



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

GRETCHEN WHITMER
GOVERNOR

MICHAEL F. RICE, Ph.D.
STATE SUPERINTENDENT

MEMORANDUM

DATE: September 26, 2019

TO: Local and Intermediate School District Superintendents
Public School Academy Directors

FROM: Kyle L. Guerrant, Deputy Superintendent *KG*
Finance and Operations

SUBJECT: Competitive Bid Threshold, Fiscal Year 2020

The purpose of this memo 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 (MCLs 380.623a, 380.1267, 380.1274) 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 (CPI). The fiscal year 2019-20 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, are both \$24,924.

Our analysis shows the average CPI for the 12-month period ending August 31, 2018 was 249.28. The similar average for the 12 months ending August 31, 2019 was 254.02, a percentage increase of 1.9%. Therefore, the fiscal year 2018-19 base of \$24,459 for Sections 623a, 1267, and 1274 items increases by \$465 to \$24,924 ($\$24,459 \times 1.019$) for fiscal year 2019-20.

Section 620(1) of the Revised School Code (MCL 380.620(1)) establishes a base above which travel expenses paid with Intermediate School District (ISD) funds must be posted to the ISD website. Section 620(1) provides for an increase in the base that corresponds with increases in the CPI. For fiscal year 2019-20, the base amount for travel increases by \$78 to \$4,078 (4000×1.019).

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,

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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 2018-19 cap of \$136 for awards increases to \$140 and the cap of \$59 for gifts increases to \$61 due to the increase in the average CPI.

Please note that all 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.

	MCL Section	Requirement	Base Amount	2005-06 Base	2017-18 Thresholds	2018-19 Thresholds	2019-20 Thresholds
ISD Travel expenditures	620	Posting	\$ 3,000	\$ 3,093	\$ 3,906	\$ 4,000	\$ 4,078
ISD Procurement of supplies, materials, and equipment	623a	Comp. Bid	\$ 17,932	\$ 18,489	\$ 23,881	\$ 24,459	\$ 24,924
ISD Award value limit	634, 1814	Award Cap	\$ 100	\$ 105	\$ 133	\$ 136	\$ 140
ISD Gift value limit (monthly)	634	Gift Cap	\$ 44	\$ 46	\$ 57	\$ 59	\$ 61
School building or PSA construction, addition, renovation, or repair	1267	Comp. Bid	\$ 17,932	\$ 18,915	\$ 23,881	\$ 24,459	\$ 24,924
School District or PSA Procurement of supplies, materials, and equipment	1274	Comp. Bid	\$ 17,932	\$ 18,489	\$ 23,881	\$ 24,459	\$ 24,924

cc: Michigan Education Alliance