

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	Virginia Department of Health
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	ENV GMP# 2019-01
<b>VAC Chapter title(s)</b>	Hardship Guidelines
<b>Action title</b>	Revisions to Guidance Memorandum and Policy 2019-01 – Hardship Guidelines
<b>Date this document prepared</b>	August 21, 2023
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	Amend Guidance Document

**Cost Benefit Analysis**

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

<p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<p><b>This action will amend Guidance Memorandum and Policy (GMP) 2019-01 – Hardship Guidelines – to remove specific means testing thresholds pursuant to Ch. 831 of the 2018 Acts of Assembly.</b></p> <p>Direct Costs: There are no direct costs associated with this change. Chapter 831 (2018) specified that beginning July 1, 2022, applicants would receive VDH evaluation and design services when the applicant’s household income did not exceed 100 percent of the federal poverty guidelines. Chapter 831 (2018) specified that beginning July 1, 2023, only applicants that demonstrate a hardship in accordance with the guidelines developed by the Virginia Department of Health (VDH) would receive evaluation and design services. GMP 2019-01 includes a hardship for applicants eligible for a fee waiver, including the fee waiver for applicants whose family income is at or below the federal poverty guidelines. Therefore, applicants, who meet these criteria, will continue to be able to receive VDH evaluation and design services.</p> <p>Direct Benefits: Applicants will benefit from reduced confusion by eliminating inconsistencies between the language contained in Chapter 831 (2018) and GMP 2019-01.</p> <p><b>This action will amend Guidance Memorandum and Policy (GMP) 2019-01 – Hardship Guidelines – to remove Highland County from the list of localities where property owners can receive VDH onsite sewage system evaluation and design services due to an insufficient number of service providers.</b></p> <p>Direct Costs: This will result in approximately six applicants being required to seek private sector design services at the additional cost of approximately \$1,550 per site for each applicant; \$9,300 total. There will also be a cost of \$1,200 in reduced revenue for VDH. VDH estimates the cost of private sector evaluation and design services to be \$1,750 per site. VDH charges \$225 for applications with accompanying work from a private sector evaluator, compared to \$425 for applications where VDH performs the site and soil evaluations; a \$200 savings for the applicant and a \$200 reduction in revenue for VDH. Over the last three years Highland County has averaged six requests per year for VDH evaluation and design services.</p> <p>Direct Benefits: Approximately six additional designs will be directed to the private sector annually, resulting an estimated increased revenue of \$10,500 for private sector evaluators.</p>
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	<p><b>This action will amend Guidance Memorandum and Policy (GMP) 2019-01 – Hardship Guidelines – to extend annual reviews of the GMP to 2025.</b></p> <p>Direct Costs: There are no direct costs associated with this change.</p> <p>Direct Benefits: Private sector evaluators will benefit from additional evaluation and design services transitioning to the private sector; 95% of onsite sewage system evaluations and designs were completed by private sector evaluators from May 1, 2022, to April 30, 2023.</p> <p><b>This action will amend Guidance Memorandum and Policy (GMP) 2019-01 – Hardship Guidelines – to incorporate the 2023 Federal Poverty Guidelines.</b></p> <p>Direct Costs: There are no direct costs associated with this change.</p> <p>Direct Benefits: Applicants will benefit from reduced confusion by incorporating current federal poverty guidelines numbers in GMP 2019-01.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$39,030 over 4 years.	(b) \$39,030 over 4 years.
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	<p><b>Indirect Costs:</b> There are no indirect costs associated with this regulatory action.</p> <p><b>Indirect Benefits:</b> There are no indirect benefits associated with this regulatory action.</p>	
(5) Information Sources	Direct cost and benefits were calculated based on permit applications in VDH’s Environmental Health Database, fees collected pursuant to the Appropriation Act, and private sector evaluator services costs through the VDH Sewage and Water Assistance Program (SWAP).	

**Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)**

(1) Direct & Indirect Costs & Benefits (Monetized)	<b>The changes are to remove specific means testing thresholds pursuant to Chapter 831 (2018), remove Highland County from the list of localities where property owners can receive VDH onsite sewage system evaluation and design services due to an insufficient</b>
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	<p><b>number of service providers, to extend annual reviews of the GMP to 2025, and to incorporate the 2023 Federal Poverty Guidelines.</b></p> <p><b>Direct Cost:</b> The “status quo” option would be to not amend the GMP and continue to allow applicants in Highland County to request VDH onsite sewage evaluation and design services, to stop conducting annual reviews of GMP 2019-01, and to review requests for hardships based on income using the 2022 federal poverty guidelines. The direct costs of maintaining the status quo is property owners that qualify for VDH evaluations and design services under the 2023 federal poverty guidelines but do not qualify under the 2022 federal poverty guidelines would be required to use a private sector evaluators at the estimated additional cost of \$1,550 per site. This would also reduce VDH application revenue by \$200 for each of these applications. VDH estimates this will impact no more than 10 applicants. The direct cost of not transitioning all applications in Highland County is that six applications would not go to the private sector at a loss of potential revenue of \$10,500.</p> <p><b>Indirect Costs:</b> The indirect cost associated with the “status quo” option listed above is that VDH may not transition additional evaluation and design services to the private sector.</p> <p><b>Direct Benefits:</b> Maintaining the “status quo” would mean that up to 10 applications will require private sector work for failing to meet the 2022 federal poverty guidelines, resulting in an increase revenue for private sector providers of \$17,500. Maintaining the “status quo” would allow approximately six applicants per year in Highland County to request VDH onsite sewage evaluation and design services at savings of \$1,550, and would allow VDH to keep approximately \$1,200 per year in proposed lost revenue.</p> <p><b>Indirect Benefits:</b> There are no indirect benefits associated with the “status quo” option listed above.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$104,079 over 4 years.	(b) \$104,079 over 4 years.
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	Other Cost: Maintaining the “status quo” option could lead to confusion where GMP 2019-01 does not align with Chapter 831 (2018) and the federal poverty guidelines.	

	Other Benefits: There are no other benefits of maintaining the “status quo” option.
(5) Information Sources	Direct costs and benefits were calculated based on permit applications in VDH’s Environmental Health Database, fees collected pursuant to the Appropriation Act, and private sector evaluator services costs through the VDH SWAP program.

**Table 1c: Costs and Benefits under Alternative Approach(es)**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>An alternative approach would be to transition all remaining localities to require private sector evaluation and design services for onsite sewage systems, and only allow applicants eligible for a fee waiver to petition VDH for services.</b></p> <p><b>Direct Costs:</b> This would result in approximately 320 applications being directed to private sector service providers, at an additional cost of \$496,000 to property owners. This would also result in a reduction of \$64,000 in application fee revenue for VDH.</p> <p><b>Indirect Costs:</b> Some property owners may not seek to move forward with a permit given the additional cost. The number of property owners that may not move forward with a permit is indeterminate.</p> <p><b>Direct Benefits:</b> This would result in approximately 320 applications being directed to private sector services providers, resulting in approximately \$560,000 in increased revenue for service providers.</p> <p><b>Indirect Benefits:</b> There are no other indirect benefits of this option.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$2,081,575	(b) \$2,081,575
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	There are no other costs or benefits to this option.	
(5) Information Sources	Direct costs and benefits were calculated based on permit applications in VDH’s Environmental Health Database, fees collected pursuant to the Appropriation Act, and private sector evaluator services costs through the VDH SWAP program.	

**Impact on Local Partners**

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 2: Impact on Local Partners**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> There are no direct costs to local partners associated with this action.</p> <p><b>Direct Benefits:</b> There are no direct benefits to local partners associated with this action.</p> <p><b>Indirect Costs:</b> There are no indirect costs to local partners associated with this action.</p> <p><b>Indirect Benefits:</b> There are no indirect benefits to local partners associated with this action.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$0
(3) Other Costs & Benefits (Non-Monetized)		
(4) Assistance		
(5) Information Sources		

**Impacts on Families**

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 3: Impact on Families**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> This will result in approximately six families being required to seek private sector design services at the additional cost of approximately \$1,550 per site for each applicant; \$9,300 total.</p> <p><b>Indirect Costs:</b> There are no indirect costs to families associated with this action.</p>	
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	<p><b>Direct Benefits:</b> Families will benefit from reduce confusion by eliminating inconsistencies between the language contained in Chapter 831 (2018) and GMP 2019-01.</p> <p><b>Indirect Benefits:</b> There are no indirect benefits to families associated with this action.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$9,300 per year.	(b) \$0
(3) Other Costs & Benefits (Non-Monetized)	There are no other costs or benefits with this action.	
(4) Information Sources	Direct costs and benefits were calculated based on permit applications in VDH's Environmental Health Database, fees collected pursuant to the Appropriation Act, and private sector evaluator services costs through the VDH SWAP program.	

**Impacts on Small Businesses**

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 4: Impact on Small Businesses**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> There are no direct costs for small businesses associated with this change.</p> <p><b>Indirect Costs:</b> There are no indirect costs for small businesses associated with this action.</p> <p><b>Direct Benefits:</b> Approximately six additional designs will be directed to the private sector annually, resulting in an estimated increased revenue of \$10,500 for private sector evaluators.</p> <p><b>Indirect Benefits:</b> There are no indirect benefits to small businesses associated with this action.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$0	(b) \$10,500
(3) Other Costs & Benefits (Non-Monetized)	There are no other costs or benefits with this action.	

(4) Alternatives	An alternative approach would be to transition all remaining localities to require private sector evaluation and design services for onsite sewage systems, and only allow applicants eligible for a fee waiver to petition VDH for services. This would result in approximately 320 applicants being directed to private sector service providers, resulting in approximately \$560,000 in increased revenue for service providers.
(5) Information Sources	Direct costs and benefits were calculated based on permit applications in VDH's Environmental Health Database, fees collected pursuant to the Appropriation Act, and private sector evaluator services costs through the VDH SWAP program.



**Changes to Number of Regulatory Requirements**

**Table 5: Regulatory Reduction**

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

*Change in Regulatory Requirements*

<b>VAC Section(s) Involved</b>	<b>Initial Count</b>	<b>Additions</b>	<b>Subtractions</b>	<b>Net Change</b>
NA	NA	NA	NA	NA

*Cost Reductions or Increases (if applicable)*

<b>VAC Section(s) Involved</b>	<b>Description of Regulatory Requirement</b>	<b>Initial Cost</b>	<b>New Cost</b>	<b>Overall Cost Savings/Increases</b>
NA	NA	NA	NA	NA

*Other Decreases or Increases in Regulatory Stringency (if applicable)*

<b>VAC Section(s) Involved</b>	<b>Description of Regulatory Change</b>	<b>Overview of How It Reduces or Increases Regulatory Burden</b>
NA	NA	NA

*Length of Guidance Documents (only applicable if guidance document is being revised)*

<b>Title of Guidance Document</b>	<b>Original Length</b>	<b>New Length</b>	<b>Net Change in Length</b>
GMP 2019-01 Hardship Guidelines	15	12	-3