

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget Economic Impact Analysis

18 VAC 65-20 Regulations Governing the Practice of Funeral Directors and Embalmers
Department of Health Professions
Town Hall Action/Stage: 4700/7745
November 14, 2016

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 82 of the 2016 General Assembly,¹ the Board of Funeral Directors and Embalmers (Board) proposes to allow one hour of volunteer work to be substituted for one hour of continuing education annually for funeral service licensees, funeral directors, and embalmers.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Chapter 82 of the 2016 General Assembly requires all health boards to promulgate regulations to accept volunteer work provided to low-income individuals through local health departments or free clinics in lieu of the required continuing education. Pursuant to the legislative mandate, the Board proposes to accept one hour of volunteer work in satisfaction of one hour of continuing education from funeral service licensees, funeral directors, and embalmers. The limit on the continuing education hours that can be satisfied by volunteer work is one hour per year. Currently, funeral service licensees, funeral directors, and embalmers are required to take five hours of continuing education per year for annual renewal of their licenses.

¹ <http://leg1.state.va.us/cgi-bin/legp504.exe?161+ful+CHAP0082>

The proposed change will allow affected practitioners to substitute volunteer work for continuing education. The educational value of volunteer services may vary depending on each person's experience. In addition, the area of expertise of the affected practitioners may not be directly related to the services needed at local health departments or free clinics.

Also, it is not clear whether the ratio of required one hour of volunteer work per continuing education hour is sufficient by itself to provide additional incentives to offer volunteer service. Spending one hour acquiring continuing education would take the same amount of time providing one hour of free services. The proposed regulation will however help those licensees, directors, and embalmers if they have already been providing volunteer services at the qualified locations by allowing them to earn continuing education credit for their charity work.

In any event, the proposed regulation allows substitution of volunteer work for continuing education, but does not mandate it. A service licensee, a director, or an embalmer choosing to do volunteer work in lieu of the continuing education reveals that he or she benefits more from doing so.

Businesses and Entities Affected

Currently, there are 1,533 funeral service providers, 43 funeral directors, and 2 embalmers licensed in Virginia. According to data provided by the Virginia Employment Commission, there are 349 funeral home and service establishments in Virginia. All of the establishments satisfy the small business criteria. The number of continuing education providers is not known.

Localities Particularly Affected

The proposed changes apply statewide.

Projected Impact on Employment

The proposed regulation may lead to a decrease in demand for continuing education services. However, the one-hour limit on the continuing education hours that can be gained through this method should not produce a significant negative impact. In addition, the substitution of voluntary work for continuing education hours is voluntary and may not be exercised by all affected practitioners.

Effects on the Use and Value of Private Property

The potential impact on the asset value of continuing education providers is not known with certainty, but appears to be small.

Real Estate Development Costs

No impact on real estate development costs is expected.

Small Businesses:**Definition**

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.”

Costs and Other Effects

All of the affected establishments are small businesses. The proposed amendments do not impose costs on them. Most providers of continuing education services are probably small businesses as well. The proposed regulation may decrease the demand for their services by a small amount.

Alternative Method that Minimizes Adverse Impact

There is no known alternative that minimizes the potential small adverse impact on providers of continuing education services while achieving the same goals.

Adverse Impacts:**Businesses:**

The proposed amendments do not have an adverse impact on non-small businesses.

Localities:

The proposed amendments will not adversely affect localities.

Other Entities:

The proposed amendments will not adversely affect other entities.

Legal Mandates

General: The Department of Planning and Budget 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 Number 17 (2014). Code § 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: (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.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): 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 within the 45-day period.

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.

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