CSR 16-04
Fiscal Note

1. OBJECTIVE OF THE RULE

- **Purpose:** Adjust biennial renewal fees (PT/PTA), modify PT Compact Privilege structures, and update nominal transactional fees (retesting, delinquency, CE reviews).

- **Necessity:** Stabilize structural budget deficits, offset out-of-state Compact revenue losses, and fund an upcoming online database vendor price spike as well as increases in all other expenditures such as OT, Attorney Fees and PEIA benefits for employees.

2. EXPLANATION OF ESTIMATE

- **Historical Restraint:** No base renewal fee increases implemented for PTs/PTAs in **23 years (since 2003)**.

- **The Structural Crisis: The Board's operational expenditures exceed its incoming revenue every single year.** The agency is trapped in a structural deficit.

- **Long-Term Trend:** While the Board currently holds a healthy cash balance, it will steadily and continuously decrease over time due to the rising costs of operations and contracted services.

- **The Problem:** Compact implementation (March 2020) permanently reduced traditional reciprocity revenue. The Board currently nets only $48 per $50 privilege due to online processing deductions.

- **Impending Expense:** The online database contract will spike from **+$9,700 to $25,000 next August 2027**, which will further widen the gap between annual revenue and expenditures.

- **Demonstrated Decline:** Cash positions dropped from **$1,020,112 (FY21) to $766,569 (FY26)**—an 8.4% cash reduction in the last year alone due to expenditures consistently outpacing revenue.

National Benchmarking (WV remains lower than national averages)

- **PT Renewal:** $120 Proposed *(vs. $150–$300+ National Average)*

- **PTA Renewal:** $80 Proposed *(vs. $100–$200+ National Average)*

- **Compact Privilege:** $103 Gross / $100 Net *(vs. $45–$309 National Range)*

- **Delinquent Fee:** $200 Proposed *(vs. $150–$400+ National Average)*

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3. DETAIL OF ESTIMATE (PROJECTED ANNUAL REVENUE INFLUX)

Licensees renew on a biennial (two-year) alternating loop. Transactional fees are stable annual benchmarks calculated from calendar year 2025 actual metrics:

- **FY 2026 Expected Influx: +$46,450.00**
  - *PT (800 renew × $20 increase):* +$16,000
  - *PTA (600 renew × $20 increase):* +$12,000
  - *PT Compact (325 baselines × $52 net increase):* +$16,900
  - *Retesting (31 applicants × $10 increase):* +$310
  - *Delinquent Fees (28 late renewals × $30 increase):* +$840
  - *Individual CE Reviews (80 submissions × $5 increase):* +$400

- **FY 2027 Expected Influx: +$45,050.00**
  - *PT (780 renew × $20 increase):* +$15,600
  - *PTA (550 renew × $20 increase):* +$11,000
  - *Compact, Retesting, Delinquency, CE baselines:* +$18,450

- **FY 2028 Expected Influx (Loop Repeats): +$46,450.00**

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4. BIENNIAL CYCLE MECHANICS NARRATIVE

- **Cycle Loop:** Credentials renew biennially. Half the state renews in even years; the other half in odd years.

- **Two-Year Cumulative Total:** Generates **$91,500.00** every 24 months.

- **Structural Deficit Reality: Even with this revenue increase, it will still not balance the revenue vs. expenditures but it will help.**

- **Deficit Mitigation:** Securing between **$45,050 and $46,450 each calendar year** does not create a surplus; it simply minimizes the deficit enough to absorb the upcoming **$15,300 annual database contract increase as well as other increased expenditures** and slows the long-term erosion of our cash reserves.

5. SUMMARY OF ECONOMIC IMPACT ON CITIZENS/PUBLIC

- **Public Impact:** None. Consumers and the general public face zero financial impact.
- **Licensee Impact:** Minor. A $20 increase every two years represents a negligible professional cost while successfully protecting the Board from long-term erosion and maintaining state-mandated consumer protection infrastructure.