

TABLE 7.—DIRECT COST CHANGES—SHORT-HAUL—Continued
 [(Millions of dollars per year) (Values in parentheses are negative)]

Cost category	PATT	ATA	FMCSA
Recruitment	144	(7)	13
Total Costs	2,595	(87)	168

Source: RIA Exhibit 9–3. Totals do not add due to rounding.

TABLE 8.—TOTAL DIRECT COST CHANGES
 (Millions of dollars per year) (Values in parentheses are negative)]

	PATT	ATA	FMCSA
Long-haul	764	(1,356)	(1,073)
Short-haul	2,595	(87)	168
Total	3,360	(1,442)	(905)

Source: RIA Exhibit 9–4. Totals do not add due to rounding.

The FMCSA analyzed two secondary effects of the need to change the number of drivers in response to the HOS rule alternatives: wage rate changes due to the need to draw new drivers into the industry, and mode shifts in response to changes in the costs of long-haul operations. The changes in drivers shown in Table 5 (RIA Exhibit 9–1)

were first translated into changes in market wage rates for drivers using a driver supply elasticity of 5.0. The resulting percentage changes in wages are shown in the second line of Table 9 (RIA Exhibit 9–5). The effects of that increase on the total costs of the long-haul sector are presented in the next line, followed by the total increase in

long-haul costs including both the costs for changes in labor and capital, and the costs due to the wage increases. This total cost increase is then compared to the total costs for all long-haul operations to yield a percentage increase in long-haul costs.

TABLE 9.—LONG-HAUL COST CHANGES INCLUDING WAGE INCREASES AND RESULTING MODE SHIFTS
 [(Costs in millions of dollars per year) (values in parentheses are negative)]

	PATT	ATA	FMCSA
Direct HOS-Induced Costs, Long-haul Only	764	(1,356)	(1,073)
Percentage Change in Wages due to Driver Supply Elasticity	1.2%	(0.6)%	(0.3)%
Increase in Long-haul Wage Bill due to Wage Increases	752	(366)	(206)
Total Increase in Long-haul Costs	1,517%	(1,722)%	(1,279)%
Percentage Increase in Long-haul Costs	0.4%	(0.4)%	(0.3)%
Percentage Change in Long-haul VMT due to Mode Shift	(0.32)%	0.37%	0.25%
Change in Long-haul Drivers due to Mode Shift	(4,875)	5,535	3,820

Given this percentage increase in long-haul costs, the assumption that this cost increase is passed on to shippers, a measure of the sensitivity of mode choice to prices, and an estimate of the portion of the long-haul sector that is sensitive to competition from rail, the FMCSA estimated the percentage change in long-haul VMT that would result from changes in the mode split.

Assuming a constant relationship between drivers and VMT allowed the agency to estimate the change in long-haul drivers resulting from the projected mode shift. The long-haul wage increases and changes in mode shifts are not included elsewhere in the RIA, because these represent transfers in welfare among groups and not net social costs to society.

Net Benefits

The net social benefits of the alternatives, relative to the current rules with full compliance, are found by subtracting the social costs from the benefits. The results are shown in Table 10 (modified RIA Exhibit 9–10), below.

TABLE 10.—NET BENEFITS RELATIVE TO CURRENT RULES WITH FULL COMPLIANCE
 [(Millions of dollars per year) (values in parentheses are negative)]

	PATT	ATA	FMCSA
Total Benefits	341	(272)	228
Total Cost	3,360	(1,442)	(905)
Net Benefits	(3,019)	1,170	1,133

Source: RIA Exhibits 9–4 and 9–8.