



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

GRETCHEN WHITMER
GOVERNOR

MICHAEL F. RICE, Ph.D.
STATE SUPERINTENDENT

MEMORANDUM

DATE: October 8, 2020

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

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

SUBJECT: FY 21 Thresholds for Competitive Bids, Posting Travel Expenses, and Value of Awards

The Michigan Department of Education (MDE) is providing updated information on statutory requirements that determine thresholds for competitive bids, travel expenses, and value of awards.

Sections 623a, 1267, and 1274 of the Revised School Code establish a base amount above which competitive bids must be obtained for school construction projects (including renovation, repair, or remodeling) and procurement of supplies, materials, and equipment. The law also provides for an increase in the base amount that corresponds with increases in the Consumer Price Index (CPI). The fiscal year 2020-21 base amount for Section 1267 (pertaining to construction, renovation, repair, or remodeling) and for Sections 623a and 1274 (pertaining to procurement of supplies, materials, and equipment) is \$25,288.

Our analysis shows that the average CPI for the 12-month period ending August 31, 2019 was 254.02. The similar average for the 12 months ending August 31, 2020 was 257.72, a percentage increase of 1.5%. Therefore, the fiscal year 2019-20 base of \$24,924 for Sections 623a, 1267, and 1274 items increases by \$364 to \$25,288 for fiscal year 2020-21.

Section 620(1) of the Revised School Code (MCL 380.620(1)) establishes a base amount above which travel expenses paid with intermediate funds must be posted to the intermediate school district (ISD) website. Section 620(1) provides for an increase in the base amount that corresponds with increases in the CPI. For fiscal year 2020-21, the base amount for travel increases by \$60 to \$4,138.

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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 2019-20 cap of \$140 for awards increases to \$143 and the cap of \$61 for gifts increases to \$62 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 Financial Management, at 517-335-4059 or boonep2@michigan.gov.

	Section	Requirement	Base Amount	2005-06 Base	2019-20 Thresholds	2020-2021 Thresholds
ISD Travel expenditures	620	Posting	\$ 3,000	\$ 3,093	\$ 4,078	\$ 4,138
ISD Procurement of supplies, materials, and equipment	623a	Comp. Bid	\$ 17,932	\$ 18,489	\$ 24,924	\$ 25,288
ISD Award value limit	634, 1814	Award Cap	\$ 100	\$ 105	\$ 140	\$ 143
ISD Gift value limit (monthly)	634	Gift Cap	\$ 44	\$ 46	\$ 61	\$ 62
School building construction, addition, renovation, or repair	1267	Comp. Bid	\$ 17,932	\$ 18,915	\$ 24,924	\$ 25,288
School District or PSA Procurement of supplies, materials, and equipment	1274	Comp. Bid	\$ 17,932	\$ 18,489	\$ 24,924	\$ 25,288

cc: Michigan Education Alliance
 Confederation of Michigan Tribal Education Directors