



DAN KNODL

STATE REPRESENTATIVE • 24TH ASSEMBLY DISTRICT

Assembly Bill 527

Public Testimony

Assembly Committee on Government Accountability and Oversight

November 15, 2017

Thank you Chairman Hutton and members of the committee for holding this hearing on Assembly Bill 527.

This legislation ensures that Wisconsin companies producing traffic signage are able to bid on state contracts in a fair and open process.

The current procurement process as defined in state statute gives special treatment to Badger State Industries (BSI), a program that utilizes prison labor within the Department of Corrections. Before a job can be put out for competitive bid, BSI is given the opportunity to supply the materials or services “at a price that is comparable.” The types of materials and services provided by BSI are determined by a list given to the Department of Administration by the Department of Corrections. The way this statute is worded gives BSI the opportunity to win what amounts to a no-bid contract for the materials and services on that list.

AB 527 exempts certain contracts dealing with the procurement of traffic signage from this rule. Instead of BSI getting a significant and unfair advantage in the statutes, the bidding process would be open and fair. Under this bill, any signage purchase order greater than \$3,500 must be put out for a competitive bid.

While the work programs operating under Badger State Industries do provide positive and helpful training experience for prisoners once they complete their sentences, it should not come at a cost for Wisconsin businesses.

This is a common sense solution that allows the good work of Badger State Industries to continue while ensuring Wisconsin companies have the chance to compete fairly for state signage contracts.

Alberta Darling

Wisconsin State Senator

Co-Chair, Joint Committee on Finance

TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON GOVERNMENT ACCOUNTABILITY AND OVERSIGHT

Assembly Bill 527

Wednesday, November 15, 2017

Thank you, Chairman Hutton and committee members for holding a public hearing today on Assembly Bill 527. This legislation ensures that Wisconsin companies producing traffic signage are able to bid on state projects in a fair and open process.

Under current law, if a state agency makes a purchase for which the estimated cost exceeds \$50,000, the purchase must go through the competitive bid process. Current law also mandates that state agencies making purchases allow the Department of Corrections (DOC) the opportunity to provide the materials, supplies, equipment, or services if the Department is able to do so for a price comparable to competitive bidding.

The current procurement process gives special treatment to Badger State Industries (BSI), a program that utilizes prison labor within the DOC. This legislation will allow private industries to fairly compete with BSI for certain jobs or contracts dealing with the procurement of traffic signage instead of BSI getting the first look and a no-bid contract.

The procedure in place creates an unfair playing field for small businesses who are in the sign manufacturing business. This bill does not abolish BSI nor does this bill prohibit them from submitting a bid. At the very least, this provides private manufacturers a fair chance and the ability to compete against BSI for projects.

I want to thank Representative Knodl for his work on this bill and thank you again committee members for holding a hearing today on AB 527.

I hope to have your support for AB 527.

DECKER SUPPLY CO., INC.

November 15, 2017

Chairperson Rob Hutton and Fellow Committee Members,

Thank you for taking time to review Assembly Bill 527 (AB 527). I write this letter to express my support for AB 527. Wisconsin Statute 16.75(3t)(c) is having a negative effect on Wisconsin sign manufacturers. Along with the prison system's allowance to match the low bid, it has created an uneven playing field. The changes proposed in AB 527 aims at creating an equal opportunity for all Wisconsin sign manufacturers.

The benefit of competitive bidding is to assure our government is paying the least amount for a good or service. With the way things are, there is not a clear way of knowing if the state is getting the best value for every dollar spent. Making this minor change can go a long way in correcting this.

Under the open records law, I have obtained a spreadsheet showing the amount of signs per square foot and the prices paid per square foot by the DOT to Badger State Industries over the past 4 years. On average, the DOT has spent over \$1.2 million dollars per year with Badger State Industries since 2014. I believe if any of Wisconsin's state sign manufacturers were to win that work, it would have a positive impact on employment growth and expansion in our local communities. I also believe that if a competitive bid were to be issued, the DOT would see a savings. Some with the DOT have estimated a savings of more than \$100,000 per year.

I again thank you for taking time to consider Assembly Bill 527. I feel strongly that passage of this bill can help to create a level playing field for all Wisconsin sign manufacturers.

Sincerely,



Greg Frank
Decker Supply Co.

WISCONSIN STATE ASSEMBLY COMMITTEE ON GOVERNMENT OVERSIGHT & ACCOUNTABILITY
Public Hearing on Assembly Bill 527
November 15, 2017

Good afternoon, my name is Andrew Bergholz. I am co-owner of Traffic & Parking Control Co., Inc. ("TAPCO"), a Wisconsin sign maker.

Mr. Chairman and Members of the Committee, thank you for hosting this hearing on Assembly Bill 527 and giving me the opportunity to present testimony in support of the bill.

With me today are Greg Frank of Decker Supply and Al Borchardt of Rent-A-Flash, fellow Wisconsin sign manufacturers, who also strongly support for Assembly Bill 527 and share my commitment to maintaining the strength and competitiveness of Wisconsin's sign-making industry.

I grew up playing baseball. The one thing I always appreciated about the game was its fundamental fairness. My teams didn't win every game we played, but we knew that each time we stepped on the field we had the opportunity to win. The outcome was not predetermined. The game was an open competition.

I am here in support of Assembly Bill 527 because I believe in free and fair play and open competition. Under current law, Wisconsin sign makers can't even step on the field to compete with Badger State Industries on state signage contracts. Wisconsin Statute Section 16.75(3t)(c) prevents Wisconsin sign makers from bidding on sign contracts of less than \$50,000. This has an anti-competitive effect in the sign industry because the vast majority of state sign contracts are less than \$50,000. As a result, Wisconsin Statute Section 16.75(3t)(c) virtually eliminates private sector competition for state signage contracts.

Also, Assembly Bill 527 does not completely eliminate no-bid contracts for smaller, one-off type purchases. Instead, it sets the threshold at \$3,500. We recognize that efficiency is more important than open competition for smaller, one-off purchases and \$3,500 is a sensible threshold that appropriately balances the costs and benefits of efficiency and competition.

Free competition and fair play – that is all we are seeking. The Wisconsin Administrative Code plainly states that the purpose of prison labor is "to provide products and services which **do not unfairly compete with Wisconsin-based manufacturers...**" Eliminating our ability to bid on the vast majority of state signage contracts allows Badger State Industries to unfairly compete with Wisconsin sign makers.

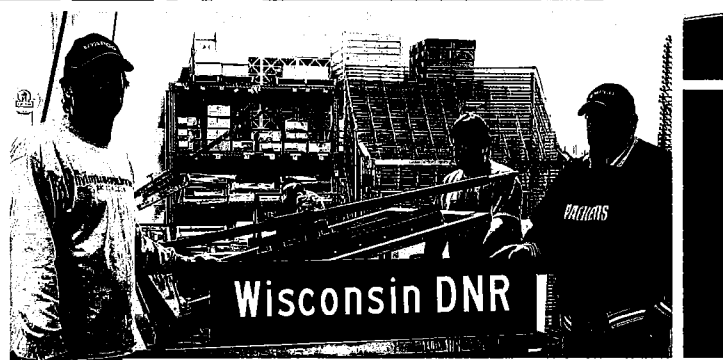
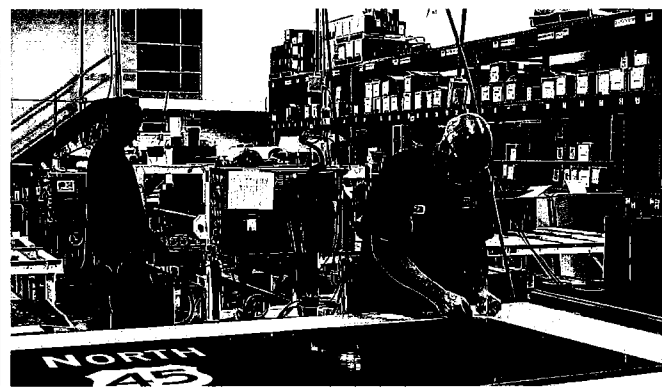
We do not want the law to favor any sign maker, public or private, over any other. Instead, we support Assembly Bill 527 because it levels the playing field and gives every sign maker the ability to bid on state signage contracts. Whether my company or any other Wisconsin sign maker wins or loses a bid is beside the point: we simply want the law to ensure that the competition is open and fair.

The bottom line is that mandating Wisconsin state agencies to purchase signage from Badger State Industries unfairly competes with Wisconsin sign makers.

The legislative changes in Assembly Bill 527 are not radical. They do not put any one of us in a better position than Badger State Industries. Assembly Bill 527 simply ensures that the competition for state signage contracts is free, fair, and open. For these reasons, I ask for you to support Assembly Bill 527.

Thank you for your consideration in this matter.

TAPCO
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