

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

NEW

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 consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **Yes**

Bill Number: **HB487**General Assembly: **129**Sponsor: **Amstutz**

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: **R.C. 4508.03, R.C. 4508.05, R.C. 4508.09**

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

This rule is being filed to implement statutory changes set forth in HB487, 129th General Assembly. This rule is also proposed to replace existing rule 4501-7-04 due to the fifty percent guideline. It is estimated that changes to the new rule strike

approximately fifty percent of the text in the existing rule while adding a comparable amount of new text.

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. New language requires online providers to meet an acceptable rating with their online programs in order to obtain the initial license and that each authorizing official applying for a school license shall submit a criminal background check provided by a government agency for the authorizing official and owner.

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:

Section 121.75 of the Revised Code provides an exception to the provisions of sections 121.71 to 121.74 of the Revised Code for a text or other material, including, without limitation, generally accepted industry standards, that is generally available to persons who reasonably can be expected to be affected by the rule. This rule incorporates the "Driver Training Enterprise Application," "renewal requirements," and "Required Minimum Standards for Online Driver Education," which are commonly known and considered as industry standards for all Ohio licensed driver training schools. It is generally available to driver training enterprises, instructors, training managers, and authorizing officials, those who reasonably can be expected to be affected by the rule, via the Driver Training Program website or Driver Training or its database application.

Additionally, this rule addresses how the publication may be accessed by referring readers to rule 4501-7-01, the chapter's definitional rule, which provides the publication dates and availability of all materials incorporated in Chapter 4501-7.

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:

N/A

Section 121.75 of the Revised Code provides an exception to the provisions of sections 121.71 to 121.74 of the Revised Code for a text or other material, including, without limitation, generally accepted industry standards, that is generally available to persons who reasonably can be expected to be affected by the rule is incorporated by reference into a rule, so long as the incorporation by reference consists of a citation that will be intelligible to the persons who reasonably can be expected to be affected by the rule and that, if the incorporated text was, is, or reasonably can be expected to be subject to change, identifies and specifies the date of, the particular edition or other version that is incorporated.

This rule incorporates the "Driver Training Enterprise Application," "renewal requirements," and "Required Minimum Standards for Online Driver Education," which are commonly known and considered as industry standards for all Ohio licensed driver training schools. It is generally available to driver training enterprises, instructors, training managers, and authorizing officials, those who reasonably can be expected to be affected by the rule, via the Driver Training Program website or Driver Training or its database application.

Additionally, this rule addresses how the publication may be accessed by referring readers to rule 4501-7-01, the chapter's definitional rule, which provides the publication dates and availability of all materials incorporated in Chapter 4501-7.

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. 119.032 Rule Review Date:

(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.

1250.00

This rule will result in an increase in both revenues and expenditures, but the net impact is difficult to determine at this time. Because the online component to the driver training program is new, the agency does not have a complete history of how the agency's budget of net impact on which to rely.

The agency's revenues will increase by \$250 per each new application for online schools. The increase in expenditures will also depend upon the number of online applications received, as well as the number of hours IT experts are required to spend determining that an online school has an acceptable infrastructure capable of providing secure online driver education in accord with advances in internet technology. According to preliminary research an estimate of the hourly wage for a person with the required experience to perform the required tasks is approximately \$36 per hour, and the process could be quite lengthy.

Under the current traditional classroom setting, the agency typically receives \$37,200 in revenues annually from applications for driver training enterprise licenses, but as the effective date for this rule will be at or near June 30, 2013, the end date for the agency's current biennium, it is estimated that the rule will only minimally impact the agency's budget during this period.

The rules are scheduled for a R.C. 119.032 five-year rule review in October, 2014, and at that time, we should have a more accurate picture of what the expenditures to the agency will be.

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 initial and renewal application fees,

authorizing official's and owner's criminal background abstract provided by a government agency, and postage and mailing of the applications.

Initial Enterprise Fees

Application for each initial driver training enterprise - \$250 per location

Background check - \$25 - \$80 for the authorizing official and owner of each location

Total cost for initial licensing of each enterprise location - \$275 - \$330

Annual Renewal of each enterprise license - \$50 per location

Sources for background check fee -

<http://www.ohioattorneygeneral.gov/Business-and-Non-Profits/Business/Webcheck/Webcheck-Com> and online driver education committees which represented smaller and larger traditional brick-and-mortar schools, and current online providers.

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**

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, the director may deny an application, change of information, or renewal based on incorrect, misleading or false information. The director may reject or deny an application for an online provider should the online program proposal fail to meet the requirements as established in the "Required Minimum Standards for Online Driver Education."

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

This rule sets forth the licensing fees and documentation requirements for the initial application and renewal for an enterprise and each school location.

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
Yes	No	No	No

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 costs of compliance include initial and renewal application fees, authorizing official's and owner's criminal background abstract provided by a government agency, and postage and mailing of the applications.

Initial Enterprise Fees

Application for each initial driver training enterprise - \$250 per location

Background check - \$25 - \$80 for the authorizing official and owner of each location

Total cost for initial licensing of each enterprise location - \$275 - \$330

Annual renewal of each enterprise license - \$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.

The estimated costs of compliance include \$275-\$330 in initial and renewal licensing fees for each enterprise operated in a school district.

(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

Licensing fees - \$275-\$330 per each initial enterprise license

\$50 per each enterprise license annual renewal

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.

This rule does not impact the agency's budget. It is expected that school districts include the costs of compliance that result from this rule in their students' driver training program fees.

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

It is estimated that this rule would result in no impact to economic development.