



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 160-20 – Waterworks and Wastewater Works Operators Regulations Board for Waterworks and Wastewater Works Operators September 20, 2004

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 proposed regulations will create a conditional licensure program for waterworks and wastewater works operators who do not have classified facility experience required for standard licenses.

Estimated Economic Impact

The board for waterworks and wastewater works operators (the board) proposes to create a conditional licensure program for operators who meet all the requirements for standard licensure except for the classified facility experience. Currently, operators who do not have the required classified facility experience, but who have comparable experience at a non-classified facility are not allowed to take the board-approved examination and cannot be issued any of the waterworks and wastewater works operator licenses I through VI. Classified facilities are those wastewater works or waterworks facilities that are permitted either by the Department of Environmental Quality or by the Department of Health. Non-classified facilities are those facilities that do not discharge wastewater into state waters or that use treated water only for

industrial or commercial use. For example, a bottled water manufacturer, a soda manufacturer, or a factory processing wastewater internally for cooling purposes is not required to have a permit either from the Department of Environmental Quality or from the Department of Health. All facilities that are not required to obtain a permit are non-classified facilities. Since these facilities are not regulated by the state, the number of such facilities in Virginia is not known.

Even though non-classified facility experience does not count towards experience required for licensure, the nature of the operations performed at these facilities may be comparable to those performed at classified facilities. The board proposes to recognize and give some credit for non-classified facility experience. Under the proposed rules, an operator who has comparable experience at a non-classified facility that is equal in length to the classified facility experience required for standard licensure will be allowed to take the board-approved examination. Upon successful passage of the exam, the applicant will be issued a conditional operator license. Most importantly, the conditional license holder will be required to have only one half of experience required for standard licensure. In other words, this change will allow operators with comparable experience at a non-classified facility to take the exam and be conditionally licensed, but will still require them to obtain one-half of the experience required for standard licensure at a classified facility in order to be fully licensed.

A conditional license will not authorize its holder to operate a classified facility without the supervision of a full licensee. A classified facility may hire someone without conditional license to perform the same tasks performed by a conditional licensee. Thus, having a conditional license will have no effect on types of tasks an operator-in-training may perform. However, a conditional license will reduce the experience requirement at a classified facility by half in order to be fully licensed. The length of experience required for class VI through I range from six months to ten years depending on the education level and the type of prior experience. Thus, reducing the classified facility experience requirement by one half is likely to have a significant effect on some operators who have been performing comparable tasks at a non-classified facility.

With the proposed changes, operators who have comparable non-classified facility work experience will be afforded a chance to obtain full licensure within one half of the time currently required. For example, under existing regulations, an operator who has a high school diploma

and has many years of comparable experience at a non-classified facility is not allowed to take the exam and obtain a license for Class VI waterworks without at least six months of operator-in-training experience at a classified facility. Under the proposed changes, the operator will be allowed to take the examination for conditional license if he has six months of comparable experience at a non-classified facility and will be issued a full licensure when he gains an additional three months of experience at a classified facility.

The economic effects of this change on affected operators include additional career advancement opportunities and improved earnings potential. The classified facility owners are likely to be more willing to hire an operator with non-classified facility experience over an operator with no experience as the former can obtain their licenses within one half of the time the latter can. This will likely provide some advantage to operators with non-classified facility experience over operators with no experience. Also, as affected operators will be able to obtain a full license sooner, they will be able to start earning higher wages sooner as well. Even though earnings data is not available for all levels of license classifications, a survey by the American Water Works Association indicates that fully licensed operators make about \$6,000 to \$7,000 more than the operators-in-training.¹ According to a very rough estimate by the Department of Professional and Occupational Regulation, about 160 wastewater treatment operators and 160 water treatment operators may apply for the new conditional licensure.

By reducing the requirements for non-classified facility operators to be licensed, the proposed change is likely to also expand the pool of licensed operators available for hire and put downward pressure on wages of fully licensed operators. However, the department expects an increase in the demand for licensed operators in the long term. Thus, instead of seeing a reduction in wages, the net result might be a steady wage level while the demand for licensed operators grows. The net effect on wages will depend not only on the significance of this change but also on the significance of the expected increase in demand for licensed operators.

The effect of this change on the health and safety of waterworks and wastewater works operations is expected to be negligible. The board has routinely been making determinations

¹ Median salaries reported for entry-level water treatment plant operators (operator-in-training) and water treatment plant operators are \$29,764 and \$36,680, respectively. Similarly, median salaries reported for entry-level wastewater treatment plant operators (operator-in-training) and wastewater treatment plant operators are \$29,325

with regard to comparability of experience, education, and training based on technical aspects of the operations involved. Thus, if the board finds non-classified facility work experience comparable to classified facility experience on its technical merits, we would not expect a significant increase in health and safety risks.

Applicants for conditional licensure will be subject to the same application, examination, and renewal fees as those seeking full licenses. Therefore, there will be an increase in the revenues collected by the board. Also, some employers may pay for the conditional licensure fees on behalf of their employees.

Provided, as expected, there is no increase in health and safety risks, the proposed conditional certification program will likely produce net economic benefits. It is expected to keep compliance costs for facility owners low due to the increased pool of licensed operators. It will also improve the earning potential of operators with comparable non-classified facility experience. It is also worthwhile to note that the proposed conditional licensure program is optional. Because affected operators will use this option only if they anticipate net benefits from it and facility owners will hire the operators with conditional licenses only if they expect net benefits from it, it can be reliably inferred that the proposed change will provide net economic benefits for the affected operators and the owners.

Businesses and Entities Affected

The proposed regulations apply to approximately 5,417 waterworks and wastewater works operators. However, only about 320 operators are expected to apply for the proposed conditional licensure program.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed regulations are not expected to have significant effect on aggregate employment level. However, we may see some substitution between operators-in-training with

comparable non-classified facility experience and operators-in-training with no comparable experience.

Effects on the Use and Value of Private Property

The proposed regulations are not expected to produce any significant effects on the use and value of private property. Many of these facilities are not privately owned and the proposed conditional licensure program does not impose any direct costs on the facilities.