

Fiscal Estimate Narratives

UWS 5/3/2007

LRB Number	07-2147/1	Introduction Number	SB-163	Estimate Type	Original
Description Relating to: state procurement of contractual services					

Assumptions Used in Arriving at Fiscal Estimate

The fiscal effect of this legislation is very difficult to quantify, both because of the problems inherent in the definition of terms in the bill and because of the global nature of the University, its faculty, and research projects.

The University of Wisconsin operates on an international scope. Faculty members frequently work with faculty from universities around the world on a variety of research projects. The UW also participates in numerous international research consortiums. As part of those consortiums the UW is required to consider foreign sources for goods and services. In turn the foreign university partners are required to consider US goods and services. Examples of those consortia include the Ice Cube project in Antarctica; the telescope in Africa and the CERN project in Switzerland. If service purchases were restricted to the US the UW may not be able to enter into these agreements and could risk losing their research dollars. The Ice Cube project grant alone provides \$200M in funding to the UW alone through the year 2011.

At this point in time many U.S. corporations have outsourced the production of their goods and services. It may be difficult to determine from where services are being provided. There will be a resource and cost impact trying to determine if a vendor is providing their service in the U.S. This will also add time and complexity to the procurement process.

Based on the language in the bill the standard of low bid will become secondary to the location of the services provided. This will certainly have a price impact on the services the UW purchases.

The availability of services in the United States is not clearly defined. Some research projects that occur in other countries may have services required that at least theoretically could be performed in the US (e.g. repair of equipment) but having the services provided in the US would clearly be cost prohibitive due to shipping of materials, etc. It is difficult to accurately estimate these additional costs without further clarification of what is meant by "not available to be performed" in section 16.705 (1r).

Long-Range Fiscal Implications