

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 233 (Senator Dvson)

Judicial Proceedings

Vehicle Laws - Driver's License - High School Dropouts

This bill requires a county board of education to notify the Motor Vehicle Administration (MVA) of any student between the ages of 16 and 18 who drops out of school. Upon receiving this notice, the MVA must notify the student that it will revoke the student's driver's license 20 days after the notification is mailed unless the student: (1) reenrolls in school or in an educational program; or (2) turns 18 years old. If it is determined that the student does not hold a driver's license, the MVA may not issue a driver's license unless the student: (1) reenrolls in school or in an educational program; or (2) turns 18 years old.

The MVA may waive these requirements if the student demonstrates the existence of extenuating circumstances, such as: (1) a medical condition, as verified by a physician; (2) a serious economic hardship in the family; (3) gainful and substantial employment by the student; (4) specific family or personal circumstances; or (5) any other circumstances beyond the control of the individual.

Fiscal Summary

State Effect: Indeterminate increase in Transportation Trust Fund (TTF) expenditures for personnel and computer reprogramming. Potential significant increase in general fund expenditures. TTF revenues could increase by an indeterminate amount based on the number of license reinstatements.

Local Effect: Potential significant increase in local revenues and expenditures.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: Approximately 12,000 students dropped out of high school in fiscal 1997. The MVA estimates that the bill would encourage 30% of those students to stay in school. Of the remaining 8,400 students who drop out of school, the MVA further estimates that 80%, or 6,720, will have a driver's license. The MVA anticipates that it will require three Administrative Specialists, two Customer Service Representatives, and two Clerk/Typists to administer the requirements of the bill. Their duties will include: coding driving records; sending out notices; reviewing cases for proof of enrollment; reviewing cases for waiver eligibility; processing revocation forms; and reinstating driver's licenses. Therefore, TTF expenditures could increase by an estimated \$163,300 in fiscal 1999 which accounts for the bill's October 1, 1998 effective date. Future year expenditures would be approximately \$200,000.

The Department of Legislative Services (DLS) advises that the MVA may be able to implement the provisions of the bill with fewer employees. They currently employ five employees to process approximately 7,000 license revocations per year. It is assumed that each of these revocations involves a review process much like they would be required to do under the requirements of the bill. Therefore, if the above estimates regarding the number of affected students are accurate, the MVA should only require five employees at a cost of \$120,400 in fiscal 1999. Future year expenditures would be approximately \$150,000.

DLS notes that the bill may encourage a higher percentage of students to stay enrolled in school than MVA estimates. If this is the case, MVA could accomplish the bill's requirements with fewer employees.

The MVA advises that computer programming expenditures could increase by an estimated \$40,000 to modify the computer programs as proposed in this legislation. DLS advises that if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the MVA system. Further, DLS advises that the increased computer expenditure is simply an estimate and the MVA may be able to handle the changes with either less money than it estimates or existing resources.

If the bill increases school enrollment, State aid to local boards of education would increase. However, since State current expense aid is based on a one-year lag in student enrollment, State aid will not increase until fiscal 2000. The average per pupil State grant under the current expense formula in fiscal 2000 is estimated at \$1,982. Expenditures would increase by this amount for each student that remains enrolled in school as a result of the bill. Assuming that 30% of average annual dropouts remain in school, expenditures would increase by \$7.1 million. Future year expenditures would reflect increases in student enrollment and the basic current expense foundation amount.

State Revenues: The MVA charges a \$45 fee to process forms in order to reinstate a revoked license. They charge an additional \$20 fee to create the new license. TTF revenues could increase in future years based on the number of students whose licenses were revoked and subsequently reinstated as students reenroll in school or turn age 18.

Local Effect: State aid to local boards of education could increase by \$7.1 million in fiscal 2000, assuming a decrease of 30% in the dropout rate. Local school expenditures could increase based on the number of additional students enrolled in each district. The projected local average per pupil instructional costs for fiscal 1999 is \$4,247. However, the magnitude of the total fiscal impact will depend upon the ability of each local school district to accommodate additional students within available resources and to what extent each local school district experiences increased enrollment.

Additionally, local boards of education will experience a minimal increase in expenditures to notify the MVA of each student that has dropped out of school.

Information Source(s): Department of Transportation (Motor Vehicle Administration), Maryland State Department of Education, Maryland Association of Boards of Education, Department of Legislative Services

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