



**Fiscal Estimate Narratives**  
**DOA 2/23/2004**

LRB Number	<b>03-3909/1</b>	Introduction Number	<b>SB-389</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Procurement of government services from American workers					

**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