Fiscal Estimate - 2013 Session

\boxtimes	Original		Updated		Correcte	ed .		Supple	mental
LRB	Number	13-3641/4		Intro	duction	Numbe	r A	B-079	1
	um hourly was	ges for procure y, and providir	ement contracts en ng a penalty	tered int	o by an e	xecutive br	anch a	igency, g	ranting
Fiscal	Effect								
	No State Fisc Indeterminate Increase E Appropriat Decrease Appropriat Create Ne	Existing tions Existing	☐ Increase I Revenues ☐ Decrease Revenues	s Existing	[to absor	b withir Yes	n agency	e possible 's budget \Boxed No
	No Local Gov Indeterminate 1. Increase Permiss 2. Decrease	e Costs sive∭Mandat	3. Increase I ory Permissiv 4. Decrease	re∭Ma Revenu	e ndatory ue	5.Types of Governm Town Cour Scho	nent Unns [its Affect Village Others WTCS District	Cities
	Sources Affe PR		PRS SEG	s 🔲 s	Affe EGS	ected Ch. 2	20 App	ropriatio	ons
Agen	cy/Prepared	Ву	Aut	horized	Signatur	'e			Date
DOA/ Debra G. Miller (608) 266-5877 Colle				een Holtan (608) 266-1359 3/12/2014					3/12/2014

Fiscal Estimate Narratives DOA 3/12/2014

LRB Number 13-3641/4	Introduction Number	AB-0791	Estimate Type	Original			
Description Minimum hourly wages for procurement contracts entered into by an executive branch agency, granting rule-making authority, and providing a penalty							

Assumptions Used in Arriving at Fiscal Estimate

2013 AB 791 would require that full-time staff of employers who hold contracts with state agencies for services that are valued at \$100,000 or more, or contracts valued at less than \$500,000 and held by a contractor employing 10 or less staff, are paid the lesser of an hourly wage paid to a state employee completing similar duties or an hourly living wage. An hourly living wage is defined as 100% of the federal poverty level for a family of three divided by 2,080 hours, and would be established by the Department of Workforce Development (DWD). DWD would also be responsible for responding to complaints and otherwise enforcing the bill's provisions. Based on the 2014 federal poverty level guidelines, the hourly living wage would be \$9.50.

The Department generally administers procurement and contracting for state agencies. Contracting for services is allowed when it has been determined that to do so would be more cost effective than providing for the services through employees hired by the state.

Any cost increases to a contractor would likely result in an increase in the cost to the state for the contract. The Department does not have information as to the hourly wages paid by contractors to their employees, and also does not have information as to the number of contracts for more than \$100,000, less than \$500,000, and the number of staff employed for a contract. Therefore, contractual services cost increases resulting from increases in the hourly wage paid by contractors to employees is not determinable at this time. The requirements would apply to bids/proposals solicited subsequent to the effective date of AB 791 and the Department estimates there would be a one-time cost of approximately \$14,700 associated with updating contracts and related materials, and notification of impacted/interested entities.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

	Original		Updated		Corrected		Supplemental			
LRB	Number	13-3641	/4	Intro	duction Nu	mber	AB-0791			
Minim	r iption num hourly wag ng rule-making	ges for procu g authority, a	rement contr nd providing	acts entered a penalty	into by an exe	cutive brar	nch agency,			
	e-time Costs o alized fiscal e		Impacts for	State and/or	Local Govern	nment (do	not include in			
\$14,7	00	***************************************								
II. An	nualized Cost	s:			Annualized Fiscal Impact on funds from:					
					Increased Cos	sts	Decreased Costs			
A. Sta	ate Costs by C	Category								
Sta	te Operations	- Salaries an	d Fringes		\$					
(FT	E Position Cha	anges)								
Sta	te Operations	- Other Cost	S							
Loc	al Assistance									
Aid	s to Individuals	s or Organiza	ations							
1	OTAL State C	Costs by Ca	tegory			\$	\$			
B. Sta	ate Costs by S	Source of Fu	ınds							
GP	R									
FE)									
PR	O/PRS									
SE	G/SEG-S									
III. Sta	ate Revenues ues (e.g., tax	- Complete increase, d	this only whecrease in li	ien proposa cense fee, e	l will increase ts.)	or decrea	ase state			
					Increased Re	ev	Decreased Rev			
GP	R Taxes					\$	\$			
GP	R Earned									
FE)									
PR	O/PRS									
SE	G/SEG-S		-							
T	TOTAL State Revenues					\$	\$			
			NET ANNUA	LIZED FISC	AL IMPACT					
					<u>Sta</u>	<u>te</u>	<u>Local</u>			
NET CHANGE IN COSTS						\$	\$			
NET CHANGE IN REVENUE					\$ \$					
Agen	cy/Prepared E	Зу		Authorized	Signature		Date			
DOA/	DOA/ Debra G. Miller (608) 266-5877 Co				olleen Holtan (608) 266-1359					