

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: 05/11/99

Received By: nilsepe

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing: Dyck

This file may be shown to any legislator: NO

Drafter: nilsepe

May Contact:

Alt. Drafters:

Subject: **Transportation - driver licenses**

Extra Copies: **tnf**

Pre Topic:

LFB:.....Dyck - Paper 958,

Topic:

Third-party skills testing

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|---------------------|---------------------|--------------------|----------------|--------------------------|-----------------|-----------------|
| /? | nilsepe 05/14/99 | ygeller 05/14/99 | | _____ | | | |
| /1 | | | mclark 05/17/99 | _____ | lrb_docadmin 05/17/99 | | |

FE Sent For:

<END>

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|--------------|----------------|-----------------|--------------|----------------|------------------|-----------------|-----------------|
| /? | nilsepe | 1 5/4 jlg | 5/17 MRC | MRC/KM 5/17 | | | |

FE Sent For:

<END>



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

60298

May 11, 1999

Joint Committee on Finance

Paper #958

Third-Party Skills Testing for Class D Driver's Licenses (DOT -- Motor Vehicles)

[LFB 1999-01 Budget Summary: Page 599, #8]

LRB-0528/3

CURRENT LAW

Every applicant for an original "Class D" driver's license (for the operation of a noncommercial vehicle) must pass a driving skills test before being issued a license. These tests are conducted by the Department of Transportation. Every applicant for an original commercial driver's license (CDL) is also required to pass a driving skills test. DOT administers these tests, but DOT is also authorized to contract with a third party to administer these tests. The third-party tester may be a public agency or an employer of commercial motor vehicle drivers, but may not be a private driver training school or other private institution.

Any contract with a third-party tester must include the following provisions: (a) all tests conducted by the third-party tester must be the same as those given by DOT; (b) DOT or the Federal Highway Administration may conduct random examinations, inspections and audits of the third-party tester without any prior notice; (c) at least annually, DOT must conduct an on-site inspection of the third-party tester to determine compliance with the contract and with the Department's standards for skills testing; (d) at least annually, DOT must evaluate testing given by the third-party tester by either having Department employees take tests administered by the third-party tester or by retesting a sample of drivers who were tested by the third-party tester to compare pass and fail results; (e) third-party examiners must meet the same qualifications and training standards as DOT's license examiners; and (f) DOT must take prompt and appropriate remedial action against a third-party tester that fails to comply with the Department's standards.

GOVERNOR

Permit DOT to contract with third-party testers to administer "Class D" driving skills tests to applicants who are 18 years of age or older. Specify that current law restrictions that

prohibit DOT from contracting with private driver training schools or other private institutions to administer commercial motor vehicle skills tests do not apply to "Class D" third-party testers. Extend current law requirements applying to contracts with commercial driver's license third-party testers to contracts with "Class D" third-party testers.

Permit DOT, after consultation with the Department of Public Instruction (DPI) and the Technical College System Board, to provide for the administration of the "Class D" driving skills test to persons under the age of 18 by a driver education instructor in conjunction with a driver education course, as long as the person taking the test is enrolled in the course. Specify that instructors for the following driver education courses may administer these tests: (a) a course in a public school approved by DPI; (b) a course in a technical college approved by the Technical College System Board; (c) a course in driver education in a nonpublic or private school that meets the minimum standards set by DPI; or (d) a course in a driver school licensed by DOT. The ability to administer driving knowledge tests, which currently applies to public schools, technical colleges and nonpublic or private schools, would be extended to instructors at driver schools licensed by DOT.

Delete \$34,600 and 1.0 position in 2000-01 to reflect a decreased driving skills testing workload for DOT. Decrease estimated transportation fund revenue by \$60,000 in 2000-01 to reflect a reduction in DOT-administered tests.

DISCUSSION POINTS

1. The bill would allow third-party testing for any "Class D" license applicant, but the type of tester that would be eligible to administer the test would depend upon the applicant's age. Applicants who are at least 18 years old could be tested by anyone who enters into a contract with DOT to provide tests and meets the same qualifications and training standards as DOT examiners, including private driver training schools. Applicants under the age of 18 could only be tested by a driver's education instructor and the test could only be administered in conjunction with a driver's education course. About 60% of the 113,834 tests administered in 1997 were to applicants under the age of 18.

2. One of the benefits to allowing third-party "Class D" skills testing would be that applicants would have another option for taking the test, which may reduce the amount of time that they must wait before getting their licenses. Currently, DOT indicates that applicants may be required to wait five to six weeks between the time they call to schedule a test and when they take the test. Third-party testers may be able to administer tests on a shorter notice and any tests they administer may decrease the wait time for DOT-administered tests. Applicants under the age of 18 would be able to avoid scheduling a test if they take a driver's education course that offers the test.

3. Under current commercial driver's license third-party rules and policy, third-party testers are allowed to charge a fee in excess of the fee charged by DOT for conducting driving skills tests, but the maximum amount is limited by DOT under the terms of the contract. DOT indicates

that this would also be true under the "Class D" third-party testing program. Although applicants would likely pay more for taking a test from a third-party tester, some may choose to pay the additional amount in order to avoid waiting to take a test administered by DOT.

4. Third-party testing would allow a reduction in the number of staff devoted to administering the skills tests. The bill would delete \$34,600 and 1.0 position in 2000-01, based on an estimate that 6,000 tests will be administered by third parties, which would represent about 5% of the total volume of tests currently administered by DOT. If the use of third parties increases in the future, further reductions, or a reallocation of resources within DMV, may be possible.

5. A reduction in the number of tests conducted by DOT would result in a reduction in transportation fund revenue derived from the fees collected for these tests. The bill estimates that this reduction would be \$60,000 in 2000-01. The bill would also increase the fee for "Class D" skills tests from \$10 to \$15, effective October 1, 1999, and estimates that this would produce additional revenue of \$426,800 in 1999-00 and \$569,000 in 2000-01. This estimate, however, does not assume any reduction in the volume of tests. If the third-party provisions of the bill are adopted, an additional revenue reduction from the bill of \$30,000 in 2000-01 would occur due to a reduction in the volume of tests.

6. One of the concerns that has been expressed with allowing third-party testing is that the standards used by third parties for evaluating the driving skills of license applicants would not be as stringent as those used by DOT or may be inconsistent across the state. The bill would apply several safeguards, which are currently used in the commercial driver's license third-party testing program, to ensure that the testing offered by third-parties is consistent with the testing currently provided by DOT. For instance, the tests would have to be the same as the tests administered by DOT, meaning that the same scoring system would be used. In addition, DOT would be required to conduct inspections and audits of third-party testers and compare pass-fail rates with the pass-fail rates of applicants tested by DOT. DOT indicates that the failure rate for applicants taking a commercial driving skills test from a third party is about the same as for applicants taking the test from DOT.

7. Unlike the current laws governing third-party testing for commercial driver licenses, the bill would allow private driver training schools to conduct third-party tests. This may present a conflict of interest if the private driver schools seek to maintain a favorable pass-fail ratio in order to attract customers. DOT does not believe that this would present a problem because of the inspection and auditing procedures. One alternative that may reduce the likelihood of a conflict of interest may be to prohibit private driver training schools from offering the test. This may, however, place private driver training schools at a competitive disadvantage with public schools, private schools or technical colleges, since these educational institutions would be allowed to administer the test. If private driver training schools are not allowed to administer the test, then the number of tests conducted by third party testers would not be as high as the number estimated in the bill.

8. The Committee could include a sunset on the "Class D" third-party testing provisions. This would allow the Legislature to review the success of the program during a future biennial budget session.

9. The bill would reallocate \$34,600 and 1.0 position, which are the projected savings resulting from third-party testing, within DMV to supplement the Division's operating budget for processing driver's license withdrawals. If the Committee does not adopt third-party testing, but approves the amounts provided for DMV's operating budget, a real increase in resources, rather than simply a reallocation, would occur.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to permit DOT to: (a) contract with third-party testers to administer the "Class D" driving skills tests to license applicants who are 18 years of age or older; and (b) provide for the administration of the "Class D" driving skills test to applicants who are under the age of 18 by a driver education instructor in conjunction with a driver education course. Delete \$34,600 SEG and 1.0 SEG position in 2000-01 and decrease estimated transportation fund revenue by \$60,000 in 2000-01 to reflect a reduction in the number of tests administered by DOT by 6,000. [Estimated transportation fund revenue would decrease by an additional \$30,000 in 2000-01 due to this provision if the Committee approves the proposed increase in the "Class D" skills test fee from \$10 to \$15.]

| <u>Alternative 1</u> | <u>SEG</u> |
|--|-------------------|
| 1999-01 REVENUE (Change to Base) [Change to Bill] | -\$60,000 \$0* |
| 1999-01 FUNDING (Change to Base) [Change to Bill] | -\$34,600 \$0] |
| 2000-01 POSITIONS (Change to Base) [Change to Bill] | -1.00 0.00] |
| *This would be -\$30,000 if the increase in the driving skills test fee is approved. | |

2. Allow third-party testing, but prohibit DOT from contracting with private driver training schools to administer the "Class D" driver's skills test to license applicants who are 18 or more years old or allowing private driver training schools to administer the test to license applicants under the age of 18 in conjunction with a course in driver education. Delete \$17,300 SEG and 0.50 SEG position in 2000-01 and decrease estimated transportation fund revenue by \$30,000 in 2000-01 to reflect a reduction in the number of tests administered by DOT by 3,000. [Estimated transportation fund revenue would decrease by an additional \$15,000 in 2000-01 due to this provision if the Committee approves the proposed increase in the "Class D" skills test fee from \$10 to \$15.]

| <u>Alternative 2</u> | <u>SEG</u> |
|---|-------------------------|
| 1999-01 REVENUE (Change to Base) [Change to Bill] | - \$30,000 \$30,000* |
| 1999-01 FUNDING (Change to Base) [Change to Bill] | - \$17,300 \$17,300] |
| 2000-01 POSITIONS (Change to Base) [Change to Bill] | - 0.50 0.50] |
| *This would be \$15,000 if the increase in the driving skills test fee is approved. | |

3. Establish a December 31, 2003, sunset date for these provisions.

4. Maintain current law.

| <u>Alternative 4</u> | <u>SEG</u> |
|--|------------------|
| 1999-01 REVENUE (Change to Base) [Change to Bill] | \$0 \$60,000] |
| 1999-01 FUNDING (Change to Base) [Change to Bill] | \$0 \$34,600] |
| 2000-01 POSITIONS (Change to Base) [Change to Bill] | 0.00 1.00] |

delete.

Prepared by: Jon Dyck

1999

Date (time) needed

SOON

LRB b 029811

BUDGET AMENDMENT

LFB ← WFO-PAs Please note

PEW: jlg:

See form AMENDMENTS — COMPONENTS & ITEMS.

A S AMENDMENT TO 1999 AB 133 OR 1999 SB 45

At the locations indicated, amend the bill as follows:

#. Page 1221, line 7...: delete the material beginning with that line and ending with page 1224, line 12.

#. Page ..., line ...:

(END)

#. Page ..., line ...:

#. Page ..., line ...:

#. Page ..., line ...:

#. Page ..., line ...:



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0298/1
PEN;jlg:mrc

LFB:.....Dyck - Paper 958, Third-party skills testing

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 1221, line 7: delete the material beginning with that line and ending
3 with page 1224, line 12.

4 (END)