

APPENDIX F – PUBLIC SCHOOL COMPETITIVE BID BASE



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



JENNIFER M. GRANHOLM
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

September 20, 2007

Dear Superintendent:

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 2007-08 base for Section 1267, pertaining to construction, renovation, repair, or remodeling is \$20,102 and the new base for Sections 623a and 1274, pertaining to procurement of supplies, materials, and equipment, is \$19,650.

Our analysis shows that the average Consumer Price Index for the 12 month period ending August 31, 2006 was 200.29 and the similar average for the 12 months ending August 31, 2007 was 204.87, representing a percentage increase of 2.29%. Therefore, the fiscal year 2006-07 base of \$19,653 for Section 1267 items increases by \$449 to \$20,102 and the base of \$19,211 for Sections 623a and 1274 items increases by \$439 to \$19,650.

In addition, there are changes to the base amount above in which travel expenses paid with intermediate school funds must be posted on the Intermediate School District's (ISD) website. Section 620(1) of the Revised School Code establishes a base above which travel expenses paid with intermediate funds must be posted to the ISD website. [MCL 380.620(1)] provides for an increase in the base that corresponds with increases in the Consumer Price Index. For fiscal year 2007-08, the new base amount for travel is \$3,288.

As mentioned above, the average Consumer Price Index for the 12 month period ending August 31, 2006 was 200.29 and the similar average for the 12 months ending August 31, 2007 was 204.87, representing a percentage increase of 2.29%. For fiscal year 2007-08 website reporting, the threshold base of \$3,214 for Section 620(1) items increases by \$74 to \$3,288.

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In addition, 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.

As mentioned above, the average Consumer Price Index for the 12 month period ending August 31, 2006 was 200.29 and the similar average for the 12 months ending August 31, 2007 was 204.87, representing a percentage increase of 2.29 %. Therefore, the fiscal year 2006-07 cap of \$109 for awards increases by \$2 to \$111 and the cap of \$48 for gifts increases by \$1 to \$49.

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.

Please call Phil Boone at (517) 335-4059 if there are questions about these changes.

Sincerely,



Daniel M. Hanrahan, Director
Office of State Aid and School Finance

cc: Phil Boone

Attachment

	Section	Requirement Posting	Base Amount	2005-06 Base	2006-07 Threshold	2007-08 Threshold
ISD Travel expenditures	620	Posting	\$3,000	\$3,093	\$3,214	\$3,288
ISD Procurement of supplies, materials, and equipment	623a	Comp. Bid	\$17,932	\$18,489	\$19,211	\$19,650
ISD Award value limit	634, 1814		\$100	\$105	\$109	\$111
ISD Gift value limit (monthly)	634		\$44	\$46	\$48	\$49
School building construction, addition, renovation, or repair	1267	Comp. Bid	\$17,932	\$18,915	\$19,653	\$20,102
School District or PSA Procurement of supplies, materials, and equipment	1274	Comp. Bid	\$17,932	\$18,489	\$19,211	\$19,650

Please contact Phil Boone at (517) 335-4059 with any questions.