

**Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement**

Fiscal Summary: This bill is anticipated to result in general fund and nongeneral fund impact starting FY 2026. General fund impact totals \$243,804 in FY 2026 due to the delayed effective date of the bill; and \$322,491 annually thereafter. Funding is to support positions at DSBSD and DSS. Nongeneral fund impact includes a one-time contract work expenditure of \$250,000 by DGS, ongoing expenses a position at VITA, and half a position at DSS. Starting FY2030, DSBSD anticipates a \$1.0 million dollar cost tied to the required disparity studies.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
DSS	\$0	\$56,784.00	\$73,131	\$73,131	\$73,131	\$73,131
DSBSD	\$0	\$187,020.00	\$249,360	\$249,360	\$249,360	\$1,249,360
TOTAL	\$0	\$243,804.00	\$322,491	\$322,491	\$322,491	\$1,322,491

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
VITA	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
DSS	\$0	\$56,784	\$73,131	\$73,131	\$73,131	\$73,131
DGS	\$0	\$250,000	\$0	\$0	\$0	\$0
TOTAL	\$0	\$406,784	\$173,131	\$173,131	\$173,131	\$173,131

Position Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
VITA (NGF)	0	1	1	1	1	1
DSS (GF)	0	0.5	0.5	0.5	0.5	0.5
DSS (NGF)	0	0.5	0.5	0.5	0.5	0.5
DSBSD (GF)	0	2	2	2	2	2
TOTAL	0	4	4	4	4	4

Fiscal Analysis: This fiscal impact statement is preliminary. It is anticipated that DGS, DSBSD, VITA, and DSS will require additional resources or nongeneral fund appropriation to carry out the requirements of the bill. DGS will require \$250,000 in nongeneral fund appropriation to update the eVA system. DSBSD anticipates the need for two SWaM Contract Compliance Officer positions and estimates a future need for \$1,000,000 every five years for the required disparity study. VITA foresees a potential annual nongeneral fund expenditure of \$100,000 for contract management related to the bill's provisions. Previous estimates by DSS indicated that implementing the bill would the addition of a senior procurement officer position supported by general fund and nongeneral fund resources. DOA can absorb the impact of this bill within existing resources, and the fiscal impact on covered institutions is indeterminate.

DGS estimates that implementing the requirements of this bill will cost an estimated \$250,000 for required updates to the Commonwealth's statewide electronic procurement system, known as eVA. The system will

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require an update to the data share algorithm, by which it receives data from DSBSD and create new reporting functionality.

To implement the requirements of the bill, DSBSD plans to create a new division within its Compliance program. To establish the division and fulfill the bill's requirements, DSBSD estimates that two additional SWaM Contract Compliance Officer positions will be necessary. The agency plans to absorb most additional staffing costs using existing resources currently dedicated to the SWaM contracting initiative, with the two new positions ensuring DSBSD can meet the bill's additional requirements. The new Compliance Officers will help agencies meet goals, review subcontract plans, assist small SWaM subcontractors with grievances, and monitor performance using data from DGS's eVA system. DSBSD also anticipates the need for \$1,000,000 every five years, starting in FY2030, for a disparity study, as the cost of conducting the study cannot be absorbed within the agency's base budget.

VITA anticipates that this bill could have a significant impact to contract management. According to VITA, the level of detail required (obtaining and maintaining written explanations, establishing a panel to review failures, additional reporting in eVA , etc.) will require additional funding, estimated at \$100,000 annually, in Supply Chain Management to administer for the roughly 200 statewide contracts. Appropriation is required from VITA's Acquisition Services Special fund to cover this cost.

Information from the Department of Social Services is not available at this time. In evaluating Chapter 834, 2024 Acts of Assembly, Special Session I (Chapter 834) for fiscal impact, DSS stated that the agency's Procurement Unit would require additional processes, documentation, training, and reporting functions. The processes would include a greater use of small businesses which may increase costs of goods and services for the agency. At the time, it was estimated that additional tasks outlined in the legislation, such as tracking and accounting for sub-contract spend, more stringent requirements for vendors to sub-contract to small vendors, and additional validation and monitoring processes would require a senior procurement officer with a salary of \$98,731 to meet these requirements. The annual cost of this position including salary and benefits is \$151,424 (\$75,712 each general fund/nongeneral funds) the first year and \$146,262 (\$73,131 each general fund/nongeneral funds) each year thereafter. First year costs include one-time on-boarding costs of \$5,163.

According to the Department of Accounts, changes to the definition of small business are expected to require minor reconfigurations in the Cardinal Financial System. However, such changes are expected to be able to be absorbed within existing funding and appropriation levels and do not require an amendment.

Updated information regarding the potential impact of this bill on covered institutions is not available at this time. Such impact was indeterminate at the time Chapter 834 was adopted.

Other: None.