



Senate Education Committee

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BILL SUMMARY

Senate Bill 296, Printer's No. 270

Prime Sponsor: Eichelberger

A. SYNOPSIS:

Senate Bill 296 would amend the Pennsylvania School Code to require that the amounts at which competitive bidding or written or telephonic price quotations are required for school contracts be adjusted every five years based upon changes in the Consumer Price Index. The bill would also increase the cost thresholds at which certain bidding and advertising requirements would apply.

B. BILL ANALYSIS:

Senate Bill 296 would amend the School Code as follows:

1. The bill would create a new section that would require the following:
 - a. Every five years, the Department of Labor and Industry must calculate the average percentage change in the Consumer Price Index for All Urban Consumers (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.
 - b. The amounts at which competitive bidding or written or telephonic price quotations are required must be adjusted every five years. Specifically, a percentage increase in the CPI-U will be multiplied by the then-applicable cost threshold and the product of that calculation will be added to the then-applicable cost threshold, with the result rounded to the nearest \$100.
 - c. The calculations described above must be made between October 1 and November 15 of each year, with the new thresholds becoming effective January 1 for the following five-year period.
 - d. The Department of Labor and Industry must give notice in the Pennsylvania Bulletin before January 1 of each year in which the percentage change in the CPI-U is determined of the amounts, whether adjusted or unadjusted, at which competitive bidding or written or telephonic price quotations are required for the following five-year period.
2. Beginning 60 days after the effective date of the provision, the cost thresholds set forth in section 751 of the School Code will be increased as follows (subject to adjustment every five years as described above):

a. Separate contracts for construction, reconstruction, repairs, maintenance or work of any nature: increased from \$10,000 to \$25,000

b. Written or telephonic price quotations from at least three qualified and responsible contractors: increased from \$4,000 to \$7,000

c. Work permitted to be performed by a district's own maintenance personnel: maximum amount increased from \$5,000 to \$7,000

d. Competitive bidding: increased from \$10,000 to \$25,000

3. The bill would amend section 751(f) of the School Code, which prohibits a school board from evading the provisions of section 751 by dividing a project into components in order to obtain prices under the applicable cost threshold when the project reasonably should be conducted as one transaction. The bill would increase the cost threshold at which this subsection would apply from \$10,000 to \$25,000 (subject to adjustment every five years as described above).

4. The bill would amend the cost thresholds set forth in section 807.1 of the School Code as follows (subject to adjustment every five years as described above):

a. Advertisement prior to purchase of furniture, equipment, textbooks, school supplies and other appliances: increased from \$10,000 to \$25,000

b. Written or telephonic price quotations from at least three qualified and responsible vendors for supply purchases: increased from \$4,000 to \$7,000

c. School board permitted to authorize board secretary or other executive to purchase supplies: increased from less than \$10,000 to less than \$25,000

5. The bill would amend section 807.1(d) of the School Code, which prohibits a school board from evading the provisions of section 807.1 by dividing a contract into components in order to obtain prices under the applicable cost threshold when the transaction reasonably should be conducted as one transaction. The bill would increase the cost threshold at which this subsection would apply from \$10,000 to \$25,000 (subject to adjustment every five years as described above).

6. The bill would amend section 1913-B.1(c) of the School Code to require advertising and competitive bidding for community college contracts for construction, repair, renovation or maintenance exceeding \$25,000 (an increase from \$10,000), subject to adjustment every five years as described above.

7. The bill would amend section 2003-A.1(c) of the School Code to require advertising and competitive bidding for State System of Higher Education ("State System") contracts exceeding \$25,000 (an increase from \$10,000), subject to adjustment every five years as described above.

8. The bill would amend section 2010-A(10) of the School Code to require competitive bidding for State System contracts for equipment, services and supplies exceeding \$25,000 (an increase from \$10,000), subject to adjustment every five years as described above. The bill would also amend this section to allow the purchase of instructional, educational, extracurricular, technical, administrative, custodial and maintenance equipment and supplies without competitive bidding where the cost is no more than \$25,000 (an increase from \$10,000), subject to adjustment every five years as described above, as long as the items are not bought in a series to avoid the cost threshold.

The bill would apply to contracts and purchases advertised on or after January 1 of the year following the effective date of this section and would take effect in 60 days.

C. SUMMARY OF RELEVANT EXISTING LAW:

As described above, the School Code sets forth in detail the thresholds at which competitive bidding, advertising and contracting requirements apply. However, the School Code currently does not provide for an adjustment mechanism by which these cost thresholds can be increased when appropriate.

D. SUMMARY OF PROPOSED AMENDMENTS:

Amendment A00960 (Piccola) is a technical amendment to correct a typographical error in the bill.