

**REGULATORY FEE AND PROGRAM COST ANALYSIS REPORT
TO THE ENVIRONMENTAL QUALITY BOARD**

**Water Quality Management (WQM) Fees
Chapter 91. General Provisions, Water Quality Management Program**

BACKGROUND

The Department of Environmental Resources, now the Department of Environmental Protection (DEP), published 25 Pa. Code Chapter 91 on September 2, 1971, to implement provisions of Pennsylvania’s Clean Streams Law (35 P.S. §§ 691.1—691.1001). Chapter 91 establishes, among other things, a water quality management (WQM) permit program for the construction of sewage and industrial waste conveyance and collection systems (for example, pump stations and sewer extensions) and treatment facilities, land application and reuse of sewage and industrial wastes, and construction of manure storage and wastewater impoundments. Chapter 91 also provides for a permit program for the use of algicides, herbicides, and fish control chemicals (pesticides) in waters of the Commonwealth (generally referred to as joint pesticide permits; see 25 Pa. Code § 91.38). Section 691.6 of the Clean Streams Law allows DEP, in accordance with its rules and regulations, to charge reasonable filing fees for applications filed and for permits issued.

The application fees for sewer extension permits and other WQM permits were first established in 1971. The application fees in Chapter 91 were amended in 1980 (see 10 Pa.B. 4294) and 2000 (see 30 Pa.B. 521) to, respectively, include a lower fee for single residence sewage treatment plant (SRSTP) applications and to add General WQM permits.

On August 28, 2021, the Environmental Quality Board (EQB) published a regulatory update to the fees in 25 Pa. Code § 91.22 (see 51 Pa.B. 5361). In addition to fee increases, with this rulemaking the EQB created new fee categories and included the addition of a fee for the processing of joint pesticides permits. Section 91.22(c) was also added in this 2021 rulemaking to establish a requirement for DEP to review the adequacy of WQM permit application fees every three years and provide a written report to the EQB, which is the purpose of this report.

WQM application fees for industrial waste facilities and activities are deposited into the Clean Water Fund in accordance with the Clean Streams Law (35 P.S. § 691.8). WQM application fees for sewage facilities and activities are deposited into the General Fund. DEP receives an average of 1,100 WQM applications per year, including General WQM Notices of Intent (NOIs), generating an average of approximately \$670,000 annually for the Clean Water Fund and General Fund, an average of \$609 per application, following the 2021 rulemaking¹.

Table 1 below provides the current application fees for WQM permits. **Table 2** below provides the application and NOI fees for WQM permits that were in effect prior to August 28, 2021.

¹ The average number of applications and fee revenue was determined for the period October 1, 2021 to September 30, 2024.

Table 1. Summary of Current WQM Permit Application Fees in 25 Pa. Code § 91.22.

Category	Application Type	Fee
Joint Pesticides Permit	New	\$250
	Renewal	\$250
	Amendment	\$100
	Transfer	\$50
Major Sewage Treatment Plants	New	\$10,000
	Amendment	\$2,000
	Transfer	\$250
Major Industrial Waste Treatment Plants	New	\$15,000
	Amendment	\$2,000
	Transfer	\$500
Minor and Non-NPDES Sewage Treatment Plants	New	\$5,000
	Amendment	\$500
	Transfer	\$250
Minor and Non-NPDES Industrial Waste Treatment Plants	New	\$7,500
	Amendment	\$500
	Transfer	\$250
Single Residence Sewage Treatment Plant	New	\$200
	Amendment	\$100
	Transfer	\$50
Small Flow Treatment Facility	New	\$1,000
	Amendment	\$200
	Transfer	\$100
Sewer Extensions	New	\$2,500
	Amendment	\$500
	Transfer	\$250
Pump Stations	New	\$2,500
	Amendment	\$500
	Transfer	\$250
Land Application and Reuse of Sewage	New	\$5,000
	Renewal	\$5,000
	Amendment	\$1,000
	Transfer	\$250
Land Application and Reuse of Industrial Waste	New	\$10,000
	Renewal	\$10,000
	Amendment	\$2,000
	Transfer	\$250
Manure Storage and Wastewater Impoundments	New	\$1,000
	Amendment	\$500
	Transfer	\$250

Table 2. Summary of WQM Permit Application Fees in 25 Pa. Code § 91.22 prior to August 28, 2021

Type of Facility	Fee
Single Residence Sewage Treatment Plant (SRSTP) Permits	\$25
Sewer Extension Permits	\$100
Other WQM Permits	\$500
General WQM Permit Coverage (NOI)	No Greater Than \$500

FEE COLLECTION

Table 3 below provides a summary of total revenues collected in the Commonwealth’s Clean Water Fund (CWF) and General Fund for all WQM application and NOI fees during the period of fiscal year 2018 to fiscal year 2025. This period was evaluated because the prior fee report for Chapter 91 ended with fiscal year 2017. The 2021 fee increases went into effect partway through fiscal year 2022. In addition to changes in the fee amounts starting in 2021, the amount collected each year also depends in large part on the amount of activity in the construction industry, but can also be influenced by government initiatives; for example, during the period 2007 – 2010, there were an unusually high number of applications received for wastewater treatment plant upgrades to achieve compliance with effluent limitations in National Pollutant Discharge Elimination System (NPDES) permits pursuant to Pennsylvania’s Chesapeake Bay Strategy at that time.

Table 3. Summary of Chapter 91 Revenues from Permit Application Fees

Fiscal Year	Fee Revenue
2018	\$175,750
2019	\$116,750
2020	\$127,190
2021	\$135,390
2022	\$458,313
2023	\$561,930
2024	\$714,000
2025	\$684,200

PROGRAM COSTS

It is estimated that it currently costs \$2,500,326 annually to administer the WQM program, and DEP’s costs to administer the WQM permitting program are entirely related to staff resources. In general, there are no dedicated DEP staff for processing WQM permit applications and NOIs. Staff who are responsible for reviewing NPDES permit applications, completing surface water assessments, and overseeing sewage planning activities under the Pennsylvania Sewage Facilities Act (Act 537 of 1965) are also tasked with reviewing WQM permit applications and NOIs. Using

timesheet information, DEP’s Bureau of Clean Water (BCW) estimates that approximately ten full-time equivalents (FTEs) are involved in the processing of traditional WQM permits and an additional three FTEs process joint pesticide permits. This complement includes engineering staff, management, administrative staff, and other technical staff including biologists and hydrogeologists. According to DEP’s Bureau of Fiscal Management, an FTE for planning purposes (pay grade 8, step 10 employee) costs \$192,333 for fiscal year 2025, including salary, benefits, and indirect costs. It is therefore estimated that it currently costs \$2,500,326 annually to administer the WQM program (13 FTEs x \$192,333). This figure does not include follow-up inspections by DEP staff to ensure construction has been done in accordance with WQM permit applications or periodic inspections of WQM land application activities. **Table 4** below summarizes the WQM program staffing costs by fiscal year, using the FTE costs (pay grade 8, step 10) for each fiscal year.

Table 4. Summary of WQM Program Staffing Costs

Fiscal Year	FTE cost (pay grade 8, step 10)	FTEs	Program Staffing Costs
2018	\$135,359	13	\$1,759,667
2019	\$140,862	13	\$1,831,209
2020	\$137,484	13	\$1,787,287
2021	\$149,503	13	\$1,943,540
2022	\$154,690	13	\$2,010,973
2023	\$167,744	13	\$2,180,675
2024	\$180,615	13	\$2,348,000
2025	\$192,333	13	\$2,500,326

DEP has undertaken several initiatives in the past few years to streamline program implementation in an effort to minimize costs and maximize the effective use of existing staff resources. These initiatives include:

- Implementation of Standard Operating Procedures (SOPs) to ensure consistent and efficient use of permit application review resources statewide;
- Automation of *Pennsylvania Bulletin* notice submissions;
- Modification of the WQG-01 General Permit for Small Flow Treatment Facilities, which allows for an expansion of applicable facilities;
- Electronic acceptance of permit applications;
- Electronic management of permit documents; and
- Electronic management of monitoring data submitted by the regulated community, with automated compliance assessment so that staff do not need to manually evaluate compliance.

TREND ANALYSIS

Table 5 below provides revenue/expense ratios for the period fiscal year 2018 to fiscal year 2025. The percentage of DEP's expenses that are paid for by Chapter 91 fees has increased from 10% or less prior to the latest Chapter 91 rulemaking to 27% this past fiscal year. The remainder of DEP's costs to administer the WQM program are paid for by DEP's general operating budget. The revenue/expense ratio is expected to remain at approximately 25% for the next three fiscal years, but this percentage will gradually decrease, as personnel costs inevitably rise while the number of WQM permit applications received per year is expected to remain relatively stable.

Table 5. Revenue/Expense Ratios for the WQM Program

Fiscal Year	Fee Revenue	Expenses	Ratios
2018	\$175,750	\$1,759,667	0.10
2019	\$116,750	\$1,831,209	0.06
2020	\$127,190	\$1,787,287	0.07
2021	\$135,390	\$1,943,540	0.07
2022	\$458,313	\$2,010,973	0.23
2023	\$561,930	\$2,180,675	0.26
2024	\$714,000	\$2,348,000	0.30
2025	\$684,200	\$2,500,326	0.27

ANALYSIS AND RECOMMENDATION

The 2021 fee increase for WQM permits was the first substantive increase for this category of permits in approximately 50 years. The increases were intended to ensure that DEP has sufficient resources to protect the health and safety of the public, to protect the state's water resources, and to meet other state and federal obligations while fairly and equitably distributing the cost to administer the Clean Water Program among the regulated community. The 2021 fee increases were also designed to be competitive with the fees charged by neighboring and comparable states. Historically, DEP covered 10% or less of its costs to review, issue, and administer WQM permits through WQM permit application fees. Following the fee increases in 2021, that percentage has now increased to 27% as of fiscal year 2025, with the remainder covered by the General Fund. As personnel costs inevitably rise, this percentage will gradually decrease, as the number of WQM permit applications received per year is expected to remain relatively stable. However, given the magnitude of the fee increases in 2021, DEP is not, at this time, recommending fee increases for WQM permits.