



pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION



Bureau of Safe Drinking Water

Chapter 302 Three-Year Regulatory Fee and Program Cost Analysis Report

Environmental Quality Board Meeting

June 20, 2017

Tom Wolf, Governor

Patrick McDonnell, Secretary

Regulatory Requirements

- Chapter 302, Administration of the Water and Wastewater Systems Operators' Certification Program, was published as final rulemaking on September 18, 2010.
 - 25 Pa. Code § 302.202: *“The Department will review the adequacy of the fees established in this section at least once **every 3 years** and provide a written report to the EQB.”*

Fee Review Historical Summary

- October 2013 Fees Reviewed and Commented on by Operator Certification Board - *proposed no modification to original 2010 fees*
- November 2013 Presented EQB – *fees remained unchanged*
- December 2016 Reviewed and Commented on by Operator Certification Board
- Recommendation - *No modification of fees*

Fee Related Activities and Costs

- Certification exam delivery
- Initial certifications, certification upgrades, reciprocity requests, and certificate renewals
- Technical support
- Training and continuing education
- Course development and delivery

▶ Program Implementation: Personnel

- Administrative staff
- Information Technology staff
- Water Program Specialists
- Public Services Institute Instructors - wage payroll
- Water Professional Exam Proctors - wage payroll

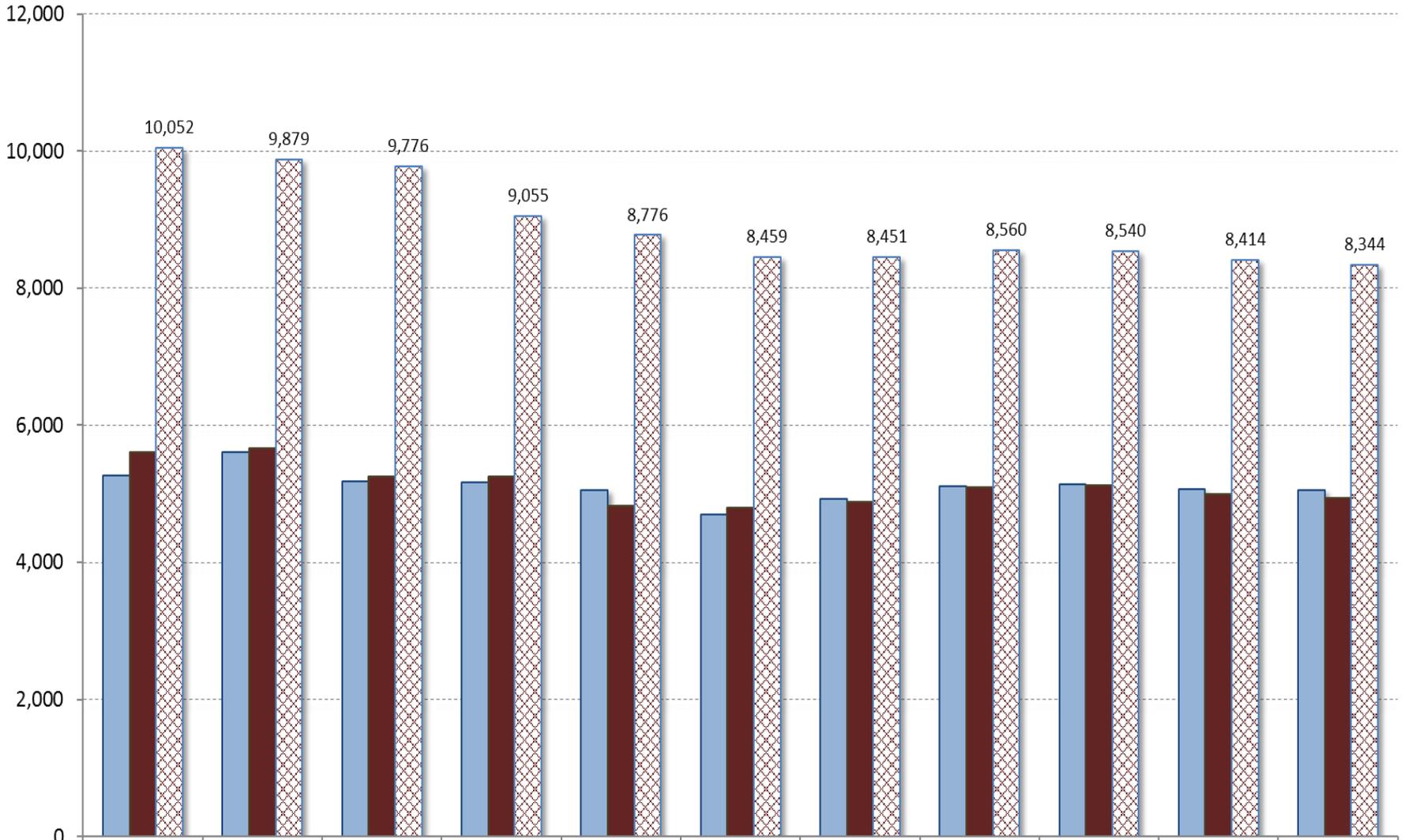
Program Efficiency Improvements

- Online Exams
- Credit card payment for the Department's web-based courses
- Automated annual fee invoicing through eFACTS enhancements

Increased Operator Exam Opportunities

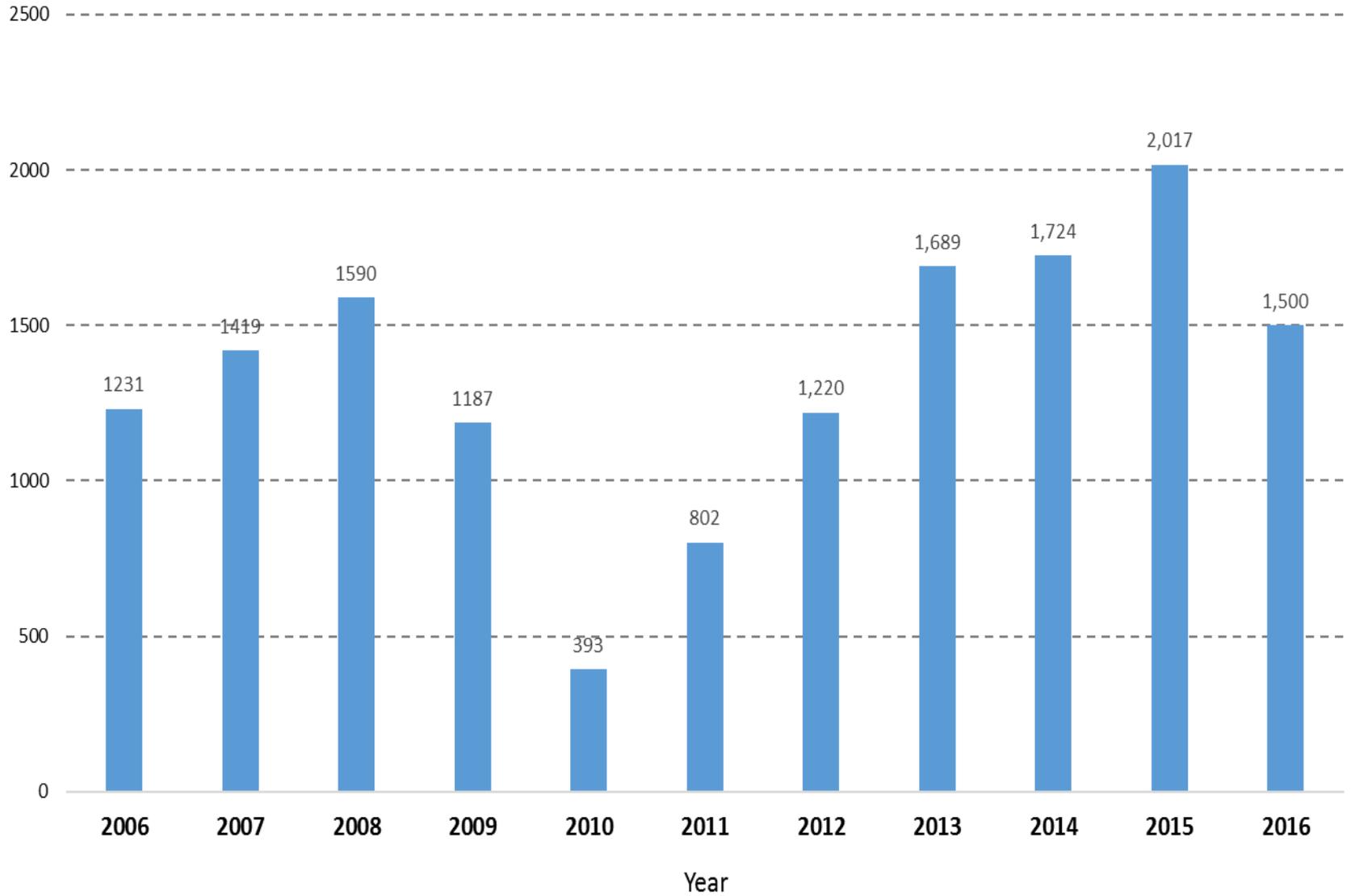
- **2007-2009:** Averaged 1,400 exams per year
- **2010:** Furloughs resulted in <400 exams
- **2013 – 2015:** Targeted effort to meet testing backlog resulted in 7,500 operator exams offered in 3 years
- **2016:** 2,400 exams offered, only 1,600 seats filled
- Backlog in testing demand has been eliminated

Licenses 2006-2016

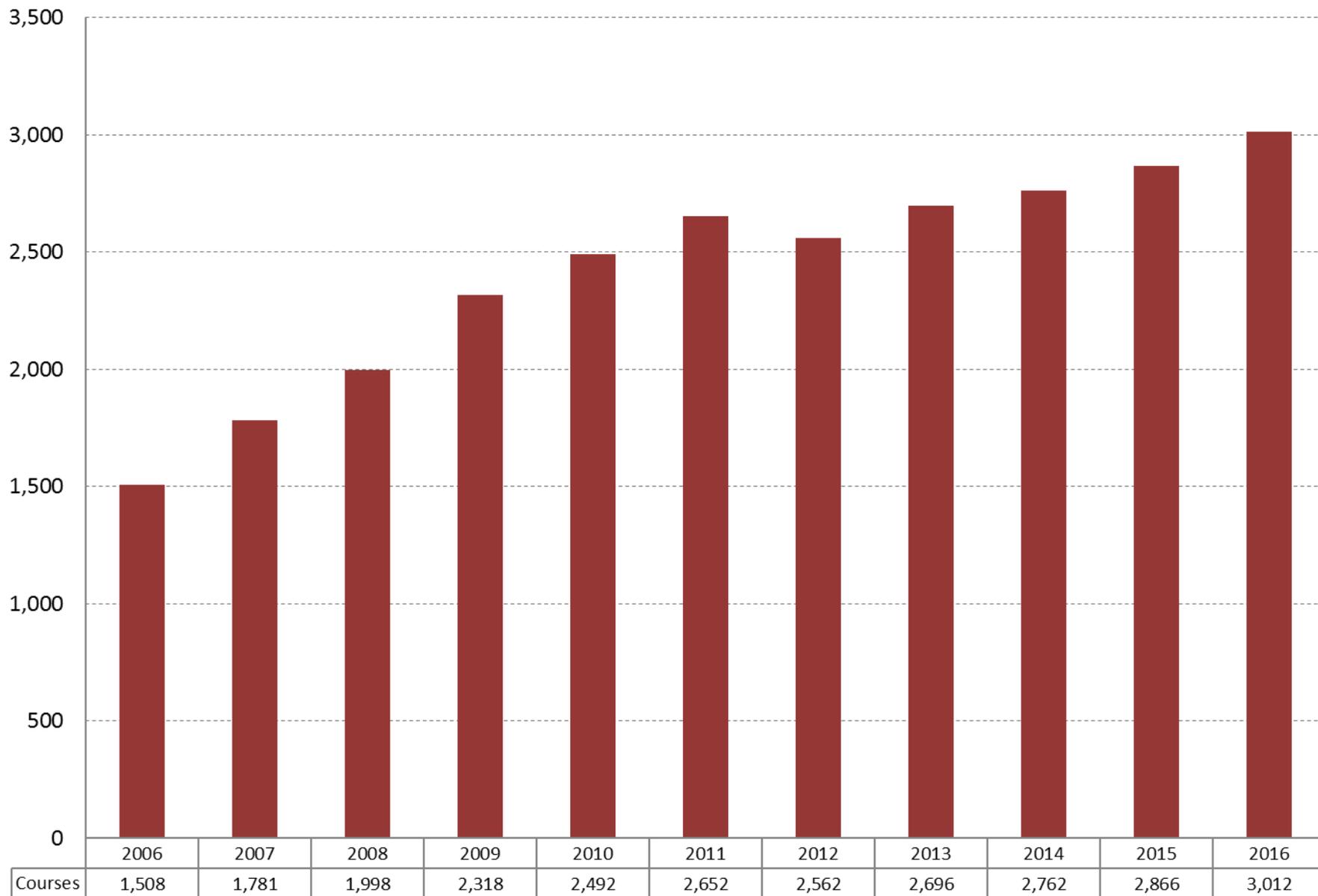


DW Ops	5,265	5,615	5,179	5,168	5,051	4,692	4,927	5,111	5,141	5,070	5,053
WW Ops	5,610	5,662	5,260	5,256	4,829	4,799	4,889	5,094	5,131	4,990	4,938
Unique CIDs	10,052	9,879	9,776	9,055	8,776	8,459	8,451	8,560	8,540	8,414	8,344

Examinees 2006-2016



Cumulative Total Approved Courses at End of Calendar Year 2006-2016



Summary of Chapter 302 Revenues

Rev. Source	FY '13-14	FY '14-15*	FY '15-16	FY '16-17²	FY '17-18²	FY '18-19²
Certification	\$314,952	\$328,482	\$303,110	\$315,514	\$315,514	\$315,514
Training	\$ 70,259	\$ 57,038	\$ 57,928	\$ 61,741	\$ 61,741	\$ 61,741
Annual Service	<u>\$467,185</u>	<u>\$669,992</u>	<u>\$342,086</u>	<u>\$493,087</u>	<u>\$493,087</u>	<u>\$493,087</u>
TOTAL	\$852,397	\$1,055,512	\$703,126	\$870,342	\$870,342	\$870,342

Notes:

¹ Revenues listed in the table are deposited into three Operator Certification sub-funds within the Safe Drinking Water Fund. Revenues do not include funding from the U.S. Environmental Protection Agency for technical support and training program development and implementation.

² Revenue projections for FY '16/17, FY '17/18, and FY '18/19 are based on averages of each Revenue Source line item for FY '13/14 through '15/16

*Increased revenue in FY '14/15 was the result of two-year focused effort to increase testing opportunities resulting in increased exams, certified operators, and annual service fees.

Operator Certification Program Expenses

Expense	FY '13-14	FY '14-15	FY '15-16	FY '16-17²	FY '17-18²	FY '18-19²
Personnel	\$ 669,809	\$813,854	\$762,484	\$815,858	\$840,334	\$865,544
Operating	\$ 19,803	\$ 56,304	\$ 37,779	\$ 38,912	\$ 40,080	\$ 41,282
IT Expenses	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
TOTAL	\$ 709,612	\$890,158	\$828,836	\$874,770	\$900,413	\$926,826

Notes:

¹ Expenses listed in the table are charged to the Operator Certification expense sub-fund within the Safe Drinking Water Fund.

² Starting in FY '16-17, the projected expenses are based on the following assumptions:

- a. Complement will remain at existing levels and staff will continue to carry out duties under the Operator Certification program.
- b. A standard inflationary increase of 3% per year is applied to personnel and operating expenses.

³ IT services are provided through DEP's enterprise contractor and include support and enhancements to eFACTS and the Earthwise Academy operator transcript and continuing education catalog system. Adept Consulting, Inc. is currently DEP's enterprise contractor.

▶ Revenue vs Expense Trend Analysis

Table 4. Revenue/Expense Ratios for the Operator Certification Program

	FY '13-14	FY '14-15	FY '15-16	FY '16-17	FY '17-18	FY '18-19
Ratio	1.20	1.18	0.85	0.99	0.97	0.94

Notes:

¹ The projected revenue/expense ratios indicate that it is reasonable to assume that the current fee schedule established in 25 Pa. Code Chapter 302 should cover most Operator Certification program costs for the next three state fiscal years.

² Surplus revenues from previous Fiscal years will cover actual shortfalls that may occur in FY '16 through FY '19.

➤ Certification Board Review and Comment

- The minutes from the December 14, 2016, meeting of the State Board for Certification of Water and Wastewater Systems Operators:
 - *“The Board voted that the report content was complete and agreed with the Department’s recommendation to keep the existing fee structure for the next three fiscal years.”*

DEP Comment and Assessment

- Evaluation of actual revenues and expenses from FY '13-14 through FY '15-16, and projections for FY '16-17 through FY' 18-19 indicates:
 - Existing Operator Certification fee structure is adequate to support the majority of applicable operating costs.
 - Surplus revenues from FY '13-14 thru '14-15 will provide temporary relief for projected minor annual deficits.

DEP Comment and Assessment

- After careful consideration of available information, DEP plans to retain the current fees in Chapter 302.
- The next fee review and cost analysis report should occur in Fourth Quarter of 2019.



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