



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

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**22 VAC 40-35 – Virginia Independence Program**  
**Department of Social Services**  
January 31, 2008

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

The Board of Social Services (Board) proposes to amend its regulation governing the Virginia Independence Program to eliminate references to the obsolete (since 2003) Virginia Targeted Jobs Grant (VTJG) program, and corresponding statutory citations, and replace references to the Aid to Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF). The Board also proposes to 1) reduce the allowable processing time for TANF applications from 45 days to 30 days, 2) revise the definition of “job search” to reflect a federal requirement that states count hours spent searching for jobs rather than number of job searches, 3) clarify requirements for hardship exemptions for the TANF program and 4) set limits on the number of paternity tests (per child) for which the Division of Child Support Enforcement (DCSE) will pay.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Because the Virginia Independence Program has not been amended in many years, there are references to federal and state programs that either no longer exist (VTJG) or have been modified and renamed (AFDC). The Board proposes to update this regulation so that obsolete references are eliminated and out-of-date references are updated. There are likely no costs associated with these changes; individuals who read this regulation will likely benefit from the additional clarity that is gained from eliminating potentially confusing obsolete language.

Of the other changes that are proposed by the Board only one is likely to (marginally) change the costs that regulated entities or the state will incur. Currently, mothers who are applying for TANF must name the potential father(s) of their child so that he can be tested. Once paternity is established, the Department of Social Services (DSS) can recover the public monies spent on that child from his/her father. Currently DCSE will pay for an unlimited number of paternity tests for each child that will be covered by TANF (DCSE currently requires fathers to reimburse the costs of testing once paternity is established). The Board proposes to amend this rule so that DCSE will only pay for testing of five potential fathers for each covered child. If more than five tests are needed to establish paternity, the mother of the child will be responsible for paying for the additional testing. Refusal to pursue such testing will be deemed as non-cooperation with the department and can lead to suspension of TANF benefits.

This regulatory change will likely not cause any new costs to be accrued, as no increase or decrease in the cost of testing is anticipated, but it will redistribute some costs from the agency to the mothers of children who are covered by TANF. DCSE does not know how large this redistribution would be because it apparently does not keep data on how many tests it pays for per child. DCSE does report, however, that 6,471 tests were performed in FY2007; these tests cost \$634,197. DCSE was able to recover approximately half of this cost (\$318,717) from the fathers of the children tested. This likely means that only half of the tests run ended with paternity being established.

### **Businesses and Entities Affected**

This proposed regulation will affect all individuals who apply for or receive TANF benefits. DSS reports that, on average, 33,312 TANF payments were made per month in FY2007.

### **Localities Particularly Affected**

No locality will be particularly affected by this proposed regulatory action.

### **Projected Impact on Employment**

This regulatory action will likely have no impact on employment in the Commonwealth.

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

This regulatory action will likely have no affect on the use or value of private property in the Commonwealth.

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

Small businesses in the Commonwealth are unlikely to incur any costs on account of this regulatory action.

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

Small businesses in the Commonwealth are unlikely to incur any costs on account of this regulatory action.

## **Real Estate Development Costs**

This regulatory action will likely have no affect on real estate development costs in the Commonwealth.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H 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. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the

regulation. The analysis presented above represents DPB's best estimate of these economic impacts.