

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6083-01
Bill No.: HB 2336
Subject: Motor Vehicles; Licenses - Driver's; Revenue Department; Education,
 Elementary and Secondary
Type: #Updated
Date: February 15, 2016
 #Updated with DOR response and Oversight assumptions

Bill Summary: This proposal prohibits the issuance of a driver's license or temporary permit to any person 15 to 18 years of age if a school submits information that the student is not in compliance with the eligibility standards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#General Revenue	(\$165,660)	\$0	\$0
#Total Estimated Net Effect on General Revenue	(\$165,660)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#Highway Fund	(\$162,478)	(\$188,621)	(\$190,228)
#Total Estimated Net Effect on Other State Funds	(\$162,478)	(\$188,621)	(\$190,228)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#Highway Fund	3 FTE	3 FTE	3 FTE
#Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	(Minimal)	(Minimal)	(Minimal)

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** prepared the fiscal note for the original bill without agency responses, and reflected an Unknown cost to the General Revenue Fund for this program. Oversight has since received responses from the impacted agencies and has incorporated their estimates into this fiscal note.

Officials from the **State Public Defender's Office (SPD)** state for the purpose of the proposal, and as a result of excessive caseloads, SPD cannot assume existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime of providing false information to the department for the purpose of getting a driver's license, a new class C misdemeanor. While the number of new cases may be too few or uncertain to request additional funding for this specific proposal, SPD will continue to request sufficient appropriations to provide competent and effective representation in all cases where the right to counsel attaches.

Officials from the **Department of Public Safety - Missouri Highway Patrol, Office of State Courts Administrator** and **Department of Corrections** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Joint Committee on Administrative Rules** state this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of Prosecution Services** assume that the creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

#Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

#§302.060.1 (2)

Proposes to deny driving privileges to applicants under eighteen years of age who fail to meet the qualifications of the newly proposed §302.061.

ASSUMPTION (continued)

#§302.061.1

Proposes to establish the "Show-Me Good Grades Act". This proposal requires the Director of Revenue to deny an application for temporary permit or operator's license to persons fifteen to eighteen years of age whose name has been submitted to the Department of Revenue by a public school in compliance with 302.061.2 of this section.

#To implement these provisions DOR must:

- #Work in conjunction with the Department of Elementary and Secondary Education (DESE) to develop reporting standards and format to be followed by public school districts submitting lists of non-compliant applicants to the DOR;
- #Develop business decision and business requirements documents detailing required procedure and system changes;
- #Work with OA-Information Technology Systems Division (OA-ITSD) to design and program required system changes;
- #Complete user acceptance testing of all programming changes required to implement the new educational standards compliance document;
- #Work with OA-ITSD to develop a database for posting of the listings received from public school districts of individuals not meeting minimum education standards;
- #Modify the Missouri Electronic Driver License (MEDL) issuance system and supporting applications to include a new edit for permit and driver license applications to ensure an applicant is not on the list of non-compliant individuals. If the applicant is found on the list he or she will be denied the permit or license; and
- #Complete changes to procedures, manuals and website information related to teen instruction permit or driver license eligibility.

#§302.061.2

Proposes that each public school district shall provide to the Department of Revenue, at least one time each semester of the school year, a list of the names of all students who are not in compliance with the standards for eligibility defined within this section.

#To implement these provisions DOR will be required to:

ASSUMPTION (continued)

- #Work in conjunction with the DESE to develop reporting standards and format to be followed by public school districts submitting lists of non-compliant applicants to the DOR;
- #Work with OA-ITSD to develop a database for posting of the listings received from public school districts of individuals not meeting minimum education standards; and
- #The Department assumes that the school districts will be required to provide these listings in and electronic format.

#§302.061.4

Proposes that if an applicant does not achieve the eligibility standards, the applicant's driver's license test shall be postponed until standards have been achieved. The Department of Elementary and Secondary Education's plan must have methods for demonstrating, no less than once a semester, that the standards have been met and methods for evaluating transferring students.

#DOR assumes that since there is not a requirement for the list of non-compliant students to be sent to the Missouri State Highway Patrol Examination Division, the proposed edit to determine eligibility prior to testing cannot be completed and the edit will be applied at the time of permit or license application.

#§302.061.5

Proposes language that allows for the school board to grant a waiver from of the provisions of section 302.061 upon request from a person who is an emancipated minor or has withdrawn from school and earned his or her GED.

#DOR assumes notification of this waiver will occur by receipt of an updated electronic listing of individuals who are non-compliant, thus additional FTE to key removal of those issued waivers would not be required. If an electronic notification process is not implemented the fiscal impact would increase to add FTE for processing of waiver notifications.

#§302.061.6

Proposes that "The department of elementary and secondary education, in cooperation with the department, of revenue shall promulgate a model or models for compliance with this section."

#The proposed changes will require DOR to:

ASSUMPTION (continued)

- #Work with the DESE to develop reporting standards, data format and procedures to be followed by public school districts and the DOR in regards to submission of the lists of non-compliant applicants and license office procedures for persons denied a permit or license due to the provisions of this proposed section.

#§302.061.7

Proposes that any person who knowingly submits false information under the provisions of this section is guilty of a Class C misdemeanor.

#DOR must amend current procedures for determination of fraud related action to include action taken related to the provisions of this proposed section.

#§302.061.8

Allows for promulgation of rules and regulation in regards to the provisions of this proposed section as defined in Chapter 536 and if applicable, §536.028 RSMo.

- #DOR will work with the DESE to draft new regulations as required implementing this section; and
- #DOR assumes the final approved regulations for non-compliance criteria and school district reporting requirements will be drafted and filed with the Secretary of State by the DESE.

#§302.171.1

Proposes language requiring that an applicant less than eighteen years of age, who is not an emancipated minor, shall meet the provisions of §302.061 RSMo, to receive a license issued under this chapter. The proposed language also includes definition of emancipated minor.

#To implement these provisions DOR will be required to:

- #Work in conjunction with the DESE to develop reporting standards and format to be followed by public school districts submitting lists of non-compliant applicants to the DOR;
- #Develop business decision and business requirements documents detailing required procedure and system changes;
- #Work with OA-ITSD to design and program required system changes;

ASSUMPTION (continued)

- #Complete user acceptance testing of all programming changes required to implement the new educational standards compliance document;
- #Work with OA-ITSD to develop a database for posting of the listings received from public school districts of individuals not meeting minimum education standards;
- #Modify the MEDL issuance system and supporting applications to include a new edit for permit and driver license applications to ensure an applicant is not on the list of non-compliant individuals. If the applicant is found on the list he or she will be denied the permit or license; and
- #Complete changes to procedures, manuals and website information related to teen instruction permit or driver license eligibility.

#Administrative Impact:

##§§302.060.1, 302.061 and 302.171

#FY17 - Driver License Bureau

Administrative Analyst II -	1,140 hrs. @ \$31.00(1 1/2) per hr. =	\$35,340
Management Analyst Specialist II -	1,300 hrs. @ \$25.00 per hr. =	\$32,500
Revenue Band Manager II -	360 hrs. @ \$32.00 per hr. =	<u>\$11,520</u>
		\$79,360

#FY 17 - Personnel Services Bureau

Update Web Page Information - Administrative Analyst III -	80 hrs. @ \$24.00 =	\$1,920
Update Procedures - Management Analysis Spec I -	80 hrs. @ \$22.00 =	<u>\$1,760</u>
	Total =	\$3,680

#OA-ITSD services will be required at a cost of \$82,620 (1,101.60 x \$75 per hour).

#In summary, DOR assumes a cost of \$165,660 (\$79,360 + \$3,680 + \$82,620) for administrative costs for this proposal.

ASSUMPTION (continued)

#General Counsel

#The General Counsel's office assumes that a person or persons aggrieved by the decision under this proposed language will file for a Petitioner for Review (PFR) in the Circuit Court in the county in which they reside and name the Director of Revenue as a party to the lawsuit. General Counsel will need two additional Legal Counsel FTE to handle the review and litigate the PFR and will also need an additional support staff FTE to open cases and review petitions.

Two Legal Counsel - FY 2017 - \$77,060
FY 2018 - \$93,397
FY 2019 - \$94,331

Support Staff - FY 2017 - \$24,090
FY 2018 - \$29,197
FY 2019 - \$29,489

#Officials from the **Department of Elementary and Secondary Education (DESE)** assume the following:

#§302.061.1

#This section appears to target persons between the ages of fifteen and eighteen.

#For informational purposes, the following table depicts public school enrollment for 2015:

School Year	Age	Enrollment
2015	15	67,900
2015	16	67,796
2015	17	67,571
2015	18	63,129

#It should be noted these figures do not include private, parochial, or home-school numbers.

ASSUMPTION (continued)

#§302.061.2

#This section appears to have no cost to DESE, but a cost to the districts. DESE defers to districts regarding the extent of such costs.

#§302.061.3

#DESE is required to develop a plan. From a practical standpoint, the standards must be minimal so most kids can obtain a license. This would place DESE in a position where there are minimal standards for driver's license eligibility, but rigorous standards for academic performance pertaining to accreditation.

#The cost of this proposal will be born by those kids attending private, parochial, or home schools. There appears to be nothing in the proposal that will allow them to obtain a driver's license.

#Officials at the **Office of Secretary of State** state that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Renick R-5 School District** state the fiscal impact would include time for a designated employee to generate the data to produce the records for the list of students. Because of the sensitivity of this personal information (Family Education Rights and Privacy Act), academic/attendance data, this production of records would not be performed by an hourly person. This record would be developed and submitted by a certified salary person. Estimated amount \$1,000 per semester due to record keeping, verification of data, secondary verification to avoid conflict with both students and parents, etc.

Officials from the **New Haven School District** assume this proposal will have an estimated fiscal impact of \$2 per student per year for administrative costs.

ASSUMPTION (continued)

Officials from the **Wright City R-II School District** state that while it is a strain on existing staff, they do not foresee a cost increase.

Officials from the **Webster Groves School District** assume there could be some clerical costs but would be minimal depending on the standards that are established.

Officials from the **Seymour R-II Schools, Pettis County R-XII, Malta Bend School District, Macon County R-IV Schools, and West Plains Schools**, assume the current proposal would not fiscally impact their local school district.

Oversight assumes this proposal will have a minimal fiscal impact on public school districts that will be required to provide a list to the Department of Revenue at least once each semester of the names of all students who are not in compliance with the standards for eligibility outlined in this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>#Cost - DOR</u> Administrative Costs	<u>(\$165,660)</u>	\$0	\$0
#ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$165,660)</u>	<u>\$0</u>	<u>\$0</u>
HIGHWAY FUND			
<u>#Cost - DOR - General Counsel</u>			
Personal Service	(\$101,150)	(\$122,594)	(\$123,820)
Fringe Benefits	(\$52,864)	-63769	(\$64,104)
Expense and Equipment	<u>(\$8,464)</u>	<u>(\$2,258)</u>	<u>(\$2,304)</u>
<u>Total Cost - DOR</u>	<u>(\$109,614)</u>	<u>(\$124,852)</u>	<u>(\$126,124)</u>
FTE Change - DOR	3 FTE	3 FTE	3 FTE
#ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>(\$162,478)</u>	<u>(\$188,621)</u>	<u>(\$190,228)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
PUBLIC SCHOOL DISTRICTS			
<u>Cost - Public School Districts</u> Administrative costs to provide list of students not in compliance	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT TO PUBLIC SCHOOL DISTRICTS	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

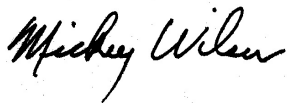
This proposal requires all operator's license applicants between the ages of 15 and 18 to meet the Department of Elementary and Secondary Education's (DESE's) educational standards in order to obtain an operator's license or temporary permit.

Pursuant to this proposal, DESE shall develop educational standards encompassing attendant, grade maintenance, and assessment scores, that public school students must meet to be eligible for an operator's license or temporary permit. DESE will also inform the Department of Revenue of those public school students who have not met the developed standards.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Secretary of State
Department of Elementary and Secondary Education
Department of Revenue
Office of State Courts Administrator
Department of Revenue
State Public Defender's Office
Department of Corrections
Joint Committee on Administrative Rules
Department of Public Safety
 Missouri Highway Patrol
Office of Prosecution Services
Renick R-5 School District
Seymour R-II Schools
New Haven School District
Pettis County R-XII
Malta Bend School District
Macon County R-IV Schools
Wright City R-II School District
West Plains Schools
Webster Groves School District



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February 19, 2016

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