
Driver Education Study Follow-up Questions

September 17, 2002

**Report to the Executive Appropriations Committee
of the Utah State Legislature**

**Prepared by
The Office of the Legislative Fiscal Analyst**

**Mark Bleazard, Lead Analyst
Michael Kjar, Deputy Director
Ben Leishman, Fiscal Analyst
Bill Greer, Fiscal Analyst
Gary Ricks, Fiscal Analyst**

Summary

This report is presented in response to questions posed by the Executive Appropriations Committee during its August 2002 meeting. The committee heard the report titled “Driver Education Study, Funding and Structure Options” and asked that the Office of the Legislative Fiscal Analyst respond to the following questions.

1. What are the transition costs and stranded costs associated with the conversion of driver education to the private sector?
2. Would driver education fee waivers increase if the Legislature adopted a standardized fee for all school districts?
3. What is the fiscal impact of fee waivers on the driver education program?
4. Is there a way to maintain driver education in the public schools and make the program ineligible for student fee waivers?
5. If driver education were converted to the private sector, would private providers be willing to provide services to the rural areas of the state?

Information pertaining to each question posed by the committee is detailed below. The following responses while not giving a simple yes or no answer to the questions posed by the committee provide needed information to the committee so that possible answers to each question may be discussed.

What are the transition costs and stranded costs associated with conversion to the private sector?

Stranded Costs

Possible stranded costs school districts may experience with the conversion of driver education to the private sector include, automobiles, texts, and where applicable driving ranges and driving simulators. No statewide data exists as to the number and value of the items that may be stranded. During the 2000-2001 school year, school districts expended for driver education program \$321,201 in supplies and materials and \$605,518 for equipment. More specific data is not collected at the state level.

The Driver License Division of the Department of Public Safety polled each school district to determine what driver education assets are in the school districts. Thirty-seven of the forty school districts responded, the findings of the survey are detailed below.

School districts operate approximately 600 driver education vehicles.

Automobiles – Currently there are approximately 610 vehicles in use for driver education. Value of these vehicles is unknown, however, in trying to determine a purchase value the Driver License Division estimated the value at roughly \$10,000 for each vehicle. It is anticipated that these vehicles would either be sold or reallocated within the school districts were driver education to be moved to the private sector. Stranded costs to local school districts for driver education vehicles are anticipated to be minimal.

There are 12 driving ranges in the state most are in high school parking lots.

Driving Ranges – The survey of districts reports roughly 12 driving ranges are currently operated by high schools. The value of these driving ranges cannot be accurately assessed. It is unlikely a school district would be able to sell or recoup any costs associated with a driving range. Driving ranges are generally planned and budgeted when a high school is built and are usually a part of the high school parking lot. It is anticipated that range space would simply become additional parking or future expansion space at the high schools.

School districts report using roughly 215 driving simulators

Simulators – School districts report that there are approximately 215 driving simulators currently in use. An exact value of such simulators is unknown. Antidotal information suggests that most simulators are aging and may retain little value. It is anticipated that school districts would try to recoup any value driving simulators may have by selling the equipment to the private sector.

In 1993 a school district purchased driving simulators for roughly \$8,500 each. Driving simulators are not on district depreciation schedules, therefore, current value is unknown.

Transition Costs

There are currently 32 private driver education schools operating throughout the state. In 2001, private driving schools taught approximately 5,000 students, which amounts to about 13 percent of all driver-training students in the state per year. The remaining driver training students are taught through the driver education programs in the public high schools.

If driver education were transferred to the private driver-training sector, there would be a need for the private sector to create the equivalent of approximately 128 new schools (if operated at the same general capacity as those that currently exist). In order for the Driver License Division to certify and oversee these additional schools, it is estimated that there would be a need for five additional Driver License Program Coordinators at a cost of \$300,000 annually.

Furthermore, the students would need to be tested prior to licensure. Assuming this responsibility and authority were granted to the private schools with the Driver License Division performing oversight, there should be no additional costs to the Department of Public Safety.

Would driver education fee waivers increase if the legislature adopted a standardized fee for all school districts?

Fee waiver information is not available on the programmatic level. The following chart illustrates fee waivers given statewide by year and the dollar value associated with those fee waivers.

CHART A

Total State-wide Fee Waivers			
School Year	Students Given Fee Waivers	Students Worked in Lieu of Fee Wavier	Total Fees Waived
1997-98	35,050	989	\$2,110,302
1998-99	35,820	800	\$2,358,269
1999-00	40,195	780	\$2,595,690
2000-01	37,672	712	\$2,644,095

Student fee waivers have increased while students working in lieu of fee waivers have decreased.

Chart A shows that fee waivers given by school districts have been increasing over the past four years with a peak during the 1999-2000 school year. It is unknown if the number of fee waivers given will continue to decline as indicated by the reduction during the 2000-2001 school year, which is a reduction of over 2,500 fee waivers. Also noted by the brief fee waiver history, as fee waivers and the value of fee waivers have increased, students working in lieu of fee waivers have decreased.

We can only assume that if the Legislature adopted a standardized fee for all driver education programs, fee waiver applications would increase. There are several school districts that do not charge any fee for driver education, and many that charge a nominal fee. Chart B illustrates that many school districts currently have 9 percent and up to 36 percent of their students receiving fee waivers. Were the driver education fees to be standardized across the state, resulting in some students paying more than the fee currently required in their school district, applications for fee waivers may increase.

What is the fiscal impact of fee waivers on the Driver Education program?

Due to the way fee waivers are reported the exact impact fee waivers have on the driver education program is unknown. When a student applies and subsequently receives a fee waiver all fees for that student are waived. As per board rule school districts report to the state only the total number of fee waivers given, the number of students who worked in lieu of fee waivers and the value of the waived fees. (See Chart A) The state and in many cases school districts do not track fee waivers by specific program or grade level.

An estimated 2,500 students received fee waivers for driver education – Totalling about \$124,000 in fees waived.

The following information is an effort to estimate the total number of driver education fee waivers given throughout the state. Chart B (on following page) indicates that 7.9 percent of all students in the state receive fee waivers. To determine the financial impact fee waivers have on driver education we applied the percentage of fee waiver students (when compared to fall enrollment) for each of the school districts then applied this percentage to the number of students trained in the respective driver education programs. Based on this methodology approximately 2,500 (out of 33,420) received fee waivers for driver education. When compared to the driver education fees charged in each school district for the 2000-2001 school year we have determined that value of waived fees was approximately \$124,000.

Is there a way to maintain driver education in the public schools and make the program ineligible for student fee waivers?

State Board rule states “*A board of education shall provide, as part of any fee policy or schedule, for adequate waivers or other provisions in lieu of fee waivers to ensure that no student is denied the opportunity to participate in a class or school-sponsored or supported activity because of an inability to pay a fee.*” Since driver education is supported by and delivered through the public high schools, students may not be denied the opportunity to participate because they are unable to pay the program fee.

Students in state custody, foster care or receiving public assistance automatically qualify for fee waivers.

The State Board of Education (as outlined in Board Rule R277-407-6), while giving local districts discretion in fee waiver policies, has established certain eligibility requirements. Automatic qualifiers for fee waiver eligibility include, students in state custody or foster care, students receiving public assistance in the form of Aid to Families with Dependent Children, Supplemental Security Income, or students that are eligible for free school lunch. A case-by-case determination is made for students who do not automatically qualify for fee waivers under one of the above programs. Students may qualify based on extenuating circumstances as determined by the designated school administrator.

The following section of Board Rule (R277-407-6 Fee Waivers) details items covered by fee waiver provisions.

Expenditures for uniforms, costumes, clothing, and accessories, other than items of typical student dress, which are required for participation in choirs, pep clubs, drill teams, athletic teams, bands, orchestras, and other student groups, and expenditures for student travel as part of a school team, student group, or other school approved trip, are fees requiring approval of the local board of education, and are subject to the provisions of this section.

CHART B

School District Fees Compared to Enrollment - 2000-2001							
District	Fall Enrollment	Fee Waivers		Driver Education			
		Total # of Student's	Percent of Enrollment	Students Trained	Fee Amount	Fee Waiver Students	Fees Waived
Alpine	48,266	2,735	5.7%	3,194	\$45.00	181	\$8,144
Beaver	1,451	39	2.7%	126	60.00	3	203
Box Elder	10,850	687	6.3%	942	0.00	60	0
Cache	13,189	673	5.1%	1,169	80.00	60	4,772
Carbon	3,911	502	12.8%	356	0.00	46	0
Daggett	147		0.0%	15	0.00	0	0
Davis	58,900	2,306	3.9%	4,687	46.00	184	8,441
Duchesne	4,054	482	11.9%	383	0.00	46	0
Emery	2,508	231	9.2%	263	0.00	24	0
Garfield	1,052	63	6.0%	86	50.00	5	258
Grand	1,494	145	9.7%	105	55.00	10	560
Granite	70,596	7,366	10.4%	4,373	70.00	456	31,940
Iron	7,276	803	11.0%	534	70.00	59	4,125
Jordan	73,471	3,392	4.6%	5,701	65.00	263	17,108
Juab	1,844	166	9.0%	161	75.00	14	1,087
Kane	1,312	121	9.2%	118	50.00	11	544
Logan	5,791	635	11.0%	386	50.00	42	2,116
Millard	3,191	72	2.3%	299	50.00	7	337
Morgan	2,024	32	1.6%	180	100.00	3	285
Murray	6,364	366	5.8%	552	35.00	32	1,111
Nebo	22,070	931	4.2%	1,279	0.00	54	0
No. Sanpete	2,451	242	9.9%	221	50.00	22	1,091
No. Summit	963	36	3.7%	47	40.00	2	70
Ogden	12,855	2,788	21.7%	637	75.00	138	10,361
Park City	3,923	260	6.6%	147	100.00	10	974
Piute	318	36	11.3%	37	0.00	4	0
Provo	13,298	1,956	14.7%	930	55.00	137	7,524
Rich	468	23	4.9%	46	0.00	2	0
Salt Lake	24,648	4,539	18.4%	1,425	0.00	262	0
San Juan	3,038	1,101	36.2%	249	0.00	90	0
Sevier	4,442	411	9.3%	354	50.00	33	1,638
So. Sanpete	2,724	150	5.5%	256	25.00	14	352
So. Summit	1,278	20	1.6%	104	25.00	2	41
Tintic	309		0.0%	36	0.00	0	0
Tooele	9,507	809	8.5%	587	75.00	50	3,746
Uintah	5,938	500	8.4%	444	160.00	37	5,982
Wasatch	3,777	45	1.2%	272	30.00	3	97
Washington	18,823	1,754	9.3%	1,213	50.00	113	5,652
Wayne	538	10	1.9%	50	0.00	1	0
Weber	28,101	1,210	4.3%	1,456	80.00	63	5,016
Other/Adjustment	641	35	5.5%			0	0
STATE:	477,801	37,672	7.9%	33,420		2,542	\$123,576

Many school districts will identify fees pertaining to extracurricular activities such as band, athletics, cheerleading and drill team as optional fees. These fees are optional as students may opt to participate in a given activity. However, if a student opts to participate in a program and qualifies for fee waiver, these program fees may also be waived.

Statute provides fee waiver exceptions if a student must repeat a course or requires remediation.

State statute (53A-12-103) offers one exemption to fee waiver eligibility. *“If, however, a student must repeat a course or requires remediation to advance or graduate and a fee is associated with the course or the remediation program, it is presumed that the student will pay the fee.”* In all other cases students may seek waivers to school fees or as outlined by the local school board pursue alternatives to waiving school fees such as teacher assistance, tutoring and community service. All students meeting the financial guidelines established by the State Board of Education and local school district may obtain fee waivers.

The Community Education program may be an option for driver education delivery in public schools.

Research has shown that is unlikely that driver education could be maintained in the public high schools while at the same time exempting the program from fee waivers. One alternative remains and that is the Community Education program. These programs currently conducted at many public schools, could be used to deliver the program, provided the Community Education programs are independent of the school district and the host school.

Traditionally, Community Education programs are tuition-based courses that focus on individual skill development. Although Community Education courses are offered through the public schools, these courses are generally self-sufficient. Instructors are generally paid out of Community Education funds (received from student tuition, private donations and/or grants) and classroom space is rented (at a nominal fee) from the school districts.

Further study will need to be completed were this option to be pursued. It is unknown if Community Education would be able to support a driver education program all areas and at the same time afford the maintenance and operation of driver education vehicles without initial state help. Also, by moving the program to Community Education all adults in the community are eligible to enroll. This would place the Community Education in direct competition with the private sector.

If driver education is converted to the private sector, would private providers be willing to provide services to the rural areas of the state?

The answer is yes, if the economic incentives are there. It is hard to determine exactly how small of a community can provide sufficient economic incentives to be serviced by the private sector.

Utah does not have an association or trade group to speak for the industry. Several private providers have indicated an interest to provide services to rural areas if they do not have to compete with a subsidized public education provider. Private providers have been partnering with Weber State University to create a home study course and an Internet course through Utah Valley State College.

The driving portion of the training is a little more challenging. There are private providers here in Utah that have indicated that they would add cars and send a car to some of the more rural parts of the state to provide the training. One provider already sends a car to Moab on a regular basis.

If there is concern by the legislature that the private sector will not adequately service the rural parts of Utah, they can consider legislation similar to current statute addressing training for adults in rural areas. Current legislation authorizes school districts that are not adequately serviced by private providers to make driver education available to adults as well as students. Training could be continued by public education in some of these areas. More oversight might be necessary to determine adequate services by private providers. Some urban school districts seem to have taken advantage of this current wording by presenting driver education to adults even when private providers are available in the area.