

# **3-YEAR REGULATORY FEE AND PROGRAM COST ANALYSIS REPORT TO THE ENVIRONMENTAL QUALITY BOARD**

## **Water and Wastewater Systems Operators' Certification Program**

### **BACKGROUND**

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#### **Statutory and Regulatory Authority**

25 Pa. Code Chapter 302 establishes the policies and procedures for the State Board for Certification of Water and Wastewater Systems Operators (Certification Board) and the Department of Environmental Protection (DEP) in implementing duties and responsibilities under the Commonwealth's Water and Wastewater Systems Operators' Certification Act (Act) (63 P.S. §§ 1001 – 1015.1). Chapter 302, Administration of the Water and Wastewater Systems Operators' Certification Program, was published as final-form rulemaking in the *Pennsylvania Bulletin* on September 18, 2010 (40 Pa.B. 5454).

As stated in 25 Pa. Code § 302.102, the purpose of Chapter 302 is “to protect the environment and the public’s health and safety by ensuring that certified operators with the appropriate knowledge, skills and abilities make appropriate process control decisions during the operation of water and wastewater treatment systems, water distribution systems and wastewater collection systems.” Chapter 302 also ensures that Pennsylvania’s Water and Wastewater Systems Operators’ Certification Program (Certification Program) will continue to meet the federal requirements established for state safe drinking water programs in the 1996 amendments to the federal Safe Drinking Water Act. The federal Safe Drinking Water Act requires the U.S. Environmental Protection Agency to withhold 20 percent of a state’s Drinking Water State Revolving Loan Fund if the state’s drinking water system operator certification program does not meet federal guidelines.

The Act authorizes the Environmental Quality Board (EQB) to establish fees for examinations and applications for certification, recertification and renewal of certification as may be reasonable and appropriate to recover the cost of providing such services, and authorizes the Certification Board to collect those fees. The Act also authorizes DEP to establish and collect fees for attendance at DEP-sponsored training and continuing education, and for approval of training and continuing education conducted by others as may be reasonable and appropriate to recover the cost of providing such services. Certification Program fees established in 25 Pa. Code § 302.202 relate to those training and certification activities required under the Act. The training and certification services provided under the Act are for the benefit of system operators and owners, training providers, and exam providers. Accordingly, all these parties share equitably in covering the costs of the administration of the Act (see Table 2 below).

25 Pa. Code § 302.202(l) requires that DEP review the adequacy of the Certification Program fees once every 3 years and provide a written report to the EQB.

## **Fee History**

The fees were initially developed with considerable input from the Certification Board, the Certification Program Advisory Committee, the Small Systems Technical Assistance Center Advisory Board (which has since been renamed the Public Water System Technical Assistance Center Board), the Water Utility Council of the Pennsylvania Section of the American Water Works Association, and other members of the regulated community through a series of public meetings held in December 2008. The fees have remained unchanged since Chapter 302 was finalized in 2010. Prior fee reports for the Certification Program, all of which recommended no changes to the fees established in 2010, were presented to the Certification Board and the EQB in 2013, 2016-2017, and 2020-2021.<sup>1</sup>

## **Fee-Related Certification Program Activities and Costs**

There are approximately 5,100 drinking water system operators and 5,025 wastewater system operators in Pennsylvania currently certified under Chapter 302. Some individuals are certified as operators of both drinking water and wastewater systems.

## ***Components of the Certification Program***

The Operator Certification Program consists of the following five components:

- 1. Delivery of Certification Exams** – DEP Certification Program staff, in accordance with procedures established by the Certification Board, coordinate with Approved Examination Providers (AEPs) to offer approximately 2,500 certification exam seats annually. On average, 1,900 certification exam seats are filled by examinees each year. Certification exam duties handled by DEP staff include: managing the exam question bank; reviewing and validating exams; processing applications for examination; coordinating selection of exam sites; printing, delivering, proctoring, and scoring the exams; and delivering the final results to examinees within 30 days of the exam date. DEP Certification Program staff also provide the necessary training and work with the AEPs to provide testing opportunities in areas of the state where there is an identified need. Additionally, DEP Certification Program staff supervise Water Professional Exam Proctors (DEP wage payroll employees), who assist with proctoring at exam sites. An ongoing task, due to retirement and staff turnover, is providing additional DEP staff with proctor training, to provide adequate proctor coverage for all exam sites.
- 2. Initial Certification, Certification Upgrade, Reciprocity, Certificate Renewal** – Based on the last five years of data, DEP Certification Program staff annually process approximately 700 initial (new) operator certification applications, 390 upgrades of

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<sup>1</sup> The 2020-2021 Certification Program fee report covered actual program revenues and expenses for state fiscal year 2016-2017 (FY 16-17) to FY 18-19 with FY 19-20 to FY 21-22 revenues and expenses projected. This current report covers actuals for FY 21-22 to FY 23-24 with FY 24-25 to FY 26-27 projected. To best reflect typical operations, this report includes the prior three FYs, but does not include FY 19-20 and FY 20-21; revenues and expenses during those years were abnormal due to impacts of the COVID-19 pandemic.

existing operator licenses, and 2,750 applications for certificate renewals. On average, 20 reciprocity applications are granted each year, allowing operators from other states or jurisdictions to operate some level of treatment in Pennsylvania. DEP Certification Program staff conduct a preliminary determination regarding whether education, experience, criminal history (concerns presented to the Certification Board), exam scores, and continuing education hours meet minimum requirements for certification, certification upgrade, or certificate renewal. DEP Certification Program staff also mail an operator certificate to the applicant after the Certification Board takes action to approve the application for certification.

- 3. Technical Support** – DEP Certification Program technical staff provide technical support to DEP Certification Program administrative staff and compliance assistance to the regulated community. DEP Certification Program staff in DEP’s Central Office direct and coordinate program implementation with program staff in DEP’s regional offices to assure regional consistency in administering the program as required by the Act and Chapter 302. DEP Certification Program staff also supervise Public Services Institute Instructors (DEP wage payroll employees), who provide onsite technical and managerial assistance at water and wastewater facilities.
- 4. Training and Continuing Education** – DEP Certification Program staff are responsible for the review and approval of new drinking water and wastewater training providers, courses, and conferences. Each year, DEP Certification Program staff review approximately 170 training applications, related to continuing education courses. DEP Certification Program staff also audit approved training courses, resolve any discrepancies between the records of operators and the approved training providers, and manage data for approximately 22,000 operator training and continuing education completion records each year.
- 5. Course Development and Delivery** – While most of the training and continuing education needs are fulfilled through approved training providers, DEP provides training associated with regulatory requirements and certification exam preparation. Depending on the scope of training needed, the format for this training is either classroom or virtual.

### ***Implementation of the Certification Program***

To maintain full implementation of the Certification Program meeting the requirements of the Act and Chapter 302, the program fees established in Chapter 302 must cover the programmatic costs to implement all components of the program. To implement the five program components listed above, designated DEP staff will continue coding applicable timesheet charges to the Operator Certification sub-fund within the Commonwealth’s Safe Drinking Water Fund. Duties are divided among the following classifications:

- **Administrative Staff** – DEP Certification Program administrative staff duties include: preparing recommendations regarding Certification Board policies; docketing petitions

and appeals of DEP actions for the Certification Board; evaluating and processing applications for certification; administering exams; ensuring conformance to certification, training, and continuing education requirements; maintaining data in DEP's enterprise data system for approximately 8,500 drinking water and wastewater operators; and supervising wage payroll employees.

- **Information Technology (IT) Staff** – Program costs are incurred for a variety of IT-related tasks, such as: processing continuing education records and supporting the training approval process; developing new procedures for computer-based exams; maintaining DEP's [Drinking Water and Wastewater Operator Information Center](#) webpage; updating electronic databases; and supporting the [Earthwise Academy](#), DEP's operator learning portal, which contains DEP virtual courses, personalized operator continuing education transcripts, the continuing education catalog of DEP-approved courses, and a training calendar. This work is primarily accomplished via IT analyst staff and an IT Group Manager.
- **Water Program Specialists and Group Manager** – DEP Certification Program technical staff duties include: providing technical support, compliance assistance, and investigative services for the program and the Certification Board when issues at a system or with an operator leading to enforcement investigations and actions; approving operator training courses, reviewing post-presentation courses for credit, and developing training on exam preparation and program regulations; supporting the Earthwise Academy; developing new procedures for computer-based exams; and supervising wage payroll employees.
- **Compliance Assistance Specialists** – At least one Compliance Assistance Specialist in each of the DEP's six regional offices can be utilized to provide compliance assistance and investigative services for the program and the Certification Board when issues at a system or with an operator lead to enforcement investigations actions.
- **DEP Proctors** – DEP provides a lead proctor for every operator certification exam. The general rule is one proctor is needed for every 25 examinees. DEP proctors for paper exams are primarily Water Program Specialists. DEP proctors for computer-based exams are primarily Compliance Assistance Specialists. To cover the full volume of approximately 60 exam sessions annually, which occur on various dates and locations statewide, lead proctor responsibilities are spread amongst approximately 15 different DEP staff.
- **Water Professional Exam Proctors (PEP)** – PEPs are a pool of DEP-trained wage payroll employees who assist with proctoring at certification exam sites. Over the past few years, an average of five PEPs have been utilized each year to assist as needed to proctor exams.

- **Public Services Institute Instructors** – These are experienced water industry operators and managers hired as hourly wage payroll employees to provide onsite technical assistance at drinking water and wastewater facilities.

After Chapter 302 was finalized in 2010, DEP faced several challenges and implemented a number of changes to improve the program. A historical summary of some of the most notable program improvements implemented by DEP follows:

- In 2013, DEP's Environment Facility Application Compliance Tracking System (eFACTS) was enhanced to automate the annual fee collection system for the Certification Program. This enhancement of eFACTS improved program productivity by partially automating the generation of invoices, tracking of annual fees, and managing Available Operator Reports in lieu of full manual tracking.
- For several years, DEP has successfully delivered computer-based certification exams to supplement the traditional paper-based exams. DEP holds approximately 30 computer-based exam sessions each year. To maintain the security of the computer-based exams, DEP proctors the exam sessions in DEP's regional office computer rooms using a unique login to the Commonwealth network that completely locks the computer from accessing any other websites or software. The Commonwealth is currently in the process of changing how office space is utilized, including repurposing DEP's computer training rooms. As of 2024, two of the six DEP regional office computers room were repurposed and are no longer available for use. DEP is currently evaluating alternative methods for computer-based delivery strategies, such as contracting with testing centers associated with universities, and purchasing a set of laptops solely for certification exam purposes.
- In 2020, despite numerous pandemic-related cancellations and delays, DEP offered 1,400 certification exam seats. This was a major accomplishment achieved through the extra efforts of AEPs and DEP working together to offer exams with masking, social distancing, and health and safety plans. To address any accumulated backlog of demand for certification exam seats, the number of seats offered rose to 2,082 in 2021 and further to 2,490 in 2022.
- DEP continues to be vigilant to ensure that sufficient certification exam seats are offered each year to accommodate examinee demand. DEP's goal is to establish an exam schedule in January of each year that offers at least as many exam seats as the number of exam seats filled the previous year, with a buffer of exam seats offered to accommodate any additional demand. An average of 1,664 exam seats were filled each year over the last six calendar years (see Table 1 below), including the pandemic year of 2020, which had a notable decrease in exam seats offered and filled. Over the past six calendar years, with the exception of the pandemic year of 2020, the number of exam seats offered each year exceeded the number of seats filled in the prior year by at least 19%. However, it is anticipated that the demand for exams will continue

with time due to aging workforce resulting in retirements, and the considerable number of systems relying on only one properly certified operator.

**Table 1. Certification Exam Seats Offered and Filled, 2019-2024**

<b>Calendar Year</b>	<b>Seats Filled</b>	<b>Seats Offered</b>	<b>% Additional Seats Offered Compared to Prior Year Seats Filled</b>
<b>2019</b>	1,748	1,936	---
<b>2020</b>	1,144	1,400	-20%
<b>2021</b>	1,674	2,082	82%
<b>2022</b>	1,640	2,490	49%
<b>2023</b>	1,997	2,595	58%
<b>2024</b>	1,778	2,383	19%

### **Fee Objective, Title and Rate**

The fee schedule established in Chapter 302 is designed to cover the Certification Program costs. Fees are deposited into three categories within a dedicated Operator Certification sub-fund within the Safe Drinking Water Fund, which is a special restricted revenue account in the Commonwealth's General Fund. The Safe Drinking Water Fund is administered by DEP for use in protecting the public from the hazards of unsafe drinking water and for which funds are appropriated to DEP for purposes authorized in the Pennsylvania Safe Drinking Water Act. Revenue categories in the Operator Certification sub-fund include "Certification" (fees paid by operators), "Training" (fees paid by training providers, AEPs, and individuals attending DEP classroom and web-based courses), and "System Annual Fees" (fees paid by drinking water and wastewater systems). Table 2 provides a summary of current fees that provide program revenue.

**Table 2. Summary of Current Certification Program Fees in Chapter 302**

<b>Fee</b>	<b>Entity Paying Fee</b>	<b>Amount</b>
Training Provider Approval Application	Training Provider	\$90
Brief Course Approval*	Training Provider	\$115
Full Course Approval*	Training Provider	\$300
Conference Approval*	Training Provider	\$70
Course Rosters	Training Provider	\$1 per name
10 or more examination sessions per year	Approved Examination Provider	\$800
6 to 9 examination sessions per year	Approved Examination Provider	\$700

<b>Fee</b>	<b>Entity Paying Fee</b>	<b>Amount</b>
2 to 5 examination sessions per year	Approved Examination Provider	\$600
1 examination session per year	Approved Examination Provider	\$400
Initial Certification Class A, B, C, D	Operator	\$150
Initial Certification Class Dc, Class E	Operator	\$100
Certification through Reciprocity Class A, B, C, D	Operator	\$150
Certification through Reciprocity Class Dc, Class E	Operator	\$100
Certification Renewal (3-year)	Operator	\$60
Examination Session	Operator	\$35
Replacement of Certificate or Pocket Card	Operator	\$25
Post-Presentation Credit Application	Operator	\$250
Annual Service Fee	Class A System Owners	\$500
	Class B System Owners	\$150
	Class C System Owners	\$100
	Class D and E System Owners	\$65
DEP Classroom Courses	Course attendees	\$10 per contact hour maximum per person
DEP Web-based Courses	Course attendees	\$30 per contact hour maximum per person
Department Onsite Training	Systems asking for the training	\$1,600 per event

\* 25 Pa Code § 302.202(h) and (i) provide that course approval and conference approval fees are one-time fees assessed for the course or conference.

25 Pa. Code § 302.202(g) provides that the fees summarized in Table 2 are in addition to any fees charged by an AEP. 25 Pa. Code § 302.602(b) provides that AEPs may charge a fee to an applicant to cover the cost of personnel, facility rental, and other incurred costs related to the registration and administration of the examination.

25 Pa. Code § 302.202(j) provides that persons regulated by the Act will not pay more than a total of \$10,000 annually to the Commonwealth for operator the certification fees summarized in Table 2.

25 Pa. Code § 302.202(k) provides that federal or state agencies that provide funding to DEP through terms and conditions of a mutual agreement for the administration of this program will not be subject to the fees summarized in Table 2.

## FEE COLLECTIONS

Table 3 provides a summary of actual Certification Program revenues collected during state fiscal year 2021-2022 (FY 21-22) through FY 23-24 and projected revenues through FY 26-27.

**Table 3. Summary of Chapter 302 Revenues<sup>1</sup>**

Revenue Source Category	Actual			Projected <sup>2</sup>		
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Certification Fees	\$307,480	\$297,217	\$328,116	\$310,938	\$310,938	\$310,938
Training Fees	\$62,770	\$51,358	\$58,863	\$57,664	\$57,664	\$57,664
System Annual Service Fees	\$496,387	\$501,084	\$492,474	\$496,648	\$496,648	\$496,648
<b>TOTAL</b>	<b>\$866,637</b>	<b>\$849,659</b>	<b>\$879,453</b>	<b>\$865,250</b>	<b>\$865,250</b>	<b>\$865,250</b>

<sup>1</sup> Revenues are deposited into a dedicated Operator Certification sub-fund within the Safe Drinking Water Fund. Revenues do not include supplemental funding from the U.S. Environmental Protection Agency for technical support and training program development and implementation.

<sup>2</sup> Revenue projections for FY 24-25 through FY 26-27 are based on averages of each revenue source category for FY 21-22 through 23-24.



### **Delinquency of System Annual Service Fees**

Failure of a system to submit the annual service fee payment in full constitutes a violation of 25 Pa. Code § 302.202 and subjects the owner to enforcement action under Section 14 of the Act (63 P.S. § 1014). The Act provides for up to \$1,000 per day in civil penalties and up to \$1,000 per day in summary criminal penalties for each violation. System annual service fee delinquencies for the most recent calendar years for which data are available are summarized in Table 4 for wastewater systems and Table 5 for drinking water systems. Two DEP Water Program Specialists continue efforts to improve compliance and timely payment of fees.

**Table 4. Summary of Annual Service Fee Delinquency for Wastewater Systems**

<b>Annual Service Fee Delinquency Status</b>	<b>Calendar Year</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Systems that did not return their Annual Service Fee within 60 days of the initial mailing	572 (24%)	399 (17%)	680 (28%)
Systems that received a Notice of Violation (NOV) after failing to respond to a reminder	141 (6%)	115 (5%)	210 (9%)
Systems that did not pay the fee as of January and were considered in non-compliance	69 (2.9%)	28 (1.2%)	81 (3%)

**Table 5. Summary of Annual Service Fee Delinquency for Drinking Water Systems**

<b>Annual Service Fee Delinquency Status</b>	<b>Calendar Year</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Systems that did not return their Annual Service Fee within 60 days of the initial mailing	611 (20%)	657 (22%)	640 (21%)
Systems that received a Notice of Violation (NOV) after failing to respond to a reminder	120 (4%)	159 (5%)	183 (6%)
Systems that did not pay the fee as of January of the following year and were considered in non-compliance	49 (1.6%)	34 (1.1%)	75 (2.5%)

## PROGRAM COSTS

Table 6 provides a summary of actual Certification Program expenses for FY 21-22 through FY 23-24 and projected expenses for FY 24-25 through FY 26-27.

**Table 6. Summary of Certification Program Expenses<sup>1</sup>**

	Actual			Projected <sup>2</sup>		
Expense Category	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Personnel	\$704,334	\$682,490	\$767,379	\$748,909	\$782,989	\$816,618
Operating	\$19,295	\$18,221	\$27,137	\$22,198	\$22,863	\$23,549
IT <sup>3</sup>	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
<b>TOTAL</b>	<b>\$753,629</b>	<b>\$730,711</b>	<b>\$824,516</b>	<b>\$801,106</b>	<b>\$835,852</b>	<b>\$870,167</b>

<sup>1</sup> Expenses are charged to the Operator Certification expense sub-fund within the Safe Drinking Water Fund.

<sup>2</sup> Starting in FY 24-25, projected expenses are based on:

- a) Assuming complement will remain at existing levels and staff will continue to carry out current program duties.
- b) Averaging personnel expenses for the previous three years, then applying the following schedule of contracted raises: 2% July 2024, 2.25% Jan 2025, 2.25% July 2025, 2.25% Jan 2026, 2% July 2026, and 2.25% Jan 2027.
- c) A standard inflationary increase of 3% per year to operating expenses.

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

## TREND ANALYSIS AND PROJECTION

Table 7 provides actual Certification Program revenue/expense ratios for FY 21-22 through FY 23-24, and projected ratios for FY 24-25 through FY 26-27.

**Table 7. Revenue/Expense Ratios for the Certification Program**

	Actual			Projected		
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Total Revenues	\$866,637	\$849,659	\$879,453	\$865,250	\$865,250	\$865,250
Total Expenses	\$753,629	\$730,711	\$824,516	\$801,106	\$835,852	\$870,167
<b>Revenue/Expense Ratio</b>	<b>1.15</b>	<b>1.16</b>	<b>1.07</b>	<b>1.08</b>	<b>1.04</b>	<b>0.99</b>

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 sufficiently cover Certification Program costs

for the next three state fiscal years. Surplus revenues from previous fiscal years should be sufficient to cover any unanticipated shortfalls that may occur in FY 24-25 through FY 26-27.

#### **CERTIFICATION BOARD REVIEW**

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[DEP presented this *Three-Year Regulatory Fee and Program Cost Analysis Report* for review and discussion at the Certification Board's August 13, 2025 meeting. The Certification Board voted to support the below recommendation to retain the current fee schedule].

#### **RECOMMENDATION**

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Through careful evaluation of revenues and expenses from FY 21-22 through FY 23-24, as well as projected revenues and expenses through FY 26-27, DEP believes that the current Certification Program fee structure is adequate to support all applicable program costs for the next three fiscal years. Any surplus revenues will be maintained in the dedicated Operator Certification sub-fund within the Safe Drinking Water Fund and will be applied to cover any unanticipated costs for administering and improving the program. **Therefore, at this time, DEP recommends no regulatory amendments to modify program fees and recommends retaining the fee schedule currently established in 25 Pa. Code Chapter 302 and summarized in Table 2.**