# Analysis of Section 307: Modifications to Certain Procurement Thresholds of the Forged Act

#### **Key Points**

Section 307 of the Forged Act introduces significant adjustments to the Department of Defense's procurement landscape by substantially increasing key spending thresholds <sup>1</sup>. The Simplified Acquisition Threshold (SAT) is raised to \$10,000,000, the micro-purchase threshold reaches \$100,000, and the threshold for simplified procedures for small purchases is now aligned with the new SAT 1. These modifications are intended to streamline the Department's procurement processes, alleviate administrative burdens, and potentially expedite the acquisition of a wider array of goods and services 2. However, these increases also present potential challenges, including the risk of diminished oversight, a greater potential for fraud and waste, and concerns regarding the impact on small businesses due to shifts in the competitive environment 3. The implementation of these revised thresholds will directly affect various personnel within the DoD, particularly contracting officers, program managers, and small business specialists 4. Opposition to these changes may arise from government oversight bodies and small business advocacy groups who are concerned about accountability and the preservation of opportunities for small businesses 6. Successful adoption of these new thresholds will necessitate the allocation of additional resources, including funding for training, updates to existing procurement systems, and potentially an increase in contracting personnel to manage the expanded scope of simplified acquisitions 8. The effectiveness of Section 307 should be evaluated using metrics such as procurement cycle times, demonstrable cost savings, audit findings, and small business participation rates 10. Alternative strategies to achieve similar outcomes might involve targeted process improvements and enhanced training initiatives rather than broad increases in spending thresholds

# **History of the Recommendation**

An initial review of publicly available legislative information and government reports does not reveal specific documentation detailing the genesis of Section 307 within Senate Bill 5618 <sup>2</sup>. This absence suggests that the provision might be a more recent addition to the bill or part of ongoing internal discussions regarding defense acquisition reform that have not yet been extensively documented in publicly accessible resources. Senate Bill 5618, also known as the "Fostering Reform and Government Efficiency in Defense Act" or "FoRGED Act," was introduced on December 19, 2024, by Senator Wicker and subsequently referred to the Senate

Armed Services Committee <sup>2</sup>. The very title of the act, emphasizing "Reform and Government Efficiency," indicates the overarching legislative intent to streamline defense processes, which logically includes the Department's procurement activities <sup>2</sup>. Section 307 of this act outlines a series of amendments to Title 10 of the United States Code, making significant alterations to various procurement thresholds <sup>1</sup>. These changes span multiple sections within Title 10, suggesting a comprehensive effort to elevate spending limits across different categories of Department of Defense acquisitions <sup>1</sup>.

While the specific legislative history of Section 307 within S. 5618 remains somewhat opaque in the provided information, a review of past adjustments to procurement thresholds offers valuable context. The concept of Simplified Acquisition Procedures (SAP) was authorized in 1994 and has been expanded over time to streamline government procurement <sup>18</sup>. These procedures aim to reduce the administrative burden associated with awarding contracts below a certain threshold. Notably, the Department of Defense's ability to utilize SAP was expanded as part of the National Defense Authorization Act for Fiscal Year 2017 <sup>18</sup>. As of 2023, the general threshold for SAP was \$250,000, with higher limits for acquisitions supporting contingency operations <sup>18</sup>. This historical trend indicates a long-standing effort to enhance efficiency in government procurement through the use of simplified procedures and the adjustment of their associated thresholds. However, the significant increase proposed in Section 307, raising the SAT to \$10,000,000, represents a substantial departure from this more gradual evolution <sup>1</sup>.

Further evidence of this trend is found in a Federal Acquisition Regulation (FAR) amendment in 2019, which increased the simplified acquisition threshold for the General Services Administration's (GSA) IT Schedule 70 to \$250,000 <sup>19</sup>. This action, along with temporary emergency exemptions during the COVID-19 pandemic that allowed agencies to bypass the standard SAT, illustrates a recognition of the need for flexible and, at times, higher procurement limits to address specific circumstances <sup>19</sup>. A FAR final rule effective August 31, 2020, further increased the micro-purchase threshold to \$10,000 and the SAT to \$250,000, implementing sections from the National Defense Authorization Acts of 2017 and 2018 <sup>20</sup>. It's noteworthy that the DoD had already implemented these increases via internal deviation in the fall of 2018, suggesting an internal recognition of the need for these adjustments within the Department <sup>20</sup>. This recent history of threshold increases establishes a baseline against which the much more significant changes proposed in Section 307 can be compared <sup>1</sup>.

The Federal Acquisition Regulation also mandates a review of acquisition-related

thresholds every five years to adjust for inflation <sup>8</sup>. The last such review, conducted in FY 2020 (effective October 1, 2020), proposed further inflation adjustments for 2025, including increasing the micro-purchase threshold to \$15,000 and the SAT to \$350,000 <sup>8</sup>. These routine adjustments, driven by statutory requirements to account for inflation, are considerably smaller than the increases proposed in Section 307, which seeks to raise the micro-purchase threshold to \$100,000 and the SAT to \$10,000,000 <sup>1</sup>. This stark contrast suggests that the rationale behind Section 307 extends beyond simply accounting for inflationary pressures and likely reflects a more strategic policy decision to fundamentally alter the landscape of simplified acquisition procedures within the Department of Defense.

#### **Desired Effect of the Recommendation**

One of the primary intended effects of Section 307 is to significantly reduce the administrative burden associated with Department of Defense procurement 18. Simplified Acquisition Procedures inherently involve fewer regulatory requirements compared to more formal contracting methods. For instance, over 100 regulations were previously made inapplicable to SAP purchases, thereby lowering the barrier for new vendors to enter the government market <sup>18</sup>. By raising the SAT to \$10,000,000 and the micro-purchase threshold to \$100,000, a considerably larger number of acquisitions will now fall under these streamlined procedures, potentially leading to substantial savings in administrative overhead for both the government and its contractors 1. Simplified acquisitions allow agencies to cut through much of the "red tape" that can bog down the procurement process, such as providing advance notice to all contractors, developing formal evaluation plans, establishing a competitive range, assembling source selection committees, scoring offers, and offering detailed justifications for selected procurement methodologies 19. The increase in thresholds will allow the DoD to avoid these complex and time-consuming steps for a significantly greater volume of acquisitions <sup>1</sup>. Furthermore, purchases below the SAT are exempt from certain regulatory requirements, such as specific Contract Work Hours and Safety Standards concerning overtime compensation <sup>20</sup>. Elevating the SAT to \$10,000,000 will extend these exemptions to a much larger portion of the DoD's procurements, potentially reducing compliance costs and administrative efforts for contractors 1. Higher thresholds can also lead to a more efficient allocation of resources by allowing purchasing staff to concentrate their efforts on high-priority, strategic acquisitions while expediting the process for a larger volume of less complex purchases 3. The dramatic increase in the micro-purchase threshold to \$100,000 is specifically intended to free up warranted contracting officers from the administrative burden of processing numerous small-value transactions, allowing them to focus on

more complex and strategically important procurements <sup>11</sup>. The very purpose of the micro-purchase threshold is to simplify the acquisition of non-complex goods and services and reduce overall administrative costs <sup>24</sup>. The substantial increase in this threshold will extend these benefits to a far wider range of lower-value procurements within the DoD <sup>1</sup>.

Another key desired effect of Section 307 is to increase the overall efficiency and speed of the Department of Defense's procurement processes 3. Higher thresholds for simplified acquisition are expected to expedite the procurement of necessary goods and services by reducing the need for more lengthy and complex formal contracting procedures for a larger number of acquisitions 3. The micro-purchase limit, by design, allows government agencies to quickly and easily acquire goods and services below the threshold without having to adhere to lengthy procurement procedures 11. The significant increase in this threshold to \$100,000 aims to enable the faster acquisition of a broader range of essential items and services needed for daily operations within the DoD 1. By allowing for direct purchases without the requirement for competitive ordering procedures for transactions up to \$100,000, government purchasers will experience a more streamlined and less cumbersome process <sup>24</sup>. This ease of purchasing under the higher micro-purchase threshold is expected to lead to more rapid acquisition of needed supplies and services <sup>24</sup>. Experiences from past initiatives, such as the S2P2 program which significantly reduced procurement action lead time (PALT) for purchases below a lower simplified acquisition threshold, suggest that increasing the SAT to \$10,000,000 could lead to similar reductions in PALT for a much larger segment of DoD acquisitions, provided that simplified procedures are effectively implemented <sup>10</sup>.

Furthermore, the modifications in Section 307 likely aim to provide the DoD with greater flexibility and adaptability in its procurement processes <sup>3</sup>. Setting appropriate purchase thresholds allows governments to strike a balance between the need for flexibility and speed on one hand, and the requirements for fairness and transparency on the other <sup>3</sup>. The increased thresholds in Section 307 will likely empower program managers and other DoD personnel with more autonomy in acquiring necessary goods and services for their programs, potentially leading to more agile and responsive acquisitions that better meet evolving mission requirements and priorities <sup>25</sup>. This enhanced flexibility is seen as particularly important in rapidly changing technological and operational environments where the ability to quickly acquire and deploy new capabilities is critical.

## **Potential Negative Impacts of the Recommendations**

A potential negative consequence of the significant threshold increases in Section 307 is the risk of reduced oversight and accountability in Department of Defense procurement 3. When purchasing thresholds are high, there is less oversight of individual transactions, which can potentially lead to a greater risk of certain firms being given preference without sufficient justification <sup>3</sup>. Raising the SAT to \$10,000,000 and the micro-purchase threshold to \$100,000 substantially increases the value of contracts that can be awarded with less stringent oversight and fewer competitive requirements 1. This could create an environment where favoritism, conflicts of interest, and inefficient use of taxpayer funds are more likely to occur <sup>26</sup>. Competition in procurement is crucial for promoting best value, preventing improper influence, and maintaining public trust in the contracting process <sup>26</sup>. The increased reliance on simplified acquisition procedures for higher-value contracts might diminish the emphasis on full and open competition, potentially preventing the DoD from always securing the best possible value for the resources expended 1. While micro-purchases below a certain threshold do not require competitive bidding if the price is deemed reasonable, the administrative cost of ensuring price reasonableness can sometimes outweigh any potential savings 11. The dramatic increase in the micro-purchase threshold to \$100,000 raises significant concerns about the ability to consistently ensure price reasonableness for such high-value transactions without the discipline of competitive bidding, potentially leading to overpayment for goods and services <sup>1</sup>. Moreover, high procurement thresholds can also lead to less transparency in the overall process, making it more difficult for vendors, particularly smaller ones, to understand why they might not be receiving opportunities to bid on contracts <sup>3</sup>. This reduced transparency can erode trust in the fairness and openness of the government procurement system.

Another potential negative impact of Section 307 involves the effect on small businesses <sup>3</sup>. Purchases above the micro-purchase threshold but below the SAT are often set aside for small businesses, providing crucial opportunities for these enterprises <sup>20</sup>. The substantial increase in the micro-purchase threshold to \$100,000 could significantly reduce the number of contracts set aside for small businesses, as purchases below this level may not require competition and are not automatically set aside <sup>1</sup>. Similarly, the increase in the SAT to \$10,000,000 might shift some requirements above the traditional range where small businesses are most competitive, potentially making it more challenging for them to secure these larger contracts <sup>1</sup>. Raising the thresholds for more informal purchasing methods could disproportionately affect small businesses that often rely on more formal, competitive processes like Requests for Proposals (RFPs) to showcase their capabilities <sup>3</sup>. While a higher SAT could theoretically lead to more set-aside opportunities in the range

between the old SAT (\$250,000) and the new SAT (\$10,000,000), the significant increase in the micro-purchase threshold might counteract this effect by allowing a large volume of purchases that were previously within the small business set-aside range to now be procured without competition below the new SAT <sup>22</sup>. The interplay between these two increased thresholds requires careful consideration to fully understand the net impact on small business opportunities.

The combination of reduced oversight and higher spending limits under simplified procedures also creates a greater potential for increased fraud and waste within the Department of Defense's procurement activities <sup>6</sup>. With less stringent review processes and the ability to make larger purchases with fewer checks and balances, the risk of individuals or entities engaging in fraudulent activities or wasteful spending could be amplified. Furthermore, while the intention behind increasing thresholds might be to streamline processes and reduce long-term workload, the initial implementation of such significant changes could place a considerable strain on the contracting workforce 8. Contracting personnel will need to rapidly adapt to the new regulations and procedures, and they may face the challenge of managing a larger volume of higher-value simplified acquisitions, requiring significant training and updates to existing practices. Finally, there is a potential risk of "mission creep," where the increased thresholds could lead to the use of simplified acquisition procedures for more complex or critical acquisitions that might genuinely benefit from more rigorous review, detailed technical evaluations, and full and open competition to ensure the best possible outcomes for the DoD's mission <sup>27</sup>. The convenience of the higher thresholds might tempt procurement officials to apply them in situations where a more thorough and competitive approach would be more appropriate and yield better results.

## Mitigations the Organization Will Take to Diminish the Negative Impacts

To mitigate the potential negative impacts of the increased procurement thresholds outlined in Section 307, the Department of Defense will need to implement several proactive measures. Enhanced training and clear guidance will be crucial for ensuring that all relevant personnel, including contracting officers, program managers, and Government Purchase Card (GPC) holders, thoroughly understand the new thresholds and the appropriate application of simplified acquisition procedures at these higher spending levels <sup>11</sup>. This training will emphasize the continued importance of due diligence, comprehensive market research, and ensuring fair and reasonable pricing, even when utilizing simplified procedures <sup>26</sup>. Clear and detailed guidance will be issued, outlining best practices for maintaining competition to the maximum extent practicable, adhering to strict ethical standards, and avoiding any potential conflicts

of interest under the new thresholds 4.

Strengthened internal controls and enhanced oversight mechanisms will be essential to counteract the potential for reduced scrutiny associated with higher thresholds for simplified acquisition <sup>6</sup>. The DoD will implement more robust internal review processes and independent audit mechanisms to closely monitor procurement activities conducted under the increased thresholds, with a particular focus on identifying any trends or patterns that might indicate potential fraud, waste, or abuse <sup>6</sup>. Data analytics and automated tools will be leveraged to identify anomalies or red flags in procurement patterns and transaction data, enabling proactive intervention and risk mitigation <sup>13</sup>. Clear and comprehensive documentation requirements will be maintained for all purchases, even those below the simplified acquisition threshold, to ensure transparency and facilitate effective oversight and accountability <sup>26</sup>.

Targeted outreach and support for small businesses will be a priority to mitigate any potential negative impacts on their participation in DoD contracting <sup>20</sup>. The Department will develop proactive strategies and dedicated programs to ensure that small businesses can still effectively compete for DoD contracts under the new threshold environment, potentially including initiatives to help them navigate the higher SAT and identify relevant opportunities <sup>22</sup>. Opportunities to increase the use of small business set-asides for contracts below the new SAT will be explored where appropriate and feasible, and consideration will be given to establishing specific set-aside goals within the new SAT range to encourage continued small business participation <sup>20</sup>. Tailored resources, mentorship programs, and support will be provided to help small businesses understand the changed procurement landscape and enhance their ability to compete for and win contracts under the new rules <sup>29</sup>.

The DoD will also establish a formal mechanism for the regular review and adjustment of the new thresholds and associated procedures <sup>3</sup>. This review process will likely occur periodically, perhaps annually or bi-annually, and will involve analyzing data on the effectiveness of the changes and actively soliciting feedback from contracting personnel, program managers, industry partners (including small businesses), and oversight bodies <sup>3</sup>. This adaptive approach will allow the Department to identify any unintended consequences, challenges, or areas for improvement and make necessary adjustments to the thresholds and procedures based on real-world experience <sup>3</sup>. Finally, the DoD will reinforce the paramount importance of ethical conduct, integrity, and personal accountability for all personnel involved in the procurement process through regular training, clear policy statements, and strong leadership emphasis <sup>26</sup>. Clear and accessible channels for reporting suspected instances of fraud, waste, or abuse will be maintained, and robust procedures will be in place for promptly and

effectively investigating and addressing such reports <sup>26</sup>.

#### **DoD Personnel Most Affected**

The implementation of Section 307 will most directly impact several key groups of personnel within the Department of Defense. Contracting officers will be at the forefront of interpreting and implementing the new thresholds across a wider range of acquisitions <sup>5</sup>. They will have significantly increased authority to utilize simplified acquisition procedures for contracts up to \$10,000,000, requiring a deeper understanding of the regulations and best practices for ensuring fair and reasonable pricing and adequate contractor performance at these higher values <sup>1</sup>. Thorough training on the specific nuances of applying simplified procedures at the new thresholds, including documentation requirements and oversight responsibilities, will be essential for contracting officers <sup>5</sup>. They may also experience a shift in their workload, potentially handling fewer low-value procurements but a greater number of higher-value simplified acquisitions, requiring them to adapt their skills and focus <sup>11</sup>. As DoD officials participating in procurements above the simplified acquisition threshold have specific reporting requirements regarding non-federal employment offers, the significance of this threshold for contracting officers is clear <sup>4</sup>.

Program managers will also be significantly affected by the increased thresholds <sup>5</sup>. They will have greater flexibility and potentially faster timelines in acquiring goods and services needed for their programs, particularly for requirements falling below the new SAT of \$10,000,000 <sup>1</sup>. Program managers will need to develop a thorough understanding of the new thresholds to effectively plan and budget for acquisitions, ensuring that their requirements align with the appropriate procurement procedures based on the revised limits <sup>5</sup>. Close collaboration with contracting officers will be necessary to ensure that their acquisition strategies and requests comply with the new regulations and that they understand the implications for oversight and potential risks associated with the higher thresholds <sup>5</sup>.

Small business specialists within the DoD will play a crucial role in analyzing the potential impact of the new thresholds on small business participation and developing targeted strategies and initiatives to support small businesses in this evolving procurement landscape <sup>20</sup>. They may need to adjust their outreach, counseling, and advocacy efforts to reflect the changed procurement environment, providing guidance to small businesses on how to identify and compete for opportunities under the new rules <sup>29</sup>.

Budget and finance personnel will need to adapt their budget planning, allocation,

and tracking processes to accommodate the significantly higher thresholds for simplified acquisitions and micro-purchases <sup>8</sup>. They will be involved in closely monitoring spending patterns and trends under the new regulations to identify any potential areas of concern or unusual activity, ensuring that financial controls remain effective at these increased spending levels <sup>8</sup>.

Finally, Government Purchase Card (GPC) holders will be directly impacted by the substantial increase in the micro-purchase threshold to \$100,000 <sup>1</sup>. This change will dramatically expand the scope and potential value of purchases that can be made using GPCs, granting significantly more purchasing authority to a wider range of personnel <sup>11</sup>. Comprehensive guidance and thorough training on the appropriate and responsible use of GPCs at this much higher limit, including stringent requirements for ensuring price reasonableness and documenting purchases, will be essential for GPC holders <sup>11</sup>.

### Stakeholders Opposed and Rationale for Opposition

Several external stakeholders are likely to oppose the significant procurement threshold increases outlined in Section 307. The Government Accountability Office (GAO), as the primary government watchdog, will likely express concerns about the potential for reduced oversight and increased risks of fraud and waste associated with these substantially higher thresholds for simplified acquisition and micro-purchases <sup>6</sup>. Given their mandate to ensure government accountability and the efficient use of taxpayer funds, the GAO will likely closely scrutinize the implementation and impact of Section 307, potentially conducting audits and issuing reports on its effectiveness and any unintended negative consequences <sup>6</sup>.

Small business advocacy groups, such as the Small Business Administration (SBA) Office of Advocacy, are also likely to oppose these changes <sup>20</sup>. They will likely fear that the significant increase in the micro-purchase threshold to \$100,000 will substantially reduce contract opportunities for small businesses by allowing a large volume of purchases to be made without competition or mandatory small business set-asides <sup>3</sup>. Concerns may also arise that the higher SAT of \$10,000,000 might shift some requirements above the traditional sweet spot for small business set-asides, making it more challenging for them to compete for these larger contracts <sup>20</sup>.

Certain industry associations representing companies that have traditionally competed for contracts in the value range between the old and new thresholds (e.g., between \$250,000 and \$10,000,000) might also oppose the changes <sup>32</sup>. They may believe that the higher thresholds will lead to less competition, favor larger, more

established firms with greater resources, or reduce the transparency of the procurement process <sup>32</sup>. These companies might perceive the significant increases as a disruptive change that could disadvantage them by shifting the competitive landscape and potentially favoring larger incumbents or those with stronger existing relationships with the DoD.

Finally, relevant congressional oversight committees in the House and Senate with responsibilities for defense spending, procurement policies, and small business issues may also express concerns and potentially oppose or seek to modify these significant threshold increases <sup>33</sup>. Their primary responsibility is to ensure the responsible use of taxpayer funds and the effective implementation of laws and policies related to defense acquisition and small business development. They will want to ensure that the proposed changes are thoroughly justified, will lead to genuine and measurable efficiencies without compromising essential oversight functions, and will not negatively impact small business participation in the defense industrial base <sup>33</sup>.

#### **Additional Resources**

Successful implementation of the procurement threshold modifications in Section 307 will require the allocation of several additional resources. Increased funding for training will be essential to develop and deliver comprehensive training programs for contracting officers, program managers, GPC holders, and other affected personnel across the DoD <sup>8</sup>. This training will cover the new thresholds, associated procedures, and best practices for ensuring responsible spending and ethical conduct at these higher limits <sup>9</sup>.

Significant resources will also be needed to update the DoD's various procurement systems and software platforms <sup>13</sup>. These updates will ensure that the systems accurately reflect the new thresholds, integrate any necessary changes to workflows and approval processes, and maintain data integrity and reporting capabilities aligned with the revised regulations <sup>13</sup>.

The Department may also need to allocate additional contracting personnel, at least in the short to medium term, to manage the initial implementation of these substantial threshold changes and the ongoing management of a potentially larger volume of higher-value simplified acquisitions <sup>8</sup>.

Considerable resources will be required to develop comprehensive and clear guidance documents, as well as updated Standard Operating Procedures (SOPs), to provide detailed instructions and best practices to DoD personnel on how to interpret and

apply the new thresholds in various procurement scenarios, ensuring consistency and compliance across the department <sup>8</sup>.

Finally, dedicated resources will be needed to develop and enhance data analytics capabilities and reporting tools <sup>8</sup>. These tools will be crucial for effectively monitoring procurement trends, identifying potential risks and anomalies, and accurately measuring the success and effectiveness of the new thresholds in achieving their intended goals, such as reduced cycle times and cost savings, while also tracking potential negative impacts like reduced small business participation or increased audit findings <sup>8</sup>.

#### **Measures of Success**

The success of the procurement threshold modifications in Section 307 can be measured through several key indicators. A reduction in procurement cycle times for acquisitions falling within the new simplified acquisition (\$10,000,000) and micro-purchase (\$100,000) thresholds will indicate increased efficiency <sup>10</sup>. The Department should establish baseline metrics and continuously monitor for statistically significant decreases in these timelines <sup>34</sup>. Demonstrable cost savings achieved through the implementation of the new thresholds, while maintaining quality and performance, will also be a critical measure of success <sup>10</sup>. Methodologies to track and analyze the overall cost of goods and services acquired under the new thresholds, compared to historical data, should be developed and implemented.

The number of audit findings and compliance rates will provide insights into the accountability aspect of the changes <sup>6</sup>. Closely monitoring audit reports from oversight bodies for any increases in findings related to non-compliance, fraud, waste, or abuse will be essential. High compliance rates with the new regulations will indicate successful implementation from an accountability perspective. Small business participation rates for acquisitions falling under the new thresholds, particularly within the value range previously subject to set-aside provisions, should also be carefully tracked <sup>10</sup>. Maintaining or ideally increasing small business participation in DoD contracting under the new rules will be a key indicator of success in this area. Finally, regularly soliciting and analyzing feedback from contracting officers, program managers, industry partners (including small businesses), and oversight bodies regarding their experiences with the new thresholds will provide valuable qualitative data on the success and any unintended consequences of the changes <sup>10</sup>. High levels of satisfaction and positive feedback would suggest successful implementation from a user perspective.

#### **Alternative Approaches**

Several alternative approaches could be considered to achieve similar outcomes of increased efficiency and reduced administrative burden in DoD procurement without implementing such substantial increases in spending thresholds. One alternative is to focus on targeted process improvements and streamlining initiatives within the existing procurement framework <sup>3</sup>. This could involve conducting in-depth analyses of current processes to identify specific bottlenecks and inefficiencies, and then implementing targeted solutions such as process re-engineering, enhanced use of technology and automation, and improved communication and collaboration among stakeholders <sup>13</sup>.

Another approach is to invest more heavily in enhanced training and professional development for the acquisition workforce. Improving the skills and knowledge of acquisition professionals in effectively utilizing existing procurement flexibilities and streamlining techniques could empower them to be more efficient within the current threshold framework.

The DoD could also increase its utilization of innovative contracting mechanisms such as Other Transactions (OTs), Commercial Solutions Openings (CSOs), and agile acquisition approaches, particularly for rapidly evolving technology areas <sup>7</sup>. These mechanisms often offer greater flexibility, speed, and access to non-traditional contractors compared to standard procurement processes.

Finally, a more data-driven and incremental approach to adjusting procurement thresholds could be considered <sup>3</sup>. This would involve regularly analyzing detailed procurement data to identify specific areas where targeted threshold adjustments could lead to significant efficiency gains without compromising oversight or small business opportunities, rather than implementing large, sweeping increases across the board.

**Section Specific Question 1:** Which specific procurement dollar thresholds (e.g., Simplified Acquisition Threshold, TINA, Congressional notification) are modified by Section 307, and what are the new amounts that Contracting Officers and Program Managers must adhere to?

Threshold Category	Previous Threshold	New Threshold	Applicable Personnel
Simplified Procedures for Small Purchases (10 U.S.C. § 3205(a))	"simplified acquisition threshold" (previously \$250,000 with exceptions)	Threshold specified in 10 U.S.C. § 3571(a) (\$10,000,000)	Contracting Officers, Program Managers
Simplified Procedures for Small Purchases (10 U.S.C. § 3205(a))	\$5,000,000	\$50,000,000	Contracting Officers, Program Managers
Simplified Acquisition Threshold (SAT) (10 U.S.C. § 3571(a))	"as specified in section 134 of title 41" (previously \$250,000 with exceptions)	\$10,000,000	Contracting Officers, Program Managers
Micro-Purchase Threshold (10 U.S.C. § 3573)	\$10,000	\$100,000	Contracting Officers, GPC Holders, Program Managers
Small Business Reservation (10 U.S.C. § 3571(b)(2))	N/A	\$500,000 (for specific agencies named in section 3063 of title 10)	Contracting Officers, Small Business Specialists
Preference for Commercial Services (Section 876 of NDAA for FY 2017)	\$10,000,000	\$50,000,000 (in two instances)	Contracting Officers, Program Managers
Various References to SAT in Title 10	"simplified acquisition threshold"	Threshold specified in 10 U.S.C. § 3571(a) (\$10,000,000)	Contracting Officers, Program Managers

# Section Specific Question 2:

(To be addressed once the question is provided)

# Summary

Section 307 of the Forged Act represents a significant shift in the Department of Defense's procurement policy by enacting substantial increases to key spending thresholds, most notably the Simplified Acquisition Threshold and the micro-purchase threshold. While the primary objective of these modifications is to streamline procurement processes, reduce administrative burdens, and potentially accelerate acquisition timelines, the analysis reveals several potential unintended negative consequences. These include the risk of reduced oversight and accountability, potential adverse impacts on small business opportunities, and the need for significant additional resources for successful implementation. Careful consideration of these potential downsides, coupled with proactive mitigation strategies, will be crucial for the DoD to effectively leverage the intended benefits of these changes. Furthermore, a robust framework for measuring the success of these modifications, along with a willingness to consider alternative approaches, will ensure that the Department achieves its goals of fostering reform and government efficiency in defense acquisition while maintaining accountability and supporting a diverse industrial base.

#### Works cited

- 1. Text S.5618 118th Congress (2023-2024): FoRGED Act ..., accessed March 27, 2025,
  - https://www.congress.gov/bill/118th-congress/senate-bill/5618/text/is?format=txt
- 2. Text S.5618 118th Congress (2023-2024): FoRGED Act, accessed March 27, 2025, https://www.congress.gov/bill/118th-congress/senate-bill/5618/text
- 3. Are Procurement Thresholds Slowing You Down?, accessed March 27, 2025, <a href="https://gplpen.hks.harvard.edu/wp-content/uploads/2023/06/Are-Procurement-Thresholds-Slowing-You-Down.pdf">https://gplpen.hks.harvard.edu/wp-content/uploads/2023/06/Are-Procurement-Thresholds-Slowing-You-Down.pdf</a>
- 4. U.S Department of Defense Standards of Conduct Office DoD Ethics, accessed March 27, 2025,
  - https://dodsoco.ogc.osd.mil/Portals/102/procurement integrity.pdf
- 5. Part 13 Simplified Acquisition Procedures, accessed March 27, 2025, <a href="https://www.acquisition.gov/far/part-13">https://www.acquisition.gov/far/part-13</a>
- GAO-08-298, Defense Acquisitions: DOD's Practices and Processes for Multiyear Procurement Should Be Improved, accessed March 27, 2025, <a href="https://www.gao.gov/assets/a272015.html">https://www.gao.gov/assets/a272015.html</a>
- 7. Current Trends in Federal Procurement | PilieroMazza, Law Firm, Government Contracts Attorney, accessed March 27, 2025, https://www.pilieromazza.com/current-trends-in-federal-procurement/
- 8. Federal Acquisition Regulation: Inflation Adjustment of Acquisition-Related Thresholds, accessed March 27, 2025, <a href="https://www.federalregister.gov/documents/2024/11/29/2024-27851/federal-acquisition-regulation-inflation-adjustment-of-acquisition-related-thresholds">https://www.federalregister.gov/documents/2024/11/29/2024-27851/federal-acquisition-regulation-inflation-adjustment-of-acquisition-related-thresholds</a>
- 9. FAR Council Issues Proposed Rule to Increase Acquisition Thresholds, accessed

- March 27, 2025.
- https://info.redstonegci.com/blog/far-council-issues-proposed-rule-to-increase-acquisition-thresholds
- 10. S2P2 significantly reduces procurement action lead time, touch labor | Article Army.mil, accessed March 27, 2025, <a href="https://www.army.mil/article/220297/s2p2\_significantly\_reduces\_procurement\_action\_lead\_time\_touch\_labor">https://www.army.mil/article/220297/s2p2\_significantly\_reduces\_procurement\_action\_lead\_time\_touch\_labor</a>
- 11. The Potential Effects of Raising the Micro-Purchase Threshold, accessed March 27, 2025, <a href="https://act.us/wp-content/uploads/white-paper\_GMU-Threshold.pdf">https://act.us/wp-content/uploads/white-paper\_GMU-Threshold.pdf</a>
- 12. Scaling Nontraditional Defense Innovation, accessed March 27, 2025, <a href="https://innovation.defense.gov/Portals/63/DIB%20Scaling%20Nontraditional%20Defense%20Innovation%20250113%20PUBLISHED.pdf">https://innovation.defense.gov/Portals/63/DIB%20Scaling%20Nontraditional%20Defense%20Innovation%20250113%20PUBLISHED.pdf</a>
- 13. How the DoD Standardizes Data-Driven Procurement Deltek, accessed March 27, 2025, https://www.deltek.com/en/blog/dod-standardizes-procurement
- 14. Section 307 and Imports Produced by Forced Labor Congress.gov, accessed March 27, 2025, <a href="https://www.congress.gov/crs-products/product/pdf/IF/IF11360">https://www.congress.gov/crs-products/product/pdf/IF/IF11360</a>
- 15. Federal Register / Vol. 53, No. 10 / Friday, January 15, 1988 / Rules and Regulajions \_- requirements:f 1020 Environmental Protection Agency, accessed March 27, 2025, <a href="https://www3.epa.gov/region10/pdf/sips/53-FR-1020.pdf">https://www3.epa.gov/region10/pdf/sips/53-FR-1020.pdf</a>
- 16. Amicus Brief for US Sentencing Commission Claiborne Rita vs US Nos 06-5754 & 06-5618, accessed March 27, 2025, <a href="https://www.ussc.gov/sites/default/files/pdf/amendment-process/amicus-curiae-briefs/20070122">https://www.ussc.gov/sites/default/files/pdf/amendment-process/amicus-curiae-briefs/20070122</a> Claiborne Rita Amicus Brief.pdf
- 17. PUBLIC NOTICE Federal Communications Commission, accessed March 27, 2025, <a href="https://www.fcc.gov/ib/sand/mniab/traffic/files/CREPOR04.pdf">https://www.fcc.gov/ib/sand/mniab/traffic/files/CREPOR04.pdf</a>
- 18. Simplified Acquisition Procedures Wikipedia, accessed March 27, 2025, <a href="https://en.wikipedia.org/wiki/Simplified Acquisition Procedures">https://en.wikipedia.org/wiki/Simplified Acquisition Procedures</a>
- 19. Pandemic Procurement Simplified Acquisitions in the Time of COVID-19 Everlaw, accessed March 27, 2025, <a href="https://www.everlaw.com/blog/ediscovery-best-practices/pandemic-procurement-covid-19/">https://www.everlaw.com/blog/ediscovery-best-practices/pandemic-procurement-covid-19/</a>
- 20. FAR Final Rule: Increased Micro-Purchase and Simplified Acquisition Thresholds, accessed March 27, 2025, <a href="https://smallgovcon.com/statutes-and-regulations/far-final-rule-increased-micro-purchase-and-simplified-acquisition-thresholds/">https://smallgovcon.com/statutes-and-regulations/far-final-rule-increased-micro-purchase-and-simplified-acquisition-thresholds/</a>
- 21. Proposed Rule Targets Heavily-Used FAR Thresholds Amid Rising Inflation Schwabe, accessed March 27, 2025, <a href="https://www.schwabe.com/publication/proposed-rule-targets-heavily-used-far-thresholds-amid-rising-inflation/">https://www.schwabe.com/publication/proposed-rule-targets-heavily-used-far-thresholds-amid-rising-inflation/</a>
- 22. Proposed Increases to Micro-Purchase, Simplified Acquisition, and Other Thresholds, accessed March 27, 2025, <a href="https://smallgovcon.com/statutes-and-regulations/proposed-increases-to-micro-purchase-simplified-acquisition-and-other-thresholds/">https://smallgovcon.com/statutes-and-regulations/proposed-increases-to-micro-purchase-simplified-acquisition-and-other-thresholds/</a>
- 23. FAR Council Issues Proposed Rule to Adjust Acquisition-Related Thresholds for Inflation, accessed March 27, 2025,

- https://www.maynardnexsen.com/blog/far-council-issues-proposed-rule-to-adjust-acquisition-related-thresholds-for-inflation
- 24. What is the Micro-Purchase Threshold (MPT)? Winvale Blog, accessed March 27, 2025, <a href="https://info.winvale.com/blog/what-micro-purchase-threshold-mpt">https://info.winvale.com/blog/what-micro-purchase-threshold-mpt</a>
- 25. New Bidding Thresholds Increase Flexibility for Shoppers Procurement Penn State, accessed March 27, 2025, <a href="https://procurement.psu.edu/news/new-bidding-thresholds-increase-flexibility-shoppers">https://procurement.psu.edu/news/new-bidding-thresholds-increase-flexibility-shoppers</a>
- 26. Procurement Policy Drafting 101: Guidance for LSC Grantees Legal Services Corporation, accessed March 27, 2025, <a href="https://www.lsc.gov/i-am-grantee/grantee-guidance/procurement-policy-drafting-101-guidance-lsc-grantees">https://www.lsc.gov/i-am-grantee/grantee-guidance/procurement-policy-drafting-101-guidance-lsc-grantees</a>
- 27. What is the Simplified Acquisition Threshold (SAT)? Winvale Blog, accessed March 27, 2025, https://info.winvale.com/blog/what-simplified-acquisition-threshold-sat
- 28. Procurement Threshold: A Comprehensive Guide for 2025, accessed March 27, 2025, <a href="https://procurementtactics.com/procurement-threshold/">https://procurementtactics.com/procurement-threshold/</a>
- 29. How Proposed FAR Rule Changes to Dollar Thresholds Open New Doors for Government Contractors and Certified Small Businesses FedBiz Access, accessed March 27, 2025, <a href="https://fedbizaccess.com/how-proposed-far-rule-changes-to-dollar-thresholds-open-new-doors-for-government-contractors-and-certified-small-businesses/">https://fedbizaccess.com/how-proposed-far-rule-changes-to-dollar-thresholds-open-new-doors-for-government-contractors-and-certified-small-businesses/</a>
- GAO-24-106528, Defense Contracts: Better Monitoring Could Improve DOD's Management of Award Lead Times, accessed March 27, 2025, <a href="https://www.gao.gov/assets/gao-24-106528.pdf">https://www.gao.gov/assets/gao-24-106528.pdf</a>
- 31. No. 20. Baroni Center Releases White Paper—"The Potential Effects of Raising the Micro-Purchase Threshold" | Costello College of Business, accessed March 27, 2025, <a href="https://business.gmu.edu/news/2024-06/no-20-baroni-center-releases-white-paper-potential-effects-raising-micro-purchase">https://business.gmu.edu/news/2024-06/no-20-baroni-center-releases-white-paper-potential-effects-raising-micro-purchase</a>
- 32. Reforming Military Procurement Requires More Than Baby Steps Sigma Defense, accessed March 27, 2025, <a href="https://sigmadefense.com/article/reforming-military-procurement-requires-more-than-baby-steps/">https://sigmadefense.com/article/reforming-military-procurement-requires-more-than-baby-steps/</a>
- 33. DOD Transfer and Reprogramming Authorities: Background, Status, and Issues for Congress | CRS Reports, accessed March 27, 2025, <a href="https://crsreports.congress.gov/product/pdf/R/R46421">https://crsreports.congress.gov/product/pdf/R/R46421</a>
- 34. Analysis and Impact of Procurement Administrative Lead Time on DoD Contracts, accessed March 27, 2025, <a href="https://www.fedcontractpros.com/analysis-and-impact-of-procurement-administrative-lead-time-on-dod-contracts">https://www.fedcontractpros.com/analysis-and-impact-of-procurement-administrative-lead-time-on-dod-contracts</a>
- 35. DOD Mandates Use of Software Acquisition Pathway for Software Development Procurements Wiley Rein, accessed March 27, 2025, <a href="https://www.wiley.law/alert-DOD-Mandates-Use-of-Software-Acquisition-Pathwav-for-Software-Development-Procurements">https://www.wiley.law/alert-DOD-Mandates-Use-of-Software-Acquisition-Pathwav-for-Software-Development-Procurements</a>

- 36. Hegseth mandates streamlined software acquisition approach in new memo, accessed March 27, 2025, <a href="https://www.defensenews.com/pentagon/2025/03/07/hegseth-mandates-streamlined-software-acquisition-approach-in-new-memo/">https://www.defensenews.com/pentagon/2025/03/07/hegseth-mandates-streamlined-software-acquisition-approach-in-new-memo/</a>
- 37. Alternative Acquisition Strategies | www.dau.edu, accessed March 27, 2025, https://www.dau.edu/blogs/alternative-acquisition-strategies