

DEPARTMENT OF AERONAUTICS

Item 277 from the Aeronautics Fund

Requested 1969-70	\$467,221
Estimated 1968-69	320,452 *
Actual 1967-68	237,674

Requested increase \$146,769 (45.8 percent)

Increase to improve level of service \$87,242

Total recommended reduction \$49,164

* Exclusive of \$125,000 to rehabilitate the Blue Canyon Airport and \$15,000 for an Owens Valley navigation system included in the 1968-69 Budget.

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Delete an aviation consultant	\$14,348	
Delete an accounting technician	3,980	
Delete a stenographer II	7,406	
Increase fees for parachute jumping	23,430	

GENERAL PROGRAM STATEMENT

The Governor's Reorganization Plan No. 1 of 1968 elevated the Division of Aeronautics to the Department of Aeronautics. This reflects the expanding role of the state in general aviation.

The activities of the department include: encouraging the development of private flying and general use of air transportation, fostering air safety, assisting in development of a statewide system of airports, and providing for cooperation with federal authorities in the development of a national system of civil aviation as well as the coordination of aeronautics activities of federal authorities with the State of California.

The functions administered by the department to accomplish its objectives include: (1) regulation of airports and heliports, (2) regulation of sport parachute jumping, (3) inspection of schools and state building sites and commercial flight schools, (4) development of aviation and navigational facilities, (5) aviation safety and education, (6) financial responsibility, and (7) administration.

The department is supported by the Aeronautics Fund which receives its revenue from a two-cent-per-gallon aviation fuel tax. Any revenue in excess of the amount needed to support the department is deposited in the Airport Assistance Revolving Fund. After a mandatory allocation of \$2,500 per eligible airport, an estimated \$420,000 for the fiscal year 1969-70, the remaining balance of \$1,198,213 is allocated for airport development at the discretion of the department.

ANALYSIS AND RECOMMENDATIONS

Recent Growth

The department's staff authorization was increased from 10.9 to 16.9 positions by the Budget Act of 1967. The added positions, after two reclassifications, were a deputy director, administrative assistant, engineer, planner, aviation consultant and secretary.

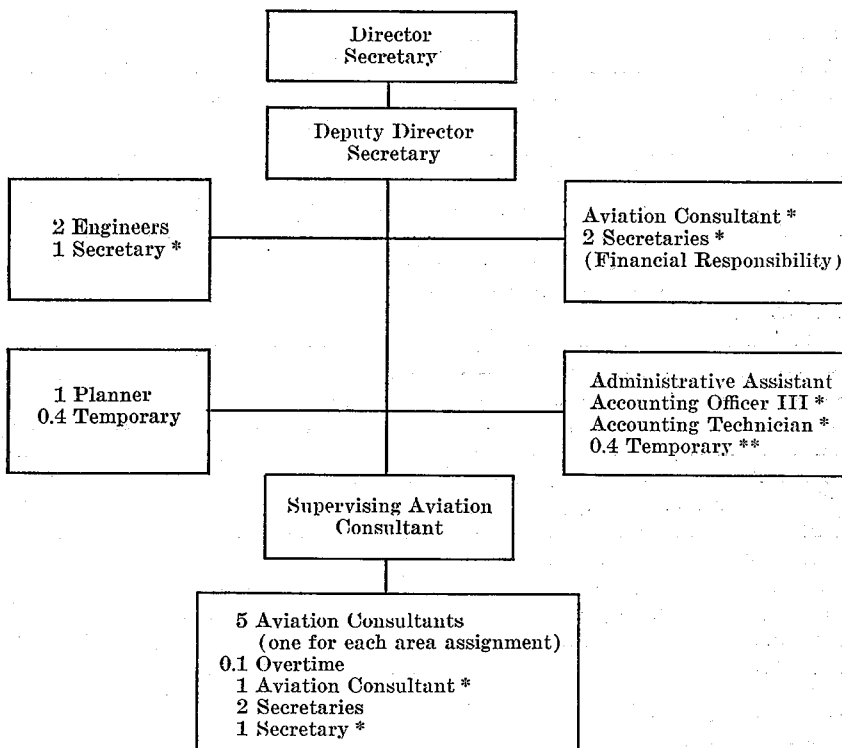
Department of Aeronautics—Continued
New Responsibilities and Recognition

The department has initiated development of a state master airport plan, is responsible for testing a new navigational system and for administering a new aircraft financial responsibility act established by Chapter 1452, 1968 Statutes.

Organization and Proposed New Positions

In anticipation of growing workload, the department added four positions administratively during the current year and proposes an additional 3.6 positions. This is a total of 7.6 positions over that authorized by the Legislature in 1968, and an increase of 13.6 positions over the 1966-67 level. The department's organizational structure is shown in Chart I.

Chart 1
DEPARTMENT OF AERONAUTICS ORGANIZATION



* New positions requested.

** Existing positions to be abolished.

Department of Aeronautics—Continued

RECOMMENDATIONS

Financial Responsibility

One aviation consultant and two clerical positions are requested to manage the financial responsibility program. *We recommend approval.*

Accounting Officer III

An accounting officer III is proposed to replace a contract arrangement with the Department of Public Works for fiscal services. *We recommend approval.*

Accounting Technician

An accounting technician position is proposed in lieu of 0.4 of a position of temporary help. *We recommend disapproval of this request for a saving of \$3,980.*

The accounting technician would handle the allotment ledger, prepare claim schedules and do other related activities. The duties prescribed for the accounting officer III include budget preparation and control, negotiation of leases and contracts, and negotiations with local governments on subvention problems relating to airport acquisition and development. Additional nonfiscal chores include personnel administration functions, work standards recording and analysis, and preparation of personnel procedure manuals.

During the past year, the department administratively abolished its associate counsel position and substituted an administrative assistant. The department now has three executive positions, director, deputy director, and administrative assistant. We suggest that the administrative assistant in a unit as small as the Department of Aeronautics should be able to perform the nonfiscal responsibilities now performed by the accounting officer III. The accounting officer would then be able to perform all the fiscal functions required by the department.

Aviation Consultant

An aviation consultant is proposed to provide assistance to the consultants assigned to areas 4 and 5 in southern California. *We recommend deletion of this position for a saving of \$14,348.*

Currently, the supervisory aviation consultant is filling in behind the consultants that serve areas 4 and 5. A small agency with three levels of supervision (as is evident from Chart 1) should be flexible enough so that part of the staff can fill in for others as required. Further, there is a considerable discretion available in this agency to limit its workload level.

Two Additional Clerical Positions

Two additional clerical positions are requested in order to maintain one secretary each for the director and deputy director and one for each additional 2.5 professionals. *We recommend approval of one position and deletion of one for a savings of \$7,406.*

There are three reasons for disapproval of this position. First, the department's staff spends a large portion of its time in the field and at meetings. As a result, the need for such a high ratio of clerical help is

Department of Aeronautics—Continued

questionable. Second, the director's and deputy director's secretaries should be able to fill in on crucial assignments. Third, although we have recommended approval, we are not certain that the financial responsibility workload will require the full-time services of two clerical positions requested, so they may be able to assist with peak work assignments.

The role of the department has been changing rapidly and may develop even faster depending on whether its master plan development leads to more state involvement in airport development. We believe the department should proceed cautiously in the interim, and that only a minimum staff should be added until its ultimate responsibilities become clear.

Regulation of Sport Parachute Jumping

We recommend that the budget be reduced by \$23,430 and that the department be directed to levy fees sufficient to finance its parachute jumping activities.

An increase from \$23,430 to \$33,230 is projected for the cost of regulating sport parachute jumping in the fiscal year 1969-70 and only \$2,500 in reimbursements is anticipated. The department inspects parachute drop zone landing areas, coordinates land use with appropriate landowners, public utilities and private individuals, coordinates jumping activities with law enforcement agencies, approves and verifies parachutists' qualifications, determines that required insurance standards are maintained by individual parachutists, and verifies that aircraft used in parachute jump activities are properly insured. During the 1969-70 fiscal year, the department expects to inspect 14 permanent drop zones, 140 temporary drop zones and license 300 jumpers. The department charges \$100 for the initial inspection of a permanent drop zone, \$25 for each yearly renewal, \$25 for a temporary drop zone permit but does not charge for the licensing of jumpers. Approximately 90 percent of the temporary drop zone permits are issued to commercial firms.

We believe that it is unnecessary for the department to use funds from the Aeronautics Fund for regulation of a sport. The program should be self-supporting. We suggest that inspection and renewal fees should be raised, particularly the fee for temporary permits, and that a fee should be charged for licensing jumpers. The department advises that it is authorized to levy such fees.

Purchase of Aircraft

The department is requesting \$50,000 for the purchase of a twin-engine aircraft to replace the one now in use. The present aircraft is 10 years old and should be retired. *We recommend approval.*

Department of Aeronautics
STATE AIRPORT MASTER PLAN

Item 278 from the Aeronautics Fund

Requested 1969-70	\$150,000
Appropriated 1968-69	160,000
Actual 1967-68	0
Requested decrease \$10,000	
Total recommended reduction	\$150,000

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>
Delete the item	\$150,000

ANALYSIS AND RECOMMENDATIONS

We recommend that the additional \$150,000 requested for the master plan development in the current budget be deleted.

The Department of Aeronautics is in the process of developing a master plan to provide a better basis for the distribution of the Airport Assistance Revolving Fund. In addition to providing a logical basis for fund distribution, the plan will relate needs of the state to the potential financing of airport development.

In our analysis of the 1968 Budget Bill we recommended that the funds for development of the master plan be reduced from the requested \$160,000 to \$25,000 because we considered this amount sufficient to define the master plan work program. We maintained that the work program would contain policy issues which the Legislature should review before any commitment is made to development of the final master plan.

We subsequently changed our recommendation from opposition to support of the appropriation of \$160,000 when the department agreed that the master plan development would be separated into at least two phases, both in terms of funding and in terms of work content. Phase one was to be limited to those studies required to identify the nature of the statewide airport problem and to develop a rough estimate of the cost of resolving the problem. The master plan and implementation program development were excluded from Phase I, and are to be included as Phase II based on the information prepared in Phase I.

To date the department has barely started Phase I. It has yet to engage a consulting firm and has spent only \$3,000 of the \$460,000 state and federal funds allocated. We believe that the department has sufficient funds to complete Phase I.

DEPARTMENT OF THE CALIFORNIA HIGHWAY PATROL

Items 279 and 280 from the Motor Vehicle Fund

Requested	\$114,027,280
Estimated 1968-69	98,242,671
Actual 1967-68	76,269,858
Requested increase \$15,784,609 (16.1 percent)	
Total recommended reduction	\$959,851
Total recommended increase (General Fund)	313,336

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Delete 13 assistant motor carrier specialists (Item --)	\$122,148	821
Delete Motor Vehicle Fund support of riot control activities	313,336	822
Reduce lease amount for 18 new facilities (Item --)	514,971	822
Delete an assistant budget analyst (Item --)	9,396	826
Total	\$959,851	
Add an item for General Fund support of the California Highway Patrol	+\$313,336	822

GENERAL PROGRAM STATEMENT

The California Highway Patrol as a department under the Transportation Agency, has partial responsibility for the safe and expeditious movement of goods and people on the highway system. Implementation of this responsibility is performed by the traffic officer on the road through road patrol and enforcement. Other duties of the traffic officer include accident investigation, giving assistance to motorists, passenger vehicle inspection, aiding other law enforcement agencies, auto theft investigation, operation of fixed and mobile commercial vehicle weigh stations, and schoolbus inspection. Civilian specialists are employed by the department to be responsible for the inspection and licensing of official brake and lamp stations, motor vehicle pollution control stations and the inspection of motor carrier vehicles and terminal operations.

The department has divided the state into six zones. The zone commanders supervise field operations which are subdivided into area commands. There are 66 area offices and each is commanded by either a captain or lieutenant. The area commander is responsible for the deployment of the traffic officer onto sections of the state highways and county roads.

Headquartered in Sacramento are the department's four functional divisions and the executive staff office.

The executive office advises and assists the Commissioner of the California Highway Patrol in administering the department.

The Administrative Services Division is responsible for control and preparation of the budget, procurement and distribution of supplies, automobile procurement and equipping, and maintenance management of electronics communications.

California Highway Patrol—Continued

Operations Planning and Analysis Division is responsible for coordination, direction and analysis of the department's operational plans. It also tests the effectiveness of departmental programs, and collects and evaluates information to guide management and field supervisors in manpower deployment.

The Training Division instructs cadets, conducts in-service training classes and provides specialized training for potential command level personnel.

The Safety Services Division is responsible for the supervision of the motor carrier safety inspection program, motor vehicle pollution control systems, lamp and brake station license function and development and distribution of information related to uniform vehicle and driver safety standards.

The traffic officer strength has been doubled in the last four years. The 1965 Budget Act added 551 traffic officers for assignment to roadways with high accident rates. Chapter 2031, Statutes of 1965, added \$3 per vehicle to the registration fee to finance 1,900 additional traffic officers, 1,000 in 1966, and 450 each in 1967 and 1968. Uniformed supervisors and nonuniformed staff have been added as necessary in support of the additional traffic officers. The authorized staff level for the last five years is shown in Table 1.

Table 1
Authorized Positions

Year	Traffic officers	Overtime	Other uniformed	Non- uniformed ¹	Total	Increase over prior year
1964-65	2,566	110.8	406	1,082.3	4,162.1	--
1965-66	3,117	132.8	455	1,292.3	4,997.1	835.0
1966-67	4,125	172.8	540	1,503.3	6,341.1	1,344.0
1967-68	4,575	183.8	661	1,707.4	7,127.6	786.5
1968-69	5,025	192.8	711	1,754.8	7,683.6	556.0

¹ Excludes pedestrian guards.

ANALYSIS AND RECOMMENDATIONS

The Proposed Budget

The department's request for \$114,027,280 is an increase of \$15,784,609 or 16.1 percent over the current year's estimated expenditure of \$98,242,671. The increase includes \$2,004,546 for the financing of 357 new uniformed positions and \$986,485 for 163.8 supportive positions. Table 2 outlines in detail the department's requests for new positions.

Table 2
New Personnel Proposed

Headquarters—Administrative Services

1	Administrative services officer II	\$13,860
1	Assistant budget analyst	9,396
1	Stenographer II	5,490
1	Account clerk II	2,075
1	Clerk-typist II	2,075
1	Accounting technician	5,904
3	Clerk-typists	10,341
1	Associate communications engineer	11,976
1	Business services officer I	9,396
2	Auto equipment installers	10,008

California Highway Patrol—Continued

Table 2—Continued
New Personnel Proposed

3 Overtime -----	15,000
1 Stock clerk -----	5,760
Headquarters—Operations Planning and Analysis	
1 Calculating machine operator -----	5,352
1 Clerk-typist II -----	5,100
2 Clerk II -----	7,590
Headquarters—Administrative Services and Operations Planning and Analysis	
22 Positions for statewide reporting system -----	86,502
Headquarters—Safety Services	
1 Assistant auto equipment standards engineer -----	9,852
Training Academy:	
1 Groundsman -----	5,760
Headquarters and Academy:	
Subtotal 45 positions -----	\$221,437
Field Operations	
6 Lieutenants -----	\$44,496
25 Sergeants -----	160,200
320 Traffic officers -----	1,747,200
6 Overtime -----	52,650
11 Commercial vehicle inspection specialists -----	66,660
6 Brake inspection specialists -----	46,368
28 Station and vehicle inspection specialists -----	238,560
20 Automotive servicemen -----	120,080
15 Radio dispatchers -----	93,060
13 Assistant motor carrier operations specialists -----	122,148
25.8 Janitors -----	98,172
Field Operations:	
Subtotal 475.8 positions -----	\$2,769,594
Headquarters and Field Offices:	
Total 520.8 positions -----	\$2,991,031

Position Recommendations

Request for Uniformed Positions

We recommend approval of the 320 traffic officers, 31 supervisory and 6 overtime positions requested.

The department is requesting 31 uniformed supervisory positions and 320 traffic officer positions to replace the personnel diverted during the current fiscal year to staff the freeways of Los Angeles and San Diego. Chapter 1451, Statutes of 1965, authorized Los Angeles and San Diego, by resolution of their city councils, to request the California Highway Patrol to assume responsibility for the freeways within their borders. Both cities adopted such resolutions and staffing of their freeways is being implemented in three phases beginning in October 1968, and ending in October of 1969 to assure an orderly transfer of responsibility. The 129 miles of freeway in Los Angeles will require 271 traffic officers, and 68 traffic officers are requested for the 72 miles of freeway in San Diego. The total of 339 additional officers intended for Los Angeles and San Diego duty will be staffed from the 320 additional officers shown in Table 2, together with an additional 19 traffic officers who will be freed from passenger vehicle inspection duty because of substituting civilian personnel.

California Highway Patrol—Continued
Commercial Vehicle Inspection Specialists

We recommend approval of the 17 positions requested.

The department staffs the platform scales located on major truck routes. The purpose of the scales is to weigh and inspect commercial vehicles to enforce compliance with the weight and safety laws. The department is requesting 10 commercial vehicle inspection specialists and five brake inspection specialists to staff the two new facilities on both sides of the highway at Pacheco Pass. One commercial vehicle inspection specialist and one brake inspection specialist are requested for the platform scale at Cordelia due to workload increases.

Passenger Vehicle Inspection

We recommend approval of the positions requested.

In compliance with one of the provisions of Chapter 2031, the department initiated a program of inspecting passenger vehicles for mechanical condition. In the current fiscal year, 60 teams of five uniformed personnel each are assigned to this task. The department is requesting 20 nonuniformed station and vehicle inspection specialists to replace one traffic officer on 20 teams in order to test the effect of using non-uniformed personnel in the program.

Pollution Control and Lamp and Brake Station Inspection

We recommend approval of the positions requested.

Eight station and vehicle inspection specialists are proposed to inspect an increasing number of motor vehicle pollution control stations and lamp and brake stations, and to enable more intensive supervision of these activities.

Automotive Servicemen

We recommend approval of the positions requested.

The department is requesting 20 automotive servicemen in addition to the 81 positions now authorized. At the present staff level there is approximately one automobile serviceman position for every 15 vehicles. The new positions are requested to service the 149 new automobiles the department requires for additional staff added in the current fiscal year and 204 new automobiles which will be added in the 1969-70 fiscal year.

Radio Dispatchers

We recommend approval of the additional 15 positions.

The addition of 339 traffic officers to assume the responsibility of the freeways in Los Angeles and San Diego will cause an increased workload that cannot be handled by the existing radio dispatching consoles. The department is requesting 15 radio dispatchers to staff five additional consoles.

Assistant Motor Carrier Operations Specialists

We recommend deletion of the 13 assistant motor carrier specialists requested for a savings of \$122,148.

The department employs specialists who inspect motor carrier terminals for compliance with minimum driver, equipment and maintenance standards in order to reduce the probability of highway accidents. This

California Highway Patrol—Continued

team is supported by additional inspections of these carriers when they stop at weigh stations and by traffic officers on the beat. Despite this backup support, the department attempts to inspect every terminal at least once per year and reinspects those that fail to comply. On this basis, the department calculates a need for 23 additional specialists, and has requested 13 in this budget. There are 49 currently authorized. We have been advised by the department that most carriers are diligent in an effort to comply with the department's standards. The weigh station and line beat enforcement activities give the department a reliable way of knowing which operators are complying and which are not. We believe, therefore, that the once-a-year terminal inspection goal is unnecessary for most carriers. On this basis, we believe this program can be adequately enforced with the existing manpower assignment.

Headquarters Positions

We recommend approval of 44 of the 45 positions requested.

There are 45 positions requested to handle the additional workload created by the traffic officers and other field positions authorized in the 1968 Budget Act and proposed by the 1969-70 budget. Included are 22 positions assigned to the task of compiling and sending back to the field management information reports. We recommend approval of all the positions requested except the assistant budget analyst, which will be discussed later in this analysis.

Identification of Riot Control and Civil Disorders

We recommend a reduction of \$313,336 from this item, and that this amount be financed from the General Fund.

The budget has not identified the cost or number of traffic officers involved in controlling riots and civil disorders. While in the past this omission might not have been cause for concern, we believe the trend of the last two years warrants attention.

The department enters the scene of a riot when called upon under a statewide mutual aid pact in which one police agency may request the aid of another. Assistance by the California Highway Patrol was requested in 15 separate incidents during the 1967 calendar year and in 33 incidents during 1968. The deployment of traffic officers to the scene of riots or civil disturbances in 1967 required 5,315 man-hours at a cost of \$38,367.15. In 1968, a total of 42,111 man-hours increased the cost by 716 percent to \$313,336.89. The 1968 experience accounts for the use of the equivalent of 23 man-years. We believe that this activity should not qualify for Motor Vehicle Fund support and should be charged to the General Fund.

Field Offices

We recommend a reduction of \$514,791 from the department's request for lease funds.

The purpose of the recommendation is to require the department to develop functionally adequate and economical facilities. The department continues to request only lease appropriations and therefore ignores the opportunity to exercise the state ownership option even when the latter is shown to be to the state's advantage.

California Highway Patrol—Continued

The Legislature has adopted our recommendations with respect to this problem in each of the last two years.

Funds were added in 1967 to give the department the option to buy or lease facilities, but the appropriation was vetoed. Language was added in 1968 to require an economic analysis of whether to lease or buy a state-owned facility in each case before providing new facilities. The studies have indicated the economical advantage of state ownership, but the 1969 budget proposal again defers the problem until some later year. A full chronology of this continuing effort to require the department to perform economic analyses, and act upon its own findings, is listed in Table 3. We recommend deletion of the additional cost of all new leases proposed in the 1969 budget for a savings of \$514,971. Two years ago, we made a similar recommendation and concurrently recommended provision of a contingency fund for lease or purchase. We are not repeating that recommendation because we believe it is time that a clear-cut decision be made on this issue.

Table 3
Chronology of Events Regarding the Cost of Leased vs. Owned
Facilities for Use by the California Highway Patrol

<i>Date</i>	<i>Action</i>	<i>Result</i>
10/16/65	Assembly Ways and Means Subcommittee on Leasing Practices—Hearing	Identification of C.H.P. failure to compare lease cost to state ownership cost
4/11/67	C.H.P. Commissioner's memorandum to his Chief of Staff requiring a study for determining whether each facility should be leased or owned	No studies available
6/30/67	Legislature adds Item 319(g) to Budget Act to provide \$448,057 contingency fund for property acquisition	Vetoed by Governor
12/14/67	Legislative Analyst letter to Department of Finance requesting information	No response
3/25/68	Department of General Services finds state ownership less costly than leasing based on study of nine proposed C.H.P. facilities	See cited actions below
6/30/68	Legislature adds language to the Committee on Conference report on the 1968 Budget Act requiring lease vs. own economic analysis prior to providing additional C.H.P. facilities	Reports prepared on three facilities all show ownership less costly
8/21/68	Department of General Services finds state ownership less costly than lease proposal for C.H.P. Los Banos facility	New study requested
9/14/68	Director of Finance letter to Joint Legislative Budget Committee proposing to enter lease-purchase contract for Los Banos facility	Lease-purchase contract consummated
9/24/68	Chairman of Joint Legislative Budget Committee letter to Director of Finance acknowledging September 14 letter and observing that the lowest cost lease-purchase proposal was made by the bidder with the highest	Unknown

California Highway Patrol—Continued

Table 3—Continued

Chronology of Events Regarding the Cost of Leased vs. Owned Facilities for Use by the California Highway Patrol

<i>Date</i>	<i>Action</i>	<i>Result</i>
	lease only option. Thus, to exercise the most economical option, the department had to assume the Legislature will appropriate funds to purchase the facility in the 1970-71 budget	
12/19/68	Director of General Services memorandum to Director of Finance recommending lease-purchase contract for Westminster facility	Rejected by C.H.P.
12/20/68	Director of Finance letter to Joint Legislative Budget Committee proposing to enter lease-purchase contract for Porterville facility	Lease-purchase contract consummated
2/ 5/69	Director of General Services memorandum to Director of Finance recommending lease contract for Westminster because of C.H.P. expression of preference	Awaiting action

Justification and Use of Traffic Officers

The department has been able to rely on Chapters 1451 and 2031 of 1965 as a basis for staff increases in the last four budgets. Having fulfilled the requirements of these legislative acts, it will be necessary in the next budget proposal to develop an independent basis for determining whether additional staff is necessary. In anticipation of this problem, the following background information is provided. First, we describe the department's method for determining the number of men to assign to each area command. Second, we identify the basis for beat assignments by the area commander. Third, we discuss the results of recent department studies. Fourth, we recommend shifting a staff position to the agency staff in order to address the problems in the most effective manner.

Deployment of Traffic Officers to Area Offices

The traffic officers performs three basic functions. The first is to provide service and surveillance on the state highway system to insure a smooth flow of traffic and to give aid to motorists. The second is law enforcement in order to prevent accidents. The third is vehicle regulation and inspection.

The department has assumed that the 2,566 traffic officers authorized before the adoption of Chapter 2031 can be established as the basic staff level required just for the service and surveillance function on state highways. This level is then adjusted to reflect the demands for service created by the addition of roadway mileage to the state highway system and additional number of vehicle miles driven. The adjusted basic complement of men is assigned to area commands based on the proportion of roadway and vehicle miles driven in each area and modified to account for four classifications of roadway conditions; free flow, light congestion, restricted flow and nonfree flow. In the 1969-70 fiscal year, 2,999 traffic officers will be assigned for services on the state highway system in this manner.

California Highway Patrol—Continued

Traffic officers are assigned to the vehicle regulation and inspection function according to a ratio of men to assignments. For example, the number of personnel assigned to inspect break and lamp stations is a ratio of the number of stations to the amount of time required to inspect each. In the 1969-70 fiscal year, 613 traffic officers will be assigned to this function.

The assignments of men described above will require 3,627 of the 5,345 traffic officer positions budgeted for 1969-70. The remaining 1,718 traffic officers will be assigned for the control of accidents on either the state highway system or the county roads in proportion to the number of accidents occurring on each.

On the state highway system, there were 52,400 fatal and injury accidents in 1967, or 55 percent of the total on all roads within the department's jurisdiction. Therefore, of the 1,718 traffic officers assigned for accident control, 55 percent or 946 traffic officers will be allocated to the state highway system. The remaining 771 traffic officers allocated for accident control will be assigned to the county road system. The department will divide the traffic officers in this program between line and area beats.

Prior to the current fiscal year, all state highways were designated line beats and all county roads area beats. The line beat is a linear section of a high volume roadway, while the area beat is a geographic division. The roads within the area beat have a low volume of traffic and therefore do not require the continual surveillance of a line beat. There are, however, county roads which surpass some state highways in traffic volume and accident frequency. The department changed its basis of officer deployment during the current fiscal year in recognition of the high traffic volumes on some county roads. It divided all the county roads into line and area beats and will allocate traffic officers to each in the next fiscal year.

Deployment of Traffic Officers by Area Commanders

Traffic officers are assigned to beats by area commanders based primarily on accident frequency. Service requirements and congestion relief needs sometimes require modifications to the accident frequency basis for deployment. In any case, the area commander does not utilize the formula devised by headquarters for the purpose of making his beat assignments.

How Many Traffic Officers Are Necessary?

The Legislature adopted Chapters 1451 and 2031 in 1965, and these acts have been the basis for adding 320 men to patrol freeways in San Diego and Los Angeles (as proposed in this budget) and 1,900 men elsewhere in the state (added in the last three years).

The department does not have a meaningful basis for determining whether additional increments will be necessary in the future. The deployment formulas discussed above have been employed to allocate a given number of men, but are not particularly useful for determining whether additional manpower is required.

California Highway Patrol—Continued

Attempts have been made to determine the effectiveness of increasing the number of traffic officers assigned to a roadway in the department's Operation 101 and 500 studies. Although the Operation 101 study was scheduled to be completed in April, 1968, and three of the six Operation 500 studies were scheduled to be completed by November, 1968, only preliminary findings have been published to date. These preliminary findings have not shown the traffic officers to be very effective in reducing accidents, although the department contends that the Operation 500 studies support the prognosis from the Operation 101 study that marked reductions in accidents could be achieved. The only consistent finding that we have observed is that there is a direct relationship between heavy rainfall and occurrence of accidents. Nevertheless, final judgment must be postponed until the studies are complete.

Delete One Budget Analyst

We recommend deletion of an assistant budget analyst for a savings of \$9,396 from Item 279.

The Department of Motor Vehicles and the Division of Highways both have roles in accident reduction and have conducted studies to test the effectiveness of their respective programs. These studies also have resulted in questionable conclusions.

Pursuant to existing law, the amount of funds available to these two agencies and the highway patrol is earmarked only for highway purposes and the problem is to determine the most effective allocation in order to maximize accident reduction.

The research conducted by the three departments has not been directed to determining the relative effectiveness of each program as a basis for fund allocation. We believe that such an effort could be productive and for this reason recommend that a budget analyst requested by the California Highway Patrol be deleted and assigned instead to the Business and Transportation Agency for the purpose of conducting such an analysis. We have made a similar recommendation relative to an associate management analyst position proposed by the Department of Motor Vehicles.

**Department of the California Highway Patrol
VEHICLE EQUIPMENT SAFETY COMMISSION**

Item 281 from the Motor Vehicle Transportation Tax Fund

Requested 1969-70	\$8,835
Estimated 1968-69	8,835
Actual 1967-68	6,356
Requested increase—None	
Total recommended reduction	\$8,835

SUMMARY OF RECOMMENDED REDUCTIONS

Delete the item	<i>Amount</i> \$8,835
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California Highway Patrol—Continued
GENERAL PROGRAM STATEMENT

The objectives of the Vehicle Equipment Safety Commission are the promotion of uniformity in the regulations and standards for equipment of motor vehicles and to achieve desirable changes in equipment in the interest of traffic safety. The commission is an interstate agency composed of one representative from each state that has adopted the Vehicle Equipment Safety Compact. The compact was adopted by the California Legislature through Chapter 238, Statutes of 1963. The Administrator of Highway Transportation or an alternate appointed by him was designated as the California representative on the commission. The administrator has delegated this responsibility to the Commissioner of the California Highway Patrol. 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 participating state.

ANALYSIS AND RECOMMENDATIONS

We recommend deletion of the item.

The budget indicates the 1968-69 fiscal year cost is estimated to be \$7,315 for commission dues and \$1,520 for out-of-state travel, for a total of \$8,835. That amount is proposed as the need for 1969-70. California's dues, however, are \$8,710.90 for 1968-69. Thus, we believe the item will need to be augmented if our recommendation to delete the item is not accepted.

We questioned in our 1968 Analysis the usefulness of continued participation in the deliberations of this commission because of preemption by the federal government in adopting the Vehicle Equipment and Safety Act of 1966. The commissioner testified before the Legislature that California should withdraw, but that a one-year notice had to be given. As a result, the Legislature included as part of the supplementary report of the Committee on Conference relative to the 1968 Budget Act the provision that the Transportation Agency should notify the commission of California's intention to withdraw.

The commissioner attended the annual meeting of the Vehicle Equipment Safety Commission, July 17, 1968, in Atlanta, Georgia. He recommended on January 17, 1969 to the Director of Finance, "(1) That the state pay its annual dues for 1968-69 in the amount of \$8,710.90; (2) That the Transportation Agency not notify the commission of its intent to withdraw since such withdrawal would be without force or effect since it does not meet the provisions of subsection (b) of Article 9 of the Safety Compact as contained in Section 28100, Vehicle Code; (3) That a bill (S.B. 738, 1968) be again introduced in the Legislature repealing the compact. A decision to urge the adoption of this bill should be made prior to July 1st, 1969."

Elsewhere in his memorandum to the Director of Finance, the commissioner expressed his wish to reserve judgment on continued participation in the commission's activities pending completion of a commission study committee report on its organization and relationship to other entities in the safety equipment field.

California Highway Patrol—Continued

Most of the commission members are also members of the American Association of Motor Vehicle Administrators (AAMVA) and the AAMVA has greater powers relative to vehicle equipment standards than does the commission. Because of this overlapping of responsibilities and membership, and because of the commissioner's misgivings as to the value of continuing the activities of the commission, we recommend withdrawal by California.

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

Item 282 from the Motor Vehicle Fund

Requested	\$250,000
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted.

The Department of the California Highway Patrol receives its support from the Motor Vehicle Fund. The department 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.

DEPARTMENT OF MOTOR VEHICLES

Item 283 from the Motor Vehicle Fund

Requested	\$57,126,612
Estimated 1968-69	53,706,307
Actual 1967-68	46,704,666

Requested increase \$3,420,305 (6.4 percent)

Increase to improve level of service \$12,138,461

Total recommended reduction	\$74,012
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SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Field operations		
8.8 janitorial positions	\$62,276	830
Departmental administration		
1 associate management analyst	\$11,736	832

GENERAL PROGRAM STATEMENT

The Department of Motor Vehicles is located in the Business and Transportation Agency along with the Department of Public Works and the California Highway Patrol in order to facilitate a cooperative

Department of Motor Vehicles—Continued

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.

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 fee 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 fees, 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 146 full-time offices and 59 part-time offices serviced by travel crews based in the full-time 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 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 aides. One deputy director acts as executive officer in a direct line capacity supervising all department activities. The second deputy serves in the Governor's office as Secretary of Program Development.

The department collects registration fees and license fees related to regulation of parts of the motor vehicle industry which are used to support the department, the California Highway Patrol and for construction of highways. In addition it collects vehicle license fees ("in lieu" taxes) which are distributed to local government after the department is reimbursed for the cost of collection.

Mission

Briefly stated, the department is engaged in three fundamental programs: (1) highway safety, encompassing activities related to licensing and surveillance of drivers; (2) public services, including functions necessary to protect and assist the public; and (3) fee collection, encompassing those activities necessary to provide revenue.

Department of Motor Vehicles—Continued
ANALYSIS AND RECOMMENDATIONS

The Proposed Budget

The department proposes to use \$57,126,612 from the Motor Vehicle Fund and \$7,543,156 from the Motor Vehicle License Fee Fund, a total of \$64,669,768 in 1969-70.

This is an increase of \$3,500,852 (5.7 percent) over the budget for the current year. Table 1 summarizes the differences between the 1968-69 and proposed 1969-70 level of expenditures.

Table 1
Summary of Differences Between Estimated 1968-69
and Proposed 1969-70 Level of Expenditures

Purpose:	Amount	Percent
Workload increases -----	+\$2,974,561	85%
Salary and work standard savings -----	-575,665	-16.4
Staff benefits and workman's compensation -----	+413,893	11.8
Operating expenses -----	+989,007	28.0
Equipment -----	-283,263	-8.0
Reimbursements -----	-17,680	-0.5
Total -----	\$3,500,853	100%

The department has requested 454.7 new positions for the fiscal year 1969-70 of which 274.5 are necessary because of increased workload. The Division of Drivers Licenses has requested 123.9 clerical personnel, the Division of Field Operations 196.9 positions, including 134.9 temporary positions and the work standards section requires 20.5 analysts. The increase in the Divisions of Drivers Licenses and Field Operations is attributed to the rise in driver's license issuance and increased vehicle registration. An additional 54 positions are required for the AMIS conversion and 26.2 new positions are needed to satisfy programs established by new laws. The remaining 33.2 positions are requested to perform a variety of functions throughout the department.

The department eliminated a total of 224.1 positions during the past year. The MARC program was responsible for the elimination of 77.3 positions, the AMIS program for 131.3 positions and the remainder is attributed to completed programs and task force recommendations.

The net increase in proposed positions is 230.6, a 3.4 percent increase over the 1968-69 fiscal year. The \$2,974,561 shown in Table 1, under workload increase, represents the net cost of new positions.

The department's Management Reporting and Control (MARC) effort is expected to produce savings of \$878,955. The department is further committed to a salary savings totaling \$1,471,298, an increase of \$46,140 over last year's savings. The salary savings is expected to be made possible by delaying the filling of authorized positions. The combined MARC and salary savings increase is \$575,665 as shown in Table 1 under salary and work standard savings.

Of 12.2 new janitorial positions, 10.9 are requested in the budget to staff new and larger field offices. *The department concurs in our finding, however, that only 2.1 of the 10.9 positions will be required in the next fiscal year and that the remainder will not be required until the 1970-71 fiscal year. As a result, 8.8 janitors can be deleted and the budget can be reduced by \$62,276.*

Department of Motor Vehicles—Continued

Management

Organization

During the past fiscal year, the department retained the consultant firm Booz, Allen & Hamilton to conduct an organization study which evaluated the present organization in relation to current and future requirements. The study was specifically to determine the feasibility of eliminating one or more assistant division chief positions and the feasibility of eliminating the layer of management just below that of division chief.

The completed report was submitted to the director in August, 1968. Specific recommendations are as follows:

1. The number of assistant chiefs within the four divisions should be reduced from eight to five with the elimination of one assistant division chief each from the divisions of drivers licenses, registration, and administration. A new assistant chief position should be created to direct a planning and development unit. The net reduction would be two positions. The recommended reduction in Division of Registration and Drivers License Division will be accomplished in 1970. The reduction in the Division of Administration has been implemented. The reduction of one assistant division chief for the Division of Administration is shown in the budget.

2. A planning and development unit should be formed to provide direct staff support to the director in identifying, evaluating and implementing short-term and long-term improvements. The research and statistics section should be utilized as the nucleus of the new unit. The study suggests the department draw upon the present analytical resources available within other units on a project basis rather than develop a large permanent planning staff. Under present plans, this unit will not be formed until 1970 because of the need to develop a supervisor to lead the new unit. We support the proposal to establish a planning unit because long-range planning and policy formulation currently require the specific attention of some unit within the department. We are concerned with the contemplated postponement.

3. An operation and management analysis section which combines the activities of the MARC program and the management analysis unit should be created and placed within the Division of Administration. The new section will become operational in early 1970 when the MARC program is operational and the consultant firm has completed its work.

4. Planning and control activities for AMIS should be centralized and receive management direction from the assistant to the director for EDP. The director ordered the administrative change necessary to implement the recommendation in September, 1968.

5. Within major operating divisions and the compliance service unit, staff personnel provide assistance in budget preparation and control legislative research, procedural manual development and performance reporting. Except in the Division of Drivers Licenses, these staff units have not reported directly to the division chief, and the report recommended that they do so. This administrative change has been implemented.

Department of Motor Vehicles—Continued

6. The program scope and effectiveness of the personnel and training section should be increased by assigning this section the responsibility for the formulation and implementation of a comprehensive management development program. This recommendation is now being implemented.

We support the department in its efforts to increase the effectiveness of its top management and encourage the earliest possible implementation of the consultant's recommendations.

Department Request for Associate Administrative Analyst

On page 835 of this analysis we have identified the need for the Business and Transportation Agency to develop some means of effectively allocating the available funds among the Department of Motor Vehicles, California Highway Patrol and Department of Public Works. We accept the need for an associate analyst as requested but the position can be used more effectively at the agency level where a broader perspective is possible. We have made a similar recommendation relative to a position in the California Highway Patrol budget. We believe the agency secretary should assign these analysts to the problem of defining the most effective allocation of funds and to other items of highest priority.

We recommend the deletion of the associate management analyst position, a savings of \$11,736. We further recommend that an associate analyst position be budgeted in the Business and Transportation Agency.

Management Reporting and Control

In our analysis of the 1968-69 Budget Bill, we reported that the Department of Motor Vehicles intended to expand its work measurement program sufficiently to enable it to establish departmentwide work standards. The department, during this fiscal year, hired a consultant firm and began the **Management Reporting and Control Program (MARC)** which is now under way and proceeding according to schedule. The analyst staff of the department's work standard section was raised from 9 to 25 and the analysts selected were given 160 hours training which will enable them to conduct the **two-year program**.

The MARC program will be budgeted out of anticipated savings to be realized from the implementation of the work standards program. The projected cost is as shown in Table 2.

Table 2
Cost of Management Reporting and Control Program

<i>Fiscal year</i>	<i>Consultant</i>	<i>Other expenses</i>	<i>Total</i>
1967-68 (Actual) -----	\$26,000	\$35,580	\$61,580
1968-69 (Est.) -----	116,000	335,750	451,750
1969-70 (Est.) -----	31,000	347,955	378,955

The total consultant charge is \$173,000 which includes \$155,000 for the management study over the two-year period and \$18,000 for an organization study conducted for the Department of Motor Vehicles. The department anticipates that it will save enough through methods improvement to cover the cost of the program in 1968-69 and is com-

Department of Motor Vehicles—Continued

mitted to saving \$878,955 in the 1969-70 fiscal year, which will cover the cost of the program and result in a net savings of \$500,000.

Automated Management Information System (AMIS)

The conversion of department files from manual to an automated system within the Department of Motor Vehicles was approved by the Legislature and begun in 1965. The system was scheduled to be fully operational by the fiscal year 1969-70 at which time the annual savings were expected to exceed the new costs of operating with AMIS. The system will not be fully operational until July 1, 1971, because of problems encountered in the conversion. The first net savings from AMIS will occur in the 1972-73 fiscal year and the total cost of the conversion program will not be recovered until the 1978-79 fiscal year.

In the past year, the Division of Registration has completed conversion of its records from the Philco computer system to AMIS. The Division of Drivers Licenses has completed approximately 40 percent of its conversion and will complete conversion in July, 1971.

The total projected cost of converting to AMIS, as of November, 1968, is \$112,885,169. This is \$11,750,236 above the \$101,134,733 projected in January, 1967. When the difference is adjusted for merit salary increases, sales tax, and new equipment, the net difference is \$7,157,605. This is 7.08 percent greater than the January, 1967, projection. The increase in cost is shown by cause in Table 3.

Table 3
AMIS Cost Increase Over January 1967 Projection

	Increase *
Vehicle Registration	
Personnel	\$500,000
Equipment	2,025,000
Operating expense	2,025,000
Division of Driver's License	
Personnel	\$5,031,000
Equipment	1,448,000
Operating expense	925,000
Total	\$11,954,000

* The total exceeds the \$11,750,236 shown in the text because the amounts here are approximations.

The increase in funds for personnel is due primarily to the delay in the AMIS project completion. The additional funds for equipment will be used for the purchase of new core memory and optical scanning equipment. Operating expense is up because of the increase in printer ribbon and magnetic tape costs.

The department, because of the delays in AMIS, has been forced to spend unanticipated funds, primarily for salaries, but has not required additional appropriations for AMIS because it has used money allocated for projects which were deferred. The department has been living within its budget by postponing the time when additional funds will be required.

AMIS Budget Request

The department has requested \$12,026,000 for 1969-70 to continue the phased conversion to AMIS. *We continue to support the investment and recommend approval of the funds required to do so.*

Department of Motor Vehicles—Continued

Highway Safety

The department's highway safety related functions include administration of drivers license and negligent operators programs, and licensing and supervising driving schools and instructors.

Drivers Licensing and Certificate Issuance

An attempt is made to assure that all drivers have the minimum skills, knowledge, and physical ability essential for safe operation of motor vehicles or special equipment on the highway. The department administers a testing process which is designed to serve this need. The tests are administered at the 146 permanent offices and 59 field travel service points in the state.

Table 4 portrays the growth of drivers license applications and issuance and the fees collected for that service for the past, current, and budgeted years. The estimated workload for the 1968-69 fiscal year reveals that over 390,000 fewer licenses were issued than the number of applications made. A partial explanation for this variance is that the testing process identified 1.76 percent vision test failures, 13.99 percent written test failures, 43.34 percent oral test failures and 21.39 percent driving test failures. Most applicants are successful however, on repeating an examination.

Table 4
Growth of Driver's License Workload

Workload	Actual 1967-68	Estimated 1968-69	Estimated 1969-70
Licenses issued -----	3,368,018	3,508,000	4,338,000
Applications received -----	3,762,165	3,918,700	4,845,800
Licenses outstanding -----	11,990,000	11,570,000	12,000,000
Fees -----	\$9,797,234	\$10,170,000	\$12,811,000

Post Licensing Control

Driver safety does not end with the issuance of a driver's license. There is a continual need to enforce safe driving practices and to improve the driving habits and skills of all drivers, especially the small percentage whose driving records indicate that they are a hazard to public safety.

Senate Resolution No. 160, adopted in 1968, noted that in spite of the best efforts of the courts, the California Highway Patrol, and the Department of Motor Vehicles, the rate of deaths, injuries and property damage on the highways continues to rise. The resolution directed the department to conduct an in-depth study to determine why the situation continues to worsen and to recommend needed legislation to reduce accidents and improve coordination between enforcement and licensing agencies. The resolution directed the department to submit its report by the thirtieth calendar day of the 1969 Regular Session. The department has subsequently requested permission to submit a preliminary report on this date and to conduct a two-year study into this problem. The study will be funded by the federal government and will be conducted as a coordinated effort of the Department of Motor Vehicles, the California Highway Patrol, and the Judicial Council.

Department of Motor Vehicles—Continued

The department has already conducted four studies regarding the effectiveness of its driver improvement program with questionable conclusions. In order to improve upon these conclusions the department is engaged currently in the *1965 Negligent Drivers Study*. In addition, it is conducting the San Jose Study, in conjunction with San Jose State College, to determine the effectiveness of court administered driver improvement courses. The primary reason for these studies is to determine if the department has any effect on accident control through its driver control programs.

The California Highway Patrol and the Division of Highways both have roles in accident reduction and have conducted studies to test the effectiveness of their respective programs. These have also resulted in questionable conclusions.

Pursuant to existing law, the amount of funds available to these agencies is earmarked only for highway purposes and the problem is to determine the most effective allocation in order to maximize accident reduction. The research conducted by these three departments has not been directed to determining the relative effectiveness of each program as a basis for fund allocation. We believe that such an effort could be productive and for this reason have recommended above that the associate analyst requested by the Department of Motor Vehicles be assigned instead to the Business and Transportation Agency for the purpose of conducting such an analysis.

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 252 driving schools in the state and 740 instructors during the past year. Table 5 below indicates 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 \$78,000 per year which exceeds the revenue generated by the fees levied.

Table 5
Driving Schools and Instructors

Workload	Actual 1967-68	Estimated 1968-69	Estimated 1969-70
Driving school licenses issued -----	75	82	90
Driving instructor licenses issued -----	607	668	735
Fees -----	\$17,317	\$19,050	\$20,955

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.

Department of Motor Vehicles—Continued
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. The registration process also provides a convenient device for assessing motor vehicle fees. The growth of motor vehicle registration is shown on Table 6.

Table 6
Growth in Vehicle Registration

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Estimated</i> 1969-70
New vehicles -----	1,149,700	1,150,000	1,170,000
Nonresidents -----	395,000	385,000	385,000
Renewals -----	10,453,000	11,370,000	11,870,000
Total -----	12,410,700	12,905,000	13,425,000

Financial Responsibility

The California Financial Responsibility Law attempts to assure that persons injured or suffering property damages as a 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 is 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 is shown in Table 7.

Table 7
Financial Responsibility

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Estimated</i> 1969-70
Workload:			
Reports of accidents -----	678,624	702,300	728,100
Driver's licenses:			
Suspended -----	106,230	110,260	114,300
Reinstated -----	93,939	96,920	100,500

A more important measure of the financial responsibility program than the number of accidents reported or actions taken would be the failure of the program in terms of the cost to 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 one that said, "an appreciable compensation gap exists in the losses suffered by noncar owners and members of their households who may be passengers or pedestrians or

Department of Motor Vehicles—Continued

otherwise suffer losses in uninsured motor vehicle accidents." The study recommended further study of the insurance approach to this problem.

In our analysis of the 1968-69 Budget Bill, we recommended 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. The Legislature adopted Senate Bill No. 975, which appropriated \$50,000 to the commission from the Motor Vehicle Fund. The commission was instructed to examine, (1) the implications of the cost of insurance, (2) the effectiveness of the tort liability system, (3) the extent of claim settlement delays with respect to insurance claims, (4) the effect of civil court congestion as a result of legal action arising from bodily injury and property damage losses, and (5) alternative methods of compensating automobile accident victims such as the compensation regardless of fault plans and others that were examined in the prior study conducted by the Department of Motor Vehicles. This study is now underway. Additional funds have not been requested in the budget, but we understand that an additional appropriation will be sought in the 1969 session in order to finance completion of the study.

Occupational Licensing

In our analysis of the 1968-69 Budget Bill, we recommended that sufficient fees be imposed to cover the cost of occupational licensing programs. Such legislation was not enacted and the cost of administering the programs exceeded revenue by \$1,376,452 during the past year. However, the Department of Finance has instructed the various agencies to determine which programs are not self-supporting and to recommend the changes necessary to make them self-supporting.

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 individual's 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. Search companies maintain full-time employees in the department's facilities and have access to the registration files but not the driver's license files.

Department of Motor Vehicles—Continued

Table 8 shows the reimbursements received and anticipated for public information. The sale of copies of driver's 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 driver's 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 as shown in line 3. The Department of Justice pays \$1 per search to assist counties in locating fathers who do not support their families as reflected by line 4.

Table 8
Public Information Reimbursements

Line	Transaction	Actual 1967-68	Estimated 1968-69	Estimated 1969-70
1	Sale of accounting copies of driver's license applications	\$37,889	\$37,900	\$37,900
2	Driver's license information service	2,364,823	2,644,316	2,710,620
3	Vehicle information and sales of records	182,387	186,906	190,666
4	Aid to Needy Children Program	31,645	53,168	59,550
5	Total	\$2,616,744	\$2,922,290	\$2,998,736

Tax Collection

The department collects motor vehicle use taxes (equivalent to sales taxes) from the owners of motor vehicles where no sales tax has been paid. This is done at the time of first registration in the state and the taxes are forwarded to the State Board of Equalization. In addition, the department collects fees related to motor vehicle registration and driver licensing. The amounts collected and disposition of these revenues are shown in Tables 9, 10 and 11.

Table 9
Motor Vehicle Fund

	Actual 1967-68	Estimated 1968-69	Estimated 1969-70
Revenues:			
Motor vehicle registration and weight fees	\$227,691,052	\$239,130,000	\$246,189,000
Driver's license fees	9,797,234	10,170,000	12,811,000
Investments and other	5,359,984	2,959,144	5,950,000
Total Revenue	\$242,848,270	\$252,259,144	\$264,950,000
Expenditures:			
Support and Capital Outlay			
Department of Motor Vehicles	\$48,322,310	\$63,028,793	\$62,107,762
Highway Patrol	76,927,980	100,103,791	115,873,375
Air Resources Board	---	1,321,005	1,486,928
Transportation Agency	253,149	266,991	106,879
Department of Justice	---	1,188,722	2,765,317
Total Expenditure	\$125,503,987	\$165,909,302	\$182,340,261
Potential Transfer to Highway User's Fund	\$117,344,283	\$86,349,842	\$82,609,739

Department of Motor Vehicles—Continued

Table 10
Motor Vehicle License Fee Fund

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Estimated</i> 1969-70
Revenues:			
Motor vehicle license fee ----	\$200,430,133	\$216,700,000	\$227,800,000
Investment income -----	2,523,857	2,536,154	2,645,966
Total Revenues -----	\$202,953,990	\$219,236,154	\$230,445,966
Expenditures:			
Department of Motor Vehicles	\$6,899,454	\$7,462,608	\$7,543,156
Potential apportionment to cities and counties -----	196,365,525	211,600,000	222,800,000
Total Expenditures -----	\$203,264,979	\$219,062,614	\$230,346,255

Table 11
Use Tax

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Estimated</i> 1969-70
Workload:			
Number of tax receipts issued ---	1,276,132	1,326,900	1,380,400
Use tax collected -----	\$25,199,214	\$26,202,200	\$27,258,100
Collection cost reimbursed by Board of Equalization -----	831,978	904,090	936,452

DEPARTMENT OF MOTOR VEHICLES

Item 284 from the Motor Vehicle License Fee Fund

Requested 1969-70 -----	\$7,543,156
Estimated 1968-69 -----	7,462,608
Actual 1967-68 -----	6,899,454
Requested increase \$80,548 (1.1 percent)	
Total recommended reduction -----	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item as budgeted.

The amount of \$7,543,156 is proposed to reimburse the department for its administrative costs in connection with the Motor Vehicle License Fee Law (Section 11003, Revenue and Taxation Code). Discussion of this activity is included in our analysis of the Department of Motor Vehicles, Item 283.

Department of Motor Vehicles
FOR PAYMENT OF DEFICIENCIES IN APPROPRIATIONS
Item 285 from the Motor Vehicle Fund

Requested 1969-70	\$500,000
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item as budgeted.

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 its 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 might occur. 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.

DEPARTMENT OF VETERANS AFFAIRS

Items 286 and 287 from the General Fund and the Veterans Farm and Home Building Fund

Requested 1969-70	\$900,238
Estimated 1968-69	904,059
Actual 1967-68	854,220

Requested decrease \$3,821 (—0.4 percent)

Total recommended reduction	None
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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 department is organized to include the veterans home and the divisions of administration, veterans services and farm and home purchases. The functions of each are discussed briefly below.

Division of Administration

A seven-man board appointed by the Governor determines policy for all operations of the department.

The objectives of the Division of Administration are to carry out the policies determined by the Veterans Board, coordinate all programs of the department, provide fiscal and personnel management and general supervision of all activities of the department.