

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2092/2	Introduction Number AB-940
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Description
 Review of certain proposed state contractual service engagements and creation of a contract review board

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input checked="" type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	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
<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	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s.20.240(1)(a)	

Agency/Prepared By DOA/ Mary Massey (608) 267-2099	Authorized Signature Martha Kerner (608) 266-1359	Date 2/16/2006
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Fiscal Estimate Narratives

DOA 2/17/2006

LRB Number	05-2092/2	Introduction Number	AB-940	Estimate Type	Original
Description Review of certain proposed state contractual service engagements and creation of a contract review board					

Assumptions Used in Arriving at Fiscal Estimate

If enacted, this bill would create a 7 member Contract Review Board supported by two staff. Members are entitled to a \$25 per diem for their participation. The Board would be required to review any proposed contractual service procurement that would result in the net reduction of at least 1 full-time equivalent state position. Currently under s.16.705(1) state agencies can contract for services if the work can be performed more economically or efficiently by contract. This bill restricts such procurements to those that can be performed more economically.

Because the bill is restricted to those procurements that would result in state workforce reduction, the number of procurements requiring Board review are expected to be minimal. The department estimates that the Board would need to meet no more than quarterly to meet its obligations under this bill. The maximum estimated cost for per diems would be \$700.

The recently passed provisions under ACT 89, require all contractual services procurements over \$25,000 to be subject to a cost-benefit analysis. The decision to contract for services is based on a combination of total costs as determined in the cost-benefit analysis, quality, technical expertise, and timeliness of the service to be performed. Assuming that few changes will be needed to the format developed to meet the conditions of ACT 89, there should be minimal additional direct cost to the department or state agencies to meet the requirements of this bill. However, restricting the ability to contract for services by removing situations where the work could be done more "effectively" may result in project or service delays if state staff are unavailable or lack qualifications to perform the work. Since each situation will be unique, it is impossible to quantify costs associated with such delays.

The Contract Review Board would be supported by two classified positions appointed by the Board. For purposes of this bill the department assumes the director will be equivalent to an ESG 2 and the support position at the mid-range of the Procurement Specialist classification. Supplies and services costs are based on similar sized boards attached to DOA for administrative support.

Long-Range Fiscal Implications

Unknown

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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Description Review of certain proposed state contractual service engagements and creation of a contract review board			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$10,000 for personal computers, printer, FAX, and office setup costs.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$158,800	
(FTE Position Changes)		(2.0 FTE)	
State Operations - Other Costs		19,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$177,800	\$
B. State Costs by Source of Funds			
GPR		177,800	
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, etc.)			
		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		\$177,800	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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