

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4814/1	Introduction Number SB-671
Description Biennial reports concerning state contractual service procurements	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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	
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 UWS/ Leslie Perelman (608) 262-5850	Authorized Signature Freda Harris (608) 263-5679
Date 3/31/2006	

Fiscal Estimate Narratives

UWS 4/3/2006

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Description Biennial reports concerning state contractual service procurements		

Assumptions Used in Arriving at Fiscal Estimate

Currently, the Department of Administration (DOA) must report annually to various entities on contractual service procurements authorized for each state agency during the preceding fiscal year. In addition, state agencies are required to report to DOA if any contractual services performed under a contractual services contract were deemed unsatisfactory, within 60 days after fulfillment of the contractor's obligations under the contract. DOA must then review the evaluations and promulgate rules to assure that, to the extent feasible, future contracts are not awarded to contractors whose performance is found to be unsatisfactory.

This bill provides for each state agency that enters into a contract for contractual services to submit directly to the Joint Legislative Audit Committee a report concerning the contract no later than September 30 following the end of each fiscal biennium during which contractual services were provided to the agency under the contract. If work performed under the contract was formerly provided by state employees, the report must include a statement of the estimated savings accrued to the agency or the increased costs incurred by the agency as a result of contracting for the services. The report must also include an assessment of whether the contractor's performance met, exceeded, or failed to achieve performance standards required under the contract.

The University of Wisconsin System annually enters into approximately 149,000 transactions for services systemwide. If we estimate that approximately 29,000 of these were separate contracts, and if the System is required to complete the reporting requirements for each of these 29,000 separate contracts, then it is anticipated that it will take between one half hour and two hours time, respectively, of a program assistant and a purchasing director to compile and verify the information to be transmitted. At current average salary levels (\$28,000 for a program assistant and \$76,000 for a purchasing director), and assuming a 36% fringe benefit and a 15% overhead rate), this would result in the equivalent of 14 additional FTEs and equal between \$1,100,000 and \$4,500,000 annually. Because of this cost spread, UW System will use an average dollar amount of \$2,800,000 in its fiscal estimate.

On the other hand, if reports were required on all 149,000 then it would increase the costs to between \$5,800,000 and \$23,300,000.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description Biennial reports concerning state contractual service procurements			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$2,800,000		
(FTE Position Changes)	(14.0 FTE)		
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$2,800,000		\$
B. State Costs by Source of Funds			
GPR	2,800,000		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$2,800,000	\$	
NET CHANGE IN REVENUE	\$	\$	
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		Freda Harris (608) 263-5679	
Date			
3/31/2006			