V
5. Chief of Staff
6. Staff Service Clerk
7. Personnel Analyst
8. Personnel Officer
9. Management Analyst (MARC)
10. Deputy Director
11. Department of Finance

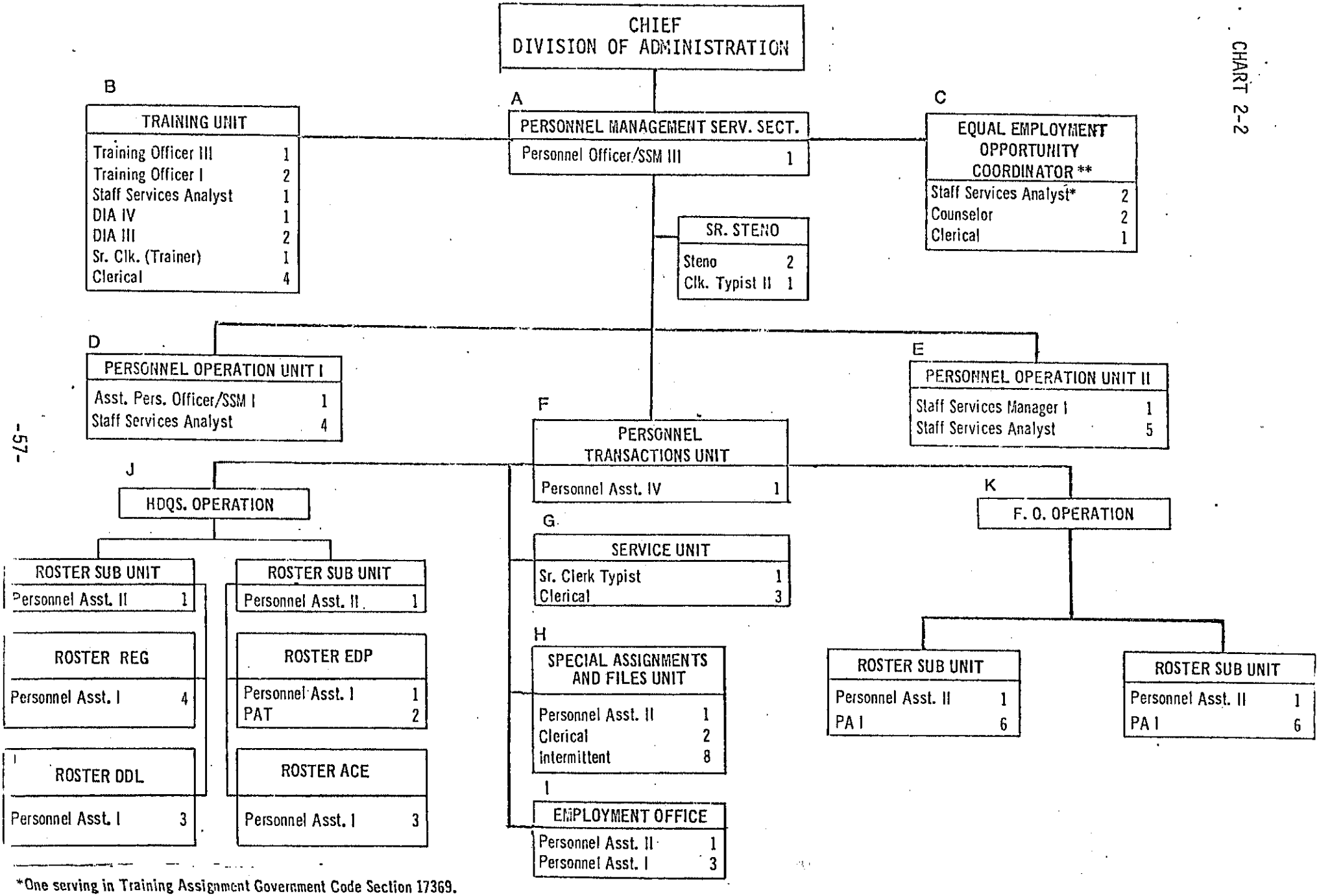
Controls are necessary for any large organization, but there is a point when the proliferation of controls becomes ridiculous.

Personnel Management Services Section (Personnel and Transactions) There are strong indications that this section has grown more rapidly than the department has overall. In 1971-72, there were 35.5 personnel management employees for 6,401.9 employees, or a ratio of one to every 174 department employees. In 1976-77, there are 83.6 personnel management employees for 7,735.1 or a ratio of one to every 92.5. In addition, a substantial amount of personnel work, such as attendance, payroll and sick leave, is being done by units within each division.

Personnel practices have not changed to any great degree over the past five years. The Commission believes the addition of 1,287.4 employees department-wide is little justification for increasing the personnel management staff by 127 percent. For example, the number of sub-units for employee rosters appears unwarranted (See Chart 2-2).

DEPARTMENT OF MOTOR VEHICLES DIVISION OF ADMINISTRATION
PERSONNEL MANAGEMENT SERVICES SECTION

CHART 2-2



*One serving in Training Assignment Government Code Section 17369.
**Reimbursement by California State Personnel Board Contract Career

The personnel section, as with other units in the department, has failed to utilize the full capabilities of the computer. Almost all of the personnel information could be computerized.

RECOMMENDATIONS

1. All research, statistical, operational and management analysis functions should be reorganized into one unit. This unit should be staffed with professionally trained employees who have expertise in modern production management, industrial engineering, statistics, economics and business administration.

2. All business services functions throughout the department should be consolidated within the business services unit in the Division of Administration. Recruitment for business service personnel should include individuals with backgrounds in business administration.

3. The department should computerize its accounting, cashiering, inventory control and personnel records.

CHAPTER 3, DIVISION OF COMPLIANCE

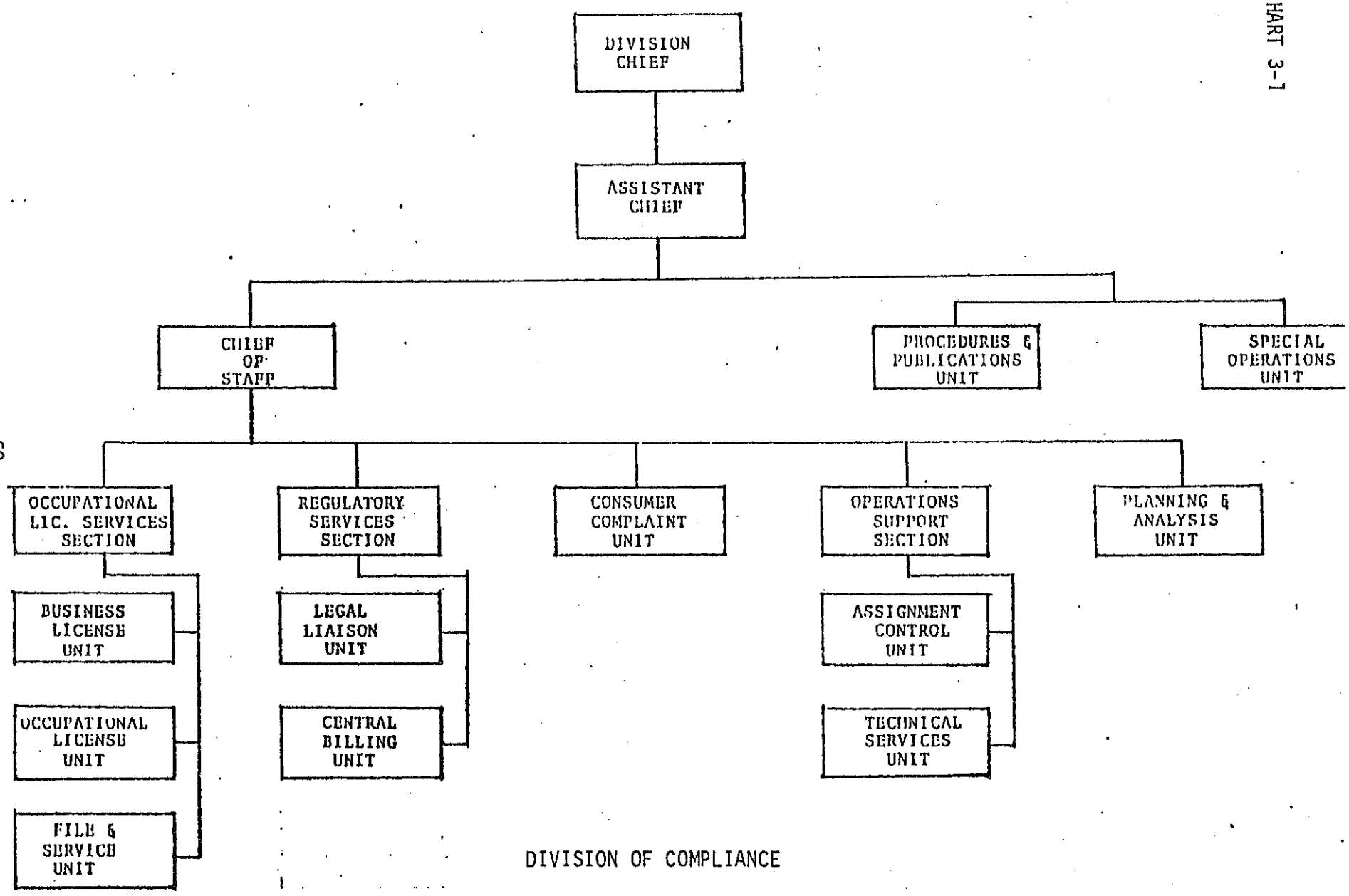
Program Statement

The stated objectives of DMV's compliance program are to prevent or minimize public injury through education and enforcement of laws and regulations related to vehicles; to provide remedial or recovery methods for victims of financial loss; and to take action against fraudulent, deceptive or otherwise unlawful practices by:

1. Investigating each applicant seeking a license as a dealer, salesperson, manuf cturer, transporter, dismantler, driver school or driving instructor.
2. Denying occupational licenses to those who have unacceptable backgrounds or display financial irresponsibility.
3. Taking action against persons who violate the law subsequent to licensing.
4. Taking action against persons who engage in the above business activities without a license.
5. Enforcing the requirement that dealer license holders maintain proof of financial responsibility in the form of a surety or cash bond.

The division separates its operations into five major functional groups in headquarters: Occupational License Services, Regulatory Services Section, Consumer Complaint Unit, Operations Support Section and Planning and Analysis Unit. (See Chart 3-1)

CHART 3-1



DIVISION OF COMPLIANCE

Effective 9-1-76

The division operates statewide, with approximately 316 investigators assigned to five regions and 14 district headquarters (See Chart 3-2).

Following is a function description of the division's operational units:

Occupational Licensing Licenses the automotive industry and personnel, including dealers, manufacturers, salespersons, distributors, transporters, and dismantlers. On July 1, 1976, this unit began licensing mobilehome dealers and salespersons.

Operations Support Maintains control records on investigations; processes referrals from other DMV units on matters involving investigators; coordinates consumer complaints from outside agencies, such as the Attorney General and the Legislature; and maintains a uniform reporting system for field investigations.

Technical Services Coordinates all functions related to vehicle theft, and ounterfeit registrations and drivers license documents; assists law enforcement and governmental agencies; and maintains the division's teletype and telephone systems.

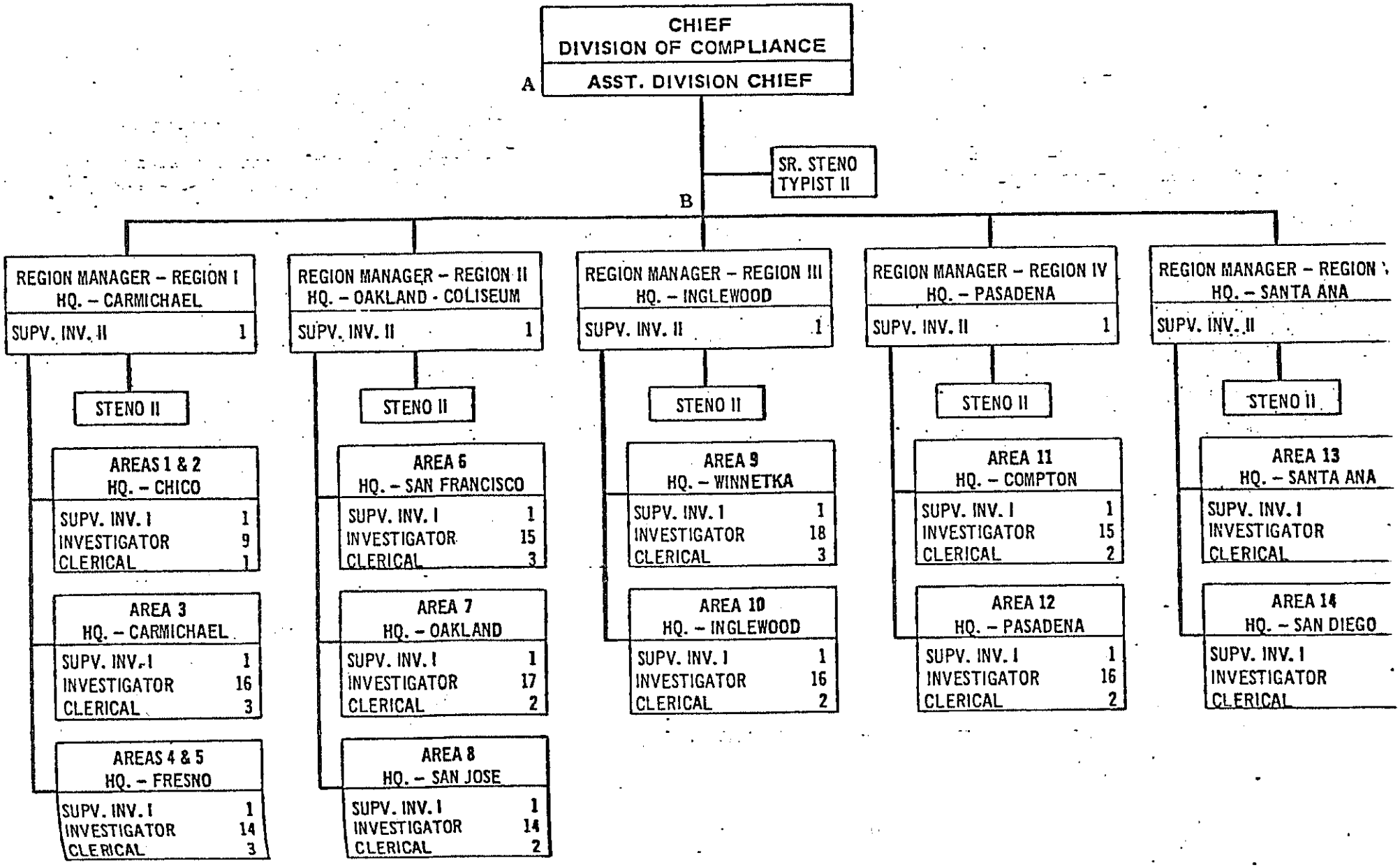
Consumer Complaints Investigates consumer complaints received by mail and telephone and from DMV field offices if the complaint is within DMV's investigative authority.

Planning and Analysis Analyzes legislation; coordinates planning functions of the division and the department; and prepares workload indicators for budgetary purposes.

The division also has a Special Operations Unit which compiles, catalogs

CHART 3-2

DEPARTMENT OF MOTOR VEHICLES – DIVISION OF COMPLIANCE
INVESTIGATIONS SECTION



and indexes intelligence on organized crime and radical groups involved in counterfeiting of I.D. cards and drivers licenses. The Commission questions this function in light of an apparent overlap with local law enforcement agencies and the Attorney General's office. The Special Operations Unit also coordinates investigations that involve more than one county and conducts internal affairs investigations on alleged employee misconduct. The division also traces bad checks and investigates security for other DMV divisions.

New investigators undergo a five-week course of basic Peace Officer Standards and Training (POST) training at the Rio Hondo College Academy, a Whittier academy certified by the Department of Justice.

Although investigators are trained in weapons and hand-to-hand combat, the Assistant Division Chief stated: "We rarely encounter situations requiring the use of overt force, even when dealing with experienced violators." Division investigators hold peace officer status, giving them authority to serve warrants and subpoenas and to make arrests. Under the state retirement system, peace officers do not receive additional retirement benefits as do the officers who have the "safety" classification such as the California Highway Patrol or correctional officers.

The Budget and Workload Indicators In fiscal year 1971-72, the division's budget was $3,388,197. The current fiscal year budget is $8,700,775, for an increase of 156.8 percent over the five-year period. The large budget increase results from addition of 160 personnel, inflation, statewide salary adjustments, and the cost of the division's consumer protection program.

The division's staff incr4ased 59 percent from 271 positions in 1971-72 to 431 in 1976-77. Significant trends in the personnel requirements and the budget expenditures are outlined below:

(1) The number of personnel assigned to division administration increased from 21 in 1971-72 to 46 in 1976-77, or a 118 percent increase. This increase parallels the excessive increase in administrative positions throughout the department.

(2) The number of investigators has increased from 203 in 1971-72 to 316 in 1976-77, or a growth of 55.4 percent. This results from an increase in consumer complaints against licensees.

(3) In 1971-72, the division had 46 employees to handle the occupational licensing of 19,020 dealers, manufacturers and other firms and 60,800 salespersons. In the current fiscal year, 68 employees (a 47.5 percent increase) handle approximately the same number of dealer licenses (19,840) and only 37,900 salespersons licenses. The latter category's decrease is due to a new three-year licensing program and elimination of the requirement that licenses be modified when the place of employment changes. The workload has decreased from 1,735 licenses per employee to 849 licenses per employee, approximately a 49 percent cut.

(4) The only substantial increase in workload indicators is in consumer complaints, which rose 87.7 percent, 8,950 in 1971-72 to an estimated 16,800 in 1976-77. (See Table 3-1.)

The Commission questions the reason for the increase of 25 employees in administration and 22 in occupational licensing, considering the number of licenses processed dropped from 79,820 to 57,740 since 1971-72. The increase of 113 investigators is also questionable because the statutes

DEPARTMENT OF MOTOR VEHICLES

DIVISION OF COMPLIANCE

SCHEDULE OF MAJOR WORKLOAD INDICATORS AND NUMBER OF POSITIONS

JOR WORKLOAD INDICATORS (PROGRAM BUDGET)	Actual (a) 1971-72	1972-73	1973-74	1974-75	1975-76	Estimated 1976-77 Authorized	Revised
TIONAL LICENSING AND REGULATION							
censing of Dealers, Manufacturers, Transporters, smantlers and Salesmen:							
Dealers, Manufacturers' branches, Distributors, Distributors' branches, Transporters, Dismantlers and Representatives Licenses Processed	19,020	22,100	21,900	19,840	20,210	22,110	19,840
Salesmen Licenses Issued eff. 74-75 Prior: Licenses Processed	60,800	61,400	67,400	59,851	62,800	38,565 (b)	37,900
gulation							
Complaints Against Licensees (Consumer Complaints)	8,950	7,380	11,400	11,800	14,000	15,000	16,800
Dealer and Dismantler Reviews	1,310	911	1,456	1,420	758 (c)	1,790	1,251 (c)
Administrative Actions Against Licensees	1,128	1,326	1,590	2,200	1,867 (c)	3,400	1,886 (c)
UMBER OF POSITIONS - DIVISION OF COMPLIANCE							
General Administration	21.2	19.7	23.5	31.4	37.8	45.1	46.3 ~~50.3~~
Occupational Licensing	46.3	47.8	51.2	56.6	64.6	65.7	68.3 ~~66.4~~
Investigation Section	203.5	212	228.7	242.9	296.5	316.3	316.2 ~~316.9~~
Totals	271	279.5	303.4	330.9	398.9	427.1	430.8 ~~433.3~~ (d)
AL EXPENDITURES							
GANIZATION BUDGET EXCLUDES O RATA SHARE OF CILITIES OPERATIONS	$3,388,197	$3,825,878	$4,569,999	$5,670,784	$7,345,123	$8,082,777 (e)	$8,700,775

Footnotes:

(a) Volumes are estimated actual appeared in the Governor's Bu The Research and Statistics S prepares its workload project the spring of each year becau the budget cycle. Therefore, "Actual" was generally based or 10 months data.

(b) Chapter 505/75 (AB 2101) Prov for 3 year licenses and the d of the requirement of salesme modify their license for chan employment.

(c) Estimates used in the MARC wo projections. (Per Dave Livel 9/27/76

(d) AS REFLECTED IN THE 1977-78 GOVERNOR'S BUDGE

(e) THIS AMOUNT TIES BAC TO THE 1976-77 FINAL BUDGET AND DOES NOT REFLECT THE GENERAL PAY RAISE AND STAFF BENEFIT RATE INCREA AUTHORIZED EFFECTIV JULY 1, 1976.

REVISED 2-9-77 [illegible]

TABLE 3-1

are not clear as to the degree of consumer protection the Legislature has mandated upon the department.

Consumer Complaint Investigation In prior years when the compliance function was assigned to the Division of Administration, the investigative emphasis generally centered around revenue issues, such as the failure of dealers to pay vehicle sale fees on time. When separate Division of Compliance was established in fiscal year 1971-72, the emphasis gradually shifted to consumer protection and truth-in-advertising for auto dealers.

The results of this trend were very apparent during the subsequent two fiscal years. In 1972-73 there were 7,380 complaints while in 1973-74 the number jump d 54.4 percent to 11,400. Since then, consumer complaints have increased steadily. This fiscal year, 16,800 complaints are projected.

This rapid increase in complaints largely results from the department's broad advertising program to inform the public they can file formal complaints against auto dealers at the 147 DMV field offices. The department also launched a media campaign on a new mobilehome complaint center.

A recent bulletin DMV published for employees illustrates the department's current attitude on enforcement:

> "Employees with automotive repair bills larger than paychecks or faced with a car dealer's high-pressure sales tactics may be relieved to know that the Department is standing behind them.
>
> "Scattered among 147 DMV field offices, with responsibility for safe-guarding the public through licensing and regulating California's multi-billion-dollar automotive industry, are 266 men and 15 women Compliance Division investigators, plus 140 in a variety of support and clerical positions.
>
> "The public is aware of DMV's driver licensing and vehicle

registration functions, but few are familiar with the Department's consumer-protection role which was stepped up last year with implementation of strict new vehicle advertising regulations.

"Empowered by law with authority to license the state's motor vehicle businesses, DMV also retains the right to suspend, cancel or refuse licenses when circumstances indicate.

"The investigators are the motoring public's first line of defense against questionable activities in the automobile business."

The statutory authority for the department to conduct consumer complaint investigations on vehicle and mobilehome sales is not clear. Various statutes in the Vehicle Code, Government Code, Business and Professions Code and the Administrative Code authorize or require the department to regulate certain aspects of the automotive industry. However, the authority to investigate consumer complaints is neither clear nor explicit. This program was expanded under the broad powers given to the Director and implied authority in the codes.

Additionally, the Commission questions the funding of the divisions's consumer protection activities, as this function is financed by the State Transportation Fund.

Although most managers who were questioned on the department's consumer complaint authority had only vague ideas on the subject, there was a consensus in two areas: (1) The number and type of consumer complaints against a dealer have a direct relationship to his business practices and ethics, and (2) consumer complaints can lead to investigation of other unlawful activities by dealers.

During the Commission's study, numerous new and used car dealer files were pulled at random and about 400 consumer complaints were analyzed.

The complaints generally fell into two categories: complaints concerning selling procedures and condition of vehicles.

Approximately 60 percent of the complaints against new car dealers and 45 percent of those against used car dealers were classed as unfounded and the cases closed. In 20 percent of each, there had been some misunderstanding between dealer and customer, and the compliance investigator occassionally acted as mediator between the parties.

Even though our random sampling was relatively small, there are strong indications that the consumer protection program is only marginally effective. To make any definitive conclusion, a more detailed evaluation would have to be done. For example, the dealerships geographic location bears a direct relationship to the number of complaints against it. And the difference in the number of complaints against new and used car dealers should be reconciled. But preliminary indications that more than half the complaints are unfounded raised serious questions about the need or effectiveness of this program.

Relationship with the Bureau of Automotive Repair The Automotive Repair Act of 1971 established the Bureau of Automotive Repair (BAR) within the Department of Consumer Affairs. The act requires all automotive repair dealers and shops to register with BAR before receiving compensation for their services. In addition, BAR has the authority to initiated administrative or criminal actions against violators.

A primary function of BAR is to receive, investigate and mediate consumer complaints regarding the repair of an auto. DMV, on the other hand

investigates complaints regarding auto sales transactions which may include repairs under warranty. These two types of transactions sometimes overlap and frequently cause confusion in the minds of the dealer and the consumer. Although such cases may indicate an unclear line of distinction between the DMV and BAR authorities and functions, BAR considers the line quite clear and believes there is very little real overlap between the two agencies. Mutual assistance and interagency cooperation seem to predominate in those cases which involve both DMV and BAR.

Relationship with the New Car Dealers' Policy and Appeals Board The occupational licensing and regulation program is shared by DMV's Division of Compliance and the New Car Dealer's Policy and Appeals Board, which is independent of the department. Chapter 1397, Statutes of 1967, established this board to hear appeals from actions taken by the department against new motor vehicle dealers. The board also prescribes rules and regulations relating to licensing new vehicle dealers and considers matters concerning activities of persons applying for or holding new vehicle dealer's licenses. Legislation in 1973 (Chapter 996) expanded the board's jurisdiction to include handling consumer complaints against manufacturers.

Controversies have developed between the board and the department over the board's handling of appeals and protest cases. The number of cases being protested to the board turned out many times higher than projected. The protest cases are heard by the Office of Administrative Hearings and cost an average of $2,000 each.

Additionally, the department feels the board's record of modifying

departmental actions indicates the board favors the special interests of the dealers over those of the general public. Since 1969, the board has upheld approximately 44 percent of the department's actions while it modified 56 percent.

In 1976-77, the department did not include the board in the Governor's budget. However, the Legislature added in funds for the board over the department's objections. The Commission concurs that there is a definite need for an independent body, such as this board, to serve in an appellate capacity over DMV actions.

Relationship with Auto Dealers Since DMV's own decision to change its investigative emphasis to consumer protection, the relationship between dealers and the department has deteriorated.

Workload indicators (Table 3-1) show no significant change in the number of actions or investigations, other than consumer complaints, which could explain the current friction. The confrontation has become so intense that one group of dealers brought a class action suit against the department. Another case is pending before the California State Supreme Court on the authority of the department to have access to certain documents. Other legal actions have been taken against investigators or investigative procedures of the division. Assemblyman Walter M. Ingalls, Chairman of the Assembly Committee on Transportation, has held meetings with auto dealers and department representatives and at one point, consideration was given to holding public hearings on the DMV-dealer problems.

During the early part of this Commission's study, representatives of

various auto dealer associations were urged to inform their membership that any dealer who had evidence of DMV misconduct should contact the Commission. The dealers were assured that the information would be kept confidential and would not be used without their written permission. In addition, Chairman of the Commission's DMV study subcommittee, Manning J. Post, conducted an informal meeting in Los Angeles with a group of auto dealers to solicit any evidence they may have that would illustrate departmental misconduct. Some de ers attended the meeting with their attorneys while others had their attorneys represent them at the meeting.

Dealer responses at this meeting and throughout the study were disappointing. Very few had sufficient substance to draw conclusions that the department's investigative efforts have gone beyond statutory provisions. The auto industry leveled many allegations at the department, including harassment and displaying a firearm in front of a dealer to make a point. For the most part, though, the dealers have not produced evidence to substantiate these allegations.

The Commission can appreciate that the current enforcement procedures could provide an opportunity to pressure a dealer. For example, one disgruntled employee reported to DMV that the dealer he worked for had turned back odometers on some of his automobiles. Although the accusation was made in August 1973, the dealer was not informed until July 1974. The source of the accusation was not revealed until May 1975.

Three administrative hearings were held on the odometer charge along with eight counts of overcharging customers from $2.00 to $9.00 for a total

of $32.00. The hearing officer concluded the dealer had not violated the Vehicle Code on the odometer charge, but was guilty in all eight overcharges. The dealer's license was suspended for two days, the execution of the sentence was stayed and the dealer was put on six months probation.

The entire procedure cost the dealer approximately $4,000 was well as potential damage to his integrity. The dealer detailed his experience in a letter to the Commission (Exhibit 3-1). It concluded:

> "From our point of view we have incurred heavy expense defending this firm against unfounded charges, had many good customers disturbed and upset by the investigators for the Department, have had to bring in defense witnesses from their jobs or places of businesses at considerable inconvenience to refute the allegations and suffered indeterminable damage to our company's reputation for honesty and integrity, all without good cause. An open-minded, qualified investigator would never have allowed the matter to proceed but the attitude we encountered was one of 'you've been accused, therefore you are guilty and the Department will do whatever is necessary to find a way to prove it, time and expense being of no consideration to the California Department of Motor Vehicles.' "

The Commission seriously questions the appropriateness of the department spending approximately 33 months on such a case with such marginal end-results.

The department conducts routine audits on dealers to verify that appropriate fees have been paid, that the report-of-sale books are accurate and that the dealer has not overcharged customers. Generally, these routine audits are done without complaints against the dealers.

Approximately 19,840 dealers, manufacturer branches, distributors, distributor branches, transporters, dismantlers and representatives are licensed by DMV. It is estimated that 1,251 dealers and dismantlers will be reviewed or audited during 1976-77. Most dealers contacted

during this study stated that they cooperate with the department on these audits, but that these audits can be used to pressure a dealer. In the example used above, the audit uncovered eight violations in approximately 660 retail sales. The majority of dealers stated that they feel the department used the audit as a weapon.

The Commission has reservations about whether the department is empowered to perform discretionary dealer audits without probable cause or without following legal procedures required of other enforcement agencies.

A department memo (Exhibit 3-2) to dealers July 20, 1976 concerning dealer preparation charges states:

> "Should a dealer perform special work on a vehicle prior tto offering it for sale in order to make it more attractive to the prospective customer, a charge for such work can naturally be added to the cost of the vehicle's total p rchase price. Such work should be identified for a prospective purchaser at a reasonable price. An unconscionable profit raises the possibility of fraud or misrepresentation which would both permit a purchaser to rescind his contract and invite administrative discipline against the dealers' license. Whether a charge for such work constitutes actionable fraud or misrepresentation will depend upon the facts of the particular case."

Vehicle Code Section 11713.1(b) makes it illegal for an dealer to "advertise the total price of a vehicle without including all costs to the purchaser at time of delivery at the dealer's premises, except sales tax, vehicle registration fees, and finance charges."

In the above memorandum, the department had no authority to admonish the dealers on "unconscionable profits". It is within the dealer's rights to do whatever special work he desires to improve the attractiveness of a vehicle so long as the full costs are listed.

Another point of contention is the procedure by which the department, under statutory authority, imposes penalties for dealers who fail to report the sale of a vehicle within five days or fail to pay the required fees within 20 days. This penalty revenue is estimated to total $1.8 million this fiscal year. Because these penalties (called administrative service fees) cut into a dealer's profit margin, numerous complaints to the Commission concerned these fees. Many are in dispute because the dealer submitted the report of sale within the prescribed period, but the department was slow in notifying the dealer that some were incomplete or in error. The longer it takes the department to notify the dealer, the greater the penalty fee. Dealers feel that if they are required to report each sale within five days, the department should return the paperwork in the same time.

The Division of Compliance maintains voluminous files on each auto dealer, some dating back 20 years and containing many duplicate documents. In some cases, court transcripts are retained even though the dealer was found innocent. Consumer complaints are also retained even though they were determined to be unfounded. The Commission finds no justification for maintaining such a file system.

Throughout the Commission's study on the Division of Compliance, specific questions were asked concerning the budget, workload, types of investigations and authority for various programs. These questions generally were the same or paralleled those asked by Senator Robert B. Presley in a letter to the department dated October 22, 1976. The list of questions and the responses by the department is shown in Exhibit 3-3.

RECOMMENDATIONS

1. The Legislature should review the staffing levels for the occupational licensing and administrative sections of the Division of Compliance.

2. The Legislature should review the department's consumer protection activities. The program's statutory authority is not clear; its effectiveness and cost-benefit ratio appear marginal; and it is cumbersome and confusing to have two state agencies investigating complaints about the sale and repair of vehicles.

3. If the Legislature decides the department should continue consumer protection programs, clear statutory authority and more precise guidelines as to the type and scope of consumer complaint investigations should be established. In addition, the Legislature should establish policy on financing this program, now paid out of the State Transportation Fund.

4. The Legislature should review the department's policy of routinely reviewing or auditing dealers without probable cause. Under DMV's current operational structure, an over-zealous investigator could infringe upon a dealer's civil rights.

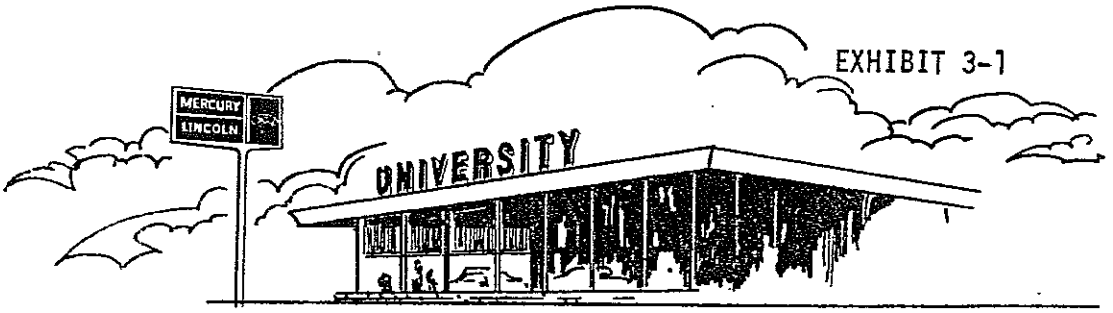
5. The Division of Compliance should establish purge criteria on the type and amount of files being maintained. If a person or firm has been cleared in an administrative hearing or in a court of law, the files covering this case should be destroyed. In addition, files on consumer complaints proven to be unfounded should be destroyed. Complaints which

have not been adjudicated within statutory time limits should also be destroyed.

6. The Legislature should review the appropriateness of the department's involvement to the point of arrest, in investigating cases that would normally be conducted by regular law enforcement agencies, such as grand theft, receiving stolen goods, impersonating a peace officer and petty theft. The five-week peace officer training program should be modified accordingly.

7. The department should conduct a feasibility study of converting the files maintained by the Division of Compliance to microfilm or other microfilming techniques.

EXHIBIT 3-1



UNIVERSITY LINCOLN-MERCURY INC. 575 North Towne Avenue, Pomona, California 91766
phones: 629-5341 • 623-0626 • 966-1413

November 10, 1976

Mr. Bill Bronte
The Commission on State Government Organization and Economy
Eleventh and "L" Building, Suite 550
Sacramento, California 95814

Dear Mr. Bronte:

In response to your request for cases of Department of Motor Vehicles harrasment and/or over zealous pursuit of their duties by Department investigators, we submit a resume of our experiences in this area.

We have been a licensed, franchised new car dealer since 1965, and prior to the matter discussed herein had generally good relations with the D.M.V. and with some of the fine people who work for the Department as investigators, clerks and managers.

On or about August 10, 1973, one of our salesmen caused a traffic accident with a company-owned vehicle, resulting in substantial damage thereto. He refused to abide by the terms of his employment agreement which required his payment of the deductible amount specified in the insurance policy, and on August 13, 1974, he walked off his job in anger. Before leaving the premises he jotted down the serial numbers of many of the new cars in our inventory, then he went directly to the Pomona branch of the D.M.V. and related to the investigator on duty, Mr. M.M. Espinoza (#167), that the serial numbers were those of cars which had been used as demonstrators but which had the odometers reset to zero to conceal such usage.

That such an allegation should cause an investigation is not disputed, the methods used and the quality of the investigative process are certainly questionable.

First, we were not informed of the existance of or the real reason for the investigation until July of 1974, eleven months after it had begun, although several of our customers reported being interviewed by investigator Espinoza earlier in the year.

Secondly, we were not informed of the source of the charges until May of 1975. Had we been so informed we might have resolved the matter early by suggesting a review of the motives and background of the accuser. There was an easily verified history of instability in the files of the Occupational Licensing Section of the D.M.V., as

EXHIBIT 3-1

witnessed by the Department's issuance of a "Probationary" Vehicle Salesman's license due to an unsatisfactory background. ("he man had been given a position as a favor to his family who hoped the experience might make a man out of him.")

Investigator Espinoza first came to our place of business on March 13, 1974, and began requesting access to some of our sales records for the year 1973. We complied willingly but were at a loss to understand what he was looking for. He implied it was only a routine check. We also turned over to him all 1973 Report of Sale Books (for routine audit) and he inspected most of our used car inventory, noting serial numbers, license numbers and odometer readings.

On June 27, 1974, Espinoza and a second investigator appeared on our premises and informed us that a review had revealed administrative errors, among which were eight cases (out of 440 retail sales in 1973) where overcharges of between $2.00 and $9.00 in D.M.V. fees had not been refunded to the buyer. Refunds were mailed to the customers that same date. The total of these overcharges was $32.00. Later, in May of 1975, we learned in a formal accusation that other administrative errors revealed by the review involved two cases wherein the dealer had failed to mail write on notice of sale to the Department within the three days required by regulation and 110 cases in which fees and fully completed vehicle transfer documents were not submitted to the D.M.V. within the then allowed twenty days following a sale. In many of these latter cases we were only a day or two late and this minute review would probably never have been conducted had not the odometer charges been filed. The Department's witness from Sacramento admitted at the administrative hearing that such errors are common and often unavoidable.

The odometer tampering accusations were the key to the matter, but all of the ex-salesman's accusations could have easily been disproved by a careful, open-minded investigation. As a matter of fact, only two cases of suspected odometer "roll-backs" were included in the final formal accusation and even their inclusion was ridiculous. At the first of three administrative hearings, held on October 21, 1975, the ex-employee testified that a given serial number belonged to a low priced two door model, white in color, that he knew had been loaned to the Los Gatos Police Department for three to four weeks and driven over 7,000 miles. When subsequent testimony showed that serial number was a silver colored luxury four door sedan, the Department's investigator Espinoza admitted under oath that he never bothers to go out and look at the cars he is covering in his investigations and complaints. The State then requested a continuance, perhaps because they were still unprepared after over two years of preparation.

At the continued hearing on January 21, 1976, a new serial number was added to the accusation and the State said that was the car loaned to the Los Gatos Police. Again they had not done much of an investigation job because while this car was indeed a white low-priced coupe, it happened to be a car that was not yet manufactured at the time the events had taken place!

EXHIBIT 3-1

The silver car that had been the subject of the initial hearing proceedings was now alleged by the ex-salesman to have been the car he was driving at the time of the accident which had precipitated the departure from our employment, but records of an independent body shop proved that he had smashed up a gold colored car of a different model.

Finally the last car which was supposed to have had the odometer re-set was identified only by color and model by a witness for the Department who further testified that Investigator Espinoza had not only suggested what his testimony should be but had prepared beforehand a statement for the witness to sign.

At a third hearing on May 27, 1976 we were able to show that we had sold over fifty demonstrators and executive cars in 1973 with mileages of from several hundred to 17,000 miles indicated on the odometers and there would not have been any reason to tamper with two or three odometers as alleged by the D.M.V. We also presented ample evidence to fully disprove all the odometer charges.

The result was a finding by the Administrative Law Judge that we had not violated Section 11713 (n) of the Vehicle Code and that no misrepresentations had occoured, but, because of the administrative errors uncovered as a by-product of the witch-hunt, our firm's dealer's license was suspended for two days, execution stayed and a six month probation period imposed. This appears to be a heavy-handed effort to justify thirty three months of time spent chasing shadows and coming up empty handed.

From our point of view we have incurred heavy expenses defending this firm against unfounded charges, had many good customers disturbed and upset by the investigators for the Department, have had to bring in defense witnesses from their jobs or places of business at considerable inconvenience to refute the allegations and suffered indeterminable damage to our company's reputation for honesty and integrity, all without good cause. An open-minded, qualified investigator would never have allowed the matter to proceed but the attitude we encountered was one of 'you've been accused, therefore you are guilty and the Department will do whatever is necessary to find a way to prove it, time and expense being of no consideration to the California Department of Motor Vehicles'.

Please call the writer if we can be of any further service.

Respectfully submitted,

Ian F. Gilletto
President

EXHIBIT 3-2

STATE OF CALIFORNIA — BUSINESS AND TRANSPORTATION AGENCY

DEPARTMENT OF MOTOR VEHICLES

DIVISION OF COMPLIANCE
P. O. BOX 689
SACRAMENTO 95803
(916) 445-6340

July 20, 1976

TO: ALL LICENSED VEHICLE DEALERS

SUBJECT: DEALER PREPARATION CHARGES

The question has been asked: Does the law permit a dealer to advertise the price of a new vehicle plus dealer preparation costs. The answer is no. The California Vehicle Code prohibits such a practice. Vehicle Code Section 11713.1(b) prohibits any dealer from advertising the total price of any vehicle which does not include all costs to the purchaser at the time of delivery except sales tax, registration fees and finance charges.

A dealer may not charge a purchaser any preparation costs for which the manufacturer reimburses the dealer. This would amount to fraud as he is asking the purchaser to pay for something for which the dealer receives reimbursement. Normally, a customer can expect to pay such factory reimbursed costs as a part of the total price of the vehicle.

A dealer may not charge a purchaser for any services, even though listed in the buyer's contract, which are not performed. To do so would amount to fraud.

Should a dealer perform special work on a vehicle prior to offering it for sale in order to make it more attractive to a prospective customer, a charge for such work can naturally be added to the cost of the vehicle's total purchase price. Such work should be identified for a prospective purchaser at a reasonable price. An unconscionable profit raises the possibility of fraud or misrepresentation which would both permit a purchaser to rescind his contract and invite administrative discipline against the dealer's license. Whether a charge for such work constitutes actionable fraud or misrepresentation will depend upon the facts of the particular case.

J. G. Holmes

J. G. HOLMES, Chief
Division of Compliance

QUESTIONS

1. How often and in what circumstances, do you find it necessary to use firearms?

A: DMV investigators carried weapons on at least 190 occasions during the past 12 months. Generally, they carry the weapons only when their duties involve:

(1) Contact with actual or suspected felons in the investigation of counterfeit documents (vehicle titles and identification media);

(2) Serving of felony and misdemeanor warrants of arrest;

(3) Execution of search warrants during the investigations of criminal matters;

(4) Contacting actual or suspected felons in the investigation of salvage-switch auto theft cases;

(5) Working in high crime areas during investigation of fraud in the sale or purchase of vehicles;

(6) When assisting other armed law enforcement officers in criminal investigations.

Over the years, our investigators have encountered potentially explosive situations, some of which involved firearms and other weapons in the possession of suspects. No injuries have occurred to either our people, the suspects or innocent members of the public to date.

2. How many arrests did you make, and for what offenses, over a recent twelve-month period?

A:

Conspiracy	182 P.C.	2
Forgery	470 P.C.	4
Fraudulent appropriation of proceeds from sale of property by security agreement	504(b) P.C.	10
Grand Theft	487 P.C.	75
Impersonation of peace officer	538 P.C.	1
Issuance of check without funds (Intent to Defraud)	476 P.C.	1
Perjury	118 P.C.	6
Petty Theft	488 P.C.	7

EXHIBIT 3-3

Theft	484 P.C.	4
Rec. Stolen Prop.	496 P.C.	5
Resisting Public officer in discharge of duties	148 P.C.	3
Failure to deliver ownership certificate to lawfully entitled	5753 V.C.	9
Forging ownership cert. and reg cards	4463 V.C.	4
Making false statements-oral or written	20 V.C.	8
Fraudulent documents dealer	11711 V.C.	5
Overcharge of DMV Fees	11713(g) V.C.	1
Unlicensed dealer	11700 V.C.	9
Embezzlement	503 P.C.	3
Empl. of unlicensed vehicle salesman	11713(h) V.C.	1
	Total	166

3. How frequently do you issue citations, and for what offenses?

   A: The Department does not issue any misdemeanor citations for court appearance, however, during the Fiscal Year 1975/76, DMV investigators issued 10,270 notices for non-moving registration violations on mobilehomes, automobiles, and commercial vehicles.

4. How often are your officers assaulted?

   A: We are aware of many threats which cause serious concern for our employees' safety, however, we know of only one actual assault on a DMV Investigator during Fiscal Year 75/76. Peace officer powers, coupled with official status and the knowledge of the licensees that we do have peace officer powers, acts as a deterrent against actual battery.

5. How often do your officers have cause to enforce laws outside of your specific geographical or subject matter jurisdiction?

   A: We do not enforce the laws outside of our geographical jurisdiction, however, during the last twelve months, our investigators have gone out-of-state on 6 occasions in furtherance of investigations and to return prisoners on extradition proceedings.

6. How often are you called upon to render assistance to other peace officers? How often do you call upon other officers for assistance?

   A: The exchange of service and mutual assistance is a daily occurrence. As experts in registration and drivers licenses, our investigators are constantly called by other law enforcement agencies to assist in their investigations. We presently have active cases with the F.B.I., U.S. Customs, and California city, county, and state agencies. It is not customary to ask for assistance in making physical arrests, however, when appropriate, local agencies are informed of our investigation within their geographical boundaries. This allows for inter-agency assistance and backup support if necessary.

7. How often do you have reason to possess destructive devices, tear gas, or mace?

   A: None.

8. Do you conduct criminal investigations?

   A: Yes. During the Fiscal Year 1975/76, we conducted 2,194 criminal investigations stemming from complaints. The majority of these complaints were directly received from the public; others were referred from the Attorney General's office, local districts' attorney, and other law enforcement agencies.

9. How often do you have cause to serve a search warrant?

   A: Over 100 search warrants were requested and obtained during Fiscal Year 1975/76.

   It is vital to realize the answers to some questions are not all inclusive. For example, in one of the cases mentioned earlier, (the dealer in San Jose selling stolen vehicles), only one search warrant was actually served although 22 other search warrants were prepared but were not served due to existing statutory authority to inspect the records (Section 320 and 1655(b), V.C. and Section 410, Title 13, California Administrative Code) and cooperation of the involved persons.

10. What statutes do you enforce?

   A: Divisions 3,4,5,6, and 12 of the Vehicle Code.
   Sections 68, 68.5, 115, 118, 211, 424, 459, 570, 472, 484, 487, 504, 816, 830.3(g) Penal Code.
   Sections 6100, 6101, 11180-11182 Government Code.
   Sections 10751, 10766, 10876 Revenue and Taxation Code.
   Title 13, California Administrative Code.
   Title 25, California Administrative Code
   Ch. 26 (comm. with 2981) of Title 14 of Part 4, Div. 3; Ch. 3 (comm. with Sec. 1797) of Title 1.7 of Part 4 of Div. 3,

EXHIBIT 3-3

11. Do you maintain cooperation and liaison with surrounding law enforcement agencies?

A: Yes. Cooperation and liaison is essential to our operation due to the continued caseload, large geographical investigative areas assigned, and the relatively small cadre of investigative personnel. This also includes other state and international enforcement agencies.

12. What type of criminal record system, if any, do you maintain?

A: We maintain applications, arrest and convictions reports on each occupational licensee and the reports resulting from investigation of licensed and non-licensed persons. This record system is not automated at this time.

13. Could your functions be as effectively performed by a separate unit within a local general law enforcement (i.e., police or sheriff) agency? If not, why not?

A: No. The present day restrictions on invasion of privacy and confidentiality of records curtails the dissemination of much specialized information. The utilization of this information and the expertise of the DMV investigator provides a level of professionalism that would be impractical at a local law enforcement agency level. For example:

(1) Detection of altered or fraudulent title and identification documents.

(2) Detection of groups utilizing false department documents on a state, national, and international basis.

(3) The issuance and regulation of state occupational licenses.

(4) Decreased effectiveness would result due to jurisdictional problems, local input, and licensing functions incompatible to the privacy objective of police and sheriff agencies.

CHAPTER 4 - DIVISION OF REGISTRATION

Program Statement

The division's primary mission is to register vehicles and record ownership, collect registration fees and in lieu taxes and provide vehicle registration information.

The division separates the workload into eight functions: (1) vehicle licensing and titling, (2) vehicle fee collection and accounting, (3) vehicle information and sale of records, (4) registration of undocumented vessels and the environmental license plate program, (5) vehicle record and file maintenance, (6) use tax computation and collection, (7) off-highway vehicle registration, and (8) bicycle licensing.

During fiscal year 1976-77, the division is expected to register approximately 17.1 million vehicles. This includes new vehicles, non-resident registrations, renewals, prorates for commercial vehicles, and exempt vehicles such as those operated by governmental agencies.

In the same period, the division will collect an estimated $366.4 million in fees for the Motor Vehicle Account and $415 million for the Motor Vehicle License Fee Account in the California Transportation Tax Fund. The division will also collect an estimated $72.9 million in use taxes for the State Board of Equalization. The total collected revenue is estimated to be $854.3 million. The department is reimbursed for the cost of collecting these taxes. Table 4-1 shows the estimated

TABLE 4-1

DEPARTMENT OF MOTOR VEHICLES

1977-78 GOVERNOR'S BUDGET

ESTIMATED REIMBURSEMENTS

USE TAX PROGRAM

PROPOSED 1977-78 FISCAL YEAR

	Personal Services							TOTAL	
	Salaries & Wages		Staff Benefits	Sub-Total	Administrative Overhead	Operating Expenses & Equipment	Sub-Total	Amount	Personnel Years
	Amount	Personnel Years							
ADMINISTRATION									
Use Tax State	$33,944	3.6	$7,912	$41,856	$1,359	$ -	$1,359	$43,215	3.6
Use Tax "BART"	943	0.1	220	1,163	38	-	38	1,201	0.1
Total	$34,887	3.7	$8,132	$43,019	$1,397	$ -	$1,397	$44,416	3.7
REGISTRATION									
Use Tax State	$54,158	4.8	$12,624	$66,782	$2,166	$ -	$2,166	$68,948	4.8
Use Tax "BART"	1,128	0.1	263	1,391	45	-	45	1,436	0.1
Total	$55,286	4.9	$12,887	$68,173	$2,211	$ -	$2,211	$70,384	4.9
FIELD OFFICE OPERATION									
Use Tax State	$1,446,783	124.7	$337,245	$1,784,028	$57,871	$1,104	$58,975	$1,843,003	124.7
Use Tax "BART"	18,199	1.6	4,242	22,441	728	-	728	23,169	1.6
Use Tax Santa Clara	5,709	0.5	1,331	7,040	228	-	228	7,268	0.5
Total	$1,470,691	126.8	$342,818	$1,813,509	$58,827	$1,104	$59,931	$1,873,440	126.8
EDP SERVICE									
Use Tax State	$17,422	1.8	$4,061	$21,483	$697	$ -	$697	$22,180	1.8
Use Tax "BART"	-	-	-	-	-	-	-	-	-
Use Tax Santa Clara	-	-	-	-	-	-	-	-	-
Total	$17,422	1.8	$4,061	$21,483	$697	$ -	$697	$22,180	1.8
TOTALS									
Use Tax State	$1,552,307	134.9	$361,842	$1,914,149	$62,093	$1,104	$63,197	$1,977,346	134.9
Use Tax "BART"	20,270	1.8	4,725	24,995	811	-	811	$25,806	1.8
Use Tax Santa Clara	5,709	0.5	1,331	7,040	228	-	228	7,268	0.5
Total	$1,578,286	137.2	$367,898	$1,946,184	$63,132	$1,104	$64,236	$2,010,420	137.2

Prepared 1/24/77

reimbursements for fiscal year 1977-78. Chart 4-1 is the division's organizational structure.

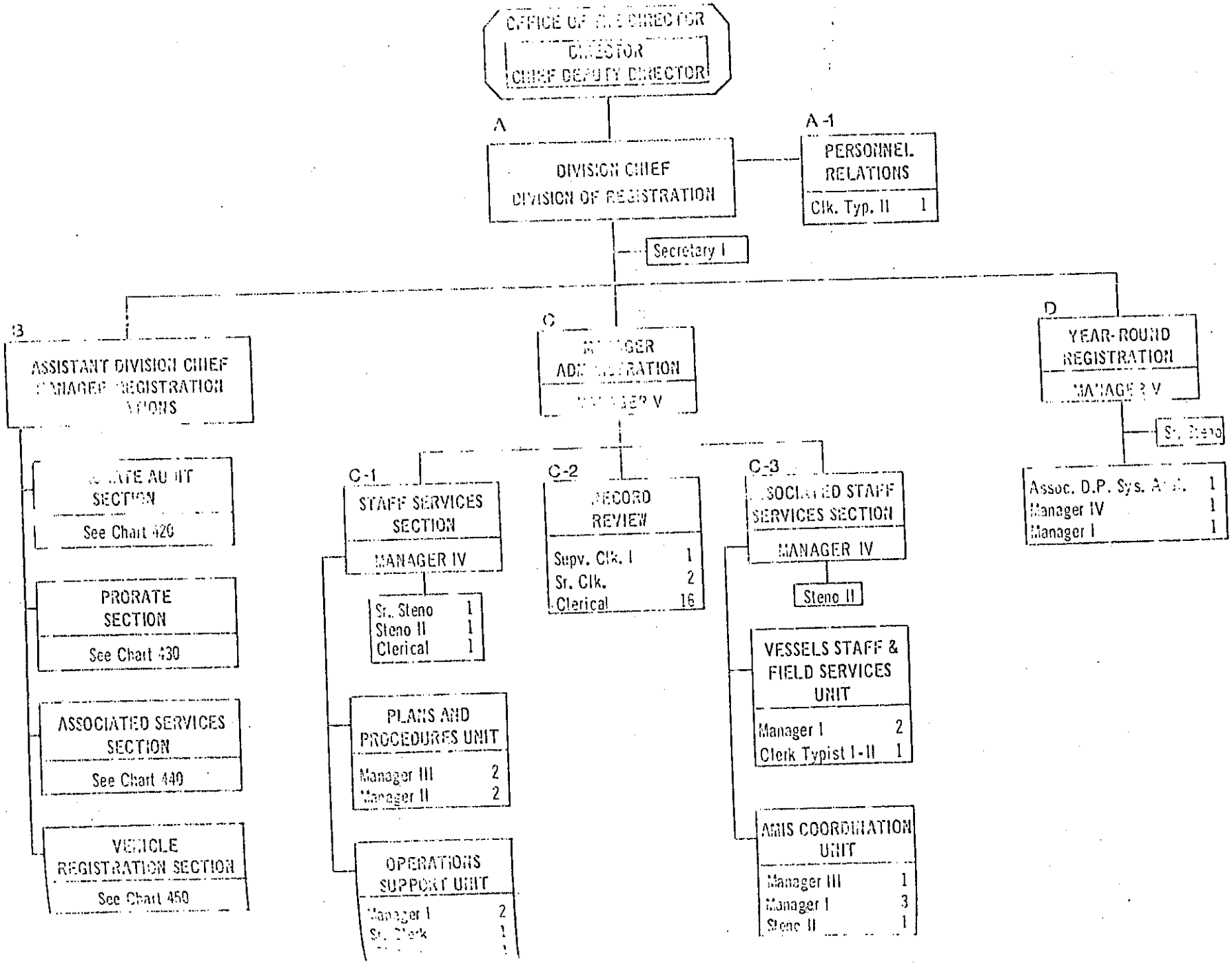
Budget and Personnel

Over the past ten years, 1966-67 through 1976-77, the division budget has increased 481 percent, from $11.16 million to $64.85 million. In the past six years, the budget has increased 93.7 percent (See Table 4-2). The ten-year budget increase to register vehicles is almost 200 percent more than the budget increase to issue drivers licenses. The division staff has increased 27.5 percent, from 1,033.1 personnel-years in 1971-72 to 1,317.4 in 1976-77. These figures are somewhat deceiving because they show only the number of employees actually assigned to the division and do not include those assigned to other divisions who do work for the Division of Registration. The actual number of employees assigned to the program for registering vehicles is 3,724. While the division's own staff increased 284.3 personnel-years or 27.5 percent, the overall vehicle registration program increased by 992 personnel-years, or 36.3 percent. Even though many of these employees are not assigned to the division, all personnel support funds are in the division's budget.

A large percentage of these 2,407 personnel-years are assigned to the 147 field offices throughout the state. Others are assigned to program administration, EDP services, occupational licensing and associated services. Table 4-3 is a summary analysis of the personnel requirements for fiscal year 1973-74 through the proposed 1977-78 budget. The proposed budget calls for a net reduction of 134 personnel-years from the budgeted 1976-77 staff level.

CHART 4-1

DEPARTMENT OF MOTOR VEHICLES -- DIVISION OF REGISTRATION



DIVISION OF REGISTRATION

[illegible] MAJOR WORKLOAD INDICATORS

[illegible] OF POSITIONS

	Actual (a)					Estimated 1976-77	
	1971-72	1972-73	1973-74	1974-75	1975-76	Authorized	Revised
I. MAJOR WORKLOAD INDICATORS (Program Budget)							
A. VEHICLE LICENSING AND TITLING							
A. Vehicle Ownership, Registration Documentation, and Certificate Issuance							
1. Vehicle Registrations Processed:							
a. New Vehicles	1,491,000	1,610,000	1,414,000	1,198,000	1,314,000	1,437,000	1,445,000
b. Non residents	438,000(b)	444,000(b)	486,000(b)	500,000(b)	296,000	535,000(b)	297,000
c. Renewal	12,804,000	13,[illegible],000	14,112,000	14,599,000	14,938,000	14,869,000	14,925,000
d. Prorates	-	-	-	-	230,000	-	[illegible]
Sub-Total	[illegible],733,000	[illegible]	16,012,000	16,297,000	16,607,000	16,[illegible]	16,919,000
e. Exempt registrations	[illegible],000	225,000	237,000	249,000	242,700	[illegible],000	252,500
Total	14,933,000	[illegible]	[illegible]	16,546,000	17,049,700	17,110,000	17,171,500
B. Vehicle Fee Collection and Accounting							
1. Transportation Tax Fund:							
a. Motor [illegible] Account	[illegible]	[illegible]	$37,601,916	$343,770,[illegible]	$376,228,963	$[illegible]	N/A
b. Motor [illegible] License Fee Account	[illegible]	[illegible]	$311,[illegible]	$323,293,000	$376,360,408	$[illegible]	N/A
C. Vehicle Information and Sale of Records							
1. [illegible]ration Requests							
a. Fee requests - item count	[illegible]	[illegible]	577,000	652,000	935,000	8[illegible],000	[illegible],000
b. Fee requests - income	$605,2[illegible]	[illegible]	[illegible]	$334,991	$728,204	$605,000	[illegible]
c. No fee requests - item count	9,394,000	[illegible],000	[illegible],000	10,[illegible],000	10,769,000	12,975,[illegible]	11,2[illegible],000
d. Records produced for private companies (EDP) - item count	23,134,000	24,[illegible],612	19,608,000	16,025,7[illegible]	12,542,825	14,876,000	12,782,000
e. Records produced for private companies (EDP) - Income	$485,890	$[illegible],382	$488,314	$402,199	$313,570	$371,900	$[illegible],000
II. ASSOCIATED SERVICES							
A. Undocumented Vessel Registration, Titling, and Fee Collection							
1. Registered Vessels	430,000	435,000	480,[illegible]	486,000	519,000	541,000	551,000
2. Original Registrations	45,000	48,400	51,200	47,600	49,600	48,000	52,600
3. Renewal Registrations	406,000	419,000	418,455	448,000	507,000	498,000	539,000
4. Revenue	$1,[illegible],004	$1,[illegible],653	$1,621,533	$1,727,564	$1,791,380	$1,770,100	$1,926,200
B. Environmental License Plate Registration and Fee Collection							
1. Original Registrations	46,705	51,700	44,000	46,400	57,100	47,300	60,100
2. Renewal Registrations	37,546	76,500	119,000	145,000	172,000	193,000	209,000
3. Interchanges	5,399	10,400	17,400	19,900	21,100	25,100	25,200
4. Revenue	$1,[illegible],294	$2,[illegible],237	$2,443,154	$2,859,467	$3,640,045	$3,413,700	$3,[illegible],500
C. Use Tax Computation and Collection							
1. Use Tax Collected for the Board of Equalization	$41,[illegible],680	$47,[illegible],291	$51,7[illegible],976	$63,937,135	$71,045,086	$67,157,000	$72,892,000
TOTAL SUBSET [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

N/A Not Available

(a) Volumes are estimated actual as they appear in the Governor's Budget. The Research Statistics Section prepares its workload projections in the spring of each year [illegible] the budget cycle. Therefore, the "Actual" generally based on 9 or 10 months data.

(b) Includes Prorates

TABLE 4-2

TABLE 4-2

[illegible] OF REGISTRATION

[illegible] OF MAJOR [illegible] INDICATORS

AND NUMBER OF POSITIONS

	Actual (a)					Estimated 1976-77	
	1971-72	1972-73	1973-74	1974-75	1975-76	Authorized	Revised
D. Off-Highway Vehicle Registration, Titling, and Fee Collection							
1. Off-Highway Vehicle Registration:							
a. Registered off-highway vehicles	N/A	N/A	157,[illegible]	175,000	N/A	276,000	N/A
b. Original registration	1,493	97,000	62,548	72,400	58,200	155,700	58,200
c. Renewal registration	-	-	2,315	77,500	44,900	112,400	49,200
2. Off-Highway Vehicle Revenue:							
a. Transportation Tax Fund, Motor Vehicle Account (service fees $5 and misc fees $3)	N/A	$608,[illegible]	$[illegible]5,340	$915,002	$632,[illegible]	$1,435,[illegible]	$678,000
b. Off-Highway Vehicle Fund (Recreational fees, $6)	N/A	$609,459	$376,373	$900,811	$599,156	$1,6[illegible]3,600	$646,500
c. Off-Highway License Fee Fund (In-lieu-tax $4)	N/A	$424,6[illegible]	$[illegible]1,1[illegible]	$601,950	$399,469	$1,072,400	$431,000
E. Bicycle Licensing							
1. Indicia Issued	-	-	N/A	473,000	530,000	750,000	500,000
NUMBER OF POSITIONS - [illegible] OF REGISTRATION							
1. General Administration	-	(26.5)	31.4	29.8	36.7	37.5	39.5
2. Record [illegible] Section	-	(17.7)	17.4	17.7	19.7	[illegible]	21
3. Vehicle [illegible] Section	-	(941.7)	974.1	991.2	1,0[illegible].8	1,[illegible]	1,0[illegible].1
4. Ancillary Services Section	(34.4)	(91.2)	(91.1)	(103)	(99.2)	([illegible])	(104.6)
a. [illegible]ted Services Administration	-	-	-	0.6	2	3	3
b. Vessel Services Unit	30.2	31.7	31.5	36.8	30.9	35	32.7
c. Environmental License Plate Unit	-	-	30.8	37.2	41.3	44.5	43.7
d. Off-Highway Vehicle Service Unit	5.2	36.[illegible]	28.8	28.4	25	35.1	20.2
5. Prorate Audit Section	-	(6.6)	6.8	6.9	11.4	12	12
6. Prorate Section	-	(32.2)	31	34.7	36.6	49	42.2
General Administration	14.9	17.1	-	-	-	-	-
Technical & Interstate Services	52.5	71.7	-	-	-	-	-
Vehicle License & Title	930.3	9[illegible].4	-	-	-	-	-
Total	1,033.1	1,116.1	1,151.8	1,183.3	1,240.4	1,379	1,317.4(c)

(c) Includes two personnel years requested on Form 576.

DEPARTMENT OF MOTOR VEHICLES
1977-78 GOVERNOR'S BUDGET
SUMMARY OF ANALYSIS OF PERSONNEL REQUIREMENTS
(EXPRESSED IN PERSONNEL YEARS)

ORGANIZATION	1973-74 ACTUAL	1974-75 ACTUAL	1975-76 ACTUAL	1976-77 AUTHORIZED	1976-77 REVISED	1976-77 NET CHANGE	1977-78 PROPOSED	1977-78 NET CHANGE OVER REVISED 1975-76	1977-78 NET CHANGE OVER AUTHORIZED 1976-77
DIVISION OF REGISTRATION:									
General Administration	31.4	29.8	36.7	37.5	35.5	-2	36.1	0.6	-1.4
Record Review Section	17.4	17.7	19.7	21	12	-9	10	-2	-11
Vehicle Registration Section	974.1	991.2	1,036.8	1,141.9	1,074	-67.9	1,051.9	-22.1	-90
Associated Services Section:									
Associated Services Administration	-	0.6	2	3	3	-	3	-	-
Vessel Services Unit	31.5	36.8	30.9	35	31.7	-3.3	31.7	-	-3.3
Environmental License Plate Unit	30.8	37.2	41.3	44.5	47.7	3.2	47.9	0.2	3.4
Off-Highway Vehicle Service Unit	28.8	28.4	25	35.1	14.2	-20.9	14.2	-	-20.9
Prorate Audit Section	6.8	6.9	11.4	12	12	-	11	-1	-1
Prorate Section	31	34.7	36.6	49	42.2	-6.8	39.2	-3	-9.8
TOTALS, DIVISION OF REGISTRATION	1,151.8	1,183.3	1,240.4	1,379	1,272.3	-106.7	1,245	-27.3	-134

TABLE 4-3

The division's budget increase was most dramatic between 1974-75 and 1975-76. Approximately 48.7 percent of the total increase over the past six years occurred during this period. Personnel requirements during this period increased only 7.7 percent in the division and 12.2 percent in the total vehicle registration program. This seemly small percentage increase in personnel accounts for approximately 466 employees throughout the department assigned for registration activities. The increased cost of additional personnel when coupled with the inflationary factor, increased administrative cost allocations and increased staff benefits made a substantial impact on the vehicle registration program. Table 4-4 presents an analysis of the allocations of costs for the division throughout the department.

In this chart, it is important to note how the costs for the vehicle registration program are apportioned throughout the department. It is also important to note how the employees are assigned to other divisions or programs and yet charged to the vehicle registration program. The percentage increase in apportioned costs ranges from a low of 32.4 percent for associated services to a high of 80.2 percent for administration. Apportioned costs have increased by $9.2 million in the past four years.

Workload Indicators

Growth in the workload of the division has not been constant over the past six years. The wide variations which occurred were partly the result of the economy and changes in programs. For example, approximately 46,000 fewer new vehicle registrations are projected in the current fiscal year compared to 1971-72--a three percent drop. However, renewal registrations will have increased by 16.6 percent, or 2,121,000 vehicles.

DIVISION OF REGISTRATION
APPORTIONMENT OF PROGRAM BUDGET

Fiscal Year	73-74		74-75			75-76			76-77			
	Man Years	Amount	Man Years	Amount	Change in Amount	Man Years	Amount	Change in Amount	Man Years	Amount	Change in Amount	Change in Amount 73-74 to 76-77
I. Vehicle Licensing & Titling												
a) Registration Documentation & Certificate Issuance	580.3	$ 7,404,956	592.6	$ 8,540,503		597.0	$10,186,369		623.4	$11,386,933		
b) Vehicle Fee Collection & Acct.	97.5	2,572,497	121.3	3,918,697		156.3	5,064,507		160.6	5,323,571		
c) Vehicle Record & File Maintenance	214.3	1,955,336	219.2	2,208,428		240.0	2,814,365		244.5	3,176,209		
d) Vehicle Info. & Sale of Records	105.6	962,883	95.0	953,389		104.4	1,227,456		110.7	1,434,398		
e) Administration Distribution	22.1	318,344	27.2	426,714		27.0	414,771		30.6	537,679		
Totals	1,019.8	13,214,016	1,055.3	16,074,731	21.6%	1,124.7	19,707,468	22.6%	1,169.8	21,858,790	10.9%	65.4%
II. Driver Licensing & Control												
a) Drivers License Issuance	---	---	---	---		---	---		---	---		
b) Post Licensing Control	---	318	---	---		---	---		---	---		
c) Certificate Issuance	---	---	---	---		---	---		---	---		
d) Information Services	---	---	---	---		---	---		---	---		
e) Administration Distribution	---	---	---	---		---	---		---	---		
Totals	---	318	---	---		---	---		---	---	---	---
II. Occupational Licensing & Regulation												
a) Occupational Licensing	2.2	19,828	0.4	3,953		0.3	66,178		1.4	73,608		
b) Occupational Regulation	18.3	172,482	19.1	194,719		21.8	264,368		14.4	197,890		
c) Administration Distribution	0.4	6,542	0.5	8,096		0.5	8,331		0.7	10,998		
Totals	20.9	198,852	20.0	206,768	4.0%	22.6	338,877	63.9%	16.5	282,496	-16.6%	42.1%
IV. Compulsory Financial Responsibility												
a) Registration & Driver Privilege Control	---	---	---	---		---	---		---	---		
b) Information Services	---	---	---	---		---	---		---	---		
c) Administration Distribution	---	---	---	---		---	---		---	---		
Totals	---	---	---	---		---	---		---	---	---	---
V. Associated Services												
a) Identification Card Issuance	---	---	---	---		---	---		---	---		
b) Vessel Registration	41.6	517,768	36.7	548,724		37.3	561,697		37.2	655,963		
c) Legal	27.1	242,191	36.8	324,045		24.8	476,009		28.5	509,013		
d) Use Tax Computation & Collection	19.4	179,528	7.2	137,444		7.8	97,017		4.9	66,340		
e) OHV Registration	22.5	302,530	26.6	437,834		22.6	309,492		14.8	317,919		
f) Bicycle Licensing	---	---	---	---		---	39,518		---	32,705		
g) Administration Distribution	0.5	55,345	0.7	86,066		0.6	130,214		0.6	136,385		
Totals	111.1	1,297,362	108.0	1,534,113	18.2%	93.1	1,613,947	5.2%	86.0	1,718,325	6.5%	32.4%
VI. Administration												
a) Executive	---	---	---	---		---	---		---	---		
b) Program Administration	(23.0)	(380,231)	(28.4)	(520,876)		(28.1)	(553,316)		(31.9)	(685,062)		
c) Legal	---	---	---	---		---	---		---	---		
d) Fiscal & Business Management	---	---	---	---		---	---		---	---		
e) Personnel & Training	---	---	---	---		---	---		---	---		
f) Operations & Management Analysis	---	---	---	---		---	---		---	---		
g) Research & Statistics	---	---	---	---		---	---		---	---		
h) Public Information	---	---	---	---		---	---		---	---		
i) EDP Services	---	---	---	---		---	---		---	---		
Totals	(23.0)	(380,231)	(28.4)	(520,876)	37.0%	(28.1)	(553,316)	6.2%	(31.9)	(685,062)	23.8%	80.2%
Totals, All Programs	1,151.8	$14,710,548	1,183.3	$17,788,612	20.9%	1,240.4	$21,660,292	21.8%	1,272.3	$23,859,611	10.2%	62.2%

Figures rounded to nearest 0.1% from Departmental summary documents.

TABLE 4-4

There has been growth in the undocumented vessel registrations and the environmental license plate program. Most of the workload increase in these areas is in renewal registrations. (See Exhibits 4-1, 4-2, and 4-3). The year-to-year off-highway vehicle (OHV) registration program variations have exceeded those in most other programs of the division. For example, in 1974-75, the department renewed 77,500 OHV registrations and collected $915,002 in revenues. The following year, renewals dropped to 44,900 and only $632,394 was collected.

It is estimated that in 1977-78 the department will collect a total of $1,786,200 for all funds (the Motor Vehicle Account, Off-Highway Vehicle Fund and the Off-Highway License Fee Fund). To collect these fees, the department is expected to spend $1,110,870, excluding the prorate administrative cost. At the current rate of cost increases, it is highly probable that the program will not be self-supporting in the near future.

Revenue for the OHV registration program has increased only 9.5 percent in the past three years, while the costs of the program have increased 26.1 percent. Table 4-5 shows the estimated revenue and costs to the department for all funds, except the Motor Vehicle Account. (Some of these cost figures are based upon unreliable data furnished by the MARC program and should be viewed as estimates only.)

In analyzing the division's budget increases and workload changes over the past six years, there are some significant indicators as to why the

TABLE 4-5

1977-78 GOVERNOR'S BUDGET

REVENUE COLLECTED BY DMV AND COST OF COLLECTION

ALL FUNDS EXCEPT MOTOR VEHICLE ACCOUNT, TRANSPORTATION TAX FUND

	ACTUAL 1975-76	REVISED 1976-77	PROPOSED 1977-78
A. Motor Vehicle License Fees			
1. Revenue Collected by DMV:			
Motor Vehicle License Fee Account, Transportation Tax Fund			
Motor Vehicle License Fees	$346,420,570	$388,000,000	$406,000,000
Trailer Coach Fees	29,939,858	35,000,000	38,000,000
Total	$376,360,428	$423,000,000	$444,000,000
2. DMV Expenditures	$14,942,976	$15,938,843	$17,770,[illegible]
B. Environmental License Plates			
1. Revenue Collected by DMV:			
California Environmental Protection Program Fund	$3,640,045	$3,892,500	$4,437,[illegible]
2. DMV Expenditures	$950,824	$1,027,167	$1,233,[illegible]
C. Undocumented Vessel			
1. Revenue Collected by DMV:			
Harbors and Watercraft Revolving Fund	$1,721,330	$1,926,200	$2,045,[illegible]
2. DMV Expenditures	$1,023,798	$1,069,461	$1,115,[illegible]
D. Use Tax			
1. Revenue Collected by DMV General Fund	$71,045,036	$72,892,000	$74,215,[illegible]
2. DMV Expenditures	1,796,115	1,951,916	2,010,[illegible]
E. Off-Highway Vehicles			
1. Revenue Collected by DMV			
a. Motor Vehicle Account, Transportation Tax Fund	$632,394	$678,000	$699,[illegible]
b. Off-Highway Vehicle Fund	599,156	646,500	652,[illegible]
c. Off-Highway License Fee Fund	399,469	431,000	434,[illegible]
Total	$1,631,019	$1,755,500	$1,786,[illegible]
2. DMV Expenditures			
Direct Costs, Excludes Prorate of Administration Distribution	$820,638	$961,944	$1,110,[illegible]

budget has increased approximately $31.4 million. First, since personnel costs account for the largest share of the budget, any changes in this area (such as inflation, increased personnel benefits and statewide salary adjustments) have a tremendous impact. Second, because many work processes are poorly designed, an increase in workload will generally result in a disproportionate increase in personnel requirements. For example, 1,276 personnel-years were added to the vehicle registration program while workload indicators show an increase of significance in only two areas, vehicle renewal registrations and the environmental license plate program.

Vehicle Registration

DMV is probably the largest titling agency in the world and documentation of vehicle registration has become an extremely complicated and tedious task. Nevertheless, DMV continues to use archaic manual procedures while the rest of the world is far into computer technology.

Work procedures on vehicle registration were designed many years before the advent of electronic data processing. Some of these procedures have changed as a result of legislation but relatively few were revised to increase efficiency and reduce costs. When the department acquired its computer system, some work processes were redesigned to provide for computer input and retrieval of information. But the department still does not use the full capabilities of its computer system.

For example, the division maintains a "vehicle master file" containing

approximately 64 million documents on 17.2 million vehicles. Approximately 26 million documents are filed each year. These files occupy approximately 22,027 square feet of floor space and are maintained by 135 full-time employees. This is only one file system in the division. Listed below are the various file units and number of employees to maintain them in the division:

File Unit	Number of Employees
Master Vehicle File (Unit 23)	135
Correspondence File (Unit 21)	36
Unclaimed File	10 (est.)
Vessel Registration File	5
Off-Highway Vehicle File	5
Environmental License Plate File	3
Total	194

Managers were asked why they did not put all of the information contained in the master file, vessel file, off-highway vehicle file and the environmental plate file into the computer and eliminate the hard copy files. Generally, the managers responded that they feel they cannot rely upon the data in the computer. Even the Chief of the Division of Electronic Data Processing has expressed doubt as to the complete reliance on the computer system without the hard copy files as a back-up system.

The retention or elimination of these hard copy files is not a new issue with the department. The subject has been under discussion since October 1975. A task force recommended disposal of the hard copy of vehicle renewal registrations upon update of the computer vehicle record file. But as of December 15, 1976, the only decision by management was: "Deputy Directors and Chiefs will further discuss and submit a recommendation to the Director."

There are other problems with these hard copy files. Approximately 14.9 million renewal registration forms have to be hand-sorted and cut before they can be filed. In the filing process, there is strong evidence that a substantial number of the renewal forms are misfiled or lost. For example, the Chief of the Division of Field Office Operations stated in a position paper on retaining renewal forms:

> "The burden of proof of prior registration will rest with the public. If they have lost all evidence and our EDP record does not verify their version, severe public relations problems will result. We have these same problems now with misfiled records; however, the problems will no doubt increase substantially.
>
> "If this proposal is implemented, we would hope that part of the realized savings would be channeled into improving the quality of the remaining hard copy files....."

Accuracy of information on the vehicle ownership and registration documents is absolutely essential to avoid serious consequences to a vehicle owner, purchaser or dealer. For example, a dealer sold an auto to a customer and agreed to finance the remaining balance of approximately $1,500. The vehicle title or "pink slip" issued by the department failed to indicate that the dealer was still the legal owner. Department representatives told the dealer that they would make the correction if he would get the pink slip back from his customer. The customer was aware that he was listed as the legal owner and promptly sold the car and kept the money. The only recourse the dealer had was through the courts.

In another case, a dealer was negotiating to purchase a large truck for which he had a buyer. Because the fees and taxes on large

vehicles can be very expensive, the dealer checked with the department to determine if there were any liens on the truck. The department reported the truck was clear, so the dealer bought it. But when he attempted to transfer the registration, he was informed more than $500 in fees and taxes were due on the truck. Section 4456 (c)(3) of the Vehicle Code requires that for any vehicle sold by a dealer, all fees and penalties must be paid to the department within 20 days before the vehicle can be registered. In this case the dealer had to pay the fees.

The division does have quality control and information verification procedures designed to prevent the above type of errors. However, there is still a three to four percent error rate in the data submitted to EDP to be put into the computer system. As discussed in Chapter 1 of this report, EDP itself has a three to four percent error rate of entering this data into the computer, so the net result is that seven to eight percent of the data processed is in error.

To compare the acceptable error rate between private enterprise and other state agencies to the department, two large banking institutions and the State Controller were asked for their average error rate. In each response, the error rate was one-tenth of one percent. It should be noted that the type of data and the number of transactions per day for these fiscal institutions far exceeds the department's computer demands. In most banking operations, if the error rate nears the one and one-half percent level, immediate steps are taken to determine the cause and eliminate it.

The documentation obtained during this study in all divisions indicates management has been aware for many years of the high error rate and the unreliability of the computer system. Nevertheless, management has still taken no strong action.

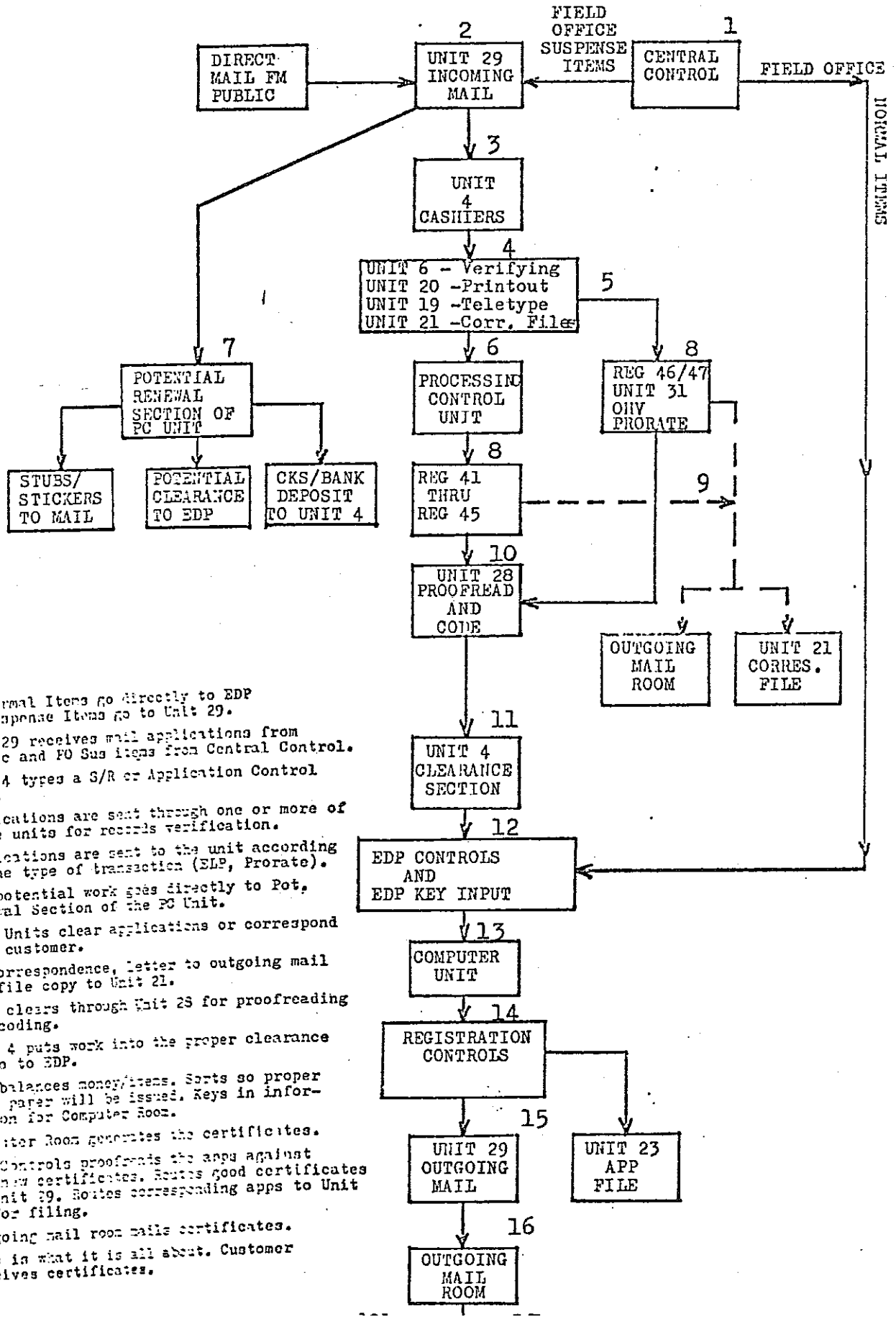
Registration Procedures

Vehicle registrations are initially processed in field offices as well as Sacramento headquarters, but eventually all registrations receive final processing at headquarters through an elaborate procedure. (See Chart 4-2) This headquarters process is a prime example of outmoded procedures and the department management's labor-intensive philosophies. For example, one registration processing unit manager apologized because the unit did not have its authorized number of employees, and that it was difficult to get employees because the work was highly repetitious. If the authorized staffing levels were accurate, such a unit operating understaffed by ten employees would soon build a backlog of work. Yet the manager stated that there was no backlog.

Employees in this unit were observed cutting envelopes open with letter openers, hand-stapling the enclosed registration card and check together with the envelope. The manager was asked why the checks were stapled to the documents rather than being processed for depositing in the bank. The manager replied that the checks would be in the unit no more than three days. Bank deposits for this unit ranged from a low $74,000 to a high of $140,000 each day. (Incidentally, the department held a contest for the most thankless job in DMV. The winner was an

HEADQUARTERS WORK FLOW CHART

CHART 4-2



1-PO Normal Items go directly to EDP
PO Suspense Items go to Unit 29.

2-Unit 29 receives mail applications from public and PO Sus items from Central Control.

3-Unit 4 types a S/R or Application Control Card.

4-Applications are sent through one or more of these units for records verification.

5-Applications are sent to the unit according
6-to the type of transaction (ELP, Prorate).

7-All potential work goes directly to Pot. Renewal Section of the PC Unit.

8-Reg. Units clear applications or correspond with customer.

9-If correspondence, letter to outgoing mail and file copy to Unit 21.

10-Work clears through Unit 28 for proofreading and coding.

11-Unit 4 puts work into the proper clearance to go to EDP.

12-EDP balances money/items. Sorts so proper type paper will be issued. Keys in information for Computer Room.

13-Computer Room generates the certificates.

14-Reg Controls proofreads the apps against
15-the new certificates. Routes good certificates to Unit 29. Routes corresponding apps to Unit 23 for filing.

16-Outgoing mail room mails certificates.

17-This is what it is all about. Customer receives certificates.

employee who removed staples. In the DMV bulletin, the employee was described as a seasonal clerk whose "appointed duty involves the meticulous job of removing staples from Unit 2 files. As an added job-related hazard, he must eventually replace the ones he removed.")

Other poorly designed work procedures involve hand-sorting registration cards, typing receipts in four copies, filing and pulling these receipts from the files, and certain work flow control procedures.

In addition there appears to be very little if any security for cashiering and potentially valuable pink slips. The manager of the cashiering section stated that all checks not deposited were locked up over night. However, during the working day, hundreds of pink slips were stacked on tables without any security and, since the department is designed around the "open space concept", virtually anyone can walk through these units without being challenged.

Cash Flow

The department receives an estimated $3.4 million in revenue each working day. During this study, attempts were made to determine the amount of time it takes the department to deposit funds once they are received. In a very limited survey, the time required to deposit was found to be somewhere between seven and twenty-one days. However, it is department policy to deposit the revenues the day they are received. In field offices, deposits are made on a daily basis for the work in process. But large amounts of mail remain unprocessed and therefore the checks in the envelopes are not deposited. Field office managers stated that if mail remains in the office up to three days without

being processed, they would bring in additional employees to clear up the backlog.

Banking institutions and other private firms are extremely conscious of the amount of time checks are allowed to "float" in transit or in process through their operations. The Commission was unable to determine the float factor for the department. However, there are strong indications that the procedures to deposit these funds are inadequate.

Efforts were made to determine how much revenue for vehicle registrations was received by mail as compared to the revenue received over the counter in the field offices. This information was not available from the fiscal section. Approximately five years ago, the department started a program to renew vehicle registrations by mail. The registration card used to have the statement that the most efficient way to register their vehicle is to go to the nearest DMV office. Now the forms ask motorists to mail the documents. The cost of the mailing program has increased substantially as a result of the increase in postage.

Bad Checks

It is estimated the department will receive approximately $1.8 million in bad checks during the current fiscal year. It is the department's policy to re-deposit a check returned for insufficient funds. Approximately 50 percent of those checks are honored and the department sends a letter to those individuals who still have insufficient funds after the second deposit. If the check is still not made good, the department will attempt to collect the funds through the investigators

in the Division of Compliance. The estimated cost to the department to collect on dishonored checks is $1.2 million. The department has not investigated any of the new check verification procedures now being used by many private firms, such as department stores and supermarkets.

Year-Round Vehicle Registration

The year-round vehicle registration program was inaugurated in 1976, after a delay of one year so that the department could acquire sufficient computer capabilities. The purpose of the year-round registration was to increase revenues and permit the department to level out the work load. The change-over created some problems for the department and the vehicle owners, and the department is still feeling its way on staffing levels to accomodate the program.

Year-round registration is more expensive than annual registration because of the increased number of full-time employees. For annual registration, the department employed a substantial number of part-time employees who were let go when the workload slacked off. The year-round registration requires full time employees on the job on a daily basis. In addition, if a family had more than one car, the registrations for more than one car was done at one transaction. Under the year-round registration, it is highly improbable that multiple car owners will have the same renewal dates, therefore separate transactions will have to be done for each car.

It is estimated that the additional cost for year-round vehicle registration will be $1,631,777 during 1976-77 (See Table 4-6). These additional costs are offset by increased revenues of approximately

DEPARTMENT OF MOTOR VEHICLES
1976-77 SUPPORT BUDGET
SUMMARY OF EXPENDITURES FOR
THE YEAR-ROUND REGISTRATION PROCESS

TABLE 4-6

	1974-75 Fiscal Year		1975-76 Fiscal Year		1976-77 Fiscal Year	
	Years	Amount	Years	Amount	Years	Amount
DIVISION OF ADMINISTRATION:						
Personal Services	-	$ -	2.3	$ 20,423	2.6	$ 24,217
Operating Expenses & Equipment		-		1,633		341
Total	-	$ -	2.3	$ 22,056	2.6	$ 24,558
DIVISION OF REGISTRATION:						
Personal Services	3	$ 48,951	53.7	$ 542,208	58.8	$ 564,706
Operating Expenses & Equipment		472,070		339,998		212,233
Total	3	$ 521,021	53.7	$ 882,206	58.8	$ 776,939
DIVISION OF FIELD OFFICE OPERATION:						
Personal Services	-	$ -	72.3	$ 791,935	22.8	$ 266,218
Operating Expenses & Equipment		-		45,394		39,987
Total	-	$ -	72.3	$ 837,329	22.8	$ 306,205
DIVISION OF EDP SERVICE:						
Personal Services	10	$ 145,874	23.8	$ 315,879	36	$ 412,025
Operating Expenses & Equipment		3,060		191,589		36,674
Total	10	$ 148,934	23.8	$ 507,468	36	$ 448,699
DIVISION OF COMPLIANCE:						
Personal Services	-	$ -	-	$ -	3.6	$ 58,178
Operating Expenses & Equipment		-		-		17,198
Total	-	$ -	-	$ -	3.6	$ 75,376
TOTAL, DEPARTMENT OF MOTOR VEHICLES:						
Personal Services	13	$ 194,825	152.1	$1,670,445	123.8	$1,325,344
Operating Expenses & Equipment		475,130		578,614		306,433
GRAND TOTAL	13	$ 669,955	152.1	$2,249,059	123.8	$1,631,777

$1.8 million in the Motor Vehicle Account and $35.9 million in the Motor Vehicle License Fee Account.

There are signs that the year-round registration program will run into trouble in the next four to five years. Generally, vehicle owners keep their cars three to four years. Most automobiles in California go through one transaction, a transfer of ownership, within a five-year period from the date of purchase. Automobile dealer sales records indicate that there are three periods in a year when new car sales reach their highest point: the beginning of a new model year, just before the summer months and vacation periods, and at the end of the model year. If this pattern persists, the department will be faced with three periods of peak load in renewing registrations rather than a relatively stable load year-round. The department anticipated that this peaking effect would be offset by the registration of vehicles being brought into the state and registered the first time. However, the registration of the latter types of vehicle has been on the decline since 1971-72.

Off-Highway Vehicle Registration

There are strong indications that the off-highway vehicle registration and titling program is not entirely effective, although this is not the department's fault. The problem centers around two areas: (1) enforcement of the requirement to register off-highway vehicles, and (2) the number and type of vehicles exempted from registration.

The department reports that up to 50 percent of OHV's do not have their registrations renewed. Generally, when an OHV is sold through a dealer, the vehicle is registered. This registration is in effect until the

second calendar year after issuance of the certificate. At this point the system breaks down. Even though the owner is notified that the registration must be renewed, fewer than half comply. In 1973-74, there was 62,548 original registrations and 94,510 renewals. But in 1975-76, there were 58,200 original registrations and only 44,900 renewals. In the latter year, a large percentage of the vehicles originally registered in 1973-74 should have renewed. Although this did not materialize, the department continues to project that renewal registration will exceed 100,000. In the current fiscal year, the department projected that renewals would be 112,400, but later revised these figures to 49,200.

Enforcement of the OHV registration program is almost non-existent, and this results in considerable lost revenue for the state. This includes the $5 service fee and $3 miscellaneous fee paid into the Transportation Tax Fund, the $6 recreational fee paid into the Off-Highway License Fee Fund. In the past three years costs of the program have increased 26.1 percent while revenues increased only 9.5 percent. Unless enforcement procedures are changed, it is highly probable that the cost of the program will soon exceed revenues.

Vehicle Renewal Sticker Numbers

Starting with the year-round vehicle registration program, the decision was made to enter the renewal sticker number into the computer system. This sticker is attached to the license plate and usually has a letter and seven numbers. Over a two-month period involving 2.7 million registrations, there was in excess of 30,000 errors.

During the Commission's study, attempts were made to determine why the decision was made to enter the number into the computer, and who made it. The division Chief and the manager of the registration section could not provide any answers. Further investigation revealed that neither manager was on his present job when the decision was made. It is difficult to understand why these managers did not find out why this relatively expensive program was being pursued. It was eventually determined that previous managers made the decision on grounds it would:

(1) Eliminate hand searches of master file.

(2) Eliminate the writing of the number on a customer's check.

(3) Eliminate interfiling of registrations in the master file.

(4) Shorter response time for law enforcement.

(5) Eliminate double registrations.

(6) Reduce lag time.

Another side benefit of the program could be the ability of the department to unite 30,000 unclaimed stickers with their rightful owners.

Costs for this program are not clear. In a memo dated December 1, 1976, an EDP analyst estimated the cost of keying, updating, inquiring and hardware prorations of costs with the computer sticker file at $230,234. However, in response to the Commission's formal inquiry, the department reported that the cost in 1975-76 was $70,319, and for 1976-77 it is estimated to be $82,597.

In analyzing the claimed benefits of the program, most of them are functions the department should be doing without the sticker program. For example, the department's procedures for registering vehicles are unable to prevent double registrations and 30,000 unclaimed stickers. In addition, the department claimed that it could eliminate interfiling after the sticker number was put into the computer. But, the department is still interfiling.

The impact of this relatively simple program of entering a letter and seven digits into the computer has been far-reaching. For example, a September 17, 1976 memo to the manager of registrations indicates the errors in sticker numbers creates a serious problem in batch-filing of vehicle registration potentials (POTS) (See Exhibit 4-6). The Commission is amazed that managers could permit such an error-ridden program to continue without taking strong corrective measures. This is particularly true for a program where the need is marginal at best.

The error rate is approximately eight percent, and EDP has made the decision that further efforts to achieve a smaller rate would not be cost-justified. While this may be true, the estimated error rate of eight percent could produce 137,400 errors per year.

Vehicle Information and Sale of Records

In 1976-77, it is estimated that the department will provide 24,975,000 items of information to local, state and federal agencies, law enforcement and private companies and individuals. The fees collected from private parties is estimated to total $1,081,000.

Two Vehicle Code sections are pertinent in the sale of information.

> "Section 1811. The department may sell copies of all or any part of its records at a charge sufficient to pay at least the entire actual cost to the department of the copies, the charge for the records and the conditions under which they may be sold to be determined by the director."

> "Section 1812. The department shall not charge for copies of records or for information from its records given to any county, city, state department, or the United States Government."

Sale of information by the department, even though it is authorized by law, is a highly controversial subject. Numerous bills have been introduced in the Legislature to limit the access to these files. Federal law imposes some restrictions on what information a state or federal agency may accumulate and under what circumstances it may be disseminated.

Without making a judgement on the pros and cons of the sale of information, the Commission finds strong indications that more and more private companies and law enforcement agencies are relying upon the information in the files at the department. For example, information requests by private companies or individuals have increased 186.5 percent from 340,618 in 1971-72 to 976,000 in 1976-77. Revenues have increased from $205,204 to $761,000 in the same period. Law enforcement and other government agency requests have increased from 9,394,000 in 1971-72 to 12,782,000 in the 1976-77 fiscal year. There is a growing feeling among DMV managers that the law enforcement information requests are excessive, and not all are related to current investigations. Information is provided free to such agencies at a substantial cost to the department. The funds to pay these costs come from the California Transportation Fund.

The department has taken some action to control the dissemination of information to private parties and companies. Generally, these controls center around the identification of the individual requesting the information and the purpose for making the request. These controls are in response to a growing concern about the critical use of the information in the files.

Smog Certificates

Under existing law, the department cannot register a vehicle whose ownership has been transferred unless the vehicle has a certificate of compliance with pollution control requirements, dated within 120 days of the sale. The smog certification program is administered by the Bureau of Automotive Repair in the Department of Consumer Affairs.

The department estimates that approximately 30 percent of the vehicle registrations that cannot be completed are related to the smog certification requirement. The department estimates the cost of processing these certificates, and in many cases reprocessing registrations, is approximately $1.5 million annually.

Reflectorized Safety License Plates

In 1972, the Legislature, after considerable deliberation, amended Section 4850 of the Vehicle Code which mandated the issuance of reflective safety license plates starting January 1, 1974.

Up to this date, the department has not complied with the provisions of the law. The department's explanation for failing to comply to the law is, in part, mitigating. However, the fact remains that citizens are

being denied a highway safety benefit, and law enforcement denied the night time readability which reflectivety affords.

The department's explanation for non-compliance is two fold:

1. Following the mandate, the purchasing division of General Services, with the assistance of the department, did release a specification on which prospective bidders were expected to submit bids for reflective materials. Because of an (intentional or non-intentional) error in those specifications, no bids were submitted. This is explained in a letter from one of the prospective bidders. The department indicated that the specifications with corrected language would be released. This was never done.

2. Approximately in the fall of 1974, it became apparent that the Motor Vehicle Account would, within a short period of time, fail to support the cost of the department and the California Highway Patrol as well as other agencies listed in Part 2, of this report, without additional revenue, or by reduction of programs. This gave the department an excuse to not implement the reflective safety plate law which they never supported, regardless of the proven benefits to motorists and enforcement. Forty-three of the 50 states, and 72 foreign countries now provide their motorists with this protection.

Alternatives to the Work Procedures for the Division

Micro-photography The advancements in the microfilm or micro-fish techniques have been most dramatic over the past several years. If the department can substantiate the necessity to retain some form of visual record other than the information in the computer, micro-photography

are: (a) master vehicle registration and history files, (b) Off-Highway vehicle files, (c) vessel files, and (d) correspondence files. This would result in a reduction in staff for filing, floor space and filing cabinets. So that it will not be repeated throughout the report, the department should evaluate all filing systems throughout the department for the possibility of reducing the files to micro-photography.

Lock-box Operation This is a term used in the private sector, particularly in banking operations, for the rapid processing and depositing of funds received through the mail. Many utility companies, department stores, credit card companies and other organizations who do high volume billing use the lock-box method of collecting and depositing funds.

The term lock-box is derived from the use of a post office box where payments are made by mail. The processing of the payments is done by a banking institution and not the company sending out the billings.

There are varying degrees of sophistication of these systems and the type of services that can be provided. They range from the simple operation of opening mail and depositing checks to a complete operation where all the accounting functions are done and the computer in the banking operation can update the computer system in the firm or company.

Most lock-box operations throughout the country are highly automated. Some use mini-computers, video cameras, optical scanners, machine sorters, encoders and printers. The purpose and the location of a lock-box operation is to reduce to a minimum the amount of time payments or checks are in "float". Float is a term used by private enterprise to

describe the amount of time money is in transit and not available for use or investments.

Based upon a daily volume of between 46,000 to 50,000 vehicle registrations an estimated cost to process these registrations through a lock-box would be around $.05 to $.07. This is a very rough estimate because the processing needs of the department are not fully known.

The advantages of a lock-box operation for the department would be the cost-effectiveness of the program. It would eliminate many of the time consuming, labor intensive operations currently being performed by the department. In addition, due to the degree of automation, DMV's receivable file would be updated in a timely fashion with quality input using magnetic tape.

In observing one lock-box operation, the average monthly error rate was 13 items out of a volume of 2.5 million transactions.

Currently, the State of California is using a lock-box operation through the State Treasurer. This operation appears to be most efficient and effective in processing investable funds of the state.

RECOMMENDATIONS

1. The appropriate Legislative fiscal and policy committees, the Legislative Analyst and the Department of Finance should review the current reimbursement system for the cost of collecting taxes and fees for the State Board of Equalization.

2. The department should further automate its vehicle registration procedures in such a manner that the computer system can be updated with as little manual keying of data as possible.

3. The department should take aggressive measures to reduce the error rate of information put into the computer system.

4. The department should undertake a program to evaluate the need for hard copy file systems. If the need can be justified, the department should investigate micro-photography for reducing the files to film.

5. Work procedures in the Division of Registration should be revised so that the work flow will provide quality control, verification of information and security for documents.

6. The department should re-evaluate the year-round vehicle registration procedures for potential peak loads that are the result of automobile sales patterns.

7. The Legislature should review the off-highway vehicle registration program for deficiencies in the enforcement statutes. Costs are increasing disproportionately to revenue.

8. The department should undertake a cost-benefit evaluation of the program of putting renewal sticker numbers into the computer.

9. The Legislature should make a policy decision as to the funding source for DMV's participation in the California Law Enforcement

Telecommunications System (CLETS). Currently, it is financed from the Transportation Fund.

10. The Legislature should investigate the feasibility of transferring the smog compliance certificate program to the Bureau of Automotive Repair. Alternatives to the program should be explored from a cost-benefit point of view, as the advent of advanced emission control systems and removal of older vehicles from service raises questions on the program's desirability.

11. The department and the Legislative Analyst should study the implementation of a check verification system and the increased use of commercial credit cards to reduce the number of bad checks received by the department.

12. A study should be made of the feasibility of contracting with a commercial banking institution to receive and deposit the department's revenues. Such a "lock box" type operation would reduce the amount of time during which checks and other payments are in process.

13. It is recommended that the department comply with the law in one of two ways on reflective license plates:

A. It is anticipated that on or about April 1977, the department will recommend a new license fee structure which will increase revenue to support the various departments. If and when the Legislature amends the necessary sections of the law which will bring in additional revenue, the department should immediately implement the provisions of Section 4850 of the

Vehicle Code, or

B. Suggest to the Legislature that they consider and enact legislation which would enable the department to recover the cost of manufacturing reflective license plates from the applicant, only when full size plates are issued.

EXHIBIT 4-1

1977-78 [illegible]

ENVIRONMENTAL LICENSE PLATE COSTS AND REVENUES

EXPENDITURES:		Actual 1975-76 Fiscal Year Items	Cost Per Item	Amount	Estimated 1976-77 Fiscal Year Items	Cost Per Item	Amount	Proposed 1977-78 Fiscal Year Items	Cost Per Item	Amount
Originals		56,999	$11.65	$664,038	60,100	$11.85	$712,185	64,900	$12.23	$793,727
Renewals		180,016	0.78	140,413	209,000	0.90	188,100	246,000	0.93	228,780
Interchanges		23,457	5.34	125,260	25,200	6.03	151,956	29,600	6.19	183,224
Miscellaneous (1)		19,549	1.08	21,113	20,600	1.21	24,926	22,200	1.24	27,[illegible]28
TOTALS				$950,824			$1,077,167			$1,233,259
REVENUE:	Fee Per Item									
Originals	$25.00	[illegible]7,100		($1,4[illegible])	60,100		$1,502,500	[illegible]4,900		$1,622,500
Renewals	$10.00*	72,000		(1,72[illegible]00)	209,000		2,090,000	246,000		2,460,[illegible]
Interchanges	$12.00	21,100		(253,200)	25,000		300,000	29,600		355,[illegible]
TOTALS				$3,640,045(2)			$3,892,500			$4,437,700

*Prorated amounts due to year-round registration.

(1) Information from Environmental License Plate Report. 1976-77 Revised (+5.22% same as Orig.) 1977-78 Proposed (+7.95% same as Orig.)

(2) Actual Revenue Amount reported on 1975-76 F.Y. - Year End Statement

EXPENDITURES:	1975-76 F.Y. Volumes Per Billings 1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total	Rates	Billing Amount
Originals	11,644	13,677	16,572	15,106	56,999	$11.65	$664,038
Renewals	699	41,932	130,996	6,389	180,016	.78	140,413
Interchanges	5,671	5,599	5,530	6,657	23,457	5.34	125,260
Miscellaneous	1,423	1,285	7,030	9,811	19,549	1.08	21,113
TOTALS							$950,824

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					[illegible]	22,[illegible]	29,600	246,000	[illegible]
[illegible]									
Personal Services:									
Salaries & Wages MSA 1.59%	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	-	[illegible]
Staff Benefits (23.3%)	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]	-	[illegible]
Sub-Totals	[illegible]	0.02	[illegible]	-	[illegible]	[illegible]	1,776	-	[illegible]
Overhead (30.15%)	0.10	0.01	0.02	-	6,450	222	592	-	[illegible]
Operating Expenses & Equipment:									
Advertising & Misc. including printing	[illegible]	-	-	-	26,609	-	-	-	26,609
TOTALS, DEPARTMENTAL ADMINISTRATION	0.83	0.03	0.08	-	53,[illegible]	[illegible]	2,[illegible]	-	[illegible]
[illegible]									
Personal Services:									
Salaries & Wages MSA 1.59%	3.53	0.75	2.11	0.37	216,[illegible]	16,650	62,[illegible]	91,020	[illegible]
Staff Benefits (23.3%)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sub-Total	[illegible]	[illegible]	[illegible]	0.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overhead (30.15%)	1.24	0.23	0.73	0.14	[illegible]	6,216	23,[illegible]	[illegible]	[illegible]
Operating Expenses & Equipment:									
Plates & Tabs (1.42 [illegible])	1.43	-	-	-	96,052	-	-	-	96,052
Postage	[illegible]	-	-	-	[illegible]	-	-	-	[illegible]
Sub-Totals (Oper. & Equip.)	[illegible]	-		-	[illegible]	-	-	-	[illegible]
[illegible], DIVISION OF ADMINISTRATION	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]									
Personal Services:									
Salaries & Wages MSA 1.59%	1.85	-	1.16	0.12	120,065	-	[illegible]	29,520	[illegible]
Staff Benefits (23.3%)	0.43	-	0.27	0.03	27,907	-	[illegible]	7,380	[illegible]
Sub-Totals	2.28	-	1.43	0.15	147,972	-	[illegible]	[illegible]	[illegible]
Overhead (30.15%)	0.69	-	[illegible]	0.05	44,781	-	[illegible]	[illegible]	[illegible]
TOTALS, DIVISION OF FIELD OFFICE OPERATION	2.97	-	1.86	0.20	192,753	-	[illegible]	40,200	[illegible]
DIVISION OF [illegible]:					64,900	22,200	29,600	246,000	[illegible]
Personal Services:									
Salaries & Wages MSA 1.59%	0.96	0.01	0.54	0.08	55,814	222	15,[illegible]	19,680	[illegible]
Staff Benefits (23.3%)	[illegible]	-	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]
Sub-Totals	1.06	0.01	0.67	0.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overhead (30.15%)	0.32	-	[illegible]	0.03	20,768	-	[illegible]	7,380	[illegible]
TOTALS, DIVISION OF [illegible] SERVICE	1.38	0.01	0.87	0.13	[illegible]	222	[illegible]	[illegible]	[illegible]
GRAND TOTALS:									
Personal Services:									
Salaries & Wages	[illegible]	[illegible]	[illegible]	0.37	[illegible]	17,316	[illegible]	[illegible]	[illegible]
Staff Benefits (23.3%)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sub-Totals	[illegible]	[illegible]	[illegible]	0.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Overhead (30.15%)	[illegible]	[illegible]	1.43	0.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Operating Expenses & Equipment	[illegible]	-	-	-	[illegible]	-	-	-	[illegible]
GRAND TOTALS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXHIBIT 4-2

DEPARTMENT OF MOTOR VEHICLES
1977-78 SUPPORT BUDGET
UNDOCUMENTED VESSEL REGISTRATION AND FEE COLLECTION PROGRAM

EXHIBIT 4-3

	Actual 1974-75	Actual 1975-76	Estimated 1976-77	Estimated 1977-78	Percent of Increase 1977-78 Over 1976-77
WORKLOAD INFORMATION					
Current Registrations	487,438	519,000	551,000	585,000	6.28
Original Registrations	47,283	50,600	52,600	54,900	4.40
Renewal Registrations	450,924	507,000	539,000	574,000	6.46
Transfers	98,697	104,000	110,000	117,000	6.28
Duplicate Certificates	31,952	33,200	35,200	37,500	6.28
ESTIMATED REVENUE					
Original Registrations @ $5			$263,000	$274,500	
Transfers @ $5			550,000	585,000	
Duplicate Certificates @ $1			35,200	37,500	
Renewal Registrations @ $2			1,078,000	1,148,000	
Totals, Revenue	$1,727,564*	$1,[illegible]*	$1,926,200	$2,045,000	

*Actual revenue amounts.

Revised 10/28/76

DEPARTMENT OF MOTOR VEHICLES

EXHIBIT 4-4

Date : September 13, 1976

File No.:

To : Mr. Mason

From : Mrs. Ayala

Subject: Batch Filing

1. Pots with error listings.

   We have 30,000 of these and more coming in daily. They have duplicate stickers. To find the other duplicate pot in batch filed items, we need the right sticker number, but since that is our original problem, we cannot locate these in Batch filing.

2. Normal Items (paper issue)

   Have approximate volume of 24,900 items. In processing these we find we can clear only 21% by tracing through accounting. This shows that of paper issued items approximately 79% are batch filed pots with either incorrect stickers, or true duplicates.

3. House Trailers.

   The Batch filing will not work for the monthly house trailer processing nor the 6 month returns from the counties. We need the potential to make necessary corrections on monthly house trailer processing. Also, we need the potentials to check for situs addresses in the processing of the 6 month house trailers returns from the counties.

To locate a batch filed pot, we need a sticker number to determine the clearance number and the tray number assigned to that clearance, and in the majority of these cases listed above, we do not have a correct sticker number.

Judy Ayala

Judy Ayala

JA:mk

CHAPTER 5, DIVISION OF DRIVERS LICENSES

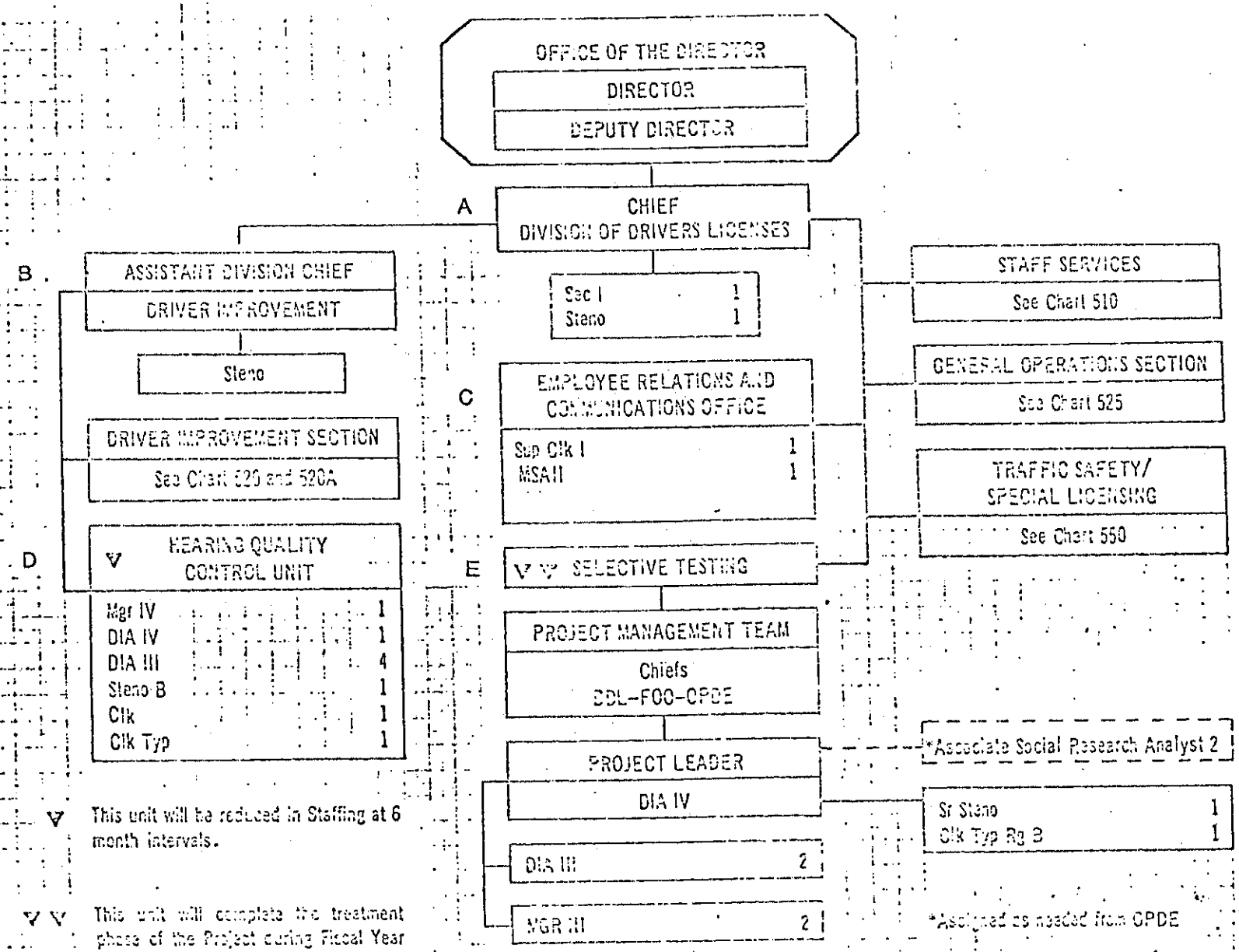
Program Statement

Legislative mandates require the Department to: (1) identify all drivers, (2) determine a driver's ability to safely operate a vehicle, (3) ascertain motorist's knowledge of the driving laws, and (4) determine whether a driver has any physical or mental impairments which would prevent him from operating a vehicle safely. These functions are essentially performed by the Division of Drivers Licenses (DDL). The division also performs mandated functions not directly related to those four categories, including administering the Financial Responsibility Law, conducting hearings and suspending driver licenses for violations of the Implied Consent Law, suspending driver licenses for unsatisfied judgements and issuing certificates for ambulances, school buses, construction equipment and farm labor equipment.

During fiscal 1976-77, the division is expected to process 4,790,000 original and renewal drivers licenses, in addition to maintaining records on 13,719,000 outstanding licenses. The division will also issue 407,000 identification cards to non-drivers. DDL has divided its functions into four major areas: drivers license issuance, driver improvement, certificate issuance and information services. Chart 5-1 is an organizational chart for the division. Table 5-1 is budget information for 1972-73 through the revised budget of 1976-77. Table 5-2 shows workload indicators and employment levels for the same period.

The Budget and Workload Indicators Over a ten-year period, 1966-67 through 1976-77, the DDL budget has increased from $12,830,252 to $50,222,160, a

DEPARTMENT OF MOTOR VEHICLES -- DIVISION OF DRIVERS LICENSES



This unit will be reduced in Staffing at 6 month intervals.

This unit will complete the treatment phase of the Project during Fiscal Year 76/77 and will be phased out not later than June 30, 1977.

Division of Drivers' Licenses
Program Expenditures
Fiscal Year 1972-73 through 1976-77

	1972-73	1973-74	1974-75	1975-76	Estimated 1976-77
Drivers' License Insurance	$20,642,175	$22,997,280	$23,838,764	$27,007,769	$28,133,893
Cost Licensing and Control	11,214,776	14,135,499	14,059,765	13,048,577	14,040,861
Certificate Issuance	83,625	95,254	163,122	210,503	228,165
Information Services	2,478,866	2,011,193	2,064,809	3,737,864	4,084,390
Administration Distribution	**	**	2,727,752	3,968,059	4,041,232
	$34,419,442	$39,239,226	$42,854,212	$47,972,772	$50,528,541
(Annual percentage increase in the budget)	+14%	+9.21%	+11.9%	+5.33%	

**Distributive administrative costs not available

46.8% overall increase in the budget

TABLE 5-1

Department of Motor Vehicles
Division of Drivers Licenses
Schedule of Major Workload Indicators and Number of Positions

TABLE 5-2

MAJOR WORKLOAD INDICATORS:	Actual (a) 1971-72	1972-73	1973-74	1974-75	1975-76	Estimated 1976-77 Authorized	Revised
LICENSING AND CONTROL							
Drivers Licenses Outstanding	12,407,000	12,585,000	13,075,000	13,394,000	13,820,000	14,316,000	14,252,000
Drivers Licenses Issued:							
1. Originals	721,000	752,000	786,000	797,000	804,000	827,000	810,000
2. Renewals	2,842,000	2,767,000	2,921,000	3,181,000	3,130,000	3,216,000	3,213,000
3. Duplicates	437,000	486,000	495,000	511,000	520,000	558,000	543,000
4. Reissued	224,000	188,000	203,000	188,000	167,000	189,000	180,000
Totals	4,224,000	4,193,000	4,405,000	4,677,000	4,621,000	4,790,000	4,746,000
Post Licensing Control:							
1. Point Abstracts	4,473,000	4,000,000	4,130,000	4,744,000	5,040,000	5,154,000	5,168,000
2. Warning Letters Sent (Negligent Operators)	127,000	116,000	198,000	129,000	113,000	139,000	116,500
3. Persons Called to Group Meetings (GEM)	62,600	27,500	47,700	39,700	48,400	49,200	50,000
4. Reexaminations and Hearings:							
Negligent Operator Hearings Held	N/A	23,400	26,800	30,800	35,700	37,900	36,900
Reexaminations	21,000	21,500	22,400	15,400	16,200	15,900	17,000
Physical and Mental Hearings	N/A	18,400	17,700	21,700	20,800	21,200	22,100
Implied Consent Hearings	N/A	5,440	8,400	8,270	7,900	8,530	8,200
Miscellaneous Hearings	N/A	10,300	8,600	5,110	3,600	5,440	3,700
Totals	122,000	79,040	83,900	81,280	84,200	88,990	87,900
5. Licenses Suspended, Revoked, Cancelled or Placed on Probation	163,000	164,580	189,820	170,614	176,900	187,720	186,350
6. Reinstatement of Driving Privilege	104,000	106,000	116,000	170,000(b)	136,000	196,000	143,000
Certificates Issued:							
1. Ambulance Certificates	3,510	2,600	2,900	2,960	N/A	N/A	N/A
2. School Bus Certificates	11,200	10,800	10,300	11,300	N/A	N/A	N/A
3. Construction Equipment Certificates	2,990	N/A	1,030	1,030	N/A	N/A	N/A
4. Farm Labor Certificates	2,160	N/A	490	490	N/A	N/A	N/A
Drivers License Information Services:							
1. Fee Requests	7,280,261	7,042,000	7,413,000	7,291,000	8,174,000	7,674,000	7,981,000
2. No Fee Requests	4,435,420	4,778,000	2,043,000	2,233,000	4,008,000(c)	3,227,000	4,133,000
COMPULSORY FINANCIAL RESPONSIBILITY LAW (d)							
Driving Privilege Control:							
1. Accident Reports Received (SR 1)	535,000	547,000	493,000	484,000	574,000	593,000	574,000
2. Orders of Suspension Issued	56,400	53,000	56,753	57,182	N/A	139,900	N/A
3. Reinstatement of Driving Privilege	N/A	N/A	N/A	55,510	N/A	61,500	N/A
Information Requests Fee Items	46,600	49,600	43,900	36,500	36,440	33,900	37,160
ASSOCIATED DRIVERS							
California Identification Card Issuance:							
1. Identification Cards Outstanding	194,000	221,000	298,000	473,000	645,000	840,000	894,000
2. Identification Cards Issued	79,500	101,000	124,000	165,200	245,640	257,910	345,780
NUMBER OF POSITIONS - DIVISION OF DRIVERS LICENSES							
1. General Administration	20.1	18.7	25	33.3	38.9	80.7	(e)
2. General Operations	868.7	893.8	902.2	866.1	849.5	902.8	(e)
3. Driver Improvement	291.6	309.5	328.9	352	368.9	394.2	(e)
4. Financial Responsibility	137.5	140.5	136.1	130.8	166.3	177.2	(e)
Total	1,317.9	1,367.5	1,392.2	1,382.2	1,423.6	1,555.[illegible]	(e)

Footnotes:

N/A = Not Available

(a) Volumes are estimated actual as they ap[illegible] in the Governor's Budget. The Research Statistics Section prepares its workload [illegible]jections in the spring of each year beg[illegible] of the budget cycle. Therefore, the "Ac[illegible] was generally based on 9 or 10 months ac[illegible]

(b) 1974-75 increased significantly due to Chapter 333/74. One Time Increase.

(c) No-fee requests are higher due to the inclusion of more item counts.

(d) Compulsory Financial Responsibility Law effective January 1, 197[illegible]. Prior to the the program was listed as Security Poli[illegible] Accident Law

(e) The 1976-77 personnel estimates are [illegible] revised as part of the 1977-78 Governor's Budget.

291.4 percent increase. Over the past five years, 1972-73 to 1976-77, the budget has increased from $33,371,558 to $50,222,160, or an increase of 50.5 percent. The budget increases are the result of inflation, increased workloads, new legislative mandates, special projects and statewide salary adjustments.

The current salary budget for the division is $15,859,830. This does not include the program budget cost of personnel in other divisions who perform work for DDL. Approximately two-thirds of the total budget for the division goes for salaries.

Employment levels for the division increased in the past five years from 1,367.5 to 1,548.0 personnel years, or a 13.2 percent increase. Again, these figures are somewhat deceiving because they show only personnel actually assigned to the division. The total budget for the driver license and control program including work done by other divisions is 2,942.7 personnel-years. Table 5-3 is a reconciliation of the total personnel-year requirements of the division.

There have been many recent changes in the division's workload and programs. For example, in January 1975, the Legislature enacted a new Financial Responsibility Law which the division administers. In addition, the division is now required to provide literature on the new Anatomical Donor Program and a special drivers license label for participants. These two changes alone have increased the division's workload substantially. Based upon the indicators in Table 5-2, the division's workload has increased approximately 14 percent in the past five years while personnel-years increased 13.2 percent.

TABLE 5-3

DEPARTMENT OF MOTOR VEHICLES
RECONCILIATION OF PROGRAM II
DRIVER LICENSING AND CONTROL
1976-77 GOVERNOR'S BUDGET TO
THE FINAL BUDGET 1976-77 FISCAL YEAR

PROGRAM II	GOVERNOR'S BUDGET	LEGISLATIVE CHANGES	FINAL BUDGET
Driver Licensing and Control:			
A. Drivers License Issuance Personnel Years	1,621.1	-54.4	1,566.7
Amount	$28,133,893	-584,274	$27,549,619
B. Post Licensing Control Personnel Years	842.2	-14.4	827.8
Amount	14,040,861	-150,284	13,890,577
C. Certificate Issuance Personnel Years	9.7	-	9.7
Amount	228,165	-555	227,610
D. Information Services Personnel Years	253.5	-6.5	247
Amount	4,084,390	-66,610	4,017,780
E. Administration Distribution Personnel Years	216.2	-	216.2
Amount	4,041,232	-	4,041,232
TOTAL, PROGRAM II Personnel Years	2,942.7	-75.3	2,867.4
Amount	$50,528,541	$-801,723	$49,726,818

Considering the division's current operational system, these employment levels appear to be in line with the overall workload increases.

Reorganization and Morale

In a July 12, 1976 memorandum to the Deputy Director, the Division Chief stated:

> " The exorbitantly long delay in reaching an agreement which is acceptable to the diverse interests involved in the Division of Drivers Licenses reorganization, and the constant changes after initial agreement, have created an unbearable situation for me as Division Chief."
>
> " I find it extremely difficult to operate and direct my division in accordance with accepted concepts of management due to: (1) an unorganized rather than a reorganized structure; (2) personnel turbulence and apprehensions throughout the division, (3) piece-meal and sporadic changes from Management Analysis, Personnel and MARC; (4) a proposed organization which I inherited and does not reflect my concept of what it should be."

The division has been in such a state of turmoil for more than two years. These problems were compounded by the Director's new policy of rotating managers. For example, 18 middle managers in the division were interviewed during this study and only one had been on the present job more than one year.

In any reorganization or major change in an operation, an accepted efficient management procedure is to select a team of experts with the necessary background and experience to develop and implement the plan. However, in DDL's case, this task fell upon a new division chief and many newly assigned managers, none of whom were fully familiar with the operation.

Even though the division had been going through a reorganization process

for two years, the new Division Chief continued the disruptive reorganization to mold the division's structure to fit his management concepts. Hundreds of man-hours and an undeterminable amount of money have been spent on the reorganization of the division.

This continuing reorganization has clearly had a negative effect on employee morale. The Division Chief's comment about "personnel turbulence and apprehensions" is an understatement. One employee interviewed likened working conditions as if they were "working on a bed of quicksand." Another stated, just before going on vacation, "I hope I have a desk when I get back." This very low morale is not limited to the lower levels. One newly appointed manager stated, "I really cannot see any benefit from the reorganization. I know one thing, you won't find me sticking my neck out to make changes in my unit because I don't know how long I'll be on this job." On November 8, 1976 the Director signed the new organizational plan for the division. This should begin to reduce some of the employee apprehensions. However, the impact of the two years of unrest and the manager rotation policies is expected to leave long-term scars on employee morale, efficiency and job dedication. It is still too early to draw firm conclusions about the outcome, but there is no apparent evidence that the new organization will prove to be more efficient or cost-effective.

Employee Relations and Communications Section

The section was created by the Division Chief to help combat the low morale of the employees. This unit has three main functions: (1) to operate a communications network, (2) to conduct training sessions, and (3) to conduct employee relations programs. The Commission finds the effectiveness of

this unit is minimal and its programs are, in some cases, detrimental to the efficient operation of the division. For example, in a memo dated July 20, 1976, the manager of the Driver License Issuing Unit was notified that 144 of his unit's 160 employees would have to attend a training session on the traffic safety unit within DDL. All 144 employees work in a drivers license processing unit and have no contact with the traffic safety unit nor any need for such training. The cost of this training session was estimated at $1,296.00 with no demonstrated improvement in work efficiency.

This unit also conducts "reorientation classes" for long-term DDL employees. The stated purpose of these classes is to reacquaint the employee with the various functions of the division and mission of the department. Ninety employees have attended these sessions at an estimated cost of $2,160.00. Managers and supervisors were asked why they did not object to these training classes as disruptive and essentially worthless. The responses generally paralleled this one: "I won't stop my employees from going to these training classes even though it is disruptive to my unit because I don't want to be labeled an anti-training manager."

Orientation is a necessary training function for new employees, particularly in such a large and complex operation. But the reorientation of long-term employees is a waste of time and money.

The Employee Relations and Communications Section also operates a communications network to inform employees of the various programs and activities of the division. The unit prepares a monthly activity report for distribution throughout the division. This activity is a duplication

of effort and unnecessary. The department already maintains a Public Information Office which produces bulletins and other materials to inform employees of the department's activities.

The Employee Relations and Communications unit also coordinates regularly scheduled "rap sessions" and occasional informal gatherings where the Division Chief invites selected personnel to "bring your coffee, take your shoes off, let down your hair, relax and enjoy a discussion." The scheduled "rap sessions" deal more with employee complaints. Although these "rap sessions" are department policy, employees participate only occasionally. Although these sessions may help boost employee morale somewhat, this is not sufficient justification for a program which costs the department approximately $28,550 in salaries alone for lost work time. This does not include the salaries or other costs of the training, publications, office space and equipment.

Foreign Language Publications

Section 1656 (b) of the Vehicle Code requires the department to publish a "synopsis or summary of the law regulating the operation of vehicles and the use of highways in Spanish language ...". On March 16, 1976, the Director decided to print the driver handbooks and driver tests in six additional languages: Chinese, Filipino, Japanese, Korean, Portugese and Vietnamese.

Even though the Vehicle Code does not specifically prohibit the publication of driver handbooks and driver tests in languages other than English and Spanish, it does not specifically authorize it either.

In 1972, Senator Milton Marks introduced Senate Bill 471 in the Legislature. This bill would have authorized the department to print the Vehicle Code synopsis or summary in Chinese. The bill was defeated in the first policy committee hearing. It is interesting to note that the department opposed the bill.

In 1973, the Legislature passed the Dymally-Alatorre Bilingual Services Act. (Chapter 1182, Statutes of 1973). This act requires certain state and local agencies to employ bilingual persons in public contact positions or as interpreters to assist those in such positions. Section 7295 of this act states:

> "Any materials explaining services available shall be translated into any non-English language spoken by a substantial number of the public served by the agency. Whenever notice of the availability of materials explaining services available is given, orally or in writing, it shall be given in English and in the non-English language into which any materials have been translated. The determination of when these materials are necessary when dealing with the state and local agencies shall be left to the discretion of the state and local agency."

The acting chief of DMV's legal section said no legal opinion has been rendered on printing driver handbooks and written driver tests in the six languages. But he stated, "In my opinion, the only possible legal authorization for the printing of the driver handbooks in six new languages would be Section 7295 of the Dymally-Alatorre Bilingual Services Act. However, this section of the act would have to be broadly interpreted and viewed as the intent of the law rather than the letter of the law. As for the printing of the drivers tests in any other language than English, it is not authorized."

Vehicle Code Section 12804 requires every drivers license applicant to demonstrate knowledge of laws governing the operation of vehicles and to

demonstrate ability to read and understand simple English used in highway traffic safety or directional signs, including bikeway signs, markers, and traffic control devices.

To determine the potential need and acceptance by the public of government documents in multiple languages, an analysis was made of the foreign language voter ballots used in the June Primary Election of 1976. There were 515,000 Spanish and 25,000 Chinese ballots printed, but only 10,000 Spanish and 1,000 Chinese ballots were requested by voters. The cost for these ballots was approximately $80,000. The Secretary of State reported that it is known that some of the requests for the foreign language ballots were made by individuals who did not need them but wanted them as a novelty. To have requests of two percent for Spanish and four percent for Chinese is not a very strong endorsement for the multilingual ballot program. Considering the fact that ballot material, particularly propositions, is much more complex than most vehicle operation laws, it would appear that the need for multilingual driver handbooks and driver tests would be even less than the need for multilingual ballots.

The estimated cost of the multilingual driver handbook and test program through fiscal 1976-77 is approximately $143,000. The estimated annual cost to continue the program is $120,700. This program is financed in two ways. The cost of printing was paid through the supplemental budget, while the personnel cost of approximately $40,938 was absorbed by the division. Table 5-4 lists the actual and estimated costs of the program, and following is a list of the Department's estimated demand for the books and tests.

DEPARTMENT OF MOTOR VEHICLES
RECAPITULATION OF ACTUAL AND ESTIMATED COSTS FOR LANGUAGE TRANSLATIONS
FOR THE FISCAL YEARS 1974-75 THROUGH 1977-78

TABLE 5-4

	Personal Services	Overhead	Printing	Yearly Total
CHINESE LANGUAGE				
Total, Costs - 1974-75	$ -	$ -	$ -	$ -
Total, Costs - 1975-76	3,310	998	18,746	23,054
Total, Costs - 1976-77	3,054	920	12,256	16,230
Total, Costs - 1977-78	4,419	1,332	41,010	46,761
FILIPINO LANGUAGE				
Total, Costs - 1974-75	-	-	-	-
Total, Costs - 1975-76	4,563	1,376	-	5,939
Total, Costs - 1976-77	3,778	1,139	2,000	6,917
Total, Costs - 1977-78	4,125	1,244	18,380	23,749
JAPANESE LANGUAGE				
Total, Costs - 1974-75	-	-	-	-
Total, Costs - 1975-76	7,067	2,131	-	9,198
Total, Costs - 1976-77	2,939	886	-	3,825
Total, Costs - 1977-78	4,125	1,244	18,290	23,659
KOREAN LANGUAGE				
Total, Costs - 1974-75	-	-	-	-
Total, Costs - 1975-76	2,252	679	5,580	8,511
Total, Costs - 1976-77	2,511	757	27,269	30,537
Total, Costs - 1977-78	4,125	1,244	13,790	19,159
PORTUGESE LANGUAGE				
Total, Costs - 1974-75	-	-	-	-
Total, Costs - 1975-76	2,738	825	15,075	18,638
Total, Costs - 1976-77	2,822	851	-	3,673
Total, Costs - 1977-78	4,125	1,244	15,750	21,119
VIETNAMESE LANGUAGE				
Total, Costs - 1974-75	466	141	4,364	4,971
Total, Costs - 1975-76	2,257	681	4,179	7,117
Total, Costs - 1976-77	3,181	959	157	4,297
Total, Costs - 1977-78	5,134	1,548	15,482	20,164
GRAND TOTAL				
Total, Costs - 1974-75	$466	$141	$4,364	$4,971
Total, Costs - 1975-76	$22,187	$6,690	$43,580	$72,457
Total, Costs - 1976-77	$18,285	$5,512	$41,682	$65,479
Total, Costs - 1977-78	$26,053	$7,856	$120,702	$154,611

FOREIGN LANGUAGE PUBLICATIONS
ESTIMATED ANNUAL USAGE AND COST

Document	Language	(Estimated) Annual Usage	(Estimated)Cost
Written Test	Chinese	50,000	$ 4,730
Written Test	Filipino	35,000	1,870
Written Test	Korean	30,000	1,640
Written Test	Portuguese	30,000	1,600
Written Test	Vietnamese	25,000	1,340
Written Test	Japanese	40,000	3,780
M/C Written Test	Vietnamese	6,000	143
Your Driving Test	Vietnamese	40,000	209
Driver Handbook	Chinese	100,000	36,280
Driver Handbook	Filipino	35,000	16,510
Driver Handbook	Korean	20,000	12,150
Driver Handbook	Portuguese	30,000	14,100
Driver Handbook	Vietnamese	25,000	11,790
Driver Handbook	Japanese	40,000	14,510
		Estimated Annual Costs	$ 120,702

Listed below are the unresolved issues with the multilingual driver handbook and driver test program:

(1) There is no explicit authority in the Vehicle Code to print a synopsis or summary of the code in any language other than English and Spanish.

(2) There is no explicit or implied authority to print driver's tests in any language other than English. Each applicant for a driver's license must demonstrate his ability to read and understand simple English.

(3) This program has not received Legislative approval.

Driver Improvement Program

The stated objective of this program is to promote safety by identifying and controlling drivers who do not maintain safe driving records. The activities of this program are divided into two groups: (1) mandatory actions that are required by the courts and the Vehicle Code, and (2) discretionary actions directed by the department.

The Vehicle Code requires mandatory actions against drivers convicted of

major violations such as driving under the influence of liquor or drugs, hit-and-run and manslaughter, and drivers who fail to satisfy judgements rendered against them as a result of a traffic accident or who fail to maintain financial responsibility. The discretionary actions that the department have been taking are very broad:

(1) Negligent Operator (as defined by CVC Section 12810)
(2) Driver Condition
(3) Major Violations
(4) License Condition
(5) Failure to Comply
(6) Safety and Personnel Contacts

The driver improvement program has the greatest amount of activity in the negligent operator area. In computing a driver's negligence rating, most traffic violations count only one point while major violations, such as driving while under the influence of liquor or drugs and hit-and-run, count two points. By law, a person is presumed a negligent operator if his driving record shows four or more points in 12 months, six or more points in 24 months or eight or more points in 36 months.

There are four types of actions the department has been taking on negligent operators: warning letters, group educational meetings, informal hearings and retesting of ce-tain drivers. These four activities account for approximately 72.8 percent of the driver improvement program staff and consume an estimated 67.3 percent of the program budget. Expenditures and activities for driver improvement program are as shown:

1975-76 Fiscal Year
Volume and Cost of Mandatory and Discretionary Actions

Mandatory	Volume	Cost	% of Costs
Mandatory (except alcohol)	9,304	$ 587,186	4.50%
Drugs (with alcohol)	88,318	3,677,089	28.18%

1975-76 Fiscal Year
Volume and Cost of Mandatory and Discretionary Actions

	Volume	Cost	% of Costs
Mandatory Totals	97,622	4,264,275	32.68%
Discretionary Activity			
Negligent Operator	196,876	4,199,593	32.10%
Driver Condition	20,774	2,192,161	16.80%
Major Violations	808	96,559	.74%
License Condition	6,800	371,884	2.85%
Fail to Comply	1,426	197,229	1.50%
Safety Personnel	34,548	1,739,3751	13.33%
Totals	358,854	13,048,577	100. %

In the five-year period of 1972-73 through 1976-77, the driver improvement program budget increased 23.8 percent. Over the same period, its staff increased from 291.6 to 394.2 man-years or 35.2 percent.

It is difficult to analyze the workload indicators because of the wide year-to-year variations in activity. For example, in 1971-72, there were 62,600 people called to group educational meetings (GEMs). In the following year, the number fell to 27,500. Another fluctuation is in the computer-generated negligent operator warning letters. In 1973-74, 198,000 warning letters were sent out while the following year, only 129,000 warning letters went out. The division explains these workload variations as the result of changing emphasis in discretionary programs.

Since the driver improvement program is statewide, it was impossible to determine if the program changes could justify the additional 103 positions

over the past five years. There are strong indications, however, that the increase in personnel has been excessive when evaluated against the workload indicators. (See Table 5-2.)

The most expensive part of the discretionary driver improvement program is the cost of personnel to analyze driving records, arrange and conduct GEMs and hold formal and informal hearings. Because of the program's high cost ($8.8 million in fiscal 1975-76) and little definite evaluation of its effectiveness, the program has been a subject of frequent criticisms, particularly from the Legislative Analyst. In the 1970-71 Analysis of the Budget Bill, the Legislative Analyst stated:

> "We believe that in some respects the department's driver improvement program is worse than no program because it gives the impression that something is being done to reduce the accident rate when in fact very little is accomplished. ..."
>
> "We recommend that the discretionary driver improvement program be discontinued, that the budget be reduced by $4,047,601 and the man-year allocation be reduced by 405.2 man-years."

The Legislature at first accepted the recommendation, but later reversed its decision by approving legislation (Chapter 791, Statutes of 1970) appropriating $1,367,503 to fund the program for one year. A key provision was that the department develop an evaluation system to determine the effectiveness of the program. Since 1970, numerous reports and studies have been made on the discretionary driver improvement program, some in-house and others by private consulting firms. The department's latest effort, the culmination of six years of study, cost approximately $374,208.

Some of these reports and studies have contradictory conclusions:

(1) A 1969 study concluded that GEMs had a positive effect upon

male negligent operators while four other programs were a good influence upon females. It recommended that male drivers attend GEMs and females attend one of two types of individual hearings.

(2) In 1971, the department submitted a report on the conceptual design of the evaluation system and scheduling the first evaluation report in June 1974.

(3) In 1973, the department submitted two reports. One discussed the need for an evaluation system. The second claimed that the GEMs were successful in the short term in reducing accidents.

(4) The first evaluation report, due in June 1974, was not submitted until May 1976. The first part of the report was a cost justification of the program and the latter part was a statistical analysis of the evaluation results. The report states that the warning letter had a relatively small yet statistically significant effect. Because the unit cost is low, the cost-effectiveness is quite good. For the GEMs, the report states the effects were also relatively small, yet not statistically significant and not convincingly cost-effective. Howerer, the same report claimed the program will reduce accidents by 1,200 based upon an annual accident volume of 189,528.

It is almost impossible to determine which report has the greatest degree of validity. To arrive at these hypothetical savings of 1,200 accidents in the 1976 report, the department considered the number of accidents recorded over a short period of time and projected the total number of accidents over a longer period.

To measure the effectiveness of the warning letter program in reducing of citations and accidents, the department randomly selected 14,238 negligent operators. They were divided into a control group of 7,082 who received no warning letters and a treatment group of 7,156 people who got warning letters. Approximately five percent of each group, or 356 people, were then monitored for any additional citations or accidents after receiving or not receiving the warning letters. The results of monitoring these 712 people was extrapolated to project the effectiveness of the total 186,000 warning letters sent out each year.

There is a common element in all of the negligent operator programs and that is the clear threat of a person losing his driver's license. The intensity of the threat progresses from the warning letter to the face-to-face confrontation with a driver improvement analyst. With the letter, no one knows except the individual and division employees involved in flagging the driver's record in the computer. In a GEM, the individual is isolated from the acceptable motoring public by attending a meeting with approximately 15 other negligent individuals. In the informal hearing where the isolation has been narrowed to one analyst with considerable authority the threat becomes very real.

When the department calls a driver in for a GEM or an informal hearing, it can be concluded that he has developed an ingrained behavior pattern which renders him an unsafe driver. Altering such driving habits requires an extensive behavior change.

The driver improvement analysts who conduct GEMs and hearings have had training on conducting classes and analyzing driving records, but not enough

formal training to conduct an effective behavior modification program.

During the course of this Commission's study, the Division Chief, each manager and driver improvement analyst interviewed were asked for the statutory authority for the discretionary part of the driver improvement program. From the Division Chief down to the driver improvement analyst in the field office, none could cite any authorization other than the fact that the Legislature approved their budget. The department's own legal counsel has questioned the legal authority to conduct GEMs and informal

Following are some unresolved issues concerning the discretionary driver improvement program:

(1) The authority for the department to issue warning letters, conduct group educational meetings and hold informal hearings is not clear in the Vehicle Code.

(2) The effectiveness of this $9 million program to reduce accidents and improve the driving habits of motorists is marginal.

(3) Only three elements of the program (warning letters, individual hearings and probation violator programs) were cost-effective. The group educational meetings were not.

(4) The department is attempting to alter the behavior patterns of individuals by people who are not trained in the behavior sciences.

Financial Responsibility Law

Within the Division of Drivers Licenses is a unit which administers the Financial Responsibility Laws enacted by the Legislature in 1974 and implemented by the department in 1975. The Legislature stated its intent as follows:

"It has been the policy of the State of California that owning or operating motor vehicles on the streets and highways of this state shall be financially capable of providing recompense to those who may be injured in the person or property by use of such motor vehicle."

Prior to January 1, 1975, the Security Following an Accident laws were designed to protect traffic accident victims. In an accident where there was $200 property damage or a personal injury, drivers of each vehicle had to furnish the department with proof of ability to respond to all damages as a result of the accident.

In 1972, the California Supreme Court ruled that the Security Following an Accident statutes, as defined, were unconstitutional. In response to this ruling, the Legislature enacted the new Financial Responsibility Act, requiring every driver or owner of a vehicle to maintain financial responsibility at all times, thereby protecting future innocent accident victims.

Division 7, Chapter 1, of the Vehicle Code requires each driver of a vehicle involved in an accident causing property damage in excess of $250, an injury, or death to report the accident to the department within 15 days. Failure to file such a report results in the suspension of a person's driving privileges until the report is filed.

If a driver is uninsured at the time of an accident, the driver and/or owner of the vehicle must file and maintain with the department some form of proof of financial responsibility for three years.

Failure to provide proof of financial responsibility to the department within 60 days results in the suspension of driving privileges for three years or until such time as the financial responsibility has been established.

Until new legislation was passed in January 1976, an uninsured driver could obtain insurance and provide the department with proof, then cancel the coverage or let it lapse by failing to pay the premiums. Now, the insurance or surety company must report the termination of a policy so that the department can take further action. Currently, the department receives an average of 825 cancellation notices a month.

During fiscal 1976-77, the department will process an estimated 593,000 accident reports, suspend 140,000 drivers licenses and reinstate 62,000 driving privileges. The budget for administering the financial responsibility laws if $3.3 million. Table 5-5 is a summary of expenditures, staffing levels since the program began in 1975.

Major areas of concern exist in both the department's administration of the law and in the law itself:

Problems with the Law

(a) The law provides no protection against the uninsured driver. The only time the state knows whether a person is financially responsible is after an accident.

(b) During periods of economic recession, when citizens try to cut back on expenses, the first areas that will be cut are the intangibles such as insurance which protects against something that may or may not happen. This expense does not visibly contribute to the health and well-being of vehicle operators who are convinced that an accident will not happen to them.

(c) Auto insurance rates have skyrocketed over the past three years. For

1977-78 SUPPORT BUDGET

SUMMARY OF EXPENDITURES FOR THE

COMPULSORY FINANCIAL RESPONSIBILITY LAW

	1975-76 ACTUAL				1976-77 ESTIMATED			
	PERSONAL SERVICES		OPERATING EXPENSES & EQUIPMENT	TOTAL	PERSONAL SERVICES		OPERATING EXPENSES & EQUIPMENT	TOTAL
	POSITIONS	AMOUNT			POSITIONS	AMOUNT		
DEPARTMENTAL ADMINISTRATION:								
A. Driving Privilege Control	0.2	$2,289	$89,658	$91,947	0.2	$2,504	$91,626	$94,130
B. Information Services	-	-	3,104	3,104	-	-	3,299	3,299
C. Administration Distribution	9.2			144,397	10.4			173,502
Total, Cont Prog Costs	9.4			$239,448	9.5			$270,932
W/L Adjustments	-			-	1.1			14,003
Total	9.4			$239,448	10.6			$270,931
(Fiscal & Business Mgmt.)	(0.2)				(0.2)			
(Administration Distribution)	(9.2)				(10.4)			
DIVISION OF DRIVERS LICENSES:								
A. Driving Privilege Control	173	$1,959,098	$203,997	$2,163,095	175.5	$2,184,342	$226,727	$2,411,069
B. Information Services	5.9	71,786	27,124	98,910	6.1	79,990	32,408	112,398
C. Administration Distribution	3.3			60,499	3.7			188,115
Total, Cont Prog Costs	182.2			$2,322,504	185.9			$2,711,183
W/L Adjustments	-			-	-11.6			-109,531
Total	182.2			$2,322,504	189.3			$2,601,652
(Driver Improvement)	(8)				(15.1)			
(Financial Responsibility	(166.3)				(165.1)			
(General Operations)	(4.6)				(1.4)			
(Administration Distribution)	(3.3)				(7.7)			
DIVISION OF FIELD OFFICE OPERATION:								
A. Driving Privilege Control	4.5	$55,793	$3,878	$59,671	4.7	$63,662	$4,276	$67,938
B. Information Services	-	-	-	-	-	-	-	-
C. Administration Distribution	0.1			1,552	0.1			1,665
Total, Cont Prog Costs	4.6			$61,223	4.8			$69,603
W/L Adjustments	-			-	-			-
Total	4.6			$61,223	4.8			$69,603
(General Operations)	(4.5)				(4.7)			
(Administration Distribution)	(0.1)				(0.1)			
DIVISION OF EDP SERVICE:								
A. Driving Privilege Control	3.4	$40,022	$18,049	$58,071	3.8	$48,312	$19,579	$67,891
B. Information Services	0.5	7,240	2,688	9,928	0.5	7,922	2,554	10,476
C. Administration Distribution	0.8			17,035	0.8			17,093
Total, Cont Prog Costs	4.7			$85,034	5			$94,460
W/L Adjustments	-			-	0.1			1,110
Total	4.7			$85,034	5.1			$95,268
(Programming & Analysis)	(0.3)				(0.3)			
(Operations)	(3.6)				(4)			
(Administration Distribution)	(0.8)				(0.8)			
FACILITIES OPERATIONS & MINOR CAPITAL OUTLAY:								
A. Driving Privilege Control				$144,037				$153,661
B. Information Services				4,986				5,532
C. Administration Distribution				13,440				15,601
Total, Cont Prog Costs				$162,463				$174,794
W/L Adjustments				-				-
Total				$162,463				$174,794
Totals, Department of Motor Vehicles								
A. Driving Privilege Control	181.1			$2,516,821	184.2			$2,794,653
B. Information Services	6.4			116,938	6.6			131,755
C. Administration	13.4			236,015	13			256,859
GRAND TOTAL, Cont Prog Costs	200.9			$2,869,672	203.8			$3,183,267
W/L Adjustments	-			-	[illegible]			-25,243
Total	200.9			$2,869,672	[illegible]			$3,158,024
Reimbursements (D.L., Info Services)				-47,120				-49,250
Net Total, Motor Vehicle Account, State Transportation Fund				$2,822,552				$3,108,774

Prepared 10/21/76

TABLE 5-5

example, replacing a fender, bumper and headlight assembly for a Volkswagen costs $313. Because of the escalating cost of auto repair, the $250 accident reporting level is unrealistically low. On some of the more expensive cars, a small dent in the door could cost in excess of $250 to repair.

(d) The high cost of auto insurance, plus the fear of increased rates if an accident occurs are generally no incentives for individuals to report minor accidents, such as fender benders on their own. In addition, many police departments do not investigate accidents unless there is an injury or the accident is creating a traffic hazard. In these cases, more often than not, an accident report is not filed.

(e) There are loopholes in the Financial Responsibility laws:

(1) If a driver owns two vehicles, but has insurance only on one, the department cannot take action. For example, if someone has insurance on his motorcycle but had an accident in an uninsured car he owns, the department could not take action because the individual had financial responsibility even though it was not on the vehicle he was driving.

(2) If a person is required to furnish proof of financial responsibility, he can obtain a policy from almost any agent. The agent will fill out the necessary form which is presented to the department as proof. The agent informs his company of the policy, but neglects to inform his company of the three-year provision of the law. The individual terminates the policy, or permits the policy to lapse, the insurance company

is unaware of the requirement that they must report this to the department and the individual continues driving without insurance.

(3) The law prohibits the department from suspending a driver's license prior to 76 days after the first report of an accident. It is conceivable that a person could be driving up to three months before receiving notification from the department that his license has been suspended. Even when the department suspends a person's license, there is no way of knowing whether he is still driving. The department estimates that most people will still drive even though their license has been suspended.

Problems with the Law's Administration

(a) Knowingly or unknowingly the department has become an information source and records repository for the insurance companies. The bottom part of the accident report (SR 1) is cut off by the department and sent to the respective insurance company at state expense, informing them that an individual had an accident. The department explains the intent of sending the form is to verify that the person had insurance. The burden of proof of insurance should be on the person and not the department. The verification process the department uses is a "negative response." If the insurance company does not deny the motorist has a policy, the department assumes the individual is insured.

(b) The notification of the insurance company of an accident, even

though the department states it is for insurance verification is the type of information normally sold. Here the department gives the information away and even pays the postage which is estimated to be in excess of $30,000.

(c) Another result of the department reporting accidents to the insurance company is the almost automatic increase in a person's insurance rates. Some individuals' insurance rates have been increased because someone ran into their parked cars and caused more than $250 damage.

(d) There is no fault determination when an accident is recorded on a person's driving record. As in the case of the person whose parked car was hit, his driving record indicates only involvement in an accident. It is unjust to blemish a person's driving record and increase his insurance rates if he is the innocent victim of a traffic accident.

Listed below are some of the unresolved issues with the Financial Responsibility Laws and the administration of the laws by the department:

(1) The only tool the department has to enforce the financial responsibility laws is through information obtained from traffic accident reports.

(2) Based upon the number of accidents reported by the California Highway Patrol and comparing them with the number of reports received by the department indicates that a very large number of accidents are not reported. Some of these

accidents, however, are not reportable because they are under the $250 limit.

(3) The reporting level of $250 total property damage is too low. It is estimated the average cost of an accident is in excess of $500.

(4) It is estimated that fewer than 50 percent of the people who have been involved in an accident without insurance actually obtain insurance as a result of the department's efforts.

(5) The driving record of an innocent victim can be blemished by the current reporting system.

(6) Financial Responsibility laws are punitive rather than preventative.

Accreditation of Traffic Violator Schools

Existing law permits the courts to order a person convicted of a traffic offense or driving under the influence of alcohol to participate in a driver improvement program as a condition of sentencing.

Sections 1660, 1661 and 42005 of the Vehicle Code require the department to establish, in cooperation with the Department of Education, standards for accrediting the schools which provide traffic violator/drunken driver improvement programs. In addition, the department is required to administer the accreditation process and annually publish a list of the names and addresses of all accredited schools.

The practice of referring traffic violators and drunken drivers to driver improvement schools is not new. However, little evidence is available to

substantiate the effectiveness of this practice in terms of reducing the number of repeat traffic offenders. The same analysts who designed the division's generally ineffective driver improvement program are the analysts who established the accreditation standards and course content for traffic violator schools throughout the state. There is strong evidence that the accreditation standards being implemented by the department are grossly inadequate. For example, Section VII of the accreditation criteria states:

"(1) Instructors must have education, experience and/or training in one or more of the following:

Law enforcement, public safety, driver licensing, driver instruction, police science, traffic safety, psychology and counseling, alcohol and drugs, or any other related field as determined by the department.

Note: This does NOT preclude the use of consultants and/or lecturers and specialized matter related to the course objectives.

(2) Instructors who are also law enforcement officers shall not be in uniform, except for officers appearing as guest lecturers while on duty.

(3) Each instructor shall be responsible for the decorum in the classroom with authority to refuse attendance and expel without credit any person who is disruptive, uncooperative, or who appears to be under the influence of any alcohol and/or drugs.

Note: The instructor, school administrator, referring agency, or the Department of Motor Vehicles shall NOT be liable for taking any such action in good faith and for the good of the class in meeting course objectives."

Listed below are some Commission concerns about the above criteria:

(1) Experience - How long should the experience be? One day? One week? Five years? Does experience as a drivers license examiner, law enforcement officer, police science major or public safety worker really qualify an individual to teach a class intended to alter a

person's behavior patterns, particularly those who have an alcoholism illness?

(2) Education - How much? Grade school, high school or a PhD in psychology? The minimum educational requirements for a driver license examiner or a driving instructor is a high school diploma. Yet, these people would be qualified to teach and attempt to modify behavior patterns.

Exhibit 5-1 is the course objectives of the traffic violator schools, and Exhibit 5-2 is the course objectives for the drinking driver improvement schools. These course objectives are very broad and do not reflect what the course content will be. Apparently, this will be at the discretion of individual schools.

It is estimated that the cost of setting up this program for fiscal 1976-77 will be $63,221. The costs will increase as more schools are accredited, and this, in turn, will expand the division's monitoring workload.

Based upon the very marginal success of the departments statewide driver improvement program and the similarity of program objectives in the accreditation program, the Commission concludes the probability of success is low.

Soundex

The division maintains a drivers license name file system called 'Soundex.' Names are filed alphabetically by only the consonants of the last name. For example, "Brown" is filed under "Brwn". Thus, all the names with similar sounds are grouped together.

In 1970, the Electronic Data Processing Division developed a computerized system called Automated Name Index (ANI) to replace Soundex. However, Soundex has never been replaced and the department now operates two parallel systems.

Not all names searched out through the ANI program can be positively identified to a specific driver and their license number. If the computer fails to identify an individual, this is termed a 'no hit'. If an information request draws a no hit in the ANI and it is deemed important, the request may be referred to Soundex for a manual search.

The estimated annual cost of Soundex is $700,000 which includes the cost of personnel, storage and hardware. The estimated annual cost of ANI is $356,000, which includes a prorated cost of personnel and hardware. The state is paying $1.06 million for a system that should only cost $356,000.

Only a fraction of the requests submitted to ANI end up being referred to Soundex for a manual search and only a fraction of these are actually matched to a record. Clearly, the per-item cost of matching requests to records in Soundex is much higher than the per-item cost in ANI. For example, if one-third of all ANI requests end up in Soundex, and even if Soundex identified one half of those, the per-item cost in Soundex would be four times that of ANI.

During this study, many questions were not answered by the department. Some are:

1. How many requests or inquiries are made to ANI monthly?
2. How many requests are not found in the ANI (no-hits)?

3. Why are they not found?
4. Can the ANI system be improved to reduce the number of no-hits?
5. What would be the cost and impact of such an improvement?
6. What happens to those requests for which no match is made?

Any cost-effectiveness analysis of the Soundex system as a backup system for ANI cannot be made because the data for such an analysis is not available. The unit that operates Soundex has run some surveys and studies ostensibly aimed at developing such data. However, the somewhat shaky methodology employed in these efforts leaves their results highly questionable.

One feature of Soundex which is not duplicated by ANI is the availability of drivers license photographs. In issuing a license, the department prints a color photograph on the license and retains a black-and-white "mug shot" in Soundex. This is the primary source of "mug shots" for law enforcement. Retention and disbursement of these photographs is a service maintained by the department almost solely for the benefit of law enforcement agencies at a substantial expense to the department. In effect, the cost of maintaining this service to law enforcement agencies, which is paid from the Transportation Fund, is subsidizing local law enforcement agencies.

Section 12800.5 of the Vehicle Code requires the department to include a full face photo of the licensee on the drivers license. The code does not require that a record of these photos be maintained on file by the department. The photographs are not essential to the department's business.

In addition to the costs incurred by the department for maintaining these photos in Soundex, the department spends another $1.49 per request to pull,

duplicate and deliver a photo to law enforcement at an annual cost of approximately $358,000.

Soundex is also used in the following areas: (1) identifying fraudulent applications for duplicate licenses, (2) detecting and resolving cases in which one person has been issued two license numbers, and (3) detecting and resolving cases in which two persons have had their records combined under a single license number.

The department processes approximately 460,000 drivers license and identification cards each month. There are approximately 1,500 photo comparisons each month. Of this number, approximately 400 are identified as fraudulent applications.

There are many unanswered questions regarding the costs, benefits that accrue to the department and the source of funding to support Soundex. Since there has not been a comprehensive effort to develop answers to these questions, the department has carried on the program without a clear Legislative mandate.

Certification of Driving Skills

Section 12804(d) of the Vehicle Code authorizes the department to accept a "certificate of driving experience" in lieu of a driving test for class 1 or 2 drivers licenses. A class 1 license authorizes an individual to operate any multi-axle vehicle or combination of vehicles. A class 2 license authorizes a person to operate any bus, farm labor truck or any single vehicle with three or more axles.

The purpose of this provision in the Vehicle Code is to permit a trucking

company to certify the experience of an employee rather than pull a big rig into the local DMV field office to take the driving test. The rationale behind this provision is that a trucking company will not let an incompetent driver behind the wheel of a $50,000 rig pulling expensive cargo.

The department reports that there has not been a problem with the well-established trucking companies. The problem stems from the less well-established, or to use the department's label, 'fly-by-night', trucking firms.

Section 12804(d) of the Vehicle Code states:

> "(d) The Department may accept a certificate of driving experience in lieu of a driving test on class 1 or 2 applications when such certificate is issued by an employer of the applicant provided the applicant has first qualified for a class 3 license and also met the other examination requirements for the license for which he is applying. Such certificate may be submitted as evidence of the applicant's experience or training in the operation of the types of equipment covered by the license for which he is applying."

The Commission has concerns in the way the law is written. It is very general and provides DMV with little authority to regulate the issuing of licenses based upon certificate of driving experience submitted by an employer. These same concerns have been expressed by the Department and the California Highway Patrol. Listed below are some of these concerns:

(1) The law contains no parameters. For example, a person could be issued a class 2 license to operate a bus. However, buses range in size from the small 12 passenger van to large 50-passenger buses used by commercial transit companies. An individual may be well qualified to operate a small bus but not a larger one.

Once the class 2 drivers license is issued, the law allows [illegible] holder to operate any "types of equipment covered by the li[illegible]

(2) There are many types of trucking firms, such as owner-operator, owner-leasor, independent operators, proprietary (such as [illegible] chain stores), franchised operators, intra-state carriers and inter-state carriers. Under the law, all of these can submit [illegible] certificate of driving experience for an individual for a class [illegible] or class 2 license.

(3) By far, the majority of carriers are independent operators. They are so numerous that no one really knows how many there are in the state. Generally, the carrier is small, with one to five trucks. Under existing law, a carrier with only one truck could issue a certificate of driving experience, even though the truck is not operational.

(4) Under the law, there are no provisions for the department to perform on-site inspections of the equipment or types of vehicles for which the owner will issue a certificate of driving experience.

(5) There are no provisions in the law where the department can collect a fee for processing the certificates of driving experience other than the fee for the class 1 or 2 license.

The department has attempted to set a minimum number of vehicles for a [illegible] to be eligible to issue the certificates. At first, the department set a limit of three vehicles requiring a class 1 license to operate. The department is now keeping an inventory list of the vehicles being claimed by the owner to be used in issuing the certificates. All of this effort is being done without clear statutory authority and without reimbursement for its costs.

Special Projects Within Division of Drivers Licenses

The division has so many special projects going that a full time clerk has been assigned the task of keeping a record of them. Listed below are some of these projects:

Anatomical Donor - Forms
Anatomical Donor - Liaison
Anatomical Donor - Procedures
Bioptic Lenses and Driving
California's Implied Consent and Presumptive Limits (English and Spanish)
Chinese Driver's Handbook
Chinese Class 3 Written Tests
DDL Glossary
Driver Examination for the Deaf
Equipment Standards, Headquarters
Federal Confidentiality Regulation (on Drug and Alcohol Abuse, Patient Abuse)
Federal Criminal Justice Information Systems
Report on Federal Privacy Act of 1974
Federal and States Acts, Laws and Regulations (Comparative Reference Charts)
FTA/FTP Letter Generated with Renewal Notice
GEM, Spanish Presentation Instruction Forms
Japanese Driver's Handbook
Korean Driver's Handbook
Korean Class 3 Written Tests
Lompoc Court GEM Referrals
Minor's Application Form to be Issued by Schools
New Reinstatement Forms
Oral Testing
Penal and H & S Codes, Major Abstract Review Aids
Printing Licensing Requirements on Driver Education and Training Certificates
Renewal Notice Application Study
Report and Evaluation System
Spanish Class 1 and 2 Written Tests
Spanish Information Sheet

The projects listed above are only abstracts of 12 pages of projects. Earlier in this report it was stated that managers only manage their units on a half time basis, part of the problem being the result of special projects such as the ones being conducted or completed by the Division of Drivers Licenses.

RECOMMENDATIONS

1. The department should cease all reorganizational activities in the Division of Drivers Licenses and concentrate all effort on improving the efficiency and cost-effectiveness of each unit within the division.

2. Special effort should be made by the top administrators of the department and the division to identify the causes of the low morale and reduce them.

3. The Employee Relations and Communications Section should be eliminated. All training activities should be the responsibility of the department's Training Officer. Employee relations is the responsibility of all supervisors, managers and top administrators. Estimated savings in salaries alone would be $28,550. There would be additional savings in training costs, office space and equipment.

4. The department should cease all activities on the multi-lingual translation and printing of driver handbooks and driver tests until the Legislature has had an opportunity to review their need and cost.

5. The group educational meeting (GEM) in the Division of Drivers Licenses' Post-Licensing and Control program should be phased out because the effectiveness is either marginal or non-existent. It is estimated that there will be a savings of $1.2 million.

6. The Legislature should evaluate the cost-effectiveness of the warning letter and the informal hearing segment of the Post-Licensing and Control Program. This evaluation should be done by someone outside the department, such as the Legislative Analyst. The evaluation system the department is now using is inadequate.

7. If the Legislature decides to continue any part or all of the driver improvement program, the Vehicle Code should be amended to show the following: (a) the authority, (b) the program scope and objectives, and (3) the establishment of an on-going evaluation system. The evaluation system should be capable of illustrating the cost-benefit and the cost-effectiveness of each program.

8. If the Legislature mandates the continuance of the Post-Licensing and Control program, guidelines should be established on the minimum qualifications for a driver improvement analyst who must function in the area of behavioral sciences.

9. Inasmuch as many aspects of Financial Responsibility law are unenforceable, it is recommended that a legislative committee study the entire program in an effort to develop a workable system. If a practical solution to the many enforcement problems are not attainable, the program should be abolished.

10. The Financial Responsibility Act should be amended to require financial responsibility on the person as well as the financial responsibility on the vehicle that individual is operating.

11. The burden of proof of financial responsibility should be clearly on the individuals involved in an accident. The practice of the department verifying insurance coverage should be discontinued producing an estimated savings of $30,000 in postage alone and undetermined salaries, equipment and operating expenses.

12. The Legislature should consider waiving the requirement for filing accident reports with the department if the parties involved in an accident had financial responsibility. However, accident reports should be filed if there was an injury or death, or one of the operators was under the influence of alcohol or drugs.

13. If the Legislature continues requiring accident reports, the property damage level should be increased to reflect the substnatial increase in auto repair costs over the past three years. There would be an undetermined amount of savings because fewer accident reports would be filed.

14. A study should be conducted to determine the feasibility of finding some form of fault or culpability after an accident report has been made. The department should record only those accidents on the driving records of the individual determined to be at fault. This is to protect the innocent victims of traffic accidents from paying increased insurance premiums.

15. The Legislature should withhold any further funding of the Drinking Driver Improvement Schools and Traffic Violator Schools until the guidelines, course objectives and course content have been evaluated by experts in the field of education, behavioral sciences and alcoholism rehabilitation. These experts should report their findings and recommendations to the Legislature.

16. The Legislature should decide whether the Soundex in the Division of Drivers Licenses should continue to be the primary source of drivers license 'mug shots' for law enforcement agencies, with cost of this service borne by the State Transportation Fund, or this service should be transferred to the Department of Justice.

17. If the Legislature makes the policy decision for the department to continue Soundex, Section 128005. of the Vehicle Code should be amended to authorize the department to maintain these photographs and to establish guidelines on their security and availability to persons other than law enforcement agencies.

18. If the department continues Soundex as mandated by the Legislature, the cost of this service should be funded from the General Fund rather than the Transportation Fund.

19. Section 12804(d) of the Vehicle Code should be amended to include the following:

(a) The department should be given the authority to perform on-site inspections of trucking firms or carriers who are authorized to submit certificates of driving experience in lieu of taking a driving test.

(b) The Department of Motor Vehicles and the California Highway Patrol should establish guidelines and minimum standards for a trucking company or carrier to qualify for the issuance of certificates of driving experience.

(c) The department should be authorized to collect a fee to cover the cost of processing a trucking company's application to issue certificates of driving experience as well as a fee to process the certificates of the individual.

(d) There should be a periodic renewal of these authorizations for trucking firms to issue certificates of driving experience.

17. The Director should establish a control system on special projects and studies in the Division of Drivers Licenses. The position of Project Coordinator should be eliminated.

EXHIBIT 5-1

TRAFFIC VIOLATOR SCHOOLS

COURSE OBJECTIVES:

The purpose of the traffic violator school is to develop in the student an understanding of traffic safety and the importance of proper attitude, and to motivate the student to become a better and safer driver.

MINIMUM ACCREDITATION STANDARDS EFFECTIVE JULY 1, 1976

I. Minimum subjects required to be included in the curriculum of traffic violator courses

A) Driver Attitude and Responsibility

1) The driving privilege

2) DMV procedures (negligent operator, point count, etc.

B) Alcohol and Drugs

1) Effect on the driving privilege - (DMV)

2) Insurance role in the driving record

C) Defensive driving techniques

1) Define types and causes of accidents and prescribe countermeasures

D) Vehicle Maintenance

1) Tires, brakes, lights, etc.

E) Traffic Laws and Regulations

1) Pedestrian safety

2) Motorcycle safety

3) Bicycle safety

- Defensive driving tactics in recognizing danger signs before involvement occurs

DRINKING DRIVER IMPROVEMENT SCHOOLS

COURSE OBJECTIVES:

The purpose of the school is to provide students with facts about drinking and driving so that they will be in a better position to assess their own drinking and driving behavior and therefore avoid a future DUI arrest or traffic accident. A secondary purpose is to provide basic information on the identification and treatment of alcoholism for those students who will need such information in order to understand clearly the alternatives from which they may choose, and possible sources of help.

MINIMUM ACCREDITATION STANDARDS EFFECTIVE JULY 1, 1976

I. Minimum subjects required to be included in the curriculum of DUI courses

- Orientation
- Definition of the DUI Problem
- Judicial Role
- Law Enforcement Role
- Department of Motor Vehicles Role
- Physical Effects of Alcohol/Drugs on the Body and Driving Performance
- Psychological Effects of Alcohol/Drugs on the Body and Driving Performance
- Sociological Effects (problems associated with family life, friends, work)
- Discussion of Causative Factors of Alcoholism
- Discuss and Avail Class Students to Community Resources
- Wrap-up - Final Evaluations

CHAPTER 6, DIVISION OF FIELD OFFICE OPERATIONS

Program Statement

This division is involved in every major program of the department and performs an estimated 96 percent of the department's entire workload (see Table 6-1) Almost all work done in the field offices is not the end-product; further processing is generally done in DMV headquarters. Because the field office operations encompass all programs, the costs of these operations are included in the various program budgets of other divisions, such as the Division of Vehicle Registration and the Division of Drivers Licenses. Therefore, field office operations are not specifically identified in the Governor's Budget.

The division is organized into three regions, 14 districts and 147 field offices. Each region has an Assistant Division Chief as a manager; each district is authorized a Manager V; and each field office has a manager, either a Manager III or a IV depending the grade and size of the office (see Chart 6-1)

The Budget and Workload Indicators

Because the division's budgetary expenditures are not isolated and easily identifiable in the Governor's Budget, it has been extracted from the various program budgets. The budget format was changed in 1973-74, so the budget and staffing levels by program are limited to 1973-74 through 1976-77. The total expenditures, not by program, are as follows:

DEPARTMENT OF MOTOR VEHICLES

DIVISION OF FIELD OFFICE OPERATION

SUMMARY OF MAJOR WORKLOAD INDICATORS

	Actual(a)					Estimate 1976-77	
	1973-74	1974-75	1975-76	1976-77	1977-78	Authorized	Revised
I. VEHICLE REGISTERING AND TITLING							
A. Vehicle Registrations Processed							
1. New Registrations	1,429,000	1,600,000	1,434,000	1,396,000	1,384,000	1,457,000	1,440,000
2. Renewal Accounts	[illegible]	444,000(b)	495,000	[illegible]	[illegible]	555,000(b)	297,000
3. Transfer	12,704,000	13,277,000	14,192,000	14,525,000	14,[illegible]	14,550,000	14,525,000
4. Duplicate	-	-	-	-	[illegible]	-	[illegible]
Sub-Total	[illegible]	[illegible]	[illegible]	16,[illegible]	16,[illegible]	16,[illegible]	16,[illegible]
5. Exempt Registrations	[illegible]	[illegible]	290,000	[illegible]	[illegible]	[illegible]	[illegible]
Total	14,[illegible],000	15,[illegible],000	16,249,000	16,546,000	17,[illegible],000	17,110,000	17,[illegible],500
B. Fuel Use Collection and Accounting							
1. To Operation Tax Fund	$[illegible]	$[illegible]	$[illegible]	$[illegible]	$[illegible]	$[illegible]	N/A
2. Other Outside Accounts	$[illegible]	$[illegible]	$[illegible]	$[illegible]	$[illegible]	$[illegible]	N/A
II. DRIVER LICENSE AND CONTROL							
A. Drivers Licenses Outstanding	12,[illegible],000	12,550,000	13,075,000	13,594,000	13,[illegible],000	14,[illegible],000	14,252,000
B. Driver Licenses Issued:							
1. [illegible]	721,000	721,000	946,000	992,000	804,000	807,000	840,000
2. [illegible]	2,542,000	2,[illegible],000	2,[illegible],000	3,[illegible],000	3,190,000	3,256,000	3,213,000
3. [illegible]	427,000	400,000	400,000	311,000	370,000	328,000	343,000
4. [illegible]	[illegible]	135,000	202,000	[illegible]	267,000	380,000	350,000
Total	4,224,000	4,153,000	4,405,000	4,677,000	4,621,000	4,790,000	4,746,000
III. VEHICLE DEALER AND REGULATION							
A. Licensing of Dealers, Manufacturers, Transporters and Salesmen Documents							
1. Dealer, Transporter and Manufacturer Applications Processed	19,000	22,100	21,200	19,840	20,210	22,110	19,840
2. Dealer Plates Issued Off-Premises Dealer Programs	60,800	61,600	67,400	55,551	62,800	38,165(c)	57,900
B. Regulation							
1. Complaints Against Licensees Consumer Complaints	5,900	7,380	11,400	11,800	14,000	15,000	16,500
2. Dealer Franchise Reviews	1,310	911	1,400	1,420	755(d)	1,750	1,251(d)
3. Dealer Revoke Actions Against Licensees	1,128	1,326	1,590	2,200	1,867(d)	3,400	1,886(d)

N/A - Not Available.

(a) Volumes are estimated actual as they appear in the Governor's Budget. The Research Unit [illegible] prepares the workload projections in the [illegible] year because of the budget cycle. Therefore, the "Actual" was generally based on 9 or 10 months data.

(b) Includes Prorates.

(c) Chapter 500/76 (AB 2701) provides for [illegible] and the deletion of the requirement of [illegible] modify their license for changes of equipment.

(d) Estimates used in the MARC workload projection. (Per Dave Lively) 9/27/76

DIVISION OF FIELD OPERATIONS

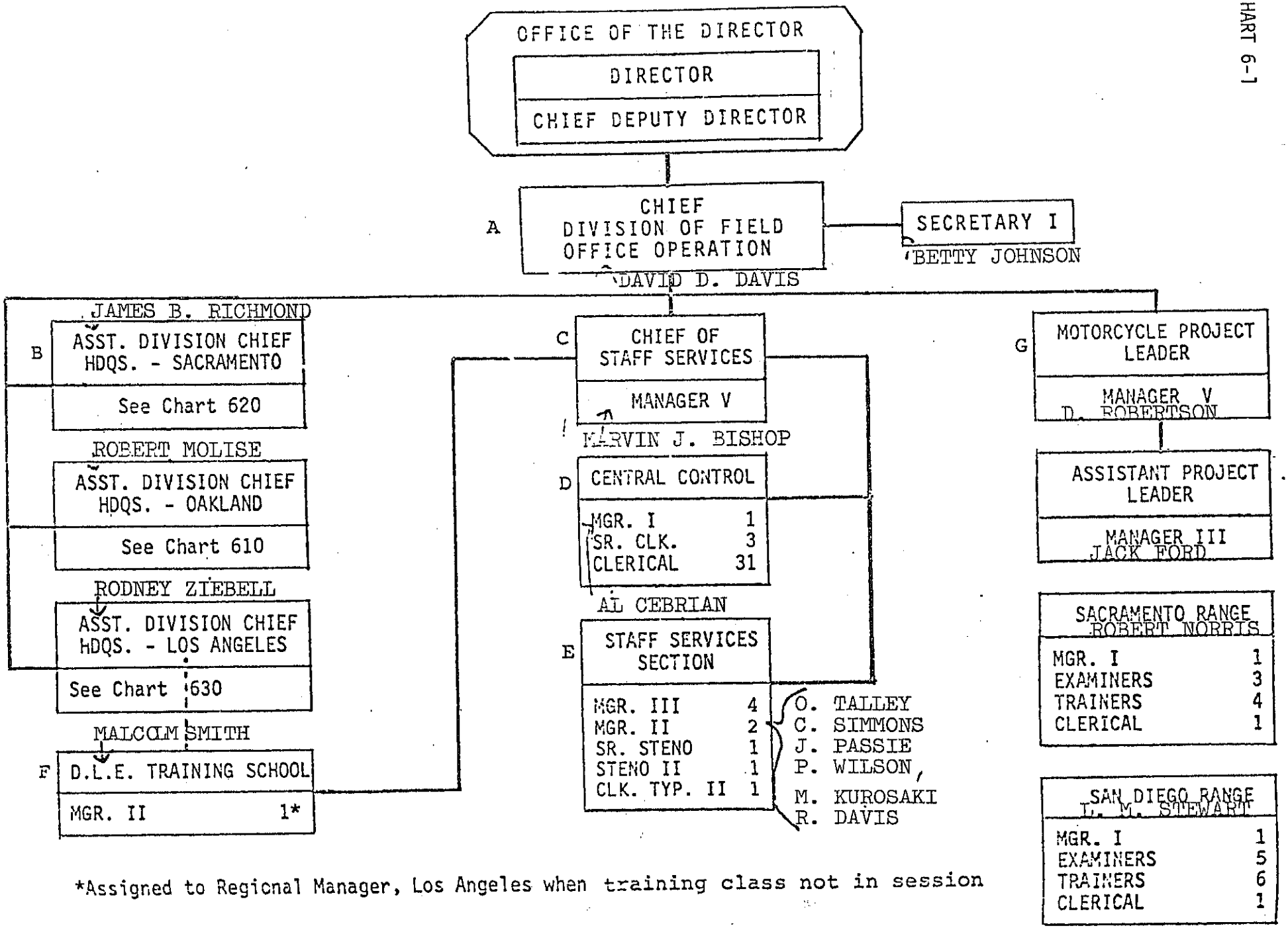
SUMMARY OF MAJOR WORKLOAD INDICATORS

MAJOR WORKLOAD INDICATORS	Actual (a) 1971-72	1972-73	1973-74	1974-75	1975-76	Estimated 1976-77 Authorized	Revised
7. DMV ASSOCIATED SERVICES							
A. California Identification Card Issuance:							
1. Identification Cards Outstanding	194,000	221,000	298,000	473,000	645,000	840,000	894,000
2. Identification Cards Issued	79,500	101,000	124,000	165,200	245,840	257,910	345,780
B. Undocumented Vessel Registration, Titling, and Fee Collection:							
1. Registered Vessels	430,000	456,000	480,306	486,000	519,000	541,000	551,000
2. Original Registrations	45,000	43,400	51,200	47,000	40,800	48,000	52,600
3. Renewal Registrations	406,000	419,000	428,485	448,000	507,000	498,000	539,000
4. Revenue	$1,489,004	$1,559,693	$1,621,533	$1,727,564	$1,791,380	$1,770,100	$1,926,200
C. Environmental License Plate Registration and Fee Collection:							
1. Original Registrations	46,705	51,700	44,000	46,400	57,100	47,300	60,100
2. Renewal Registrations	37,546	76,500	119,000	145,000	172,000	193,000	209,000
3. Interchanges	5,399	10,400	17,400	19,900	21,100	25,100	25,200
4. Revenue	$1,628,254	$2,263,237	$2,443,154	$2,859,467	$3,640,045	$3,413,700	$3,892,500
D. Use Tax Computation and Collection:							
1. Use Tax Collected for the Board of Equalization	$41,405,680	$47,161,291	$51,781,970	$63,997,195	$71,045,086	$67,157,000	$72,892,000
E. Off-Highway Vehicle Registration, Titling, and Fee Collection:							
1. Off-Highway Vehicle Registration:							
a. Registered off-highway vehicles	N/A	N/A	157,058	175,000	N/A	276,000	N/A
b. Original registration	1,493	97,000	62,548	72,400	58,200	155,700	58,200
c. Renewal registrations	-	-	2,315	77,500	44,900	112,400	49,200
2. Off-Highway Vehicle Revenue:							
a. Transportation Tax Fund, Motor Vehicle Account (service fees $5 and misc fees $3)	N/A	$608,046	$405,340	$915,002	$632,394	$1,485,300	$678,000
b. Off-Highway Vehicle Fund (Recreational Fees, $6)	N/A	$609,439	$376,373	$900,811	$599,156	$1,608,600	$646,500
c. Off-Highway License Fee Fund (In-lieu-tax $4)	N/A	$424,006	$251,166	$601,950	$399,469	$1,072,400	$431,000

TABLE 6-1

CHART 6-1

DEPARTMENT OF MOTOR VEHICLES - DIVISION OF FIELD OFFICE OPERATION



*Assigned to Regional Manager, Los Angeles when training class not in session

Net total expenditures for the Division of Field Office Operations:

Actual	1971-72	$23,356,073
	1972-73	27,485,306
	1973-74	29,679,583
	1974-75	33,390,549
	1975-76	39,889,191
Revised	1976-77	44,908,933
Proposed	1977-78	46,959,638

The division's budget has increased 92.28 percent, from $23,356,073 in fiscal year 1971-72 to $44,908,933 in fiscal year 1976-77. Employment levels increased from 2,547 personnel-years in 1971-72 to 3,087 in 1976-77, a 21.2 percent fise (See Table 6-2).

Significant trends in the division's expenditures parallel trends in other divisions. The most extensive change is the disproportionate increase in administrative costs. In a four-year period, 1973-74 through 1976-77, these costs have increased annually from 109.6 percent to 216 percent. The overall increase for all programs in the division is 113.2 percent. This compares to 157.7 percent in the Division of Drivers Licenses and 80.2 percent for the Division of Vehicle Registrations.

While division staff grew by 540 positions overall (or 21.2 percent) in the six-year period, general administration positions increased from 36.8 to 64.3 positions, or 74.7 percent. The ratio of managers to employees increased from one manager for 69.2 employees to one manager for each 48 employees. This is a general trend throughout the department. From a budgetary standpoint, the disproportionate increase in the administrative costs is the result of paying the salary level of a manager and not just the salary level of a clerk or secretary.

DEPARTMENT OF MOTOR VEHICLES
DIVISION OF FIELD OFFICE OPERATION
NUMBER OF POSITIONS

TABLE 6-2

FISCAL YEAR	NUMBER OF POSITIONS				
	GENERAL ADMINISTRATION	CENTRAL CONTROL	GENERAL OPERATIONS	L.A. INQUIRY CENTER	TOTAL DIVISION OF FIELD OFFICE OPERATION
ACTUAL					
1971-72	36.8	40.4	2,455.2	14.6	2,547
1972-73	37.1	47.6	2,754.5	7.4	2,846.6
1973-74	39.4	47	2,679.5	-	2,765.9
1974-75	45.6	46.2	2,670.5	-	2,762.3
1975-76	55.1	48	2,892.9	-	2,996
ESTIMATED 1976-77					
Authorized	63.8	53.2	2,971.6	-	3,088.6
Revised	64.3	50.7	2,971.9	-	3,086.9

Programs and Operations

The organizational structure and the operation of the field offices are rigidly controlled. Uniformity in both the operation and the staffing is essential for such a large, scattered and complex operation.

In Chapter 1 of this report the subject of management by manuals was discussed. It is in the field office operation where strict adherence to these manuals is highly evident. In addition, the division has its own field operation manual on the day-to-day operations. The department has recognized the fact that field office managers have little latitude to actually manage. A DMV report published in October 1975 stated: "Field Office Managers are given little discretion in the management of their offices and are in effect supervisors rather than managers." The report further stated:

"1. Implementation of vacation schedules, queuing techniques and other routine management responsibilities require approval of the district manager or higher authority.

"2. Rigid adherence to procedure is expected in accordance to guidelines expressed in the various manuals provided from headquarters.

"3. Conversely technical line personnel at the MVA level in the headquarters may depart from procedure and in fact instruct Field Office Managers to depart from procedures on occasion.

"4. Managers have no discretion in the selection of office personnel in the areas of transfers, promotions or from the open Driver's Examiner list.

"5. Budgeted blanket funds and vacant positions are doled out, in the first instance monthly and in the second from headquarters to the various offices.

"6. Accountable supplies are ordered 'automatically' by headquarters when established low points are achieved.

"7. Routine supplies are distributed freely without accountability to the field offices at their request."

In addition to the above limiting factors, the Management and Reporting Control (MARC) program and the division's structured management hierarchy have effectively removed the last two vestiges of a true management: determining staffing levels based upon workload and the preparation of the budget and expenditure controls.

The division's management structure is cumbersome, with line authority going from division headquarters to the regions, then to the districts and finally to each field office. For example, if a field office has a vehicle registration problem, the field office manager has to go through the district, region, division and finally over to the Division of Vehicle Registration. This tortuous line of authority works in reverse when the Division of Registration or Drivers Licenses has a problem with a field office. They have no authorization to deal directly with the field office.

Work procedures in the field office are extremely complex, particularly in reporting vehicle registrations and the amount of revenues received. There is strong evidence that the complexity of these procedures and the extensive manuals, are partly responsible for the disproportionate increase in administrative costs. As a process becomes more complex, more people are required to complete it and more management is required to ensure that procedures are followed.

Consider the organizational structure of a field office. In a Grade III field office and above, there is generally a field office manager, assistant manager and three or more supervisors over registering vehicles, processing drivers license applications and audit control. The Commission considers such a one-on-one structure for the manager and assistant as inconsistent with good management practices.

Future Field Office Operations

Chapter 1 of this report discussed a new program for the department to collect bail on unpaid parking citations at the time the vehicle's registration is being renewed. This program will require installation of approximately 210 computer terminals in the 147 field offices. In addition, there is a high probability that the department will convert to "on-line issuance" of drivers licenses through these same computer terminals so licenses can be issued while a person waits.

The current organizational and operational structure of the division and the department makes it highly probable that severe problems will result from these new programs. For example, if a problem develops in the field office, the manager does not have the authority to make a decision or take corrective action that is not included in the procedural manuals or without first clearing the decision through the division or region managers.

When the field office computer terminals are in, the department's central computer system will have an estimated 7,400 inquiries or updates of the computer per hour. In view of the current seven to eight percent error rate of entering data into the computer at the headquarters, the potential error rate with an additional 210 computer terminals in field offices is substantially increased.

RECOMMENDATIONS

1. The three regional manager positions should be eliminated and the functions can be assumed by the district manager. In addition to the

salary savings, this change would provide a more direct line of authority between the headquarters and the field offices.

2. The assistant field office manager should be eliminated in all field offices and the senior supervisor should be trained to fill in for the field office manager in his absence. This would produce even more salary savings.

3. The department should begin a training program for senior supervisors and field office managers in modern production management and control; personnel; computer sciences for managers; preparation of program budgets; basic principals of cost accounting; and inventory control.

4. The department should establish a program to transfer some of the management responsibilities from headquarters and the districts to the field office managers. Field office managers should have the same discretionary management latitude as the line headquarters processing personnel. Other recommendations on the transfer of responsibilities to field office managers is contained in Part 2 of this report.

5. Field office managers should be given the authority to screen and select their employees from all sources, as the performance of these employees is the responsibility of the field office manager.

6. The practice of automatic supplies to field offices should be discontinued. Each field office should order its own supplies and the manager should be held accountable for their proper use.

7. In the implementation of computer terminals in the field offices, the department should utilize the computer capabilities to the fullest by instituting an automated cashiering and accounting system; a personal check verification system; and a system for programming that part of headquarter's workload which results from field office activities.

Section 2

SPECIAL PROJECTS

In the past two years, top DMV administrators have directed substantial effort and expense to projects which are not directly related to the department's basic mission. Although some of these projects may help improve employee morale or DMV's public image, most make no positive contribution to the department's efficiency or cost-effectiveness. Listed below are some of these projects:

Open House

In 1975, the Director stated: "It would be nice if this department could demonstrate, in some way, that we are people like everybody else, interested in helping the public while performing a necessary government function. By putting on an open house, we could dispel some of the misconceptions that seem to exist about us." This idea became reality April 26, 1975, as a Sacramento Headquarters open house, "to build bridges of goodwill between DMV and the citizens it services."

In his letter inviting Governor Brown to attend, the Director wrote: "Hundreds of DMV employees are already voluntarily preparing various special displays. Some will be outdoors; others indoors on all floors of both DMV buildings. The employees will demonstrate what their jobs accomplish; they will also display their personal talents and hobbies. We are encouraging attendance from the entire Sacramento metropolitan area."

Even though many employees volunteered their time, many others were paid for their open house work. An estimated $80,778 in salaries was paid for

reported time that employees spent preparing for open house instead of performing their normal duties.

On top of this, managers, supervisors and employees said a substantial amount of open house work was done on paid time without being reported. And even those who volunteered as open house hosts or guides were given fully paid "informal compensating time off" which was not reflected on formal attendance records. Exhibit 7-1, is the informal time off memorandum. Exhibit 7-2 shows the costs of the open house and Exhibit 7-3 is the report of unproductive time. The Commission considers it very poor judgement to spend this amount of money and bend personnel rules to stage such an event of questionable value in improving the department's image.

Interdivisional Conference

In a March 5, 1976 memo, the Director outlined the agenda for an interdivisional conference in Sacramento April 20-23, 1976: "The primary focus of the conference is to deal with the issue of developing community councils and improving management skills". Other topics included answering questions about new programs and DMV's operations; educating employees to seek new frontiers for government; helping managers gain specific skills and increased awareness about employee relations; providing education to deal effectively with communities; and exchanging experiences between divisions. On June 9, 1976, a department evaluation report on the conference stated:

> "This first Interdivisional Conference can be considered a limited success. To the extent that the conference did not effect a change in attitude on some substantial issues, such as the need for community councils and increased public involvement with DMV, it did not

meet it's objective. However, on some issues, such as DMV's overall goal and perceived flexibility of the community council concept, it appears to have made a contribution toward creating a feeling of community...

"Nonetheless, as noted in the preliminary evaluation report, there is a good possibility that the conference provided a heightened feeling of camaraderie among participants. It is likely that this effect of the conference will be beneficial if the camaraderie crosses divisional lines, but possibly detrimental if it serves to reinforce interdivisional rivalry brought to light by the preliminary evaluation."

Approximately 115 middle and top managers from around the state attended the conference. The only definitive results of the conference was the feeling of camaraderie. On October 21, 1976, the Commission was advised this function cost $42,947.46. All conference expenses were charged to the travel in state budget, except for $1,422.05 charged to training. The estimated cost does not include personnel services costs of personnel to replace those attending the conference.

Backseat Driver Public Panels (Community Councils)

The stated purpose of this program is:

"To further the concept of opening government to the people by reaching out into the community for ideas to assist the Department in the formulation of its policies and procedures.

"To develop a working relationship between the public and the Department with emphasis on consumer protection, traffic safety, and responsiveness to consumer service needs.

"To provide a channel for mutual education and better understanding."

The Director explains the need for community councils this way:

"I've been in State government a little over a year now and I see myself gradually becoming a part of a triangle.... composed of bureaucrats like me, people in politics, and of representatives of industries. In Sacramento, we seem to spend 90 percent of our day talking to each other.....in effect, to ourselves. It's not the result of an intentional

plan or plot. It's the way the system has evolved. There just isn't enough room built into it for the voices of students, of older people, of regular salaried workers, housewives -- of people who should be consulted as a matter of course. It's like there was a wall around our triangle. I want to start chipping away at that wall and I think the community council concept is one way to do it."

These public panels include 1,000 to 1,200 members and are associated with 80 to 85 DMV field offices. The guidelines for composition of each public panel require at least three members from the department staff. The field office manager will, in most cases, serve as the coordinator. The other two DMV personnel are a driver improvement analyst and a Division of Compliance investigator.

As of December 15, 1976, these panels submitted approximately 290 inquiries, suggestions or ideas. The questions are reviewed by a full-time public panel coordinator, then assigned to the appropriate division for a response. Hundreds of man-hours have been devoted to preparing answers to these questions and suggestions. Many questions are so repititious that the department has developed "canned" responses. Listed below are some of the suggestions submitted by the public panels:

Carmichael:	Take-a-number system to handle the flow of customers.
Victorville:	Add a statement to the top of driver's tests that will put the applicant at ease and urge him to study the questions carefully.
Barstow:	Consumer complaint forms have been passed out to the panelist for examination.
Escondido:	Panel members have accepted responsibility to recruit Native Americans, Mexican Americans and youth for panel service.
Tri-City:	Sent panel coordinator to Driver Training Teacher's meeting sponsored by the Fremont School District.

Glendale: Panelist read about one of their meetings in the morning paper where the topic of discussion was the purging of old violations from the driver's record.

The department also uses the panels to conduct public opinion polls. To inform panelists of these polls and the results of their questions and suggestions, the department publishes periodic bulletins and pamphlets.

The Commission feels the community council program has no beneficial effect on the efficiency or capability of the department to carry out its legislative mandates. Instead, the program results in unnecessary costs, diversion of valuable employee time to non-productive activities, and a negative impact on employees' efficiency and morale by doing double duty: the regular assignment and outside activities.

The program's direct cost is estimated at $42,680 in fiscal year 1976-77 (see Exhibit 7-4). This figure does not include the costs of preparing detailed responses to panels' questions and suggestions. Most responses carry the same weight as establishing department policy, so top management -- and in some cases the division -- must approve them. This is a very expensive process for which estimates are not available.

Department Activities Coordinating Committee (DACC)

This committee was originally formed to coordinate the open house project. However, in a memo dated January 16, 1976, the Director stated that the committee should be continued to pursue the following projects:

A. Bicentennial Celebration
This will include Departmental and Field Offices' participation in the program.

B. State Fair Departmental Booth
The DACC Committee will have the responsibility of developing

the display and coordinating the program between the department and Cal Expo.

C. On-Going Activities

It is my desire that this committee continuously develop special activities that will allow employees to be relieved from time to time from the drudgery of their day-to-day jobs.

Three regional DACC coordinators are recruiting volunteers from each of the 147 field offices and 14 district offices. Not all employees yield to the pressure to donate their time and money to the DACC projects. In a letter to the division coordinator, 32 employees in one field office objected to the DACC activities. Exhibit 7-5 is a copy of this letter.

There is substantial evidence that the majority, if not all, of the DACC activities are done on state time. For example, on May 19, 1976, eleven employees from various San Francisco Bay Area field offices traveled to the Walnut Creed DMV office for a meeting conducted during business hours. Exhibit 7-6 is the minutes of another DACC meeting which thirteen people attended.

It is impossible to determine the cost of these committees throughout the state. Office managers were told in an April 13, 1976 memo that the time spent on DACC activities would have to be absorbed. In some cases, the unproductive time is not reported because it would put the field office manager in a bad light. The only possible benefit of the DACC activities is, in some cases, improvement in employee morale. However, this nebulous result does not justify spending so much non-productive time.

State Fair Booth

DACC followed the Director's wishes by developing a display for the 1976

State Fair. The display was designed by a graphic artist, staffed with eight DMV employees, and a computer terminal was installed with direct access to the main computer at DMV headquarters. DMV employees sold copies of the Vehicle Code and, for a standard fee, provided computer printouts to fairgoers on their drivers licenses or vehicle registration.

The cost of the display to the state was $11,030.98. DACC claims that the booth was a tremendous success, with as many as 5,000 inquiries for information on drivers license or registrations. Income claimed by DACC:

Vehicle Codes Sold	$ 108.00
Vehicle Registration Records	156.75
Drivers License Records	1,123.50
Environmental License Plates	1,075.00
Total	$ 2,453.25

Spending such funds to build and staff a fair booth allegedly to improve the department's public image was a waste of time and money. The department should have a higher priority use for these funds.

Looz-A-Ton Contest

DACC coordinated a statewide weight-reduction contest for DMV employees between June 10 and August 20, 1976. Participating employees had their weight recorded weekly and prizes were awarded for successful weight loss efforts.

Staff throughout the department devoted an undetermined amount of work

time to this contest. For example, headquarters weigh-in activities conducted by volunteer personnel were originally scheduled either before work or at morning break. However, due to the large number of participants and the failure of some volunteers to arrive on time, much of the weighing was done on state time. While it was not feasible to obtain a statewide accounting of the staff time involved, it has been determined that more than 113 paid man-hours was devoted to the contest at headquarters alone. Much of this staff time was used to make posters and special bulletins and to distribute special looz-a-ton memos. Exhibit 7-7 is a sample poster and registration form.

Prizes for the looz-a-ton contest were donated by a variety of sources, including some private businesses which were solicited by DMV employees. In a memo dated June 29, 1976, to the regional and district DACC coordinators, (Exhibit 7-8), the headquarters coordinator stated:

> "We plan to start weekly drawings as soon as we have enough prizes accumulated. Each District Coordinator should encourage his or her people to get out and solicit some of the business establishments in their cities for prizes for the contest. Please warn them not to solicit any business establishment with whom the department does business."

Most prizes were donated by DMV employees or employee organizations, but several prizes, such as free dinners for two, free auto lubrications and passes to a health spa, were the result of these solicitations.

Even though the value of the solicited prizes was relatively small, there is a serious question of the appropriateness of a state employee conducting any form of solicitation on behalf of the internal activities of a state agency. Another question: what business firm does not do any business with the department?

There is no statutory prohibition against a state employee soliciting such gifts from private businesses. However, the Legislative Counsel has issued an opinion (Exhibit 7-9) that:

> "An employee of the Department of Motor Vehicles, acting in an official capacity as an employee of the department, does not have the authority to solicit gifts from private enterprise to be awarded to employees of the department to encourage weight loss by such employees."

Many employees did not support the looz-a-ton contest. A July 15, 1976 memo to then Senator Randolph Collier from an unknown employee (Exhibit 7-10) deplored such "frivolities on the job." The letter stated:

> "We are finding it increasingly difficult to devote our time and energies to serving the public efficiently because of the demands and pressures placed upon us by the Director, Herman Sillas, to participate in non-related activities.

There are strong indications that the looz-a-ton contest will be tried again in the near future.

Mural Project for Field Offices

In an April 23, 1975 memo (Exhibit 7-11), the deputy director urged the division chief of Field Office Operation to start the morale project because "Governor Brown considers this ... a top priority item." On May 7, 1975, the division chief launched procedures for painting a mural at each field office. The memo (Exhibit 7-12) also stated the department "shall pay for the supplies and the preparation of the walls" for painting. However, on May 20, 1975, the department issued a press release (Exhibit 7-13) describing the mural project and stating: "... no state funds can be allocated to it."

During fiscal 1974-75, the department found it had a salary savings which

could be used to pay the artists as long as the funds were used before the beginning of the new fiscal year. The director informed the division chief who, in turn, informed each field office manager. At each step this directive authorizing payment of artists was transmitted verbally and never committed to print. The mechanism for paying the artists was the budget's "emergency employee" provisions established to hire permanent intermittent employees during peak work loads.

The decision to use state funds in the mural project was made 13 days prior to the public press release stating that no state funds would be used.

There is no estimate of the amount of regular staff time and payroll cost the department devoted to the mural project. However, an indication of the project's magnitude is the fact that department personnel contacted an estimated 750 artists and art groups, produced and distributed more than 1,000 memos and letters relating to the project.

The mural project is still active, although much reduced from its peak activity point in June 1975. Fifty-five field offices have murals while the Director has expressed his desire for murals in all 147 field offices. No DMV funds have been spent for artists' fees since June 30, 1975; all artist labor since then has been voluntary. However, the department is still furnishing necessary art supplies out of field office operating funds. Also, the field offices are still required to send regular status reports on "office beautification" efforts.

Not all murals were readily accepted by the community. One newspaper headlined a story and picture, "Mural at DMV: Abstract Art or Dirty

Picture?" One citizen told the Governor the DMV was "the "local center of erotic art".

Listed below are the identifiable costs in the mural project. These figures do not include staff costs for several hundred man-hours.

MURAL PROJECT COSTS
As of July 1, 1976

Artists' salaries	$16,390.66
Artists' materials	10,163.72
Remodeling materials	533.76
Remodeling labor	2,976.77
Security (for a dedication)	160.64
Dedication announcements	35.34
DMV analyst salary and travel	1,634.25
Other DMV staff time	Undeterminable
Mailing expenses	Undeterminable
Total	$31,895.14

The Commission realizes that the amount of funds expended on the department's mural project is not significant in itself. However, three other areas are of concern to the Commission:

1. Declaring the mural project a "top priority item" diverted department efforts away from its mandated functions.

2. Deciding privately to use state funds to pay artists, then 13 days later issuing a press release that no state funds can be allocated to the project in an outright lie.

3. Using the salary savings and hiring of artists under the emergency employee provisions is not only poor management, but likely an illegal misuse of state funds.

Voter Registration

In many field offices, department employees who have been properly deputized by the county, register voters on state time. Some counties reimburse the

department by a certain fee per registration, but this covers only a fraction of the total cost of rendering this service.

The state's new postcard registration option has drastically reduced the number of affidavits taken by department personnel. Nevertheless, the department still bears a net expense for taking affidavits and distributing cards. The estimated cost to the department and the State Transportation Fund for providing voter registration service between September 15, 1975 and September 30, 1976 is listed below:

6,503.9 man-hours @ $4.23 an hour	$27,511.50
Staff benefits @ 18.9 percent	4,952.07
Total wage cost	32,463.57
Less reimbursements	8,044.67
Net cost to the department	$24,418.90

The department also distributes farm labor ballots, with an unknown cost to the department. The cost of providing these services should more appropriately be borne by the counties or the Secretary of State.

Employee Perception Survey

The department has established a continuing "employee perception" survey designed to measure the communication and leadership effectiveness of managers and supervisors by polling their subordinates. The survey consists of two questionnaires: one for the employee to rate his immeidate supervisor, the other to evaluate the manager of the section or unit.

Each employee is allotted 30 minutes to fill out each questionnaire. The survey is expected to be conducted department-wide every six months. Additional staff time will be consumed to distribute, collect and tabulate the survey results. EDP services, already heavily burdened, will

calculate the comparative scorings for each supervisor and manager.

The quality of survey questions is marginal at best. Costs of this new survey are not available. However, the average cost of a DMV employee is $6.30 per hour and it takes one hour to complete both questionnaires. If all of the 7,893.6 man-years of labor in the department were polled, the cost would be approximately $49,729 every six months, or roughly $100,000 a year. Although these figures are not precise, they are an indication of the potential cost of the survey in terms of personnel costs. The cost of distribution, collecting, tabulating and computer time must be added in.

Such a survey, when properly developed, can be an excellent tool for top administrators to measure the leadership abilities of supervisors and managers. However, very little meaningful information can be obtained from a survey intended for the entire department. For example, the questions have to be so broad they can be answered by an employee processing drivers licenses as well as one in data processing. Management and supervision is completely dissimilar in these two sections because of the nature of the work.

There are strong indications that the data derived from these surveys is of little or no benefit to top administrators in evaluating managers and supervisors.

Women's Exchange Program

In October 1975, the department conducted a week-long experiment of 200 women replacing male managers throughout the departmnet, including the director's job. The theme of the exchange project was stated by the

deputy director: "Women are fully capable as men in running the department."

In late 1976, the department reviewed this program on a more permanent basis to permit women to exchange working positions with managers and supervisors. The program will allow women who are in positions with Senior Clerk salary level and supervisory responsibility, or are in higher-level classes, to exchange jobs with other men and women for one month. (See Exhibit 7-14)

Even though the program has just started, hundreds of man-hours have been devoted to planning, implementation and applicant screening. Since the exchange program is designed for a year-round operation, hundreds more man-hours will be devoted to continuing the project.

The women's exchange program is costly and counter-productive. The point of this project appears to be that women can be effective adminstrators. It appears to be inappropriate for a department to undertake a program of this nature then the philosophy of women's capabilities as managers and administrators is undisputed.

A person replacing a manager will naturally not have the same experience or knowledge of the operation as the full-time manager. In most cases, it will take longer than a month just to learn the duties of the replaced manager and to understand the functions of the unit. This will result in an increased workload for subordinate managers and supervisors.

Existing law requires that persons seeking employment or candidates for

promotion must be selected without references to age, sex, race or religion. Because the Women's Exchange Program is designed exclusively for women, it appears to be in conflict with the law.

Additional Projects

The 10 projects listed above are, for the most part, unrelated to the department's mandated functions. The estimated cost for these programs is $233,750. In many cases, this does not include personnel costs. These projects were analyzed to illustrate the diversion of the department's energies into areas that are non-productive in terms of the department's main mission. Listed below are other projects of the department where detailed analysis was not made:

1. Child Care Center: Child care is provided for the department's employees.

2. Child Drop Center: This project in the Los Angeles DMV office is to take care of children while the parent is conducting business with the department.

3. Consumer Education/Protection: This is being pushed through strict enforcement of automobile dealer advertising regulations.

4. Courtesy Corps: More than 120 youngsters worked for the department during the summer.

5. On-Site College Program: College courses are being offered in the DMV headquarters.

6. Paint-a-door project: A symbolic gesture to "open up the state government to the people" and remove the mystique, making DMV more inviting.

7. Exploring Bureaucracy: A joint venture class between the department and Sacramento State University. Approximately 20 students

would probe the department's bureaucracy.

RECOMMENDATION

The Commission recommends that the Legislative fiscal committees review the department's budgetary expenditures for projects that are not mandated by the Legislature. The Commission considers inappropriate the large expenditure of State Transportation Fund monies for activities not related to the Department. Legislative policy committees should review the propriety of these special projects.

STATE OF CALIFORNIA

DEPARTMENT OF MOTOR VEHICLES

EXHIBIT 7-1

File No.:

Date : May 1, 1975

To : Division Chiefs

From : Dan A. Keller
by RETT

Subject: Compensating Time Off for Open House Participants

The Director has advised that informal compensating time off is to be given to those employees who voluntarily acted as hosts or guides during the open house on April 26, 1975. Such CTO will be on an hour-for-hour basis.

Voluntary time and CTO will be handled informally and such time will not be reflected on formal attendance records.

Dan A. Keller
by RETT

DAK:bm

NOTE: Be sure all of your Supervisors understand this. There has been some confusion.

ADMINISTRATION

MAY 5 1975

EXHIBIT 7-2

DEPARTMENT OF MOTOR VEHICLES
OPEN HOUSE - APRIL 1975
ESTIMATED COST OF PERSONAL SERVICES*

	1974-75 AVERAGE SALARY PER HOUR	HOURS	SALARIES	STAFF BENEFITS (16.81%)	TOTAL PERSONAL SERVICES
DEPARTMENTAL ADMINISTRATION	$5.18	578.7	$2,998	$504	$3,50
COMPLIANCE	6.20	130.1	807	136	94
DRIVERS LICENSE	4.46	3,961.7	17,669	2,970	20,63
EDP SERVICE	4.76	1,606.7	7,648	1,286	8,93
FIELD OFFICE OPERATION	4.77	32.9	157	26	18
REGISTRATION	3.97	6,008.6	23,854	4,010	27,86
Sub-Total		12,318.7	$53,133	$8,932	$62,06
Overhead (30.15%)					18,71
TOTAL					$80,778

*Based on Actual 1974-75 expenditures.
Staff Benefit percentage is the departmental rate.

Prepared 10/13/76 ms

STATE OF CALIFORNIA

DEPARTMENT OF MOTOR VEHICLES

te : September 27, 1976

: Tosh Matsuura

m : Bill Savage

bject: Non-Productive Hours - Open House File No.:

As you requested at our meeting of September 15, 1976, I have calculated the total number of non-productive hours reported to MARC for our "Open House" function held in April, 1975.

Listed below is a monthly breakdown, by division, of the 12,318.7 total hours reported.

DIVISIONAL TOTALS

	Feb.	Mar.	Apr.	May	DMV Total
Administration and Executive	-	57.9	520.8	-	578.7
Compliance	3.6	44.7	81.8	-	130.1
Driver License	183.4	604.2	3167.0	7.1	3,961.7
EDP Services	50.3	118.7	1395.5	42.2	1,606.7
Field Office Operation	-	8.8	23.3	.8	32.9
Registration	29.9	933.6	5019.8	25.3	6,008.6
Monthly Totals (by hours)	267.2	1,767.9	10,208.2	75.4	12,318.7

EXHIBIT 7-3

DEPARTMENT RECAP

FEB.	267.2	Hrs.
MAR.	1,767.9	Hrs.
APR.	10,208.2	Hrs.
MAY	75.4	Hrs.
Grand Total	12,318.7	Hrs.

If you have any questions regarding these figures, I am available to discuss them with you at your convenience.

Bill

cc: H. Sillas
D. Alexis
G. Nishite
R. Harano

DEPARTMENT OF MOTOR VEHICLES
ESTIMATED COST OF THE BACKSEAT DRIVER PUBLIC PANEL

	1975-76	1976-77	1977-78
PERSONAL SERVICES			
Salaries and Wages:			
Manager I	$5,940	$13,164	$13,788
Steno II	-	8,844	9,240
Total, Salaries & Wages	$5,940	$22,008	$23,028
Staff Benefits 18.89% - 21.85% - 23.31%	1,122	4,809	5,368
Total, Personal Services	$7,062	$26,817	$28,396
Overhead 30.15%	2,129	8,085	8,561
OPERATING EXPENSES AND EQUIPMENT			
General Expense			
Minor Equipment	$ -	$1,118	$ -
Moving of Employee	-	2,420	-
Printing	395	674	-
Traveling-In-State Travel Expense of Individuals	-	3,000	3,000
Equipment	-	566	-
Total, Overhead, Operating Expenses & Equipment	$2,524	$15,863	$11,561
TOTAL, EXPENDITURES	$9,586	$42,680	$39,957

Prepared 11/12/76

EXHIBIT 7-5

DEPARTMENT OF MOTOR VEHICLES

File No.:

: July 1,1976

: A. Cebrian, DACC Div Coordinator

om : The Employees of the Winnetka Office

ubject: DACC

We as individuals feel that we can express our feelings in a more direct way than the committees can. We have expressed our feelings and yet we are continually being asked if we want to give our money and our time for DACC. Well, we all enjoy fun things and events as in the past and we will in the future, but we do not need someone else or a committee to organize our entertainment. We would like our letter printed in your Newsletter and hear if we at Winnetka are the only ones who feel this way.

Before DACC, Winnetka has decorated for Christmas and seasonal holidays. We have had Hawaiian days, Western days and were the first years back, to dress for Halloween. We have had luncheons and parties and were among the first with Bicentennial decorations put up at our own expense. So we are not anti-social or recluses. We just don't relish releasing control of our private lives.

Please ask your representatives to quit continually asking us to participate.

cc: S. Bennis
M. Utter
R. Mayfield
D. Davis
H. Sillas

EXHIBIT 7-6

NEXT MEETING TO BE HELD: December 15, 1976, 9:00 a.m
Conference Room 3B

- [x] COPY
- [ ] CIRCULATE
- [ ] P. T. ROBINSON
- [ ] M. M[illegible]EN
- [ ] L. S[illegible]BERT
- [ ] F. W[illegible]BER
- [ ] N. WEST
- [x] J. GONZALES
- [x] ALL MANAGERS

DEPARTMENTAL ACTIVITIES
COORDINATING COMMITTEE

December 1, 1976

Meeting was opened by Chairman John Holmes.

Present:	Vicki Smythe	Terri Hall
	Margo Thiede	Jay Martin
	Lucy Ramirez	Sharon Wigley
	Myrtle Gipson	Lillie Thames
	Grace Marubashi	Barbara Meredith
	Arlene Seaman	J. Marie Kurowski
	Emily Nicolai	

Marie Kurowski announced that she is no longer able to represent the 4th floor, East Building. Marie introduced Barbara Meredith who will be taking her place.

XMAS BREAKFAST/DINNER

All plans for the breakfast have been completed with the exception of finalizing the entertainment. Ruthie Walton, in charge of entertainment was not present to report on what the requested "donation" would be for the Sacramento High Banjo Band. Also, it was suggested that another choral group from El Camino High be contacted for possible evening entertaining for the dinner. This group would also like a donation. Mr. Holmes suggested that we have a donation plate and the DACC Fund would make up the difference between what was donated and $20.00 for each group. Mr. Holmes requested that Sheryl Zazzi contact Ruthie Walton and finalize the entertainment when Sheryl returns from vacation.

It was agreed that we should not spend money for buttonieres and corsages.

Posters were available for distribution to all floor representatives: one for each floor and one for each cafeteria.

Mr. Holmes requested that "flyers" be distributed on December 15th to remind employees of the breakfast. Lucy Ramirez will contact Bob Thomas regarding printing.

Tickets were also distributed to all floor representatives.

A bill in the amount of $4.60 was submitted by Pam Fitzgerald for material for the posters. It was moved and seconded that the bill

EXHIBIT 7-6

LOOZ-A-TON

Arlene Seaman reported that most of the surveys have been returned from employees. The committee met last week and it appears that everyone is in favor of continuing the program, however, most people do not want to bind themselves to a contract. Also, the general concensus was that they would be willing to pay for the scales by donation. It was agreed that the program should not start until after the first of the year.

The problem of placing the scales was discussed and this is a problem since they must be placed where they will be available to the people on the program but not in such a place that they will be used by anyone at any time. It was suggested that the Infirmary would be suitable if we could have a key for use by the night crews.

Jay Martin will be contacting the Cafeteria Manager to see if there is a possibility of setting up the salad bar again on a limited schedule.

MISCELLANEOUS

A request was referred to the committee to purchase a rubber stamp for the Ft. Bragg Office that would say "Merry Xmas from DMV" for use during the holidays. It was agreed that the committee would have to purchase such an item for all offices if it did it for one and the cost would be exhorbitant. Mr. Holmes requested Field Coordinator Al Cebrian to respond to the request and advise that although we are in agreement with the spirit we would not be able to comply.

Respectfully submitted:

Marlean Drakulich
Secretary

Approved:

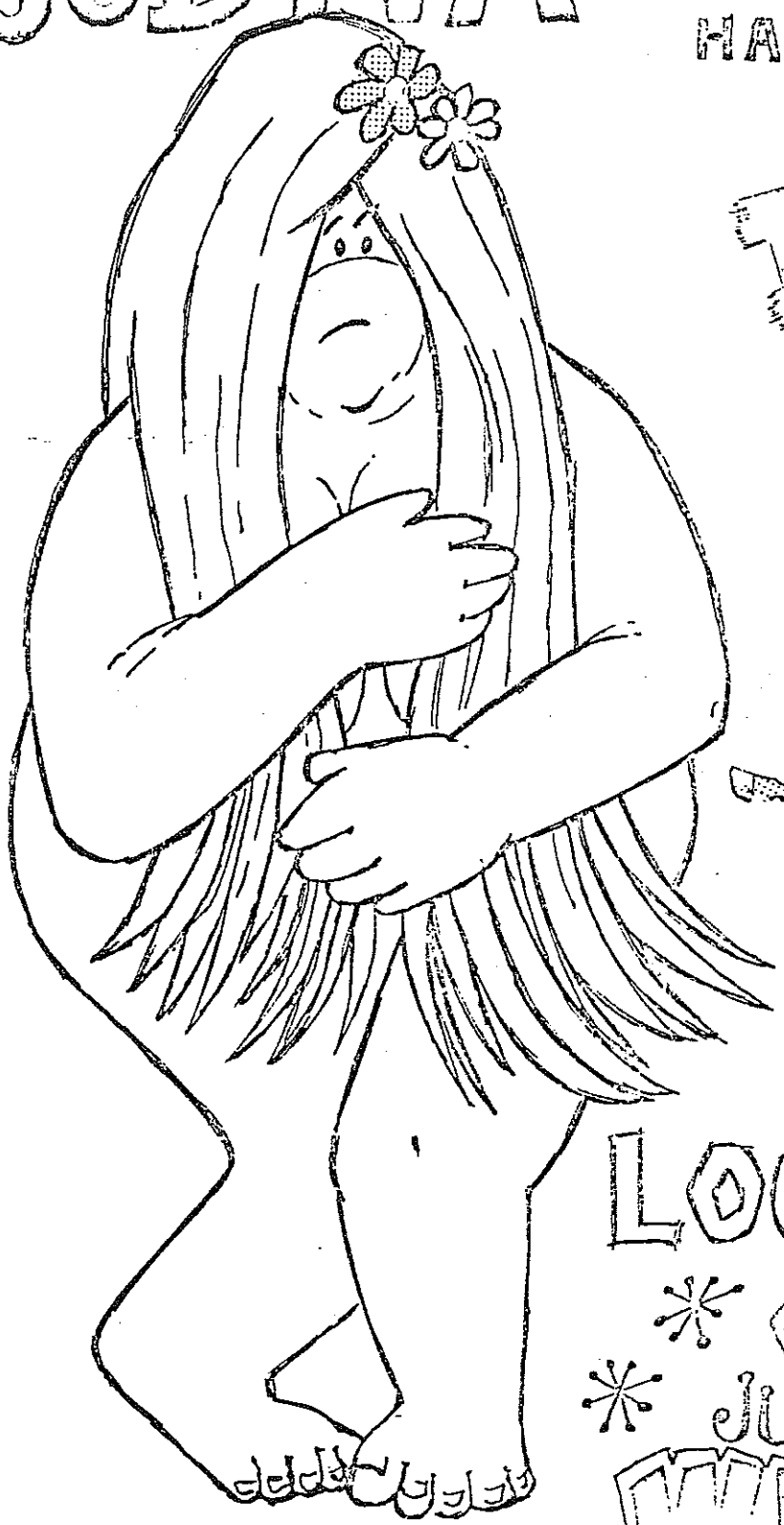
J. C. Holmes
Chairman

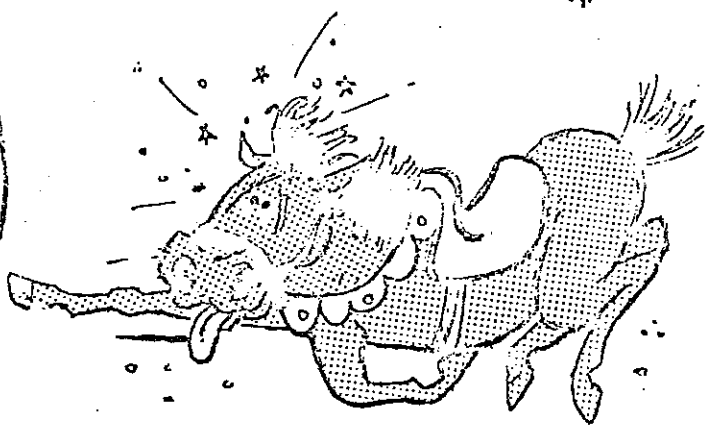
EXHIBIT 7-7

GODIVA

WOULD HAVE HAD TO WALK IF SHE HAD BEEN

FAT!





JOIN DMV'S

LOOZ-A-TON

* CONTEST * *

* JUNE 14-AUG. 19

WIN PRIZES

Register & Weigh-in At Your Bldg. Disp. JUNE 14-19

EXHIBIT 7-7

Having trouble wiggling into last summer's swimsuit? Has inflation hit your waistline as well as your pocketbook? Is your song the "Too Fat Polka"? Is that slim and trim photograph of you on graduation day just a memory?

Well don't just sit there crying into your banana split, join your fellow employees for the first annual DMV "LOOZ-A-TON" contest being held June 14th through August 18th.

You'll lose weight, have fun, feel better and perhaps win some fantastic prizes besides! What could be easier or better for your health?

So kick the chocolate cake habit "cold turkey" and see your DACC representative right now for registration forms and the weigh-in schedule.

Contestants will weigh-in -- in a private setting -- during the week of June 14th. The contest officially starts Monday, June 21st, with a final weigh-out on August 18th. Of course there will be grand prizes for the really big losers, but all contestants will be given one raffle ticket for each pound lost. The tickets can be placed in the "LOOZ-A-TON" raffle barrels for a prize drawing at the conclusion of the contest. Every loser has a chance to win!

Who knows what rivalries may develop: can San Francisco out-lose Los Angeles; can the hefties in Registration trim-up faster than the Drivers License folks; can staff in the field tighten their belts quicker than their counterparts at headquarters?

There are approximately 8,000 full-time and part-time DMV employees statewide. In order to collectively "LOOZ-A-TON," each individual need only shed one-quarter pound! So join your friends in this healthful pursuit of a slimmer, trimmer you.

Help DMV "LOOZ-A-TON" -- or even two. And remember, fun is the main ingredient in the "LOOZ-A-TON" recipe. Jog on over to your DACC representative today for a registration form.

Your DACC representative is:

_____ Phone: _____

EXHIBIT 7-8

DEPARTMENT OF MOTOR VEHICLES

File No.:

Date : June 29, 1976

To : Regional and District DACC Coordinators

From : Al Cebrian

Subject: "Looz-A-Ton" Contest

Please pass this information on to all contestants in the "Looz-A-Ton" contest.

Contestants must be weighed in every week, and their weight reported to the contest committee in Sacramento. Mail the weight reports to:

Al Cebrian
Central Control
P. O. Box 2411
Sacramento, California 95811

Contestants are to be given one raffle ticket for every pound they lose. Regional Coordinators now have those tickets. Mail the stubs of these tickets to Al Cebrian. Each contestant must write his name and office on the back of the stub.

We plan to start weekly drawings as soon as we have enough prizes accumulated. Each District Coordinator should encourage his or her people to get out and solicit some of the business establishments in their cities for prizes for the contest. Please warn them not to solicit any business establishment with whom the Department does business.

There will be three major prizes given away at the end of the contest. One is to be given to the person who loses the most weight. Two are to be given to the female and the male losing next to the most weight. We will have three major winners.

Everyone who is in the contest is eligible for the prizes. Therefore, we ask that the people in the field help in accumulating merchandise that can be given away in these drawings. Many of us have gifts that we have received at one time or another and stuck them in a closet because we did not need them or want them. Now is the time to make use of these items. Send them in to the DACC Committee. We can use them as prizes.

EXHIBIT 7-9

OWEN K. KUNS
RAY H. WHITAKER
CHIEF DEPUTIES

STANLEY M. LOURIMORE
EDWARD F. NOWAK
EDWARD K. PURCELL

KENT L. DECHAMBEAU
HARVEY J. FOSTER
ERNEST H. KUNZI
SHERWIN C. MACKENZIE, JR.
ANN M. MACKEY
TRACY O. POWELL, II
RUSSELL L. SPARLING
PRINCIPAL DEPUTIES

3021 STATE CAPITOL
SACRAMENTO 95814
(916) 445-3057

6011 STATE BUILDING
107 SOUTH BROADWAY
LOS ANGELES 90012
(213) 620-2550

Legislative Counsel of California

BION M. GREGORY

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MARTIN L. ANDERSON
PAUL ANTILLA
JEFFREY D. ARTHUR
CHARLES C. ASBILL
JAMES L. ASHFORD
JERRY L. BASSETT
JOHN CORZINE
BEN E. DALE
CLINTON J. DEWITT
C. DAVID DICKERSON
FRANCES S. DORBIN
ROBERT CULLEN DUFFY
CARL ELDER
LAWRENCE H. FEIN
JOHN FOSSETTE
CLAY FULLER
ALVIN D. GRESS
ROBERT D. GRONKE
JAMES W. HEINZER
THOMAS R. HEUER
EILEEN K. JENKINS
MICHAEL J. KERSTEN
L. DOUGLAS KINNEY
VICTOR KOZIELSKI
DANIEL LOUIS
JAMES A. MARSALA
DAVID R. MEEKER
PETER F. MELNICOE
ROBERT G. MILLER
JOHN A. MOGER
DWIGHT L. MOORE
VERNE L. OLIVER
EUGENE L. PAINE
MARGUERITE ROTH
MARY SHAW
WILLIAM K. STARK
JOHN T. STUDEBAKER
BRIAN L. WALKUP
DANIEL A. WEITZMAN
THOMAS D. WHELAN
JIMMIE WING
CHRISTOPHER ZIRKLE
DEPUTIES

Sacramento, California
January 18, 1977

Honorable Robert B. Presley
Senate Chamber

State Employees: Solicitation of Gifts - #16805

Dear Senator Presley:

QUESTION

Does an employee of the Department of Motor Vehicles, acting in an official capacity as an employee of the department, have the authority to solicit funds from private enterprise to be awarded to employees of the department to encourage weight loss by such employees?

OPINION

An employee of the Department of Motor Vehicles, acting in an official capacity as an employee of the department, does not have the authority to solicit funds from private enterprise to be awarded to employees of the department to encourage weight loss by such employees.

ANALYSIS

A state agency and its employees have only those powers which are expressly granted or necessarily implied from those expressly granted by the Constitution or statute (see Ferdig v. State Personnel Board, 71 Cal. 2d 96, 103, 104; City of Los Angeles v. Industrial Acc. Comm., 8 Cal. App. 2d 580, 585).

There is no express provision of law which would authorize an employee of the Department of Motor Vehicles, acting in an official capacity as an employee of the department, to solicit gifts for the purpose at issue, nor do we think that such power can be implied from the express powers (see Sec. 1650, et seq., Veh. C.).

Therefore, we conclude that an employee of the Department of Motor Vehicles, acting in an official capacity as an employee of the department, does not have the authority to solicit gifts from private enterprise to be awarded to employees of the department to encourage weight loss by such employees.

Very truly yours,

Bion M. Gregory
Legislative Counsel

Carl Elder

By
Carl Elder
Deputy Legislative Counsel

CE:dc

STATE OF CALIFORNIA

EXHIBIT 7-10 DEPARTMENT OF MOTOR VEHICLES

File No.:

Date : July 15, 1976

To : Senator Randolph Collier

From : A D.M.V. employee

Subject: D.M.V. "LOOZ-A-TON CONTEST"

There are some of us -- the vast majority -- in Department of Motor Vehicle Field Offices who are dedicated, career Civil Servants and do not have time to waste in frivolities on the job. We are finding it increasingly difficult to devote our time and energies to serving the public efficiently because of the demands and pressures placed upon us by Director Herman Sillas to participate in non-related activities. The enclosed memos, bulletins and posters are only a small portion of the most recent example in waste of supplies, hours and administrative ability at every level.

I, being in a managerial position, am well aware that much of top management's expertise is required to be channeled into carrying out idiot ideas such as the "LOOZ-A-TON CONTEST" one. I KNOW most of us at all levels of management feel the same way, although because we are career employees, we cannot afford to be insubordinate.

Your reputation as Champion to the electorate in northern California is well known and highly respected. We in DMV ask you to be our Champion, as well -- please save us from a Director who is effectively making a fool of the entire Department. I am sure those we are trying to serve would appreciate it, also.

Thank you!

EXHIBIT 7-11

STATE OF CALIFORNIA

DEPARTMENT OF MOTOR VEHICLES

Date : April 23, 1975

File No.:

To : Harold Hammonds

From : Doris Alexis

Subject: Mural Projects

As you know, Governor Brown considers this Department's "Mural Project" a top priority item.

The attached memo explains the project and the procedure to be followed for the submission of examples or models to be considered.

It is particularly important that this project be started immediately in the Los Angeles facility.

Doris V. Alexis

DORIS V. ALEXIS
Deputy Director

Attachment

cc: Mr. Sillas
Mr. Ericksen
Mr. Cooper

EXHIBIT 7-12

File No.:

Date : May 7, 1975

To : All Field Office Managers

From : H. L. Hammonds, Chief

Subject: Field Office Beautification - Mural Projects

It is the Director's desire to have our field offices become an intergral part of the communities they serve and to reflect to the extent possible, the culture of these communities.

This desire is highly endorsed by Governor Brown and is of top priority. One way to do this is to make use of our field office walls for either murals or paintings.

With the above in mind, the attached memo explains the project and the procedure to be followed for the submission of examples or models to be considered by the Director. It should be noted that we are desirous that the work be accomplished during the summer months.

Item IV in the attached procedure is particularly important. The method you use to publicize this project will govern your success in both quantity and quality of the entries you must submit to my office by June 15, 1975.

Your submissions should include the name of organizations or persons you contacted. This should include both those who respond and those who don't. Additionally, each suggested mural should be labeled to include the organization and the individual who submitted it.

Wherever possible the mural concept should be used. If murals cannot be used and paintings are more appropriate, please give the reasons murals cannot be used.

I can appreciate the short time frame you have been given to complete this task, but I know, given your usual fine efforts, successful completion of this project will be ensured.

H. L. Hammonds

H. L. HAMMONDS

MURAL PROJECTS

It is our object to cause the field offices to become an integral part of the communities they serve and to reflect the culture of these communities. One way to do this is to make use of the walls in our field offices, by murals and where not possible, by way of paintings. Consequently, the following steps shall be taken in the field offices.

I. The field manager, or his or her designee, shall make contact with local artist groups or art schools for the purpose of soliciting drawings and renderings for murals on the walls in the field offices.

A. The murals shall have as their theme TRANSPORTATION.

1. They may reflect the history, present or future, of transportation.

2. Where it is appropriate the murals shall reflect the cultural heritage of the ethnic population of the community.

3. The murals should be a blend of art, communication and community pride, and make use of local historical events wherever possible.

4. The renderings submitted shall be as close to what the mural will actually look like as possible, giving the dimensions of the wall.

B. The murals shall be selected by the Director and shall be chosen on the basis of their workmanship, historical significance, reflection of the community, and ability to portray the theme of transportation.

II. The department shall pay for the supplies and the preparation of the walls. The artists shall be encouraged to contribute their labor, since there is no money budgeted at this time for murals. (It is hoped that in the future, we will have adequate funding for payment to artists.)

EXHIBIT 7-12

Where needed, possibly community groups can raise money to pay the artists which would give one a feeling that the structure belonged to the community.

III. Since summer is the best period for students to have available time to paint murals, it is requested that the contacts and renderings be submitted by June 15, 1975, so a selection can be made and the painting take place during the summer months.

IV. Each office should publicize this project within the community it serves to insure that all interested local groups have an opportunity to submit their entries. A sample news release will be prepared by the Public Information Office.

ooOoo

BUSINESS AND TRANSPORTATION AGENCY
STATE OF CALIFORNIA
OFFICE OF PUBLIC SAFETY INFORMATION
SACRAMENTO, CA

(916) 445-3927

Mural Projects

May 20, 1975

FOR IMMEDIATE RELEASE

Many of the 147 field offices of the State Department of Motor Vehicles will take on a more sprightly appearance this summer when a project to paint murals on exterior and interior walls gets underway.

According to DMV Director Herman Sillas, the objective of the program is to make the offices an integral part of the communities they serve.

"We want our department to be a 'good neighbor' in the community and to reflect the cultural heritage of the peoples we serve," he said.

Each office manager is contacting local art groups and schools to solicit drawings and renderings for wall murals.

In most cases, the murals will have transportation as the central theme and will concentrate on its history or its present and future course. Where appropriate, the murals will reflect the ethnic heritage of the communities, Sillas stated.

Sillas has asked that the murals be a blend of art, communication and community pride and that they consider local historical events wherever possible.

He explained that the project has received a strong endorsement from Governor Edmund G. Brown Jr., but that no state funds can be allocated to it.

-MORE-

EXHIBIT 7-13

DMV will provide the paints and supplies and the preparation of the walls. Local artists are being encouraged to contribute their talents and art schools are being asked to give class credits to any students participating.

All California artists interested in participating in the project may contact the local DMV offices or write to Director Herman Sillas, P.O. Box 1823, Sacramento, CA 95809.

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DEPARTMENT OF MOTOR VEHICLES

Date : September 29, 1976 File No.:

To : All Employees

From : Doris Alexis, Deputy Director

Subject: Womens' Exchange Program

The department is implementing a year-round position exchange program for women. It is to our advantage that we recognize the abilities and potential we have in the women employees who comprise 68% of our total staffing. Realizing that this tremendous resource has not been fully tapped, it is hoped that this program will unfold many benefits for the department. All eligible women employees are encouraged to participate. The tentative date for implementation is December 1, 1976.

The program will allow women in positions at the Senior Clerk salary level with supervisory responsibilities and all higher level classes to be involved in a job exchange with men and women in other classifications. The exchange assignments will be for a one-month duration and will involve a complete "switch" of positions. As a general guideline:

1. "Exchange levels" should be within a 15% salary range.

2. An applicant may select <u>any</u> position within this range for which she is qualified. This may be a specific position or any position within a particular area of interest. A specific position may only be exchanged once in the course of a year.

3. Exchange levels may cross divisional lines. They may not involve an exchange of persons of different shifts unless mutually agreed.

4. It will be necessary for the exchange positions to be within geographical reach. If out of the geographical area, there must be total agreement of both parties involved in the exchange and travel expenses approved by the department.

The planned year-round schedule of exchanges is as follows:

Months	Classes with Maximum Salary Range of:
December, January	$1097
February	$1101, 1124, 1149, 1589, 1627, 1705, 1744
March, April	$963
May	$1447, 1464, 1482

EXHIBIT 7-14

Months	Classes with Maximum Salary Range of:
June	$1048, 1053, 1787, 1828, 1916
July	$1319, 1350, 1381
August	$981, 985
September, October	$1203, 1232
November	$1003, 1025, 1029, 1260, 1266

Evaluations of the women participants' performance will be made by the supervisor at the end of each month-long switch. Participants in both exchange positions will have the opportunity to evaluate the program at the close of the month. After the program has been in effect for six months, a general analysis will be made to determine the degree of success and implement any modifications which may be warranted.

A divisional coordinator has been appointed from each division. It will be the coordinator's responsibility to review all exchange applications to determine if the proposed request will be beneficial to the woman employee and to the department. That is, the coordinator will decide whether the applicant possesses the qualifications which would predict reasonable success in the position for which she is applying.

If the applicant meets the qualifications, final arrangements will be made by the divisional coordinator(s).

Any problems arising from a proposed switch of positions will be resolved by the divisional coordinator(s). Final authority in problem situations rests with the Program Manager, Catherine McAndrew.

A monthly Womens' Exchange Bulletin will be published to announce each month's exchange opportunities. Be sure to look for these bulletins posted on the various bulletin boards throughout the department and in the field offices.

Doris V Alexis
DORIS ALEXIS
Deputy Director

Catherine D. McAndrew
CATHERINE D. McANDREW
Program Manager