

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

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1. Type of Estimate and Analysis

Original    Updated    Corrected

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2. Administrative Rule Chapter, Title and Number

Wisconsin Administrative Code chapter Trans 515 relating to Contractual Service Procurement ss. Trans 515.03(1) & (3), Wisconsin Administrative Code.

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3. Subject

The proposed rule change will update existing Wisconsin Administrative Code chapter Trans 515 to conform with recent amendments to Wisconsin State statute s. 84.01(13) made in 2013 Wisconsin Act 20. This proposed rule change will increase the minimum estimated expenditure requiring a cost-benefit analysis from \$25,000 to \$300,000.

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4. Fund Sources Affected

GPR    FED    PRO    PRS    SEG    SEG-S

5. Chapter 20, Stats. Appropriations Affected  
Ch. 20.395

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6. Fiscal Effect of Implementing the Rule

No Fiscal Effect                       Increase Existing Revenues                       Increase Costs  
 Indeterminate                       Decrease Existing Revenues                       Could Absorb Within Agency's Budget  
 Decrease Cost

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7. The Rule Will Impact the Following (Check All That Apply)

State's Economy                       Specific Businesses/Sectors  
 Local Government Units                       Public Utility Rate Payers  
 Small Businesses **(if checked, complete Attachment A)**

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8. Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes                       No

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9. Policy Problem Addressed by the Rule

The proposed rule change will update existing Wisconsin Administrative Code chapter Trans 515 to conform with recent amendments to Wisconsin State statute s. 84.01(13) made in 2013 Wisconsin Act 20.

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10. Summary of the businesses, business sectors, associations representing business, local governmental units, and individuals that may be affected by the proposed rule that were contacted for comments.

None.

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11. Identify the local governmental units that participated in the development of this EIA.

None.

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12. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

No negative impact.

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13. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

By increasing the CBA threshold to \$300,000, the number of projects and expenditures requiring a CBA would be reduced. As a result, a reduction in department staff labor hours would be realized. The department has estimated that the reduced labor costs for department staff would be approximately \$71,000 per year. No other economic impact is expected.

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14. Long Range Implications of Implementing the Rule

Not applicable.

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15. Compare With Approaches Being Used by Federal Government

In general, federal law requires construction contracts funded with federal money to be let to the lowest responsible bidder. However, under the "Brooks Act", contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services are negotiated contracts on the basis of demonstrated competence and qualification for the type of professional services required and at

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fair and reasonable prices. The department is unaware of any federal requirement to compare the cost of those services with the cost of providing those services through public employees.

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16. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

**Michigan:** State Administrative Board Resolution 2011-2. All contracts or purchase orders of \$250,000 or more must be approved by the State Administrative Board prior to execution.

**Minnesota:** Taxpayers' Transportation Accountability Act (enacted 2008). (Minnesota State statute s. 161.3202). This act requires commissioner of transportation to prepare a comprehensive written estimate which compares the cost of having the same work provided by agency employees versus a privatized contract. This comparison needs to be prepared for any privatization contract estimated to be \$100,000 or more. Before entering privatization transportation contract of \$250,000 or more, the commissioner must determine that cost of services provided by the contract is lower than the cost of agency employees.

**Illinois:** No similar rule in place.

**Iowa:** No similar rule in place.

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