

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-3693/1	Introduction Number AB-0954	
Description employee eligibility verification requirements for state and local procurement and construction contracts and providing a penalty		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate		
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease 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"/> Decrease Costs	
Local:		
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
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		
Fund Sources Affected		
<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		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
UWS/ Paige Hoffland (608) 263-3307	Freda Harris (608) 262-2734	4/4/2008

Fiscal Estimate Narratives
UWS 4/4/2008

LRB Number 07-3693/1	Introduction Number AB-0954	Estimate Type Original
Description employee eligibility verification requirements for state and local procurement and construction contracts and providing a penalty		

Assumptions Used in Arriving at Fiscal Estimate

This bill prohibits the purchase of materials or services or the contracting of construction work unless the bidder appears on a list maintained by DOA that indicates all of the bidder's employees have been verified to be eligible for employment in the United States. Since the UW System's construction contracting authority over 40K is processed through the DOA, they are best suited to address these costs. Assuming that there is no dollar threshold on purchases, all UW System purchasing transactions will be impacted by this bill. In FY07 the UW System procured goods from over 75,000 vendors. This bill could substantially decrease the number of vendors available to the UW System if a business decides not to become certified. If competition is reduced it is likely costs will increase, however these costs cannot be estimated. Administrative costs will increase with this bill because of the additional processing required to verify eligible vendors. In FY07, the UW System conducted 1,119,000 individual purchasing transactions. Conservatively estimating that it would take 2 minutes to verify the vendor's status by internet, this translates to 37,300 additional hours of work for the UW System employees, equivalent to 18 additional FTEs. Based on the average salary for Procurement positions in October 2007, the 18 FTE would cost \$877,900 in salaries and \$354,400 in fringe benefits for a total fiscal impact of \$1,232,300.

Long-Range Fiscal Implications

This process could significantly reduce the number of vendors with whom the UW System can conduct business. If competition is reduced, it is likely costs will increase.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description employee eligibility verification requirements for state and local procurement and construction contracts and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$1,232,300		\$
(FTE Position Changes)	(18.0 FTE)		
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$1,232,300		\$
B. State Costs by Source of Funds			
GPR	1,232,300		
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, ets.)			
	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	\$1,232,300		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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