

Department of Planning and Budget 2013 Fiscal Impact Statement

1. Bill Number: SB1195

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

2. Patron: Saslaw, R. L.

3. Committee: General Laws and Technology

4. Title: Entrepreneur-in-Residence Program; created.

5. Summary: This bill creates the Entrepreneur-in-Residence Program, a pilot program administered by the Secretary of Commerce and Trade to improve outreach by state government to the private sector. The objectives of the Program are to (i) strengthen coordination and interaction between state government and the private sector on issues relevant to entrepreneurs and small business concerns, and (ii) make state government programs and operations simpler, easier to access, more efficient, and more responsive to the needs of small business concerns and entrepreneurs. The program has a 2017 sunset date.

6. Budget Amendment Necessary: Indeterminate. See #8.

7. Fiscal Impact Estimates: Preliminary. See #8.

8. Fiscal Implications: In this bill, the Secretary of Commerce and Trade is to administer a pilot program referred to as the Entrepreneur-in-Residence Program. As a provision of the bill, the Secretary shall appoint up to 10 individuals per year to serve as entrepreneurs-in-residence with state agencies. These individuals shall serve two-year terms, during which time they will be full-time employees of the agency to which they are assigned. This analysis assumes these individuals will be eligible for benefits, including health insurance for state employees.

Under the assumption that these individuals are compensated at the same rate as “Managers All Other,” a category established by the Department of Human Resource Management, the average salary, including benefits, for each entrepreneur-in-residence is approximated at \$100,000. During the first year of implementation (FY 2014), the estimated salary and benefit expenses total \$1.0 million. As the language in the bill states that the Secretary of Commerce and Trade shall appoint up to 10 individuals per year, salary and benefit expenses may total \$2.0 million in FY 2015, if an additional 10 individuals are appointed.

In FY 2016, the first round of appointed entrepreneurs’ terms would expire; however, an additional 10 individuals could be appointed as provided in the bill, keeping the possible expenses at \$2.0 million in FY 2016. The same costs apply for FY 2017. At the end of FY 2017, the program is set to expire.

These estimates do not include additional operating expenses the state agencies may incur such as rent, supplies, and information technology. It is possible that individuals appointed in FY 2017 may qualify for severance packages, as their two-year term would be reduced to a year as a result of the sunset clause.

At this time, the general fund/nongeneral fund split of these estimated costs cannot be determined. This information will not be available until the Secretary has assigned entrepreneurs-in-residence to specific state agencies as specified in the bill.

9. Specific Agency or Political Subdivisions Affected: Secretary of Commerce and Trade; state agencies.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/18/13

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