



Grants Policy Bulletin

OMB Memo Increasing Acquisition Thresholds

Bulletin Number: 2019-01E

Release Date: October 3, 2018

Related Bulletins: None

Issued by: Office of Federal Assistance Management (OFAM), Division of Grants Policy (DGP)

Purpose

The purpose of this policy bulletin is to make Health Resources and Services Administration (HRSA) award recipients (you) aware of the Office of Management and Budget (OMB) [memorandum M-18-18](#) issued on June 20, 2018, titled “*Implementing Statutory Changes to the Micro-Purchase and Simplified Acquisition Thresholds for Financial Assistance* (OMB Memo). This OMB Memo increases the micro-purchase and simplified acquisition threshold levels as defined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR § 200.67 (*Micro-purchase*) and 2 CFR § 200.88 (*Simplified acquisition threshold*) (45 CFR § 75.2 for Department of Health and Human Services (HHS)).

Applicability

This update is required by the National Defense Authorization Act (NDAA) for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. The increased micro-purchase and simplified acquisition threshold levels apply to all recipients.

Background

For HHS awards, the micro-purchase and simplified acquisition thresholds are defined at 45 CFR § 75.2 as follows:

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-Federal entity's small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). It is \$3,000 except as otherwise discussed in subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation.

Simplified acquisition threshold means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation (FAR) at 48 CFR subpart 2.1 and in accordance with 41 U.S.C. § 1908. As of the publication of this part, the simplified acquisition threshold is \$150,000, but this threshold is periodically adjusted for inflation. See also Micro-purchase.

Policy

On June 20, 2018, the OMB Memo raised the threshold for micro-purchases under federal financial assistance awards from \$3,500 to \$10,000 and raised the threshold for simplified acquisitions from \$150,000 to \$250,000. These increases to the acquisition thresholds are made pursuant to the NDAA for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. The OMB Memo issued an exception allowing recipients to use the new thresholds in advance of revisions to the FAR at 48 CFR Subpart 2.1 and the Uniform Administrative Requirements, citing to 2 CFR § 200.102, which authorizes OMB to make exceptions when such exceptions are not prohibited by statute.

Institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations and independent research institutes may request a higher micro-purchase threshold (above \$10,000) if you receive approval from your cognizant federal agency for indirect costs (in most cases HHS). To receive approval for a higher threshold you must:

- Have clean single audit findings in accordance with 45 CFR § 75.520, criteria for a low-risk auditee;
- Have an acceptable internal risk assessment; or
- Request a higher threshold consistent with state law for public institutions.

Implementation

- HRSA is currently adjusting award terms and conditions, Notices of Funding Opportunities (NOFOs), Application Guides, and financial monitoring activities to reflect these increases to the micro-purchase and simplified acquisition thresholds.
- The increases are effective June 20, 2018.

Next Steps

In response to this OMB Memo, HRSA requests that you:

1. Review the OMB Memo and this Policy Bulletin for awareness.
2. Document your implementation of the increased thresholds in your systems of internal control by updating your policies and procedures.

3. If you decide to request a higher micro-purchase threshold (above \$10,000), document your request with the threshold level being requested, the justification(s), and the written prior approval from your cognizant federal agency for indirect costs.

Recipients under Department of Health and Human Services (DHHS) cognizance for indirect costs should contact (with a CC to your Grants Management Specialist):

Andrea Brandon
Deputy Assistant Secretary
Office of Grants and Acquisitions Policy and Accountability
Office of the Assistance Secretary for Financial Resources
Andrea.Brandon@hhs.gov

For recipients under the Office of Naval Research (ONR) cognizance for indirect costs, contact:

ONR Regional Administrative Contracting Officer (ACO) or
Wade Wargo, Director, University Business Affairs
Wade.wargo1@navy.mil to identify the proper ACO

For recipients not under DHHS and ONR cognizance, contact:

Office of Management and Budget
Mary Tutman or Gil Tran
Mary.E.Tutman@omb.eop.gov or [Hai M. Tran@omb.eop.gov](mailto:Hai.M.Tran@omb.eop.gov)

4. Contact your Grants Management Specialist (with a CC to your Project Officer) with any other questions about the threshold increases.

Resources:

- [OMB Memorandum M-18-18 "Implementing Statutory Changes to the Micro-Purchase and Simplified Acquisition Thresholds for Financial Assistance"](#)
- [2 CFR part 200](#)
- [45 CFR part 75](#)
- [The National Defense Authorization Act \(NDAA\) for FY2018](#), Pub. L. No. 115-91
- [48 CFR Subpart 2.1](#)

Inquiries:

Inquiries regarding this notice can be directed to:

Health Resources and Services Administration
Office of Federal Assistance Management
Division of Grants Policy
Email: DGP@HRSA.gov
Telephone: 301-443-2837

Frequently Asked Questions (FAQs)

1. Is there a process for recipients to request, and federal agencies to approve requests for a higher micro-purchase threshold (above \$10,000)?

Yes, you should send a request with the new threshold level being requested and the justification(s) to your cognizant federal agency for indirect costs. Contact your Grants Management Specialist (with a CC to your Project Officer) for more information.

2. Is HRSA going to update current NOFOs and the Application Guide?

Yes, HRSA is in the process of identifying any references to the thresholds of simplified acquisitions or micro-purchases, and will update them as they are identified.

3. What effect will this policy change have on current award recipients?

Current award recipients will be allowed to use the higher thresholds if they are not prohibited by state legislation.

4. What should I do next?

Review the “Next Steps” section above. Contact your Grants Management Specialist with any questions.

5. Does my organization have to increase our micro-purchase and simplified acquisition thresholds?

No. The OMB memo provides flexibility should recipients choose to utilize and increase their acquisition threshold policies. Organizations are not required to increase their acquisition threshold policies as a result of the OMB memo.