MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS

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SUBJECT: Class Deviation—The Federal Acquisition Regulation to implement changes to the Micro-Purchase Threshold and Simplified Acquisition Threshold.

1. PURPOSE: This class deviation is issued in accordance with Federal Acquisition Regulation (FAR) 1.404 to implement an increase in the micro-purchase threshold (MPT) and simplified acquisition threshold (SAT) as authorized by the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018 (Public Law 115-91) (Sections 806 and 805 respectively) and to implement the requirements of Section 217(b) of the NDAA FY 2017 (Public Law 114-328) until such time the FAR is amended.

2. EFFECTIVE DATE: Upon issuance

3. EXPIRATION DATE: Until superseded, incorporated in the FAR or otherwise rescinded.

4. BACKGROUND: The NDAA for FY18 (Public Law 115-91) (Sections 806 and 805 respectively) increased the MPT to $10,000 and the SAT to $250,000. In addition, Section 217(b) of the NDAA FY 2017 (Public Law 114-328) amended the definition of micro-purchase threshold as defined in FAR 2.101 to increase the MPT for acquisitions from institutions of higher education or related or affiliated nonprofit entities, or from nonprofit research organizations or independent research institutes, to $10,000.¹

FAR Case 2018-004 has been opened by the FAR Council to implement these statutory changes in the FAR. However, it takes time for the FAR to be amended. As a result, the Chair of the Civilian Agency Acquisition Council (CAAC) issued CAAC Letter 2018-02 on February 16, 2018 authorizing civilian agencies, which includes the U.S. Department of the Treasury (Treasury), to issue a deviation in order to implement these statutory changes prior to amendment of the FAR². The Senior Procurement Executive (SPE) has determined issuance of a deviation provides substantial administrative efficiencies and flexibilities for Treasury. Overall, this class deviation is authorized in accordance with FAR 1.404 and Department of Treasury Acquisition Regulation (DTAR) 1001.404.

¹This amendment to the FAR was part of the now-closed FAR Case 2017-012. Instead, this amendment has been included within FAR Case 2018-004.
²The CAAC Letter constitutes consultation with the Chair of the CAAC as required by FAR 1.404(a)(1).
5. **DESCRIPTION OF THE DEVIATION:** Attachment A of this Acquisition Bulletin (AB) provides the FAR citations being amended to implement the changes described in Section 1 above. The FAR baseline used for this class deviation is FAC Number 2005-97, effective January 24, 2018 (see [https://www.acquisition.gov](https://www.acquisition.gov)) and AB 17-02 (Deviation No. 2017-00002) issued August 31, 2017.

6. **IMPORTANT INFORMATION**

   a. **General.** Not all thresholds related to the MPT and SAT are increased by this deviation. Some dollar amounts are set by statute, and are therefore not affected by this deviation. For example, the thresholds for the Construction Wage Rate Requirements statute (previously known as the Davis-Bacon Act) (i.e., $2,000), the Service Contract Labor Standards statute (previously known as the Service Contract Act) (i.e., $2,500), the Anti-Kickback Act of 1986, the Fair Opportunity Procedures found in 16.505(b) and a few other statutorily established thresholds do not change as a result of this deviation.

   b. **Government-wide Systems.** In conjunction with the actions being taken by the FAR Council to implement these changes, other stakeholders are working to address impacts to government-wide systems such as Federal Procurement Data System - Next Generation (FPDS-NG), Contractor Performance Assessment Reporting System (CPARS), Electronic Subcontracting Reporting System (eSRS) and the beta.sam.gov. Until these systems are updated, users will find some inconsistencies and may encounter some challenges with the data. Some of these inconsistencies may require manual correction by the user’s organization. Treasury has been informed that system owners will provide notification to the acquisition community as these changes are implemented.

   c. **Purchase Cardholders.** This deviation does not result in the automatic increase of a purchase cardholder’s single purchase limit or modify any other prescribed purchase card holder limits or Treasury Charge Card Program policies and procedures. Agency/Organization Program Coordinators will make an assessment based on need and submit the assessment to the Office of Procurement Executive (OPE) for final determination.

7. **REQUIRED BUREAU ACTIONS:** Bureau Chief Procurement Officers shall take immediate steps to:

   a. Ensure dissemination of this AB to all acquisition personnel;

   b. Update related Bureau policies and procedures, and guidance impacted by this deviation;

   c. Determine how this deviation will affect and take appropriate action on-

      i. Internal systems (e.g., Contract Writing Systems), business processes, and reporting requirements; and,

      ii. Existing delegated authorities (e.g. warrant contracting officers). This may depend on how the Bureau delegated the authority, e.g., Does a contracting officer’s SF 1402 refer to "the simplified acquisition threshold" or to a set amount of "$150,000"

   d. Coordinate with the Office of the Procurement Executive (OPE) in implementing this deviation.
8. **ADDITIONAL INFORMATION:** See Attachment B for some Frequently Asked Questions (FAQ). System specific questions (e.g. FPDS-NG, CPARS and Bureau contract writing system) can be addressed by your respective Bureau representatives. General questions regarding this AB can be directed to Mr. Thomas O’Linn, who may be reached at thomas.olinn@treasury.gov or OfficeoftheProcurementExecutive@treasury.gov.

9. **ATTACHMENTS:**
   a. Attachment A - Acquisition Bulletin No. 18-02 – Class Deviation (Deviation No. 2018-00002)
   b. Attachment B – Frequently Asked Questions (FAQs)
Attachment A –
Acquisition Bulletin No. 18-02 –
Class Deviation (Deviation No. 2018-00002)

The following represent the FAR citations being amended by this class deviation to implement an increase in the micro-purchase threshold and simplified acquisition threshold as authorized by the National Defense Authorization Act for Fiscal Year 2018 (NDAA FY18) (Public Law 115-91) (Sections 806 and 805 respectively) as well as the change to the micro-purchase threshold definition found in FAR 2.101(b) as authorized by Section 217(b) of the NDAA FY 2017 (Public Law 114-328) until such time the FAR is amended.

The FAR baseline used for this class deviation is FAC Number 2005-97, effective January 24, 2018 (see https://www.acquisition.gov) and AB 17-02 (Deviation No. 2017-00002) issued August 31, 2017. Changes to the FAR text as authorized by this deviation are shown by yellow highlighted text. Changes to the FAR text as authorized by AB No. 17-02 are shown by light grey highlighted text. ***** are used to show there is no change in the FAR text proceeding or following as a result of this deviation.

Additional instruction. For provisions or clauses being amended by this deviation Contracting Officer shall ensure that the following text is inserted after the title of the clauses/provision and before the month year: (Deviation No. 2018-00002). For example, the clause title for “Small Business Subcontracting Plan (Jan 2017)” which is being amended by this deviation would now read “Small Business Subcontracting Plan (Deviation No. 2018-00002) (Jan 2017)”

1. FAR 2.101(b) is amended to revise the existing definitions for “micro-purchase threshold” and “simplified acquisition threshold” as follows:

2.101 Definitions.

(b) * * * * *

“Micro-purchase threshold” means $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; international disaster assistance (22 U.S.C. 2292 et seq.); 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.

“Simplified acquisition threshold” means $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 or to facilitate defense against or recovery from cyber, nuclear, biological, chemical, or radiological attack; international disaster assistance (22 U.S.C. 2292 et seq.); 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 $500,000 for any contract to be awarded and performed, or purchase to be made, outside the United States.

2. FAR 13.003(b)(1) is amended as follows:

13.003 Policy.

(b)(1) Acquisitions of supplies or services that have an anticipated dollar value exceeding $10,000 ($20,000 for acquisitions as described in 13.201(g)(1)) but not exceeding $250,000 ($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).

3. FAR 13.501(a)(2)(i) is amended as follows:

13.501 Special documentation requirements.

(a) *(2) *   *(i) For a proposed contract exceeding $250,000, 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.*
4. FAR 19.203(b) is amended as follows:

19.203 Relationship among small business programs.

(b) At or below the simplified acquisition threshold. For acquisitions of supplies or services that have an anticipated dollar value exceeding $10,000 ($20,000 for acquisitions as described in 13.201(g)(1)), but not exceeding $250,000 ($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.

5. FAR 19.2502-1(b) is amended as follows:

19.502-1 Requirements for setting aside acquisitions.

(b) This requirement does not apply to purchases of $10,000 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).

6. FAR 19.502-2 is amended as follows:

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 $10,000 ($20,000 for acquisitions as described in 13.201(g)(1)), but not over $250,000 ($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. If the contracting officer does not proceed with the small business set-aside and purchases on an unrestricted basis, the contracting officer shall include in the contract file the reason for this unrestricted purchase. If the contracting officer receives only one acceptable offer from a responsible small business concern in response to a set-aside, the contracting officer should make an award to that firm. If the contracting officer receives no acceptable offers from responsible small business concerns, the set-aside shall be withdrawn and the requirement, if still valid, shall be resolicited on an unrestricted basis. The small business reservation does not preclude the award of a contract as described in 19.203.

(b) Before setting aside an acquisition under this paragraph, refer to 19.203(c). The contracting officer shall set aside any acquisition over $250,000 for small business participation when there is a reasonable expectation that—
7. FAR 19.508(e) is amended as follows:

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 $250,000. 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).

8. FAR 52.203-16 is amended as follows:

52.203-16 Preventing Personal Conflicts of Interest.

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

(1) That exceed $250,000; and

9. FAR 52.212-1 is amended as follows:

52.212-1 Instructions to Offerors—Commercial Items.

(j) Unique entity identifier. (Applies to all offers exceeding $10,000, and offers at any dollar level if the solicitation requires the Contractor to be registered in the System for Award Management (SAM) database.)

10. FAR 52.219-9 is amended as follows:

52.219-9 Small Business Subcontracting Plan.

(d) *** *(11) *** *

(iii) Records on each subcontract solicitation resulting in an award of more than $250,000, indicating—
Attachment B –
Frequently asked questions (FAQs)
(Reference: Acquisition Bulletin No. 18-02 –
Class Deviation (Deviation No. 2018-00002)

A. General.

1. **Question:** Why is a FAR deviation being issued before the finalization of FAR case 2018-004, which will implement the increase in the micro-purchase threshold (MPT) and simplified acquisition threshold (SAT)?

   **Answer:** FAR case 2018-004 is being processed in accordance with the rulemaking process. The rulemaking process takes time to complete, thus it will be some time before these changes are implemented within the FAR. In the interim, agencies have been authorized by the Chair of the CAAC via CACC letter 2018-02 to issue a FAR deviation to implement these changes prior to implementation within the FAR. The Treasury Senior Procurement Executive (SPE) has determined that Treasury can achieve substantial administrative efficiencies and provide additional flexibilities to the acquisition workforce by implementing these statutory changes now.

2. **Question:** Does the change in the MPT and the SAT affect FAR subpart 22.4 – Labor Standards for Contracts Involving Construction?

   **Answer:** No, it doesn’t. The Construction Wage Rate Requirements statute, previously known as the Davis-Bacon Act (DBA) remains at $2,000 (see FAR 2.101(b) definition for MPT). Contracting Officers (CO) shall continue to refer to FAR subpart 22.4 for direction when acquiring construction subject to the DBA. Additionally, any clause or provision prescription tied to the MPT or the SAT still requires a CO to determine whether or not applicable clauses or provisions need to be inserted in the solicitation or resultant award.

3. **Question:** Does the change in the MPT and the SAT affect FAR subpart 22.10 – Service Contract Labor Standards?

   **Answer:** No, it doesn’t. The Service Contract Labor Standards statute, previously known as the Service Contract Act (SCA) remains at $2,500 for services (see FAR 2.101(b) definition for MPT). COs shall continue to refer to FAR subpart 22.10 for direction when acquiring services that are subject to the SCA. Additionally, any clause or provision prescription tied to the MPT or the SAT still requires a CO to determine whether or not applicable clauses or provisions need to be inserted in the solicitation or resultant award.
4. **Question:** Does this deviation, which increased the SAT to $250,000 impact [FAR subpart 13.5][4], which authorizes the use of simplified procedures for the acquisition of supplies and services in amounts greater than the simplified acquisition threshold, but not exceeding $7 million ($13 million for acquisitions as described in 13.500(c)), including options?

   **Answer:** Yes, it does. The reason is that FAR 13.500(a) identifies the SAT as text (i.e. “simplified acquisition threshold”), which ties back to the definition of SAT in FAR 2.101(b) and thereby is tied to the increase in the SAT.

5. **Question:** Does this deviation impact solicitation already issued? For example, I have requested quotes from vendors for an acquisition estimated at $5,000 and have received several quotes, what should I do?

   **Answer:** This deviation does not impact solicitations already issued. However, as a Contracting Officer you are to use your best business judgement based on the specifics of the acquisition to determine whether or not it is in the best interest of the Government to leverage the changes in these thresholds as authorized by this deviation. This may be to continue to proceed without change (e.g. complete the evaluation process and proceed with the issuance of the award) or to cancel and convert the procurement to a micro-purchase in order to take advantage of the flexibilities afforded by the change in the MPT.

6. **Question:** Does this deviation which increases the MPT and the SAT affect emergency procedures as prescribed by [FAR part 18-Emergency Acquisitions][5]?  

   **Answer:** No, it doesn’t as the FAR and Treasury supplemental requirements prescribed to support such situations remain unchanged.

7. **Question:** Does the new SAT threshold impact ordering under my existing blanket purchase agreement (BPA)? I ask as I am an authorized ordering official under a Bureau established BPA.

   **Answer:** The best person to answer this question is the CO administering the BPA. The reason is that it depends on many factors, one of which is the language used in the BPA concerning ordering. For example, does the text concerning ordering use terms such as “SAT” or “simplified acquisition threshold”? If so, then the change in SAT is essentially self-executing. Alternatively, the text concerning ordering may use the dollar amounts, such as $150,000; thereby there would be no change to those amounts as a result of this deviation. Altogether, there are a number of issues that need to be reviewed and considered by the CO to determine whether not one can leverage the increase in the SAT.

8. **Question:** Do I need to still perform past performance evaluations per [FAR subpart 42.15-Contractor Performance Information][6], for existing awards that were awarded under the previous SAT procedures?
Answer: Yes, as existing awards are not impacted by this deviation. As a result, the FAR requirement to perform past performance reports for existing awards above the SAT (i.e. $150,000) is still in effect and must be completed by the Contracting Officer/ respective Bureau representative responsible for completing past performance evaluations per FAR subpart 42.15. See DTAP subpart 1042.15 for additional information as well.

9. Question: Does the increase in the MPT and the SAT affect the fair opportunity requirements described under FAR 16.505(b), which applies to ordering under multi-award indefinite-delivery contracts?

Answer: As always, one needs to read the FAR in context given the many nuances and prescriptions based on the requirements surrounding a particular acquisition. In this instance, the answer is straightforward as FAR 16.505(b) identifies the SAT as text (i.e. “simplified acquisition threshold”), which ties to the definition of the SAT in FAR 2.101(b). Therefore, as a result of this deviation one can now read the text referring to the simplified acquisition threshold as meaning $250,000 instead of $150,000. Nonetheless, FAR 16.505(b) also uses the dollar amount of “$3,500”, which is not tied to the MPT definition in FAR 2.101(b) thereby that dollar amount remains unchanged.

10. Question: Does the increase in the MPT and the SAT affect ordering under FAR subpart 8.4, which applies to ordering under Federal Supply Schedule?

Answer: As always, one needs to read the FAR in context given the many nuances and prescriptions based on the requirements surrounding a particular acquisition. In this instance, ordering procedures for Federal Supply Schedules is prescribed under FAR 8.405. The text used in FAR 8.405 is “micro-purchase threshold” and “simplified acquisition threshold”, both terms tie back to the definitions of MPT and SAT in FAR 2.101(b). Therefore, as a result of this deviation one could read the text referring to these terms as meaning $10,000 and $250,000 respectively. Other than that, there is no other change to the ordering procedures or other dollar amounts prescribed under FAR 8.405.

B. Systems.

11. Question: Does the increase in the MPT and the SAT have any impact on governmentwide acquisition systems?

Answer: Yes, raising the MPT and the SAT does impact governmentwide acquisition systems such as the Federal Procurement Data System - Next Generation (FPDS-NG), Contractor Performance Assessment Reporting System (CPARS), Electronic Subcontracting Reporting System (eSRS) and the beta.sam.gov environment. Specifically, these systems will require modification to their business rules to use the new values, remove any text/screen references that use the exact dollar amount thresholds, and update user documentation (user guides, help material, data dictionaries, etc.). These systems rely on text prescribed by the FAR as part of its programming logic; therefore, changes will not be made until the FAR changes have been implemented.
The system owners are working on resolving these issues as they prepare for the implementation of these changes within the FAR. Until these systems are updated, users generating reports from these systems (e.g. FPDS-NG, CPARS, eSRS, etc.) may not receive accurate information. For example, they may receive error messages; or encounter over-reporting of actions due to possible double counting of actions, or under-reporting actions due to not capturing actions that fall between the $150,000 and $250,000 threshold.

12. **Question:** Does the changes to the MPT and the SAT have any impact on the contract writing system my Bureau uses?

**Answer:** It is highly likely that the contracting writing system your Bureau uses will be impacted by these changes. Typically, these contract writing systems rely on text prescribed by the FAR as part of its clause logic programming. As a result, due to the issuance of this deviation it is likely the clause logic programming will need to be updated to ensure the proper insertion of FAR, DTAR, DTAP and any Bureau supplement prescribed provisions and clauses in solicitations and resultant awards issued by your respective Bureau contracting activity. Your respective Bureau representatives are responsible for implementing this deviation and ensuring Bureau systems can process acquisitions accordingly.

**C. Purchase Card.**

13. **Question:** Does this deviation result in Treasury purchase card holders single purchase card limit being raised automatically to $10,000?

**Answer:** No, this FAR deviation does not result in the automatic increase of a purchase cardholder’s single purchase limit or modify any other prescribed purchase card holder limits or policies. Agency/Organization Program Coordinators will make an assessment based on need and submit the assessment to the Office of Procurement Executive (OPE) for final determination.

14. **Question:** Does the changes to the MPT and the SAT require an update to my purchase card delegation of procurement authority (DPA)?

**Answer:** Yes, depending on whether or not your Agency/Organization Program Coordinator advises you of a change to your single purchase card limit or other cardholder limits. However, prior to receiving such notification, Agency/Organization Program Coordinators must make an assessment based on need and submit the assessment to the Office of Procurement Executive (OPE) for final determination.
15. **Question:** Does the changes in the MPT and the SAT authorized by this deviation impact Treasury TAGs?

**Answer:** No, Treasury TAG agencies will not be impacted by this deviation. This deviation only applies to the U.S. Department of the Treasury and its Bureaus. TAG agencies with their own procurement authority will need to issue their own FAR deviation.

16. **Question:** Does the changes in the MPT and the SAT change the dollar threshold for third-party drafts/convenience checks?

**Answer:** No, the dollar threshold for third-party drafts/convenience checks is not changed as a result of this deviation.

17. **Question:** Does the changes in the MPT and the SAT change impact requisitions/procurement requests already submitted to my respective contracting activity? I ask as should I cancel the requisition and have the requirement processed via purchase card (in this example the requirement is estimated at $5K).

**Answer:** There should be no impact to requisitions already submitted to your respective contracting activity. Nonetheless, Bureau Chief Procurement Officers are responsible for implementing this deviation for their respective organization(s); thereby responsible for communicating to customers any impact to business processes, such as the submission of requirements that could possibly be procured using a purchase card because it now falls into the increased MPT.

**D. Contracting Officer Warrant.**

18. **Question:** Does the increase in the SAT affect my Contracting Officer (CO) warrant (i.e. Standard Form (SF) 1402)?

**Answer:** The increase in the SAT should not affect your CO warrant (i.e. SF 1402). However, you need to review your SF 1402 to verify there is no impact to your warrant. Specifically, you should review to see whether or not language such as "Up to Simplified Acquisition Threshold" is used or if a dollar value (i.e. $150,000) is stated instead. The reason is that if your SF 1402 states a dollar value then your warrant may be impacted as a result of the increase in the SAT. In such instances, you need to contact your respective Bureau representative who handles the Contracting Officer warrant program for guidance on how to proceed.
19. **Question**: Will there by an update to the DTAP concerning the warrant thresholds described in DTAP 1001.603-1?

**Answer**: The Office of the Procurement Executive (OPE) is continuing to review the impact to policies and procedures such as the Department of the Treasury Acquisition Procedure (DTAP). Any amendment to the DTAP will be issued via a separate action. Amendments to the DTAP are issued via Acquisition Procedure Updates (APUs).