

**NOTE: This is an earlier version of the fiscal note for SF255-1E.**

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Fiscal Note

2021-2022 Legislative Session

**SF255 - 1E - Online Driver Education Program Provided**

Chief Author: **John Jasinski**  
 Committee: **Finance**  
 Date Completed: **3/5/2021 12:17:00 PM**  
 Agency: **Public Safety Dept**

| State Fiscal Impact       | Yes | No |
|---------------------------|-----|----|
| Expenditures              | X   |    |
| Fee/Departmental Earnings |     | X  |
| Tax Revenue               |     | X  |
| Information Technology    |     | X  |
| Local Fiscal Impact       |     | X  |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings)           | Biennium |            |            | Biennium  |            |
|--------------------------------|----------|------------|------------|-----------|------------|
|                                | FY2021   | FY2022     | FY2023     | FY2024    | FY2025     |
| Dollars in Thousands           |          |            |            |           |            |
| Restrict Misc. Special Revenue | -        | 104        | 90         | 90        | 90         |
| <b>Total</b>                   | <b>-</b> | <b>104</b> | <b>90</b>  | <b>90</b> | <b>90</b>  |
| <b>Biennial Total</b>          |          |            | <b>194</b> |           | <b>180</b> |

| Full Time Equivalent Positions (FTE) | Biennium |          |          | Biennium |          |
|--------------------------------------|----------|----------|----------|----------|----------|
|                                      | FY2021   | FY2022   | FY2023   | FY2024   | FY2025   |
| Restrict Misc. Special Revenue       | -        | 1        | 1        | 1        | 1        |
| <b>Total</b>                         | <b>-</b> | <b>1</b> | <b>1</b> | <b>1</b> | <b>1</b> |

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko      **Date:** 3/5/2021 12:17:00 PM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2<br>Dollars in Thousands       | Biennium |            |            | Biennium  |            |
|--|----------|------------|------------|-----------|------------|
|  | FY2021   | FY2022     | FY2023     | FY2024    | FY2025     |
| Restrict Misc. Special Revenue                           | -        | 104        | 90         | 90        | 90         |
| <b>Total</b>   | <b>-</b> | <b>104</b> | <b>90</b>  | <b>90</b> | <b>90</b>  |
| <b>Biennial Total</b>                                    |          |            | <b>194</b> |           | <b>180</b> |
| <b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b> |          |            |            |           |            |
| Restrict Misc. Special Revenue                           | -        | 108        | 94         | 94        | 94         |
| <b>Total</b>   | <b>-</b> | <b>108</b> | <b>94</b>  | <b>94</b> | <b>94</b>  |
| <b>Biennial Total</b>                                    |          |            | <b>202</b> |           | <b>188</b> |
| <b>2 - Revenues, Transfers In*</b>                       |          |            |            |           |            |
| Restrict Misc. Special Revenue                           | -        | 4          | 4          | 4         | 4          |
| <b>Total</b>   | <b>-</b> | <b>4</b>   | <b>4</b>   | <b>4</b>  | <b>4</b>   |
| <b>Biennial Total</b>                                    |          |            | <b>8</b>   |           | <b>8</b>   |

**Bill Description**

Authorizing licensed driver education programs to provide online driver education classroom assuming the online classroom driver education meets the requirements and outlined online driver education program requirements.

**Assumptions**

Assume all instruction permit applicants between the age 15 through 17 must continue to complete a driver education program approved by the department.

Assume licensed driver education programs may also provide online driver education as long as the online driver education program satisfies the requirements for classroom driver education.

Assume driver education programs offering online driver education classroom must comply with the supplementary online driver education program requirements outlined in Minnesota Statute section 171.395; including but not limited to incorporating accountability features, measure the amount of time a student spends in the course, require a licensed Minnesota driver education instructor to monitor each student’s progress, and provide an online supplemental parental course consistent with Minnesota Statute 171.0701.

Assume that driver education programs will be in compliance with the National Driver Education Standards for Novice Teen Driver Education and Training Administrative Standards, 2017 revision, which requires online instructors to facilitate their online course in one of two models: instructor-led or instructor-monitored/supported.

The State of Minnesota currently has over 300 approved driver education programs, assume this same number of programs will participate in offering online driver education classrooms in order to stay competitive in their program offerings.

Assume 20 new driver education programs will be established in Minnesota as a result of the online driver education expansion. Assume these programs will be third-party programs not administered by the state but will need to be audited and reviewed by the state. The department will need to ensure that the online program curriculum meets the same requirements as the in-person curriculum as required by statute and administrative rules.

Assume third-parties will absorb the cost of web-design and implementation of the online driver education programs.

Assume each original or renewal driver education program license costs \$150 annually (a licensing fee required under Minnesota Statute section 171.36) and each driver education program will have one licensed instructor and that each

licensed instructor must pay a first time and annual renewal fee of \$50. \$150 license fee x 20 line driver education programs = \$3,000 anticipated annual license renewal increase. \$50 annual instructor fee x 20 online driver education programs = \$1,000 anticipated license renewal fees.

|               | # Online Driver Education Programs | Annual Driver Education Program Fee | Total annual driver education program fee |
|---------------|------------------------------------|-------------------------------------|---|
| FY22          | 20                                 | \$150                               | \$3,000                                   |
| FY23 & beyond | 20                                 | \$150                               | \$3,000                                   |
|               |                                    | Driver Instructor Annual Fee        | Total Driver Instructor Annual Fee        |
| FY22          | 20                                 | \$50                                | \$1,000                                   |
| FY23 & beyond | 20                                 | \$50                                | \$1,000                                   |

Assume DVS will need one full-time State Program Administrator, Senior (SPAS), with an annual salary of \$89,534 (step 5) to review, support, administer, and manage the online driver education portion of driver education programs to ensure that the online driver education classroom is equitable to in person driver education classroom. Office space, furniture, and equipment will also be required (see costs below).

One-time costs per FTE

- Office space build-out = \$7,500
- Furniture = \$5,300
- Office Chair = \$500
- Telephone = \$200
- Computer Monitors - \$135 x 2 = \$270
- Printer/scanners = \$300

Total One-time costs: \$14,070

Monthly costs per FTE

- Office space - \$208.35 x 12 = \$2,500
- Laptop computer rental = \$74.60 x 12 = \$895
- Employee software/email/voicemail = \$48.74 x 12 = \$585
- Telephone service = \$30 x 12 = \$360
- Office supplies = \$8.25 x 12 = \$99

Total Annual Monthly Costs = \$4,439

Assume the department is unable to require additional requirements to online driver education programs not outlined by this act that are not equally applicable to classroom driver education programs.

Assume administrative rule chapter 7411.0535 that only allowed online classroom instruction for adults only is repealed and no rulemaking is required by the department.

Assume that the effective date is July 1, 2021.

**Expenditure and/or Revenue Formula**

**FY22 Revenues**

**Restricted Misc. Special Revenue Fund - Driver Services Operating Account**

- Driver Education Program license and instructor fee = \$3,000
- Driver Education Instructor annual fee = \$1,000

Total Restricted Miscellaneous Special Revenues FY22 = \$4,000

**FY22 Expenditures**

**Restricted Misc. Special Revenue Fund - Driver Services Operating Account**

SPAS (step 5) annual salary & fringe benefits = \$89,534  
One-time costs per FTE = \$14,070  
Monthly costs per FTE = \$4,439  
Total Restricted Misc. Special Revenue Fund expenditures FY22 = \$108,043

**FY23 & Beyond Revenues**

**Restricted Misc. Special Revenue Fund - Driver Services Operating Account**

Driver Education Program license and instructor fee = \$3,000  
Driver Education Instructor annual fee = \$1,000

Total Restricted Miscellaneous Special Revenues FY23 & Beyond = \$4,000

**FY23 and beyond Expenditures**

**Restricted Misc. Special Revenue Fund - Driver Services Operating Account**

SPAS (step 5) annual salary & fringe benefits = \$89,534  
Monthly costs per FTE = \$4,439

Total Restricted Misc. Special Revenue Fund expenditures FY23 & Beyond = \$93,973

**Long-Term Fiscal Considerations**

Online driver education programs may cause a potential increase in behind the wheel costs due to loss of revenue from classroom driver education programs.

The DVS budget is fee-based and must cover the cost of business through fees collected. Any increase in expenses may require increasing fees.

**Local Fiscal Impact**

**References/Sources**

Novice Teen Driver Education and Training Administrative Standards  
<https://docs.google.com/viewer?url=http%3A%2F%2Fwww.anstse.info%2FImages%2F2017%2520Home%2F001%2520-%25202017%2520NTDETAS.pdf>

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