



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 80-20 – Hearing Aid Specialists Regulations
Department of Professional and Occupational Regulation
January 4, 2015 (revised January 15, 2015)

Summary of the Proposed Amendments to Regulation

The Board of Hearing Aid Specialists and Opticians (Board) proposes to amend fees for hearing aid specialist licensure. Specifically, the Board proposes to increase fees for initial application, renewal of licensure, reinstatement of licensure and fees for temporary permits. The Board also proposes to decrease the fee for licensure by reciprocity. In a separate action (<http://townhall.virginia.gov/L/ViewStage.cfm?stageid=7102>), the Board proposes to eliminate the examination fee from this regulation and instead inform regulated entities that this fee will be set according to requirements of the Virginia Public Procurement Act. This change will be discussed in depth in a separate economic impact analysis but it is worth noting that that these two actions would need to be considered together in order to gauge the full effect of proposed fee changes for licensees.

Result of Analysis

There is insufficient information to ascertain whether benefits will outweigh costs for these proposed changes.

Estimated Economic Impact

Under current regulations, applicants for initial licensure as hearing aid specialists pay \$30 plus a \$110 examination fee; licensees pay a biennial renewal fee of \$20 and, when necessary, a reinstatement fee of \$50. Temporary permits for individuals who are completing training currently cost \$30 for a one year period and can be renewed at no cost for an additional six month period. Currently, individuals who are seeking licensure by reciprocity must pay \$140 that covers both the fee for application and the fee for taking the licensure examination. The

Board now proposes to increase fees for initial licensure application, renewal and reinstatement of licensure and for temporary permits. The Board also proposes to amend the fee for licensure by reciprocity in such a way that looks like a fee reduction but that will likely see individuals seeking such licensure paying more. While the fee for licensure by reciprocity will change from \$140 to \$85 in this proposed action, in the separate action linked above, the Board proposes to remove language that states the licensure by reciprocity fee includes the examination fee. This means that for any examination fee over \$55 (\$140-85), applicants for licensure by reciprocity will be paying more than they currently do to become licensed. The current examination fee is \$110.

Below is a comparison table for current and proposed fees:

FEE TYPE	CURRENT FEE	PROPOSED FEE	% INCREASE
Initial Application for Licensure	\$30	\$85	183%
License Renewal	\$20	\$85	325%
License Reinstatement	\$50	\$85	70%
Temporary Permit	\$30	\$85	183%
Licensure by Reciprocity	\$140 (includes the \$110 exam fee)	\$85 (will likely not include the to be determined exam fee)	Undeterminable at this time

Board staff reports that, although revenues have fallen short of being able to pay for all expenditures in this and the last biennium, the Board had excess balances that covered budget shortfalls. Absent some fee increase, Board staff reports that the Board will run a deficit by the end of the 2016-18 biennium. Even though historical revenue and expenditure numbers support that the Board would eventually have to increase fees, an assumption used to forecast a decrease in revenues seems dubious. Board staff reports that forecasted revenues for the current biennium and the next two biennia are less than revenues over the last two biennia because they assumed that renewals would follow historical patterns (in that approximately 92% of current licensees would choose to renew) but they also assumed that revenues for initial licensure applications

would be lower than they have been historically over the last two biennia. In short, Board staff assumes that fewer new individuals will choose to be licensed over this or the next two biennia in order to forecast a decrease in revenues. While revenue increased from \$288,840 for the 2010-12 biennium to \$289,704 for the 2012-14 biennium, the Board is forecasting the revenue will fall to \$276,485 for the current biennium and will be the same for the next two biennia (absent fee increases).

An assumption used to forecast increased costs (that the Department of Professional And Occupational Regulation (DPOR) will fill empty positions that the Board would then be responsible for partially covering the cost of) also may not happen and may not be in the best interests of current or future licensees if it does happen. Specifically, if neither licensee services nor investigations of complaints *for this Board* have suffered a significant lag on account of DPOR's lower staffing levels, neither licensees of this Board nor the public who uses their services are likely to experience a significant benefit on account of DPOR's anticipated hiring of additional staff.

In addition to anticipated staffing increases at DPOR, Board staff also reports that they expect expenditures to increase because of rising cost of health insurance for DPOR staff. On a per employee basis these costs are entirely outside of the power of the Board (and DPOR) to control. To the extent that health care costs are anticipated to increase because DPOR plans to hire more staff, the analysis in the paragraph above would also apply here.

Increasing fees will likely increase the cost of being licensed and, so, will likely slightly decrease the number of people who choose to become or remain licensed. To the extent that the public benefits from the Board regulating these professional populations, they will also 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

This proposed regulation will affect all current and future hearing aid specialist licensees. Board staff reports that there are currently 668 hearing aid specialists who are licensed in the Commonwealth.

Localities Particularly Affected

No localities will likely be disproportionately affected by this proposed regulatory change.

Projected Impact on Employment

Increased licensure fees will likely lead to at least a marginal decrease in the number of individuals who are employed as hearing aid specialists.

Effects on the Use and Value of Private Property

To the extent that professional licenses are private property of value to licensees, increasing the cost of licenses will commensurately decrease their value.

Small Businesses: Costs and Other Effects

To the extent that increasing licensure fees leads to a decrease in the number of individuals licensed as hearing aid specialists, the cost of hiring the services of the remaining, smaller pool of licensees may marginally increase for the small businesses that hire them.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There are actions that the Board could take that might mitigate the necessity of raising fees at this time. If licensees and the public have not thus far been harmed by decreased staffing levels, licensees would likely benefit from DPOR reconsidering its decision to hire more staff that would need to be funded through licensure fees.

Real Estate Development Costs

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

Legal Mandate

General: 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 and Executive Order Number 17 (2014). Section 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:

- the projected number of businesses or other entities to whom the proposed 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.

Small Businesses: If the proposed regulation will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- 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,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 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 (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

AMH

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