

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3072/2	Introduction Number AB-761
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Subject
 Procurement of foreign services

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOA/ Mary Massey (608) 267-2099	Authorized Signature Martha Kerner (608) 266-1359	Date 2/23/2004
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Fiscal Estimate Narratives

DOA 2/23/2004

LRB Number	03-3072/2	Introduction Number	AB-761	Estimate Type	Original
Subject					
Procurement of foreign services					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires that all contractual services purchased by executive branch agencies be performed within the United States.

The Department of Administration does not track service location for centrally managed contracts nor are agencies required to report this information on agency managed contracts. Nevertheless, the department estimates that the majority of direct services are provided by US based workers. However, there is a growing national trend for large IT and banking organizations to subcontract for call center, programming, and back-office services. For example, the US based banking firm that provides electronic benefit transfer (EBT) services for the Food Stamp program subcontracts its customer services center to a non-US based company. The Department of Health and Family Services is currently reviewing this contract to determine the cost of performing this service in the US.

In general the following types of cost increase would occur as the result of this bill:

1. The lowest bidder may not be awarded the contract.
2. Increased time to review all subcontracts to determine if the work is performed in the US at the time of award and throughout the life of the contract.
3. Time and cost of lengthening the administrative procurement process to assess these factors.

In addition to the above, Wisconsin is currently a signatory to the World Trade Organization Government Procurement Agreement (WTOGPA). Under this agreement preferences in favor of the United States must be eliminated from all contracts over a certain threshold. This is currently set at \$483,000 for goods and services. The provisions of this bill could put the state in violation of this agreement.

The University of Wisconsin has a number of programs where they are part of an international consortium and act as the lead research agency. In this role they routinely procure services from international companies and research institutions. This bill could impact the UW's ability to enter into these agreements.

Long-Range Fiscal Implications

Unknown