

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

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**22 VAC 40-601 Supplemental Nutrition Assistance Program**  
**Department of Social Services**  
**Town Hall Action/Stage: 4491 / 7828**  
June 1, 2017

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### **Summary of the Proposed Amendments to Regulation**

The State Board of Social Services (Board) proposes to allow legally obligated child support payments paid by a Supplemental Nutrition Assistance Program (SNAP) household member to or for a non-household member as an exclusion from countable income for SNAP-eligibility purposes.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Title 7 of the Code of Federal Regulations (CFR) section 271.4<sup>1</sup> delegates responsibility to administer SNAP within a state to the agency assigned responsibility for other federally funded public assistance programs. Federal regulation at 7 CFR 273.9(d) (5)<sup>2</sup> permits states the option to either count legally obligated child support payments to non-household members as an income deduction or an income exclusion when determining eligibility for SNAP benefits;

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<sup>1</sup> See <https://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol4/pdf/CFR-2011-title7-vol4-sec271-4.pdf>

<sup>2</sup> See <https://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol4/pdf/CFR-2011-title7-vol4-sec273-9.pdf>

Virginia currently uses the income deduction option. The Board proposes to amend the SNAP regulation to indicate that the income exclusion option will be used.

Households that do not include at least one individual who is either at least 60 years old or permanently disabled must not have gross income over a specified amount, nor net income over a different specified amount,<sup>3</sup> in order to qualify for SNAP benefits. The income deduction reduces only net income. The income exclusion reduces both gross income and net income. Thus the proposal to count legally obligated child support payments to non-household members as an income exclusion rather than an income deduction would likely increase the number of households that qualify for SNAP benefits, and may encourage more noncustodial parents to make their legally obligated child support payments regularly since doing so could make their household SNAP qualified. As SNAP is fully funded by the federal government, the proposal clearly produces a net benefit for the Commonwealth.

### **Businesses and Entities Affected**

The proposed amendment potentially affects low-income households where a member of the household is legally obligated to make child support payments, and the households that receive those child support payments.

### **Localities Particularly Affected**

Localities with a high proportion of low-income households would likely be particularly affected by the proposed amendment.

### **Projected Impact on Employment**

The proposal to allow legally obligated child support payments paid by a SNAP household member to or for a non-household member as an exclusion from countable income for SNAP-eligibility purposes will effectively allow such a household to earn more income and still qualify for SNAP. This may encourage a household member to perhaps get a part-time job who otherwise would not have, or encourage any already employed household member to seek a better paying job.

### **Effects on the Use and Value of Private Property**

The proposed amendment would not significantly affect the use and value of private property.

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<sup>3</sup> The specified amounts are dependent on household size.

## **Real Estate Development Costs**

The proposed amendment would not 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**

The proposed amendment would not affect costs for small business.

### **Alternative Method that Minimizes Adverse Impact**

The proposed amendment would not adversely affect small businesses.

## **Adverse Impacts:**

### **Businesses:**

The proposed amendment would not adversely affect businesses.

### **Localities:**

The proposed amendment would not adversely affect localities.

### **Other Entities:**

The proposed amendment would not adversely affect other entities.

## **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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