



## Economic Impact Analysis Virginia Department of Planning and Budget

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**18 VAC 80-30 – Optician Regulations**  
**Department of Professional and Occupational Regulation**  
January 4, 2015 (revised January 15, 2015)

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### Summary of the Proposed Amendments to Regulation

The Board or Hearing Aid Specialists and Opticians (Board) proposes to amend fees for optician licensure. Specifically, the Board proposes to decrease fees for initial application and for contact lens certification and to increase fees for license renewal (renewal with the 30 day grace period after license expiration), late renewal (between 30 and 60 days of license expiration) and reinstatement (more than 60 days after license expiration).

### Result of Analysis

There is insufficient information to ascertain whether benefits will outweigh costs for these proposed changes.

### Estimated Economic Impact

Under current regulations, applicants for initial licensure as optician pay \$100 and pay an additional \$100 for contact lens certification; licensees currently pay a biennial renewal fee of \$100 and, when necessary, pay a late renewal fee of \$125 or a reinstatement fee of \$225 (depending on how late they are in renewing their licenses). The Board now proposes to decrease fees for initial licensure application and contact lens certification and to increase fees for license renewal, late renewal and reinstatement of licensure.

Below is a comparison table for current and proposed fees:

<b>FEE TYPE</b>	<b>CURRENT FEE</b>	<b>PROPOSED FEE</b>	<b>% change</b>
Initial Application for Licensure	\$100	\$85	-15%

Contact Lens Certification	\$100	\$85	-15%
License Renewal	\$100	\$115	+15%
License Late Renewal	\$125	\$150	+20%
License Reinstatement	\$225	\$235	+4.44%

Board staff reports that, although revenues have fallen short of being able to pay for all expenditures in this and the last biennium, the Board had excess balances that covered budget shortfalls. Absent some fee increase, Board staff reports that the Board will run a deficit by the end of the 2016-18 biennium. Even though historical revenue and expenditure numbers support that the Board would eventually have to increase fees, an assumption used to forecast a decrease in revenues seems dubious. Board staff reports that forecasted revenues for the current biennium and the next two biennia are less than revenues over the last two biennia because they assumed that renewals would follow historical patterns (in that approximately 92% of current licensees would choose to renew) but they also assumed that revenues for initial licensure applications would be lower than they have been historically over the last two biennia. In short, Board staff assumes that fewer new individuals will choose to be licensed over this or the next two biennia in order to forecast a decrease in revenues. While revenue increased from \$288,840 for the 2010-12 biennium to \$289,704 for the 2012-14 biennium, the Board is forecasting the revenue will fall to \$276,485 for the current biennium and will be the same for the next two biennia (absent fee increases).

An assumption used to forecast increased costs (that the Department of Professional and Occupational Regulation (DPOR) will fill empty positions that the Board would then be responsible for partially covering the cost of) also may not happen and may not be in the best interests of current or future licensees if it does happen. Specifically, if neither licensee services nor investigations of complaints *for this Board* have suffered a significant lag on account of DPOR's lower staffing levels, neither licensees of this Board nor the public who uses their services are likely to experience a significant benefit on account of DPOR's anticipated hiring of additional staff.

In addition to anticipated staffing increases at DPOR, Board staff also reports that they expect expenditures to increase because of rising cost of health insurance for DPOR staff. On a per employee basis these costs are entirely outside of the power of the Board (and DPOR) to control. To the extent that health care costs are anticipated to increase because DPOR plans to hire more staff, the analysis in the paragraph above would also apply here.

Increasing fees will likely increase the cost of being licensed or registered and, so, will likely slightly decrease the number of people who choose to be remain in these jobs or businesses. To the extent that the public benefits from the Board regulating these professional populations, they will also likely benefit from the Board's proposed action that will increase fees to support Board activities. There is insufficient information to ascertain whether benefits will outweigh costs.

### **Businesses and Entities Affected**

This proposed regulation will affect all current and future optician licensees. Board staff reports that there are currently 1,965 opticians who are licensed in the Commonwealth.

### **Localities Particularly Affected**

No localities will likely be disproportionately affected by this proposed regulatory change.

### **Projected Impact on Employment**

Marginally decreased initial licensure fees may lead to a likely very marginal increase in the number of individuals seeking initial licensure as opticians. This effect will likely be partially or fully offset by a marginal decrease in the number individuals who choose to renew their licenses because renewal fees are higher. On the whole, this action will likely have little net effect on employment in the Commonwealth.

### **Effects on the Use and Value of Private Property**

To the extent that professional licenses are private property of value to licensees, Board proposed changes will marginally increase the initial value of an optician's license and will marginally decrease the value of licenses more than two years old.

## **Small Businesses: Costs and Other Effects**

Given that these proposed changes will have little to no net effect on employment in the Commonwealth, small businesses that employ opticians are unlikely to incur any additional costs. Opticians who own their own businesses will incur slightly higher renewal fees on account of these regulations.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

There are actions that the Board could take that might mitigate the necessity of raising fees at this time. If licensees and the public have not thus far been harmed by decreased staffing levels, licensees would likely benefit from DPOR reconsidering its decision to hire more staff that would need to be funded through licensure fees.

## **Real Estate Development Costs**

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

## **Legal Mandate**

**General:** 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 and Executive Order Number 17 (2014). Section 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to:

- the projected number of businesses or other entities to whom the proposed regulation would apply,
- the identity of any localities and types of businesses or other entities particularly affected,
- the projected number of persons and employment positions to be affected,
- the projected costs to affected businesses or entities to implement or comply with the regulation, and
- the impact on the use and value of private property.

**Small Businesses:** If the proposed regulation will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- 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,

- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 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 (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

AMH

Town Hall ID: Action # 4149/Stage # 7105