

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 762 (Senator Ruben, *et al.*)
 Education, Health, and Environmental Affairs

Driver Education - Mandatory Instruction in Public High Schools

This bill requires each local school system to offer instruction in the safe operation of a motor vehicle to high school students who are 15 years old or older.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$64,100 and Transportation Trust Fund (TTF) expenditures would increase by \$105,400 in FY 2006 to add personnel at the Maryland State Department of Education (MSDE) and the Motor Vehicle Administration (MVA) to monitor driver education programs in high schools. Future year expenditure estimates reflect annualization, regular salary increases, and inflation. Revenues would not be affected.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	64,100	80,900	85,400	90,100	95,200
SF Expenditure	105,400	99,500	105,600	112,200	119,400
Net Effect	(\$169,500)	(\$180,400)	(\$191,000)	(\$202,300)	(\$214,600)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Local school expenditures would increase significantly to add driver education courses at every high school. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Current Law: Local school systems may offer driver education courses, but they are not required to do so.

Background: Prior to 1995, a portion of TTF revenues were distributed to local school systems to help them fund driver education courses offered in public high schools. The program of State aid was eliminated by Chapter 477 of 1995 (HB 1261). The fiscal note for the bill reported a savings of \$617,000 in fiscal 1996 for the elimination of the program. It also indicated that State aid for driver education had been cut from the State budget in each of the previous three fiscal years, resulting in the discontinuation of driver education courses in all but four school systems by 1995. MSDE advises that three local school systems currently offer driver education through partnerships with their local community colleges.

State Expenditures: General fund expenditures could increase by an estimated \$64,106 and TTF expenditures could increase by an estimated \$105,419 in fiscal 2006, both of which account for the bill's October 1, 2005 effective date. These estimates reflect the cost of hiring two administrative officers in the MVA to monitor driver education programs offered in high schools and one education specialist in MSDE to assist local school systems in designing, implementing, updating, and evaluating driver education curricula and programs. Salaries, fringe benefits, State cars for each of the MVA administrative officers, other one-time start-up costs, and ongoing operating expenses are included in the estimate.

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
Salaries and Fringe Benefits – MVA (TTF)	\$71,806	\$98,581
Salaries and Fringe Benefits – MSDE (GF)	57,470	78,466
State Cars (TTF)	21,000	0
Other Start-up and Operating Expenses (GF and TTF)	<u>19,249</u>	<u>3,339</u>
Total State Expenditures	\$169,525	\$180,386

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Assuming additional teachers are hired by local school systems to provide driver education courses in every high school, general fund expenditures for teachers' retirement payments would also increase. State payments into the retirement fund are based on teacher salary bases from the second prior fiscal year, so if driver education

teachers are hired for the 2005-2006 academic year, additional expenditures for teachers' retirement would be incurred in fiscal 2008. The State's contribution rate for retirement payments is 9.35%.

Local Expenditures: Local board of education expenditures would increase significantly to implement driver education in every high school. Local costs would depend in large part on how local school systems would choose to implement the requirement. For example, when all of Maryland's school systems offered driver education, some systems required students to pay to take the class.

In Garrett County, one of the school systems that offers driver education, the county has budgeted \$175,395 for driver education in fiscal 2005, which is equal to \$38.35 per pupil enrolled in the system. If this cost per pupil is applied to every jurisdiction, statewide costs for driver education would total \$32.3 million.

Small Business Effect: Driver education programs are now commonly offered by private providers. If this bill is enacted, it is assumed that most students would opt to take the class in high school rather than through a private provider.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Maryland Department of Transportation, Department of Legislative Services

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ncs/rhh

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