

Department of Legislative Services
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FISCAL AND POLICY NOTE
First Reader

Senate Bill 879

(Senator Guzzone)

Judicial Proceedings

Vehicle Laws – Driver’s Licenses – Driver Skills Examinations

This bill authorizes the Motor Vehicle Administration (MVA) to allow a licensed drivers’ school to administer the driver skills examination. A drivers’ school may administer the driver skills examination only if (1) the examination is administered using a method that MVA is authorized to use and (2) the drivers’ school has entered into a memorandum of understanding (MOU) with MVA, and the agreement has not been terminated by either party.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase, potentially significantly, beginning in FY 2022 for additional compliance personnel and for reprogramming changes, as discussed below, to the extent MVA enters into MOUs with drivers’ schools to administer the driver skills examination. Revenues are likely not materially affected.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: MVA is required to, in consultation with the Maryland State Department of Education, adopt and enforce regulations to implement a standardized driver education program conducted by driver education schools. The regulations include curriculum, equipment, and facility standards for classroom, laboratory, and on-road instruction phases, as well as minimum student performance standards for an approved driver education

program, consisting of at least 30 hours of classroom instruction and at least 6 hours of highway driving instruction.

The noncommercial driver's license skills test consists of:

- maneuvers performed on a test course;
- in-traffic driving;
- any examination designed to determine driving skills in a simulated or computer-assisted environment; or
- any combination of the above tests.

Before a skills test, a Type I (Initial License Issuance) learner's permit holder must submit to MVA a completed and signed skills log in the appropriate format containing a certification page as described in regulations.

MVA may require appointment scheduling for skills tests.

MVA may suspend, revoke, or refuse to renew a license for a drivers' school or driving instructor or may impose an administrative fine of up to \$1,000 for each violation of the portion of the Maryland Vehicle Law pertaining to drivers' schools and driving instructors. MVA may also refuse to grant a license upon any of several specified findings regarding the applicant by MVA.

State Expenditures: MVA advises that the bill has a potentially significant operational and fiscal impact on the agency to the extent it enters into MOUs with drivers' schools to administer driver skills tests. If it does so, MVA must ensure that any approved drivers' school is appropriately administering the driver skills examination. This analysis assumes implementation of the authorization; therefore, TTF expenditures increase, potentially significantly, beginning in fiscal 2022 for additional personnel to monitor compliance. TTF expenditures also likely increase for reprogramming changes in fiscal 2022 only.

MVA administers approximately 167,000 driver skills test annually, and about 91,000 people annually attend a Maryland drivers' school and complete the required training. MVA further advises there are approximately 482 drivers' school branches in Maryland.

Maryland drivers' schools must use the approved driver education curriculum that MVA provides in order to ensure every new driver learns the same information (regardless of which drivers' school they attend). For this purpose, MVA already has a dedicated staff of inspectors that audit drivers' schools for compliance. However, because the scope of activities that must be audited is expected to increase significantly under the bill, the

number of inspectors likely must be increased in order to ensure each school is appropriately administering the driver skills examination.

Although an exact estimate cannot be made at this time due to uncertainty regarding the number of schools that may be interested in participating in the program, *for illustrative purposes only*, if 25% of all drivers' schools participate, TTF expenditures increase by approximately \$250,000 in fiscal 2022 and \$450,000 in fiscal 2026, exclusive of travel costs, under the following assumptions:

- in the first year of the program (fiscal 2022), 25% of all driving school participate, MVA hires three compliance inspectors, and contracts with an outside vendor for reprogramming totaling approximately \$74,400;
- the number of participating schools increases by an additional 25% in the second year of operations (fiscal 2023) and MVA hires an additional three compliance inspectors; and
- in subsequent years, the number of additional schools that participate in the program increases only minimally.

MVA anticipates as many as half of all driver skills tests (roughly 84,000 on-road tests) may be completed by drivers' schools under the bill. Unless MVA specifies each school's testing schedule, staff would likely need to audit schools during evenings and weekends in order to ensure compliance.

To the extent more schools participate than anticipated, MVA may need to hire additional staff. Conversely, if significantly fewer schools participate in the program, the need for additional compliance personnel may be lessened.

The bill does not diminish the need for driver license agents at MVA branch offices across the State to complete skills tests not handled by drivers' schools; also driving courses still need to be maintained. Thus, these additional costs are not offset by savings. Even so, employees may be redirected when testing is not being done, which may result in efficiencies.

Small Business Effect: Any small business drivers' schools that participate in the program are likely meaningfully affected, as they must meet any requirements set by MVA to participate in the program and be subject to compliance audits. Such schools may also see a significant increase in demand for their services depending on the number of individuals who choose to complete the test with a drivers' school, rather than MVA. Although the bill does not specify whether participating drivers' schools may charge a fee for the service,

this analysis assumes that MVA authorizes schools to charge for the service through regulation. To the extent they are unable to do so, fewer schools may be willing to participate in the program.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Transportation; Department of Legislative Services

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rh/ljm

Analysis by: Eric F. Pierce

Direct Inquiries to:
(410) 946-5510
(301) 970-5510