



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer
Assistant Secretary for Administration
Washington, D.C. 20230

PROCUREMENT MEMORANDUM 2020-07

ACTION

MEMORANDUM FOR: Senior Bureau Procurement Officials

FROM: Barry E. Berkowitz
Senior Procurement Executive and
Director for Acquisition Management

SUBJECT: Class Deviation from the Federal Acquisition Regulation
to Increase the Micro-purchase Threshold to \$10,000

Purpose

The purpose of this Procurement Memorandum is to issue a class deviation in accordance with Federal Acquisition Regulation (FAR) 1.404 to increase the micro-purchase threshold to \$10,000.

Background

The National Defense Authorization Act for Fiscal Year 2018 (Public Law 115- 91), Section 806 increased the micro-purchase threshold to \$10,000 for supply procurements and some service procurements. As a result, the Federal Acquisition Regulatory Council opened FAR Case 2018-004, *Increased Micro-Purchase and Simplified Acquisition Thresholds*, to implement the statutory changes into the FAR. While the FAR Case is pending, the Civilian Agency Acquisition Council (CAAC) issued CAAC Letter 2018-02 to authorize civilian agencies to deviate from the FAR, pending incorporation of the changes.

Description of the Deviation

The attached deviation includes revisions to FAR Parts 2, 13, 19, and 52 to increase the micro-purchase threshold. These revisions are highlighted in blue bolded text.

Applicability

Not all micro-purchase thresholds are increased by this deviation. In accordance with FAR 2.101 Definitions and CAAC Letter 2018-02, the micro-purchase thresholds for some service procurements are set by statutes other than those defining the micro-purchase threshold (41 U.S.C. § 1902) and therefore remain unchanged by this deviation. For example, as shown in FAR 2.101 in Attachment A, the thresholds for the Construction Wage Rate Requirements statute (previously known as the Davis-Bacon Act, \$2,000) and the Service Contract Labor Standards statute (previously known as the Service Contract Act, \$2,500) do not change. However, all references in Department of Commerce

publications, policies and training material to the MPT being at or below \$3,500 are superseded by this deviation.

Existing purchase card single purchase limits are **not** increased to the MPT by this deviation. All changes to purchase card limits shall be made in accordance with Commerce Acquisition Manual 1313.301, *Department of Commerce Purchase Card Program*.

Required Actions

For contract actions in process on the effective date of this deviation, Contracting Officers may proceed with the procurement using the old threshold, amend the Request for Proposal/Request for Quotation, or cancel and resolicit using the new threshold.

Effective Date

This deviation is effective upon issuance and remains in effect until incorporated into the FAR or otherwise rescinded.

Additional Information

Please direct any questions regarding this Procurement Memorandum to OAM_Mailbox@doc.gov.

Attachment: Deviated FAR Text

Attachment to Procurement Memorandum 2020-08
Deviated FAR Text and Clauses
(Class Deviation to the Federal Acquisition Regulation
to Increase the Micro-purchase Threshold to \$10,000)

---**Deviated FAR Text incorporating MPT increases (in bold blue)**

-- **(Deviated FAR Text previously provided under PM 2019-03 incorporating SAT increases in bold black)**

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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; 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 3, 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 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 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 **\$500,000** for any contract to be awarded and performed, or purchase to be made, outside the United States.

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). * * * * *

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. *

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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.

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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).

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—* * * * *

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).

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 * * *

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.) * * * * *

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— * * *

52.219-9 Small Business Subcontracting Plan.

Alternate IV

* * * (d) * * * (11) * * * (iii) Records on each subcontract solicitation resulting in an award of more than **\$250,000**, indicating—
* * * * *

(End)