

Fiscal Estimate Narratives
DOT 3/10/2010

LRB Number 09-4310/1	Introduction Number AB-0792	Estimate Type Original
Description State contractual services and false claims submitted to state and local governments, requiring the exercise of rule-making authority, and providing penalties		

Assumptions Used in Arriving at Fiscal Estimate

Overall Fiscal Estimate:

The fiscal impact of this bill includes the cost to incorporate all the new reporting requirements, new cost-benefit analysis procedures, and concrete thickness testing the department must now perform. It also estimates potential program impacts which are difficult to quantify. Therefore, the total estimated number of positions needed, including the potential impact to the highway improvement program, would be 2,774 Full Time Employment (FTE) and the annual cost would be \$2,456,000. There is also a one-time cost of \$310,000 to purchase equipment and perform a local road construction program study.

Administrative Impacts:

To implement and perform all the new reporting and cost-benefit analysis requirements of the bill, a total of 23.5 FTE positions, across the department, would be needed at a total annual cost of \$1,513,100. The following table below shows the breakdown of the number and type of positions and total cost required:

Classification	Quantity	Pay Rate	Fringe Rate	Annual hours	Total Cost
Program/Policy Analyst	8	\$22.40/hr.	45.99%	2080	\$544,200
IS Specialist	1.25	\$34.14/hr	45.99%	2080	\$129,600
Contract Specialist	11	\$17.79	45.99%	2080	\$594,200
Civil Engineer-Entry	3	\$26.91	45.99%	2080	\$245,100

Grand Total \$1,513,100

Concrete Thickness Testing:

Under section 30, the bill requires the department to perform all tests of concrete thickness. In addition, 15 FTE entry level Civil Engineers would be required at an annual cost of \$942,900. In addition, new equipment would need to be purchased at a cost of \$10,000.

There are approximately 30 large scale concrete projects per year requiring concrete thickness testing. Each engineer will be able to cover two projects per year during the construction season assuming an average project testing length of three months resulting in 15 positions. The average starting salary is estimated to be \$20.7 per hour with a fringe rate of 45.99%. In addition, the number of hours per year for each position is 2080 (full 52 weeks) even though testing is not done throughout the entire year. The total cost calculation is as follows:

$$\$20.7/\text{hr} \times 1.4599 \times 2080 \text{ (hours per engineer)} \times 15 \text{ FTE} = \$942,900$$

Report on Local Road Projects:

Under section 44, the department must submit a report to the Joint Committee on Finance recommending actions that can be taken, including legislation, to improve the efficiency, cost-effectiveness, and timeliness of local road construction projects. In order to submit the report seven months after enactment of the bill, the department estimates that a total of \$300,000 would be needed to obtain the necessary contractor resources.

Potential Impacts:

When considering the new requirements under sections 3, 4, 5, 6, and 28 of the bill, it's difficult to quantify the impact. These sections relate to new criteria the department must now follow when contracting for services that affects many different areas of the department.

Currently, every division within the department uses contractors to deliver projects or provide services that help the department achieve its program goals and objectives. If projects or services get delayed because of

the new requirements, program operations may be impacted.

For example, the Division of Business Management (DBM) uses Information Technology (IT) contractors to support all divisions within the department. Virtually every business area utilizes IT services for efficiency gains and to develop new automation techniques. Services can range from basic 24/7 support for maintaining servers and desk top computers to specific application developments such as the Highway Performance Management System (HPMS) used to report information to FHWA. Any delays or impacts to existing or future IT contracting services may affect how DBM supports most of the business systems throughout the department.

The Division of Motor Vehicles (DMV) is legislatively mandated under s. 110.20 to have a motor vehicle emissions inspection and maintenance program. The department currently contracts for these required functions. Having to frequently renew contracts or find alternative providers would require time and resources.

The largest potential impact is that the Division of Transportation System Development (DTSD) might be constrained in using consultants to help deliver the highway improvement program. (DTSD) uses numerous consulting contracts in order to help deliver the Highway Improvement Program. Consultants are used for project planning, design, and management activities and include job functions such as Civil Engineers, Surveyors, Utility Coordinators, etc.

For 2010, the total program level, including construction lets, is \$1.3 billion. Given the present DTSD staffing level of 899 FTE positions, 64% of program delivery is outsourced to consultants at \$180,629,300. In order to maintain this outsourcing level, section 3 and section 4 parts (a) and (b) of the bill require that at least two out of three conditions related to economics, efficiency, and timeliness must apply. However, this would not apply if the contracts period is not more than a year.

The department has concluded that many of the current contracts for service under the highway improvement program may not meet these requirements. Assuming that none of these contracts could be used, a total of 2735 additional FTE positions would be required to maintain the current program spending level and meet the legislatively required 65% design shelf by 2014. These positions would need to be filled quickly or risk project delays. The number of positions was determined using the department's Program Research Metric model. The new positions would cover all the consultant work that would now have to be done in-house.

Long-Range Fiscal Implications

The long range fiscal impact to the department is that most of these costs are on an annual basis and would continue into the future. In addition, the potential impacts with regards to increasing the contracting for services requirements would be even greater if federal highway improvement and passenger rail program funding levels continue to increase.

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-4310/1	Introduction Number AB-0792	
Description State contractual services and false claims submitted to state and local governments, requiring the exercise of rule-making authority, and providing penalties		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): There would be one-time costs to revise specifications and cost-benefit procedures throughout the department. However, the total cost for these activities is unknown at this time. Other one-time costs would include \$10,000 to purchase concrete thickness testing equipment and \$300,000 to conduct a study and prepare a report on recommendations to improve the local road construction program.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$2,456,000	\$
(FTE Position Changes)	(2,773.2 FTE)	
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$2,456,000	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (Transportation fund)	2,456,000	
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	\$2,456,000	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By	Authorized Signature	Date
DOT/ Karl Kuecker (608) 266-1876	Julie Johnson (608) 267-3703	3/10/2010