



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

##### Present Situation

Chapter 322, Florida Statutes, provides for laws related to Drivers' Licenses. DHSMV's Division of Driver Licenses, Driver License Program administers driver license-related activities, which are intended to increase consumer protection and promote public safety by licensing only those drivers who demonstrate the necessary knowledge, skills, and abilities to operate motor vehicles on Florida's roads; controlling and improving problem drivers by suspending and revoking the licenses of drivers who abuse their driving privileges; monitoring drivers to ensure they carry the required insurance to be financially responsible for their actions; and maintaining driver history records. According to DHSMV, in 2004-05 there is an estimated 15,483,582 licensed Florida drivers and 7,000,000 applicants were processed in field offices. In 2005-06 there is an estimated 15,888,511 licensed Florida drivers and 7,780,552 applicants will be processed in field offices.

There are seven state bureaus responsible for activities that support the acquisition or suspension of driving privileges. The Driver License Program consists of the following Bureaus:

- The Bureau of Field Operations. There are three field operations bureaus (North Field Operations, Central Field Operations, and South Field Operations) that include 158 state and local county tax collector offices that issue driver licenses and identification cards. The tax collector offices function as licensing agents of the Department of Highway Safety and Motor Vehicles. Staff administer knowledge, skill, and visual examinations to determine driver qualification, process forms that show proof a person has obtained motor vehicle insurance, and provide a process for designating on the license application contribution to five charitable organizations (Election Campaign, Organ donor, Prevent Blindness Florida, and Florida Council on Blindness).
- The Bureau of Customer Service. The bureau assists customers in the interpretation of motor vehicle laws and requirements. It provides telephone access for all citizens, and it analyzes and resolves all inquiries regarding driving activities.
- The Bureau of Records. This bureau provides documentation of all driver license activities which include issuance, suspension, revocation, cancellation, reinstatement, renewal, replacement, and processing all traffic citations. It controls all information recorded on individual driver history records and ensures public access to these records.
- The Bureau of Financial Responsibility. The bureau suspends driving privileges for non-compliance with appropriate laws, verifies insurance coverage through review of documents submitted by drivers, reinstates suspended driving privileges upon compliance, and updates driving history records.
- The Bureau of Driver Improvement. This bureau is divided into two sections, the Driver Services Section and Medical Section. The bureau suspends, revokes, and cancels licenses for violation of motor vehicle laws, fraudulent activity, medical reasons, and inadequate vision.
- The Bureau of Administrative Review. This bureau has 33 field offices located throughout the state. Hearing officers schedule and conduct driver license administrative hearings involving hardship license reinstatements, records review, post-suspension formal and informal reviews, medical competency and financial responsibility reviews, and special driver examinations.
- The Bureau of Driver Education and DUI Programs. The bureau's activities cover licensing commercial drivers, motorcycle safety, driver improvement schools, approving instructor credentials, approving and evaluating curriculum, inspecting and approving DUI and motorcycle rider schools, and conducting research on improving current and developing future education methods.

DHSMV issues driver licenses through local driver license examination offices. Four different classes of driver licenses are issued:

- Class A, B, and C licenses are for drivers of commercial motor vehicles such as large trucks and buses. A commercial vehicle is defined as a motor vehicle weighing 26,001 pounds or more, designed to transport 16 or more persons, or carry hazardous materials.
- Class E licenses are for drivers of non-commercial vehicles and those who are exempt by law from obtaining a commercial driver license.

Currently, DHSMV authorizes 28 county tax collectors statewide to serve as agents for specified driver licensing. Additionally, DHSMV outsources commercial driver skills testing, contracting with approximately 450 third party testers to conduct commercial driver license (CDL) skills tests. The department also contracts with private organizations and with community and technical colleges to provide motorcycle safety courses and skills. The department contracts with schools to conduct driver education and testing for the Driver Education Licensing Assistance Program (DELAP); contracts with a private vendor to provide driver license equipment, software and human resources to produce centrally issued driver licenses and identification cards; and is conducting a pilot project by contracting with providers of on-line courses of traffic law and substance abuse education (TLSAE) to conduct Florida Class E (operator) driver license knowledge tests.

### Proposed Changes

HB 267 requires the department to study the outsourcing of driver's licensing services and present recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1, 2007. The study must provide information on the following:

- A detailed description of services to be outsourced;
- A cost benefit analysis of direct and indirect costs or savings with a detailed plan and timeline for implementation of actions to ensure the desired benefits are achieved;
- A statement of potential effect on federal, state and local revenues and expenditures and the possible direct or indirect impact on federal funding and cost allocations;
- A plan to ensure compliance with public-records law; and
- A plan for the transition and implementation which addresses the changes in the number of the department's personnel and related transition issues and business processes, including the department's plan to resume the operation of the service should the contractor fail to perform within performance standards and provisions of the contract and identifying the full-time equivalent positions and resources subject to outsourcing.

#### C. SECTION DIRECTORY:

Section 1. Directs the Department of Highway Safety and Motor Vehicles (DHSMV) to study outsourcing its driver licensing services; requires DHSMV to submit a report to the Governor, the President of the Senate and the Speaker of the House of Representatives by January 1, 2007; provides for requirements related to issues to be studied; and requires a cost-benefit analysis and a transition and implementation plan.

Section 2. Provides that the bill will take effect upon becoming law.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill does not appear to have a significant direct economic impact on the private sector.

D. FISCAL COMMENTS:

The Driver License Program is funded from driver license fees that the Driver License Program collects and from general revenue. In fiscal year 2005-06 the Driver License Program has a budget of \$83.6 million with 1,317 authorized positions. In fiscal year 2004-05 the Driver Licenses Program (Division of Driver Licenses) collected about \$186 million from driver license fees and from other driver license related revenues.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Federal Motor Carrier Safety Administration rules and regulations prohibit States from allowing third parties to administer CDL knowledge exams and, therefore, this area could not be contracted out by DHSMV.

According to DHSMV, certain types of privatized driver license testing, such as commercial vehicles skills tests which requires special equipment, may save enough public expense to justify the investment of rigorous oversight needed to offset the risk of fraud. However, DHSMV has detected several major cases and numerous lesser instances of fraud in the course of monitoring privatized driver license testing. In instances of fraudulent CDL activity, DHSMV has decertified contracts with third party testers and recalled the drivers to state facilities for retesting.

DHSMV stated that a three-year pilot project for outsourcing of the Class D and E driver license testing began in the spring of 2000. The project involved seven third party administrators (TPAs) throughout the State. The department's final evaluation of this project revealed tendencies toward less rigorous testing, with a need for strong oversight. Many issues were found involving record keeping and road test performance. The monitors experienced difficulty accessing customer files and viewing the performance of testers. A review showed that in all cases, the conviction, crash and insurance suspension rates were significantly higher for customers who went to a TPA than it was for those individuals who tested at a driver license office.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**