

**Economic Impact Statement**

LSA Document #09-788

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses****1. Estimated Number of Small Businesses Subject to this Rule:**

NAICS Code – Engineers:	541330
Engineers:	13,440
Engineer Professional Corporations:	

The types of small businesses most likely to be affected by this proposed rule are engineering firms, professional engineers, and continuing education providers. Although the proposed rule affects the licensed professional engineers specifically, the small business for which these professional engineers are employed may also be affected because of the requirement that the licensees be in compliance with the continuing education requirements. The total and actual number of small businesses affected by this proposed rule is indeterminable, in that the board does not know nor can anticipate which firms will reimburse their employees for the continuing education hours earned. Please note that currently, the majority of professional engineers already take continuing education courses.

The State Board of Registration for Professional Engineers has the authority to promulgate rules in accordance with [IC 25-31-1-17.5](#) to adopt rules requiring a professional engineer to obtain continuing education for renewal of a certificate under [IC 25-31-1-17](#). The proposed rule adds the requirement for continuing education for licensure.

**2. Estimated Average Annual Administrative Costs That Small Businesses Will Incur:**

The Board estimates that the proposed rule will have an insignificant fiscal impact on small businesses, in that the requirement is for professional engineers to obtain continuing education. The total and actual number of small businesses affected by this proposed rule is indeterminable, in that the board does not know nor can anticipate which firms will reimburse their employees for the continuing education hours earned. Please note that currently, the majority of professional engineers already take continuing education courses.

**3. Estimated Administrative Costs:**

The Indiana Professional Licensing Agency provides administrative services to 40 boards, commissions, and committees. These boards, commissions, and committees are charged with regulating a wide range of professionals and entities. The statutes include both standard setting and regulatory authority. By statute, IPLA consolidates budget requests and is urged to consolidate and coordinate operations of the various boards, commissions, and committees where feasible in order to provide efficient and cost effective services.

The proposed rule will have an insignificant fiscal impact on the state or agency. There may be an increase in the number of providers applying to be a continuing education sponsoring organization; however, the agency will only have to create a new licensing status on its computer system. There is no cost imposed on the potential organizations because the Board will not charge an application fee for organizations or instructors.

**4. Estimated Total Annual Economic Impact on Small Businesses:**

Although the proposed rule affects the licensed professional engineers specifically, the small business for which these professional engineers are employed may also be affected because of the requirement that the licensees be in compliance with the continuing education requirements. The total and actual number of small businesses affected by this proposed rule is indeterminable, in that the board does not know nor can anticipate which firms will reimburse their employees for the continuing education hours earned. Please note that currently, the majority of professional engineers already take continuing education courses.

This proposed rule will also apply to and affect professional engineer continuing education sponsoring organizations. At this time, the number of professional engineer continuing education sponsoring organizations cited in this statement is only an estimate and we are basing it upon the number of known engineering organizations that have a presence in Indiana. However, the total and actual number of continuing education sponsoring organizations affected by this proposed rule is indeterminable, in that the board does not know nor can anticipate what organizations will be created to become continuing education providers.

There will be no revenue generated by the state as a result of the proposed rule because continuing education sponsors and instructors are not required to pay a fee to obtain approval. Based upon the current number of licensees and data provided by the American Council of Engineering Companies (ACEC), 70% of registered professional engineers are already taking continuing education; therefore, we will use 30% of active licenses as the number of licensees affected by this rule. The possible revenue that would be generated by

businesses (including small and large) providing continuing education for professional engineers per year would be as follows:

- 15 hours of continuing education × \$125 per hour = \$1,875 cost per year
- 13,440 licensed engineers × 30% (of licensees) = 4,032 total licensees affected
- 4,032 total licensees affected × \$1,875 cost per year = \$7,560,000 annual cost

##### **5. Supporting Data, Studies, or Analyses:**

The Board compared the requirement for continuing education with various states and determined that over half of the states, currently 35, require continuing education for renewal of licensure. Of the surrounding states, Kentucky, Illinois, and Missouri require 30 continuing education hours per biennium and Ohio requires 15 hours per year. The only surrounding state that does not require continuing education is Michigan.

It was further determined by research conducted by the American Council of Engineering Companies (ACEC), that approximately 70% of all Indiana licensed professional engineers hold multiple state licenses.<sup>1</sup> In this case, these engineers are already earning continuing education credits to maintain their licenses in other states and based upon the language in [IC 25-1-4](#), a vast majority of the continuing education hours earned by these licensees will be approved and accepted by the Indiana board. Thus, the incurred cost to Indiana professional engineers is nominal and only affects those who are not earning any continuing education and do not hold multiple licenses.

In addition, this rule discussion has been ongoing since 2005. In May of 2005 the Board held an open forum to discuss the possibility of creating continuing education rules. This hearing was held based upon requests from the engineering community encouraging the Board to adopt rules. This hearing generated comments from those present, and ACEC sent a letter in support of the requirement for continuing education at that time (see Exhibit "D"). According to ACEC, they represent 86 engineering companies and approximately 4,000 professional engineers, which is approximately 74% of active professional engineers residing in the state of Indiana.<sup>2</sup> Since 2005, ACEC has been representing their membership by advocating for this requirement (see Exhibit "E").

As stated earlier, most professional engineers are currently earning continuing education hours. In fact, ACEC has offered continuing education hours for professional engineers since 2005, of which their members have taken to satisfy the requirements for other states as well as to increase their knowledge in their profession. (Sample flyers from courses offered in 2009 are attached as Exhibit "F"). In addition, Purdue University has offered a "Road School" program for county employees and licensed engineers for the past 95 years and has offered continuing education credit for engineers attending this program for the past three to five years. American Society of Civil Engineers (ASCE)<sup>3</sup> will also be a provider who is already offering continuing education credits to its membership across the nation.

In closing, this rule change would only make it an official requirement for the renewal of licensure and would not increase costs to the vast majority of professional engineers, firms, or small businesses, because these costs are already being incurred by 74% of active engineers. There is no increase in fees to the agency in implementing this rule. As the State Budget Agency found earlier this year, and as stated in the memo dated July 9, 2009, ". . . the recommendation of the State Budget Agency is that the rules changes be approved" (see Exhibit "B"). Thus, the board and the community of professional engineers agree with State Budget Agency that these rules should be approved.

##### **6. Regulatory Flexibility Analysis of Alternative Methods:**

The proposed rule creates the requirement for continuing education as a condition for renewing licensure. The Board did not consider alternate compliance or reporting requirements, or other operational standards. There is no new reporting or record keeping requirements for small businesses as a result of this proposed rule.

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<sup>1</sup> ACEC of Indiana Membership Directory, page 3

<sup>2</sup> ACEC of Indiana Membership Directory, pages 31 - 67

<sup>3</sup> See [www.asce.org](http://www.asce.org)

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