

**Motorcycle Operator Safety
Training Program
Department of Transportation**

**Performance Audit
September 2011**



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The mission of the Office of the State Auditor is to improve the efficiency, effectiveness, and transparency of government for the people of Colorado by providing objective information, quality services, and solution-based recommendations.



September 12, 2011

Members of the Legislative Audit Committee:

This report contains the results of a performance audit of the Motorcycle Operator Safety Training Program. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The report presents our findings, conclusions, and recommendations, and the responses of the Department of Transportation.

A handwritten signature in cursive script, appearing to read "Dianne E. Ray".



We Set the Standard for Good Government

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Glossary of Terms and Abbreviations

Department – Department of Transportation

MOST – Motorcycle Operator Safety Training Program

MSF – Motorcycle Safety Foundation

NHTSA – National Highway Traffic Safety Administration



MOTORCYCLE OPERATOR SAFETY TRAINING (MOST) PROGRAM

Performance Audit, September 2011
Report Highlights



Dianne E. Ray, CPA
State Auditor

Department of Transportation

PURPOSE

Evaluate the MOST program's management of contracts with motorcycle safety training schools, the appropriateness of the program's administrative expenses, and the overall effectiveness of the program.

BACKGROUND

- The General Assembly enacted the MOST program in 1990 to provide Coloradans with more accessible and affordable motorcycle safety training courses.
- The MOST program currently provides a \$70 per-student subsidy to take the basic motorcycle safety course at private motorcycle safety training schools around the state. Contractors received subsidies for about 9,100 individuals in Fiscal Year 2011.
- Motorcyclists fund the MOST program through additional endorsement and registration fees. Program expenditures, including tuition subsidies and administrative expenses, averaged about \$690,000 annually in the last five fiscal years.

OUR RECOMMENDATIONS

The Department should:

- Work with the General Assembly to discontinue the program. Or, if the program continues, the Department should:
- Develop a systematic methodology for determining the program's per-student subsidy amount.
- Clarify the types of operating expenses for which MOST contractors can receive reimbursement.
- Evaluate the cost-effectiveness of providing subsidies directly to students.
- Strengthen controls over the program's administrative expenses.
- Develop meaningful performance measures and goals for the program.

The agency agreed with these recommendations.

EVALUATION CONCERN

The conditions that led to the creation of the MOST program have improved significantly in the last 20 years, which may make the program obsolete. In addition, there are serious weaknesses in the overall administration of the MOST program.

KEY FACTS AND FINDINGS

- No strong evidence exists to suggest that the MOST program is still needed to fulfill its original purpose of making motorcycle safety training more affordable and accessible. For example, motorcycle safety training is widely available in the state, and it is not clear that the MOST program's subsidy provides an incentive for taking motorcycle safety training courses.
- The MOST program lacks meaningful performance measures to gauge the program's effectiveness, and the performance data collected by the program are insufficient and unreliable.
- The MOST program could not provide evidence showing the basis for the contract amounts awarded to MOST contractors.
- Program staff do not perform any systematic analysis to determine the per-student tuition subsidy rate, currently at \$70 for the basic course.
- One-third of the 15 MOST contractors did not appear to pass along the \$70 per-student tuition subsidy to their students, as required by MOST contracts.
- For 29 of 60 expense reimbursements reviewed, the MOST program reimbursed contractors for items that had not been preapproved, as required by program regulations and contracts. There were also examples in which the MOST program reimbursed some, but not all, contractors for certain types of expenses, such as classroom equipment.
- It may be more cost-effective and equitable to provide tuition subsidies directly to students, rather than through MOST contractors.

COST SAVINGS

Ending the MOST program would collectively save the State's motorcyclists about \$800,000 annually in additional motorcycle registration and endorsement fees that they would no longer have to pay.

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RECOMMENDATION LOCATOR
Agency Addressed: Department of Transportation

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	16	Improve the contracting process for the Motorcycle Operator Safety Training (MOST) program by (a) developing objective criteria for evaluating applications for MOST contracts and basing award amounts on these criteria and (b) developing a systematic, analytical methodology for determining the amount of the MOST program's per-student tuition subsidy.	a. Agree b. Agree	a. February 2012 b. July 2012
2	20	Evaluate whether it is more cost efficient and equitable to reimburse MOST program contractors separately for their operating expenses or to adjust the per-student subsidy rate to cover preapproved operating expenses for all contractors. If separate reimbursement for operating expenses continues, then improve reimbursement controls by (a) ensuring that MOST program contracts and purchase order agreements contain a detailed list of specific operating expenses that have been preapproved and only reimburse contractors for preapproved items and (b) determining each fiscal year the types of operating expenses that will be reimbursed by the MOST program, publicizing this list to MOST contractors, and approving all expenses that fall within this list.	Agree	July 2012
3	23	Ensure that MOST program tuition subsidies are received by students completing motorcycle safety training classes by (a) developing and implementing a process for verifying that MOST contractors are passing along the entire subsidy to students completing these courses and (b) evaluating the feasibility and cost-effectiveness of providing MOST tuition subsidy payments directly to students.	a. Agree b. Agree	a. July 2012 b. July 2012

RECOMMENDATION LOCATOR
Agency Addressed: Department of Transportation

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
4	26	Improve oversight of MOST program motorcycle safety training schools and instructors by (a) ensuring that its quality assurance visits cover all required elements and focus on measuring contractors' performance on objective criteria, (b) providing training to staff on the proper way to conduct quality assurance visits, and (c) seeking regulatory change to clarify and modify the Department of Transportation's role and responsibilities for ensuring that MOST instructors maintain current certifications.	a. Agree b. Agree c. Agree	a. July 2012 b. January 2012 c. July 2012
5	29	Develop and apply a consistent cost allocation methodology for charging salary expenses and other administrative expenses to the MOST program.	Agree	January 2012
6	32	Strengthen controls over administrative expenses in the MOST program by (a) reviewing the appropriateness of assigning cell phones and other mobile devices to individual staff members, (b) clearly defining in policy which expenses will be categorized as "administrative" and which will be categorized as "contract," and (c) calculating and recovering the inappropriate mileage reimbursement costs identified in our report.	a. Agree b. Agree c. Partially Agree	a. March 2011 b. January 2012 c. January 2012
7	38	Improve the analysis of the MOST program's effectiveness by (a) developing meaningful program performance measures that are clearly related to the program's stated performance goals; (b) developing and implementing processes to identify, gather, and analyze data on program effectiveness; and (c) developing and implementing a process for ensuring the integrity of program data.	a. Agree b. Agree c. Agree	a. March 2012 b. March 2012 c. January 2012
8	43	Work with the General Assembly to discontinue the MOST program or implement changes to the program to address the other recommendations in this report.	Agree	July 2012

Overview of the Motorcycle Operator Safety Training Program

Chapter 1

Motorcycles pose unique safety challenges to their riders. According to the National Highway Traffic Safety Administration (NHTSA), motorcycles are inherently more difficult to operate than passenger vehicles (e.g., cars and trucks) because they require more physical skill by the rider. Further, a motorcycle offers a rider almost no physical protection in a crash. As a result, NHTSA estimates that 80 percent of motorcycle crashes injure or kill a motorcyclist, while only 20 percent of passenger car crashes injure or kill an occupant. Nationally, and in Colorado, the number of motorcyclist fatalities in crashes has increased steadily since 1990 as motorcycling has become more popular, as shown in the table below. The table also shows that the rate of motorcycle fatalities per 100,000 motorcycles has decreased since 1990, since the number of motorcycles registered has increased faster than the number of fatalities.

Motorcycle Registrations and Fatalities in the United States and Colorado Calendar Years 1990 Through 2009						
	1990	1995	2000	2005	2009¹	Percentage Change 1990-2009
<i>Motorcycle Registrations</i>						
National	4,300,000	3,800,000	4,300,000	6,200,000	7,900,000	84%
Colorado	110,000	90,000	98,000	140,000	175,000	59%
<i>Motorcycle Fatalities</i>						
National	3,200	2,200	2,900	4,600	4,500	41%
Colorado	68	45	73	87	88	29%
<i>Fatalities Per 100,000 Motorcycles</i>						
National	74.4	57.9	67.4	74.2	57.0	-23%
Colorado	61.8	50.0	74.5	62.1	50.3	-19%
Source: Federal Highway Administration Highway Statistics, Federal Analysis Reporting System data, and Colorado Department of Revenue data.						
¹ Calendar Year 2009 data are the most recent available for national statistics.						

NHTSA has identified several strategies that states can use to improve motorcycle safety and thereby minimize motorcyclist fatalities. These strategies include (1) passing laws requiring the use of a helmet while riding a motorcycle (2) preventing alcohol-impaired motorcyclists from getting on the

road, (3) ensuring that motorcyclists are properly trained and licensed, and (4) promoting driver awareness of motorcyclists. NHTSA envisions each of these strategies as part of a comprehensive, collaborative, and multidisciplinary blueprint for motorcycle safety.

In Colorado, the Motorcycle Operator Safety Training (MOST) program helps address the NHTSA goal of ensuring motorcyclists are properly trained. The General Assembly enacted the MOST program in 1990 to provide courses that “develop the knowledge, attitudes, habits, and skills necessary for the safe operation of a motorcycle.” Program regulations further explain the aim of the program as providing funds “so that Motorcycle Safety training would be more accessible to a greater percentage of Colorado consumers and would be less costly to consumers, thereby enabling more persons to enroll in and complete such safety training.”

Department Responsibilities

The MOST program is administered by the Office of Transportation Safety within the Colorado Department of Transportation (the Department). The Office of Transportation Safety administers the State’s motorcycle safety program, which includes the MOST program and several federal grant programs that are designed to improve motorcycle safety.

Statute (Sections 43-5-502 and 503, C.R.S.) charges the Department with contracting with private vendors to offer motorcycle safety training courses to consumers and setting standards for certifying instructors to teach the courses. The MOST program is administered by a project manager, who establishes 1-year contracts with motorcycle safety training schools. The Department disburses MOST funds to these contractors by paying a per-student subsidy to the contractors for each eligible student they train and by reimbursing contractors for some of their operating expenses related to carrying out the MOST program. For Fiscal Years 2011 and 2012, the subsidy was set at \$70 for the basic training course and \$45 for advanced courses. Colorado residents and active duty military stationed in Colorado are eligible to receive this subsidy.

In Fiscal Year 2011, 15 motorcycle safety training schools participated in the MOST program, offering training to more than 9,000 eligible MOST students, as shown in the following table. The Department does not have data on the number of students subsidized by the MOST program before Fiscal Year 2009.

Participation in the MOST Program Fiscal Years 2009 Through 2011				
	Fiscal Year			Percentage Change 2009-2011
	2009	2010	2011	
Number of Students Subsidized by the MOST Program	12,000	8,000	9,100 ¹	-24%
Number of Schools Participating in the MOST Program	12	12	15	25%

Source: Office of the State Auditor's analysis of data reported by the Department of Transportation.

¹Final Fiscal Year 2011 claims for two contractors were not submitted as of August 2011. Therefore, this total may be understated.

Program Funding

Statute (Section 43-5-504, C.R.S.) created a cash fund to be used for the implementation and administration of the MOST program. The MOST Fund is supported by fees levied on motorcycle registrations and motorcycle endorsements to driver's licenses. These fees are set in statute as follows:

- \$4 paid annually for each registered motorcycle in the state (Section 42-3-304, C.R.S.), with exemptions for local governments and some veterans. This fee increased from \$2 to \$4 in 1997 (House Bill 97-1238). In Calendar Year 2010, there were approximately 177,000 motorcycles registered in the state.
- \$2 paid when a motorcycle endorsement is added to a Colorado driver's license and with each driver's license renewal (i.e., every 5 years) thereafter (Section 42-2-114, C.R.S.). This fee increased from \$1 to \$2 in 2006 (Senate Bill 00-011). In Fiscal Year 2010, there were approximately 50,000 motorcycle endorsements to Colorado driver's licenses.

As shown in the following table, total revenue for the program has ranged from about \$640,000 to \$790,000 over the last 5 years. During Fiscal Years 2007 through 2011, an average of approximately 84 percent of the revenue for the program comes from fees on motorcycle registrations; the remaining 16 percent, on average, comes from fees on motorcycle endorsements to driver's licenses.

MOST Program Revenue and Expenditures Fiscal Years 2007 Through 2011						
	Fiscal Year					Percentage Change 2007-2011
	2007	2008	2009	2010	2011	
Revenue						
Motorcycle Registrations	\$510,000	\$620,000	\$640,000	\$610,000	\$630,000	24%
Motorcycle Endorsements	130,000	70,000	100,000	110,000	160,000	23%
Total Revenue	\$640,000	\$690,000	\$740,000	\$720,000	\$790,000	23%
Expenditures						
Contract (Program)	540,000	520,000	810,000	470,000	730,000	35%
Administrative	50,000	60,000	100,000	80,000	80,000	60%
Total Expenditures	\$590,000	\$580,000	\$910,000	\$550,000	\$810,000	37%
Percentage Administrative	8.5%	10.3%	11.0%	14.5%	9.9%	
Source: Office of the State Auditor's analysis of data from the Colorado Financial Reporting System (COFRS).						

Expenditures have averaged about \$690,000 over the last 5 years and are divided into two main categories: disbursements to contractors for program services (i.e., tuition subsidies and reimbursements of operating expenses) and the Department's administrative expenses to run the program. As shown in the table above, there was a significant increase in expenditures to more than \$910,000 in Fiscal Year 2009, which can be attributed to a high number of students trained (i.e., 12,000 in Fiscal Year 2009 compared to 9,100 in Fiscal Year 2011), increased financial support to contractors for operating expenses, and increased administrative expenses by the Department. Expenditures also increased significantly in Fiscal Year 2011 due to an increase in the per-student subsidy for the basic motorcycle safety course from \$50 to \$70.

Statute requires that the Department administer the MOST program by expending no more than 15 percent of total program costs on administrative expenses [Section 43-5-502(1)(c), C.R.S.]. As shown in the table above, administrative expenses have been within this 15 percent threshold over the last 5 years.

Motorcycle Training and Endorsements

The Department sets the curricula used by motorcycle training schools participating in the MOST program; the Department has opted to use curricula established by the nationally recognized Motorcycle Safety Foundation, which is

an organization devoted to making motorcycling safer. Most of the motorcycle training schools in Colorado offering a Motorcycle Safety Foundation course currently participate in the MOST program. According to our analysis of data from the Motorcycle Safety Foundation, motorcycle safety training courses are currently offered in 18 counties around the state. These 18 counties are responsible for 79 percent of all motorcycle registrations in the state. See Appendix A.

Motorcycle training schools participating in the MOST program, which as private vendors can set their own prices, currently charge students between \$89 and \$250 for the basic rider course. The basic rider course covers a total of 15 hours of classroom and on-motorcycle instruction, typically offered over 2 days. Many schools also offer shorter advanced courses for experienced riders, covering a total of 5 to 8 hours of classroom and on-motorcycle instruction. These courses cost less.

Individuals who successfully complete a Motorcycle Safety Foundation course, such as those offered through the MOST program, can obtain a motorcycle endorsement on their driver's license without having to take a skills test with the Colorado Division of Motor Vehicles within the Department of Revenue. Approximately 70 percent of students who completed a MOST course between Calendar Years 2008 and 2011 went on to get, or already had, a motorcycle endorsement, according to Department of Revenue records. The other 30 percent of students had not obtained a motorcycle endorsement at the time of our audit.

Audit Scope and Methodology

We performed this audit in response to a May 2010 legislative request asking for a review of (1) MOST program contracts, reimbursements to contractors, and the related impact on training costs, and (2) administrative expenses to implement the program. Accordingly, we reviewed the Department's management of contracts with motorcycle safety training schools, administrative expenses, and the effectiveness of the program. Specifically, our audit work included reviewing the entire population of contracts and purchase orders with MOST program motorcycle safety training schools approved by the Department during Fiscal Years 2009 through 2011 to determine how these agreements promoted the MOST program's goals. In addition, we tested contract and administrative expenses for compliance with applicable requirements; sampling methodology for this testing is described in the next paragraph. We also reviewed data related to the MOST program's performance to determine if program goals are being met. Finally, we interviewed a sample of six (40 percent) out of the 15 current MOST contractors, including the three largest contractors, to get their perspective on the MOST program. Our audit did not include a review of the other programs that

compose the State's motorcycle safety program or the effectiveness of motorcycle safety training in general.

For our contract and administrative expense testing mentioned above, we selected two nonstatistical, judgmental samples covering Fiscal Years 2009 through 2011. One sample included 60 reimbursement payments for tuition subsidies and operating expenses made to MOST contractors to test compliance with program regulations and contract and purchase order terms. The sampled expenses were selected to include most contractors under contract with the Department during each of the 3 fiscal years and to include a mix of even-dollar expenses (which is indicative of reimbursement of tuition subsidies only) and non-even-dollar expenses (which is indicative of reimbursement for operating expenses). The other sample included 20 administrative expenses incurred by Department staff to test compliance with program regulations, State Fiscal Rules, and adherence to the statutory requirement that no more than 15 percent of program costs be spent for administration. This sample was chosen in order to include expenses under each of the main categories used by staff for classifying administrative expenses: travel, office supplies, communication services, professional services, and grants. Additionally, in order to test whether expenses were properly categorized as administrative expenses (subject to the 15 percent limit on administrative expenses) versus contract expenses (not subject to the 15 percent limit), we included some expenses in the sample that had been categorized as contract by Department staff, but appeared to audit staff to be administrative in nature.

We conducted this performance audit from November 2010 through September 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Program Administration

Chapter 2

As discussed in Chapter 1, the General Assembly created the Motorcycle Operator Safety Training (MOST) program to increase access to and the affordability of motorcycle safety training in Colorado, according to committee testimony at the time. Regulations further outline the purpose of the MOST program as making motorcycle safety training more accessible to a greater percentage of Colorado consumers and less costly to consumers, thereby enabling more persons to enroll in and complete such safety training. This audit assessed the MOST program's overall effectiveness in meeting these goals, as well as the sufficiency of the program's administrative controls for ensuring that program expenses are reasonable and appropriate.

Overall, we found that while access to and affordability of motorcycle safety training were concerns when the General Assembly created the program in 1990, the conditions that led to the creation of the MOST program have improved significantly in the past 20 years, which may make the program obsolete given today's market for motorcycle safety training. In addition, we also found serious weaknesses in the overall administration of the MOST program. Specifically, the program's contracting and monitoring processes, controls over expenses, and collection of basic program data all exhibited significant deficiencies, which raise questions about whether the MOST program needs to be extensively revamped if it is to continue.

Based on our findings, our report suggests two different directions for the MOST program. One option would be for the Department of Transportation (the Department) to overhaul and strengthen the numerous administrative controls over the program that we found to be inadequate. The second option, discussed in Chapter 3, would be to eliminate the program. As we have indicated, it is unclear whether the MOST program is still needed given the increased availability of motorcycle safety training in the last 20 years. Therefore, the Department may decide to recommend to the General Assembly that the MOST program end. In considering such a recommendation, the General Assembly should note that eliminating the MOST program will not make motorcycle safety training unavailable in the state. The private training schools that currently receive funds from the MOST program will still be able to offer their motorcycle safety training courses in the free market regardless of whether the MOST program exists.

The following three sections of this chapter report our findings related to (1) contracting, (2) monitoring of schools and instructors, and (3) administrative expenses. In each section, we include recommendations that the Department will need to implement if the General Assembly decides that the MOST program should continue. In Chapter 3, we discuss program effectiveness and the alternative of ending the program.

Contracting

As noted in Chapter 1, statute [Section 43-5-502(1), C.R.S.] requires the Department to contract with private vendors to carry out training for the MOST program, as opposed to having state employees provide the training. Statute and regulations do not provide further guidance on how the Department should structure its contracts with these vendors. Currently, the Department uses the contracting process to make what are essentially grant awards that MOST contractors use to provide tuition subsidies to their students and to pay for some operating expenses. In Fiscal Year 2011, contractors received about \$730,000 from the MOST program. Depending on the amount of the award, the Department establishes contracts or purchase order agreements at the beginning of the fiscal year with each MOST contractor that specifies how much financial support the MOST program will give to the contractor. All contractors receive awards that allow them to provide tuition subsidies to their students. The Department determines the amount of the per-student tuition subsidy at the beginning of each fiscal year. As noted in Chapter 1, the tuition subsidy for Fiscal Years 2011 and 2012 was set at \$70 per student for the basic training course and \$45 per student for advanced courses. Some contractors also receive additional amounts to fund other operating expenses, such as training equipment, supplies, and travel. For these operating expenses, contractors are funded on a reimbursement basis up to the award amount of their contract or purchase order agreement.

We found multiple problems with the Department's processes for awarding annual funding to MOST contractors and reimbursing the contractors for eligible expenses under the contract and purchase order agreements. Throughout this section, we outline these problems and make recommendations to help improve these processes. However, the pervasiveness of the problems raises questions about whether it would make more sense to give subsidies directly to students and not contract with motorcycle safety training schools to meet the MOST program's intent of providing training that is affordable and accessible. At the end of this section, we offer a recommendation that the Department evaluate the feasibility of fundamentally revising the way in which MOST funds are disbursed by providing tuition subsidies directly to students, as opposed to through the contractors.

Contract Awards and Terms

The contracting process is meant to support the program goals of making motorcycle safety training more affordable and accessible. Specifically, regulations require Department staff to “conduct discussions and negotiations” with contractors concerning the location of training, proposed training costs, the Department’s participation in costs through tuition subsidies and reimbursement of operating expenses, and contract conditions “to ensure that the (MOST) Fund be used to decrease the cost to the student thereby, make such training more accessible and increase the number of students that are able to afford such safety training.” Therefore, contract award amounts should be based on program goals and, in negotiating and setting contract terms, the Department should consider objective factors that would make training more affordable and accessible for students. Such factors may include looking at the cost of tuition proposed by the motorcycle training schools applying for funds to ensure that their tuition is in line with the market rate, and at the proposed location of training to ensure that the training needs around the state are being met. In addition, since the Department uses tuition subsidies as its main method for reducing the cost of training through the MOST program, it should have a systematic process for determining the amount of the subsidy at the beginning of each fiscal year.

To determine how well the Department’s contracting process supports the MOST program’s goals, we reviewed contractors’ annual funding applications, the annual contract or purchase order agreements established with each contractor, and all other supporting documentation in the contractors’ files for Fiscal Years 2009 through 2011. We also reviewed the Department’s methodology for setting the MOST program’s current tuition subsidy amounts of \$70 per student for the basic course and \$45 per student for advanced courses. We found a lack of evidence showing the basis for contract award amounts and a weak methodology for setting the per-student subsidy rate of \$70. We describe these concerns below.

Lack of Basis for Awarding Funds. The Department does not competitively bid contracts but rather contracts with any motorcycle training school that meets basic standards outlined in regulations for operating a motorcycle safety training course. For example, schools receiving MOST funds must offer a Department-approved course, which currently involves using curricula developed by the Motorcycle Safety Foundation, a national organization devoted to making motorcycling safer. Schools that meet these basic requirements for participating in the MOST program submit an application each fiscal year outlining the financial support they would like from the program. The Department’s budget office sets an overall budget for the MOST program, which is typically equivalent to the total amount of projected revenue. MOST program staff then set an award budget for payments to the applicants through annual contracts or purchase order agreements with each school. If the contractor has a need for additional funds

during the year (e.g., it trains more students than had been anticipated), the Department can modify the agreement by increasing the contractor's award, provided there are still funds available. Therefore, the budget and award processes are important for managing the disbursement of MOST funds to ensure that the MOST program is able to meet its goals related to the affordability and accessibility of motorcycle safety training.

We reviewed MOST contractor award amounts and the Department's process for setting these amounts for Fiscal Years 2009 through 2011 and found little basis for the amounts awarded to contractors. For example, there was little connection between the amounts initially requested by contractors in their funding applications and the amounts that they were awarded. The chart below shows the amounts requested by contractors and the amounts awarded by the MOST program for Fiscal Years 2009 through 2011. As the table shows, the MOST program does not generally award contractors the amounts they ask for; only one of the 39 award amounts in the table matches the contractor's request. Further, the "Percent Awarded" column shows that contractors often received considerably different awards compared to each other and that their awards fluctuated considerably from one year to the next.

MOST Program Contract Awards Fiscal Years 2009 Through 2011									
Contractor	2009			2010			2011		
	Requested Amount	Awarded Amount	Percent Awarded	Requested Amount	Awarded Amount	Percent Awarded	Requested Amount	Awarded Amount	Percent Awarded
1	\$278,700	\$189,000	68%	\$278,700	\$190,000	68%	\$350,475	\$250,000	71%
2	217,200	125,000	58	212,900	130,000	61	255,050	45,000	18
3	98,900	35,000	35	126,500	95,000	75	178,450	150,000	84
4	155,475	70,000	45	224,350	70,000	31	220,500	90,000	41
5	59,340	35,000	59	59,340	35,000	59	59,340	30,000	51
6	23,875	23,000	96	25,200	20,000	79	31,900	30,000	94
7	55,270	35,000	63	55,270	30,000	54	48,470	35,000	72
8	29,950	20,000	67	N/A ¹	35,000	-	41,400	35,000	85
9	25,000	20,000	80	22,000	20,000	91	20,000	20,000	100
10	58,784	30,000	51	95,585	26,000	27	136,973	35,000	26
11	16,200	12,000	74	14,800	12,000	81	48,600	15,000	31
12	4,575	4,000	87	-	-	-	-	-	-
13	-	-	-	5,000	4,000	80	-	-	-
14	-	-	-	-	-	-	44,760	15,000	34
15	-	-	-	-	-	-	74,850	15,000	20
16	-	-	-	-	-	-	12,990	8,000	62
17	-	-	-	-	-	-	5,500	4,000	73
Total	\$1,023,269	\$598,000	58%	\$1,119,645	\$667,000	60%	\$1,529,258	\$777,000	51%

Source: Office of the State Auditor's analysis of funding applications and contract awards.

¹Funding application was incomplete for this contractor, and there was no detailed request information.

During the Fiscal Year 2011 funding cycle, the Department implemented a pilot process for scoring contractors' funding applications. Specifically, five contractors were required to complete questions related to their training goals for the year and the number of students they anticipated training, and each application was scored by Department staff. We reviewed the scoring of the five contractors' funding applications included in the pilot, and similar to the data in the table above, it was unclear how the scores served as the basis for the contractors' award amounts. For example, out of 100 possible points, scores for these applications ranged from an average of 46 to 77. However, all applicants, even those with low scores, were awarded MOST funds, and there was no documentation, or any pattern that we could observe, to indicate how a contractor's score influenced the contractor's award amount.

Lack of Basis for Setting the \$70 Per Student Subsidy Amount. Each purchase order and contract agreement indicates the rate at which the contractor will receive reimbursement for each student trained. The per-student subsidy rate is the same for all contractors. We found that the MOST program does not have a reasonable methodology for setting the subsidy rate. For example, in Fiscal Year 2011, the MOST program increased the per-student subsidy amount for a basic training course from \$50 to \$70. According to staff, the increase in subsidy amount was not determined by analysis indicating that the previous \$50 per-student subsidy was too low to meet the program's goal of making motorcycle safety training more affordable in the state. Instead, staff indicated that the increase in the subsidy amount was a way to use up the MOST Fund's large reserve balance.

The MOST program's weak management of its contracts stems from the fact that the award process used for the MOST program's contracts is unlike the award process used for other programs administered by the Department's Office of Transportation Safety. For other programs, the Department identifies a safety need for the State and issues a request for proposal (RFP) to address the identified need. Potential contractors have to demonstrate in their applications how they would address this need and the improved outcomes that would result. The Department's contract awards are based on which applicants will provide the best outcomes. However, the Department manages the MOST program differently because all motorcycle training schools that meet minimum requirements are eligible for funds. In other words, the Department does not identify training needs in the state, issue an RFP for addressing these needs, and then grant funds to the applicants offering the most favorable outcomes.

Overall, the lack of evidence demonstrating how the contract award process and per-student tuition subsidy rate are related to the MOST program's goal of increasing the affordability and accessibility of training in the state raises serious concerns about the value provided by the contracting process. As a result, the

MOST program needs to strengthen its contracting processes, as outlined in the recommendations below.

Recommendation No. 1:

The Department of Transportation (the Department) should improve the contracting process for the Motorcycle Operator Safety Training (MOST) program by:

- a. Developing objective criteria for evaluating applications for MOST contracts based on identified training needs in the state and basing award amounts to MOST contractors on how well the contractors meet those criteria.
- b. Developing a systematic, analytical methodology for determining the amount of the MOST program's per-student tuition subsidy each fiscal year.

Department of Transportation Response:

- a. Agree. Implementation date: February 2012.

The Department will review its current application criteria as well as available data, the MOST rules, and statute to determine where enhancements could be made. The Department will develop and implement objective criteria where needed for evaluating applications based on training needs within the state. Awards will be considered based on this and other applicable criteria. The Department will evaluate the MOST rules to determine the extent of its authority to limit or expand the number of sponsors eligible for funding or to specify the location of training and seek to change the rules, if needed.

- b. Agree. Implementation date: July 2012.

A systematic, analytical methodology could be developed in a short period of time using such factors as amount of funds available and historical data on the number of students trained. The Department will use available data to evaluate and implement the most effectual approach to an annual assessment of the per-student subsidy amount as well as the most effective means of extending the subsidy to eligible students.

Reimbursements to Contractors

Under MOST program regulations, contractors can receive reimbursement for the costs of implementing their motorcycle safety training courses. Regulations further specify that the types of costs that contractors can receive reimbursement for include personal services, tuition, capital equipment, operating expenses, training materials, and facilities costs. In practice, the Department typically reimburses MOST contractors for a portion of tuition costs (i.e., the per-student tuition subsidy discussed previously) and for operating expenses.

Regulations also require that contractors only receive reimbursement for expenses “expressly agreed to by (the Department) in the contract with each individual (MOST) program (contractor).” In addition, starting with contracts and purchase orders for Fiscal Year 2011, contractors had to receive prior, written approval for expenses not expressly included in their contract or purchase order.

We reviewed a sample of 60 reimbursements totaling \$170,000 paid to MOST contractors in Fiscal Years 2009 through 2011 to determine if they complied with program regulations and contract and purchase order terms. The reimbursements that we tested included requests related to both student tuition subsidies and operating expenses. While we did not find errors in the reimbursements paid for tuition subsidies, we found problems with the 29 reimbursements in our sample that included operating expenses. These errors included reimbursement for operating expenses not expressly included in the contract and operating expenses not preapproved by the MOST program or preapproved inconsistently. We discuss these issues below.

Expenses Not Expressly Included in The Contract. We found that all 29 (100 percent) of the reimbursements for operating expenses tested included expenses that were not expressly agreed to in the contract or purchase order agreement between the Department and the contractor. The expenses reimbursed outside of the contract or purchase order terms totaled \$46,000 and ranged from a \$30 purchase of paint supplies to an \$18,000 purchase of motorcycles. The only reimbursable expense expressly outlined in the agreements with these contractors was the tuition subsidy paid for each eligible student the contractors taught. Therefore, all other types of expenses that the contractors incurred in administering the MOST program were not technically reimbursable by the MOST program. However, in practice, the Department reimburses contractors for their operating expenses even if these expenses are not expressly included in the contract or purchase order.

Expenses Not Preapproved or Preapproved Inconsistently. As noted, the Department added a term to the Fiscal Year 2011 contracts and purchase orders requiring contractors to seek preapproval of expenses not expressly outlined in the

agreement. Nine of the 29 operating expense reimbursements in our sample occurred during Fiscal Year 2011. All nine of these reimbursements lacked documented preapproval of those expenses. Preapprovals are important for ensuring that MOST funds are expended properly.

In addition, for operating expenses incurred prior to Fiscal Year 2011, we found the Department's processes for preapprovals were inconsistent in the three claims from our sample in which the contractor sought preapproval for an expense. For example, the Department preapproved a contractor's request for reimbursement of eight motorcycles at \$2,350 each. However, the contractor submitted a claim in which the cost of three of the motorcycles was \$2,950, or \$600 higher than the amount preapproved by the Department; nonetheless, the MOST program reimbursed the contractor at a higher rate than had been agreed to, instead of reimbursing the contractor at the lower preapproved rate. In the other example, a contractor sought prior approval for reimbursement of a TV/DVD player for its classroom. Department staff denied this request in writing but did not provide an explanation. One month later, the Department reimbursed another contractor more than \$900 for two TV/DVD players, even though the contractor had purchased this equipment without seeking prior approval from the Department.

We identified two main reasons for the problems with reimbursement of operating expenses. First, the MOST program's contract and purchase order agreements do not clearly outline the types of operating expenses that the Department has preapproved for reimbursement. Instead, these agreements typically state that MOST contractors can receive reimbursement for "operating expenses" without providing any detail on what those expenses will be for each individual contractor. In November 2008, Department business staff told MOST program staff in writing that future agreements with MOST contractors should contain a section that "specifically addresses what will and will not be reimbursed under the contract to eliminate any future confusion," but subsequent contracts and purchase order agreements for Fiscal Years 2010, 2011, and 2012 were not revised to include the suggested clarification.

Second, Department staff often revise the types of operating expenses they will reimburse without apparent reason or without notifying contractors of the types of operating expenses for which they can receive reimbursement. Specifically, regulations broadly define operating expenses as including, but not being limited to, "motorcycles, workbooks, student supplies, and program instructor supplies." However, Department staff do not always allow reimbursements for all types of operating expenses. For example, for Fiscal Year 2011, the Department chose not to reimburse any MOST contractors for motorcycles or workbooks. In addition, staff denied in April 2011 a contractor's request to buy two motorcycles, stating that because of this audit, "we must have strict adherence now" to regulatory and contracting standards, even though motorcycles are clearly an allowable operating expense according to regulations. Further, we did not find evidence that the

Department has ever officially notified contractors of the types of operating expenses for which it is willing to provide reimbursement.

Overall, we are concerned that the MOST program's method for reimbursing contractors lacks consistency and clear criteria, which results in some contractors receiving more funding from the MOST program than others without a documented basis. The table below is a summary of the total amounts paid to contractors in Fiscal Year 2010 (the last year for which complete information was available at the time of our audit) by category, as reported by the Department. The data show the inconsistency with which contractors are reimbursed for expenses. For example, only one contractor received reimbursement for motorcycles, and four contractors received reimbursement for travel in Fiscal Year 2010. The disparity between contractors concerns us because, as discussed previously, it is not clear that all contractors knew that they could claim reimbursement for each type of operating expense listed in the table below.

MOST Program Contractor Reimbursements Fiscal Year 2010										
Contractor	Tuition Subsidy	Travel	Instructor Training	Sheds	Motor-cycles	Work-books	MOST Promotional Items	Helmets	Range & Classroom Supplies	Total Reimbursement
1	\$147,000	\$5,000	\$2,200	-	\$24,000	\$7,000	\$2,600	-	\$790	\$188,590
2	57,000	-	100	-	-	3,200	-	-	2,300	62,600
3	53,000	-	-	6,200	-	1,700	1,300	-	100	62,300
4	30,000	8,700	-	-	-	2,600	-	1,200	400	42,900
5	13,000	-	-	-	-	200	770	-	-	13,970
6	21,000	-	200	10,000	-	500	1,700	1,300	-	34,700
7	10,000	6,700	-	-	-	-	-	420	-	17,120
8	15,000	-	-	-	-	430	2,300	-	280	18,010
9	12,000	-	-	3,900	-	550	-	-	300	16,750
10	6,000	1,000	-	-	-	190	-	-	240	7,430
11	12,000	-	-	-	-	1,300	-	-	140	13,440
12	750	-	-	-	-	-	-	-	-	750
Total	\$376,750	\$21,400	\$2,500	\$20,100	\$24,000	\$17,670	\$8,670	\$2,920	\$4,550	\$478,560

Source: Office of the State Auditor's analysis of data provided by the Department of Transportation.

In addition, the Department reimburses MOST contractors inconsistently for the same type of expense. For example, the Department reimbursed one contractor \$400 in Fiscal Year 2011 to hire a service to paint its motorcycle training range, while reimbursing two other contractors from our sample more modest sums (i.e., \$29 and \$76) for supplies that these other contractors used to paint their ranges themselves. As a result of its inconsistent practices, the Department may be giving some contractors an unfair competitive advantage by reimbursing more of their start-up and operating expenses.

The problems we found with the MOST program's reimbursement of operating expenses raise questions about the advisability of continuing to reimburse MOST contractors separately for operating expenses. Contractors already receive help from the MOST program with their operating expenses through the program's per-student tuition subsidy because, presumably, MOST contractors use the per-

student reimbursements to offset the operating costs of training each student. The tuition subsidy reimbursement method appears to be much more effective than reimbursing contractors separately for operating expenses. For example, as noted, we reviewed a sample of tuition subsidy reimbursements and identified no exceptions. In addition, the tuition subsidy reimbursement process is fairer because it reimburses all MOST contractors at the same rate (i.e., \$70 per student for the basic class). Conversely, as we have shown, wide variations exist in the amounts that MOST contractors have received when reimbursed separately for operating expenses. Finally, reimbursing MOST contractors separately for operating expenses increases administrative costs for both the MOST program and its contractors, as the contractors have to maintain and submit documentation of these operating costs, which Department staff must then review and approve. Therefore, the Department should evaluate whether MOST contractors should continue to be reimbursed separately for operating expenses or whether the tuition subsidies provide sufficient support to contractors for their operating expenses. If the Department determines that it should no longer reimburse contractors separately for their operating expenses, it may want to consider including an allowance for operating costs when it develops the systematic methodology for its per-student subsidy discussed in part “b” of Recommendation 1.

Recommendation No. 2:

The Department of Transportation (the Department) should evaluate whether it is more administratively cost efficient and equitable to reimburse Motorcycle Operator Safety Training (MOST) program contractors separately for their operating expenses or to adjust the per-student subsidy rate to cover preapproved operating costs for all contractors. If, based on the results of the evaluation, the Department continues to reimburse MOST contractors separately for operating expenses, the Department should improve the MOST program’s reimbursement controls by:

- a. Ensuring that its contracts and purchase order agreements with MOST contractors contain a detailed list of specific operating expenses that have been preapproved for each contractor and only approving contractor reimbursements for preapproved items.
- b. Determining at the beginning of each fiscal year the types of operating expenses it will reimburse through its MOST program contracts and purchase orders, publicizing the list to all MOST contractors, and approving all expenses that fall within the list.

Department of Transportation Response:

Agree. Implementation date: July 2012.

The Department will evaluate whether it is more cost efficient and equitable to reimburse contractors separately for operating expenses or if an adjustment to the per-student subsidy would be most efficient. The Department will also evaluate if a change to MOST rules to only allow reimbursement for training and have contractors be responsible for their operating costs would be more beneficial to the students.

In reference to part “a,” beginning with the next MOST funding cycle, contractors will be provided a detailed list of specific operating expenses that can be requested in the MOST funding application. This notification to contractors of a detailed list of specific operating expenses will be completed by March 2012. Approval of requested items will be dependent on relevant criteria and an evaluation conducted by MOST staff. Contracts and purchase order agreements to grantees indicating the specific operating expenses that have been approved for each contractor will be in place by July 2012. The Department is evaluating and will implement the most effective way to monitor and track purchases to ensure all operating expenses correspond with what was approved and do not exceed the approved amount.

In reference to part “b,” the Department will determine at the beginning of each fiscal year the types of operating expenses and maximum reimbursable amount for each item the Department will reimburse through its MOST program contracts and purchase orders. The list will be publicized to all MOST contractors. The list will be available for contractor use to determine their requests in their applications. The Department will evaluate the operating expense requests through the application process. The list of specific operating expenses will be completed by March 2012. Contracts and purchase order agreements to grantees indicating the specific operating expenses that have been approved for each contractor will be in place by July 2012.

Tuition Subsidy Payments

As previously noted, statute requires the Department to contract with private vendors to deliver MOST program services. The previous two sections have identified significant problems with the Department’s contracting processes for the MOST program. As we have discussed, the contract and purchase order award amounts given to MOST contractors are not clearly tied to the program goals of increasing the affordability and accessibility of motorcycle safety training. In

addition, the MOST program reimburses contractors' operating expenses inconsistently, which can create an unfair competitive advantage for those contractors who receive larger reimbursements.

In addition to the concerns noted above, we identified another contracting issue related to the per-student tuition subsidy that MOST contractors receive. As mentioned previously, the Department's contracts and purchase order agreements require that contractors pass along the per-student tuition subsidy they receive to their students, and for Fiscal Years 2011 and 2012, the subsidy is \$70 per student for the basic course. As a result, at the time of our audit the out-of-pocket cost for students to take the basic course at a MOST contractor ranged from \$89 to \$250. To determine if contractors passed along the tuition subsidy to their students, we reviewed contractor documentation related to the tuition subsidy reimbursements they claimed, reviewed contractors' websites, and made phone calls to contractors to inquire about pricing for their motorcycle training courses. We found that five (33 percent) of 15 contractors did not decrease their tuition for students eligible for the MOST program's subsidy (i.e., Colorado residents and active duty military in Colorado) by the current subsidy amount of \$70 per student for the basic course. Three contractors offer their course at the same price regardless of whether the student is eligible for the MOST program's subsidy. The other two contractors offer only a \$40 or \$50 tuition discount to students eligible for the MOST program's subsidy. As a result, these five contractors are not passing on all or part of the MOST program's subsidy and, therefore, are not using the whole subsidy to reduce the cost of training for Colorado residents and active duty military in Colorado as the General Assembly intended.

The Department does not currently have a process for verifying that MOST contractors are passing along the full MOST program subsidy to their students. Having such a process, which could be as simple as monitoring the contractors' websites or calling them to check prices as we did, is an important control for ensuring that motorcycle safety training is being made more affordable by the MOST program as intended by the General Assembly.

Given the problems we found with contract awards, contractor reimbursements, and contractors' use of subsidy funds, we believe the Department should evaluate a new way of disbursing MOST program funds. Specifically, the Department should look into the feasibility and cost-effectiveness of providing the MOST program's tuition subsidy directly to students. For example, the MOST program could issue tuition rebates directly to students once the students have successfully completed a motorcycle safety training course. The potential advantages of this approach, which was also recommended in a 2007 assessment of the MOST program completed by the National Highway Traffic Safety Administration, include (1) ensuring that all students completing motorcycle safety training receive the MOST program subsidy and (2) possibly eliminating the need to contract with motorcycle safety training schools if the Department also decides to

no longer reimburse MOST contractors for operating expenses, as contemplated by Recommendation 2 above. No longer contracting with motorcycle safety training schools could reduce administrative costs for the program and would remove the risk that the program is providing some contractors with competitive advantages over others. However, the Department would also need to consider the effect on these schools of no longer providing assistance with their operating costs, which should be part of the Department's evaluation discussed in Recommendation 2.

The main potential disadvantage of providing tuition subsidies directly to students is that this approach could itself be burdensome and costly to administer. We did not evaluate the potential costs of moving to a direct subsidy system for the MOST program as part of our audit.

Recommendation No. 3:

The Department of Transportation (the Department) should ensure that Motorcycle Operator Safety Training (MOST) program tuition subsidies are received by Colorado residents and active duty military personnel stationed in Colorado who complete motorcycle safety training classes by:

- a. Developing and implementing a process for verifying that MOST contractors are passing along the entire subsidy to the students completing these courses.
- b. Evaluating the feasibility and cost-effectiveness of providing MOST tuition subsidy payments directly to students and seeking regulatory and statutory change, as needed, to make this change.

Department of Transportation Response:

- a. Agree. Implementation date: July 2012.

The Department agrees there needs to be clear-cut criteria for verifying the subsidy is passed along to students. The Department will be looking at a range of options, including direct student reimbursement and verification through contractor fees and documentation, to determine the best approach to ensure the subsidy is extended to the student.

- b. Agree. Implementation date: July 2012.

The Department is investigating whether implementation of this recommendation would require a change to MOST statute (Section 43-5-

502, C.R.S.) requiring that the Department contract with vendors for the purpose of providing the program. The Department will also analyze its resources to determine the feasibility of delivering approximately 10,000 individual payments to students each year.

Monitoring of Schools and Instructors

The Department is responsible for ensuring that MOST contractors and instructors who teach for these contractors meet minimum requirements established in statute and regulations. These minimum requirements are designed to ensure that MOST contractors provide quality motorcycle safety training classes. For MOST contractors, regulations outline nine minimum standards, such as having an adequate training range, classroom, and equipment for their classes. For instructors, statute (Section 43-5-503, C.R.S.) outlines the minimum standards, which require that they hold a valid Colorado driver's license endorsed for motorcycles and be at least 21 years old.

Regulations require Department staff to conduct quality assurance visits at MOST contractors at least once per year. The purpose of these visits is to inspect the contractor's classroom and range when a course is in session to assess compliance with the nine requirements mentioned above. Statute [Section 43-5-503(4), C.R.S.] requires that the MOST program "provide for verification" that only certified instructors (i.e., instructors who meet statutory qualifications and have been issued an instructor's certificate) are teaching classes for MOST contractors.

We reviewed the Department's processes for monitoring schools and instructors and found that the Department does not have adequate oversight to ensure compliance with minimum statutory and regulatory requirements.

- **Oversight Over Schools.** We identified two main problems with the Department's oversight over schools. First, we found that staff did not complete and properly document all required quality assurance visits during Fiscal Years 2009 through 2011. Based on the requirement that each MOST contractor receive a quality assurance visit annually, we calculated that staff should have completed 39 visits during this period. However, the Department could not provide monitoring forms for 10 (26 percent) of these visits. For an additional 13 (33 percent) of the visits, Department staff did not complete the evaluation form properly. For example, in six cases, Department staff marked "no" to an area of compliance, such as whether the training range markings were visible, or made a notation on the form about a deficiency, such as the range needing to be painted, without carrying these concerns forward to the school as a recommendation for improvement. In other cases, Department staff did

not complete entire sections of the evaluation form, such as whether the range met basic safety requirements.

Second, we found that the methods used by staff to conduct quality assurance visits of MOST contractors are incomplete and ineffective. For example, the evaluation tool that Department staff use during the quality assurance visits does not cover four of the nine elements outlined in regulations, such as whether instructors are in the proper location during exercises and whether training aides are performing only non-instructional functions. In addition, the form used for quality assurance visits includes many items that are not required in regulations and are very subjective, such as whether there was a high level of mutual respect between instructors and students. It is unclear on what criteria the evaluator would base such an assessment. Also, we accompanied staff on quality assurance visits to two MOST contractors and reviewed the evaluation forms that staff prepared from the visits. We found that staff evaluated both schools on factors that staff members did not observe, such as whether the contractor's final exam was conducted correctly. Because of these deficiencies, we question whether the quality assurance visits provide any assurance that MOST contractors are conducting quality training courses.

- **Oversight Over Instructors.** We reviewed the Department's monitoring of instructors and found little active oversight over instructors. For example, the Department does not have any processes in place to verify that only certified instructors are teaching courses for MOST contractors. We compared the current list of 165 instructors provided to us by MOST staff to the current list of individuals with motorcycle endorsements, which we obtained from the Department of Revenue. We found that seven (4 percent) of the 165 Fiscal Year 2011 MOST instructors did not have motorcycle endorsements as of April 2011, as required by statute. For six of the instructors, the Department did not renew their MOST certification for Fiscal Year 2012, and they are no longer certified to teach for the MOST program. For the one remaining instructor, the Department reported that the instructor had an endorsement and is still certified to teach, but the Department was not able to provide our office with documentation to demonstrate that the instructor has a current motorcycle endorsement.

We identified three factors that explain the Department's insufficient oversight over MOST contractors and instructors. First, staff indicated that the MOST program's quality assurance tool was based on a similar evaluation tool developed by the Motorcycle Safety Foundation, which used different criteria to develop its tool. Second, staff performing the quality assurance visits appeared to need training on how to conduct the visits properly. Finally, it is unclear who has the responsibility to monitor MOST instructors and ensure that they meet minimum

standards. Department staff stated that MOST contractors are responsible for ensuring that the instructors they hire meet requirements to teach under the MOST program. However, regulations and contracts established between the MOST program and its contractors do not outline this as a requirement for contractors. In addition, the statutory requirement that the MOST program shall “provide for verification” of instructors’ qualifications is vague and has not been clarified in the MOST program’s regulations.

The lack of sufficient oversight by the MOST program over its contractors and instructors increases the risk that students are not receiving quality motorcycle safety instruction. Even if the way in which MOST funds are disbursed changes significantly, such as our earlier suggestion to provide funds directly to students, the Department may still play a role in monitoring schools and instructors who participate in the program. Therefore, it is important that the Department establish clear requirements for monitoring instructors and improve its monitoring of motorcycle safety training schools.

Recommendation No. 4:

The Department of Transportation (the Department) should improve oversight of Motorcycle Operator Safety Training (MOST) program motorcycle safety training schools and instructors by:

- a. Ensuring that its quality assurance visits cover all required elements and focus on measuring contractors’ performance on objective criteria.
- b. Providing training to staff on the proper way to conduct quality assurance visits at MOST contractors.
- c. Seeking regulatory changes to clarify and modify the Department’s role and responsibilities for ensuring that MOST instructors maintain current certifications.

Department of Transportation Response:

- a. Agree. Implementation date: July 2012.

Remedial training will be conducted internally to ensure required elements are covered on these visits. The Department will review the criteria on its quality assurance form to determine if it adequately addresses an objective assessment of contractor performance and will make adjustments as necessary.

- b. Agree. Implementation date: January 2012.

The Department agrees that there is a need for MOST staff providing monitoring visits to have more training. The Department is evaluating whether or not this monitoring function may be more effectively and efficiently performed by an independent party contracting with the Department and will explore this option. In the meantime, Department staff will receive remedial training on conducting quality assurance visits.

- c. Agree. Implementation date: July 2012.

The Department is reviewing current statute and rules to determine how to best clarify and implement controls or, if appropriate, request adjustment to its role in this process. If needed, the Department will seek assistance with regulatory changes to clarify and modify the Department's role. The Department would pursue modifications to the MOST rules consistent with any statutory change.

Administrative Expenses

Administrative expenses are the costs associated with the overall functioning of a state agency in furtherance of its statutory mission. In the case of the MOST program, administrative expenses include items such as salary and travel expenses for program staff and office supplies and equipment. Administrative expenses do not include contract expenses, such as the tuition subsidies paid to MOST contractors, which support the direct program services provided by MOST contractors (i.e., training). Statutes, State Fiscal Rules, and Department policies provide requirements related to the MOST program's administrative expenses and generally require that these expenses be reasonable and necessary for state business. In addition, statute [Section 43-5-502(1)(c), C.R.S.] specifically requires that the MOST program spend no more than 15 percent of its total expenses on administrative costs. As noted in Chapter 1, we found that the MOST program has complied with this requirement.

Although the MOST program's administrative expenses are in compliance with its 15 percent statutory threshold, we identified other concerns related to inaccurate cost allocations and weak or inconsistent controls over these expenses, which we discuss in the next two sections.

Allocation of Administrative Expenses

As noted in Chapter 1, the Office of Transportation Safety within the Department manages multiple traffic safety programs, including the MOST program, and allocates shared administrative expenses, such as staff salaries, to these programs. Because these programs are supported by different revenue sources (e.g., fees and federal grants), the Office of Transportation Safety should have a cost allocation methodology that ensures that each program is paying for the expenses in proportion to the benefit the program derives from those expenses. For example, if a staff member spends half of his or her time on work related to the MOST program, then half of that staff member's salary should be charged to the MOST program.

We reviewed 20 non-salary administrative expenses totaling about \$43,000 charged to the MOST program during Fiscal Years 2009 through 2011 and reviewed staff time sheets from February through April 2011 to determine if these administrative expenses had been allocated appropriately to the MOST program. We found significant problems with the Department's allocation of both types of expenses, as described below.

- **Non-Salary Expenses.** We questioned the accuracy of the allocation for 11 (55 percent) of the 20 non-salary expenses. For 10 expenses (50 percent), the MOST program paid 100 percent of the cost, even though the expenses benefited other safety programs in the Office of Transportation Safety. For example, five expenses totaling more than \$4,200 were related to annual membership dues and conference travel for the National Association of State Motorcycle Safety Administrators professional organization. It was unclear why the MOST program was charged 100 percent of these expenses because participation in this organization generally benefits motorcycle-related safety, on which three other projects in the Office of Transportation Safety also focus, with at least one other potential funding source. In addition, MOST paid 100 percent of a \$770 purchase of two office chairs, even though there is only one staff member who primarily works on the MOST program.

For one (5 percent) of the 20 non-salary expenses in our sample, the MOST program paid a portion of the purchase, but the methodology for assigning the program's portion was inconsistent and unclear. Specifically, this office supply expense included \$2,700 in ink, of which the MOST program paid one-fourth of the purchase, and \$140 for staff calendars, of which the MOST program paid one-third of the purchase.

- **Salary Expenses.** We noted several problems with the allocation of salary expenses to the MOST program. First, one staff member charges

100 percent of his time to the MOST program even though he performs work for other projects, including those funded with federal grants. Second, this staff person's supervisor charges 25 percent of his time to the MOST program, but the Office of Transportation Safety could not provide documentation showing the basis for this allocation. Finally, the Department reported that at least two other staff members spend time on the MOST program without charging any salary expense to the program.

Overall, the Department lacks a sufficient cost allocation plan for assigning costs accurately to the MOST program. The lack of a consistent and accurate allocation methodology is significant because it prevents the Department from knowing the true cost of administering the MOST program. In addition, the MOST program may be subsidizing other programs by paying too large of a percentage of shared administrative expenses. Finally, if not all appropriate administrative expenses (e.g., the other two staff salaries mentioned above) are being charged to the MOST program, then the program's administrative expenses may be understated. This is especially significant because, as mentioned before, statute limits administrative expenses for the MOST program to 15 percent of all expenses, so it is important that there be an accurate and reliable method for accounting for administrative expenses.

Recommendation No. 5:

The Department of Transportation (the Department) should develop and apply a consistent cost allocation methodology for charging salary expenses and other administrative expenses to the Motorcycle Operator Safety Training (MOST) program.

Department of Transportation Response:

Agree. Implementation date: January 2012.

Effective October 1, 2011, and in compliance with federal guidelines, the Office of Transportation Safety will be implementing the practice of requiring Personal Activity Reports from all employees expensing time among more than one funding source. Employees will enter their time into the time sheets in the SAP (accounting) system in accordance with the Personal Activity Report. The MOST project manager will bill all time to the MOST program, and the project manager's work assignment will be solely focused on the MOST program and projects.

In reference to non-salary administrative expenses, the cost allocation method should be accurate and relatively consistent and predictable;

however, the Department believes some flexibility is required to meet the changing needs of the program and avoid ineffective and inefficient administrative controls. The Office of Transportation Safety will conduct a review of MOST administrative costs from the past year to determine the most consistent and efficient method of allocation going forward. A method of allocation for non-salary administrative expenses will be in place by January 2012.

Controls Over Expenses

Statute (Section 24-17-102, C.R.S.) and State Fiscal Rules require state agencies to have internal accounting and administrative control systems that provide for adequate authorization and recordkeeping procedures to ensure effective accounting control over state expenses. Testing our aforementioned sample of 20 non-salary expenses, we identified nine (45 percent) expenses with concerns relating to inadequate controls, representing \$7,400 (17 percent) of the dollars sampled. The problems included (1) expenses that lacked a clear business purpose, (2) expenses that were not properly categorized as administrative or contract expenses, and (3) expenses demonstrating a lack of adequate controls over employee travel, as described below.

- **Lack of Clear Business Purpose for Cell Phone and Air Card.** Two (10 percent) of the sampled expenses included \$750 for 8 months of cell phone and “air card” service in Fiscal Year 2011 and \$220 for 5 months of “air card” service in Fiscal Year 2010. The cell phone and “air card,” which allows a user to connect to the Internet remotely, were assigned to the MOST project manager. Although this staff member occasionally travels to inspect MOST program contractors’ motorcycle ranges, it is not clear why this employee would need these state-issued devices assigned to him for his use at any time. Additionally, we reviewed call detail for the period covering December 2010 through March 2011, which was included in the sampled expense, and found that at least 190 (40 percent) of 470 calls, representing 32 percent of the total minutes used over this period, appeared to be personal in nature. The calls included 140 calls to the employee’s residence and 44 calls to a large national retailer. Further, for the time period reviewed, the employee exceeded his allocated minutes by 33 percent (1,200 actual minutes versus 900 allocated minutes). Although this overage did not result in extra costs to the State because of the Department’s voice pooling plan with its carrier, it is concerning given the high percentage of personal calls made with the phone.
- **Incorrect and Inconsistent Categorization of Expenses.** As noted previously, the Department categorizes expenses for the MOST program

as either a contract or an administrative expense, with contract expenses supporting direct program services (e.g., tuition subsidies for training) and administrative expenses representing the Department's costs of running the program. Our sample of 20 non-salary expenses included both contract and administrative expenses, as categorized by the MOST program. We included the expenses categorized as contract expenses because they appeared to be administrative in nature. We found that four (20 percent) of these expenses totaling \$4,900 (11 percent) were categorized incorrectly or inconsistently as contract expenses instead of as administrative expenses. For example, staff categorized a \$270 employee mileage reimbursement expense from Fiscal Year 2009 as a contract expense when it should have been categorized as an administrative expense.

In the other three cases, the expenses were related to public relations, such as radio advertisements and banners for promoting the MOST program, and had been categorized inconsistently compared to prior years. According to staff, prior to Fiscal Year 2011, these expenses were generally categorized as administrative. However, in Fiscal Year 2011, the MOST program started categorizing public relations expenses, including three expenses from our sample, as contract expenses. For one public relations expense, the MOST program also incorrectly charged it to Fiscal Year 2010 instead of Fiscal Year 2009, as well as categorized it as a contract expense instead of an administrative expense.

The inconsistency with which the Department has categorized public relations costs as either a contract or administrative expense is concerning because of the 15 percent statutory cap on the MOST program's administrative expenses. The Department reported that it changed the categorization of public relations expenses from administrative to contract because it believed the amount of administrative funding allocated to the MOST program (i.e., the 15 percent cap) was not adequate to include public relations expenses. While a reasonable argument can be made that public relations expenses could be classified either as an administrative or non-administrative (i.e., contract) expense, the inconsistency with which the Department has categorized public relations expenses creates the perception that the Department may have been trying to circumvent the 15 percent cap on administrative expenses. At the time of our audit, the Department had not developed a concrete policy on which types of expenses must be categorized as administrative or as contract, so it was difficult for us to determine if the public relations expenses we questioned are more appropriately categorized as administrative or contract expenses.

- **Lack of Controls Over Employee Travel Expenses.** We found three (15 percent) expenses in which there were weak controls over travel expenses for employees. In one case, there was a \$490 expense in Fiscal

Year 2009 for out-of-state airfare to attend a conference, which the employee was not able to attend. The ticket, therefore, went unused. Department staff reported that the employee had 1 year to use the ticket for other work-related travel but did not do so. In another case, the MOST program reimbursed an employee \$570 in Fiscal Year 2010 for travel that included mileage claimed of at least \$30 and possibly as much as \$90 for the employee's normal commute to work; we are unable to quantify the exact amount due to inadequate documentation. This included a mileage reimbursement in which the employee traveled from home and failed to deduct his normal commute mileage from the total mileage claimed, as required by State Fiscal Rules. The Department reports to have changed its policy in June 2010 and now requires employees to use Department vehicles for travel.

The exceptions listed above demonstrate that the Department has not had sufficient controls over program expenses to ensure that the MOST program is administered cost-effectively. As mentioned above, since statute limits the amount that can be used to administer the MOST program, it is important that the Department have strong controls in place to ensure that the MOST program is paying for only legitimate expenses that serve a business purpose and that all administrative expenses are categorized as such.

Recommendation No. 6:

The Department of Transportation (the Department) should strengthen controls related to administrative expenses in the Motorcycle Operator Safety Training (MOST) program by:

- a. Reviewing the appropriateness of assigning cell phones and other mobile devices to individual staff members.
- b. Clearly defining in policy which expenses will be categorized as “administrative” and which will be categorized as “contract.”
- c. Calculating and recovering the mileage reimbursement costs that the MOST program employee received inappropriately as identified in our report.

Department of Transportation Response:

- a. Agree. Implementation date: March 2011.

Office of Transportation Safety staff had completed the review in the above recommendation and had taken action earlier this calendar year. The phone was assigned to the MOST project manager prior to current management and, unknowingly, the Department's IT Department had been paying the bill for both devices. Strengthening of program controls in the Office of Transportation Safety in 2010 resulted in the Office of Transportation Safety receiving the billing statements for all devices utilized by Office of Transportation Safety staff. Statements and device usage were then monitored and tracked, resulting in the reassignment of the above-mentioned cell phone and air card as field devices that are available for all Office of Transportation Safety staff travel and which are no longer billed to the MOST program effective March 12, 2011. For all future phone requests, the Office of Transportation Safety will follow the State Controller Policy on cell phones dated June 3, 2011, and distributed in Alert #194 dated July 1, 2011.

- b. Agree. Implementation date: January 2012.

The Office of Transportation Safety has taken significant steps to avoid misclassification of expenses. For the 2011 state fiscal year, each administrative expense was reconciled with SAP and a file is maintained in the Office of Transportation Safety with all backup. Therefore, strong controls to avoid misclassification were taken in the period of July 1, 2010, through June 30, 2011, and continue going forward.

All expenses, whether administrative or contract, have complied with the MOST rules. The Office of Transportation Safety will develop a list of administrative and contract expenses in our Policy and Procedures Manual and/or Contract Management Manual.

- c. Partially Agree. Implementation date: January 2012.

The Office of Transportation Safety will review the expenses with Department Human Resources and determine the appropriate action based on this review.

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Program Effectiveness

Chapter 3

In the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (House Bill 10-1119), which implemented a performance-based budgeting program for the State, the General Assembly declared, “It is important that state government be accountable and transparent in such a way that the general public can understand the value received for the tax dollars spent by the state.” Therefore, any government program should be able to demonstrate its effectiveness in meeting its goals. As previously discussed, the Motorcycle Operator Safety Training (MOST) program has two specific goals—to increase access to motorcycle safety training and the affordability of such training. We assessed the effectiveness of the MOST program in meeting these goals by looking at program data maintained by the Department and reviewing program performance measures developed by the Department. We found significant problems.

Overall, the Department does not maintain sufficient data about the MOST program and has not developed performance measures to adequately assess the effectiveness of the MOST program. Based on these findings and our findings in Chapter 2 related to weak administrative controls, our overall conclusion from the audit is that the continued need for the MOST program is questionable. These concerns are outlined in this chapter.

Program Data and Performance Measures

According to the National Highway Traffic Safety Administration, which provides guidance and grant funding to states for improving the safety of roadways, states should routinely evaluate their motorcycle safety programs and services. Such an evaluation requires that program managers develop performance measures with reliable data sources against which to measure program effectiveness. The SMART Government Act brought new focus to departments’ responsibility to measure programs’ performance by declaring, “Departments should be held accountable for the programs and services they deliver in accordance with clearly defined performance-based goals.” Programs should therefore have performance measures to assess effectiveness and collect sufficient and accurate data to evaluate the performance of the program.

We reviewed the performance measures developed by the Department to assess the MOST program's effectiveness and the data it collects about program performance and found that the MOST program's performance measures are not meaningful and that the program data collected are insufficient to determine program effectiveness. We describe these concerns in more detail below.

Lack of Performance Measures. The Department cites (1) the number of students enrolled in courses subsidized by the MOST program and (2) the number of motorcycle crashes and fatalities in the state as performance measures for the MOST program. We found these performance measures to be weak indicators of success. Specifically, the Department has not defined how these measures would demonstrate program effectiveness or relate to the stated program goals of increasing the accessibility and affordability of motorcycle safety training. For example, it is unclear how many students should be enrolled in MOST program-subsidized courses for the Department to consider the program successful at increasing the affordability and accessibility of training. Also, because there are significant factors extraneous to training (e.g., not wearing a helmet or not being seen by a motorist) that can cause motorcycle crashes and fatalities, it is not clear how changes in the rate of these incidents reflect the success or failure of training subsidized by the MOST program.

Lack of Sufficient, Reliable Program Data. Overall, we found a significant lack of program data for the MOST program. Although the program has been operating since 1991, no reliable program data exist prior to Fiscal Year 2009. For example, the Department does not have full records of students who took courses subsidized by the MOST program prior to Fiscal Year 2009, and its files on contractors providing training are incomplete before Fiscal Year 2009 and nonexistent before Calendar Year 2006. As a result, the Department does not have comprehensive program data that would allow it to assess the program's effectiveness, such as the:

- Number of students receiving MOST program training before Fiscal Year 2009.
- Number of MOST program-sponsored courses that have been taught in the state.
- Types of expenses for which MOST program contractors have received reimbursement before Fiscal Year 2009.
- Reasons why individuals decide to take motorcycle safety training courses and their opinion about the quality of the training provided by MOST program contractors.
- Extent to which price affects an individual's decision to take training.
- Percentage of people involved in motorcycle crashes and fatalities who did or did not previously take a motorcycle safety training course provided by MOST program contractors.

Without data that address basic information about the providers and students of MOST program-subsidized training and the possible outcomes of that training, the Department cannot adequately monitor or improve the MOST program's effectiveness or inform the General Assembly of any needed changes in the program.

Additionally, data maintained by the Department are not reliable. For example, the Department compiled its first Annual Report for Fiscal Year 2009, which outlined information such as the total number of students trained and the total amounts paid to contractors. However, we found the report to be inaccurate. For example, for 10 out of the 12 contractors that received MOST program funds, the Department reported to our office different numbers of students trained by each contractor in Fiscal Year 2009 than it reported in its Annual Report. The Department could not account for the discrepancy. The Department also collects unreliable data from MOST program contractors. For example, the Department asks contractors to submit electronic student rosters on spreadsheets every month, which are manually compiled by MOST program staff. However, the Department asks that contractors include all students on the roster, regardless of whether the students were subsidized by the MOST program. There is not a reliable way to determine from the spreadsheets which students were subsidized by the MOST program and which were not. As a result, the Department cannot reliably use the electronic rosters to tally the number of students trained by the MOST program each year.

The SMART Government Act requires state agencies to develop performance-based goals that correspond to the agencies' mission or vision and performance measures that correspond to the performance-based goals. Therefore, the Department needs to identify performance measures for the MOST program that are clearly related to program goals and for which data exist to show the effect of the program on the stated performance measure. Then, the Department would need to develop adequate mechanisms for collecting and analyzing sufficient and reliable data relevant to the MOST program's performance measures to evaluate the program's effectiveness. For example, capturing information about whether or not individuals involved in motorcycle crashes and fatalities previously received training through a MOST program-subsidized course might allow the Department to draw conclusions about whether MOST program-subsidized training helps to reduce these incidents. Finally, the Department needs to ensure that the data it uses to evaluate the MOST program's performance measures are reliable. Without reliable data, the Department cannot reach any meaningful conclusions about how effectively the MOST program is performing.

Recommendation No. 7:

The Department of Transportation (the Department) should improve its analysis of the Motorcycle Operator Safety Training (MOST) program's effectiveness by:

- a. Developing meaningful program performance measures that are clearly related to the MOST program's stated performance goals.
- b. Developing and implementing processes to identify, gather, and analyze the data needed to measure and assess program effectiveness.
- c. Developing and implementing a process for ensuring the integrity of the program data it collects, including data that appear in its Annual Report.

Department of Transportation Response:

- a. Agree. Implementation date: March 2012.

The Department agrees that performance measures and data are an important part of performance goals. The Department's position is that the number of persons receiving MOST training is an important performance measure. MOST program staff will work with the Department's Performance and Policy Analysis Unit to develop additional meaningful performance measures related to the MOST's program's goals of affordability and accessibility.

- b. Agree. Implementation date: March 2012.

MOST program staff will work with the Department's Performance and Policy Analysis Unit to develop and implement processes to identify, gather, and analyze the data needed to measure and assess the MOST program's effectiveness.

- c. Agree. Implementation date: January 2012.

The Department will develop a process improvement plan to gather, record, and analyze data related to the MOST program. The plan will include staff training, contractor training, periodic data reviews, and a system of verifying data accuracy.

Future of the Motorcycle Operator Safety Training Program

Statutes related to legislative oversight provide strong support for the idea that government programs should be evaluated and reconsidered in terms of whether they continue to fulfill a public need. For example, Section 2-7-101(1)(d), C.R.S., states:

The interests of cost-effective and expedited delivery of services, avoidance of excessive tax burdens, and better government would be served by regular analytical review of the powers, duties, and functions of executive agencies by the general assembly for the purpose of determining whether there is a public need for continued existence of such powers, duties, and functions and whether the public need would be better served by the elimination, reassignment, or expansion of said powers, duties, and functions.

As we discussed at the beginning of Chapter 1, when the MOST program was created about 20 years ago, lawmakers wanted to increase the availability and affordability of motorcycle safety training. A question we considered throughout this audit is whether the MOST program still serves its original purpose, or whether it is no longer needed. Before answering this question, it is important to note that questioning the continued need of the MOST program is not the same as questioning the need for motorcycle safety training in general. As we pointed out in Chapter 2, motorcycle safety training schools do not need the MOST program to exist to be able to offer their courses. Therefore, even if the MOST program ends, these schools can continue to offer their courses in the free market.

As the rest of our findings demonstrate, the MOST program has many serious administrative deficiencies that need to be corrected. The Department should only make the effort to revamp the MOST program if the program continues to serve an identified need. Our conclusion is that no strong evidence exists to suggest that the MOST program is still needed to fulfill its original purpose of making training more affordable and accessible. Our conclusion is based on five factors: (1) motorcycle safety training is widely accessible across the state; (2) it is not clear that the MOST program subsidy is needed to ensure affordability of training; (3) it is not clear that the MOST program subsidy provides an incentive to take a motorcycle safety training course; (4) the effectiveness of motorcycle safety training classes is undetermined, according to the National Highway Traffic Safety Administration; and (5) the Department does not believe the MOST program is the most effective way to promote motorcycle safety in the state. We discuss these points in more detail below.

Accessibility. Access to motorcycle training has improved greatly over the last 20 years. When legislation was passed in 1990 creating the MOST program, Department staff testified in committee hearings that there were five training schools (all on the Front Range) and 30 instructors, which was not sufficient to meet the training needs of Colorado motorcycle riders at the time. Department staff testified that eight training sites, three mobile training units, and 50 instructors would meet the needs for training around the state. Colorado now has at least 35 training sites where at least 20 schools (15 of which participated in the MOST program as of the time of this audit) and 165 instructors teach courses across the state. Additionally, as mentioned previously, motorcycle training courses are available in the 18 counties that represent 79 percent of the State's motorcycle registrations. Colorado, therefore, appears to be well covered in terms of accessibility to motorcycle safety training. See Appendix A for a map of counties in which motorcycle safety training courses are available as of March 2011.

The accessibility of training has expanded despite the lack of clear efforts by the Department in this area through the MOST program. Specifically, the Department has not managed the MOST program in such a way as to influence where motorcycle safety training courses are held in the state. For example, Department staff do not, as required by program regulations, negotiate with contractors on the location of training or on the price of the training when setting up contract agreements. Department staff stated that they do not want to interfere with the free market. Nonetheless, motorcycle training is widely available in the state, which suggests that the free market is sufficient, and state involvement is not needed to ensure that motorcycle training is widely accessible in the state.

We also conducted phone interviews with six contractors and asked them about possible effects to their businesses and motorcyclists if the MOST program ended. Contractors generally felt that the elimination of the MOST program would impact their businesses and that they would have to charge students more in tuition to make up for the revenue they had been receiving from the MOST program. However, contractors also felt that the market for motorcycle safety training would still exist and that they would be able to stay in business, which suggests that eliminating the MOST program would not seriously harm accessibility to motorcycle safety training in the state.

Affordability. No clear evidence exists to show that the MOST program subsidy is needed to keep motorcycle safety training affordable in Colorado. The market for motorcycle safety training is substantially established in Colorado, allowing for sufficient competition to set the appropriate price for the cost of training. Part of our audit work included requesting from contractors proof of payment for a sample of students. We learned from this test work that between August 2010 and January 2011, students paid between \$89 and \$250 for a basic rider course through the MOST program. Adding the \$70 per-student subsidy that a majority

of MOST contractors pass along to their students, the actual costs of motorcycle safety training in Colorado ranged from \$159 to \$320 at the time of our audit. These figures are largely in line with motorcycle safety training costs nationally based on our review of other states' data. The range in price for training in Colorado also shows that consumers have many choices among motorcycle training schools; consumers can shop among schools on a variety of factors such as cost, location, convenience of course offerings, and quality of facilities and equipment to determine their best option. We found no evidence to suggest that the MOST program is needed to ensure a market for motorcycle safety training that allows consumers to choose a course that best suits their needs.

Further, we found that while individuals may pay less upfront for a motorcycle training safety course when they receive a subsidy from the MOST program, the MOST program may not provide an overall net savings to consumers. As discussed in Chapter 2, we found that one-third of contractors do not pass on the full subsidy benefit to students, which means that the MOST program does not necessarily lower the cost of training for all students. In addition, the extra motorcycle registration and endorsement fees that a motorcycle rider must pay over his or her lifetime to fund the MOST program eventually negates the benefit the rider would receive from his or her MOST tuition subsidy. Specifically, a motorcycle rider who has one registered motorcycle and a motorcycle endorsement on his or her driver's license will essentially pay back the \$70 MOST program tuition subsidy in extra registration and endorsement fees within 16 years. If the rider owns and operates a motorcycle for longer than 16 years, the rider will pay more in extra fees than the tuition benefit he or she received.

Incentives. We question whether the \$70 per-student MOST program subsidy influences whether a person takes motorcycle safety training. Specifically, the Department has not identified affordability as a significant reason why people do not take motorcycle safety training. For example, research conducted as part of the Department's marketing campaign to encourage riders to take training has not shown that cost is a deterrent to training or that the subsidy is what motivates the target market to obtain training. We also noted that other incentives to take motorcycle safety training exist, regardless of the MOST program subsidy. As described in Chapter 1, the Department of Revenue allows for successful completion of a motorcycle safety course using the Motorcycle Safety Foundation curriculum to substitute for taking a skills test at the Division of Motor Vehicles to obtain a motorcycle endorsement. Therefore, individuals who wish to avoid a trip to the Division of Motor Vehicles may seek out a Motorcycle Safety Foundation course instead, which all MOST contractors offer. Additionally, insurance companies offer discounts of 5 to 10 percent to individuals who complete Motorcycle Safety Foundation courses. Overall, it appears that some people will be inclined to seek out training and others will not, and the MOST program tuition subsidy is not likely to influence a person's decision on whether or not to get training.

Training Effectiveness. The National Highway Traffic Safety Administration (NHTSA) does not rate the effectiveness of motorcycle safety training because few studies have been completed on the effectiveness of motorcycle safety training programs. NHTSA's lack of a rating is not meant to suggest that the motorcycle safety training offered by MOST program contractors is not effective; rather, this rating suggests that more research must occur to determine if this training improves motorcycle safety. Even so, the Department may want to focus its efforts to promote motorcycle safety on other, more proven methods until the effectiveness of motorcycle training is better established. For example, NHTSA rates enacting mandatory helmet laws as having "demonstrated" effectiveness and impaired driving detection and enforcement as having "likely" effectiveness. Our office recommended that the Department work with the Colorado State Patrol to seek legislation requiring the use of motorcycle helmets in our *Problem Drivers and Traffic Fatalities Performance Audit* (October 2009).

Alternative Approaches. Department staff reported to us during the audit that they do not consider Colorado's MOST program to be effective. They stated that there may be better ways to affect motorcycle safety in the state and that they could use other monies, such as federal grant funds, to pursue some of these alternative methods. For example, Department staff report that they would like to use federal grant funds to commission a study to identify deficiencies in motorcycle safety in the state, such as ways to redesign roadways with frequent motorcycle accidents and the types of problems that frequently lead to accidents. As mentioned previously, for other traffic safety programs, the Department uses a similar model in which the Department identifies specific needs and then issues requests for proposals for grant funds to address these specific needs. Department staff believe this model could be a viable alternative to the MOST program and would not necessarily require additional funding. Department officials also report that the elimination of the MOST program should not jeopardize the Department's ability to obtain federal funding. Although the MOST program is currently used as the state match for a large federal grant that promotes a wide range of highway safety programs, the Department believes it can point to other sources of revenue or in-kind contributions as the state match and still receive the federal funds.

Without strong evidence demonstrating the need for the MOST program, and with other options available to the Department for carrying out its motorcycle safety plan, policy makers may wish to consider eliminating the MOST program. Doing so would collectively save motorcyclists about \$800,000 annually by eliminating the additional motorcycle registration and endorsement fees charged for the MOST program. If policy makers determine that they do not wish to eliminate the MOST program, the Department should pursue the program improvements we outlined throughout this report, including potentially revamping the way in which funds are disbursed by providing the MOST program subsidy directly to students.

Recommendation No. 8:

The Department of Transportation (the Department) should work with the General Assembly to discontinue the Motorcycle Operator Safety Training (MOST) program or implement changes to the MOST program to address the other recommendations in this report.

Department of Transportation Response:

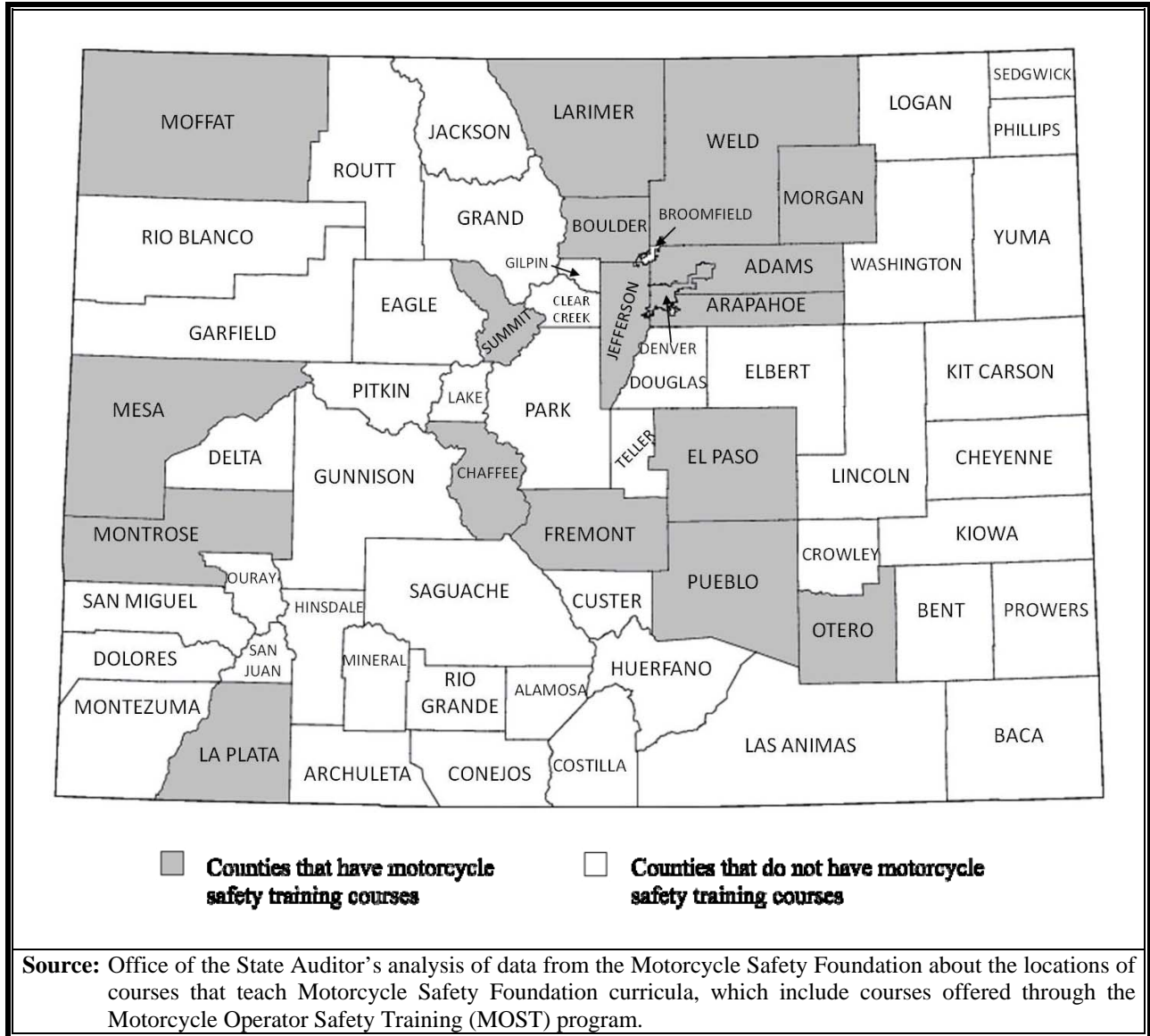
Agree. Implementation date: July 2012.

The Department will work with the General Assembly to explore the options of discontinuing the Motorcycle Operator Safety Training (MOST) program or implementing changes to the MOST program to address the other recommendations in this report. The Department will evaluate available data to determine the efficacy of the current program as well as collaborate with stakeholders and other motorcycle safety advocates to assess the program and the best use of its funding.

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Appendix A

Motorcycle Safety Training Course Locations As of March 2011



The 18 counties shaded above are responsible for 79 percent of motorcycle registrations in Colorado. This is according to Calendar Year 2010 motorcycle registration data from the Department of Revenue.

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