

ALERT

DoD Proposes to Double CPSR Threshold from \$25 Million to \$50 Million

June 11, 2019

WHAT: The Department of Defense has issued a proposed rule that would amend the DFARS by inserting a provision at 244.302 (currently reserved) that increases the threshold for subjecting DoD contractors to contractor purchasing system reviews (CPSR) from \$25 million to \$50 million. Under FAR 44.302(a), which establishes the current \$25 million threshold, the head of the agency responsible for contract administration may raise or lower the CPSR threshold when in the Government's best interest.

WHEN: The proposed rule was issued on May 31, 2019. Comments are due on or before July 30, 2019.

WHAT DOES IT MEAN FOR INDUSTRY: The proposed rule was based on a recommendation from the Defense Contract Management Agency, the agency responsible for conducting CPSRs for DoD. According to DoD, the \$25 million threshold has not been changed since 1996, and the change to \$50 million would reduce the total number of CPSRs by 20 percent, while reducing by only 2% the number of covered contract dollars.

Wiley Rein has extensive experience assisting contractors with preparing for, undergoing, and responding to, CPSR reviews.

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