

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: HB932

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

2. Patron: Landes

3. Committee: Passed Both Houses.

4. Title: Virginia Economic Development Partnership Authority; Department of Small Business, etc.

5. Summary: This bill shifts the administration of all components of the Virginia Jobs Investment Program (VJIP), except the Small Business Jobs Grant Fund program, from the Department of Small Business and Supplier Diversity (DSBSD) to the Virginia Economic Development Partnership Authority (VEDP).

6. Budget Amendment Necessary: Yes, to Appropriation Act language. The Introduced Budget Bill (HB30/SB30) includes the shifts in general fund appropriation required by this proposed legislation; however, language amendments are needed to Items 101, 118, and 120 to update Code citations and contingency language.

7. Fiscal Impact Estimates: Final. See item 8, below.

8. Fiscal Implications: This bill shifts the administration of VJIP from DSBSD to VEDP. One component of VJIP, the Small Business Jobs Grant Fund Program, will remain a responsibility of DSBSD.

Currently, all aspects of VJIP are handled by DSBSD. In FY 2014, the base budget appropriation for VJIP totals \$7.7 million from the general fund. Out of this appropriation, \$6.3 million is for grant payments to eligible businesses and the remaining \$1.4 million is for operating expenses. Out of the amounts provided for grants to eligible businesses, 10 percent is directed for deposit to the Small Business Jobs Grant Fund, an amount of \$629,981.

The Governor's Introduced Budget Bill (HB30/SB30) includes the actions necessary to complete the shift in administration as reflected in this bill. Current law, as well as the proposed legislation, requires that any appropriation provided for VJIP grants be deposited and paid from a special, non-reverting fund in the state treasury, the Virginia Jobs Investment Program Fund. VEDP, established in statute as a political subdivision of the Commonwealth, is not part of the Commonwealth's Accounting and Reporting System. As a result, the general fund appropriation for VJIP grants to eligible businesses, less 10 percent for the Small Business Jobs Grant Fund, is provided under Item 101, Economic Development Incentive Payments, in the amount of \$5.7 million in FY 2015 and FY 2016. VEDP will require a state agency to serve as fiscal agent to process the grant payments to eligible

companies and businesses from the special fund account. As such, HB30/SB30 includes \$65,139 in FY 2015 and FY 2016 from the general fund under Item 65 for the Secretary of Administration's Shared Support Services division for two wage positions to process the grant payments. According to the Secretary of Administration, the Shared Support Services division cannot absorb the additional work required to serve as fiscal agent to VEDP for this program.

According to VEDP, five project managers and related expenses for salaries, benefits, and operating costs are required to administer the VJIP grant program. As such, Item 120 under VEDP includes \$564,166 from the general fund in FY 2015 and FY 2016 for operating expenses. Five project managers currently staffing VJIP at DSBSD will transfer to VEDP beginning in FY 2015.

Correspondingly, the appropriation under DSBSD has been adjusted to reflect the changes required as part of this bill. Item 118 of HB30/SB30 includes \$629,981 from the general fund in FY 2015 and FY 2016 for deposit of to the Small Business Jobs Grant Fund. This figure corresponds to the 10 percent allocation currently required for the Fund out of the amounts provided for all VJIP grant awards. As five project managers will transfer to VEDP, the removal of five positions and \$564,166 of general fund appropriation in each year is reflected in HB30/SB30. Thus, the total budget for DSBSD for operating costs of the Small Business Jobs Grant Fund includes \$849,663 in FY 2015 and FY 2016 from the general fund and approximately 5.25 positions.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Economic Development Partnership Authority; Department of Small Business and Supplier Diversity; Secretary of Administration; Economic Development Incentive Payments.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** The budget report of the Senate Finance Committee includes an amendment to remove \$65,139 in general fund appropriation from the Secretary of Administration's Shared Support Services division (Item 65 #1s). The appropriation is included in the introduced budget bill (HB30/SB30) to cover the costs associated with Shared Support Services division to serve as fiscal agent for VEDP to administer VJIP. If this amendment is accepted by the Conferees, then a budget amendment to Item 65 in the amount of \$65,139 from the general fund in FY 2015 and FY 2016 will be required.

This bill is identical to SB492.