

New Final Rule: Inflation Adjustments to Acquisition Thresholds

The FAR Council issued a [Final Rule](#) on July 2, 2015 that will implement inflation-based adjustments to certain acquisition-related monetary thresholds, effective October 1, 2015. 80 Fed. Reg. 38293. The Final Rule will modify the FAR to bring it into compliance with [41 U.S.C. § 1908](#), which requires the FAR Council to calculate the adjustments every five years. These adjustments are based on the Consumer Price Index for all urban consumers.

The statute does not require adjustments to thresholds established by the **Construction Wage Rate Requirements statute** (the Davis-Bacon Act), among others.

Multiple sections of the FAR will be modified under the Final rule, which specifically mentions the following “frequently-used” thresholds that will be increased:

- The **micro-purchase** base threshold will increase from \$3,000 to \$3,500. FAR 2.101.
- The ceiling for the use of simplified acquisition procedures for the purchase of *commercial items* will increase from \$6.5 million to \$7 million. FAR 13.500.
- The threshold for obtaining **certified cost or pricing data** will increase from \$700,000 to **\$750,000**. FAR 15.403-4.
- The threshold for applicability of the **Cost Accounting Standards** will increase from \$700,000 to **\$750,000**. FAR 30.201-4; FAR 52.230-1–52.230-5.
- The prime contractor subcontracting plan floor will increase from \$650,000 to \$700,000, although the construction threshold will remain \$1.5 million. FAR 19.702.
- The threshold for reporting **first-tier subcontract information**, including executive compensation, will increase from \$25,000 to \$30,000. FAR Subpart 4.14; FAR 52.204-10.

80 Fed. Reg. 38294. Note: There will not be changes to either the \$150,000 simplified acquisition threshold (FAR 2.101) or to the FedBizOpps pre- and post-award notices threshold of \$25,000 (FAR Part 5).

Contractors should make the necessary adjustment to incorporate these new thresholds in contracts and subcontracts entered into **after October 1, 2015**. Contractors should also revise their standard form subcontracts and supplier agreements to reflect the new thresholds, and seek the advice of a consultant to ensure your bids, contracts, and other documents are in compliance with the new thresholds.

In the end, you will be glad you made the call; by the way, it's a FREE CALL.

EXCELL CONSULTING: “HERE TODAY FOR YOUR TOMORROW.”

Author’s note: The information contained in this article is for general informational purposes only. This information does not constitute legal advice, is not intended to constitute legal advice, nor should it be relied upon as legal advice for your specific factual pattern or situation. – Taylor Benson, Asst. General Counsel