



CALIFORNIA
DEPARTMENT OF
EDUCATION

JACK O'CONNELL
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

December 1, 2009

Dear County and District Superintendents, Chief Business Officials, and Charter School Administrators:

**ANNUAL ADJUSTMENT TO BID THRESHOLD FOR CONTRACTS
AWARDED BY SCHOOL DISTRICTS**

Public Contract Code Section 20111(a) (Outside Source) 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 Section 20115, that are not public projects as defined in Section 22002(c).

The State Superintendent of Public Instruction (SSPI) is required to annually adjust the \$50,000 amount specified in Section 20111(a) to reflect the percentage change in the annual average value of the Implicit Price Deflator (IPD) 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).

Pursuant to the above calculation, and effective January 1, 2010, the SSPI has determined that the inflation adjusted bid threshold will increase by \$1,800, from \$76,700 to \$78,500. Shown below are the inflation adjusted bid thresholds for the current and two prior years.

Calendar Year	Bid Threshold	Percentage Change in Implicit Price Deflator
2008	\$72,400	4.94%
2009	\$76,700	5.89%
2010	\$78,500	2.31%

Also note that public projects as defined in *Public Contract Code* 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 *Public Contract Code* sections 20110 to 20118.4.

Please note that this letter (with links to the *Public Contract Code* sections cited above) is posted on the Office of Financial Accountability and Information Services Web page at <http://www.cde.ca.gov/fg/ac/co/>.

If you have questions regarding this subject, please contact the Office of Financial Accountability and Information Services at 916-322-1770 or by e-mail at sacsinfo@cde.ca.gov.

Sincerely,

Scott Hannan, Director
School Fiscal Services Division

SH:ajm