


## MEMO

To: MAISD Staff   
From: Mike Schluentz, Associate Superintendent for Administrative Services  
Date: September 27, 2019  
Subject: 2019-20 Competitive Bid Minimum

For the 2019-20 fiscal year, all purchases for supplies, materials, and equipment above \$24,924 must be competitively bid.

For the 2019-20 fiscal year, all purchases for construction, renovation, repair, or remodeling above \$ 24,924 must be competitively bid.

MAISD policy also sets \$ 24,924 as the base amount above which purchases must be Board approved.

The MAISD policy for purchases less than the stated base amounts is as follows:

- Seek informal price quotations on purchases in excess of \$10,000.
- When the purchase of, and contract for, single items of supplies materials, or equipment is less than the amount allowed by State statute, but exceeds \$15,000, the Superintendent shall whenever possible require three (3) competitive prices quotations.
- Purchases in a single transaction that are in excess of the dollar amount permitted by State statute shall require competitive bids and, whenever possible, have at least three (3) such bids for substantiation of purchase and shall require approval of the Board prior to purchase.
- Competitive bids are not required for items purchase through the cooperative bulk purchasing program operation by the Michigan Department of Management and Budget.

If you have any questions on the purchasing policy or the minimum, please contact me at 767-7207.

kg

Enclosure: Office of State Aid and School Finance Letter of September 26, 2019.



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. Guarrant, Deputy Superintendent<sup>KG</sup>  
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 ( $4000 \times 1.019$ ).

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](mailto: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