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**BILL ANALYSIS**



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House Bill 4763 (Substitute S-2 as reported)  
 Sponsor: Representative Dan Gustafson  
 House Committee: Transportation  
 Senate Committee: Transportation and Tourism

Date Completed: 3-12-96

**RATIONALE**

The Michigan Vehicle Code permits the Secretary of State to issue a license to a person who is at least 16 years old and who has satisfactorily passed a driver education course and examination given by a public or nonpublic school or a commercially operated driver's training school. While the granting of a driver's license might imply that these teens are prepared at age 16 to assume responsibilities that come with possessing a driver's license, traffic safety statistics indicate otherwise. According to published figures from the American Automobile Association (AAA) of Michigan, teen drivers make up just 6% of the total drivers in the State, but they account for 14% of all fatalities. In addition, 30% of teen driving accidents occur at night, although only 16% of teen driving is at night. Some people, who believe that more needs to be done to prepare young drivers for the road, have proposed implementing a graduated licensing system, which would establish a three-tiered educational program, require more hours of supervised driving experiences, and impose restrictions on the driving privileges of new young drivers.

**CONTENT**

The bill would amend the Michigan Vehicle Code to delete current motor vehicle operator's licensing provisions for persons under 18 years of age, create a graduated licensing status system, and permit, instead of require, school districts to conduct driver education courses. In addition, the bill would do the following:

- Permit school districts to impose a charge or enrollment fee for a driver education course. Currently, school districts may not charge a fee.

- Provide for the distribution of money from the Driver Education Fund to school districts that chose to offer driver education courses, and require that these funds be awarded as grants to students who met specific income eligibility criteria.
- Establish a level one graduated licensing status for a person who was at least 14 years and nine months of age and who had met certain requirements, including completing segment one of an approved driver education course.
- Establish a level two graduated licensing status for a person who was at least 16 years of age and who had satisfied certain requirements, including having not incurred a moving violation within a specified period of time, having accumulated the required number of hours of behind-the-wheel experience, and successfully completing a Secretary of State performance road test.
- Prohibit a person with a level one licensing status from operating a motor vehicle, or a person with a level two licensing status from operating a motor vehicle from midnight to 5 a.m., unless he or she were accompanied by a parent, a guardian, or a licensed driver over 21 years of age who had been designated by the parent or guardian.
- Require level one and two licensing status levels to be extended until the licensee completed 90 days or 12 months, respectively, without a moving violation, accident, license suspension, or provisional period violation.

- **Establish a level three graduated licensing status for a person who was at least 17 years of age and who did not have a moving violation, accident, license suspension, or restricted period violation while he or she had been issued a level two licensing status.**
- **Establish civil penalties for a person who violated the bill's level one and level two licensing provisions, and specify that violation of these provisions would result in the addition of two points on a person's driving record.**

The bill would take effect on April 1, 1997, and would sunset on April 1, 2002. Amendments to the Code's provisions on the Secretary of State conducting an examination of applicants for an operator's or chauffeur's license would take effect upon the bill's enactment.

#### Graduated Licensing

Except as otherwise provided, an operator's or chauffeur's license issued to a person who was 17 years of age or under would be valid only upon the issuance of a special provisional card. The Secretary of State would be required to designate graduated licensing provisions in a manner that clearly indicated that the person was subject to the appropriate provisions described in the bill.

A person who was at least 14 years and nine months of age could be issued a level one graduated licensing status to operate a motor vehicle, if he or she had satisfied all of the following conditions:

- Passed a vision test and met health standards as prescribed by the Secretary of State.
- Successfully completed segment one of a driver education course approved by the Department of Education, including a minimum of six hours of on-the-road driving time with the instructor.
- Received written approval of a parent or legal guardian.

A person issued a level one graduated licensing status could operate a motor vehicle only when accompanied either by a licensed parent or legal guardian or, with the permission of the parent or legal guardian, by a licensed driver who was at least 21 years of age. Except as otherwise provided, a person would be restricted to operating

a motor vehicle with a level one graduated licensing status for at least six months.

A person could be issued a level two graduated licensing status to operate a motor vehicle if the person had satisfied all of the following conditions:

- Had a level one graduated licensing status for at least six months.
- Successfully completed segment two of a driver education course approved by the Department of Education.
- Had not incurred a moving violation resulting in a conviction or civil infraction determination or been involved in an accident for which the official police report indicated a moving violation on the part of the person during the 90-day period immediately preceding application.
- Presented a certification by the parent or guardian that the person, accompanied by his or her licensed parent or legal guardian or, with the permission of the parent or legal guardian, any licensed driver at least 21 years of age, had accumulated a total of at least 50 hours of behind-the-wheel experience including at least 10 hours at night.
- Successfully completed a Secretary of State performance road test. This provision would apply to a person at least 16 years of age only if he or she had satisfied the above requirements. The Secretary of State could enter into an agreement with another public or private person or agency to conduct this road test.

A person issued a level two graduated licensing status would have to remain at level two for at least six months and could not operate a motor vehicle in the State from 12 midnight to 5 a.m. unless accompanied by a parent or legal guardian or a licensed driver over the age of 21 designated by the parent or legal guardian, or except when going to or from employment.

The provisions and provisional period described above could be expanded and/or extended beyond the stated periods if any of the following occurred and were recorded on the licensee's driving record during the provisional periods or any additional periods imposed under this provision: a moving violation resulting in a conviction, civil infraction determination, or probate court disposition; an accident for which the official police report indicated a moving violation on the licensee's part; a license suspension for a reason other than a

mental or physical disability; or, a violation of the bill's restrictions placed on a person operating a motor vehicle with a level one or level two licensing status.

The provisional period prescribed for level one licensing status would have to be extended until the licensee completed 90 consecutive days without a moving violation, an accident in which a moving violation resulted, suspension, or provisional period violation listed in the bill, or until age 18, whichever occurred first. The provisional period for a level two licensing status would have to be extended until the licensee completed 12 consecutive months without a moving violation, accident, suspension, or restricted period violation or until age 18, whichever occurred first.

A person who was at least 17 years of age could be issued a level three graduated licensing status if he or she had completed 12 consecutive months without a moving violation, an accident in which a moving violation resulted, suspension, or restricted period violation during the time in which the person had been issued a level two graduated licensing status.

Notice would have to be given by first-class mail to the last known address of a licensee if the provisions were expanded or extended as described in the bill.

#### Driver Education

Currently, driver education courses must be conducted by a local public school district or may be conducted for the local district by the intermediate district at the request of the local district. A public school system is prohibited from imposing a charge or enrollment fee for a driver education course on a student who wishes to take the course as a duly enrolled student for a course in a public school. Under the bill, a local school district would be permitted, but not required, to conduct driver education courses. In addition, a public school system would be permitted to impose a charge or enrollment fee for a driver education course.

Currently, an application for an operator's license and an application for a minor's restricted license must be accompanied by fees specified in the Code. The Secretary of State must deposit the fees in the State Treasury to the credit of the General Fund. The State Treasurer must deposit in the Driver Education Fund \$4 for each person examined for an original or renewal operator's or

chauffeur's license, and \$2 for each two-year license. The Department of Education is required to use the money in the Driver Education Fund for administration of a driver education program and for distribution to local school districts to use for driver education programs. Any unspent and unencumbered balance remaining in the Fund at the end of the fiscal year in excess of \$150,000 must revert to the General Fund. The bill specifies that money in the Fund would have to be distributed to school districts that conducted driver education courses. In addition, the bill would delete the provision concerning an unspent Fund balance reverting to the General Fund. Under the bill, any unspent balance in the Fund at the end of the fiscal year could not lapse to the General Fund but would have to remain in the Driver Education Fund.

From the money credited to the Driver Education Fund, the Legislature is required to appropriate annually funds to the Department of Education for State administration of the driver education program. In addition, the Department is required to distribute to local school districts from the Fund 50% of the previous fiscal year's Statewide average cost per student, as determined by the Department, or the actual cost per student, whichever is less, for each student completing an approved driver education course. Under the bill, the Department would have to distribute from the Fund to local school districts that conducted driver education courses, for the purpose of awarding grants to eligible students, an amount not to exceed the actual cost per eligible student for each eligible student who met the criteria for free lunch or 50% of the actual costs per eligible student who met the criteria for free breakfast completing an approved driver education course. If the amount available for distribution from the Fund were not sufficient, each grant would have to be reduced pro rata. An eligible student would not be entitled to receive payment for the costs of enrollment in a driver education course at a licensed driver training school unless the school district in which the student attended school did not offer a driver education course through its own curriculum. ("Eligible student" would mean a pupil in a local school district who met the income eligibility criteria for free breakfast or lunch in the immediately preceding fiscal year as determined under the National School Lunch Act, and reported to the Department of Education by December 31 of the immediately preceding fiscal year.)

Under the Code, reimbursement to local school districts is based on an application made by the

local school district superintendent to the Department of Education. If money appropriated from the Driver Education Fund is not sufficient to provide for State administration of the driver education program and to reimburse local school districts for each student completing an approved driver education course, then payments made to local school districts must be prorated to the amount that is appropriated and available in the Fund. Under the bill, these provisions would apply to local school districts that conducted driver education courses. Also, grants for reimbursement to eligible students of the charges imposed by a local school district or a licensed driver training school for conducting a driver education course would have to be made on the basis of an application made by the student to the local school district on a form approved by the Department of Education. Forms would have to be made available through either the local school district or licensed driver training school.

#### Violations

A person who violated the bill's provisions on level one or level two licensing status would be responsible for a civil infraction. If a person were determined responsible for violating either of these provisions, the Secretary of State would have to send written notification of any conviction or moving violation to the person's designated parent or guardian. For purposes of these provisions:

- Upon conviction for a moving violation, the date of the arrest for the violation would have to be used in determining whether the conviction occurred within a provisional licensure period.
- Upon entry of a civil infraction determination for a moving violation, the date of issuance of a citation for a civil infraction would have to be used in determining whether the civil infraction determination occurred within a provisional licensure period.
- The date of the official police report would have to be used in determining whether a licensee had been driving a motor vehicle involved in an accident for which the official police report indicated a moving violation on the part of the licensee or indicated the licensee had been drinking intoxicating liquor.

Currently, the Secretary of State, within 10 days after receiving a properly prepared abstract from this or another state, must record the date of conviction, civil infraction determination, or probate

court disposition, and the number of points for each, based on the formula contained in the Code. The bill would add two points for violation of the proposed level one or level two licensing status provisions or an ordinance substantially corresponding to either provision.

A person would have to have his or her graduated licensing status in his or her immediate possession at all times when operating a motor vehicle, and would have to display the card upon demand of a police officer. A person who violated this requirement would be responsible for a civil infraction, but points could not be entered for a violation of this requirement.

#### Operator's/Chauffeur's License

The Code prohibits the Secretary of State from issuing an operator's or chauffeur's license to a person who is less than 18 years of age, unless he or she satisfactorily passed a driver education course and examination given by a public or nonpublic school in Michigan or another state offering a course approved by the Department of Education, or an equivalent course and examination as prescribed in the Code. A restricted license may be issued to a person who is at least 14 years old, as provided in the Code. The provisions concerning an operator's license do not apply to a person who has held a valid driver's license issued by another state, territory, or possession of the United States or another sovereignty for at least one year immediately before applying for a driver's license under the Code.

The Code also permits the Secretary of State, upon an applicant's completion of an approved driver education course, to validate a driver education certificate issued to the applicant. The Code specifies that the driver education certificate authorizes the holder to drive a motor vehicle, except certain vehicles, when accompanied by a licensed parent or guardian, or when accompanied by a nonlicensed parent or guardian and a licensed adult for additional instruction until the driver reaches 18 years of age.

The bill would delete these provisions and, instead, prohibit an operator's or chauffeur's license from being issued to a person who was less than 18 years old unless he or she met the bill's graduated licensing provisions.

The bill also would delete current provisions permitting the Secretary of State to validate an

applicant's driver education certificate upon successful completion of an approved driver education course, and permitting the certificate holder to drive a motor vehicle when accompanied by a licensed parent or guardian or a licensed adult in order to receive additional instruction until the holder reaches 18 years of age.

#### Road Test

The bill would delete the current provision that an applicant for a driver's license is not required to take a behind-the-wheel road test if the applicant has successfully passed a driver education course and examination, the course and examination were given pursuant to the Code, and the course and examination included on-the-street driver experience, meaning that the applicant operated for at least one hour a motor vehicle as part of a drive education course on a freeway or other laned roadway.

Currently, an original operator's or chauffeur's license without a vehicle group designation or indorsement cannot be issued by the Secretary of State without a written examination conducted by the Secretary of State or a designated examination officer. The bill would add that the examination would have to include a behind-the-wheel road test.

#### Temporary Instruction Permit

Upon receiving an application from a 16- or 17-year old who has successfully completed a driver education course and examination offered under the Code, from someone who has been licensed in another state or country for at least one year and who is less than 18 years of age or from someone who is 18 or older, the Secretary of State may issue a temporary instruction permit entitling the person to drive a motor vehicle, other than a motor vehicle requiring a motorcycle indorsement or a vehicle group designation, on the highways for 150 days when accompanied by a licensed adult operator or chauffeur who occupies a seat beside the driver. The bill would increase the length of the permit from 150 to 180 days. The bill would delete reference to 16- or 17-year olds who completed a driver education course or who are licensed in another state or country.

MCL 257.303 et al.

#### SENATE COMMITTEE ACTION

The Senate Committee on Transportation and

Tourism adopted a substitute (S-2) to the bill that would permit, instead of require, school districts to conduct driver education courses; permit school districts that offered these courses to impose a charge or enrollment fee; and, provide for the distribution of funds from the Driver Education Fund to be awarded as grants to students who met certain income eligibility criteria.

#### ARGUMENTS

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### Supporting Argument

According to recently published statistics, traffic accidents cause one-third of all deaths among teens aged 16 to 19 years, and teens account for 14% of all people killed in car and truck accidents even though they make up only 10% of the U.S. population. In addition, 83 teens ages 15 to 17 reportedly died in 1994 in vehicle accidents in Michigan. Evidence shows that young inexperienced drivers pose serious safety threats not just to themselves, but to other motorists and passengers who share the road with them. Young drivers not only lack behind-the-wheel experience but often are prone to reckless driving habits and risk-taking behaviors. Given this situation, changes in the current system of training and licensing new drivers are needed. A graduated licensing system, as proposed in the bill, would offer teen drivers the opportunity to gain a gradual entrance into the traffic environment while allowing them to acquire driving knowledge, skill, and experience.

**Response:** Many school districts in the State currently offer a "30/6" driver education program, which provides students with 30 hours of in-class instruction and six hours of behind-the-wheel experience. This standard for required instruction was changed in the early 1980s in response to a severe downturn in the State's economy that resulted in a State budget shortfall. At that time, the State established a competency-based program that allowed districts to seek from the Department of Education waivers from the "30/6" requirement. Under the competency-based program, students could pass as little as 10 hours of in-class instruction and two hours of behind-the-wheel experience. Administrative rules promulgated during the 1991-92 fiscal year require districts to provide a minimum of 22 hours of class instruction and four hours of driving instruction. Although the institution of a graduated licensing

system in Michigan for young drivers should be supported, some people are concerned that this system is being imposed on a driver education program that may be deficient in content as well as in the required hours of instruction and behind-the-wheel experience.

### **Supporting Argument**

The bill would establish a three-tiered licensing system in which a teen would have to meet certain criteria before advancing to the next level of licensure. The program's criteria are structured to involve the parent or guardian in his or her teen's driver education. For example, before a teen could be issued a level two graduated licensing status to operate a motor vehicle, a parent or legal guardian would have to certify that the teen, accompanied by a parent or guardian or, with permission, a licensed adult driver, who was at least 21 years of age, had accumulated at least 50 hours of behind-the-wheel experience including at least 10 hours at night. Driver education classes provide the minimum knowledge necessary to gaining the driving experience. Parents, who can be role models of driving skills that are essential to proficient driving, then take over in their role as the primary educators. The bill would involve parents more in the education of their teen children as drivers.

**Response:** It is commendable that the bill would provide means by which parents and guardians could become more involved in their teenager's efforts to obtain a driver's license. Parents already are required by law to accompany a teen driver who has passed a driver education course but is not yet licensed to drive. Despite this, whether a teenager learns how to behave responsibly when operating a motor vehicle depends not only on the parent's or legal guardian's commitment to teach these behaviors, but also on the teenager's willingness to comply with these expectations and with the law. These attitudes, however, cannot be legislated.

### **Supporting Argument**

The bill would delete the current provision that an applicant for a driver's license is not required to take a behind-the-wheel road test if the applicant has successfully passed a driver education course, including on-the-street driver experience, and examination. The bill would add that an examination conducted by the Secretary of State would have to include a behind-the-wheel road test. As a result, a student driver would have to pass a road test administered either by the Department of State or another public or private person or agency permitted by the Department to

conduct the test. The requirement of a road test was eliminated more than 20 years ago reportedly because it was considered unnecessary and too costly. The road test is a valuable tool to determine whether a student driver can competently operate a motor vehicle on the road given the in-class instruction and behind-the-wheel training he or she received in a driver education course.

### **Opposing Argument**

The Vehicle Code currently provides that driver education courses must be conducted by the local school district or may be conducted for the local district by the intermediate school district, at the request of the local school district. Under the bill, school districts would be permitted, but no longer required, to conduct a driver education program. By establishing a graduated licensing system yet eliminating the requirement that school districts offer driver education courses, the bill would attempt to strengthen the requirements that teen drivers must meet while dismantling the system through which driver education courses are offered to those teens. Studies reportedly have indicated that the driver education program offered through the public school system is superior to the program offered by commercial driver training schools; e.g., driver education teachers must be certificated. Studies also have shown that persons who participated in driver's training in the public schools have lower accident rates than do graduates of commercial schools. Furthermore, removing the mandate that local school districts offer driver's education could limit many students' access to driver education programs. According to the Department of Education, of the 60 licensed commercial drivers training schools operating in the State, 45 are located in Oakland, Wayne, and Macomb Counties while no commercial schools operate in the Upper Peninsula. If most of the State's school districts opted out of providing driver's training, many students, especially those living in rural areas, could have difficulty obtaining this instruction.

**Response:** For many years, commercial driver training schools were permitted to offer fewer hours of instruction and behind-the-wheel training than the number of hours required of driver education programs offered by local school districts. In fact, commercial schools previously were required to offer only 10 hours of instruction and two hours of on-the-street training. Rules promulgated in the early 1990s require commercial schools to offer 22 hours of instruction and four hours of behind-the-wheel experience, similar to the program requirements for local schools. Thus,

commercial schools and many local school district driver training programs offer the same amount of instructional time. In addition, teachers in commercial schools, while not certificated, still are required to have taken a specific number of hours at the university level of courses in traffic safety education. It has been noted by persons in the insurance industry that as the number of required instructional hours for commercial schools increased, the gap in accident rates between graduates of commercial school and public school driver education programs has begun to close. In addition, concerns about students' access to approved driver's training programs would be allayed as market forces led to the creation of more commercial driver education schools across the State.

### **Opposing Argument**

Although the bill no longer would require school districts to offer driver education courses, those districts that chose to do so would be permitted to impose a charge or enrollment fee on each student in the course. The bill represents a fundamental departure from the State's traditional responsibility of offering driver education at no cost to all students regardless of their ability to pay. The average cost per student, according to the Department of Education, for a public or private driver education course costs approximately \$200, with prices for commercial schools ranging from \$100 to \$350 per student. Thus, parents who already support their schools through the State sales tax as well as local millages, in some districts, would have to pay an additional \$200, on average. Under the bill, students who met income eligibility criteria for free lunch could receive a grant to cover the full cost of a driver education program and students eligible for free breakfast could receive a grant to cover 50% of a program's cost. The bill would have conflicting results in the awarding of grants to defray the costs of a driver education course because criteria for free lunch and free breakfast are the same. Thus, the same students would be eligible for both grant levels. Furthermore, if there were insufficient funds available in the Driver Education Fund, the grants would be prorated. Thus, students who already were unable to pay for driver education would have to make up the difference between the grant and training costs. In addition, there are concerns that determining eligibility for grants through information gathered about a student's eligibility for free breakfast or lunch could jeopardize the confidentiality about economic status that is required under Federal law.

**Response:** For most school districts providing driver education programs is a financial burden because the State has failed to reimburse school districts adequately for their costs to offer these programs.

Legislative Analyst: L. Arasim

### **FISCAL IMPACT**

#### **Department of Education/School Districts**

The Senate substitute, as reported by the Committee, would have conflicting results in the awarding of grants to defray the cost of a driver education course. Pupils who met the criteria for free lunch would receive a grant in an amount equal to the actual cost of the driver education course. Pupils eligible for free breakfast would receive a grant sufficient to pay for 50% of the actual cost of a driver education course. The results would be conflicting because the criteria for free lunch and free breakfast are the same; thus, the same pupils would be eligible for both grant levels. (The Federal criteria for free breakfast and/or lunch are at or below 130% of the poverty rate.)

The most recent available data indicate that there would be an estimated 34,000 pupils eligible for free lunch and/or breakfast in each high school grade. Assuming that the driver education course was taken in the 10th grade would result in 34,000 pupils eligible for a grant to pay for a driver education course. As the bill is currently written, if all 34,000 pupils were given grants to pay for 100% of the cost of a driver education course, the cost would be an estimated \$6.9 million (at an average cost of \$200 per student per course). In addition, the Department of Education has stated that it needs \$500,000 annually to administer the program. Thus, the total estimated cost in FY 1996-97 would be \$7.3 million. The appropriation in FY 1995-96 to the Department of Education from the Driver Education Fund for the Driver Education Program is \$7.6 million.

The bill also would require a proration of the grant amounts if the amount available from the Driver Education Fund were insufficient to fully fund the amount of the grants.

The Department of Education would incur minimal costs for promulgating new rules to implement the two segments of drivers' education.

Department of State

Graduated licensing provisions would result in increased administrative costs to the Department of State.

The bill would allow the Secretary of State to enter into an agreement with a private or public entity to conduct road tests. To the extent that the Department of State privatized the behind-the-wheel road tests, there would be a revenue loss to the Transportation Economic Development Fund. The \$11 fee collected by the Department of State generates approximately \$600,000 annually to the Economic Development Fund.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.