



Virginia Department of Planning and Budget **Economic Impact Analysis**

24 VAC 20-121 Driver Training Schools Regulations

Department of Motor Vehicles

Town Hall Action/Stage: 6472 / 10339

August 19, 2024

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

The Department of Motor Vehicles (DMV) proposes to remove from 4 VAC 20-121-180 *Class A instructor license requirements* one requirement and additional text that will no longer be applicable upon completion of a separate regulatory action.

Background

Both the current and proposed regulations require that applicants for a Class A² instructor's license possess a valid Virginia nonrestricted interstate commercial driver's license (CDL), with the appropriate vehicle classes and endorsements for the type of instruction they intend to provide. The current regulation also requires that the applicant must have held the valid Virginia nonrestricted interstate CDL for at least three years. However, the federal Entry Level Driver Training (ELDT) regulations do not have a minimum amount of time that the applicant must have had the interstate CDL. In order to be consistent with the federal regulations, DMV

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

² Class A training is for drivers of commercial motor vehicles.

proposes to eliminate the requirement that the interstate CDL has been held for at least three years.

The current 24 VAC 20-121-100 *General instructor licensing requirements* states that “Except as otherwise provided in these regulations, an individual seeking an instructor's license shall have at least a high school diploma or equivalent.” The current 4 VAC 20-121-180 *Class A instructor license requirements* states that:

Applicants for a Class A instructor's license who do not have a high school diploma may nevertheless be licensed if they provide evidence in a format prescribed by the department that they (i) have at least one year of previous Class A instructing experience or (ii) have successfully completed a Class A driver training course and a minimum of 160 hours of Class A instructor training provided by the hiring school.

Since the federal ELDT regulations do not require high school diploma or its equivalent for Class A driver training instructors, DMV is proposing to repeal that requirement in the 24 VAC 20-121-100 *General instructor licensing requirements* in a separate regulatory action.³ With the repeal of the high school diploma requirement, the quoted 4 VAC 20-121-180 *Class A instructor license requirements* text above would be misleading and unnecessary. Consequently, the agency proposes to repeal it as well.

Estimated Benefits and Costs

Eliminating the requirement that the interstate CDL has been held for at least three years in order to qualify for a Class A instructor's license would likely increase the pool of potential candidates who could be hired as instructors by Class A driver training schools. To the extent that at least some of the schools would be interested in hiring instructors who have had their interstate CDL for fewer than three years, this proposed change could be beneficial for both such schools and individuals interested in becoming instructors who have held their interstate CDL for fewer than three years.

Assuming that the repeal of the high school diploma or its equivalent requirement (via the separate regulatory action) becomes effective, the text starting with “Applicants for a Class A instructor's license who do not have a high school diploma may nevertheless be licensed if ...” quoted above would wrongly imply that a high school diploma or its equivalent would be

³ See <https://townhall.virginia.gov/L/ViewAction.cfm?actionid=6470>

required for Class A instructor's license outside of the elucidated circumstances. Since this text would be both misleading and unnecessary, repealing it would be beneficial.

Businesses and Other Entities Affected

The proposed amendments affect future Class A instructor's license applicants and the 30 Class A licensed driver training schools in the Commonwealth that would employ them.⁴ According to DMV, all or almost all are small businesses.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.⁵ An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.⁶ The proposed amendments neither increase costs nor reduce benefits. Thus, no adverse impact is indicated.

Small Businesses⁷ Affected:⁸

The proposed amendments do not adversely affect small businesses.

⁴ Data source: DMV.

⁵ Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

⁶ Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

⁷ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

⁸ If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

Localities⁹ Affected¹⁰

The proposed amendments neither disproportionately affect particular localities nor introduce costs for local governments.

Projected Impact on Employment

To the extent that there are schools who have difficulty filling Class A instructor positions, and such schools would be interested in hiring instructors who have had their interstate CDL for fewer than three years, there may be a modest increase in the employment of Class A driving instructors.

Effects on the Use and Value of Private Property

To the extent that there are schools who have difficulty filling Class A instructor positions, and such schools would be willing to hire instructors who have had their interstate CDL for fewer than three years, then the proposed elimination of the three-year requirement may enable these schools to potentially serve more clients, increasing their revenue and value. The proposed amendments do not affect real estate development costs.

⁹ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

¹⁰ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.