

GSA ORDER

Subject: General Services Acquisition Regulation (GSAR) Case 2016-G501, Inflation of Acquisition-Related Thresholds, Part 503, Improper Business Practices, and Part 552, Solicitation Provisions and Contract Clauses

1. Purpose. This order transmits a revision to the General Services Administration Acquisition Regulation (GSAR).

2. Background. The Federal Acquisition Regulation (FAR) was amended by FAR Case 2014-022, Inflation Adjustment of Acquisition-Related Thresholds, which published a final rule in the *Federal Register* at 80 FR 38293 on July 2, 2015 to implement 41 U.S.C. 1908. Section 1908 requires an adjustment of statutory acquisition-related thresholds for inflation every five years. A few sections of the GSAR included statutory acquisition-related thresholds that were revised by the FAR changes. This order implements those revisions in the GSAR.

The final rule was published in the *Federal Register* at 81 FR 68335 on October 4, 2016.

3. Effective date. October 4, 2016.

4. Explanation of changes.

- 503.1004(a) - Removes the duplicative and unnecessary language regarding the outdated \$5 million FAR threshold for including clause 52.203-14, Display of Hotline Poster(s). The remaining text regarding the \$1,000,000 threshold for disaster assistance funds is retained with minor edits.
- 552.219-71 and 552.219-72(a) - Replaces the stated \$650,000 (\$1.5 million for construction) threshold at which other than small businesses are required to provide subcontracting plans, with a reference to the same threshold at FAR 52.219-9. Removing the dollar value prevents the need for future revisions due to inflation of acquisition-related thresholds.
- 552.270-13(c) - Replaces the stated \$500,000 threshold for obtaining certified cost or pricing data with the new "750,000" threshold.

5. Cancellations and Rescissions: This order cancels GSA Acquisition Letter MV-11-01, Adjustment of GSAM Acquisition-related thresholds due to FAR Circular 2005-45 (Item I, Inflation Adjustment of Acquisition-Related Thresholds).



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**GSAR Case 2016-G501
Inflation of Acquisition-Related Thresholds, Final Rule
Tab A -GSAR Text, Line-In/Line-Out**

GSAM Baseline: Change 73 effective 7/6/2016

- Additions to baseline made indicated by **[bold text in brackets]**
- Deletions to baseline made indicated by ~~strikethroughs~~
- Five asterisks (*****) indicate that there are no revisions between the preceding and following sections
- Three asterisks (***) indicate that there are no revisions between the material shown within a subsection

**PART 503—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS
OF INTEREST**

Subpart 503.10—Contractor Code of Business Ethics and Conduct

503.1004 Contract clauses.

(a) ~~The FAR threshold for the clause at 52.203-14, Display of Hotline Poster(s), is \$5,000,000. However, GSA has exercised the authority provided at FAR 3.1004(b)(1)(i) to establish a lower threshold, \$1,000,000, for inclusion of the clause~~ **[52.203-14, Display of Hotline Poster(s).]w[W]**hen the contract or order is funded with disaster assistance funds, **the threshold is \$1,000,000**.

(b) The information required to be inserted in the clause at FAR 52.203-14, Display of Hotline Poster(s), is as follows:

- (1) Poster: GSA Office of Inspector General "FRAUDNET HOTLINE"; and
- (2) Obtain from: Contracting Officer.

PART 552—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

Subpart 552.2—Text of Provisions and Clauses

552.219-71 Notice to Offerors of Subcontracting Plan Requirements.

As prescribed in 519.708-70(a), insert the following provision:
Notice to Offerors of Subcontracting Plan Requirements (~~Mar 2012~~**[Month 2016]**)

The General Services Administration (GSA) is committed to assuring that maximum practicable opportunity is provided to small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small business concerns to participate in the performance of this contract consistent with its efficient performance. GSA expects any subcontracting plan submitted pursuant to FAR 52.219-9, Small Business Subcontracting Plan, to reflect this commitment. ~~Consequently, an offeror, other than a small business concern, before being awarded a contract exceeding \$650,000 (\$1,500,000 for construction),~~ **[The plan]**must demonstrate ~~that its subcontracting plan represents~~ a creative and innovative program for involving small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small business concerns as subcontractors in the performance of this contract.

(End of provision)

552.219-72 Preparation, Submission, and Negotiation of Subcontracting Plans.

As prescribed in 519.708-70(b), insert the following provision:

Preparation, Submission, and Negotiation of Subcontracting Plans (Mar 2012 [Month 2016])

(a) **[When submitting a subcontracting plan in accordance with FAR 52.219-9, An[the]** offeror, ~~other than a small business concern, submitting an offer that exceeds \$650,000 (\$1,500,000 for construction)~~ shall submit a subcontracting plan with its initial offer. The subcontracting plan will be negotiated concurrently with price and any required technical and management proposals, unless the offeror submits a previously-approved commercial plan.

(b) Maximum practicable utilization of small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran owned small business concerns as subcontractors is a matter of national interest with both social and economic benefits. The General Services Administration (GSA) expects that an offeror's subcontracting plan will reflect a commitment to assuring that small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran owned small business concerns are provided the maximum practicable opportunity, consistent with efficient contract performance, to participate as subcontractors in the performance of the resulting contract. An offeror submitting a commercial plan can reflect this commitment through subcontracting opportunities it provides that relate to the offeror's production generally; i.e., for both its commercial and Government business.

(c) GSA believes that this potential contract provides significant opportunities for the use of small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran owned small business concerns as subcontractors. Consequently, in addressing the eleven elements described at FAR 52.219-9(d) of the clause in this contract entitled Small Business Subcontracting Plan, the offeror shall:

(1) Demonstrate that its subcontracting plan represents a creative and innovative program for involving small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran owned small business concerns in performing the contract.

(2) Include a description of the offeror's subcontracting strategies used in any previous contracts, significant achievements, and how this plan will build upon those earlier achievements.

(3) Demonstrate through its plan that it understands the small business subcontracting program's objectives and GSA's expectations, and it is committed to taking those actions necessary to meet these goals or objectives.

(d) In determining the acceptability of any subcontracting plan, the Contracting Officer will take each of the following actions:

(1) Review the plan to verify that the offeror demonstrates an understanding of the small business subcontracting program's objectives and GSA's expectations with respect to the program and has included all the information, goals, and assurances required by FAR 52.219-9.

(2) Consider previous goals and achievements of contractors in the same industry.

(3) Consider information and potential sources obtained from agencies administering national and local preference programs and other advocacy groups in evaluating whether the goals stated in the plan adequately reflect the anticipated potential for subcontracting to small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran owned small business concerns.

(4) Review the offeror's description of its strategies, historical performance and significant achievements in placing subcontracts for the same or similar products or services with small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran owned small business concerns. The offeror's description can apply to commercial as well as previous Government contracts.

(e) Failure to submit an acceptable subcontracting plan and/or correct deficiencies in a plan within the time specified by the Contracting Officer shall make the offeror ineligible for award.

(End of provision)

552.270-13 Proposals for Adjustment.

As prescribed in [570.703](#), insert the following clause:

Proposals for Adjustment (~~Sep 1999~~ **[Month 2016]**)

(a) The Contracting Officer may, from time to time during the term of this lease, require changes to be made in the work or services to be performed and in the terms or conditions of this lease. Such changes will be required under the Changes clause.

(b) If the Contracting Officer makes a change within the general scope of the lease, the Lessor shall submit, in a timely manner, an itemized cost proposal for the work to be accomplished or services to be performed when the cost exceeds \$100,000. The proposal, including all subcontractor work, will contain at least the following detail—

- (1) Material quantities and unit costs;
- (2) Labor costs (identified with specific item or material to be placed or operation to be performed);
- (3) Equipment costs;
- (4) Worker's compensation and public liability insurance;
- (5) Overhead;
- (6) Profit; and
- (7) Employment taxes under FICA and FUTA.

(c) The following Federal Acquisition Regulation (FAR) provisions also apply to all proposals exceeding ~~500,000~~ **[\$750,000]** in cost—

- (1) The Lessor shall provide cost or pricing data including subcontractor cost or pricing data (48 CFR 15.403-4); and
- (2) The Lessor's representative, all Contractors, and subcontractors whose portion of the work exceeds ~~500,000~~ **[\$750,000]** must sign and return the "Certificate of Current Cost or Pricing Data" (48 CFR 15.406-2).

(d) Lessors shall also refer to 48 CFR Part 31, Contract Cost Principles, for information on which costs are allowable, reasonable, and allocable in Government work.