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House Bills 5875 and 5913 (as passed by the House)
Sponsor: Representative John Moolenaar (H.B. 5875)
Representative Philip LaJoy
House Committee: Education
Senate Committee: Education

Date Completed: 11-10-04

CONTENT

The bills would amend the Management and Budget Act and the Revised School Code to do the following:

- Require the Department of Management and Budget (DMB) to create and operate a cooperative bulk purchasing program for school districts.**
- Exempt school districts from competitive bidding requirements for items purchased through the proposed program.**

House Bill 5875 is tie-barred to House Bill 5913.

House Bill 5875

Under the Revised School Code, an intermediate school district (ISD), school district, or public school academy (PSA) may not purchase an item or a group of items in a single transaction costing \$17,932 or more unless competitive bids are obtained and the purchase is approved by the intermediate school board, the school board, or the PSA's board of directors. (Although the Code refers to \$12,500 or more, it requires the amount to be adjusted. The bill would replace that figure with \$17,932, which is the current adjusted amount that triggers the competitive bidding requirement.)

Under the bill, an ISD, a school district, or a PSA would not be required to obtain competitive bids for items purchased through the cooperative bulk purchasing program operated by the DMB (under House Bill 5913).

House Bill 5913

The bill would require the Department of Management and Budget to create and operate a cooperative bulk purchasing program for school districts, public school academies, nonpublic schools, and ISDs on a fee basis to reduce the costs of purchasing goods and services. Fees collected under this provision could not exceed the cost of purchasing goods and services and reasonable administrative expenses.

MCL 380.623a & 380.1274 (H.B. 5875)
18.1263 (H.B. 5913)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

House Bill 5875

The bill would have no fiscal impact on State government.

Allowing local and intermediate school districts and public school academies to purchase items through a cooperative bulk purchasing program could result in savings to school districts and PSAs. By not having to obtain competitive bids for the items purchased through the cooperative bulk purchasing program, districts would be able to purchase items in bulk and realize the savings generally associated with bulk purchases. Many districts already participate in local cooperative purchasing programs; however, creating a statewide program could result in additional savings as the purchasing pool would be expanded. The amount of savings is indeterminate.

House Bill 5913

The bill would have a minimal impact on the Department of Management and Budget. A cooperative purchasing program, MiDEAL, already exists within the Department. To the extent the bill would result in additional entities participating in the program, additional savings would be realized.

Fiscal Analyst: Bill Bowerman
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.