



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

18 VAC 140-20 Regulations Governing the Practice of Social Work
Department of Health Professions
Town Hall Action/Stage: 6606 / 11130 Proposed
June 16, 2026

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.¹

Summary of the Proposed Amendments to Regulation

Pursuant to Chapters 690 and 704 of the 2024 *Acts of Assembly*, the Board of Social Work (Board) proposes amendments to the *Regulations Governing the Practice of Social Work* to facilitate entry into the Social Work Licensure Compact² (Compact). These changes would insert references to individuals holding a multistate licensure privilege to the sections governing professional conduct and disciplinary actions, and would require that these individuals comply with the rules adopted by the Social Work Licensure Compact Commission and provisions of Code § 54.1-3709.4 in effect at the time of application.

Background

Once implemented, the Compact would allow social workers who have or are eligible for an active, unencumbered license in the compact member state where they reside to apply for a multistate license. After verifying eligibility, the social worker is granted a multistate license which authorizes practice in all other compact member states at their level of licensure: clinical, master’s, or baccalaureate.

¹ See Code § 2.2-4007.04 (A).

² See <https://swcompact.org/>.

Clinical social work is a specialty practice area of social work which focuses on the assessment, diagnosis, treatment, and prevention of mental illness, emotional, and other behavioral disturbances. Clinical social workers perform services in a variety of settings including private practice, hospitals, community mental health, primary care, and schools.³ Master's social workers engage in the practice of social work⁴ and provide non-clinical, generalist services, staff supervision and management, and clinical services under the supervision of a licensed clinical social worker.⁵ Baccalaureate social workers engage in the practice of social work under the supervision of a master's social worker and provide basic generalist services, including casework management and supportive services and consultation and education.⁶

Specific language (Compact Language)⁷ must be enacted into law by a state to officially join the Social Work Licensure Compact. The following states have enacted the Compact Language: Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, and Washington. Nevertheless, multistate licenses are not yet being issued. As of the date of this analysis, the Compact website⁸ indicated that it will take 12 to 24 months before multistate licenses can be issued.

³ Source: <https://www.socialworkers.org/Practice/Clinical-Social-Work>.

⁴ Code § 54.1-3700 defines "practice of social work" as "... rendering or offering to render to individuals, families, groups, organizations, governmental units, or the general public service which is guided by special knowledge of social resources, social systems, human capabilities, and the part conscious and unconscious motivation play in determining behavior. Any person regularly employed by a licensed hospital or nursing home who offers or renders such services in connection with his employment in accordance with patient care policies or plans for social services adopted pursuant to applicable regulations when such services do not include group, marital or family therapy, psychosocial treatment or other measures to modify human behavior involving child abuse, newborn intensive care, emotional disorders or similar issues, shall not be deemed to be engaged in the "practice of social work." Subject to the foregoing, the disciplined application of social work values, principles and methods includes, but is not restricted to, casework management and supportive services, casework, group work, planning and community organization, administration, consultation and education, and research."

⁵ Source: <https://law.lis.virginia.gov/vacode/54.1-3700/>.

⁶ Ibid.

⁷ See <https://swcompact.org/wp-content/uploads/sites/30/2024/01/Social-Work-Licensure-Compact-Model-Legislation.pdf>.

⁸ See <https://swcompact.org/>.

Estimated Benefits and Costs

The proposed amendments to the regulation are necessary for Virginia's participation in the Compact. The Commonwealth's participation in the Compact appears to be beneficial for Virginia consumers of social work services in that it increases the number of qualified licensed social workers available to provide these services. This may reduce the difficulty some Virginians have finding social work services, and Virginia employers have finding available qualified licensed social workers to hire. According to an August 2025 report from the Virginia Healthcare Workforce Data Center,⁹ less than one percent of licensed clinical social workers¹⁰ in the Commonwealth are involuntarily unemployed, which suggests that an increase in the number of qualified licensed social workers available may result in more Virginians receiving the benefit of social work services. Clients of licensed social workers who move between Compact states could also benefit from not having to change their service provider due to the move.

The Commonwealth's participation in the Compact can also be potentially beneficial for Virginia licensed social workers who are interested in adding clients, because they could legally provide services to potential clients in any Compact state rather than just Virginia. On the other hand, Virginia licensed social workers could face increased competition in providing services due to social workers licensed in other Compact states being enabled to provide services to Virginians. Licensed social workers who move between Compact states can also benefit by not necessarily needing to get a new license due to the move.

To the extent that there are differences in states concerning openings for new clients, the Compact can also help increase matching of individuals looking for social work services and licensed social workers who have openings for new clients.

Businesses and Other Entities Affected

The 13,900 licensed clinical social workers, 1,647 licensed master's social workers, and 74 licensed baccalaureate social workers in Virginia,¹¹ employers of social workers, and consumers of social worker services are all potentially affected. According to survey data from the Virginia Healthcare Workforce Data Center report titled *Virginia's Licensed Clinical Social*

⁹ See page 10 of <https://www.dhp.virginia.gov/media/dhpweb/docs/hwdc/behsci/0904LCSW2025.pdf>.

¹⁰ Employment status for licensed master's social workers and licensed bachelor's social workers is not available.

¹¹ Data source: <https://www.dhp.virginia.gov/about/stats/2026Q2/04CurrentLicenseCountQ2FY2026.pdf>

Worker Workforce: 2025,¹² the primary types of employers of licensed clinical social worker¹³ by establishment type in the Commonwealth are distributed as follows:

Primary Employers of Licensed Clinical Social Worker by Type	Percentage
Private Practice, Solo	20%
Private Practice, Group	18%
Mental Health Facility, Outpatient	14%
Community Services Board	9%
Hospital, General	7%
School (Providing Care to Clients)	7%
Community-Based Clinic or Health Center	6%
Hospital, Psychiatric	3%
Residential Mental Health/Substance Abuse Facility	2%
Administrative or Regulatory	1%
Academic Institution (Teaching Health Professions Students)	1%
Physician Office	1%
Home Health Care	1%
Corrections/Jail	1%
Other Practice Setting	9%

The Code requires DPB to assess whether an adverse impact may result from the proposed regulation.¹⁴ 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 combined.¹⁵ As noted above, Virginia licensed social workers could face increased competition in providing services through Compact participation. However, participation in the Compact results from the legislation, and not the proposed amendments to the regulation. Thus, no adverse impact is indicated for the proposed amendments to the regulation.

¹² See page 15 of <https://www.dhp.virginia.gov/media/dhpweb/docs/hwdc/behsci/0904LCSW2025.pdf>.

¹³ Primary employers of licensed master's social workers and licensed baccalaureate social workers by type is not available.

¹⁴ 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.

¹⁵ 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.

Small Businesses¹⁶ Affected:¹⁷

Types and Estimated Number of Small Businesses Affected

The Board regulates individual practitioners, but not their employers. Thus, data on the number of small businesses affected is not available. The types of businesses that are potentially affected and may qualify as small are described in the table above.

Costs and Other Effects

Some small providers of social work services may be worse off through increased competition from firms based out of state. Others may be better off through increased access to out-of-state clients.

Alternative Method that Minimizes Adverse Impact

As the Compact is required by statute, there is no alternative method that reduces adverse impact.

Localities¹⁸ Affected¹⁹

All Virginians, regardless of location within the Commonwealth, could potentially choose to receive social work services from a professional licensed in another Compact state. Nevertheless, it may be more likely in practice that residents of localities near the border of neighboring Compact states or the District of Columbia would receive recommendations for social workers in the nearby jurisdictions. Similarly, Virginia-licensed social workers who practice near the border may be more likely to be recommended to potential clients in neighboring states or hear of job opportunities in a neighboring state. Also, patients who prefer in person services versus telehealth and are located near state or district borders would be more likely to be affected given their proximity to out-of-state practitioners. Additionally, employers of social workers located near state or district borders may be more likely to be affected by a potential increase in available licensed social workers due to a shorter commute from out-of-state potential hires compared to employers located in the interior of Virginia. Thus, localities on or near Virginia's borders with other states and the District of Columbia may be particularly

¹⁶ 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.”

¹⁷ See Code § 2.2-4007.04 (A.2). and Code § 2.2-4007.1 (C).

¹⁸ “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.

¹⁹ Code § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.

affected, once multistate licenses can be issued and the District and the states bordering the Commonwealth have enacted the Compact language. As described above, Virginia, Kentucky, Maryland, North Carolina, and Tennessee have already enacted the Compact language, while West Virginia and the District of Columbia have not.

Virginians living in medically underserved areas, which are predominantly rural, may also disproportionately benefit from improved access.²⁰

The proposed amendments do not appear to introduce costs for local governments.

Projected Impact on Employment

As discussed earlier, the proposed amendments enable the Commonwealth's participation in the Compact, which greatly increases the population of patients who may be legally served by Virginia-licensed social workers, but also allows social workers licensed in other Compact states to serve Virginia clients. The former may have a positive impact on employment for Virginia licensed social workers, while the latter may have a negative impact. Information is not available to determine the net impact.

Effects on the Use and Value of Private Property

By enabling Virginia's participation in the Compact, the proposed amendments would increase the potential supply of labor for those businesses that employ social workers. With more potential qualified employees to choose from, these firms may be able to find more productive and/or less costly people to hire. Also, participation in the Compact increases the potential number of clients that businesses that provide social work services may serve. These two factors may moderately increase the value of some businesses. On the other hand, participation in the Compact introduces potential competition from firms in other Compact states that provide social work services, which may have a moderate negative impact on the value of some firms. However, no information is available to determine the net impact.

The proposed amendments do not appear to affect real estate development costs.

²⁰ See <https://www.vdh.virginia.gov/health-equity/shortage-designations-and-maps/>.