

Fiscal Estimate Narratives

DOA 5/8/2007

LRB Number	07-2327/1	Introduction Number	AB-0307	Estimate Type	Original
Description State procurement of contractual services					

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.

In general the following types of cost increases 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. The provisions of this bill could put the State in violation of this agreement.

Long-Range Fiscal Implications

Unknown.