

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 system.

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.