

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 149 (2nd Edition)
SHORT TITLE: Graduated Drivers Licenses
SPONSOR(S): Senators Cooper and Allran

FISCAL IMPACT

	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1997-98</u>	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>
HIGHWAY FUND					
Expenditures					
Examiners - Recurring	\$84,279	\$174,322	\$630,332	\$652,166	\$674,758
Examiners - Nonrecurring	20,865	21,446	110,333	0	0
Clerical Staff	0	496	6,126	6,309	6,509
Postage	0	136	1,632	1,632	1,632
Printing	0	8,161	8,161	8,161	8,161
Digitized Licenses	15,516	39,866	138,243	138,243	138,243
MIS Programming	<u>84,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total, Expenditures	\$204,660	\$245,047	\$894,826	\$806,510	\$829,303
Revenues					
Learner's Permit Fees	\$147,770	\$253,320	\$253,320	\$253,320	\$253,320
Full Provisional License Fees	<u>0</u>	<u>85,010</u>	<u>1,020,150</u>	<u>1,020,150</u>	<u>1,020,150</u>
Total, Revenues	\$147,770	\$338,330	\$1,273,470	\$1,273,470	\$1,273,470
Highway Fund Availability	(\$56,890)	\$93,256	\$378,644	\$466,960	\$444,167
Positions:	3	6.02	21.24	21.24	21.24

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Division of Motor Vehicles

NOTE: As discussed in the Assumptions and Methodology section, the proposed act will have no impact on expenditure requirements of public schools or the Department of Public Instruction.

EFFECTIVE DATE: December 1, 1997, if the funds necessary to administer the provisional license program are appropriated from the Highway Fund to the Department of Transportation, Division of Motor Vehicles. Figure shown above show the amounts that would need to be appropriated and expected revenues.

BILL SUMMARY:

The proposed act establishes a graduated process by which minor would acquire a driver's license. Two provisions of the proposed act differ from current law in a manner that will have fiscal impact:

- 1) The proposed act requires a minor to hold a learner's permit for one year without moving violations or seatbelt infractions before a limited provisional license can be issued, as opposed to current law which does not require applicants for a license to have a learner's permit. Minors who would otherwise have skipped getting a learner's permit would now be required to get one at a cost of \$10.00. As under current law, minors would be required to pass a driver's education course before acquiring a learner's permit.
- 2) The proposed act requires that all minors acquire a limited provisional license before being acquiring a full provisional license. Current law allows minors age 16 and older to acquire a full provisional license without any intermediate steps. The limited provisional license restricts the hours during which a minor may drive unsupervised and requires that all occupants of the vehicle wear seatbelts. After holding a limited provisional license for six months without moving violations or seatbelt infractions, a minor can receive a full provisional license. The additional license would cost \$10.00. The full provisional license could be obtained at a DMV office or through a mail-in application. As under current law, minors would be required to pass a driver's education course before acquiring a license.

The proposed act also contains a provision that makes the effective date of the legislation conditional upon the availability of the appropriations necessary to carry out the provisions of the proposed act.

ASSUMPTIONS AND METHODOLOGY:

Division of Motor Vehicles

Workload

Additional workload is generated for DMV because all minors will be required to acquire a learner's permit before acquiring a limited provisional license. The total number of additional learner's permits issued is as a result of the mandatory learner's permit provision is based on the number of 16 and 17 year olds acquiring driver's licenses in 1996 minus the number of permits issued in 1996. Because the proposed act is not effective until December 1, 1997, the first year figures represent 7/12 of the permit figure.

Additional workload is also generated for DMV because minors are required to acquire an additional provisional license. While the additional step is at the limited provisional license level, the workload for this step is the same as the current workload for issuing provisional licenses because this is the step at which the license examination would be given. The additional workload for DMV is generated by applications for full provisional licenses, which are issued without an examination if the applicant has held the limited license for six months and has no violations. The additional applications are equal to the number of current license applications for minors. The total number of 16 and 17 year olds acquiring full provisional licenses during each fiscal year is based on the number of 16 and 17 year olds acquiring driver's licenses in 1996. It is assumed that 95 percent of full provisional license applicants

will apply at DMV offices in order to acquire the license more quickly than would occur through a mail-in application.

Because the proposed act contains a grandfather clause that applies its provisions only to those minors seeking a license or permit after the proposed act becomes effective, no applications for full provisional licenses are assumed to be processed until 18 months after the implementation date. As a result, only one month of provisional license workload occurs during the second fiscal year. The following workload assumptions are used for each year:

Number of 16 and 17 year olds acquiring full provisional licenses during fiscal year					
Walk-in at field offices (95%)	0	8,176	96,914	96,914	96,914
Mail-in to headquarters (5%)	0	425	5,101	5,101	5,101
Additional learners permits applied for at field offices					
	14,777	25,332	25,332	25,332	25,332

Expenditures

Examiners - Additional examiners are required at field offices to process the additional application workload generated by additional applicants for learner’s permits and applicants for full provisional licenses. A 1996 study by the Department of Transportation’s Productivity Management Section concluded that each driver license examiner could perform an average of 5,760 transactions per year (accounting for leave and other factors that limit time available). The number of transactions required for the year is divided by the number of field transactions per examiner to determine the number of examiners required (1998-99 - 33,408/5760 = 5.6). This number is rounded and multiplied by the salary and benefits cost of an examiner (\$28,093 in 1997-98 and adjusted for inflation in other years) to determine the recurring cost of examiners. The nonrecurring cost is based on the number of new examiners in each year multiplied by the cost of providing uniforms, equipment, and training for each new examiner (\$6,955 in 1997-98 and adjusted for inflation in other years).

Clerical Staff - Clerical staff are required to process full provisional license applications sent by mail. Clerical staff open the application, query the driver’s license system to determine if the applicant is eligible for the license, generate the license from the digitized system, and mail the license to the applicant. The total number of headquarters transactions is divided by the number of non-holiday workdays per year (1999-00 - 5,101/250 = 20.4) to arrive at the number of transactions per day. DMV estimates that each transaction requires five minutes to process. The total number of minutes required to process transactions each day is divided by the number of minutes each day to determine the number of clerical staff required. The number of staff required is multiplied by the average salary and benefit cost of \$24,134.

Postage - The number of mail-in transactions is multiplied by \$0.32 to determine the amount of postage needed to mail full provisional licenses to applicants.

Printing - The number of full provisional license transactions is multiplied by \$0.08 to determine the cost of printing information brochures for limited provisional license applicants to inform them how to acquire their full provisional license.

Digitized Transaction Costs - DMV leases digitized license equipment to produce driver's licenses. The lease cost is based upon the total number of transactions processed by the machines multiplied by a set rate. The current rate is \$1.05. For 1997-98, each additional learner's permit transaction adds \$1.05 in costs. Each new machine acquired by DMV causes the rate to increase by \$0.002. DMV will require one new machine starting in 1998-99 to implement the provisions of the bill option. As a result, each new license or permit issuance caused by the provisions of the proposed act costs DMV an additional \$1.052 (1998-99 - 33,933 X \$1.052 = \$39,866). In addition, the extra \$0.002 applies to each of the 2,136,891 transactions not related to the additional workload created by the proposed act (2,136,891 X \$0.002 = \$4,274)

MIS Programming - The DMV computer system must be reprogrammed to accept the additional license level and restrictions placed on provisional licensees. Reprogramming will require 1,200 hours of work at \$60.00 per hour, the rental of two personal computers for four months at \$1,000 per month, and \$2,000 per month in additional SIPS charges for the four month period.

Revenues

Each additional learner's permit transaction and each limited provisional license transaction produce \$10.00 in revenue.

Public Schools/Department of Public Instruction

Driver Education

The provisions of the proposed act will not affect expenditures and revenues of public schools or the Department of Public Instruction on driver education. While the proposed act does contain a requirement that all driver education courses include six hours of actual driving experience, this amount of time is already required by Department of Public Instruction. As such, public schools would not incur additional costs to meet the requirement. Because the proposed act does not add require any more minors to take driver education than under current law, it will not add to the number of students taking driver education courses at public schools.

Student Transportation

The proposed act will have no effect on the costs of transporting students on school buses. The proposed act does not increase the age at which a minor can acquire a driver's license, so it does not reduce the number of students who can drive to school rather than ride a school bus. In addition, while the proposed act's restricts the hours during which holders of limited provisional licenses can drive alone to 5:00 a.m. through 9:00 p.m., this restriction is in effect hours during which students would drive to school. As such, the hour restrictions do not add to the number of students riding buses. Finally, although the proposed act does change the number of violations that could cause minors to lose their learner's permits, the number of students affected is very small. The Department of Public Instruction indicates that any resulting additional school bus ridership can be accommodated within current bus capacity.

TECHNICAL CONSIDERATIONS: None.

FISCAL RESEARCH DIVISION

733-4910

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DATE: March 18, 1997



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