

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB1288

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: Hope

3. Committee: General Laws

4. Title: Department of Small Business and Supplier Diversity; certification of employment.

5. Summary: This bill provides that for solicitations under the Virginia Public Procurement Act, each public body shall include, in addition to small, women-owned, and minority-owned businesses, employment services organizations, as defined in the bill. The bill clarifies that employment services organizations are to be certified by the Department of Small Business and Supplier Diversity. The bill also provides that each public body shall set goals for participation of the employment services organizations in procurement transactions. Finally, the bill states that contracts and subcontracts awarded to employment services organizations shall be credited toward a contractor's small, women-owned, and minority-owned business contracting and subcontracting goals.

6. Budget Amendment Necessary: No. See item 8.

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications: It is anticipated that the Department of Small Business and Supplier Diversity can absorb any costs associated with this bill. Currently, the department does certify employment services organization, as required by budgetary language in Chapter 665, 2015 Acts of Assembly. A list of certified employment services organizations is available on the department's website. The department is currently undertaking a project to upgrade and modify its small, women-owned, and minority-owned (SWAM) dashboard, which is the platform utilized by state agencies to report on SWAM expenditures. This project includes changes to incorporate employment service organizations on the site which will allow for state agencies to record employment services organizations contracts and for the department to prepare reports.

The Department of General Services (DGS) has stated that the fiscal impact resulting from this bill is indeterminate. According to DGS, the bill will require enhancements and changes to Commonwealth's statewide electronic procurement system and program known as eVA. According to the Virginia Public Procurement Act, all state bodies must utilize the site to post invitations of bids for contracts and services. Currently, SWAM certified businesses are listed on the vendor list on eVA. The vendor list appears to include a classification for employment services organizations; however, based on the list on the Department of Small

Business and Supplier Diversity's website, employment services organizations that are certified as such do not have that classification on the eVA list.

At this time, it is unclear if the SWAM Dashboard changes are necessary before the eVA list can be updated. The Department of Planning and Budget has not been able to assess how the lists of the certified businesses by the Department of Small Business and Supplier Diversity and the lists posted on eVA are connected and/or interfaced. If changes are required to eVA, DGS estimates a cost of a minimum of \$116,000 based on similar upgrades in prior years. At that time, DGS was able to make upgrades using internal resources; now, the agency must use contractors to complete enhancements to the system. The number of hours of contract work is unknown, and therefore, DGS cannot determine a total cost. The eVA system is funded by fees charged to vendors and fees charged to state agencies. Current cash balances for eVA are limited. Based on anticipated revenue and expenditure patterns, net losses are anticipated to the fund balance in FY 2016 and FY 2017. By the end of FY 2018, the majority of the projected balance will be reserved for eVA and Cardinal integration. As additional analysis is required, this impact statement is preliminary.

- 9. Specific Agency or Political Subdivisions Affected:** Department of General Services; Department of Small Business and Supplier Diversity; state agencies; local governments.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** None.