

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB1408

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

2. Patron: Poindexter

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: **Eligibility for betterment loans**

5. Summary: Directs the Board of Health and the Director of the Department of Environmental Quality to develop procedures for qualifying the owners of failing septic tanks, underground storage tanks, and contaminated dry cleaning stores, for betterment loans to be provided by private lenders.

6. Fiscal Impact Estimates:

Expenditure Impact: Department of Health

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2008	-	-	0.0
2009	\$124,104	-	1.0
2010	\$329,624	-	3.0
2011	\$329,624	-	3.0
2012	\$329,624	-	3.0
2013	\$329,624	-	3.0

Expenditure Impact: Department of Environmental Quality

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2008	-	-	0.0
2009	\$781,153	-	5.0
2010	\$781,153	-	5.0
2011	\$781,153	-	5.0
2012	\$781,153	-	5.0
2013	\$781,153	-	5.0

7. Budget Amendment Necessary: Yes.

8. Fiscal Implications:

Virginia Department of Health

If passed, this legislation will increase the processing time of each repair application received by the Virginia Department of Health (VDH) by approximately two hours. The additional work will consist of the following tasks: (1) informing and educating owners of the

additional program and its eligibility standards, (2) working with owners to obtain the necessary information to review repair estimates, (3) assessing repair estimates, and (4) drafting a letter of approval or denial to the owner and lender to inform them whether the owner met the eligibility standards. The decision on eligibility would be a case decision and could be challenged in accordance with the administrative process act. Hence, in certain situations, more than two hours of additional resource time may be necessary to implement the bill.

VDH issued 3,451 repair applications in 2006 and 3,370 in 2007 (an average of 3,411 repair applications for the two calendar years). As a result, the bill will cause VDH to invest at least 6,822 hours in additional service time each year (3,411 applications times 2 hours per application). Generally speaking, an FTE provides about 1,760 working hours to the agency. As such, VDH will need 4 additional FTEs (6,822 additional hours divided by 1,760 hours per FTE) to fully implement the provisions of this legislation.

In FY 2009, VDH will need to hire a program manager to draft policy and procedures and provide oversight upon implementation. The position will develop the parameters of the program, collaborate with private lenders, oversee implementation of the bill and repair enforcement. Salary and benefits for this position would be approximately \$83,250 assuming a midpoint salary of \$66,660 plus 25 percent in benefits. Because the Office of Environmental Services does not have sufficient staff to provide administrative support positions to assist with the newly created program, VDH would also need to establish a wage or contract position in FY 2009 as well. VDH estimates the cost of providing part-time administrative support position and all non personal services expenses to be approximately \$40,854. Of that, \$20,000 will be needed for travel, equipment, VITA charges, supplies, mailings, and conducting meetings. The total cost in FY 2009 is expected to be \$124,104.

In FY 2010, VDH would hire two additional positions (Environmental Inspectors) to ensure adequate enforcement and field compliance with the eligibility standards required by the bill. The positions would ensure that owners fixed their failed sewage systems as quickly as possible and would address the two hours of additional workload per application. VDH estimates the cost of the two positions at \$115,470. VDH would also try to convert the part-time position into a full time position at an annual cost of \$49,564 (\$39,027 plus 25 percent benefits) to support the program. Program staff will monitor and implement the program, enforce requirements of the bill, develop a complete inventory of repair systems, and educate owners and other stakeholders about the eligibility standards and the need to promptly repair their systems. They would also perform data evaluation and analysis to manage risks from failed sewage systems. In addition to the personal services costs, the program will incur additional costs of approximately \$50,000 per year for travel, equipment, supplies, mailings, meetings, and stakeholder collaboration.

Year	Position(s)	#	Personal Services Cost
FY 2009	Manager	1	\$83,250
FY 2010	Inspector	2	\$115,470
FY 2010	Administrative Assistant	1	\$49,564

In FY 2010, VDH estimates that the four positions described above will be able to fully implement the program as outlined in the legislation and the total cost is expected to be

\$249,624 for salary and benefits; \$50,000 for mailings, enforcement, education, and other training provided to stakeholders; and \$30,000 per year for database management (total of \$329,624).

Department of Environmental Quality

To implement the bill, the Virginia Department of Environmental Quality (DEQ) would need to establish new eligibility criteria and approval rates for both dry cleaner facilities and a broad range of underground storage tanks, including many that were not subject to the existing regulations. These different facilities would be subject to oversight by two different regulatory programs at DEQ. In FY 2009, DEQ would expect to hire two FTE (Environmental Spec. II - Pay Band 5) to draft policy and procedures, including eligibility criteria. Based on current equivalent employment averages, the estimated salary would be \$62,059 plus 37.4 percent in benefits. The resultant expected cost of each FTE is \$85,275. There would be associated costs of \$20,000 for equipment, supplies, meetings for policy development, and stakeholder collaboration.

DEQ would likely employ its contractual procedure for cost evaluations, but facility inspections by DEQ staff to verify the projects would be necessary. It is estimated that three inspectors (two for storage tanks and one for dry cleaning facilities) would be needed. These would be Environmental Spec. II - Pay Band 5. Based on current equivalent employment averages, the estimated salary would be \$50,143 plus 40.0 percent in benefits. The resultant expected cost of each FTE is \$70,201. There would be associated costs of \$20,000 per person for equipment, supplies, training and travel.

9. Specific Agency or Political Subdivisions Affected: Virginia Department of Health and Virginia Department of Environmental Quality

10. Technical Amendment Necessary: No.

11. Other Comments: No.

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cc: Secretary of Health and Human Resources