

Small Business Economic Impact Statement

WAC 308-108-155

**A Rule Concerning Driver Training Schools
Required Curriculum Training Expectations**

November 20, 2019

*Prepared by the
Driver Training Schools Program
Olympia, Washington*

SECTION 1: Describe the proposed rule, including: a brief history of the issue; an explanation of why the proposed rule is needed; and a brief description of the probable compliance requirements and the kinds of professional services that a small business is likely to need in order to comply with the proposed rule.

RCW 46.82.420 mandated the Office of the Superintendent of Public Instruction (OSPI) and the Department establish consistency in traffic safety education provided to novice drivers. The law also requires schools to show proper diligence in teaching the required curriculum.

This rule will clarify how schools show proper diligence in teaching the required curriculum provided by the Department. Compliance with these changes will not require significant resources for the small business but will require the owner to complete a form. This form is simple in nature and lists the required curriculum with space for the owner to show where each element is taught in their courses.

SECTION 2: Identify which businesses are required to comply with the proposed rule using the North American Industry Classification System (NAICS) codes and what the minor cost thresholds are.

All school owners will be required to comply with this proposed rule. The threshold used was the Regulatory Fairness Act which defines “minor cost” as less than three-tenths of one percent of annual revenue or income (.003%), or 100 dollars, whichever is greater, or 1% of annual payroll.

NAICS Code	NAICS Business Description	# of Businesses in Washington	Minor Cost Threshold = .3% of Average Annual Receipts
611692	Driver Training Schools	404	\$271 per business per year*

***NOTES:**

As of November 12, 2019, there were 404 driver training schools and branches in Washington (from DOL System Reports)

Annual gross income from DOR (<http://apps.dor.wa.gov/ResearchStats/Content/GrossBusinessIncome/Report.aspx>) Average for 2016-2018 is \$44,286,191. Minimum cost threshold (.3% of annual receipts) is \$109,372, or \$271 per business per year. [RCW 19.85.020(2)]

SECTION 3: Analyze the probable cost of compliance. Identify the probable costs to comply with the proposed rule, including: cost of equipment, supplies, labor, professional services and increased administrative costs; and whether compliance with the proposed rule will cause businesses to lose sales or revenue.

Business owners reported a value of anywhere between \$0 and \$1500, with \$75-\$100 being the most common cost of compliance. Outreach was done for the three respondents who reported a cost above the threshold and revenue loss. One came in at \$500, and two other schools indicated a cost of \$1500 to complete the form. When the Department contacted these schools it was clear that they had misinterpreted the questions on the SBEIS survey. When staff explained the actual requirements being imposed, the schools verified the cost would not exceed the minor threshold. The form is simple and only requires the school to list where they are teaching the elements of the required curriculum. Survey responses indicate this rule will not cause businesses to lose sales or revenue.

SECTION 4: Analyze whether the proposed rule may impose more than minor costs on businesses in the industry.

Survey results indicate the proposed rule will not impose more than minor costs on businesses in the industry.

SECTION 5: Determine whether the proposed rule may have a disproportionate impact on small businesses as compared to the 10 percent of businesses that are the largest businesses required to comply with the proposed rule.

Survey results indicate there will not be a disproportionate impact on small or large businesses. The proposed rule supports delivery of the required curriculum to all students.

SECTION 6: If the proposed rule has a disproportionate impact on small businesses, identify the steps taken to reduce the costs of the rule on small businesses. If the costs cannot be reduced provide a clear explanation of why.

This rule does not have a disproportionate impact on small businesses.

SECTION 7: Describe how small businesses were involved in the development of the proposed rule.

The agency held a series of five workshops around the state to solicit feedback from all industry stakeholders on how schools should demonstrate proper diligence in teaching the required curriculum. All ideas were collected, compiled, and discussed with the industry in two additional workshops in Eastern and Western Washington.

An invitation was then sent to all school owners, OSPI and industry stakeholders to attend a series of Rule Writing workshops. There were a total of four workshops in October. Participants included representation from five schools, OSPI, Washing Traffic Safety Commission, and industry advocates. During these workshops all participants reviewed the previous feedback. These meetings resulted in a collaboratively drafted proposed rule and form, agreed to by all parties. The agency then distributed the draft rule and form with a SBEIS survey for all businesses to provide comments on the proposed rule change.

SECTION 8: Identify the estimated number of jobs that will be created or lost as the result of compliance with the proposed rule.

Survey results indicate there will not be any jobs lost or created as a result of compliance with this rule.

SECTION 9: Summary

The Department determined that the proposed rule will not adversely impact small businesses and effectively implements RCW 46.82.420. The CR-102 was filed November 19, 2019.