

## Department of Planning and Budget 2001 Fiscal Impact Statement

**1. Bill Number** SB1336

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Puller

**3. Committee** Finance

**4. Title** Telecommuting Incentive Act created; Chief Info. Officer to report.

**5. Summary/Purpose:**

Directs the Secretary of Administration (SOA) to establish a statewide telecommuting policy. Requires each state agency to develop a telecommuting policy that identifies the types of employees eligible for telecommuting and any incentives or benefits of telecommuting. Requires the Department of Human Resource Management (DHRM) to establish and administer an incentive program to encourage employees to telecommute and agency management to promote telecommuting.

**6. Fiscal Impact Estimates are:** Indeterminate.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:**

The state could incur costs for the establishment and implementation of a telecommuting program. The actual implementation cost depends upon whether or not the state is expected to provide computer equipment and associated line charges for off-site work locations of telecommuting employees. This legislation does not address the issue of providing telecommuting's off-site equipment and other associated costs. However, even if the state is not responsible to provide for off-site costs, an increase in the number of employees telecommuting will increase the need for additional equipment (such as servers and modems), line connections, and software licenses to allow either dial-in access or Internet access. The extent of these costs is indeterminate as the demand for telecommuting cannot be determined. The impact will depend on employees' desires to participate, job types suitable for telecommuting, and the aforementioned questions on equipment allowances.

This legislation differs from similar legislation in the House, HB 1713, in that it directs the Secretary of Administration shall, upon request, assist localities in planning and administering programs which promote telecommuting. No costs relating to this activity are included within this impact statement.

The following table depicts DHRM's and the Department of Technology Planning's (DTP) estimate for implementing a telecommuting plan under the assumptions that the state is expected to provide employees with both equipment and line connections. The methodology for these cost estimates is described below. The estimate assumes no marketing costs and that telecommuting would not begin until FY 2003.

Expenditure Impact:

Fiscal Year	Dollars	Positions	Fund
2000-01	0	0	
2001-02	130,995	.50	GF
2001-02	135,000	2.00	NGF
2002-03	6,103,000	.50	GF
2002-03	5,635,000	2.00	NGF

In the event the state is not responsible for off-site costs, DTP estimates that the FY 2002 cost could still reach \$5.5 million (all funds), resulting from agency hardware needs and software requirements to build computer firewalls.

### **Public Sector**

The dollar amounts for the public sector were calculated using the following assumptions:

- ~~///~~ Five percent of the state's workforce, or 5,500 employees, would telecommute at least one day per week.
- ~~///~~ Approximately 50 percent of state's 110,000 employees are funded with general fund dollars.
- ~~///~~ The approximate number of state employees would remain the same, and
- ~~///~~ It would cost the state \$2,000 annually per telecommuter.  
(\$2,000 x 2,750 GF employees = \$5,500,000)  
(\$2,000 x 2,750 NGF employees = \$5,500,000)

The \$2,000 includes the estimated costs of a personal computer, modem, any necessary software to be able to telecommute and the installation and the monthly fees for a phone line. The cost for State agencies could be higher than \$2,000 per telecommuter. Other costs that may need to be factored in, which were not included in the \$2,000, are additional servers to allow employees to dial in, additional firewalls to ensure data remains secure and training for both the telecommuters and the managers. These costs may increase the estimate by an additional \$1,000 per telecommuter annually. Costs in the out-years would be less since many of these costs are one-time expenditures.

### **Program Administration**

( The costs presented here for DHRM assume the department will supplant the current telecommuting policy in place with a telecommute policy as provided under the legislation and as discussed in coordination the DTP.)

#### **Implementing and Managing the Incentive Program**

Information provided by DHRM indicates it will cost approximately \$646,045 to train the 16,500 supervisors within the state. This figure is comprised of \$84,000 in FY 2002 for course development and \$562,045 in FY 2003 for statewide training. Training could also be provided through a combination of instructor led and videoconference-broadcasting. This cost would be approximately \$100 per hour per site and a transmission cost of \$1,200 per course per site. DHRM indicates it needs one-half of a position with a salary and benefits totaling \$38,560 and office "set up" expenses of \$8,435. During FY2003, this "set up" expenditure would not apply.

### Workers' Compensation Program

Primarily through the Return to Work Policy, telecommuting should benefit the state by enabling more workers currently under the Workers' Compensation Program to return to work by using off-site locations. The Workers' Compensation Office within DHRM, would need to train agencies and managers regarding the Americans with Disabilities Act and the necessities of ensuring safe, off-site working environments. To properly train state managers on these policies the Workers' Compensation Office would require two positions. The costs of these employees and the associated training costs, \$135,000 annually, would come from the nongeneral fund, the Workers Compensation Trust Fund. The use of the Workers Compensation Trust fund is appropriate in this instance because of the increased rate of return to work by employees.

### Private Sector

The costs for the private sector incentives cannot be determined until a telecommuting plan is developed. A study pertaining to telecommuting in the private sector is currently being done under the guidance of the Secretaries of Transportation, Technology, and Finance. The plan is scheduled for completion in November of 2001. After the results of the study have been published, the information can be used as a basis to start calculating costs to implement a plan to the private sector.

### Summary Table of Statewide Costs under Proposal

	FY 2001	FY 2002	FY 2003
Statewide equipment costs			\$ 5,500,000 GF
Statewide equipment costs			\$ 5,500,000 NGF
DHRM personnel costs	\$ 47,000		\$ 40,500 GF
DHRM course development	\$ 84,000		\$ 0 GF
DHRM statewide training			\$ 562,045 GF
Workers Compensation Fund	\$ 135,000		\$ 135,000 NGF
Total	\$ 266,000		\$11,738,000

9. Specific agency or political subdivisions affected: Directly impacts the Department of Human Resource Management, Workers Compensation, and the Secretary of Administration. All state agencies using telecommuting work arrangements would be impacted.
10. Technical amendment necessary: No.
11. Other comments: This substitute amendment removes previous language referencing the Department of Technology Planning. This bill is similar to HB 1713.

The current DHRM telecommute policy can be found at:  
(<http://www.dhrm.state.va.us/hrpolicy/policy/telecommute161.htm>)

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cc: Secretary of Technology  
Secretary of Administration

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