

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB206

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

2. Patron: Marshall, R.G.

3. Committee: General Laws

4. Title: **Consumer Affairs, Office of; removed from Department of Agriculture and Consumer Services**

5. Summary: 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 (DCA). The DCA will be headed by a Director appointed by the Governor to serve at his pleasure. The DCA 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: Preliminary. See item 8 for the revenue impact.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	\$700,746	7.0	general/nongeneral
2010	\$700,746	7.0	general/nongeneral
2011	\$700,746	7.0	general/nongeneral
2012	\$700,746	7.0	general/nongeneral
2013	\$700,746	7.0	general/nongeneral
2014	\$700,746	7.0	general/nongeneral

7. Budget Amendment Necessary: Yes, a new Item is needed in House Bill 30 to establish the agency and to provide funding for the new agency.

8. Fiscal Implications: The expenditure impact above includes the incremental costs for the new agency, and assumes that the existing appropriation and positions transfers from the Department of Agriculture and Consumer Services. 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 for the agency to provide administrative support services. The support activities are provided by existing personnel within the department, and the Department of Consumer Affairs, as an independent agency, will require funding and positions to replace this administrative support.

The cost estimate includes seven administrative positions: financial services manager, procurement officer, two administrative/office specialists, human resource manager, policy and planning specialist, and administrative coordinator. Personal services costs total

\$461,746 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 services bureau at the Department of Accounts, but funding may be required to pay for these services. For example, the 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 Affairs operates and maintains several large mainframe applications. VITA costs are estimated at \$200,000 annually.

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

The Office of Consumer Affairs at the Department of Agriculture and Consumer Services is funded 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 will require legislation to increase.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/18/2008 dpbkbs

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cc: Secretary of Agriculture and Forestry