

Fiscal Estimate Narratives

DOA 3/12/2014

LRB Number	13-3454/1	Introduction Number	SB-621	Estimate Type	Original
Description Preferences for minority-owned businesses in state procurement					

Assumptions Used in Arriving at Fiscal Estimate

2013 SB 621 would increase the percentage goal of total expenditures of state funds paid to certified minority businesses from five to seven percent. The new goals would apply to all state procurement activity, including construction contracts, currently subject to preferences in governmental procurement. The state's Minority Business Certification Program certifies minority businesses as eligible for the program. Certified minority-owned businesses qualify for low-bid preference for state contracts/purchases if the bid is no higher than 5% of the lowest qualified responsible bidder for state contracts/purchases; technical and marketing assistance; and to be listed in the state of Wisconsin's Directory of Minority-Owned Businesses circulated to state purchasing agents.

During FY13, 4.8% of all state agency expenditures were made to certified minority businesses. In the event that the state increases its procurement under the categories specified by SB 621, there may be an increase in cost to the state resulting from the purchase of goods/services from minority businesses whose bids exceed the lowest qualified responsible bidder. This amount is not determinable. Because the increase in expenditures of state funds paid to certified minority businesses is not a requirement and no additional resources are provided to implement SB 621, the Department would utilize existing resources to achieve the goals and there would be no administrative fiscal effect to the Department.

Long-Range Fiscal Implications