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HB 19-1249

FISCAL NOTE

Drafting Number: LLS 19-0624 Date: March 25, 2019
Prime Sponsors: Rep. Galindo; Sirota Bill Status: House Education
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Bill Topic: SAFETY & ACCOUNTABILITY IN SCHOOL CONTRACTS

Summary of Fiscal Impact:
- State Revenue (minimal)
- State Expenditure (minimal)
- State Transfer
- TABOR Refund
- School District
- Statutory Public Entity

The bill makes changes to state law related to school district contracting procedures for certain professional services. The bill increases state revenue and workload by a minimal amount, and increases school district expenditures on an ongoing basis.

Appropriation Summary: No appropriation required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

The bill makes changes to state law related to school district contracting procedures for professional services, which include paraprofessional, clerical, custodial and maintenance, food, transportation, technical, skilled trade, and security services, as well as health and student services provided by a nonlicensed person.

Under current law, local school district boards of education may choose to require competitive bidding on contracts for professional services; the bill makes it optional for professional services contracts with personnel costs under \$200,000. Beginning October 1, 2019, a school district must complete the following for professional services contracts with personnel costs of at least \$200,000:

- prior to soliciting competitive bids, hold at least one public meeting to discuss the proposal, and conduct an analysis of the costs and benefits of contracting for the service rather than using school district personnel;
require competitive bidding; and
review and consider all bids during an open session of a regularly scheduled meeting, unless the employees who perform the services agree in writing that it may be considered at a specially scheduled meeting.

Classified employees must be given the opportunity to counter the competitive bid during the open session, and any information in a bid that is protected under the Colorado Open Records Act must not be disclosed. The requirements in the bill do not apply to:

- a small rural school district;
- a district that contracts for professional services with a board of cooperative educational services;
- a time-limited contract that a district enters into as a result of an emergency; or
- the renewal of existing contracts for professional services that were entered into prior to October 1, 2019.

A school district must not enter into a contract for professional services with a contractor that has committed unfair labor practices within the previous five years, or if the contract takes effect prior to the expiration of an existing collective bargaining agreement that covers employees impacted by the contract. The contract may require that the contractor offer available employee positions to school district employees whose hours may be reduced or whose position may be terminated as a result of the contract.

Under current law, a background check is required for any person providing services under the contract, as long as the person has regular, not incidental contact with students. The bill removes the specification that only contractors having regular interaction with students complete a background check. The bill also requires that the contractor have proof of liability insurance equivalent to the amount provided by the school district for the contracted activity.

## **State Revenue**

This bill increases state cash fund revenue to the CBI Identification Unit Cash Fund in the Department of Public Safety from fees for any additional background checks completed for individuals providing professional services through a contract who are currently excluded from the background check requirement. The fiscal note assumes that the increase in background checks will be minimal. For informational purposes, the current fee for background checks is \$39.50, which includes \$11.25 for a Federal Bureau of Investigation (FBI) fingerprint check that is excluded from the state TABOR limit.

## **State Expenditures**

Beginning in FY 2019-20, this bill increases workload in the Department of Public Safety to process any additional background checks for individuals providing professional services through a contract who are currently excluded from the background check requirement. Any increase in the number of background checks is expected to be minimal and no change in appropriations is required.

## **School District Impact**

The bill increases costs and workload for school districts to conduct competitive bidding, hold public hearings, and comply with the other procedures required by the bill. The extent to which the workload will increase will depend on the district's current contracting policies and the number of contracts sought for professional services.

**Effective Date**

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed. The bill applies to contracts for professional services solicited on or after that date.

**State and Local Government Contacts**

Education                      Labor                      School Districts