

specifications or procedures in the final rule or any amendments.

Lee Zeldin
Administrator.

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OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy

48 CFR Part 9903

RIN 0348-AB85

Increase of Monetary Thresholds and Other Matters Related to Cost Accounting Standards Program Requirements

AGENCY: Cost Accounting Standards Board, Office of Federal Procurement Policy, Office of Management and Budget.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Office of Federal Procurement Policy (OFPP), Cost Accounting Standards Board (the Board), is publishing this notice of proposed rulemaking (NPRM) to elicit public comments on proposed increases to the Cost Accounting Standards (CAS) thresholds and other matters related to the CAS program requirements.

DATES: Comments must be in writing and must be received by April 20, 2026.

ADDRESSES: Submit comments to the *Federal eRulemaking Portal*: <https://www.regulations.gov>, by searching for “CASB 2021-01”. Select the link “Comment Now” that corresponds with “CASB 2021-01”. Follow the instructions provided on the “Comment Now” screen. Please include your name, company name (if any), and “CASB 2021-01” on your attached document. If your comment cannot be submitted using <https://www.regulations.gov>, call or email the points of contact in the **FOR FURTHER INFORMATION CONTACT** section of this document for alternate instructions. Comments received generally will be posted without change to <https://www.regulations.gov>, including any personal and/or business confidential information provided. Public comments may be submitted as an individual, as an organization, or anonymously (see frequently asked questions at <https://www.regulations.gov/faq>). To confirm receipt of your comment(s), please check <https://www.regulations.gov>, approximately two or three days after submission to verify posting.

Privacy Act Statement: The Board proposes this rule to elicit public views

pursuant to 41 U.S.C. 1502. Submission of comments is voluntary. The information will be used to inform sound decision-making. Do not include any information you would not like to be made publicly available. Additionally, the OMB System of Records Notice, OMB Public Input System of Records, OMB/INPUT/01, 88 FR 20913 (available at www.federalregister.gov/documents/2023/04/07/2023-07452/privacy-act-of-1974-system-of-records), includes a list of routine uses associated with the collection of this information.

FOR FURTHER INFORMATION CONTACT: John L. McClung, Manager, Cost Accounting Standards Board (telephone: 202-881-9758; email: john.l.mcclung2@omb.eop.gov).

SUPPLEMENTARY INFORMATION:

I. Overview

Currently, there are four monetary thresholds that establish the nature and extent of CAS coverage: (i) the basic applicability threshold for CAS coverage, currently tied to the Truthful Cost or Pricing Data statute, which is currently \$2.5 million as of October 1, 2025; (ii) the \$7.5 million trigger contract threshold, which exempts contracts under this amount until a contractor receives at least one contract in excess of \$7.5 million; (iii) the \$50 million threshold for full CAS coverage (contracts below this threshold are subject to modified CAS coverage requiring compliance with just four of the current 19 standards); and (iv) the \$50 million threshold for requiring a disclosure statement. The first two thresholds are statutory and require legislative action to change, while the latter two are regulatory and were established based on the Board’s authority at 41 U.S.C. 1502(b)(2). The Board is proposing to raise the regulatory thresholds (see Section II), and proposing changes to the basic threshold as a result of Section 1806 of the 2026 National Defense Authorization Act (NDAA) (see Section III). The NPRM would also raise the CAS waiver authority threshold for executive agency heads from \$15 to \$100 million. This increase would implement changes made to 41 U.S.C. 1502 (b)(3) by Section 820 of the 2017 National Defense Authorization Act (see Section IV).

Lastly, the NPRM provides clarifications on applying CAS to indefinite delivery contracts (see Section V) after considering responses to a Staff Discussion Paper (SDP) issued on June 18, 2024 (89 FR 51491) to elicit public views on whether and how to

amend its rules to address the application of CAS to indefinite delivery vehicles (IDVs). The SDP included discussion of six possible approaches for addressing CAS coverage to IDVs, and five principles to guide the evaluation of alternatives.

This proposed rule is issued by the Board in accordance with the requirements of 41 U.S.C. 1502.

II. Regulatory Thresholds

In 1977, the Board established two levels of CAS compliance (full and modified) to partially address concerns that CAS creates a barrier to entry and the challenges of applying CAS to smaller government contractors, and to those contractors whose government business represents a small share of their total sales volume. The Board established a \$10 million threshold for full CAS coverage based on a single award or cumulative CAS covered awards during the last period. Contractors subject to the newly created modified coverage were also largely exempted from filing disclosure statements.

In 1993, the Board raised the threshold to \$25 million to adjust for inflation, and again in 2000 at the direction of Congress to the current thresholds of \$50 million for full coverage and for filing disclosure statements. In addition, since 1992, a disclosure statement has not been required from a segment that has CAS covered contracts totaling less than \$10 million and representing less than 30 percent of segment sales (CAS 9903-202-1(c)(ii)).

The Advisory Panel on Streamlining Acquisition Regulations established by Section 809 of the 2016 National Defense Authorization Act (809-Panel), recommended raising the thresholds for full CAS coverage and disclosure statement requirements to \$100 million. They also recommended eliminating the condition for not requiring a disclosure statement from a segment that has CAS-covered contracts totaling less than \$10 million and representing less than 30 percent of segment sales as it would no longer be necessary.

The Board conducted an analysis to assess the likely impact of raising these thresholds in terms of the number of entities and dollar amounts that would be covered at various threshold increases. The Board analyzed Federal Procurement Data System (FPDS) data for the five-year period covering Fiscal Years (FYs) 2020 through 2024. The data included all new definitive awards, and single award indefinite delivery contracts that included the CAS clause and excluded any contract awarded to a

small business (as they already are exempt from CAS), or awarded using commercial procedures (as these generally would also be exempt). The Board has reasoned that the Unique Entity Identifier (UEI) represents a covered segment.

Based on analysis of the FPDS data, the Board estimates that raising the threshold for full coverage to \$100 million would maintain nearly 99 percent of the dollars currently subject to full coverage today but remove nearly 30 percent of the entities. This would result in a substantial reduction of burden and lower the barrier to entry with a minimal loss in the total dollars currently subject to full coverage and disclosure statement requirements. Adjusting the \$50 million thresholds based solely on inflation since 2000 would raise the threshold to \$92 million today.

For these reasons, the Board is proposing to raise the thresholds for full CAS coverage and disclosure statement requirements to \$100 million, and also proposing to eliminate the exemption at CAS 9903–202–1(c)(ii) which currently exempts a disclosure statement from a segment if during the most recently completed cost accounting period the segment's CAS-covered awards are less than 30 percent of total segment sales for the period and less than \$10 million. As a result of the higher thresholds this exemption is no longer necessary. The Board seeks public comment on this proposal in this NPRM, and is interested in comments related to its assumption that each business segment has its own UEI. Specifically, the Board welcomes feedback on whether there any entities currently subject to disclosure statement requirements that are reporting as a segment without its own UEI, and if so, the specific circumstances that led to this determination and what UEI they use to bid on contracts.

III. Statutory Thresholds

The Board used the same data set discussed in Section II above, and conducted an analysis to assess the likely impact of raising the statutory CAS applicability thresholds in terms of the number of entities and dollar amounts that would be covered at various thresholds. The current threshold for CAS applicability is \$2.5 million but with the caveat that the entity has at least one CAS covered contract valued at \$7.5 million. The Board's analysis estimates that increasing the threshold to \$35 million would reduce the number of CAS-covered business segments by approximately 60 percent, while still

maintaining over 90 percent of the current dollars subject to CAS coverage.

OMB used the Board's analysis to develop a legislative proposal to decouple the basic CAS monetary threshold from the Truthful Cost or Pricing Data statute, and raise it to a stated dollar amount of \$35 million. The proposal also eliminates the \$7.5 million trigger contract threshold as it would no longer be necessary with a higher applicability threshold. The proposal was transmitted to Congress at the end of June for consideration in the 2026 NDAA. Section 1806 of the 2026 NDAA fully codified the OMB legislative proposal, and this rule proposes the changes to 9903.201–1 CAS applicability to implement these changes.

IV. Agency Head Waiver Authority

CAS 9903.201–5 provides that agency heads may waive CAS on their own for contracts valued up to \$15 million without seeking approval from the Board but must notify the Board of the waiver. This proposed rule raises the CAS waiver authority threshold for executive agency heads to \$100 million. This increase implements changes made to 41 U.S.C. 1502(b)(3) by Section 820 of the 2017 National Defense Authorization Act.

V. Application of CAS to Indefinite Delivery Contracts

A. Overview and Conclusion

Indefinite delivery contracts (IDCs) are contracts where work is awarded through the placement of individual task and delivery orders as requirements arise, with a minimum guaranteed order value and a ceiling amount reflecting the maximum total value of orders that can be placed under the contract. They include the Federal Supply Schedules Program and government-wide acquisition contracts (GWACs), though obligations under the Schedules and GWACs are tracked separately from other task and delivery order contracts in FPDS.

Analysis of FPDS data shows the use of IDCs has continued to increase in both size and as a percentage of overall contract obligations. There have also been increases in the use of other indefinite delivery vehicles (IDVs), including blanket purchase agreements and basic ordering agreements. In FY 2024 obligations for orders against IDCs and other IDVs reached \$467 billion which represented 60 percent of the total contract obligations. IDCs are the predominant form of IDVs used for ordering and represented 75 percent (\$352 billion) of the \$467 billion in

obligations for orders against IDVs in FY 2024. Although there is a statutory preference to award IDCs to multiple contractors, they may also be awarded to a single contractor. The prevalence of obligations on orders against IDCs awarded to a single contractor has also increased reaching \$262 billion in FY 2024, which represented over one-third of all contract obligations.

In formulating their recommendation, the 809-Panel appeared to focus exclusively on multiple award IDCs and noted some of the inherent challenges in determining CAS applicability at the IDC contract level. As the 809-Panel noted, for multiple award IDCs, the information needed to determine whether CAS applies—such as whether the order is competed and whether certified cost or pricing data is needed—is generally not available until the time a task or order is placed. In addition, the ceiling value for any individual holder of a multiple award IDC is highly speculative. The 809-Panel postulated that

“The FPDS data for IDVs have limited value; although data are collected at the IDV level, the important events occur at the order level. Examining IDVs by dollars is meaningless because the amounts bear no relationship to the value of orders actually placed under IDVs”.

The Board agrees with the 809-Panel assessment and recommendation in regards to multiple award IDCs, and is proposing to amend its rules to make clear that application of CAS applicability including all exemptions should be determined at the task or order level. CAS would apply only to those individual task or delivery orders whose values met the monetary threshold for CAS coverage and did not qualify for another CAS exemption.

However, the Board believes that the ceiling value is a more appropriate indicator of CAS applicability for single award IDCs than order value because it bears a significant relationship to the value of orders actually placed under the IDC.

The Board analyzed single award IDCs awarded in FY 2020 to compare the value of orders placed over the life or a substantial portion of the life of those IDCs against their ceiling value (base and all options). There were 369 new awards of IDCs to a single entity that included the CAS clause. Of these contracts, over 90 percent received orders above the statutory threshold for CAS of \$2 million during the period, and over 75 percent received orders above the current \$7.5 million trigger contracts. In addition, most of these IDCs received orders approaching their ceiling with nearly 65 percent reaching

at least 90 percent of the original ceiling value. Because the government has an ongoing relationship with a single vendor for work performed within the scope of the IDC, the ceiling amount is an easy and clear way to determine if the threshold amount has been met. The Board noted that for IDCs valued at \$35 million or more (the amount proposed by OMB for increase to the statutory threshold) 75 percent received orders of greater than \$35 million.

The Board has also concluded that, unlike multiple award IDCs, the information required to determine CAS exemptions and consistently apply CAS to single award IDCs are available at the time of award of the IDC. For these reasons, the Board is proposing to add coverage on the application of CAS exemptions to IDCs to 9903.201–1 CAS applicability by adding the new paragraph 9903.201(c). The proposed rule is consistent with the criteria the Board identified for evaluating alternatives: it helps each contract party manage risk; it is expected to reduce regulatory burden and promote competition by minimizing complexity and providing guidance that is clear and straightforward. Having a clear and predictable rule will promote consistency in the application of CAS.

B. Summary of Public Comments to SDP

The Board received ten sets of comments from the public in response to the SDP. These comments came from companies, industry and professional associations, and individuals.

All commentors agreed with the need for the Board to provide clarity on applying CAS exemptions to IDCs. Nine of the comments supported the 809-Panel recommendation to determine applicability of CAS for all IDCs order by order, while one supported use of the minimum guaranteed amount for the IDC. None of the comments expressed concern about the criteria set by the Board for evaluating alternatives.

Comment: Commentors largely favored determining applicability based on the size of the order because they generally agreed with the 809-Panel conclusion that the maximum contract value bears little to no relationship to the cumulative value of orders.

Response: The Board's analysis of FPDS data shows that the ceiling value does bear a significant relationship to the value of orders actually placed under single award IDCs. The Board believes the proposed changes to raise the regulatory thresholds mitigates the minimal risk of a single award IDC being subject to full CAS coverage based on the maximum contract value and not receiving orders of a comparable value.

The Board also noted that despite the statutory preference for multiple award IDCs, reliance on single award IDCs has continued to grow. Single award IDCs increase the potential for vendor lock, reducing competition and creating cost risk to the government.

Comment: One commentor believes that the Board should make clear that any new rule on applying CAS exemptions to IDVs should be considered a required change in the implementation of the new regulations for CAS Administration purposes.

Response: The Board does not concur. The proposed rule does not change any standards. It only provides needed clarity on applying the CAS exemptions in 9903.201–1 to IDVs. This clarification does not require a contractor to change their cost accounting practices (9903.302) as the comment would suggest.

VI. Expected Impact of the Proposed Rule

The proposed rule is expected to be deregulatory, reduce compliance cost and simplify CAS administration for existing contractors, and to reduce barriers to entry for nontraditional contractors, including new mid-size entities who no longer qualify for a full exemption from CAS as small businesses.

The proposed rule increases the basic CAS applicability threshold to \$35 million to implement codification of OMB's legislative proposal discussed in Section III above. The decoupling of CAS from TIN, elimination of the trigger contract concept and establishment of a \$35 million basic CAS applicability threshold simplifies the application of CAS while dramatically lowering barrier to entry for higher contract values. Higher contract values will attract additional private investment into the federal contracting marketplace and increase competition as a result of the increase point of entry without the need to establish more sophisticated compliance regimes required to comply with CAS requirements.

The proposed rule also would increase the thresholds for full CAS coverage and disclosure statement requirements from \$50 million to \$100 million. This action would significantly reduce compliance burden and lower barriers to entry into the federal marketplace. The Board analyzed FPDS data for the five-year period covering FYs 2020 through 2024 and estimates there have been 773 entities subject to full coverage and disclosure statement requirements with aggregate total contract values during the period of \$1.22 trillion. Applying the proposed

threshold increase of \$100 million to the data set would reduce the number of entities to 564 while maintaining \$1.21 trillion of the dollars. This represents a nearly 30 percent reduction in entities that would subject to all 19 of the current standards with a less than one percent loss of dollar coverage. The higher threshold for full coverage will also reduce barriers to entry for non-traditional contractors including contractors that have outgrown their small business size status and no longer qualify for a full exemption from CAS as small businesses as they may be more willing to compete for larger contracts only subject to modified coverage.

The proposed clarifications on when CAS applies to IDCs will avoid unnecessary ambiguity, friction and contract disputes. These changes will also lower barriers to entry into the federal marketplace as potential offerors will have clarity on whether or not they will be subject to CAS and, if covered, whether full or modified.

The changes addressed by this NPRM, both individually and in conjunction with the Board's ongoing broader CAS-GAAP conformance efforts are expected to simplify CAS administration and reduce barriers to entry for non-traditional contractors including new mid-size entities who no longer qualify as small businesses. These actions should increase competition in federal contracting, as envisioned by the Senate Armed Services Committee in promoting CAS-GAAP conformance (S. Rept. 114–25 Section 811), "The committee is concerned that the current cost accounting standards favor incumbent defense contractors and limit competition by serving as a barrier to participation by non-traditional, small business, and commercial contractors. To level the competitive playing field to access new sources of innovation it is in the government's interest to adopt more commercial ways of contracting, accounting, and oversight."

The Board is interested in comments on the expected impact of this rule, including any quantified estimates on the cost reductions and savings expected to be achieved by the proposed changes.

VII. Regulatory Flexibility Act

CAS Board rules do not impact small entities within the meaning of the Regulatory Flexibility Act 5 U.S.C. 601–612. Contracts and subcontracts with small business concerns are exempted from all CAS requirements.

VIII. Executive Orders 12866, 13563 and 14192

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule is not a significant regulatory action under E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is anticipated to be deregulatory action under E.O. 14192 based on the discussion in the “Expected Impact of the Rule” section.

IX. Paperwork Reduction Act

The Paperwork Reduction Act, Public Law 96–511, does not apply to this proposed rule, because this rule imposes no paperwork burden on offerors, affected contractors and subcontractors, or members of the public which requires the approval of OMB under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Part 9903

Cost accounting standards, Government procurement.

Kevin R. Rhodes,

Administrator, Office of Federal Procurement Policy, and Chair Cost Accounting Standards Board.

For the reasons set forth in the preamble, the Office of Federal Procurement Policy proposes to amend chapter 99 of title 48 of the Code of Federal Regulations as set forth below:

PART 9903—CONTRACT COVERAGE

■ 1. The authority citation for part 9903 continues to read as follows:

Authority: Pub. L. 111–350, 124 Stat. 3677, 41 U.S.C. 1502.

§ 9903.201 [Amended]

■ 2. Section 9903.201–1 is amended to add a new paragraph (c) and a revised paragraph (b) to read as follows:

9903.201–1 CAS applicability

* * * * *

(b) The following categories of contracts and subcontracts are exempt from all CAS requirements:

- (1) Sealed bid contracts.
- (2) Negotiated contracts and subcontracts not in excess of \$35 million. For purposes of this paragraph

(b)(2), an order issued by one segment to another segment shall be treated as a subcontract.

(3) Contracts and subcontracts with small businesses.

(4) Contracts and subcontracts with foreign governments or their agents or instrumentalities or, insofar as the requirements of CAS other than 9904.401 and 9904.402 are concerned, any contract or subcontract awarded to a foreign concern.

(5) Contracts and subcontracts in which the price is set by law or regulation.

(6) Contracts and subcontracts authorized in 48 CFR 12.207 for the acquisition of commercial items.

(7) Subcontractors under the NATO PHM Ship program to be performed outside the United States by a foreign concern.

(8) Firm-fixed-price contracts or subcontracts awarded on the basis of adequate price competition without submission of certified cost or pricing data.

(c) Application of paragraph (b) exemptions to indefinite delivery contracts shall be determined as follows:

(1) *Multiple award indefinite delivery contracts.* The exemptions listed in paragraph (b) shall be determined at the time of award of any individual task or delivery order, and shall use the base and all option value of the individual task or deliver order to determine if the monetary threshold in (b)(2) has been met.

(2) *Single award indefinite delivery contracts.* The exemptions listed in paragraph (b) shall be determined at the time of award of the indefinite delivery contract, and shall use the base and all option value of the indefinite delivery contract to determine if the monetary threshold in (b)(2) has been met.

§ 9903.201 [Amended]

■ 3. Section 9903.201–2 is amended by removing “\$50 million”, wherever it appears, and add, in its place, the text “\$100 million”.

■ 4. Section 9903.201–3 is amended by removing “\$50 million”, wherever it appears, and add, in its place, the text “\$100 million”.

■ 5. Section 9903.201–4 is amended by removing “\$50 million”, wherever it appears, and add, in its place, the text “\$100 million”.

§ 9903.201 [Amended]

■ 6. Section 9903.201–5 is amended in paragraph (a) is by removing “\$15 million”, and add, in its place, the text “\$100 million”.

§ 9903.202 [Amended]

■ 7. Section 9903.202–1 is amended by removing “\$50 million”, wherever it appears, and add, in its place, the text “\$100 million”.

■ 8. Section 9903.202–1 is amended by removing (c)(i) and (c)(ii) and editing paragraph (c) to read as follows.

§ 9903.202–1 General requirement.

* * * * *

(c) When a Disclosure Statement is required, a separate Disclosure Statement must be submitted for each segment that has costs included in the total price of any CAS-covered contract or subcontract unless it meets one of the exemptions in 9903.201–1(b).

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OFFICE OF MANAGEMENT AND BUDGET

Office of Federal Procurement Policy

48 CFR Parts 9903 and 9904

RIN 0348–AB91

Conformance of Cost Accounting Standards to Generally Accepted Accounting Principles for CAS 407 Use of Standard Costs for Direct Material and Direct Labor

AGENCY: Cost Accounting Standards Board, Office of Federal Procurement Policy, Office of Management and Budget.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Office of Federal Procurement Policy (OFPP), Cost Accounting Standards Board (the Board), is releasing this notice of proposed rulemaking (NPRM) to elicit public comments on proposed changes to the Cost Accounting Standards (CAS) to conform CAS 407 to Generally Accepted Accounting Principles (GAAP). The Board is performing the work under case number, CASB 2025–02.

DATES: Comments must be in writing and must be received by April 20, 2026.

ADDRESSES: Submit comments to the *Federal eRulemaking Portal*: <https://www.regulations.gov>, by searching for “CASB 2025–02”. Select the link “Comment Now” that corresponds with “CASB 2025–02”. Follow the instructions provided on the “Comment Now” screen. Please include your name, company name (if any), and “CASB 2025–02” on your attached document. If your comment cannot be submitted using <https://www.regulations.gov>, call