

State Procurement Manual

DOA-3449 N(R06/94) Formerly AD-P-12

Section CONTRACTING FOR SERVICES	Agencies Affected ALL <u>EXCEPT UW SYSTEM</u>	Number PRO-I-15
		Effective 11-5-13
		Replaces 2-10-10
Title COST BENEFIT ANALYSIS (CBA)		Page 1 of 4

AUTHORITY: > [Wis. Stats. 16.705\(1\)\(2\)](#)
[Wis. Adm. Code Chapter Adm 10.035, 10.037, 10.038](#)
[2005 Wisconsin Act 89](#)
[2013 Wisconsin Act 20](#)

SCOPE: - to establish that the department or its agents must complete a cost benefit analysis (CBA) before contracting for services over \$50,000
- to establish the process to follow when completing the cost benefit analysis
- to identify exceptions to the policy stated herein (See [Content IV.](#))

CONTENT: I. A uniform cost benefit analysis will be completed by a contracting agency (except the University of Wisconsin System) for each proposed contractual service procurement involving an estimated annual expenditure of more than \$50,000:

A. The agency will complete forms [DOA-3821a](#), Cost Benefit Analysis—Project Summary, and [DOA-3821b](#), Cost Benefit Analysis—Financial Information.

B. The analysis should compare the costs of employing contractors versus comparable state staff. (See [Cost Benefit Analysis Financial Information Instructions.](#))

C. Other mitigating factors that may be included in the cost analysis are:

1. Market strength: Are there several vendors that can perform this service? Is the labor market tight so that it is difficult to retain and recruit employees?
2. Quality and nature of services required: Is the work a core service of state government?
3. Risk factors: Is there a possibility a private firm may fail to provide the service the agency has guaranteed or reduce services if financial losses occur? Is there a risk of compromising confidential information?
4. Time factors: Is it a short-term service or an ongoing need?
5. Specialized skills: Does the state workforce have the capacity and expertise to complete the project?

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6. Legal barriers: Are there federal mandates, state statutes, and administrative rules that dictate the level which government must perform? Would contracting out affect access of services or treatment?

II. The agency will submit the CBA on forms DOA-3821a and DOA-3821b as outlined below. (Consult VendorNet for most current forms.)

A. Request for Purchasing Approval/Authority (RPA)

1. Delegated agencies

The agency will submit a hard copy of the CBA with the RPA package to the State Bureau of Procurement for processing. When the agency's request is approved, the agency will send an electronic copy of the finalized, unsigned CBA to the Bureau at: DOAcba@wisconsin.gov. The documents may not be submitted in a PDF or hard copy format. The approved and signed originals will be kept on file with the originating agency.

2. Consolidated Agency Purchasing Services (CAPS) agencies

The agency will submit an electronic copy of the CBA with the RPA package to the assigned CAPS procurement specialist. When the agency's request is approved, CAPS will send an electronic copy of the finalized, unsigned CBA to the Bureau at: DOAcba@wisconsin.gov. The documents may not be submitted in a PDF or hard copy format. The approved and signed originals will be kept on file with CAPS.

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B. Procurement plan

1. Delegated agencies

> The agency will submit a procurement plan to the Bureau. (See [PRO-A-4](#), Procurement Plans, for address and instructions.) When the agency's plan is approved, the agency will send an electronic copy of the finalized, unsigned CBA to the Bureau at: DOAcba@wisconsin.gov. The documents may not be submitted in a PDF or hard copy format. The approved and signed original CBA as well as a copy of the plan along with the Bureau's response will be kept on file with the originating agency.

2. Consolidated Agency Purchasing Services (CAPS) agencies

> The agency will submit an electronic copy of the CBA with the procurement plan to the assigned CAPS procurement specialist. (See [PRO-A-4](#), Procurement Plans, for address and instructions.) When the agency's plan is approved, CAPS will send an electronic copy of the finalized, unsigned CBA to the Bureau at: DOAcba@wisconsin.gov. The documents may not be submitted in a PDF or hard copy format. The approved and signed original CBA as well as a copy of the plan along with the Bureau's response will be kept on file with CAPS.

III. The agency will periodically review, and before any renewal, the continued appropriateness of contracting under each contractual service agreement involving an estimated annual expenditure over \$50,000. (See [PRO-I-16](#), Continued Appropriateness of Contracting for Services.)

When completed, the delegated agency or CAPS (as appropriate) will send an electronic copy of form [DOA-3819](#), Continued Appropriateness of Contracting for Annual Expenditure of Services Over \$50,000, to the Bureau at: DOAcba@wisconsin.gov.

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IV. Exceptions:

A CBA or continued appropriateness of contracting is not required for the following:

- A. Services that federal or state law requires to be performed by contract.
- B. Services that must be provided per a contract, license, or warranty, by the original equipment manufacturer or publisher.
- C. Services that cannot be performed by state employees because the state lacks the required infrastructure.
- D. Web-based software application services that are delivered and managed remotely.

V. Reference material:

- A. [PRO-I-4](#), Justification of Need
- B. [PRO-I-16](#), Continued Appropriateness of Contracting for Services
- C. Form [DOA-3821a](#), Cost Benefit Analysis—Project Summary
- D. Form [DOA-3821b](#), Cost Benefit Analysis—Financial Information
- E. Form [DOA-3819](#), Continued Appropriateness of Contracting for Annual Expenditure of Services Over \$50,000

Authorized:



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