



Legislative Fiscal Bureau

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

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Joint Committee on Finance

Paper #796

Driver Education Grant Program (DOT -- Departmentwide)

[LFB 2009-11 Budget Summary: Page 650, #4]

CURRENT LAW

No person under the age of 18 may be issued a driver's license unless the person has completed a course in driver education offered by a public or private school that meets the minimum standards established by the Department of Public Instruction (DPI) or offered by a technical college approved by the Technical College System Board, or a substantially similar course offered by a driver training school licensed by the Department of Transportation (DOT).

GOVERNOR

Provide \$3,960,000 SEG annually in a new, annual appropriation for providing grants for driver education courses. Require DOT to develop and administer a program to provide grants to those offering courses in driver education, for purposes of supplementing the cost of providing those courses to low-income individuals. Require the Department to promulgate rules to implement and administer the program, including rules establishing criteria and standards for grant eligibility of the course providers and of the low-income individual beneficiaries, as well as criteria and standards for evaluating and ranking grant applications and for determining the amount of the grants awarded.

DISCUSSION POINTS

1. The Department of Administration indicates that the intent of the proposal would be to decrease the number of young, low-income persons who do not have a driver's license. For young people, having a driver's license and access to a vehicle may be an important factor for being able to hold a job and for getting to and from school. However, since persons who are under the age

of 18 cannot get a driver's license unless they have completed a driver education course, obtaining a license may be difficult for some if the cost of the course is too burdensome. Typically, driver education courses offered by public schools require the participant to pay a fee of about \$300, which covers both classroom and lab components. The fees for courses offered by private driver training schools are generally higher.

2. Some young persons who are unable to get a driver's license because of the inability to afford a driver education course may decide to drive without a license. If stopped, these persons may be issued a traffic citation, which can result in additional financial burdens. Some may find it difficult to recover financially from this position. For these reasons, the Milwaukee-based organization, Justice 2000, has advocated for increased funding for driver's education programs, arguing that the problems of employability and traffic safety associated with a lack of affordable driver education programs are particularly acute in the City of Milwaukee.

3. Prior to 2004-05, the state provided aid for school districts for driver education courses. The categorical aid program, administered by DPI, paid \$100 per pupil to lower the cost covered by school districts and student fees. In 2003-04, the final year prior to the elimination of funding, the program was funded at \$3,804,700 GPR. The Technical College System Board currently has an appropriation for the support of driver education, although in 2007-08, over 95% of the \$307,500 GPR appropriated for that purpose went for commercial truck driver training.

4. At the time that the DPI driver education assistance program was eliminated, some school districts were deciding to eliminate driver education courses. With the elimination of the state assistance program, more districts eliminated their programs, although now the number of districts offering courses appears to have stabilized. In the 2008-09 school year, 215 of the 380 K-12 districts in the state, or 57%, offered driver education courses. However, the percentage of high school students who have access to courses offered by their school is lower than 57%, since many of the larger districts have dropped the courses or offer limited course slots. Most students who attend school in a district that does not offer a driver education course or are unable to get into a course must enroll in classes offered by a private driver training school. The proposed program could have the effect of encouraging some school districts without driver education programs to start offering courses since it would lower the costs that must be recovered from student fees and other school revenues.

5. The bill would fund the new program at \$3,960,000 annually, or \$155,300 higher than the funding provided in the final year of the DPI program. Unlike the DPI program, however, the new program would be targeted toward low-income pupils. With a higher funding level and a more narrowly-targeted recipient population, the program could provide a higher level of subsidy than the DPI program provided. If, for instance, the program provided grants for all public high school freshmen who are registered for free and reduced lunches, the amount of the subsidy would be approximately \$200 per recipient. However, it is likely that not all students who would qualify for assistance under this eligibility standard would enroll in a driver education course. Furthermore, some students who are not registered in a public school for free and reduced lunch could also be eligible for assistance. The actual level of subsidy would depend on the eligibility criteria that are

developed for the program and level of program participation.

6. The bill would require DOT to administer the program, but would not establish specific criteria for the amount of the grants, eligibility of course providers or pupils, or a process for evaluating and ranking grant applications. Instead, DOT would be required to establish these criteria by rule. However, while the Department is responsible for the licensing of private driver training schools, it does not administer educational grant programs, nor does it provide funding for any programs that use income as a basis for eligibility. Since the state's previous driver education program was administered by the Department of Public Instruction and DPI is currently responsible for developing driver training course standards, the Committee could modify the bill to create the new program in DPI, which would utilize that department's administrative experience with this type of program.

7. The bill would not provide funding or position authority to administer the new program. Regardless of which agency is given administrative responsibility, that agency will be required to develop standards for the program, develop materials to notify potential providers of the program requirements, solicit and review grant applications, determine a basis for making grant awards, and monitor the use of grant funds to ensure that spending is consistent with program intent, which could include conducting financial audits. Without additional funding for administration, either agency would be required to reallocate resources from other program areas to manage the program, while also absorbing administrative reductions due to other budget decision items. In order to allow oversight of the funds to ensure that they are being used for the intended purpose, the bill could be amended to allow the administering agency to submit a request to the Joint Committee on Finance for position authority for administration and to allocate a portion of the program funds for that purpose.

8. The bill would fund the new driver education program from the transportation fund. Prior to its elimination, the DPI driver education assistance program was funded from the general fund, but before 1997-98 it was funded from the transportation fund. Any program that has both a transportation-related purpose and a general, public interest purpose could be funded from either fund, and advocates of either position can offer plausible arguments in support of their position. However, the decision on which fund to use typically rests more on the relative importance that one places on other uses of the two funds. For instance, advocates of greater spending for transportation infrastructure are likely to make the case that the responsibility for funding a program like driver education belongs with the general fund, since that decision would allow more funding to be used on transportation infrastructure. Likewise, advocates of a particular general fund program may take the opposite position because it would allow more general fund revenues to be spent on that particular program. If the Committee decides to make more funding available for other transportation programs, but agrees with the Governor's recommendation to create a driver education program for low-income pupils, the bill could be modified to fund the program from the general fund.

9. By including the driver education program in the bill, the Legislature is being asked to approve funding for a new program with very little information regarding how it will operate to

meet its objectives. Furthermore, since the administering agency would have to promulgate rules to establish the program, it is possible that there would be little time remaining in 2009-10 for soliciting applications and making grant awards after the rules have been finalized. One alternative would be to direct the administering agency to develop standards for the program in 2009-10, but not provide funding for making grants until 2010-11. Furthermore, to ensure that the Committee has complete information on the operation of the program prior to providing the funding, the bill could be amended to place the 2010-11 funding in the Joint Committee on Finance appropriation, pending approval of a request from the administering agency that outlines program criteria.

10. A case could be made that, regardless of the merits of the proposed program, the fiscal condition of both the transportation and general funds makes it difficult to create a new program at this time. The Committee could decide to not approve the creation of the program at this time, but could direct either agency to include a more detailed proposal in its 2011-13 budget request. Future consideration would depend on improved fiscal conditions and a fuller understanding of how the program could be structured to meet the objective of increasing the number of low-income pupils who hold a valid driver's license.

ALTERNATIVES

A. Program Funding Level and Administration

1. Approve the Governor's recommendation to: (a) provide \$3,960,000 SEG annually for providing grants for driver education courses for the purpose of reducing the cost of such courses for low-income students; and (b) require the Department of Transportation to promulgate rules to implement and administer the program.

2. Modify the Governor's request by adopting one or more of the following:

a. Create the driver education program for low-income students in the Department of Public Instruction, instead of in the Department of Transportation, and require the Department of Public Instruction to promulgate rules to implement and administer the program.

b. Specify that the administering agency may submit a request during the 2009-11 biennium for position authority to administer the program and to allocate a portion of the program funding for the purpose of administering the program.

c. Reduce funding by \$3,960,000 SEG in 2009-10 to eliminate funding for the program in that year and transfer \$3,960,000 SEG in 2010-11 from the appropriation for the program to the Joint Committee on Finance program supplements appropriation. Specify that the administering agency may submit a request to the Committee to provide up to \$3,960,000 for the driver education program. Specify that such a request may be made only after administrative rules for implementing and administering the program have been promulgated.

ALT A2c	Change to Bill
	Funding
SEG	- \$3,960,000

3. Delete provision, but direct the Department of Public Instruction or the Department of Transportation to include a proposal for a driver education grant program in the Department's 2011-13 budget request, along with proposed administrative rules for the program.

ALT A3	Change to Bill
	Funding
SEG	- \$7,920,000

4. Delete provision

ALT A4	Change to Bill
	Funding
SEG	- \$7,920,000

B. Funding Source

[Alternatives under this section affect the funding source of the alternatives adopted in the previous section, but not the amount of the funding or the administering agency.]

1. Approve the Governor's recommendation to fund the appropriation for driver education training for low-income students from the transportation fund.

2. Modify the Governor's recommendation by funding the appropriation for driver education training for low-income students from the general fund.

Prepared by: Jon Dyck