



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

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**1 VAC 42-30 Fraud and Abuse Whistle Blower Reward Fund Regulation**  
**Office of the State Inspector General**  
December 19, 2014

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

Pursuant to Virginia Code § 2.2-3014, the Office of the State Inspector General (OSIG) proposes to promulgate this regulation in order to set out administrative procedures and rules for the Fraud and Abuse Whistle Blower Reward Fund (Fund).

## **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

## **Estimated Economic Impact**

The Fraud and Abuse Whistle Blower Protection Act (Act) was enacted in 2009 in order to protect state employee whistle blowers from discrimination or retaliation by their employing agency, other state agencies, or independent contractors of state agencies. The Act also established the Fund in order to provide monetary rewards to whistle blowers who have disclosed information of wrongdoing or abuse described under the Act. Chapter 403 of the 2014 Acts of Assembly expanded the protections of the Fraud and Abuse Whistle Blower Protection Act to all Virginia citizens, and made Virginian whistle blowers not employed by the Commonwealth eligible for an award from the Fund.

The promulgation of this regulation is beneficial in that it makes procedures and requirements more transparent for potential whistle blowers and employers. The regulation does not introduce new costs. Thus the proposed regulation will create a net benefit.

If the primary purpose of the Fund is to increase the likelihood that instances of fraud, abuse, or other wrongdoing is reported, then it might be advisable to eliminate the residency requirement. Individuals may be reluctant to report their superiors within a state agency while

working there, but be more willing to report once they leave that job for one perhaps out of state. Additionally, employees of an out-of-state firm that has a contract with a state agency could potentially be encouraged to report fraud if they were eligible for a reward. The 2014 legislation does limit fund awards to Virginia residents. So OSIG does not have discretion to change that in this regulation.

### **Businesses and Entities Affected**

The proposed regulation potentially affects all state agencies and independent contractors of state agencies.

### **Localities Particularly Affected**

The proposed amendment does not disproportionately affect particular localities.

### **Projected Impact on Employment**

The proposed amendments are unlikely to significantly affect total employment.

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

The proposed regulation is unlikely to significantly affect the use and value of private property.

### **Small Businesses: Costs and Other Effects**

The proposed amendments are unlikely to significantly affect costs for small businesses.

### **Small Businesses: Alternative Method that Minimizes Adverse Impact**

The proposed regulation will not adversely affect small businesses.

### **Real Estate Development Costs**

The proposed regulation is unlikely to significantly affect real estate development costs.

### **Legal Mandate**

**General:** 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 and Executive Order Number 17 (2014). Section 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:

- the projected number of businesses or other entities to whom the proposed regulatory action would apply,
- the identity of any localities and types of businesses or other entities particularly affected,
- the projected number of persons and employment positions to be affected,
- the projected costs to affected businesses or entities to implement or comply with the regulation, and
- the impact on the use and value of private property.

**Small Businesses:** If the proposed regulatory action will have an adverse effect on small businesses, § 2.2-4007.04 requires that such economic impact analyses include:

- an identification and estimate of the number of small businesses subject to the proposed regulation,
- 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,
- a statement of the probable effect of the proposed regulation on affected small businesses, and
- a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

Additionally, pursuant to § 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 (JCAR) is notified at the time the proposed regulation is submitted to the *Virginia Register of Regulations* for publication. This analysis shall represent DPB's best estimate for the purposes of public review and comment on the proposed regulation.

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