



February 22, 2020

SUMMARY OF BILL: Changes, from \$10,000 to \$25,000, the amount for which a local board of education or governing body of a public charter school must make purchases or expenditures by competitive bids if an LEA chooses not to follow the local governing body's purchasing procedures. Requires the amounts for purchases and expenditures that must be made by competitive bids to be increased each year by the greater of two percent or the rate of inflation beginning in FY20-21. Requires the resulting amount to be rounded to the nearest one hundred dollars. Requires the Comptroller of the Treasury (COT) to calculate the amount of the required increase and notify the Department of Education (DOE) of the increase. Requires DOE to post the increase and increased amount on DOE's website.

ESTIMATED FISCAL IMPACT:

Decrease Local Expenditures - Exceeds \$5,700/FY20-21 and Subsequent Years

Assumptions:

- Local boards of education and governing bodies of public charter schools are currently required to make procurement through competitive bids for purchases or expenditures at \$10,000 or greater.
- Adjusting the threshold for competitive bids does not change the process that is already in place and will not require any additional resources; therefore, any impact to the operations of local boards of education or local governing bodies of public charter schools is estimated to be not significant.
- Competitive bids of \$10,000 or more are required to be solicited through advertisement in a newspaper of general circulation. Increasing that threshold will lead to fewer required newspaper advertisements.
- Based on responses to the 2017 Local Government Survey conducted by the Fiscal Review Committee staff, participating local government officials reported the average cost for a newspaper notification is \$114.
- The total decrease in required newspaper publications is unknown but reasonably estimated to exceed 50 statewide per year.
- A total recurring decrease in local government expenditures exceeding \$5,700 (\$114 x 50) beginning in FY20-21.
- No significant impact to DOE or COT.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Handwritten signature of Krista Lee Carsner in black ink.

Krista Lee Carsner, Executive Director

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