



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

September 19, 2013

MEMORANDUM

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

From: Carol L. Wolenberg, Deputy Superintendent *Carol*

Subject: Competitive Bid Threshold, FY 2014

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 [MCL 380.623a, MCL 380.1267, and MCL 380.1274]. The fiscal year 2013-2014 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 \$22,766.

Our analysis shows that the average Consumer Price Index (CPI) for the 12 month period ending August 31, 2012, was 228.15. The similar average for the 12 months ending August 31, 2013, was 232.02, a percentage increase of 1.70%. Therefore, the fiscal year 2012-2013 base of \$22,386 for Sections 623a, 1267, and 1274 items increases by \$380 to \$22,766 ($\$22,386 \times 1.0170$) for fiscal year 2013-2014.

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 2013-14, the base amount for travel increases by \$62 to \$3,724 ($3,662 \times 1.0170$).

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

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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 2012-13 cap of \$124 for awards increases to \$126 and the cap of \$54 for gifts increases to \$55 due to the 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	2012-13 Thresholds	2013-14 Thresholds
ISD Travel expenditures	620	Posting	\$3,000	\$3,093	\$3,662	\$3,724
ISD Procurement of supplies, materials, and equipment	623a	Comp. Bid	\$17,932	\$18,489	\$22,386	\$22,766
ISD Award value limit	634, 1814		\$100	\$105	\$124	\$126
ISD Gift value limit (monthly)	634		\$44	\$46	\$54	\$55
School building construction, addition, renovation, or repair	1267	Comp. Bid	\$17,932	\$18,915	\$22,386	\$22,766
School District or PSA Procurement of supplies, materials, and equipment	1274	Comp. Bid	\$17,932	\$18,489	\$22,386	\$22,766

cc: Michigan Education Alliance