

TESTIMONY OF SHARON A. HARRINGTON
CHIEF ADMINISTRATOR
MOTOR VEHICLE COMMISSION
Tuesday, April 25, 2006

Thank you Mr. Chairman and members of the committee for your time and attention this afternoon. It is my privilege to represent the Motor Vehicle Commission today, and to take part in this important and necessary process. Each day, the Motor Vehicle Commission comes closer to being the model for excellence we all envision.

HISTORY

Given that this month was our organization's centennial, it was an appropriate time to celebrate – while spending zero state dollars, mind you: I do sit on the Ethics Commission – because of where expectations for this organization are today and where MVC is going. I was honored when Governor Corzine visited MVC headquarters and joined me in celebrating this milestone on April 11. He recognized our hard work. Like you, he demands even more.

Completed improvements and enhancements, and those underway or in the planning stages, started with the Fix DMV Commission. It was that group's work that led to the Security and Customer Service Act. But it is the Legislature's support that keeps us going. And I thank you for that.

As you are aware, our Fix DMV mandate was to make significant, sustained security and customer service enhancements statewide. We were asked to enhance every part of our operation. The Act created a whole new structure. Implementation required thoughtful planning and a real change in customer service and security. And in the years since its passage, positive change has occurred.

I represent an agency that has transformed itself. However, our efforts do not end here. There is still more we can and will accomplish in security and customer service.

SECURITY

Clearly, based on many of our responsibilities and functions, MVC is among those that form New Jersey's front line of homeland security. We understand the importance of this duty and appreciate accountability. Diligence describes our work around the State every day.

Our own front line is comprised of more than 800 motor vehicle agency employees who sort the real from the fraudulent. They ensure that people passing documents at the motor vehicle counter are the people who they purport to be. We issue between 8- and 10-thousand Digital Driver Licenses (DDL) each day, and during that process, thoroughly review thousands of documents.

Official documents provide access and can silence suspicion. Keeping official documents from people who are not legally entitled to them is MVC's most important task. It is a key component to securing this state and the nation.

CUSTOMER SERVICE

And yet we have a duty to serve our customers well. This balance is sometimes difficult to strike. However, simply put: We are the face of State government. Our tax dollars are at work in the public view every day – when we do not meet customer service expectations, you hear from your constituents. How we conduct business reflects on you and your commitment to your constituents. Know that our daily transactions with the state are always completed with that in mind. Our planning is done with that in mind. Our reform is done with that in mind.

FISCAL RESPONSIBILITY

Every success I mention today, and every plan for future success I am going to speak of, is the result, not only of careful planning and implementing sound policy, but also of fiscal responsibility.

MVC brings in almost 1-billion dollars each year in fees, surcharges and other payments. We collect revenues in specific categories, as set forth in the Motor Vehicle Security and Customer Service Act. From these revenues, we receive a proportional split of the revenue categories: It's approximately 37 percent or about \$200 million each year. The balance goes to the General Fund.

For years, MVC's predecessors – DMV, MVS – were short changed. Service and security suffered. Today's motor vehicle organization is not short changed. We have stable funding and intend to keep it that way. It is sufficient, mandated funding that drives our reform and our vision to be the model for excellence in motor vehicle services. We plan strategically for capital projects and for all aspects of the reform effort knowing that a dedicated, mandated funding source exists.

PROGRESS

Our progress has been well documented in the news media – and we all know, as public figures, that everything in the news media is accurately portrayed. In this case, it has been. This progress has also been documented in our own bi-annual reports, which are mandated by the Act.

Last month, I believe you each received, by e-mail, our latest report. I agree with your colleagues that in this day and age, digital is doable. It is responsible and efficient. For each future report, expect an e-mail attachment and not a printed copy of our reports. Our March 30th 2006 Report was also posted to our Web site, like the five previous reports were. This is only one of the routine moves we make to increase our presence, accessibility and accountability with the public.

I'd like to briefly detail some of the other additions to our organization over the last three years that have made a difference.

LEASE – Law Enforcement Agency Security Enhancement

Uniformed law enforcement officers present a formidable, visible deterrent to fraud. Today, MVC continues to fund a program we instituted in 2003. The program has grown and we continue to negotiate with municipal and county officials throughout New Jersey to bring uniformed police officers to every motor vehicle agency. In 2003, just one facility had a uniformed police presence through this important security program. Today, there are 29 agencies with this presence. Our organization contributes \$112,000 annually to these agencies.

Employee and Document Fraud Arrests

Through LEASE and through MVC's partnership with the State Division of Criminal Justice, law enforcement authorities and MVC investigative personnel work in conjunction everyday. These relationships are strong, relevant and prosperous, though not necessarily for criminals.

Customer and employee arrests for fraud and other crimes at motor vehicle agencies continue. You likely have seen recent news coverage of customer arrests. While these instances are always disappointing, it points to MVC's continued vigilance. These investigations continue, and while I'd like to say there will be no more similar news stories, like every organization, a bad apple slips through the cracks occasionally. We continue to perform background checks on every employee through digital fingerprints and law enforcement databases.

In July 2003, MVC hired its first Director of Security to oversee all security matters throughout the commission. Today, our security director is the former lead special agent in charge of the FBI in New Jersey.

Nearly 2,500 individuals, including 61 employees, have been arrested since January 2003. These numbers are shocking. But they show our diligence. A vast majority of those arrested attempted to use or sell fraudulent or improperly acquired documents. Others were part of fraud rings, enriching themselves on the public's dime. These are the most disturbing arrests. Recently, a man arrested for running one of these rings was sentenced to 46 months in prison.

Enhanced Surveillance

Another conspicuous security enhancement is security cameras in all 45 Motor Vehicle Agencies (MVA) and the four Regional Service Centers (RSC). They are a visible addition to MVC security and, like uniformed police officers, a deterrent to fraud. These cameras are an invaluable investigative tool. In every case, the cameras are used only for investigative purposes and have helped MVC in countless investigations. Without a doubt, MVC's facilities are safer today than ever before.

DDL

The foundation of ID security is New Jersey's Digital Driver License. We have come a long way. Today, more than half of the state's 6 million drivers have the DDL. By July 2008, all of them will.

New Agency Business Process

Three years ago, we instituted a new agency business process that promotes efficient visits for customers. Today, before any customer waits in line for service, an MVC greeter checks their paperwork and directs them to the proper line. Our greeters tell them what they need.

This new, retail-like process has improved both the security surrounding the driver license issuance process and customer service. It helps MVC balance security and customer service. The new process moves customers to transaction windows by transaction type. We have a registration express line. Other windows are for driver license and title work. Managing the flow of customers has led directly to stable, acceptable wait times in most cases.

Saturday Hours

In January 2004, motor vehicle agencies throughout state re-opened their doors for business on a Saturday for the first time in 14 years. More than two years later our customers continue to welcome this option - thousands visit MVC every Saturday.

MVC Contact Center

Our new telephone system works well. We instituted this system in October 2004. It has virtually eliminated busy signals. It has been a cornerstone of our customer service improvements. Our customer service representatives answer more than 3-million telephone inquiries each year from your constituents. Since its inception, the Contact Center produced immediate positive results. We've been able to assist almost 66,000 more callers each month compared to before the system was put in place. MVC receives more than 265,000 inquiries each month. Of all the calls we receive, about .01 percent hear a busy signal.

MVC also has Spanish-speaking representatives in two busy areas, General Information and Suspension & Restoration (driving privilege suspension and restoration). Beyond that, MVC has 28 subject-specific skill groups. Our goal is to have at least one Spanish speaker for each skill group.

Online Services

Customers like convenience and the Web is convenient. MVC's Web site provides that convenience to more than 400-thousand visitors who reach our site each month. More and more, they find what they're looking for. To add to this convenience, MVC introduced several new online applications shortly after the organization was formed. These applications assist customers in understanding new requirements. For instance, one application continues to help customers prepare a list of documents they will need when visiting an agency to meet 6 Point ID Verification. A second generation of this application was launched this February.

Seven-Year Master Plan

In December 2004, MVC received Standard & Poor's Corporate Value Consulting's Siting Study Recommendation Report. S&P analyzed every MVC facility and formed dozens of recommendations to improve MVC operations statewide based on nearly 7,500 staff and customer interviews. MVC is close to completing a full report analysis, led by our Facilities Management Division and the organization's operation Divisions in collaboration with the Department of Treasury. The result will be a thorough facilities Master Plan. Projects in this soon-to-be-completed plan are capital projects. They will help MVC improve customer service processes and enhance MVC's facilities for employees and customers.

Driving Schools

To increase efficiency and enhance services, MVC started an accreditation program for private driving schools around the state. Schools meeting MVC's strict requirements can offer written and vision testing services to their clients. This not only provides our customers with another option, but also reduces the amount of time they must spend at an MVC facility to obtain their license. Presently, we have 29 accredited driving schools offering both the written and vision tests. A few others provide one or the other. It is our goal to increase the number of accredited schools as we move forward with this program.

RECENT ACCOMPLISHMENTS

As you can see, MVC has come a long way. Those are among our most important accomplishments since the organization was formed in 2003. Now, I'd like to speak about more recent achievements.

Ongoing Security Agenda

MVC's agenda is to continue progress in turning what was once an "easy target" for the criminal element into a safe, secure and well-monitored state agency. To do that, our security agenda is multi-faceted. Agency employees continue to be trained as effective spotters of document fraud by an individual who trains New Jersey state troopers and Homeland Security employees to do the same thing. His name is Joe Vasil. His is a recognized expert in his field and I am proud to work with him.

This training, however, is only the tip of MVC's security spear. I spoke earlier about other integral elements, such as uniformed police, internal audits and security cameras. Together, these tools are helping to eliminate fraud at MVC agencies and everywhere MVC does business.

The most important thing MVC does is to remain vigilant. We continue to work with local police departments the State Police and investigators from the Division of Criminal Justice. Together, we're making a difference. In March, DCJ, MVC, the State Police and local law enforcement toppled a fraud ring that was providing real DDLs to ineligible applicants. That investigation, and others, continues today.

These are the types of measures MVC makes every day to ensure that our driver license remains one of the country's most secure. I'd be happy to speak offline with you, in

consultation with our security director, Ken Shuey, more in-depth about our security measures.

The Real ID Act

New Jersey remains poised to comply fully with the federal Real ID Act, which establishes regulations and standards for the issuance of driver licenses by states. These regulations and standards are not yet set in stone, which leaves New Jersey, along with the other states, unclear about what is expected of us. That makes it difficult to pin a dollar amount on what it will take to comply. I will keep you posted when that information is available.

In the mean time, MVC has taken part in work sessions to define "compliance," most recently in Baltimore, where Mid-Atlantic States gathered earlier this year with federal government officials and those from the American Association of Motor Vehicle Agencies (AAMVA), our national association. AAMVA is comprised of federal, state and transportation industry motor vehicle stakeholders. States must comply with the Act by May 2008.

The Fix-DMV reforms MVC implemented during the past several years will provide the foundation for New Jersey's compliance. Already, our digital license is obtained through an accepted ID verification process and motorists' driver licenses expire with any federal immigration status they may have. Additionally, MVC maintains an online, real-time connection to the Social Security Administration. MVC knows the Act will impact New Jersey's driver licensing system in several important ways.

Continued cooperation with AAMVA and federal authorities to determine operational impacts, as well as the feasibility of the implementation of new systems by May 2008, is necessary.

New Dealer Regulations

In January, MVC adopted improved regulations that govern how motor vehicle dealers operate in New Jersey. These changes, which took effect on March 6, were long sought by law enforcement and consumer protection officials.

I see these amendments as necessary customer service and security enhancements. New Jersey's antiquated regulations left consumers vulnerable to fraud and abuse by such dealers.

Among other new provisions, the new regulations mandate additional background screenings of license applicants and their employees, excluding anyone who has been convicted of fraud. This provision is designed to prevent out-of-state applicants who are unqualified for licenses in their own state from being licensed in New Jersey. New Jersey's and New York's law enforcement community, as well as the federal government, have made a strong effort to tighten regulations. New Jersey's Divisions of Consumer Affairs and Taxation both supported the changes. These regulations are a powerful new tool for New Jersey consumers' benefit and security.

6 Point ID Verification,

What can I tell you about 6 Point ID Verification that you do not already know? One key point is that states across the country are copying our policies – and not only to get in line with Real ID requirements: Also because this policy works.

If you have a birth certificate, an old-style New Jersey photo driver license and an ATM card, you've made it. Provide address verification with a credit card bill, property tax statement or rental agreement, supply your Social Security number and you're done for four years.

Please know that MVC is not looking to make it difficult to obtain a license. We send renewal applications about three months in advance. I believe this is plenty of time to compile your documents, or obtain new ones. I understand that your constituents sometimes have difficulty with this policy, but understand that MVC is more than willing to work with motorists who have legitimate problems meeting these requirements.

If a motorist cannot track personal documents down, each of our 45 agency managers has the ability to issue exceptions. Please note, however, that these are rare instances and that's why they're exceptions.

Rutgers University/Eagleton Customer/Employee Study

On the customer service front, in October 2005, the Center for Public Interest Polling (CPIP) at Rutgers University completed a study designed to gauge key MVC stakeholder groups' satisfaction. The study surveyed individual customers', business partners' and MVC employees' experience. Rutgers / CPIP formed customer focus groups, conducted 1,500 telephone surveys and completed a confidential Web survey that was also available to employees through the mail. The final data were presented on October 18, 2005.

These results are helping steer MVC in its mission to provide the best in customer service while integrating superior business processes and enhanced security in everyday operations. Survey results and focus-group discussions reflected a vast increase in the level of stakeholder satisfaction with MVC services from the previous survey, which CPIP conducted in 2003. In fact, a comparison between the results of the 2005 and 2003 studies highlights a credible, significant improvement in stakeholders' perceptions of MVC.

Some survey highlights include:

- Nearly eight of 10 individual customers surveyed praised MVC staff as efficient, courteous and very helpful, representing an approximate 13-percent increase from 2003 in the aggregate rating of these three categories.
- Increased hours of operation earned MVC a "very convenient" rating, up to 63 percent from 51 percent, in just about two years.
- There was a lower median reported wait time at MVC agencies, to just 10 minutes, down from 20 minutes in 2003.

- A key finding also showed the need for MVC to provide consistent levels of service.

MVC is working on providing consistent information from facility to facility. The survey found that MVC was inconsistent in this facet of public information. The survey of 1,100 MVC employees revealed strikingly positive results with a majority expressing satisfaction with their jobs in general. We'll continue to survey our stakeholders, using 2003 and 2005 as benchmarks for our improvements.

New Facilities/Renovations

I mentioned our Siting Study earlier and the analysis of all our current facilities. This was the complete analysis of our facilities by Standard & Poors. Today, MVC is more than a year into renovating and relocating our facilities for the purpose of reducing costly month-to-month leases.

For instance, we have relocated facilities in:

- Cardiff in Atlantic County, which replaced an out-dated facility
- Runnemede in Camden County, which replaced a too-small facility in Haddon Heights
- Mt. Holly in Burlington County, which replaced an out-dated facility
- Manahawkin in Ocean County, which replaced an out-dated facility

Our renovated facilities are:

- Somerville in Somerset County
- Camden in Camden County
- Toms River in Ocean County
- Randolph in Morris County

We know that our employees and customers deserve top-notch facilities with the latest technology, and we will continue working to provide these locations.

6-Year DDL/Volume Spike

MVC's biggest challenge this year at our motor vehicle agencies is the influx of more than 2-million driver license renewal applicants. This is what we call the Volume Spike. Every two years, more than 2 million drivers need renew their license. The other two years of New Jersey's license cycle are, in comparison, very low.

This occurred because of years of different license terms left a legacy of two high-renewal years and the two low-renewal years. This legacy was exacerbated in 2004, when MVC stopped renewing licenses by mail for security purposes. To ensure that the long lines of the past did not come back to haunt us, MVC undertook several solutions.

First, we purchased more Digital Driver License cameras, and moved others, to high-volume agencies. We continue to undertake a massive public information campaign, letting motorists know that if they wait until the end of the month, they may find themselves in an agency with a lot of other procrastinators. Lastly, to help in the short

term, we're working on a Web-based agency wait time page, so motorists can check our Web site to see which agency is busy in their area, and which is not. Long term, we're issuing a one-time 6-year DDL to about 800-Thousand motorists between now and December 2007. This will effectively even out annual renewal numbers to about 1.5 million motorists.

This is a manageable number. This is an intelligent solution.

Mail Room Equipment

MVC looks to refine even the simplest tasks through greater efficiency.

Until 1996, MVC employed an antique mail pre-sorting system. More than 14 million out-going pieces were sorted annually. The bar-code reading equipment, first used by MVC in the early 1980s, became obsolete by the mid-1990s, paving the way for a change in the mail-processing system.

Last year, MVC acquired a new sorting system—known as OPEX—that immediately produced a speedier, more modern mailroom. MVC has saved—and will continue to save—at least 7.5 cents per piece of mail sent. With more than 14 million individual pieces originating at MVC each year, savings to New Jersey taxpayers are significant. In FY2007, a savings of \$760-thousand will be realized.

School Bus Inspection Records Online – For parents, for peace-of-mind

School bus inspection records are now available online at MVC's Web site, another example of MVC's commitment to streamlining bureaucracy and facilitating customer services.

Our School Bus Inspection Unit's record keeping previously relied on paper filing. To find these records, MVC scoured two years of inspection paperwork for each of New Jersey's nearly 24,000 school buses, paperwork the organization stored in more than 30 filing cabinets.

MVC's operations managers rolled-out the system in September 2005, when the first results of completed school bus inspections were made available. With a click, anyone from businesses and districts reviewing its own records to parents looking for the safety record of their child's school bus, can easily access this information at www.njmvc.gov, MVC's home on the Web.

Online Restoration Payments – Another Web addition

Motorists started paying driver license restoration fees online in December 2005.

Before this latest Internet innovation, a driver whose license had been suspended was required to visit one of four Regional Service Centers (RSC), located in Wayne, Eatontown, Trenton and West Deptford. In total, more than 18,000 restorations were transacted at those facilities each month in 2005. Since the program's debut, MVC has

collected more than \$170,000 in restoration payments online. Each restoration payment is \$100.

With fewer visitors to RSCs, more time is available every day to handle more complex, in-person transactions that many MVC customers require. Additionally, cumbersome paperwork has been eliminated, saving MVC unnecessary handling costs and filing time.

The Affordability and Fairness Task Force

Convened in February 2005, the Affordability and Fairness Task Force had a mandate to research and explore a prevailing perception that in New Jersey, driver license and registration suspensions were on the rise.

Creation of the Task Force was outlined in the law that created MVC, the Motor Vehicle Security and Customer Service Act of 2003. The 17-member Task Force investigated and analyzed the social impact of driver license and registration suspensions, as well as issues of motor vehicle-related safety, insurance and finance. Public hearings were held in Atlantic City, Camden, Newark and New Brunswick, all locations with easy access to and from public transportation.

The four public hearings were relatively well attended, and e-mail comments were accepted from the public through MVC's Web site over the course of the Task Force's 12 month charge, as well as through written and mailed comments.

Its conclusions include 21 recommendations. Those recommendations seek modifications to New Jersey's suspension system. Each requires legislative, regulatory or statutory changes. MVC is committed to working with the Legislature, other groups and individuals to ensure that the Task Force's work continues. A download of the Task Force's report is available at www.njmvc.gov, MVC's Web site.

Ongoing/New projects

Web site redesign

Before 2006 ends, MVC will be live with a completely revamped Web site. This capital project will bring even more efficiency to our customers. Not only that, but it will drive even more customers online, not in line, at our agencies.

MATRIX

"MATRIX," MVC's most broad-based and long-term project, is the major component of this organization's drive to fully modernize and economize. Both internal processes and customer transactions will benefit greatly from "MATRIX," an acronym for Motor Vehicle Automated Transaction (TRX) system.

Today, we have an antiquated, sometimes unruly computer system. In the future, we will have MATRIX. It will replace MVC's existing systems, which are more than 20-years old, and process core business transactions, such as licenses, registrations and titles. MATRIX will incorporate important everyday improvements, such as a relational

database, an increase in Web-based services, e-mail integration and much more. Again, MVC just awarded an RFP to oversee this multi-year endeavor.

Next Generation Inspection

New Jersey's inspection stations have long been MVC's third rail. As you may recall, in the past, there have been some problems. Today, though, everything is all ironed out and working smoothly.

However, our contract with Parson Infrastructure, which has run the stations for several years, expires next summer. Right now, we're planning the next generation inspection program for New Jersey.

New Jersey's current system is a two-tiered safety and emission system. MVC is committed to an efficient and open public process to determine what the new system will look like, if it changes from what we currently have. To that end, MVC has held two public stakeholder meetings – on November 30, 2005, and January 30, 2006 – which brought together MVC, DEP and dozens of inspection-system stakeholders, including private emissions and safety repair facilities.

With that and other integral, diverse input in mind, MACTEC, the state's contractor in this process is near completion in providing the state with potential options for New Jersey's next inspection system.

CONCLUSION

I want to thank you Mr. Chairman and the members of the committee for inviting me to appear today. I value the Legislature's ongoing support and look forward to working with you throughout the remainder of the budget process and beyond. I will be happy to take any questions you may have at this time.