

Acquisition Alert

Inflation Adjustment of Acquisition-Related Thresholds

The DoD, GSA, and NASA are proposing to amend the Federal Acquisition Regulation (FAR) to further implement the statute which requires an adjustment every five years of statutory acquisition-related thresholds for inflation. The adjustment uses the Consumer Price Index for all urban consumers, but does not apply to the Construction Wage Rate Requirements statute, Service Contract Labor Standards statute, or trade agreements thresholds. DoD, GSA, and NASA are also proposing to use the same methodology to adjust non-statutory FAR acquisition-related thresholds in 2020.

This case builds on the review of FAR thresholds in FY 2005, FY 2010, and FY 2015, using the same interpretation of an acquisition-related threshold. 41 U.S.C. 1908 is applicable to a dollar threshold that is specified in law as a factor in defining the scope of the applicability of a policy, procedure, requirement, or restriction provided in that law to the procurement of property or services by an executive agency, as the [FAR] Council determines. There are other thresholds in the FAR that, while not specified in law, nevertheless meet all the other criteria.

These thresholds may have their origin in Executive Order or regulation. Even with its extensive updates, this proposed rule does not create any new provisions or clauses, nor does it change the applicability of any existing provisions or clauses included in solicitations and contracts valued at or below the SAT, or for commercial items, including COTS items, except for the changes in the thresholds themselves.

Updated Common Thresholds

The requirements for limiting competition (FAR part 6) to eligible 8(a) awards over \$22 million is increased to \$25 million.

The simplified procedures for certain commercial items ceiling (FAR 13.500) will increase from \$7 million to \$7.5 million. For acquisitions described at 13.500(c), the ceiling will increase from \$13.5 million to \$15 million.

Calculation of Escalation

For purposes of this proposed rule, the matrix includes calculation of escalation based on the estimated CPI value for March 2020.

DoD, GSA, and NASA have published two proposed rules and one final rule that will reduce the complexity and impact of the October 1, 2020, threshold adjustments throughout the FAR.



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