



Food and
Nutrition
Service

Park Office
Center

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DATE: April 17, 2019

MEMO CODE: SP20-2019; CACFP07-2019; SFSP06-2019

SUBJECT: Federal Micro-Purchase and Simplified Acquisition Thresholds for All Child Nutrition Programs and Procurement Threshold and Applying the Simplified Acquisition Threshold in the Child and Adult Care Food Program and Summer Foods Service Program Procurement Standards

TO: Regional Directors
Special Nutrition Programs
All Regions

State Directors
Child Nutrition Programs
All States

This memorandum notifies all Child Nutrition Program State agencies and Program operators of guidance the Food and Nutrition Services (FNS) received from the Office of Management and Budget (OMB), OMB M-18-18, authorizing increases to the value of the micro-purchase and simplified acquisition thresholds. In accordance with recent statutory changes announced June 20, 2018, as set forth in the National Defense Authorization Acts (NDAA) for Fiscal Years 2017 and 2018, the thresholds under Federal financial assistance awards are increased as follows:

- Federal micro-purchase threshold - increased from \$3,500 to \$10,000 and
- Federal simplified acquisition threshold (formerly known as the Federal small purchase threshold) - increased from \$150,000 to \$250,000.

FNS is applying these changes to all Child Nutrition Programs including the National School Lunch Program (NSLP), Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP). Further, this guidance implements an approval process for certain State agencies and Program operators that want to request micro-purchase thresholds higher than \$10,000. Child Nutrition Program operators, school food authorities, and institutions will submit a written request with the threshold level being requested and justification(s) for approval of a higher micro-purchase threshold to their Child Nutrition Program State agency. State agencies may submit a written request with the threshold level being requested and justification(s) for approval of a higher micro-purchase threshold to their appropriate FNS Regional Office.

Agencies are required to implement these changes in the terms and conditions of their awards, and all recipients (State agencies and Program operators) of existing Federal financial assistance awards may implement the changes in their internal controls. State and local agencies may set lower micro-purchase and simplified acquisition thresholds and thereby impose more restrictive procurement procedures as authorized by 7 CFR 210.19(e), 225.18(f), and 226.25(b).

In an effort to simplify procurement and create more uniform procurement requirements for all Child Nutrition Program operators, this memorandum supersedes, SP01-2013, CACFP 01-2013, and SFSP01-2013.

Procurement Thresholds in SFSP: This memorandum updates SFSP07-2013 and SFSP13-2014 which linked existing procurement and contract thresholds referenced in Program regulations to the Federal simplified acquisition threshold and the value in place at that time. This memorandum updates the Federal simplified acquisition threshold as identified above.

Procurement Thresholds in CACFP: As noted above, FNS seeks to simplify procurement and create more uniform procurement requirements for all Child Nutrition Programs. Therefore, this memorandum links existing procurement and contract thresholds referenced in the Program regulations to the Federal simplified acquisition threshold. The specific CACFP regulations now linked to the Federal simplified acquisition threshold are identified below.

Institution FSMC contracts: In the absence of State or local laws, and in addition to the procurement provisions in 7 CFR 226.22, State agencies may mandate that institutions with Program meal contracts of an aggregate value in excess of \$10,000 formally advertise such contracts and comply with procedures intended to prevent fraud, waste, and Program abuse. 7 CFR 226.21(a)(1-7) identifies the specific procedures including 7 CFR 226.21(a)(7) requiring bids totaling \$50,000 or more shall be submitted to the State agency for approval before acceptance.

This memorandum updates the threshold at 7 CFR 226.21(a) and (7) to link these to the Federal simplified acquisition threshold currently set at \$250,000.

Procurement standards: 7 CFR 226.22(i)(1) identifies a small purchase threshold for purchases costing an aggregate dollar value of no more than \$10,000 unless a more restrictive State or local dollar limit applies (under \$10,000).

This memorandum updates the \$10,000 threshold at 7 CFR 226.22(i)(1) and links this to the Federal simplified acquisition threshold currently set at \$250,000. When established, a more restrictive State or local threshold applies.

Regional and State Directors

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State agencies are reminded to distribute this memorandum to Program operators. Program operators should direct any questions concerning this guidance to their State agency. State agencies with questions should contact the appropriate FNS Regional Office.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sarah E. Smith-Holmes". The signature is fluid and cursive, with a large initial "S" and "H".

Sarah E. Smith-Holmes
Director
Program Monitoring and Operational Support Division
Child Nutrition Programs