February 2, 2016

David Mader
Controller and Acting Deputy Director of Management
White House Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

RE: Implementation of Procurement Standards Under 2 CFR part 200

Dear Mr. Mader,

The Federation of American Societies for Experimental Biology (FASEB) appreciates the leadership demonstrated by you and your team within the Office of Federal Financial Management throughout the development and implementation of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). We appreciate your willingness to work with the grantee community to minimize administrative burdens and additional costs associated with the implementation of this regulation. One key area of concern for the over 125,000 biological and biomedical researchers and engineers represented by FASEB, however, is the micro-purchase threshold of $3,000.

As noted in the January 20, 2016 letter from the Council on Governmental Relations (COGR) and other signatories, research universities and other nonprofit research organizations have operated efficiently and responsibly at micro-purchase thresholds of $5,000 to $10,000 for years. The shift to a $3,000 threshold as presented in the final regulation will increase administrative costs and slow the progress of research. In many cases, concerns for quality and consistency dictate that purchasers use criteria other than price for the selection of research materials. The new threshold will not result in large savings. In fact, an analysis by the Federal Demonstration Project indicated that micro-purchase transactions accounted for only 26 percent of total procurement funds for a sample of 55 institutions. Similarly, the majority (97 percent) of these transactions were less than $10,000. Therefore, we encourage your office to explore such analyses to ensure that the micro-purchase threshold in the final regulation is commensurate with actual institutional expenditures and typical research costs.

FASEB strongly recommends that OMB reassess the $3,000 micro-purchase level in 2 CFR part 200 and employ existing institutional data to determine a threshold that would ensure appropriate oversight of federal grants while keeping administrative burdens to a minimum.

Please do not hesitate to contact me if FASEB can provide further assistance to your office on this important issue.

Sincerely,

Parker B. Antin, PhD
FASEB President