

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



Virginia Department of Planning and Budget Economic Impact Analysis

22 VAC 40-675 Personnel Policies for Local Departments of Social Services
Department of Social Services
Town Hall Action/Stage: 4077/7229
January 19, 2016

Summary of the Proposed Amendments to Regulation

The State Board of Social Services (Board) proposes to remove sanctions language from this regulation, clarify that the Board's approval is needed for a local department of social services to deviate from state policies, and update the rest of the regulation for clarity.

Result of Analysis

There is insufficient data to accurately compare the magnitude of the benefits versus the costs for one change. The benefits likely exceed the costs for other proposed changes.

Estimated Economic Impact

This regulation establishes personnel policies for local departments of social services. One of the proposed changes will remove language providing authority to the Department of Social Services (DSS) to impose financial sanctions or require reimbursement of funds if a local department violates provisions of this regulation. DSS indicates that the sanctions issue will be addressed in a separate regulatory action and the Office of the Attorney General (OAG) has requested that the language be removed. According to DSS, no sanctions have been imposed at least in the last ten years. Some recoveries, though few, have been made over the years. Only two of the recoveries were significant in amount. However, DSS has declined to reveal the rationale for the proposed removal of the sanctions language from the regulation. Without

knowing the issue the proposed change is intended to address, the economic impact of this change cannot be ascertained with the information available at this time.

Another proposed change will clarify that a local department is required to obtain approval from the Board to follow specific local jurisdiction policies rather than Board policies outlined in the administrative manual. According to DSS, OAG has determined that the Board's approval is mandatory for any areas listed in the regulation which cover performance evaluation, standards of conduct, leave polices, holiday schedule, inclement weather, probationary period, layoff, classification and/or compensation, affirmative action, and political activity. Previously only classification, compensation, and jurisdiction wide changes were sent to the Board for approval. Other deviations were reviewed and approved by DSS human resources staff for comparability to the Board policy; the analysis was provided to the Board, but was not submitted to the Board for approval. As a result, the proposed change which was implemented in October 2015 is expected to result in an additional five deviation requests requiring Board approval. This change may create small administrative costs associated with the required Board approval, but will also provide an additional layer of review by the Board itself.

Remaining changes update the regulation to reflect changes in the state law and state classification plan, for accurate citation of federal law, for clarity, and to correct grammatical errors. No significant economic effect is expected from these remaining changes other than improving the clarity of the regulation.

Businesses and Entities Affected

The proposed regulation applies to 120 local departments of social services. These local departments currently have 8548 employees.

Localities Particularly Affected

The proposed changes apply statewide.

Projected Impact on Employment

The proposed amendments are unlikely to significantly affect employment based on the information available.

Effects on the Use and Value of Private Property

No impact on the use and value of private property is expected based on the information available.

Real Estate Development Costs

No impact on real estate development costs is expected based on the information available.

Small Businesses:

Definition

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.”

Costs and Other Effects

The proposed regulation does not impose costs or other effects on small businesses based on the information available.

Alternative Method that Minimizes Adverse Impact

No adverse impact on small businesses is expected based on the information available.

Adverse Impacts:

Businesses:

The proposed regulation does not have an impact on non-small businesses based on the information available.

Localities:

The proposed regulation will not adversely affect localities based on the information available.

Other Entities:

The proposed regulation will not adversely affect other entities based on the information available.

Legal Mandates

General: The Department of Planning and Budget 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 Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report 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.

Adverse impacts: Pursuant to Code § 2.2-4007.04(C): 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 within the 45-day period.

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.

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