

Acquisition Alert

Final Ruling on Federal Acquisition Regulation (FAR) Inflation Adjustment of Acquisition-Related Thresholds

Effective on October 1, 2020, the Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA) issued a final ruling that amends the FAR to further implement the statute, which requires an adjustment every five years of statutory acquisition-related thresholds for inflation using the Consumer Price Index (CPI) for all consumers. This methodology will also be employed for nonstatutory FAR acquisition-related thresholds.

As a result of this final ruling, certain thresholds that are frequently considered during the acquisition lifecycle are impacted. The Micro-Purchase Threshold to support contingency operations or to facilitate defense against certain attacks increased from \$30,000 to \$35,000. The Simplified Acquisition Threshold to support contingency operations or to facilitate defense against certain attacks increased from \$750,000 to \$800,000. Requirements for limiting competition to eligible 8(a) awards over \$22 million increased to \$25 million. Simplified Procedures for certain commercial items increased from \$7 million to \$7.5 million whereas FAR 13.500(c) acquisition increased from \$13.5 million to \$15 million. The prime contractor subcontracting plan threshold increased from \$700,000 to \$750,000.

This final ruling is the fourth review of acquisition-related thresholds since the passing of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2005. The purpose of reviewing and amending dollar thresholds based on inflation every five years allows the Federal Acquisition Regulatory Council to maintain the constant dollar value of thresholds established by the NDAA for FY 2005.

This Final Ruling Further Implements 41 U.S.C. Section 1908

Requires an adjustment every five years of statutory acquisition-related thresholds for inflation using the CPI for urban consumers.

Impacts heavily-used thresholds, such as the Micro-Purchase Threshold, Simplified Acquisition Threshold, Limited Competition to 8(a) awards, Simplified Procedures, and others.



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