### NORTH CAROLINA GENERAL ASSEMBLY

## LEGISLATIVE FISCAL NOTE

**BILL NUMBER**: HB 769 (Proposed Committee Substitute)

**SHORT TITLE**: Dropout Prevention/Drivers License

**SPONSOR(S)**: Rep. Sherrill

#### FISCAL IMPACT

Yes (X) No ( ) No Estimate Available ( )

<u>FY 1997-98</u> <u>FY 1998-99</u> <u>FY 1999-00</u> <u>FY 2000-01</u> <u>FY 2001-02</u>

**REVENUES** 

Highway Fund see **ASSUMPTIONS AND METHODOLOGY** 

**EXPENDITURES** 

Highway Fund \$72,000 see **ASSUMPTIONS AND METHODOLOGY** 

General Fund see **ASSUMPTIONS AND METHODOLOGY** 

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Transportation - Division of Motor Vehicles,

State Board of Education, Community College System

**EFFECTIVE DATE**: Sections one and two of the act are effective August 1, 1998. The remainder of the bill is effective when it becomes law.

**BILL SUMMARY**: The bill will revoke or deny a learner's permit or provisional drivers license of a person under age 18 who drops out of high school or who is not making progress toward graduation. For new licensees, the student must present to the Division of Motor Vehicles (DMV) a driving eligibility certificate issued by the school or a high school diploma. Similarly, if a license is revoked, the student must wait at least 90 days and must present to DMV a driving eligibility certificate or a high school diploma. The driving eligibility certificate "proves the person is currently enrolled in school and is making progress toward obtaining a high school diploma or its equivalent".

### ASSUMPTIONS AND METHODOLOGY:

# General Fund - Expenditure

Beginning in FY 1998-99, HB 769 could increase the General Fund budget for the public schools and for the Community College system if it is successful in encouraging students to stay in school.

There were 17,844 high school dropouts in FY 1994-95 and 18,203 dropouts in FY 1995-96. For each student who remains in public school who might have dropped out or a student who returns after dropping out, the state will incur a cost of \$3,196 per ADM in FY 1997-98. (For a student with special needs, the ADM cost is \$5,327.) If the approximately 18,000 potential dropouts [100%] each year remained in school, then the continuation budget for public schools would be increased by \$57.5 million.

In FY 1996-97, there are 4,821 sixteen and seventeen year olds in GED or Adult High School programs that cost the state \$1.6 million. This is an average of \$332 per student. High school dropouts could turn to the Community College system for a GED in order to qualify for a drivers license. If all 18,000 dropouts each year attended GED classes at a Community College, then a \$6 million appropriation would be needed to cover the costs.

NOTE: A question was asked in House Finance Committee about the impact of this bill on welfare payments. The sanctions already in place in the welfare system make it unlikely that a teenager will dropout to work full time and not get a driver's license. A teenage parent must be in school to receive welfare or he/she will be sanctioned and the payment reduced. In addition, the child of a welfare recipient must also be in school or the family will be sanctioned and their payment will be reduced. The teenager can work, but it must be after school.

## Highway Fund - Revenue

In addition to waiting 90 days and presenting a driving eligibility certificate or a high school diploma to DMV, a high school dropout wanting to reapply for a drivers license must pay a \$25 restoration fee (G. S. 20-7). The revenue from this restoration fee is deposited into the Highway Fund. No revenue estimate can be projected for this fee. If the law persuades students to remain in school, then few restoration fees would be collected. However, if the dropout rate continues at approximately 18,000 students a year, then part of those students will return to school or get a GED and qualify for license restoration.

## Highway Fund - Expenditure

The Department of Transportation estimates that it will cost \$72,000 in FY 1997-98 to modify the DMV computer system to accommodate the changes made by HB 769. The cost is based on 1,200 hours of programming at \$60 an hour. This work must be done before the act takes effect in August 1998.

A recurring cost for DMV beginning in FY 1998-99 is postage for mailing license suspension notices to high school dropouts each year. At a dropout rate of 18,000 students a year and postage at 32 cents per notice, the maximum cost of the mailing would be \$5,760 per year.

FISCAL RESEARCH DIVISION

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PREPARED BY: Richard Bostic Jim Johnson

APPROVED BY: Tom Covington TomC

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