

**INTERIM REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

**The Virginia Public Procurement Act
and the Regulations Adopted by the
Division of Purchases and Supply
for Procurement**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 92

**COMMONWEALTH OF VIRGINIA
RICHMOND
1994**

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Senator Madison E. Marye, *VICE CHAIRMAN*
Delegate George W. Grayson
Delegate Harry R. Purkey
Delegate Mitchell Van Yahres
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HOUSE COMMITTEE OPERATIONS
Anne Howard, Clerk

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**INTERIM REPORT OF THE
JOINT SUBCOMMITTEE STUDYING
THE VIRGINIA PUBLIC PROCUREMENT ACT
AND THE REGULATIONS ADOPTED BY THE
DIVISION OF PURCHASES AND SUPPLY FOR
PROCUREMENT**

**To
The Governor and
The General Assembly of Virginia**

**Richmond, Virginia
May 1994**

**TO: The Honorable George F. Allen, Governor of Virginia
and
The General Assembly of Virginia**

I. STUDY AUTHORITY AND MEMBERSHIP

House Joint Resolution No. 695 (attached as Appendix A), agreed to during the 1993 Session of the General Assembly, continued the joint subcommittee established pursuant House Joint Resolution No. 106 (1992) to examine the exemptions from the competitive procurement process for goods and services provided by institutions such as sheltered workshops and correctional facilities. The joint subcommittee's first interim report was made to the Governor and the 1993 Session of the General Assembly in House Document No. 77.

The membership of the joint subcommittee remained the same as initially appointed, consisting of seven members of the General Assembly and seven members appointed by the Governor, representing state institutions of higher education, the Department of General Services, the business community, local governments, sheltered workshops and the community at large.

II. THE 1993 WORK OF THE JOINT SUBCOMMITTEE

The 1993 interim report of the joint subcommittee (House Document No. 77) provides the background material for the subcommittee's work during its first year of study. Also in that first year, the subcommittee recommended House Joint Resolution No. 694 (attached as Appendix B), which was agreed to by the 1993 Session of the General Assembly. HJR 694 directed the Division of Purchases and Supply of the Department of General Services to develop and organize an advisory group to evaluate the services and operation of Virginia Correctional Enterprises (VCE), including a review of product line, quality and pricing. The Procurement Advisory Committee was the outgrowth of that resolution.

As required by HJR 694, the Procurement Advisory Committee presented its findings and recommendations to the joint subcommittee at the initial meeting of the second year of its study. The report of the Procurement Advisory Committee is attached as Appendix C. Based on the responses from 72 agencies of the Commonwealth, agencies of other states, and discussions with VCE, the Procurement Advisory Committee made the following recommendations.

RECOMMENDATIONS ADDRESSING OPERATIONS:

- VCE should have to competitively bid on agency/institution requirements for furniture and related products that exceed \$25,000.
- An independent review process should be created based on established criteria to resolve conflicts between agencies and VCE regarding release from VCE.
- Customer service personnel must make increased efforts to ensure that information provided to customers is timely, accurate, and reliable.
- Account representatives must become better informed on products, services, and customer order status and provide consistently accurate information.
- VCE should consistently apply costs of operations, including buildings, equipment, and personnel, to all manufacturing operations.
- VCE should study distribution systems to increase handling and delivery efficiencies by permitting direct shipment of product from manufacturing location instead of through central warehouse.

- VCE, in conjunction with the Division of Purchases and Supply, should determine agency printing needs to refine the business plan that maximizes capacity.

RECOMMENDATIONS ADDRESSING PRODUCTS:

- VCE should broaden opportunities to manufacture and sell labor-intensive parts to private industry for profit.
- Furniture product lines should be limited to the current catalog and price list.
- VCE should reduce the number of industries they are involved in and focus only on products that can consistently meet established standards, quality, and timely delivery at a competitive price.
- Product prices must correspond to quality standards.

RECOMMENDATIONS ADDRESSING QUALITY:

- Establish a quality evaluation and testing procedure for office furniture that coincides with private industry standards.
- Test products that are potentially a safety hazard by UL and BIFMA standards, e.g., trestle tables, systems furniture, etc.
- Assign quality control responsibilities to individuals trained in the manufacture of institutional furniture at various quality levels.

The Procurement Advisory Committee concluded that some form of oversight is necessary to ensure that the interests of VCE and their customers are equitably maintained. As a result, the Committee recommended that an advisory board be established to annually review the operations of VCE and evaluate new products and/or services, to establish a fair market price for all approved products and/or services, and to evaluate the level and quality of products and customer services.

A. DELIBERATIONS

In response to the recommendations of the Procurement Advisory Committee, several concerns were raised by the joint subcommittee and VCE relating to (i) General Assembly participation in the oversight committee, (ii) legislation passed by the 1993 Session of the General Assembly which requires the Department of Corrections to involve more inmates in work programs while

incarcerated, and (iii) competition by VCE with private businesses. It was felt that if an oversight committee is created, that members of the General Assembly must comprise a portion of its membership to provide a check on the work and goals of the oversight committee. The joint subcommittee, by consensus, acknowledged that improvements by VCE have been made since the study began, but believed further oversight was necessary to correct inequities in the procurement process.

On a related issue, the joint subcommittee considered revising the existing mandatory procurement provisions to allow for competitive bidding over a minimum threshold. Current law requires agencies of the Commonwealth to purchase articles and services produced or manufactured by persons confined in state correctional facilities. Revising this mandatory procurement policy would force VCE to be more competitive in product price, quality and delivery, and state agencies would be given the opportunity to choose the firm that best meets or would best meet their needs. After lengthy discussion concerning the appropriate minimum threshold amount over which goods and services could be competitively procured, the joint subcommittee agreed on \$15,000 to be consistent with other provisions of the Virginia Public Procurement Act.

The joint subcommittee also discussed reduction of the threshold over which VCE must competitively bid for furniture from \$25,000 to \$15,000 to be consistent with the intent and provisions of the Virginia Public Procurement Act and to be in the best interest of agencies, institutions, Virginia businesses, and the public.

B. RECOMMENDATIONS

The joint subcommittee recommended that legislation be introduced to create the Virginia Correctional Enterprises Advisory Board which would have the responsibility to (i) review new products and services manufactured or produced by VCE; (ii) review the pricing structure of products and services manufactured or produced by VCE; (iii) evaluate the level and quality of products and customer services offered by VCE and make recommendations on such quality and services; and (iv) advise the Director of the Department of General Services on business trends, product development, contract opportunities, and other related matters.

The joint subcommittee also recommended that legislation be introduced that would provide that mandatory procurement by any department, institution or agency of the Commonwealth for goods and services produced or manufactured by persons confined in state correctional facilities apply only to the extent that the contract requirements of such departments or agencies for such goods and services are not expected to exceed \$15,000.

C. CONTINUATION OF THE STUDY

The joint subcommittee discussed the merits of continuing their study for an additional year to evaluate the operation of VCE and related issues. By consensus, however, it was recommended that the study be continued only in the event that the joint subcommittee's legislative recommendation creating the Virginia Correctional Enterprises Advisory Board failed to be enacted. The rationale being that the advisory board's mission duplicated that of the joint subcommittee in overseeing the operation of VCE. It was the feeling of the joint subcommittee that once a permanent advisory board was created, their charge would be fulfilled.

III. CONCLUSION

The joint subcommittee believes that the intent and policies of the Virginia Public Procurement Act must be administered in a fair, impartial, and cost-effective manner to protect the taxpayer's investment.

The members of the joint subcommittee received materials and heard testimony from a vast number of groups and individuals, and the process educated all. The joint subcommittee would like to express its gratitude to all participants for their work and dedication.

Respectfully submitted,

Joan H. Munford, *CHAIRMAN*
Madison E. Marye, *VICE CHAIRMAN*
George W. Grayson
Harry R. Purkey
Mitchell Van Yahres
Harry R. Purkey
Robert E. Russell, Sr.
Walter A. Stosch
Ann N. Anderson
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IV. APPENDICES

- APPENDIX A: HOUSE JOINT RESOLUTION NO. 695 (1993)**
- APPENDIX B: HOUSE JOINT RESOLUTION NO. 694 (1993)**
- APPENDIX C: REPORT OF THE PROCUREMENT ADVISORY GROUP**
- APPENDIX D: PROPOSED LEGISLATION**

APPENDIX A

HOUSE JOINT RESOLUTION NO. 695 (1993)

HOUSE JOINT RESOLUTION NO. 695

Continuing the Joint Subcommittee Studying the Virginia Public Procurement Act and the Regulations Adopted by the Department of General Services, Division of Purchases and Supply, for Procurement.

Agreed to by the House of Delegates, February 9, 1993

Agreed to by the Senate, February 16, 1993

WHEREAS, House Joint Resolution No. 106, adopted by the 1992 Session of the General Assembly, established a joint subcommittee to study the Virginia Public Procurement Act and the regulations adopted by the Department of General Services, Division of Purchases and Supply; and

WHEREAS, by Chapter 647 of the 1982 Acts of Assembly, the General Assembly created the Virginia Public Procurement Act (VPPA) in Chapter 7 of Title 11 of the Code of Virginia; and

WHEREAS, the purpose of the Virginia Public Procurement Act is to enunciate the public policies pertaining to governmental procurement from nongovernmental sources; and

WHEREAS, it was the intent of the General Assembly in approving the Act that public bodies in the Commonwealth would obtain high quality goods and services at reasonable cost, that all procurement procedures would be conducted in a fair and impartial manner, and that all qualified vendors would have access to public business; and

WHEREAS, in this time of budget constraints, all public bodies must be free to purchase goods and services of the best quality at the lowest price; and

WHEREAS, certain provisions of the Virginia Public Procurement Act may adversely affect purchasers, vendors and the general public, since public bodies are forced to accept goods which are inferior in quality or higher in price than those which they could have obtained had it not been for the Act; and

WHEREAS, certain other provisions of the Virginia Public Procurement Act require the Division of Purchases and Supply to exempt from the competitive process materials, supplies, services and equipment produced by schools or workshops under the supervision of the Virginia Department for the Visually Handicapped or by inmates confined in state correctional institutions; and

WHEREAS, other nonprofit organizations are seeking similar exemption; and

WHEREAS, the joint subcommittee desires to further consider concerns and recommendations of other nonprofit organizations seeking similar exemption; and

WHEREAS, the joint subcommittee is currently reviewing a number of options which will provide for more effective governmental procurement; and

WHEREAS, issues such as disposal of surplus property and exemptions from the competitive process for materials, supplies and services produced or provided by certain entities need further attention by the joint subcommittee; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying the Virginia Public Procurement Act and the Regulations Adopted by the Department of General Services, Division of Purchases and Supply, for Procurement be continued. As part of its continued study, the joint subcommittee shall address disposal of surplus property by governmental entities and exemptions from the competitive process for goods and services provided by institutions such as sheltered workshops and correctional facilities. Another issue to be addressed by the joint subcommittee shall be the results of allowing such exemptions, including whether Virginia Correctional Enterprises actually produces skilled employees for the business community. The joint subcommittee shall specifically consider concerns and issues relating to community rehabilitation programs (e.g., sheltered workshops) seeking similar exemption. The membership of the joint subcommittee shall remain the same; any vacancies shall be filled in the manner as directed in the original resolution.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

The indirect costs of this study are estimated to be \$12,070; the direct costs of this study shall not exceed \$8,640.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

APPENDIX B

HOUSE JOINT RESOLUTION NO. 694 (1993)

GENERAL ASSEMBLY OF VIRGINIA--1993 SESSION

HOUSE JOINT RESOLUTION NO. 694

Requesting the Division of Purchases and Supply of the Department of General Services to develop and organize an advisory group to evaluate the services and operation of Virginia Correctional Enterprises.

Agreed to by the House of Delegates, February 5, 1993

Agreed to by the Senate, February 16, 1993

WHEREAS, Virginia Correctional Enterprises (VCE), a division of the Virginia Department of Corrections, has been in operation for 58 years; and

WHEREAS, § 53.1-41 of the Code of Virginia provides that it shall be the duty of the Director of the Department of Corrections to provide inmates with opportunities to work; and

WHEREAS, VCE was established to address this mandate; and

WHEREAS, VCE's facilities are currently geographically dispersed throughout the Commonwealth at 12 different sites and provide in excess of 600 products and services, including wood and metal furniture, signs, tags and plates, seating, systems furniture, clothing and footwear; and

WHEREAS, VCE also provides services such as printing, silkscreening, data entry, meat processing and laundry; and

WHEREAS, in fiscal year 1992, VCE had sales of \$20.6 million and employed 1,417 inmates; and

WHEREAS, the Joint Subcommittee Studying the Virginia Public Procurement Act, established in 1992 pursuant to HJR 106, has spent a great deal of time receiving testimony from users of VCE products and services as well as from VCE; and

WHEREAS, its deliberations have led the joint subcommittee to conclude that further in-depth study of VCE is needed, and that the Division of Purchases and Supply of the Department of General Services is the appropriate entity to assist in further review and evaluation of VCE; now, therefore, be it

RESOLVED by the House of Delegates; the Senate concurring, That the Division of Purchases and Supply of the Department of General Services is requested to organize and develop, in conjunction with the Joint Subcommittee Studying the Virginia Public Procurement Act, an advisory group to evaluate and make recommendations concerning the services, operation, and performance of Virginia Correctional Enterprises. The membership of the group shall be determined by the joint subcommittee, in conjunction with DPS. The advisory group's review shall include evaluation of the planning, budgeting, staffing, procurement, policy development and service functions of the VCE.

The advisory group shall complete its work prior to November 1, 1993, and the Division of Purchases and Supply shall submit the group's recommendations, if any, to the Joint Subcommittee Studying the Virginia Public Procurement Act prior to December 1, 1993, and to the Governor and the 1994 Session of the General Assembly in accordance with the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

APPENDIX C

REPORT OF THE PROCUREMENT ADVISORY GROUP



COMMONWEALTH of VIRGINIA

DEPARTMENT OF GENERAL SERVICES

DIVISION OF PURCHASES AND SUPPLY

September 13, 1993

805 EAST BROAD STREET
POST OFFICE BOX 1199
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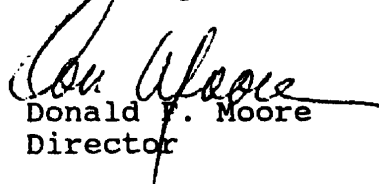
The Honorable Joan H. Munford
Member, House of Delegates
205 East Eakin Street
Blacksburg, VA 24060

Dear Delegate Munford:

I am pleased to submit the report of the Advisory Committee established by HJR 694. It addresses the issues and makes recommendations relating to VCE products, quality, pricing and operations. Finally, it proposes a permanent advisory board or committee whose function will be to enhance the viability of VCE and improve customer satisfaction.

The report was reviewed with the full Procurement Advisory Committee on September 13, 1993. Changes were agreed to and the report unanimously presented. The individuals whose names appear in the report gave generously of their time and experience during the work of this advisory committee. It is my opinion that the recommendations submitted reflect their personal interest and desire to help VCE in constructive ways.

Sincerely,


Donald F. Moore
Director

DFM:so
Enclosure

c: Procurement Advisory Committee Members
Maria J. K. Everett

REPORT ON HJR 694

FORWARD

Sources for the report included:

- Responses from 72 Commonwealth agencies and institutions which addressed product quality, prices, delivery and customer service.
- Responses from 30 states in regard to mandated use by their state agencies, product pricing, and reason under which an exception from Prison Industries (PI) could be granted. Predominantly PI was a mandated source whose products and/or services must be competitive with the private sector or meet fair market price.
- Manufacturer visits and discussions with VCE staff involved in the production, sales, and customer service by the Product Advisory Subcommittees.
- Manufacturing site visits to 3 private industry furniture manufacturing plants.

GENERAL OBSERVATIONS - Furniture & Related Products Subcommittee

The subcommittee studying furniture and accessory items visited the following furniture manufacturing plants:

- American of Martinsville - wooden dormitory furniture.
- Buckingham Correctional - metal files and office furniture.
- Greenville Correctional Center - wooden furniture assembly and finishing plants.

The subcommittee members were able to observe the production of wooden furniture in the private sector from the receipt of raw materials through the completion of the finished product. The Corrections' plants visited for wooden furniture in contrast received pre-cut (milled) parts from other Correction's locations or private vendor sources and assembled the product then sent the product to the finishing plant for processing.

The metal products plant received raw materials and went through the complete manufacturing and finishing process at one location. The subcommittee also visited Virginia Tech to review some of the problems they had experienced in using VCE products and services.

During the course of our visits, the committee was able to observe some of the quality issues that have been raised with the end

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users. For example, the subcommittee observed a trestle table which had collapsed while in use at a Virginia Tech dormitory. The materials appeared to be sound. However, the screws that connected the trestle leg to the top were inappropriate for the size and weight of the table. We also observed a dormitory dresser that the drawer front had pulled away. The wood materials from which this piece had been constructed were comparable to those manufactured by American of Martinsville. The main difference was that the dresser drawers on the American of Martinsville pieces had been fully glued at the dovetailing whereas the VCE pieces had not.

Repeatedly, observations led to the conclusion that parts which went into the products were typically of an acceptable grade. The drawback seems to be in the quality control of the products being assembled. The inmates seem to be capable of performing their jobs as directed by the VCE staff. However, the inconsistency in the quality of the products indicates that the quality control performed by supervisory staff is inadequate. For example, at the tour of Buckingham Correctional's metal operation, we were told that only one in every 25 metal pieces were inspected during the assembly phase. In contrast, American of Martinsville had implemented a quality assurance process where each employee is held accountable for the quality of the piece as it was assembled at their step of the manufacturing process.

In regard to customer service, there appears to be a lack of structure to the process by which orders are entered and tracked through the manufacturing process. In the letters solicited from the user agencies, it was repeatedly mentioned that the agencies could never obtain accurate information on the status of their orders. Consequently, the agencies experienced a great deal of downtime waiting for furnishings to be delivered to areas that had been prepared to receive new furnishings. To add to the complications, orders were often sent incomplete resulting in additional lost time waiting for critical parts to complete orders.

Another concern raised was the process by which releases from using VCE furniture are obtained. The committee was advised by VCE that VCE had the authority to review all furniture orders and at their discretion decide which products could be released. In contrast one subcommittee member Mr. Deadmore (recently retired as State Procurement Manager, DPS) understood that releases could be obtained when the product or service required was not offered in VCE's catalog or price list. It appears from the information received by the committee that there is a great disparity in the interpretations of release criteria and that in some cases the authority to grant releases had been abused. Virginia Tech

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experienced a situation where they could not receive a release for a major reupholstery project. VCE chose not to provide a release because they felt that they were capable of doing reupholstery work even though they do not offer reupholstery as part of their services. What ensued was a series of mishaps that resulted in Virginia Tech receiving furniture with the upholstery turned inside out and the piping on the edges being done in two different colors. Virginia Tech in their attempts to remedy the situation have been advised that VCE does not provide reupholstery services.

The subcommittee acknowledges that the elements are in place to make VCE's furniture operation a viable venture. To accomplish its objectives, VCE needs to parallel itself to the private furniture industry and adhere to the standards of quality, fair price, and customer service.

GENERAL OBSERVATIONS - CORPRINT Products Subcommittee

CORPRINT, VCE's printing operation, is located at the Powhatan Correctional facility. Use of CORPRINT is mandatory per the Code of Virginia, section 53.1-47. A minimum of 30 days lead time is required from receipt of a purchase order to delivery.

As outlined in the Commonwealth of Virginia's Agency Manual, CORPRINT is capable of printing:

- Flat Forms.
- Up to five part NCR-type forms (excluding snap-a-part or continuous).
- Padded Forms.
- Envelopes, regular and window including long kraft envelopes.
- One color booklets up to 9" x 12".
- One color brochures with not more than two folds.

CORPRINT's annual sales for fiscal year 1992-93 totaled \$1,106,059. Forty nine percent of the annual sales resulted from the Division of Purchases and Supply contract for letterhead and envelopes (\$541,967.31).

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On July 17, 1993, the subcommittee toured CORPRINT and conducted on-site interviews of CORPRINT managers to learn more about CORPRINT operations. Managers interviewed were George Hesser, Marketing Manager; Mark Garafalo, Foreman; and David Addington, Production Manager.

STAFF - CORPRINT employs 27 inmates and five civilians including print shop managers and a full time guard. This does not include sales staff.

The foreman and print shop managers conduct on the job training for new workers. The Department of Correctional Education has plans to develop a print shop training facility at Powhatan, but due to funding shortage, has had to delay the project indefinitely.

The on-site foreman is responsible for quality control.

CORPRINT sales staff is part of Virginia Correctional Enterprises. The sales staff is trained to understand the general operations and capabilities of CORPRINT. They also attend monthly meetings where they receive updates. Otherwise, the sales staff has limited knowledge of the capacity at which the facility is operating. This lack of knowledge of production time can present problems when filling end-user orders.

Customer service is handled by one employee located in Richmond.

PROCUREMENT - Procurement is managed on site, and all orders are processed by VCE's purchasing department located in Richmond.

POLICY DEVELOPMENT AND CUSTOMER SERVICE - CORPRINT indicated that there are no formal policies and procedures for operations, training, and customer service. For example, in the case of a lockdown, customers are not notified that orders in process will be delayed.

CORPRINT keeps a 30 day supply of paper on site for all printing needs. Additionally, CORPRINT has developed a stocking program which will be implemented in November. This program will involve stocking printing overruns of letterhead and envelopes on site. This should improve delivery times for customers who are purchasing items from the DPS letterhead and envelopes contract, thus improving CORPRINT's customer service record. During the tour, the subcommittee learned that CORPRINT has just completed computerization for order input and processing. This should also help improve the customer service.

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Last year approximately 23 vendor complaints were filed with DPS. Ten of these involved late delivery of DPS letterhead and envelopes contract. The remainder of the complaints were quality control from non-contract jobs.

PRICING - CORPRINT's method for pricing is different from private industry's pricing formula.

Private industry formula is: paper and materials + 20% + administrative costs based on an hourly rate + actual freight costs = total cost.

The CORPRINT pricing formula is complicated. After computing basic labor rates (which include overhead markup) and cost of materials, CORPRINT adds an additional 30% for packaging, shipping, and administrative costs. A 20% markup for profit is then added to the total price. Obviously, this inflates the price of the job.

PLANNING - During the subcommittee's tour, we discussed CORPRINT's business plan and possibilities for expansion. The projected sales for fiscal year 1993-94 is \$1.5 million. This represents an approximate increase of \$400,000. The projected growth in sales is to come from new agencies' purchases and increased sales of forms. This growth would still not place CORPRINT at maximum capacity. To reach maximum capacity CORPRINT would have to increase sales by almost \$500,000.

The subcommittees believe the following recommendations will substantially improve VCE operations and, as a result, so will customer satisfaction.

RECOMMENDATIONS ADDRESSING OPERATIONS

- VCE should have to competitively bid on agency/institution requirements for furniture and related products that exceed \$25,000. (Competitive bidding above \$5,000 also recommended by CORPRINT subcommittee.)
- Establish an independent review process based on established criteria (to be determined) to resolve conflicts between agencies and VCE regarding release from VCE.
- Customer service personnel must make increased efforts to ensure that information provided to customers is timely, accurate, and reliable. (Also recommended by CORPRINT subcommittee.)

**Procurement Advisory Committee
Report on HJR 694**

- Account representatives must become better informed on products, services, and customer order status and provide consistently accurate information. (Also recommended by CORPRINT subcommittee.)
- VCE should consistently apply costs of operations, including buildings, equipment, and personnel, to all manufacturing operations. (Also recommended by CORPRINT subcommittee.)
- VCE should study distribution system for the purpose of increasing handling and delivery efficiencies by permitting direct shipment of product from manufacturing location instead of through central warehouse.
- In cooperation with Division of Purchases and Supply, determine agency/institution printing needs to refine the business plan that maximizes capacity in CORPRINT's areas of expertise.
- DPS and VCE should review process required by the Virginia Public Procurement Act in order to improve raw material acquisition time.

RECOMMENDATIONS ADDRESSING PRODUCTS

- VCE should broaden opportunities to manufacture and to sell labor intensive parts to private industry for profit.
- Furniture product lines should be limited to the current catalog and price list. (Also recommended by CORPRINT subcommittee re printing.)
- VCE should reduce the number of industries they are involved in and focus only on products that can consistently meet established standards, quality, timely delivery, at a competitive price.
- Product prices must correspond to quality standards.

RECOMMENDATIONS ADDRESSING QUALITY

- Establish a quality evaluation and testing procedure for office furniture that coincides with private industry standards.

**Procurement Advisory Committee
Report on HJR 694**

- Test products that are potentially a safety hazard by UL and BIFMA standards; e.g., Trestle Tables (racking), Systems Furniture (electrical, fire safety, etc.).
- Assign quality control responsibilities to individual(s) trained in the manufacture of institutional furniture at various quality levels. (Quality control was also a concern of the CORPRINT subcommittee.)

IMPLEMENTING RECOMMENDATION

The identification and investigation of the concerns expressed by a number of major VCE customers culminated in the recommendations outlined in preceding pages. They lead the Procurement Advisory Committee to conclude that some form of oversight is necessary to ensure that the interests of VCE and their customers are equitably maintained. Therefore, it is recommended that,

- A VCE advisory committee be established to annually review and approve new products and/or services, establish a fair market price for all approved products and/or services and to evaluate the level and quality of products and customer services.

CHAIR, PROCUREMENT ADVISORY COMMITTEE

- Mr. Donald F. Moore

SUBCOMMITTEES:

- CORPRINT PRODUCTS
Ms. Cindy Sager
Mr. Marvin Dodson
Mr. David Greiner
Mr. Sam Kornblau
- FURNITURE & RELATED PRODUCTS
Mr. Thomas M. Deadmore
Mr. George H. Cook
Ms. J. Kim Schoenadel
Ms. Pamela A. Winfrey

APPENDIX D
PROPOSED LEGISLATION

1994 SESSION

SENATE BILL NO. 198

Offered January 21, 1994

A BILL to amend and reenact §§ 2.1-453 and 53.1-47 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 11-45.1, relating to mandatory procurement from inmates in state correctional facilities.

Patrons—Marye, Russell and Stosch; Delegates: Grayson, Purkey and Van Yahres

Referred to the Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-453 and 53.1-47 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 11-45.1 as follows:

§ 2.1-453. Purchase of articles and services produced by persons confined in state correctional facilities.

The provisions of this article shall be subject to the provisions of Title 53.1 relating to the ~~products~~ *articles* and services of the ~~penitentiary and state farms~~ *produced or manufactured by persons confined in state correctional facilities* required by state departments, institutions, and agencies, and the purchase of the same through this Division.

§ 11-45.1. *Purchase of articles and services produced by persons confined in state correctional facilities.*

The provisions of this chapter shall be subject to the provisions of Title 53.1 relating to the purchase of articles and services produced or manufactured by persons confined in state correctional facilities .

§ 53.1-47. Purchases by agencies, localities and certain nonprofit organizations; limitation.

A. Articles and services produced or manufactured by persons confined in state correctional facilities:

1. Shall be purchased by all departments, institutions and agencies of the Commonwealth which are supported in whole or in part with funds from the state treasury for their use or the use of persons whom they assist financially. Except as provided in *subsection B of this section and § 53.1-48*, no such articles or services shall be purchased by any department, institution or agency of the Commonwealth from any other source; and

2. May be purchased by any county, district of any county, city or town and by any nonprofit organization, including volunteer lifesaving or first aid crews, rescue squads, fire departments, sheltered workshops and community service organizations.

B. The provisions of subdivision 1 of subsection A shall apply only to the extent that the contract requirements of any department, institution or agency of the Commonwealth for articles and services produced or manufactured by persons confined in state correctional facilities are not expected to exceed \$15,000.

2. That the provisions of this act shall not affect current and future competitively procured state contracts.

1994 SESSION

SENATE BILL NO. 191

Offered January 21, 1994

A BILL to amend and reenact §§ 2.1-1.6, 9-6.23 as it is currently effective and as it will become effective July 1, 1995, 9-6.25:1, and 53.1-10 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 2.1-451.1, 2.1-451.2, 2.1-451.3, and 2.1-451.4, relating to creation of the Virginia Correctional Enterprises Advisory Board.

Patrons—Marye, Russell and Stosch; Delegates: Grayson, Purkey and Van Yahres

Referred to the Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.1-1.6, 9-6.23 as it is currently effective and as it will become effective July 1, 1995, 9-6.25:1, and 53.1-10 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 2.1-451.1, 2.1-451.2, 2.1-451.3, and 2.1-451.4 as follows:

§ 2.1-1.6. State boards.

A. There shall be, in addition to such others as may be established by law, the following permanent collegial bodies affiliated with a state agency within the executive branch:

Accountancy, Board for
Aging, Advisory Board on the
Agriculture and Consumer Services, Board of
Air Pollution, State Advisory Board on
Alcoholic Beverage Control Board, Virginia
Apple Board, Virginia State
Appomattox State Scenic River Advisory Board
Aquaculture Advisory Board
Architects, Professional Engineers, Land Surveyors and Landscape Architects, State Board for
Art and Architectural Review Board
Athletic Board, Virginia
Auctioneers Board
Audiology and Speech-Language Pathology, Board of
Aviation Board, Virginia
Barbers, Board for
Branch Pilots, Board for
Bright Flue-Cured Tobacco Board, Virginia
Building Code Technical Review Board, State
Catoclin Creek State Scenic River Advisory Board
Cattle Industry Board, Virginia
Cave Board
Certified Seed Board, State
Chesapeake Bay Local Assistance Board
Chickahominy State Scenic River Advisory Board
Child Abuse and Neglect, Advisory Board on
Chippokes Plantation Farm Foundation, Board of Trustees
Clinch Scenic River Advisory Board
Coal Research and Development Advisory Board, Virginia
Coal Surface Mining Reclamation Fund Advisory Board
Conservation and Development of Public Beaches, Board on
Conservation and Recreation, Board of
Contractors, Board for

Corn Board, Virginia
Correctional Education, Board of
Corrections, State Board of
Cosmetology, Board for
Criminal Justice Services Board
Dark-Fired Tobacco Board, Virginia
Deaf and Hard-of-Hearing, Advisory Board for the Department for the
Dentistry, Board of
Education, State Board of
Egg Board, Virginia
Emergency Medical Services Advisory Board
Employment Agency Advisory Board
Farmers Market Board, Virginia
Film Office Advisory Board
Fire Services Board, Virginia
Forensic Science Advisory Board
Forestry, Board of
Funeral Directors and Embalmers, Board of
Game and Inland Fisheries, Board of
Geology, Board for
Goose Creek Scenic River Advisory Board
Health Planning Board, Virginia
Health Professions, Board of
Health, State Board of
Hearing Aid Specialists, Board for
Hemophilia Advisory Board
Historic Resources, Board of
Housing and Community Development, Board of
Industrial Development Services Advisory Board
Insurance Advisory Board, State
Irish Potato Board, Virginia
Laboratory Services Advisory Board
Marine Products Board, Virginia
Medical Advisory Board, Department of Motor Vehicles
Medical Board of the Virginia Retirement System
Medicare and Medicaid, Advisory Board on
Medicine, Board of
Mental Health, Mental Retardation and Substance Abuse Services Board, State
Migrant and Seasonal Farmworkers Board
Military Affairs, Board of
Mines, Minerals and Energy, Board of Examiners in the Department of
Minority Business Enterprise, Interdepartmental Board of the Department of
Motor Vehicle Dealers' Advisory Board
Networking Users Advisory Board, State
Nottoway State Scenic River Advisory Board
Nursing, Board of
Nursing Home Administrators, Board of
Occupational Therapy, Advisory Board on
Oil and Gas Conservation Board, Virginia
Opticians, Board for
Optometry, Board of
Peanut Board, Virginia
Personnel Advisory Board
Pesticide Control Board.

Pharmacy, Board of
(Delayed effective date - See Editor's note) Physical Fitness and Sports, Virginia Board
on

Physical Therapy to the Board of Medicine, Advisory Board on
Plant Pollination Advisory Board
Polygraph Examiners Advisory Board
Pork Industry Board, Virginia
Poultry Products Board, Virginia
Private College Advisory Board
Private Security Services Advisory Board
Professional and Occupational Regulation, Board for
Professional Counselors, Board of
Professional Soil Scientists, Board for
Psychiatric Advisory Board
Psychology, Board of
Public Buildings Board, Virginia
Public Telecommunications Board, Virginia
Radiation Advisory Board
Real Estate Appraiser Board
Real Estate Board
Reciprocity Board, Department of Motor Vehicles
Recreational Fishing Advisory Board, Virginia
Recreation Specialists, Board of
Reforestation Board
Rehabilitative Services, Board of
Respiratory Therapy, Advisory Board on
Retirement System Review Board
Rockfish State Scenic River Advisory Board
Safety and Health Codes Board
Seed Potato Board
Sewage Handling and Disposal Appeal Review Board, State Health Department
Shenandoah State Scenic River Advisory Board
Small Business Advisory Board
Small Business Environmental Compliance Advisory Board
Small Grains Board, Virginia
Social Services, Board of
Social Work, Board of
Soil and Water Conservation Board, Virginia
Soybean Board, Virginia
State Air Pollution Control Board
Substance Abuse Certification Board
Surface Mining Review, Board of
Sweet Potato Board, Virginia
Teacher Education and Licensure, Advisory Board on
Tourism and Travel Services Advisory Board
Toxic Substances Advisory Board
Transportation Board, Commonwealth
Transportation Safety, Board of
Treasury Board, The, Department of the Treasury
Veterans' Affairs, Board on
Veterinary Medicine, Board of
Virginia Board for Asbestos Licensing
Virginia Correctional Enterprises Advisory Board
Virginia Employment Commission, State Advisory Board for the

(Delayed effective date - See Editor's note) Virginia Horse Industry Board
Virginia Manufactured Housing Board
Virginia Mine Safety Board
Virginia Retirement System, Board of Trustees
Virginia Waste Management Board
Visually Handicapped, Virginia Board for the
Voluntary Formulary Board, Virginia
War Memorial Foundation, Virginia, Board of Trustees
Waste Management Facility Operators, Board for
Water Resources Research Center Statewide Advisory Board, Virginia
Waterworks and Wastewater Works Operators, Board for
Well Review Board, Virginia
Youth and Family Services, State Board of.

B. Notwithstanding the definition for "board" as provided in § 2.1-1.2, the following entities shall be referred to as boards:

Compensation Board
State Board of Elections
State Water Control Board
Virginia Parole Board
Virginia Veterans Care Center Board of Trustees.

§ 2.1-451.1. Creation of Virginia Correctional Enterprises Advisory Board; purposes.

There is hereby created the Virginia Correctional Enterprises Advisory Board, hereinafter referred to as the Board. The purposes of the Board shall be to (i) review new products and services manufactured or produced by Virginia Correctional Enterprises; (ii) recommend the establishment of competitive prices for all such products and services; (iii) evaluate the level and quality of products and customer services offered by Virginia Correctional Enterprises, and make recommendations on such quality and services; and (iv) advise the Director of the Department of General Services on business trends, product development, contract opportunities, and other related matters.

§ 2.1-451.2. Appointment of Board; term of members; chairman; compensation; meetings; quorum.

The Virginia Correctional Enterprises Advisory Board shall be composed of fifteen members selected as follows: (i) eight members, appointed by the Governor, two of whom shall be representatives of institutions of higher education; two of whom shall be representatives of state agencies; two of whom shall be representatives of the private business sector; one of whom shall be a representative of the Virginia Industries for the Blind; and one of whom shall be a representative of nonprofit sheltered workshops; (ii) two members of the Senate appointed by the Senate Committee on Privileges and Elections; (iii) three members of the House of Delegates appointed by the Speaker of the House of Delegates; (iv) the Director of the Department of General Services or his designee; and (v) the Director of the Department of Corrections or his designee.

Legislative members and the Director of the Department of General Services and the Director of the Department of Corrections shall serve on the Board until the expiration of their terms of office or until their successors shall qualify. All other members shall serve four-year terms. Vacancies shall be filled for the unexpired terms.

The Board shall elect its chairman and vice-chairman from among its members, except that the Director of the Department of Corrections shall not be elected or otherwise appointed to serve as chairman of the Board. Members of the Board shall receive no compensation for their services as members of the Board, but the nongovernmental members shall receive reasonable expenses.

The Board shall meet at least quarterly and at the call of the chairman or the Director of the Department of General Services. Eight members of the Board shall constitute a quorum.

§ 2.1-451.3. Cooperation with other agencies.

All agencies of the Commonwealth shall cooperate with the Board and, upon request, assist the Board in the performance of its duties and responsibilities.

§ 2.1-451.4. Staff support.

Such staff support as is necessary for the conduct of the Board's business shall be furnished by Virginia Correctional Enterprises.

§ 9-6.23. (Effective until July 1, 1995) Prohibition against service by legislators on boards and commissions within the executive branch.

Members of the General Assembly shall be ineligible to serve on boards and commissions within the executive branch which are responsible for administering programs established by the General Assembly. Such prohibition shall not extend to boards and commissions engaged solely in policy studies or commemorative activities. If any law directs the appointment of any member of the General Assembly to a board or commission in the executive branch which is responsible for administering programs established by the General Assembly, such portion of such law shall be void, and the Governor shall appoint another person from the Commonwealth at large to fill such a position. The provisions of this section shall not apply, however, to members of the Board for Branch Pilots, who shall be appointed as provided for in § 54.1-901; to members of the Board on Veterans' Affairs, who shall be appointed as provided for in § 2.1-741; to members of the Council on Indians, who shall be appointed as provided for in § 9-138.1; to members of the Board of Trustees of the Southwest Virginia Higher Education Center, who shall be appointed as provided in § 23-231.3; to members of the Maternal and Child Health Council, who shall be appointed as provided for in § 9-318; to members of the Virginia Interagency Coordinating Council who shall be appointed as provided in § 2.1-750; to members of the Advisory Council on the Virginia Business-Education Partnership Program, who shall be appointed as provided in § 9-326; ~~or~~ to members of the Workforce 2000 Advocacy Council, who shall be appointed as provided in § 2.1-116.18; *or to members of the Virginia Correctional Enterprises Advisory Board, who shall be appointed as provided in § 2.1-451.2.*

§ 9-6.23. (Effective July 1, 1995) Prohibition against service by legislators on boards and commissions within the executive branch.

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§ 9-6.25:1. Advisory boards, commissions and councils. — There shall be, in addition to such others as may be designated in accordance with § 9-6.25, the following advisory boards, commissions and councils within the executive branch:

- Advisory Board for the Department for the Deaf and Hard-of-Hearing
- Advisory Board for the Department for the Aging
- Advisory Board on Child Abuse and Neglect

Advisory Board on Medicare and Medicaid
 Advisory Board on Occupational Therapy
 Advisory Board on Physical Therapy to the Board of Medicine
 Advisory Board on Respiratory Therapy to the Board of Medicine
 Advisory Board on Teacher Education and Licensure
 Advisory Council on Revenue Estimates
 Advisory Council on the Virginia Business-Education Partnership Program
 Appomattox State Scenic River Advisory Board
 Aquaculture Advisory Board
 Art and Architectural Review Board
 (Effective until July 1, 1994) Board for the Visually Handicapped
 Board of Directors, Virginia Truck and Ornamentals Research Station
 Board of Forestry
 Board of Military Affairs
 (Effective until July 1, 1994) Board of Rehabilitative Services
 Board of Transportation Safety
 Board of Trustees of the Family and Children's Trust Fund
 Board of Visitors, Gunston Hall Plantation
 Board on Veterans' Affairs
 Catoctin Creek State Scenic River Advisory Board
 Cave Board
 Chickahominy State Scenic River Advisory Board
 Clinch Scenic River Advisory Board
 Coal Surface Mining Reclamation Fund Advisory Board
 Council on Indians
 Council on the Status of Women
 Emergency Medical Services Advisory Board
 Falls of the James Committee
 Film Office Advisory Board
 Forensic Science Advisory Board
 Goose Creek Scenic River Advisory Board
 Governor's Council on Alcohol and Drug Abuse Problems
 Governor's Mined Land Reclamation Advisory Committee
 Hemophilia Advisory Board
 Human Services Information and Referral Advisory Council
 Industrial Development Services Advisory Board
 Interagency Coordinating Council on Housing for the Disabled
 Interdepartmental Board of the State Department of Minority Business Enterprise
 Laboratory Services Advisory Board
 Local Advisory Board to the Blue Ridge Community College
 Local Advisory Board to the Central Virginia Community College
 Local Advisory Board to the Dabney S. Lancaster Community College
 Local Advisory Board to the Danville Community College
 Local Advisory Board to the Eastern Shore Community College
 Local Advisory Board to the Germanna Community College
 Local Advisory Board to the J. Sargeant Reynolds Community College
 Local Advisory Board to the John Tyler Community College
 Local Advisory Board to the Lord Fairfax Community College
 Local Advisory Board to the Mountain Empire Community College
 Local Advisory Board to the New River Community College
 Local Advisory Board to the Northern Virginia Community College
 Local Advisory Board to the Patrick Henry Community College
 Local Advisory Board to the Paul D. Camp Community College
 Local Advisory Board to the Piedmont Virginia Community College

Local Advisory Board to the Rappahannock Community College
 Local Advisory Board to the Southwest Virginia Community College
 Local Advisory Board to the Thomas Nelson Community College
 Local Advisory Board to the Tidewater Community College
 Local Advisory Board to the Virginia Highlands Community College
 Local Advisory Board to the Virginia Western Community College
 Local Advisory Board to the Wytheville Community College
 Long-Term Care Council
 Maternal and Child Health Council
 Medical Advisory Board, Department of Motor Vehicles
 Medical Board of the Virginia Retirement System
 Migrant and Seasonal Farmworkers Board
 Motor Vehicle Dealer's Advisory Board
 Nottoway State Scenic River Advisory Board
 Personnel Advisory Board
 Plant Pollination Advisory Board
 Private College Advisory Board
 (Effective July 1, 1994) Private Enterprise Commission
 Private Security Services Advisory Board
 Psychiatric Advisory Board
 Radiation Advisory Board
 Rappahannock Scenic River Advisory Board
 Recreational Fishing Advisory Board, Virginia
 Reforestation Board
 Retirement System Review Board
 Rockfish State Scenic River Advisory Board
 Shenandoah State Scenic River Advisory Board
 Small Business Advisory Board
 Small Business Environmental Compliance Advisory Board
 St. Mary's Scenic River Advisory Committee
 State Advisory Board on Air Pollution
 State Advisory Board for the Virginia Employment Commission
 State Building Code Technical Review Board
 State Council on Local Debt
 State Health Benefits Advisory Council
 State Insurance Advisory Board
 State Land Evaluation Advisory Council
 State Networking Users Advisory Board
 State Public Records Advisory Council
 Staunton Scenic River Advisory Committee
 Telecommunications Relay Service Advisory Board
 Tourism and Travel Services Advisory Board
 Toxic Substances Advisory Board
 Virginia Advisory Commission on Intergovernmental Relations
 Virginia Advisory Council for Adult Education and Literacy
 (For effective date - See Editor's note) Virginia Board on Physical Fitness and Sports
 Virginia Coal Research and Development Advisory Board
 Virginia Commission for the Arts
 Virginia Commission on the Bicentennial of the United States Constitution
Virginia Correctional Enterprises Advisory Board
 Virginia Council on Coordinating Prevention
 Virginia Equal Employment Opportunity Council
 Virginia Interagency Coordinating Council
 Virginia Military Advisory Council

Virginia Mine Safety Board
Virginia Public Buildings Board
Virginia Recycling Markets Development Council
Virginia Transplant Council
Virginia Water Resources Research Center, Statewide Advisory Board
Virginia Winegrowers Advisory Board.

§ 53.1-10. Powers and duties of Director.

The Director shall be the chief executive officer of the Department and shall have the following duties and powers:

1. To supervise and manage the Department and its system of ~~state~~ correctional facilities;

2. To implement the standards and goals of the Board as formulated for local and community correctional programs and facilities and lock-ups;

3. To employ such personnel and develop and implement such programs as may be necessary to carry out the provisions of this title, subject to Chapter 10 (§ 2.1-110 et seq.) of Title 2.1, and within the limits of appropriations made therefor by the General Assembly;

4. To make and enter into all contracts and agreements necessary or incidental to the performance of the Department's duties and the execution of its powers under this title, including, but not limited to, contracts with the United States, other states, and agencies and governmental subdivisions of this Commonwealth, consistent with applicable standards and goals of the Board; ~~and~~

5. To accept, hold and enjoy gifts, donations and bequests on behalf of the Department from the United States government and agencies and instrumentalities thereof, and any other source, subject to the approval of the Governor. To these ends, the Director shall have the power to comply with such conditions and execute such agreements as may be necessary, convenient or desirable, consistent with applicable standards and goals of the Board; *and*

6. *To serve on the Virginia Correctional Enterprises Advisory Board established pursuant to § 2.1-451.2.*