

## **STRATEGIC DECISIONS SYNOPSIS**

**February 1, 2016**

### **BACKGROUND**

At the San Diego meeting, we discussed a draft Business Plan and a draft Budget for a repository. At the meeting in Scottsdale, I will present Part 2 of this discussion – **Strategic Decisions Synopsis** in order to finalize a business plan and a budget. Each decision will have a direct impact on the repository. As soon as each decision is made, that decision can be converted into repository functionality and budget dollars. Until each decision is made, the repository budget is subject to revision – up or down - regarding that decision.

Listed below are the eight strategic decisions to be discussed, as well as brief descriptions of each issue.

### **STRATEGIC DECISIONS**

#### **Strategic Decision #1 - 85% to 100% Registration**

Historically, in a given registration year, the UCR program only registers about 85% of the “UCR Universe”, a subset of the total number of carriers that are actually shown by FMCSA to be active interstate carriers. This level of registration leaves somewhere between 40,000 and 100,000 active interstate motor carriers unregistered for that year, depending on which set of numbers are examined. These unregistered carriers represent potential additional revenue between \$5MM and \$15MM.

**The strategic decision to be considered is: Should the Board use administrative funds to pursue these unregistered carriers and this additional revenue and if so, to what degree?**

#### **Strategic Decision #2 - Convenience Fees (Yes/No)**

Convenience fees were implemented at a time when the UCR program needed a “volunteer state” to create a registration system after the FMCSA opted out. Convenience fees were the funding mechanism for this system. Currently, the Board has no direct control over the amounts and uses to which the convenience fees are put. Further, time frames for completion of system functionality and upgrades are also not within the Board’s control.

Now that the Board has begun to accumulate administrative funds, should the Board consider whether to utilize these funds to compensate a vendor directly for providing a registration system and allow the Board to assume more control and responsibility for UCR registration?

**The strategic decision to be considered is: Should the Board continue funding a national registration system with convenience fees? If not, what alternative should the Board adopt?**

#### **Strategic Decision #3 - Indiana MOU**

The UCR Board signed a 5-year Memorandum of Understanding (MOU) with the Indiana Department of Revenue to support a national registration system and build a Depository reporting module. This MOU expires in June of 2018. Indiana has informally indicated that they are interested in renewing the MOU, but the Board must also make a decision about the MOU.

In the event that the Board or the State of Indiana opts out of the MOU, plans must be made to hire another vendor or build a system using repository resources. It is not too early to begin planning for a possible change in vendors since a potentially lengthy bidding process might well be the outcome of such a change.

**The strategic decision to be considered is: Should the Board renew the MOU with Indiana or consider some of other vendor?**

#### **Strategic Decision #4 - Retreat Study**

Since the beginning of the UCR program, retreat has been an ongoing Board issue. While the level of retreat has been very consistent, no analysis has been done to see if the observed retreat is legitimate.

**The strategic decision to be considered is: What, specifically, does the Board want to know about retreat? Also, what level of effort does the Board consider reasonable?**

#### **Strategic Decision #5 - Audit**

Everyone agrees that the UCR Board should initiate audits. Most people assume this means motor carrier audits, which generally must be conducted by States, but there are actually a large number of potential entities that need to be audited by the Board. Examples include the Depository, State registration systems, Repository, the Indiana systems and State Participation Agreements.

**The strategic decision to be considered is: Which entities does the Board need to audit, how frequently should they be audited and how much does the Board need to budget for audits?**

#### **Strategic Decision #6 - Report Stack**

The UCR Board needs information to conduct Board business. Historically, the Board has received and reacted to whatever information has been presented at meetings. Now the Board is in a position to consider what information is needed to lead the UCR program into the future.

**The strategic decision to be considered is: What information does the Board need to receive in advance of meetings in order to feel “fully informed” regarding policies and decisions they will be asked to make?**

#### **Strategic Decision #7 - Future Role Of States**

Certain functions (audits, enforcement) under the UCR Plan can only be done by States. Meanwhile, states have assumed responsibility for some administrative functions (such as registration and mailings) which take resources away from the State-only functions.

With the availability of administrative funds, the Board is in a position to alleviate the administrative burden of States that have been asked to perform activities that take resources away from these State-only functions.

**The strategic decision to be considered is: What should be the future role of States participating in the UCR program?**

**Strategic Decision #8 – State Performance**

State Performance is an elusive issue. The only performance measure the Board currently monitors is the State Percentage report. Other potential areas include: solicitation, registration, reporting, auditing and enforcement. To the extent that States continue to run registration systems, data and revenue reporting are two other potential areas which have caused problems for the Board in the past.

**The strategic decision to be considered is: What areas does the Board want to consider for State performance and what should the performance thresholds be?**