Good morning Chairman Sarlo and members of the committee.

I am Raymond Martinez, Acting Chief Administrator of the New Jersey Motor Vehicle Commission.

A lot has changed since the MVC last appeared before this committee with our state’s fiscal crisis coming to a head and requiring us to make even tougher decisions.

The MVC’s services are absolutely necessary to the everyday lives of all New Jerseysans, making any financial hardship that the state and its residents encounter have a greater impact on our operations.

We don’t lose site of the Legislature’s efforts to provide the MVC with a foundation to vastly improve motor vehicle services.

The MVC is the public face of government and with more than 25 million customer contacts each year, it is imperative that we continue to improve and enhance our organization.

With your essential and valuable support, the MVC maintains its commitment to security and service, effectively delivers its core services to customers (your constituents) and demonstrates itself to be a wise steward of their limited dollars.

Each year, the MVC has carefully managed its budget, reducing operating costs over the last three fiscal years (FY09 to FY11) by $90 million dollars through necessary reductions and critical decisions.

And in this coming fiscal year, the MVC, for the first time in recent history, will not operate with a structural deficit.

In preparing this year’s budget we took a comprehensive look at programs and services, considered impacts and benefits and made necessary reductions.

Already the MVC has sought internal ways to dramatically reduce costs to the amount of $5.1 million dollars through:

- Pricing reductions and better equipment maintenance deals
- Delayed purchases for non-essential equipment
• Reduced document imaging costs

• Reduced license plate production (due to the downturn in car sales)

• Trained staff to take on facility work typically outsourced to contractors (electrical, workstation construction, etc.)

The MVC is also looking to work smarter and get the most of its limited resources through a reclassification of civil service titles for approximately 1,700 employees, which will provide greater flexibility and allow more staff to handle a wider variety of tasks.

We are also working with sports franchises to sell licensed team plates – a service already offered by a number of other states.

Our efficiencies and reductions have put us in the right direction, but our efforts must go further, and they will.

The MVC has taken various steps to address security such as introducing the successful Law Enforcement Agency Security Enhancement (LEASE) Program, a partnership with local law enforcement and a private security firm aimed at preventing fraud, identity theft and other crime in our agencies.

This year’s budget constraints made it necessary to re-examine our LEASE Program, which contributed to the arrests of more than 430 individuals last year.

After careful review, we determined that a 25 percent reduction in program hours is feasible, while still meeting our security goals and saving more than $1.1 million dollars.

In addition, we are moving public services out of the Trenton Office Complex at 225 East State Street to our full service center on Stockton Street and reducing the number of security officers stationed at the TOC from seven to three.

This move reflects a planned decision to limit public access to our operational headquarters and will provide a savings of $155,000 dollars.

When we looked at lower volume Monday hours and compared them to half-day Saturday operations, we found that in a four-hour period, agencies conducted 20,000 more transactions per hour annually on the weekend.

Understanding the needs of your constituents, the MVC will eliminate Monday service in July 2010 and move to a Tuesday through Saturday operation, with an additional four and half hours added for Saturday customers and a savings of more than $4 million dollars.

Along with hours of service changes, the MVC will also begin preparing for the closings of four agencies in January 2011.
While no decisions have been made, we will review our agency portfolio, transaction volumes, customer impact, lease terms and other aspects in order to determine those agencies that will be permanently closed, yielding a savings of approximately $1.7 million dollars.

Already this year, we have or will eliminate leased locations around the state in favor of sites built on state owned land saving $225,000 dollars.

Lastly, with regard to vehicle inspections, our program consists of inspecting vehicles that are four years old or older with approximately 2.4 million inspections and re-inspections annually at centralized lanes run by Parsons and another 578,000 done by more than 1,100 licensed, private facilities.

Vehicles today are now manufactured to be cleaner and more energy efficient with less than six percent of them between the ages of 2004 and 2009 failing the emissions component of our inspection.

Given this information, and in consultation with the Department of Environmental Protection, we propose extending the inspection cycle of new vehicles from four to five years – a move that will save the state $5.9 million dollars annually and further reduce customer wait times.

Additionally, we propose another $11.5 million savings through the elimination of the mechanical review portion of the inspection process for all passenger vehicles and motorcycles.

Upon eliminating this component, New Jersey would join 29 jurisdictions, including California, Illinois and Connecticut, which do not require vehicles to undergo this review.

States, educational institutions and the National Highway Traffic Safety Administration have all studied the safety impact of mechanical inspections, including Connecticut, which found that crashes were overwhelmingly related to driver error and/or weather.

Data analyzing fatality rates per billion Vehicle Miles Traveled (VMT) shows no real difference when comparing a state that checks for mechanical defects to a state that does not.

Here in New Jersey, of 1.9 million initial vehicle inspections conducted annually at centralized lanes, only six percent are rejected due to more serious mechanical defects related to brakes, steering, suspension or tires.

The bottom line is that the safety impact information available to us is inconclusive and does not justify the nearly $12 million taxpayer expense of mechanical defect inspections, especially during this fiscal crisis.

The efforts and proposals presented here today are a realistic portrait of what New Jersey must do to gain control over its fiscal crisis.
Regardless of how tough these decisions are, I reiterate that the MVC’s commitment to its customers remains unchanged.

As Chief Administrator, I will maintain a responsive organization, expanding our technology, enhancing our services and maintaining a flexible workforce.

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

I want to thank you Chairman Sarlo, and members of this committee, for the opportunity to testify today.

I look forward to working with you as we address the many challenges now and in the future.

I’ll take any questions you may have.