

The Better Automotive Repair Program

Review of a Pilot Project

Office of the Legislative Analyst
September 1987

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Introduction

Introduction

This report was prepared pursuant to Chapter 815, Statutes of 1982 (as amended by Chapter 703, Statutes of 1985), which requires the Legislative Analyst to submit a report to the Legislature evaluating the program effectiveness and costs of the Better Automotive Repair Program. This program is a pilot project for the voluntary certification of automotive repair garages.

In enacting Chapter 815, the Legislature initially limited the program to a specified area in northern California in order to secure operating experience before deciding whether to expand the program statewide.

The primary goal of the Better Automotive Repair Program's pilot project is to assist motorists in finding competent garages that backup their work. The pilot project was patterned after the Approved Automotive Repair Service (AAR) programs previously established in California by the American Automobile Association (AAA). Implementation and administration of the program is the responsibility of the Bureau of Automotive Repair in the Department of Consumer Affairs.

Specifically, the Legislative Analyst's report is to address:

1. Pilot project costs;
2. Pilot project effectiveness; and

3. Applicability of the program for statewide use, or for limited use in portions of the state.

This report is submitted in response to the above requirement. The Executive Summary sets forth our findings, conclusions and recommendations on whether the program should be expanded statewide. Chapter I provides an overview of the pilot project, including its implementation and project requirements. The AAA Approved Automotive Repair Service program is also discussed. Chapter II evaluates pilot project costs and effectiveness.

We wish to express our appreciation to the staff of the Bureau of Automotive Repair for their assistance in providing information necessary for the preparation of this report. In addition, we wish to thank Mr. Maury Kramer of the Automobile Club of Southern California and Mr. Donald Felts of the California State Automobile Association for their assistance in providing information on the AAA automotive repair programs.

This report was prepared by Danny Alvarez and Marilyn Bybee under the supervision of Wayne Keithley and Hadley Johnson. Secretarial services were provided by Judy Cashner. The report was formatted for publication by Suki O'Kane. ♦

Executive Summary

Executive Summary

California's 17.5 million licensed drivers pay about \$7 billion annually to maintain and repair 17.6 million automobiles and pickup trucks. These repairs, which cost an average of \$500¹ per vehicle per year, are performed primarily by about 40,000 automobile repair garages.

In 1982, the Legislature, recognizing the need to assist motorists in finding competent automobile repair garages, established the Better Automotive Repair Program. In taking

this action, the Legislature limited the program to a pilot study project to determine the feasibility of providing for voluntary certification of automotive repair garages on a statewide basis. The pilot project area was to include portions of six counties surrounding Sacramento. Responsibility for implementation and administration of the pilot project was given to the Bureau of Automotive Repair in the Department of Consumer Affairs.

Findings

Our analysis of the state pilot project reveals the following:

- **Public Awareness Efforts Appear to be Ineffective.** After almost three years of pilot project operation, motorist surveys indicate that public awareness of the state pilot project is low. This suggests that the bureau's public information and advertising efforts have been ineffective.
- **Low Industry Participation.** Industry participation in the pilot project has been low. The original goal of securing at least 10-percent participation (260 garages) out of approximately 2,615 garages in the pilot project area has not been reached. Only 54 garages, or 2 percent, have been certified. Low industry participation could be attributed to (1) widespread objections of garages who find the \$125 certification and annual recertification fee to be too high, and (2) limited consumer advertising by the bureau during the initial years of the project.
- **Project is Not Self-Financing.** The state pilot project is not self-financing. In fact, the \$125 annual certification fee covers only 4 percent of the project's cost, with the remaining 96 percent of the cost being paid from fees collected under the bureau's Automotive Repair Program,

¹ *Statistical Abstract of the United States* – 1986 Bureau of Census – Table 1062, page 606.

which is a separate program. In order to be fully self-financing, the garages in the pilot project would have to pay an unreasonably high certification fee of about \$2,500 (1985-86 adjusted cost).

- ***Mechanics' Competency Is Not Tested.*** The primary goal of the pilot project is to assist motorists in finding competent garages. We are unable to determine the extent to which this goal is being achieved. This is because mechanics who participate in the program are not required to take a hands-on examina-

tion, which would indicate their level of competency.

- ***Arbitration Authority is Untested.*** The bureau's binding arbitration authority has not been tested in settling consumer complaints. The bureau indicated that a few garages may have withdrawn from the program in order to avoid arbitration. This may have resulted in some motorists seeking resolution of problems in the courts. As a result, the arbitration procedure remains untested.

Recommendations

We conclude that the underlying goal of the Better Automotive Repair Program appears to have merit, in that assisting motorists in finding competent automotive repair garages appears to be good public policy. Based on our findings, however, the pilot project, as currently designed, has failed to achieve a level of success sufficient to justify expansion of the program statewide. Accordingly, *we recommend that the Legislature allow the Better Automotive Repair Program to sunset on December 31, 1987.*

We believe that, if the Legislature desires to reinstitute a program to assist motorists in locating competent and fair automobile repair garages, it should evaluate other options to provide for the regulation of automotive repair garages and the qualifications of mechanics on a statewide basis. A state program to regulate automotive repair services could focus directly on the qualifications, testing and licensing of mechanics in order to assure the quality and cost-effectiveness of repair services. ♦

Chapter I

Chapter 1

Overview of the State Pilot Project

In the interest of reducing consumer abuses by automobile repair garages and mechanics and improving the image of the automotive repair industry, the Legislature enacted Chapter 1578, Statutes of 1971, the Automotive Repair Act. The act requires all automotive repair garages to register with the Bureau of Automotive Repair in the Department of Consumer Affairs under the Automotive Repair Program (ARP). Approximately 40,000 garages are registered statewide under this program, which requires garages to provide motorists with prior estimates of needed repairs and detailed invoices upon completion of the work. The act, however, (1) did not establish any specific operating standards for the garages to ensure that quality repairs and services would be provided to the motorists, (2) did not provide for mechanics' qualifications, and (3) did not provide for the arbitration of consumer complaints against garages.

In order to address these deficiencies in the ARP, the Legislature subsequently enacted Chapter 815, Statutes of 1982, which required

Pilot Project Implementation

The Bureau of Automotive Repair implemented the pilot project in December 1983, after the adoption of necessary regulations. Shortly thereafter, in February 1984, the bureau approved its first five garages for certification.

the Bureau of Automotive Repair to establish the Better Automotive Repair Program (BARP), starting July 1, 1983. The Legislature limited the program to a pilot project in order to determine the feasibility of providing for *voluntary* certification of automotive repair garages on a statewide basis. The study area was to include such portions of Sacramento, Placer, Yolo, San Joaquin, Yuba, and Sutter Counties as the bureau designated necessary to evaluate the effectiveness of the program. The bureau was to place emphasis on incorporating the more heavily populated areas into the study area.

In enacting this measure, the goal of the Legislature was to establish a program that would assist motorists in selecting competent automotive repair garages through a simple, accurate and regularly updated system. Additionally, such a system was to provide for the qualification of mechanics, complaint handling and binding arbitration in order to ensure that (1) the motoring public is in fact receiving quality services and (2) disputes are resolved fairly and on a timely basis.

As of September 1986, there were 54 certified automotive repair garages participating in the program. This represents about 2 percent of the 2,615 registered automotive repair garages in the pilot study area. The bureau

has three positions to administer the pilot project.

The structure of the pilot project was patterned basically after the American Automobile Association's (AAA) Approved Automotive Repair Service (AAR) programs,

which were established previously in southern California by the Automobile Club of Southern California (ACSC) and in northern California by the California State Automobile Association (CSAA). Both of these programs are discussed later in this chapter.

Project Requirements

Essentially, the bureau solicits, inspects, and certifies automotive repair garages to participate voluntarily in the project. The bureau also investigates, mediates and arbitrates customer complaints against garages and takes enforcement actions, such as repealing a garage's certification when necessary.

In conducting the pilot project, the bureau is specifically responsible for:

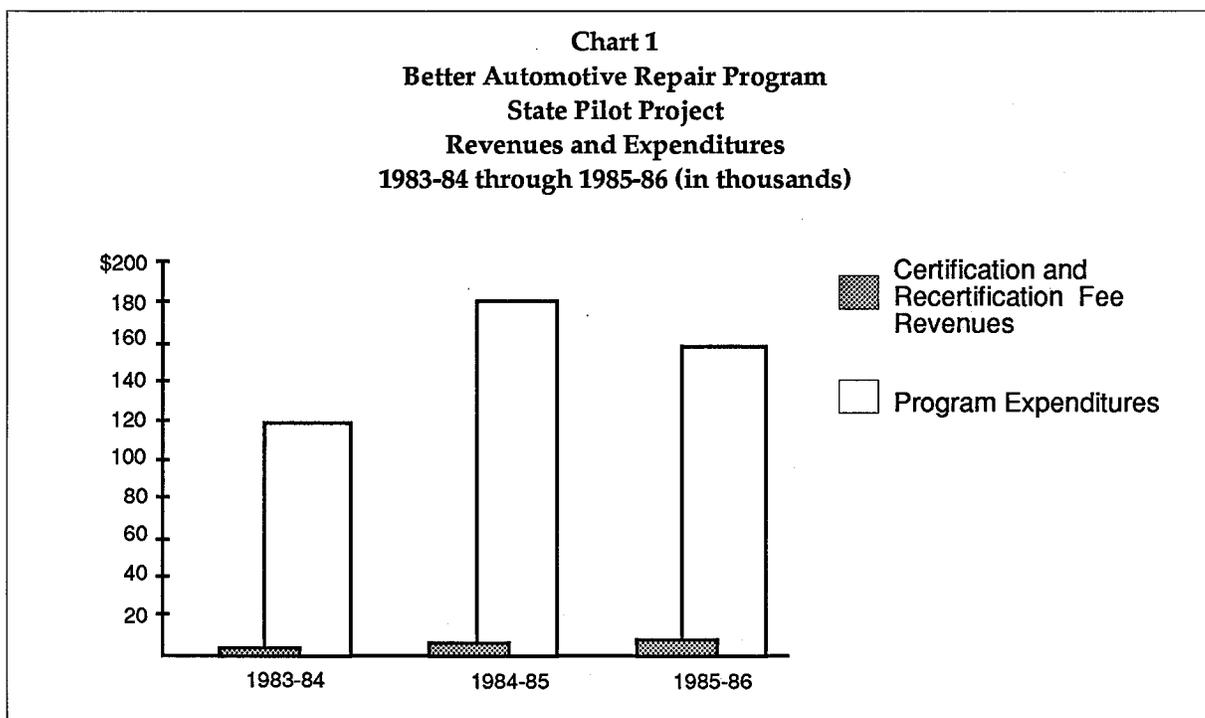
- **Industry Awareness.** The bureau distributes pilot project information to all automotive repair garages registered under the Automotive Repair Program (ARP) within the pilot project area.
- **Public Awareness.** The bureau is responsible for publicizing the program by news media to all consumers within the pilot project area and distributing program information booklets and listings of certified garages to all offices of the Department of Motor Vehicles (DMV), the Department of Consumer Affairs (DCA), and the bureau.

- **Inspections and Certifications.** The bureau performs on-site inspections and consumer satisfaction surveys of (1) garages requesting certification, and (2) certified garages on a regular basis. Such on-site inspections also include review of mechanics' qualifications.
- **Fees.** The bureau is required to establish a fee for certification and annual recertification. In addition, the bureau is to seek outside funding sources, such as federal funding.
- **Complaint Handling and Arbitration.** The bureau is responsible for negotiating complaints between the motorists and the garages and rendering arbitration decisions, if necessary, to resolve disputes. Decisions are limited to requiring a garage to provide additional repairs or refund the cost of the additional repairs to the consumer.
- **Enforcement.** The bureau is responsible for repealing garage certifications in cases of noncompliance with program standards.

Project Revenues Do Not Cover Costs

Over the past three years, state-certified garages have been required to pay an annual certification fee of \$125. As shown in Chart 1, these fees, which are deposited in the Automotive Repair Fund, have generated revenues of \$3,375 in 1983-84, \$6,535 in 1984-85, and \$7,000 in 1985-86. In comparison, project expenditures were \$118,463 in 1983-84, \$181,658 in 1984-85, and \$159,463 in 1985-86.

Each year, the bureau has met the funding shortfall by using revenues generated primarily by the \$100 fee paid by approximately 40,000 automotive repair garages registered under the Automotive Repair Program. The net result of this arrangement is that 96 percent of the annual operating costs of the state pilot project are met by the garage registration fees collected under the Automotive Repair Program.



AAA Automotive Repair Programs

The American Automobile Association (AAA) has two affiliated clubs in California. The California State Automobile Association (CSAA) covers northern California and all of Nevada. Southern California is covered by the Automobile Club of Southern California (ACSC). Both of these clubs operate programs which certify automotive repair garages.

Under the Approved Automotive Repair Service (AAR) program, CSAA began certifying automotive repair garages for its members in 1982 and currently has about 730 approved garages, or 4.6 percent of the garages in northern California. The CSAA has

about 98 certified garages in the state pilot project area; about 20 of these garages participate in the pilot project. The CSAA has a staff of 13 persons and annual operating costs of about \$635,000 for the AAR programs.

The ACSC began operation in 1976 with a pilot project in Orange County and subsequently expanded to full operation in 1978 to a present total of about 803 approved garages. This represents 3.5 percent of the registered automotive repair garages in southern California. The ACSC has a staff of 20 persons and spends about \$825,000 annually for program operations.

Differences Between the AAA Programs and the State Project

Our analysis indicates that, although the state pilot project parallels the AAA programs, there are some significant differences between the state project and the AAA programs. It should be noted that minor differences exist between the two AAA programs

administered by CSAA and ACSC. However, for the purpose of comparing the AAA program with the state pilot project, we have disregarded these minor differences. The major differences between the state pilot project and the AAA programs are as follows:

Certification Areas. The AAA requires a garage to be certified in five basic areas of repair. Certified garages are not allowed to sublet repairs in any of these basic areas to other garages. The AAA repair areas are:

- Engine tune-up,
- Brakes,
- Minor engine repair,
- Electrical systems, and
- *Either:*
 - a. Tire, steering, and suspension, *or*
 - b. Heating and air-conditioning.

In comparison, the state's pilot project provides for certification in one or more of nine repair service areas, and permits certified garages to sublet repairs to other garages (including uncertified garages) in all of the service areas. The certified garage is responsible for all of the work, but there is no assurance to the motorist that pilot project standards have been observed in doing the sublet work. The pilot project repair areas are as follows:

- Engine tune-up and emission control repair,
- Brake repair,
- Electrical repair,
- Air conditioning and heating repair,
- Minor engine repair,
- Manual transmission repair,
- Automatic transmission repair,
- Major engine repair, and
- Front-end alignment and repair.

Mechanics' Qualifications. Under the AAA programs, mechanics are required to have both experience and specified training or certification in order to participate in the programs. The state pilot, however, allows mechanics to participate based on experience alone. (Please see Appendix A for a specific list of the qualification requirements for the AAA programs and the state pilot.)

The AAA also requires a garage to arrange for ongoing, formal refresher training to keep mechanics up-to-date on new automotive systems and repair methods. Currently, AAA offers automotive repair training classes in northern California only. These classes are open to all garages paying specified fees. In some of these training classes, AAA mechanics are subject to periodic hands-on training on high-technology systems; in some cases this training also involves hands-on examinations.

State-certified garages are required to provide evidence of ongoing mechanic training. The bureau verifies that this requirement is met by simply identifying that the garages possess training and repair procedure manuals.

Quality Assurance. For the purpose of maintaining quality control, AAA distributes to its certified garages quality assurance cards (QACs) which member or nonmember consumers may use for filing complaints or reporting on the overall quality of services provided by the garages. In comparison, the state pilot project does not have a formal mechanism to facilitate consumer complaints; it totally relies on informal complaints by telephone or mail to initiate investigations.

Certification Fees. As discussed earlier, the garages participating in the state pilot project pay a \$125 certification fee. In contrast, the garages in the AAA program pay no fees. Instead, the costs for the AAA program are covered by membership fees for emergency roadside services which range from about \$30 to \$50 annually, depending on the number of family members covered.

By not charging the garages certification fees, AAA appears to have provided an incentive for garages to participate in the AAA program. The garages find that it is a cost-effective way to increase the volume of business plus establish a reputation among repair garages as a fair and knowledgeable organization.

If the AAA were to require garages to pay a fee sufficient to cover its program operating costs, the fee would have to be set at about \$1,000. On the other hand, if the state pilot project were to increase its current \$125 fee to cover operating costs, the fee would have to be raised to about \$2,500 based on the current participation level.

Monitoring and Inspection. The AAA inspects its garages bimonthly in northern California and quarterly in southern California. These are routine inspections that include a brief inspection and evaluation of the condition of the facility, equipment, and appearance. It also performs annual re-approval inspections throughout the state that are similar to the initial approval inspection. We observed both an annual AAA inspection and a bimonthly inspection and found that both were thorough, including the inspection of all equipment.

Like the AAA program, the state pilot project performs annual recertification inspections that are similar to the initial certification inspection. In addition, the state pilot project

performs routine inspections. However, we were unable to determine how often the bureau performed such inspections because of inadequate recordkeeping practices by the bureau.

In sum, the AAA program requirements differ from the state requirements as follows: (1) the AAA requires the garages to qualify for five basic areas while the state provides for certification in any one of nine areas, (2) the AAA prohibits subletting work in any of the five basic areas, whereas the state allows the garage to sublet work in any of the nine areas, (3) the AAA requires the mechanics to have experience *plus* formal training or certification by a recognized automotive repair organization; in contrast, the state may qualify a mechanic on experience alone, (4) the AAA facilitates consumer complaints and comments on the quality of services through the distribution of quality assurance cards, whereas the state relies on complaints initiated by consumers, and (5) the AAA does not charge an annual certification fee to garages while the state charges an annual fee of \$125.

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Chapter II

Chapter II

Evaluation of the Pilot Project

In this chapter, we examine the extent to which the Better Automotive Repair Program pilot project is meeting its objective of assisting motorists in selecting competent automotive repair garages. We also review, to the extent practical, whether the motoring public is in fact receiving quality services.

In order to evaluate the pilot project, we discussed various aspects of the project with bureau staff and with selected garage owners and mechanics. We also discussed the AAA repair program and the state pilot program

with AAA staff and some of the participating garage owners in both southern California and northern California. Although we obtained sufficient information to evaluate the project's finances, we were somewhat hampered in our efforts to evaluate the effectiveness of project services due to incomplete records kept by the bureau.

In the sections which follow, we first examine project expenditures and revenues. Second, we examine the effectiveness of the regulatory services.

Project Expenditures And Revenues

Operating Costs

In the three years since the inception of the pilot project, the bureau has incurred operating costs totaling \$459,584. In 1985-86, annual operating costs were \$159,463. Given that only 54 garages were participating in the project, the average cost to regulate each garage was about \$3,000. However, the bureau indicates that approximately 13 percent

of total staff time was spent on programs other than the state pilot project. When this is taken into account, the average cost per garage is about \$2,500.

Table 1 compares the average cost per garage of the AAA program with the state pilot project. The table shows that the cost per garage in the state pilot project is almost three times higher than that for the AAA program.

Table 1
Comparison of the State Pilot Project and the AAA Automotive Repair Service Programs

	State	AAA	
	Pilot Project	Southern California	Northern California
Certified garages	54	803	730
Staff size	3	20	13
Expenditures (1985-86)	\$159,463	\$825,000	\$635,000
Average cost per certified facility	\$2,500 ^a	\$1,000	\$870

^a Adjusted to account for the cost of staff time spent on other programs. The unadjusted cost per garage would be about \$3,000.

Fees Cover Only About 4 Percent of Expenditures

In order to provide revenues for the pilot project, the enabling legislation authorized the bureau to establish a flat fee structure or one based on garage repair volume or gross receipts. The bureau considered adopting a sliding fee scale based on garage gross receipts and facility size. The sliding fee scale concept was dropped because of its administrative complexity. Instead, the \$125 flat fee was adopted based on the belief that it was fair and reasonable.

In 1985-86, the \$125 fee generated \$7,000 in revenue, or about 4 percent of total operating expenditures for that year. As discussed earlier, the remaining 96 percent of project costs were paid primarily from fees collected under the Automotive Repair Program, a separate garage regulatory program.

The bureau advises that it sought other funding sources in the implementation phase of the program in order to keep its certification fee at a reasonable level. Funds were sought from the federal Department of Transportation, Environmental Protection Agency and several private foundations. The bureau also sought funds from the Petroleum Violation Escrow Account. However, no funds were forthcoming from these sources. Having little choice, the bureau decided to use excess funds available in the Automotive Repair Fund.

Low Industry Participation

Initially, the bureau planned that at least 260 garages in the pilot test area would seek state certification. That would amount to a 10 percent participation rate, given that there are approximately 2,615 registered automotive repair garages in the area. However, only 54 garages are currently certified, resulting in a 2-percent participation rate. It took two and one-half years to certify the 54 garages. The bureau has advised us that it is disappointed with this low level of participation.

It is highly unlikely that any significant increase in the number of participating garages will be realized before the pilot project sunsets in December 1987. This is because the number of applications received by the bureau declined 55 percent between 1984-85 and 1985-86.

In comparison to the state's 2-percent participation rate, the AAA program has a 4-percent participation rate in the pilot area, despite the fact that it has additional participation requirements as compared with the state's pilot program. In an effort to determine why there is a lower participation rate in the state program, we surveyed 20 garages which participate in the AAA repair program and are within the state pilot project area. We randomly selected the garages so that they would closely reflect the type of garage that would qualify under the state certified program. As a result of the survey, we found that:

- 45 percent of the AAA garages felt that the \$125 certification fee is too high and that the bureau's consumer advertising is weak.
- 30 percent wanted more information about the state project because they were unaware of program requirements and benefits.
- 15 percent felt the state pilot project to be less effective than the AAA repair programs.
- 10 percent had recently applied for certification in the state pilot project.

It is also important to note that a large number of garages in the pilot test area are owned or associated with national organizations such as Sears, Wards, Midas, Shell, Union and Texaco. Many of these garages have shown no interest in being state-certified because their organizations provide for mechanics' training, standardization of procedures and equipment, and warranty of repair services.

Effectiveness Of Project Services

Industry Awareness Efforts Appear To Be Declining

The bureau is required annually to publicize the program benefits to all of the state-registered *garages* in the pilot study area in an attempt to bring a greater number of garages into the program.

Our analysis indicates that the bureau did a good job in publicizing the program during the first two years (1983-84 and 1984-85), but promotional activity decreased in the following year (1985-86). Initially, the bureau mailed a fact sheet and survey to all garages in the pilot area in the spring of 1983. It also included pilot project information in its newsletter that is mailed to all garages about twice a year. However, the last notification effort was an article in the bureau's June 1985 newsletter. According to the bureau, it inadvertently excluded the pilot project certification information in its May 1986 newsletter.

The need for more program information is underscored by our survey of AAA garages in the pilot project area. About 30 percent of these garages indicate that more information about the state pilot project is needed.

Public Awareness Efforts Appear To Be Ineffective

One of the bureau's primary responsibilities is to achieve a high level of *public* awareness of the Better Automotive Repair Program within the pilot project area. To accomplish this, the bureau:

- Makes program informational booklets and listings of certified garages available to the motoring public through the 12 DMV field offices within the project area. These booklets also are available at the bureau's offices, Department of Consumer Affairs offices, and Bel Air Markets in the area. Additionally, booklets are mailed to garage customers when (1) garages apply for certification or recertification and (2) customers wish to file a formal complaint against a garage.
- Provides prerecorded telephone messages to callers.
- Provides radio announcements.
- Encourages cooperative advertisements by certified garages.

Based on our review, we conclude that the bureau did not have a specific plan to achieve a high level of public awareness when the pilot project was initially implemented. The bureau only made a minimal attempt to publicize the program initially and it did not increase its efforts until one year after the program was implemented. Specifically, the bureau's initial efforts to publicize the pilot project consisted of holding a press conference during which the first five garages were certified and making other public appearances. Subsequently, the bureau attempted to increase public awareness of the program through the publicity efforts summarized in Table 2.

Table 2
Better Automotive Repair Program
Public Awareness Efforts By The Bureau of Automotive Repair

	1983-84	1984-85	1985-86
Booklets produced ^a	15,000	30,000	30,000
Lists of certified garages produced ^a	1,000	1,500	1,800
Booklets distributed by the bureau ^b	3,154	7,644	16,380
Paid radio announcements	0	241	155
Speaking engagements	7	1	2

^a Number of booklets and lists produced by the bureau. The bureau did not maintain data on the number of lists and booklets distributed upon request.

^b The bureau distributed the booklets to specified consumers, governmental agencies, and local businesses.

Low Distribution of Booklets During the Initial Implementation of the Pilot Project. The bureau distributed 3,154 booklets in 1983-84 and increased this to 7,644 booklets in 1984-85. In April 1986, the bureau stepped up its efforts to market the program by distributing 8,424 additional booklets to selected target groups, such as new home owners. This increased the number of booklets distributed to 16,380 in 1985-86. The distribution of booklets appears to be low in the initial years (1983-84 and 1984-85), given that there are about 911,000 registered vehicles and 1,083,225 licensed drivers in the pilot test area.

Media Coverage Has Tapered Off. In the latter half of 1984-85, which was one year after the pilot project was implemented, the bureau paid \$18,000 for 241 radio announcements advertising the project in the greater Sacramento area. The bureau continued its efforts in the first month of 1985-86 with 155 radio announcements at a cost of \$11,000. However, no additional radio announcements were made during the remainder of 1985-86.

The Bureau's Surveys Indicate Low Public Awareness. In order to determine the level of motorist awareness achieved by the program in the project area, the bureau has conducted two roadside surveys:

- **April 1986.** In a random roadside survey conducted in Sacramento, about 66 percent of 163 motorists did not know of the pilot project.
- **October 1986.** In a random roadside survey conducted in Stockton, about 74 percent of 135 motorists did not know of the pilot project.

In conducting these surveys, the bureau's staff indicated that they had difficulty in explaining the pilot project concept and how it differed from the existing registration requirement for all garages. Although these are small samples, these motorist surveys appear to indicate that public awareness of the pilot project is low. This suggests that the bureau's

public information and advertising efforts have been ineffective.

Customer Survey Results

At the time of the initial certification and annual recertification of a garage, the bureau sends cards to 100 randomly selected customers of the garage in order to determine the level of customer satisfaction with its work. In order to be certified and annually recertified, the garage must achieve an 85-percent customer satisfaction rating, as determined by one or two surveys. During the two and one-half years of program operation, about 15 percent of the garages applying for initial certification failed partially because of the consumer survey. Most of the garages failing to pass the survey are large new car dealers which have a large number of warranty complaints from car buyers. During the annual recertification, the bureau reports that at least 96 percent of the garages pass the first survey and that most of the remaining shops pass after a second survey.

Based on two and one-half years of experience with the certification and recertification survey, the bureau indicates that the surveys are of questionable value. This is because many customers appear to generally give unjustifiably high ratings to garages, even though some garages have a high number of complaints about their work.

Mechanic Competency Is Not Tested

Automobile technology is evolving at a rapid pace. Starting in 1977, the automotive industry introduced microprocessors to meter fuel mixtures and control ignition in a limited number of cars. With each new model year, more sophisticated high technology systems, devices and materials are being introduced in automobiles. Tools and electronic diagnostic and repair equipment are also undergoing rapid changes. These advancements are requiring that mechanics be better trained and periodically update their knowledge and skills.

Based on our review, we are unable to determine the level of competency of the mechanics who participate in the pilot project. This is because the pilot project does not require a "hands-on" examination of the mechanics' skills. In the absence of a hands-on examination of mechanics' skills, we are unable to determine if the pilot project is achieving its primary goal of assisting motorists in finding competent garages.

Complaint Handling Is Prompt, But Arbitration Provision Is Untested

In the two and one-half years of project operation, the bureau has received 292 complaints from motorists about the work of certified garages. In filing these complaints, the motorists must first request a complaint reporting form from the bureau. This is because such forms are not available from the certified garages.

The bureau indicates that most of the complaints primarily concern prices and are normally resolved within 30 days through negotiations involving the bureau, garages and motorists. Some garages receive up to 30 complaints per year, and many others receive no complaints. Most garages have been very cooperative, and timely, in resolving complaints directly with the motorists. This has served to hold the bureau's staff time to 6.0 personnel-hours per complaint.

The primary advantage of the pilot project, in comparison to the bureau's Automotive Repair Program, is the project's statutory

provision for binding arbitration. Specifically, if a complaint cannot be mediated between the affected parties, the consumer may request that the bureau render a proposed decision with which the certified garage must comply. If the garage does not agree with the decision, it may appeal the decision to the bureau's chief. The garage must abide by the chief's final decision. Failure to comply with the final decision would result in decertification of the garage.

The bureau has not used its binding arbitration authority to force the settlement of a pending complaint. Most of the complaints have been resolved considerably short of an impasse that would lead to arbitration. However, the bureau indicated that possibly a few garages may have withdrawn from the program in order to avoid arbitration. In these cases, the motorists may have sought redress through court action. Consequently, the arbitration procedure remains untested although it was intended to be one of the major elements of the pilot project.

Conclusion and Recommendation

We conclude that the underlying goal of the pilot project has merit: assisting motorists to find competent automotive repair garages appears to be good public policy. As noted above, however, the pilot project as currently designed has failed to achieve a level of success sufficient to justify its continuation or expansion statewide. Therefore, we believe that the pilot project should sunset. ♦

Appendix

Appendix A Mechanics' Qualifications

AAA Programs

Mechanics must have experience and either:

- Successfully completed a specified training course provided by an automotive manufacturer, trade school, community college, or AAA; or
- Certification by a recognized automotive repair organization, such as the National Institute For Automotive Service Excellence (NIASE).

State Pilot Project

Mechanics must meet one or more of the following:

- Five years of repair experience, with at least two years in the certification area;
- Two years of experience *plus* two years of specified training in a course provided by a community college or accredited trade school;
- Certification by the National Institute For Automotive Service Excellence or manufacturers' training program;
- Completion of an apprenticeship program accredited by the Department of Industrial Relations; or
- Licensure by the state for smog inspections or brake adjustments.