

Steps to Calculate the Market Threshold Price

1. Determine the Market Benchmark Value:

- Choose the lesser of the two:
- (1) The minimum observed commercial price for identical items, excluding outliers more than two standard deviations from the catalog average price; or
- (2) The existing Model C Market Baseline which is the average of the MAS TDR median price, the catalog median price, and the average of the catalog minimum price and the commercial catalog minimum price.

2. Adjust for Inflation:

- This baseline is multiplied by a one-year [CPI-U inflation](#) adjustment.

3. Calculate Inflation:

- Calculate CPI-U adjustment factor: Current CPI-U / the sum of the previous 18 months' indexes CPI-U
- If there is a missing month, the month's index value will be the average of the adjacent two months indices.

4. Calculate Inflation-Adjusted Market Benchmark Price:

- Market Benchmark Value multiplied by CPI-U Adjustment Factor

5. Determine the Price-Proportional Premium

- The premium is calculated using a linear formula based on the Inflation-Adjusted Market Benchmark's distance between the thresholds.

6. Calculate the Base Model Threshold

- The price proportional premium percentage (Column B) is applied to the Inflation-Adjusted Market Benchmark (Column A) to determine the Unadjusted Market Threshold Price (Column C)

Inflation-Adjusted Market Threshold	Price Proportional Premium	Unadjusted Market Threshold
\$1	125%	\$1.25

\$5	Tightens proportionally from 125% at \$0 to 115% at \$50	\$6.20
\$25		\$30.00
\$50	115%	\$57.50
\$75	Tightens proportionally from 115% at \$50 to 110% at \$1,000	\$86.15
\$100		\$114.74
\$300		\$341.06
\$500		\$563.16
\$750		\$834.87
\$1,000	110%	\$1,100.00
\$1,500	Tightens proportionally from 110% at \$1,000 to 105% at \$5,000	\$1,640.63
\$3,500		\$3,740.63
\$5,000	105%	\$5,250.00
\$7,500	Flat 105% at >\$5,000	\$7,875.00

7. Calculate the Estimated Annual Sales

- Multiply the MAS TDR Median Price (or the Transaction Median Price if MAS TDR is not available) by the annual demand quantity.
- Annual Demand Quantity: The sum of order quantities from GSA Advantage transactions, FedMall transactions, DLA NSN procurement history, and TDR data, calculated on a rolling-year frequency.

8. Determine the Standard Deviation

- Under \$100K: Uses the Base Model Threshold
- \$100K to \$999,999.99: Uses the lesser of either the Base Model Threshold or the Government Catalog Average Price plus 1 Standard Deviation.

- \$1M or more: Uses the lesser of either the Base Model Threshold or the Government Catalog Average Price plus 0.5 Standard Deviations.

9. Determine Demand Adjusted Threshold Price

- Add the catalog average price and the demand safeguard based on the above thresholds.

10. Determine the Market Threshold Price

- The lesser between the base model threshold and the demand adjusted threshold is the market threshold.