

JAN 25 2023

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# A BILL FOR AN ACT

RELATING TO DEPARTMENT OF EDUCATION PROCUREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. As the largest department in the State with two  
2 hundred ninety-five schools and forty-two thousand salaried and  
3 part-time employees, the department of education must procure  
4 numerous goods, services, and construction to run its  
5 operations. However, chapter 103D, Hawaii Revised Statutes (the  
6 Hawaii public procurement code), mandates that the department  
7 comply with procurement laws for its purchases triggered by  
8 certain threshold amounts. Abbreviating certain small purchase  
9 procurement requirements for the department of education will  
10 help the department procure timely and necessary goods,  
11 services, and construction. The legislature also finds that the  
12 electronic system, due to its complicated and onerous nature,  
13 places a heavy burden on school administrators seeking to  
14 address repair and maintenance backlogs and further strains the  
15 already limited time and resources of these school  
16 administrators.

17           Furthermore, with the recent influx of federal funding,  
18 including the maintenance of effort provisions within the

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1 Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-  
2 136, the department of education needs to have additional  
3 flexibility to expend federal funds in a timely manner.

4 The purpose of this Act is to exempt the department of  
5 education from the electronic procurement system requirements  
6 for small purchases and to adjust the quote requirements for the  
7 purchase of goods and services under \$100,000 and construction  
8 under \$250,000, applicable to the department of education.

9 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
10 amended by adding to part V a new section to be appropriately  
11 designated and to read as follows:

12 "§302A- Education goods and services procurement; small  
13 purchases. (a) Notwithstanding section 103D-305(c) and any  
14 other law to the contrary, procurements of less than \$100,000  
15 for goods and services for the department shall be exempt from  
16 the requirement to conduct such procurements through an  
17 electronic system and shall only be subject to:

18 (1) No less than three quotes for procurements of \$5,000  
19 to less than \$15,000; and

20 (2) No less than three written quotes for procurements of  
21 \$15,000 to less than \$100,000."

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1 SECTION 3. Chapter 302A, Hawaii Revised Statutes, is  
2 amended by adding to part VI a new section to be appropriately  
3 designated and to read as follows:

4 "§302A- Education construction procurement; small  
5 purchases. (a) Notwithstanding section 103D-305(c) and any  
6 other law to the contrary, procurements of less than \$250,000  
7 for construction for the department shall be exempt from the  
8 requirement to conduct such procurements through an electronic  
9 system and shall only be subject to:

10 (1) No less than three quotes for procurements of \$5,000  
11 to less than \$15,000; and

12 (2) No less than three written quotes for procurements of  
13 \$15,000 to less than \$250,000."

14 SECTION 4. New statutory material is underscored.

15 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: 

18

BY REQUEST

# S.B. NO. 1342

**Report Title:**

Procurement; Department of Education; Small Purchases; Exemption from Electronic Procurement System Requirement

**Description:**

Adjusts the Department of Education's small purchase threshold to require no less than three quotes for purchases of goods, services, and construction between \$5,000 to less than \$15,000, and to require no less than three written quotes for purchases of goods and services between \$15,000 to less than \$100,000 and for purchases of construction between \$15,000 to less than \$250,000. Exempts the Department of Education from the electronic procurement system requirement for purchases of goods and services less than \$100,000 and for purchases of construction less than \$250,000.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Education

TITLE: A BILL FOR AN ACT RELATING TO DEPARTMENT OF EDUCATION PROCUREMENT.

PURPOSE: To adjust the small purchase thresholds for the Department of Education (Department) for goods and services under \$100,000 and for construction under \$250,000. To exempt the Department from the electronic procurement requirements for purchases of goods and services under \$100,000 and construction under \$250,000.

MEANS: Adds two new sections to chapter 302A, Hawaii Revised Statutes.

JUSTIFICATION: As the largest department in the State, the Department must procure numerous goods, services, and construction to run its operations. Reducing the procurement requirements for the Department will allow more timely procurement of necessary goods, services, and construction. The current system places a heavy burden on school administrators seeking to address repair and maintenance backlogs and further strains the already limited time and resources of these school administrators. Furthermore, with the recent influx of federal funding with spending requirements for the Department (i.e., the maintenance of effort provisions within the Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136), the Department needs to have additional flexibility to spend the funding in a timely manner.

This bill would allow more timely purchases of needed goods, services, and construction for the Department by increasing its small purchase threshold to require no less than three quotes for purchases of goods, services, and construction between \$5,000 to less than \$15,000, and to require no less

than three written quotes for purchases of goods and services between \$15,000 to less than \$100,000, and for purchases of construction between \$15,000 to less than \$250,000. This bill would also exempt the Department from the electronic procurement system requirements for purchases of goods and services less than \$100,000 and for purchases of construction less than \$250,000.

Impact on the public: None.

Impact on the department and other agencies: Allows the Department to procure in a more timely manner. With the federal maintenance of effort spending requirements, if the Department is not able to spend its allocation, this will affect the maintenance of effort requirements for all other departments.

GENERAL FUND: Indeterminate.

OTHER FUNDS: Indeterminate.

PPBS PROGRAM  
DESIGNATION: EDN 100.

OTHER AFFECTED  
AGENCIES: State Procurement Office, all other departments due to maintenance of effort calculation.

EFFECTIVE DATE: Upon approval.