

ARIZONA JUDICIAL COUNCIL

Request for Council Action

Date Action Requested:	Type of Action Requested:	Subject:
June 19, 2017	<input checked="" type="checkbox"/> Formal Action/Request <input type="checkbox"/> Information Only <input type="checkbox"/> Other	Defensive Driving - ACJA § 7-205

FROM:

Mr. Mark D. Wilson, Director, Certification and Licensing Division

DISCUSSION:

Pursuant to A.R.S. § 28-3391 *et. seq.* and ACJA § 7-205, AOC regulates the defensive driving diversion program. As presented at a previous meeting, in recent years there has been rapid growth with regards to the number of schools providing the defensive driving courses, AOC has received suggestions that the AOC website should be improved and AOC has received comments that the course curriculum should be updated.

AOC has reviewed these topics and sought additional comments from the defensive driving schools. While AOC has not developed specific code language addressing these topics, its review of the topics has allowed AOC to reach certain general conclusions regarding how the topics should be addressed. AOC's conclusions/proposals are not universally accepted by the regulated community and therefore AOC is requesting direction from AJC concerning (i) AOC's proposals and (ii) direction regarding how to proceed.

AOC is proposing to address each topic as described below:

Rapid Growth of Schools AOC believes that the number of schools certified and/or the number of schools that an individual may own should not be limited. AOC further believes, however, that in order to be certified and placed on the AOC website, each school should have a curriculum that is substantially different than the curriculum of all other schools.

Website Improvement AOC's website and IVR are the most common means by which a driver seeking to participate in the diversion program identifies a defensive driving school. Presently, AOC's website generates a randomized list of the schools with limited sort functions. AOC proposes modifying its present defensive driving website to (i) allow the driver to more easily sort by language, and classroom vs online classes, and (ii) to improve the site to allow the student to search by location of a class, time of a class and the school cost to attend a class. These improvements will require additional data input by the

certified schools. AOC is studying whether similar changes can be made to the IVR.

Update Course Curriculum It has been a number of years since the ACJA has been amended to update course curriculum requirements. AOC proposes that the curriculum be studied and updated.

In addition, in order to implement the proposals, AOC proposes modifying the present certification periods. Currently, each school's certification expires on October 31st of an odd numbered year. AOC proposes amending the expiration date so that all certifications will expire on October 31st of both 2017 and 2018. After which time the expiration date would again become October 31st of each odd numbered year. The renewal fees would be reduced by 50% for these two renewal years

Finally, AOC had proposed to the defensive driving school owners that the owners could present written comments to AJC. Six owners elected to do so. AOC has attached those written comments without modification or comment by AOC.

RECOMMENDED COUNCIL ACTION:

AOC request that the AJC take action that directs AOC to:

1. Draft amendments to ACJA § 7-205 which would require that each school have curriculum substantially different that all other schools. Upon completion of the normal amendment review process, the draft amendments are to be submitted to AJC for review and further action.
2. Draft amendments to ACJA § 7-205 which would require the AOC website to, among other things, allow a student to sort by classroom vs online and search by language, location, time and cost. Upon completion of the normal amendment review process, the draft amendments are to be submitted to AJC for review and further action.
3. Draft amendments to ACJA § 7-205 which would update the required course curriculum. Upon completion of the normal amendment review process, the draft amendments are to be submitted to AJC for review and further action.
4. Take such action as necessary to temporarily modify the certification period for defensive driving schools so that certificates that expire on October 31, 2017 will, upon satisfaction of all renewal requirements, be renewed for a one year (October 31, 2018). Likewise, certifications expiring on October 31, 2018 if renewed will expire one year later (October 31, 2019). On November 1, 2019, the renewal period is to revert to the two year period. A reduced renewal fee would be implemented for the affected renewal cycles.

Review of AOC Proposed Program Changes
for the
Arizona Defensive Driving School (DDS) Program

Prepared for the Arizona Judicial Council

Submitted by Regis Registration Systems, llc
(DBA RIGHT TURN Traffic Schools)

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Executive Summary

Many smaller DDS schools along with three large national schools (hereafter referred to as “Schools”), have stirred the legislative waters in Arizona with terms such as “fraudulent”, “scam”, “misleading”, “funneling”, “unfair” and “free market” when referring to the Defensive Driving School (DDS) program in Arizona. This was done in an attempt to pass legislation that would drastically change the landscape of the DDS program and be most favorable to the bill’s sponsors.

More specifically, their desire is to reverse the DDS program governance that has been in place for over eight years and to disallow the use of DBA names for schools. During this last legislative session, the Schools introduced a bill (HB2261) that would have dramatically changed the program. They argued that businesses (schools) in Arizona with multiple licenses fraudulently secured their licenses by using DBA’s and that this practice has harmed the public (students).

For the record, it should be noted that the bill was held in committee. Chairman Campbell did, however, ask that the two sides try to work towards a compromise solution.

What the Schools have failed to say is that over the past couple of years they have lost significant market share and that this is, in fact, their driving concern. The driving issue for the larger national schools that are involved in funding the effort is up for debate.

The proposal being submitted by the AOC to the AJC for consideration with respect to changing the DDS program is basically the same concept that was sought by the Schools in their legislative efforts (i.e. a “one business-one name” solution). In essence, the AOC proposal is simply a reallocation of revenue.

The facts of the matter at hand are that the AOC has stated the following:

- The use of DBA’s is authorized in the program and that the multiple-license schools have done nothing wrong.
- The AOC has NEVER received a complaint from students regarding the use of DBA’s.
- In a recent survey of 3,000 students (where 11.3% responded), there were no complaints having to do with the use of DBA’s.

In fact, the only complaints the AOC has received about the use of DBA’s have come from the Schools “reporting” that they have received complaints from students.

It is not debatable that the use of DBA’s was authorized by the AOC back in 2009. It is also not debatable that rules have applied equally to all businesses (schools) and that all schools have had an equal opportunity under these rules to invest and grow their business or not.

It is also a fact that the AOC has treated all license applications (DBA or otherwise) as stand-alone entities. Each application is approved independently by the AOC and requires a separate license application, \$5,000 license fee and all other requirements to be met.

Some schools have elected to invest in their systems, processes, personnel and licenses and some schools have not. The schools that have made the investments have helped to raise the bar in the program over the past few years and to provide a better program for students. Those that have not invested in their business are now asking for a “do over”.

There are many challenges with the current AOC proposal, but one important issue that is not addressed is the return of the license fees paid by the multiple-license schools. The licenses in question are stand-alone perpetual licenses that could only be lost if a school did not follow the statutes and rules, caused certain problems in the program or didn't pay the license renewal every two years. It seems blatantly unfair that the schools who have followed the rules, supported the Courts desire to improve systems and processes to provide a better-quality program and invested in the program, are now being asked to bare the brunt of the proposed changes. It is bad enough that in a single second the proposed changes have destroyed business valuations and wasted investment in systems, processes and personnel, but then to not address the return of the license fees is truly unimaginable.

We are not against changing the DDS program for the better. We actually think a more student-centric program would be best for the industry as well as the students. To this end, we submitted a proposal to the AOC that would be more student centric and also provide a compromise solution for all parties. Unfortunately, the request by the legislature to “fix the problem fast” did not leave time for open discussion with the AOC on this program solution. (The proposal is included as Attachment “A” in this document and can be found on page 13.)

A separate, but closely related issue that has also not been addressed in the AOC proposal is that of data security. We are all aware of the threats to personal information falling into the wrong hands in today's world. That threat is not something we can avoid addressing. To this end, we have prepared another proposal for a business model that will significantly enhance the current program. We think this issue should be a key part of any changes to the DDS program. (This proposal is included as Attachment “B” in this document and can be found on page 21.)

In summary, the DDS program governance that has come into question has been in place for over eight years without any negative comments regarding the use of DBA's from students. If the program is to be changed, we should take the time to produce a more student-centric program as well as address every issue including data security. The DDS program is too important to make changes based on a knee-jerk reaction to claims by Schools that are unsubstantiated. Additionally, any changes that are made to the program should not place the entire burden on the backs of one group of schools.

Regis Background

Regis Registration Systems, llc (Regis) is a small Arizona-based business that develops registration and integrated business management software.

We started in 2011 with the concept of developing software for small businesses (schools) that were involved in the defensive driving, traffic school and drivers education marketplace. Our software was first put into production in 2014 in Arizona.

For a number of reasons, we decided not to pursue selling our software and to become a defensive driving school in Arizona. We then purchased fifteen (15) RIGHT TURN multiple-license schools from AAAA Driving School Corporation (AAAA), a company we have been working closely with for some time. We completed the transaction in November of 2016.

Of course, Regis notified the AOC of our intent to purchase the schools from AAAA, completed the application and met all the AOC requirements for the purchase.

In December of 2016, Regis applied for, and purchased, five (5) additional school licenses.

Until now, we have continued to increase our investment in our Arizona software along with our online course and deliver the best possible student experience that we can.

As you may now surmise, our investment in the DDS program in Arizona is quite substantial. Of course, the main beneficiary of our investment has been the students of the DDS program as we have delivered systems, processes and services that have helped to substantially raise the bar in Arizona.

Recent Events

Over the past few months, many single-license schools and a few schools holding a small number of licenses (hereafter jointly referred to as the “Schools”) all joined with three large nationwide defensive driving schools in an attempt to change the landscape of the Defensive Driving School (DDS) program in Arizona. More specifically, their desire was to reverse the DDS program governance that has been in place for well over eight years. These Schools want to limit the number of DDS licenses that any one business may own and operate in the state of Arizona.

The initial attempt by the Schools was to do away with the AOC website that posts the names of all schools licensed by the Supreme Court in Arizona for the DDS program. It was critical that this attempt to change the program be defeated because in the current Arizona model, schools must collect all fees (including state, court and school) and are also responsible for determining the eligibility of the student. As such, traffic schools are responsible for managing a substantial amount of student fees most of which is state and court fees, but more importantly, the schools must collect and analyze student information (driver license and violation). Both of these facts dictate that there must be a process by which the student can easily verify that the school they are dealing with is a legitimate school and not one that is set up to scam students out of their money and worse, their identity. Without a website that students could use to identify legitimate Arizona licensed schools, the Arizona DDS program would implode because of lost funds, identity theft and license suspensions that would start occurring if students went to scammer websites.

Given this initial defeat, the Schools then lobbied for a “one school-one license” solution, which obviously is intended to limit or restrict the school names being presented on the AOC website.

It also should be noted that the lobbying efforts with the legislature by the Schools took place without the knowledge of the multiple-licensed schools. In fact, the bill being considered (HB2261) was on its third reading and ready for a committee vote when it came to the attention of Regis and other multiple-license school owners.

The lobbying efforts of the Schools prior to the involvement of the multiple-license schools was successful in that it has created a perception in the legislature that the activities of the multiple-license schools have been fraudulent and unfair.

In summary, the Schools are asking that the DDS program be reset to meet their needs without any regard for the schools that have invested time and money in licenses, systems, processes and personnel to raise the overall quality of the DDS program. Over the past eight plus years, all schools have had the same opportunity to expand their businesses. Some have taken on the challenge and some have not; but each was given the same opportunity.

Claims and Facts

The one big obvious question is whether or not the claims put forth by the Schools are true. The following addresses the claims made by the Schools:

1. Claim Number 1 –Multiple-license schools are fraudulently using DBA names and manipulating the program.

Here are the facts:

- a. The use of DBA’s to obtain traffic schools licenses was approved by the AOC many years back.
 - i. The AOC addressed this issue in a meeting with school owners on June 17, 2009 in which the AOC explained the change. In the meeting, the AOC clearly stated that the use of DBA’s was acceptable.
- b. All school licenses, including those using a DBA, have been treated by the AOC as stand-alone school applications. As such, each time a business applies for a license, it is required to:
 - i. Complete an application.
 - ii. Pay the \$5,000 licensing fee.
 - iii. Show the ability to manage the business.
 - iv. Have unique trust accounts for state and court fees.
 - v. Provide online and classroom course materials to be approved by the AOC.
 - vi. Receive registration website approval from the AOC.
 - vii. Receive online format approval from the AOC.
 - viii. Receive online and classroom course material approval from the AOC.
 - ix. If a school is using a DBA they are REQUIRED to disclose that is the case to the AOC.
 1. DBA’s are required to be registered with the Secretary of State in Arizona.

- x. The AOC has always recognized the benefits to the student with respect to economies of scale for a business and never required differentiation among schools except for the school name.
- c. All school owners have had the same opportunity to invest in their business.
 - i. The AOC has applied the rules equally to all businesses. Some chose to invest and some opted not to invest in systems, processes, personnel and licenses.
 - ii. Some schools that have entered the market in the past few years have grown larger than schools that have been around for 10-plus years because of investments made in systems, processes, personnel and licenses.

2. Claim Number 2 - Students are confused and harmed by the use of DBA's.

Here are the facts:

- a. The AOC has NEVER received a complaint about the use of DBA's from any student; not one SINGLE student.
- b. The AOC just recently completed a survey of 3,000 DDS students and of the 11.3% responding, they did not receive a single complaint about the use of DBA's.
- c. The only complaint received by the AOC regarding the use of DBA's is from the Schools. These are the same schools that have been losing market share.
- d. Their claim doesn't differentiate between branded and non-branded schools.
 - i. There are two types of multiple-license schools: branded and non-branded. Non-branded schools are those whose names are different and you cannot tell by the name that certain schools are related or not. Branded schools are those who identify themselves in a manner that clearly links the schools together. This is not to say one concept of school naming is necessarily better or worse than the other. However, the Schools' claim that students can't tell that two schools share the same owner, erroneously includes branded schools.
 - 1. Their claim has numerous flaws:
 - a. First, it is EXTREMELY rare that a student would stop mid-course and want to go to another school.
 - i. It is probably NEVER the case for a classroom student, because they go to class and once the 4-hours are over with, they have completed the class.
 - b. Since students are one-time users of traffic school every 12 months, they typically don't remember the school they used previously. Name recognition is typically very poor in this industry, so it is possible that a student may select the same school the next time they require a traffic school course regardless if DBA's are utilized or not.
 - c. The opposition's argument does not differentiate between the branded and non-branded schools. Their argument does NOT apply to branded schools and certainly not to RIGHT TURN Traffic Schools.
 - i. All RIGHT TURN traffic schools names begin with "RIGHT TURN".
 - ii. On each of the website landing pages for each RIGHT TURN school we have a tab on the top

navigation bar for “About Us”. Clicking on the About Us tab produces a drop-down menu that includes a selection for “Our Schools”. From day one, we have always explained our business model and named every one of our schools on this website page.

- e. In the latest student survey conducted by the AOC, the AOC reported, “... that the good news is that the students are generally happy with the program”.

3. Claim Number 3 - Multiple-license schools are “scamming” the system.

Here are the facts:

- a. The program rules have been explained to all schools and have been in place for years. Each school must operate by the same rules.

4. Claim Number 4 - Multiple-license schools have found a way around the rules.

Here are the facts:

- a. Again, the AOC approves ALL licenses on a stand-alone basis. If multiple-license schools did not follow the rules, they would either not be granted their license or have lost their license(s).

5. Claim Number 5 - Multiple-license schools use the same phone number and personnel to answer the phone.

Here are the facts:

- a. Yes this is correct. It is quite often referred to in business as economies of scale and an attempt to drive efficiency and keep costs down.

6. Claim Number 6 - Multiple-license schools have the same website for all their schools.

Here are the facts:

- a. Actually, some do and some don't. There is no specific requirement to have different websites.
 - i. For those using the same look and feel for landing pages (or websites) this would be a brand strategy.
 - ii. Using the same landing page look and feel for all landing pages (or websites) also falls under the economies of scale heading.
 - iii. Integrating landing pages with a single transaction engine, once again, falls under the economies of scale heading. The use of a single transaction engine offers efficiencies and capabilities that benefit the student. The efficiencies help keep costs down and also the opportunity for lower school fees.

7. Claim Number 7 - Multiple-license schools DON'T have the same website for all their schools.

Here are the facts:

- a. Ironically enough, the Schools also have made the opposite argument to claim number 6. Again, some do and some don't.

8. Claim Number 8 - The AOC is providing "Free Advertising" on its website for schools.

Here are the facts:

- a. The AOC lists every school that has been granted a license on its website. As previously explained, each school license (DBA or otherwise) is treated by the AOC as sole and separate and goes through the same approval process and is required to pay the same licensing fee.
- b. The AOC website randomly displays the schools names based on an algorithm that only the AOC knows.
 - a. The names do NOT move up or down on the website list in a specific order. In other words, a school that is number 76 on the list could be number 1 the next time a person clicks on the specific county.
- c. It should also be clarified that on the AOC website, when a student clicks on a county, the student is shown between 6-12 schools. The number of schools shown is dependent on the size of screen that the student is using. The student may then scroll down to find additional schools.
 - a. Just as it is beneficial to appear on the first page of an internet (Google as an example) search, it is beneficial to appear as one of the schools in first view on the AOC website.
- d. Of course, if the AOC were truly providing "Free Advertising", then all schools would take advantage of it. The truth, however, is that appearing on the AOC website is anything but "free".
 - a. In reality, the cost to appear on the AOC website is much more than the cost of the license itself. The real costs are associated with the approval process and the systems, processes and personnel that are required to be a multiple-license school.

Why Is There An AOC Proposal To Consider

The first question that needs to be asked is, "What is driving the AOC proposal that the AJC is being asked to consider?" The answer is that the legislative branch has asked the AOC to "...fix the problem fast".

The next question to be asked is "What is the problem?" The answer to this question cannot be found coming from the students (as we have already explained). The problem is that the legislative branch now believes, based on the input from the Schools, that multiple-license schools have "cheated the system" and are "fraudulently" using DBA's all of which have hurt the student and the Schools.

So why didn't the legislative branch pass a law changing the program this past legislative session? The Schools lobbyist told legislators that all schools were contacted and that all were in favor of the proposed bill. When legislators found out that this wasn't the case and listened to arguments presented by multiple-license schools, the bill was held. Other attempts for a "strike all" bill were also defeated. The legislators have asked that the two sides get together and work out a compromise.

The Challenges of the AOC Proposal

- Reallocation of Revenue -

The AOC proposal is basically a reallocation of revenue among all schools. It provides a "redo" or second chance for those schools that have not invested in their systems, processes, personnel and licenses to grow their business. In essence, it is a "one school-one name" solution".

The basis for this reallocation of revenue is simply the claims being made by the Schools of fraud, unfairness and student harm, all of which we have shown to be unsubstantiated.

We believe that if there is going to be a change made to the DDS program, that the reason for the change should be something other than some competitors losing market share. To this end, please reference the sections found later in this document entitled "A New Program Proposal" and "Data Security".

- Quality is the Goal -

The AOC has stated that it wants to drive more quality into the program. We actually agree with this objective, however, quality costs money. By reallocating revenues, the AOC is, in fact, placing a lid on investment in the program. There won't be any money to continue to "raise the bar" in the program. To provide an example, we invested over \$100,000 in developing an online course format (not the material) to meet the current program requirements (including eligibility and participation questions) along with ensuring students could use any browser and any device type to take our online course. This all pays off in students that are pleased with the program, however, this all costs money.

- Classroom and Online Selection Process -

We agree with the AOC proposal with respect to modifying the classroom class presentation on the AOC website (we actually are one of the first schools to suggest it). This solution is actually student-centric.

The problem we see is that the AOC did not consider a similar out-of-the-box approach to dealing with the online school selection process. Again, we will refer you to the section later in this document entitled "A New Program Proposal" for additional thoughts regarding the online selection process.

- Display Price on the AOC Website -

The AOC is proposing that one of the changes to their website be that the price of the course be displayed for all students to see. The AOC has stated that the driving force with respect to this

item is that the students responding to the latest survey stated that the cost of the program was a major concern. We actually agree with the students, however, the cost drivers for the program are the court fees and then the state fees. School fees run a distant third as a cost driver.

While we don't have any issue with price competition, we do object to the fact that this aspect of the proposal basically assumes that the service level and quality of the course provided by all schools are equal and that is simply not the case.

If price is going to be displayed on the AOC website, then a qualitative measure for a school should also be included. Which school would you prefer to register with, a school charging \$10 for their course or one charging \$20? Now, what if it were known that the school charging \$10 received a student rating of 47 (out of 100) and the school charging \$20 received a student rating of 96.

There are many aspects to a traffic school that can't be measured by price alone. All schools are NOT the same. Do they have staff to answer phones 8am -7:30pm? Can you get answers to your questions when you need them? Do they operate out of their house or do they have a commercial business office? What is their refund policy? How efficient and easy to use is their registration process? Is the registration process informative? Do they charge you extra to pay by credit card? Do they use text messaging and email to communicate with the student so that the student is well informed? What is the quality of their online and classroom course material? How many problems have they had with the courts? How many students had their license suspended because of an error by the school? How does the school secure the personal information of the student? Is all key student data encrypted? Do they operate from a desktop or server in a closet, or do they have an off-site data recovery storage and recovery solution?

- Return of Fees Paid for Perpetual Licenses -

A major error in the AOC proposal is that it does NOT address the fees paid by multiple-license schools for the licenses themselves. The licenses are perpetual licenses that can only be lost if a school is found to be operating out of program statutes, policies or rules, cause major or continual problems for the courts or students, or not paying the license renewal fees for each license.

Clearly the changes being proposed by the AOC have not been driven by problems within the program, so any changes that are being proposed cannot be considered a change in statute, policy or rules for any other reason than to address the request of the legislature to "...fix the problem".

It should be noted that the license fees are only a small portion of the cost it takes to operate a multiple-license school business. The costs of developing systems, processes and personnel far outweigh the cost of the licenses.

A New Program Proposal

We believe that for the benefit of the DDS program in Arizona that any program changes should be student-centric. (Interestingly enough, after providing our student-centric program model proposal, the Schools began labeling their "one school-one name" (no DBA's) demand as being "student-centric".)

We are attaching a copy of our student-centric proposal that we presented to the AOC so that you may understand that there are other options than what is being presented by the AOC. (Please see Attachment “A” found on page 13 of this document.)

Data Security

As we all know, data security is a major concern these days. Even the largest of companies have been hacked and personal identification information stolen. As an industry, we need to proactively address this issue.

Current statute requires all schools to protect data, but due to staffing and other budget limitations, the AOC is not able to audit this important aspect of the program. If the AOC is not able to audit the schools in Arizona, how is it possible for them to audit the schools in other states.

No personal identification losses have yet to be reported, but clearly the barn door is open and the threat is there. Arizona drivers are sending their information all over the US with little or no assurance of protection.

We are attaching our data security proposal to this document also. (Please see attachment “B” found on page 21 of this document). This proposal is really a stand-alone proposal from the current AOC proposal; however, the solution to this issue should be included with any revised DDS program.

Summary

The AOC proposal being presented for consideration should not be taken lightly. The implications and shortcomings of the proposal are considerable. We recommend a committee be formed to work through the issues that have been presented. If changes are to be made to the program, then the basis for the changes should only be to create a truly student-centric program with careful consideration given to data security.

Lastly, the multiple-license schools must not be left bearing the weight of any program changes. Multiple-license schools have already seen their business investment evaporate, their business valuations destroyed and risk the loss of 60-70% of their current revenue. The issue of the perpetual license fees paid by the multiple-license schools must be addressed.

Attachment A

Arizona Defensive Driving School Program

Program Review and Recommendations

Submitted by Regis Registration Systems, llc
(DBA RIGHT TURN Traffic Schools)

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Taking a step back as a multiple-license school owner and trying to approach this issue as a disinterested party, it is very clear that any new program solution must be student-centric. Any proposal that is truly not student-centric is only intended to change the program to favor one side or the other and really leads more to a zero-sum game solution rather than to a compromise solution that may be best for the industry.

In order to provide a more student-centric DDS program and one that provides equal opportunities for all schools regardless of the learning environment that they participate in or the level of investment in systems, processes and customer service, we propose the following four-part program solution:

1. Modify the current AOC website process to initially identify the learning environment that the student is interested in.

This modification would entail changing the AOC website such that a student would first have to select the course environment (classroom vs. online) prior to being presented any school information.

The website page that is presented after the student clicks “For the next page, [CLICK HERE](#)” on the AOC website would read as follows:

Welcome to our Defensive Driving Program Information Website

You may attend ANY Arizona Certified Defensive Driving School, but you must contact the school to register for class.

Once you select your preferred course environment, you will be presented school information in the most meaningful format associated with your preference.

Please Select the Course Environment That You Prefer:

Classroom Only

Online (Internet) Only

Display Both Classroom and Online

You may change your mind and come back to this page at anytime during your defensive driving school selection process.

When a student selects the “**Classroom Only**” option, the student would be taken to the following website page:

Welcome to the CLASSROOM School Page

You have chosen to view schools that only offer classes in a classroom teaching environment.

Once you enter an address, we will display the classroom classes that are closest to the address you entered.

Classes will be listed initially by mileage from the location you enter; however, you will have the opportunity to sort the information by date and time of the class, day of the week and other such options.

*** Please remember that you must register with the school in order to ensure availability of a particular class because we do not track or manage the number of students enrolled in each class on this site. ***

**** Please remember that you MUST complete your class 7 days prior to the court date that appears on your traffic ticket and therefore you should NOT CONSIDER any classes that are outside this date. (If the court granted you an extension, then you must complete your class 7 days prior to the extended court date.) ****

Please provide the following address information so that we may display the classroom classes that would be of most interest to you:

Street

City

State

Zip Code

It is important to note that the student may also be given the opportunity to enter a zip code versus an entire address. Sometimes the student may prefer this option, however, based on the fact that the use of a zip code requires logic that calculates the starting point as the middle of the zip code zone or area, the mileage and the results (i.e. closest classroom classes) may be somewhat skewed.

Currently, the AOC requires each school to submit their classroom schedules (class dates, times and locations) as well as any classroom cancellations that may occur to the AOC on

a continuous basis. This new process would be a self-auditing feature as no classroom class information would be displayed on the AOC website unless the school provided the classroom information to the AOC (again, as is currently required).

One last consideration for this aspect of the proposal would be to ask the student what their court date (or court extension date) is and then subtract seven days from the date provided to determine the classroom classes that are displayed to the student. If this is not done, then the list presented to the student must be limited by either distance (mileage from the student address... such as 15 miles), or a date range (as an example... maybe 30 days or 45 days out from the current date).

We invite you to visit our website (www.RightTurnTrafficSchool.com) to see how this proposed solution may work. We have been using this solution for almost three years now. If you visit our website and click on the “Class Schedules” tab, you will see the use of zip codes to provide classroom information to students. If you click on the “Register Now!” tab and go through the registration process, in step 3 of the registration process you will see the use of the student’s street address to present classroom class information. In both cases, the student’s initial court date or court date extension is used to limit the presentation of classroom information to what is of specific interest to the student.

Based on the address information submitted, the following page would be displayed with the default sort criteria being distance from the address that was input by the student.

Defensive Driving School Class Schedule

You may limit the classes presented by:

City:

Date(s): to

Day of Week:

Language:

Information may be sorted by clicking on the arrows in the column headings.

MILES	CITY	SCHEDULE	DAY	LOCATION	LANG	MAP	SELECT
5.4	Tempe	04/01/2017 9:00 AM-1:00 PM	Saturday	Marriot Resort 6820 S. Harl Ave Tempe, AZ 85283	English	Map	<input type="radio"/>
5.4	Tempe	04/08/2017 9:00 AM-1:00 PM	Saturday	Marriot Resort 6820 S. Harl Ave Tempe, AZ 85283	English	Map	<input type="radio"/>
5.4	Tempe	04/15/2017 9:00 AM-1:00 PM	Saturday	Marriot Resort 6820 S. Harl Ave Tempe, AZ 85283	English	Map	<input type="radio"/>
5.4	Tempe	04/22/2017 9:00 AM-1:00 PM	Saturday	Marriot Resort 6820 S. Harl Ave Tempe, AZ 85283	English	Map	<input type="radio"/>
10.1	Chandler	04/05/2017 5:00 PM-9:00 PM	Wednesday	Hampton Inn (Gold Room) 1231 South Spectrum Blvd. Chandler, AZ 85286	English	Map	<input type="radio"/>
10.1	Chandler	04/12/2017 5:00 PM-9:00 PM	Wednesday	Hampton Inn (Gold Room) 1231 South Spectrum Blvd. Chandler, AZ 85286	English	Map	<input type="radio"/>
10.1	Chandler	04/19/2017 5:00 PM-9:00 PM	Wednesday	Hampton Inn (Gold Room) 1231 South Spectrum Blvd. Chandler, AZ 85286	English	Map	<input type="radio"/>
12.0	Phoenix	04/03/2017 6:00 PM-10:00 PM	Monday	Howard Helms Motel 4410 E Paradise Valley Parkway S Phoenix, AZ 85032	English	Map	<input type="radio"/>
12.0	Phoenix	04/06/2017 6:00 PM-10:00 PM	Thursday	Howard Helms Motel 4410 E Paradise Valley Parkway S Phoenix, AZ 85032	English	Map	<input type="radio"/>

** Please note that the classroom information display and associated processes utilized to facilitate this display are copyright protected and are also subject to additional intellectual property protections. ALL RIGHTS ARE RESERVED by Regis Registration Systems, llc. Permission to use any Regis Registration Systems, llc intellectual property can only be granted in writing by Regis Registration Systems, llc. In the interest of developing a

more student-centric DDS solution, Regis Registration Systems, llc is willing to allow the AOC, and only the AOC, to use its intellectual property at no charge. **

The column that currently reads “Location” would also display the school’s name on the top line of the location information.

The information that is displayed in the “City”, “Schedule”, “Day” and “Location” columns may be changed to the primary sorting function by clicking on the arrows in the column headings. (The data may be resorted by mileage again by simply clicking on the arrows in the “Miles” column.)

When the radio button in the column labeled “Select” is selected, the student would be taken to the website of the specific school.

The student would be able to return to this page on the AOC website after visiting the school website by deleting the new tab in the browser or clicking the back arrow.

In essence, there is NO AOC listing of schools for the student to review prior to seeing the classroom options and therefore there is no longer an issue with the number of schools (or licenses) a business (school) has with respect to this aspect of the AOC website.

This solution basically eliminates any benefit or need for a business (school) to display multiple school names on the AOC website for classroom selection.

2. The next issue to be dealt with is the IVR (phone) system. Some students may use this system seeking to identify a school to call for a classroom class. If the student prefers to use the IVR system to identify a DDS program certified school, then the current system should be used with modifications as discussed in the Online (Internet) Only solution in section 3 of this document.
3. When the student selects the “**Online (Internet) Only**” option or the “**Display Both Classroom and Online**” option, the student would be taken to the same website page that currently exists. The page would function exactly as it currently does with some exceptions as explained below.

The first exception to the current process is that there would be a limit to the number of licenses any business (school) may have. The limit would be based on the solutions/ services offering that a school provides.

Currently, the AOC and the statutes require certain systems and process to be performed by all schools. This is the basis for getting licensed as a school. Beyond these base requirements, however, there is much more that a school could provide in terms of services and solutions. These additional services and solutions are student-centric and should be the basis for awarding additional licenses. The additional services and solutions have a cost associated with them and the additional licenses provide a means to cover the investment and/or on-going expense of offering the additional services and solutions.

This concept is not intended to pass judgment on any business model. A school may elect whether or not they want to provide any of the additional services and solutions.

The following list provides examples of services and solutions that may be used for determining the number of licenses a school may apply for:

<u>Solution/Service</u>	<u>Number of Licenses Available to a Business for Providing a Solution/Service</u>
* Classroom Course Offering	
- English	1
- Spanish	1
* Online Course Offering	
- Licensing of 3 rd party course material/solution	
- English	1
- Spanish	1
- Creation of own course material/solution	
- English	2
- Spanish	2
* Efficacy Proven Course	2
* Live Customer Support	
(M-F 8am-7:30pm - Sat –Sun 10am- 4pm)	1
* Credit Card Acceptance w/Cost Included in Course Price (as displayed on front page of website)	1
* Physical Commercial Office Space	
(With office personnel M-F 8am-5pm)	
- Outside Arizona	1
- Within Arizona	2
* Real-time Eligibility Processing on Website	1
* Automated Email and Text Messaging Systems Providing Students the Following:	1
- Registration Summary (email)	
- Classroom Reminder (text & email)	
- Online Activation (text & email)	
- Online Reminder (text & email)	
* Utilize EDI/XML files (“H”, “S” and “C” batch files)	1

Again, a business (school) may only purchase as many licenses as they qualify for based on the solutions/services menu as outlined above (or as eventually finalized). In any case, a business (school) would be limited to the maximum number of licenses that they qualify for under the solutions/services offering menu. (As an example, if the list provided above were the accepted solutions/services list, then the maximum number of license a school could have would be 15).

Additionally, a business (school) must perform all activities associated with the course environments they offer and cannot sub-contract any personnel functions to another business (school) that also operates in Arizona as a defensive driving school.

We would also propose doing away with the need for multiple school names (i.e. a different name for each license). Actually, we propose doing away with multiple-

licensing altogether and moving to a “positions” model. Currently some multiple-license businesses brand their schools and some do not. POC schools argue that it is confusing to students when a business has many schools with different names. Not to be misconstrued as agreeing with the proponent’s viewpoint that the various school names cause confusion, however, it would be easier for all schools **and the courts** if the DDS program moved away from the use of various school names (licenses) that appear on the AOC website (and IVR) and simply list the same school name a certain number of times based on the school’s service/solution offering.

Again, each business (school) would have the option to purchase **positions** on the AOC website (and IVR) based on their services and solutions offering (as describe above). Each school would pay for each **position** in the same way a school pays for a license today (i.e \$5,000 initially for each position and a renewal fee every two years of \$1,000).

Each school would only be allowed to use one school name for every position that it has on the AOC website (or IVR). The name could be a DBA.

It is important to note that if the AOC adopted the “positions” versus “licenses” approach and the one school name solution, the AOC would have an opportunity to introduce the new school name rules that it has been working on. This would allow the cleanup of the school names as displayed on the AOC website and to restore the professional appearance of the list.

Our proposed solution is a compromise between the schools that have invested in multiple-licenses, systems, processes and personnel and those that have not. This solution places a maximum number on the positions a school may have on the AOC website and IVR with respect to online courses and eliminates the school as the primary selection mechanism for classroom selection. It also resolves the various other issues claimed by the POC. Additionally, and once again, POC schools have the same opportunity to develop and grow their business.

This solution also minimizes the number of schools currently in the Arizona program and, as such, reduces the workload on the courts (i.e. fewer schools sending in checks to the courts because “licenses” have been replaced with “positions” thus greatly reducing the number of “schools” with which the courts must interact.)

4. The last issue that any change to the current DDS program must address is the loss of licenses or the loss of equal treatment of all licenses. Currently, each license is a perpetual license that can only be lost if the school fails to follow statues, rules, or cause problems for students or courts that warrant the loss of a school license or if the school fails to pay the bi-annual renewal fee for each license.

Any changes to the number of licenses a business (school) has acquired or to the equal treatment of each of the licenses, either by this proposed solution or any other solution, must be dealt with in a manner that is fair and equitable to the school. Some POC schools have already made statements that there won’t or should not be any compensation for multiple license schools, which is especially troubling since they are the ones asking for a “do-over” or “reset” of the program to favor their businesses.

Multiple-license schools have invested in not only the purchase of the licenses but the development of systems, processes and personnel to execute the multi-license business

model and would only have done so if the ROI was acceptable. Each license has a value and in the case where the solution being implemented impacts the revenue associated with a license, the ROI calculation will be impacted.

Additional Program Recommendations

Outside addressing the current POC issues facing the program, an additional change should be made to the current online course rules to facilitate more student interaction. Currently, any content/participation questions that are asked in an online course cannot count against the minimum 4-hour online course time. First, this is not on par with classroom classes as any questions (and discussion) in the classroom classes are included in the 4-hour minimum time. Secondly, by not allotting time for questions in the online course, the rules are penalizing courses that ask more questions seeking to involve the student and improve learning and retention. Of course, the content/participation questions should only be allowed to count against the 4-hour time requirement if they are specific to traffic laws, relevant statistics, or specific program requirements. A question such as “What color was the elephant shown in the lesson?” as an example, should not be credited 30-seconds against the course time.

Additionally, it appears that some schools may not include identity questions in their online course or offer them as an option. If this is an optional aspect of the online course, then 30-second credit should be also given for each identity question (up to the required 13 identity questions) against the 4-hour course time.

One issue not addressed here is if and how any limits should be placed on businesses and/or individuals who may seek to purchase or start up additional businesses (schools) in Arizona. This is a subject for additional discussion.

Lastly, if the concept of moving from issuing “licenses” to awarding “positions” on the AOC website is not accepted, then we would recommend further consideration be given to the “Hybrid Model” solution previously proposed. This new DDS program model would eliminate the court and state fee payment processing issues for the schools and, more importantly, the courts and the AOC. It also offers many additional benefits including addressing data security concerns without having any negative impact on any school.

Summary

We are not adverse to changing the DDS program if the change is best for the industry (which is to say that the program becomes more student-centric) and all sides compromise to reach a solution and multiple-license schools are not left bearing the weight of the change without regard for the impact on their businesses.

Attachment B

Arizona Defensive Driving Program

Program Analysis and Recommendation

Executive Summary

Regis Registration Systems, LLC (Regis) is an Arizona based company that has developed registration and integrated business management software to provide a more effective and efficient solution to operate a defensive driving school in the state of Arizona.

The Regis goal is to understand the Arizona Defensive Driving Program at the most detailed level (i.e. the school level) and then to develop the best business model that can be used by all states in the execution of their specific Defensive Driving Program. The ultimate model will be one that allows a state to accomplish the following objectives:

- Divert program participants (defendants) from the court system
- Provide the best experience from a customer (defendant) perspective
- Provide for the easiest and most advantageous process to determine defendant eligibility
- Provide for the most efficient method of collection and remittance of state and court fees
- Ensure the most efficient and lowest cost model for operating and managing the program
- Ensure defendant data is securely maintained at all times and is not being utilized in an improper manner

Currently, Arizona has a model that minimizes court workload by diverting certain driving violations directly to defensive driving schools licensed by the state. In Arizona, however, challenges exist with respect to eligibility verification, state and court fees processing, administrative resources required to manage the program and the security of defendant data. Due to the number of schools as well as the physical location of the schools, management resources are challenged from a program management and audit perspective. The number one concern in the Arizona model, however, is data security.

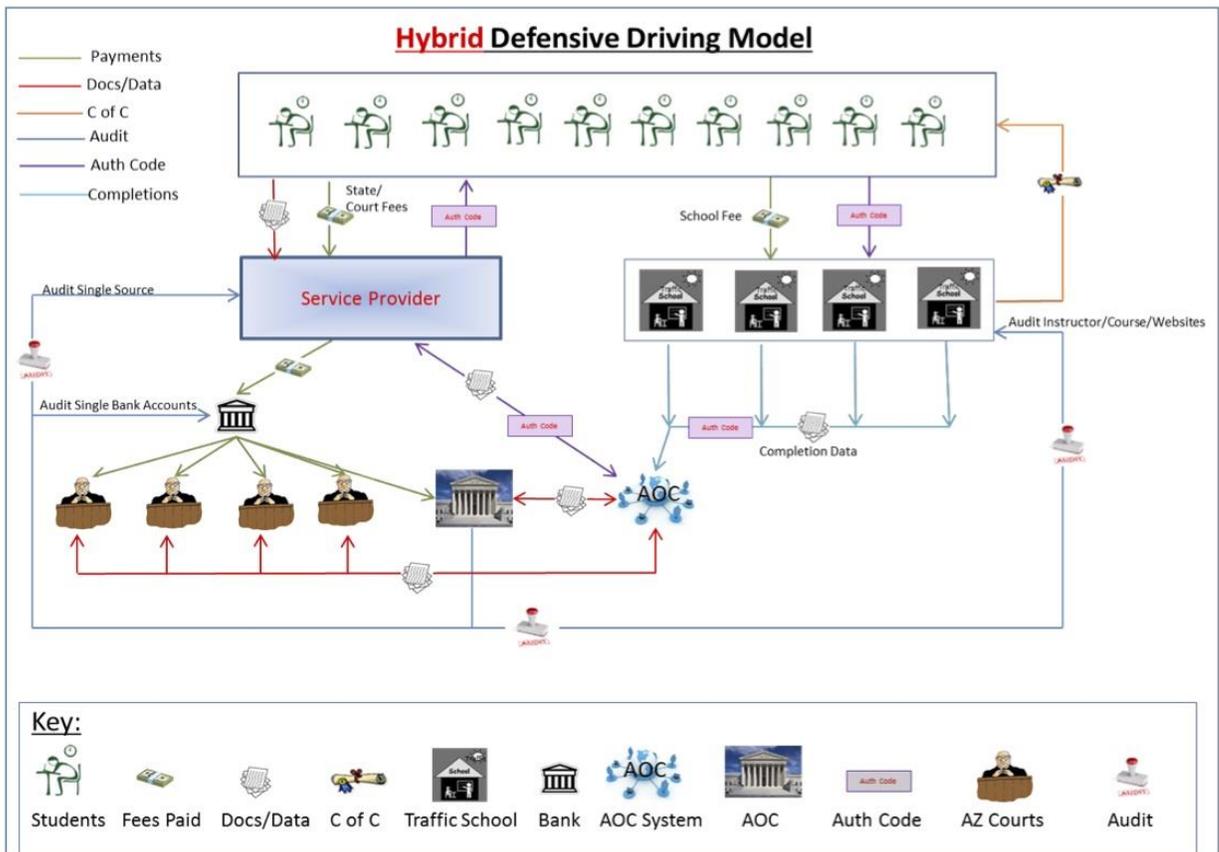
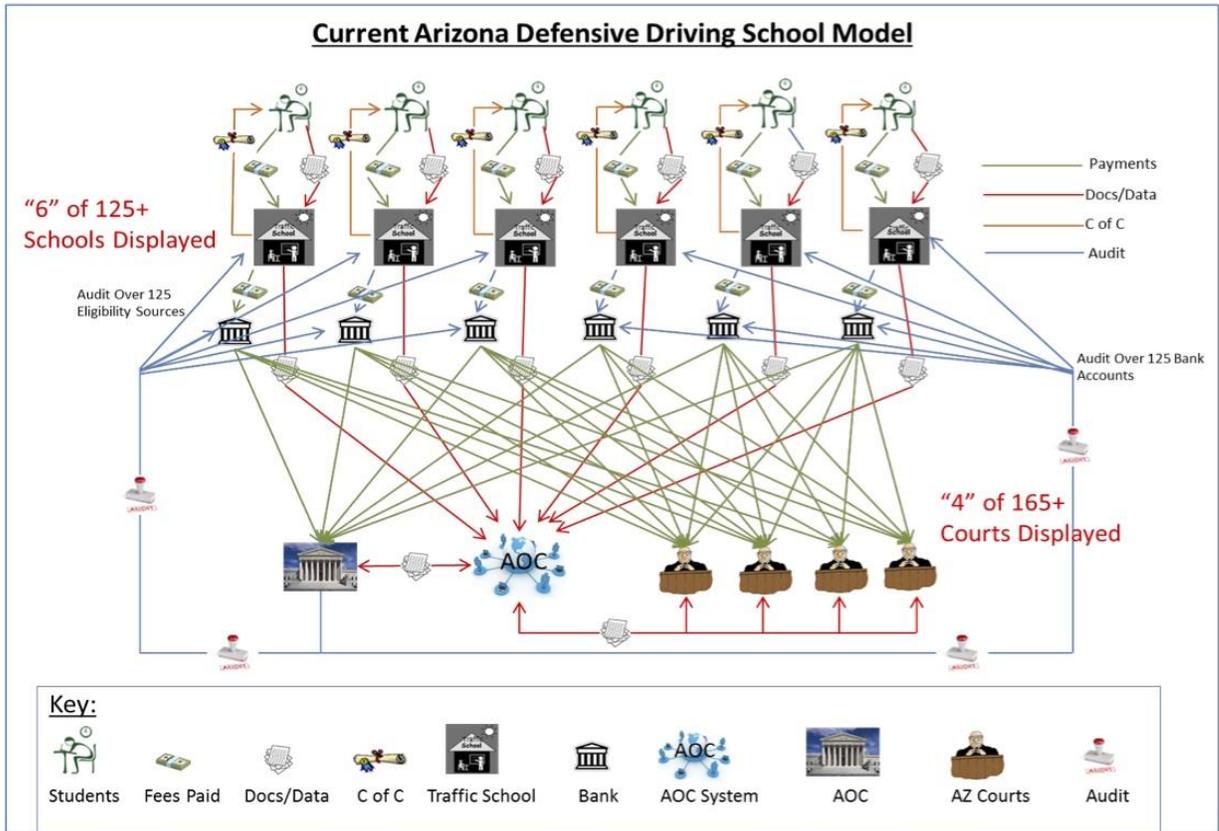
Based on the current Defensive Driving Program model in Arizona, driver license information (including the image of the defendant) is sent to schools located throughout Arizona and to schools in other states. There is currently no assurance of data security for the defendant's data and image as it appears on their driver license and information appearing in the violation. While there are general guidelines to "Maintain confidentiality for all records..." and "...ensure all information is not accessible to unauthorized parties", there is no detailed specification for sending, receiving, processing, storage and disposal of this critical information. Additionally, because of the physical locations of the many schools, even if more detailed data security specifications existed, there is no possibility of continuous auditing to ensure the driver license information is being processed, stored and disposed of properly. More importantly, there can be no high level of assurance provided to defendants that his or her information is not being utilized in an improper manner.

In other states, the courts are burdened with all traffic violations. However, other state programs avoid some of the challenges that Arizona experiences because the courts collect payments, rule on the defendant's eligibility to take a defensive driving course and protect the defendant's driver license data from being disclosed to third-party schools.

The good news is that for both Arizona and other states, there is a better solution. The solution is a hybrid of Arizona's Defensive Driving Program model and the model being utilized by other states. The "Hybrid Model" combines the best features of each state's current program to produce a model that relieves the courts of the burden of traffic school cases, minimizes eligibility and audit challenges, basically eliminates payment and refund issues and, most importantly, addresses the number one issue of data security.

The Hybrid Model simply utilizes the AOC, or a single third-party provider, to facilitate eligibility processing and state and court fee collection and disbursement while leaving the classroom and online course instruction with the schools.

In summary, the Hybrid Model accentuates the positives of the current Arizona state model while eliminating the current challenges. Additionally, the Hybrid Model benefits the AOC, the courts, all schools and the defendants without negatively impacting any of the parties.



Hybrid Model

The Hybrid Model combines the benefits of the Arizona Defensive Driving Program with the benefits of the programs in other states to provide the best Defensive Driving Program solution.

The Hybrid Model uses the AOC, or a third-party company selected by the AOC, to operate a call center and registration website solution where all program participants initially go to determine their eligibility and pay their state and court fees. In essence, the AOC, or the third-party provider, acts as a clearinghouse for all participants interested in the state's Defensive Driving Program.

(For ease of presentation, the remaining discussion on the Hybrid Model will only reference the third-party service provider option.)

Language

The third-party company would provide its call center services and website solution in both English and Spanish.

Location

The third-party processing center could be operated out of either the Tucson or Phoenix areas. For reason of proximity to the AOC staff, it would be most beneficial for the third-party service center to be operated out of the Phoenix metro area. This would provide the AOC with the ability to continuously monitor and audit the processing center. If so desired, the AOC could even have a resident representative on site at the processing center.

Eligibility Verification

The third-party service provider would process a defendant as schools currently do to determine if the defendant is eligible to participate in the Defensive Driving Program and have their ticket (violation) removed from their driving record.

The third-party service provider would interface with the AOC in the same manner that schools currently do with respect to determining the eligibility of the defendants. The interface would involve the use of the "S" batch file and system captured manual updates to ensure the student information is processed timely and correctly. (At some point in the future, the AOC and the third-party service provider could (and should) automate the manual update of the data changes made after the registration process is complete and the "S" batch file has been uploaded to the AOC system.)

Court rejections stemming from a registration would be directed to the service provider for resolution. This would create a single point of agency contact for the court and provide a more effective and efficient process than is currently in place.

State and Court Fee Payments

In the current Arizona program model, the resources and cost associated with state and court fee collection and the associated payments (checks) made to the courts and the state (AOC) is expensive and burdensome for the schools as well as the courts and the AOC.

In the Hybrid Model, the defendants would pay their state and court fees directly to the third-party company. The defendants could pay the program fees either via the Internet (website), phone, mail or walk-in. The defendants could pay by credit/debit card, cashier check or money order. (The third-party company would not maintain any credit/debit cards on record.)

State and court fee payments could be processed using an account owned by the AOC or an account owned by the third-party service provider, as determined by the AOC.

Account Ownership - Option 1

In the first option, the AOC could create its own credit card processing account and all credit/debit card charges could be deposited directly to that account by the credit card processing entity. Any non-credit card payments (such as cashier checks or money orders) could be deposited daily into the same account by the third-party provider.

The third-party provider could also provide reporting to the AOC in terms of how much of the total court fees collected should be directed to each court. This information could be provided by the third-party provider on a weekly or bi-monthly basis (or as desired), resulting in an estimated 91% reduction in the number of checks being processed by all parties.

If so desired by the AOC, the third-party provider could still make the state and court fee payments as is currently done by the schools. This would still reduce the check processing by all parties by up to 91%.

Account Ownership - Option 2

In the second option, the third-party provider could process all payments through the third party's own credit card/bank account and continue the process of paying the state and court fees exactly as it is accomplished now by all schools.

If the third-party provider controls the bank account, the major benefit is still maintained because the check processing for all parties would still be reduced by 91%. The state and courts would only receive a check from one entity and not 125+ different schools, as is the case today.

The primary difference between the first option where the AOC has all fees deposited to their account directly and the second option where the service provider is the account owner, is the timeliness by which the AOC receives funds.

Authorization Code

Upon eligibility verification and payment of state and court fees, the third-party company would provide an authorization code to the defendant indicating that they are eligible to take a defensive driving course from a certified school in order to have their violation (ticket) dismissed. The authorization code would be provided to the participant via email, text message or verbally over the phone.

Either the third-party company or the AOC could generate the authorization code. If the third-party company generates the authorization code, then it would send the code electronically to the AOC to be stored in the defendant's record in the AOC system at the point in time eligibility is

confirmed and full payment is received from the defendant. At the same time an automated email, text message or system directed phone call would advise the student of their eligibility to take the course and their unique authorization code.

Upon completion by the defendant of an online or classroom class with a school, the school would simply update the AOC system as it does now with the defendant's first and last name, authorization code and completion date to close out the defendant's record in the AOC database.

Required System Modifications and Capabilities

To execute the Hybrid Model in Arizona, very few changes are needed to the current system and processes. Two keys to the execution of the Hybrid model are:

- a. The addition of a new data field in the AOC system for the authorization code; and
- b. The implementation of an AOC entity, or, selection of a company to provide a service center that can efficiently and effectively manage defendant registrations via a website and call center.

The third-party service provider should be viewed simply as a school that performs everything except classroom or online instruction and completion notification. As such, it would be important for the third-party provider to have registration capabilities designed specifically for the Arizona model. Additionally, it should be a requirement that the service provider also have the capability to electronically communicate with the AOC system such that large volumes of data could be handled on a daily basis. To meet this requirement, the service provider must be able to process "S" batch files along with possessing an automated process to identify modifications to defendant data after the "S" bath file has been processed.

Lastly, the service provider must have the ability to track each defendant's status during the registration process in real-time. This requires that the service provider's software application be capable of identifying and tracking the status of each defendant, including all requirements unique to the defendant, through the entire registration process.

Hybrid Model Impact On The AOC

By moving to the Hybrid Model, AOC resources could be more efficiently utilized. In the new model, the AOC would have just one entity as their primary interface for the majority of systems interface, rule modifications, training, fee changes and certain aspects of the audit process. This would allow for systems and processes to be improved and streamlined in a much more efficient manner as resources could be focused on a single process solution for eligibility and fees processing versus having to give consideration to the needs of 125+ schools.

The Hybrid Model minimizes the AOC's approval and audit function with respect to the schools themselves. The new model allows the AOC to focus on ensuring that school websites, classroom and online course material and presentation of the material, are in compliance with state statutes and AOC specifications. There is no longer a need for the AOC to interface with, manage and audit 125+ schools with respect to eligibility, fee collection and remittance processing.

Additionally, the new model allows for all state and court fees to be deposited directly into an account owned by the AOC (if so desired), thereby eliminating any payment or collection concerns and improving cash flow.

Because of the single third-party service provider and the proximity of the provider, the AOC could most efficiently and effectively audit and control the business operations. Most importantly, the AOC will be able to maximize the control and audit of defendant data security.

Hybrid Model Impact On The Schools

The Hybrid Model would greatly simplify business operations for schools providing online and classroom classes without negatively impacting them in any manner. Defendants would still select the school of their choice by using the AOC website, IVR or Internet search as they do now. Schools would simply register the student by gathering the standard student profile information and then include the newly added authorization code. Upon completion of an online or classroom class, the school would simply update the AOC site with the completion information as it currently does now. The only change would be to utilize the authorization code in the completion process.

As will be discussed in the section titled Hybrid Cost Model (below), the school would be relieved of the approximately 2.5% credit card processing fee associated with collecting the state and court fees.

The Hybrid Model would not create any disadvantages for a school or create an unfair business environment for any school. The new business model would eliminate the need for the school to verify the eligibility for each student and the requirement to collect and disperse state and court fees to the state and each court. Schools would only need to collect the fee that they charge for their course.

Schools will be freed up to focus on what they do best and that is provide the online and classroom courses that they have been certified to teach.

Most importantly, the new model would eliminate the necessity for the schools to handle sensitive defendant information thereby increasing data security.

Hybrid Model Impact On The Courts

The courts would also benefit from the new Hybrid Model. The courts would have the majority of their communication with one entity (the third-party provider). More importantly, the courts would receive one check each week (assuming that is the desired timing) versus hundreds of checks a week, resulting in an estimated 91% reduction in check processing. Additionally, any issues could be quickly and easily resolved with one call to the third-party provider versus having to deal with multiple schools.

If it is determined that an electronic funds transfer (EFT) process is still needed after the 91% reduction in check processing, because there would be only one entity to deal with, implementation of an EFT process would be relatively easy to accomplish. Currently, executing EFT with 125+ schools with varying systems capabilities and 165+ courts, will be a major challenge.

The court, state and defendants would all benefit from having one entity (the service provider) responsible for training their administrative staff on the process and procedures of the program versus counting on 125+ schools to correctly train each of their staffs. This would drive increased program quality and improved performance.

Hybrid Model Scalability

The current Arizona model faces significant challenges as the number of schools and the number of defendants continues to grow. This growth will create additional challenges for all parties and will require a substantial increase in resources and associated costs.

The Hybrid Model is very scalable. The model is designed to handle the growth in program defendants and enable the AOC to better deal with any growth in the number of schools without the same resource growth as would be required with the current model. The scalability and efficiency of the solution would together provide the ability to control program costs.

Hybrid Model Cost

The Hybrid Model would be very cost efficient. It would be a variable cost model that would include a processing fee estimated at \$8.75 - \$11.50 per defendant. The final cost per defendant would be determined by the final program requirements specified by the AOC.

There would still be a cost of approximately 2.5% for credit card transactions. This cost is currently being born by the schools and paid for by the students either directly or indirectly. With the Hybrid Model, this cost is transferred to either the AOC or the third-party service provider depending on which party owns the credit card processing account.

It is anticipated that there would be no up-front costs that would need to be paid for by the AOC to implement the new Hybrid Model if a third-party service provider is utilized.

Hybrid Model Impact On Data Security

Most importantly, the Hybrid Model provides the ability to strictly control the processing, storage, use and disposal of sensitive defendant data. With only one entity managing the driver license and violation (ticket) information, personnel can be screened more thoroughly and strict process controls can be more easily required, developed, taught and monitored. In addition, as previously discussed, the third-party service provider could be subject to a thorough and continuous audit process.

In the Hybrid Model, schools would no longer need or have access to defendant driver licenses and violations. Given the security challenges that exist in the world today, this alone may be reason enough to move to the Hybrid Model in Arizona.

Hybrid Model Summary

In summary, the Hybrid Model benefits all parties associated with the Arizona Defensive Driving Program. It addresses the challenges of the current model while maintaining the diversion solution and keeping the courts free of driving violations that would only add undesired workload to the court system.

All parties including the AOC, courts, schools and defendants would benefit from the implementation of the new Hybrid Model.

Most importantly, the new Hybrid Model provides a solution to the data security issue that is currently the number one concern with the current model.

Defensive Driving School Model Comparison

	Current Arizona DDS Model	Proposed Hybrid DDS Model
School Performs Eligibility Verification	Yes	No
Service Provider Performs Eligibility Verification	-	Yes
School Collects State and Court Fees	Yes	No
Service Provider Collects State and Court Fees	-	Yes
School Remits State and Court Fees	Yes	No
Service Provider Remits State and Court Fees	-	Yes
School Collects School Fee	Yes	Yes
Service Provider Collects School Fee	-	No
School Provides Classroom and Online Courses	Yes	Yes
Service Provider Provides Classroom and Online Courses	-	No
Number of State and Court Trust Fund Accounts	125+	1
Number of State Checks per Payment Period	125+	1
Number of Court Checks per Week	1800+ (est)	180 (1/Court)
Ease of Executing Electronic Funds Transfer	Difficult	Easy
AOC Audits		
- Course Content (All Schools)	Yes	Yes
- Registration/Website Disclosures (All Schools)	Yes	Yes
- Eligibility Processing	125+ Schools	1 (Service Provider)
- Trust Accounts	125+ Schools	1 (Service Provider)
- Data Security (Number of Schools)	125+ Schools	1 (Service Provider)
AOC Audit Team Travel Requirements	Many States	Phoenix or Tucson
Defendant Driver License & Violation Data Exposure	125+ Schools	1 (Service Provider)
Additional AOC Resource Requirements (Current)	High	Low
Additional AOC Resource Requirements (Anticipated Growth)	Substantial	Low
Program Scalability (Ability to Deal with Program Growth)	Low	High
Program Flexibility (Ability to Change/Improve Processes)	Difficult	Relatively Easy
Program Costs (All Expenses)	No Change	Little / No Change
Student Fees (All Fees)	No Change	No Change



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June 1, 2017

VIA EMAIL AND US MAIL

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***Re: Written Comments from Marla Keller and Borna Mozafari Regarding Proposal
Submission to the Arizona Judicial Council***

Dear Ms. Novak and Mr. DeWitt:

This correspondence contains the comments from Marla Keller ("Ms. Keller") and Borna Mozafari ("Mr. Mozafari") regarding the Administrative Office of the Courts' ("AOC") proposal to the Arizona Judicial Council ("AJC") regarding amendments to the Defensive Driving Program. As you are aware, Ms. Keller and Mr. Mozafari own multiple online Arizona Defensive Driving Schools, and our firm serves as legal counsel for these schools. Based on your email dated May 25, 2017, Ms. Keller and Mr. Mozafari are submitting their written comments regarding the proposal for AJC's review in advance of the AJC meeting scheduled for June 19, 2017:

1. PROPOSED WEBSITE ENHANCEMENTS.

Based on the AOC proposal, proposed enhancements to the website include the following changes: (i) allowing students to initially select the type of class (Live or Online); (ii) allowing students to select classes in English or Spanish; (iii) allowing students to sort Live classes by location, date, and time; (iv) allowing students to sort by cost; and (v) requiring schools to populate an AOC database with class location, date and time information.

(a) **Comments:**

- Ms. Keller and Mr. Mozafari are adamantly opposed to allowing students to sort Defensive Driving classes by cost. The price of a class is not indicative of the quality of a class. While one school may cost a few dollars more than another, it is likely that the higher priced class would have much better customer service and quality. Moreover, the AOC expressed concern that it wants to ensure that Defensive Driving Schools are consistently answering phones and providing quality customer service to students. In order to provide quality customer service, schools would be required to expend additional dollars, which will drive up the cost of attendance at Defensive Driving Schools. Additionally, sorting by price will create a price war amongst other schools. Since the current rule allows schools to change price just one time every six months, this would create an anti-competitive atmosphere amongst schools. Schools would not be aware of what competitor schools were doing until it was too late; and given the current rule, schools would not be able to change their prices until the six month period has lapsed.
- Ms. Keller and Mr. Mozafari are in favor of AJC implementing a minimum price that Defensive Driving Schools should charge students (i.e., Texas has a set minimum price). Implementing a minimum price would ensure a quality course and ensure that each school could provide adequate customer service to address student needs and court requirements.

Moreover, because schools are required to collect money on behalf of the courts, this creates additional administrative costs and merchant fees for each school. Schools are also required to hire additional staff to assist in these processes. If there is no minimum set price, one company could offer a \$5.00 class for a short term just to put all other schools out of business and then raise the price once most competitors have ceased operations. Since schools can only change their prices every 6 months per the current rules, it limits each school's free market ability to change price at any time based on competition. Also, if the school board members can see the proposed prices for the schools, then these board members can change their prices accordingly, which puts other schools at a disadvantage. A price war hurts everyone including the consumer due to decreased quality of service and fewer schools competing to offer more choices to students. Having a minimum price will level the playing field for all schools so they are competing on other factors --not just price.

- Rating System: The defensive driving board voted to include a rating system to the proposed website enhancements. A rating system should not be included on the website, as such a system merely serves as a marketing tool for schools.

Moreover, such a rating system would be difficult to monitor. Rating systems are also extremely subjective and subject to disputes.

2. DBAs AND MULTIPLE SCHOOLS.

AOC's proposal to the AJC regarding DBAs and Multiple Schools includes the following changes: (i) website should be for consumer assistance (not market share); (ii) students' interest is in quality courses (not school ownership); (iii) to be listed on the website, a school's curriculum must be *substantially different* than other programs owned by the same owner; (iv) no limit on the number of schools an individual may own; and (v) no inappropriate class cancellation or student referral practices.

(a) Comments:

- The AJC must define the term "substantially different" curriculum and set criteria for how the AOC will determine whether a curriculum is substantially different from another curriculum.
- In addition to each defensive driving school having a "substantially different" curriculum, each owner/company/partnership should also have its own database/server. Ms. Keller and Mr. Mozafari also propose that defensive driving schools should be allowed to offer video courses and booklets.
- Each owner/company/partnership should have its own dedicated IP address and SSL certification.
- Student records should not be allowed to be stored on the same database and server as another school owner. No multiple owners co-mingling student records.
- Student records should only be accessed by the authorized user assigned by the owner/company/partnership.
- Live defensive driving school classes should not be allowed to cancel their live class and refer students to their online class/site. If a live class is cancelled the school should refer students back to the list on the AOC website so the student can independently choose a school from AOC list. Otherwise these schools will schedule classes, cancel the course, and inappropriately refer students to their online course.

3. UPDATING AND IMPROVING CURRICULUM.

AOC's proposal to the AJC includes updating and improving the current curriculum.

Ms. Kate Novak
Mr. Chris DeWitt
June 1, 2017
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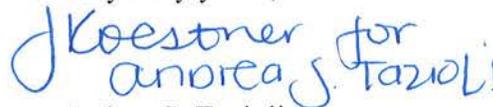
Ms. Keller and Mr. Mozafari are in support of updating and improving the current curriculum to include more timely and relevant topics (such as texting while driving). Please note that Ms. Keller and Mr. Mozafari are **not** in favor of efficacy studies. These efficacy studies simply stifle competition and are used in other states primarily to keep the competition out and eliminate small schools. Moreover, the validity of such studies cannot be substantiated.

4. TIMING OF IMPLEMENTATION.

Ms. Keller and Mr. Mozafari are well aware that there will inevitably be some changes to the Code as a result of the AOC proposal. If the AJC believes that change is necessary and new rules are put in place, Ms. Keller and Mr. Mozafari believe that either: (i) all schools should be "grandfathered" in under the current system and that the changes should not be applicable to the current list of certified Arizona Defensive Driving Schools; or (ii) that current school owners will have ample time (at least 2 - 2 1/2 years) to implement such changes. It is important to recognize that many schools borrowed money and developed their businesses and computer systems based on the current AOC rules. Delaying the implementation of changes for 2-2 1/2 years would allow schools time to recover some of their costs and implement the changes.

Thank you for your review and consideration of these comments. If you have any questions, I can be reached directly at 602.229.5710 or via email at: andrea.tazioli@quarles.com.

Very truly yours,


Andrea S. Tazioli

AST/msg

To: Arizona Judicial Council

From: Paul Hallums, Owner EZ AZ Traffic School(s)

May 31, 2017

As a current, 7 year member of the AOC Defensive Driving Board I believe the requested rule changes to ACJA 7-7-201 and ACJA 7-205 are not necessary because effective policies and procedures are currently in place. Any issues can be addressed within the scope of the existing rules. Unnecessary changes are disruptive and costly to the courts. The public is supportive of the existing programming and there are no public complaints.

Our industry may seem very simple on the surface; however it is very complex, requiring precise communications between customers, schools and courts. I am a retired police commander who has a 30 year history with the Arizona Defensive Driving industry. Upon my retirement I became president of a national business providing defensive driving programs in more than 30-states and also developed defensive driving programs for the United States Army. After 10 years and a lot of travel, I then started my own business EZ AZ Traffic School. We currently hold 20 licenses and provide services to all Arizona communities. All schools provide Classroom and Internet delivery in English and Spanish and we employ 9 bilingual office personnel and more than 20 classroom instructors. I believe Arizona is the best managed Traffic School program in the United States. It is unique because it is the only program administered by the Court. It is highly regulated and has clear and consistent rules.

I have only seen significant changes to the rules once since the Supreme Court assumed control of the program. This was when court contracts were eliminated and internet delivery was authorized.

The current proposed rule changes are without cause and do nothing to improve the industry or service to the courts and public. I urge you to seriously consider the need to proceed with this process.

Paul Hallums, Owner
EZ AZ Traffic School(s)
4806 East Camp Lowell Drive
Tucson, Arizona 85750
520 403 9915 cell
520 207 3200 office
paulhallums@ezazmail.com

Reference: Proposed changes to Defensive Driving Program Rules ACJA 7-7-201 and ACJA 7-205

The rules regulating our industry are currently serving the industry and the public as intended. The proposed changes are without regard to student needs and services currently provided to the courts. These changes will without cause punish long standing high performing schools. These schools have significant investments in technology, personnel and infrastructure. They have, within the scope of long standing licensing protocol, excelled in providing excellent service to the courts and public. There have been NO public complaints! This was recently verified by a customer satisfaction survey of 3,000 Defensive Driving Program participants conducted by the Administrative Office of the Court. The survey revealed a high level of public satisfaction. The only negative comments were about the total cost to attend, not school fees.

The existing rules provide guidance to schools with clear direction on how to interface with local courts of jurisdiction and the Arizona Supreme Court, Administrative Office of the Court. The current rules provide protections for the public to ensure private personal information is held confidential and traffic violations are dismissed in accordance with the law.

Further, the rules outline the requirements for the two authorized instructional modalities: Classroom and Internet. These include the Administrative Process, Student Identification Protocol, the Accounting/Banking Process, Learning Objectives, Instructor Training, Course Delivery, Course Timing Requirements, Record Keeping and Reporting.

There is no identified need to change these rules.

Licensing Process: Application Fee: \$5,000.00. Renewal fee \$1000.00

The current application process requires school applicants to submit a comprehensive document to verify the owners and their proposed programs meet personal background qualifications, all requirements of 7-201 and 7-205, and conduct a demonstration of their class to ensure it meets program requirements. Completed New School applications are submitted to the Defensive Driving Board for approval.

School licenses have always been issued as perpetual, they are renewed once every two-years. No School has ever submitted a license renewal application and had it denied.

The proposed changes would result in the termination of current licenses without cause and due process.

School Curriculum:

The A. O. C. currently requires school curriculum to adhere to specific Learning Objectives established by the court that must be covered in a 4 to 4.5 hour class. The current model is working.

The proposed changes would unnecessarily require schools to design a unique curriculum for classroom and internet for each school owned. Schools spend considerable time and money designing curriculum which meets the scope of the AOC rules. There is no value in creating a rule for a unique curriculum when currently approved licensed programs are in place.

A. O. C. Web Page and Telephone Tree (IVR)

The name and contact information for each licensed school is placed on the A. O. C. Web Page. There, the randomly rotated listing contains the school name, telephone number, web address and languages such as Spanish and English. A randomly rotating School listings by modality is also provided via an 800 number supported by the A. O. C. The intent and value of this list is that it allows the public to know they are selecting an AOC licensed school. No specific school information is provided other than contact information. The proposed rule changes would require the AOC to allow students to sort the school listing by school fee, location, language and modality.

This proposed rule change is unlawful because it places the AOC in the position of marketing schools by price and location.

School Fee/Total Cost to Attend:

Current rules require schools to post the total cost to attend on the schools landing page. There is no need for the A.O.C. to post school fees on their web page and existing rules require schools to submit their price to the A.O.C. for approval once every six months. This is a public safeguard that appropriately exists within the existing rules.

One owner holding multiple licensed schools:

The A.O.C. rules provide the authority for one person to own multiple schools and to use the same curriculum for each school. The AOC Defensive Driving Board currently has a committee researching the school naming process as an administrative issue that will be acted upon in the near future.

Even though I may own multiple schools, each school has been licensed by the A.O.C. and holds a separate bank account, separate credit card processors, separate QuickBooks accounts, separate registration systems and separate court tracking/reporting systems. Each is a separate entity with the Secretary of State's Office.

Branding: EZ AZ is the common brand for each of our schools. Potential customers recognize our name as a valued business to use and refer to others. Our instructors are trained in our curriculum

and have a common approach to its delivery. This allows returning customers to know what they are purchasing. This is not unlike other businesses having a common name with multiple stores.

School Web Page: A schools Marketing/Enrollment page. Development cost up to \$5000.00.

Schools are currently required to have a web page designed to meet the requirements and rules of the A. O. C. The A. O. C. rules require the school web page to display the school's approved name and contact information as well as the school fee and the diversion eligibility requirements. Other documentation required to be on the school web page are the school's refund policy, a security statement, and a fraud policy. The web page must link to a school registration system containing the electronic records for school and courts.

Learning Management System: Development cost \$5,000 to \$10,000

Schools offering an internet course must have an automated Learning Management System (LMS). The Learning Management System hosts the course content, measures time on task, delivers quiz questions and offers a 25-question final that the student must pass with a score of at least 80%.

The LMS notifies the student that they have successfully registered, monitors student progress by time stamp and place, sends warning if they are approaching the 7-day rule, issues a completion certificate and provides court notifications.

Payments of School Fees: Bank and credit card fees are about 5% of the total transaction. The school registration system is connected to a Credit Card Processor that collects credit card payments the forwards them to individual "Court Holding Accounts). There the payment is held until staff accountants forward the fees to the proper recipients. 1: The A. O. C.; 2: The local court; 3: The school's operating account.

Conclusion

EZ AZ and all currently licensed schools are acting within the scope and intent of the existing rules regulating our industry. Each school has a substantial investment in each school owned. Multiple school owners have a very high investment in the delivery of professional services to all communities.

The proposed Defensive Driving Program rule changes are being forwarded for review by the Judicial Council even though there will be no identifiable public benefit derived by changing the rules. There are no public complaints about the services our industry provides. Conversely, a recent survey conducted by the Arizona Supreme Court, Administrative Office of the Court shows there is a high degree of public satisfaction.



Arizona Chapter

May 31, 2017

To Whom It May Concern:

As you may know, Arizona Chapter National Safety Council (ACNSC) was founded in 1949. It is a locally controlled Arizona non-profit Corporation [501(C) 3]. Acknowledging National Safety Council's first 50 years of operation as a critical non-profit public service agency, a special act of the United States Congress chartered the National Safety Council (NSC) as a corporate body under federal law. Since its founding in 1913, NSC has served as the premier source of safety and health information for the United States Congress. In 1964, at the request of President Dwight D. Eisenhower and under the guidance of the President of the National Safety Council (former Arizona Governor Howard Pyle) NSC developed the Nation's original Defensive Driving Course (DDC). Today, after over 50 years of continuous improvements, it is still the first name in driver improvement. In addition to being a provider for the defensive driving program, ACNSC contracts with Arizona Department of Transportation (ADOT) to administer the State's traffic survival school (TSS) program.

The present situation in Arizona for the defensive driving program is unacceptable and we are so very pleased that the Administrative Office of the Courts (AOC) has recognized this. After in depth consideration and review of AOC's proposals to the Arizona Judicial Council (AJC) ACNSC enthusiastically endorses all of the proposed changes, specifically those enumerated on pages 9, 10, 13, 14, 15 and 16 of AOC's power point presentation.

Implementing the proposed changes to enhance AOC's website would result in a more robust user friendly and easy to navigate website. Also, by requiring every school's curriculum/course to be "substantially different" will ensure that the public is provided with a quality program and is not misled by the number of DBA's currently listed on the website that provide different multiple school names but utilize the same exact curriculum.

Lastly, it is imperative that AOC study and update curriculum requirements, including amending Arizona Code of Judicial Administration (ACJA) to improve school performance and course quality. Finally, AOC must also ensure an ongoing meaningful monitoring process of all schools.

Respectfully submitted,

Debbie Grado
Chief Operations Officer

Cc: Honorable Scott Bales, Chief Justice, Arizona Supreme Court
David K. Byers, Administrative Director of the Courts
Michael Preston Green, Attorney for Arizona Chapter National Safety Council

| Cover Page

Summary

The AOC, and subsequently the AJC, are being asked to approve proposed changes to overhaul the entirety of the Defensive Driving School (DDS) Program. We ask that caution be taken in that the speed with which the AOC is proposing changes and the specific changes the AOC is proposing are problematic and will only lead to our return to this very same situation in a few years.

NTSI's efforts continue to echo the same sentiments made in our proposal¹ submitted back in March of this year: if change is going to be made to the Defensive Driving School (DDS) Program, then the change should have a positive impact on students without intentionally crippling the businesses licensed by the AOC. Our position to ensure schools provide proven-effective curricula stems from a lack of standards plaguing programs similar to the Arizona DDS Program. In fact, as we have stated previously in the School Owner Meetings, even the National Highway Traffic Safety Administration (NHTSA) has stated that "[t]here is an absence of significant oversight and regulation of the training programs and a clear need to evaluate the effect of supplemental and online programs..."². A clear need to evaluate the effect of these programs is absolutely true.

Our Proposal¹ included an in-depth history on how the DDS Program and Rules evolved. We strongly suggest taking a look at this proposal which includes additional citations and references to how other states have successfully run programs similar to DDS. We wish to see the overall effectiveness of DDS improve.

¹ 03.31.2017 NTSI Recommendations for AOC - 2017 - Final. <https://goo.gl/4liKlt>

² DOT HS 811 623 - Examination of Supplemental Driver Training And Online Basic Driver Education Courses. <https://goo.gl/dLwciz>

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Introduction

The AOC has essentially proposed 2 changes during our previous School Owner's Meeting (05/18/2017) with rippling effects.

1. Eliminate DBAs Using 1 curriculum.
 - A. Require 1 School, 1 Curriculum.
 - B. "Substantially" Different Curriculum.
 - C. Require Certain Updates/Topics in the Content.
2. Update the AOC Website.
 - A. Adding the School Prices to the Listing of Licensed Schools.
 - B. Adding the Locations, Dates, and Times of Licensed Schools.
 - C. Adding a Rating System for Schools.

The proposed changes by the Administrative Office of the Courts (AOC) shall not have a lasting effect and only serve to reset the number of schools on the list to a lower number in the short term. Most of the suggested changes by the AOC Staff have already been tried in other, similar programs and been replaced or found to be inadequate. There is no need to reinvent the wheel when we can simply look to how other states have solved these problems successfully.

NTSI's efforts continue to echo the same sentiments made in our proposal³ submitted back in March of this year: if change is going to be made to the Defensive Driving School (DDS) Program, then the change should have a positive impact on students without intentionally crippling the businesses licensed by the AOC. Our position to ensure schools provide proven-effective curricula stems from a lack of standards plaguing programs similar to the Arizona DDS Program. In fact, as we have stated previously in the School Owner Meetings, even the National Highway Traffic Safety Administration (NHTSA) has stated that "[t]here is an absence of significant oversight and regulation of the training programs and a clear need to evaluate the effect of supplemental and online programs..."⁴.

1. Eliminate DBAs Using 1 Curriculum.

³ 03.31.2017 NTSI Recommendations for AOC - 2017 - Final. <https://goo.gl/4liKlt>

⁴ DOT HS 811 623 - Examination of Supplemental Driver Training And Online Basic Driver Education Courses. <https://goo.gl/dLwciz>

The Supreme Court has specifically stated, in direct contradiction to what they previously held to be true, that they wish to eliminate DBAs. In the past the Supreme Court has specifically said that DBAs were acceptable. Now they seek to limit the amount of people on the list by revoking DBA status. Please understand the difficulty this causes businesses who try to operate within the rules put forth by the Division. If the rules are going to be changed so drastically so long after these issues have been raised^{5 6}, how then can businesses be expected to operate at efficiently and effectively. This whole situation would be different if these issues stemmed from legitimate student complaints regarding DBAs. However, it is very clear that this issue originates from competing schools who are not pleased with the current structure and refuse to change their ways.

A. Require 1 School, 1 Curriculum.

While the AOC has suggested they shall propose radical changes to the program as a whole, there has been no suggestion of an objective method for ensuring that approved courses have a positive effect on the population completing the programs. It seems absolutely counterintuitive that, based on the history of Arizona studying and reviewing the impact of various programs (including A Profile of Inmate Population⁷, The Defensive Driving Program⁸, Traffic Survival School Program^{9 10}, and various other details around the state¹¹), the Court finds there is no need to study and ensure efficacy of the DDS Program. While yes, there was a study conducted on the Arizona Defensive Driving Program back in 2002 there are issues with the applicability of that study as outlined in a recent complaint through the Certification and Licensing Division¹² of the AOC.

One School One Curriculum is an effective way of reducing the list, as is the overt wish of the AOC. Other states do it this way; however, other states also require the one course per school be proven effective to be used within the state. There is a desire by the AOC to limit the amount of schools, but there is little will to improve the quality of the school's curriculum for the students.

⁵ NTSI Speech at DDS Board Meeting. <https://goo.gl/oWxVbA>

⁶ 08/15/2012 DDS Board Meeting Minutes. <https://goo.gl/h9943U>

⁷ Prisoners in Arizona (2010). <https://goo.gl/scD3TC>

⁸ AOC NTSI Study 2002. <https://goo.gl/WX05yO>

⁹ Federal Highway Administration Study on TSS 1993. <https://goo.gl/Xna3l5>

¹⁰ Federal Highway Administration Study on TSS 2004. <https://goo.gl/iBFXQL>

¹¹ <http://www.azcourts.gov/statistics/>

¹² 04.21.2016 Complaint 16-D002 Response - Final. <https://goo.gl/rXCdWH>

Requiring courses geared at masking citations within the State of Arizona to be effective at reducing collisions and subsequent violations have been called, by AOC Staff, anti-competitive. This could not be further from the truth. Even now, new providers with their own method of instruction and curriculum, both online and classroom, are thriving around the nation. Competition has never been higher for this industry; this is especially true within states that require efficacy studies. Utilizing a definitive and public method to determine whether a purportedly educational course should in fact be available to the public is not anticompetitive; rather, this requirement is merely protective of the public. If an educational course is not effective at educating the public, then that course should not be offered. Ensuring that DDS has some utility to students should be the highest priority; otherwise, DDS could simply be replaced with a fine and have the same effect.

B. “Substantially” Different Curriculum.

The AOC has proposed a desire to update the course rubric. So long as the updates do not dramatically change the proven effective structure of our curriculum, NTSI has no opposition to required updates to course content. Courses should be contemporary, statistics should be updated regularly, and the visual media should be relatable. However, programs that have not been proven to reduce collisions or violations should not be permitted.

The only reason the AOC proposed requiring a one school one curriculum change is simply to reduce the amount of schools on the list; we simply cannot agree with this justification. If there is no requirement for a course to have a positive impact on the attendee, then the content of the course has little importance. NTSI’s courses have been studied for efficacy year-in and year-out all around the nation. Our courses have been included in aggregate studies conducted by the NHTSA¹³. If program efficacy were as easy as having the Supreme Court dictate through their rubric what makes a course effective, there would be no need for the NHTSA or any other state to conduct these sort of studies. If attending a program in of itself were effective at reducing collisions and violations, then anybody could throw together a course and teach it-- this is the danger we would caution regarding the AOC’s proposed changes. If anyone can write a course without having to worry about whether the program is effective at reducing collisions or violations, then we will see yet another increase in schools on the list after these requirement take effect.

¹³ DOT HS 811 609 - EXAMINATION OF SUPPLEMENTAL DRIVER TRAINING. <https://goo.gl/OpY2xb>

C. Require Certain Updates/Topics in the Content.

A primary cause for alarm with the proposed method by the AOC to “improve” the curriculum by requiring certain topics or specific language injected into the course--such is the method adopted by the California DMV--is that requiring certain topics to be discussed within a course does not immediately guarantee that the programs will be effective at reducing collisions and violations. In fact, in a study conducted by California¹⁴, it was found that an aggregate review of their Traffic Violator School (TVS) (the California equivalent to Arizona’s DDS) the program was no longer effective at reducing collisions and violations. Such aggregate studies lump in the carelessly thrown together courses with those that deploy proven educational strategies; please note, a study conducted solely on NTSI’s programs in California are mentioned within this report indicating that not all studies of TVS have negative results further proving that reviewing individual courses can have beneficial results, results that matter.

NTSI’s programs have been studied by reputable third parties going as far back as a published study in 1980 for Oregon State¹⁵. Ever since we have pioneered a behavior-based training program with proven results, additional programs and regulatory agencies have cropped up all around the country as the issue of improving driver behavior for the betterment of the population as a whole could no longer be ignored. The intent of these programs was clear: reduce collisions and/or violations in an effort to prevent the circumstances causing serious injury or even death. Through our instruction, we may effectively mitigate risky behavior and as a result driver improvement programs (like DDS) have a public utility.

2. Update the AOC Website.

The AOC has suggested additional changes to the listing of school referrals on their website. Some of the changes are valid while other changes appear overbearing. The Supreme Court should not be doing the duties assigned to schools; namely advertising locations dates and times, advertising their price, and and taking on a ranking system for schools. The AOC has been very good being fair and impartial to each school when enforcing the rules. The proposed changes to the website appear to contradict that structure.

¹⁴ A Traffic Safety Evaluation of California’s Traffic Violator School Citat... <https://goo.gl/WgL1eU>

¹⁵ Driver Improvement Schools: An Evaluation of Two Programs (1980). Oregon Motor Vehicles Division, Department of Transportation and Oregon Traffic Safety Commission.

Support for these changes stem from a survey conducted by the AOC. In the Division's survey of 2,981 students 338 students responded. 338 students only represent 0.13% of the average annual students completing¹⁶ a Defensive Driving Class and the total students surveyed (2,981) only represent 1.27% of the same average¹⁷. Such a small sample size is being used to justify the drastic changes to the Supreme Court website. Statistically insignificant data does not warrant such sweeping changes.

A. Adding the School Prices to the Listing of Licensed Schools.

The Supreme Court has proposed adding the school fees to the school listing page on their website based on very few responses to the AOC's survey of students. In the Supreme Court's survey, students were asked whether or not they thought course fees were important. The majority of those students obviously answered very highly to this question. What the survey did not take into account is that "course fee" did not reflect the individual fees (State Surcharge, AOC Fee, Court Fee, and School Fee). The issue here, of course, is that the courts, state surcharge, and the AOC Fee make up approximately 80% of the total cost to attend a Defensive Driving Program¹⁸. The question in the survey was very misleading; yet, this survey is spurring the changes proposed by the AOC.

Even if a DDS cut their price by 50%, the savings to a student would only be 10% on the total cost. The School Fee should not be posted on the AOC Website. Leave it to the schools to market their fee to the public as long as they abide by the rules set forth in ACJA 7-205.

B. Adding the Locations, Dates, and Times of Licensed Schools.

The AOC has proposed posting the school dates, times, and locations directly on their website for classroom modality listings. This is very surprising considering that at the top of the meeting on May the 18th 2017, AOC Staff specifically said the intent of the referral list is not to act as an advertising platform. However, that is exactly what they would be doing as soon as the AOC is marketing dates and locations directly to students. Marketing dates and locations is the responsibility of the school, not the AOC.

¹⁶ Average total students completing DDS 2007-2016 is 234,022

¹⁷ Numbers based on AOC powerpoint presentations from 03/16 and 05/18/2017.

¹⁸ Based on Tucson City Court and Phoenix Municipal Court and the current NTSI School Fee; calculations can be found on our website: www.nts.com/arizona

Promoting the school dates and locations directly on the AOC's Website will effectively cut out the schools in the marketing process to students. This will cause further issues in the registration process. Considering what is involved in the registration process as a whole (collecting the citation information, checking eligibility, etc.) having students view class listings will promote student Watkins which are currently against the rules.

C. Adding a Rating System for Schools.

Admittedly, we haven't heard a whole lot about the rating system just yet. Although, at the last DDS Board Meeting, it was voted on to be included in the AOC's proposed changes to DDS. There is a reason that rating systems are not conducted by government. There is a reason that the BBB, Yelp, and Google are all private sector. That reason being there is no easy way to rate companies. There is always a way to manipulate the system. The way these organizations have chosen to combat that sort of manipulation is through direct payments; a "pay-to-play" action where those with deeper pockets can drown out the competition.

This should remain in the private sector and should not be included in the AOC's governance of the program.

Conclusion.

When programs such as DDS stray away from this initial intent and lower standards to the lowest common denominator simply admit more companies instead of better companies, the value of such programs are lost. Essentially, Driver Improvement programs become less remedial and more of a stimulus package for any savvy individual who can string together some language on driving behavior.

To increase the quality of the program, code changes must be tailored to incentivize innovation and quality improvements. One such change should be ongoing licensing requirements that include providing continued proof of efficacy either through the Division or from a reputable third party.

Additional points to consider as part of this discussion is that there are other requirements previously handled as part of past Requests for Proposal (RFPs) that have not been replaced within rule. Technical requirements would normally be a

significant part of any bid process¹⁹; however, technical requirements needed to secure and store student data are nonexistent within Arizona Code of Judicial Administration (ACJA) 7-205.

Some schools do not even have encrypted web pages when collecting data covered by the Driver Privacy Protection Act (DPPA) of 1994²⁰. Storage, transmittal, and protection of student information as required in most Arizona RFPs is significant, but not required to be a licensed DDS. There is a glaring omission in the entire process and puts the confidentiality of student data at risk.

Recent reports of countless companies (Chipotle²¹, Arby's²², Target²³, and many others) being breached indicates data security should be at the top of the list on ways the AOC could protect the public protection. Most small businesses are unable, unwilling, or ignorant to this issue. As a result of this apathy, the FTC has even established a website to try and spur small business owners to be proactive against the increased risk of a security breach²⁴. The AOC should be focused on increasing standards to ensure the highest value for consumers instead of lowering standards to make things easier for new schools.

Rushing to get changes started without proper due diligence will only leave loopholes that will be exploited and drive our industry back to the same issue we have now: too many schools. The amount of schools should not be the driving force in this discussion. We must focus on the original intent of this program. We must focus on the motorist public completing these courses. We must enact a provision to ensure these courses are effective at reducing collisions and violations.

¹⁹ Sample Language Regarding Security (Please refer to Paragraphs 13, 16, 17, 18, and 20).
<https://goo.gl/rp59QS>

²⁰ 05.31.2017 Screenshot of Insecure Website. <https://goo.gl/RzqBqz>

²¹ <https://www.chipotle.com/security>

²² Fox News Reports: <https://goo.gl/EOAQ4F>

²³ <https://targetbreachsettlement.com/>

²⁴ <https://www.ftc.gov/SmallBusiness>

Dear members of the AJC:

As a general conservative principle, the state should be biased toward the status quo because it is difficult to plan in an environment of uncertainty. All else equal, a wise state will prefer stable expectations when possible. The law should not be a source of uncertainty; competition and innovation provide enough of that.

The conservative presumption against change is not absolute. When a clear problem is identified, the state may seek a narrow, targeted solution that solves the problem with as little disruption as possible.

I believe everyone agrees on first principles. But in practice, the AOC has departed from those principles by proposing changes without demonstrating that there is a legitimate problem.

After surveying former defensive driving students, by the AOC's own admission there were no common complaints. At this point the prudent conservative should be wary of any appeals from aggrieved competitors to change a program that is receiving high marks from the public it is intended to benefit.

If it ain't broke, don't fix it. Yet the AOC presented us with a long list of "fixes" that will upturn the industry in ways they do not foresee.

I stated at the meeting that had I known the AOC would try to change the rules, I and many others never would have gotten into the business at all. My point was that if you have a cavalier attitude toward changing the rules, you will keep talent and capital from ever entering the market, and the result will be stagnation within the government sector.

My view is that in order to keep this issue out of the legislature next year, the AOC should narrow their efforts to their most sensible proposal: list the classroom courses by time and location. The convenience benefit of that change is so obvious that no one disputes it, and it satisfies the biggest critics of the status quo. As for the rest of their proposed changes, the AOC should butt out and let market forces work, as they have been, within the fair and neutral framework that has been in place for years.

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