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SENATE JOINT RESOLUTION NO. 284

Offered January 17, 1997

Requesting the Secretary of Administration, in cooperation with the Commonwealth Competition Council, to study methods to privatize appropriate state government functions through the development and promotion of employee-owned companies.

Patrons—Stosch; Delegate: Dickinson

Referred to the Committee on Rules

WHEREAS, the Commonwealth of Virginia desires to provide the citizens of the Commonwealth with services that are of high quality at an efficient cost; and

WHEREAS, the Commonwealth Competition Council is charged by § 9-342 of the Code of Virginia to review possible alterations in the Commonwealth's delivery of services to its citizens in order to ensure cost effective, high quality services; and

WHEREAS, it may be beneficial to convert some units of the Commonwealth's current government structure to the private, for-profit sector, by either converting the unit to a privately owned for-profit corporation, or by contracting with a privately owned corporation to perform the unit's tasks; and

WHEREAS, there are approximately ten thousand employee-owned corporations in the United States, which most frequently evolved through employee stock ownership plans; and

WHEREAS, there is ample evidence that employee-owned corporations often outperform traditional corporations by involving employees as owners in the decision making, providing additional performance incentives, and fostering entrepreneurial skills; and

WHEREAS, the use of an employee stock ownership plan in combination with the transfer of appropriate government functions from the public sector to the private sector may serve to minimize the loss of jobs for the public employees who are affected by such a transfer; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Secretary of Administration, in cooperation with the Commonwealth Competition Council, be requested to study methods to transfer appropriate government functions to the private sector, while developing and promoting employee-owned companies. The study shall (i) examine the current rules, procedures, policies, and limitations of employee stock ownership plans in Virginia; (ii) examine current and innovative employee stock ownership plans in other states; and (iii) determine the necessary level of state financial support for such plans.

The Secretary shall complete his work in time to submit his findings and recommendations to the Governor and the 1998 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for of legislative documents.

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