

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	State Board of Social Services
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	22VAC40-880
<b>VAC Chapter title(s)</b>	Child Support Enforcement Program
<b>Action title</b>	Family Engagement Services
<b>Date this document prepared</b>	December 13, 2024 <i>(revising the February 13, 2023 version)</i>
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	Fast-Track

### Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

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

<p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<p>This regulatory action is to codify existing services on the advice of the Office of the Attorney General.</p> <p>The Office of Regulatory Management, <i>Regulatory Analysis Manual</i>, states: “After you have identified all of the possible benefits, you should try to assign a number to them. Ideally, you should come up with a dollar figure, which is called monetizing the benefits. But if that is not possible, you should at least try to quantify the benefits by expressing them in numbers.”</p> <p>We follow the latter approach and offer a return on investment calculation (ROI) to quantify the benefits.</p> <p>The Department has a Family Engagement Services (FES) statewide team that provides and operates FES services. The FES team offers intensive case management and referrals to parents with barriers to paying child support. Because barriers vary, referrals are bespoke. The intervention is, broadly, the intensive case management itself, which consists of a barriers assessment, customer contacts, case action planning, referrals, and follow ups. The question is how to compare (a) the benefit of an FES intervention with (b) the cost of the intervention.</p> <p>It may be tempting to compare annual child support collections for cases in the FES caseload to the annual salary costs of the FES team. This result occludes the true value of services, however. Once an FES intervention is successful, the case returns to the regular caseload; therefore, most of the benefit accrues after the case is no longer in FES.</p> <p>We propose looking at the difference in annual collections before and after the FES intervention and measuring that increase across the life expectancy of a case. We can then apply a present value discounting function to adjust for the decreased value of that benefit being in the future. We apply the <i>Regulatory Economic Analysis Manual’s</i> present value discounting function and discount rate. We further propose that calculating the expected lifetime return on collections for a year of graduating participants is a reasonable comparison with the team’s annual salary expenses.</p> <p>The Department should pursue a more detailed study in the future, however, because there were significant limitations to the data to apply the proposed approach. Because the current version of FES services does not have a long history, there is not yet sufficient data on post-graduation outcomes. Our model assumes that the intervention’s average benefit continues unimpeded for the life of the case; in reality, there is some function that could model how many participants continue a positive</p>
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	<p>trajectory or not. We do not know, <i>a priori</i>, if FES is the start of greater success or a temporary boost.</p> <p>Applying the discussed methodology, we estimate a present value ROI of <b>1.40</b> (based on the lifetime return for a sample of annual graduates divided by the annual cost of staffing). With the limited amount of time services have been in effect, we believe this is a great start.</p> <p>FES is one administrative enforcement technique, attempted before more costly alternatives. In the absence of FES, enforcing these cases would still be necessary, with a potentially lower ROI.</p> <p>Any ongoing administrative costs associated with this program are projected to be absorbed by the Division of Child Support Enforcement’s annual appropriation, which includes administrative staffing costs and commuting assistance payments made to help individuals in the program.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See above.	(b) See above.
(3) Net Monetized Benefit	See above.	
(4) Other Costs & Benefits (Non-Monetized)	<p>In addition, there are direct and indirect benefits of this program that are unmeasurable. Some of the benefits include assisting participants with parenting skills, relationship skills, GED preparation, housing services, shelter referrals, health and mental health service referrals, vital records assistance, and other services that would assist in paying child support owed. These benefits lead to positive outcomes for program participants, improved whole-family relationships, and improved outcomes for the children of the participants.</p>	
(5) Information Sources	Virginia Department of Social Services – Division of Child Support Services	

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

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Because issuance of the regulation is to codify existing practices on the advice of the Office of the Attorney General, failing to issue the regulation would diminish transparency for the public, remove an opportunity for public participation in codification of the program, and create legal uncertainty for the service.</p>
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(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources		

**Table 1c: Costs and Benefits under Alternative Approach(es)**

(1) Direct & Indirect Costs & Benefits (Monetized)	An alternative approach would be to end family engagement services. Removing supportive case referrals for child support participants would have incalculable effects on parents who struggle to meet their obligations and damage agency goodwill with the public.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)		
(5) Information Sources		

**Impact on Local Partners**

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 2: Impact on Local Partners**

(1) Direct & Indirect Costs &	According to <i>Regulatory Economic Analysis Manual</i> , pg. 28 (Oct. 2024 ed.), “Local partners include local governments (counties, independent
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Benefits (Monetized)	cities, incorporated towns), school divisions, and other local or regional authorities, boards, or commissions.”	
	There are no monetized costs and benefits for local partners, as the regulatory action does not add or remove regulatory requirements for them.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	The new section allows referrals to existing service providers. Local communities, community action agencies, nonprofits, and other supportive service entities may see an increase in participation.	
(4) Assistance	The <i>Regulatory Economic Analysis Manual</i> , pg. 28, requests explanation of “what assistance, if any, might be provided to local partners to help them meet the costs of new regulatory requirements[.]”	
	As noted in Table 5, there are no new regulatory requirements for regulants. Because the state administers local child support offices, the state must meet new agency requirements, not localities.	
(5) Information Sources	N/A	

**Impacts on Families**

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 3: Impact on Families**

(1) Direct & Indirect Costs & Benefits (Monetized)	During the performance year 2023-2024, the FES team made a significant impact on increasing child support and arrears collections by helping noncustodial parents overcome barriers to payment. Through targeted case management, employment support, and financial education, FES facilitated a total of \$1,937,462 in non-TANF child support and arrears payments.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits

	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	<p>The results in table 3(1), above, highlight the effectiveness of FES in addressing non-payment by providing noncustodial parents with essential tools such as job readiness training and access to community resources, which helped improve their financial stability. Additionally, FES services have been instrumental in reducing the financial stress on custodial parents and their children, while simultaneously offering noncustodial parents a path to re-engagement with their child and increased financial responsibility, further supporting long-term stability for families.</p> <p>Services also strengthen referral partnerships. In August 2022, the FES team was one of the first entities within the Department of Social Services to go live on the Unite Us Virginia community partner referral platform. FES leverages access to the Unite US Virginia referral network, which allows FES case managers to identify community workforce partners in order to tailor referrals specific to a noncustodial parent’s needs.</p>	
(4) Information Sources	Virginia Department of Social Services - Division of Child Support Enforcement	

**Impacts on Small Businesses**

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 4: Impact on Small Businesses**

(1) Direct & Indirect Costs & Benefits (Monetized)	It is not possible to estimate monetized costs and benefits for small businesses.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Other Costs & Benefits (Non-Monetized)	Family Engagement Services can generate secondary, positive effects through referrals and partnerships with local community partners. In addition, participants can learn new skills to support local community workforce needs.	

(4) Alternatives	
(5) Information Sources	N/A

**Changes to Number of Regulatory Requirements**

**Table 5: Regulatory Reduction**

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

*Change in Regulatory Requirements*

VAC Section Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
10	(M/A):	0			0
	(D/A):	0			0
	(M/R):	0			0
	(D/R):	0			0

VAC Section Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
390	(M/A):	1			0
	(D/A):	0			0
	(M/R):	0			0
	(D/R):	0			0

VAC Section Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
430	(M/A):	1			0
	(D/A):	0			0
	(M/R):	4			0
	(D/R):	1			0

VAC Section Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
800	(M/A):	0			0
	(D/A):	8			8
	(M/R):	0			0
	(D/R):	0			0

VAC Section Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
810	(M/A):	0			0
	(D/A):	11			11



	(M/R):	0			0
	(D/R):	0			0

- Section 10 edits have no substantive effect, as they provide definitions.
- Section 390 changes clarify the existing language and add no requirements.
- Section 430 changes clarify the existing language and add no requirements.
- New sections 800 and 810 authorize optional service programs. Optional participation can give rise to regulatory requirements:

“Agencies should still tabulate any language that imposes a mandatory obligation on a party that chooses to participate as a regulatory requirement.”

Office of Regulatory Management, *Regulatory Reduction Guide*, pg. 6 (Apr. 2023)

The new sections add nineteen (19) discretionary agency requirements. Section 800 indicates that the Division of Child Support Enforcement is authorized to establish programs. If it chooses to do so, such “programs shall provide referrals[.]” The new text provides increased flexibility for parents who pay child support and offers new options to parents. The action therefore vindicates the spirit of reducing regulatory burdens on the public. In providing structure and clarity around how the agency can offer such options, it inevitably creates new requirements for the agency, should it choose to offer the optional programs. The Division sought to conform the new requirements with existing statutory law on intensive case monitoring. Chapter 448 of the 2008 Acts of Assembly (uncodified) (creating an intensive case monitoring program with similar parameters). Public comment is welcome on whether 90 days is the appropriate period in Section 810.

Use this table to add <b>total net changes</b> in requirements of all sections involved (if only one section changed-add total of the one section).	<b>Grand Total of All Changes in Requirements:</b>	(M/A):0
		(D/A): 19
		(M/R): 0
		(D/R): 0

**Key:**

*Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:*

**(M/A):** Mandatory requirements mandated by federal and/or state statute affecting the agency itself

**(D/A):** Discretionary requirements affecting agency itself

**(M/R):** Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

**(D/R):** Discretionary requirements affecting external parties, including other agencies

*Cost Reductions or Increases (if applicable)*

<b>VAC Section(s) Involved*</b>	<b>Description of Regulatory Requirement</b>	<b>Initial Cost</b>	<b>New Cost</b>	<b>Overall Cost Savings/Increases</b>

*Other Decreases or Increases in Regulatory Stringency (if applicable)*

<b>VAC Section(s) Involved*</b>	<b>Description of Regulatory Change</b>	<b>Overview of How It Reduces or Increases Regulatory Burden</b>
800	New sections 800 and 810 offer the agency the authority to establish Family Engagement Services programs.	Such programs allow parents with barriers to complying with their order, such as underemployment or housing instability, supportive services within a time-bound period, as an alternative pathway to compliance.
810	See above	See above

*Length of Guidance Documents (only applicable if guidance document is being revised)*

<b>Title of Guidance Document</b>	<b>Original Word Count</b>	<b>New Word Count</b>	<b>Net Change in Word Count</b>

\*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).