



U.S. Department  
of Transportation

**Federal Highway  
Administration**

# Memorandum

**Subject: Information:** Statutory Changes to the Simplified Acquisition Threshold;  
Procurement of Engineering and Design Services  
Using Small Purchase Procedures Under 23 CFR  
172.7(a)(2)

Date: December 3, 2018

**From:** Brian J. Fouch, PE  
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In Reply Refer to: HICP

**To:** Directors of Field Services  
Chief Technical Services Officer  
Directors of Federal Lands Highway  
Division Administrators

Section 805 of the FY 2018 NDAA raised the simplified acquisition threshold (SAT) from \$100,000 to \$250,000. The SAT is the dollar amount at or below which a non-Federal entity, such as a State Department of Transportation, may purchase property or services using State small purchase methods and remain eligible for Federal reimbursement. Non-Federal entities adopt small purchase procedures to expedite the purchase of items or services costing at or less than the simplified acquisition threshold.

The simplified acquisition threshold is defined by the Federal Acquisition Regulation (FAR) at 48 CFR 2.101 in accordance with 41 U.S.C. 1908. FHWA's regulations governing the procurement, management, and administration of engineering and design related services reference the FAR definition of simplified acquisition threshold at 23 CFR 172.7(a)(2). Pursuant to 2 CFR 200.88, these higher thresholds are not generally effective until implemented in the Federal Acquisition Regulation (FAR) at 48 CFR 2.101.

However, to allow maximum flexibility for grant recipients considering the changes to the SAT authorized by section 805 of the NDAA for FY 2018, the Office of Management and Budget (OMB) is granting an exception allowing recipients to use the higher threshold of \$250,000 for simplified acquisitions in advance of revisions to the FAR at 48 CFR Subpart 2.1 and revision of the definition of the SAT in 2 CFR 200.88 of the Uniform Guidance. The exception is authorized by 2 CFR 200.102, which authorizes OMB to allow exceptions to the Uniform Guidance when exceptions are not prohibited by statute. The Office of the Chief Financial Officer distributed general notice of the SAT increase via email to all FHWA units on September 7, 2018.

Under 23 CFR 172.7(a)(2), a contracting agency may use small purchase procedures that reflect applicable State law and regulation for procurement of engineering and design

services provided the total contract costs do not exceed the SAT of \$250,000, unless a lower cost threshold for use of small purchases is established in State law, procedure, or policy. If State procedures establish a lower cost threshold, the lower threshold is required to be applied in accordance with 23 CFR 172.7(a)(2).

If you would like more information on this issue, please feel free to contact Consultant Services Program Manager John McAvoy ([john.mcavoy@dot.gov](mailto:john.mcavoy@dot.gov) or 202-853-5593).

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