

TABLE 23.—CALCULATION FOR SENSITIVITY ANALYSIS

Trucking or For-Hire	Employment less than 20	Employment 20–500	Employment 500+	Total
Number of Short-Haul Firms	54,281	4,943	227	59,451
Number of Employees	202,116	225,180	64,493	491,789
Distribution of Employees (percent)	41	46	13	100
Average Impact per Firm (percent)	0.67
Magnitude of Impact by Firm Size	1.6 ×	1.3 ×	×
Adjusted Average Impact per Firm (percent)	0.775	0.629	0.484	0.670

Source: Statistics of US Businesses (SUSB), developed by U.S. Census Bureau for SBA and FMCSA calculations.

Under the worst-case scenario, the agency estimates that, on average, a short-haul firm will bear a burden equal to a 0.67 percent increase in its costs as a share of revenue. An SBA study completed in 2001 shows that the economic impact on a firm with less than 20 employees may be up to 60 percent greater per employee than on firms with more than 500 employees, *see* “The Regulatory Flexibility Act, Implementation Guide for Federal Agencies,” November 2002, which cites W. Mark Crain and Thomas D. Hopkins, “The Impact of Regulatory Costs on Small Firms” (Springfield, Va.: National Technical Information Service, 2001). As a result, the FMCSA adjusts the “worst-case” impact estimate to account for the possible disparity of the regulatory impact across firms. The adjustment is based on firms’ size and employees’ distribution. As no information is available on the magnitude of economic impact on firms with 20 to 500 employees relative to the firms in other size categories, we assume that the impact on firms in this category is equal to the average of impacts on firms in the other two size categories (*i.e.*, that the impact is 30 percent greater for the mid-size firms as for the large firms, and an equivalent amount less than the impacts on the smallest firms). The adjusted average

impact per firm was found by setting up the following equation for X, the average impact per firm with more than 500 employees:

$41 \text{ percent} * 1.6 * X + 46 \text{ percent} * 1.3 * X + 13 \text{ percent} * X = 0.67 \text{ percent}$
Rearranging terms and solving, the FMCSA finds that $X = 0.484 \text{ percent}$. The agency second multiplies X by 1.6 to calculate the average economic impact on firms with less than 20 employees. The agency’s results show that economic impact on firms with less than 20 employees is 0.775 percent of revenues, which is below the threshold of significance chosen for this analysis.

Estimation of Costs for Non-Trucking Companies

The cost impact for non-trucking companies is calculated on the basis of the cost increases per existing driver. Assuming there are 1.5 million existing short-haul/local drivers (*see* Exhibit 6.7 in RIA), a \$1.32 billion cost increase means that firms face an increase of \$881 per existing driver. Given the distribution of drivers from the Current Population Survey, the agency chose industries that employed a substantial number of drivers, and calculated the increase in their operating costs due to the FMCSA option. Table 24 shows these selected sectors and the estimated

number of drivers they employed in 2000.

Among non-trucking industries that use drivers, construction (NAICS 23) bears the largest dollar impact, followed by the eating and drinking places (NAICS 445), under the retail industry. Another industry segment that has a relatively large impact is the groceries and related products sector (NAICS 4224). However, for all these and the others in Table 24, the increase in cost as share of their labor cost is very small (second from last column). In these terms, the highest impact is for the agriculture sector (0.35 percent), probably because labor costs are not so well-defined for mostly family-owned farms. For all the other sectors, impacts are significantly lower than 1 percent of labor costs, since driver labor is a relatively small fraction of their total labor costs.

The cost impacts are even lower when the agency calculates them in terms of their total revenue (last column in Table 24). Similar to the reasoning given above, since labor costs are only a small portion of most industries’ total costs (or total revenue), the impact of the worst-case scenario is significantly smaller than one percent, with the highest impact shown for the stone, clay, glass, and concrete industry (NAICS 327) at 0.03 percent.

TABLE 24.—WORST-CASE SCENARIO IMPACT ON DIFFERENT INDUSTRY SEGMENTS

Private industry classification	Short-haul drivers in total labor (%)	Number of short-haul drivers in 2000	Cost in- crease due to worst- case option (millions of dollars)	Cost in- crease as share of labor costs (%)	Cost in- crease as share of revenue (%)
Agriculture, Forest, Fisheries	11.2	18,375	17	0.35	0.01
Groceries & Related Products	7.3	64,233	57	0.18	0.01
Stone, Clay, Glass, Concrete	6.6	34,793	31	0.16	0.03
Mining	4.6	20,965	18	0.08	0.01
Eating & Drinking Places	2.7	82,076	72	0.15	0.02
Petroleum & Coal Products	2.0	2,230	2	0.03	0.001
Construction	1.6	103,487	91	0.04	0.01
Food & Kindred Products	1.6	26,318	23	0.05	0.004
Lumber, Wood Products, Furniture	1.4	17,843	16	0.05	0.01
Transportation, communications, utilities, (excludes For-Hire Trucking)	1.4	68,694	61	0.02	0.01
Pulp, Paper, Printing	1.0	14,274	13	0.02	0.005
Wholesale Trade, (excludes Groceries & Related Prod)	2.5	134,265	118	0.05	0.003