



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

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**18 VAC 50-30 Individual License and Certification Regulations**  
**Department of Professional and Occupational Regulation**  
**Town Hall Action/Stage: 5559 / 9203**  
March 12, 2021

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### **Summary of the Proposed Amendments to Regulation**

The Board for Contractors proposes to lower the vocational training requirement for certification as a backflow prevention device worker from 40 hours to 32 hours; this would apply to those who have less than seven years of experience in water distribution systems. A backflow prevention device is used to protect potable water supplies from contamination or pollution due to backflow of water from a non-potable system into a potable system.

### **Background**

Under the current *Individual License and Certification Regulations*, applicants for examination to be certified as a backflow prevention device worker must furnish evidence that one of the following experience and education standards has been attained:

1. Four years of practical experience in water distribution systems and 40 hours of formal vocational training in a school approved by the board; or
2. Applicants with seven or more years of experience may qualify with 16 hours of formal vocational training in a school approved by the board.

The Board proposes to reduce the required number of hours of formal vocational training in the first option from 40 to a minimum of 32.

According to the Department of Professional and Occupational Regulation (DPOR), the Board has been contacted by individuals interested in becoming certified in Virginia, but who have experienced difficulty finding a 40-hour vocational training class on backflow prevention devices. While a few providers still offer 40-hour classes, most have apparently shifted to 32-

hour classes. DPOR has indicated that this has occurred in large part because many regulatory agencies and national certifying organizations have changed their education requirements from 40 hours to 32 hours.

### **Estimated Benefits and Costs**

The proposed amendment would benefit individuals seeking backflow prevention device worker certification in Virginia by both making it easier to find available vocational training needed for the certification, and reducing the amount of time spent in training. The Board believes that 32 hours of vocational training is sufficient for public safety.<sup>1</sup>

The proposed amendment would likely increase demand for 32-hour backflow prevention training classes, and reduce demand for 40-hour classes. The few vocational training schools that still offer 40-hour classes could adapt and switch to 32-hour classes. Depending on the extent of potential changes in demand, and how the charges for classes are structured, these schools that would likely need to adapt might not be able to charge as much for the classes compared to the current situation. Conversely, these schools may experience a reduction in non-fixed costs.

### **Businesses and Other Entities Affected**

The proposed amendment potentially affects the 34 vocational training schools that provide backflow prevention training and are currently approved by the Board. Eight of the providers are at public schools or community colleges. The other 26 are private entities.

The proposal also potentially affects individuals interested in obtaining certification as a backflow prevention device worker. As of January 1, 2021, there were 1,477 certified backflow prevention device workers in the Commonwealth. During Fiscal Year 2020,<sup>2</sup> there were approximately 160 new applicants for certification.<sup>3</sup>

According to DPOR, a substantial number of applicants are plumbers who want to be able to expand their business to include the testing of backflow prevention devices. Additionally, backflow prevention device workers are employed by public utilities and private providers of drinking water.

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<sup>1</sup> Source: DPOR

<sup>2</sup> Fiscal Year 2020 was July 1, 2019 through June 30, 2020.

<sup>3</sup> Data sources: DPOR

The proposed amendment may reduce net revenue for vocational training schools that currently offer 40-hour classes. 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. Thus, the proposal may produce an adverse impact.

### **Small Businesses<sup>4</sup> Affected:**

#### Types and Estimated Number of Small Businesses Affected

The proposed amendment potentially affects the 26 small private vocational training schools<sup>5</sup> that provide backflow prevention training, as well as small plumbing firms that want to expand their business to include the testing of backflow prevention devices.

#### Costs and Other Effects

As described above, the proposal might result in reduced net revenue for some of the small private vocational training schools.

#### Alternative Method that Minimizes Adverse Impact

There are no clear alternative methods that both reduce adverse impact and meet the intended policy goals.

### **Localities<sup>6</sup> Affected<sup>7</sup>**

The proposed amendment applies statewide. No locality is expected to be disproportionately affected. The proposed amendment does not introduce costs for local governments.

### **Projected Impact on Employment**

The proposed amendment is unlikely to substantively affect total employment.

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<sup>4</sup> 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.”

<sup>5</sup> DPOR believes that all 26 private vocational training schools that provide backflow prevention training would qualify as small businesses.

<sup>6</sup> “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.

<sup>7</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.

## Effects on the Use and Value of Private Property

The proposed amendment would likely increase demand for 32-hour backflow prevention training classes, and reduce demand for 40-hour classes. This may moderately increase the value of the private vocational training schools that offer 32-hour classes, and moderately reduce the value of private vocational training schools that offer 40-hour classes. Consequently, the private vocational training schools that offer 40-hour classes may adapt, and switch to offering 32-hour classes.

The proposed amendment does not affect real estate development costs.

## 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 14 (as amended, July 16, 2018). 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(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 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.