
OPTIMIZE ADMINISTRATION OF THE COMMERCIAL DRIVER LICENSE TESTING PROGRAM

To improve public safety, the Federal Motor Carrier Safety Administration made changes to the requirements for issuing commercial driver licenses that required state compliance by 2015. The changes applied to commercial driver license skills testing, administrative review requirements, and upgrades to information technology networks. Texas received a waiver to postpone full implementation of the requirements until December 2016.

According to the Department of Public Safety, which administers Texas' commercial driver license program, these mandates have altered the way the agency interacts with its customers significantly, affected administration of the program, and required a greater investment of resources. In response to the federal requirements, the agency consolidated commercial driver license testing at new sites, shifted employees from regular driver licensing activities to the commercial driver license program, and made required technology upgrades. The agency also initiated a third-party skills testing program to provide additional capacity for commercial driver license skills testing by authorizing organizations to test their students or employees. Despite efforts to increase commercial driver license testing capacity, constraints remain. Long wait times for applicants at Department of Public Safety locations negatively affect commercial driver license applicants and employers. About half of scheduled test components are not completed due to cancellations and failures, which negatively affects the agency's efforts to deploy its resources efficiently.

FACTS AND FINDINGS

- ◆ The Department of Public Safety initiated the Third Party Skills Testing program in April 2017 to authorize companies, school districts, education service centers, community colleges, and driver training programs to conduct tests of their employees or students. The agency also implemented an auditing program of third-party providers and agency examiners to ensure that all testing programs comply with federal and state requirements.
- ◆ Of the 38 other states that offer commercial driver license skills tests directly, 23 require applicants to pay fees for taking skills examinations in addition to the license fee. This test fee ranges from \$5 to

\$250. In those states, the cost to obtain a five-year commercial driver license, including all permit, testing, and licensing fees, ranges from \$30 to \$420 and averages \$115. Texas has no skills test fee, and the total cost for the license is \$84.

CONCERNS

- ◆ From September 1, 2017, to June 18, 2018, Department of Public Safety testing sites averaged a 27-day wait to test for a commercial driver license. At 13 of 30 sites, the average wait was more than 30 days. Industry participants report that this waiting period has a negative effect on applicants who cannot begin paid employment and employers who have vacant positions.
- ◆ About half of scheduled test components are not completed due to applicants not attending test appointments, cancellations, and failures on earlier parts of the test. On average, each commercial driver license examiner administers less than one two-hour skills examination per day.
- ◆ The Department of Public Safety reports that federal changes to commercial driver license requirements required a significant investment of the agency's resources. To address these requirements, the agency reallocated resources from other driver license services.
- ◆ Although the Third Party Skills Testing program has increased from 18 providers in October 2017 to 50 providers in June 2018, this program could expand further. Texas has approximately 28,000 companies, 79 community colleges, 20 education service centers, and many larger independent school districts that could be eligible to operate as commercial driver license third-party testers.

OPTIONS

- ◆ **Option 1:** Amend statute to authorize the Department of Public Safety to collect and retain a fee from applicants to schedule a commercial driver license skills test. Include a contingency rider in the 2020–21 General Appropriations Bill

that appropriates the fee revenue and requires the Department of Public Safety to develop a plan to decrease commercial driver license applicants' wait times using the additional fee revenue. The plan should achieve the following goals: (1) increase the number of tests completed at existing testing sites, and (2) optimize use of the third-party skills testing program.

DISCUSSION

To drive a commercial motor vehicle (CMV) such as a large truck, bus, or vehicle carrying hazardous materials, a driver is required to obtain a commercial driver license (CDL). Operators of heavy trucks, vehicles that carry more than 15 passengers or heavy materials, and other CMVs must demonstrate the appropriate knowledge and skills to drive safely to receive a CDL. The CDL program is intended to reduce traffic collisions involving CMVs.

Recent updates to federal CDL standards were intended to improve safety by ensuring that unsafe drivers are unable to obtain or keep CDLs. Texas has a higher rate of truck crashes, with 17.37 crashes per million people in 2016, than the national average of 11.96 crashes per million people. In addition, the rate of truck crashes in Texas has increased by 25.0 percent since 2010. Of vehicles involved in fatal crashes in the state in 2016, 10.2 percent were large trucks.

Across the U.S., individuals have obtained CDLs illegally without passing all required tests or meeting all necessary standards. In some cases, unlicensed drivers caused or contributed to multivehicle crashes and fatalities. In 2017, the U.S. Department of Transportation (USDOT) named removing high-risk motor carriers and unqualified drivers from roads as one of its top challenges. USDOT noted that its investigations in 2016 resulted in the prosecution of individuals involved in five separate CDL schemes that enabled 3,500 individuals to obtain CDLs fraudulently.

Although preventing fraud and ensuring high safety standards are essential to the CDL program, those goals must be balanced with the ability to efficiently issue CDLs to meet employers' and workers' needs. As of May 2017, 182,370 people worked as heavy truck drivers in Texas, representing 15.34 of every 1,000 jobs in Texas. Furthermore, Texas has more truck drivers than any state in the U.S.; 10.4 percent of truck drivers in the U.S. reside in Texas. Of the 28 Workforce Development Boards in Texas, 25 name heavy truck driving as a target occupation,

indicating that the trucking industry is seen as a high-growth and high-demand field across the state.

FEDERAL CHANGES TO COMMERCIAL DRIVER LICENSE TESTING

The Commercial Motor Vehicle Safety Act of 1986 initiated the first federal standards for CDLs. Texas enacted these requirements in 1989, and the Texas Department of Public Safety (DPS) began issuing new CDLs in 1990. On May 9, 2011, the Federal Motor Carrier Safety Administration (FMCSA) updated standards for CDL skills testing and the commercial learner permit (CLP). FMCSA required states to modify their CDL programs to meet the new standards. The rule was implemented to increase safety for drivers operating CMVs and to improve fraud prevention in CDL testing. States were required to comply with the new rule by July 8, 2015; however, Texas requested and received an extension from FMCSA until December 2016.

These changes significantly altered the administration of the CDL program in Texas. Previously, the state had no requirement that commercial learner permit holders wait a specified period before their skills tests. The revised rules require permit holders to wait at least 14.0 days before the skills test. A pretrip inspection component was added to the skills test that requires applicants to identify parts of the vehicle that must be checked before starting a trip. Additional maneuvers were added to the basic control skills and road test components of the skills test, which lengthened the time to complete the examination. The revised rules also required the three components of the skills test to be passed in a specific order (pretrip inspection, basic control skills, then road test). These changes to the test affected the locations where testing could take place and doubled the time required to complete a skills test from approximately one hour to two hours.

Additionally, the revised rule required administrative changes intended to improve the accuracy of CDL issuances. CDL transactions must have a secondary, independent review by a different state employee from the original issuer to prevent fraud. In addition, states must record all CDL tests in the Commercial Skills Testing Information Management System, which provides a mechanism for scheduling CDL tests and enables states to share information to detect and prevent fraud in CDL programs. States also were required to upgrade the Commercial Driver License Information System, which enables states to report and access offenses, convictions, and disqualifications on CDL and CLP holders across state lines.

TEXAS' RESPONSE TO FEDERAL CHANGES

The federal rule changes affected Texas' CDL program in ways that required both legislative and programmatic changes. Texas was required to update its policies to meet the CDL testing and issuance requirements or risk decertification by FMCSA. Decertification could result in the withholding of up to 8.0 percent of selected federal highway funding and a prohibition on issuing interstate CDLs to Texas residents. To ensure compliance with the federal rules, the Eighty-fourth Legislature, 2015, amended the Texas Transportation Code to meet the federal requirements for testing and issuing CDLs, and DPS developed a plan to align CDL testing in Texas with federal requirements.

One of the major changes DPS implemented following the FMCSA rule changes was a consolidation of CDL testing sites within the state. Due to the maneuver requirements for basic control skills testing, only one of the 190 driver license offices that previously offered CDL skills testing had the facilities to offer the new test safely. DPS originally identified 25 sites to serve as consolidated CDL testing locations beginning in July 2016. The agency has expanded the number of sites to offer CDL testing at 31 sites as of July 2018. Based on the agency's data on CDL holders, DPS estimated that at least 94.0 percent of CDL customers live within 50.0 miles of one of the testing sites. **Figure 1** shows the location of DPS' CDL testing sites.

In addition to consolidating sites, DPS developed nine CDL testing mobile teams to carry out CDL testing in locations outside the 50-mile radius of any of the state's CDL testing locations. These teams most often conduct tests at community colleges, school districts, education centers, fire departments, and other government entities. Entities may request DPS teams to conduct onsite tests.

Following consolidation, DPS decreased the number of full-time-equivalent (FTE) positions conducting CDL skills exams and assigned them to staff the new sites and mobile teams. Before the implementation of the new testing requirements, 320.0 positions were available to perform CDL skills testing. Of those staff, 64.0 positions conducted CDL skills testing as a primary function; 256.0 positions had multifunctional roles. As of July 2018, DPS had authorized 155.0 CDL examiner positions and had 143 active examiners. These examiners now must commit at least 50.0 percent of work hours to CDL testing, but they often are required to complete other duties in the driver license offices.

DPS also implemented a third-party skills testing (TPST) program, beginning in April 2017. The program enables organizations including employers, community colleges, education service centers, and school districts to perform skills testing of their students or staff while following state and federal guidelines. The TPST program was established with stakeholder input to help address the decrease in testing capacity. **Figure 1** also shows the locations of TPST sites as of July 2018.

To participate in the TPST program, third parties must meet specific criteria intended to ensure the consistency of CDL testing across locations and to decrease the chance for fraud. TPST providers must have operated continuously in Texas for at least one year, maintain at least one permanently occupied structure in Texas, and enter into a memorandum of understanding (MOU) with DPS. The MOU stipulates whom TPST providers are authorized to examine, requirements for examiners, and insurance and bond requirements.

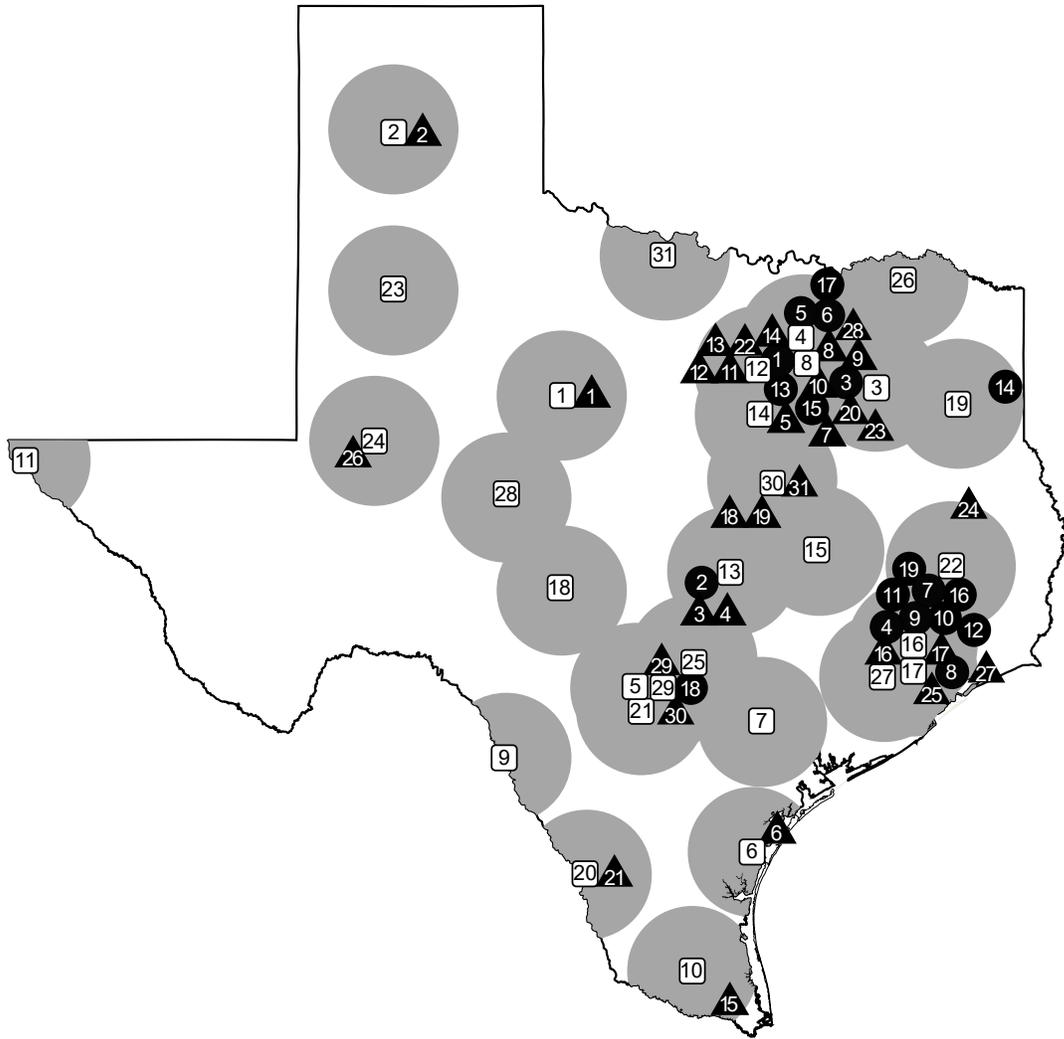
Pursuant to federal regulations, DPS developed a CDL Skills Test Auditing Program to monitor DPS and third-party testers and to ensure compliance with federal and state requirements. The auditing program is made up of a Compliance Supervisor located in Austin and eight inspectors located throughout the state. The auditing program began operating in January 2018. Federal regulations require inspectors to perform inspections of all TPST sites at least every two years.

CDL TESTING DEMAND

Unlike demand for noncommercial driver licenses, demand for CDLs is driven by industry changes instead of overall population growth. **Figure 2** shows the demand for CDLs, measured by the number of CDL applicants and CDL issuances, from fiscal years 2010 to 2017 and projected numbers for fiscal years 2018 to 2021. Issuances peaked in 2015 due to oil industry activity and regulatory changes that resulted in downgrading current CDL holders who did not meet medical certificate requirements. Those operators with downgraded CDLs were required to retest to obtain new CDLs. DPS anticipates receiving from 55,000 to 65,000 CDL applications annually from fiscal years 2018 to 2021 and issuing 35,000 to 38,000 CDLs each year during that period.

Demand for skills testing is dependent on the number of applicants and on the failure rate for the skills test. When any component of the skills test is failed, that component can be

FIGURE 1
TEXAS COMMERCIAL DRIVER LICENSE TESTING SITES
JULY 2, 2018



 DEPARTMENT OF PUBLIC SAFETY TESTING SITES

 (50-MILE RADIUS SERVICE AREA)

1	Abilene	12	Fort Worth	22	Livingston
2	Amarillo	13	Georgetown	23	Lubbock
3	Canton	14	Grand Prairie	24	Midland Mega Center
4	Carrollton Mega Center	15	Hearne	25	New Braunfels
5	Castroville	16	Houston North Mega Center	26	Paris
6	Corpus Christi Mega Center	17	Houston Southeast Mega Center	27	Rosenberg Mega Center
7	Cuero	18	Junction	28	San Angelo
8	Dallas South Mega Center	19	Kilgore	29	San Antonio Southeast
9	Eagle Pass	20	Laredo	30	Waco CDL
10	Edinburg	21	Leon Valley Mega Center	31	Wichita Falls
11	El Paso Northwest				

FIGURE 1 (CONTINUED)
TEXAS COMMERCIAL DRIVER LICENSE TESTING SITES
JULY 2, 2018

 INDEPENDENT SCHOOL DISTRICTS (ISD)					
1	Hurst/Euless/Bedford ISD	8	Galena Park ISD	14	Marshall ISD
2	Leander ISD	9	Aldine ISD	15	Midlothian ISD
3	Crandall ISD	10	Humble ISD	16	New Caney ISD
4	Cypress Fairbanks ISD	11	Klein ISD	17	Prosper ISD
5	Denton ISD	12	Liberty ISD	18	North East ISD
6	Frisco ISD	13	Mansfield ISD	19	Willis ISD
7	Spring ISD				

 TRANSPORTATION COMPANY DRIVING SCHOOLS AND COLLEGES					
1	Action Career Training	12	C1 Truck Driver Training	22	First Student, Inc. (1)
2	Amarillo College Truck Driving Academy	13	Ben E Keith Company	23	Halliburton
3	MV Transportation	14	MT Training Center	24	Lufkin Truck Driving Academy
4	Travis Transit Management	15	Texas State Technical College	25	First Student Houston (1)
5	CR England Premier Truck Driving School	16	Houston Community College	26	Center for Transportation Safety LLC
6	Del Mar College Transportation Training Services	17	First Transit (1)	27	Silver Eagle Distributors LP
7	SWIFT Driving Academy	18	Career Education, Inc.	28	Dallas Area Rapid Transit
8	Stevens Transport	19	CDL School of TX	29	Roadmaster Drivers School
9	Vision Truck Driving School	20	KLLM Driving Academy	30	HEB Grocery Company
10	Continental Truck Driver Training and Education School	21	Great Lakes Testing	31	Ace Driving Academy
11	Road Course Inc./Fort Worth CDL School				

NOTE: These sites provide only school bus driver tests for independent school districts.
 SOURCE: Department of Public Safety.

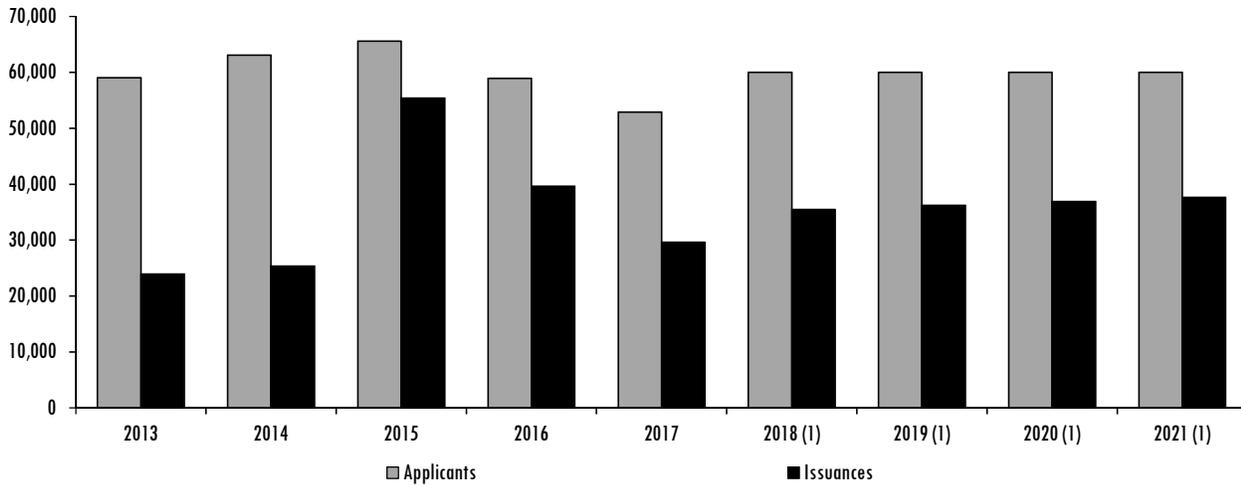
retested up to three times before the applicant is required to reapply for a CDL. A higher failure rate increases the demand for skills tests because some applicants will retake the test to pass. During fiscal years 2015 and 2016, within the previous standards, 16.6 percent and 18.7 percent of applicants, respectively, failed the skills test. In fiscal year 2018, within the current standards, applicants failed 33.3 percent of test components that they completed at DPS testing sites.

Figure 3 shows failure rates by component and test provider. DPS-administered vehicle inspections showed the highest rate of failure. The failure rate for pretrip vehicle inspections administered by TPST providers was less than the rate for inspections administered by DPS. This discrepancy may be a result of better preparation among applicants taking CDL

tests from TPST participants or of potentially inconsistent testing standards, which suggests the importance of continual monitoring of testing providers to ensure that they are administering all components of the test properly.

Of the scheduled skills tests in fiscal year 2018, 22.0 percent of testing components at DPS locations consisted of retests. This percentage indicates that applicants retaking portions of the test account for a significant part of the demand for CDL testing. In an effort to address the higher failure rate, DPS has communicated with stakeholders about the issue, provided study guides for applicants, and developed and posted videos on its website highlighting the knowledge and skills needed to pass the CDL skills test.

FIGURE 2
TEXAS COMMERCIAL DRIVER LICENSE DEMAND
FISCAL YEARS 2013 TO 2021



NOTE: Data for fiscal years 2018 to 2021 is projected.
 SOURCE: Department of Public Safety.

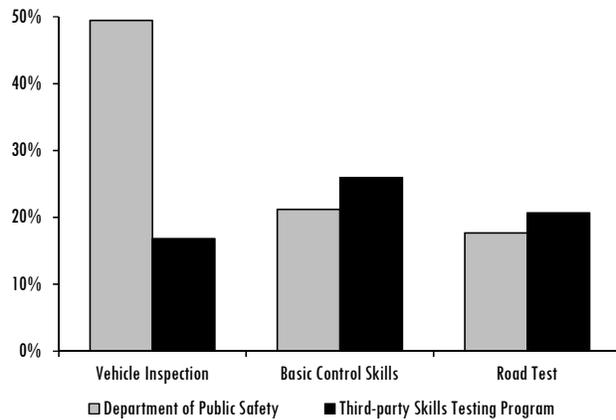
COMMERCIAL DRIVER LICENSE TESTING CAPACITY

DPS has 35 permanent CDL testing lanes at 25 sites and seven temporary lanes at six sites. However, one permanent site had not been assigned CDL examiners to conduct exams as of July 2018. A testing lane is a specific location designated for CDL testing and marked off with cones for the required driving maneuvers. Such a facility space requires thicker concrete to prevent damage from the constant driving of heavy vehicles; therefore, testing cannot take place in a typical parking lot. DPS had 143 CDL examiners conducting examinations at these sites as of July 2018.

A number of factors prevent DPS from utilizing these lanes to their full capacity. First, CDL examiners are often required to perform other duties. CDLs account for about 5.0 percent of business at driver license offices, and CDL examiners often are required to support other driver license services. In addition, although a complete CDL skills examination is estimated to last for two hours, the entire testing process often lasts about three hours because documents must be checked before testing, applicants vary in their examination pace, and examiners must document and close out testing after all components are completed. On average, examiners are scheduled for five testing components per day, which is equivalent to one and two-thirds complete skills tests.

DPS also is limited from fully utilizing capacity at testing lanes by a great number of failures, cancellations, and failures

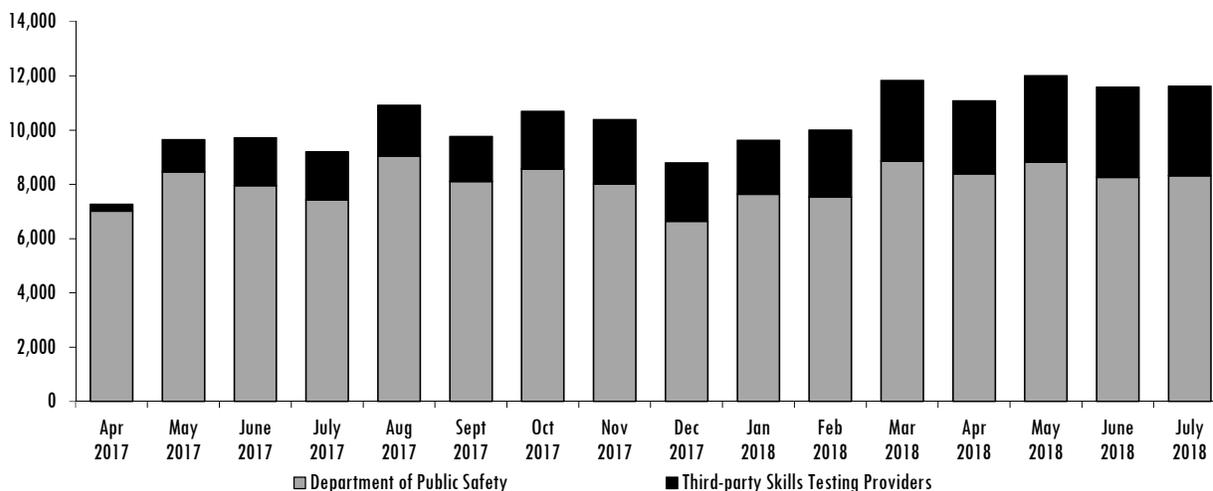
FIGURE 3
TEXAS COMMERCIAL DRIVER LICENSE SKILLS TEST
FAILURE RATES BY TEST COMPONENT
FISCAL YEAR 2018



SOURCE: Department of Public Safety.

to appear for CDL testing. From September 1, 2017, to June 30, 2018, approximately half of scheduled CDL skills test components were not completed. During that period, 160,574 test components were scheduled, but 80,863 were completed due to failures on earlier components of the exam, failures to appear, and cancellations. Therefore, examiners completed 2.5 testing components per day on average, which is equivalent to less than one complete skills test. DPS charges no fee to schedule a skills test, and applicants face no

FIGURE 4
TEXAS COMMERCIAL DRIVER LICENSE SKILLS TEST COMPONENTS ADMINISTERED BY THE DEPARTMENT OF PUBLIC SAFETY AND THIRD-PARTY PROVIDERS
APRIL 2017 TO JULY 2018



SOURCE: Department of Public Safety.

penalty for cancellations or failures to appear. Although some driver license offices maintain standby lists to fill appointment times that are cancelled in advance, other DPS offices are limited in their ability to perform this function.

THIRD-PARTY TESTING PROGRAM

One area in which capacity for CDL testing has grown is through the TPST program. In April 2017, DPS reported six organizations participating in the TPST program. As of June 2018, that number had increased to 50 organizations located in 27 counties. This number includes 24 motor carriers or commercial driving schools, four community colleges, 19 independent school districts, and three school bus providers. From April 2017 to July 2018, TPST providers conducted 21.3 percent of all test components in the state. **Figure 4** shows the growth in TPST-administered examinations. Although the TPST program has grown, tests administered by DPS have not decreased at a corresponding rate. Thus, the TPST program has added testing capacity to the state but has not decreased the demand for state-administered tests.

The growth in the TPST program has been beneficial to companies who participate in the program. Participants in the TPST program have reported its importance in enabling them to continue CDL training programs and meet business needs in a timely manner by authorizing them to test their students or employees. Texas has approximately 28,000 companies, 79 community colleges, 20 education service

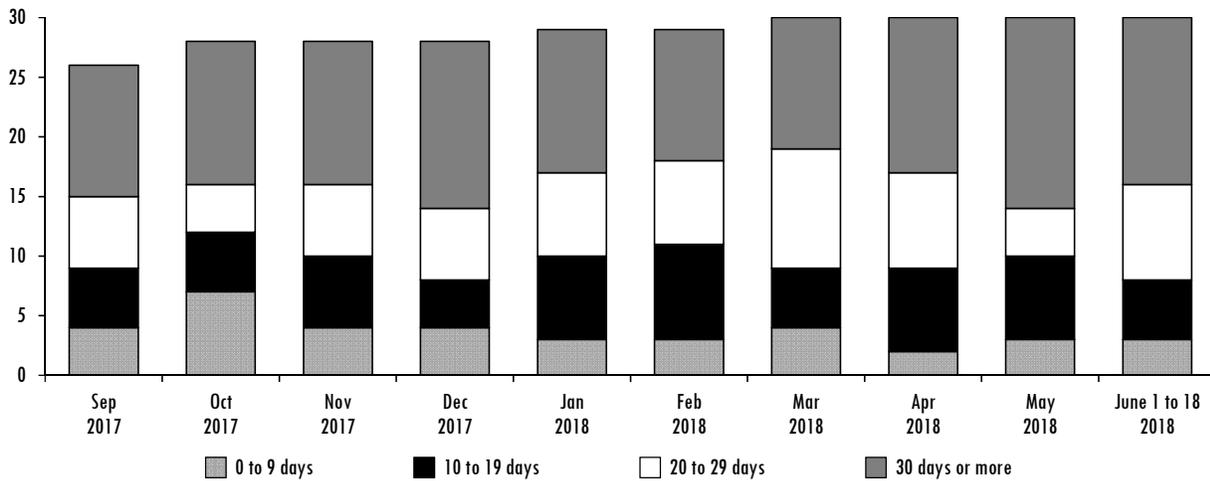
centers, and many larger independent school districts that could become eligible to operate as commercial driver license third-party testers to further expand CDL testing capacity in the state. DPS oversees the TPST program by auditing sites to make sure they are conducting testing properly. DPS estimates that auditors conduct three audits a week on average, indicating that DPS has the capacity to oversee further increases in the TPST program.

COMMERCIAL DRIVER LICENSE TESTING LEAD TIMES

After applicants have obtained commercial learner permits (CLP), they can schedule their skills tests, but they must choose a date at least 14 days after issuance of the CLP. However, skills test appointments may not be available for a longer period, requiring the applicant to wait. DPS measures lead times using the number of days from when an applicant signs up for a skills test to a day when at least two open tests are available. The next available appointment may be available sooner than the lead time measured by DPS.

When DPS first implemented the revised skills testing requirements, lead times increased at 14 CDL testing sites, and the number of sites with lead times of 30 days or more increased from eight to 14 of the 25 sites. However, the average lead time at sites decreased from 30 days on September 20, 2016, to 29 days on October 31, 2016, following implementation of the requirements.

FIGURE 5
DEPARTMENT OF PUBLIC SAFETY COMMERCIAL DRIVER LICENSE TESTING SITES BY LEAD TIME
FISCAL YEAR 2018 (SEPTEMBER 1, 2017, TO JUNE 18, 2018)



SOURCE: Department of Public Safety.

Since October 2016, lead times have decreased. During fiscal year 2018 through June 18, the average lead time at 30 DPS CDL testing sites was 27 days. This lead time means an applicant who scheduled a skills test immediately upon receiving the CLP would have to wait 13 days beyond the required waiting period before a day with multiple testing slots was available. Applicants scheduling tests after the required CLP waiting period or scheduling for retests would have to wait 27 days before multiple testing slots were available. Lead times ranged significantly across testing locations. The Leon Valley Mega Center, which offers testing only for Class B CDLs and school buses, averaged a 3.0-day lead time; meanwhile, the Rosenberg Mega Center averaged a 56-day lead time for fiscal year 2018 through June 2018. Of the 30 sites that performed CDL testing by June 2018, 13 averaged a lead time of 30.0 days or more, and 19 recorded at least one month with an average lead time of 30 days or more. **Figure 5** shows the lead times at CDL testing sites operated by DPS for fiscal year 2018, as of June 18, 2018. None of the active mobile teams had lead times of 30 days or more for any month during fiscal year 2018, and lead times are not tracked by DPS for third-party testing sites.

These lead times can have negative effects on applicants. When applicants' ability to obtain a CDL is delayed, some applicants may choose to pursue other career paths. Many training programs to obtain a CDL are unpaid, so delays in obtaining a CDL result in longer periods of unpaid time and may require retraining to ensure that applicants maintain

their skills. This delay is increased for applicants who fail an exam and must wait several weeks for the opportunity to retake the exam and begin paid employment. Representatives of Texas' trucking industry have reported that this delay can hinder an organization's ability to meet its staffing needs.

COMMERCIAL DRIVER LICENSE TESTING IN OTHER STATES

Every state maintains its own CDL program, and administration and processes for CDL testing vary significantly. Drivers are required to obtain their CDLs in the state in which they reside, although they may perform the skills test in another state where they receive training. In 2015, the U.S. Government Accountability Office (GAO) surveyed the 50 state governments and the District of Columbia regarding their CDL skills testing programs as part of a review of federal oversight of state CDL programs. At that time, 29 states relied on a combination of state personnel and third-party providers to conduct CDL skills testing. Ten states relied exclusively on third-party providers to administer skills test. Eleven states, including Texas, offered tests only through the state. Since 2015, the number of states offering tests only through the state has decreased as some states, including Texas, have introduced third-party programs.

States that rely exclusively on third-party testing providers include Florida, Louisiana, and New Mexico. These three states do not offer testing, and third-party testers are authorized to test public applicants. Texas' program differs

because, except for certain school districts, TPST providers must examine their students or employees. States use third-party testing providers for a variety of reasons, including to increase test availability, augment state resources, decrease wait times, or cut costs.

In Florida, third-party testing providers can charge a fee to applicants for the skills test. The fee is set by each provider and ranges from \$95 to \$600, based on the location and the class of CDL. Fraud has occurred in Florida's third-party testing program. A 2017 investigation by the Florida Department of Highway Safety and Motor Vehicles and FMCSA, found that a third-party tester had conducted fraudulent skills exams. The provider closed, and retesting was required for 1,500 CDL holders. A state auditor's report in 2017 found that the agency lacked appropriate controls to ensure that third-party monitoring was completed on time with proper documentation.

Other states operate a model similar to Texas' combination of third-party testing providers and state test examiners. California, which has the only commercial driver license program larger than Texas', offers state-administered CDL skills tests and a third-party testing program. However, unlike Texas where public and private driver training schools can participate in CDL testing, California authorizes only employers to participate in the third-party program. This limitation is intended to limit fraud because employers have an interest in ensuring that their drivers are well-qualified. However, fraud has occurred at state-run testing sites; in 2017, two California Department of Motor Vehicles employees pled guilty to charges related to their roles in a conspiracy providing applicants who either had not taken or had failed CDL knowledge and skills exams with fraudulently obtained 216 CDLs. Applicants in California must pay a \$35 retest fee if they fail any portion of the skills exam and choose to retest. The California Department of Motor Vehicles has had difficulty meeting demand for commercial driver licenses, resulting in wait times for skills testing. The state considered legislation to address the issue in 2017 that would have required the California Department of Motor Vehicles to meet performance goals for CDL skills test wait times to not exceed 14 days by July 1, 2019, and to not exceed 7.0 days by July 1, 2021. The measure also would require the agency to convene a stakeholder group to develop recommendations on how to meet those goals. This legislation is similar to a federal bill introduced in 2017 that would define a skills test delay as a wait time of more than 7.0 days for applicants who had completed training or needed a retest

and would require states to report quarterly regarding wait times.

New York continues to rely exclusively on state examiners to administer CDL skills tests, similar to the model Texas had until 2017. New York's CDL skills testing is consolidated and, therefore, is not available at every site that offers noncommercial drivers skills testing. Texas implemented a similar consolidation of skills testing sites following the change in federal regulations. Applicants in New York must pay a fee of \$40 to schedule the skills test and must repay the fee for every retest. This fee is in addition to the \$10 application fee to obtain a CLP and the license fee, which varies based on the class and the valid period of the applicant's noncommercial driver license. In Texas, applicants do not have to pay a fee for each retake of the skills exam.

IMPLEMENT A COMMERCIAL DRIVER LICENSE SKILLS TESTING FEE

The changes to DPS' CDL program resulted in the agency shifting resources to sites that met federal regulations. DPS requested \$33.9 million and 101.9 full-time-equivalent positions to expand CDL testing capacity for the 2018–19 biennium, but this funding was not appropriated. DPS reports that it, therefore, was required to decrease other driver license services to meet the federal CDL requirements. Wait times for all customers in driver license offices increased by 6.8 percent from fiscal years 2015 to 2016 and by 12.0 percent from fiscal years 2016 to 2017. Other factors, including population growth and the fiscal year 2017 state agency hiring freeze, also contributed to the longer wait times.

Option 1 would amend Sections 522.023 and 522.029 of the Transportation Code to authorize the Department of Public Safety to collect and retain a fee from applicants to schedule a commercial driver license skills test. The skills test fee would be in addition to the existing CLP fee of \$24 and CDL fee of \$60. Current statute authorizes an applicant to attempt each component of the skills tests three times within 90 days after paying the CDL fee.

Of the 38 other states who administer CDL skills tests directly, 23 require all CDL applicants to pay a test fee before scheduling and completing the CDL skills test that is separate from the CDL fee. These fees range from \$5 in North Dakota to \$250 in Washington. Texas requires only CDL applicants from out of state to pay a \$60 test fee for the CDL skills exam without purchasing a Texas CDL.

A CDL skills test fee would improve test administration by increasing efficiency and decreasing cancellations. When individuals are charged for the services they use, economic efficiency can be improved by matching capacity to demand as the main beneficiaries of the service incur the costs. A fee for CDL skills test also could discourage failures to appear because applicants would be more motivated to attend an appointment they paid for in advance. Optimal efficiency is achieved when user fees are set to the marginal cost, which is the cost of providing one additional unit of the service. For a CDL skills test, the optimal fee would therefore cover the cost to DPS of administering one additional skills test. For tests administered by DPS, a \$46 fee would approximately cover the cost of two hours of an examiner's time, which is being used for CDL testing instead of other driver license services. To ensure that the fee continues to cover costs associated with commercial driver license skills testing, DPS can be authorized to set and update the CDL skills test fee amount based on cost calculations or inflation. One potential consequence is that a fee may decrease the number of individuals who complete CDL skills exams by increasing the entry cost. The fee would not apply to applicants who are tested through the TPST program; the state does not regulate fees charged by TPST providers for tests they administer.

The skills test fee would increase the total cost for an applicant to obtain a CDL with DPS testing from \$84 to \$130. In the other 38 states that offer CDL testing through the state, the cost to obtain a five-year commercial driver license, including all permit, testing, and licensing fees, ranges from \$30 to \$420 with an average of \$115 as of 2018. Among these states, 24 states have greater total costs than Texas. If a fee of \$46 is implemented in Texas, 13 states would have greater costs to obtain a CDL.

Option 1 also would include a contingency rider in the 2020–21 General Appropriations Bill to appropriate the CDL skills test fee revenue to DPS for use in driver license services. Revenue that DPS collects through driver license fees is deposited in the Texas Mobility Fund and is not used to support DPS driver license services. Appropriation of a CDL skills test fee would augment DPS' resources and would enable DPS to address capacity constraints for CDL skills testing without diverting resources from other driver license services. The rider would require DPS to develop a plan for expanding CDL skills test capacity at existing CDL testing sites and through the TPST program utilizing the fee revenue. Potential uses of the additional resources include promoting and administering the TPST program or

dedicating more staff to CDL skills testing without removing staff from other driver license functions.

Some states use other incentives to encourage applicants to attend scheduled skills test such as charging applicants only for tests beyond the first or charging a fee if the applicant does not attend the scheduled appointment. Such alternatives could address the increased number of failures or the rate of failures to appear without raising the initial cost of taking an exam. However, these alternatives do not reflect the cost of each examination given by DPS.

FISCAL IMPACT OF THE OPTION

Option 1 would increase revenue and appropriations in an equivalent amount and, therefore, would be cost neutral. The actual amount of increased revenue and appropriations to DPS would depend on the amount of the test fee and the number of skills test that DPS conducts during the year, which can vary depending on industry needs, failure rates, and the number of tests conducted by third parties. **Figure 6** shows estimated revenues and appropriations if DPS conducted 40,000 tests per year and the CDL skills test fee was set at \$46.

FIGURE 6
FIVE-YEAR FISCAL IMPACT OF \$46 COMMERCIAL DRIVER LICENSE SKILLS TEST FEE, FISCAL YEARS 2020 TO 2024

YEAR	PROBABLE REVENUE GAIN/(LOSS) IN GENERAL REVENUE FUNDS	PROBABLE SAVINGS/(COST) IN GENERAL REVENUE FUNDS
2020	\$1,840,000	(\$1,840,000)
2021	\$1,840,000	(\$1,840,000)
2022	\$1,840,000	(\$1,840,000)
2023	\$1,840,000	(\$1,840,000)
2024	\$1,840,000	(\$1,840,000)

SOURCE: Legislative Budget Board.

The introduced 2020–21 General Appropriations Bill does not include any adjustments as a result of this option.