

SUBJECT: Revising school district purchasing and contracting requirements

COMMITTEE: Public Education — favorable, without amendment

VOTE: 12 ayes — Huberty, Bernal, Allen, Allison, Ashby, K. Bell, Dutton, M. González, K. King, Meyer, Talarico, VanDeaver

0 nays

1 absent — Sanford

WITNESSES: For — Jamie Spiegel, Round Rock ISD; Richard Gay, Caleb Steed, Shay Adams, and Michelle Morris, Texas Association of School Business Officials; (*Registered, but did not testify*: Eric Wright, National Cooperative Procurement Partners, National IPA; Deborah Caldwell, North East Independent School District; Barry Haenisch, Texas Association of Community Schools; Casey McCreary, Texas Association of School Administrators; Grover Campbell, Texas Association of School Boards; Dee Carney, Texas School Alliance; Bill Kelberlau; Ronda Mccauley)

Against — None

On — (*Registered, but did not testify*: Leonardo Lopez and Eric Marin, Texas Education Agency)

BACKGROUND: Education Code sec. 44.031 (a) requires school districts to use certain prescribed processes when contracting for the purchase of goods and services valued at \$50,000 or more in the aggregate for each 12-month period, with an exception for contracts for the purchase of produce or vehicle fuel. Subsection (j) allows a district to purchase certain items that are available from only one source without competitive bidding.

DIGEST: HB 1556 would change requirements for certain school district purchasing contracts to apply to purchases of or contracts for the purchase of goods and services valued at \$50,000 or more, rather than for those valued at \$50,000 or more in the aggregate for each 12-month period.

A proprietary maintenance service and any other item or service that was provided by commissioner rule would be among the items and services that a district could purchase without following certain competitive bidding requirements if the item or service were available from only one source. The bill would repeal provisions requiring competitive bidding for sole source purchases involving certain data-processing equipment, certain school bus purchases, and certain campus-level purchases.

Districts would have to document any contract-related fee they paid to a purchasing cooperative. The bill would remove a deadline requiring competitive sealed proposals be evaluated and ranked within 45 days of the date they were opened.

The bill would take effect September 1, 2019, and would apply only to purchasing solicitations made on or after that date.

SUPPORTERS SAY: HB 1556 would simplify the purchasing process for school districts by removing requirements for lengthy bid processes for relatively small purchases. Competitive bidding can be effective in safeguarding taxpayer dollars, but such requirements for publishing bid solicitations and reviewing bid proposals for small purchases can be cumbersome and costly.

The current law requirement for competitive bidding of purchases valued at \$50,000 or more in the aggregate over a 12-month period has been confusing to administer. For instance, a procurement office might be required to initiate a longer bidding process for an item costing less than \$100 if the aggregate limit had been reached. In another situation, a district that did not have to competitively procure a \$35,000 contract in the fall semester might have to do so for a similar contract in the spring semester because the aggregate limit had been reached.

The bill would repeal unnecessary and outdated requirements related to sole-source purchases. For instance, districts currently must seek competitive bids to purchase maintenance service for computer software when such service can be provided only by the vendor that developed the software.

OPPONENTS
SAY:

No concerns identified.