



FEB 14 2006

GSA Office of the Chief Acquisition Officer

MEMORANDUM FOR DAVID CAPITANO
DIRECTOR
DEFENSE ACQUISITION REGULATIONS COUNCIL

FROM: *Ralph J. Destefano*
RALPH J. DESTEFANO, DIRECTOR
REGULATORY AND FEDERAL ASSISTANCE
DIVISION

SUBJECT: FAR Case 2004-033, Inflation Adjustment of Acquisition-Related
Thresholds

Attached are comments received on the subject FAR case published at 70 FR 73415;
December 12, 2005. The comment closing date was February 10, 2006.

<u>Response Number</u>	<u>Date Received</u>	<u>Comment Date</u>	<u>Commenter</u>
2004-033-1	12/21/05	12/21/05	Beth Myers
2004-033-2	12/28/05	12/28/05	DOJ
2004-033-3	01/09/06	01/09/06	Dennis J. Hermannes
2004-033-4	01/12/06	01/12/06	Dena M. Kist
2004-033-5	01/23/06	01/23/06	NGA
2004-033-6	01/02/06	01/02/06	AIA
2004-033-7	02/10/06	02/10/06	Ronald L. Kovach
2004-033-8	02/10/06	02/10/06	Department of Treasury

Attachments

2004-033-1



"Myers, Beth TACOM-WVA"
<beth.myers@us.army.mil>

12/21/2005 01:50 PM

To "farcase.2004-033@gsa.gov" <farcase.2004-033@gsa.gov>

cc

bcc

Subject FAR CASE 2004-033

Increasing of the micropurchase threshold to \$3,000 without an increase to the Service Contract Act threshold of \$2,500 to \$3,000 will result in the increased risk of purchase card holders violating the SCA. There is more widespread purchase of services with the purchase card, as opposed to construction under the Davis Bacon Act (with a threshold of \$2,000) therefore making the monitoring of the Davis Bacon Act more manageable. However, if cardholders are limited to \$2,500 for service purchases and \$3,000 for supplies, the chances of a cardholder who buys both services and supplies inadvertently violating the SCA will greatly increase. Monitoring all of the these different thresholds just adds to the overburdened purchase card program which was suppose to be a simple process.

2004-033-2



"Loiselle, Colleen (USANH)"
<Colleen.Loiselle@usdoj.gov>

To farcase.2004-033@gsa.gov

cc

bcc

12/28/2005 09:18 AM

Subject I concur.

2004-033-3



Dennis_Hermannes@fws.gov

01/09/2006 11:51 AM

To farcase.2004-033@gsa.gov

cc

bcc

Subject FAR Case 2004-033

Comments on the Micro Purchase and Davis Bacon Act ceilings.

To the FAR Council:

read that you folks are thinking about raising the Micro-purchase bar to \$3,000.00 and not changing the Davis Bacon Act. The following is negative feedback and hope you can understand my frustration:.

As a small Purchase Contracting Officer for the last 28 years, I am blown away by this piddly decision. The micro-purchase threshold went up to \$2500.00 from \$500.00 in one fell swoop in the early "80's", so that would make it like what, 500%? (I remember this for I was there and I'm getting ready to retire in the next 5 yrs). As my kids would say "helloooooo, 80's what does that tell you"? Back then, the folks had a clue and they brought it up to date. You people are stuck in the 80's.

This \$2500.00 is so antiquated and out of date its pathetic. The threshold needs to be updated to the 21st century. If you raise it to \$3,000.00 I figure, you've got it updated to maybe: 1985. It needs desparately to be raised to \$10,000.00 to bring this thing out of the dinosaur age.

The Davis Bacon Act, let's see, that act came along in the 30's . How old is the \$2,000.00 threshold?? This is another one of those "helloooooooo" things. That should be at least \$5,000.00, probably \$10,000.00. Even better, the antiquated Davis-Bacon act should be voted out of existence. I realize that's out of your realm, but you could at least have the backbone to change the threshold to \$5,000.00. The \$2,000.00 is soooo out of date. I can't believe your Council didn't even consider raising it. Unions are so out of date and this dumb act costs the taxpayer billions every year.

Anyway, you asked for comments and I'm responding to your request. Its so obvious to us folks that share the title: "where the rubber meets the road". Wish you had the same updated and 21st century outlook.

Dennis J. Hermannes
Contract Specialist
USFWS
Anchorage, AK
907 349 6689
dennis_hermannes@fws.gov

2004-033-4



"Binney, Barbara Ms
ASA(ALT)"
<barbara.binney@us.army.mil
>

01/12/2006 11:16 AM

To "farcase.2004-033@gsa.gov" <farcase.2004-033@gsa.gov>

cc "Harris, George Mr., NGB-AQP" <harrisg@ngb.ang.af.mil>

bcc

Subject FW: FAR Proposed Rule 2004-033

GSA,

Forwarded on behalf of

Dena M. Kist, SMS, RIANG
Base Contracting Officer
National Guard Bureau
tel 401-886-1317 dsn 476-3317
fax 401-886-1372 dsn 476-3372

-----Original Message-----

From: Harris, George - NGB-ZC-PARC [mailto:George.Harris@ngb.ang.af.mil]
Sent: Wednesday, January 11, 2006 4:03 PM
To: Binney, Barbara Ms ASA(ALT)
Cc: Kaspar, Thomas F. - NGB-ZC-PARC; Kist, Dena, SMS, LGS, 143AW
Subject: FW: FAR Proposed Rule 2004-033

See attached comments submitted on proposed rule 2004-033.

George W. Harris, Jr.
NGB-ZC-PARC-P
Chief, Acquisition Policy
Special Competition Advocate
DSN 327-0991
COMM 703-607-0991
FAX 703-607-1174
george.harris@ngb.ang.af.mil

-----Original Message-----

From: Kist, Dena, SMS, LGS, 143AW
Sent: Wednesday, January 11, 2006 3:42 PM
To: Harris, George - NGB-ZC-PARC
Cc: Kaspar, Thomas F. - NGB-ZC-PARC; Cartier, Marcel CW5
Subject: FAR Proposed Rule 2004-033

Mr. Harris,

I am providing comments to the above referenced FAR Proposed Rule. Please forward this to the appropriate representative for inclusion/review.

Please call if you have any questions.

Thank you,
Dena
Dena M. Kist, SMS, RIANG
Base Contracting Officer
tel 401-886-1317 dsn 476-3317
fax 401-886-1372 dsn 476-3372

2004-033-4

FAR Case 2004-033, Inflation Adjustment of Acquisition-Related Thresholds

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) are proposing to amend the Federal Acquisition Regulation (FAR) to adjust acquisition-related thresholds for inflation. Section 807 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375) requires that the FAR Council periodically adjust all statutory acquisition-related dollar thresholds in the FAR for inflation, except the statute does not permit escalation of acquisition-related dollar thresholds established by the Davis-Bacon Act, the Service Contract Act, or trade agreements. This rule also proposes to amend other acquisition-related thresholds that are based on policy rather than statute. Inflation adjustment of Cost Accounting Standards (CAS) thresholds in the CAS regulations is simultaneously addressed in a separate case.

Contact: Mr. Michael Jackson, Procurement Analyst, 202.208.4949.

2004-033-4

FAR Case 2004-033 Comments

The rule to raise the micro-purchase threshold is viable, as inflation factors require such increases. Unfortunately, this creates an issue with Service Contract Act requirements. Although, according to the statute, the escalation cannot affect Service Contract Act dollar thresholds, this poses a great burden on contracting as well as the credit card program and may have an adverse impact on these areas.

Currently, purchases for services not exceeding \$2500 may be procured utilizing the Government Purchase Card (GPC). Here is a hypothetical situation that poses concern if the Service Contract Act remains confined to the \$2500 limitation:

A cardholder has a requirement to repair a vehicle. The cost will be \$2800. Can the cardholder make this purchase on the GPC? Does the cardholder file an SF 98?

This application is too cumbersome for the field. It will be too time consuming for the cardholder who must procure it now and cannot wait for a returned SF98. This also places a burden on the GPC Coordinator who must train the cardholder and billing officials *when* to apply the Service Contract Act and *how* to file the SF98.

Conversely, if you prohibit cardholders from procuring services in excess of \$2500, this constrains the GPC program and why it was established; for micro-purchases.

It seems logical to promote an initiative to amend the Service Contract Act to coincide with the micro-purchase threshold. This would alleviate the SF98 requirement and exhaustive measures by the contracting organization on the GPC Program.

2004-033-5



"Downey, Robin A."
<Robin.A.Downey@nga.mil>
01/23/2006 03:41 PM

To "farcase.2004-033@gsa.gov" <farcase.2004-033@gsa.gov>
cc
bcc
Subject comment

NGA has had one comment from our acquisition workforce on the proposed rule:

I don't agree that the micro-purchase threshold should be raised to \$3,000 while keeping the Service Contract Act threshold at \$2,500. This is inviting those purchases that are over \$2,500 to \$3,000 to be in violation with the provisions of the Service Contract Act because many, maybe most, of these purchases are made by non-contracting personnel who have no understanding or knowledge of the provisions of the Service Contract Act.

If you have any questions, please do not hesitate to contact me.

Robin Downey

Contract Specialist

National Geospatial-Intelligence Agency

314-263-3402

Robin.A.Downey@nga.mil

2004-033-6



February 2, 2006

Mr. Robert A. Burton
Acting Administrator
Office of Federal Procurement Policy
Eisenhower Executive Office Building
Room 352
Washington, DC 20503

Ref: Cost Accounting Standards Board (CAS) Changes to Acquisition Thresholds

Dear Mr. Burton:

The Aerospace Industries Association appreciates the opportunity to comment on the proposed rule which adjusts the CAS application and full coverage thresholds for inflation in accordance with section 807 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Pub. Law 108-375).

We endorse the Board's proposal and applaud its initiative to increase its thresholds. However, while we understand the constraints imposed by section 807 of the above-referenced Defense Authorization Act, we believe both Government and industry will be best served if the threshold for contract applicability is further modified to consistently match the FAR 15.403-4 threshold for requiring cost or pricing data.

As you may be aware, also in response to section 807, the FAR Councils are in the process of updating the threshold for certified cost or pricing data from \$550,000 to \$600,000 (FAR Case 2004-033). Thus, when the proposed threshold changes proposed by the CAS Board and FAR Councils are promulgated, contracts valued between \$550,000 and \$600,000 will be subject to CAS with no requirement for certification of the cost or pricing data. Without certified cost or pricing data, it will be very difficult to administer the impact of CAS issues associated with such contracts. Further, subjecting such contracts to CAS will serve as a deterrent for non-CAS covered companies to pursue the award of contracts in that price range.

Accordingly, we recommend the CAS Board take the necessary actions to ensure the thresholds for CAS applicability and certification of cost and pricing data are consistently the same. Establishing a \$600,000 threshold for both requirements would be the most appropriate way to avoid the problems referenced in the preceding paragraph. We take no exception to the other threshold changes included in the proposed rule.

We would be pleased to meet with you to further discuss our recommendation. To do so, please contact Mr. Dick Powers of my staff. Dick can be reached on (703) 358-1042. His e-mail address is dick.powers@aia-aerospace.org. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert T. Marlow', with a horizontal line extending to the right.

Robert T. Marlow
Vice President, Acquisition Policy

2004-033-7



Wyborski.Larry@epamail.epa.gov
02/10/2006 09:12 AM

To farcase.2004-033@gsa.gov
cc
bcc
Subject FAR Case 2004-033

2006

February 9,

General Services Administration
FAR Secretariat (MVA)
1800 F Street, NW, Room 4035
ATTN: Laurieann Durate
Washington, DC 20405

Dear Ms. Durate,

Thank you for the opportunity to comment on the proposed rule to amend the Federal Acquisition Regulation (FAR) to reflect inflation adjustment of acquisition-related thresholds. The Environmental Protection Agency (EPA) has reviewed the proposed rule, FAR Case 2004-033, that was published in the Federal Register on December 12, 2005.

We offer one comment for your consideration. FAR 13.305-3(b) is not being changed in the proposed rule. The FAR citation retains the third party draft transaction threshold of \$2,500, unless authorized at a higher level in accordance with Treasury restrictions. We recommend that, unless these Treasury restrictions take precedence over FAR changes, this \$2,500 threshold also be raised to \$3,000 consistent with other changes to the micro-purchase threshold in the proposed rule.

If you have questions or require additional information, I can be reached on (202) 564-4315, or you may have a member of your staff contact Larry Wyborski in our Policy and Oversight Service Center on (202) 564-4369, or email Wyborski.Larry@epa.gov.

Sincerely,

/s/

Ronald L. Kovach, Director
Policy, Training and Oversight

Division
Management

Office of Acquisition

2004-033-8



Jean.Carter@do.treas.gov
02/10/2006 03:40 PM

To farcase.2004-033@gsa.gov
cc VA.Bellamy-Graham@do.treas.gov, Beth.Shepherd@irs.gov
bcc

Subject Treasury Dept. Comments, FAR Case 2004-033

Treasury submits the following comment:

The Treasury Office of Small Business Development and Treasury Internal Revenue Service are not in favor of the pending increase in the micro purchase threshold from \$2,500 to \$3,000 as this impacts the small business community. Currently, micro purchases are exempt from competition requirements and purchase cardholders and contracting personnel can go to any size business to meet their requirements. Any purchase above the micro purchase threshold up to the Simplified Acquisition Threshold (SAT), currently \$100,000, would be reserved exclusively for small business concerns. Any increase in the micro purchase threshold without raising the SAT threshold concurrently is a detriment to the small business community. We would propose that the SAT threshold be raised at the same time as the increase in the micro purchase threshold.

Jean Carter
Department of the Treasury
Office of the Procurement Executive
(202) 622-6760



1-2006

GSA Office of the Chief Acquisition Officer

MEMORANDUM FOR DAVID CAPITANO
DIRECTOR
DEFENSE ACQUISITION REGULATIONS COUNCIL

FROM:

for RALPH J. DESTEFANO, DIRECTOR
REGULATORY AND FEDERAL ASSISTANCE
DIVISION *Ralph J. Destefano*

SUBJECT: FAR Case 2004-033, Inflation Adjustment of Acquisition-Related
Thresholds

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73415; December 12, 2005. The comment closing date was February 10, 2006.

<u>Response Number</u>	<u>Date Received</u>	<u>Comment Date</u>	<u>Commenter</u>
2004-033-9	03/07/06	02/09/06	EPA
2004-033-10	03/07/06	03/07/06	The Marine Mammal Commission

Attachments

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405-0002
www.gsa.gov



2004-033-9
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

FEB 9 2006

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

General Services Administration
FAR Secretariat (MVA)
1800 F Street, NW, Room 4035
ATTN: Laurieann Durate
Washington, DC 20405

Dear Ms. Durate,

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Sincerely,

Ronald L. Kovach, Director
Policy, Training and Oversight Division
Office of Acquisition Management

Handwritten initials and date: 3/9/06 (m)

2004-033-10

3/7/06

Comment Info: =====

General Comment: The Marine Mammal Commission supports the proposed amendment to the Federal Acquisitions Regulations (FAR) to adjust acquisition-related thresholds from \$2,500 to \$3,000.00

FAR CASE 2004-033