



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

RICK SNYDER  
GOVERNOR

SHEILA A. ALLES  
INTERIM STATE SUPERINTENDENT

**MEMORANDUM**

**DATE:** September 27, 2018

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

**FROM:** Kyle L. Guerrant, Deputy Superintendent *KG*

**SUBJECT:** Competitive Bid Threshold, FY 2019

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 (CPI). The fiscal year 2018-2019 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 \$24,459.

Our analysis shows that the average CPI for the 12-month period ending August 31, 2017 was 243.39. The similar average for the 12 months ending August 31, 2018 was 249.28, a percentage increase of 2.42%. Therefore, the fiscal year 2017-2018 base of \$23,881 for Sections 623a, 1267, and 1274 items increases by \$578 to \$24,459 ( $\$23,881 \times 1.0242$ ) for fiscal year 2018-2019.

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 CPI. For fiscal year 2018-19, the base amount for travel increases by \$95 to \$4,001 ( $3,906 \times 1.0242$ ).

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

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vendor or potential vendor. The fiscal year 2017-18 cap of \$133 for awards increases to \$137 and the cap of \$57 for gifts increases to \$59 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](mailto:boonep2@michigan.gov).

| Item   | Section   | Requirement | Base Amount | 2005-06 Base | 2016-17 Thresholds | 2017-18 Thresholds | 2018-19 Thresholds |
|--|-----------|-------------|-------------|--------------|--------------------|--------------------|--------------------|
| ISD Travel expenditures  | 620       | Posting     | \$3,000     | \$3,093      | \$3,830            | \$3,906            | \$4,001            |
| ISD Procurement of supplies, materials, and equipment                    | 623a      | Comp. Bid   | \$17,932    | \$18,489     | \$23,416           | \$23,881           | \$24,459           |
| ISD Award value limit  | 634, 1814 | Award Cap   | \$100       | \$105        | \$130              | \$133              | \$137              |
| ISD Gift value limit (monthly)   | 634       | Gift Cap    | \$44        | \$46         | \$56               | \$57               | \$59               |
| School building construction, addition, renovation, or repair            | 1267      | Comp. Bid   | \$17,932    | \$18,915     | \$23,416           | \$23,881           | \$24,459           |
| School District or PSA Procurement of supplies, materials, and equipment | 1274      | Comp. Bid   | \$17,932    | \$18,489     | \$23,416           | \$23,881           | \$24,459           |

cc: Michigan Education Alliance