

**Rule Summary and Fiscal Analysis (Part A)****Department of Public Safety**

Agency Name

Division

**Anna Firestone**

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**4501-7-04**

Rule Number

**AMENDMENT**

TYPE of rule filing

Rule Title/Tag Line

**Application for and renewal of class "D" and online school licenses.****RULE SUMMARY**

1. Is the rule being filed for five year review (FYR)? **Yes**
2. Are you proposing this rule as a result of recent legislation? **No**
3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**
4. Statute(s) authorizing agency to adopt the rule: **R.C. 4508.02**
5. Statute(s) the rule, as filed, amplifies or implements: **4508.01, 4508.02, 4508.03, 4508.05, 4508.09**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

This rule is being filed according to a R.C. 119.032 review.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

This rule sets forth the application requirements for an original class "D" and online provider application. The rule sets forth the expiration of those licenses and the requirements to renew the licenses.

Paragraphs (F)(2)(a) and (b), and (G)(2)(a) and (b) are proposed as new to clarify the background check requirements to fully capture the applicants criminal history. In paragraphs (F)(3) and (G)(3) language is added to include the proof of legal occupancy for the locations. The proposed language just clarifies a process that is already in existence. In paragraphs (F)(4) and (G)(4) language is added to include the proof of legal occupancy for the locations. The proposed language just clarifies a process that is already in existence. Paragraph (I) is proposed for amendment to include the incorporated "Online Driver Education Security Assessment."

Paragraph (O) is proposed to add the application process requirement for adding an authorizing official. The language requires an official application and current background checks. The language has been added to clarify a process that is already in existence.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

This rule incorporates the "Driver Training Enterprise Application," "Online Driver Education Security Assessment," "renewal requirements," and the "Required Minimum Standards for Online Driver Education." To comply with sections 121.71 to 121.74 of the Revised Code, this rule refers readers to 4501-7-01, which addresses the version/date of the material, as well as its availability. Paragraph (SS) of rule 4501-7-01 addresses all materials incorporated in the chapter in full compliance with statute.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

Unless otherwise noted, these materials, are being filed with this package as part of rule 4501-7-01.

"Renewal requirements" are not being filed as part of this package. "Renewal requirements" is a database application that is part of the Driver Training Program website, a program accessible to licensed schools, training managers, and instructors, or those who can reasonably be anticipated to be impacted by this rule,

where information is electronically entered via an interface on the system. To comply with sections 121.71 to 121.74 of the Revised Code, this material is still addressed in rule 4501-7-01 providing full citation, date/version as appropriate, and availability.

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

*Not Applicable.*

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so. If applicable, indicate each specific paragraph of the rule that has been modified:

*Not Applicable.*

12. Five Year Review (FYR) Date: **9/16/2014**

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

### **FISCAL ANALYSIS**

13. Estimate the total amount by which *this proposed rule* would **increase/decrease** either **revenues/ expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will increase revenues.

\$39, 511.00

The agency receives approximately \$20,188.80 annually for original school applications and approximately \$32,220 for renewal of schools. The total impact cannot be determined. The revenues are dependent upon the number of original applications received and the number of locations being renewed. The expenditures for the site inspections depend upon number of locations being inspected. The total

revenue generated for the original and renewal of school licenses includes all types of schools and not just those licensed as online providers or class "D" schools.

The recent adoption of the rules allowing for online driver education programs has only increased the revenue by \$8,500. This has been tracked through the number of initial online provider applications received since the effective date of the rules on October 10, 2013. The agency has paid the security analyst \$13,397.76 since the effective date of the rules. Therefore the net impact of the rules is an estimated increase in revenues of \$39,511.04.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

N/A

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

The estimated costs of compliance include application fees for original applications and every other year for license renewals, background check fees and postage.

Class "D" original school license application

Driver Training Enterprise application - \$250 per location application fee

Background check - \$30 - \$80 per authorizing official and owner

Postage for mailing application - \$10.50

Total cost for enterprise application - \$290.50 - \$340.50

Enterprise renewal - \$50 per location application fee

Total cost for enterprise renewal - \$50 per location

Enterprise Fees for online providers

Driver Training Enterprise application - \$250

Review of security assessment and online driver education program - \$600

Background check - \$30 - \$80 per authorizing official and owner

\*Postage for mailing application - \$12.05 - \$35.00

Total cost for enterprise application - \$897.05 - \$965

Enterprise renewal - \$50 per location application fee

Total cost for enterprise renewal - \$50 per location

\*The postage is difficult to determine since the online providers are required to submit a written version of the online driver education program. The actual cost incurred by the applicant depends upon the curriculum.

The cost estimate was provided by the Class "D" and online rule review committee. Representatives for the class "D" schools included Jeff Baehr (Myers Driving School), Julie Dominik (Mercy's Driver Rehabilitation Program), Al Salyers and John Sawyer (Auto Club Driving Schools, Inc.), Colleen Butch (John Butch Driving School, Inc.), Ruth Diehl (Ruth's Driving Academy), Sue Kaufman (Fort Loramie High School Driving Program), and Daniel Kramer (Top Driver Ohio). Representatives for the online driver education schools included Gary Tsifrin and Chris Flink (DriversEd.com), Paul Zalatoris (Top Driver), and Michael LaPlume and Karl Logan (Costech Technologies Inc.).

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **Yes**

You must complete Part B of the Rule Summary and Fiscal Analysis in order to comply with Am. Sub. S.B. 33 of the 120th General Assembly.

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

**S.B. 2 (129th General Assembly) Questions**

18. Has this rule been filed with the Common Sense Initiative Office pursuant to R.C. 121.82? **Yes**

19. Specific to this rule, answer the following:

A.) Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? **Yes**

Yes. Pursuant to sections 4508.03 and 4508.04 of the Revised Code, no person shall operate a driver training school or act as a driver training instructor unless licensed by the director of public safety.

B.) Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? **Yes**

Yes, sanctions up to and including denial of application or revocation of license may be imposed if applicants or licensees fail to meet the requirements set forth in this rule.

C.) Does this rule require specific expenditures or the report of information as a condition of compliance? **Yes**

The estimated costs of compliance include application fees for original applications and every other year for license renewals, background check fees and postage.

Class "D" original school license application

Driver Training Enterprise application - \$250 per location application fee

Background check - \$30 - \$80 per authorizing official and owner

Postage for mailing application - \$10.50

Total cost for enterprise application - \$290.50 - \$340.50

Enterprise renewal - \$50 per location application fee

Total cost for enterprise renewal - \$50 per location

Enterprise Fees for online providers

Driver Training Enterprise application - \$250

Review of security assessment and online driver education program - \$600

Background check - \$30 - \$80 per authorizing official and owner

\*Postage for mailing application - \$12.05 - \$35.00

Total cost for enterprise application - \$897.05 - \$965

Enterprise renewal - \$50 per location application fee

Total cost for enterprise renewal - \$50 per location

\*The postage is difficult to determine since the online providers are required to submit a written version of the online driver education program. The actual cost incurred by the applicant depends upon the curriculum.

The estimated time to gather all documents for the application, including the fire inspection, building use agreement, background check, security assessment and program is approximately one day.

The cost estimate was provided by the Class "D" and online rule review committee. Representatives for the class "D" schools included Jeff Baehr (Myers Driving School), Julie Dominik (Mercy's Driver Rehabilitation Program), Al Salyers and John Sawyer (Auto Club Driving Schools, Inc.), Colleen Butch (John Butch Driving School, Inc.), Ruth Diehl (Ruth's Driving Academy), Sue Kaufman (Fort Loramie High School Driving Program), and Daniel Kramer (Top Driver Ohio). Representatives for the online driver education schools included Gary Tsifrin and Chris Flink (DriversEd.com), Paul Zalatoris (Top Driver), and Michael LaPlume and Karl Logan (Costech Technologies Inc.).

**Rule Summary and Fiscal Analysis (Part B)**

1. Does the Proposed rule have a fiscal effect on any of the following?

(a) School Districts	(b) Counties	(c) Townships	(d) Municipal Corporations
<b>Yes</b>	<b>No</b>	<b>No</b>	<b>No</b>

2. Please provide an estimate in dollars of the cost of compliance with the proposed rule for school districts, counties, townships, or municipal corporations. If you are unable to provide an estimate in dollars, please provide a written explanation of why it is not possible to provide such an estimate.

The estimated cost of compliance would be \$290.50 - \$340.50 for the initial licensing of a location. The estimated cost of compliance for an annual license renewal is \$50 per location.

3. If the proposed rule is the result of a federal requirement, does the proposed rule exceed the scope and intent of the federal requirement? **No**

4. If the proposed rule exceeds the minimum necessary federal requirement, please provide an estimate of, and justification for, the excess costs that exceed the cost of the federal requirement. In particular, please provide an estimate of the excess costs that exceed the cost of the federal requirement for (a) school districts, (b) counties, (c) townships, and (d) municipal corporations.

*Not Applicable.*

5. Please provide a comprehensive cost estimate for the proposed rule that includes the procedure and method used for calculating the cost of compliance. This comprehensive cost estimate should identify all of the major cost categories including, but not limited to, (a) personnel costs, (b) new equipment or other capital costs, (c) operating costs, and (d) any indirect central service costs.

Class "D" original school license application

Driver Training Enterprise application - \$250 per location application fee

Background check - \$30 - \$80 per authorizing official and owner

Postage for mailing application - \$10.50

Total cost for enterprise application - \$290.50 - \$340.50

Enterprise renewal - \$50 per location application fee

Total cost for enterprise renewal - \$50 per location

Total cost to renew instructor's license - \$28.50

(a) Personnel Costs

0

(b) New Equipment or Other Capital Costs

0

(c) Operating Costs

0

(d) Any Indirect Central Service Costs

0

(e) Other Costs

Class #D# original school license application

Driver Training Enterprise application - \$250 per location application fee

Background check - \$30 - \$80 per authorizing official and owner

Postage for mailing application - \$10.50

Total cost for enterprise application - \$290.50 - \$340.50

Enterprise renewal - \$50 per location application fee

Total cost for enterprise renewal - \$50 per location

Total cost to renew instructor's license - \$28.50

6. Please provide a written explanation of the agency's and the local government's ability to pay for the new requirements imposed by the proposed rule.

There are no provisions or grants available to offset or pay for the costs imposed by the rule.

7. Please provide a statement on the proposed rule's impact on economic development.

The proposed amendment provides no foreseen impact upon the economic development.