



## District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599

Bulletin: 14-022

Date: January 6, 2014

From: Nimrat Johal

Re: Annual Adjustment to Bid Threshold

The purpose of this bulletin is to notify you of the annual adjustment to bid threshold for contracts awarded by school districts has increased to \$84,100 for the calendar year of 2014.

*Public Contract Code (PCC)* Section 20111(a)<sup>i</sup> requires school district governing boards to competitively bid and award any contracts involving an expenditure of more than \$50,000, adjusted for inflation, to the lowest responsible bidder.

Contracts subject to competitive bidding include:

1. Purchase of equipment, materials, or supplies to be furnished, sold, or leased to the school district.
2. Services that are not construction services.
3. Repairs, including maintenance as defined in *PCC* Section 20115, that are not public projects as defined in *PCC* Section 22002(c)<sup>ii</sup>.

The State Superintendent of Public Instruction (SSPI) is required to annually adjust the \$50,000 amount specified in *PCC* Section 20111(a) to reflect the percentage change in the annual average value of the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States, as published by the United States Department of Commerce, for the 12-month period ending in the prior fiscal year. The inflation amount is rounded to the nearest one hundred dollars (\$100).

Based on the above calculation, and effective January 1, 2014, the SSPI has determined that the inflation adjusted bid threshold will increase by \$700, from \$83,400 to \$84,100. See below for the bid thresholds for the current and two prior years.

Calendar Year	Bid Threshold
2014	\$84,100
2013	\$83,400
2012	\$81,000

*Also note that public projects as defined in PCC Section 22002(c), such as construction or reconstruction of publicly owned facilities, have a lower bid threshold of \$15,000 that is not adjusted for inflation.* For more information on bidding requirements for all projects, refer to *PCC* sections 20110 to 20118.4<sup>iii</sup>.

<sup>i</sup> <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=pcc&group=20001-21000&file=20110-20118.4>

<sup>ii</sup> <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=pcc&group=21001-22000&file=22000-22003>

<sup>iii</sup> <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=pcc&group=20001-21000&file=20110-20118.4>