

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB2851

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

2. Patron Cox

3. Committee Passed Both Houses

4. Title Department of Veterans Services; department personnel.

5. Summary/Purpose:

Provides that the Commissioner of Department of Veterans Services (DVS) shall be responsible for appointing the personnel assigned to each service office and for determining the compensation to be paid to such personnel. In determining the number of personnel assigned to each service office, the Commissioner is required to ensure the number of employees assigned to the processing of benefit claims is sufficient to maintain a ratio of one staff person for every 26,212 veterans residing in the Commonwealth. The Commissioner is also required to ensure that the personnel assigned to processing benefit claims provide these services to veterans in locations other than the service office at least one day per week.

6. Fiscal Impact Estimates are Final:

6a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2004-05 | | | |
| 2005-06 | \$424,258 | 6 | GF |
| 2006-07 | \$350,500 | 6 | GF |
| 2007-08 | \$350,500 | 6 | GF |
| 2008-09 | \$350,500 | 6 | GF |
| 2009-10 | \$350,500 | 6 | GF |
| 2010-11 | \$350,500 | 6 | GF |

7. Budget amendment necessary: Yes. Enrolled HB 1500 includes \$300,000 in Item 90 for DVS to add six positions. This amendment failed to cover costs for essential initial training, travel, office equipment, office rent, etc. required by this bill. An additional \$124,258 is needed to cover these costs.

8. Fiscal implications:

The bill establishes guidelines for staff assigned to the processing of claims benefits. Based on the estimated number of veterans in Virginia in 2004 (750,000), the number of staff required would be 28.6 (750,000 divided by 26,212). The fiscal impact in line 6 above assumes the guidelines apply to field Veterans Service Representatives (VSR). DVS has 22 field VSRs including six in HB 1500 as introduced (other benefit claims staff includes claims examiners and administrative assistants whose responsibility differs from, but complements, VSRs). Using the guidelines in this bill, six additional positions are needed.

The average salary and benefits for a VSR is \$49,000. Additional six VSRs would cost \$294,000 (6 * \$49,000) plus one-time expenditures of \$30,000 for office equipment and supplies, travel costs for the other

22 agents of \$22,000, and initial training (critical to the function of the VSR position) costs of \$48,258 for a first year total of \$424,258. The calculations of the total annual cost are detailed below.

Annual Fiscal calculations:

- Estimated number of veterans in Virginia in 2005: 750,000
- Number of veterans serviced by one FT benefits coordinator: 26,212
- Average salary and benefits for one position: \$49,000
- Present number of VSRs: 22
- Target number of VSRs: 28

Total salary and benefits of six positions: \$294,000

- One time cost for computer and office equipment for the 6 added positions: \$30,000
- Annual operating costs: \$30,000
- Travel costs (based on the other 22 agents to provide service one day a week in locations other than the service office): \$22,000
- Initial training costs for the 6 added positions: \$48,258

Total one time cost (first year): \$130,258

- Annual operating costs (travel, rent, supplies, etc.) for the 6 added positions: \$30,000
- Additional travel costs (based on the other 22 agents to provide service one day a week in locations other than the service office) : \$22,000
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- Annual refresher training costs for the 6 added positions: \$4,500

Total annual travel, training, and operating costs: \$56,500

First year cost: \$294,000 + \$130,258 = \$424,258

Annual cost thereafter: \$294,000 + \$56,500 = \$350,500

9. Specific agency or political subdivisions affected: Department of Veterans Services

10. Technical amendment necessary: No

11. Other comments:

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cc: Secretary of Administration