

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: SB691

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Obenshain

3. Committee: General Laws and Technology

4. Title: **Department of Minority Business Enterprise; small, women-owned, and minority-owned businesses; enhancement or remedial measures**

5. Summary: Requires state contracts awarded pursuant to enhancement or remedial measures implemented to enhance participation by small, women-owned, and minority-owned businesses to include a requirement that no more than 60 percent of the work be subcontracted to another contractor except under certain circumstances. The bill authorizes the Department of Minority Business Enterprise to investigate complaints that the business has violated the contract provision and authorizes the director to revoke the business's certification as a small, women-owned, or minority-owned business for a period of one year upon determination that the contract provision has been violated. The bill also provides that any enhancement or remedial measure require the state agency to solicit bids from all qualified vendors and not be limited to bids submitted by small, women-owned, and minority-owned businesses. Under the bill, any enhancement or remedial measure cannot exceed three percent of the total value of all vendor contracts calculated against the costs of accepting the lowest competent and qualifying bids.

6. Fiscal Impact Estimates:

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010			
2011	1,595,500	12	General Fund
2012	1,595,500	12	General Fund
2013	1,595,500	12	General Fund
2014	1,595,500	12	General Fund
2015	1,595,500	12	General Fund
2016	1,595,500	12	General Fund

7. Budget Amendment Necessary: Yes. Item 78

8. Fiscal Implications: The Department of Minority Business Enterprise indicates that it will need 12 additional staff to implement these requirements. Below is a detailed accounting of these costs.

4 Contract Inspectors	\$72,600 each with salary and benefits	\$290,400
1 Contract Inspection Manager	\$81,840 with salary and benefits	\$81,840
4 Investigators	\$72,600 each with salary and benefits	\$290,400
1 Investigation Manager	\$81,840	\$81,840
Vehicle Costs	10 at \$4,800	\$48,000
Travel Costs	10 at \$6,000	\$60,000
3 Certification Specialist	\$50,160 with salary and benefits	\$150,480
2 Legal Process Specialist	\$92,400 with salary and benefits	\$184,800
Contract Attorney	\$36,000 each case, 7 estimated	\$252,000
Office supplies, office, space, Technology requirements, Personnel Management Services		\$155,740

If this bill passes, enhancements or remedial measures described in this bill when implemented may reduce competition in procurement actions. Reduced competition among the vendor community will likely result in increased cost for goods and services purchased by state agencies and some institutions of higher education.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Minority Business Enterprise, all public bodies of the Commonwealth (excluding Level III (VT, UVA, W&M, and VCU) and Level II (RU, VMI, JMU, GMU, LU and ODU) Institutions operating under Management Agreements and Memorandums of Understanding)

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/28/2010 ckb

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