



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

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**18 VAC 125-20 Regulations Governing the Practice of Psychology**  
**Department of Health Professions**  
**Town Hall Action/Stage: 6321 / 10595**  
March 11, 2026

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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 (Code) and Executive Order 19. The analysis presented below represents DPB's best estimate of the potential economic impacts as of the date of this analysis.<sup>1</sup>

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

For licensure by endorsement, the Board of Psychology (Board) proposes to: 1) allow the Board to consider granting licensure to applicants who have a retired or expired license from another jurisdiction of the United States or Canada that was in good standing prior to retirement or expiration, 2) remove a requirement that applicants attest to having read and agreed to comply with the current Standards of Practice and laws governing the practice of psychology in Virginia, and 3) add clarifying language.

### **Background**

This action results from a 2023 petition for rulemaking to allow documentation of a retired license to practice psychology from another jurisdiction to be acceptable for an application for licensure by endorsement.<sup>2</sup>

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<sup>1</sup> Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

<sup>2</sup> See <https://townhall.virginia.gov/L/ViewPetition.cfm?petitionId=390>.

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According to the Department of Health Professions (DHP), in considering whether to grant licensure by endorsement to applicants who have a retired or expired license from another jurisdiction that was in good standing prior to retirement or expiration, the Board would primarily consider the amount of time that has elapsed since practice. Although the license that was retired must have been in “good standing,” according to the agency the Board could also consider former disciplinary actions taken on other registrations or certifications held by the applicant when they make this determination.

The Board also proposes to eliminate the attestation requirement, noting that the requirement is unnecessary because it does not protect public health, safety, or welfare.

### **Estimated Benefits and Costs**

Enabling some psychologists formerly licensed in other jurisdictions to become licensed by endorsement in the Commonwealth would be beneficial for those formerly licensed psychologists and could be beneficial for Virginia consumers of psychological services. The proposed reduced barrier may increase the number of qualified psychologists available to provide these services. This may reduce the difficulty some Virginians have finding available psychological services. According to an August 2025 report from the Virginia Healthcare Workforce Data Center,<sup>3</sup> less than one percent of clinical psychologists in the Commonwealth are involuntarily unemployed, which suggests that openings for psychologist services for new clients may be limited in some areas and waiting times for psychologist appointments for current clients may be long. Increasing the number of qualified psychologists available to provide services in Virginia could also benefit employers of psychologists in that they may be able to find more productive and/or less costly people to hire. On the other hand, some current Virginia psychologists may face greater competition and have somewhat less leverage to negotiate pay increases; if they have their own practice, they may have less ability to raise rates for service due to the increased competition.

Licensed psychologists are required to abide by the statutes and regulations governing the practice of psychology in Virginia whether or not they sign a statement attesting to having read and understood such statutes and regulations. Eliminating the attestation requirement saves a small amount of time and paperwork and would have no other substantive impact.

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<sup>3</sup> See <https://www.dhp.virginia.gov/media/dhpweb/docs/hwdc/behsci/0810CP2025.pdf>.

## Businesses and Other Entities Affected

The proposed amendments would particularly affect applicants for licensure by endorsement. In 2025, via licensure by endorsement, no individuals became licensed as applied psychologists, 243 individuals became licensed as clinical psychologists, and four individuals became licensed as school psychologists.<sup>4</sup> The proposed reduction in barriers to become licensed by endorsement may lead to more individuals gaining licensure than otherwise would occur. Consumers of psychological services, employers of psychologists, and the 26 applied psychologists, 5,180 clinical psychologists, and 111 school psychologists currently licensed in the Commonwealth may be affected as well.<sup>5</sup> According to survey data from the Virginia Healthcare Workforce Data Center report titled *Virginia's Licensed Clinical Psychologist Workforce: 2025*, the primary types of employers of licensed clinical psychologist by establishment type in the Commonwealth are distributed as follows:<sup>6,7</sup>

<b>Primary Employers of Licensed Clinical Psychologists by Type</b>	<b>Percentage</b>
Private Practice, Solo	31%
Private Practice, Group	23%
Hospital, General	8%
Mental Health Facility, Outpatient	7%
Academic Institution (Teaching Health Professions Students)	7%
Community-Based Clinic or Health Center	4%
School (Providing Care to Clients)	4%
Hospital, Psychiatric	3%
Community Service Board	1%
Physician Office	1%
Administrative or Regulatory	1%
Corrections/Jail	1%
Rehabilitation Facility	1%
Residential Mental Health/Substance Abuse Facility	1%
Other Practice Setting	7%

The Code requires DPB to assess whether an adverse impact may result from the proposed regulation.<sup>8</sup> An adverse impact is indicated if there is any increase in net cost or

<sup>4</sup> Data source: DHP.

<sup>5</sup> Ibid.

<sup>6</sup> See footnote 3.

<sup>7</sup> Similar reports are not available for applied psychologists and school psychologists.

<sup>8</sup> 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

reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.<sup>9</sup> As noted above, some current Virginia psychologists could face increased competition in providing services through the proposed reduction in barriers to licensure by endorsement. Thus, an adverse impact is indicated.

### **Small Businesses<sup>10</sup> Affected:<sup>11</sup>**

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

The Board regulates individual practitioners, but not their employers. Thus, data on the number of small businesses affected is not available. The types of businesses that are potentially affected and may qualify as small are described in the table above.

#### Costs and Other Effects

As described above, some small providers of psychological services may have less ability to raise rates for service due to potentially increased competition.

#### 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>12</sup> Affected<sup>13</sup>**

Additional psychologists licensed in a neighboring state or the District of Columbia may choose to become licensed by endorsement in the Commonwealth in response to the proposed

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Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

<sup>9</sup> Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

<sup>10</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>11</sup> 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.

<sup>12</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>13</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.

reduction in barriers and the resulting potential for more clients. It may be more likely in practice that residents of localities near the border of neighboring states or the District of Columbia would receive recommendations for psychologists licensed in the nearby jurisdiction than would residents further from the border. Thus, localities near a neighboring state or the District of Columbia may be particularly affected.

Local governments may have moderately reduced costs in providing psychological services for their community services boards due to the potential increase in licensed psychologists.

### **Projected Impact on Employment**

The proposed reduced barriers for licensure by endorsement may increase the number of individuals employed as licensed psychologists in the Commonwealth. The number of psychologists licensed in another jurisdiction who would be encouraged to apply for licensure by endorsement in Virginia due to the proposed reduction in barriers is not known.

### **Effects on the Use and Value of Private Property**

As described above, some private providers of psychological services may have reduced costs through the potential increase in supply of psychologists from which to hire, while other private providers may have reduced ability to raise rates for services due to increased competition. Some may face both effects simultaneously. Thus, some private providers of psychological services may moderately increase in value, while others may moderately decrease in value.

The proposed amendments do not affect real estate development costs.