

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number** HB459

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Athey

**3. Committee**   Rules

**4. Title**            Joint Commission on Reduction of Nonessential State Expenditures.

**5. Summary/Purpose:**

Creates the Joint Commission on Reduction of Nonessential State Expenditures in the legislative branch of state government. The purpose of the Commission is to review the operations of state agencies and state-funded programs with a view toward the reduction of nonessential programs and expenditures. The Commission is to consist of 15 members: nine members of the House of Delegates appointed by the Speaker, five of them members of the House Appropriations Committee; five members from the Senate appointed by the Privileges and Elections Committee of the Senate, two of them members of the Finance Committee; and the Auditor of Public Accounts, who would be ex officio and have no vote.

**6. Fiscal Impact Estimates are:**

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2003-04	0	0	--
2004-05	\$231,812	2	GF
2005-06	\$246,636	2	GF
2006-07	\$246,636	2	GF
2007-08	\$246,636	2	GF
2008-09	\$246,636	2	GF
2009-10	\$246,636	2	GF

**7. Budget amendment necessary:** Yes, assuming that the new commission would not be staffed by an existing agency and its expenses could not be absorbed by that existing agency.

**8. Fiscal implications:** The total cost of the commission's work could be in the range of \$230,000 to \$250,000 annually, assuming that it hires an executive director, two policy analysts, and a clerical person, and has no rental costs.

**Meetings.** Costs for meetings of the commission would be approximately \$5,185 per meeting. (This figure includes the compensation for the 14 members of General Assembly, travel reimbursement for all members of the commission, and lunches at the meetings. The figure also assumes that all members attend each meeting and that all members require overnight travel.) It is assumed that the commission would meet four times a year, for a total annual cost of about \$20,740.

**Salary and fringes.** The bill calls for an executive director who would manage the commission's staff. Salary for the executive director could range from \$60,000 to \$100,000, given salaries for comparable commissions. Assuming the lowest salary in that range, cost for the executive director would be \$71,013 in FY 2005 and \$77,468 in FY 2006, including fringe benefits.

The bill also calls for additional executive staff, and sets forth the experience required. In order to accomplish the research and budget analysis required by this bill, it is estimated that at least two analysts will be required. Salaries could range from \$40,000 to \$75,000, given salaries for analysts doing similar work in other agencies such as JLARC and DPB. Assuming the lowest salary in that range, the cost for two policy analysts would be \$98,036 in FY 2005 and \$106,948 in FY 2006.

For purposes of this fiscal impact statement, it is also assumed that the commission will hire a person to handle clerical work at a salary of \$25,000. The support staff person would cost \$32,522 in FY 2005 and \$35,480 in FY 2006.

Total staff costs for an executive director, two policy analysts, and one clerical staff would be \$201,572 in FY 2005 and \$219,896 in FY 2006.

(These salary and fringe benefit figures assume 22 pay periods in FY 2005 and 24 pay periods in FY 2006, the state average health insurance premium, and participation in the deferred comp program)

**Nonpersonal services costs.** About \$9,500 would be needed in the first year for nonpersonal services costs (including office furniture and supplies, purchase of a computer and printer, purchase and installation of telephones, etc.) Thereafter, at least \$6,000 annually would be required for supplies, operating expenses for the equipment, and printing costs for the required annual report.

**Other costs.** It is not clear from the bill if the commission staff would be housed in an existing agency that could supply office space. If no space were readily available, then it would be necessary to rent space for additional cost. This fiscal impact statement assumes that the commission can be housed in an existing agency with no rental costs.

**9. Specific agency or political subdivisions affected:** n/a

**10. Technical amendment necessary:** No

**11. Other comments:** It is not likely that this commission could be staffed by an existing agency such as the Division of Legislative Services.

**Date:** 1/19/04 vrm

**Document:** g:\2004 legislation\other\hb459.doc VRM

CC: Secretary of Finance