

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 234 (Delegate W. Baker, *et al.*)
Commerce and Government Matters

Driver's Education - Laboratory and Classroom Instruction - Required Hours

This bill requires a driver under the age of 18 to complete two hours of nighttime laboratory instruction in order to be eligible for a noncommercial drivers' license. The bill also reduces from 30 to 20 hours the minimum amount of classroom instruction time required for an approved driver education program.

Fiscal Summary

State Effect: Potential minimal increase in special fund revenues and expenditures as discussed below.

Local Effect: Potential indeterminate increase in revenues and expenditures for Allegany, Baltimore, Calvert, Garrett, Prince George's, and Somerset county school districts.

Small Business Effect: Potential indeterminate impact on small businesses as discussed below.

Fiscal Analysis

State Effect: The Motor Vehicle Administration (MVA) advises that an additional Customer Service Representative at a cost of \$18,600 in fiscal 1998 and \$25,000 on an annualized basis would be required to license additional instructors and to review students' driving certificates to ensure that the nighttime laboratory component is met. The Department of Fiscal Services advises that the additional position would only be needed if there is a significant number of individuals seeking to become licensed driving instructors. Since driving schools will need to devote fewer resources to classroom instruction, it is possible that driving instructors could spend more time providing laboratory instruction, thus reducing the demand for additional driving instructors. In addition, special fund revenues could increase by \$50 (driver's instructor license fee) for each new individual licensed.

Local Effect: Expenditures could increase for school districts where driver's education

courses do not currently offer at least two hours of nighttime laboratory instruction. Currently, only six school districts (Allegany, Baltimore, Calvert, Garrett, Prince George's, and Somerset counties) offer driver's education classes. The increase in expenditures could be at least partially offset by a decrease in costs for classroom instruction. In addition, school districts could increase driver's education fees, further offsetting the potential increase in expenditures. For example, in Baltimore County the cost for drivers' education programs are fully absorbed by students. In Prince George's County, students are charged a \$186 fee.

School District	FY 1997 Expenditures
Allegany	\$47,000
Baltimore	Not Available
Calvert	\$125,000
Garrett	\$131,000
Prince George's	\$190,000
Somerset	Not Available

Source: FY 1997 Local School Budgets
Phone Survey by Fiscal Services

Small Business Effect: In most counties in Maryland, driver education instruction is provided by private businesses, most of which are small entities. There are 734 classroom and laboratory instructors licensed by the Motor Vehicle Administration to teach drivers' education. With approximately 22,000 students receiving a driver's education certificate annually, driver education instructors would need to provide at least 44,000 hours of nighttime laboratory instruction. Currently, the mandatory six hours of laboratory instruction per student (total of 132,000 hours for all students) can be provided entirely during the daytime. The bill further impacts small businesses by reducing the amount of classroom instruction required for an approved driver education program by one-third. For example, to handle the current student caseload, driving instructors must perform approximately 660,000 hours of classroom instruction annually, which averages out to around 900 hours per instructor. Pursuant to this legislation, only 440,000 hours of classroom instruction would be needed, or roughly 600 hours per instructor. Accordingly, while driving instructors would have to add a nighttime component to their course, they would be able to reduce the number of hours devoted to classroom instruction.

Small business driving schools could respond to these new requirements in several ways. To meet the nighttime instruction requirement, and given that the time period to conduct nighttime instruction is limited, driving schools will likely have to increase the resources

(cars, driving instructors, etc.) they devote to the laboratory component of their programs. This is especially true in the summer months when nighttime hours are particularly limited and demand for drivers' education classes is at its peak. At the same time, the bill reduces the number of required hours of classroom instruction from 30 to 20. Presumably, driving schools will need to devote fewer resources to classroom instruction at the same time they need to increase resources for driving instruction. The net effect of this change in allocation on the costs and profits of driving schools is indeterminate.

Driving schools could also take advantage of the reduction in classroom hours to offer more classes utilizing their existing staff. This would increase the revenues and profits of the schools who are able to attract more students. However, given that the number of students seeking drivers' education instruction does not increase much, schools will be able to fill additional classes by drawing students from other driving instruction programs. This increased competition could benefit some driving schools while hurting others.

Finally based on information provided by the MVA, the nighttime laboratory instruction requirement could increase the demand for additional instructors, since the time period to conduct nighttime instruction is limited, especially in the summer months. Fiscal Services advises that if an increased demand for instructors is realized there is a possibility that the students would not only take nighttime laboratory instruction from a new provider, but the classroom instruction as well. Accordingly, the entry of additional instructors to handle the nighttime laboratory requirement may reduce the average class size and revenue for existing driving instructors.

Information Source(s): Department of Fiscal Services, Department of Transportation, Arundel Driving School

Fiscal Note History: First Reader - February 12, 1997

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