

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation Committee

BILL: SB 268

INTRODUCER: Senator Fasano

SUBJECT: Driver's License Service Outsourcing

DATE: November 22, 2005 REVISED: 12/6/05

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Davis	Meyer	TR	Fav/2 amendments
2.			GO	
3.			TA	
4.				
5.				
6.				

## Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

### I. Summary:

This bill directs the Department of Highway Safety and Motor Vehicles (DHSMV) to study the outsourcing of driver license services to a provider, in whole or in part, while retaining responsibility and accountability for the services. In addition, the bill requires DHSMV to submit a report of recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1, 2007.

This bill creates an undesignated section of law.

### II. Present Situation:

#### Driver's License Services – Department of Highway Safety and Motor Vehicles

The DHSMV's Division of Driver Licenses 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. Several registration programs are also included through driver license services, which

are provided through the driver license offices. They are as follows: (1) Voter registration; (2) Organ Donor registration; (3) Career Criminal registration; (4) Sexual Offender/Predator registration; and (5) Selective Service registration. According to DHSMV, there were 15,007,005 persons holding Florida drivers' licenses as of January 2005. The DHSMV estimates in 2005-2006 there will be an estimated 15,888,511 licensed Florida drivers.

Driver license-related activities are divided into 4 service categories: (1) Driver Licensure Service Category which provides licensing services including issuing driver licenses and identification cards; answering customer inquiries over the telephone and Internet; maintaining comprehensive driver history; and maintaining the statewide traffic citation system; (2) Motorists Financial Responsibility Compliance Service Category which is responsible for ensuring licensed drivers comply with Florida automobile insurance laws and requirements to carry Personal Injury Protection (PIP) and Property Damage Liability (PDL) insurance coverage, and Bodily Injury Liability coverage if required; (3) Identification and Control of Problem Drivers Service Category which is responsible for identifying and controlling problem drivers through suspending, revoking, disqualifying, and canceling driving privileges, conducting administrative reviews for issuance of limited restricted licenses for offenders, and approving course curriculum and evaluating driver improvement-related course programs; and (4) Executive Direction and Support Services Service Category which administers general business functions, provides leadership and direction, and supports all driver license-related activities.

During fiscal year 2005-2006, the Division of Driver Licenses was appropriated \$97,802,007 and authorized 1,614 full-time positions. According to DHSMV, during fiscal year 2004-2005 the Driver Licenses Program (Division of Driver Licenses) collected about \$186 million from driver license fees and from other driver license related revenues. The division currently operates 100 field offices distributed throughout the state. Almost 1,000 of the division's positions are assigned to field operations.

### **Driver License Services – County Tax Collectors**

Sections 322.02 and 322.135, F.S., respectively, provide DHSMV may authorize tax collectors to serve as exclusive agents for the purposes of issuing driver's licenses and other driver's licensing services. Currently, 28 tax collectors are providing driver license services at 59 locations. Services available through the tax collectors include new licenses, renewals, duplicates, learner's permits, and identification cards. In addition, tax collectors are authorized to provide commercial driver license (CDL) services. However, a number of the participating tax collectors have opted not to administer the skills (road) test. Tax collectors who serve as driver's license agents may charge an additional \$5.25 fee for driver license services they provide.

### **Driver License Services – Current Outsourcing Contracts**

Section 322.56, F.S., allows DHSMV to, by contract, interagency agreement, or interlocal agreements, authorize a person, entity of the state government, a subdivision of state government, a public or private corporation, a firm, an organization, a school, or an entity or a local government to administer the written and driving skills portions of an examination for classes and types of driver's licenses, the results of which may be accepted in lieu of the results of written and driving skills examination given by DHSMV. The DHSMV currently outsources commercial driver skills testing, contracting with approximately 450 third party testers to

conduct commercial driver license (CDL) skills tests. Also, the DHSMV contracts with private organizations and community/technical colleges to provide motorcycle safety courses and skills tests pursuant to s. 322.0255, F.S. Furthermore, the DHSMV contracts with schools to conduct driver education and testing for the Driver Education Licensing Assistance Program; 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 to conduct Florida Class E (operator) driver license knowledge tests.

### **III. Effect of Proposed Changes:**

The bill requires DHSMV 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 bill defines the term "outsourcing" to mean the process of contracting with an external service provider to provide a service, in whole or in part, while DHSMV retains the responsibility and accountability for the service.

This bill provides requirements for DHSMV with respect to issues to be included in the study. Specifically, as part of the study, DHSMV must provide a description of the services to be outsourced and must consider, but need not be limited to, the following issues:

- A detailed description of both the service to be outsourced and DHSMV's current performance of the service.
- A cost-benefit analysis of direct and indirect costs or savings; performance improvements, including reducing wait times at driver's license offices; risks; and qualitative and quantitative benefits involved in or resulting from outsourcing the service. The cost-benefit analysis must include a detailed plan and timeline identifying all actions necessary to realize expected gains.
- A statement describing with specificity the potential effect upon applicable federal, state and local revenues; the direct effect upon general revenue, trust funds, general revenue service charges, and interest on trust funds; and the indirect effect on federal funding and cost allocations.
- A plan to ensure compliance with public-records law.
- A transition and implementation plan for addressing relevant changes in the number of DHSMV personnel, affected business processes, and employee transition issues. The plan must also specify the mechanism for continuing the service if the service provider fails to perform as required by the contract. In addition, within the plan, DHSMV must identify all resources, including full-time equivalent (FTE) positions, which are subject to outsourcing.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

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## VIII. Summary of Amendments:

**Barcode 755696 by Transportation:**

Modifies the definition of the term “outsourcing” to include the option of contracting with other governmental agencies. (WITH TITLE AMENDMENT)

**Barcode 250868 by Transportation:**

Authorizes DHMSV to contract with any county constitutional officer for driver license services in counties where the tax collector is not elected or does not provide the services. In addition, the amendment revises legislative intent provisions to include county constitutional officers as additional DHSMV agents for the local administration of driver license services. (WITH TITLE AMENDMENT)

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This Senate staff analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

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