



# Senate Education Committee

Senator Jeffrey E. Piccola  
Chairman

**Dave Transue**  
*Executive Director*  
[dtransue@pasen.gov](mailto:dtransue@pasen.gov)

**Matt Azeles**  
*Deputy Executive Director*  
[mazeles@pasen.gov](mailto:mazeles@pasen.gov)

**Karen Seivard**  
*Committee Counsel*  
[kseivard@pasen.gov](mailto:kseivard@pasen.gov)

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Room 173 Capitol Building, Senate Box 203015, Harrisburg, Pennsylvania 17120-3015 • 717-787-6801 • 717-783-3722

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## **BILL SUMMARY**

**Senate Bill 293, Printer's No. 267**

**Prime Sponsor: Brubaker**

### **A. SYNOPSIS:**

Senate Bill 293 would amend the State Public School Building Authority Act ("Act") to raise the threshold cost at which a school construction project financed through the State Public School Building Authority ("Authority") must be competitively bid from \$4,000 to \$25,000, subject to adjustment every five years based on changes in the Consumer Price Index for All Urban Consumers (CPI-U) for the preceding five-year period. The bill would also add a new section to the Act which would prohibit the Authority from evading the competitive bidding requirements by dividing a project into smaller segments. Authority members who vote in violation of this provision would be jointly and severally subject to a surcharge equal to 10% of the full amount of the contract.

### **B. BILL ANALYSIS:**

Senate Bill 293 would amend section 10 of the Act to provide for the following:

- Where a project financed through the Authority is to be constructed under a contract, and the estimated cost of the project exceeds \$25,000, the contract must be awarded to the lowest responsible bidder after being advertised once per week for three weeks in at least one newspaper of general circulation in the county in which the project is located.
- Every five years, the Department of Labor and Industry must calculate the average percentage change in the CPI-U for the United States city average for all items as published by the U.S. Department of Labor, Bureau of Labor Statistics, for the preceding five-year period.
- The percentage increase in the CPI-U must be multiplied by the then-applicable cost threshold (\$25,000 under the bill). The product of this calculation must then be added to the then-applicable cost threshold, with the result rounded to the nearest multiple of \$100.

- The adjustment calculations must be made between October 1 and November 15 of each year, with the adjusted cost threshold becoming effective on the following January 1 for the next five year period.
- The Department of Labor and Industry must give notice in the Pennsylvania Bulletin before January 1 of each calendar year in which the percentage change in the CPI-U is determined of the amounts, whether adjusted or unadjusted, at which competitive bidding is required for the following five-year period.

Senate Bill 293 would also include a new section 10.1 in the Act, forbidding members of the Authority from evading the competitive bidding requirements by purchasing or contracting for goods and services on a piecemeal basis to obtain prices under the required cost threshold. Members of the Authority who vote in violation of this provision, and who know that the transaction should be part of a larger transaction and is being divided to evade advertising requirements, will be jointly and severally subject to a surcharge of 10% of the full amount of the contract. The surcharge will not be applicable if the contract was not approved by the Authority. The bill would apply to contracts and purchases advertised on or after December 31 of the year following its effective date and would take effect immediately.

**C. SUMMARY OF RELEVANT EXISTING LAW:**

Current law requires a school construction project financed through the Authority to be competitively bid where the estimated cost of the project exceeds \$4,000. However, the Act currently does not provide for an adjustment mechanism by which this cost threshold can be increased when appropriate.

**D. SUMMARY OF PROPOSED AMENDMENT:**

Amendment A00971 (Piccola) is a technical amendment to correct typographical errors in the bill and to provide that the bill will apply to contracts and purchases advertised on or after January 1 of the year following its effective date.