JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

October 14, 2009

MEMORANDUM

To: Local and Intermediate School District Superintendents
Public School Academy Administrators

From: Carol L. Wolenberg, Deputy Superintendent

Subject: Competitive Bid Threshold, FY 2010

The purpose of this letter is to communicate changes to the base amount above which competitive bids must be obtained for remodeling, procurement of supplies, materials, and equipment. Sections 623a, 1267, and 1274 of the Revised School Code establish a base above which competitive bids must be obtained and provide for an increase in the base that corresponds with increases in the Consumer Price Index. The fiscal year 2009-2010 base for Section 1267, pertaining to construction, renovation, repair, or remodeling and the new base for Sections 623a and 1274, pertaining to procurement of supplies, materials, and equipment, is $20,998.

Our analysis shows that the average Consumer Price Index (CPI) for the 12 month period ending August 31, 2008 was 213.61. The similar average for the 12 months ending August 31, 2009 was 214.00, a percentage increase of 0.19%. The fiscal year 2008-2009 base of $20,959 for Section 1267 items has increased by $39 to $20,998. The base of $20,488 for Sections 623a and 1274 items increases by $510 to $20,998. While the increase to the Sections 623a and 1274 threshold is due in part to the CPI increase, it is also results from the Michigan Legislature acting to synchronize the pertinent sections of the Revised School Code for the sake of simplicity.

Section 620(1) of the Revised School Code [MCL 380.620(1)] establishes a base above which travel expenses paid with intermediate funds must be posted to the ISD website. Section 620(1) provides for an increase in the base that corresponds with increases in the Consumer Price Index. For fiscal year 2009-10, the new base amount for travel is $3,434 (3,428 x 1.0019).

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There are changes to the limits on the value of awards given by an ISD to an employee, volunteer, or pupil, as well as the value above which an ISD administrator may not accept a gift from a vendor or potential vendor. Section 634 places an upper limit on the value of awards given by an ISD to an employee, volunteer, or pupil, as well as the value above which an ISD administrator may not accept a gift from a vendor or potential vendor. The fiscal year 2008-09 cap of $116 for awards and the cap of $51 for gifts did not increase, due to the relatively low percentage increase in the average CPI.

Please note that all of the thresholds and caps mentioned in this communication are effective as of this date, and are in effect until the next communication revises them.

If you have any questions, please contact Phil Boone, Office of State Aid and School Finance, at (517) 335-4059 or boonep2@michigan.gov.

	Section	Requirement	Base Amount	2005-06 Base	2008-09 Threshold	2009-2010 Threshold
ISD Travel expenditures	620	Posting	$3,000	$3,093	$3,428	$3,434
ISD Procurement of supplies, materials, and equipment	623a	Comp. Bid	$17,932	$18,489	$20,488	$20,998
ISD Award value limit	634, 1814		$100	$105	$116	$116
ISD Gift value limit (monthly)	634		$44	$46	$51	$51
School building construction, addition, renovation, or repair	1267	Comp. Bid	$17,932	$18,915	$20,959	$20,998
School District or PSA Procurement of supplies, materials, and equipment	1274	Comp. Bid	$17,932	$18,489	$20,488	$20,998

cc: William Mayes, MASA
David Martell, MSBO
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Billie Wimmer, MCCSA