



## Economic Impact Analysis Virginia Department of Planning and Budget

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**18 VAC 145-40 – Board for Geology Regulations**  
**Department of Professional and Occupational Regulation**  
September 29, 2012

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### Summary of the Proposed Amendments to Regulation

The Board of Professional Soil Scientists, Wetland Professionals and Geologists (Board) proposes to increase fees paid by individuals certified as geologists.

### Result of Analysis

There is insufficient information to accurately gauge whether benefits are likely to outweigh costs for these proposed changes.

### Estimated Economic Impact

Under regulations promulgated by the now defunct Board of Geology, certified geologists pay \$40 for initial certification, \$35 for renewal of certification, a \$25 additional fee for late renewal of certification and \$40 for reinstatement of certification. The Board of Professional Soil Scientists, Wetlands Professionals and Geologists, which now has authority to certify geologists now propose to raise most fees paid by geologists.

Below is a comparison table for current and proposed fees:

<b>FEE TYPE</b>	<b>CURRENT FEE</b>	<b>PROPOSED FEE</b>	<b>% INCREASE</b>
Initial Geologist Certification	\$40	\$90	125%
Certification Renewal	\$35	\$70	100%
Certification Reinstatement	\$40	\$90	125%

According to information provided by the Board, fees are being increased to bring geologists' fees in line with others charged by this Board and because information technology costs have increased precipitously over the last few years. Board staff reports that the Department of Professional and Occupational Regulation (DPOR) has already paid \$3.6 million, and expects to pay an additional \$1.6 million, for its new automated licensure system. These costs are additional to other IT (VITA) costs which have increased for all state agencies. It is likely that most of the per regulant expenditure increase in the last decade is due to these increased information systems costs. Over the 02-04 biennium, DPOR spent \$60.98 per regulant... for the 04-06 biennium, per regulant spending was \$52.19. During the 06-08 biennium, per regulant spending increased to \$76.63 and has increased in both of the biennia since (estimated spending for the current biennium is approximately \$87 per regulant). Given this information, it is not at all clear that these increased information systems costs represent a net benefit for the Board's regulated entities.

Increasing fees will likely increase the cost of being certified and, so, will likely slightly decrease the number of people who choose to be certified by the Commonwealth. This will likely not greatly decrease the number of individuals actually practicing geology because certification is voluntary. To the extent that the public benefits from the Board regulating this professional population, they will 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**

Board staff reports that the Board currently regulates 883 geologists.

### **Localities Particularly Affected**

No locality will be particularly affected by this proposed regulatory action.

### **Projected Impact on Employment**

Employment in the Commonwealth is unlikely to be affected by this proposed regulatory action.

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

Fee increases will likely slightly decrease business profits and make affected businesses slightly less valuable.

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

Board staff reports that most of the individuals regulated by the Board likely qualify as small businesses. Affected small businesses will bear the costs of proposed increased fees.

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

There are several actions that the Board could take that might mitigate the necessity of raising fees overall. The Board could slightly lengthen the time that it takes to process both certification applications and complaints so that staff costs could be cut. This option would benefit current certificate holders but would slightly delay certification for new applicants. Affected small businesses would also likely benefit from increased scrutiny of the IT costs that are driving increases in Board expenditures.

## **Real Estate Development Costs**

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

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the

type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.