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SUPPLEMENTARY INFORMATION: In the final section of this **Federal Register**, EPA is approving the State's SIP submittal as a direct rule without prior proposal because the Agency views this as a noncontroversial submittal and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule. If no adverse comments are received in response to this action no further activity is contemplated. If EPA receives adverse comments, the direct final rule will be withdrawn and all public comments received will be addressed in a subsequent final rule based on this proposed rule. EPA will not institute a second comment period. Any parties interested in commenting on this action should do so at this time.

For additional information, see the direct final rule which is located in the rules section of this **Federal Register**.

Dated: November 18, 2005.

Richard E. Greene,

Regional Administrator, Region 6.

[FR Doc. 05-23914 Filed 12-9-05; 8:45 am]

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1, 2, 4, 5, 6, 7, 8, 9, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 32, 36, 42, 48, 49, 50, 52, and 53

[FAR Case 2004-033]

RIN 9000-AK26

Federal Acquisition Regulation; Inflation Adjustment of Acquisition- Related Thresholds

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Proposed rule.

SUMMARY: 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.

DATES: Interested parties should submit written comments to the FAR Secretariat on or before February 10, 2006 to be considered in the formulation of a final rule.

ADDRESSES: Submit comments identified by FAR case 2004-033 by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Agency Web Site: <http://www.acqnet.gov/far/ProposedRules/proposed.htm>. Click on the FAR case number to submit comments.

• E-mail: farcase.2004-033@gsa.gov. Include FAR case 2004-033 in the subject line of the message.

- Fax: 202-501-4067.
- Mail: General Services Administration, Regulatory Secretariat (VIR), 1800 F Street, NW, Room 4035, ATTN: Laurieann Duarte, Washington, DC 20405.

Instructions: Please submit comments only and cite FAR case 2004-033 in all correspondence related to this case. All comments received will be posted without change to <http://www.acqnet.gov/far/ProposedRules/proposed.htm>, including any personal and/or business confidential information provided.

FOR FURTHER INFORMATION CONTACT: The FAR Secretariat at (202) 501-4755 for information pertaining to status or publication schedules. For clarification of content, contact Mr. Michael Jackson, Procurement Analyst, at (202) 208-4949. Please cite FAR case 2004-033.

SUPPLEMENTARY INFORMATION:

A. Background

This proposed rule implements Section 807 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375). Section 807 provides for adjustment every 5 years of acquisition-related thresholds, except for Davis-Bacon Act, Service Contract Act, and trade agreements thresholds, as provided by law. This rule also proposes escalation

of some non-statutory acquisition-related thresholds.

What is an acquisition-related threshold?

The statute defines an acquisition-related dollar threshold as a dollar threshold that is specified in law as a factor in defining the scope of the applicability of a policy, procedure, requirement, or restriction provided in that law to the procurement of supplies or services by an executive agency, as determined by the FAR Council.

There are other thresholds in the FAR that, while not meeting this statutory definition of "acquisition-related," nevertheless meet all the other criteria. These thresholds may have their origin in executive order or regulation.

Therefore, an acquisition-related threshold, for the purposes of this rule, is a threshold that is specified in law, executive order, or regulation as a factor in defining the scope of the applicability of a policy, procedure, requirement, or restriction provided in that law, executive order, or regulation to the procurement of supplies or services by an executive agency, as determined by the FAR Council. Acquisition-related thresholds are generally tied to the value of a contract, subcontract, or modification.

Examples of thresholds that the Councils do not view as "acquisition-related" are thresholds relating to claims, penalties, withholding, payments, required levels of insurance, small business size standards, liquidated damages, etc.

What acquisition-related thresholds are not subject to escalation adjustment under this case?

The statute does not permit escalation of acquisition-related thresholds established by the Davis-Bacon Act, the Service Contract Act, or trade agreements.

The statute does not authorize the FAR to escalate thresholds originating in executive order or the implementing agency (such as the Department of Labor or the Small Business Administration), unless the executive order or agency regulations are first amended.

Analysis of statutory acquisition-related thresholds.

With the exception of thresholds set by the Davis-Bacon Act, Service Contract Act, and trade agreements, the statute requires that we adjust the acquisition-related thresholds for inflation using the Consumer Price Index (CPI) for all urban consumers. Acquisition-related thresholds in statutes that were in effect on October 1, 2000, are subject to 5 years of

inflation. For purposes of this proposed rule, a matrix has been developed that includes calculation of escalation based on the CPI from December 1999 to December 2004 (the most recent available data), which currently calculates as 1.1307. Acquisition-related thresholds in statutes that took effect after October 1, 2000, are escalated proportionately for the number of months between the effective date of the statute, and October 1, 2005.

Once the escalation factor is applied to the acquisition-related threshold, then the law requires rounding of the calculated threshold as follows:

<\$10,000	Nearest \$500
\$10,000 - <\$100,000	Nearest \$5,000
\$100,000 - <\$1,000,000	Nearest \$50,000
\$1,000,000 or more	Nearest \$500,000

At the current rate of inflation, this means that thresholds of \$1,000, \$10,000, \$100,000, and \$1,000,000, although subject to inflation calculation, will not actually be changed until 2010, because the inflation is insufficient to overcome the rounding requirements.

Section 807(c) of the statute states that this statute supersedes the applicability of any other provision of law that provides for the adjustment of any acquisition-related threshold that is adjustable under this statute. The cost or pricing data threshold in the Truth in Negotiations Act (10 U.S.C. 2306a and 41 U.S.C. 254b) and allowable costs threshold at 10 U.S.C. 2324(1) and 41 U.S.C. 256(1) currently have built in escalation that is consistent with the escalation provided in this statute. The thresholds for defining a major system are stated in fiscal year 1990 constant dollars for DoD and in fiscal year 1980 constant dollars for civilian agencies. This rule proposes to convert these major system thresholds to current year dollars that will be adjusted every 5 years.

The law tasks the FAR Council to carry out these inflation adjustments, even if the change to a statutory threshold affects the regulations of the primary implementing agency (such as DoL or SBA). The Councils have coordinated with the affected agencies before issuance of this proposed rule.

Analysis of non-statutory acquisition-related thresholds.

No statutory authorization is required to escalate thresholds that were set as policy within the FAR. The FAR acquisition-related threshold term "simplified acquisition threshold (SAT)" is substituted for the current standard default of \$100,000 amount for SAT. This revision is made to eliminate future FAR adjustments and to take advantage of the higher thresholds

granted for special emergency situations. It will escalate automatically whenever the SAT is increased. In several other instances, the term "micro-purchase" has been substituted for the various separate micro-purchase thresholds for administrative simplicity. Escalation of the other FAR policy acquisition-related thresholds has been calculated using the same formula applied to the statutory thresholds, unless a reason has been provided for not doing so. The Councils have also proposed changes other than escalation in some cases.

Matrix of acquisition-related thresholds.

A matrix of the thresholds considered in the drafting of this proposed rule is available via the Internet at <http://www.acqnet.gov/far/ProposedRules/proposed.htm>.

Effect of this proposed rule on the most heavily used thresholds.

This rule includes the following proposed changes to heavily used thresholds:

- The micro-purchase threshold (FAR 2.101) will be raised from \$2,500 to \$3,000.
- The FPDS reporting threshold (FAR 4.602(c)) will be raised from \$2,500 to \$3,000.
- The simplified acquisition threshold (FAR 2.101) of \$100,000 will not be raised.
- Commercial items test program ceiling (FAR 13.500) will be raised from \$5 million to \$5.5 million.
- The cost and pricing data threshold (FAR 15.403-4) will be raised from \$550,000 to \$600,000.
- The prime contractor subcontracting plan (FAR 19.702) floor will be raised from \$500,000 to \$550,000, but for construction (\$1,000,000) is unchanged.

Further explanation of proposed changes.

FAR 2.101, definition of "Major system." The thresholds in the definition of major system for DoD (\$115 million and \$540 million), are based on fiscal year 1990 constant dollars. The threshold of \$750,000 for the civilian agencies is based on fiscal year 1980 constant dollars. The current statute provides that it supersedes the applicability of any other provision of law that provides for the adjustment of an acquisition-related threshold. The Councils have calculated the 2004 value of these thresholds using the CPI inflation calculator, as \$166,210,000, \$780,460,000, and \$1,719,360, respectively (the value of the thresholds in 2004 dollars at the time this statute was enacted). Then applying the CPI— all urban consumers index for 1 year,

the escalated and rounded totals are \$171.5 million, \$806 million, and \$1.8 million.

FAR 4.601(a) and (d). 41 U.S.C. 417(a) and Section 1004 of Public Law 103-355 specify the SAT as the threshold for the required records. The FAR has a policy threshold of \$25,000, which was the threshold above which the DD 350 was required. Under the new FPDS-NG case, the threshold will be changed to \$2,500 (the new reporting threshold, which equals the basic micro-purchase threshold). The Councils recommend that this threshold be escalated along with the micro-purchase threshold to \$3,000.

FAR 4.602(c)(1). The threshold for FPDS-NG contract reporting is \$2,500, established January 1, 2004, at the basic micro-purchase threshold. The micro-purchase threshold is being adjusted to \$3,000 under this rule.

FAR Part 5—Publicizing Contract Actions. The Councils have consulted with SBA regarding the proposed escalation of thresholds in Part 5. The threshold for pre-award synopsis is currently \$25,000 (see FAR 5.101(a), 5.203(b), 5.205(d), and 5.207(c)(11)). Our international trade agreements require that we publish intended procurement subject to those agreements. Since the threshold for NAFTA (Canada) is \$25,000, the Council does not propose to increase this threshold.

At FAR 5.301, the threshold for post-award synopsis of contract awards is currently \$25,000, if the acquisition is covered by a trade agreement or likely to result in the award of subcontracts. \$25,000 is the threshold for NAFTA (Canada), and is therefore not subject to escalation for acquisitions subject to trade agreements. The threshold for synopsis of acquisitions likely to result in subcontract award could be raised to \$30,000. The primary exception to trade agreements in this range is for small business set-asides. The likelihood of subcontracting opportunities under small business set-asides between \$25,000 and \$30,000 is probably small. Therefore, the Councils propose, for the sake of simplicity, that this threshold for post-award synopsis also be left at \$25,000.

The Councils propose to increase the threshold for public announcement of contract awards from \$3 million to \$3.5 million.

FAR 7.107(b). The Councils have calculated an adjusted value of \$85 million for the threshold at FAR 7.107(b)(1) and (b)(2). The amount of \$7.5 million, while not an acquisition threshold, must also be adjusted (to \$8.5 million) because it is based on the

calculation of 10 percent of the threshold.

FAR 8.405-6(f). Although these thresholds for sole source justification and approval were not incorporated in the FAR until July 19, 2004, they must be kept parallel to the thresholds at 6.304(a).

FAR 9.405-2(b), 9.409(b), 52.209-6, 52.213-4(b)(2)(i). The threshold of \$25,000 was established in the mid 1980's, at the time equivalent to the small purchase threshold, in order to balance the goal of not awarding subcontracts to contractors that have been debarred, suspended, or proposed for debarment or suspension, against the administrative costs of enforcing this at very low dollar levels. At the time the simplified acquisition threshold of \$100,000 was established, the Suspension, Debarment, and Business Ethics Committee requested that as a matter of policy the threshold not be increased to \$100,000. 10 U.S.C. 2393 requires that for DoD contracts, the requirement for subcontractors to disclose whether or not the subcontractor is debarred or suspended shall apply to any subcontract that exceeds the simplified acquisition threshold. However, to keep the threshold at a lower level as a matter of policy still meets the statutory requirement. The Councils concur not to raise this threshold to \$100,000. However, the Councils do recommend normal escalation for this threshold to \$30,000.

FAR 13.003(b)(1). These thresholds are for the exclusive set-aside of acquisitions of supplies or services for small business concerns. The FAR does not include the thresholds that apply outside the United States because FAR Part 19 (except FAR Subpart 19.6) applies only in the United States or its outlying areas (see FAR 19.000(b)). However, since this statement of policy is in FAR Part 13, the Councils recommend inclusion of a reference to FAR 19.000(b) or inclusion of the phrase "in the United States or its outlying areas."

FAR 15.304(c)(3). The Councils have proposed to delete the reference to \$1 million, which was the threshold in 1995. Since January 1, 1998, past performance must be evaluated for all contracts over \$100,000, regardless of when the contract was awarded. These thresholds are based on an OFPP policy memo 92-5, which has since been rescinded (FAR case 93-002, March 31, 1995). The Councils recommend changing "\$100,000" to "simplified acquisition threshold" (see note for FAR 42.1502(a)).

FAR 19.1202-2(a). Federal Acquisition Circular (FAC) 97-07 was issued as an interim rule to make amendments to the FAR concerning programs for small disadvantaged business concerns. These amendments conform to a Department of Justice (DoJ) proposal to reform affirmative action in Federal procurement. DoJ's proposal was designed to ensure compliance with the constitutional standards established by the Supreme Court in *Adarand Constructors, Inc. v. Peña*, 115 S.Ct. 2097 (1995). This rule was finalized in FAC 97-13. These thresholds tie back to the thresholds in 15 U.S.C. 637(d), which are proposed for escalation under this case. Therefore, without disturbing the principles laid out by DoJ, it would be inconsistent not to keep these thresholds the same as those in FAR Subpart 19.7.

FAR 22.103-4(b) and 22.103-5(b). These thresholds originated in the ASPR, 1 June 1967, Rev. 23 (ASPR case 64-336). This case included a review of the need for administrative controls on Government contractors and included recommendations of the Defense Industry Advisory Council to prevent abuse of overtime by contractors. The \$100,000 threshold was an administrative threshold, below which the clause would be unnecessary. The Councils recommend deletion of FAR 22.103-4(b) because it is redundant to the clause prescription at FAR 22.103-5(b). The Councils recommend changing \$100,000 in FAR 22.103-5(b) to the "simplified acquisition threshold."

FAR 22.1303(a) and (c), 22.1310, 52.213-4(b)(1)(iii) and (b)(1)(v), 52.222-35, and 52.222-37. This threshold, which is \$25,000 in the FAR (since FAR case 1998-614), should be \$100,000 (see Public Law 107-288 enacted November 7, 2002), and is still \$10,000 in the DoL regulations (41 CFR 60-250). This proposed correction has been coordinated with DoL.

FAR 25.1101(a)(1). To simplify future changes, the Councils propose substitution of the term "micro-purchase threshold" rather than trying to keep up with the various micro-purchase threshold changes.

FAR 25.1103(a). There is no specific micro-purchase exception for the restrictions on certain foreign purchases. It should, therefore, not be included in the clause prescription. However, unless a clause is specifically prescribed in FAR Part 13, it will not be included in micro-purchases.

FAR 28.102-1, 28.102-2, and 28.102-3. The proposed rule corrects the statutory cites in the FAR. The Miller Act (formerly 40 U.S.C. 270a-270d) and Section 4104(b)(2) of FASA (Public Law

103-355) are now codified at 40 U.S.C. 3131 and 3132.

FAR 42.705-3(b)(4)(ii). This FAR text mentions "smaller contracts (e.g., \$100,000 or less)." As written, this \$100,000 may not actually be a threshold. It is more appropriate to say "i.e." In order to avoid the need for future separate escalation, the Councils recommend changing \$100,000 to "simplified acquisition threshold."

FAR 42.709(b) and 42.709-6. Paragraph (l) of 10 U.S.C. 2324 and 41 U.S.C. 256 provides for escalation consistent with the escalation of the cost or pricing data threshold and this statute. Although this threshold should have been increased in 2000 to \$550,000, it was not actually increased in the FAR until January 19, 2005. This threshold should, therefore, still be subject to another 5 years of inflation from 2000 to 2005 under this rule.

FAR 42.1502(a). The proposed rule deletes the reference to \$1 million, which was the threshold in 1995. Since January 1, 1998, past performance must be evaluated for all contracts over \$100,000, regardless of when the contract was awarded. These thresholds are based on an OFPP policy memo 92-5, which has since been rescinded (FAR case 93-002, March 31, 1995). The Councils recommend changing "\$100,000" to "simplified acquisition threshold."

FAR 52.203-6(c). For accuracy (see 41 U.S.C. 253q (c)), simplicity, and ease of future changes, the Councils propose changing \$100,000 to "simplified acquisition threshold."

FAR 52.212-1(j). The threshold for collection of the DUNS number equals the threshold for the requirement for reporting individual contract actions. With the implementation of the new FPDS-NG, the threshold for reporting individual contract actions is \$2,500, which is proposed for escalation to \$3,000 under this rule.

FAR 52.236-1, 52.243-7, and 52.249-1. The proposed rule modifies the clause prefaces for these three clauses because, according to the FAR Drafting Guide, the clause preface just cites the clause prescription, not restates the entire conditions of the clause prescription. These nonconforming clause prefaces came to light during the review of FAR thresholds, because they repeat thresholds that are contained in the clause prescriptions. The proposed revisions conform to the FAR Drafting Guide. Even though these thresholds are not changing this time, they are likely to increase in 5 years. This will reduce the number of places that the thresholds have to be changed.

This is not a significant regulatory action and, therefore, was not subject to review under Section 6(b) of Executive Order 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

B. Regulatory Flexibility Act

This proposed rule is not expected to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.* However, an Initial Regulatory Flexibility Analysis (IRFA) has been prepared. The analysis is summarized as follows:

Most of the threshold changes proposed in this rule are not expected to have any significant economic impact on small business because they are intended to maintain the status quo by adjusting for changes in the value of the dollar. For example, the prime contractor subcontracting plan floor at FAR 19.702 for other than construction contracts will be raised from \$500,000 to \$550,000. This is just keeping pace with inflation.

Often, any impact will be beneficial by preventing burdensome requirements from applying to more and more small dollar value acquisitions, which are the acquisitions in which small businesses are most likely to participate.

One threshold change in this rule which might temporarily impact small business is the increase of the micro-purchase threshold (FAR 2.101) from \$2,500 to \$3,000. Although this may reduce some burdensome requirement on small businesses, it will temporarily narrow the range of acquisitions automatically set aside for small business, because the simplified acquisition threshold of \$100,000 will not increase at this time (although it is likely to increase to \$150,000 in the year 2010).

To assess the impact of the increase in the micro-purchase threshold from \$2,500 to \$3,000, data was requested from FPDS-NG. For FY 2004, 16,031 (value of \$8,083,900) of the contract actions between \$2,500 and \$3,000 went to small businesses. We expect that most of these awards would still go to small businesses, even if there is no longer a requirement to automatically set the procurement aside for small business.

The FAR Secretariat has submitted a copy of the IRFA to the Chief Counsel for Advocacy of the Small Business Administration. A copy of the IRFA may be obtained from the FAR Secretariat. The Councils will consider comments from small entities concerning the affected FAR parts 1, 2, 4, 5, 6, 7, 8, 9, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 32, 36, 42, 48, 49, 50, 52, and 53 in accordance with 5 U.S.C. 610. Comments must be submitted separately and should cite 5 U.S.C 601, *et seq.* (FAR case 2004-033), in correspondence.

C. Paperwork Reduction Act

The Paperwork Reduction Act does apply; however, these changes to the FAR do not impose additional information collection requirements to the paperwork burden previously approved under OMB Control Numbers 9000-0006, 9000-0007, 9000-0013, 9000-0026, 9000-0027, 9000-0028, 9000-0029, 9000-0037, 9000-0043, 9000-0045, 9000-0065, 9000-0066, 9000-0070, 9000-0078, 9000-0094, 9000-0115, 9000-0138, 9000-0145, 9000-0150, and 1215-0072. They maintain the current information collection requirements at the status quo by adjusting the thresholds for inflation.

List of Subjects in 48 CFR Parts 1, 2, 4, 5, 6, 7, 8, 9, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 32, 36, 42, 48, 49, 50, 52, and 53

Government procurement.

Dated: August 16, 2005.

Julia B. Wise,

Director, Contract Policy Division.

Therefore, DoD, GSA, and NASA propose amending 48 CFR parts 1, 2, 4, 5, 6, 7, 8, 9, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 32, 36, 42, 48, 49, 50, 52, and 53 as set forth below:

1. The authority citation for 48 CFR parts 1, 2, 4, 5, 6, 7, 8, 9, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 32, 36, 42, 48, 49, 50, 52, and 53 is revised to read as follows:

Authority: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

PART 1—FEDERAL ACQUISITION REGULATIONS SYSTEM

2. Add section 1.109 to read as follows:

1.109 Statutory acquisition-related dollar thresholds—Adjustment for inflation.

(a) 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 as provided in paragraph (c) of this section. This adjustment is calculated every 5 years, starting in October 2005, using the Consumer Price Index (CPI) for all-urban consumers, and supersedes the applicability of any other provision of law that provides for the adjustment of such acquisition-related dollar thresholds.

(b) The statute defines an acquisition-related dollar threshold as a dollar threshold that is specified in law as a factor in defining the scope of the

applicability of a policy, procedure, requirement, or restriction provided in that law to the procurement of supplies or services by an executive agency, as determined by the FAR Council.

(c) The statute does not permit escalation of acquisition-related dollar thresholds established by the Davis-Bacon Act (40 U.S.C. 3141 through 3144, 3146, and 3147), the Service Contract Act of 1965 (41 U.S.C. 351, *et seq.*), or the United States Trade Representative pursuant to the authority of the Trade Agreements Act of 1979 (19 U.S.C. 2511, *et seq.*).

(d) A matrix showing calculation of the most recent escalation adjustments of statutory acquisition-related dollar thresholds is available via the Internet at <http://www.acqnet.gov/far/ProposedRules/proposed.htm>.

PART 2—DEFINITIONS OF WORDS AND TERMS

3. Amend section 2.101 in paragraph (b), in the definition “Major system”, by revising paragraph (1), and removing from paragraph (2) “\$750,000 (based on fiscal year 1980 constant dollars)” and adding “\$1.8 million” in its place; and in the definition “Micro-purchase threshold” by removing from the introductory paragraph “\$2,500” and adding “\$3,000” in its place. The revised text reads as follows:

2.101 Definitions.

* * * * *

(b) * * *

Major system * * *

(1) The Department of Defense is responsible for the system and the total expenditures for research, development, test, and evaluation for the system are estimated to be more than \$171.5 million or the eventual total expenditure for the acquisition exceeds \$806 million;

* * * * *

PART 4—ADMINISTRATIVE MATTERS

4.601 [Amended]

4. Amend section 4.601 by removing from paragraph (a) and the introductory text of paragraph (d) “\$25,000” and adding “\$3,000” in their place; and by removing from paragraph (e) “\$5,000,000” and adding “\$5.5 million” in its place.

4.602 [Amended]

5. Amend section 4.602 by removing from paragraphs (c)(1) and (c)(3) “\$2,500” and adding “\$3,000” in their place; and by removing paragraph (c)(4).

PART 5—PUBLICIZING CONTRACT ACTIONS

6. Amend section 5.303 by revising paragraph (a) to read as follows:

5.303 Announcement of contract awards.

(a) *Public announcement.* Contracting officers shall make information available on awards over \$3.5 million (unless another dollar amount is specified in agency acquisition regulations) in sufficient time for the agency concerned to announce it by 5 p.m. Washington, DC, time on the day of award. Contracts excluded from this reporting requirement include—

(1) Those placed with the Small Business Administration under Section 8(a) of the Small Business Act;

(2) Those placed with foreign firms when the place of delivery or performance is outside the United States and its outlying areas; and

(3) Those for which synopsis was exempted under 5.202(a)(1). Agencies shall not release information on awards before the public release time of 5 p.m. Washington, DC time.

* * * * *

PART 6—COMPETITION REQUIREMENTS**6.304 [Amended]**

7. Amend section 6.304 by—
a. Removing from paragraph (a)(1) “\$500,000” and adding “\$550,000” in its place;

b. Removing from paragraph (a)(2) “\$500,000” and “\$10,000,000” and adding “\$550,000” and “\$11.5 million”, respectively, in their place;

c. Removing from paragraph (a)(3) “\$10,000,000”, “\$50,000,000”, and “\$75,000,000” and adding “\$11.5 million”, “\$56.5 million”, and “\$77.5 million”, respectively, in their place; and

d. Removing from paragraph (a)(4) “\$50,000,000” and “75,000,000” and adding “\$56.5 million” and “\$77.5 million”, respectively, in their place.

PART 7—ACQUISITION PLANNING**7.104 [Amended]**

8. Amend section 7.104 by removing from paragraph (d)(2)(i)(A) “\$7 million” and adding “\$7.5 million” in its place; and removing from paragraph (d)(2)(i)(B) “\$5 million” and adding “\$5.5 million” in its place.

7.107 [Amended]

9. Amend section 7.107 by removing from paragraph (b)(1) “\$75 million” and adding “\$85 million” in its place; and removing from paragraph (b)(2) “\$7.5

million” and “75 million” and adding “\$8.5 million” and “\$85 million”, respectively, in their place.

PART 8—REQUIRED SOURCES OF SUPPLIES AND SERVICES**8.405–6 [Amended]**

10. Amend section 8.405–6 by—
a. Removing from paragraph (f)(1) “\$500,000” and adding “\$550,000” in its place;
b. Removing from paragraph (f)(2) “\$500,000, but not exceeding \$10 million” and adding “\$550,000, but not exceeding \$11.5 million” in its place;
c. Removing from the introductory text of paragraph (f)(3) “\$10 million”, “\$50 million”, and “\$75 million”, and adding “\$11.5 million”, “\$56.5 million”, and “\$77.5 million”, respectively, in their place; and
d. Removing from the first sentence of paragraph (f)(4) “\$50 million” and “\$75 million” and adding “\$56.5 million” and “\$77.5 million”, respectively, in their place.

PART 9—CONTRACTOR QUALIFICATIONS**9.405–2 [Amended]**

11. Amend section 9.405–2 in the second sentence of the introductory text of paragraph (b) by removing “\$25,000” and adding “\$30,000” in its place.

9.409 [Amended]

12. Amend section 9.409 in paragraph (b) by removing “\$25,000” and adding “\$30,000” in its place.

PART 12—ACQUISITION OF COMMERCIAL ITEMS**12.102 [Amended]**

13. Amend section 12.102 by removing from the introductory text of paragraph (f)(2) “\$15,000,000” and adding “\$15.5 million” in its place; and removing from paragraph (g)(1)(ii) “\$25 million” and adding “\$26 million” in its place.

12.203 [Amended]

14. Amend section 12.203 by removing from the last sentence “\$5 million” and “\$10 million” and adding “\$5.5 million” and “\$10.5 million”, respectively, in their place.

PART 13—SIMPLIFIED ACQUISITION PROCEDURES**13.000 [Amended]**

15. Amend section 13.000 by removing from the second sentence “\$5 million” and “\$10 million” and adding “\$5.5 million” and “\$10.5 million”, respectively, in their place.

13.003 [Amended]

16. Amend section 13.003 by—
a. Removing from the first sentence of paragraph (b)(1) “\$2,500” and adding “\$3,000” in its place; and in the second sentence, by adding “19.000(b) and” after the word “See”; and
b. Removing from paragraphs (c)(1)(ii) and (g)(2) “\$5 million” and “\$10 million” and adding “\$5.5 million” and “\$10.5 million”, respectively, in their place.

13.005 [Amended]

17. Amend section 13.005 in paragraph (a)(2) by removing “\$25,000” and adding “\$30,000 (40 U.S.C. 4132.)” in its place.

13.106–1 [Amended]

18. Amend section 13.106–1 by removing from paragraph (c)(2) and the first sentence of paragraph (d) “\$25,000” and adding “\$30,000” in their place.

13.303–5 [Amended]

19. Amend section 13.303–5 by removing from paragraph (b)(1) “\$5,000,000” and “\$10,000,000” and adding “\$5.5 million” and “\$10.5 million” in their place; and removing from paragraph (b)(2) “\$5 million” and “\$10 million” and adding “\$5.5 million” and “\$10.5 million”, respectively, in their place.

13.402 [Amended]

20. Amend section 13.402 by removing from paragraph (a) “\$25,000” and adding “30,000” in its place.

13.500 [Amended]

21. Amend section 13.500 by removing from the first sentence of paragraph (a) the phrase “\$5 million (\$10 million)” and adding the phrase “\$5.5 million (\$10.5 million)” in its place; and removing from the introductory text of paragraph (e) “\$10 million” and adding “\$10.5 million” in its place.

22. Amend section 13.501 by removing from paragraph (a)(2)(i) “\$500,000” and adding “\$550,000” in its place; removing from paragraph (a)(2)(ii) “\$500,000” and “\$10,000,000” and adding “\$550,000” and “\$11.5 million”, respectively, in their place; and revising paragraphs (a)(2)(iii) and (a)(2)(iv) to read as follows:

13.501 Special documentation requirements.

(a) * * *
(2) * * *

(iii) For a proposed contract exceeding \$11.5 million, but not exceeding \$56.5 million, or for DoD, NASA, and the Coast Guard, not

exceeding \$77.5 million, the head of the procuring activity or the official described in 6.304(a)(3) or (a)(4) must approve the justification and approval. This authority is not delegable.

(iv) For a proposed contract exceeding \$56.5 million, or for DoD, NASA, and the Coast Guard, over \$77.5 million, the official described in 6.304(a)(4) must approve the justification and approval. This authority is not delegable except as provided in 6.304(a)(4).

* * * * *

PART 15—CONTRACTING BY NEGOTIATION

23. Amend section 15.304 by removing paragraph (c)(3)(i); redesignating paragraphs (c)(3)(ii), (c)(3)(iii), and (c)(3)(iv) as (c)(3)(i), (c)(3)(ii), and (c)(3)(iii), respectively; revising newly designated paragraph (c)(3)(i); and removing from paragraph (c)(4) “\$500,000” and adding “\$550,000” in its place. The revised text reads as follows:

15.304 Evaluation factors and significant subfactors.

* * * * *

(c) * * *

(3)(i) Except as set forth in paragraph (c)(3)(iii) of this section, past performance shall be evaluated in all source selections for negotiated competitive acquisitions expected to exceed the simplified acquisition threshold.

* * * * *

15.403-1 [Amended]

24. Amend section 15.403-1 by removing from paragraph (c)(3)(iii) “\$15,000,000” and adding “\$15.5 million” in its place.

25. Amend section 15.403-4 by removing from the third sentence of the introductory text of paragraph (a)(1) “\$550,000” and adding “\$600,000” in its place; and revising the second sentence of paragraph (a)(1)(iii) to read as follows:

15.403-4 Requiring cost or pricing data (10 U.S.C. 2306a and 41 U.S.C. 254b).

(a)(1) * * *

(iii) * * * Price adjustment amounts must consider both increases and decreases (e.g., a \$200,000 modification resulting from a reduction of \$500,000 and an increase of \$300,000 is a pricing adjustment exceeding \$600,000. * * *

* * * * *

15.404-3 [Amended]

26. Amend section 15.404-3 by removing from paragraph (c)(1)(i) “\$10,000,000” and adding “\$11.5 million” in its place.

15.407-2 [Amended]

27. Amend section 15.407-2 by removing from paragraphs (c)(1) and the introductory text of paragraph (c)(2) “\$10 million” and adding “\$11.5 million” in its place.

15.408 [Amended]

28. Amend section 15.408 in Table 15-2 following paragraph (m), in section II, Cost Elements, in the third sentence of paragraph (A)(2), by removing “\$10,000,000” and adding “\$11.5 million” in its place.

PART 16—TYPES OF CONTRACTS

16.503 [Amended]

29. Amend section 16.503 by removing from paragraph (d)(1) “\$10,000,000” and adding “\$11.5 million” in its place.

16.504 [Amended]

30. Amend section 16.504 by removing from the introductory text of paragraph (c)(2)(i) “\$10 million” and adding “\$11.5 million” in its place.

16.505 [Amended]

31. Amend section 16.505 by removing from paragraph (b)(1)(i) and the introductory text of paragraph (b)(2) “\$2,500” and adding “\$3,000” in its place.

16.506 [Amended]

32. Amend section 16.506 by removing from paragraphs (f) and (g) “\$10 million” and adding “\$11.5 million” in its place.

16.601 [Amended]

33. Amend section 16.601 by removing from paragraph (b)(3)(i) “\$25,000” and adding “\$30,000” in its place.

PART 17—SPECIAL CONTRACTING METHODS

17.108 [Amended]

34. Amend section 17.108 in paragraph (a) by removing “\$10 million” and adding “\$11.5 million” in its place; and in paragraph (b) by removing “\$100 million” and adding “\$113 million” in its place.

PART 19—SMALL BUSINESS PROGRAMS

19.502-1 [Amended]

35. Amend section 19.502-1 by removing from paragraph (b) “\$2,500” and adding “\$3,000” in its place.

19.502-2 [Amended]

36. Amend section 19.502-2 by removing from the first sentence of paragraph (a) “\$2,500” and adding

“\$3,000” in its place; and removing from paragraph (d) “\$25,000” and adding “\$30,000” in its place.

19.702 [Amended]

37. Amend section 19.702 by removing from paragraphs (a)(1) and (a)(2) “\$500,000” and adding “\$550,000” in its place.

19.704 [Amended]

38. Amend section 19.704 by removing from paragraph (a)(9) “\$500,000” and adding “\$550,000” in its place.

19.708 [Amended]

39. Amend section 19.708 by removing from the first sentence of paragraph (b)(1) “\$500,000” and adding “\$550,000” in its place.

19.805-1 [Amended]

40. Amend section 19.805-1 by removing from paragraph (a)(2) “\$5,000,000” and “\$3,000,000” and adding “\$5.5 million” and “\$3.5 million”, respectively, in their place.

19.1002 [Amended]

41. Amend section 19.1002 by removing from paragraph (1) of the definition “Emerging small business reserve amount”, “\$25,000” and adding “\$30,000” in its place.

19.1007 [Amended]

42. Amend section 19.1007 by removing from paragraphs (c)(1)(i) and (c)(1)(ii) “\$25,000” and adding “\$30,000” in its place.

19.1008 [Amended]

43. Amend section 19.1008 by removing from paragraph (c) “\$25,000” and adding “\$30,000” in its place.

19.1202-2 [Amended]

44. Amend section 19.1202-2 by removing from paragraph (a) “\$500,000” and adding “\$550,000” in its place.

19.1306 [Amended]

45. Amend section 19.1306 by removing from paragraph (a)(2)(i) “\$5,000,000” and adding “\$5.5 million” in its place; and removing from paragraph (a)(2)(ii) “\$3,000,000” and adding “\$3.5 million” in its place.

PART 22—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

22.103-4 [Amended]

46. Amend section 22.103-4 in paragraph (b) by removing the last sentence.

22.103-5 [Amended]

47. Amend section 22.103-5 in the introductory text of paragraph (b) by

removing “be over \$100,000;” and adding “exceed the simplified acquisition threshold;” in its place.

22.305 [Amended]

48. Amend section 22.305 by removing from paragraph (a) “the simplified acquisition threshold;” and adding “\$100,000;” in its place.

22.1103 [Amended]

49. Amend section 22.1103 by removing from the second sentence “\$500,000” and adding “\$550,000” in its place.

22.1303 [Amended]

50. Amend section 22.1303 by removing from paragraphs (a) and (c) “\$25,000” and adding “\$100,000” in its place.

22.1310 [Amended]

51. Amend section 22.1310 by removing from the introductory text of paragraph (a)(1) “\$25,000” and adding “\$100,000” in its place.

PART 25—FOREIGN ACQUISITION

52. Amend section 25.1101 in the introductory text of paragraph (a)(1) by removing “\$2,500 (\$15,000 for acquisitions as described in 13.201(g)(1))” and adding “the micro-purchase threshold” in its place; and revising paragraphs (e)(1) and (e)(2) to read as follows:

25.1101 Acquisition of supplies.

* * * * *

(e) * * *

(1) Exceeds the simplified acquisition threshold; or

(2) Does not exceed the simplified acquisition threshold, but the savings from waiving the duty is anticipated to be more than the administrative cost of waiving the duty. When used for acquisitions that do not exceed the simplified acquisition threshold, the contracting officer may modify paragraphs (b)(1) and (i)(2) of the clause to reduce the dollar figure.

25.1103 [Amended]

53. Amend section 25.1103 in paragraph (a) by removing “with a value exceeding \$2,500, \$15,000 for acquisitions as described in 13.201(g)(1)”.

PART 28—BONDS AND INSURANCE

28.102-1 [Amended]

54. Amend section 28.102-1 by removing from the introductory text of paragraph (b)(1) “\$25,000” and adding “\$30,000” in its place.

28.102-2 [Amended]

55. Amend section 28.102-2 by removing from the heading of paragraph (c) “\$25,000” and adding “\$30,000” in its place.

28.102-3 [Amended]

56. Amend section 28.102-3 in the first sentence of paragraph (b) by removing “\$25,000” and adding “\$30,000” in its place.

PART 30—COST ACCOUNTING STANDARDS ADMINISTRATION

30.201-4 [Amended]

57. Amend section 30.201-4 by removing from paragraph (b)(1) “\$500,000” and “\$50 million” and adding “\$550,000” and “\$56.5 million”, respectively, in their place.

30.201-5 [Amended]

58. Amend section 30.201-5 by removing from the introductory text of paragraph (b)(1) “\$15,000,000” and adding “\$17 million” in its place.

PART 32—CONTRACT FINANCING

32.104 [Amended]

59. Amend section 32.104 by removing from paragraphs (d)(2)(i) and (d)(2)(ii) “\$2 million” and adding “\$2.5 million” in its place.

PART 36—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS

36.201 [Amended]

60. Amend section 36.201 by removing from paragraph (a)(1)(i) “\$500,000” and adding “\$550,000” in its place.

61. Amend section 36.203 by revising paragraph (a) to read as follows:

36.203 Government estimate of construction costs.

(a) An independent Government estimate of construction costs shall be prepared and furnished to the contracting officer at the earliest practicable time for each proposed contract and for each contract modification anticipated to exceed the simplified acquisition threshold. The contracting officer may require an estimate when the cost of required work is not anticipated to exceed the simplified acquisition threshold. The estimate shall be prepared in as much detail as though the Government were competing for award.

* * * * *

62. Amend section 36.213-2 by revising paragraph (a) to read as follows:

36.213-2 Presolicitation notices.

(a) Unless the requirement is waived by the head of the contracting activity

or a designee, the contracting officer shall issue presolicitation notices on any construction requirement when the proposed contract is expected to exceed the simplified acquisition threshold. Presolicitation notices may also be used when the proposed contract is not expected to exceed the simplified acquisition threshold. These notices shall be issued sufficiently in advance of the invitation for bids to stimulate the interest of the greatest number of prospective bidders.

* * * * *

36.604 [Amended]

63. Amend section 36.604 by removing from the introductory text of paragraph (a) “\$25,000” each time it appears (twice) and adding “\$30,000” in its place.

36.605 [Amended]

64. Amend section 36.605 by removing from the first sentence of paragraph (a) “\$100,000” and adding “the simplified acquisition threshold” in its place.

PART 42—CONTRACT ADMINISTRATION AND AUDIT SERVICES

42.705-3 [Amended]

65. Amend section 42.705-3 by removing from the fourth sentence of the introductory text of paragraph (b)(4)(ii) “(e.g., \$100,000 or less”) and adding “(i.e., contracts that do not exceed the simplified acquisition threshold)” in its place.

42.709 [Amended]

66. Amend section 42.709 by removing from paragraph (b) “\$550,000” and adding “\$600,000” in its place.

42.709-6 [Amended]

67. Amend section 42.709-6 by removing from the first sentence “\$550,000” and adding “\$600,000” in its place.

68. Amend section 42.1502 by revising the first sentence of paragraph (a) to read as follows:

42.1502 Policy.

(a) Except as provided in paragraph (b) of this section, agencies shall prepare an evaluation of contractor performance for each contract that exceeds the simplified acquisition threshold at the time the work under the contract is completed. * * *

* * * * *

PART 48—VALUE ENGINEERING**48.201 [Amended]**

69. Amend section 48.201 by removing from the first sentence of the introductory text of paragraph (a) “be \$100,000 or more,” and adding “exceed the simplified acquisition threshold,” in its place.

48.202 [Amended]

70. Amend section 48.202 by removing from the first sentence “be \$100,000 or more,” and adding “exceed the simplified acquisition threshold,” in its place.

PART 49—TERMINATION OF CONTRACTS

71. Amend section 49.502 by revising the heading of paragraph (a) and the introductory text of paragraph (a)(1); and revising paragraph (b) to read as follows:

49.502 Termination for convenience of the Government.

(a) *Fixed-price contracts that do not exceed the simplified acquisition threshold (short form).*—(1) *General use.* The contracting officer shall insert the clause at 52.249–1, Termination for Convenience of the Government (Fixed-Price) (Short Form), in solicitations and contracts when a fixed-price contract is contemplated and the contract amount is not expected to exceed the simplified acquisition threshold, except—

* * * * *

(b) *Fixed-price contracts that exceed the simplified acquisition threshold.*—(1)(i) *General use.* The contracting officer shall insert the clause at 52.249–2, Termination for Convenience of the Government (Fixed-Price), in solicitations and contracts when a fixed-price contract is contemplated and the contract amount is expected to exceed the simplified acquisition threshold, except in contracts for—

(A) Dismantling and demolition;

(B) Research and development work with an educational or nonprofit institution on a no-profit basis; or

(C) Architect-engineer services. It shall not be used if the clause at 52.249–4, Termination for Convenience of the Government (Services) (Short Form), is appropriate (see 49.502(c)), or one of the clauses prescribed or cited at 49.505(a), (b), or (e), is appropriate.

(2) *Construction.* If the contract is for construction, the contracting officer shall use the clause with its Alternate I.

(i) *Partial payments.* If the contract is with an agency of the U.S. Government or with State, local, or foreign governments or their agencies, and if the contracting officer determines that the

requirement to pay interest on excess partial payments is inappropriate, the contracting officer shall use the clause with its Alternate II. In such contracts for construction, the contracting officer shall use the clause with its Alternate III.

(ii) *Dismantling and demolition.* The contracting officer shall insert the clause at 52.249–3, Termination for Convenience of the Government (Dismantling, Demolition, or Removal of Improvements) in solicitations and contracts for dismantling, demolition, or removal of improvements, when a fixed-price contract is contemplated and the contract amount is expected to exceed the simplified acquisition threshold. If the contract is with an agency of the U.S. Government or with State, local, or foreign governments or their agencies, and if the contracting officer determines that the requirement to pay interest on excess partial payments is inappropriate, the contracting officer shall use the clause with its Alternate I.

* * * * *

PART 50—EXTRAORDINARY CONTRACTUAL ACTIONS**50.201 [Amended]**

72. Amend section 50.201 by removing from paragraph (b) “\$50,000” and adding “\$55,000” in its place.

50.203 [Amended]

73. Amend section 50.203 by removing from paragraph (b)(4) “\$25 million” and adding “\$28.5 million” in its place; and removing from paragraphs (e)(1)(i) and (e)(1)(ii) “\$50,000” and adding “\$55,000” in its place.

PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**52.203–6 [Amended]**

74. Amend section 52.203–6 by revising the date of the clause to read “(Date)”; and removing from paragraph (c) of the clause “\$100,000” and adding “the simplified acquisition threshold” in its place.

52.209–6 [Amended]

75. Amend section 52.209–6 by revising the date of the clause to read “(Date)”; and removing from paragraphs (a) and (b) of the clause “\$25,000” and adding “\$30,000” in its place.

52.212–1 [Amended]

76. Amend section 52.212–1 by revising the date of the clause to read “(Date)”; and removing from the first sentence of paragraph (j) of the clause “\$25,000” each time it appears (twice) and adding “\$3,000” in its place.

52.212–5 [Amended]

77. Amend section 52.212–5 by—
 a. Revising the date of the clause to read “(Date)”;
 b. Removing from paragraph (b)(1) of the clause “(Oct 1995)” and adding “(Date)” in its place;
 c. Removing from paragraph (b)(8)(i) of the clause “(July 2005)” and adding “(Date)” in its place;
 d. Removing from paragraphs (b)(18) and (b)(20) of the clause “(Dec 2001)” and adding “(Date)” in its place; and
 e. Removing from paragraph (e)(1)(i) “\$500,000” and adding “\$550,000” in its place; and removing from paragraph (e)(1)(iii) “(Dec 2001)” and adding “(Date)” in its place.

52.213–4 [Amended]

78. Amend section 52.213–4 by—
 a. Revising the date of the clause to read “(Date)”;
 b. Removing from paragraph (a)(2)(vi) of the clause “(Dec 2004)” and adding “(Date)” in its place; and
 c. Removing from paragraphs (b)(1)(iii) and (b)(1)(v) of the clause “(Dec 2001)” and “\$25,000” and adding “(Date)” and “\$100,000”, respectively, in their place; and removing from paragraph (b)(2)(i) “(Jan 2005)” and “\$25,000” and adding “(Date)” and “\$30,000”, respectively, in their place.

52.219–9 [Amended]

79. Amend section 52.219–9 by revising the date of the clause to read “(Date)”; and removing from paragraph (d)(9) of the clause “\$500,000” and adding “\$550,000” in its place.

52.222–35 [Amended]

80. Amend section 52.222–35 by revising the date of the clause to read “(Date)”; and removing from the first sentence of paragraph (g) of the clause “\$25,000” and adding “\$100,000” in its place.

52.222–37 [Amended]

81. Amend section 52.222–37 by revising the date of the clause to read “(Date)”; and removing from paragraph (f) of the clause “\$25,000” and adding “\$100,000” in its place.

52.230–1 [Amended]

82. Amend section 52.230–1 by revising the date of the provision to read “(Date)”; removing from paragraph (a) of the provision “\$500,000” and adding “\$550,000” in its place; and removing “\$50 million” each time it appears in the provision (5 times) and adding “\$56.6 million” in its place.

52.230–2 [Amended]

83. Amend section 52.230–2 by revising the date of the clause to read

“(Date)”; and removing from the last sentence of paragraph (d) of the clause “\$500,000” and adding “\$550,000” in its place.

52.230-3 [Amended]

84. Amend section 52.230-3 by revising the date of the clause to read “(Date)”; and removing from paragraph (d)(2) “\$500,000” and adding “\$550,000” in its place.

52.230-5 [Amended]

85. Amend section 52.230-5 by revising the date of the clause to read “(Date)”; and removing from paragraph (d)(2) of the clause “\$500,000” and adding “\$550,000” in its place.

86. Amend section 52.236-1 by revising the introductory paragraph to read as follows:

52.236-1 Performance of Work by the Contractor.

As prescribed in 36.501(b), insert the following clause. Complete the clause by inserting the appropriate percentage consistent with the complexity and magnitude of the work and customary or necessary specialty subcontracting (see 36.501(a)):

* * * * *

87. Amend section 52.243-7 by revising the introductory paragraph to read as follows:

52.243-7 Notification of Changes.

As prescribed in 43.107, insert the following clause:

* * * * *

52.244-6 [Amended]

88. Amend section 52.244-6 by revising the date of the clause to read “(Date)”; removing from paragraph (c)(1)(i) of the clause “\$500,000” and adding “\$550,000” in its place, and removing from paragraph (c)(1)(iii) of the clause “(Dec 2001)” and adding “(Date)” in its place.

52.248-3 [Amended]

89. Amend section 52.248-3 by revising the date of the clause to read “(Date)”; and removing from the first sentence of paragraph (h) of the clause “\$50,000” and adding “\$55,000” in its place.

90. Amend section 52.249-1 by revising the introductory paragraph to read as follows:

52.249-1 Termination for Convenience of the Government (Fixed-Price) (Short Form).

As prescribed in 49.502(a)(1), insert the following clause:

* * * * *

PART 53—FORMS

53.219 [Amended]

91. Amend section 53.219 by removing from paragraphs (a) and (b) “(Rev. 10/01)” and adding “(Date)” in its place.

53.301-294 [Amended]

92. Amend section 53.301-294 at the bottom of page 1 of the form by revising the date of the form to read “(Date)”; and on page 2 of the form, by removing from the first sentence of paragraph 3, under General Instructions, “\$500,000” and adding “\$550,000” in its place.

53.301-295 [Amended]

93. Amend section 53.301-295 at the bottom of page 1 of the form by revising the date of the form to read “(Date)”; and on page 2 of the form, by removing from the first sentences of paragraphs 2 and 5, under General Instructions, “\$500,000” and adding “\$550,000” in their place.

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OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy

48 CFR Parts 9901 and 9903

Cost Accounting Standards Board (CAS) Changes to Acquisition Thresholds

AGENCY: Cost Accounting Standards Board, Office of Federal Procurement Policy, OMB.

ACTION: Proposed rule with request for comment.

SUMMARY: The Cost Accounting Standards (CAS) Board is proposing to adjust 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. L. 108-375).

DATES: Comments upon this proposed rule must be in writing and must be received by February 10, 2006.

ADDRESSES: Due to delays in OMB's receipt and processing of mail, respondents are strongly encouraged to submit comments electronically to ensure timely receipt. Electronic comments may be submitted to casb2@omb.eop.gov. Please put the full body of your comments in the text of the electronic message and also as an attachment readable in either MS Word or Corel WordPerfect. Please include your name, title, organization, postal

address, telephone number, and e-mail address in the text of the message. Comments may also be submitted via facsimile to (202) 395-5105.

FOR FURTHER INFORMATION CONTACT: David J. Capitano, Cost Accounting Standards Board (telephone: 703-847-7486).

SUPPLEMENTARY INFORMATION:

A. Background

Analysis of Statutory Acquisition-Related Thresholds

Section 807 provides for adjustment every 5 years of acquisition-related thresholds, except for thresholds set by the Davis-Bacon Act, Service Contract Act, and trade agreements. The statute requires that the adjustment be based on inflation, using the Consumer Price Index (CPI) for all-urban consumers. Acquisition-related thresholds in statutes that were in effect on October 1, 2000, are subject to 5 years of inflation. For purposes of this proposed rule, the calculation of escalation is based on the CPI from December 1999 to December 2004 (the most recent available data), which currently computes at 1.1307, as determined by the Federal Acquisition Regulatory (FAR) Council.

Once the escalation factor is applied to the acquisition-related threshold, the law requires rounding of the calculated threshold as follows:

< \$10,000	Nearest \$500
\$10,000-<\$100,000	Nearest \$5,000
\$100,000-<\$1,000,000	Nearest \$50,000
\$1,000,000 or more	Nearest \$500,000

Applying the 1.1307 factor and the rounding criteria described above, the CAS thresholds have been revised as follows:

- (a) For contract applicability, from \$500,000 to \$550,000;
- (b) For applicability to a business unit, from \$7.5 million to \$8.5 million;
- (c) For waiver authority, from \$15 million to \$17 million;
- (d) For full coverage, from \$50 million to \$56.5 million;
- (e) For disclosure statement submissions by a company (other than educational institutions), from \$50 million to \$56.5 million;
- (f) For disclosure statement submissions by a segment of a company, from \$10 million to \$11.5 million; and
- (g) For disclosure statement submissions by an educational institutions, from \$25 million to \$28.3 million.

B. Paperwork Reduction Act

The Paperwork Reduction Act, Public Law 96-511, does not apply to this rulemaking, because this rule imposes