

Department of Planning and Budget 2005 Fiscal Impact Statement

1. **Bill Number:** SB970

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

2. **Patron:** O'Brien

3. **Committee:** General Laws

4. **Title:** Department of Consumer Affairs; created

5. **Summary/Purpose:** The bill removes the Office of Consumer Affairs from the Department of Agriculture and Consumer Services and establishes it as the Department of Consumer Affairs. The Department of Consumer Affairs will be headed by a director appointed by the Governor to serve at his pleasure. The Department of Consumer Affairs will be the successor in interest to the Office of Consumer Affairs by serving as the central coordinating agency and clearinghouse for receiving and investigating complaints by Virginia consumers of illegal, fraudulent, deceptive or dangerous practices.

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

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2004-05	---	---	---
2005-06	\$657,500	7.00	GF/NGF
2006-07	\$637,500	7.00	GF/NGF
2007-08	\$637,500	7.00	GF/NGF
2008-09	\$637,500	7.00	GF/NGF
2009-10	\$637,500	7.00	GF/NGF
2010-11	\$637,500	7.00	GF/NGF

7. **Budget amendment necessary:** Yes, an amendment to Senate Bill 700, the Budget Bill, is needed to establish the appropriation for the Department of Consumer Affairs within the Commerce and Trade Secretariat.

8. **Fiscal implications:** Item 6a. attempts to capture administrative support activities, such as information systems, telecommunications, finance, budget, purchasing, and human resources for the office. Currently, resources from the Office of Consumer Affairs are pooled with resources from other programs within the Department of Agriculture and Consumer Services and general fund support to provide administrative support services. The support activities are provided by existing personnel within the Department of Agriculture and Consumer Services, and the Department of Consumer Affairs will require funding and positions to replace this administrative support.

The cost estimates include seven administrative positions: financial services manager, procurement officer, two administrative/office specialists, human resource manager, policy and planning specialist, and administrative coordinator. Personnel costs total \$418,500 annually. In addition, office costs, such as supplies and equipment are estimated at \$35,000.

There may be some opportunity to use centralized service bureaus, such as the payroll service bureau at the Department of Accounts, but funding may be required to pay for these services.

Cost of the payroll service bureau is estimated to be \$4,000. In addition, costs for the Virginia Information Technology Authority (VITA) will likely be significant, because the Office of Consumer Services operates and maintains several large mainframe applications. VITA costs are estimated at \$200,000 in the first year and \$180,000 thereafter.

The cost estimate does not include rent charges, because it is assumed that rent currently being paid by the Office of Consumer Services through the Department of Agriculture and Consumer Affairs will transfer to the new agency. However, additional funding for rent may be required if administrative support positions are added to the Department of Consumer Affairs.

The Office of Consumer Services at the Department of Agriculture and Consumer Affairs is fund 80 percent by nongeneral funds through fees and 20 percent from the general fund. In order to cover the increase in administrative expenses for the Department of Consumer Affairs, fee increases may be necessary in the consumer service programs, such as regulation of health spas, extended service contracts, and charitable solicitations. Some of the fees are established in the Code of Virginia and may require legislation to increase.

9. Specific agency or political subdivisions affected: Department of Agriculture and Consumer Services, Office of Consumer Affairs.

10. Technical amendment necessary: No.

11. Other comments: The engrossed bill includes an enactment clause that allows the Governor to transfer appropriation from a state agency established, abolished, or otherwise affected by the act. An enactment clause provides that the provision of the act do not become effective unless an appropriation of general fund effecting the purposes of the act is included in the general appropriation act of the 2005 Session of the General Assembly.

Date: 2/3/05 kbs

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cc: Secretary of Agriculture and Forestry
Secretary of Commerce and Trade