

**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

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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) 2017<sup>1</sup> and 2018.<sup>2</sup>

- 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.<sup>3</sup>

- 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.

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

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

<sup>3</sup> 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.