



SIIA Comments on FAR Case 2024-001

The Case for Increasing the Micro-purchase (MPT) and Simplified Acquisition Thresholds (SAT): Driving Innovation, Enhancing Government Efficiency, and Instilling Competition

Introduction

The Software & Information Industry Association (SIIA) appreciates the opportunity to provide comments in response to the proposal from DoD, GSA and NASA to amend the Federal Acquisition Regulation (FAR) in response to FAR Case 2024-001 which further implements the statute that requires an adjustment of thresholds every five years for inflation. As the leading trade association for companies at the intersection of technology and information, representing nearly 400 companies, SIIA recognizes the vital role of efficient, transparent, and innovation-friendly procurement practices in fostering a competitive marketplace and enabling federal agencies to deliver on their missions effectively and securely. Because of the important role of procurement reform in applying technology to advance governmental missions, government modernization is one of our priorities as set out in our 2025 Policy Priorities.¹

SIIA strongly supports increasing both the micro-purchase threshold (MPT) and the simplified acquisition threshold (SAT). These changes will enable federal agencies to acquire, test, and implement innovative technologies in a manner that reduces bureaucratic delays, encourages competition, and fosters economic growth. The proposed adjustments will significantly lower barriers to entry for startups and small businesses while expanding the government’s access to cutting-edge solutions. Our recommendations outline the benefits of increasing the MPT and SAT, such as enhanced flexibility, cost savings, risk mitigation, and increased engagement with small businesses and startups. We also believe there is room for further legislative action from Congress to increase MPT and SAT levels which will modernize federal technology procurement by removing barriers to governmental adoption of artificial intelligence, cloud computing, cybersecurity, and other emerging technologies.

Benefits of Increasing the Micro-Purchase Threshold (MPT)

1. Enhancing Flexibility & Security for Rapid Technology Adoption

Raising the MPT from \$10,000 to \$15,000 will provide federal agencies with greater flexibility to quickly acquire and test cutting-edge solutions, such as artificial intelligence and cloud-based platforms. As evidenced by successful solicitations by the General Services Administration’s IT Modernization Centers of Excellence, agencies have been able to employ, learn, and test cutting-edge prototypes while avoiding bureaucratic delays and preparing for future, larger, and more informed technical solicitations. Increasing this threshold by 50 percent will give agencies greater room to:

¹ SIIA 2025 Policy Priorities, <https://www.sii.net/wp-content/uploads/2025/01/2025-SIIA-Policy-Priorities.pdf>

- Build upon this proven governmental tool with greater flexibility to leverage necessary solutions that enhance efficiency and productivity.
- Quickly adopt emerging technologies that support critical functions like fraud detection and operational improvements.

2. *Encouraging Engagement with Small Businesses*

The number of small businesses receiving federal government contracts has declined by about 50 percent in the last decade. An increased MPT empowers federal agencies to engage with startups and small businesses on smaller-scale projects, helping them build their federal portfolios from the ground up. This incentivizes both agencies and smaller business operations to:

- Establish rapport through initial contracts, showcasing capabilities and contracts in a less burdensome process.
- Compete and solicit in a rapidly evolving, dynamic competitive market.
- Demonstrate performance and create pathways to larger procurements under the SAT.
- Expand and create opportunities for businesses that traditionally face barriers to entry in federal contracting, fostering a diverse vendor ecosystem.

3. *Cost and Time Savings*

According to a white paper published by George Mason University's Baroni Center for Government Contracting, increasing the MPT reduces administrative burdens and saves time for contracting professionals. This enhancement would improve government efficiency and save taxpayer money, while allowing contracting officers more time and capacity to focus on larger value and complex contracts.² Increasing the threshold to \$15,000 will:

- Save taxpayer money through lower Government Purchase Card (GPC) transaction costs.
- Allow contract employees to focus on more complex procurements, boosting productivity.
- Encourage additional vendors to sell to the federal government, increasing competition and reducing costs.

4. *Risk Mitigation and Oversight*

Existing tools such as the GSA SmartPay program ensure robust oversight of micro purchase transactions. These tools provide comprehensive tracking, compliance monitoring, and spend oversight, mitigating risks associated with increased transaction volumes. Agencies can confidently embrace higher thresholds knowing that current management controls will maintain the integrity of federal spending.

² Emily W. Murphy, Noah Rivers, Jerry McGinn, and Richard Beutel. "The Potential Effects of Raising the Micro-Purchase Threshold." Baroni White Paper, George Mason University, No. 2, June 4, 2024. They estimate a \$27.2 million savings from increasing the threshold to \$20,000 and a \$45.8 million savings from increasing the threshold to \$30,000, which averages to \$37 million. The actual savings is likely much higher due to the disproportionately high distribution of low dollar purchases.



5. *Complying with legislative intent*

Section 807 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 called for the FAR Council to adjust thresholds based on inflation. Given the inflationary environment since the last time MOT was raised, this change is essential.

Benefits of Increasing the Simplified Acquisition Threshold (SAT)

6. *Incentivizing Small Businesses to Enter the Federal Marketplace*

The proposed increase in the SAT from \$250,000 to \$350,000 will play a pivotal role in attracting small businesses and startups to the federal procurement market. Many of these businesses develop groundbreaking technologies, but face barriers due to the administrative complexities and costs of the current system. Raising the SAT will:

- Encourage non-traditional vendors to compete for federal contracts, fostering a competitive and innovative marketplace.
- Lower entry barriers for startups, providing them opportunities to test their solutions in federal environments.
- Expand agencies' access to innovative and tailored technologies, enabling them to fulfill their missions more effectively.

7. *Supporting Small Businesses and Startups*

Startups and small enterprises often lead in technological innovation but are hindered by restrictive thresholds and procurement processes. Increasing the SAT to \$350,000 will:

- Create a clear pathway for small businesses to scale from smaller MPT purchases to larger acquisitions.
- Facilitate the participation of a diverse range of vendors, enriching the government's access to unique solutions that meet evolving agency needs.
- Enable agencies to leverage small businesses' innovations for operational improvements, ensuring taxpayer dollars are invested in impactful solutions.

Request of Trump Administration and Congress

During the last Congress, SIIA was a strong supporter of HR 9595, a bill that would have increased the MPT and SAT in a way similar to what FAR Case 2024-001 proposes.³ HR 9595 proposed to increase the MPT to \$25,000 and the SAT to \$350,000. Providing agencies with the flexibility and efficiency needed to thrive in an era of rapid technological advancement has important ramifications for national and economic security, government efficiency, competition, and prudent use of taxpayer dollars. The Trump Administration, however, can help to achieve many of the same objectives through FAR reform. We

³ SIIA Letter to Speaker Johnson, "Inclusion of H.R. 9595, the Federal Improvement in Technology Procurement Act in the NDAA," <https://www.sii.net/wp-content/uploads/2024/12/SIIA-Letter-FIT-Procurement-Act-NDAA.pdf>



support the proposed increases in the Biden Administration’s proposed Rule 2024-27851 (89 FR 94649) but encourage the Trump Administration to propose higher thresholds that match what Congress considered last year in HR 9595. Doing so will generate immediate returns for agencies and enable the Department of Government Efficiency to more effectively make use of software and technology.

Conclusion

Increasing the MPT and SAT is a critical step toward modernizing federal procurement practices. These changes will: enhance agencies’ ability to rapidly adopt innovative technologies; reduce administrative burdens, save time and taxpayer money; and create opportunities for small businesses and startups to contribute to the government’s mission-driven purchases and acquisitions. SIIA looks forward to working with the DoD, GSA, NASA, and other government stakeholders in Congress and the Trump Administration to support government modernization.

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Thank you for considering our feedback. We are happy to discuss any of these comments in further detail. SIIA’s points of contacts for this submission are Paul Lekas, Senior Vice President for Global Public Policy and Government Affairs (plekas@siia.net) and Bethany Abbate, Manager for AI Policy (babbate@siia.net).

