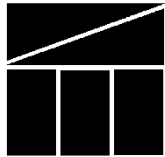


Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes Not Needed

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**

1 VAC 42-5 Public Participation Guidelines
Office of the State Inspector General
Town Hall Action/Stage: 4448/7349
October 28, 2015

Summary of the Proposed Amendments to Regulation

The Office of the State Inspector General (OSIG) proposes to adopt model public participation guidelines as mandated in Chapter 321 of the 2008 Acts of Assembly.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Pursuant to Chapter 321 of the 2008 Acts of Assembly, the Department of Planning and Budget, in consultation with the Office of the Attorney General, (i) developed model public participation guidelines (PPGs) and (ii) provided these model PPGs to each agency that has the authority to promulgate regulations. Chapter 321 required that, by December 1, 2008, state agencies either (a) adopt these model public participation guidelines as an exempt action or (b) if significant additions or changes are proposed, promulgate the model public participation guidelines with the proposed changes as fast-track regulations pursuant to Code of Virginia section § 2.2-4012.1. Pursuant to Chapter 321, Model PPGs promulgated by agencies after January 1, 2009 are subject to the normal requirements of the Administrative Process Act.

Pursuant to 2011 Acts of Assembly, Chapter 871, effective July 1, 2012, OSIG is authorized to promulgate regulations regarding the performance of its statutory duties regarding

the proper administration of the fraud and abuse whistle blower reward fund including eligibility requirements and procedures for filing a claim. Thus, OSIG now proposes to promulgate the model PPGs as a fast track action for development of its future regulations.

The purposes of the model PPG legislation are threefold: first, to ensure that each agency or board has a current set of PPGs in place.¹ Second, to ensure that each agency or board's PPGs incorporate the use of technology such as the Virginia Regulatory Town Hall, email to the extent possible, and the use of electronic mailing lists. Last, but perhaps most importantly, to have uniform guidelines in place to facilitate citizen participation in rulemaking and to make those guidelines consistent, to the extent possible, among all executive branch boards and agencies. For all of these reasons, citizens who are interested in participating in the OSIG's rulemaking process will benefit from the promulgation of these PPGs.

Businesses and Entities Affected

While OSIG has a broad client base, these PPGs are proposed for development of fraud and abuse whistle blower reward fund regulations, the only regulations OSIG foresees at this time it will develop. Thus, citizens who are interested in participating in the OSIG's rulemaking process for the fund may be affected. Although there is no information on who may be interested in OSIG's rulemaking process, between July 1, 2012 and September 30, 2015, OSIG received 4,386 hotline calls, of which 1,971 were assigned for investigation.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposed amendments do not directly affect employment.

Effects on the Use and Value of Private Property

The proposed amendments do not directly affect the use and value of private property.

Real Estate Development Costs

The proposed amendments do not directly affect real estate development costs.

¹ Some agencies and boards have not updated their PPGs since the mid-late 1980's.

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 amendments do not directly affect small businesses.

Alternative Method that Minimizes Adverse Impact

The proposed amendments do not adversely affect small businesses.

Adverse Impacts:**Businesses:**

The proposed amendments do not adversely affect non-small businesses.

Localities:

The proposed amendments do not adversely affect localities.

Other Entities:

The proposed amendments do 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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