



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1074 (as introduced 1-20-10)
Sponsor: Senator John Pappageorge
Committee: Reforms and Restructuring

Date Completed: 3-8-10

CONTENT

Senate Bill 1074 would amend the Revised School Code to require school districts, intermediate school districts (ISDs), and public school academies to contract for all noninstructional support services, by June 30, 2010. The bill would define "noninstructional support services" as custodial services, transportation services, and food service. The schools could contract with any person or entity to provide the services, including contracting with a group of their employees, but on a contractual basis rather than an employment basis.

Before entering into or renewing a contract, the board of a district, ISD, or charter school would have to obtain competitive bids on the provision of noninstructional services for any contract worth \$20,000 or more, adjusted by inflation in future years. Competing bids would have to be posted on the school's website, with a link on the home page of the website.

Schools would not be required to enter into contracts immediately if existing collective bargaining agreements or contracts would prevent compliance with the proposed requirements. However, when those contracts expired, schools would be required to contract for noninstructional services and competitively bid contracts worth \$20,000 or more, as adjusted by inflation.

The Department of Education would be required to develop and make available a model competitive bidding process, which could be based on the process for competitive bidding of construction contracts as prescribed in MCL 380.1267.

MCL 380.1245

FISCAL IMPACT

The fiscal impact on local districts, ISDs, and charter schools is indeterminate. Under current law, schools do have the option to contract for noninstructional services using a competitive bid process, or they can employ staff for these services. Schools would have additional staff and materials costs associated with the required contracting, both in the request for proposal (RFP) process and in the development of contracts. Whether savings would occur from the mandatory contracts is indeterminate.

Fiscal Analyst: Kathryn Summers

SAS\S0910\s1074sa

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.