



CALIFORNIA
DEPARTMENT OF
EDUCATION

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JACK O'CONNELL

State Superintendent of
Public Instruction

PHONE: (916) 319 0800

December 28, 2006

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) 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 \$100 dollars.

Pursuant to the above calculation, and effective January 1, 2007, the SSPI has determined that the inflation adjusted bid threshold will increase by \$3,900, from \$65,100 to \$69,000. Shown below are the inflation adjusted bid thresholds for the current and two prior years.

Fiscal Year	Liability Limit	Percentage Change
2005	\$62,400	2.54%
2006	\$65,100	4.78%
2007	\$69,000	6.05%

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 California Department of Education's Web site at <http://www.cde.ca.gov/fg/ac/co>.

If you have questions about the information in this letter, 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