

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Procurement Bidding Threshold

Action Requested: Approval of an Increase in the Procurement Formal Competitive Bid Limit up to \$75,000

Background and Summary:

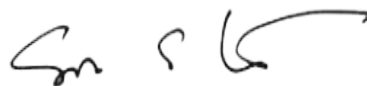
The Board of Regents currently requires that all purchases of \$10,000 or more are competitively bid when competitive vendors can be identified. The Regents further require Procurement Services to report quarterly all non-competitive purchase transactions in excess of \$10,000. The current threshold of \$10,000 was established in 2014. A non-competitive purchase, for this purpose, is identified as any purchase of goods or services that has not been subject to an open solicitation for pricing from multiple vendors or has not been subject to evaluation by Procurement Services to determine the best value for the University.

We are requesting action to increase the bidding thresholds as an important step in a multi-year procurement transformation focused on people, processes, and technology. Our goal is to better serve campus and Michigan Medicine through a customer-centric approach designed for greater efficiencies, measurable cost savings, and aligning practices with the University's priorities of Affordability and Efficiency as well as better aligning us with peer institutions. Due to the [Uniform Guidance Procurement Requirements](#) for federal funding, we will start at \$50,000 with a phased approach as we seek approval from the federal government to increase to \$75,000. Procurement Services will continue to reserve the right to bid below the threshold if warranted or at a unit's request.

The Regents will continue to receive a quarterly report of those contracts above the bid threshold that are sole-sourced. We believe that these revisions will significantly improve efficiencies across the University while managing risks appropriately.

Recommendation: I recommend that the Board of Regents approve raising the formal bid threshold and the threshold for quarterly reporting of non-competitive purchase transactions to up to \$75,000.

Respectfully submitted,



Geoffrey S. Chatas
Executive Vice President and
Chief Financial Officer

September 2023