

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB 263

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 type="checkbox"/>	Enrolled

2. Patron: Peace

3. Committee: Passed House

4. Title: Virginia Correctional Enterprises

5. Summary:

Under current law, state agencies are required to purchase goods and services produced by inmates in state correctional facilities. The director of the Division of Purchases and Supply (DSP) of the Department of General Services may grant an exemption from the requirement if the item produced by Virginia Correctional Enterprises (VCE) of the Department of Corrections does not meet the requirements of the agency or if VCE cannot comply with the order of the agency due to a lack of materials or for any other reason. In many cases, VCE itself will tell an agency it cannot provide the good or service desired or within the timeframe needed by the agency. In such cases, the agency is then free to procure the good or service elsewhere.

The proposed legislation would require any exemption to have the consent of the directors of both DSP and VCE. It would also expand the list of circumstances in which an exemption may be granted to include instances in which an identical article can be obtained at a verified lower cost from the private sector.

6. Budget Amendment Necessary: None.

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications:

VCE had revenues in excess of \$54 million in FY 2011. Its operations provided jobs to about 1,500 inmates over the course of the year. In addition, it employed about 190 staff. The unit provides goods and services for use in prisons, as well as for other state agencies, local governments, and nonprofit organizations. The goods provided include furniture, shoes, uniforms, eyeglasses, and license plates. Services range from printing to translating books into Braille.

The proposed legislation would provide another basis for exempting state agencies and institutions of higher education from procuring goods and services from VCE, but would require that VCE as well as Purchases and Supply consent to the exemption. It is not possible to forecast how often state agencies and higher education institutions would seek the new exemption, but the instances in which the items that VCE manufactures will be “identical” to items available from the private sector are likely to be few in number. It is not expected that the legislation in its present form would have a significant impact on VCE revenue.

9. Specific Agency or Political Subdivisions Affected: Department of Corrections

10. Technical Amendment Necessary: None.

11. Other Comments: None.

Date: 2/21/2012

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