



## Fiscal Estimate Narratives

UWS 12/6/2005

LRB Number	<b>05-3306/2</b>	Introduction Number	<b>AB-837</b>	Estimate Type	<b>Original</b>
<b>Description</b> The purchase of chicken, turkey, beef, and pork products by state agencies, school districts, and technical college districts					

### Assumptions Used in Arriving at Fiscal Estimate

The proposed legislation AB 837 adds criteria to the purchase process for chicken, turkey, beef and pork products by state agencies, school districts and technical college districts. Priority will be given to vendors of these products who provide an affidavit to the purchasing office that these products have been produced without the non-therapeutic use of antibiotics if the quality, quantity, availability, and price are similar. With this current language, given the caveat concerning price, the impact of the proposed legislation is minor.

If the wording of this legislation were to change during the legislative process, removing pricing as a criteria, this legislation would be very costly.

The University of Wisconsin self-operates four food service operations at Madison, Milwaukee, Platteville, and Stout. The other nine campus food service operations are contracted operations. The distributors that supply both our self-operated and contracted operations note that the legislation will have little or no impact from a supply side as presently written. However, if a request is made for an organic/drug free products, regardless of price, costs will increase substantially. Here are some examples:

Description	Current Price	Organic/Drug Free Replacement Cost
Chicken qtr	\$0.76-0.78	\$1.43
Inside round	2.00	2.41
Ground beef	1.46	1.95
Center Cut Pork Chop	1.78	2.75
Turkey, process	3.79	4.78
Whole Turkey, bone-in	0.90	2.49

The above prices are industry average. Organic/drug free products are available. As the legislation is presently written, given the pricing caveat, there would be no fiscal impact to the purchase of this product. However, there might be additional purchasing resources required to monitor this requirement.

If the legislation is altered to require organic/drug free products regardless of cost, it is clear that purchase costs would increase 20-50%. It is conservatively estimated that, in this case, the cost to the University for movement to organic/drug free products would be in excess of \$1.6 million per year.

### Long-Range Fiscal Implications