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STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

MICHAEL P. FLANAGAN  
SUPERINTENDENT OF  
PUBLIC INSTRUCTION

September 15, 2011

**MEMORANDUM**

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

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

Subject: Competitive Bid Threshold, FY 2012

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 2011-2012 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 \$21,825.

Our analysis shows that the average Consumer Price Index (CPI) for the 12 month period ending August 31, 2010 was 217.16. The similar average for the 12 months ending August 31, 2011 was 222.43, a percentage increase of 2.43%. Therefore, the fiscal year 2010-2011 base of \$21,308 for Sections 623a, 1267, and 1274 items increases by \$517 to \$21,825 ( $\$21,308 \times 1.0243$ ) for fiscal year 2011-2012.

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 2011-12, the base amount for travel increases by \$85 to \$3,570 ( $3,485 \times 1.0243$ ).

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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. The fiscal year 2010-11 cap of \$118 for awards increases to \$121 and the cap of \$52 for gifts increases to \$53 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).

|  | Section   | Requirement | Base Amount | 2005-06 Base | 2010-11 Threshold | 2011-12 Thresholds |
|--|-----------|-------------|-------------|--------------|-------------------|--------------------|
| ISD Travel expenditures  | 620       | Posting     | \$3,000     | \$3,093      | \$3,485           | \$3,570            |
| ISD Procurement of supplies, materials, and equipment                    | 623a      | Comp. Bid   | \$17,932    | \$18,489     | \$21,308          | \$21,825           |
| ISD Award value limit  | 634, 1814 |             | \$100       | \$105        | \$118             | \$121              |
| ISD Gift value limit (monthly)   | 634       |             | \$44        | \$46         | \$52              | \$53               |
| School building construction, addition, renovation, or repair            | 1267      | Comp. Bid   | \$17,932    | \$18,915     | \$21,308          | \$21,825           |
| School District or PSA Procurement of supplies, materials, and equipment | 1274      | Comp. Bid   | \$17,932    | \$18,489     | \$21,308          | \$21,825           |

cc: Michigan Education Alliance