

San Francisco Bay Conservation and Development Commission—Continued and maintenance of an up-to-date plan during the period of legislative consideration.

The commission's existence will terminate on the 90th day after final adjournment of the 1969 Regular Session. A successor agency will need to be designated by the Legislature to carry out the approved plan.

*Approval of the item is recommended.*

**DIVISION OF AERONAUTICS**

ITEMS 230 and 231 of the Budget Bill

Budget page 1026

**FOR SUPPORT OF THE DIVISION OF AERONAUTICS FROM THE AERONAUTICS FUND**

Amount requested .....	\$466,104
Estimated to be expended in 1967-68 fiscal year .....	262,097
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Increase (78 percent) .....	\$204,007
Increase to improve level of service .....	\$204,007
<b>TOTAL RECOMMENDED REDUCTION (Item 231) .....</b>	<b>\$135,000</b>

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Reduce Airport Master Plan contract amount from \$160,000 to \$25,000 to provide for program development .....	\$135,000	1027	24

**GENERAL PROGRAM STATEMENT**

The Division of Aeronautics is in a state of transition. Chapter 317, Statutes of 1967, increased the California Aeronautics Board from five to seven members, made the Division of Aeronautics responsible to the Transportation Agency Administrator, and made the director an appointee of the Governor in lieu of being an appointee of the board. The two new board members and the director assumed office in December of 1967.

The new management has assumed control of the division at a time when it is undergoing a reorientation resulting from two additional important responsibilities which the Legislature has given it. Chapter 2028 of the Statutes of 1965 created the Airport Assistance Revolving Fund to be supported by two cents per gallon aviation fuel tax which in the past was refunded from the Motor Vehicle Fuel Fund to the aircraft owners.

The two-cents-per-gallon tax is deposited now in the Aeronautics Fund from which the support of the Division of Aeronautics is derived and the remainder is deposited in the Airport Assistance Revolving Fund. After mandatory allocation of \$2,500 per eligible airport, which totals almost \$500,000 per year, the remaining balance of approximately \$1 million is allocated for airport development by the division at its discretion. The division has established a priority schedule for disposition of these funds and intends to develop a state airport master plan to provide a better basis for fund distribution. In addition to providing a logical basis for fund distribution, the airport plan will relate airport needs of the state to the potential financing of airport development.

## Division of Aeronautics—Continued

Thus, the \$1 million per year discretionary allocation authority given to the division represents an important responsibility and, in addition, justifies development of a master plan which represents a logical step toward the possibility of the division assuming even more important responsibilities in the future.

Chapter 280, Statutes of 1967, made the Division of Aeronautics responsible for leasing a hyperbolic navigational system and testing the usefulness of the system as an aid to short takeoff and vertical lift aircraft operating on a commuter basis in the urban areas and as an aid to vessels navigating in California waters. The burgeoning growth of helicopter service in urban areas already has created low level air space traffic congestion which is expected to worsen, and the impending development of the vertical lift aircraft is expected to complicate the problem further. An improved navigation system is considered to be essential in resolving the impending problems.

Although the Southern California Association of Governments and the Association of Bay Area Governments are concerned with these problems in the two major metropolitan areas of the state, it is apparent that there is a statewide interest and the Legislature has delegated surveillance of that statewide interest to the Division of Aeronautics by making it responsible for supervising navigational system tests.

In order to assume its increased responsibilities and to provide more thorough service with respect to its continuing responsibilities, the department's staff was increased from 10.9 to 16.9 authorized positions in the 1967-68 budget. The six additional positions authorized were a deputy director, an assistant counsel, an assistant engineer, an associate planner, a field representative and a clerical position. The deputy director and clerical position have been filled and the associate planner and field representative positions are expected to be filled soon. The assistant counsel and assistant engineer positions will be reclassified to assistant to the director and administrative assistant positions respectively, and then filled.

The major continuing functions that demand a significant portion of the staff's effort include the issuance of permits for and inspections of airports, regulation of parachutists, inspection of potential school sites to evaluate aircraft noise and flight pattern conflicts, encouragement and supervision of air safety activities and the promotion of general aviation in California.

## ANALYSIS AND RECOMMENDATIONS

The budget proposes to continue the 16.9 positions authorized in 1967-68. *We recommend approval of the positions but recommend that the positions be reclassified according to the intention of the new director.*

The budget indicates that the \$75,000 appropriated for the hyperbolic navigation system study in 1967-68 will be expended, but there is a legal question that may preclude that expenditure. Chapter 280, Statutes of 1967, appropriated \$750,000 required for the study in equal annual increments over a 10-year period even though the study will

## Division of Aeronautics—Continued

be conducted in a three-year period. Apparently the Attorney General considers it to be unconstitutional for the state to contract for services rendered during a three-year period and to pay for them over a 10-year period. That problem will have to be resolved, possibly by new legislation, in order to proceed with the hyperbolic navigational system testing as proposed.

The budget proposes \$160,000 to finance the state share of the first year cost of contract services necessary for the preparation of a state-wide master plan for airport development. The division estimates \$700,000 will be the full cost of the plan and anticipates two thirds federal financing. The division envisions a two-stage development of the plan. First the division will solicit ideas from as many consultants as may be interested regarding all of the elements that should be considered in the development of a state airport plan. That information will be used as a basis for hearings attended by representatives of the Division of Aeronautics, the Transportation Agency, the Southern California Association of Governments, the Association of Bay Area Governments, the Federal Aviation Administration and the State Office of Planning as a means of defining the fundamental premises upon which the airport plan should be developed. Once these premises have been developed and agreed upon, the division proposes to use them as program guidelines. These program guidelines become the basis for instructions to the consultant chosen to develop the master plan as the second phase of the process.

The division estimates that the program development may be completed in as little as six months, making it possible to enlist a consultant to begin the state airport plan development early in 1969.

The division's proposal is well conceived and we support it. We believe, however, that the most important part of the master plan development will be the development of the premises that are agreed upon as the program basis of the master plan. For this reason, we think the Legislature should have an opportunity to review the program prior to committing itself to the development of a master plan based upon that program.

*We recommend that \$25,000 be approved to support development of the program guidelines and that the program be used to substantiate a 1969-70 budget request for the remaining master planning funds.*

The \$25,000 will be used to pay participating consultants for the ideas that they may have with respect to those elements that are required in a master plan so that the Division of Aeronautics will be free to use those ideas as instructions to the consultant finally chosen to prepare the master plan. The \$25,000 recommended exceeds the division's estimate of the need for first stage development by \$15,000. The high figure is recommended in order to insure that fund limitations do not preclude the division from having program guidelines developed to substantiate a master plan proposal in 1969.

**Business and Transportation Agency  
OFFICE OF MANAGEMENT SERVICES**

ITEM 232 of the Budget Bill

Budget page 1028

**FOR SUPPORT OF OFFICE OF MANAGEMENT SERVICES  
FROM THE GENERAL FUND**

Amount requested -----	\$155,008
Estimated to be expended in 1967-68 fiscal year -----	90,580
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Increase (71.0 percent) -----	\$64,428
<b>TOTAL RECOMMENDED REDUCTION -----</b>	<b>\$65,087</b>

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
2 Assistant directors -----	\$35,297	1028	64
Contract services -----	29,790	1028	76

**ANALYSIS AND RECOMMENDATIONS**

The establishment of the Office of Management Services as a division of the Transportation Agency represents another attempt by the administration to control the uncoordinated growth of automatic data processing (ADP) activities within California state government.

The first comprehensive study of ADP was conducted by the previous administration and resulted in the *Management Study of Automatic Data Processing*, a report released in November, 1964. Based on the numerous recommendations of this report which included separation of the technical and service functions from ADP policy and planning, the Governor issued a policy pronouncement in January, 1965 which stated that the Administrator of the Revenue and Management Agency (i.e., Director of Finance) would provide overall state leadership and have primary responsibilities in the automatic data processing field. A special assistant to the Director of Finance, systems and ADP (\$23,712) was appointed in June, 1966.

Technical functions were assigned to the Department of General Services, and a chief—systems analysis (\$22,584) was employed in December, 1965. A staff of ADP specialists in systems analysis, operations research and management information systems design was authorized for the Systems Analysis Office. This office was to provide the necessary technical expertise to conduct ADP planning, approve departmental ADP plans, serve as consultants to departments, operate a state data processing service center, and do the initial planning for a statewide information system (SFIS).

The 1965 policy statement called for full consideration of program requirements of individual departments but indicated that the needs of state government as a whole were of primary concern and coordination was deemed essential to secure the best use of existing ADP facilities, equipment and personnel.

The time span from 1964 to 1968 has seen a dramatic change in technology within the electronic computer industry and a substantial increase in the cost and utilization of all types of ADP equipment. Within this period, the new administration undertook a study of ADP through the Governor's Survey on Efficiency and Cost Control, which also recommended full utilization of ADP facilities and a separation

## Office of Management Services—Continued

of policy and planning from technical services. In October 1967 a Governor's Policy Statement on ADP was issued, and this document became the basis for the November, 1967 Executive Order establishing the Office of Management Services.

The need for committees was recognized in both administrations. In the 1965 policy statement, the Automatic Data Processing Advisory Committee was formed to furnish advice on policy. Under the 1967 statement, the State Automatic Data Processing Policy Committee was appointed to advise the Governor on plans for consolidation and optimum utilization of automatic data processing systems.

The Legislature has expressed concern since 1965 over the lack of policy, planning and coordination of the ADP activities within state government. The Assembly Interim Committee on Ways and Means released a *Report on Automated Data Processing* on March 15, 1965. The "Findings" revealed that the state has not achieved the maximum benefit for the money invested in this field and noted that efficiency and economy in automated data processing require planning, a high degree of efficiency and control, and competent personnel.

Pursuant to SCR 34, 1966 First Extraordinary Session, the Legislative Analyst prepared the report *Automatic Data Processing in California Government*, dated January 30, 1967, for the Joint Legislative Budget Committee. This report has had wide distribution and is generally accepted as correctly identifying the numerous problem areas that exist.

Although superficial evidences of intended coordination were found in our study, i.e., designation of responsibilities by the Governor, creation of an advisory committee, etc., the results of the study indicated a lack of definitive state ADP policies, absence of a long-range master plan, development of ADP in individual departments in an uncoordinated manner resulting in a proliferation of ADP facilities, and little evidence of standardization of systems design, coding or common identification of data items.

Little progress was evident from January to June, 1967, in correcting the many problems identified in the ADP report prepared by this office. The Legislature therefore adopted SCR 63 in the 1967 General Session which further delineated the problem and required the Department of Finance and General Services to report on their acceptance and implementation of the recommendations contained in the report *Automatic Data Processing in California Government*.

The response to SCR 63 was delivered to the Legislature on January 12, 1968. It appears that the Governor's policy announcement and executive order relative to ADP are expanded upon to answer the findings and recommendations of the above report. The Office of Management Services is given the responsibility of developing, subject to approval of the policy committee, plans for overall consolidation and optimum utilization of automatic data processing systems for state government and will serve as advisor to the state on matters pertaining to information systems.

## Office of Management Services—Continued

The Department of General Services is given the responsibility, according to the executive order and SCR 63 report, for operations and implementation of those recommendations approved by the State ADP Policy Committee. The revised role of the System Analysis Office, Department of General Services, is discussed in considerable detail in this analysis beginning on page 52.

There is no mention in this report of the functions of the special assistant to the Director of Finance, although relationships between the Office of Management Services, the Department of General Services, the Budget Division of the Department of Finance and the departments are enumerated. This subject is discussed in some detail in the analysis on page 462.

It is apparent that the state now has three highly paid ADP specialists whose relationships are not entirely defined. In our ADP report, we were critical of the division of responsibility between the Departments of Finance and General Services and concluded that there was confusion of responsibility and duplication of effort and control. Although in theory this separation appears logical, the process breaks down if ADP policy makers do not establish clear and concise guidelines for the state to follow. Such policy guidelines have been written into statute by the federal government and certain other states and have had a marked effect in achieving efficiency and economy in the use of ADP.

The events during this past year point to a continued reluctance to abandon the concept of individual departmental computers and accept the principle of ADP service from centralized facilities. For example, a substantial number of departments have installed larger and more expensive equipment, many smaller departments continue to press for their own individual computers (and go without adequate service in the meantime), a state data processing service center was not established (largely due to pressure from individual departments who did not want to obtain service in this manner), and the amount of ADP service obtained from outside the state continues to rise. A first draft of a state ADP master plan was prepared in December 1967 by the Department of General Services and proposed consolidation of all computers in Sacramento into eight large functional centers. This preliminary report has brought immediate criticism because all operating departments were not consulted before the plan was proposed.

In our opinion, the Legislature had funded the Systems Analysis Office of the Department of General Services to complete initial planning for a statewide information system, develop a state ADP master plan and operate a state data processing service center. Admittedly, these are difficult tasks in both the technical and organizational areas and it is most important to work with operating departments to accomplish such assignments. However, without a clear and concise policy statement from state executives such tasks are difficult to begin, much less complete.

The need in California state government is not necessarily for additional policy, planning or control agencies, but for a policy and a plan.

**Office of Management Services—Continued**

Because of the magnitude of the job we accept and concur in the need for the Office of Management Services. Its arbitrary placement as a division of an agency administrator's office does not appear to us to be organizationally sound, and we therefore *recommend that the Office of Management Services be transferred as a staff unit of the Department of General Services, reporting to the director.* The placing of this unit under the department responsible for the operations and implementation, but at a different reporting level, should provide for a continuity of action under a director who is already responsible for a multitude of other technical services on a multiagency and statewide basis and who has legal authority to carry on his responsibilities because of the contract approval function of the department. The functioning of the State Automatic Data Processing Policy Committee will assure high-level policy guidance to the Office of Management Services in the carrying out of its assigned responsibilities.

*We further recommend that pending a demonstration of actual accomplishment and need in the budget year, the proposed new positions be limited to four and that two assistant directors be deleted from the budget, page 1028, line 64, for a saving of \$35,297.*

*A deletion of \$29,790 in contract services, budget page 1028, line 76, is also recommended.*

Lacking specific justification, such money can be more appropriately obtained from savings accumulated in departments as a result of improved operating procedures, or from ADP contract funds available in other agencies.

There is ample evidence to indicate that expenditures for ADP will increase at a substantial rate. Early announcements concerning the establishment of the Office of Management Services indicated that \$10 million to \$15 million could be saved within a 2-to-3-year span from the \$34 million now expended by the state for ADP. We do not agree that these figures are realistic and urge that the new program be designed to meet the growing information needs of the state in the most efficient and economical manner, rather than to necessarily curtail ADP expenditures to achieve short-range economies.

**BUSINESS AND TRANSPORTATION AGENCY**

**ITEM 233 of the Budget Bill**

Budget page 1029

**FOR SUPPORT OF THE TRAFFIC SAFETY AND ALCOHOL PROGRAM FROM THE MOTOR VEHICLE FUND**

Amount requested .....	\$197,807
Estimated to be expended in 1967-68 fiscal year .....	250,000
Decrease (20.9 percent) .....	\$52,193
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>None</b>

**Summary of Recommended Actions**

We recommend that none of the funds appropriated by this item be available for expenditure if the federal government executes a contract during the current fiscal year with the University of Southern

## Business and Transportation Agency—Continued

California to study the relationship of drunk driving to traffic injuries and death.

**GENERAL PROGRAM STATEMENT**

The Traffic Safety and Alcohol program was established in the current year pursuant to AB 2538 (Chapter 1626, Statutes of 1967), which directed the Transportation Agency to contract for a series of pilot studies on the relationship of drunk driving to traffic injuries and death. The principal objectives of the project are (1) to develop a predictive scale by which potential drunk driving offenders may be identified, (2) to develop a probability model which may be useful for predicting which convicted drunk drivers are likely to repeat the offense, and (3) to formulate countermeasures which may reduce and prevent drunk driving. Specific elements of the study include interviews with convicted drunk drivers, evaluation of data on such drivers, and testing of special methods of treatment for persons assigned to alcoholic rehabilitation centers. The project is to result in a final report to be submitted to the Governor and the Legislature on January 15, 1971, with recommendations for legislation to deter potential drunk drivers and possible revisions in treatment or punishment for convicted offenders. The Transportation Agency has appointed a project director to monitor the study for the state and to provide liaison with the University of Southern California which has been awarded the study contract.

**ANALYSIS AND RECOMMENDATIONS**

Last year when AB 2538 was before the Legislature, the Transportation Agency estimated that the total cost of the project authorized by the bill would be approximately \$500,000. The agency further anticipated that about 50 percent of that amount would be supplied by the federal government on a matching basis pursuant to Section 402 of the federal Highway Safety Act of 1966. Accordingly, Section 2 of AB 2538 appropriated the sum of \$250,000 from the Motor Vehicle Fund to the Transportation Agency to carry out the purposes of the act. Late in 1967 the agency submitted the project proposal to the federal government to ascertain its eligibility for cost-sharing under Section 402 of the Highway Safety Act. However, instead of delaying execution of the study contract pending confirmation by the federal government that matching money would be provided, the agency awarded the contract, as noted above, to the University of Southern California on November 24, 1967.

Since that time, two developments have occurred which significantly alter the original cost estimate of the project. First, the federal government has notified the Transportation Agency that the project does not qualify for cost-sharing under Section 402 of the Highway Safety Act because the project does not implement any of the 13 specific highway safety standards promulgated by the secretary pursuant to that section. Simultaneously, however, the federal government expressed interest in the study and is now considering financing its entire cost through an independent contract with the University of Southern California pursuant to Section 403 of the Highway Safety Act. This section

Business and Transportation Agency—Continued

authorizes the Secretary of Transportation to finance the full cost of highway safety research projects which are ineligible for cost-sharing under Section 402.

Secondly, the Transportation Agency has increased its estimate of the total project cost to \$834,895 and is requesting \$197,807 to fund the program through the next fiscal year. We have reviewed the project proposal and the first quarterly progress report prepared by the University as a basis for evaluating the scope and cost of the project. While there is some indication that the study will produce information on the characteristics of convicted and potential drunk drivers, it is not clear how such information could be utilized effectively as a means of reducing the incidence of drunk driving. In short, the study may produce a model useful for *predicting* drunk driving offenses but fail to provide a practical means of *preventing* them, which appears to be the ultimate objective of AB 2538.

We believe, however, that the problem of drunk driving should be explored and every effort made to reduce its occurrence. The first step in that effort is to learn something about the characteristics of drunk drivers, following which it may be possible to institute a system of controls to reduce death and injuries.

*We recommend that this item be approved as budgeted; provided, however, that none of the funds appropriated shall be available for expenditure if the federal government executes a contract during the current fiscal year with the University of Southern California to study the same subject.*

**BUSINESS AND TRANSPORTATION AGENCY**

ITEM 234 of the Budget Bill

Budget page 1029

**FOR SUPPORT OF THE MEDICAL ASPECTS OF TRAFFIC SAFETY PROGRAM FROM THE MOTOR VEHICLE FUND**

Amount requested .....	\$28,536
Estimated to be expended in 1967-68 fiscal year.....	30,689
Decrease (7.5 percent) .....	\$2,153

**TOTAL RECOMMENDED REDUCTION**..... Unresolved

**GENERAL PROGRAM STATEMENT**

This program was authorized by AB 2196 (Chapter 1714, Statutes of 1967), which directed the Transportation Agency to conduct a program relating to the medical aspects of traffic injury and accident control. The agency intends to contract with the Department of Public Health for a study to (1) correlate kinds of traffic injuries with particular kinds of accidents as a means of improving emergency aid services and (2) devise predictive methods for identifying drivers who are subject to medical disabilities that might impair their driving ability. The problem of alcohol in relation to highway safety may also be examined.

## Business and Transportation Agency—Continued

## ANALYSIS AND RECOMMENDATIONS

This program is not operational, but the Transportation Agency and the Department of Public Health are in the process of outlining its scope and objectives to serve as the basis for a study contract with the Department of Public Health. Since it is anticipated that the project will qualify for federal matching money, the Transportation Agency is deferring execution of the contract with Public Health until the federal government has reviewed and approved the project proposal. A project proposal has been submitted, but was rejected by the federal government because the scope was too broad and needed refinement.

Last year AB 2196 appropriated \$65,000 from the Motor Vehicle Fund to finance the state's portion of the first year costs of the program, but because of the delay incurred by redrafting the project proposal to meet federal requirements, the agency estimates that only \$30,689 of the state money and \$44,899 of federal matching funds will be expended in the current year. The agency is requesting \$28,536 in the budget year and is anticipating an additional \$91,949 in federal funds. These sums, plus a carryover balance of \$34,311 from the current year, will provide the program a total budget of \$154,796 for next fiscal year.

## Need for Coordination with Traffic Safety and Alcohol Program

Although the study on Medical Aspects of Traffic Safety will be dissimilar in most respects from the Traffic Safety and Alcohol Program discussed in the analysis of Item 233, there may be some degree of overlap between the two studies in connection with the alcohol problem. According to the Transportation Agency, the alcohol content in the tissues of accident victims will be measured and related to accident statistics in the Medical Aspects of Traffic Safety study. In addition, we understand the study will be concerned with the medical and social factors relating to social drinkers and alcoholics who drive. Since the study proposal for this program is not developed, we have no further details on these aspects of the study, but the fact that the program encompasses the alcohol problem points up the need to insure optimum coordination with the Traffic Safety and Alcohol Program.

*The Transportation Agency's failure to complete an acceptable project proposal and to define clearly the relationship of this study to the Traffic Safety and Alcohol Program study precludes our making an informed recommendation with respect to the usefulness or adequacy of the funding proposed.*

## DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

ITEM 235 of the Budget Bill

Budget page 1031

FOR SUPPORT OF THE DEPARTMENT OF THE CALIFORNIA  
HIGHWAY PATROL FROM THE MOTOR VEHICLE FUND

Amount requested .....	\$98,116,786
Estimated to be expended in 1967-68 fiscal year .....	85,810,834
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Increase (8.5 percent) .....	\$7,305,952
Increase to improve level of service .....	\$4,950,000
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>\$123,000</b>

# Highway Patrol

Item 235

## Department of the California Highway Patrol—Continued Summary of Recommended Increases

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
1. Reduce field office lease schedule.....	\$123,000	1035	77
2. Delete 50 traffic officer positions and direct department to identify supervisory positions in the budget .....		1033	19

### Needed Administrative Improvements

1. Complete manpower deployment studies.
2. Develop standards for selecting leased or state-owned field offices.
3. Coordinate planning for field offices with Department of Motor Vehicles.

### GENERAL PROGRAM STATEMENT

Within the Transportation Agency, the Department of the California Highway Patrol is responsible for assuring the safe and efficient use of the highway system. Exercise of this responsibility includes the patrol of some 84,000 miles of roadway, enforcement of California Vehicle Code sections relating to driver action and vehicle condition, investigation and reporting of accidents, assistance to motorists and local law enforcement officials, auto theft investigation, inspection of commercial vehicles and schoolbuses, testing of schoolbus drivers, licensing and inspection of vehicle pollution control stations and brake and lamp stations, and operation of mobile commercial weighing stations.

The department's executive staff and four functional divisions occupy the Sacramento headquarters office. The Administrative Services Division prepares and controls the budget, acquires and equips patrol cars and motorcycles, procures field offices and operational supplies, and provides duplicating services and internal auditing.

The Operational Planning and Analysis Division is responsible for analyzing the efficiency of field operations, collecting and evaluating information to guide management and field supervisors in manpower deployment, electronic data processing, and photo and graphic arts services.

The Training Division operates the highway patrol academy and provides in-service training for both uniformed and nonuniformed personnel.

The Safety Services Division develops and supervises the enforcement of safety regulations applicable to commercial carriers, supervises the motor vehicle air pollution control program, issues light and brake station licenses, coordinates testing of vehicle accessories for compliance with state law, operates a central auto theft record unit, develops and distributes radio and television programs, and operates a communications center in headquarters.

In addition to the headquarters office, the department maintains six zone offices, each commanded by a supervising inspector, and 65 area offices, most of which are commanded by a captain. Some of the larger area offices also have substations. The six zone commanders report directly to the deputy commissioner of the California Highway Patrol and supervise their respective field operations which are directed locally by the area commanders. The department has an authorized staff of 7,482.6 positions (including temporary help and school crossing guards)

## Department of the California Highway Patrol—Continued

of which 5,419.8 are uniformed and 2,062.8 nonuniformed. The non-uniformed personnel are assigned principally to the commercial vehicle inspection program; the vehicle pollution control program; the accessories testing program; and to clerical, maintenance, and electronic data processing services.

## Patrol Expansion

Most of the department's growth in the past two years is attributable to the implementation of Chapter 2031, Statutes of 1965, which increased motor vehicle registration fees for the purpose of augmenting the uniformed strength of the department. This legislation resulted in part from a limited study, entitled Operation 101, which the department conducted in 1964. A 35.3-mile section of Highway 101 near Oceanside was manned for the 1964 calendar year with 36 traffic officers compared to the prior allocation of 18 traffic officers. The accident record for 1964 was then compared to the average for the preceding three years in order to determine the effect of the increased staff. A significant reduction in the accident rate for 1964 was attributed to the increased staff level and used as evidence in securing 500 additional traffic officers authorized for six major accident areas by the Budget Act of 1965 and the approximate doubling of the uniformed strength authorized and financed by Chapter 2031, Statutes of 1965.

Pursuant to Chapter 2031, the department was authorized 1,000 additional traffic officers in fiscal year 1966-67 and 450 traffic officers in fiscal year 1967-68 as the first two increments of a proposed three-year increase in uniformed staff. Additional staff increases during that two-year period, which were justified as necessary to support the traffic officers, consisted of 206 supervisory uniformed positions and 214 non-uniformed personnel. Table 1 shows the growth of the department since 1965-66 and compares the level of authorized positions with the number of filled positions on the dates indicated.

Table 1  
Department of the California Highway Patrol  
Authorized Positions

	<i>Traffic officers</i>	<i>Over- time</i>	<i>Other uniformed</i>	<i>Non- uniformed</i>	<i>Temporary help</i>	<i>Pedestrian crossing guards</i>	<i>Total</i>
1965-66-----	3,117	132.8	455	1,215.4	50.9	325	5,296.1
1966-67-----	4,125	172.8	540	1,456.4	46.9	325	6,666.1
1967-68-----	4,575	183.8	661	1,690.9	46.9	325	7,482.6
1968-69 <sup>1</sup> -----	5,075	192.8	661 <sup>2</sup>	1,728.9	45.9	325	8,028.6

<sup>1</sup> Proposed.

<sup>2</sup> Governor's Budget contemplates adding 50 unspecified supervisory positions in the budget year.

## Filled Positions

	<i>Traffic officers</i>	<i>Other uniformed</i>	<i>Non- uniformed</i>	<i>Total</i> <sup>1</sup>
June 30, 1966-----	3,086	453	1,213	4,752
June 30, 1967-----	3,840	536	1,342	5,718
December 31, 1967-----	3,982	581	1,392	5,955
June 30, 1968 (Estimated)-----	4,404	648	1,453	6,505

<sup>1</sup> Excludes pedestrian crossing guards, temporary help, and overtime which appear as authorized positions above.

Department of the California Highway Patrol—Continued  
ANALYSIS AND RECOMMENDATIONS

## The Proposed Budget

The \$93,116,786 support budget requested for the department represents an increase of \$7,305,952 over estimated expenditures for the current year. This includes an increase of \$1,413,000 necessary to finance the full-year cost of the 450 traffic officers and 320 supportive positions authorized in the current year but filled for only varying portions of the year. It also includes \$4,950,000 to finance the part-year cost of 76.5 nonuniformed positions, 50 traffic officer positions proposed to replace personnel reclassified into supervisory positions, and an additional 450 traffic officers which are requested in quarterly increments during the budget year as discussed below. Through administrative adjustments in the current year, 30.5 authorized positions have been abolished. Thus, the department is requesting a net increase of 546 positions in the budget year.

Thirty-one of the 76.5 nonuniformed positions are requested to staff the San Onofre commercial vehicle inspection station and brake test strip which is scheduled to be completed in mid-1968. Most of the other 45.5 new positions are needed to handle the additional workload generated by the new traffic officers. The remaining budget increase of approximately \$943,000 consists principally of normal increases in operating costs, \$70,000 in improvements to the teleprinter system, and \$24,000 for a tire-testing program authorized by the Vehicle Code.

As noted previously, the department has been authorized an additional 1,950 traffic officers during the past three years, 1,450 of which are financed by Chapter 2031 revenues. The 450 traffic officers and related supportive positions requested for the next fiscal year constitute the third and final increment which can be financed by these revenues, according to Department of Finance calculations which are based on applying the middle salary level of traffic officers and supportive positions to the \$39 million estimated revenue from Chapter 2031. We believe this is a reasonable basis for evaluating the financing capability of Chapter 2031 revenues.

The recent, substantial increases in uniformed strength have created a number of management problems for the department which warrant some comment. While some recruiting difficulties have been experienced, a more pressing problem has been the time factor involved in completing security investigations of hundreds of applicants tentatively acceptable for employment. To reduce the time lag between preliminary screening and final acceptance of applicants, the department temporarily has assigned additional personnel to the applicant investigation program. Nevertheless, the department has a current backlog of 486 authorized but unfilled traffic officer positions which it estimates will be reduced to 171 positions by June 30, 1968. Assuming, therefore, that the additional 500 traffic officers requested next year are approved and that the department experiences a normal attrition of 180 traffic officers during that year, the department will need to recruit, train, and deploy approximately 851 traffic officers in 1968-69 if all authorized positions

## Department of the California Highway Patrol—Continued

are to be filled. The department believes that this can be accomplished. Operating at peak capacity, the academy could train 1,080 traffic officers per year, but "dropouts" could be expected to reduce this number to approximately 1,000. Last year, 932 cadets were graduated compared to 593 in 1965-66. According to the department's present estimate, 863 cadets will be graduated in the current year. These numbers include cadets recruited to fill vacancies created by attrition.

As discussed more fully under separate headings below, the department is experiencing considerable difficulty in achieving the most effective implementation of the new traffic officers because its manpower deployment studies (Operation 101 and 500) are not completed. Consequently, there is inadequate information to identify the particular patrol beats or roadways on which the officers should be assigned to produce optimum impact on traffic safety. Problems involving the size and location of field offices and the adequacy of field supervision also have complicated the department's efforts to implement the expansion program.

We have considered the feasibility of postponing the third increment of 450 traffic officers requested for next year until the 1969-70 fiscal year to provide the department an opportunity to resolve its management problems. Conversely, we believe that the placing of additional traffic officers on the highway, even without full knowledge of how they could be most effectively deployed, is preferable to delaying their authorization in anticipation of better deployment data. *Thus, while we have reservations about the department's present ability to insure optimum utilization of the positions requested, we believe, on balance, that the overall beneficial effect of having additional patrolmen on the roads overrides the alternate course of action, which would be to defer authorization of the officers until the department resolves its management problems. On this basis, we recommend approval of the 450 traffic officers and 76.5 nonuniformed positions requested.*

## Identification of Supervisory Personnel

The Governor's Budget proposes that 450 of the requested 500 new traffic officers be authorized in four equal quarterly increments from July 1, 1968, through April 1, 1969. This is a reasonable proposal because it provides a minimal amount of time for recruiting and conforms to the academy's class schedules. We question, however, the concept expressed in the budget of requesting the remaining 50 traffic officers to replace existing traffic officers who will be promoted to 50 unspecified command and supervisory positions sometime during the budget year. The Governor's Budget states: "The possibility of upgrading positions to the level needed and at the time needed rather than designating particular levels of positions at this time will allow the department greater flexibility in the management of its operation." This statement suggests that the department is unable to evaluate and project its requirements for supervisory personnel one year in advance, even though it can reasonably anticipate that its traffic officer strength will be augmented by a net increase of 621 positions during that year.

## Department of the California Highway Patrol—Continued

At our request, the department has given further consideration to its supervisory needs next year and states that approximately 45 of the 50 positions requested will be sergeants and the other five lieutenants. The department is unable, however, to explain clearly the basis on which this estimate was made. It appears, therefore, that the department has not developed criteria for predicting its requirements for supervisory positions, and the estimate given above is little more than intuitive. The department states, however, that it does not anticipate a need for additional supervisory personnel for next year's staff level beyond the 50 positions requested.

*We recommend that the 50 traffic officer positions proposed as replacements for personnel promoted into supervisory classifications be deleted and that the department identify its needs for supervisory positions and include them in the budget.*

The department's difficulty in projecting its requirements for field supervisors with reasonable accuracy is symptomatic of the larger problem of adjusting its entire field organization to achieve optimum utilization of the new traffic officers authorized in recent years. There was inadequate preliminary planning for the department to add 1,950 traffic officers effectively during the past three years. Consequently, decisions on implementing the expansion program generally have been based on assessments of current operating experience rather than on a carefully developed plan.

The most serious problem areas requiring the department's attention were discussed in our analysis last year. These were (1) the need to continue the analysis of patrol effectiveness under the Operation 101 and 500 studies as a basis for determining optimum levels of staffing for various roadways and assessing the need for additional traffic officers in the future, and (2) the need to develop guidelines for selecting field offices so that better decisions can be made on leasing field offices or constructing state-owned facilities. The department recognized the importance of these issues and stated that if adequate financial support was provided in the budget, steps would be taken to resolve them. On our recommendation, the Legislature augmented the department's budget to provide the support requested but, as discussed in sequence below, the department has not developed the information requested.

**Measurement of Deployment Effectiveness**

Last year we commented on the failure of the department to develop meaningful measures of patrol performance so that different staffing levels could be related to impact on highway safety. We pointed out that the findings of the Operation 101 study did not demonstrate conclusively that a doubling of patrol staff on other highways would produce comparable results because the study was limited to a small, unique section of highway and only one variation was made in the prior staffing level. Further study might indicate that the optimum staff level for that section of highway is higher or lower than the level tested. Moreover, accident reduction experience on other highways may differ from the Operation 101 study.

## Department of the California Highway Patrol—Continued

The department recognized the need to test the conclusions drawn from the Operation 101 study and stated that it was conducting a second study, Operation 500, in order to develop additional information necessary to predict the impact of a given staff level on accident reduction. The Operation 500 study is seeking to evaluate the effect of the 500 traffic officers authorized by the Budget Act of 1965 for assignment in six major accident areas.

In order to continue its evaluation of the Operation 101 and 500 study data, the department stated last year that it needed an additional \$53,161 in its 1967-68 budget for a research analyst, a data processing programmer, a computer operator, and for machine time. Based on approval of these funds, the department submitted a time table indicating that Operation 101 reports would be submitted in June and October of 1967 and in April of 1968, and that Operation 500 reports would be prepared in seven phases from September 1967 through June 1969. To insure that the department could proceed with these important studies, we recommended and the Legislature approved a budget augmentation of the full \$53,161.

To date, we have received none of the scheduled reports and the department remains unable to formulate any firm conclusions on its manpower deployment studies. In response to our inquiry, the department states that the administration's freeze on hiring last year and difficulties in recruiting people trained in electronic data processing have prevented the studies from proceeding on schedule. At our request, the department has prepared a statement setting forth some tentative conclusions made from the limited amount of Operation 101 and 500 data analyzed to date. There is indication, for example, that a manpower deployment of 3 to 4 traffic officers per mile per 100,000 average daily traffic (compared to a former deployment ranging from 2 to 2.5 traffic officers per 100,000 average daily traffic) produces a reduction in freeway accidents. The department believes that this deployment rate was a primary reason for the fact that there was a decrease of 1.6 percent last year, when compared with 1966, in both the number of fatal accidents and the number of persons killed in areas patrolled by the department. However, further study might reveal that a deployment level lower than the one tested is equally effective. The department states that property damage accidents on the highways studied increased slightly in 1967, but this may only reflect more frequent reporting of minor accidents because of the higher concentration of traffic officers. The number of injury accidents in 1967 remained approximately level with the number reported in the prior year, but this may be significant when related to the fact that both vehicle registrations and the number of miles driven increased in 1967.

The department has identified four types of roadway conditions that require different (but presently unknown) levels of manpower to provide optimum efficiency in traffic supervision and accident prevention. These four roadway conditions are (1) free flow, in which the motorist can exercise his independent judgment with respect to speed, passing,

## Department of the California Highway Patrol—Continued

and maneuverability; (2) free flow with light congestion; (3) restricted flow with moderate congestion; and (4) non-free flow.

The department reports that accident rates appear to be highest under conditions of free flow and free flow with light congestion when drivers can exercise independent judgment and commit accident-causing traffic violations. It is on roadways where these conditions exist that the new traffic officers are being deployed. The department tentatively has concluded that deployment of additional officers in areas of restricted traffic flow and nonfree flow produces no measurable impact on traffic safety because congestion not only curtails the independent actions of motorists but also restricts the maneuverability of traffic officers, thus impeding enforcement actions.

While the above conclusions are suggestive of the potential value that may be derived from the Operation 101 and 500 studies, further evaluation and refinement are necessary to correlate the four roadway conditions identified by the department with the level of manpower required to produce the optimum impact on traffic safety. We again urge the department to give its deployment studies sufficient priority so that any future requests for additional traffic officers can be evaluated in terms of demonstrable impact on highway safety.

**Planning of Field Offices**

The department's original budget request for 1967-68 proposed construction of 12 new state-owned field offices and long term leases for several other field offices, but no information was provided to justify the proposal. We expressed concern over the department's failure to examine the economic consequences of entering long-term leases compared to construction of state-owned buildings and recommended that the department, in cooperation with the Department of General Services, study this question and develop standards on which future decisions to lease or build could be based. Subsequently, the California Highway Patrol Commissioner adopted the following policy statement requiring the development of such information relative to each proposed new facility:

“When a field office is to be established, or upon the expiration of an existing lease, it shall be determined if the building shall be leased or State owned. The determination shall be based upon but not permanently limited to the stability of highway routing, property values, population expansion in the desired locality, access to roadways to be patrolled, and probable length of occupancy.

“Prior to finalizing of lease or construction plans, a study evaluating the above factors is to be made and submitted to this office.”

The proposed 12 new state-owned field offices were eliminated in the department's modified budget, but funds were included for new leases. However, because the modified budget made no provision for site acquisition, the department lacked flexibility to proceed with plans for state construction if further study of field office requirements indicated that state ownership was preferable to leasing. As a means of providing this flexibility, we requested the department to reanalyze its lease schedule

## Department of the California Highway Patrol—Continued

for the purpose of identifying any savings that could be made without impairing field operations. The department responded that it could reduce the modified budget lease cost schedule by \$448,057 and, on our recommendation, the Legislature appropriated this amount as a contingency fund to be used for site acquisition if subsequent departmental investigation justified such action.

The Governor vetoed the contingency funds for site acquisition but, of more importance, the department did not follow through with its commitment to make an analysis of each field location pursuant to the commissioner's policy statement quoted above, and such review as may have been made is not available in documentary form. We understand that the highway patrol just recently has provided \$1,000 to the Department of General Services to assist in developing the information requested, but any insights into the lease-own question that might be gained from this study will not be available in time for our budget analysis.

*As a result of the department's failure to formulate standards for acquiring field offices, we have inadequate information on which to evaluate the proposed lease schedule in the 1968-69 budget. Three of the proposed leases are for new offices to be occupied on July 1 of next fiscal year at a total annual cost of \$123,000. Since the department has not adequately demonstrated that these offices should be leased rather than state-owned, we recommend that the lease schedule for field offices be reduced by \$123,000.*

## Need to Plan Joint Use of Field Offices

A recent management memorandum from the Department of General Services cites the importance of planning for joint use of field offices by the state agencies whenever possible. The field office requirements of the California Highway Patrol and the Department of Motor Vehicles frequently are adaptable to this arrangement, particularly in smaller communities where geographic conditions permit building construction which provides the patrol with easy access to the freeway or highway and also offers a separate route of access to residents of the community doing business with the Department of Motor Vehicles. Presently, the highway patrol and the Department of Motor Vehicles share nine leased offices (located in Yreka, Alturas, Quincy, Willows Mariposa, Bridgeport, San Andreas, Lakeport, and Grass Valley) and three state-owned facilities in Truckee, Bishop, and San Luis Obispo.

There appear to be other opportunities for combining field offices which should be explored by both departments. For example, the highway patrol recently has negotiated short-term extensions in leases of existing offices in Napa and Victorville in anticipation of moving during the fall of 1970 into state-owned facilities proposed for construction there. The Department of Motor Vehicles occupies other leased offices in Napa and Victorville under leases which expire early in 1971. The administration has deleted the highway patrol's request for capital outlay money to proceed with construction of the Napa and Victorville offices, but the fact remains that in planning for these facilities the patrol did not contemplate including space for the Department of

## Department of the California Highway Patrol—Continued

Motor Vehicles. The patrol is unable to explain the reason for this omission, and we can only conclude that the feasibility of joint-use facilities in these two locations was not considered. *We recommend that the Legislature express its desire that the highway patrol establish liaison with the Department of Motor Vehicles in the future when planning to lease or construct field offices for the purpose of ascertaining the feasibility of joint occupancy.*

## Potential Los Angeles Freeway Responsibility

Section 2400 of the Vehicle Code provides that the Department of the California Highway Patrol shall have full responsibility and primary jurisdiction for enforcing traffic laws on all freeways located within incorporated areas of the state except in cities having either a population in excess of 2,000,000 or an area of more than 300 square miles. Only two cities, Los Angeles and San Diego, qualify under this section to retain primary jurisdiction on freeways within their corporate limits. In 1965, however, the Legislature amended Section 2400 to permit such cities, by resolution of the city council, to request the highway patrol to assume this freeway responsibility.

The City of Los Angeles is now considering adopting a resolution to secure the transfer of its freeway responsibility to the California Highway Patrol, but we have no further information on the status of this proposal. About 132 miles of freeways are involved. An article in the January 22, 1968, issue of the Los Angeles *Times* reported that affirmative action on the resolution would free approximately 200 Los Angeles city policemen and 150 vehicles for reassignment to other functions and permit the reallocation of more than \$3 million to other law enforcement activities.

Contingent on the possibility of such a request being made by the City of Los Angeles, the highway patrol has estimated costs of providing manpower, equipment, and office space at \$3,250,304 based on a gradual transfer of responsibility in 1968-69 and full-year costs of \$4,700,185 in fiscal year 1969-70. The patrol estimates that an additional 317 traffic officers would be required, which is approximately 117 more than the Los Angeles Police Department now assigns to this work, according to the Los Angeles *Times*.

If the *Times*' report accurately reflects the facts, it appears that the Los Angeles City Police Department can patrol these freeway areas more economically than the California Highway Patrol. In that case, consideration should be given to the feasibility of permitting the City of Los Angeles to retain the freeway responsibility under an annual state contract of \$3 million in lieu of paying \$4.7 million for the highway patrol to do this work. This would save the Motor Vehicle Fund approximately \$1.7 million per year and avoid placing a substantial additional workload on the highway patrol at a time when many problems resulting from the statewide expansion program remain unresolved.

## Summary of Recommendations

The department's 1968-69 budget request provides for an additional 500 traffic officers and related supportive positions, which constitute the

Department of the California Highway Patrol—Continued

third and final augmentation of uniformed strength authorized by Chapter 2031, Statutes of 1965. Since 50 of the requested 500 traffic officers will be used to fill vacancies created by the promotion of 50 existing traffic officers to unspecified supervisory classifications, there will be a net increase of 450 traffic officers. The failure of the department to project its needs for supervisory personnel and budget for them accordingly is indicative of a lack of planning for its field expansion program. *We recommend approval of the additional 450 traffic officers, but recommend deletion of the 50 traffic officer positions which the department proposes to convert administratively into supervisory positions during the budget year. The department should identify its needs for supervisory personnel and include them in the budget.*

The department's delay in proceeding with its manpower deployment studies during the current year has precluded the timely development of meaningful performance standards by which the effectiveness of its field operations could be measured and the impact of new traffic officers evaluated. Rational decisions on the appropriate level of staff necessary for a definable level of service cannot be made until the department develops such information.

The department has failed to compare the economic ramifications of leasing field offices as against state construction of new facilities. Consequently, we have inadequate information on which to evaluate the proposed lease schedule for field offices in the 1968-69 budget. Three of the proposed leases are for new field offices to be occupied on July 1 of next fiscal year at a total annual cost of \$123,000. *Since the department has not adequately demonstrated that these offices should be leased rather than state-owned, we recommend that the lease schedule for field offices be reduced by \$123,000. We further recommend that the Legislature express its desire that the highway patrol establish liaison with the Department of Motor Vehicles in the future when planning to lease or construct field offices for the purpose of ascertaining the feasibility of joint occupancy. In all other respects, we recommend approval of the budget as submitted.*

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

ITEM 236 of the Budget Bill

Budget page 1036

FOR SUPPORT OF VEHICLE EQUIPMENT SAFETY COMMISSION  
FROM THE MOTOR VEHICLE TRANSPORTATION TAX FUND

Amount requested .....	\$8,835
Estimated to be expended in 1967-68 fiscal year .....	8,835
Increase .....	None

TOTAL RECOMMENDED REDUCTION .....

None

GENERAL PROGRAM STATEMENT

The Vehicle Equipment Safety Commission is an interstate agency composed of one representative from each state that has enacted the Vehicle Equipment Safety Compact. The California Legislature adopted this compact by Chapter 238, Statutes of 1963, which designates the

**Department of the California Highway Patrol—Continued**

Administrator of Transportation or an alternate selected by him as the representative of California on the commission. The administrator has delegated responsibility in this field to the Department of the California Highway Patrol. The objectives of the commission are to promote uniformity in regulation of and standards for equipment on motor vehicles and to achieve desirable changes in equipment in the interest of traffic safety. One-third of the commission's expenses is apportioned in equal shares among the member states and the remaining two-thirds in proportion to the number of motor vehicles registered in each party state.

**ANALYSIS AND RECOMMENDATIONS**

The amount requested for the budget year is the same as the estimated expenditures for the current year. This provides \$1,520 for out-of-state travel for the commissioner and \$7,315 for California's share of the expenses of the commission. The accomplishments of the commission have been insignificant to date, and its future role in formulating and implementing vehicle equipment standards is uncertain since passage of the federal Vehicle Equipment and Safety Act of 1966, which largely pre-empts the field of vehicle equipment regulation. This federal legislation established the Department of Transportation which is authorized, among other things, to develop equipment standards for both new and used vehicles. The standards promulgated to date apply only to new vehicles, but such standards could be extended to used vehicles, thereby obviating any functions that may remain for the Vehicle Equipment Safety Commission.

The California Department of the Highway Patrol recognizes that the potential impact of the Vehicle Equipment Safety Commission has been diminished by the federal legislation mentioned above, but believes that the commission still can serve a desirable function as advisor to the federal government on equipment standards applicable to used vehicles because many states, including California, already have enacted such standards. The department's position is that California should remain a member of the commission for at least one additional year with future membership contingent on a documentation of the commission's usefulness. *On this basis, we recommend approval of the amount requested.*

**DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL  
DEFICIENCY PAYMENTS**

ITEM 237 of the Budget Bill

**FOR PAYMENT OF DEFICIENCIES IN APPROPRIATIONS FOR  
THE DEPARTMENT OF THE CALIFORNIA HIGHWAY  
PATROL FROM THE MOTOR VEHICLE FUND**

Amount requested .....	\$250,000
Amount allocated to date for the 1967-68 fiscal year .....	None
<b>TOTAL RECOMMENDED REDUCTION .....</b>	<b>None</b>

**ANALYSIS AND RECOMMENDATION**

The Department of the California Highway Patrol receives its support from the Motor Vehicle Fund (a special fund). The department

Department of the California Highway Patrol—Continued

cannot obtain aid from the Emergency Fund, and Section 42272 of the Vehicle Code prohibits deficiency expenditures in support of the department. Recognizing that emergencies could occur in a department of this size, the Legislature for the past several years has provided an annual appropriation for the purpose of funding unanticipated contingencies involving the purchase and operation of patrol vehicles.

*We recommend approval of this item as budgeted.*

**DEPARTMENT OF MOTOR VEHICLES**

ITEM 238 of the Budget Bill

Budget page 1037

**FOR SUPPORT OF THE DEPARTMENT OF MOTOR VEHICLES  
FROM THE MOTOR VEHICLE FUND**

Amount requested .....	\$51,748,151
Estimated to be expended in 1967-68 fiscal year.....	49,065,864
<b>Increase (5.5 percent) .....</b>	<b>\$2,682,287</b>
<b>Increase to improve level of service.....</b>	<b>\$710,864</b>
<b>TOTAL RECOMMENDED REDUCTION.....</b>	<b>\$32,300</b>

Summary of Recommendations

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Add legislative liaison officer.....	\$+17,700	1,039	39
Add work measurement program.....	No Change		
+ 1 senior administrative analyst.....	+16,044	1,039	39
+ 15 analysts and clerks.....	\$132,280	1,039	39
+ contract services .....	50,000	1,039	68
<b>Subtotal .....</b>	<b>\$+198,324</b>	<b>1,045</b>	<b>54</b>
Increase salary savings .....	-198,324		
<b>Total .....</b>	<b>0</b>		
Discontinue travel service to 20 locations			
— temporary help .....	\$-40,000	1,044	76
— traveling—in-state .....	-9,320	1,045	8
— rent .....	-680	1,045	37
Amend Vehicle Code to increase driving school and instructor license fees			
Appropriate funds to follow up Chapter 1148, Statutes of 1965, Financial Responsibility Study			
Amend Vehicle Code to levy motor vehicle dealer, manufacturer, transporter and dismantler license fees			

**GENERAL PROGRAM STATEMENT**

The Department of Motor Vehicles is placed in the Transportation Agency along with the Department of Public Works and the California Highway Patrol in order to facilitate a cooperative approach to the development and operation of a safe and effective highway system.

**Organization**

The department is divided into five major operating divisions reporting to the director. These are Drivers Licenses, Registration, Field Office Operation, Compliance Services and Administration.

**Department of Motor Vehicles—Continued**

The Division of Drivers Licenses is responsible for insuring uniform administration of the drivers license issuance function and for maintenance and use of the drivers license files. It is also responsible for administering the driver improvement and security following accident programs.

The Division of Registration is responsible for insuring uniform application of the motor vehicle registration laws, accounting for tax collections and for maintaining the registration files.

The predominant public contact is associated with the issuance of drivers licenses, registration of vehicles and collection of taxes, all of which are the responsibility of the Division of Field Office Operation. The division is responsible also for the supervision of the driver training school and instructor programs. The division chief and his staff are located in Sacramento, and the public contact is made in 145 permanent full-time offices and 59 part-time offices serviced by travel crews based in the permanent offices.

The Compliance Services section licenses and regulates elements of the motor vehicle industry, and is the law enforcement arm of the department. A New Car Dealer's Policy and Appeals Board was established by Chapter 1397, Statutes of 1967, for the purpose of giving policy direction to the Compliance Services unit with respect to supervision of new car dealers and to provide an administrative appeals forum for the dealers.

The Division of Administration is a service unit for the remainder of the department providing personnel services and training, fiscal and business management, management analysis, research and facilities support. The Director of Motor Vehicles has two deputy directors, an assistant director for electronic data processing, an audit section and a legal section as staff units. One deputy director acts as an executive officer in a direct line capacity supervising all department activities, and the second deputy is responsible for the traffic safety program and reports directly to the Transportation Agency administrator.

**Support of the Department**

The Department of Motor Vehicles collects motor vehicle fees and taxes which in turn are used to finance the operations of the department. Motor vehicle registration and weight fees and drivers license fees are placed in the Motor Vehicle Fund, and vehicle license fees (in lieu taxes) are placed in the Motor Vehicle License Fee Fund. The Motor Vehicle License Fee Fund revenues are levied as an in lieu property tax and are subvented to local government. The predominant support of the department is from the Motor Vehicle Fund although calculation is made to determine the appropriate reimbursement to the department for its cost of collecting in lieu taxes that are distributed to local government. The Motor Vehicle Fund revenues are used also to support the California Highway Patrol and for transfers to the Highway Users Tax Fund to assist in financing construction of the state's highway system.

## Department of Motor Vehicles—Continued

## Mission

The department's functions may be categorized for purposes of comparative analysis into three general programs. One program, highway safety, encompasses those activities related to issuance of drivers licenses and the surveillance of drivers in an attempt to insure safe use of the highways. The second program, public services, includes those functions necessary to protect and assist the public in operating private motor vehicles upon the highway system. These include the registration of motor vehicles, administration of the security following accident law, surveillance of automobile dealers, transporters, manufacturers, dismantlers and salesmen, and the exchange of information as required to facilitate the needs of the insurance industry, law enforcement agencies and other parties with a legitimate interest. The third program, tax collection, encompasses those activities necessary to provide revenues for support of the department, the California Highway Patrol and the construction of the state highway system, and assisting the State Board of Equalization in the collection of use taxes generating from the sale of automobiles. This categorization will be relied upon for purposes of our analysis and recommendations which follow except for the introductory observations which are necessarily assessed on a department-wide basis.

## ANALYSIS AND RECOMMENDATIONS

## The 1967-1968 Budget As a Base

The staffing level proposed in the 1968-69 budget is less than might have been anticipated based upon projecting historical work standards as has been done in the past. This marks the second year that the department has reduced its staff request in the interest of economy. Although the 1967-68 budget included the addition of approximately 190 new positions as part of the investment in the conversion of the department's files to the automated management information system files (AMIS), the remaining staff was held at the 1966-67 authorized level with the expectation that improved work methods would be sufficient to enable the absorption of the expected increased workload. In our analysis of the modified budget in 1967, we cautioned against reductions in the department's program which might have an ill effect upon its surveillance of negligent operators, provision of information services to law enforcement agencies, administration of the security following accident law, post-audit of commercial vehicle registration fee transactions, and the practice of requiring a name and address verification as part of the original drivers license application process. We recommended a \$325,126 increase and identified the specific practices that should not be curtailed. The Legislature accepted those recommended increases and deleted an identical amount from the Division of Field Offices temporary help allocation in order to insure that its specified increases would prevail. In effect the Legislature, in accepting our recommendations, expressed its intent that the search for economies should not impair the level of service of specified desirable programs.

**Department of Motor Vehicles—Continued**

However, in doing so, the Legislature restricted the department's capacity to adjust programs to fit within its total appropriation because it limited the areas in which curtailments could be made.

The department's estimated savings for 1967-68 will be \$635,635 which is made possible by the estimated \$1,408,761 in salary savings. The large salary savings results from having delayed filling authorized positions.

**The Proposed Budget**

The 1968-69 personal services budget guidelines set forth by the Director of Motor Vehicles permit determination of the number of positions required to handle anticipated workload increases, based on historical standards, but require a subsequent reduction equal to two percent of the total personnel services budget, to be achieved by work or system improvements. The two percent reduction is implemented by requesting fewer positions than justified strictly on a workload basis and by increasing the anticipated salary savings. Thus, the \$1,408,761 salary savings estimated for 1967-68 is estimated to increase 43 percent to \$2,013,809 for 1968-69. In order to achieve a salary savings of that magnitude, the department will have to maintain a full-time equivalent of 308 positions vacant throughout the budget year.

Table 1 below summarizes the differences between the 1967-68 and proposed 1968-69 level of expenditures. Despite application of the two percent reduction a workload increase of \$757,660 is projected. The \$2,950,324 sum is the difference in total support of the department for the proposed less the current year as supported by Items 238 and 239. Item 238 proposes \$51,748,151 from the Motor Vehicle Fund and Item 239 proposes \$7,167,491 from the Motor Vehicle License Fee Fund, a total of \$58,915,642.

**Table 1**  
**Summary of Differences Between Estimated 1967-68**  
**and Proposed 1968-69 Level of Expenditures**

<i>Explanation</i>	<i>Amount</i>	<i>Percent</i>
Workload increase, reduced by 2 percent reduction of net salaries and wages-----	+ \$757,660	26%
Merit salary and staff benefit increases-----	+1,054,452	36
Price increases and general government charges-----	+517,439	18
Equipment purchases in excess of prior year level-----	+160,409	5
Investment in Automated Management Information System (AMIS) conversion-----	+544,972	18
New services pursuant to recent legislation-----	+165,892	6
Chapter 1397, 1967—Car Dealer's Board		
Chapter 1715, 1965—Owner's true full name		
Chapter 683, 1967—License plate numbers		
Increased revenue from fee increase for information searches-----	-250,500	-9
<b>Total-----</b>	<b>\$2,950,324</b>	<b>100%</b>

**Organization—Recommendations**

**Legislative Liaison**

The Department of Motor Vehicles maintains an office in the State Capitol throughout the legislative session to insure that the Legislature is given adequate assistance with respect to the department's legislative

## Department of Motor Vehicles—Continued

program. An assistant division chief level position fills that function on a full-time basis. During the interim, he attends hearings of legislative committees in order to assist and be aware of policy positions that are being developed. We believe the activity is clearly justified. The budget, however, does not provide for the position.

The existing legislative liaison officer is budgeted now as assistant chief of the Division of Administration, the assistant chief of the Division of Administration is budgeted as the assistant chief of the Division of Field Office Operation, and the assistant chief of the Division of Field Office Operation is budgeted as a Manager V in the Personnel and Training section of the Division of Administration. The Manager V is budgeted in Personnel and Training to serve as assistant personnel officer and that position is temporarily vacant.

Thus, the department maintains a legislative liaison officer at the cost of holding vacant the assistant personnel officer position.

*We recommend a budget increase of \$17,700 in order to provide for the legislative liaison officer.*

## Work Measurement

In our 1967-68 Analysis of the Budget Bill, we reported that only five employees were establishing work standards for the Division of Drivers License employees and recommended that additional staff be assigned to that activity. The department subsequently converted four Division of Drivers License positions to junior staff analyst positions for that purpose. The converted positions report to the Division of Administration Management Analysis section supervisor, although the budget does not reflect the transfer of the positions.

An administrative modification to the 1967-68 and 1968-69 budgets will be made for the purpose of expanding the work measurement program sufficiently to establish work standards for the entire department within a two-year period. In order to do this, it is estimated that the department will need a total of 25 work measurement analysts, plus consultant management services as required for training and specialized services. The new positions that will be created and the existing positions assigned to work measurement will be placed in a special staff unit under the supervision of an administratively created assistant division chief who will report directly to the executive deputy director of the department.

We support expansion of the work measurement activities. We recommend two modifications, however. *First, we recommend that the budget be amended to reflect the intended action of the department; that is to reflect the actual positions that will be supported by the department and contract services that will be paid for, and to reflect the compensating salary savings anticipated. Second, we recommend that a senior management analyst be placed in charge of the work measurement unit and that he report to the Division of Administration Assistant Division Chief currently responsible for supervision of the work measurement program.*

Department of Motor Vehicles—Continued

Table 3  
Travel Service Points Recommended for Deletion  
and Distance to Permanent Offices

<i>Nearest office</i>	<i>Miles from nearest office to service point</i>	<i>Service point (recommended for deletion)</i>
Chico	14	Paradise
Red Bluff	18	Corning
Eureka	18	Fortuna
Eureka	8	Arcata
Eureka	20	Ferndale
Reedley	12	Sanger
Fresno	16	Selma
Madera	16	Chowchilla
Los Banos	16	Dos Palos
Roseville	11	Folsom
Woodland	17	Dickson
Woodland	11	Davis
San Mateo	12	Half Moon Bay
Napa	18	St. Helena
Santa Rosa	15	Healdsburg
Santa Rosa	6	Sebastopol
Santa Rosa	18	Calistoga
Napa	15	Sonoma
Visalia	11	Exeter
Tulare	13	Lindsay
Hanford	17	Corcoran
El Centro	12	Calexico
El Centro	10	Holtville
Brawley	11	Calipatria
Riverside	14	Corona
Santa Maria	12	Pismo Beach

In our analysis of the 1967-68 modified budget, we recommended also the closure of two permanent full-time offices, Brawley and Hollister. The Legislature deleted \$10,744 in order to implement that recommendation but subsequently adopted Assembly Concurrent Resolution No. 124 to request that the department make other economies in order to make the \$10,744 savings in question without closing the specified offices. The department will continue to operate in Brawley and Hollister to honor the intent expressed by that resolution.

Our recommendation to close the two offices was based on three premises. First was our acceptance of the department's stipulation that operation of small offices is not economical. Second was the fact that an alternate full-time permanent office operates within a reasonable distance of the offices recommended closed, and third was the fact that the Brawley and Hollister leases were due to expire in the 1967-68 fiscal year. We are not repeating our recommendation that these offices be closed or that other permanent offices be closed. We believe the Legislature should consider the policy of field office consolidation, however, as discussed below.

The department's capital outlay budget includes a request for funds to construct a new office in El Cerrito. This new office and the existing Oakland office are designed to handle the workload formerly divided among Oakland, Berkeley and Richmond. The Berkeley office was de-

## Department of Motor Vehicles—Continued

stroyed by fire and the Richmond office will be demolished because of Bay Area Rapid Transit District development. The net elimination of one office is expected to produce a savings in operating costs. Thus, the department is acting on the premise that consolidation of offices will result in reduced operating costs. We asked the department for a definition of the optimum office size and for guidelines that might be used to support a systematic program of field office consolidation, but such guidelines have not been developed. We were advised, however, that the Governor's task force expressed a similar interest and that the department is attempting to develop a model that can be used to evaluate the trade off that might have to be made between economy and public convenience. We encourage that endeavor, but we would like to caution that it will be of academic interest only unless there is a willingness to close offices for the purpose of achieving economies. Offices can be closed if the Legislature determines that to be a desirable goal and expresses as a matter of policy that it wishes the department to determine the extent to which it is advisable to do so. Conversely, offices can be closed, regardless of legislative intent, if the director of the department determines to do so.

## Driver Training

The department tests and licenses driver school operators and instructors and repeats the testing process each four years when their licenses are renewed. In addition, the department attempts to inspect the schools approximately twice a year. There were 246 driving schools in the state and 716 instructors on January 1, 1968. Table 4 below cites the basic workload of the department with respect to driver schools and instructors and indicates the amount of fees generated by this service. The actual cost of the program is estimated to be about \$65,000 per year which exceeds the revenue generated by the fees levied.

Vehicle Code Section 11102 requires a \$100 examination fee and a \$25 license fee for driving school operators. Section 11104 requires a license fee of \$10 for driving instructors. The licenses are for a period of four years pursuant to Section 11105. The department charges \$1 for an instructor's license transfer or duplicate.

*We recommend an amendment to the Vehicle Code to authorize the department to charge a sufficient combination of fees to finance the full cost of the program.*

Table 4  
Driving Schools and Instructors

Workload :	Estimated 1966-67	Estimated 1967-68	Estimated 1968-69
Driving school licenses issued -----	71	86	88
Driving instructor licenses issued -----	538	578	652
Fees -----	\$18,355	\$20,700	\$21,700
	Actual	Authorized	Proposed
Man-years -----	5.1	6	6

## Post-Licensing Control

The department administers a driver improvement program to fulfill its mandatory and discretionary responsibility with respect to licensed

## Department of Motor Vehicles—Continued

drivers who are determined to be negligent. The law requires that the department revoke the license of those drivers convicted of certain offenses such as manslaughter, driving under the influence of narcotics, hit-and-run, three convictions of reckless driving in a year and any felony in the commission of which a motor vehicle is used. These laws also apply to juvenile offenders and in addition the juvenile courts may order the department to suspend or revoke the license of a juvenile offender for speeding or automobile theft convictions. The law specifies a mandatory six-month's suspension for a person convicted of drunk driving, suspension for a period of one year if there are two drunk driving convictions within seven years and a three-year suspension for three convictions within 10 years. However, the law does permit a court recommendation against suspension on the first conviction in which case the department is required to abide by that recommendation.

The department has discretionary authority to take action with respect to the privileges of individuals who because of traffic convictions or accident experience are specified as negligent operators. The law defines as a prima facie negligent operator any person whose record shows a violation point count of four or more points in 12 months, six or more in 24 months, or eight or more points in 36 months. Vehicle Code Section 12810 prescribes a value of two points for conviction of driving a motor vehicle when the privilege has been suspended or revoked, for failure to report a property damage accident, for driving under the influence of alcohol and for reckless driving. A one-point value is given for any other moving violation. Generally, the department issues warning letters to those who have a four-point count, and takes further action for those with five points or more. The workload is such that the department does not take action against drivers who become negligent operators by virtue of their having accumulated the six points in 24 months or the eight points in 36 months.

We discussed the driver improvement program in our Analysis of the Budget Bill for 1967-68 and concluded by recommending that steps be taken to improve the effectiveness of this program. The department has taken two steps that we believe will be beneficial. First, it has amended its scheduling procedure for negligent operator hearings. In order to increase driver improvement analyst productivity, groups of negligent drivers are scheduled for morning or afternoon hearings in lieu of scheduling one each two hours as in the past. Second, the department amended its procedure for notifying the negligent operator of the corrective action judged appropriate to his individual case. In lieu of submitting the driver improvement analyst's recommendation to Sacramento for review and subsequently notifying the negligent operator of the action taken by mail, the driver improvement analyst must conclude the negligent operator hearing with a decision and immediately inform the negligent operator of his finding. The effects of these two changes will be to enable the department to interview a greater proportion of the negligent operators with a given number of driver improvement analysts and to take remedial action promptly in order to close the gap between the time of the negligent operator's most recent conviction and notification of the consequences of having become a negligent operator.

## Department of Motor Vehicles—Continued

The Implied Consent Law (Chapter 138, Statutes of 1966) requires the department to suspend a license of a suspected drunk driver who refuses to submit to a blood alcohol test and a hearing must be granted on this suspension if requested. In the last calendar year there were approximately 14,000 such arrests of which approximately 12,000 were documented well enough to substantiate department action in terms of license suspension. Of the 12,000 actions, there were approximately 4,000 hearing requests by the individuals concerned. The driver improvement analysts who are responsible for the driver improvement program are responsible for conducting these hearings which have increased their workload to a significant degree. An attorney and a clerical position have been requested in the department's budget for placement within the Division of Administration for the purpose of assisting driver improvement analysts in handling these implied consent cases.

Table 5 shows a tabulation of the workload and actions taken in the driver improvement program and includes a tabulation of the actual and projected man-years associated with these tasks.

Table 5  
Driver Improvement and Control, 1966-67

<i>Actions taken</i>	<i>Discretionary</i>		<i>Mandatory</i>
Warning notices -----	84,442	--	--
Interviews and hearing held -----	133,061	--	--
Reexaminations -----	14,341	--	--
Persons called to group meetings -----	11,677	--	--
Placed on probation -----	41,508	--	--
Licenses suspended -----	30,236	--	65,273
Licenses revoked -----	22,428	--	10,541
Licenses refused -----	267	--	--
Licenses canceled -----	3,336	--	7,009
Reinstatements -----	--	103,700	--
Persons affected by program -----	341,296	103,700	82,823
<i>Discretionary actions by cause</i>	<i>Probations</i>	<i>Suspensions</i>	<i>Revocations</i>
Failure to appear in court -----	--	7,918	22
Failure to appear for reexamination -----	--	2,577	--
Failure to surrender license -----	--	2,384	1
Fraudulent application -----	--	18	1,949
Habitual drunkard -----	606	10	833
Hit and run -----	226	2,540	--
Junior driver -----	2	1,784	1,542
Lack of knowledge or skill -----	--	--	976
Lapses of consciousness -----	1,929	34	1,875
Manslaughter -----	1	32	--
Mental disability -----	403	4	501
Negligent driver -----	36,132	12,395	11,304
Physical disability -----	805	13	1,166
Reckless driver -----	60	313	--
Unlawful use of license -----	2	30	311
Use or possession of drugs -----	1,334	46	1,594
Violation of restrictions -----	8	138	354
Total -----	41,508	30,236	22,428
	<i>Actual</i>	<i>Authorized</i>	<i>Proposed</i>
	<i>1966-67</i>	<i>1967-68</i>	<i>1968-69</i>
Man-years -----	385	408.4	413.4

**Department of Motor Vehicles—Continued**

An apparent lack of impact associated with suspending or revoking an operators license has been perplexing to the department and has stimulated research tests of potentially more effective alternatives. For example, a report prepared by the department entitled, "Driving Under Suspension Revocation", published in January of 1965, described the fact that 68 percent of the drivers with revoked licenses were convicted of traffic offenses while driving subsequent to revocation. Forty-five percent of those with either a revoked or suspended license were convicted of a traffic offense while under suspension or revocation. These findings indicate only the minimum number of people who drive although under suspension, for others may have been driving and were fortunate enough not to have been cited for a traffic offense while doing so.

A research study conducted by the department entitled, "The Effectiveness of Short Individual Improvement Sessions", published in October of 1965, included tentative findings indicating the driver improvement program to be doubtfully effective. However, the study was limited and its major recommendation was for the establishment of a more comprehensive study which is currently underway and is entitled, The 1965 Negligent Driver Project. This project entails the examination of 16,000 negligent operators and the division of these operators into nine subgroups each of which has been subjected to different remedial measures. The remedial measures were applied in the 1966 calendar year and the first year follow-up of their driving records was made to determine what effects took place in the 1967 calendar year. The department currently is processing the information that has been gathered and the first informal report is expected to be published in June of 1968.

The department is participating in a San Jose State College sponsored investigation entitled, The Uniform Driver Improvement Study. In this case study, five judicial districts, two in Los Angeles, one in San Diego, one in Richmond and one in Stockton, randomly send violators receiving their second conviction to either a control group or to court violators schools which are administering carefully controlled school programs. The intent again is to examine the records of the control group and compare them to the school attendance group in an attempt to determine the value of the schooling in terms of impact on the negligent operators.

**Public Service**

The department's public service functions include the registration of vehicles, administration of the financial responsibility laws, licensing, regulation and supervision of various elements of the motor vehicle industry, and provision of information to law enforcement agencies and the public.

**Motor Vehicle Registration**

Motor vehicle registration provides a means for identifying vehicles, assuring ownership and facilitating the transfer of title. The vehicle registration file that must be maintained in order to adequately perform this function provides a valuable resource to law enforcement agencies.

## Department of Motor Vehicles—Continued

The registration process is also a convenient vehicle for assessing motor vehicle taxes. The growth of motor vehicle registration is shown on Table 6.

Table 6  
Growth in Vehicle Registration

	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Estimated</i> 1968-69
New vehicles -----	1,102,000	1,130,000	1,145,000
Nonresidents -----	372,000	360,000	356,000
Renewals -----	10,453,000	10,833,000	11,246,000
Total -----	11,927,000	12,323,000	12,747,000

## Financial Responsibility

The California financial responsibility legislation attempts to assure that persons injured or suffering property damages as the result of a motor vehicle accident will receive just compensation. An automobile accident involving bodily injury or property damage in excess of \$200 must be reported by each of the drivers involved. Each driver must demonstrate financial responsibility or post sufficient security to meet any judgments he may incur. The drivers license and vehicle registration of a driver failing to comply with these laws are suspended.

Approximately 90 percent of the drivers involved in automobile accidents are insured and an additional 5 percent deposit security or are able to establish other exemptions. The remaining 5 percent are unable to comply with the law. A summary of the number of accidents reported and anticipated, and of the number of actions taken and the man-years devoted to the program is included in Table 7.

Table 7  
Financial Responsibility

	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Estimated</i> 1968-69
Workload:			
Reports of accidents -----	753,492	793,490	832,240
Drivers licenses:			
Suspended -----	118,632	124,580	130,660
Reinstated -----	64,324	67,450	70,740
	<i>Actual</i>	<i>Authorized</i>	<i>Proposed</i>
Man-years -----	184.4	198.3	203.6

A more important measure of the financial responsibility program than the number of accidents reported or actions taken as shown above would be a measure of the failure of the program in terms of the cost absorbed by uncompensated victims. Chapter 1148, Statutes of 1965, directed the Department of Motor Vehicles to investigate all aspects of the financial responsibility and related laws concerning damages caused by accidents involving operation of vehicles. That report was submitted to the Legislature in January of 1967. Among the findings was that "an appreciable compensation gap exists in the losses suffered by noncar owners and members of their households who may be passengers or pedestrians or otherwise suffer losses in uninsured motor vehicle accidents."

## Department of Motor Vehicles—Continued

Examples of the nature of cases producing such losses include cases resulting from an accident involving an uninsured motor vehicle, hit-and-run motor vehicle, a stolen motor vehicle, a motor vehicle used without the permission of the owner, and a motor vehicle on which there is insurance but for which the insurer is authorized to deny coverage or has become bankrupt. The investigation conducted in the process of preparing the report did not successfully determine the extent of uncompensated damage suffered in California. It did report some statistics that might give an idea of the magnitude involved. For example, the report indicated that 17,593 motor vehicle accidents occurring in California in 1965 involved pedestrians and bicycles. The 95 percent compliance experienced with California's security following accident law suggests that possibly 5 percent of those bicycle and pedestrian victims suffered damages that were not compensated. Thus almost 900 innocent victims may have suffered without compensation in 1965 because of this kind of accident alone. The report concluded that, "the only way of compensating every victim of every motor vehicle accident is to provide for compensation of damages without regard for fault or culpability." One of the report's nine recommendations was that "an in-depth study be made of a compensation regardless of fault approach for reimbursement of motor vehicle accident victims." The report's discussion of the compensation regardless of fault approach suggested that a major defect of the approach is that the economic impact of such an approach may be greater than the driving public can absorb. Despite the recommendation of a need for an additional study of this insurance approach in the department's first study, the department has not followed through by instigating such an investigation. We believe that such a study should be made.

Chapter 1256, Statutes of 1967, created an Automobile Accident Study Commission and appropriated \$5,000 from the Motor Vehicle Fund to be used by the commission in the exercise of broad powers for the purpose of submitting a report 90 days after the end of the 1970 session. We believe that the kind of study discussed in the paragraph above could be a part of the investigation pursued by this study commission.

*We recommend that followup on the financial responsibility study be assigned to the Automobile Accident Study Commission and that an appropriation of sufficient magnitude be given to that commission in order to pursue the important aspects of this study.*

## Occupational Licensing

The compliance services section licenses and monitors the activities of motor vehicle dealers, dismantlers, manufacturers, transporters and salesmen. Licenses are granted based on a character examination of the applicant, plus a review of the applicants facilities in the case of vehicle dealers. The dealers and dismantlers facilities and operations are reviewed periodically. Currently, a dealer review is made approximately six to eight months after initial licensing and subsequently only as required based on verified complaints or other evidence of employing questionable practices. The Governor's task force recommended abolish-

## Department of Motor Vehicles—Continued

ing the six-month review and the department may adopt that recommendation. Dismantlers are scheduled for review bi-annually.

Table 8 shows the compliance service workload, fee revenue and man-years effort for three years.

	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Estimated</i> 1968-69
<b>Workload :</b>			
Licenses issued to			
Dealers -----	9,498	10,617	10,929
Dismantlers -----	2,125	2,375	2,445
Manufacturers -----	500	559	575
Transporters -----	375	419	431
Salesmen -----	36,443	42,065	43,285
<b>Total -----</b>	<b>48,941</b>	<b>56,035</b>	<b>57,665</b>
<b>Surveillance of Licensees</b>			
Complaints -----	7,330	8,145	8,380
Reviews -----	1,757	2,000	2,060
Administrative actions -----	670	620	640
<b>Total -----</b>	<b>9,757</b>	<b>10,765</b>	<b>11,080</b>
<b>Revenue from fees :</b>			
Salesman licenses -----	\$373,123	\$430,700	\$443,200
Investigation fees for initial dealer, manufacturer, transporters, and dismantlers -----	91,200	94,300	97,500
<b>Total -----</b>	<b>\$464,323</b>	<b>\$525,000</b>	<b>\$540,700</b>
	<i>Estimated</i>	<i>Authorized</i>	<i>Proposed</i>
Man-years -----	293.4	305.6	305.9

Manufacturers, transporters, dealers and dismantlers are required to pay a \$50 investigation fee upon application for an original license, and an \$11 registration fee for each set of vehicle license plates that may be required for vehicles used as part of the licensee's business functions. We assume the license plate registration fees are levied to support the same broad highway functions as the fees charged other citizens who must register their vehicles. In that case, the \$50 investigation fee, and \$10 salesman's license fee represent the only offsets to the cost of the occupational licensing program. Our assumption appears to be substantiated by Section 11723 of the Vehicle Code which authorizes the newly created New Car Dealers Policy and Appeals Board to require new car dealer license fees as necessary to reimburse the department for its costs. The board has not imposed such fees and the department does not have the authorization to charge such fees to manufacturers, transporters, dismantlers and dealers other than new car dealers.

We recommend the adoption of legislation to authorize the department to charge fees necessary to support the full cost of the program. The program budget estimates the cost of the program to have been \$2,293,434 in 1966-67 which exceeds the fee revenue of \$464,323 shown in the table above by \$1,829,111.

Chapter 1397, Statutes of 1967, created the New Car Dealers Policy and Appeals Board for the purpose of establishing policies for admin-

Department of Motor Vehicles—Continued

istering the compliance services program with respect to new car dealers and to provide an administrative forum by which the new car dealers might test the decisions of the department. The board consists of four new car dealers appointed by the Governor and five public members, three appointed by the Governor and one each appointed by the Senate Rules Committee and the Speaker of the Assembly. The budget includes \$37,086 for the expenses of the commission and for the salaries of two full-time positions to provide staff service required.

Public Information

The Department of Motor Vehicles drivers license and motor vehicle registration files are useful as a source of information to numerous parties. As a general rule, the information is provided to government agencies without charge. Private firms and individuals are required to pay 40 cents per item search or an amount calculated to represent the cost of developing the information. The 40-cent charge per item is generally levied when a person requests one item at a time, and the actual cost assessment is generally levied when batches of information are requested. For example, the accounting copies and photo copies of drivers license applications are sold for approximately one-half cent each to vendors who compile the information. The vendors sell the lists to direct mail advertising firms or compile selected lists that are useful for marketing analyses by private industry.

Information pertaining to an individuals mental or physical health is protected by law as confidential. This provision makes it necessary to prohibit public access to the department's drivers license files although search companies maintain full-time employees in the department's facilities and have access to the registration files.

Table 9 shows the reimbursements received and anticipated for public information. The sale of copies of drivers license applications shown in line 1 was discussed above. Insurance companies, credit associations, search companies, private investigators and individuals are some of the usual purchasers of drivers license information identified in line 2 on an individual 40 cents per item basis. Direct mail and marketing service companies are the predominant buyers of vehicle registration information shown in line 3. The Department of Justice pays \$1 per search to assist counties in locating fathers who do not support their families

Table 9  
Public Information Reimbursements

Line	Transaction	Actual 1966-67	Estimated 1967-68	Proposed 1968-69
1	Sale of accounting copies of drivers license applications -----	\$32,586	\$32,600	\$32,600
2	Drivers license information service ----	1,874,933	2,404,796	2,703,406
3	Vehicle information and sale of records	130,919	153,885	167,685
4	Aid to needy children program -----	30,096	31,540	32,490
5	Field office operations information service -----	8,720	9,140	9,410
	Total Reimbursements for public information -----	\$2,077,254	\$2,631,961	\$2,945,591

## Department of Motor Vehicles—Continued

as reflected by line 4. The line 5 field office information sales consist of drivers license applications purchased by driving schools as a means of identifying potential customers.

## Automated Management Information System (AMIS)

The Department of Motor Vehicles is converting its motor vehicle registration files from one computer base operation to another and its drivers license files from a manual base to a computer base. The volume of the files and the frequent inquiries into the files dictated that the department invest in the conversion. Aside from the economic aspects of the investment, the need to provide information on a timely basis constituted the most significant justification for development of a computer based department file.

Our support for conversion to AMIS was based on a report published by the department entitled, "An Automated Management Information System for the State of California, Department of Motor Vehicles", published in January 1966. This report included an analysis of the additional costs and of the ultimate savings that will result from the investment in the conversion to AMIS. In our 1967-68 analysis, we determined that the present worth of these savings at 4 percent annual interest is \$253,000 for the first 10 years and the annual savings will be at least \$1.8 million thereafter. This calculation did not include provision for the sale of the existing data processor or savings attributable to a reduction in file space.

The proposed budget will finance the third year in the phased conversion. We continue to support the conversion and we recommend approval of the funds required to do so. However, in attempting to evaluate the progress that is being made by the department, we asked for a comparison of the investment and progress to date compared to that originally proposed. The department was unable to supply that information, but volunteered to prepare such an analysis prior to legislative budget hearings. We intend to continue to make such progress reports to the Legislature annually.

## Tax Collection

The department collects motor vehicle use taxes (sales taxes) for the State Board of Equalization in addition to collecting taxes and fees related to motor vehicle registration and drivers licensing. The amounts collected and disposition of these revenues are shown in Tables 10, 11 and 12.

Table 10  
Motor Vehicle Fund

Revenues:	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Estimated</i> 1968-69
Motor vehicle registration and weight fees -----	\$204,183,125	\$212,836,000	\$234,217,000
Drivers license fees -----	8,550,549	10,964,000	10,983,000
Investments and other -----	3,963,914	3,973,570	1,063,437
Total -----	\$216,697,588	\$237,773,570	\$246,263,437

**Motor Vehicles**

**Items 238-239**

**Department of Motor Vehicles—Continued**

**Table 10—Continued**

**Motor Vehicle Fund**

Expenditures:	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Estimated</i> 1968-69
Support and Capital Outlay			
Department of Motor Vehicles -----	\$44,524,148	\$54,088,239	\$57,862,559
Highway Patrol -----	69,947,682	87,340,621	94,832,904
Air Resources Board -----	---	---	1,082,997
Transportation Agency -----	86,147	374,106	361,417
<b>Total -----</b>	<b>\$114,559,123</b>	<b>\$141,802,966</b>	<b>\$154,139,877</b>
Potential transfer to Highway Users Tax Fund -----	\$102,138,465	\$95,971,604	\$92,123,560

**Table 11**

**Motor Vehicle License Fee Fund**

Revenues:	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Estimated</i> 1968-69
Motor vehicle license fees -----	\$192,327,719	\$198,000,000	\$204,000,000
Investment income -----	2,106,784	2,082,370	2,133,229
<b>Total -----</b>	<b>\$194,434,503</b>	<b>\$200,082,370</b>	<b>\$206,123,229</b>
Expenditures:			
Department of Motor Vehicles -----	\$6,546,581	\$6,899,454	\$7,167,491
Potential apportionment to cities and counties -----	187,887,861	193,183,916	198,955,732
Other -----	61	0	6
<b>Total -----</b>	<b>\$194,434,503</b>	<b>\$200,082,370</b>	<b>\$206,123,229</b>

**Table 12**

**Use Tax**

Workload:	<i>Actual</i> 1966-67	<i>Estimated</i> 1967-68	<i>Estimated</i> 1968-69
Tax receipts issued -----	1,233,634	1,275,000	1,318,350
Use tax collected -----	\$19,824,585	\$25,500,000	\$26,500,000
Collection cost reimbursed by Board of Equalization -----	\$741,621	\$801,820	\$853,926

**DEPARTMENT OF MOTOR VEHICLES**

ITEM 239 of the Budget Bill

Budget page 1037

**FOR ADDITIONAL SUPPORT OF THE DEPARTMENT OF MOTOR VEHICLES FROM THE MOTOR VEHICLE LICENSE FEE FUND**

Amount requested -----	\$7,167,491
Estimated to be expended in 1967-68 fiscal year -----	6,899,454
Increase (3.9 percent) -----	\$268,037

**TOTAL RECOMMENDED REDUCTION ----- None**

**ANALYSIS AND RECOMMENDATIONS**

The amount of \$7,167,491 is proposed to reimburse the department for its administrative costs in connection with the Motor Vehicle (in lieu) Tax, Vehicle License Fee Law (Section 11003, Revenue and Taxa-

Department of Motor Vehicles—Continued

tion Code). Discussion of this activity is included in our analysis of the Department of Motor Vehicles, Item 238.

*We recommend approval.*

**DEPARTMENT OF MOTOR VEHICLES**

ITEM 240 of the Budget Bill

**FOR PAYMENT OF DEFICIENCIES IN APPROPRIATIONS  
FOR THE DEPARTMENT OF MOTOR VEHICLES  
FROM THE MOTOR VEHICLE FUND**

Amount requested -----	\$500,000
Amount allocated to date for the 1967-68 fiscal year -----	None

**TOTAL RECOMMENDED REDUCTION -----** None

**ANALYSIS AND RECOMMENDATIONS**

The Department of Motor Vehicles receives its support from special funds, and therefore, it cannot obtain money from the Emergency Fund when a deficiency occurs in the appropriation. Because the department is prohibited by statute from creating a deficiency, the Legislature, since 1948, has provided an annual appropriation to cover any unforeseen circumstances which can occur in an agency of this size. Payment for deficiencies may be authorized by the Director of Finance, with the consent of the Governor, pursuant to Section 1106 of the Government Code.

*We recommend approval of the item as budgeted.*

**DEPARTMENT OF VETERANS AFFAIRS**

ITEMS 241 and 242 of the Budget Bill

Budget page 1077

**FOR SUPPORT OF THE DEPARTMENT OF VETERANS AFFAIRS  
FROM THE GENERAL FUND AND THE VETERANS FARM  
AND HOME BUILDING FUND**

Amount requested -----	\$874,449
Estimated to be expended in 1967-68 fiscal year -----	899,577

Decrease (2.8 percent) ----- \$25,128

**TOTAL RECOMMENDED REDUCTION -----** \$16,054

**Summary of Recommended Reductions**

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1 Deputy director -----	\$16,054	1078	26

**GENERAL PROGRAM STATEMENT**

The principal objective of the department is to contribute to the general welfare, economic well-being and rehabilitation of the veteran by assisting him to obtain those benefits authorized by state and federal legislation and to assist dependents of veterans in obtaining those benefits which are provided by state and federal laws because of the death or disability of the veteran.

The organization of the Department of Veterans Affairs is composed of the following divisions.