

DEPARTMENT OF MOTOR VEHICLES

ITEM 181 of the Budget Bill

Budget page 562
Budget line No. 4

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

Amount requested	\$8,439,601
Estimated to be expended in 1949-50 Fiscal Year	8,295,350
Increase (1.7 percent)	\$144,251

Summary of Increases

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and Wages	\$193,342	\$177,542	\$15,800	562	41
Operating Expenses	235,119	235,119	---	562	42
Equipment	4,862	3,944	918	562	43
Less:					
Increase in					
Reimbursements	—289,072	—289,072	---	562	47
Total Increase	\$144,251	\$127,533	\$16,718		

RECOMMENDATIONS

Amount budgeted	\$8,439,601
Legislative Auditor's Recommendation	8,431,829
Reduction	\$7,772

ANALYSIS

We wish to point out that the original budget request presented by the Department of Motor Vehicles was for \$8,911,720, an increase of \$604,097. A reduction of \$459,846, in which the Office of the Legislative Auditor concurred, was made by the Department of Finance.

The recommended reduction of \$7,772 from the budget request is composed of the following:

<i>Division of Registration</i>	<i>Salaries and wages</i>
1 senior clerk	\$2,640
1 intermediate clerk	2,280
1 intermediate typist-clerk	2,280
Related equipment for the proposed new positions	572
Total	\$7,772

The above positions and related equipment were disapproved by the Legislature during the 1949 Session.

These positions were requested to form a so-called "control unit" in the Registration Division. The principal function of this unit was to keep a log of the blocks of work in the six branch offices that clear through the Sacramento office. This information was to be used by the registrar to determine what work was unduly delayed in the branch offices and to take steps to expedite these items. At present there are managers of these branch offices, and one of their major functions is to see that the work is handled expeditiously. Apart from the branch manager there is a supervisor of branch managers whose chief function is to keep informed as to the status of work in the branch offices and take necessary steps to expedite any items that are delayed. We believe that any such information

desired by the registrar should be furnished by the supervisor of branch managers.

We recommend disapproval of these new positions and related equipment on the basis that it would be a duplication of a function that should be done by personnel of the existing staff.

One new position of associate administrative analyst at \$4,740 and one assistant administrative analyst at \$3,900 with related equipment in the amount of \$346 is requested to perform a new service.

In the 1949-50 Budget request, the amount of \$70,000 was requested to establish a training school for employees. *We recommended deletion of this amount on the basis that a well-written manual of procedures would serve as a means of instruction and be less costly.* The Legislature deleted the \$70,000 from the Budget Bill in 1949. The two administrative analysts will develop such a manual and the printing costs are estimated at \$2,500. *We recommend approval of these two positions because we believe that they will perform a service that is very necessary and will result in a saving of money to the State and greater efficiency of the employees of the department.*

New license plates are to be issued in 1951. This is the chief cause of the increase in the budget request for 1950-51. If only the normal operations were to be performed in 1950-51, the budget request would show a decrease as compared to the 1949-50 Fiscal Year. Some of the major items of expense incurred each five years when new license plates are issued are as follows:

Temporary help in the tabulating section (preparation of new cards, etc.)	\$17,000
Extra shift machine rental	17,000
Purchase of new tabulating cards and auto-record paper	43,600
Increase in postage, Registration Division	90,000
Increase in postage, field offices	28,000
Establishment of new license files	199,000

Total increase due to issuance of new license plates ----- \$394,600

Apart from the above expense the amount of \$1,275,000 for materials and manufacturing cost was requested in the 1949-50 Budget.

It is evident that the issuance of new license plates every five years is a very costly operation for the State.

We recommend that a study be made to determine the feasibility of discontinuing the issuance of a new plate every five years, and that the new plate to be issued in 1951 be a permanent one to be replaced only on request of the owner when plates have been damaged, lost or stolen. To accomplish this change appropriate legislation will be required in 1951.

Separation of Legal Owner From Owner on Registration Cards

The present law requires that both legal owner and owner be shown on the registration card.

We believe that a considerable saving in money would result to the State and better service could be rendered to the motoring public if the function of registering motor vehicles and issuing titles of ownership could be completely separated.

If this were done, the Department of Motor Vehicles could begin preparation of registration cards at a much earlier date. We believe this would reduce considerably the cost of machine rentals. It is estimated

that of the total cars registered in the State 25 percent are legally owned by a second party and involve transfers of titles. Every time a transfer of legal ownership is involved, a new certificate of legal ownership must be made and a new registration card prepared. If the separation that we recommend is put into effect, the issuance of a new registration card will not be necessary. This means not only a saving in paper costs, but a saving in time for the employees handling these transactions. Also more timely information to law enforcement agencies would result, due to the fact that the registration process would be accelerated considerably.

Staggered Renewal Method

Under the present system of vehicle registrations, application must be made for the registration of all motor vehicles during the period January 1st through midnight of February 4th. It is estimated that the total motor vehicle registration will reach a total of 4,485,000 for the year 1949 and an estimated 4,728,000 for 1950.

This is an extremely heavy volume of work to receive in such a short period of time each year. We believe that the cost of processing these registrations would be considerably less if the volume was equally distributed throughout the year. Also much better service could be rendered the public. *We recommend that a thorough study be made and a blue print of a workable procedure be made and presented to the Legislature for their consideration.* We wish to point out, however, that the job of converting from the present method to a staggered one will be a tremendous task and that sufficient time should be given to study and consider all phases of the operation before any attempt is made to change the present method.

Despite steady improvements achieved by the Department of Motor Vehicles this past year, we believe that additional improvement should be made during the 1950-51 Fiscal Year. A thorough study of the accounting procedures should be made and the cumbersome features be replaced by streamlined methods. Work now being done manually that can be done more efficiently and economically by mechanical installations should be converted, and the Budget be reduced accordingly. We are of the opinion that by the time of the 1951-52 Fiscal Year most of the problems of conversion from a manual operation to a mechanical one should be solved and definite progress made toward mechanical installation. At that time reasonable increases in work load should be absorbed without an increase in the budget request.

From our study it appears that some of the bureaus could be consolidated, bringing certain functions together and making it possible to complete certain transactions in one bureau, thus reducing to a minimum transfer of documents between bureaus and the corresponding necessary controls. *We recommend that such a study be made by the systems personnel of the Department of Finance.*

GENERAL SUMMARY

The Department of Motor Vehicles was created by Chapter 27, Statutes of 1935.

The department is under the control of a civil executive officer known as the Director of Motor Vehicles appointed by the Governor. The director is charged with the responsibility of administering and enforcing the provisions of the Vehicle Code relative to the Department of Motor

Vehicles and may adopt and enforce such rules and regulations as may be necessary to carry out the provisions of the Vehicle Code relating to said department.

The major functions of the Department of Motor Vehicles are as follows:

1. Registration of motor vehicles and maintenance of adequate records thereon.
2. Licensing drivers of motor vehicles.
3. Collecting the "in lieu" tax on motor vehicles.
4. Administration and enforcement of the Financial Responsibility

Law.

The department is currently organized on the basis of four divisions: Administration, Registration, Drivers' Licenses, and Field Office Operations.

**Department of Motor Vehicles
ADDITIONAL SUPPORT**

ITEM 182 of the Budget Bill

Budget page 562
Budget line No. 20

For Additional Support of the Department of Motor Vehicles From the Motor Vehicle License Fee Fund

Amount requested -----	\$1,545,440
Estimated to be expended in 1949-50 Fiscal Year -----	1,316,157
Increase (17.4 percent) -----	\$229,283

RECOMMENDATIONS

Amount budgeted -----	\$1,545,440
Legislative Auditor's Recommendation -----	1,545,440
Reduction -----	None

ANALYSIS

All expenses for 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 that fund then 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.

The Department of Motor Vehicles expressed the belief that the percentages of expenditures chargeable to the collection of vehicle license fees had been too low in the past. A review by the Department of Finance indicated that an upward adjustment in percentages should be made. This resulted in an increase of \$229,283 chargeable to the Motor Vehicle License Fee Fund.

Department of Motor Vehicles
DEFICIENCY PAYMENTS

ITEM 183 of the Budget Bill

For Payment of Deficiencies in Appropriations for the Department of Motor Vehicles From the Motor Vehicle Fund

Amount requested	\$250,000
Estimated to be expended in 1949-50 Fiscal Year	350,000
Decrease	<u>\$100,000</u>

RECOMMENDATIONS

Amount Budgeted	\$250,000
Legislative Auditor's Recommendation	250,000
Reduction	<u>None</u>

ANALYSIS

The amount requested for the 1949-50 Fiscal Year was \$500,000, and the Legislative Auditor recommended a reduction of \$150,000. The Legislature approved this recommendation and the amount appropriated was \$350,000. At this time we are unable to estimate the amount which will be spent for the 1949-50 Fiscal Year.

The 1950-51 Fiscal Year is abnormal in the sense that new license plates will be issued. Many unforeseen problems may arise. For this reason we are recommending approval of this amount subject to a strict scrutiny of the justification for its use by the Department of Finance. Further we believe that appropriations of this nature for the Department of Motor Vehicles should not recur after the 1950-51 Fiscal Year.