

Office of Regulatory Management
Economic Review Form

Agency name	Virginia Department of Health
Virginia Administrative Code (VAC) Chapter citation(s)	12 VAC 5-431
VAC Chapter title(s)	Sanitary Regulations for Hotels
Action title	Amend regulations to incorporate § 35.1-15.1. Required human trafficking training.
Date this document prepared	September 9, 2022

Cost Benefit Analysis

Table 1a must be completed for all actions. Tables 1b and 1c must be completed for actions (or portions thereof) where the agency is exercising discretion, including those where some of the changes are mandated by state or federal law or regulation. Tables 1b and 1c are not needed if **all** changes are mandated, and the agency is not exercising any discretion. In that case, enter a statement to that effect.

- (1) Direct Costs & Benefits: Identify all specific, direct economic impacts (costs and/or benefits), anticipated to result from the regulatory change. (A direct impact is one that affects entities regulated by the agency and which directly results from the regulatory change itself, without any intervening steps or effects. For example, the direct impact of a regulatory fee change is the change in costs for these regulated entities.) When describing a particular economic impact, specify which new requirement or change in requirement creates the anticipated economic impact. Keep in mind that this is the proposed change versus the status quo. One bullet has been provided, add additional bullets as needed.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of total (overall) direct costs described above.
 - (b) Enter estimated dollar value of total (overall) direct benefits described above.
 - (c) Enter the present value of the direct costs based on the worksheet.
 - (d) Enter the present value of the direct benefits based on the worksheet.
- (3) Benefits-Costs Ratio: Calculate d divided by c OR enter it from the worksheet.
- (4) Net Benefit: Calculate d minus c OR enter it from the worksheet.
- (5) Indirect Costs & Benefits: Identify all specific, indirect economic impacts (costs and/or benefits), anticipated to result from the regulatory change. (An indirect impact is one that results from responses to the regulatory change, but which are not directly required by the regulation. Indirect impacts of a regulatory fee change on regulated entities could include a change in the prices they charge, changes in their operating procedures or employment levels, or decisions to enter or exit the regulated profession or market. Indirect impacts also include responses by other entities that have close economic ties to the regulated entities, such as suppliers or partners.) If there are no indirect costs or benefits, include a specific statement to that effect.

- (6) Information Sources: Describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.
- (7) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

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

<p>(1) Direct Costs & Benefits</p>	<ul style="list-style-type: none"> ● The direct impact of the statutorily mandated training is the time needed for an employee to complete the training course (30 min - 2 hours) and management's effort required to document completion. The mandated training is free to employees. This regulatory amendment supports Executive Order 7(2022) which establishes several initiatives to combat human trafficking and provide survivor support. <p>Direct Costs: The agency is unable to determine the direct cost associated with this impact due to the variable amount of time required to complete the training, various salary or pay bands of staff and management, the varying number of employees at impacted facilities, and the variable managerial style and effort to meet the documentation requirements.</p> <p>Direct Benefits: In an effort to qualify the direct benefits from requiring hotel employees to take human trafficking training, the agency considers the education and additional awareness of the tourism industry’s ability to identify suspected human trafficking as invaluable to the protection, health and safety, mental and physical wellbeing of all citizens of the Commonwealth and beyond.</p> <p>This effort could reduce the occurrence of human trafficking to persons encountering psychological or emotional vulnerability, economic hardship, and lack of a social safety network, natural disasters, or political instability. The outcome from preventative measures, one of which is prescribed in the regulatory amendment, cannot be quantified as the frequency and impact of human trafficking is nationally, and worldwide, difficult to identify or remediate.</p>	
<p>(2) Quantitative Factors</p>	<p>Estimated Dollar Amount</p>	<p>Not available</p>

Direct Costs	(a) Undetermined	(c) Indeterminable	
Direct Benefits	(b) Undetermined	(d) Indeterminable	
(3) Benefits-Costs Ratio	N/A	(4) Net Benefit	N/A
(5) Indirect Costs & Benefits	<p>The agency is unable to determine the indirect costs associated with this impact due to the variable amount of time required to complete the training, various salary or pay bands of staff and management, the varying number of employees at impacted facilities, and the variable managerial style and effort to meet the documentation requirements. The required training will be provided to employees and hotels free of charge. Many lodging franchises are already implementing human trafficking training. Currently, there are an estimated 7 major hotel chains with known or reported existing human trafficking training programs that staff must complete, including Choice, Hilton, Hyatt, IHG, Intown Suites, Marriot, and Motel 6 (there may be more, but they have not yet been identified). Of these, it is estimated that in Virginia there are approximately 194 existing facilities under the Hilton brand (corporate or franchise), 197 existing facilities under the Marriott brand (corporate or franchise), 123 existing facilities under the IHG brand, and 12 existing facilities associated with Intown Suites. The agency was not able to obtain information related to the monetary value associated with existing training, or the cost of the initial development of the training.</p>		
(6) Information Sources	Virginia Department of Health Emergency Medical Services		
(7) Optional	N/A		

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

This table addresses current requirements and the implications of not making any changes. In other words, describe the costs and benefits of maintaining the current regulatory requirements as is.

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> Table 1b is not needed as all changes are mandated by Chapter 751 and Code of Virginia § 35.1-15.1. (Effective January 1, 2023) Required human trafficking training. 	
(2) Quantitative Factors	Estimated Dollar Amount	Present Value

Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	
(5) Indirect Costs & Benefits			
(6) Information Sources			
(7) Optional			

Table 1c: Costs and Benefits under an Alternative Approach

This table addresses an alternative approach to accomplishing the objectives with different requirements. These alternative approaches may include the use of reasonably available alternatives in lieu of regulation, or information disclosure requirements or performance standards instead of regulatory mandates.

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> Table 1c is not needed as all changes are mandated by Chapter 751 and Code of Virginia § 35.1-15.1. (Effective January 1, 2023) Required human trafficking training. 		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a)	(c)	
Direct Benefits	(b)	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	

(5) Indirect Costs & Benefits	
(6) Information Sources	
(7) Optional	

Impact on Local Partners

- (1) Describe the direct costs and benefits (as defined on page 1) for local partners in terms of real monetary costs and FTEs. Local partners include local or tribal governments, school divisions, or other local or regional authorities, boards, or commissions. If local partners are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of total (overall) direct costs described above.
 - (b) Enter estimated dollar value of total (overall) direct benefits described above.
- (3) Indirect Costs & Benefits: Describe any indirect benefits and costs (as defined on page 1) for local partners that are associated with all significant changes. If there are no indirect costs or benefits, include a specific statement to that effect.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.
- (5) Assistance: Identify the amount and source of assistance provided for compliance in both funding and training or other technical implementation assistance.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 2: Impact on Local Partners

(1) Direct Costs & Benefits	Local partners are not affected by this action, unless they implement a local ordinance or other code specific to hotel or lodging facilities affected by the amendment. The amendment does not specify additional or increased inspection frequency and is unlikely to cause a need for additional FTEs.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) N/A

Direct Benefits	(b) N/A
(3) Indirect Costs & Benefits	<p>The agency is unable to determine any indirect cost associated with this action due to the variable amount of time required to complete the training, various salary or pay bands of staff and management, the varying number of employees at impacted facilities, and the variable managerial style and effort to meet the documentation requirements. The required training will be provided to employees and hotels free of charge. Many lodging franchises are already implementing human trafficking training. Currently, there are an estimated 7 major hotel chains with known or reported existing human trafficking training programs that staff must complete, including Choice, Hilton, Hyatt, IHG, Intown Suites, Marriot, and Motel 6 (there may be more, but they have not yet been identified). Of these, it is estimated that in Virginia there are approximately 194 existing facilities under the Hilton brand (corporate or franchise), 197 existing facilities under the Marriott brand (corporate or franchise), 123 existing facilities under the IHG brand, and 12 existing facilities associated with Intown Suites. The agency was not able to obtain information related to the monetary value associated with existing training, or the cost of the initial development of the training.</p> <p>Indirect benefits to local partners, if impacted, may include the partner's ability to better protect citizens, promote outreach and education to variable local municipal or county departments, organizations, and associations.</p>
(4) Information Sources	
(5) Assistance	N/A
(6) Optional	N/A

Economic Impacts on Families

- (1) Describe the direct costs and benefits (as defined on page 1) to a typical family of three (average family size in Virginia according to the U. S. Census) arising from any proposed regulatory changes that would affect the costs of food, energy, housing, transportation, healthcare, and education. If families are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:

- (a) Enter estimated dollar value of direct costs.
- (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe any indirect costs and benefits (as defined on page 1) to a typical family of three that are most likely to result from the proposed changes.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (5) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 3: Impact on Families

(1) Direct Costs & Benefits	The proposed regulatory changes do not appear to have an economic impact on families, unless they experience a personal instance of human trafficking within their family or community. This effort could reduce the occurrence of human trafficking that affects families, or persons encountering psychological or emotional vulnerability, economic hardship, lack of a social safety net, natural disasters, or political instability. The trauma caused by human trafficking cannot be quantified. The outcome from preventative measures, one of which is prescribed in the regulatory amendment, can also not be quantified as the frequency and impact of human trafficking is nationally, and worldwide, difficult to identify or remediate.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)N/A
Direct Benefits	(b)N/A
(3) Indirect Costs & Benefits	The agency is unable to determine any indirect cost associated with this impact due to the variable and unknown frequency of occurrence of human trafficking affecting families, or how the increased training requirement of hotel employees will indirectly impact families. Indirect benefits to families may include an increased awareness and perhaps reduced occurrences of human trafficking in hotels where families frequent.
(4) Information Sources	Virginia Department of Health Emergency Medical Services
(5) Optional	N/A

Impacts on Small Businesses

- (1) Describe the direct costs and benefits (as defined on page 1) for small businesses. For purposes of this analysis, “small business” means the same as that term is defined in § 2.2-4007.1. If small businesses are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of direct costs.
 - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe the indirect benefits and costs (as defined on page 1) for small businesses that are most likely to result from the proposed changes.
- (4) Alternatives: Add a qualitative discussion of any equally effective alternatives that would make the regulatory burden on small business more equitable compared to other affected business sectors, and how those alternatives were identified.
- (5) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 4: Impact on Small Businesses

(1) Direct Costs & Benefits	<p>The agency is unable to determine the direct cost associated with this impact for small businesses due to the variable amount of time required to complete the training, various salary or pay bands of staff and management, the varying number of employees at impacted facilities, and the variable managerial style and effort to meet the documentation requirements.</p> <p>Small businesses may or may not be members of lodging associations that promote and assist in the existing efforts to combat human trafficking through online education specific to the hotel industry. It is unlikely that the requirement to ensure employees complete the free training, and the effort required to document employee training will be a financial hardship on any small business, other than the time required to complete the training and develop a process of documentation.</p> <p>The required training will be provided to employees and hotels free of charge. Many lodging franchises, some of which may qualify as a small business, are already implementing human trafficking training .</p> <p>The trauma caused by human trafficking cannot be quantified. The outcome from preventative measures, one of which is prescribed in the regulatory amendment, can also not be quantified as the frequency and impact of</p>
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	human trafficking is nationally, and worldwide, difficult to identify or remediate
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a)N/A
Direct Benefits	(b)N/A
(3) Indirect Costs & Benefits	<p>The agency is unable to determine any indirect costs to small businesses associated with the amendment, other than those described in the direct costs section.</p> <p>Indirect benefits to small businesses may include improved employee awareness that assists the business in complying with laws related to human trafficking. The agency considers the education and additional awareness of the tourism industry’s ability to identify suspected human trafficking invaluable to the protection, health and safety, mental and physical wellbeing of all citizens of the Commonwealth and beyond. This effort could reduce the occurrence of human trafficking to persons encountering psychological or emotional vulnerability, economic hardship, lack of a social safety network, natural disasters, or political instability, and therefore increase the economic standing of the business.</p>
(4) Alternatives	N/A - This amendment is necessary to conform to changes in law and no agency discretion is involved.
(5) Information Sources	Virginia Department of Health Emergency Medical Services
(6) Optional	N/A

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.

Table 5: Total Number of Requirements

	Number of Requirements			
Chapter number	Initial Count	Additions	Subtractions	Net Change
431	0	1	0	+1