

OMB Proposes Procurement Law Changes to Support “Revolutionary FAR Overhaul”

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WHAT: The Office of Management and Budget (OMB) recently submitted to Congress 16 proposed changes to procurement laws in support of the “Revolutionary FAR Overhaul” effort, which Wiley has been chronicling here. These proposed changes, which must be adopted by Congress and signed into law by the President to become effective, could result in significant revisions to the Federal Acquisition Regulation (FAR) and acquisition processes and procedures throughout the Government.

WHEN: The U.S. General Services Administration (GSA) publicly announced the legislative proposals, which are posted on the GSA website, on July 16, 2025.

WHAT IT MEANS FOR INDUSTRY: If enacted, OMB’s proposed changes, among other things, would allow agencies to use streamlined acquisition processes for significantly larger procurements, eliminate certain contractor compliance obligations, expand agencies’ authorities to use methods other than traditional procurement contracts to acquire new technologies, and reduce contractors’ ability to protest certain procurement decisions. The proposals with the potential to most significantly and directly affect contractors are summarized below.

Expanding and Streamlining Agency Authorities

- Simplified Acquisition Threshold (SAT) – The OMB proposal would increase the SAT for acquiring commercial products and services from \$250,000 to \$10 million over five years. As currently outlined in FAR Part 13, for purchases below the SAT, contractors are subject to fewer compliance requirements, and

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the Government’s broad authority to audit contractor records does not apply. In addition, the FAR allows agencies to use streamlined acquisition procedures that include shorter timelines, less stringent competition requirements, and fewer documentation requirements. For example, agencies may rely on standing price quotations rather than soliciting individual quotations for each purchase, and they do not have to post the solicitation on SAM.gov but may instead solicit offers from the local area or take other steps to promote competition to the maximum extent practicable for that procurement. In addition to raising the SAT threshold, OMB’s proposal would also raise the threshold for agencies’ use of those simplified acquisition procedures for purchases of commercial products and services to \$50 million over five years.

- Micro-Purchases – Similar to the SAT proposal, OMB’s proposal would increase the micro-purchase threshold from \$10,000 to \$100,000 over five years. Micro-purchases are often made with Government Purchase Cards (i.e., credit cards) under the Government’s most streamlined procedures. The proposal would also apply the Buy American Act to all purchases over \$10,000 to ensure that most micro-purchases continue to be subject to the Buy American Act after the threshold increases.
- Commercial Solutions Openings (CSOs) – OMB also proposes expanding agencies’ authority to use CSOs, which are not subject to the FAR, to acquire innovative commercial solutions from non-traditional contractors. The proposal would make permanent the CSO authority for GSA and the U.S. Department of Homeland Security (DHS), which is currently scheduled to sunset in 2027. In addition, the National Aeronautics and Space Administration (NASA) would gain its own authority to use CSOs under a pilot program through 2029, as well as the ability to award follow-on Other Transaction Authority contracts for prototypes that result from CSOs.
- Task Order Price Evaluations – OMB proposes process “improvements” for the award of task and delivery orders under indefinite delivery, indefinite quantity (IDIQ) contracts, directed at clarifying Section 876 of the Fiscal Year 2019 National Defense Authorization Act (NDAA) and effectively overturning the U.S. Court of Federal Claims’ decision in *SH Synergy, LLC v. United States*, 165 Fed. Cl. 745 (2023). That decision held that GSA violated the law by excluding price as an evaluation factor for the Polaris IDIQ contract. According to the court, Congress “carved out a *narrow* exception to the general rule requiring price evaluations” at the IDIQ contract level that applied only to “services acquired on an hourly rate basis” and IDIQ contracts that will “feature individually competed task or delivery orders based on hourly rates.” The court thus held that the exception was limited to time-and-materials or labor-hour type contracts. According to OMB, the decision “effectively prohibited the use of Section 876 authority for multiple award contracts that permit firm-fixed price or cost reimbursement task orders” and “essentially made the Section 876 authority unusable.” OMB also observed that *SH Synergy* “upended the plans for multi-billion dollar contract programs and is forcing the Government to continue to establish hypothetical prices that would be more effectively formed when orders are competed.” Thus, OMB proposes removing references to “acquired on an hourly rate” and “based on hourly rates” to return Section 876 to its purported statutory purpose.

Reducing Contractor Compliance Obligations

- Cost Accounting Standards (CAS) – OMB proposes increasing the threshold for contractors’ compliance with CAS from \$2 million to \$35 million and eliminating the “trigger contract” threshold, which is currently \$7.5 million. Currently, CAS apply to all contracts over the \$2 million threshold that are not subject to an exemption, such as contracts for commercial products or services, firm fixed-price contracts awarded on the basis of adequate price competition, and when the contractor has not received any contract awards above the trigger threshold during the fiscal year. Under OMB’s proposal, all contracts over \$35 million would be subject to CAS except for contracts for commercial products or services, competitively-awarded firm fixed-price contracts, and contracts for which the price is set by law or regulation. According to OMB, this change would exempt half of currently covered entities but retain coverage of 90% of the dollars. This would substantially reduce the compliance and audit burden for many government contractors.
- Executive Compensation Reporting – OMB proposes eliminating the requirement that large contractors publicly report the names and total compensation of their five most-highly compensated executives, which was enacted in the Government Funding Transparency Act of 2008.

Other Provisions

- Protests of Task and Delivery Orders – In a nod to the annual focus on bid protest reform, OMB proposes increasing the threshold for bid protests of civilian agency task and delivery orders from \$10 million to \$35 million to align with the current threshold for protesting U.S. Department of Defense task and delivery orders. The U.S. Government Accountability Office would retain exclusive jurisdiction to decide protests related to task and delivery orders.
- Threshold Increases – The proposal would more frequently recalculate acquisition-related dollar thresholds that are periodically adjusted for inflation. Currently, those adjustments occur every five years; under the proposal, they would happen every three years.

Key Takeaways

The House and Senate are currently drafting their respective versions of the Fiscal Year 2026 NDAA, and some or all of these proposals could be incorporated into the final version of the NDAA that is enacted into law, as well as other acquisition reform initiatives that Congress is considering, such as the Fostering Reform and Government Efficiency in Defense (FoRGED) Act (S. 5618), proposed by Senate Armed Services Committee Chair Wicker (R-MS), and the Streamlining Procurement for Effective Execution and Delivery (SPEED) Act (H.R. 3838), introduced by House Armed Services Committee Chair Rogers (R-AL) and Ranking Member Smith (D-WA). If enacted, these proposals would lead to more changes to the FAR and could have a significant impact on how agencies acquire goods and services and how companies comply with the requirements that come with being a government contractor.

Wiley's Government Contracts Practice will continue to monitor this issue and keep contractors apprised of new developments.