



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

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**16 VAC 5-70 Interstate and Multistate Claimants**  
**Virginia Employment Commission**  
**Town Hall Action/Stage: 5957/9616**  
June 27, 2022

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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.<sup>1</sup>

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

The Virginia Employment Commission (VEC) seeks to update 16 VAC 5-70 *Interstate and Multistate Claimants* to conform to current practice, which has adapted to reflect the agency’s shift from local offices to a modernized claim filing process.

## **Background**

The 2014 federal Workforce Innovation and Opportunity Act required significant changes to VEC operations and service delivery. VEC reports that these changes included closing VEC local offices and offering services through “One-Stop” service centers operated with mandated partners and local Workforce Development Boards.<sup>2</sup> Further, interstate claims for all 50 states are controlled by processes established by the U.S. Department of Labor, including the State Identification Inquiry (SIDI) and Interstate Benefits Inquiry (IBIQ) systems.<sup>3</sup> Increased

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<sup>1</sup> 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.

<sup>2</sup> See <https://www.dol.gov/agencies/eta/wioa> for information on the Workforce Innovation and Opportunity Act.

<sup>3</sup> These systems appear to have been first introduced in the mid 1990’s and early 2000’s; see [https://oui.doleta.gov/dmstree/uipl/uipl94/uipl\\_1794.htm](https://oui.doleta.gov/dmstree/uipl/uipl94/uipl_1794.htm) and

automation in the SIDI/IBIQ systems have reduced the reliance on paper-based processes leading to some requirements being verified automatically and some paperwork becoming redundant.

Specifically, the proposed changes would:

- Amend section 10 by replacing “mail” with “Internet, telephone” as ways to file interstate claims and removing a requirement that claims be filed “in field offices, at an itinerant point or by mail;”
- Amend subsection 20 B to add “A combined wage claim can only be established if there are base period wages in the paying state;” and,
- Amend subsection 20 E to remove three paper-based verification and recordkeeping requirements for paying and transferring states.

VEC reported that the proposed change to subsection 20 B would not affect eligibility for interstate claims since there were no changes to the interstate agreement. Rather, these changes were prompted by changes in procedure in handling interstate claims such as automation in SIDI/IBIQ.<sup>4</sup> Similarly, the changes to subsection 20 E only remove paper-based requirements that are now obsolete.

### **Estimated Benefits and Costs**

The proposed changes benefit claimants to the extent that the underlying modernization and automation has made the claim filing process more secure, reliable, and convenient. Some applicants would benefit by being able to submit interstate unemployment insurance claims via phone or email rather than mail. Some applicants may be made worse off by no longer being able to send claims through the mail; however, VEC reports that the shift from mail to email and telephone are part of an effort to increase efficiency and as such would be expected to benefit applicants by reducing processing times. VEC has not indicated any economic impact to its own operations as a result of these changes.<sup>5</sup>

Other states involved in interstate claims in Virginia would benefit from not having to send paperwork to Virginia for verification or recordkeeping, and VEC would likely benefit from

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[https://oui.doleta.gov/dmstree/uipl/uipl2k5/uipl\\_0105.htm](https://oui.doleta.gov/dmstree/uipl/uipl2k5/uipl_0105.htm) for memos relating to the rollout of internet-based applications for these processes.

<sup>4</sup> Email from VEC, June 24, 2022.

<sup>5</sup> Agency Background Document, page 5. See

[https://townhall.virginia.gov/l/GetFile.cfm?File=108\5957\9616\AgencyStatement\\_VEC\\_9616\\_v1.pdf](https://townhall.virginia.gov/l/GetFile.cfm?File=108\5957\9616\AgencyStatement_VEC_9616_v1.pdf).

not having to process and store hard-copies of that paperwork. These benefits have likely started to be realized since these changes have already been implemented through the automation in the SIDI/IBIQ processes.

Lastly, since the proposed changes are intended to conform the regulation to current practice, the primary benefits of the proposed changes would be to update the regulation and provide greater clarity regarding Virginia's regulatory requirements with respect to interstate and multistate claims.

### **Businesses and Other Entities Affected**

The proposed amendments affect individuals filing interstate or multistate unemployment insurance claims in the Commonwealth as well as all 49 other states that might be party to an interstate or multistate claim.

The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.<sup>6</sup> 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 are expected to increase flexibility and efficiency for applicants, and reduce paperwork for other states' employment agencies. Thus, an adverse impact is not indicated.

### **Small Businesses<sup>7</sup> Affected:<sup>8</sup>**

The proposed amendments do not affect requirements for small businesses at all. Thus they would not adversely affect small businesses.

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<sup>6</sup> 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.

<sup>7</sup> 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."

<sup>8</sup> 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

**Localities<sup>9</sup> Affected<sup>10</sup>**

The proposed amendments would not affect any locality in particular or create new costs for any local government. Consequently, an adverse economic impact is not indicated for localities.

**Projected Impact on Employment**

The proposed amendments do not appear to affect total employment. The closure of local field offices may have reduced employment; however, those changes have been implemented as part of a broader modernizing process and would not result from the changes proposed here.

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

The proposed changes do not affect employers and thus would not affect the value of private property. The proposed amendments do not affect real estate development costs.

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

<sup>9</sup> “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.

<sup>10</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.