



FACT SHEET

AB-105 and SB-56

STATE ENGINEERING ASSOCIATION

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Introduction

Assembly Bill AB-105 in the Wisconsin 2005 Legislative Session is proposed legislation to improve cost effectiveness by requiring that cost benefit analyses be prepared when the decision is made to contract for services, such as engineering services. The State Engineering Association (SEA) supports cost effective state government.

Background

Since the mid-1980s, the Wisconsin Department of Transportation (WisDOT) has prepared several economic analyses that have demonstrated that outsourcing engineering services costs the taxpayers more than it would have cost if state employees had performed the work. The most recent WisDOT report concluded that for every state employee that is replaced by an engineering consultant, \$19,000 taxpayer dollars are wasted. Yet WisDOT has steadily expanded costly outsourcing of engineering services and has cut the number of state employees that perform this work, as shown in the graphs on page two.

SEA has exposed some of the more blatant examples of waste in contracting. For example, on April 28, 2004, several dozen SEA members provided a list of examples of wasteful contracting to their legislators and to the Governor's office. One of the examples on that list was a WisDOT plan to outsource signage inventory and tracking. Several months later (August 14, 2004), the Milwaukee Journal Sentinel detailed how the state was paying \$165,000 for a contract to an engineering firm to perform that same signage inventory work that a state employee had previously performed at less than one third of the cost. Since then, several news media articles and editorials have been highly critical of the state's contracting practices. Yet, the State's outsourcing of contractual services continues to expand as the Department of Natural Resources pursues outsourcing regulatory permitting and environmental compliance functions.

In a press release dated January 21, 2005, Senators Cowles and Ellis announced that they were drafting a contract reform bill. SEA announced support for that effort in a press release dated January 26, 2005. The bill was introduced as SB-56 and soon after that, Representative Gottlieb introduced the bill in the Assembly as AB-105.

SEA was the only organization to testify in support of AB-105 at the Assembly public hearing. SEA also testified in support of the bill at the Senate public hearing.

What Does AB-105 Accomplish?

As currently amended, AB-105 requires that DOA and DOT promulgate, by rule, procedures for state agencies to use when contracting for professional services. Those procedures include a requirement that agencies conduct a uniform cost-benefit analysis of each proposed contractual procurement that costs over \$25,000. A cost-benefit analysis would be defined to mean "a comprehensive study to identify and compare the total cost, quality, and timeliness of a service performed by state employees and resources with the total cost, quality, and timeliness of the same service obtained by means of a contract for contractual services."

SEA Position on AB-105

SEA supports cost effective state government. Our members are unique taxpayers because they see first hand how tax dollars are used (or misused) for procurement of contractual services. As originally drafted, the bill required WisDOT to meet statutory requirements that other agencies currently must follow regarding contracting out rules and procedures. However, the current proposal continues to exempt DOT from those requirements. It also does not require annual reporting by WisDOT. Although the current proposal has been significantly weakened, SEA believes that it is a good first step in improving cost effectiveness.

