

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



## Virginia Department of Planning and Budget Economic Impact Analysis

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**8 VAC 20-760 Regulations Governing the Designation of School Divisions of Innovation**  
**Department of Education**  
**Town Hall Action/Stage: 4940 / 8289**  
June 22, 2018

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### Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 760 of the 2017 Acts of Assembly,<sup>1</sup> the Virginia Board of Education (Board) proposes to promulgate a regulation for the designation of School Division of Innovation (SDI).

### Result of Analysis

The benefits likely exceed the costs for most proposed amendments.

### Estimated Economic Impact

Chapter 760 added Article 1.5: School Divisions of Innovation. Article 1.5 consists of sections numbered § 22.1-212.28 through § 22.1-212.32, relating to SDI. Code of Virginia § 22.1-212.28 defines SDI as:

... a school division in which the local school board has developed and for which the Board has approved pursuant to regulations as set forth in this article a plan of innovation to improve student learning; educational performance; and college, career, and citizenship readiness skills in each school in the local school division.

Code of Virginia § 22.1-212.29 states that:

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<sup>1</sup> See <http://leg1.state.va.us/cgi-bin/legp504.exe?171+ful+CHAP0760>

The Board shall promulgate regulations for the designation of School Divisions of Innovation in which the local school board in the local school division so designated shall, pursuant to a plan of innovation, be exempted from selected regulatory provisions and be permitted to adopt alternative policies for school administrators, teachers, and staff to meet the diverse needs of students.

The designation of SDI is new, but the potential granting of exemption from regulatory provisions at the discretion of the Board is not.

Standards of Quality Standard 3 (§ 22.1-253.13:3.H)<sup>2</sup> allows the Board of Education to, at its discretion, waive regulatory requirements upon request from a local school board. The proposed *Regulations Governing the Designation of School Divisions of Innovation* neither increases nor decreases local school divisions ability to obtain waivers from regulations. The proposed regulation, pursuant to Chapter 760, does create the School Division of Innovation designation. School divisions may find this designation beneficial for communicating with the public and garnering support.

### **Businesses and Entities Affected**

The proposed amendments potentially affect the 132 public school divisions in the Commonwealth.

### **Localities Particularly Affected**

The proposed amendments do not disproportionately affect particular localities.

### **Projected Impact on Employment**

The proposed amendments do not significantly affect employment.

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

The proposed amendments do not affect the use and value of private property.

### **Real Estate Development Costs**

The proposed amendments do not significantly affect real estate development costs.

### **Small Businesses:**

#### **Definition**

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

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<sup>2</sup> See <https://law.lis.virginia.gov/vacode/title22.1/chapter13.2/section22.1-253.13:3/>

(ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

### **Costs and Other Effects**

The proposed amendments do not significantly affect small businesses.

### **Alternative Method that Minimizes Adverse Impact**

The proposed amendments do not adversely affect small businesses.

### **Adverse Impacts:**

#### **Businesses:**

The proposed amendments do not adversely affect businesses.

#### **Localities:**

The proposed amendments do not adversely affect localities.

#### **Other Entities:**

The proposed amendments do not adversely affect other entities.

### **Legal Mandates**

**General:** The Department of Planning and Budget 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 Number 17 (2014). Code § 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: (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.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): 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 within the 45-day period.

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