



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

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**22 VAC 40-295 Temporary Assistance for Needy Families (TANF)**  
**Department of Social Services**  
**Town Hall Action/Stage: 6569 / 10466**  
January 16, 2025

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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.<sup>1</sup>

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

The State Board of Social Services (Board) proposes to replace references to the Department of Social Services (DSS) child care policy with references to the Department of Education (DOE) child care policy in the regulation governing the Temporary Assistance for Needy Families (TANF) program. This change follows the move of the Child Care Program from DSS to DOE in 2021.

## **Background**

The current regulation defines “Affordable child care arrangements” as “the cost of the child care is less than or equal to the payment amounts specified in the Virginia Department of Social Services Child Care Services policy (Volume VII, Section II, Chapter D, Revised February 2000).” The Board proposes to replace “the Virginia Department of Social Services Child Care Services policy (Volume VII, Section II, Chapter D, Revised February 2000)” with

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<sup>1</sup> 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.

“appendices E., F., and G. of the Virginia Department of Education Child Care Subsidy Program Guidance Manual.”

The current regulation defines “Unsuitability of informal child care” as “the child care arrangement does not meet the requirements for relative care in the Virginia Department of Social Services Child Day Care Services policy.” The Board proposes to replace “the Virginia Department of Social Services Child Day Care Services policy” with “Section 5.2.A. of the Virginia Department of Education Child Care Subsidy Program Guidance Manual.”

### **Estimated Benefits and Costs**

According to DSS, the relevant language in the DOE manual is the same as the relevant language in DSS Child Care Services policy. Thus, the proposed amendments would have no impact beyond helping readers of the regulation find the effective citations.

### **Businesses and Other Entities Affected**

The proposed amendments do not have an effect in practice, but concern the 45,045 children in the Commonwealth that receive subsidized child care through TANF.<sup>2</sup>

The Code requires DPB to assess whether an adverse impact may result from the proposed regulation.<sup>3</sup> 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.<sup>4</sup> The proposed amendments neither increase net cost nor reduce net benefits. Thus, no adverse impact is indicated.

### **Small Businesses<sup>5</sup> Affected:<sup>6</sup>**

The proposed amendments do not adversely affect small businesses.

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<sup>2</sup> Data source: DSS.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.”

<sup>6</sup> 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

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### **Localities<sup>7</sup> Affected<sup>8</sup>**

The proposed amendments neither disproportionately affect particular localities, nor effect 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 do not affect the use and value of private property or costs related to the development of real estate.

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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.

<sup>7</sup> “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.

<sup>8</sup> § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.