

August 28, 2018

TO THE ADMINISTRATOR ADDRESSED:

SUBJECT: Implementing Statutory Changes to Micro-Purchase and the Simplified Acquisition Thresholds under the Education Department General Administrative Regulations (EDGAR)

Recent federal statutory changes have resulted in increases to the thresholds for micro-purchases and small purchases under the procurement rules in EDGAR. The increased thresholds are effective as of July 1, 2018, for all federal grant recipients. (Refer to [OMB Memorandum M-18-18](#)). TEA will implement these changes in the terms and conditions of all federal grant awards. Local educational agencies (LEAs) that receive federal grants should update their local policies and procedures to reflect these changes.

#### **Micro-Purchases**

A micro-purchase is a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of an LEA's small purchase procedures. The LEA can use micro-purchases to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold was previously \$3,500 but has now been increased to \$10,000, effective July 1, 2018.

Please note that the threshold of \$10,000 must be considered in the aggregate over the entire period of applicable federal grants. Therefore, the cost of items purchased using the micro-purchase method is cumulative across the grant year and cannot exceed a total of \$10,000.

#### **Small Purchases**

Procurement by small purchase procedures uses a relatively simple and informal method of procuring services, supplies, or other property that do not cost more than the simplified acquisition threshold. The small purchase procedures require price or rate quotations from an adequate number of qualified sources. Although EDGAR does not define how many price quotations are considered an adequate number, TEA recommends at least three price quotations.

As of July 1, 2018, the simplified acquisition threshold was increased from \$150,000 to \$250,000. The \$250,000 threshold should be considered as an aggregate amount within the grant period of the applicable grant. However, [Texas Education Code \(TEC\) 44.031](#) requires competitive procurement methods be used for purchases valued at \$50,000 or more. If an item costs less than \$50,000, state rules allow an LEA to utilize price quotations to stimulate competition and to attempt to receive the most favorable pricing. Therefore, since TEC 44.031 is more restrictive than the EDGAR procurement rules, the simplified acquisition threshold under EDGAR does not apply to purchases made with federal funds costing \$50,000 or more.

**For Further Information**

For more information regarding EDGAR methods of procurement to be followed, see [2 CFR 200.320](#).

If you have any questions about these threshold changes or EDGAR, please email [GrantSupport@tea.texas.gov](mailto:GrantSupport@tea.texas.gov).

Sincerely,

Cory Green, Associate Commissioner  
Department of Contracts, Grants and Financial Administration