

Department of General Services 2013 Fiscal Impact Statement

1. Bill Number: SB781

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: McEachin

3. Committee: General Laws and Technology

4. Title: Virginia Public Procurement Act (VPPA); women-owned and minority-owned businesses; remedial measures.

5. Summary: The bill provides that the Governor shall require state agencies to implement appropriate enhancement or remedial measures consistent with prevailing law when a rational basis for small business enhancement exists or a persuasive analysis exists that documents a statistically significant disparity between the availability and utilization of women-owned and minority-owned businesses.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate, see Item 8.

8. Fiscal Implications: The fiscal impacts of this bill are indeterminate in that enhancement and remedial measures cannot be anticipated at this time.

The Department of Minority Business Enterprises (DMBE) indicates that the bill presents a need for additional staffing of up to two positions at a total cost of \$75,000 general funds annually depending on the remedial measures and enhancements necessary. DMBE states that the agency has software tools in place that can accommodate the more narrowly tailored remedial measures outlined in the bill, however, funding for the positions is necessary to administer the measures.

The Department of General Services (DGS) handles and oversees the majority of the Commonwealth's procurement needs and believes the bill could result in reduced competition. The agency also estimates a 20% increase in prices for some goods and services for state agencies. DGS indicates that these two factors could present an overall fiscal impact to the Commonwealth in the millions of dollars.

DGS notes that Level II and Level III Institutions of Higher Education are not impacted by the bill as these institutions are operating under procurement Memorandums of Understanding and/or Management Agreements. These institutions are not subject to the Virginia Public Procurement Act and do not fall under the authority of the Department of General Services/Division of Purchases and Supply (DGS/DPS). Christopher Newport University, the Virginia Community College System and its twenty-three Community Colleges are subject to the Virginia Public Procurement Act, but this bill would not apply to their Capital Outlay procurements per their Memorandums of Understanding. The Level II and Level III Institutions of Higher Education account for a large percentage of the procurement dollars in the Commonwealth. Under the bill, implementing enhancement or remedial measures for these Institutions of Higher Education remain at the discretion of the Governor.

9. Specific Agency or Political Subdivisions Affected: This bill affects all state agencies other than Level II and Level III Institutions of Higher Education.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/21/13