



# Virginia Department of Planning and Budget **Economic Impact Analysis**

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## **8 VAC 20-210 Classifications of Expenditures**

### **Department of Education**

#### **Town Hall Action/Stage: 6608 / 10519**

June 13, 2025

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 19. The analysis presented below represents DPB’s best estimate of the potential economic impacts as of the date of this analysis.<sup>1</sup>

### **Summary of the Proposed Amendments to Regulation**

Pursuant to Chapter 131 of the 2008 *Acts of the Assembly*, the Board of Education (Board) proposes to add “Technology” to the classification of expenditures list for local school boards.

### **Background**

Prior to Chapter 131, Code § 22.1-115 stated that

The State Board, in conjunction with the Auditor of Public Accounts, shall establish and require of each school division a modern system of accounting for all school funds, state and local, and the treasurer or other fiscal agent of each school division shall render each month to the school board a statement of the funds in his hands available for school purposes. The Board shall prescribe the following major classifications for expenditures of school funds: (i) instruction, (ii) administration, attendance and health, (iii) pupil transportation, (iv) operation and maintenance, (v) school food services and other noninstructional operations, (vi) facilities, (vii) debt and fund transfers, and (viii) contingency reserves.

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<sup>1</sup> Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

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Chapter 131 added “technology” to the list of major classifications for expenditures of school funds.

The current 8 VAC 20-210 *Classifications of Expenditures* in its entirety is:

The following major classification of expenditures is prescribed for use by local school boards when the division superintendent, with the approval of the school board, prepares the estimate of moneys needed for public schools.

1. Instruction;
2. Administration, attendance and health;
3. Pupil transportation;
4. Operation and maintenance;
5. School food services and other noninstructional operations;
6. Facilities;
7. Debt and fund transfers; and
8. Contingency reserves.

The Board proposes to add “Technology” to the list.

### **Estimated Benefits and Costs**

“Technology” has been one of the major classifications for expenditures of school funds by statute since 2008. When statute and regulation conflict, the statute prevails. Thus, adding “Technology” to the regulation does not affect the requirement in practice, but it is beneficial in that it makes the requirement in practice clear.

### **Businesses and Other Entities Affected**

The regulation pertains to the 131 school divisions in the Commonwealth.

The Code requires DPB to assess whether an adverse impact may result from the proposed regulation.<sup>2</sup> An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities

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<sup>2</sup> Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance.

combined.<sup>3</sup> The proposed amendment neither increases costs nor reduces benefits. Thus, no adverse impact is indicated.

#### **Small Businesses<sup>4</sup> Affected:<sup>5</sup>**

The proposed amendment does not adversely affect small businesses.

#### **Localities<sup>6</sup> Affected<sup>7</sup>**

The proposed amendment neither disproportionately affects particular localities nor affects costs for local governments.

#### **Projected Impact on Employment**

The proposed amendment does not affect employment.

#### **Effects on the Use and Value of Private Property**

The proposed amendment neither affects the use and value of private property nor costs related to the development of real estate.

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<sup>3</sup> Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

<sup>4</sup> Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

<sup>5</sup> If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

<sup>6</sup> “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

<sup>7</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.