

## Department of Planning and Budget

### 2006 Fiscal Impact Statement

1. **Bill Number** HB1307

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

2. **Patron** Byron

3. **Committee** Commerce and Labor

4. **Title** Chief Workforce Development Officer

5. **Summary/Purpose:** This bill establishes that the Governor, or a designated senior staff member from his immediate office, shall serve as Chief Workforce Development Officer for the Commonwealth. The bill eliminates the position of Special Advisor to the Governor for Workforce Development created in 2004. The Chief Workforce Development Officer's duties will include developing a strategic plan for the statewide delivery of workforce development and training programs and activities; determining the appropriate allocation of funds and other resources that have been appropriated or are otherwise available for disbursement by the Commonwealth for workforce development programs and activities; serving as lead staff for the Virginia Workforce Council; conducting annual evaluations of the performance of workforce development and training programs; and identifying and implementing strategies to optimize the role of the Virginia Community College System in workforce development.

6. **Fiscal Impact:** According to the Virginia Employment Commission (VEC), if the ultimate effect of the bill is to eliminate VEC's role as the fiscal agent for federal funds received under the Workforce Investment Act (WIA) of 1998, it is possible that additional administrative costs would result. VEC believes that they are able to achieve certain economies of scale that would not easily transfer to another administrative entity. For example, VEC has three employees in one finance area that support WIA activities in addition to performing non-WIA duties. Collectively, these three employees represent only 0.5 FTE as charged to WIA. If the fiscal agent duties were transferred to another administrative entity and all three of these staff remained at VEC, the new fiscal agent would have to hire someone to perform these duties, which may result in a higher personal service/personal benefit cost.

Aside from the potential increased cost related to the transfer of fiscal agent responsibilities over the federal funds received under WIA, it does not appear that this bill will have any significant fiscal impact. The development of a strategic plan for the statewide delivery of workforce development and training activities, as well as conducting annual performance evaluations of these activities, will increase the administrative responsibilities of the Governor's Office; however, the fiscal impact is not expected to be significant and cannot be determined at this time.

7. **Budget amendment necessary:** No.

**8. Fiscal implications:** See Item 6.

**9. Specific agency or political subdivisions affected:** Virginia Employment Commission.

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

**11. Other comments:** The substitute version of this legislation tasks the Governor, or a designated senior staff member within his immediate office, to serve as Chief Workforce Development Officer for the Commonwealth whereas the introduced version established a Deputy Chief of Staff to the Governor for Workforce Development.

This bill is nearly identical to the substitute version of SB494 (SB494S1). However, there are some subtle differences. The substitute version of HB1307 (HB1307H1) explicitly states (in lines 117-118) that the Council's independent staff shall act as fiscal agent for the Council and the WIA. SB494S1 indirectly establishes this same requirement through two separate responsibilities laid out in § 2.2-435.7 A.2. and A.5. Section 2.2-435.7 A.2. states that the Chief Workforce Development Officer shall determine the appropriate allocation of funds and other resources that have been appropriated or otherwise available for disbursement by the Commonwealth for workforce development programs and activities, which includes WIA funding. Section 2.2-435.7 A.5 states that the Chief Workforce Development Officer shall provide independent staffing for the Virginia Workforce Council. Another difference is that HB1307H1 states (in line 114) that the subordinate staff of the Council shall be "independent of any other state agency" whereas SB494S1 states that the subordinate staff of the Council shall be "independent of any other state agency that provides workforce services. Finally, SB494S1 requires the Governor to report to the chairmen of the House Committee on Appropriations and the Senate Committee on Finance on the identified strategies to optimize the role of the Virginia Community College System in workforce development prior to implementation of these strategies. HB1307H1 does not require this report.

**Date:** 02/17/06 / dma

**Document:** G:\2006 Fis\Hb1307h1.Doc

**cc:** Secretary of Commerce and Trade