

DEPARTMENT OF MOTOR VEHICLES

For Support of Department of Motor Vehicles from the Motor Vehicle Fund

Item 244 of the Budget Bill and pages 509 to 520, inclusive, of the Budget. The amount requested is \$7,084,943 for support from the Motor Vehicle Fund. This is a decrease of \$350,563 or 4.7 percent from actual and estimated expenditures of \$7,435,506 in the 1947-48 Fiscal Year. This decrease reflects the separation of the Highway Patrol functions, which cost \$1,268,026 during 1946-47 Fiscal Year, from the motor vehicle functions. The decrease also reflects the result of the expenditure of \$84,751 payable from the General Fund during the 1947-48 Fiscal Year for mechanization of the registration operations which appropriation will not recur in the 1948-49 Fiscal Year. The final item contributing to the net reduction in amount requested for support from the Motor Vehicle Fund is the increase of \$266,002 in the amount transferred from the Motor Vehicle License Fee Fund to the Motor Vehicle Fund during the 1948-49 Fiscal Year as compared with the amount transferred in the previous year.

The following Table I analyzes the proposed over-all expenditures of the Department of Motor Vehicles by object:

TABLE I
Analysis of Expenditures by Object—1947-48 Compared with 1948-49

Object	Actual and estimated 1947-48	Estimated and proposed 1948-49	Amount	Increase or decrease	
				Percent of total increase	Percent of prior year
Salaries and wages...	\$5,333,077	\$6,014,971	\$681,894	62.1	12.8
Operating expenses --	1,710,647	2,073,959	363,312	33.1	21.2
Equipment -----	143,823	197,331	53,508	4.8	37.2
Totals-----	\$7,187,547	\$8,286,261	\$1,098,714	100.0	15.3

Table I above shows that salaries and wages account for approximately two-thirds of the increase in proposed expenditures for the 1948-49 Fiscal Year as compared with actual and estimated expenditures for 1947-48. This increase in salaries and wages may be attributed to normal salary increases, salaries and wages for 278 new positions in the total amount of \$623,370.

Table I shows that an increase of \$53,508 in operating expenses accounts for approximately one-third of the total increase in proposed expenditures for the 1948-49 Fiscal Year as compared with 1947-48. This may be attributed to the need for additional quarters, services and materials, commensurate with increased workloads and added personnel.

The increased cost of equipment as shown in Table I accounts for only 4.8 percent over-all increase in expenditures. The largest single item in the equipment category is the provision for 300 additional tabulating card file cases at a cost of \$52,500, required to house the tabulating card records when the changeover to the new mechanized procedures is completed during the 1948-49 Fiscal Year.

Below is a schedule showing the categorical amounts as stated in Item 244 of the Budget Bill, our recommended reductions, and the adjusted amount for each category:

<i>Object</i>	<i>Amount per budget</i>	<i>Amount of reduction</i>	<i>Amount recommended</i>
Salaries and wages.....	\$6,014,971	\$3,880	\$6,011,091
Operating expenses	2,073,959	5,345	2,068,614
Equipment	197,331	0	197,331
Total of schedule.....	\$8,286,261	\$9,225	\$8,277,036

In the schedule above, a reduction or saving of \$9,225 in the budgetary request for support of the Department of Motor Vehicles is recommended.

The following table shows the proposed expenditures for 1948-49 Fiscal Year as compared with actual and estimated expenditures during the 1947-48 Fiscal Year and shows the increases for each function:

TABLE II
Analysis of Expenditures for Support by Function—1947-48 Compared with 1948-49

<i>Function</i>	<i>Actual and estimated 1947-48</i>	<i>Estimated and proposed 1948-49</i>	<i>Decrease or increase</i>	
			<i>Amount</i>	<i>Percent</i>
Motor Vehicles function:				
Division of Administration..	\$630,802	\$656,942	+\$26,140	4.1
Division of Registration...	4,275,364	4,785,478	+510,114	11.9
Division of Drivers'				
Licenses	1,896,208	2,159,059	+262,851	13.9
Division of Financial				
Responsibility	86,256	396,067	+309,811	359.2
Lands and buildings.....	298,917	288,715	—10,202	—3.4
Totals, Motor Vehicles functions	\$7,187,547	\$8,286,261	+\$1,098,714	15.3

An Analysis of Proposed Expenditures for Each Division of the Department of Motor Vehicles

DIVISION OF ADMINISTRATION

Table II shows anticipated expenditures of \$656,942 for the 1948-49 Fiscal Year for the Division of Administration. This is an increase of \$26,140 or 4.1 percent over actual and estimated expenditures of \$630,802 for the 1947-48 Fiscal Year.

The proposed expenditures by object for the Division of Administration during the 1948-49 Fiscal Year are as follows:

<i>Object</i>	<i>Actual and estimated 1947-48</i>	<i>Estimated and proposed 1948-49</i>	<i>Increase or decrease</i>	
			<i>Amount</i>	<i>Percent</i>
Salaries and wages.....	\$463,056	\$491,889	+\$26,833	+5.8
Operating expenses	152,443	152,325	—118	—0.1
Equipment	13,303	12,728	—575	—4.3
Totals	\$630,802	\$656,942	+\$26,140	+4.1

Ten new positions are requested for the Division of Administration for the 1948-49 Fiscal Year as follows:

<i>Explanation</i>	<i>No.</i>	<i>Salary range</i>	<i>Amount</i>
Bureau of Accounting:			
General accounting:			
Senior account clerk-----	1	\$220-268	\$2,640
Intermediate account clerk-----	2	180-220	4,320
Intermediate typist-clerk-----	1	180-220	2,160
Financial Responsibility:			
Senior account clerk-----	1	220-268	2,640
Intermediate account clerk-----	1	180-220	2,160
Intermediate typist-clerk-----	1	180-220	2,160
Personnel Bureau:			
Intermediate typist-clerk-----	2	180-220	4,320
Junior typist-clerk-----	1	160-190	1,920
Totals-----	10		\$22,220

Four of the additional positions in the Bureau of Accounting are for general accounting work and are justified by the anticipated increase in the registration workload.

Three of the additional positions in the Bureau of Accounting will be required to account for deposits and withdrawals made under the new Financial Responsibility Law.

The three additional positions for the Personnel Bureau are required to permit better functioning of that bureau which has been understaffed prior to this time and which must bear an additional workload if all or a substantial part of the positions requested in the Budget are allowed.

Operating Expenses

The operating expenses for 1947-48 for the Division of Administration include \$14,000 for printing revised Motor Vehicle Codes. A similar expenditure will not be made during the 1948-49 Fiscal Year. If this amount is deleted from the 1947-48 expenditures when comparing them with 1948-49, the true increase in operating expenses is found to be \$13,882, or 9.1 percent in lieu of a decrease of \$118.

One of the greatest administrative needs of the Department of Motor Vehicles is the effective organization of the department. This is particularly true with respect to functions assigned to the Division of Administration. Those factors most in need of attention are the ineffectiveness of the field administration of the registration and drivers licensing functions and the need for creation of a bureau or section which can establish a functional time and cost reporting system to achieve better budgeting and administrative programming for the major functions of the department. It is our opinion that substantial improvement can be made in the administration of the Department of Motor Vehicles if positive action is taken to improve the organizational structure of the agency.

Recommendation

We recommend approval of the Budget of the Division of Administration as submitted with the exception of the following items:

(a) *Printing.*

To be reduced from \$9,075 as shown in the Budget to \$6,135, a saving of \$2,940 or 32.4 percent. Even with this reduction the Division of Administration will have been allowed an increase of \$1,225 or 25 percent over the amount of \$4,910 of actual and estimated printing costs for 1947-48. This reduction is made because no justification for the unusual increase has been shown.

(b) *Travel.*

We recommend that the allowance for travel be reduced from \$14,975 for the 1948-49 Fiscal Year to \$12,570, a saving of \$2,405 or 16.1 percent. The amount recommended for travel allows a 20 percent increase over the actual and estimated expenditures of \$10,475 for the 1947-48 Fiscal Year. This amount is deemed adequate in view of the fact that there are no new traveling positions provided in the budget for the Division of Administration.

The foregoing recommendations result in the reduction of operating expenses from \$152,325 for the 1948-49 Fiscal Year to \$146,980, a total saving of \$5,345 or 3.5 percent.

DIVISION OF REGISTRATION

Table II above shows anticipated expenditures of \$4,785,478 for the 1948-49 Fiscal Year for the Division of Registration. This is an increase of \$510,114 or 11.9 percent over actual and estimated expenditures of \$4,785,478 for the 1947-48 Fiscal Year.

The proposed expenditures for the Division of Registration during the 1948-49 Fiscal Year by object are as follows:

<i>Object</i>	<i>Actual and</i>	<i>Estimated and</i>	<i>Increase and decrease</i>	
	<i>estimated</i>	<i>proposed</i>	<i>Amount</i>	<i>Percent</i>
	<i>1947-48</i>	<i>1948-49</i>		
Salaries and wages -----	\$3,243,237	\$3,381,679	+\$138,442	+4.3
Operating expenses -----	1,004,597	1,293,755	+289,158	+28.8
Equipment -----	27,530	110,044	+82,514	+299.7
Totals -----	\$4,275,364	\$4,785,478	+\$510,114	+11.9

Salaries and Wages

One hundred twenty new positions are requested for the Division of Registration for the 1948-49 Fiscal Year at a cost of \$249,866 as follows:

<i>Explanation</i>	<i>No.</i>	<i>Salary range</i>	<i>Amount</i>
Correspondence Files and Mailing:			
Senior file clerk -----	1	\$210-255	\$2,520
Intermediate clerk -----	2	180-220	4,320
Junior clerk -----	5	160-190	9,600
Registration Files:			
Senior file clerk -----	2	210-255	5,040
Intermediate clerk -----	2	180-220	4,320
Junior clerk -----	7	160-190	13,440
Manual Processing:			
Senior clerk -----	2	210-255	5,040
Intermediate stenographer-clerk -----	5	190-231	11,400
Intermediate typist-clerk -----	8	180-220	17,280
Intermediate clerk -----	13	180-220	28,080
Junior typist-clerk -----	7	160-190	13,440
Junior clerk -----	28	160-190	53,650
Mechanical Processing:			
Accounting tabulating machine supervisor, grade 3 (reclassification of one accounting tabulating machine supervisor, grade 2) -----		376-458	128
Accounting tabulating machine supervisor, grade 2 (reclassification of one accounting tabulating machine supervisor, grade 1) -----		310-376	348
Mechanical Processing-Financial Responsibility:			
Tabulating machine operator -----	1	200-243	2,400
Junior tabulating machine operator -----	1	160-190	1,920
Keypunch operator, grade 2 -----	2	180-220	4,320
Intermediate clerk -----	1	180-220	2,160
Junior clerk -----	1	160-190	1,820
Field:			
Intermediate clerk -----	18	180-220	38,880
Junior clerk -----	2	160-190	3,840
Intermediate stenographer-clerk -----	3	190-231	6,840
Intermediate typist-clerk -----	1	180-220	2,160
Junior typist-clerk -----	1	160-190	1,920
Intermediate account-clerk -----	1	180-220	2,160
Assistant cashier-clerk -----	3	180-220	6,480
Intermediate information clerk -----	1	180-220	2,160
Intermediate stock clerk -----	1	180-220	2,160
Laborer -----	1	170-210	2,040
Totals -----	120		\$249,866

The request for salaries and wages for the Division of Registration including the proposed new positions, has been reviewed by a member of the Budget Committee Staff with representatives of the Department of Motor Vehicles and Department of Finance. The conferences disclosed that the proposed expenditures for salaries and wages are justified by the increased volumes of registrations, transfers, chattel mortgages, and other transactions to be processed by the division during the 1948-49 Fiscal Year.

Operating Expenses

Operating expenses for the Division of Registration in the 1948-49 Fiscal Year are expected to be \$1,293,755, an increase of \$289,158 or 28.8 percent over actual and estimated expenditures of \$1,004,597 for the 1947-48 Fiscal Year. The two largest items contributing to this increase are:

(a) *Postage*

Postage costs are expected to be \$328,500 in the 1948-49 Fiscal Year, an increase of \$128,000 or 63.8 percent over 1947-48. This reflects the increase in postage costs which will be caused by the mailing of 1949 potential registration cards in December of 1948.

We recommend that the item for postage in the amount of \$328,500 as requested.

(b) *License Plates and Tabs*

In our opinion the estimated expenditure of \$517,000 for additional license plates and tabs during the 1948-49 Fiscal Year warrants more explanation than is given in the justification furnished the Department of Finance. This amount represents an increase of \$174,144, or 50.8 percent over the actual and estimated cost of plates and tabs for 1947-48 in the amount of \$342,856.

Attention is called to the fact that part of the operating expenses and equipment for the Division of Registration resulted from the fact that there are four private commercial concerns using the alphabetic files of this division. They are permitted to do this by Section 130.1 of the Motor Vehicle Code. They have filed appropriate bonds and have been granted permission to use the files by the director. These four firms are listed below, together with the average number of employees:

<i>Firm</i>	<i>Average No. of Employees</i>
Statistical Research Bureau 606 Eye Street Sacramento, California -----	11
Mason's 1120 P Street Sacramento, California -----	2
Circular Letter Co. 1421 14th Street Sacramento, California -----	8
Bank of America Sacramento California -----	1
Total -----	22

Inasmuch as the departmental personnel in the alphabetic files numbered approximately 100 during the day shift for January to May, 1947, and 18 during June to December, it can be seen that the 22 employees of these commercial concerns account for approximately one-sixth of the space required during the peak months and that during the low periods their employees outnumber departmental employees working in these files.

At the present time these agencies have the use of the following equipment owned by the Department of Motor Vehicles:

- | | |
|----------|---------------|
| 2 Tables | 5 Chairs |
| 1 Desk | 3 Typewriters |

In addition, facilities such as rest rooms and cafeteria service are available for their use.

The department does not receive any remuneration from these firms for the privilege of using the files and departmental facilities.

We recommend that action be taken requiring such agencies to reimburse the state government for the cost of space and services made available to them. We also recommend that the commercial concerns be required to furnish the tables, desks, chairs and typewriters which they require or that, in lieu thereof, they be required by the Department of Motor Vehicles to begin immediately paying rent for the use of this equipment. If the commercial concerns furnish their own equipment in lieu of renting it from the department, the Department of Finance should reduce the request for replacement equipment accordingly.

Equipment

Equipment expenditures for the Division of Registration in the 1948-49 Fiscal Year are expected to be \$110,044, an increase of \$82,514, or 299.7 percent, over actual and estimated expenditures for equipment in the amount of \$27,530 in the 1947-48 Fiscal Year.

The largest single item contributing to this increase is the proposed purchase of 300 tabulating card files in the amount of \$52,500 required to house the alphabetical and engine number cross reference files and to meet the filing needs arising from increased registration volumes.

We recommend approval of the amount of \$110,044 for equipment for the Registration Division as requested.

DIVISION OF DRIVERS' LICENSES

Table II shows anticipated expenditures of \$2,159,059 for the 1948-49 Fiscal Year for the Division of Drivers' Licenses. This is an increase of \$262,851, or 13.9 percent, over actual and estimated expenditures of \$1,896,208 during the 1947-48 Fiscal Year.

The proposed expenditures by object for the Division of Drivers' Licenses are as follows:

Object	Actual	Estimated	Increase or decrease	
	and estimated 1947-48	and proposed 1948-49	Amount	Percent
Salaries and wages	\$1,600,910	\$1,868,678	\$267,768	16.7
Operating expenses	215,365	237,825	22,460	10.4
Equipment	79,933	52,556	27,377	34.2
Totals	\$1,896,208	\$2,159,059	\$262,851	13.9

Salaries and Wages

Seventy-eight new positions are requested for the Division of Drivers' Licenses for the 1948-49 Fiscal Year, at a cost of \$173,192, as follows:

<i>Explanation</i>	<i>No.</i>	<i>Salary range</i>	<i>Amount</i>
General Administration:			
Supervising clerk, grade 3 (reclassification of one supervising drivers' license examiner, grade 1) -----		\$376-458	\$420
Technical:			
Supervising drivers' license examiner, grade 2 -----	1	325-395	3,900
Licensing:			
Supervising clerk, grade 1 -----	2	255-310	6,120
Negligent Operators:			
Senior drivers' license examiner -----	2	268-325	6,342
Field:			
Senior drivers' license examiner -----	10	268-325	32,160
Intermediate stenographer-clerk -----	4	190-231	9,120
Intermediate typist-clerk -----	3	180-220	6,480
Junior typist-clerk -----	2	160-190	3,840
Financial Responsibility — Mailing and Filing:			
Intermediate typist-clerk -----	2	180-220	4,320
Intermediate file clerk -----	3	180-220	6,480
Junior clerk -----	18	160-190	32,560
Financial Responsibility — Suspensions and Revocations:			
Senior typist-clerk -----	2	210-255	5,040
Junior typist-clerk -----	18	160-190	32,560
Intermediate typist-clerk -----	11	180-220	23,760
Totals -----	78		\$173,192

Of the new employees requested, 54 at a cost of \$104,720 are required for work relative to the new Financial Responsibility Law. These positions are requested on the basis of conservative estimates of the volume of accident reports, record keeping, and suspensions entailed in the financial responsibility program.

The remaining new positions are justified by the increased volume of drivers' licensing transactions anticipated for the 1948-49 Fiscal Year.

We recommend that the amount of \$1,868,678 for salaries and wages be approved as requested.

Operating Expenses

We recommend approval of the amount of \$237,825 for operating expenses for the Division of Drivers' Licenses, as requested.

Equipment

The amount of \$52,556 requested for equipment is justified by equipment requirements entailed in the enforcement of the Financial Responsibility Law, since an additional 54 employees will be required to handle this function alone. Several functions which were not fully operative in the 1947-48 Fiscal Year will be functioning more fully in the 1948-49 Fiscal Year. This is particularly true of the negligent operators program and of the suspension of drivers' licenses, under Section

278(b) of the Vehicle Code, where the department has been notified by a court that a person has failed to appear within 15 days upon an arrest for a violation of a provision of the Vehicle Code.

Eleven additional automobiles are requested for use in the field by 10 new senior examiners and one senior examiner previously employed in work on the negligent operators and unsafe drivers programs.

We recommend approval of the amount of \$52,556 for equipment for the Division of Drivers' Licenses, as requested.

DIVISION OF FINANCIAL RESPONSIBILITY

Table II shows anticipated expenditures of \$396,067 for the 1948-49 Fiscal Year for the Division of Financial Responsibility. This is an increase of \$309,911 or 359.2 percent over actual and estimated expenditures of \$86,256 for the 1947-48 Fiscal Year.

Review of the Motor Vehicles Budget reveals that the total amount budgeted for administration of the financial responsibility program during the 1948-49 Fiscal Year is \$609,300 including provision for a maximum of 194.5 positions as shown in the following schedule:

Summary of Proposed Costs for Administration of Financial Responsibility Law by the Department of Motor Vehicles During the 1948-49 Fiscal Year

<i>Explanation</i>	<i>Budget page</i>	<i>Total positions</i>	<i>Salaries and wages</i>	<i>Costs</i>		<i>Total</i>
				<i>Operating expenses</i>	<i>Equipment</i>	
1. Division of Administration ¹ -----	512	3.0	\$6,960	\$1,650	\$2,739	\$11,349
2. Division of Registration (mechanical processing) -----	513	6.0	12,720	360	884	13,964
3. Division of Drivers' Licenses -----	516					
4. Mailing and filing -----		23.0	43,360	1,400	2,520	47,280
5. Suspensions and revocations -----		31.0	61,360	²	²	61,360
6. Division of Financial Responsibility -----	516-7	104.5	272,725*	104,769	18,573	396,067
7. Totals -----		167.5	397,125	108,179	24,716	530,020
8. Plus: Reserve for contingency ³ -----	518	27.0	63,500	15,000	7,000	85,500
9. Totals -----		194.5	460,625	123,179	31,716	615,520
10. Less: Salary savings (5 percent) on lines 1-3 above -----		-	6,220	-	-	6,220
11. Totals per Budget --		194.5	\$454,405	\$123,179	\$31,716	\$609,300

¹ Accounting operations.

² Included in amounts immediately above.

³ Reserve in case workload exceeds the 185,000 reportable accidents on which the above cost estimates are based. This reserve would cover up to 225,000 reportable accidents.

* Net after salary savings.

This new division has been created to effectuate provisions of Chapter 1235 of the Statutes of 1947 which require that persons involved in an

accident in which any person is killed or injured or in which damage to the property of any one person in excess of \$100 is sustained shall report the accident to the Department of Motor Vehicles and shall deposit security or give evidence of ability to satisfy any judgments against him as a result of the accident. Since the law is not effective until July, 1948, expenditures shown with respect to the 1947-48 Fiscal Year reflect the cost of organization of the program and are not representative of the requirements of the full scale administration of the law.

The proposed expenditures by object for the Division of Financial Responsibility are as follows:

<i>Object</i>	<i>Actual</i>	<i>Estimated</i>	<i>Increase or decrease</i>	
	<i>and estimated 1947-48</i>	<i>and proposed 1948-49</i>	<i>Amount</i>	<i>Percent</i>
Salaries and wages-----	\$23,874	\$272,725	\$248,851	1042.4
Operating expenses-----	45,900	104,769	58,869	128.3
Equipment-----	16,482	18,573	2,091	12.7
Total-----	\$86,256	\$396,067	\$309,811	359.2

Salaries and Wages

The Financial Responsibility Division will begin the 1948-49 Fiscal Year with a staff of 40 persons hired during the 1947-48 Fiscal Year to organize the work and plan the new program.

Seventy new positions are requested for the Division of Financial Responsibility for the 1948-49 Fiscal Year at a cost of \$178,092 as follows:

<i>Explanation</i>	<i>No.</i>	<i>Salary range</i>	<i>Amount</i>
Accident Reports:			
Senior clerk-----	2	\$210-255	\$5,040
Intermediate clerk-----	10	180-220	21,600
Review:			
Supervising clerk, grade 1-----	2	255-310	6,120
Intermediate stenographer-clerk-----	4	210-255	9,120
Intermediate typist-clerk-----	5	180-220	10,800
Intermediate clerk-----	12	180-220	25,920
Intermediate file clerk-----	8	180-220	17,280
Junior clerk-----	2	160-190	3,840
Evaluation:			
Senior damage evaluator-----	6	281-341	20,232
Damage evaluator-----	19	255-310	58,140
Totals-----	70		\$178,092

In view of the fact that the Financial Responsibility Law is new and the addition of the new positions requested above should provide very conservative staffing of this function, we recommend approval of the proposed new positions as requested.

The Budget document as presented to the Legislature shows the financial responsibility program as a separate division of the Department of Motor Vehicles. It is the opinion of the technical staff of the Budget Committee that the new program should be operated as a bureau within the Division of Drivers' Licenses for the reasons which follow:

The first question in evaluating the proposed organization is: Is the Financial Responsibility Law a separate function of the department or is it a part of the function by which the right to operate motor vehicles

on the highways of this State is controlled for the mutual welfare of the operators and for the general welfare of the people of the State.

There can be little question as to the relationship of the administration of the new financial responsibility provisions of the Vehicle Code to the control of drivers of motor vehicles. Heretofore, the right to obtain and hold a license to operate a vehicle in California was based on two principal tests:

1. A test of general knowledge of and compliance with pertinent laws.
2. A test of physical fitness to operate a vehicle.

In a sense, the financial responsibility provisions of the Vehicle Code add a third test or condition to the two already existing; i.e., that persons involved in certain accidents must show that they are financially responsible enough to satisfy judgments against them arising from operation of a motor vehicle.

The relationship between the new financial responsibility program and the existing drivers licensing program is further evidenced by the fact that information from reports of accidents essential to the administration of the Financial Responsibility Law are also essential to the development of an individual record for each licensee from accident reports as provided by Chapter 5, Section 320 (d) of the Vehicle Code. Actions to suspend licenses or requests for cancellation of suspensions makes an interchange between the financial responsibility program and the existing licensing program imperative. Further existence of the relationship is shown by the fact that the Department of Motor Vehicles contemplates the creation of a Division of Financial Responsibility which is essentially a central office organization.

Where field contact for reevaluation of damages or potential liability is necessary, or where it is necessary to verify facts as reported in accident reports in determining the security which will be sufficient to satisfy judgments of damages resulting from accidents, the financial responsibility personnel will call upon the field staff of the Division of Drivers' Licenses to make the necessary field checks or evaluations.

The need for certain identification of persons signing accident reports will make reference to drivers' licensing files essential in a similar fashion. Reference to drivers' license files may be required for the procurement of correct addresses where addresses are illegible or where mail has been returned undelivered to the financial responsibility organization.

With all the foregoing in mind it may be concluded that the operation of the Financial Responsibility Law is related to and is part of the function of controlling the drivers or operators of motor vehicles in California.

A second question to be answered in evaluation of the proposed organization to administer the new Financial Responsibility Law is the extent to which the creation of a separate division will add to the administrative cost for controlling operators of motor vehicles in California.

Examination of the organization of the proposed new division reveals that the essential processes under the Financial Responsibility Law will be performed by an Accident Report Section, a Review Section and an Evaluation Section. The operations of the proposed Mail Section could readily be performed by the Mail and Files Section of the existing Division of Drivers' Licenses, even though approximately three additional mail clerks might be required due to increased workload. Aside

from the four operating sections in the proposed structure of the Division of Financial Responsibility, there is provision for a chief of the division, an office supervisor and two stenographic positions. The creation of all of these positions does not appear essential. Instead, an assistant chief of the Division of Drivers' Licenses should be able to adequately administer the new program under the general direction of the Chief of the Division of Drivers' Licenses. The new assistant chief would have an Accident Report Section, a Review Section and an Evaluation Section reporting to him. The span of administrative control thus involved should not be too great for a person competent to fill an assistant chief position.

Under this proposal, the Chief of the Division of Drivers' Licenses would have reporting to him the Assistant Chief who would be in charge of the financial responsibility program and the assistant chief who is now in charge of the existing drivers' licensing program. *It appears that further thought should be given to drivers' licensing program of the organization of the Division of Drivers' License to the end that the organizational structure under the existing assistant chief position may be reorganized to establish clear cut lines of administrative authority and accountability. Undoubtedly the clarification of the authority and responsibilities of the administrative staff under the existing chief position would be productive of more effective and economical administration.*

The number of motor vehicle accidents by month for the year 1946, show a 42.4 percent fluctuation in monthly workload from the lowest month, April, to the highest month, December, as follows:

1946 Motor Vehicle Accidents

<i>Month</i>	<i>No. accidents</i>
December -----	5410
April -----	3800
Difference -----	1610 or 42.4 percent

While normal peaks are taken care of by temporary help allowances in budgets, the inclusion of the financial responsibility operations in the Division of Drivers' Licenses would make its staff part of a larger organizational unit from which help could be readily drawn in emergencies or unexpected peaking of workloads. This should help minimize costs of these operations to some extent.

It may be suggested that the existing Division of Drivers' Licenses with its 692 employees is so large that the addition of the 104.5 employees of the financial responsibility program (page 517 of the Budget) would place too great a supervisory burden on the Chief of the Division of Drivers' Licenses. This is not true, as the existing program entails relatively stable operations month after month. The administrative difficulties in supervision of this program are not as great in most respects as those entailed in supervising the larger Division of Registration with its 1,614 employees and which has the tremendous annual expansion and contraction of its operations.

We believe that sound organization and good administration of the new Financial Responsibility Law would be obtained by establishing the program under an Assistant Chief of the Division of Drivers' Licenses reporting to the Chief of the Division.

We recommend that a position of Assistant Chief, Division of Drivers' Licenses, at a cost of \$5,232 per year (\$436 per month) be substituted for the position of Chief of the Division of Financial Responsibility which is shown in the Budget document on page 516, line 63, as an existing position to cost \$6,812 during the 1948-49 Fiscal Year. This will produce a saving of \$1,580 for the 1948-49 Fiscal Year. We also recommend the deletion of the intermediate stenographer position, page 516, line 66, of the Budget document, for which \$2,300 is provided. The supervising stenographer-clerk, grade 1, position in the general administration section should be able to perform the stenographic and reception work required by the proposed assistant chief of the Bureau of Financial Responsibility and the office supervisor. The sum of the foregoing attachments in the positions shown in the Budget document as existing at the beginning of 1948-49 Fiscal Year will reduce the total amount requested for salaries and wages in this division from \$272,725 to \$268,845, a saving of \$3,880 or 1.4 percent.

Operating Expenses

The amount of \$104,769 is requested for operating expenses during the 1948-49 Fiscal Year. This is an increase of \$58,869 or 128.3 percent actual and estimated expenditures of \$45,900 in 1947-48.

We recommend approval of the amount of \$104,769 for operating expenses as requested.

Equipment

The amount of \$18,573 is requested for equipment for the Division of Financial Responsibility in the 1948-49 Fiscal Year. This is an increase of \$2,091 or 12.7 percent over actual and estimated expenditures of \$16,482 during 1947-48. We recommend approval of the amount of \$18,573 for equipment as requested.

LAND AND BUILDING

Table II shows anticipated expenditures of \$288,715 for the 1948-49 Fiscal Year. This represents a decrease of \$10,202, or 3.4 percent from actual and estimated expenditure of \$298,917 for 1947-48.

The proposed expenditures of this division by object are as follows:

<i>Object</i>	<i>Actual and estimated</i>	<i>Estimated and proposed</i>	<i>Increase or decrease</i>	
	<i>1947-48</i>	<i>1948-49</i>	<i>Amount</i>	<i>Percent</i>
Operating expenses -----	\$292,342	\$285,285	—\$7,057	2.4
Equipment -----	6,575	3,430	—3,145	—47.8
Totals -----	298,917	\$288,715	—\$10,202	3.4

The amount of \$285,285 requested for operating expenses in the 1948-49 Fiscal Year includes \$30,000 for rental or construction of new offices of the Department of Motor Vehicles where necessity exists for more space or new facilities. Representatives of the Department of Motor Vehicles indicate that, where space will permit and facilities are adequate, the department and the Highway Patrol will continue to occupy

quarters jointly. No statement as to the localities where this \$30,000 would be spent could be obtained at the time of this report.

It is a matter of legislative policy as to whether this amount will be appropriated as requested.

Subject to the foregoing reservation we recommend approval of the amount of \$288,715 for support of Lands and Buildings during 1948-49 as requested.

For Additional Support, Department of Motor Vehicles, Payable from the Motor Vehicle License Fee Fund

Item 245 of the Budget Bill and page 509, line 21, page 510, line 4 and page 520, line 23 of the Budget.

The amount requested is \$1,201,318 payable from the Motor Vehicle License Fee Fund. This is an increase of \$266,002, or 28.4 percent over the \$935,316 actual and estimated amount for the 1947-48 Fiscal Year.

All expenses for collection of administration of the Motor Vehicle License Fee Act are paid from the Motor Vehicle Fund as part of the over-all departmental expenses of the Department of Motor Vehicles and then that Fund is reimbursed from the Motor Vehicle License Fee Fund by appropriation in accordance with Section 11003 of the Revenue and Taxation Code.

Percentages of departmental expenditures chargeable to the collection of vehicle license fees have been determined by a study made by the Department of Motor Vehicles in collaboration with the Department of Finance.

Recommendation

We recommend approval of Item 245 in the amount of \$1,201,318 as requested.

Analysis

The request for \$1,201,318 for cost of collection of motor vehicle license fees is justified by the anticipated 4,716,600 fee collections to be processed during the 1948-49 Fiscal Year plus the increase in cost of services and material. The share of the cost of land and buildings for the headquarters office of the Department of Motor Vehicles chargeable to the collection of motor vehicle license fees increased this year due to the separation of the Highway Patrol and removal of some of its operations to other quarters.

For Purchases, Manufacture and Mailing of Motor Vehicle License Plates for the Year 1950, Department of Motor Vehicles, Payable from the Motor Vehicle Fund

Item 246 of the Budget Bill and page 509 (line 26) and page 518 (line 42) of the Budget. The amount requested is \$1,071,400.

This amount is requested for cost of material and the labor costs for full-sized license plates for 1950. In the future it is planned to have license plates and tabs produced by the Department of Corrections in the State Prison at Folsom.

Since the production of license plates must begin well in advance of the calendar year in which they are to be used, the amount of \$1,071,400 is requested to cover cost of producing plates in the 1948-49 Fiscal Year for use in 1949-50 Fiscal Year.

Recommendation

We recommend that Item 246 be reduced from \$1,071,400 to \$293,000 a reduction of \$778,400, or 96.8 percent.

We believe that unless a satisfactory grade of steel is available for plates for 1950 at very reasonable prices, license stickers should be used in that year for automobiles and trucks and tabs should be issued for motorcycles and trailers, in lieu of license plates. The stickers to be used on automobiles and trucks can be made of adequate weight paper stock and be properly gummed to more than withstand the requirements of a year's use on the windshield, according to the State Printer. The State Printer estimates that for the first year in which stickers are used, 4,750,000 pairs can be produced for approximately \$6,500, plus an additional \$1,000 to be expended during the first year for 40 serial numbering machines which are required for the job. Thus the cost of printing stickers for use in lieu of license plates or tabs for automobiles or trucks would be approximately \$7,500 the first year.

Additional license plates for replacements and new registrations in the year 1950 will cost approximately \$258,500. The license tabs for trucks and trailers will cost approximately \$26,000 (based on the assumption that approximately half or \$258,500 of the \$517,000 shown in the Budget of this Division of Registration for the 1948-49 Fiscal Year is for 4,750,000 tabs. The unit price per tab is \$.05442. Based on an estimate of 4,950,000 registrations in the year 1950 and assuming 10 percent of these registrations are for motorcycles and trailers, it is found that 495,000 pairs of tabs will be required for the motorcycles and trailers. At the unit cost of approximately \$.05442 these tabs will cost approximately \$26,938.)

The combined cost of automobile and truck stickers, motorcycle and trailer tabs, and the cost of additional 1947 plates is estimated at approximately \$293,000 for the year 1950. The deduction of this amount from the \$1,071,400 requested for license plates for that year discloses that the use of the stickers and tabs for the year 1950, as permitted by the provisions of Section 156.5 of the Motor Vehicle Code, would produce a saving of \$778,400, or 96.8 percent.

For Additional Support, Department of Motor Vehicles, Payable from the Motor Vehicle Fund

Item 247 of the Budget Bill and page 509 (line 28) and page 518 (line 73) of the Budget.

The amount requested is \$165,500 for additional support from the Motor Vehicle Fund. *This is the first time reserves for contingencies such as unforeseen increases in workloads have been provided in the budget document for the Department of Motor Vehicles.*

Legislative attention is called to the fact that this reserve appropriation was added for the Department of Motor Vehicles by the Department of Finance, Division of Budgets and Accounts, because Section 778 of

the Motor Vehicle Code prohibits granting of deficiencies from the Motor Vehicle Fund in accordance with Section 11006 of the Government Code, which is the section provided for the allowance of deficiencies. *In view of the prohibition against deficiencies whether the requested reserves should be allowed is matter of Legislative policy.*

Recommendation

We recommend that Item 247 in the amount of \$165,500 be deleted in view of the express prohibition against deficiencies contained in Section 778 of the Motor Vehicle Code.

Analysis

The amount of \$165,500 as a reserve for contingencies is to provide:

(a) The amount of \$80,000 to cover the cost of handling motor vehicle registrations in excess of the anticipated 4,716,000 on which the regular budgetary request is based, but not to exceed an excess of 5 percent or 235,800 additional registrations and making provision for the maximum total of 4,951,800 registrations.

(b) The amount of \$85,500 to provide funds for expenditures for operation of the New Financial Responsibility Law in the event the reportable accidents exceed the 185,000 for the 1948-49 Fiscal Year as estimated by the Department of Finance but not to exceed the 225,000 estimated by the Department of Motor Vehicles. *These agencies have been unable to reconcile their differences of opinion and therefore request a reserve for the contingency that the workload may exceed the Department of Finance estimate.*

DEPARTMENT OF NATURAL RESOURCES—DEPARTMENTAL ADMINISTRATION

Item 248 of the Budget Bill and pages 522 to 523 of the Budget. The amount requested is \$149,651, an increase of \$17,180, or 13 percent, over estimated expenditures of \$132,471 in 1947-48.

The increase in salaries and wages from \$206,395 in 1947-48 to \$230,793 in 1948-49, an increase of \$24,398 is composed of increases in personnel of 6.4 man-years, and salary increases and reclassifications of existing positions. Operating expenses increase from \$19,425 in 1947-48 to \$30,240 in 1948-49, an increase of \$10,815 and equipment increased by \$1,730 over the amount of \$8,765 spent in 1947-48. Pro rata costs to special fund divisions have been increased \$19,763 or 19.3 percent, making the net increase of \$17,180.

New positions are requested in the amount of 6.4 man-years in the accounting and personnel sections at a cost of \$14,672. *One position of accountant-auditor requested is to care for an increased workload caused by the annual Budget.* The positions requested appear to be justified by the increased workload of the department.

The major items of increase in operating expenses are a request for \$6,000 for conservation education, and an increase of \$2,200 in traveling, reflecting increased travel of two departmental property inspectors.

The \$6,000 for conservation education is to be used for the purchase of a film dealing with natural resources of California and the publication of a pamphlet on the same subject. We recommend approval of this