

Procurement Advisory 132

FAR Class Deviation to Increase the Micro-Purchase and the Simplified Acquisition Thresholds

This advisory approves a class deviation from the Federal Acquisition Regulation (FAR) to increase the micro-purchase threshold (MPT) to \$10,000 and the simplified acquisition threshold (SAT) to \$250,000.

Additionally, Section 217(b) of the NDAA FY 2017 (Public Law 114-328) changed a portion of the micro-purchase threshold definition in FAR 2.101 to increase the micro-purchase threshold for acquisitions from institutions of higher education or related or affiliated nonprofit entities, or by nonprofit research organizations or independent research institutes, to \$10,000.

FAR Case 2018-004 has been opened to implement the appropriate statutory changes in the FAR that are compelled by sections 805 and 806 of the NDAA FY18 and section 217(b) of the NDAA FY17. However, USDA has the need to use the increased thresholds prior to the publication of the FAR changes.

Effective immediately, contracting officers, purchase cardholders, and their approvers shall comply with the changes set forth in the Enclosure. The changes addressed in the Enclosure also supersede the amounts listed in Procurement Advisory 122A and Departmental Regulation 5013-6 for the micro-purchase and simplified acquisition thresholds. Additionally, continued adherence to the latest version of Procurement Advisory 55 is required.

Existing purchase card limits are not automatically raised through this deviation. If there is a need to change a purchase card limitation, see your Agency Program Coordinator and Approving Official within your Agency.

Although the SAT is increasing, individual warrant limitations shall remain at the discretion of your Head of Contracting Activity (HCA) and Mission Area Senior Contracting Official (MASCO).

This advisory is effective as dated and shall remain in effect until the increased thresholds are incorporated into the FAR or is otherwise rescinded.

Questions regarding this advisory should be directed to Procurement.Policy@dm.usda.gov.

Enclosure

Baseline is FAC 2005-97, effective January 24, 2018.

Changes shown as: **[additions]** and ~~deletions~~.

PART 2—DEFINITIONS OF WORDS AND TERMS

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Subpart 2.1 - Definitions

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2.101 Definitions.

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(b) * * *

“Micro-purchase threshold” means ~~\$3,500~~ **[\$10,000]**, except it means—

(1) For acquisitions of construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction), \$2,000;

(2) For acquisitions of services subject to 41 U.S.C. chapter 67, Service Contract Labor Standards, \$2,500; ~~and~~

[(3)] For acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or ; **[to]** facilitate defense against or recovery from **[cyber]**, nuclear, biological, chemical or radiological attack; **[to support a request from the Secretary of State or the Administrator of the United States Agency for International Development to facilitate provision of international disaster assistance pursuant to 22 U.S.C. 2292 et seq.; or to support response to an emergency or major disaster (42 U.S.C. 5122),]** as described in 13.201(g)(1), except for construction subject to 40 U.S.C. chapter 31, subchapter IV, Wage Rate Requirements (Construction) (41 U.S.C. 1903)—

(i) \$20,000 in the case of any contract to be awarded and performed, or purchase to be made, inside the United States; and

(ii) \$30,000 in the case of any contract to be awarded and performed, or purchase to be made, outside the United States—**[;**

and]

[(4) For acquisitions of supplies or services from institutions of higher education 20 U.S.C. 1001(a)) or related or affiliated nonprofit entities, or from nonprofit research organizations or independent research institutes—

(i) \$10,000; or

(ii) A higher threshold, as determined appropriate by the head of the agency and consistent with clean audit findings under 31 U.S.C. chapter 75, Requirements for Single Audits; an internal institutional risk

assessment; or State law.]

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"Simplified acquisition threshold" means ~~\$150,000~~ **[\$250,000]** (41 U.S.C. 134), except for-

(1) Acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation; **[to]** facilitate defense against or recovery from **[cyber,]** nuclear, biological, chemical, or radiological attack; **[to support a request from the Secretary of State or the Administrator of the United States Agency for International Development to facilitate provision of international disaster assistance pursuant to 22 U.S.C. 2292 et seq.; or to support response to an emergency or major disaster (42 U.S.C. 5122),]** (41 U.S.C. 1903), the term means-

(i) \$750,000 for any contract to be awarded and performed, or purchase to be made, inside the United States; and

(ii) \$1.5 million for any contract to be awarded and performed, or purchase to be made, outside the United States; and

(2) Acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a humanitarian or peacekeeping operation (10 U.S.C. 2302), the term means ~~\$300,000~~ **[\$500,000]** for any contract to be awarded and performed, or purchase to be made, outside the United States.

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PART 13 - SIMPLIFIED ACQUISITION PROCEDURES

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13.003 Policy.

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(b)(1) Acquisitions of supplies or services that have an anticipated dollar value exceeding ~~\$3,500~~ **[the micro-purchase threshold]** (\$20,000 for acquisitions as described in 13.201(g)(1)) but not exceeding ~~\$150,000~~ **[the simplified acquisition threshold]** (\$750,000 for acquisitions described in paragraph (1)(i) of the simplified acquisition threshold definition at 2.101) are reserved exclusively for small business concerns and shall be set aside (see 19.000, 19.203, and subpart 19.5).

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Subpart 13.5-Simplified Procedures for Certain Commercial Items

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13.501 Special documentation requirements.

(a) * * *

(2) * * *

(i) For a proposed contract exceeding ~~\$150,000~~ [the simplified acquisition threshold], but not exceeding \$700,000, the contracting officer's certification that the justification is accurate and complete to the best of the contracting officer's knowledge and belief will serve as approval, unless a higher approval level is established in accordance with agency procedures. *

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PART 19-SMALL BUSINESS PROGRAMS

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Subpart 19.2-Policies

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19.203 Relationship among small business programs.

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(b) At or below the simplified acquisition threshold. For acquisitions of supplies or services that have an anticipated dollar value exceeding ~~\$3,500~~ [the micro-purchase threshold] (\$20,000 for acquisitions as described in 13.201(g)(1)), but not exceeding ~~\$150,000~~ [the simplified acquisition threshold] (\$750,000 for acquisitions described in paragraph (1)(i) of the simplified acquisition threshold definition at 2.101), the requirement at 19.502-2(a) to exclusively reserve acquisitions for small business concerns does not preclude the contracting officer from awarding a contract to a small business under the 8(a) Program, HUBZone Program, SDVOSB Program, or WOSB Program.

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Subpart 19.5-Set-Asides for Small Business

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19.502 Setting Aside Acquisitions.

19.502-1 Requirements for setting aside acquisitions.

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(b) This requirement does not apply to purchases of ~~\$3,500~~ [the micro-purchase threshold] or less (\$20,000 or less for acquisitions as described in 13.201(g)(1)), or purchases from required sources of supply under Part 8 (e.g., Committee for Purchase From People Who are Blind or Severely Disabled, and Federal Supply Schedule contracts).

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19.502-2 Total small business set-asides.

(a) Before setting aside an acquisition under this paragraph, refer to 19.203(b). Each acquisition of supplies or services that has an anticipated dollar value exceeding ~~\$3,500~~ [the micro-purchase threshold] (\$20,000 for acquisitions as described in 13.201(g)(1)), but not over ~~\$150,000~~ [the simplified acquisition threshold] (\$750,000 for acquisitions described in paragraph (1) (i) of the simplified acquisition threshold definition at 2.101), is automatically reserved exclusively for small business concerns and shall be set aside for small business unless the contracting officer determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality, and delivery.* * *

(b) Before setting aside an acquisition under this paragraph, refer to 19.203(c). The contracting officer shall set aside any acquisition over ~~\$150,000~~ [the simplified acquisition threshold] for small business participation when there is a reasonable expectation that—

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19.508 Solicitation provisions and contract clauses.

* * * (e) The contracting officer shall insert the clause at 52.219- 14, Limitations on Subcontracting, in solicitations and contracts for supplies, services, and construction, if any portion of the requirement is to be set aside or reserved for small business and the contract amount is expected to exceed ~~\$150,000~~ [the simplified acquisition threshold]. This includes multiple-award contracts when orders may be set aside for small business concerns, as described in 8.405-5 and 16.505(b)(2)(i)(F).

Part 52—Solicitation Provisions and Contract Clauses

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Subpart 52.2—Text of Provisions and Clauses

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52.203-16 Preventing Personal Conflicts of Interest.

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(d) Subcontract flowdown. The Contractor shall include the substance of this clause, including this paragraph (d), in subcontracts—

(1) That exceed ~~\$150,000~~ [the simplified acquisition threshold]; and

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52.212-1 Instructions to Offerors—Commercial Items.

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(j) *Unique entity identifier.* (Applies to all offers exceeding \$3,500 [the micro-purchase threshold], and offers of ~~\$3,500 or less~~ [at any dollar level] if the solicitation requires the Contractor to be registered in the System for Award Management (SAM) database.) * * *

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52.219-9 Small Business Subcontracting Plan.

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(d) * * *

(11) * * *

(iii) Records on each subcontract solicitation resulting in an award of more than ~~\$150,000~~ [the simplified acquisition threshold], indicating—

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Alternate IV (Jan 2017). As prescribed in [19.708](#)(b)(1)(iv), substitute the following paragraphs (c) and (d) for paragraphs (c) and (d) of the basic clause:

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(d) * * *

(11) * * *

(iii) Records on each subcontract solicitation resulting in an award of more than ~~\$150,000~~ [the simplified acquisition threshold], indicating—

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