



TO: Katherine Maguire, Superintendent
FROM: Patricia Magnuson, Director of Business Services
SUBJECT: Micro-Purchase Threshold
DATE: June 25, 2024

The purpose of this memo is to recommend that the school board adopt the resolution below, as recommended by the school district auditors.

Background

The purchase of items using federal funds (i.e. Title, School Nutrition, special education) must comply with federal standards. One of these standards is that micro-purchases, items costing less than \$10,000, can be purchased without obtaining competitive quotes. This is a different standard than MN state law, which assigns micro-purchase status up to \$25,000.

Because St. Louis Park Public Schools does not have a purchasing department to evaluate each purchase proactively, these conflicting standards make it likely that staff who make federal purchases may be confused about the requirements and make a purchase between \$10,000 and \$25,000 without obtaining the necessary quotes.

Federal law allows the school board to increase the micro-purchase limit to \$50,000. To create consistent purchasing standards, we recommend an increase in line with MN statute, or \$25,000. We recommend that this action be retroactive to July 1, 2023.

This action has been taken by several MN school districts.

Resolution

WHEREAS, a **School District** entering into an agreement for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property must abide by the Minnesota statutes relating to contracting and bidding.

Minn. Stat. § 471.345, the Uniform Municipal Contracting Law, was established to provide dollar limits for all municipalities upon contracts which shall or may be entered into on the basis of competitive bids, quotations, or purchase or sale in the open market. Minn. Stat. § 471.345. Generally, the following thresholds apply:

1. For contracts over \$175,000 - sealed bids, solicited by public notice and subject to the particular requirements of the governmental subdivision.
2. For contracts from \$25,000 to \$175,000 - sealed bids or direct negotiation, with two quotations whenever possible.
3. For contracts of \$25,000 or less - open market or quotations (with at least two contract quotations, if practicable).

WHEREAS, the **School District** must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this **2 CFR § 200.318**, for the acquisition of property or services required under a federal award or subaward.

WHEREAS, all procurement transactions for the acquisition of property or services required under a federal award must be conducted in a manner providing full and open competition consistent with the standards of **2 CFR § 200.319** and **2 CFR § 200.320**.

2 CFR § 200.320 Methods of Procurement to be followed:

1. For contracts over the Simplified Acquisition Threshold, generally defined as \$250,000 in the Federal Acquisition Regulations (FAR) - formal procurement methods such as sealed bids or proposals are appropriate.



St. Louis Park Public Schools

2. For contracts determined to be "small purchases", that is the aggregate dollar amount of which is higher than the micro-purchase threshold and smaller than the Simplified Acquisition Threshold, price or rate quotations must be obtained from an adequate number of qualified sources.
3. For contracts determined to be "Micro-purchases", currently defined in the Federal Acquisition Regulations (FAR) as \$10,000 or less- Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity.

WHEREAS, 2 CFR 200.320 (a)(1)(iv) allows for the **School District** to increase their *micro-purchase threshold up to \$50,000*. Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The **School District** may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with 2 CFR § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of a higher threshold consistent with State law.

THEREFORE; BE IT RESOLVED that the **School Board of St. Louis Park Public Schools** approves an increase to the **School District's** federal Micro-purchase threshold from \$10,000 to \$25,000 to be consistent with Minnesota Stat. § 471.345, subd. 5, as allowed by 2 CFR § 200.320(a)(1)(iv), for the acquisition of property or services under a federal award. This increase is retroactive to July 1, 2022.

Next Steps

The single audit of federal awards for FY 2024 will use this updated micro-purchase threshold.