

Individual State Agency Fiscal Note

Bill Number: 1537 HB	Title: Traffic safety ed by parent	Agency: 240-Department of Licensing
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT		FY 2012	FY 2013	2011-13	2013-15	2015-17
Highway Safety Account-State	106-1		162,890	162,890	547,876	665,126
Total \$			162,890	162,890	547,876	665,126

Estimated Expenditures from:

		FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years		1.9	3.9	2.9	5.8	6.5
Account						
Highway Safety Account-State	106	244,495	264,461	508,956	744,410	800,314
-1						
Total \$		244,495	264,461	508,956	744,410	800,314

Estimated Capital Budget Impact:

NONE

This bill was identified as a proposal governed by the requirements of RCW 43.135.031 (Initiative 960). Therefore, this fiscal analysis includes a projection showing the ten-year cost to tax or fee payers of the proposed taxes or fees.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/25/2011
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Agency Approval: Sam Knutson	Phone: (360) 902-3644	Date: 02/07/2011
OFM Review: Alyson Cummings	Phone: 360-902-0576	Date: 02/07/2011

Request # 1537 HB-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years	1.9	3.9	2.9	5.8	6.5
A-Salaries and Wages	115,861	154,277	270,138	420,586	456,787
B-Employee Benefits	36,384	63,727	100,111	183,864	205,577
E-Goods and Services	86,850	41,057	127,907	123,760	137,950
J-Capital Outlays	5,400	5,400	10,800	16,200	
Total:	\$244,495	\$264,461	\$508,956	\$744,410	\$800,314

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2012	FY 2013	2011-13	2013-15	2015-17
BPD Auditor 3	63,192				(0.6)	(1.0)
CSS 2	36,756		2.0	1.0	4.0	5.0
CSS 3	40,524	0.5	1.0	0.8	1.0	1.0
Fiscal Tech 1	34,260		0.6	0.3	1.0	1.1
Fiscal Tech 2	45,828	0.1	0.2	0.2	0.3	0.3
IT Specialist 4	71,496		0.1	0.1	0.2	0.1
IT Specialist 5	78,900	0.8		0.4		
MA2	49,368	0.5		0.3		
Total FTE's	420,324	1.9	3.9	2.9	5.8	6.5

III. C - Expenditures By Program (optional)

Program	FY 2012	FY 2013	2011-13	2013-15	2015-17
Mgmt & Support Services (100)	5,345	48,557	53,902	147,906	167,603
Information Services (200)	162,790	14,422	177,212	42,142	43,066
Business and Professions (700)	76,360	201,482	277,842	554,362	589,645
Total \$	244,495	264,461	508,956	744,410	800,314

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Part II: Explanation

This bill allows a parent or guardian with custody of a minor under the age of eighteen to provide a traffic safety education course to that minor. The traffic safety education (TSE) curriculum must meet the standards and requirements established by the department. The department may charge a fee to cover the actual cost to review the applicant's driving records and review course curriculum.

Note: This bill has no effective date and is assumed to be effective 90 days after signing by the Governor. The Department of Licensing is unable to meet this timeline because ten months is needed to program the department's computer systems in Fiscal Year 2012. An implementation date of July 1, 2012 is recommended.

II. A – Brief Description of What the Measure Does that Has Fiscal Impact

Section 1: Adds “parent or guardian” guided traffic safety education program as an acceptable program to issue a driver's instruction permit to an applicant.

Section 2: Allows the department to accept “parent or guardian” guided traffic safety education program for a waiver of the written exam for instruction permit if the minor is being taught by a recognized parent or guardian.

Section 3: Adds a new section (RCW 46.20.100) which allows a parent or guardian to provide an approved guided traffic safety education course to a minor in the parent or guardian's custody. The parent or guardian must submit a declaration that states they meet specified criteria and agree to use the curriculum approved by the Department of Licensing. It establishes qualifications for the parent or guardian to participate in the program.

Section 3 (4): Gives the department authority to charge a fee to a parent or guardian to apply for approval to provide a guided traffic safety education course. The fee may not exceed the department's actual cost to review applicant's driving record and review the course curriculum.

<u>Workload Indicator</u>	<u>FY 12</u>	<u>FY 13</u>	<u>11-13 Total</u>	<u>13-15 Total</u>	<u>15-17 Total</u>
Student ages 15-17 driver permits	84,961	86,183	171,144	173,851	175,959
Ineligible applicants (10%)	8,496	8,618	17,114	17,385	17,596
Parent/guardian TSE applications	-	11,635	11,635	39,134	47,509
School audits/investigations	-	-	-	(171)	(293)
On-line Payments	-	6,981	6,981	23,480	28,505

II. B – Cash Receipt Impact

Section 3 (4) gives the department the authority to charge a fee to cover the actual cost to review the applicant's driving records and review the course curriculum. Upon approval of the bill, the department will seek legislative approval in the 2011 legislative session. The target date for implementation of the fee is July 1, 2012 (Fiscal Year 2013).

The proposed fee rate shown in Table 1 is based on the cost of Customer Service Specialists and the number of parent/guardian TSE applications that is projected to be processed for fiscal years 2013 through 2017. The department assumes that the process to review the parent/guardian's driver record includes the receipt and logging in of the request, review of the record, and response back to the applicant. The average cost of processing applications for Fiscal Years 2013-17 is estimated at \$14.00 per application. This fee is assumed to be non-refundable once the application is received.

Table 1: Proposed fee rate	FY 13	FY 14	FY 15	FY 16	FY 17
FTE	3.0	4.0	6.0	6.0	6.0
Customer Service Specialists	\$114,036	\$150,792	\$224,304	\$224,304	\$224,304
Benefits	47,384	63,016	94,279	94,279	94,279
Total	\$161,420	\$213,808	\$318,583	\$318,583	\$318,583
No. of Parent/guardian applications	11,635	15,612	23,522	23,677	23,832
Cost per application	\$13.87	\$13.70	\$13.54	\$13.46	\$13.37
Avg. cost per application	\$14.00 (rounded to the nearest dollar)				

For the purposes of this fiscal note, the department will use the November 2010 forecast for the number of Washington state students between the ages of fifteen to seventeen years old that could apply for driver permits for its population base. It is assumed that 10 percent of these applicants will not meet the eligibility requirements for a driver's permit. With the new process, it is projected that there will be a 15 percent participation rate in Fiscal Year 2013 of the parent or guardian-guided TSE course and 20 percent in Fiscal Year 2014. The department assumes that 30% of students' parent/guardians will choose to provide a TSE course starting in Fiscal Year 2015 continuing at this trend in subsequent years. This assumption is based on the experience in Texas which has allowed "parent taught" driver education since 1996 and reports a 31 percent participation rate.

Table 2 shows the parent/guardian traffic safety education program workload and projected revenue from the collection of the fee.

Table 2	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Student ages 15-17 driver permits	84,961	86,183	86,733	87,118	87,692	88,267
Ineligible applicants (10%)	8,496	8,618	8,673	8,712	8,769	8,827
Percentage of participation	0%	15%	20%	30%	30%	30%
Parent/guardian TSE applications	-	11,635	15,612	23,522	23,677	23,832
Projected revenue @ \$14	\$ -	\$ 162,890	\$ 218,568	\$ 329,308	\$ 331,478	\$ 333,648

Cash Receipts	FY 12	FY 13	11-13 Total	13-15 Total	15-17 Total
Highway Safety	-	162,890	162,890	547,876	665,126
Total Revenue	-	162,890	162,890	547,876	665,126

II. C – Expenditures

For the purpose of this bill, the department assumes that the rule making process will begin 90 days after signing of the bill by the Governor to establish a fee (Section 3). All public notification about the rule revisions will be made via the web site or LISTSERVE. The department assumes that applications will begin to be processed in Fiscal Year 2013.

Staffing assumptions:

This bill will require additional staff to manage the new workload. In Fiscal Year 2012, a Management Analyst (MA) 2 is needed at 0.5 FTE to revise rules, research curriculum options, and develop standards and requirements for the traffic safety education curriculum. A Customer Service Specialist 3 is needed at 0.5 FTE in FY 2012 and 1.0 in Fiscal Year 2013 to assist in the development and implementation of the new parent or guardian guided TSE program. In subsequent years, this position will be responsible to establish processes for applications; hire, train and supervise staff; and answer applicants' technical questions.

Customer Service Specialist 2 (CSS2) staff will be needed at 2.0 FTE in Fiscal Year 2012, 3.0 FTE in Fiscal Year 2013; and 5.0 FTE in subsequent years and will be responsible for:

- New parent or guardian-guided traffic safety education application and reporting forms.
- Application processing including administrative review, processing and correspondence with the parent and student.

The department expects that a shift of students to parent or guardian guided traffic safety education will result in a reduction in the number of driver training schools, branch locations and instructors offering TSE courses. The department expects to see a one year lag as applications increase causing the number of school audits/investigations to drop by about 75 percent of the participation rate. On the average, an auditor can complete up to 150 school audits per year. Based on 650 audits/investigations for 300 schools, a 0.5 FTE of an Auditor 3 position will be eliminated in Fiscal Year 2014, a 0.7 FTE in Fiscal Year 2015 and 1.0 FTE in ensuing years.

A Fiscal Technician 1 will be needed at 0.6 FTE in Fiscal Year 2013; 0.8 in Fiscal Year 2014; and 1.10 FTE in subsequent years for the accounting unit to process application payments. Support services functions (indirect) covered by a Fiscal Technician 2 includes the handling and processing of vendor payments; contract administration; handling of mail; personnel and payroll related tasks; and other indirect support services functions is needed at 0.1 FTE starting in Fiscal Year 2012. The FTE will increase to 0.2 FTE in Fiscal Years 2013 and 2014; and 0.30 FTE in subsequent years as new staff is hired with the growth of the program. All positions include standard goods and services.

Computer Services:

The department anticipates that a new on-line application system will need to be created that will interface with the existing department's information systems. An estimated one-time cost of \$70,000 is needed to contract for a Driver Field System developer. The Information Services Division will also need to hire a temporary Information Technology Specialist (ITS5) at 0.8 FTE in Fiscal Year 2012 as backfill to free up internal staff to work on programming the department's information systems. The cost for salaries and benefits is about \$80,000. The duration of the project is expected to be ten months.

Information services systems work involves the following:

- BPD Venture Professional Licensing System
- DOL Revenue systems
- BPD Reports reporting tool
- Driver Training School System
- Drivers Field System
- Drivers Headquarters System
- Online Internet Application

An Information Technology Specialist 4 is needed at 0.1 FTE in Fiscal Year 2013 and subsequent years to maintain and support the department's information system and related computer systems. All positions include standard goods and services.

Other Expenditures:

There will be costs for printing and postage for the parent or guardian guided traffic safety education correspondence. Payment by credit cards will be used for on-line transactions. The department will need to cover the credit card transaction fee of 2.5 percent of charges made by the customer. Other standard costs have been added which include facility rent/lease and utility costs, telephone equipment and line charges, desktop support, employee training and other standard goods and services associated with the addition of new staff.

Part III: Expenditure Detail

III. A – Expenditures by Object or Purpose

	FY 12	FY 13	11-13 Total	13-15 Total	15-17 Total
FTE Staff Years	1.9	3.9	2.9	5.8	6.5
Salaries and Wages	115,861	154,277	270,138	420,586	456,787
Employee Benefits	36,384	63,727	100,111	183,864	205,577
Goods and Services	86,850	41,057	127,907	123,760	137,950
Equipment	5,400	5,400	10,800	16,200	
TOTAL	244,495	264,461	508,956	744,410	800,314

III. A (1) – Detail of Expenditures by Sub-Object for Goods & Services

Object E Breakdown:	FY 12	FY 13	11-13 Total	13-15 Total	15-17 Total
EA Office Supplies	1,350	2,700	4,050	8,025	9,150
EB Postage		5,119	5,119	17,219	20,904
EB Phone/Install/Usage	1,577	1,690	3,267	2,535	
ED Facility/Lease Costs	10,769	21,539	32,308	64,018	72,992
EF Printing		419	419	1,409	1,710
EG Training	958	1,915	2,873	5,693	6,490
EH Rentals, Leases (incl. IT)	984	1,790	2,774	6,868	6,868
EL Interagency DP Svcs	626	1,253	1,879	3,723	4,246
EN Personnel Services	757	942	1,699	2,550	2,784
ER Application Programmers	62,640		62,640		
EY Software Maintenance	560	280	840	840	
EZ Other Goods & Svcs	6,629	3,410	10,039	10,880	12,806
Total Goods & Svcs	86,850	41,057	127,907	123,760	137,950

III. A (2) – Detail of Expenditures by Fund

Additional information about assumptions and impacts is available directly from the Department of Licensing at 902-3644.

III. B – FTE Detail

EXPENDITURE DETAIL – STAFF

Job Classification	Salary	FY 12	FY 13	11-13 Total	13-15 Total	15-17 Total
CSS 2	36,756	0.0	2.0	1.0	4.0	5.0
CSS 3	40,524	0.5	1.0	0.7	1.0	1.0
IT Specialist 4	71,496	0.0	0.1	0.1	0.1	0.1
Fiscal Tech 2	45,828	0.1	0.2	0.1	0.3	0.3
Fiscal Tech 1	34,260	0.0	0.6	0.3	1.0	1.1
MA2	49,368	0.5	0.0	0.3	0.0	0.0
BPD Auditor 3	63,192	0.0	0.0	0.0	-0.6	-1.0
IT Specialist 5	78,900	0.8	0.0	0.4	0.0	0.0
Total FTEs		1.9	3.9	2.9	5.8	6.5

III. B – Expenditures by Program (optional)

Program	FY 12	FY 13	11-13 Total	13-15 Total	15-17 Total
100 - Mgmt & Support Services	5,345	48,557	53,902	147,906	167,603
200 - Information Services	162,790	14,422	177,212	42,142	43,066
700 - Business & Professions	76,360	201,482	277,842	554,362	589,645
<i>Total</i>	244,495	264,461	508,956	744,410	800,314

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

The department will need to adopt rules to implement this bill.



Ten-Year Analysis

Bill Number 1537 HB	Title Traffic safety ed by parent	Agency 240 Department of Licensing
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts** ☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	2012-21 TOTAL
Highway safety	106		162,890	218,568	329,308	331,478	333,648	336,014	338,884	341,936	344,862	2,737,588
Total			162,890	218,568	329,308	331,478	333,648	336,014	338,884	341,936	344,862	2,737,588
Biennial Totals			162,890	547,876	665,126	674,898	686,798	2,737,588				

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 3 (4) allows department to charge a fee to not exceed the actual cost to review parent/guardian application and the course curriculum material. The proposed fee rate is based on the cost of Customer Service Specialists and the number of parent/guardian TSE applications that is projected to be processed for fiscal years 2013 through 2017. It is estimated that an applicant will pay a \$14.00 enrollment fee at the time of application. This fee is assumed to be non-refundable.

First issuance of the Driver Parent/Guardian approval will be set by rule making process which will determine the required implementation date. Target Date is 07/01/2012 (FY 13).

The base is the number of students in WA that apply for driver permits each year. Estimate 10% of applicants will be ineligible. 30% of eligible student/parents will seek instructor license. The remaining 70% of the parents will continue to choose private or public school driver training. The initial FY13 will see 15%; FY 14 at 20%; and levels out at 30% in subsequent years.

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OFM Review: Alyson Cummings	Phone: 360-902-0576	Date: 2/7/2011 12:52:14 pm