



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 160-20: Board for Waterworks and Wastewater Works Operators Regulations Department of Professional and Occupational Regulation August 21, 2003

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G 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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Board for Waterworks and Wastewater Works Operators (board) proposes to raise its licensure fees.

Estimated Economic Impact

Currently, the board's expenditures exceed its revenues; during the 2000-2002 biennium expenditures exceeded revenues by \$33,135. The Department of Professional and Occupational Licensing (department) projects that during the 2002-2004 biennium expenditures will exceed revenues by \$99,193, and that the board's cash balance will turn negative. In order to avoid negative cash balances, the board proposes to raise fees. The following table displays current and proposed fees:

<u>Fee Type</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
Application Fee	\$85	\$100
Examination Fee	N/A	by contract
Renewal Fee	\$45	\$80
Late Renewal Fee	\$25	\$25
Reexamination Fee	\$75	by contract
Bad Check Fee	\$25	\$25

Currently, there is no examination fee. The application fee covers the cost of the exam. The board proposes to introduce an examination fee that will be “subject to charges to the department by an outside vendor based on a contract entered into in compliance with the Virginia Public Procurement Act (§2.2-4300 et seq. of the Code of Virginia).” The department currently has a contract with a vendor who charges \$48.15 per exam. Due to proctoring and room arrangement costs, the department plans to charge applicants the contractor charge plus approximately \$10 as the examination fee. Thus, if the proposed fee structure existed today, applicants would pay a \$100 application fee plus an examination fee of about \$58. This compares to the \$80 application fee and no examination fee under the current regulations.

In contrast, the reexamination fee would decrease if the proposed fee structure existed today. The current reexamination fee is \$75; while under the proposed regulations, the reexamination fee would be the contractor charge plus approximately \$10, i.e., about \$58. Reexamination occurs when an applicant previously fails the licensure exam.

Part of the increase in the board’s expenditures is due to the department’s development of a new computer licensing system. Among other attributes, the new system will permit citizens to apply for licenses and license renewals on-line. The use of on-line applications should speed licensure application; mailing time will be eliminated. Also, the cost of mailing materials and postage will be saved. Lowering the transaction costs of licensing is economically beneficial and offsets at least part of the proposed fee increases.

Businesses and Entities Affected

The proposed regulations affect the 5,460¹ individuals licensed as either waterworks operators or wastewater works operators in Virginia, as well as individuals considering applying for licensure.

Localities Particularly Affected

All localities in the Commonwealth are affected.

Projected Impact on Employment

Though the fee increases may marginally reduce the net worth of licensees, the amounts involved are unlikely to discourage many individuals from seeking employment or continuing employment in waterworks and wastewater works operation. In addition, the impact of these increases is reduced by the reduction in licensing transaction costs that these fees will make possible.

Effects on the Use and Value of Private Property

The higher fees will reduce the net worth of licensees and license applicants by the amount of the fee changes.

¹ Estimated figure provided by the Department of Professional and Occupational Licensing