



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

16 VAC 5-10 Definitions and General Provisions
Virginia Employment Commission
Town Hall Action/Stage: 5952 / 9611
June 27, 2022

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 14 (as amended, July 16, 2018). The analysis presented below represents DPB's best estimate of these economic impacts.¹

Summary of the Proposed Amendments to Regulation

The Virginia Employment Commission (VEC) proposes to update definitions regarding unemployment claim processing.

Background

VEC is charged with aiding employment stabilization under its duty to administer the Virginia Unemployment Compensation Act for the welfare of the citizens of the Commonwealth through unemployment benefits, the labor exchange system, job services programs, and solvency of the administered trust fund. This chapter of the regulation contains definitions and general provisions.

VEC reports that the federal Workforce Innovation and Opportunity Act required dramatic changes in how it delivered services across the Commonwealth. Consequently, starting in September 2018, VEC modernized its unemployment claim filing process by shifting away from pen-and-paper based claim filing to online filing, which necessitates changes to this

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

regulation regarding benefits, interstate and multistate claimants, and adjudication. VEC is proposing to make these changes to different chapters through individual regulatory actions.² This action updates the definitions to reflect the changes necessitated by the other actions.

Estimated Benefits and Costs

This action updates definitions that are necessitated by the proposed changes in other chapters of this regulation to reflect the modernized unemployment claim process. The changes to definitions in this action do not have any significant economic effect other than providing internal consistency of language throughout this regulation.

Businesses and Other Entities Affected

The proposed amendments apply to all individuals and businesses required to file or report an unemployment claim or event.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.³ An adverse impact is indicated if there is any increase in net cost or reduction in net revenue for any entity, even if the benefits exceed the costs for all entities combined. As noted above, the proposed changes in this action are not expected to have a significant economic effect. Thus, no individual or business appears to be adversely affected by the proposed changes to definitions.

Small Businesses⁴ Affected:⁵

The proposed amendments do not appear to adversely affect small businesses.

² <https://townhall.virginia.gov/l/viewstage.cfm?stageid=9615>
<https://townhall.virginia.gov/l/viewstage.cfm?stageid=9616>
<https://townhall.virginia.gov/l/viewstage.cfm?stageid=9617>

³ 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. 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.

⁴ 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.”

⁵ 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

Localities⁶ Affected⁷

The proposed amendments do not disproportionately affect any particular localities and do not introduce costs for local governments.

Projected Impact on Employment

The proposed amendments do not affect employment.

Effects on the Use and Value of Private Property

The proposed amendments do not affect the use and value of private property or the real estate development costs.

proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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.