

Question: Please provide the committee with a report on the efficiency measures and savings initiatives the Commission has implemented.

Answer: The MVC is continuously evaluating its business processes in order to determine efficiencies. Within the least year, MVC expanded its customer services, providing greater efficiencies which began with the unanticipated closing of the Wayne Regional Service Center in February. This action yielded an annual lease savings of \$800,000. Six northern New Jersey agencies successfully began offering the services once provided by Wayne 23 which included handicapped plates applications, vehicle title processing, driver conferences and fee payment assistance. Greater customer convenience was achieved without additional staffing or facilities. This is the path the Commission will continue in the years ahead.

MVC will continue with the expansion of services previously offered only at Regional Service Centers and the Trenton Office Complex to full-service locations created through our Capital Program. These full-service agencies will allow the Commission to evolve and respond to the ever-changing needs of customers and to develop centralized locations for the entire gamut of motor vehicle services. Including the new Freehold Agency, which opened in January of this year, the MVC will develop new facilities in Flemington, South Brunswick, Randolph, and Rahway. In total, more than \$3.5 million dollars in lease agreements will be eliminated upon the opening of all our planned sites over the next several years. These construction projects, built on State-owned land and co-located with vehicle inspection stations, are funded through bond proceeds.

In addition, the MVC has also streamlined operations through the regionalization of driver testing services. With driver testing essentially a once-in-a-lifetime event, the MVC consolidated five of the lowest-volume road test sites (Millville, Newton, Southampton, Winslow and Washington) into other locations. This was a wise business decision that helped to reduce costs and eliminate ongoing staffing concerns. In another effort to address savings a decision was made by the MVC to eliminate late night hours in motor vehicle agencies. This decision resulted in both a reduction in the hours of part time employee's work weeks and a reduction in related overtime expenses resulting in a savings of \$4.6 million.

The Fiscal Year 2009 Appropriations Act included a \$25 million reduction in statewide spending. The MVC made certain policy decisions which allowed the Commission to reach its assessed amount of \$1.675 million by:

- Eliminating duplicate purchases of legal manuals;
- Reducing printing costs by placing manuals and other documents on our web site;
- Limiting office supply purchases in order to avoid "stock piling";
- Limiting clothing purchases to only items necessary for health and safety; and
- Limiting upgrade purchasing and new initiative purchasing for facility related items.

The MVC has also taken responsible measures to reduce its fleet. Over the past four years, the Commission has reduced our fleet by over 20% and evaluated vehicle usage.

This reduced the number of individually assigned cars by approximately 20%, resulting in savings of \$1.5 million.

Whatever the project or initiative, the Commission recognizes that while investments are necessary to ensure the sustainability of the MVC, responsible financial management of these critical endeavors is essential. The MVC actively sought and received valuable federal grants in the amount of \$4.6 million that help fund comprehensive computer reform projects related to the Motor Vehicle Automated Transaction System (MATRX), a new driver testing system and the Enhanced Digital Driver License (EDDL) program.

Since FY2007 the MVC has reduced its FTE's by over 400 positions which has resulted in significant savings of salaries and fringe benefits. Coping with these human resource limitations required the MVC to once again reexamine its entire operations and undertake an organizational realignment in March 2009. The realignment was designed to better utilize managerial level employees and support staff, realign or merge units within divisions and create an overall structure that best serves MVC customers. The MVC, in coordination with the Civil Service Commission, is attempting to modernize several civil service title series through a consolidation and broadening of responsibilities that would provide greater flexibility and opportunity for both the Commission and our employees.

Recently the MVC has begun a project to eliminate paper processing by digitally scanning documents at the point of origin. The project is moving forward as a proof of concept at the Hazlet Agency. Future approximate savings of \$2.5 million from labor, shipping and storage is anticipated after the first year of full implementation, once the proof of concept is approved and the MVC moves forward with this project.

The cost of the new contract for the Enhanced Inspection and Maintenance Program (I/M) at the central inspection facilities (CIFs) was reduced from \$29.34 to \$21.95 per inspection. The State originally anticipated savings of \$56 million over the length of the contract however; these savings have been adjusted to \$40.1 million due to the increase in the number of inspections at the CIFS as compared to the contractual inspection count. The Commission did not anticipate savings in FY 2009 due to the purchase of new equipment, in the lanes and support for the current vehicle identification database (VID) and the costs for development of the new vehicle identification information system (VIIS). Net savings for FY 2010 are projected at \$6.7 million and FY 2011 through FY 2012 are projected to be \$12.5 million annually.

Our FY 2010 Budget projects an overall reduction of \$8.9 million. MVC will continue to work to streamline our processes and reduce operational costs, consolidate locations and expand services where possible, reduce the number of leased facilities, enhance technology to help our customers and create a flexible workforce during these tough times

State Benchmark

Transaction Type	State and Fee collected							Other States	
	N. Carolina **	S. Carolina **±	Pennsylvania	New Jersey	New York *	Michigan **	Illinois	Low	High
Service Provider	State, Local & Private	Local & Private	State & Private	State Only	State & Local	State Only	State Only		
# of Drivers	6,315,667	3,067,747	8,526,204	5,834,227	11,146,367	7,112,992	8,071,253	390,538	23,021,279
# of Reg.Vehicles	6,301,436	3,453,843	9,894,163	5,957,988	11,283,896	8,154,235	9,876,246	219,105	33,182,058
Auto license	\$ 16.00	\$ 10.00	\$ 33.00	\$ 24.00	\$ 72.00	\$ 25.00	\$ 10.00		
Auto permit	\$ 15.00	\$ 4.50	none	\$ 10.00	\$ 60.00	\$ 25.00	\$ 20.00		
CDL License	\$ 60.00	\$ 12.50	\$ 73.00	\$ 47.00	\$ 104.00	\$ 25.00	\$ 60.00		
CDL permit	\$ 30.00	\$ 15.00	none	\$ 125.00	\$ 60.00	\$ 25.00	\$ 20.00		
Auto Reg.	\$ 28.00	\$ 12.00	\$ 36.00	\$ 21.00	\$ 56.00	\$ 131.00	\$ 78.00	\$ 8.75	\$ 298.00
Motorcycle Reg.	\$ 18.00	\$ 10.00	\$ 18.00	\$ 65.00	\$ 21.00	\$ 23.00	\$ 38.00	\$ 6.65	\$ 97.00
Truck Reg. 80k lbs	\$ 1,232.00	\$ 800.00	\$ 1,687.50	\$ 1,267.50	\$ 968.00	\$ 1,660.00	\$ 3,191.00	\$ 33.00	
Title	\$ 40.00	\$ 15.00	\$ 22.50	\$ 60.00	\$ 50.00	\$ 15.00	\$ 65.00	\$ 0.50	
Documents - Cert.	\$ 10.00	\$ 6.00	\$ 10.00	\$ 15.00	\$ 10.00	\$ 8.00	\$ 10.00		
Motor Vehicle Annual Property Tax	County Tax	County Tax and/or City Tax	None	None	None	Municipal Tax	None		
Source: Polk Manual (2009), Cambridge Systematics (2008), FHWA/USDOT (2007)									
* Proposed increases for their budget is 25% increase across the board which is projected to be \$180M in addition to revenue.									
**Motor Vehicle Property tax is assessed by state, county or municipality in addition to fees.									