



Fast Track Proposed Regulation Agency Background Document

Agency name	Board for Asbestos, Lead, and Home Inspectors
Virginia Administrative Code (VAC) citation	18 VAC 15-30
Regulation title	Lead-Based Paint Activities Regulations
Action title	Amendment of Exam Fee Cap for Third-Party Lead Exam
Date this document prepared	August 28, 2013

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 14 (2010) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

Brief summary

Please provide a brief summary (no more than 2 short paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes.

This regulatory action will amend 18VAC15-30-161.C to provide for the establishment of examination fees by a third party vendor through the competitive negotiation process pursuant to the Virginia Public Procurement Act (§2.2-4300 et seq. of the Code of Virginia).

Acronyms and Definitions

Please define all acronyms used in the Agency Background Document. Also, please define any technical terms that are used in the document that are not also defined in the "Definition" section of the regulations.

No acronyms or technical terms were identified that were not defined in the "Definitions" section of the regulations.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

The amended language was adopted on August 8, 2013 by the Board for Asbestos, Lead, and Home Inspectors. The language will amend the Lead-Based Paint Activities Regulations.

Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant citations to the Code of Virginia or General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., agency, board, or person. Your citation should include a specific provision authorizing the promulgating entity to regulate this specific subject or program, as well as a reference to the agency/board/person's overall regulatory authority.

§ 54.1-201.5 of the *Code of Virginia* (<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+54.1-201>) states that the Board has the power and duty "To promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) necessary to assure continued competency, to prevent deceptive or misleading practices by practitioners and to effectively administer the regulatory system administered by the regulatory board."

§ 54.1-501 of the *Code of Virginia* (<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+54.1-501>) provides the authority for the Board to promulgate regulations for the licensure of lead professionals and firms, approval of accredited lead training programs, and approval of criteria for accredited lead training programs. The content of the regulations is pursuant to the Board's discretion, but shall not be in conflict with the purposes of the statutory authority.

Purpose

Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons the regulation is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.

The ability to competitively negotiate and procure contracts for the examination administration of the lead program is a critical component of the application process. The current examination cap of \$75 has been in place since October 1, 1995, the original effective date of the regulations. Due in part to the small number of candidates for lead examinations (approximately 80 per year), the increased security requirements necessary to ensure examination content is not compromised, the ability to procure services that allow maximum offerings (geographic and multi-day availability), and overall changes in the economy, the costs associated with administering examinations have increased. The examination cap inhibits the Board's ability to competitively negotiate examination services because some vendors will not submit proposals due to the extensive limitation of the examination cap and recent proposal submittals indicate the current examination cap is unrealistic. Third-party vendors who develop and administer examinations cannot provide an effective, secure examination for \$75. Since the Department strictly adheres to the competitive negotiation process in the Virginia Public Procurement Act (§2.2-4300 et seq. of the Code of Virginia) and the Department negotiates to ensure fees remain reasonable for candidates while ensuring all examination administration needs are met, removal of the examination cap is prudent as future examination costs and needed services are nearly impossible to anticipate due to the reliance on vendors - and the proposals they submit - for these services.

The most recent examination services procurement process affirms the necessity to make this change based on the above factors as no proposals could comply with the current examination cap. There is a current regulatory action in process to adjust the Board’s fees pursuant to the Callahan Act (54.1-113) to ensure that revenues are sufficient but not excessive to cover its ongoing operating expenses. Without the proposed fee adjustment, the Board will incur a deficit by the end of the 2012-2014 biennium and the Department will not collect adequate revenue to pay for operations. The additional examination costs the Board will need to absorb due to the limitation of the examination fee cap will further compound the Board’s financial position.

This change is also consistent with several other boards’ regulations under the Department’s purview.

Rationale for using fast track process

Please explain the rationale for using the fast track process in promulgating this regulation. Why do you expect this rulemaking to be noncontroversial?

Please note: If an objection to the use of the fast-track process is received within the 30-day public comment period from 10 or more persons, any member of the applicable standing committee of either house of the General Assembly or of the Joint Commission on Administrative Rules, the agency shall (i) file notice of the objections with the Registrar of Regulations for publication in the Virginia Register, and (ii) proceed with the normal promulgation process with the initial publication of the fast-track regulation serving as the Notice of Intended Regulatory Action.

The fast track process is being used to implement this amendment as soon as possible to avoid the Board having to absorb the additional cost of each examination. The most recent examination services procurement process affirms the necessity to make this change quickly as no proposals could comply with the current examination cap. As it is now with the current examination cap, the Board must absorb the additional cost of the examination (over the examination cap), which could result in a further deficit to the Board depending on the length of the process to amend the regulations. There is a current regulatory action in process to adjust the Board’s fees pursuant to the Callahan Act (54.1-113) as the Board is already expected to incur a deficit by the end of the 2012-2014 biennium and the Department will not collect adequate revenue to pay for operations. The additional examination costs the Board will need to absorb due to the limitation of the examination fee cap will further compound the Board’s financial position. Fees for the examinations will be subject to contracted charges to the agency by the third-party vendor; and contracts are competitively negotiated in compliance with the Virginia Public Procurement Act (§2.2-4300 et seq. of the Code of Virginia).

Substance

Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (Provide more detail about these changes in the “Detail of changes” section.) Please be sure to define any acronyms.

The proposed amendment will amend 18VAC15-30-161.C to provide for the establishment of examination fees by a third party vendor through the competitive negotiation process pursuant to the Virginia Public Procurement Act (§2.2-4300 et seq. of the Code of Virginia). Examination candidates will be required to pay for the actual cost of the examination, which has been competitively negotiated and bargained for by the department and is subject to contracted charges.

Issues

*Please identify the issues associated with the proposed regulatory action, including:
1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;
2) the primary advantages and disadvantages to the agency or the Commonwealth; and
3) other pertinent matters of interest to the regulated community, government officials, and the public.
If there are no disadvantages to the public or the Commonwealth, please indicate.*

- 1) The purpose of the lead examination is to ensure minimum competency of those who perform lead abatement activities, which is critical to reducing the risk of lead exposure to the public, particularly children. In order to establish minimum competency of individuals and businesses performing abatement activities, a valid, comprehensive, psychometrically-sound examination is essential.
- 2) The advantage of this action will be to prevent reduce the likelihood that the Board will have to take action in the near future to increase application and other licensing fees resulting from the Board's absorption of examination costs over the examination cap. There are no disadvantages to the Commonwealth.
- 3) Approximately 80 candidates per year take the lead examination. There will be a necessity to increase the examination fees, which will result in increased costs to the candidates. However, the examination fee cap has been set at \$75 for 18 years, which is no longer feasible to maintain. While the agency will keep the cost to candidates for the third-party lead examination at a minimum, the cost will increase.

Requirements more restrictive than federal

Please identify and describe any requirement of the proposal which is more restrictive than applicable federal requirements. Include a rationale for the need for the more restrictive requirements. If there are no applicable federal requirements or no requirements that exceed applicable federal requirements, include a statement to that effect.

There are no requirements that exceed applicable federal requirements.

Localities particularly affected

Please identify any locality particularly affected by the proposed regulation. Locality particularly affected means any locality which bears any identified disproportionate material impact which would not be experienced by other localities.

There are no particularly affected localities.

Regulatory flexibility analysis

Pursuant to §2.2-4007.1B of the Code of Virginia, please describe the agency's analysis of alternative regulatory methods, consistent with health, safety, environmental, and economic welfare, that will

accomplish the objectives of applicable law while minimizing the adverse impact on small business. Alternative regulatory methods include, at a minimum: 1) the establishment of less stringent compliance or reporting requirements; 2) the establishment of less stringent schedules or deadlines for compliance or reporting requirements; 3) the consolidation or simplification of compliance or reporting requirements; 4) the establishment of performance standards for small businesses to replace design or operational standards required in the proposed regulation; and 5) the exemption of small businesses from all or any part of the requirements contained in the proposed regulation.

Without this amendment, the Board will have to take action in the near future to increase application and other licensing fees resulting from the Board’s absorption of examination costs in excess of the examination cap. Applicants and regulants of the program will pay for the increase in examination cost, either from examination service fees or through the subsidization of other fees collected by the Board.

Economic impact

Please identify the anticipated economic impact of the proposed new regulations or amendments to the existing regulation. When describing a particular economic impact, please specify which new requirement or change in requirement creates the anticipated economic impact. Please keep in mind that we are looking at the impact of the proposed changes to the status quo.

Description of the individuals, businesses or other entities likely to be affected (positively or negatively) by this regulatory proposal. Think broadly, e.g., these entities may or may not be regulated by this board	This regulation change will affect all individual examination candidates and applicants for licensure.
Agency’s best estimate of the number of (1) entities that will be affected, including (2) small businesses affected. Small business means a business, including affiliates, that is independently owned and operated, employs fewer than 500 full-time employees, or has gross annual sales of less than \$6 million.	As of July 1, 2013, there were 896 licensed individuals. There are approximately 80 examination candidates each year.
Benefits expected as a result of this regulatory proposal.	The amendment to 18VAC15-30-161.C will remove the maximum \$75 cost of the lead examination. Examination fees will be set according to the contract negotiated with the exam vendor in compliance with the Virginia Public Procurement Act. This action will prevent the likelihood that the Board will have to take action in the near future to increase application and other licensing fees resulting from the Board’s absorption of examination costs over the examination cap.
Projected cost to the state to implement and enforce this regulatory proposal.	<p>a) Fund: NGF (0900) Program/Service Area: 560 46</p> <p>b) One-Time: No one-time costs are expected as a result of this regulatory change.</p> <p>Ongoing: No ongoing costs are expected as a result of this regulatory change.</p>
Projected cost to localities to implement and	No change anticipated.

enforce this regulatory proposal.	
All projected costs of this regulatory proposal for affected individuals, businesses, or other entities. Please be specific and include all costs, including projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses, and costs related to real estate development.	The cost for the lead examination is expected to increase with the next exam vendor contract. The specific cost has not been finalized but will likely exceed the current cost of \$75.

**Board for Asbestos, Lead, and Home Inspectors
Fiscal Impact of Proposed Regulation**

Summary:

The proposed amendments to the Lead-based Paint Activities regulations within the Board for Asbestos, Lead, and Home Inspectors will remove the maximum \$75 cost of the lead examination. Examination fees will be set according to the contract negotiated with the exam vendor in compliance with the Virginia Public Procurement Act No fiscal impact to the Board is expected as a result of the amendment.

All costs incurred in support of board activities and regulatory operations are paid by the department and funded through fees paid by applicants and licensees. All boards within the Department of Professional and Occupational Regulation must operate within the Code provisions of the Callahan Act (54.1-113), and the general provisions of 54.1-201. Each regulatory program's revenues must be adequate to support both its direct costs and a proportional share of agency operating costs. The department allocates costs to its regulatory programs based on consistent, equitable, and cost-effective methodologies. The Board has no other source of income.

Fiscal Impact:

	FY 2014	FY 2015	FY2016	FY2017
Fund	NGF (0900)	NGF (0900)	NGF (0900)	NGF (0900)
Program/Service Area	560 46	560 46	560 46	560 46

Impact of Regulatory Changes:				
One-Time Costs	\$0	\$0	\$0	\$0
Ongoing Costs	\$0	\$0	\$0	\$0
Total Fiscal Impact	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Description of Costs:

One-Time: No one-time costs are expected as a result of this regulatory change.

Ongoing: No ongoing costs are expected as a result of this regulatory change.

Cost to Localities: No change anticipated.

Description of Individuals, Businesses, or Other Entities Impacted: This regulation change will affect all individual examination candidates and applicants for licensure.

Estimated Number of Regulators: As of July 1, 2013, there were 896 licensed individuals. There are approximately 80 examination candidates each year.

Projected Cost to Regulators: The cost for the lead examination is expected to increase with the next exam vendor contract. The specific cost has not been finalized but will likely exceed the current cost of \$75.

Alternatives

Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action. Also, include discussion of less intrusive or less costly alternatives for small businesses, as defined in §2.2-4007.1 of the Code of Virginia, of achieving the purpose of the regulation.

If the Board is required to absorb the additional cost of each examination, the Board would be forced to increase applications and other licensing fees in order to ensure that its revenue is sufficient to cover its expenses in accordance with the Callahan Act (54.1-113).

Family impact

Please assess the impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

A family impact has not been identified.

Detail of changes

Please list all changes that are being proposed and the consequences of the proposed changes. If the proposed regulation is a new chapter, describe the intent of the language and the expected impact. Please describe the difference between existing regulation(s) and/or agency practice(s) and what is being proposed in this regulatory action.

*If the proposed regulation is intended to replace an emergency regulation, please list separately (1) all differences between the **pre-emergency regulation** and **this proposed regulation**, and (2) only changes made since the publication of the emergency regulation.*

For changes to existing regulation(s) or regulations that are being repealed and replaced, use this chart:

Current section number	Proposed new section number, if	Current requirement	Proposed change, intent, rationale, and likely impact of proposed requirements
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	applicable		
18VAC15-30-161.C	N/A	Currently, the examination shall not exceed a cost of \$75 to the candidate.	<p>This proposed amendment removes the maximum cost of the examination to the candidate.</p> <p>The amendment will require the examination candidate to pay for the actual cost of the examination, which has been competitively negotiated and bargained for by the department and is subject to contracted charges.</p>