



FEMA

US&R GENERAL MEMORANDUM – 2019-053

June 14, 2019

FOR: National Urban Search & Rescue Response System
Task Force Representatives, Program Managers and Grant Managers

FROM: Buddy Ey, Chief 
Admin / Finance Section
Urban Search and Rescue Branch

SUBJECT: US&R General Memorandum 2019-053 – Micro Purchase Threshold

The purpose of this General Memorandum is to make the National US&R Response System (System) Program Managers, Grant Managers and other System members with fiscal responsibility aware that the President's Office of Management and Budget (OMB) raised the micro-purchase threshold from \$3,500.00 to \$10,000 in June of 2018. This is not a new information, it is being offered as reference as the US&R Branch has not posted previously.

Attached are OMB's Memorandum 18-18 and the Grants Program Directorate's (GPD) Information Bulletin 434 explaining the details of the change.

Program Managers and Grant Managers are reminded that regardless of the increase in the micro-purchase threshold, task forces must follow the strictest policy between the federal government and the Sponsoring Agency. For example, if the Sponsoring Agency requires competition for purchases over \$3,500 (or any other threshold), then the task force must adhere to the Sponsoring Agency policies regardless of the federal micro-purchase threshold.

For additional information, contact or John Conklin at john.conklin@fema.dhs.gov or 202-341-8168, or Buddy Ey at elwood.ey-iii@fema.dhs.gov or 202-702-8854,

Attachment: OMB Memorandum 18-18
GPD Information Bulletin 424

Cc: US&R Strategic Group
US&R Advisory Group
US&R Branch Staff
FEMA Regional/Federal/International ESF #9 Representatives





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
FINANCIAL MANAGEMENT

June 20, 2018

M-18-18

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS AND HEADS OF SMALL EXECUTIVE AGENCIES

FROM:

Tim Soltis

Deputy Controller, Office of Federal Financial Management

SUBJECT:

Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance

In accordance with recent statutory changes set forth in the National Defense Authorization Acts (NDAA) for Fiscal Years 2017 and 2018, this memorandum raises the threshold for micro-purchases under Federal financial assistance awards to \$10,000, and raises the threshold for simplified acquisitions to \$250,000 for all recipients. Further, it implements an approval process for certain institutions that want to request micro-purchase thresholds higher than \$10,000. Agencies are required to implement these changes in the terms and conditions of their awards, and recipients of existing Federal financial assistance awards may implement them in their internal controls.

Background

This memorandum applies to all Federal agencies, as defined at 5 U.S.C. § 551(1), that award grants or cooperative agreements. It implements changes to the micro-purchase and simplified acquisition thresholds for financial assistance under the NDAA for Fiscal Year (FY) 2017 and FY2018. The micro-purchase threshold refers to purchases of supplies or services using simplified acquisition procedures, not to exceed an established amount pursuant to the Office of Management and Budget (OMB) Governmentwide Guidance for Grants and Agreements (“Uniform Guidance”) at 2 C.F.R. § 200.67 (Micro-purchase). The simplified acquisition threshold refers to purchases of property or services using small purchase methods not to exceed an established amount pursuant to 2 C.F.R. § 200.88 (Simplified acquisition threshold). For Federal financial assistance awards, these purchases are acquired for use by a Federal program. The NDAA for FY2017 increased the micro-purchase threshold from \$3,500 to \$10,000 for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes (41 U.S.C. § 1908). The NDAA for FY2018 increases the micro-purchase threshold to \$10,000 for all recipients and also increases the simplified acquisition threshold from \$100,000 to \$250,000 for all recipients.

Implementing the NDAA for FY2017

Section 217(b) of the NDAA for FY2017 raises the micro-purchase threshold to \$10,000 for procurements under grants and cooperative agreements for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes.¹

¹ Pub. L. No. 114-328 (codified at 41 U.S.C. § 1902(a)(2)).

The NDAA for FY2017 also establishes an interim uniform process by which these recipients can request and Federal agencies can approve requests to apply a higher micro-purchase threshold. Specifically, the 2017 NDAA allows a threshold above \$10,000 if approved by the head of the relevant executive agency. For purposes of this approval, the institution's cognizant Federal agency for indirect cost rates will be the relevant executive agency as defined in 2 C.F.R. § 200.19 (Cognizant agency for indirect costs). To receive a higher threshold, the institution must either have "clean single audit findings" (*i.e.*, in accordance with 2 C.F.R. § 200.520 - Criteria for a low-risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

Agencies should reflect this change through policy or terms and conditions in awards for those institutions. The effective date for this change was when the NDAA for FY2017 was signed into law on December 23, 2016. OMB intends to revise the Uniform Guidance to conform with the law.²

Process for Requesting a Higher Threshold Under the NDAA for FY2017

Requests for approval should be submitted to the institution's cognizant Federal agency for indirect cost rates; however, institutions should contact the agency before sending the request to determine the correct point of contact. The cognizant Federal agency will assign review of the request to the appropriate office within the agency to determine whether to approve, and will maintain records and justification of all approvals. The request should include the threshold level being requested and the justification(s) for it based on the criteria above per Section 217(b) of the NDAA for FY2017.

Implementing the NDAA for FY2018

This memorandum also implements provisions of the NDAA for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. Specifically, section 806 raised the micro-purchase threshold from \$3,500 to \$10,000, and section 805 raised the simplified acquisition threshold from \$100,000 to \$250,000. Pursuant to 2 C.F.R. § 200.67 (Micro-purchase) and 2 C.F.R. § 200.88 (Simplified acquisition threshold), these higher thresholds are not effective until implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1 (Definitions).³

In order to allow maximum flexibility for grant recipients in light of the changes to the NDAA for FY2018, OMB is granting an exception allowing recipients to use the higher threshold of \$10,000 for micro-purchases and \$250,000 for simplified acquisitions in advance of revisions to the FAR at 48 C.F.R. Subpart 2.1 and the Uniform Guidance. Pursuant to 2 C.F.R. § 200.102 (Exceptions), OMB may allow exceptions to the Uniform Guidance when exceptions are not prohibited by statute. The exception takes effect upon the date of issuance of this memo. Agencies should apply this exception to all recipients. Recipients should document any change based on this exception in accordance with 2 C.F.R. § 200.318 (General procurement standards).

If you have any questions regarding this memorandum, please contact Mary Tutman at Mary.E.Tutman@omb.eop.gov or Gil Tran at Hai_M._Tran@omb.eop.gov.

² The American Innovation and Competitiveness Act, Pub. L. No. 114-329, § 207(b) (2017) states that the Uniform Guidance shall be revised to conform with the requirements concerning the micro-purchase threshold.

³ Codified at 41 U.S.C. § 1902(f).

Grant Programs Directorate Information Bulletin
No. 434
August 28, 2018

MEMORANDUM FOR: All State Administrative Agency Heads
All State Administrative Agency Points of Contact
All Urban Area Security Initiative Points of Contact
All State Homeland Security Advisors
All State Emergency Management Agency Directors
All Eligible Regional Transit Agencies
All Private Sector Transportation Security Partners
All Public and Private Sector Port Security Partners
All Tribal Points of Contact
All Volunteer, Combination, and Career Fire Departments and Fire Districts
All National, State, Local, or Tribal Fire Service Organizations

FROM: Thomas DiNanno 
Assistant Administrator for Grant Programs
Federal Emergency Management Agency

SUBJECT: **Increases and Changes to the Micro-Purchase and Simplified Acquisition Thresholds**

I. Purpose

This Information Bulletin (IB) provides guidance regarding increases and changes to the micro-purchase and simplified acquisition thresholds under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 C.F.R. Part 200 (“Uniform Guidance”) for Federal Emergency Management Agency (FEMA) financial assistance awarded by the Grant Programs Directorate and under the Emergency Management Performance Grant program.

II. Applicability

This IB is applicable to recipients and subrecipients of all financial assistance awarded by the Grant Programs Directorate and under the Emergency Management Performance Grant program, including grants and cooperative agreements, as described in Section IV, below.

III. Background

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

National Defense Authorization Acts (NDAAAs) for Fiscal Years (FY) 2017¹ and 2018.²

- B. The Uniform Guidance establishes administrative requirements, cost principles, and audit requirements for Federal financial assistance awards. Certain provisions of the Uniform Guidance apply the micro-purchase threshold (2 C.F.R. § 200.67) and simplified acquisition threshold (2 C.F.R. § 200.88), including procurements (see 2 C.F.R. §§ 200.317 – 200.326) and certain budget revisions (see 2 C.F.R. § 200.308).

IV. Guidance

- A. Increases to Micro-Purchase and Simplified Acquisition Thresholds, Effective June 20, 2018. OMB increased the micro-purchase threshold from \$3,500 to \$10,000 and increased the simplified acquisition threshold from \$150,000 to \$250,000. These increases apply to all recipient and subrecipient activities tied to one of these thresholds per the Uniform Guidance, such as procurements or budget approval requests, executed on or after June 20, 2018 for all open financial assistance awards.³

- 1. For example, the \$250,000 simplified acquisition threshold shall apply to a subrecipient's procurement sourced with a Fiscal Year 2017 Homeland Security Grant Program award issued in September 2017, so long as the procurement was executed by the subrecipient on or after the effective date of June 20, 2018.

- B. Increase to Micro-Purchase Threshold and Waivers for Institutions of Higher Education or Related Nonprofit Entities, Effective December 23, 2016.

- 1. The micro-purchase threshold has been raised from \$3,500 to \$10,000, effective December 23, 2016, only for the following types of recipients or subrecipients: institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutions (institutions). This increase applies to institutions' activities tied to the micro-purchase threshold per the Uniform Guidance, such as procurements, executed on or after December 23, 2016 for all open financial assistance awards.
 - a. For example, the \$10,000 micro-purchase threshold shall apply to an institution's procurement sourced with a Fiscal Year 2015 Homeland Security Grant Program award issued in September 2015, so long as the procurement was executed by the institution on or after the effective date of December 23, 2016.

¹ NDAA for FY 2017, § 217(b), Pub. L. No. 114-328 (codified at 41 U.S.C. § 1902(a)(2)).

² NDAA for FY 2018, §§ 805-806, Pub. L. No. 115-91 (codified at 41 U.S.C. §§ 134, 1902(a)(1)).

³ Changes to the micro-purchase and simplified acquisition thresholds under the NDAA for FY 18 are technically not effective until implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1 (Definitions) and the Uniform Guidance. However, OMB utilized its exception authority pursuant to 2 C.F.R. § 200.102 to increase the thresholds for recipients and subrecipients in advance of revisions to the FAR and Uniform Guidance.

2. Such an institution may submit a request for a micro-purchase threshold above \$10,000 from the institution's cognizant Federal agency for indirect cost rates as defined in 2 C.F.R. § 200.19. To receive a higher threshold, the institution must either have "clean single audit findings" (i.e., in accordance with 2 C.F.R. § 200.520 - Criteria for a low risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

C. Further Guidance Regarding Procurement Under Grants:

1. Plain Language Description of Effects of New Thresholds:

- a. For all non-Federal entities other than states, the new micro-purchase threshold of \$10,000 and the new simplified acquisition threshold of \$250,000 are applicable to procurements executed on or after June 20, 2018 for all open awards.
 - b. Additionally, institutions were permitted to use the \$10,000 micro-purchase threshold for procurements executed as far back as December 23, 2016; and institutions may request to use a micro-purchase threshold higher than \$10,000 starting with procurements executed on or after December 23, 2016.
2. All non-Federal entities other than states should document in their procurement policies any change based on these exceptions in accordance with 2 C.F.R. § 200.318 (General procurement standards).
 3. These changes do not otherwise affect the procurement standards at 2 C.F.R. §§ 200.317 – 200.326.
 4. All non-Federal entities must ensure compliance with their own applicable laws, policies, and procedures when executing procurements sourced with FEMA grant funds. For example, the increases to the Federal thresholds described in this Information Bulletin do not necessarily impact similar thresholds set by state, tribal, or local law, regulation, or policy.

D. Per M-18-18, OMB intends to update the Uniform Guidance to reflect these changes.

V. Questions

Questions regarding this IB may be directed to the applicable GPD or Regional Program Analyst.

VI. Review Date

This IB will be reviewed within five years from date of issuance.