

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 208 (Chairman, Health and Government Operations Committee)
(By Request – Departmental – Education)
Ways and Means Education, Health, and Environmental
Affairs

Education – County Boards of Education – Competitive Bidding

This departmental bill increases the maximum amount that local school systems may procure without advertising to \$25,000, the current threshold for “small procurements” in State law. If the statutory definition of a small procurement changes, the amount that local school systems may procure without advertising would be altered concurrently.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: None.

Local Effect: Local school expenditures for advertising could decrease beginning in FY 2005. Costs of procurements between \$15,000 and \$25,000 could increase minimally.

Small Business Effect: The Maryland State Department of Education (MSDE) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: If the cost of any school building, improvement, supply, or equipment is more than \$15,000, a local board of education must advertise for bids in a medium accessible to the general public at least two weeks before the bids are to be filed. State

procurement law defines a “small procurement” as a procurement for which \$25,000 or less is spent. Small procurements of \$10,000 to \$25,000 must use written and published solicitations, although oral solicitations may be used as an addition to written and published solicitations. The most favorable bid price or most advantageous offer must be accepted. The Board of Public Works must review the small procurement amount at least every three years and recommend any changes in the amount to the General Assembly.

Local Expenditures: Local school system expenditures for advertising could decrease beginning in fiscal 2005. MSDE advises that one medium-size school system in Maryland estimates a savings of \$20,000 per year in advertising costs. Administrative time and expenses could also be saved if fewer procurements must go through the full procurement process.

Without requiring competitive bids, costs for procurements between \$15,000 and \$25,000 could increase somewhat. However, the legislation is enabling and would not prohibit advertisement for procurements under \$25,000 if advertising could reduce overall costs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2004
n/hlb

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