

**FY10 BUDGET TESTIMONY
SHARON A. HARRINGTON, CHIEF ADMINISTRATOR
NJ MOTOR VEHICLE COMMISSION**

Good morning Chairman and members of the committee.

In past years, I, along with my colleagues from DOT and NJ Transit, have appeared before you and each discussed our accomplishments and achievements, projects and initiatives in the works and on the horizon and, most notably, the budgetary challenges we face as government agencies. But Fiscal Year 2010 brings an even greater set of challenges as we appear before you today. The focus of what the coming year has in store rests mainly on the challenges before us, how we have and will address them and the effect these challenges will have on the progress of our critical projects and initiatives.

When I look back in recent years, and take note of the dramatic turnaround at the MVC, I believe we have made good on the commitment that was made to New Jerseyans in 2003. Security levels have been greatly enhanced, customer service has been vastly improved and, time and time again, we have demonstrated that the MVC is a wise steward of limited public dollars.

For nearly six years, we have carefully reinvested in programs and technological and physical infrastructure projects that ensure a sustainable organization and enhance security and service levels. These strategically planned, long-range efforts are made possible through a portion of the revenue that the MVC collects annually.

One of the more recent service expansions that provided greater efficiency began with the unanticipated closing of the Wayne Regional Service Center in February. This action yielded an annual lease savings of \$800,000 dollars. Following the Wayne closing, six, northern New Jersey agencies successfully began offering the services it once provided. We have expanded our services, such as handicapped plates applications, vehicle title processing, driver conferences and fee payment assistance, to more locations. Greater customer convenience was achieved without the need for additional staffing or facilities. This is the path we will continue in the years ahead.

We will continue our expansion of services previously offered only at Regional Service Centers and the Trenton Office Complex to the full-service locations created by our capital program. These full-service agencies allow us 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 bonds. With key investments in both the physical and technological infrastructure, which were carefully planned and made during

a better economic climate, we are now able to make a contribution today that benefits our operations as well as private sector job growth in the state.

Over the last few years, MVC consolidations and renovations have focused on agencies and inspection stations where there were inadequate physical sites that limited the effectiveness of the MVC's ability to serve its customers. Two of the most recent positive moves involved our long-awaited return to the City of Paterson through a partnership with local government and the relocation of our Salem Agency to a modernized facility co-located with other government offices.

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. The consolidation also gives the MVC better utilization of human resources at high volume facilities through the additional staffing assigned from former low volume locations.

Whatever the project or initiative, we recognize 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 dollars that help fund comprehensive computer reform projects related to the Motor Vehicle Automated Transaction System (MATRX) and a new driver testing system.

Over the last two years we have reduced our staff by approximately 400 employees. 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.

While it may appear that the MVC has all the revenue it requires to sustain operations and fund critical projects and initiatives geared toward security, service and safety, it is important to note that much of the generated revenue supports the overall state budget. Dollar for dollar, New Jerseyans do get an excellent return on the revenue we collect and this return comes from the MVC and other government agencies.

The MVC collects approximately \$1.1 billion in revenues with about \$200 million dollars allocated to us as our primary operating budget. The remaining revenue generated via motor vehicle fees and surcharges, approximately \$850 million dollars, is allocated to the State Treasury for distribution to fund critical programs and services for New Jerseyans.

Going into Fiscal Year 2010, the MVC projects a surplus of approximately \$29 million dollars. However, if the MVC continues to fund critical programs for various state agencies, and if revenue continues to decline and costs continue to rise, it is projected that we could end Fiscal Year 2010 with a deficit over \$21 million dollars.

On January 13, 2008, amendments to the Motor Vehicle Security and Customer Service Act were signed into law authorizing the MVC Board to adjust certain fees and surcharges it collects. Many of the fees included for consideration have not been adjusted in decades, with some first enacted in the early part of the 20th Century.

To put this in perspective, the motorcycle registration fee was first enacted in 1921 and was last reviewed and adjusted in 1968. Certified copies of MVC notices and orders haven't been properly adjusted to reflect costs since the mid-1970s. For many other fees, it has been more than a decade since they were last changed. It is clear that our fee structure fails to accurately reflect 21st Century costs of doing business.

Under the 2008 amendment, the MVC board has the ability to look back only once to adjust certain fees and surcharges in order to reflect present day costs. Moving forward, the board's adjustment power is limited to one fee adjustment proposal per year, with a specific fee only permitted for adjustment once in a five-year period based on the Consumer Price Index (CPI). I believe these strict parameters are fair and keep the public's interest in mind.

From my first day at the Motor Vehicle Commission, I have maintained a responsive and effective organization that seeks to provide motor vehicle services in the most efficient manner in order to become a model of excellence.

We are an organization who has been credited year after year with vast improvements and a dramatic turnaround in a very short period of time. This turnaround has been possible through the unified effort of our MVC team along with responsibly focusing resources on core services and our customers. But as I say each year, we are not fixed yet.

As Chief Administrator, I will continue 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.

These are the actions of a government agency working for the citizens of New Jersey.

I thank you all for your support over the last six years and I look forward to it continuing as we follow our path of progress.