



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

**16 VAC 5-70 Interstate and Multistate Claimants
Virginia Employment Commission
Town Hall Action/Stage: 6650 / 10586
December 30, 2024**

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 (Code) and Executive Order 19. The analysis presented below represents DPB’s best estimate of the potential economic impacts as of the date of this analysis.¹

Summary of the Proposed Amendments to Regulation

In response to Executive Order 19 (2022) and Executive Directive 1 (2022), the Virginia Employment Commission (VEC) proposes to amend the regulation governing interstate and multistate claimants of unemployment insurance benefits to remove language that it reports is duplicative of federal regulations, specifically the Interstate Reciprocal Overpayment Recovery Agreement (IRORA).

Background

Executive Directive 1 (2022) directs executive branch entities under the authority of the Governor “...to initiate regulatory processes to reduce by at least 25 percent the number of regulations not mandated by federal or state statute, in consultation with the Office of the Attorney General, and in a manner consistent with the laws of the Commonwealth.”² Accordingly, VEC proposes to remove language regarding cooperative agreements with other

¹ Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the analysis 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.

² See <https://www.governor.virginia.gov/media/governorvirginiagov/governor-of-virginia/pdf/ed/ED-1-Regulatory-Reduction.pdf>

states adopting a similar agreement for the payment of benefits to interstate claimants. VEC reports that the language that would be repealed is duplicative of statutory requirements. Code of Virginia § 60.2-609 directs the agency to:

“participate in any arrangements for the payment of compensation on the basis of combining an individual's wages and employment covered under the unemployment compensation laws of two or more states. Such arrangements shall be approved by the United States Secretary of Labor, in consultation with the state unemployment compensation agencies, to assure the prompt and full payment of compensation in such situations.”

In addition, VEC reports that the specific interstate rules are governed by IRORA and that the provisions that would be repealed are covered in the ETA [Employment and Training Administration] Handbook No. 392, Section 2 and in the Handbook for Interstate Overpayment Recovery, which is “an alphabetical compilation of pages prepared by each State to provide a reference directory when assistance with benefit payment control is needed from another State.”³

Estimated Benefits and Costs

The proposed amendments are intended to remove language that is duplicative of federal regulations and are not expected to create new costs.

Businesses and Other Entities Affected

The proposed amendments would affect workers who file a multi-state claim for unemployment insurance benefits in Virginia. The Code of Virginia requires DPB to assess whether an adverse impact may result from the proposed regulation.⁴ An adverse impact is indicated if there is any increase in net cost or reduction in net benefit for any entity, even if the benefits exceed the costs for all entities combined.⁵ As the proposed amendments neither increase net costs nor reduce net benefits, no adverse impact is indicated.

³ See the ETA Handbook here: https://oui.doleta.gov/dmstree/handbooks/392/hb_392_2nd.pdf. The Handbook for Interstate Overpayment Recovery is described on page IX-I but does not appear to be available online.

⁴ Pursuant to Code § 2.2-4007.04(D): 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.

⁵ Statute does not define “adverse impact,” state whether only Virginia entities should be considered, nor indicate whether an adverse impact results from regulatory requirements mandated by legislation. As a result, DPB has adopted a definition of adverse impact that assesses changes in net costs and benefits for each affected Virginia entity that directly results from discretionary changes to the regulation.

Small Businesses⁶ Affected:⁷

The proposed amendments do not adversely affect small businesses.

Localities⁸ Affected⁹

The proposed amendments do not disproportionately affect particular localities or affect costs for local governments.

Projected Impact on Employment

The proposed amendments do not affect total employment.

Effects on the Use and Value of Private Property

The proposed amendments neither affect the use and value of private property nor real estate development costs.

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

⁷ 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.

⁸ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁹ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.