



Economic Impact Analysis Virginia Department of Planning and Budget

22 VAC 40-901 –Community Services Block Grant Program State Board of Social Services January 26, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation 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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The proposed regulations establish criteria for the designation of new community action agencies.

Estimated Economic Impact

Community action agencies provide services to low-income people that help them deal with the underlying causes of poverty and improve their quality of life. Currently, there are 26 community action agencies in Virginia providing services to approximately 123,000 individuals annually. These programs provide help with a variety of issues including childcare, education, emergencies, employment, energy, health, housing, nutrition, self-reliance, transportation, water, and wastewater. In fiscal year 2003, available resources from the federal government, the state government, local governments, and private donations for community action activities were approximately \$110 million. Of this amount, the federal government provided about \$9.1 million and the state government provided about \$4.3 million through the community services block grant.

The proposed regulations incorporate federal preferences to be considered when expanding the service area of an existing community action agency and when designating a new community action agency into areas of the Commonwealth not currently served by a community action agency. The proposed changes establish that the first priority be given to an existing community action agency expanding into new service areas. The second priority is to be given to designating a new community action agency to serve in new areas. The last priority is to be given to local governments wishing to provide services in new areas. In other words, expansion of an existing community action agency is to be considered first, designation of a new community action agency is to be considered second, and provision of these services by local governments is to be considered last.

The proposed regulations also include language explaining the procedures to be followed for an application for expansion of an existing community action agency, designation of a new agency, and designation of a locality as a community action agency. For example, the language clarifies that the applicant provide a plan for services, the board of the organization applying for expansion or designation comply with federal and state laws, and the organization applying for expansion or designation be financially viable. The proposed regulations also set out the procedures for the Department of Social Services to follow when evaluating an application. Finally, the proposed regulations explain how state and federal funds are to be redistributed when the service area is expanded.

None of the proposed changes are expected to have a significant economic impact. The proposed language merely incorporates in the regulation procedures that would normally be followed anyway. Thus, the proposed changes will not affect current practice and, consequently, are not expected to produce any significant economic effects. To the extent that the proposed language informs community action agencies and the public about the application and evaluation procedures, some small economic benefits may result.

Businesses and Entities Affected

The proposed regulations apply to existing and prospective community action agencies. Currently, there are 26 community action agencies in the Commonwealth. In addition, the Department of Social Services anticipates receiving an application for a designation of a new community action agency in the near future.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

No significant effect on employment is expected.

Effects on the Use and Value of Private Property

No significant effect on the use and value of private property is expected.