



## Fiscal Estimate Narratives

UWS 3/23/2004

LRB Number	03-4465/1	Introduction Number	SB-555	Estimate Type	Original
<b>Subject</b>					
Performance reviews for state contracting work					

### Assumptions Used in Arriving at Fiscal Estimate

The provisions of SB 555 have the potential of creating a significant workload for the UW System Institutions. The bill would require each agency that enters into a contractual services contract to submit a report to the Joint Legislative Audit Committee no later than September 30 following the end of the fiscal biennium during which the contractual services were provided. If work were 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 services. The report also must include an assessment of whether the contractor's performance met, exceeded or failed to achieve performance standards required under the contract.

The following concerns form the basis of the fiscal estimate:

1. UW System currently does not collect the information that is requested for the report
2. The purchasing of contractual services is done in a decentralized manner due to the size of the UW System. In FY 03 approximately 15,000 purchase orders were issued for these services for the UW System. This represents approximately 25% of all purchase orders issued by UW System.
3. A separate cost analysis would need to be conducted by UW purchasing staff for each of these 15,000 purchase orders to comply with these reporting requirements. This would be a manual process. The cost analysis would take at least one hour per purchase order. Since we estimate there are about 15,000 service purchase orders, this work would require about 15,000 hours of staff time, or the equivalent of 7 FTE working full time on these reports throughout the system.
4. There are no consistent metrics or methodology to measure estimated savings or increased costs.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 03-4465/1		<b>Introduction Number</b> SB-555	
<b>Subject</b>			
Performance reviews for state contracting work			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$295,300	
(FTE Position Changes)		(7.0 FTE)	
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$295,300</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		295,300	
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$295,300	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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