



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

22 VAC 40-901 Community Services Block Grant Program
Department of Social Services
Town Hall Action/Stage: 5694/9220
May 28, 2021

Summary of the Proposed Amendments to Regulation

Pursuant to a periodic review, and recommendations by the Office of the Attorney General (OAG), the State Board of Social Services (Board) proposes to make a number of changes in order to align sections of the regulation that detail the process for evaluation, recommendation, and designation of a community action agency (CAA) with the Code of Virginia (Code).

Background

CAAs are local organizations with the mission of reducing poverty through locally-designed and delivered programs and services that are targeted to the specific needs of the community. CAAs receive funding from the federal Community Services Block Grant (CSBG) and General Assembly appropriations.¹ 22 VAC 40-901 sets out the framework for the allocation formula, expansion of CAA service areas, designation of community agencies and localities as CAAs, and the process for evaluating requests for designation.

During a periodic review initiated in May 2019, the OAG identified and recommended a number of changes that would align the regulation with Code §2.2-5400 *et al* (*Community Action*

¹ The CSBG was enacted under the CSBG Act in 1981 and authorizes block grants to states. It is administered by the Office of Community Services within the U.S. Department of Health and Human Services. States are required to pass through 90 percent of their block grant allotments to CAAs, and may keep up to five percent of allotments for administrative costs. The remainder is used for statewide activities. See <https://www.vacap.org/who-we-are/>.

Act) that the Board seeks to implement through this action.² Specifically, in section 50 *Expansion of a community action agency service area*, the Board proposes to add language saying

The department is responsible for evaluating and making recommendations to the Governor on any request for the designation of an existing community action agency in a previously unserved locality. Upon completion of this evaluation, the department will forward to the Secretary of Health and Human Resources a recommendation on what action the Governor should take regarding designation of the existing community action agency. If the Governor designates the existing community action agency in the locality, the locality will be added to the service area of the existing community action agency.

This language reflects the current process, since the expansion of an existing CAA into a new service area requires the modification of funding allocation and the changing of a Designation letter to include the localities served.

Further, the Board proposes to simplify and clarify the requirements contained in section 50 *Expansion of a community action agency service area*, section 60 *Designation of a community organization as a community action agency* and section 70 *Designation of a locality or group of localities as a community action agency*. The proposed changes in language would serve to align these sections with the *Community Action Act* and more accurately reflect the process currently being followed by the Department of Social Services (DSS).³

Lastly, the Board seeks to remove two statements that “strongly encouraged” organizations and localities seeking designation to pursue technical assistance from DSS. This language was deemed better for guidance than regulation by the OAG, as it included some criteria for review that was not required.⁴

Estimated Benefits and Costs

To the extent that the proposed changes serve to clarify the process for evaluation, recommendation, and designation of a community action agency, readers of the regulation including current and new CAAs would likely benefit from greater clarity and alignment with the Code.

² See <https://townhall.virginia.gov/l/ViewPReview.cfm?PRid=1799>.

³ This includes adding a definition of low-income person in Section 10 that is identical to the definition in the Code.

⁴ See the Agency Background Document https://townhall.virginia.gov/l/GetFile.cfm?File=73\5694\9220\AgencyStatement_DSS_9220_v6.pdf.

Businesses and Other Entities Affected

There are currently 28 local CAAs and 3 statewide CAAs. The proposed amendments do not appear to affect businesses since most CAAs are either public entities or private non-profits.

Small Businesses⁵ Affected

The proposed amendment would not affect small businesses.

Localities⁶ Affected⁷

The proposed amendment would not affect local governments. DSS has indicated that the following localities are currently unserved by a local CAA: Chesterfield, Colonial Heights, Harrisonburg, Henrico, Highland, Loudon, Poquoson, Rockingham, Winchester, and York. If the proposed changes lead to any of these localities being served by a CAA, then that locality would benefit from the proposed changes.

Projected Impact on Employment

The proposed amendments would not affect employment by DSS, its local departments, or by CAAs.

Effects on the Use and Value of Private Property

The proposed amendments are unlikely to affect the use and value of private property. Real estate development costs are not affected.

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 14 (as amended, July 16, 2018). 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(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

⁵ 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.”

⁶ “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.

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

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.