

Fiscal Estimate - 2009 Session

Original Updated Corrected Supplemental

LRB Number 09-4071/1	Introduction Number SB-542	
Description Encouraging the purchase of food produced in this state, creating goals and a preference in state procurement for food produced in this state, and creating a council.		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
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Fiscal Estimate Narratives

DOA 3/14/2010

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Description Encouraging the purchase of food produced in this state, creating goals and a preference in state procurement for food produced in this state, and creating a council.					

Assumptions Used in Arriving at Fiscal Estimate

If enacted, this bill would require state agencies to attempt to ensure that, before 2020, at least 10 percent of the total amount expended for food per fiscal year is spent on food products that are grown, processed, packaged and distributed in Wisconsin. In addition, by 2020, state agencies would need to ensure that 20 percent of their food expenditures are on local food products as defined in the bill. All of the above is dependent on the agency's annual food expenditures being greater than \$25,000.

In FY09, state agencies (not including the University of Wisconsin campuses) purchased approximately \$25.8 million of food products under the statewide food supplies contract from the two contract vendors. Applying the purchasing goal of this bill to the FY09 spend results in an ultimate goal of \$5.16 million of expenditures to businesses selling local food products to state agencies. If a 10 percent over low bid waiver is applied, this could translate to an additional cost of \$516,000 to state agencies.

The State of Wisconsin does not own or manage a procurement system that identifies local food growers, packagers, processors or distributors. There is no information readily available to identify the types of food that vendors may provide to assist state agencies in locating vendors with which to do business. The bill may result in additional workload to agencies and institutions purchasing food as they will no longer be able to purchase the majority of their food products from a single prime vendor unless the prime vendor was specifically contracted to guarantee the local food purchase threshold specified in the bill. This type of contract language would likely ensure increased costs which would then be passed on to state agencies. However, it is not possible to determine the extent of those increased costs at this time.

Some agencies, such as the Department of Corrections, do purchase locally grown produce throughout the fiscal year, but current accounting and procurement systems do not allow for the tracking of this data by food type or geographic area. In order to track spending with vendors who provide local food products as defined in the bill, agencies may be required to implement new procedures or technologies, such as manual review, WISMART system upgrades or implementation of an enterprise resource planning (ERP) system that includes a procurement module that tracks this type of vendor data. The costs of these changes are indeterminate.

Long-Range Fiscal Implications

Unknown.