



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

18 VAC 125-20 Regulations Governing the Practice of Psychology
Department of Health Professions
Town Hall Action/Stage: 6113/9832
August 25, 2023

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 Board of Psychology (Board) proposes to make two discretionary amendments that would reduce barriers to licensure as a clinical psychologist or school psychologist in Virginia.

Background

A 2022 report by the Virginia Health Care Foundation highlighted the ways in which the COVID-19 pandemic exacerbated the shortage of behavioral health services in the Commonwealth.² The Department of Health Professions (DHP) reports that this Board (like other behavioral health boards) is trying to reduce barriers to licensure while ensuring that licensed professionals are adequately trained for the level of services they provide. At its September 2022 meeting, the Board's Regulatory Committee recommended amending the regulations to allow a doctoral-level school psychologist to be licensed as a clinical psychologist

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 See this 2022 report from the Virginia Health Care Foundation: <https://www.vhcf.org/2022/01/19/new-assessment-finds-alarming-shortage-of-virginia-licensed-behavioral-health-professionals-and-outlines-attainable-solutions/>

to reduce barriers to licensure for that profession.³ In addition, the Board discussed the need to change the regulations to allow for individuals seeking licensure as a school psychologist to be supervised by a clinical psychologist.

The regulation provides for three licensure categories (clinical, applied, and school psychologists) and each category has different requirements. Currently, the regulation requires clinical psychologists to hold a doctorate in clinical or counseling psychology, and school psychologists to hold either a master's degree in school psychology or a master's degree from a psychology program that meets certain criteria listed in section 56 of 18 VAC 125-20. DHP reports that some school psychologists obtain a doctorate in school psychology, and that the doctoral-level programs in clinical, counseling, and school psychology provide very similar training. Accordingly, the Board seeks to allow individuals with a doctorate in school psychology to become licensed as clinical psychologists. Specifically, the Board proposes to amend section 54 (*Education requirements for clinical psychologists*) to include school psychology under the requirement that an applicant shall "hold a doctorate in clinical or counseling psychology from a professional psychology program" that meets the accreditation requirements specified in that section.⁴ The proposed amendments would also include school psychology in the educational programs specified in part D of that section.

Further, the Board proposes to amend section 65 (*Residency*) so that a resident seeking licensure as a school psychologist may be supervised by a clinical psychologist. This would partially relax the current requirement that supervisors be licensed to practice in the same licensure category in which the resident is seeking licensure, and increase flexibility for candidates seeking a school psychologist license.

Estimated Benefits and Costs

Starting June 23, 2028, the proposed changes would also benefit individuals with doctorates in school psychology by allowing them to become licensed as clinical psychologists. In the interim, this proposed change would benefit individuals for whom obtaining a doctorate in school psychology would be easier than obtaining a doctorate in clinical or counseling psychology (which may vary depending on their master's degree and the programs available to

³ See https://townhall.virginia.gov/l/GetFile.cfm?File=meeting\31\32900\Minutes_DHP_32900_v2.pdf.

⁴ This provision would have a delayed effective date of June 23, 2028, which was added to this section in a 2021 regulatory action. See <https://townhall.virginia.gov/l/ViewAction.cfm?actionid=4897>.

them) by providing them with a pathway to licensure as a clinical psychologist once they complete their doctorate. The proposed changes would also benefit individuals currently seeking licensure as school psychologists by providing more flexibility in finding acceptable supervisors to meet their residency requirement. Lastly, employers of licensed clinical and school psychologists as well as the patients they serve would benefit to the extent that the proposed changes increase the supply of licensed professionals. Educational institutions that meet the accreditation requirements of this regulation and provide doctoral programs in school psychology may also benefit to the extent that the proposed changes result in an increase in enrollment. The proposed amendments would not create any new net costs.

Businesses and Other Entities Affected

The proposed amendments would directly benefit both licensed school psychologists with doctorates and residents seeking licensure in school psychology. As of June 30, 2023, there were 103 licensed school psychologists and 27 residents in school psychology.⁵ VDH does not collect data on the number of licensed school psychologists with doctorates in their field. A 2022 DHP report shows that 50 percent of licensed clinical psychologists primarily engage in private practice, and that the other 50 percent are employed by various healthcare and behavioral healthcare facilities.⁶ These facilities would benefit to the extent that new licensees with doctorates in school psychology and new residents in those programs seek employment.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.⁷ An adverse impact is indicated if there is any increase in net cost or reduction in net revenue for any entity, even if the benefits exceed the costs for all entities combined. As described above, the proposed changes would not create any new net costs. Thus, an adverse impact is not indicated.

⁵ Source: <https://www.dhp.virginia.gov/about/stats/2023Q4/04CurrentLicenseCountQ4FY2023.pdf>.

⁶ See <https://www.dhp.virginia.gov/media/dhpweb/docs/hwdc/behsci/0810CP2022.pdf>.

⁷ 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. 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.

Small Businesses⁸ Affected:⁹

The proposed amendments are not expected to adversely affect small businesses.

Localities¹⁰ Affected¹¹

The proposed amendments do not appear to disproportionately affect any particular localities, nor introduce costs for local governments.

Projected Impact on Employment

The proposed amendments are not likely to have a substantive impact on total employment; however, the number of licensed clinical and school psychologists and their employment would likely increase.

Effects on the Use and Value of Private Property

By reducing the barriers to becoming a clinical psychologist, the proposed regulation may increase the supply of clinical psychologists, which could lower hiring costs for private firms that employ them. Thus, the value of some such firms may moderately increase. The proposed amendments do not affect real estate development costs.

⁸ 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.”

⁹ 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.

¹⁰ “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.

¹¹ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.