

COMMENTS OF THE INDEPENDENT REGULATORY REVIEW COMMISSION

ON

STATE ARCHITECTS LICENSURE BOARD REGULATION NO. 16A-414

FEES

OCTOBER 7, 1999

We have reviewed this proposed regulation from the State Architects Licensure Board (Board) and submit for your consideration the following objections and recommendations. Subsections 5.1(h) and 5.1(i) of the Regulatory Review Act (71 P.S. § 745.5a(h) and (i)) specify the criteria the Commission must employ to determine whether a regulation is in the public interest. In applying these criteria, our Comments address issues that relate to fiscal impact and clarity. We recommend that these Comments be carefully considered as you prepare the final-form regulation.

Section 9.3. Fees. - Fiscal impact and Clarity

Administrative overhead costs

In the proposed regulation's Fee Report Forms, there are significant differences in the costs covered by different fees except for "Administrative Overhead" costs. According to the Preamble, the Bureau of Professional and Occupational Affairs (BPOA) calculated the allocated share of overhead cost for each fee category by dividing total overhead costs by the number of active licensees. This method of overhead cost allocation is not unreasonable and has been consistently applied. On the other hand, the cost allocations are based on estimates of the actual time BPOA staff spends performing the tasks related to each fee.

For overhead cost allocations, there appears to be no relationship to the services covered by the fees or frequency of fee payments. Therefore, there is no indication that the fees will recover actual or projected overhead costs. In addition, the allocated costs are based on past expenditures rather than estimates or projections of future expenditures. There is no certainty that the fees' "projected revenues will meet or exceed projected expenditures" pursuant to Section 11(a) of the Architects Licensure Law (63 P.S. § 34.11(a)).

We question the use of a constant overhead cost allocation that appears to be unrelated to the actual costs of activities covered by different fees. Even though this process was used to determine other fees, why should BPOA maintain this approach? The Board and BPOA should specifically identify the overhead costs, or portion of the total overhead, to be recouped by these fees, and review their method of allocating these overhead costs. Is it the Board's goal to allocate all overhead costs by category to each fee? If so, we do not believe the current allocation formula gives the desired result.

Differing overhead costs

The administrative overhead costs for all fees are \$17.78, except for the verification of licensure and certification of scores, or licensure, which is \$9.76. The Board should explain why the administrative costs for the verification of licensure and certification of scores, or licensure are different.