

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number:** HB1212

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron:** Landes

**3. Committee:** Passed Both Houses

**4. Title:** Agriculture and Forestry, Secretary of; established.

**5. Summary/Purpose:** The bill establishes the Secretary of Agriculture and Forestry. The Secretary shall be responsible to the Governor for the following agencies: Department of Forestry, Department of Agriculture and Consumer Services, Virginia Agricultural Council, and Virginia Marine Products Board. The provisions of the bill will become effective no later than the beginning of the term of the Governor elected November 8, 2005. However, if funding for the position and expenses of the Secretary of Agriculture and Forestry is included in the 2004 Appropriation Act passed by the General Assembly, the bill will become effective beginning on the date set out in the Act. This bill also directs the Governor to appoint a Deputy Secretary of Agriculture and Forestry within the Secretariat of Commerce and Trade to administer the policies affecting agricultural and forestry interests until the position of Secretary of Agriculture and Forestry is filled.

**6. Fiscal impact estimates are:** Final.

**6a. Expenditure Impact:** See item 8.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04		*	
2004-05		*	
2005-06	\$79,271 to \$307,066	1.00 to 5.50	general fund (0100)
2006-07	\$158,542 to \$544,131	1.00 to 5.50	general fund (0100)
2007-08	\$158,542 to \$544,131	1.00 to 5.50	general fund (0100)
2008-09	\$158,542 to \$544,131	1.00 to 5.50	general fund (0100)
2009-10	\$158,542 to \$544,131	1.00 to 5.50	general fund (0100)

\*See item 8 for discussion. Costs dependent upon enactment clause exercised.

**7. Budget amendment necessary:** Yes. A separate item number needs to be established for the Secretary of Agriculture and Forestry.

**8. Fiscal implications:** It may be possible to absorb some of the costs discussed below in the operating budgets of affected state agencies by transferring resources, such as appointed positions, from the agencies to the office of the Secretary of Agriculture and Forestry. The bill includes an enactment clause, Enactment Number 2, delaying enactment of the legislation until January 2006. Thus, in FY 2006, only six months of funding is required. This includes,

at a minimum, six months of the Secretary's salary and benefits, estimated at \$79,271. The higher range of the estimate includes six months of operating expenses, estimated at \$192,795, and start-up costs, estimated at \$35,000. The total of these costs is \$307,066. Funding would need to be transferred from the agencies for FY 2006, unless funding is provided in the Appropriation Act.

Beginning in FY 2007, at a minimum, annual funding of \$158,542 is required for the Secretary's salary and fringe benefits. Again, all support staff and overhead costs, such as phone, travel, and supplies would need to be transferred from the agencies, unless funding is provided in the Appropriation Act. The total annual cost for the Secretary's salary and fringe benefits and all other operating costs is a maximum of \$544,131.

#### **Detail of Costs:**

Establishing the Secretary of Agriculture and Forestry involves start-up costs and ongoing operating costs. The start-up costs are estimated as:

<i>Item</i>	<i>Cost Range</i>
Equipment (phones, computers, furniture)	\$4,000 to \$10,000
Supplies (stationary, office supplies)	\$2,000 to \$5,000
Possible relocation expenses (paid if the individual appointed Secretary must relocate to Richmond)	\$11,000 to \$20,000
<b>Total (start-up)</b>	<b>\$17,000 to \$35,000</b>

The start-up costs are one-time, and the estimates are based on prior experience with expenditures for secretarial offices.

The annual operating costs for the office of the Secretary of Agriculture and Forestry may be estimated using the average cost for operation of the existing nine secretariats. The costs are based on the budgets for each office included in HB/SB 5001. The average number of full-time positions in an office is 5.50, including the Secretary. Again, under Enactment Number 2, in FY 2006 a maximum of approximately one half of the annual estimate, or \$307,066 will be required. This includes six months of salary and fringe benefits for the Secretary and secretarial office staff, overhead costs, and start-up costs.

<i>Item</i>	<i>Cost</i>
Secretary (salary and fringe benefits; actual costs of the position)	\$158,542
Secretarial office staff (salaries and fringe benefits; includes deputy secretaries and clerical support; based on average of nine existing secretariats)	\$335,499
Overhead costs (includes equipment, supplies, rent, communications, travel, and other expenses; based on average of nine existing secretariats)	\$50,090

**Total (annual)**

**\$544,131**

Enactment Number 3 provides for the establishment of the Secretary of Agriculture and Forestry effective beginning on the date set out in the 2004 Appropriation Act. Dependent upon the date set out in the Act, the fiscal impact for the first year of operation can vary but should not exceed \$579,131 (total annual costs of \$544,131 plus start-up costs of \$35,000).

The bill includes an additional enactment clause, Enactment Number 4, stating that the Governor shall appoint a Deputy Secretary of Agriculture and Forestry within the Secretariat of Commerce and Trade to administer the policies affecting agricultural and forestry interests, and that this position will serve until the Secretary of Agriculture and Forestry position is filled. Based on the salaries and benefits of deputy secretary positions currently filled in the existing nine secretariats, the annual personal services costs associated with a deputy secretary position are estimated at \$102,748, or \$8,562 per month. If an additional deputy secretary position were created, it may be possible to absorb these costs in the operating budgets of the affected state agencies by transferring resources from the agencies to the office of the Secretary of Agriculture and Forestry to fund the Deputy Secretary of Agriculture and Forestry position.

**9. Specific agency or political subdivisions affected:** Department of Forestry, Department of Agriculture and Consumer Services, Virginia Agricultural Council, and Virginia Marine Products Board.

**10. Technical amendment necessary:** No.

**11. Other comments:** This bill is identical to SB 543.

**Date:** 3/26/04 tmw

**Document:** G:\2004 Session\Legislation\HB1212ER.Doc

cc: Secretary of Commerce and Trade