Office of Regulatory Management

Model Economic Review Form

**NB: This is not an actual Virginia regulation but rather is a hypothetical regulation offered for illustrative purposes. The regulation involves a modification to the section titled “Milk” (12 VAC 5-440-30). It would add the following sentence at the end of the current section: “Any milk served in summer camps must bear a label showing that it has been certified as organic by the U.S. Department of Agriculture.”**

December 2022

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| --- | --- |
| **Agency name** | Virginia Department of Health |
| **Virginia Administrative Code (VAC) Chapter citation(s)**  |  12 VAC 5-440  |
| **VAC Chapter title(s)** | Regulations for Summer Camps |
| **Action title** | Organic Milk for Summer Camps *(Hypothetical)* |
| **Date this document prepared** | December 19, 2022 |
| **Regulatory Stage (including Issuance of Guidance Documents)** | Proposed (Action 6100 / Stage 9989) |

**Cost Benefit Analysis**

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

|  |  |
| --- | --- |
| (1) Direct & Indirect Costs & Benefits (Monetized) | Direct Costs: Annual costs for summer camps are likely to increase as follows:* Approximately 151,000 Virginia children participate in summer camp every year.
* The average child drinks roughly 2 gallons of milk during his or her time at summer camp.
* Organic milk costs $3.19 more per gallon than conventional non-organic milk ($6.49 - $3.30).
* Total cost is $963,380.

Direct Benefits:* There are no monetizable benefits associated with this change.

Indirect Costs: $0* There are no monetizable indirect costs associated with this change.

Indirect Benefits: $0* There are no monetizable indirect benefits associated with this change.
 |
|   |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
|  | (a) $963,380 | (b) $0 |
| (3) Net Monetized Benefit | -$963,380 |
|   |
| (4) Other Costs & Benefits (Non-Monetized) | Costs:1. The increased costs associated with requiring organic milk are likely to be passed along to Virginia families in the form of higher prices for attending summer camp. Though the increase associated with this change is likely to be minimal (on the order of a few dollars per child), some families may decide against sending their children to camp if the cost becomes too high.
2. Some parents may be concerned that organic milk is less safe than non-organic milk, believing (incorrectly) that it is never pasteurized. This may cause some parents not to send their children to camp.

Benefits: 1. Though the health benefits of organic milk v. non-organic milk have not been tested in any randomized controlled trial, organic milk industry groups claim that organic milk has a higher nutritional content and contains more disease-fighting antioxidants. Virginia children attending summer camp will enjoy any such health benefits.
2. Some parents may be more inclined to send their children to camp if they know that their children will be served organic milk, believing that it promotes better health outcomes.
 |
| (5) Information Sources | U.S. Consumer Price IndexAmerican Camp Association Report on Summer Camp AttendanceMississippi State University Report on Organic v. Conventional Milk (http://extension.msstate.edu/publications/differences-between-organic-and-conventional-cow%E2%80%99s-milk)Informal VDH poll of 100 Virginia families who sent children to summer camp in 2021 and of 20 Virginia camp directors |

**Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)**

|  |  |
| --- | --- |
| (1) Direct & Indirect Costs & Benefits (Monetized) | Direct Costs: * There are no new costs associated with maintaining the status quo and allowing Virginia camps to continue to decide what type of milk they will serve.

Direct Benefits:* There are no new benefits associated with maintaining the status quo and allowing Virginia camps to continue to decide what type of milk they will serve.

Indirect Costs: $0* There are no new monetizable indirect costs associated with maintaining the status quo.

Indirect Benefits: $0* There are no new monetizable indirect benefits associated with maintaining the status quo.
 |
|   |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
|  | (a) $0 | (b) $0 |
| (3) Net Monetized Benefit | $0 |
|   |
| (4) Other Costs & Benefits (Non-Monetized) | There are no new non-monetizable costs or benefits associated with maintaining the status quo. |
| (5) Information Sources | Same as Table 1a above |

**Table 1c: Costs and Benefits under Alternative Approach(es)**

|  |  |
| --- | --- |
| (1) Direct & Indirect Costs & Benefits (Monetized) | Rather than mandating that all milk served be organic, VDH could require that camps make organic milk available to any children whose parents request it and could allow camps to assess parents who opt for organic milk a small surcharge associated with the increased cost this creates.Direct Costs: 1. Based on a VDH survey of parents who send their children to camp, 10% indicated that they would be willing to pay a small surcharge to the camp so that their children could drink organic milk. The cost to families associated with the alternative approach would therefore be as follows:
* Of the 151,000 children who attend summer camp, 15,100 have parents who will pay the extra cost for organic milk.
* The average child drinks roughly 2 gallons of milk during his or her time at summer camp.
* Organic milk costs $3.19 more per gallon than non-organic milk ($6.49 - $3.30).
* Total cost is $96,338.
1. Based on the VDH survey of camp directors, it will cost each camp roughly $1000 per year in administrative costs to implement the opt-in regime, which consists of the expense associated with keeping track of milk preferences and ensuring an adequate supply of organic milk. The cost to camps associated with this alternative approach is as follows:
* There are 121 summer camps in Virginia.
* The annual cost for each camp is $1000.
* Total cost is $121,000.

Direct Benefits:* There are no monetizable benefits associated with this change.

Indirect Costs: $0* There are no monetizable indirect costs associated with this alternative.

Indirect Benefits: $0* There are no monetizable indirect benefits associated with this alternative.
 |
|   |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
|  | (a) $217,338 | (b) $0 |
| (3) Net Monetized Benefit | -$217,338 |
|   |
| (4) Other Costs & Benefits (Non-Monetized) | Costs:1. There may be some perceived stigma for campers associated with either drinking or not drinking organic milk, which may counsel in favor of a uniform approach one way or the other.

Benefits:1. Children whose parents opt for organic milk will enjoy whatever health benefits derive from drinking it.
2. Parents who believe that organic milk is healthier will now have the option of ensuring that their children drink organic milk while at camp.
 |
| (5) Information Sources | Same as Table 1a above |

**Impact on Local Partners**

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 2: Impact on Local Partners**

|  |  |
| --- | --- |
| (1) Direct & Indirect Costs & Benefits (Monetized) | There are no local partners that would be affected by these changes.  |
|   |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
|  | (a) N/A | (b) N/A  |
|   |
| (3) Other Costs & Benefits (Non-Monetized) | N/A |
| (4) Assistance | N/A |
| (5) Information Sources | N/A |

**Impacts on Families**

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 3: Impact on Families**

|  |  |
| --- | --- |
| (1) Direct & Indirect Costs & Benefits (Monetized) | Families will be affected by this regulation insofar as they send their children to camp. For purposes of this Form, VDH has assumed that all monetizable costs will be borne by summer camps. Some or all of the costs may, however, be passed along to families in the form of higher attendance costs, which may cause some families to decide against sending their children to camp. |
|   |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
|  | (a) $0 (but see explanation above) | (b) $0 (but see explanation above)  |
|   |
| (3) Other Costs & Benefits (Non-Monetized) | See discussions in Tables 1a for information on how families may be affected by the proposed regulation |
| (4) Information Sources | Same as Table 1a above |

**Impacts on Small Businesses**

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 4: Impact on Small Businesses**

|  |  |
| --- | --- |
| (1) Direct & Indirect Costs & Benefits (Monetized) | All of the summer camps in Virginia qualify as small businesses under the definition provided in the Administrative Process Act. The benefits and costs described in Table 1a would therefore all accrue directly to small businesses, though some or all of the costs could likely be passed along to families who send their children to camp. |
|   |
| (2) Present Monetized Values  | Direct & Indirect Costs | Direct & Indirect Benefits |
|  | (a) $963,380 | (b) $0 |
|   |
| (3) Other Costs & Benefits (Non-Monetized) | N/A |
| (4) Alternatives | Either maintaining the status quo or pursuing the alternative describe in Table 1c would impose less significant burdens on small businesses.  |
| (5) Information Sources | Same as Table 1a above |

**Changes to Number of Regulatory Requirements**

*For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements. This count should be based upon the text as written when this stage was presented for executive branch review. Five rows have been provided, add or delete rows as needed. In the last row, indicate the total number for each column.*

**Table 5: Total Number of Requirements**

|  |  |
| --- | --- |
|  | **Number of Requirements** |
| **Chapter number** | **Initial Count** | **Additions** | **Subtractions** | **Net Change** |
| 12 VAC 5-440 | 1 | 1 | 0 | +1 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **TOTAL** | 1 | 1 | 0 | +1 |