

PROGRAM GUIDANCE

PROGRAM: All Programs of the Office of Native American Programs

FOR: Tribal Government Leaders and Tribally Designated Housing Entities (TDHEs)

FROM: Gary Nemec, Director, Office of Grants Evaluation *HN*

FROM: Marco Santos, Acting Director, Office of Grants Management *Man Santos*

FROM: Frederick Grierfer, Director, Office of Field Operations *Fred Grierfer*

TOPIC: Recent Changes to the Federal Micro-Purchase and Simplified Acquisition Thresholds

PURPOSE: This guidance informs Indian Tribes and Tribally Designated Housing Entities about increases to the micro-purchase and simplified acquisition thresholds for programs involving Federal funds.

BACKGROUND: On December 12, 2017, the National Defense Authorization Act for Fiscal Year 2018, Public Law 115-91, was signed into law. The Act raised the Federal micro-purchase threshold from \$3,500 to \$10,000. It also raised the simplified acquisition threshold to \$250,000.

Initially, these changes were not to become effective until the Federal Acquisition Regulation was revised. However, on June 20, 2018, the Office of Management and Budget issued a Memorandum (M-18-18) to Federal agencies that granted an exception and allowed all grant recipients to benefit from these higher micro-purchase and simplified acquisition thresholds; effective immediately.

OVERVIEW: The changes described below apply to the Indian Housing Block Grant (IHBG), Native Hawaiian Housing Block Grant (NHHBG), Tribal Housing and Urban Development/Veterans Affairs Supportive Housing (Tribal HUD-VASH) and Indian Community Development Block Grant (ICDBG) programs.

New Micro-Purchase Threshold:

The micro-purchase threshold has been raised to \$10,000. To the extent practicable, a recipient must distribute micro-purchases equitably among qualified suppliers. No

competitive quotes are required if the recipient determines that the price is *reasonable*. For more information on the definition of micro-purchase and its use, please see 2 CFR §§ 200.67 and 200.320(a).

IHBG De Minimis Procurement Exemption:

Under the IHBG program, for procurements of goods and services valued less than \$5,000, recipients may continue to operate under the existing statutory de minimis procurement exemption in section 203(g) of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA).

NOTE: Micro-purchase and de minimus exemptions are two different methods for simplifying purchasing. Recipients can develop procurement policies that choose between the two options for purchases under \$5,000. However, tribal preference requirements will apply to all micro-purchases regardless of the value but will not apply to de minimus procurements.

ICDBG Construction Threshold Exception:

For acquisitions of construction subject to Davis-Bacon wage rate requirements, ICDBG grantees should continue to use the \$2,000 threshold. See 2 CFR § 200.67 and 48 CFR § 2.101.

New Simplified Acquisition Threshold:

The simplified acquisition threshold has been raised to \$250,000. Informal purchasing procedures are acceptable, but price or rate quotes are required from an adequate number of sources. For more information on the definition of Simplified Acquisition and its use, see 2 CFR §§ 200.88 and 200.320(b).

PROCEDURE: Recipients should update their procurement policies and procedures to reflect these changes in micro-purchase and simplified acquisition thresholds.

ADDITIONAL GUIDANCE: Please contact your Area ONAP Grants Management Specialist for additional guidance.