

RAIN-2018-G04-R

Micro-Purchase and Simplified Acquisition Threshold for Procurements by EPA Assistance Agreement Recipients and Subrecipients

Revision Date: March 30, 2021

Notification Date: September 7, 2018

Related Resources:

[Office of Management and Budget Memorandum M-18-18 dated June 20, 2018, “Implementing Statutory Changes to the Micro-Purchase and Simplified Acquisition Thresholds for Financial Assistance” \(M-18-18\).](#)

[Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements—\(Procurement Best Practices Guide\).](#)

Purpose of Revision: This Recipient/Applicant Information Notice (RAIN) informs recipients and applicants that EPA has revised the Procurement Best Practices Guide to reflect revisions to [2 CFR Part 200](#) that became effective November 12, 2020. Additionally, EPA has incorporated a definition of “construction” contained in EPA’s regulations for Research and Demonstration Grants at [40 CFR Part 40](#).

Purpose: This Recipient/Applicant Information Notice (RAIN) informs recipients and applicants that the general Micro-Purchase threshold for EPA assistance agreements has been increased from \$3500 to \$10,000 and that the Simplified Acquisition Threshold has been increased from \$150,000 to \$250,000.

Revision Summary: EPA has updated the citations to 2 CFR Part 200 in the Procurement Best Practices Guide to coincide with changes to section numbers that occurred when the Office of Management and Budget revised those regulations. Revisions to the Procurement Best Practices Guide were also necessary to describe situations in which recipients may establish micro-purchase thresholds that exceed the general threshold (currently \$10,000) provided for in the definition of *Micro-purchase threshold* at [2 CFR 200.1](#) and at [2 CFR 200.320\(a\)\(1\)\(i\)](#). In response to the promulgation of [2 CFR 200.322](#) which established preferences for purchasing of materials produced in the United States, EPA revised the Procurement Best Practices Guide to include a section on purchasing preferences. This section includes coverage on procurement of items containing high percentages of recovered materials by states and agencies of political subdivisions of states as provided for in [2 CFR 200.323](#). Additionally, EPA revised the Procurement Best Practices Guide to incorporate the definition of “construction” at [40 CFR 40.115-1](#).

Summary: As directed in Office of Management and Budget (OMB) Memorandum M-18-18 dated June 20, 2018 (Memorandum M-18-18), EPA has adopted a policy which provides that the [2 CFR 200.1 Micro-Purchase Threshold](#) for procurements by EPA financial assistance recipients and their subrecipients is \$10,000 and the [2 CFR 200.1 Simplified Acquisition Threshold](#) is \$250,000. EPA has revised the agency’s [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#) to establish EPA’s policy on the increased thresholds for micro-purchases and simplified acquisitions. EPA’s policy recognizes that some institutions of higher education, their related or affiliated non-profit entities, non-profit research organizations or research institutes may have micro-purchase thresholds

higher than \$10,000 with the approval of their cognizant agency for indirect cost rate negotiation. Other requirements for micro-purchases and simplified acquisitions in the [2 CFR Part 200 Procurement Standards](#) remain in effect.

Revision Background: On August 13, 2020 the Office of Management and Budget promulgated revisions to 2 CFR Part 200 in [85 Fed. Reg. 49506](#) that, with exceptions not relevant to this RAIN, became effective of November 12, 2020. The revised version of 2 CFR Part 200 made some regulatory citations in the prior version of the Procurement Best Practices Guide out of date. EPA has updated the citations in the Procurement Best Practices Guide accordingly.

OMB also authorized recipients to establish micro-purchase thresholds higher than the one that generally applies by operation of the definition of *Micro-purchase threshold* at [2 CFR 200.1](#) which is currently \$10,000. Recipients must meet requirements specified at [2 CFR 200.320\(a\)\(1\)\(iv\) or \(v\)](#) to qualify for the higher micro-purchase threshold. EPA has revised the Procurement Best Practices Guide to take into account the possibility that recipients may have micro-purchase thresholds that exceed the general threshold.

The August 13 revisions to 2 CFR Part 200 added a new provision at [2 CFR 200.322](#) which, to the extent appropriate and consistent with law, indicates that recipients should, to the greatest extent practicable provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). There also was a pre-existing requirement now re-codified at [2 CFR 200.333](#) for states and agencies of political subdivisions of states and their contractors to procure items designated in EPA guidelines that contain the highest percentage of recovered materials practicable where the purchase price exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000. There are other requirements in [2 CFR 200.333](#) that promote resource recovery in purchasing practices. EPA has revised the Procurement Best Practices Guide to include coverage on these important purchasing preferences.

Finally, EPA has included the definition of “construction” at [40 CFR 40.115-1](#) in the Construction Section of the Procurement Best Practices Guide. This addition is intended to provide recipients with clarity on the meaning of the term “construction”.

Background: The Fiscal Year 2017 and Fiscal Year 2018 National Defense Authorization Acts (NDAA) made statutory changes to the Micro-Purchase Threshold and Simplified Acquisition Threshold for federal financial assistance agreements. The NDAA for Fiscal Year 2017 provided that the Micro-Purchase Threshold for institutions of higher education, their related or affiliated non-profit entities, non-profit research organizations or research institutes (Affected Recipients) would be \$10,000. Additionally, the Fiscal Year 2017 NDAA established an interim uniform process for Affected Recipients to request approval from federal agencies to use a higher Micro-Purchase Threshold. The Fiscal Year 2018 NDAA provided that the Micro-Purchase Threshold for all types of recipients would be \$10,000 and that the Simplified Acquisition Threshold would be \$250,000.

OMB implemented the above described statutory changes in [Memorandum M-18-18](#). OMB made class exceptions to the requirements at [2 CFR 200.1](#) that adjustments to the Micro-Purchase Threshold and Simplified Acquisition Threshold be made through revisions to the definitions of these terms in [48 CFR Subpart 2.1 of the Federal Acquisition Regulation](#). Memorandum M-18-18 directs agencies to reflect the above described changes to the thresholds in policy or terms and conditions. Further, OMB determined

that Affected Recipients the process for Affected Recipients to obtain approval for Micro-Purchase Thresholds in excess of \$10,000 would be implemented by [cognizant agencies for indirect costs](#).

Note that the [2 CFR 200.1](#) Micro-Purchase Threshold and Simplified Acquisition Threshold are generally found in the [FAR](#) at [48 CFR 2.101](#), and are periodically adjusted for inflation and statutory changes. As of the date of EPA issued this RAIN, 48 CFR 2.101 had not been updated to reflect either the \$10,000 Micro-Purchase Threshold or the \$250,000 Simplified Acquisition Threshold.