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**From:** All Faculty and Staff [<mailto:ARCHNEWSFACSTAFF@LISTSERV.UGA.EDU>] **On Behalf Of** ArchNews  
**Sent:** Friday, July 06, 2012 1:28 PM  
**To:** [ARCHNEWSFACSTAFF@LISTSERV.UGA.EDU](mailto:ARCHNEWSFACSTAFF@LISTSERV.UGA.EDU)  
**Subject:** Competitive bid threshold increase effective July 1, 2012

**To:** UGA Faculty and Staff  
**From:** Annette Evans, Procurement Officer  
**Date:** July 6, 2012  
**Subject:** Competitive Bid Threshold Increase – Effective July 1, 2012

House Bill 863 (HB63) was passed by the Georgia House and Senate and signed into law by the Governor to be effective July 1, 2012. HB863 raises the competitive bid threshold from \$5,000.00 to \$25,000.00.

**Excerpt from HB 863:**

“Article 3 of Chapter 5 of Title 50 of the Official Code of Georgia Annotated, relating to state purchasing, is amended by revising subsection (a) of Code Section 50-5-69, relating to purchases without competitive bidding, central bid registry, procurement cards, rules and regulations, applicability to emergency purchases, and the Purchasing Advisory Council, as follows:

"(a) If the needed supplies, materials, equipment, or service can reasonably be expected to be acquired for less than ~~\$5,000.00~~ \$25,000.00 and is not available on state contracts or through statutorily required sources, the purchase may be effectuated without competitive bidding.”

This legislative change is expected to increase efficiencies in the purchasing process. It should be noted that HB 863 has a sunset clause whereby it shall stand repealed on July 1, 2015, and on which date the competitive bid limit will revert to \$5,000.00. The following background on HB863 provides some insight as to why this bill has a sunset clause.

- Proponents of the bill expect this will increase purchasing with small businesses. We expect the legislature to inquire about trends in spend data to determine if raising the bid threshold indeed results in greater state agency spend with small and local businesses.

- As stewards of the State’s funds, there is still an expectation that monies are being spent prudently and that due diligence in purchasing decisions is occurring. Although competition will not be required for purchases under \$25,000.00, the University will implement the following “sound business practices.” Please bear in mind that goods/services available through mandatory statewide contracts must still be purchased through those contracts despite the increase in the bid threshold; however the University may seek waivers through the State Purchasing Division on a case-by-case basis.
  - For purchases less than \$10,000.00: Price comparisons and purchasing decisions are at the discretion of the purchaser. No documentation is required to accompany the purchase request in UGAmart; however purchaser may, at their determination, use UGAmart to document relevant comments/information or may maintain documentation in departmental files.

- For purchases \$10,000.00 to \$24,999.99: Purchasers must enter into UGAmart relevant information on price comparisons, for example, three quotes, or justification for purchase without three quotes, or sole source information, etc. Having this documentation in UGAmart will assist UGA in demonstrating to Legislators that UGA has continued to seek competitive, fair and reasonable pricing while benefiting from the decreased administrative burden and time restraints associated with the increased competitive bid threshold. Additionally, it assists with meeting federal requirements in specific purchasing situations. Procurement will review the requisition and documentation, obtain any additional forms required by federal requirements, if applicable, and will release the purchase order to vendor after all requirements are satisfied.
- For purchases \$25,000.00 or greater: Procedures for competitive bidding or justifying lack of competition will be followed.

Please note that reasonably foreseeable or related purchases may not be split into two or more transactions for the purpose of circumventing the above requirements.

We have prepared a “Frequently Asked Questions” document for your reference located at <http://www.busfin.uga.edu/procurement/threshold.html> .

Should you have any specific questions regarding this change in the competitive bid threshold, please contact the Procurement staff at 706-542-2361.