

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number: SB543

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

2. Patron: Hawkins

3. Committee: Appropriations

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 bill also removes the Milk Commission from the list of agencies for which the Secretary of Commerce and Trade is responsible; SB 262 codifies the merger of the Milk Commission with the Department of Agriculture and Consumer Services

6. Fiscal impact estimates are: Preliminary.

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)

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 a clause 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; these costs would need to be transferred from the agencies.

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.

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
Total	\$17,000 to \$35,000

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 House/Senate Bill 30, the Budget Bill. The average number of full-time positions in an office is 5.50, including the Secretary. In FY 2006, approximately one half of the annual estimate will be required.

<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

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

10. Technical amendment necessary: No.

11. Other comments: The Milk Commission and the Virginia Marine Products Board are not independent state agencies, but are included in the appropriation for the Department of

Agriculture and Consumer Services. SB 262 codifies the merger of the Milk Commission with the Department of Agriculture and Consumer Services, as enacted in Chapter 1042, the 2003 Appropriation Act.

The budget amendments to SB 30 proposed by the Senate Finance Committee provide \$150,000 in each year, from the general fund, and one position for the proposed secretariat. The Senate also proposes to transfer two positions, one from the Secretary of Commerce and Trade and one from the Department of Agriculture and Consumer Services, to the new secretariat. The budget amendments to HB 30 proposed by the House Appropriations Committee provide \$86,000 in FY 2006, from the general fund, for expenditures for six months.

Date: 3/2/04 tmw

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cc: Secretary of Commerce and Trade