

NOTICES

**DEPARTMENT OF
LABOR AND INDUSTRY**

Consumer Price Index Adjustment of Base Amounts on Bids Effective January 1, 2019

**[48 Pa.B. 7354]
[Saturday, November 24, 2018]**

Each year the Department of Labor and Industry (Department) is required by the following statutes to publish changes to the base amounts triggering the requirement for public bids, telephonic bids or separate bids, or both, for certain contracts. The Department is required to announce the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U): All Items for the United States City Average for the 12-month period ending September 30 of each year. The Department utilizes the most current nonseasonally adjusted series, as published by the United States Bureau of Labor Statistics (BLS), which at present uses 1982—1984 as the index base period (set equal to 100). The percentage change for the 12-month period ending September 30, 2018, is 2.3%.

The change to the base rate is determined as follows:

1) Calculate the percentage change in CPI-U (I) from September 2017 to September 2018. This is derived as $I = (CPI_{18} - CPI_{17}) / CPI_{17}$, where the subscripts refer to September 2018 and 2017 values of CPI-U. As reported by the BLS these values are $(252.439 - 246.819) / 246.819 = +5.620 / 246.819 = +2.22770\%$, which when rounded to 1 decimal place = 2.3%. (This was also reported as 2.3% in Table A of the BLS news release on the Consumer Price Index Summary for September 2018.)

2) The legislation puts a floor of 0 and a cap of 3% on the percentage change to be utilized in the calculations (technically these restrictions are on the Preliminary Adjusted Base (PAB), defined in step 4, however this is mathematically equivalent). The truncated value of the percentage change to be used in the adjustment formula is denoted as PC, resulting in:

a) $PC = I$, for $0 \leq I \leq 3\%$,

b) $PC = 0$, for $I < 0$ and

c) $PC = 3\%$, for $I > 3\%$.

3) The base value (either original for new legislation or the prior year's PAB) is designated as B and the product of B and PC (determined above) is P. (There are different values of the base depending on the entity and the type of bid, so technically B could be designated with two subscripts. For illustration purposes, the subscripts are omitted.) Then $P = B * PC$. A common value for the base amount in 2018 for a public bid is \$20,146.07. (The other two prior PABs, which are this year's bases for a variety of bid types, were \$10,889.77 and \$27,224.42.) For example, using $B = \$20,146.07$, results in $P = \$20,146.07 * 2.3\% = \463.36 .

4) Then the Preliminary Adjusted Base, $PAB = P + B$, which reduces to $\$463.36 + \$20,146.07 = \$20,609.43$.

5) The Final Adjusted Base Amount, FAA (which is used as the limit for the next year that is 2019), is the PAB rounded to the nearest 100. Therefore, the FAA = \$20,600.

Entity and Legislation	Final Adjusted Base Amount for Use in 2019			
	Public Bid	Written/ Telephonic Bid	Separate Bids	Concessions

The County Code (16 P.S. §§ 1801—1803 and 2317)	\$20,600	\$11,100	\$20,600	
Second Class County Code (16 P.S. §§ 3112, 5001, 5511-A and 5517)	\$20,600	\$11,100	\$20,600	
Public School Code (24 P.S. §§ 1-120, 7-751 and 8-807.1)	\$20,600	\$11,100	\$20,600	
Public School Code, Thaddeus Stevens College of Technology (24 P.S. § 19-1913.1-B)	\$20,600			
Public School Code, State System of Higher Education (24 P.S. §§ 20-2003-A.1 and 20-2010-A)	\$20,600			
Prevention and Control of Floods, Flood Control Districts (32 P.S. §§ 662 and 662.1)	\$20,600			
Housing Authorities (35 P.S. § 1551)	\$20,600	\$11,100		
Intergovernmental Cooperation (53 Pa.C.S. §§ 2308, 2311 and 2312)	\$20,600	\$11,100		
General Municipal Law, Flood Control (53 P.S. § 2863)	\$20,600	\$11,100		
Political Subdivisions Joint Purchases Law (53 P.S. § 5432)	\$20,600	\$11,100		
Parking Authorities (53 Pa.C.S. § 5511)	\$27,900	\$11,100		
Municipal Authorities (53 Pa.C.S. § 5614)	\$20,600	\$11,100		
Public Auditorium Authorities Law (53 P.S. § 23851)	\$20,600	\$11,100		
Third Class City Code (11 Pa.C.S. §§ 11901.1, 11901.2, 11901.4, 11902, 11903.1 and 11909)	\$20,600		\$20,600	
Boroughs and Incorporated Towns (8 Pa.C.S. §§ 1402, 1403 and 1405)	\$20,600	\$11,100	\$20,600	
Incorporated Towns (53 P.S. §§ 53202, 53202.1, 53203, 53203.1 and 53205)	\$20,600	\$11,100	\$20,600	
First Class Township Code (53 P.S. §§ 56802, 56803 and 56805)	\$20,600	\$11,100	\$20,600	
Second Class Township Code (53 P.S. §§ 68102 and 68107)	\$20,600	\$11,100	\$20,600	
Economic Development Financing Law (73 P.S. § 382)	\$20,600	\$11,100		
Metropolitan Transportation Authorities (74 Pa.C.S. § 1750)	\$27,900			\$20,600

W. GERARD OLEKSIK,
Secretary

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