

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB1310

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Shin

3. Committee: General Laws

4. Title: Virginia Public Procurement Act; moderate-risk contracts; federal General Services Administration.

5. Summary: Provides that all public bodies shall report to the Department of General Services on programs offered through the federal General Services Administration for all contracts with anticipated costs of over \$250,000. The Department is required by the bill to review the report by the public body find whether the public body either correctly identified that programs are available or are not available or failed to identify programs which the public body should consider, and make such finding public record. The bill requires the Department to notify the public body of any programs that may lead to savings for the Commonwealth related to the procurement within 30 days of receipt of the report.

6. Budget Amendment Necessary: Yes – Item 82

7. Fiscal Impact Estimates:

7a. Expenditure Impact: Department of General Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$744,798	6	Nongeneral – Sourcing and eVA funds
2024	\$744,798	6	Nongeneral – Sourcing and eVA funds
2025	\$744,798	6	Nongeneral – Sourcing and eVA funds
2026	\$744,798	6	Nongeneral – Sourcing and eVA funds
2027	\$744,798	6	Nongeneral – Sourcing and eVA funds
2028	\$744,798	6	Nongeneral – Sourcing and eVA funds
2029	\$744,798	6	Nongeneral – Sourcing and eVA funds

8. Fiscal Implications: This legislation requires state agencies before awarding a “moderate-risk contract”, defined in the bill as any public contract that is anticipated to cost in excess of \$250,000, to conduct a review of programs administered by the federal General Services Administration (GSA) to see if any potential savings are available. The procuring public

body is to document their review in a written report, submit that report to the Department of General Services (DGS), and then make a reasonable effort to apply for any relevant cost-savings programs.

This requirement may add additional administrative costs to agencies conducting such procurements. The ability for agencies to absorb such costs would depend on the volume of and the nature of each public body's procurements and is indeterminate at this time. If savings through a GSA program are identified, those savings could help offset increased administrative costs, however, the amount of savings and the amount of savings relative to any increased administrative costs is unknown at this time.

Upon receiving the report referenced above, DGS is to make a written determination of whether the public body's report accurately assessed available GSA programs and if the public body failed to identify a relevant program, DGS is required to notify the public body within 30 days of receipt of the report.

DGS indicates that six additional procurement and contract analysts would be required to implement the provisions of this bill, based on the volume of contracts impacted by the bill and the requirement to complete the reviews within 30 days notification by the procuring public body.

- 9. Specific Agency or Political Subdivisions Affected:** This bill impacts the Department of General Services (DGS) and all state public bodies subject to the Virginia Public Procurement Act (VPPA).

10. Technical Amendment Necessary: No.

- 11. Other Comments:** It should also be noted that under the *Code of Virginia*, DGS has procurement oversight responsibility for non-information technology procurements while the Virginia Information Technologies Agency (VITA) has procurement oversight responsibility for information technology procurements. The bill requires DGS to perform the report review for all procurements, regardless of whether they are for information technology or not.

Date: February 8, 2022

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