

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

House Bill 569  
Ways and Means

(Delegate Morhaim, *et al.*)

Education, Health, and Environmental Affairs

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**Education - County Boards of Education - Competitive Bidding**

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This 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, 2006.

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**Fiscal Summary**

**State Effect:** None. The bill impacts local school systems.

**Local Effect:** Local school expenditures for advertising could decrease beginning in FY 2007. Local school expenditures for procurements between \$15,000 and \$25,000 could increase minimally.

**Small Business Effect:** Minimal.

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**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 2007. For example, one medium-size school system in Maryland estimates that the bill could result in a savings of at least \$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.

Costs for procurements between \$15,000 and \$25,000 could increase somewhat if competitive bids are not solicited. However, the legislation is enabling and would not prohibit a school system from advertising for a procurement under \$25,000 if the system feels it would be advantageous to do so.

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### **Additional Information**

**Prior Introductions:** A similar bill was introduced in 2004 as HB 208. The bill passed in the House but received an unfavorable report from the Senate Education, Health, and Environmental Affairs Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 17, 2006  
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