April 27, 2016

Mr. Frank Haines  
Legislative Budget and Finance Officer  
Office of Legislative Services  
State House Annex  
P.O. Box 068  
Trenton, NJ 08625-0068

Dear Mr. Haines:

I wish to provide the following information on behalf of the Motor Vehicle Commission (MVC) as requested by Assembly Budget Committee Chairman Gary S. Schaer in his letter of April 20, 2016 regarding the April 13, 2016 budget hearing.

Assemblyman Wimberly:

*Please provide a list of vendors hired to complete MATRIX replacement contracts. For each contract, please identify the original MATRIX functionality to be implemented through the new project, the cost of the project and the expected completion date. Also, please provide details on the commission’s plans for future projects that will implement the remaining features of the original MATRIX project that were not realized through the original MATRIX project or the current round of replacement contracts. What is the timeline for the issuance of those contracts, the budgeted costs, and the process to be used in identifying vendors?*

The MVC’s Division of Information Technology is utilizing state employees and contract employees via an existing state contract with Computer Aid, Inc. (CAI) (and soon to be ACRO Services Corp.) to complete the Transformation Project. The functionalities being developed are as follows: Agency Replacement System, Multi-Scheduling System, Customer Abstract Information Retrieval System (CAIR), Securing Motor Vehicles Processes and Scanning SMPAS (REAL ID) and Commercial Driver License Information System (CDLIS) Modernization projects, all of which would have been built by former vendor Hewlett Packard (HP) in the MATRIX project. The CDLIS Modernization project has already been delivered to production successfully utilizing the new technology.
Budgeted Amounts and Durations:

Agency Replacement System
- $4.485M
- 2 years

Multi-Scheduling System
- $2.166M
- 1 year

Customer Abstract Information Retrieval System (CAIR)
- $7.022M
- 2.5 years

Securing Motor Vehicles Processes (REAL ID) and Scanning
- $9.610M
- 2 years

Commercial Driver License Information System (CDLIS) Modernization (COMPLETED)
- $2.01M
- 2 years

Assemblyman Schaer:

*New Jersey has consistently ranked in the lower half of states for salvage title processing. After the Legislature passed and the Governor signed salvage title reform last year, what progress has the Commission made to more promptly transfer titles?*

New Jersey has expanded the processing of Salvage titles to eight (8) field agencies, in addition to our central office (Trenton). Also, meetings have been held with the major salvage companies to address their concerns and offer options to have work processed in as short a time as possible.

*What is the current status of the commission’s investment into an electronic lien and title system? Please identify any contract issued or planned to be issued in relation to the establishment of an electronic lien and title system, including the projected cost of the project and projected completion date. When will the commission be able to implement an electronic lien and title system?*

No contracts have been issued and a definitive completion date has been established.

*With the passage of legislation to allow for electronic proof of insurance, is the Commission currently capable of instituting an e-verify system to curtail fraudulent activity at the site of incident or traffic stops?*

The electronic proof of insurance legislation that was signed into law allows drivers to display insurance cards electronically as opposed to carrying the paper certificate. Insurance e-verify is not addressed in this law.
Leaders in the autonomous vehicle market are leaving New Jersey for other states with more detailed regulations and allowances for testing their technologies. What are the Commission’s plans to have make New Jersey a competitive market for the research and development sectors of the autonomous vehicle market? What actions will the Commission be taking on its own to foster this market and what actions, if any, would the Commission like to take but cannot without legislative action?

Currently, New Jersey statutes do not contemplate a driverless vehicle or a vehicle driver or operator who is not properly licensed under the existing licensing requirements, although certain features (for example, parking assist, lane assist, and rear cameras) are not illegal. In order to draft comprehensive regulations, the MVC would need guidance from the National Highway Traffic Safety Administration, which has not yet been developed. Without guidelines from NHTSA, the MVC would only be able to draft general guidelines for this emerging technology, and it would be difficult to specify insurance requirements, safety standards, registration requirements, etc., without the benefit of established federal guidelines.

For major driving offences, i.e. those involving alcohol, what would the budgetary impact be for the Commission to provide notifications to insurers upon convictions of said offenses, instead of the insurers being required to purchase a full driving history report from the Commission?

Requirements would need to be expanded to provide the ability for a CAIR customer to identify the specific types of events to be included as part of the notification process. Costs could increase if notification must be provided to additional external partners. Currently, the overall CAIR budget is $7 million. The revenue impact of providing solely “driving under the influence” (DUI) notifications at no cost would result in potential lost revenue of approximately $292,000.00 based on a conviction rate of 24,313 in 2015 x $12.00 (current per record cost for commercial customers) per DUI event. It should be noted that fees to be charged for an event notification would need to be determined as an event notification is not considered an abstract.

The Chief Administrator testified in FY2016 that the budget for the Commission included five projects, of reasonable scope, to be completed with a combination of in-house staff and vendors to “migrate off mainframe.” The Commission identified four major projects in addition to completing the Commercial Driver License Information System Modernization. The four projects are: Agency Replacement System, Multi-Scheduling System, Customer Abstract Information Retrieval System (CAIR), and Securing Commission Processes and Scanning.

a. What is the status of the five projects discussed by the Commission Chief? Administrator during the FY 2016 budget process?

One project is complete and the remaining projects are currently being developed. Please see responses to question #1 above.

Is there an implementation schedule? - Yes

Are these projects on time? - Yes

Are these projects on budget? – Yes
b. What is the budgeted cost for these projects?

Agency Replacement System - $4.485M
Multi-Scheduling System - $2.166M
Customer Abstract Information Retrieval System (CAIR) - $7.022M
Securing Motor Vehicles Processes (REAL ID) and Scanning -$9.610M
Commercial Driver License Information System (CDLIS) Modernization (COMPLETED)
  ▪ $2.01M
  ▪ 2 years

How much is allocated in the FY2017 budget for these projects?

The FY17 budget for these projects is $10.45 million.

c. Given the complete failure to implement the MATRX project, what assurances can the chief administrator provide to this committee that these projects can be successful?

The ultimate failure of HP to implement the MATRX project as contracted with MVC has provided valuable insight into the Commission’s project planning and implementation going forward. MVC has already successfully delivered the CDLIS Modernization project and the same technology, development methodology, and resources are being utilized to deliver the remaining four projects.  
d. What vendors have been hired for these projects?

The MVC Transformation Project is not a vendor-driven solution. This project is being developed and managed by MVC’s executive staff and staff within the MVC’s Division of Information Technology. Staff augmentation for technical skills as needed on a supplemental basis is accomplished via existing state contracts – CAI and ACRO as stated in questions #1.

Are any of the same staff or vendors being used to oversee, manage, or implement these projects?

No

e. What projects will be needed after these five projects are complete?

The MVC’s executive team will set priority based on operational needs as well as legislative mandates.

f. What is the revised schedule for the completion of these projects?

There is no revised schedule for these projects.

g. What are the institutional issues that make it so difficult for the commission to upgrade its system?

The regulatory and procurement process often impede the agency’s ability to adapt in a timely manner to the fluid nature of technology and customer service.
The Budget (page D-351) states that "Notwithstanding the provisions of section 105 of P.L. 2003, c. 13 (C:39:2A-36) or any law to the contrary, $101,553,000 is appropriated from the revenues appropriated to the New Jersey Motor Vehicle Commission for deposit in the General Fund to reflect continuing savings initiatives, subject to the approval of the Director of Budget and Accounting. Can you specify the savings realized to account for this excess of DMV funds? Why is this money not being reinvested in MVC needs?"

The MVC continues to monitor programs and related expenditures for operational efficiencies and potential savings. In 2011, the Commission enacted reductions that included, but were not limited to, the standardization of purchasing processes, elimination of positions, lengthening of the vehicle replacement cycle and reducing overtime. These budgetary reductions yield an annual savings of $25.75 million. In addition, revenues were used towards inter-departmental property rental charge for the Trenton Office.

Please let me know if you, or the members of the Assembly Budget Committee, have any questions regarding this information.

Sincerely,

[Signature]

Raymond P. Martinez
Chairman and Chief Administrator

RPM/RM/rmg

c: Jeanne D. Ashmore, Deputy Chief Administrator, MVC
  Richard J. Miller, Deputy Administrator of Finance and Administration, MVC
  Kate Tasch, Deputy Administrator of Regulatory and Legislative Affairs
  Robert Grill, Deputy Administrator of Agency Services
  Donna Pennabere, Deputy Administrator of Business and Compliance
  William Kelly, Director, Financial Management, MVC