

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-1587/1	Introduction Number SB-166
Description Preferences for minority-owned businesses in state procurement	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" 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 type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:	
<input 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 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
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Date	
8/19/2011	

Fiscal Estimate Narratives

DOA 8/19/2011

LRB Number	11-1587/1	Introduction Number	SB-166	Estimate Type	Original
Description Preferences for minority-owned businesses in state procurement					

Assumptions Used in Arriving at Fiscal Estimate

Under current law minority owned businesses certified by the former Department of Commerce receive specified preferences in governmental procurement. State agencies must attempt to ensure that five percent of the total amount expended for state procurement in each fiscal year is paid to minority owned businesses.

Senate Bill (SB) 166 increases the percentage of total amount expended for state procurement with minority owned businesses to seven percent. The five percent price preference is not altered. In the Department of Administration's (DOA) FY10 Annual Minority Business Report it was reported that state agencies and University of Wisconsin System campuses purchased \$1,870,360,338 in goods and services under s. 16.75, Wis. Stats. Of that total purchasing, the amount purchased from minority-owned businesses totaled \$107,722,387, or 5.76% of the total expenditures.

SB 166 would extend the five percent price preference to an additional two percent of total expenditures made by the State. If the pricing preference is never used in awarding business to minority-owned businesses then the State would not incur any additional costs with the passage of SB 166. For the other extreme, using FY10 purchasing data, the maximum added cost is \$1,870,360 if the full five percent preference is given in all the additional two percent of purchasing awarded to minority-owned businesses and the assumption is made that the State would not otherwise exceed the current five percent goal.

Because it is impossible to foresee the applicability of the preference on future purchases, the actual cost of expanding the preference is indeterminate.

Long-Range Fiscal Implications

Indeterminate.