

BILL ANALYSIS

H.B. 2411
By: Strama
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

When the Texas Legislature modified the basic purchasing statutes for school districts, "best value procurement" for contracts of \$25,000 or more was introduced. This granted districts the ability to use competitive bidding, competitive sealed proposals, request for proposals, catalogue purchase procedures, inter-local contracts, or design-build contracts. However, when this modification occurred, banking depositories were omitted, so districts can currently only use the competitive bidding process for selecting banking services.

This bill adds the option of a request for proposals process for school districts selecting a bank depository, allowing districts to select a procurement method tailored to obtain the best value when acquiring depository services. This would allow a school district to consider the factors that would have the most favorable impact on the district, and potentially allow the district to save money.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the State Board of Education in SECTION 3 of this bill.

ANALYSIS

This bill provides a school district with the option of using either a competitive bidding process or a request for proposal process to award a depository contract to a bank. The bill makes numerous conforming amendments to the Education Code to provide that a proposal process is authorized, in addition to the competitive bidding process authorized under current law.

In addition, the bill authorizes a school district and the district's depository bank to agree to extend a depository contract for two additional two-year terms.

The bill provides that not later than the 60th day before the date a school district's current depository contract expires, the district shall choose whether to select a depository through competitive bidding or through requests for proposals. If a district chooses to use competitive bidding, the district shall, not later than the 30th day before the date the current depository contract expires, mail to each bank located in the district and, if desired, to other banks, a notice stating the time and place in which bid applications will be received for selecting a depository or depositories. The notice must include a uniform bid blank in the form prescribed by State Board of Education rule.

The bill provides that if a school district chooses to use requests for proposals, the district shall, not later than the 30th day before the date the current depository contract expires, mail to each bank located in the district and, if desired, to other banks, a notice stating the time and place in which proposals will be received for selecting a depository or depositories. The notice must include a uniform proposal blank in the form prescribed by State Board of Education rule.

The bill further provides that if the school district chooses to use requests for proposals, the district shall state the selection criteria, including the following factors:

- the interest rate bid or proposed on time deposits;
- charges for keeping district accounts, records, and reports and furnishing checks;

- the ability of the bank submitting the bid or proposal to provide the necessary services and perform the duties as school district depository; and
- any other matter that in the judgment of the board of trustees would be to the best interest of the school district.

The district shall select the proposal that offers the best value to the district based on the evaluation and ranking of each submitted proposal in relation to the stated selection criteria. The bill provides that a district may negotiate with the bank that submits the highest-ranked proposal to determine any terms of the proposed depository contract, other than the interest rates proposed.

The bill sets forth detailed criteria for awarding a depository contract, including procedures relating to tying bids or equally ranked proposals, and provides that factors bulleted above shall be utilized in determining the highest and best bid or the highest-ranked proposal.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.