

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME Department of Pesticide Regulation	CONTACT PERSON Laurie Brajkovich	EMAIL ADDRESS laurie.brajkovich@cdpr.ca.gov	TELEPHONE NUMBER (916) 603-7796
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Certification and Training			NOTICE FILE NUMBER Z

A. ESTIMATED PRIVATE SECTOR COST IMPACTS *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- | | |
|--|---|
| <input checked="" type="checkbox"/> a. Impacts business and/or employees | <input checked="" type="checkbox"/> e. Imposes reporting requirements |
| <input checked="" type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input checked="" type="checkbox"/> c. Impacts jobs or occupations | <input checked="" type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> h. None of the above (Explain below): |

*If any box in Items 1 a through g is checked, complete this Economic Impact Statement.
If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.*

2. The [Department of Pesticide Regulation](#) estimates that the economic impact of this regulation (which includes the fiscal impact) is:
(Agency/Department)

- Below \$10 million
 Between \$10 and \$25 million
 Between \$25 and \$50 million
 Over \$50 million *[If the economic impact is over \$50 million, agencies are required to submit a [Standardized Regulatory Impact Assessment](#) as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: 2,858

Describe the types of businesses (Include nonprofits): [See 399 attachment.](#)

Enter the number or percentage of total businesses impacted that are small businesses: 99%

4. Enter the number of businesses that will be created: 0 eliminated: 0

Explain: [This proposal increases the cost to stakeholders for training and certification of individuals or businesses.](#)

5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): _____

6. Enter the number of jobs created: 0 and eliminated: 15

Describe the types of jobs or occupations impacted: [This amendment is expected to cause job losses directly for pesticide applicators and educational sponsors.](#)

7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here? YES NO

If YES, explain briefly: _____

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ECONOMIC IMPACT STATEMENT (CONTINUED)**B. ESTIMATED COSTS** *Include calculations and assumptions in the rulemaking record.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ 12,562,001
- a. Initial costs for a small business: \$ 45-1,800 Annual ongoing costs: \$ 33-1,534 Years: 10
- b. Initial costs for a typical business: \$ 45-1,800 Annual ongoing costs: \$ 33-1,534 Years: 10
- c. Initial costs for an individual: \$ 594 Annual ongoing costs: \$ 438-594 Years: 10
- d. Describe other economic costs that may occur: N/A
2. If multiple industries are impacted, enter the share of total costs for each industry: Educational services (20%), fruit farming (18%), support activities for agriculture (10%), nuts farming (11%), vegetable farming (11%), and others (30%). (See 399 Attach.)
3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* \$ 505
4. Will this regulation directly impact housing costs? YES NO
If YES, enter the annual dollar cost per housing unit: \$ _____
Number of units: _____
5. Are there comparable Federal regulations? YES NO
- Explain the need for State regulation given the existence or absence of Federal regulations: 40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017].
- Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ 0

C. ESTIMATED BENEFITS *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: To protect applicators, the public, and California's environments from risks associated with the use of pesticide products.
2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?
Explain: California is required to meet the requirements of 40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017].
3. What are the total statewide benefits from this regulation over its lifetime? \$ Unquantifiable.
4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: N/A

D. ALTERNATIVES TO THE REGULATION *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: No alternatives were considered. A state agency which certifies pesticide applicators is mandated to meet the requirements of 40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017] and submit how the requirements are met to U.S. EPA per FIFRA Section 11.

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ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation: Benefit: \$ N/A Cost: \$ 2,480,192

Alternative 1: Benefit: \$ N/A Cost: \$ 0

Alternative 2: Benefit: \$ N/A Cost: \$ 0

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives:

None

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs?

 YES NO

Explain: The analysis assumed that certain individuals would still apply for new certification and training programs and all sponsors would switch to the computer reporting. It is possible that none of these individuals and sponsors would comply with the new rulemaking.

E. MAJOR REGULATIONS *Include calculations and assumptions in the rulemaking record.*

California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million? YES NO

***If YES, complete E2. and E3
If NO, skip to E4***

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

(Attach additional pages for other alternatives)

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented?

 YES NO

If YES, agencies are required to submit a [Standardized Regulatory Impact Assessment \(SRIA\)](#) as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.

5. Briefly describe the following:

The increase or decrease of investment in the State: Increase in IT investment for state to support regulations; increase in staff to support implementation of regulations.The incentive for innovation in products, materials or processes: Reduces risks for pesticide applicators and increase their safety, knowledge, and skills.The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: To protect applicators, the public, and California's environments from risks associated with the use of pesticide products.

**ECONOMIC AND FISCAL IMPACT STATEMENT
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FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

a. Funding provided in _____

Budget Act of _____ or Chapter _____, Statutes of _____

b. Funding will be requested in the Governor's Budget Act of _____

Fiscal Year: _____

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

Check reason(s) this regulation is not reimbursable and provide the appropriate information:

a. Implements the Federal mandate contained in _____

b. Implements the court mandate set forth by the _____ Court.

Case of: _____ vs. _____

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. _____

Date of Election: _____

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: _____

e. Will be fully financed from the fees, revenue, etc. from: _____

Authorized by Section: _____ of the _____ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

3. Annual Savings. (approximate)

\$ _____

4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain **No current fiscal year impacts. See 399 Attachment.**

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FISCAL IMPACT STATEMENT (CONTINUED)

B. FISCAL EFFECT ON STATE GOVERNMENT *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

It is anticipated that State agencies will:

a. Absorb these additional costs within their existing budgets and resources.

b. Increase the currently authorized budget level for the _____ Fiscal Year

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any State agency or program.

4. Other. Explain No current fiscal year impacts. See 399 Attachment.

C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

2. Savings in the current State Fiscal Year. (Approximate)


\$ _____

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain _____

FISCAL OFFICER SIGNATURE

 **Martin Barela**

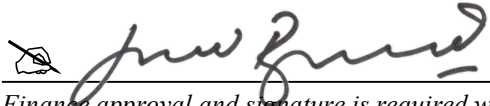
 Digitally signed by Martin Barela
Date: 2022.03.01 11:09:47 -08'00'

DATE

3/1/22

The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

AGENCY SECRETARY



DATE 5/19/22

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER



DATE

Economic and Fiscal Impact Statement
Attachment to Std. 399
Certification and Training (C&T)
40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017]

Summary of Economic Impact Statement

The proposed Certification and Training (C&T) regulations are expected to impact business and/or employees, jobs and/or occupations, and additional individuals. Additional information pertaining to sections of the Economic Impact Statement of the Std. 399 are included here, where applicable.

A. Estimated Private Sector Cost Impacts

3. Total number of businesses impacted: 2,858. The total number of businesses impacted may be a conservative estimation and captures all potential impacts, and is based on the *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators* prepared by Dr. Serhat Asci and Dr. Srinu Konduru and dated October 1, 2021 of the Documents Relied Upon. Due to California’s unique regulatory framework, DPR’s Licensing and Certification Program licenses and certifies applicators of California restricted materials, which includes federally restricted use pesticides (3 CCR section 6400(a)), as well as applicators who perform pest control for hire regardless of whether or not they use restricted materials. Therefore, the proposed regulations will affect users above and beyond federally restricted use pesticides and restricted material use, and may include those who apply general use products. Therefore, all businesses, including those using general use products and requiring certification, were considered as part of this number. This number assumes commercial applicators, private applicators (excluding individuals conducting “householder” activities), and continuing education course sponsors represent a single business. This number includes the number of pest control businesses that reported conducting pest control activities impacted by the proposed regulations (i.e., Fumigation, Sewer Line Root Control, Wood Preservation, and Microbial Pest Control); each reported activity is assumed to represent one business.

Describe the types of businesses (Include nonprofits): Businesses conducting soil fumigation activities and activities in Sewer Line Root Control, Wood Preservation, and Microbial Pest Control, certified private applicators, and continuing education course sponsors.

B. Estimated Costs

1.a-c. In the *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators*, Impact Analysis for Planning (IMPLAN) software was used to estimate impacts on California’s economy. IMPLAN considers all industries, big and small, that have the potential to be impacted by the rulemaking action. Per the IMPLAN analysis, when considering all individuals (548,154) and businesses (123,783) IMPLAN determines to be directly impacted by these regulations in California, initial and annual cost is estimated to be \$3.00 per business (both small and typical) and \$3.85 per individual; this direct cost is the long-term impact faced by California at large. While IMPLAN is able to calculate cost to those individuals and businesses directly impacted by

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 40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017]

these regulations, in this analysis, IMPLAN accounted for a significantly wider range in the types of individuals and businesses impacted by these regulations and was not refined to more specific populations. As a result of this wider range, the number of individuals and businesses calculated by IMPLAN is higher than the numbers in DPR’s database and higher than the number DPR estimates to be directly impacted. According to Dr. Asci, numbers from DPR’s database and DPR estimates were used to calculate short-term direct costs in the analysis.

To provide a more accurate cost estimation of the specific groups of individuals and businesses in California directly impacted by these regulations, included below are the tables “California Direct Impact Estimations – Individuals” and “California Direct Impact Estimations – Businesses.” These tables further detail the estimated short-term direct costs per individual or business directly impacted in California based on the DPR specific data and estimates stated by Dr. Asci. Per this additional analysis, when considering all individuals (1,100) and businesses (2,858) determined to be directly impacted by these regulations in California, the initial cost per individual is \$594; and the initial cost per small or typical business ranges from \$45 to \$1,800. Furthermore, the annual cost per individual ranges from \$438 to \$594; and the annual cost per small or typical business ranges from \$33 to \$1,534.

California Direct Impact Estimations - Individuals

<u>Requirement*</u>	<u>Initial Cost</u>	<u>Annual Cost (over 10 years; assuming a 3% discount rate per year)</u>
Householders	\$594	\$594 (yr. 1) - \$438 (yr.10)

Requirement consistent with sections C_{ER_4} detailed in the *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators* that will impact individuals.

California Direct Impact Estimations - Businesses

<u>Requirement*</u>	<u>Initial Cost</u>	<u>Annual Cost (over 10 years; assuming a 3% discount rate per year)</u>
Soil Fumigation (Category L) – Commercial Applicators	\$283	\$283 (yr. 1) - \$208 (yr.10)
Removal of Subcategories	\$172	\$172 (yr. 1) - \$127 (yr.10)
Soil Fumigation (Category L) – Private Applicators	\$1,049	\$1,049 (yr. 1) - \$774 (yr. 10)
Non-Soil Fumigation – Private Applicators	\$1,049	\$1,049 (yr. 1) - \$774 (yr. 10)

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8-Hour Course Limit (CE)	\$1,534	\$1,534 (yr. 1) - \$1,131 (yr.10)
Electronic Reporting (CE) and Computer Maintenance	\$345 (average for 600 CE sponsors) \$1,800 (for 18 sponsors requiring new computers)	\$345 (yr.1) - \$254 (yr. 10)
Identity Verification (CE)	\$158	\$158 (yr. 1) - \$116 (yr.10)
Removal of Correspondence Courses (CE)	\$45	\$45 (yr. 1) - \$33 (yr.10)

Requirements consistent with sections C_{ER_1} - C_{ER_3} and C_{ER_5} - C_{ER_6} detailed in the *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators* that will impact businesses.

2. The main industries impacted by this rulemaking are: other educational services (includes continuing education (CE) services), fruit farming (includes applicators), support activities for agriculture (includes pest control businesses), nuts farming (includes applicators), and vegetable farming (includes applicators). For example, other educational services include continuing education seminars or conferences and the businesses performing insect control and chemical applications are considered support activities for agriculture.

Summary of Fiscal Impact Statement

The proposed C&T regulations are expected to incur expenditures and an increased workload for the Department of Pesticide Regulation (DPR) based on the addition of new certification categories for commercial and private applicators and updated CE course requirements/course options. The elements of these costs are detailed in this attachment.

A. Fiscal Effect on Local Government

6. Other. Explain. (*STD. 399 pg. 4*)

Fiscal impacts to local government are analyzed for the fiscal year the proposed regulatory amendments will become effective (FY 2023-2024) and the two subsequent fiscal years (FY 2024-2025 and FY 2025-2026).

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Certification and Training (C&T)
40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017]

Table 1: Total Statewide Dollar Cost to County Agricultural Commissioner’s (CACs) to Re-Test all Existing Private Applicator Certificate (PAC) Holders in the Practical Knowledge Category.

Category	Fiscal Year (FY)	Certificate/License Type	Total Number	Total Cost	Revenue	Total for 3 FY
Practical Knowledge	FY 2023-2024	Private Applicator (1/3 of Population)	6,000	\$360,000	\$0	\$360,000
Practical Knowledge	FY 2024-2025	Private Applicator (2/3 of Population)	6,000	\$360,000	\$0	\$360,000
Practical Knowledge	FY 2025-2026	Private Applicator (3/3 of Population)	6,000	\$360,000	\$0	\$360,000
Grand Total						\$1,080,000

Summary of Table 1: The additional work will be redirected from the existing workload. The fiscal effect to the county agricultural commissioners will be the same over the next two fiscal years. Pesticide use enforcement is a partnership between DPR and the 55 county agricultural commissioner’s offices in the State. County agricultural commissioner’s use a mix of State and local funding to fund their local pesticide use enforcement programs. The amount of funding the State gives to the county agricultural commissioners is fixed by Food and Agricultural Code (FAC) section 12841(g)(1)(C), which says DPR must reimburse counties 7.6 mills of mill assessment for costs incurred by the counties for pesticide use enforcement. Pursuant to 3 CCR section 6391, reimbursement shall be made by April 1 of each year. DPR is not authorized to reimburse the counties more than the amount generated from 7.6 mills. Because the funding level from DPR does not change, the counties' workload from this regulation is redirected at the expense of other lower priority workload. The costs detailed in Table 1 are associated with materials, supplies, and time in order to support this workload based on the current reimbursement structure required by FAC section 12841(g)(1)(C).

Category: The Practical Knowledge examination is required to initially obtain a PAC. Under the proposed C&T regulations, the competency standards for this examination have increased. This requires all existing PAC holders to take a revised examination that includes the additional competency standards. This will require CACs to retest the entire existing PAC population over the span of a three-year period (as existing PACs reach the expiration of their current certificate on a three-year cycle).

Fiscal Year (FY): Assumptions based on the fiscal impact for the current Fiscal Year and two subsequent Fiscal Years.

Certificate/License Type: Private Applicator Certificate. 1/3 of the existing PACs will take the revised examination each Fiscal Year.

Total Number: Approximate number of PACs that will take the revised examination each Fiscal Year based on the number of individuals who currently hold a PAC.

Total Cost: Yearly cost for CACs to administer the revised examination to approximately 6,000 existing PACs per year. In California, there are 58 counties, which are overseen by 55 CACs.

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Each of the CAC offices provides PAC examinations. In order to successfully complete the administration of these revised examinations, the CACs will incur additional: customer service tasks, examination proctoring responsibilities, examination material costs (i.e., pencils, calculators, printing), and costs to print updated PAC cards for all individuals. The cost of these additional items equates to approximately \$6,545 per CAC office administering revised examinations each year, but may be adjusted between counties depending on the size and necessity. DPR estimates that these additional tasks across the 55 CAC offices will cost approximately \$360,000 per year (55 CAC offices x \$6,545 administrative costs/office).

Revenue: No revenue will be generated from administering revised examinations. PAC holders are not charged a certificate application/examination fee or a certificate renewal fee.

Total for 3 FY/Grand Total: Total cost of administering revised examinations for a period of three Fiscal Years.

B. Fiscal Effect on State Government

4. Other. Explain. (*STD. 399 pg. 5*)

Fiscal impacts to state government are analyzed for the fiscal year the proposed regulatory amendments will become effective (FY 2023-2024) and the two subsequent fiscal years (FY 2024-2025 and FY 2025-2026). For a comprehensive summary of the total revenues and expenditures for these three fiscal years, see table “Revenue and Expenditures Summarized” at the end of this attachment.

Table 2. Licensing and Certification Staffing Cost for Increased Workload

Classification	Fiscal Year (FY)	Total Number of Positions	Total Cost for 1 FY- Salaries and Wages	Total Cost for 1 FY – Staff Benefits	Total Compensation for 1 FY	Revenue	Total for 3 FY
Senior Environmental Scientist (Specialist)	FY 2023-2024	1	\$99,000	\$57,737	\$156,737	\$0	\$470,211
Associate Governmental Program Analyst	FY 2023-2024	1	\$73,000	\$42,573	\$115,573	\$0	\$346,719
Staff Services Analyst	FY 2023-2024	1	\$60,000	\$34,992	\$94,992	\$0	\$284,976
Grand Total							\$1,101,906

Summary of Table 2: Implementation of the proposed regulations is a task that will impose an additional workload on DPR. In order to successfully meet implementation requirements approved by the United States Environmental Protection Agency (U.S. EPA) by January 1, 2026, and maintain DPR’s current workload, additional positions are necessary. The necessary work tasks associated with the 3 positions are summarized in Table 2.1.

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 Certification and Training (C&T)
 40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017]

Classification: Job position required to complete work tasks implementing the proposed regulations. These positions are permanent.

Fiscal Year (FY): Cost represented for one Fiscal Year for each job position.

Total Number of Positions: Number of job positions for each classification required to complete work tasks.

Total Cost for 1 FY – Salaries and Wages: Cost of job position for one Fiscal Year (not including benefits).

Total Cost for 1 FY – Staff Benefits: Benefit cost of job position for one Fiscal Year. This includes OASDI and Medicare, Retirement, and Healthcare.

Total Compensation for 1 FY: Cost of job position for one Fiscal Year (Salary & Wages and Benefits Combined).

Revenue: No revenue will be generated by these positions.

Total Cost for 3 FY/Grand Total: Total cost to support the 3 job positions for a period of three Fiscal Years, assuming compensation for the two subsequent Fiscal Years remains the same.

Table 2.1. Work Tasks of Licensing and Certification Staff Positions (Note, not complete duty statement/tasks, but a brief overview)

Classification	Work Tasks
Senior Environmental Scientist (Specialist) (1)	Lead scientist/writer; task leader; reviewer or developer of study guides, examinations, and knowledge expectations. Public outreach - written and oral. Working with U.S. EPA.
Associate Governmental Program Analyst (1)	New CE attendance tracking tasks, working with DPR's Information Technology Branch (ITB) on data validation issues, and working with CE course sponsors to gather data and ensure accuracy. Support of CE program and changes in CE courses.
Staff Services Analyst (1)	Support new categories and testing needs of public. Direct/Respond to inquiries and questions. Support technical and public inquiries on CE records. Public outreach.

Study Guide, Examination, and Knowledge Expectation (KE) Development

Due to the federal revisions to examination competencies (i.e. the knowledge individuals are required to be examined on), some of DPR's study guides, examinations, and knowledge expectations for examination categories will need to be revised to include new and/or updated competencies. Some of this work will be completed by DPR staff. However, some of this work will be contracted to subject matter experts who are knowledgeable in certain examination categories. The cost of contracting some of this necessary work over a period of three fiscal years is estimated at \$450,000.

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Summary of Expenditures for three Fiscal Years (FY 2023-2026)

Expenditure Item	Cost
Licensing and Certification Staffing Costs (Table 2)	\$1,101,906
Cost to Develop Study Guides, Exams, and KEs	\$450,000
Total Cost	\$1,551,906

Alternatives to the Above Items: No alternatives are considered for the above Economic and Fiscal Impact tables/sections, as these impacts are necessitated as a result of DPR’s mandate to ensure California regulations pertaining to the certification of pesticide applicators are consistent with Title 40, Code of Federal Regulations, Part 171 (Revised January 2017).

Expected Revenue

The proposed C&T Regulation Package is expected to generate revenue for DPR based on an increase in additional certificate applications and the fees associated with application submission (i.e. application fee, exam fee, and CE accreditation fee). DPR does not generate revenue from reporting and recordkeeping requirements. These revenues do not outweigh the cost to DPR of implementing the proposed C&T regulations.

The below revenues are anticipated as a result of the proposed C&T regulations. All revenues assume a period of three Fiscal Years (2023-2026).

1. Estimated New Licenses (Category M – Non-Soil Fumigation)

512 New Commercial Applicators – This number includes the 220 individuals requiring this category as estimated in the *Economic Analysis of Final Amendments to 40 CFR Part 171: Certification of pesticide Applicators* prepared by U.S. EPA (a document relied upon in Initial Statement of Reasons for this rulemaking) and the 292 individuals estimated in Section 3.4, Table 5 of the *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators* prepared by Dr. Asci and Dr. Konduru of the California State University, Fresno (Fresno State) (a document relied upon in the Initial Statement of Reasons for this rulemaking).

- Revenue Generated: \$71,680

3,142 Existing Commercial Applicators – This number includes the 3,142 individuals estimated in U.S. EPA’s *Economic Analysis of Final Amendments to 40 CFR Part 171: Certification of Pesticide Applicators* requiring this category.

- Revenue Generated: \$157,100

Total Revenue Generated from New Certification Category for three Fiscal Years: **\$228,780**

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40 CFR Part 171: Certification of Pesticide Applicators [Jan. 2017]

New certification is estimated as Qualified Applicator Certificate (QAC), as this certificate is the minimum requirement to allow commercial applicators to conduct Non-Soil Fumigation Activities.

Additional category fee for existing commercial applicators is estimated as either QAC or Qualified Applicator License (QAL).

- QAC Application Fee (required for new applicants): \$40.00
- QAC Laws, Regulations, and Basic Principles Examination Fee (required for new applicants): \$50.00
- QAC/QAL Non-Soil Fumigation Category Examination Fee (required for new and existing applicants): \$50.00

The revenue from 512 New Commercial Applicators obtaining the Non-Soil Fumigation Category for three Fiscal Years is \$71,680. These individuals require the \$40.00 application fee and both \$50.00 fees to take the two required examinations.

The revenue from 3,142 Existing Commercial Applicators (QAL or QAC) obtaining the Non-Soil Fumigation Category for three Fiscal Years is \$157,100. These individuals only require the one \$50 examination for the Non-Soil Fumigation category, as they are already certified.

2. Estimated Re-Examination in Category L – Soil Fumigation

967 New Commercial Applicators – This number includes the 48 individuals requiring this category as estimated in U.S. EPA’s *Economic Analysis of Final Amendments to 40 CFR Part 171: Certification of pesticide Applicators* and the 919 individuals estimated in Section 3.2, Table 3 of Fresno State’s *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators*.

- Revenue Generated: \$135,380

601 Existing Commercial Applicators – This number includes the 437 individuals requiring this category as estimated in U.S. EPA’s *Economic Analysis of Final Amendments to 40 CFR Part 171: Certification of pesticide Applicators* and the 164 individuals estimated in Section 3.1, Table 1 of Fresno State’s *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators*.

- Revenue Generated: \$30,050

Total Revenue Generated from New Certification Category for three Fiscal Years: **\$165,430**

New certification is estimated as Qualified Applicator Certificate (QAC), as this certificate is the minimum requirement to allow commercial applicators to conduct Soil Fumigation Activities.

Additional category fee for existing commercial applicators is estimated as either QAC or Qualified Applicator License (QAL).

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- QAC Application Fee (required for new applicants): \$40.00
- QAC Laws, Regulations, and Basic Principles Examination Fee (required for new applicants): \$50.00
- QAC/QAL Soil Fumigation Category Examination Fee (required for new and existing applicants): \$50.00

The revenue from 967 New Commercial Applicators obtaining the Soil Fumigation Category for three Fiscal Years is \$135,380. These individuals require the \$40.00 application fee and both \$50.00 fees to take the two required examinations.

The revenue from 601 Existing Commercial Applicators (QAL or QAC) obtaining the Soil Fumigation Category for three Fiscal Years is \$30,050. These individuals only require the one \$50 examination for the Non-Soil Fumigation category, as they are already certified.

3. Estimated New Commercial Applicator Certification for Current Private Applicator ‘householders’

1,100 New Commercial Applicators – This number includes the 1,100 individuals estimated in Section 3.3, Table 4 of Fresno State’s *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators*.

- Revenue Generated: \$154,000

Total Revenue Generated from New Certification Category for three Fiscal Years: **\$154,000**

New certification is estimated as Qualified Applicator Certificate (QAC), as this certificate is the minimum requirement to allow commercial applicators to conduct Soil Fumigation Activities.

- QAC Application Fee (required for new applicants): \$40.00
- QAC Laws, Regulations, and Basic Principles Examination Fee (required for new applicants): \$50.00
- QAC Soil Fumigation Category Examination Fee (required for new and existing applicants): \$50.00

The revenue from 1,100 New Commercial Applicators, obtaining a QAC with one certification category, for three Fiscal Years is \$154,000. These individuals require the \$40.00 application fee and both \$50.00 fees to take the two required examinations.

4. Estimated New CE Course Applications

Number of Anticipated New CE Applications: 70

This number includes the 30 In-person and 15 Interactive Online/Webinar CE applications (for courses currently exceeding 8 hours in length) estimated in Section 3.5, Table 6 of Fresno State’s *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators* and the 12 In-person and 13 Interactive Online/Webinar CE

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applications (for courses currently in a correspondence format) estimated in Section 3.6, Table 9 the *Economic Impact Analysis for California Rulemaking Pertaining to the Certification and Training of Pesticide Applicators* .

CE Application Fee: \$45.00

Total Revenue Generated from Anticipated New CE Applications for three Fiscal Years: **\$3,150**

Summary of Revenue Generated for three Fiscal Years (FY 2023-2026)

Revenue Item	Revenue
Estimated New Licenses (Category M – Non-Soil Fumigation)	\$228,780
Estimated Re-Examination in Category L – Soil Fumigation	\$165,430
Estimated New Commercial Applicator Certification for Current Private Applicator 'householders'	\$154,000
Estimated New CE Course Applications	\$3,150
Grand Total	\$551,360

* Revenue will be generated in the first two FY based on DPR's implementation plan.

Revenue and Expenditures Summarized

Fiscal Year	Expected Revenue	Expected Expenditure	Net Cost to DPR Per FY
FY 2023 - 2024	\$468,645	\$517,302	\$48,657
FY 2024 - 2025	\$82,715	\$517,302	\$434,587
FY 2025 - 2026	\$0	\$517,302	\$517,302

Note: DPR's expected expenditure for these regulations will exceed DPR's anticipated revenue. The expected expenditures are to support the addition of new certification categories for commercial and private applicators and updated CE course requirements/course options necessary to implement the proposed C&T regulations. These expenditures are necessary to support California's pesticide applicator licensing and certification program and will require a Budget Change Proposal (BCP).