



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #113

### **Transfer Vacant Positions for Information Technology Procurement (DOA -- Transfers)**

[LFB 2015-17 Budget Summary: Page 37, #10; Page 87, #4;  
Page 248, #6; Page 376, #5; Page 458, #6 and Page 547, #8]

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#### **CURRENT LAW**

Under state statute, the Department of Administration (DOA) is designated as the state's primary purchasing authority for all necessary materials, supplies, equipment, permanent personal property, miscellaneous capital, and contractual services.

#### **GOVERNOR**

Provide \$544,000 PR and 5.0 PR positions annually to the Department's printing, mail, communication, and information technology services to state agencies and veterans services appropriation (modified under the bill to consolidate two information technology appropriations under DOA) to "strengthen information technology and services procurement." Transfer 1.0 vacant position from each of the following departments to DOA and delete associated funding for positions under each agency: (a) Children and Families (-\$85,400 PR annually); (b) Health Services (-\$98,600 PR annually); (c) Natural Resources (-\$100,500 PR annually); (d) Transportation (-\$98,700 SEG annually); and (e) Workforce Development (-\$98,800 PR annually).

#### **DISCUSSION POINTS**

1. Although DOA is the state's primary purchasing authority, the Department is permitted under statute to delegate such authority to special designated agents. Currently, DOA delegates procurement authority to the following state agencies: (a) Children and Families (DCF); (b)

Corrections; (c) Health Services (DHS); (d) Justice; (e) Natural Resources (DNR); (f) Transportation (DOT); (g) Workforce Development (DWD); (h) University of Wisconsin-Madison; and (i) University of Wisconsin System Administration. Delegated agencies employ a designated purchasing agent and staff to implement procurement laws and conduct agency-specific procurement solicitations.

2. The State Bureau of Procurement within DOA manages contracts for products and services commonly purchased across state agencies to ensure lower pricing, standard terms and conditions, and consistent warranties and customer service requirements for purchases. Most statewide procurement contracts, including IT contracts, are mandatory. However, agencies may enter into contracts to meet the specific, unique requirements of an agency's mission or programs, such as specialized IT solutions.

3. According to the administration, the purpose of the IT procurement provision is to enable DOA's Division of Enterprise Technology (DET) to "modify its administrative procedures to require agencies to seek DET input sooner in the procurement process." The positions would determine whether or not "the agencies truly need to procure an IT product, service or solution."

4. The administration indicates that the positions identified in DCF, DHS, DNR, DOT, and DWD were selected based on the agencies having greater IT needs, and more IT procurements to meet those needs, compared to other state agencies. Of the 5.0 positions which were initially identified as vacancies, 4.0 positions were filled as of April 19, 2015 (1.0 PR position identified in DCF was filled for a brief period but was vacated on April 4, 2015). In addition, according to the administration, the positions would serve all state agencies conducting IT procurements.

5. As noted above, the agencies from which positions would be transferred are also delegated purchasing agencies. The delegation of purchasing authority is based on the demonstrated ability of the agency to perform purchasing duties in compliance with the rules and procedures established under state statute, the administrative code, and state policies and procedures under DOA. Delegation may be modified at any time, when deemed appropriate by DOA.

6. Under the standard delegated purchasing agreement with DOA, a delegated purchasing agency assumes responsibility for: (a) bidding of commodities and printing for any dollar amount unless the purchase is covered by a statewide mandatory contract; (b) bidding of contractual services under \$50,000 unless the services would be covered under a statewide mandatory contract; (c) bidding of contractual services over \$50,000 unless covered by a statewide mandatory contract, following the submittal and approval of a procurement plan; (d) issuing requests for proposals of any dollar amount following the submittal and approval of a procurement plan; (e) waiving the bidding process for commodities and contractual services of \$25,000 or less, except printing, motor vehicle purchases, and legal services; (f) administering the purchasing card program and ensuring proper usage controls; (g) bidding and administering any statewide contract that is mutually agreed upon by DOA and the agency; (h) utilizing optional contracts when applicable; and (i) establishing agency-specific policies and procedures for procurements that meet or exceed those contained in the state procurement manual.

7. According to the administration, the positions that would be transferred are needed to

review IT procurements because state agencies engage in "duplicative IT procurements or procurements that only consider a single agency's needs without evaluating the extent to which the needs of multiple agencies could be accomplished under a single IT procurement." However, specific examples were not provided of duplicative IT procurements. In addition, an estimate of the potential cost savings associated with the initiative was not provided.

8. It should be noted that DOA has authority under statute to engage in oversight of agency purchasing and, as noted previously, can modify a purchasing delegation agreement to specify circumstances under which a delegated agency must seek or receive approval from DOA with regard to procurement activities. In addition, no additional statutory authority has been requested under the provision in association with the positions and funding that would be deleted from the transferring agencies and provided to DOA.

9. On May 7, 2015, the Committee acted in executive session to approve the Governor's recommendation to eliminate 12.2 PR positions from DOA's IT services to state agencies appropriation which had been vacant for 12 months or more, and to reduce funding associated with the positions that had not been reduced under the bill.

10. On one hand, the administration argues that 5.0 PR positions and funding of \$544,000 PR annually is needed to implement an IT procurement initiative that would require state agencies, especially larger agencies, to seek input from DOA earlier in the procurement process to reduce duplicative IT purchases. The Committee could, therefore, approve the Governor's recommendation to reduce position authority and funding in the five identified agencies (DCF, DHS, DNR, DOT, and DWD) and provide funding and positions to DOA. [Alternative 1]

11. On the other hand, DOA has the legal authority to implement the initiative. Further, DOA had sufficient position authority and funding for the initiative for more than one year, and for more than twice as many positions as are being sought (12.2 PR positions which were identified as long-term vacancies under DOA's IT services to state agencies appropriation and are eliminated under the bill). In addition, recent data show that 7.0 PR positions in DOA's appropriation for IT services to state agencies that were not deleted under the separate budget provision relating to long-term vacancies have been vacant for 12 months or more. Therefore, the Committee could delete the provision. Under this alternative, DOA would continue to have the statutory authority to implement the initiative independent of legislative action within its existing resources (including 7.0 PR IT positions that have been vacant for 12 months or more). [Alternative 2]

## **ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$544,000 PR and 5.0 PR positions annually to DOA's IT services to state agencies appropriation for IT procurement. Delete 1.0 position annually from each of the following agencies and delete associated funding for positions under each agency: (a) Children and Families (-\$85,400 PR and -1.0 PR position annually); (b) Health Services (-\$98,600 PR and -1.0 PR position annually); (c) Natural Resources (-\$100,500 PR and -1.0 PR position annually); (d) Transportation (-\$98,700 SEG and -1.0 SEG position annually); and (e) Workforce Development (-\$98,800 PR and -1.0 PR position annually).

2. Delete provision.

<b>ALT 2</b>	<b>Change to Bill</b>	
	Funding	Positions
PR	- \$321,400	- 1.00
SEG	<u>197,400</u>	<u>1.00</u>
Total	- \$124,000	0.00

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