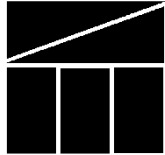


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

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 40-325 – Fraud Reduction/Elimination Effort

Department of Social Services

Town Hall Action/Stage: 4271/7449

June 2, 2016

Summary of the Proposed Amendments to Regulation

As a result of a periodic review, the State Board of Social Services (Board) proposes to amend its fraud reduction/elimination effort regulation to delineate the methodology used to reimburse local Departments of Social Services for conducting fraud prevention, detection and investigation activities.

Result of Analysis

Benefits likely outweigh costs for these proposed changes.

Estimated Economic Impact

Current regulation allows reimbursement to local Departments of Social Services (LDSS) and states that such reimbursement will be made according to a methodology “as developed by the work group convened by the commissioner, consisting of local department representatives and senior department managers.” Board staff reports that, in 2014, the source of reimbursements for such fraud reduction/elimination efforts was changed to a single pool of money. As a consequence, reimbursements were no longer made according to the methodology in the current regulation. Instead, reimbursements are made to LDSSs based on the State Department of Social Services’ federally approved cost allocation plan from funds appropriated, and operations set forth, in Virginia’s Appropriation Act.

In response to these changes, the Board now proposes to eliminate obsolete language that no longer reflects how reimbursements are made to LDSSs and add language that delineates the current formula for reimbursement. Specifically, 40% of LDSSs reimbursement is based on their Temporary Aid to Needy Families (TANF), food stamp, energy assistance and child care caseloads. Additionally, 20% is based on the number of investigations completed each year, 20% is based on the number of established claims of fraud and 20% is based the actual collections from established claims. The Board proposes to add this new formula, which has been in use since 2014, to the regulation. No entity is likely to incur costs on account of this proposed regulatory change. To the extent that this proposal removes obsolete language and adds currently relevant information to this regulation, interested parties are likely to benefit.

Businesses and Entities Affected

Board staff reports that this proposed regulation will affect all 120 LDSSs.

Localities Particularly Affected

No locality will be particularly affected by this regulatory change.

Projected Impact on Employment

This proposed regulatory change is unlikely to have any impact on employment in the Commonwealth.

Effects on the Use and Value of Private Property

This proposed regulation is unlikely to have any impact on the use or value of private property.

Real Estate Development Costs

This proposed regulation is unlikely to affect real estate development costs.

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

No small businesses in the Commonwealth are likely to incur costs on account of this proposed regulation.

Alternative Method that Minimizes Adverse Impact

No small businesses in the Commonwealth are likely to incur costs on account of this proposed regulation.

Adverse Impacts:

Businesses:

No businesses in the Commonwealth are likely to incur costs on account of this proposed regulation.

Localities:

Localities in the Commonwealth are unlikely to see any adverse impacts on account of this proposed regulatory change.

Other Entities:

No other entities are likely to suffer any adverse impact on account of this proposed regulation.

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.

amh