

Fiscal Estimate Narratives

DOA 1/30/2006

LRB Number	05-2732/2	Introduction Number	AB-908	Estimate Type	Original
Description Awarding state and metropolitan sewerage district procurements to minority businesses, woman-owned businesses, and service-disabled veterans businesses and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

If enacted, this bill would increase the targeted percentage for minority-owned business from 5% to 8%. This would apply to most state procurements and the Milwaukee Metropolitan Sewerage District. The bill also creates a 5% target for woman-owned businesses and 2% for service-disabled veteran-owned businesses. In addition, the current authorization to accept bids or proposals that are no more than 5% higher than the apparent low bid would be extended to women-owned and service-disabled veteran-owned businesses.

The Minority Business Office, in the State Bureau of Procurement, provides outreach, training and monitoring for 1,077 certified minority-owned businesses. Of the 5,100 vendors registered on the state's Vendor Net system, approximately 800 are self declared woman-owned businesses. The state does not maintain a list of service-disabled veteran-owned businesses. The Minority Business Office currently employs 2.00 FTE to provide services to the 1,077 certified minority owned business. The department estimates an additional .50 FTE would be required to provide support for a minimum of 800 businesses qualifying under this bill.

In addition to goods and services, the bill extends the above provisions to design (A/E) and construction contracts awarded under s.16.855 and s.16.87 Wis. Statutes. Currently 5.9% of the design and 3% of construction contracts are awarded to minority-owned businesses. The department does not anticipate any significant workload increase as the result of this bill. While more than \$15 million in contracts were awarded to minority firms in FY05, none of the construction contracts were awarded under the 5% exception to the requirement to accept the low bid. Based on past experience, expanding the categories of firms to which the 5% exemption applies should not increase the value of the awarded contracts.

There is insufficient information to estimate the impact of this bill on the Milwaukee Metropolitan Sewerage District.

Long-Range Fiscal Implications

Unknown

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Awarding state and metropolitan sewerage district procurements to minority businesses, woman-owned businesses, and service-disabled veterans businesses and granting rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): None			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$36,000	
(FTE Position Changes)		(0.5 FTE)	
State Operations - Other Costs		9,500	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$45,500	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS (PRS)		45,500	
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, 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		\$45,500	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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