

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB 2646

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: Yes. See item #8.**Expenditure Impact: Department of Health**

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2008-2009	\$0	\$0	0.0
2009-2010	\$124,172	\$0	1.0
2010-2011	\$329,690	\$0	3.0
2011-2012	\$329,690	\$0	3.0
2012-2013	\$329,690	\$0	3.0
2013-2014	\$329,690	\$0	3.0
2014-2015	\$329,690	\$0	3.0

Expenditure Impact: Department of Environmental Quality

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2008-2009	\$0	\$0	0.0
2009-2010	\$481,138	\$0	5.0
2010-2011	\$481,138	\$0	5.0
2011-2012	\$481,138	\$0	5.0
2012-2013	\$481,138	\$0	5.0
2013-2014	\$481,138	\$0	5.0
2014-2015	\$481,138	\$0	5.0

7. Budget Amendment Necessary: Yes, Item 299 for the Virginia Department of Health.

8. Fiscal Implications:

Virginia Department of Health

The 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. Therefore, 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, 3,410 in 2007, and 3,028 in 2008 (an average of 3,297 repair applications). As a result, the bill will cause VDH to invest at least 6,594 hours in additional service time each year (3,297 applications multiplied by two hours per application). Since each FTE provides approximately 2,080 annual hours to the agency, the cost to fully implement the technical review provisions of this legislation would be the equivalent of three FTES (based on 6,594 additional hours divided by 2,080 hours per FTE), with an additional FTE to support the new staff.

In FY 2010, VDH would expect to hire one FTE (Pay Band 5C) to draft policy and procedures to implement the bill and to oversee the program's implementation thereafter. The position would develop the parameters of the program, collaborate with private lenders, assure implementation of the bill, and oversee repair enforcement. Using the midpoint of salary of \$66,660 plus 27 percent in benefits, the expected cost of the 5C FTEs is \$84,658. Because there are no additional administrative support positions to assist with the newly created program or to support the 5C FTE, VDH would also need to hire one additional part-time support level position (Pay Band 3C) in FY 2010. Using a midpoint salary of \$39,027, the 3C FTE is estimated to cost \$19,514 in FY 2010. The part-time staff person would provide 20 hours per week of programmatic support (mailings, phone calls, filing, and other associated duties). The FTE and wage position would incur additional costs of \$20,000 for travel, equipment, supplies, mailings, meetings, and stakeholder collaboration. Total cost in FY 2010 is expected to be \$124,172.

In FY 2011, VDH would expect to hire two FTEs (Pay Band 4B) to assure adequate enforcement and field compliance with the eligibility standards required by the bill. The positions would assure that owners fixed their failed sewage systems as quickly as possible and would address the two hours of additional workload per application. Review the first paragraph for the additional work required per repair application, which would be partially addressed by these two positions. Using the midpoint salary of \$45,460 plus 27 percent in benefits, the expected cost of the two 4B FTEs would be \$115,468. VDH would also expect to convert the part-time 3C position into a full-time position at an annual cost of \$49,564 (\$39,027 plus 27 percent benefits) to support the 5C and two 4B positions. The 5C, 4B, and 3C positions would 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. The FTEs would also perform data evaluation and manipulation to manage risks from failed sewage

systems. The 4.0 FTEs would incur an additional charge of \$50,000 per year for travel, equipment, supplies, mailings, meetings, and stakeholder collaboration.

Year	Position(s)	#	Personal Services Cost
FY 2010	Manager	1	\$84,658
FY 2011	Inspector	2	\$115,468
FY 2011	Administrative Assistant	1	\$49,564

In FY 2011, 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 \$249,690 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 cost of \$329,690).

Virginia 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 2010, DEQ would expect to hire two FTEs (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 \$85,269. There would be associated costs of \$20,000 for equipment, supplies, meetings for policy development, and stakeholder collaboration. The total cost for the two FTEs is \$210,538.

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 \$70,200. There would be associated costs of \$20,000 per person for equipment, supplies, training and travel. The total cost for the three FTEs is \$270,600.

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.

Date: 2/3/2009 lrj

Document: G:\VDH\GA\Legislation\FIS\FY 2009\HB2646.doc

cc: Secretary of Health and Human Resources
Secretary of Natural Resources