

## TEMPLATE Comments to Proposed Guidance for Grants and Agreements

**NOTE:** Submitting public comments to federal rulemaking can be as easy as typing your thoughts into the comments box. Here are a few tips for [Taking the Mystery Out of Filing Comments on Proposed Rules](#).

Beginning on the next page are more detailed comments in template form that you are free to copy, modify, and submit either directly into the comment box or as an attachment.

**Short Message:** You are encouraged to provide a more detailed response, but here is a quick version if time does not permit it.

[ORGANIZATION NAME] welcomes this opportunity to provide comments on the proposed revisions to the Federal Guidance for Grants and Agreements, OMB-2023-0017-0001.

[Optional: Insert a brief description of your organization's mission and experience with government grants or reasons for not seeking them.]

We support the proposals and urge their prompt implementation. These modifications will alleviate the burdens imposed on nonprofit organizations by reducing the complexities associated with applying for and managing federal grants. By implementing these changes, the federal government will empower nonprofits to allocate more of their resources and efforts toward fulfilling their core missions and serving their communities directly.

**More Detailed Message:** Please go to the next pages.

## TEMPLATE Comments to Proposed Guidance for Grants and Agreements

Lesley Field, Deputy Administrator  
Andrew Reisig  
Steven Mackey  
Office of Federal Financial Management  
Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

RE: Proposed Revisions to the Federal Guidance for Grants and Agreements  
**OMB-2023-0017-0001**

[ORGANIZATION NAME] welcomes this opportunity to provide comments on the proposed revisions to the Federal Guidance for Grants and Agreements, OMB-2023-0017-0001.  
[Optional: brief description of organization's mission and experience with government grants or reasons for not seeking them.]

In general, we support the proposals and urge their prompt implementation. These modifications will alleviate the burdens imposed on nonprofit organizations by reducing the complexities associated with applying for and managing federal grants. By implementing these changes, the federal government will empower nonprofits to allocate more of their resources and efforts toward fulfilling their core missions and serving their communities directly.

Specifically, our organization supports the following proposed changes to the Uniform Guidance and encourages the Office of Management and Budget to incorporate them in a final rule:

### **Advancing Equity and Overcoming Barriers**

From the explanatory materials accompanying the proposed revisions to the Uniform Guidance, it is clear that OMB recognizes that “unnecessary complexity means that often the recipients most in need of federal financial assistance cannot access it, including those who may be most well suited to serve the populations many federal programs are designed to serve.” We can attest to the validity of OMB’s conclusion that “Non-specialists face difficulties in navigating complex compliance requirements and overcoming high barriers to entry.” The following provisions are some of the ones in the proposed rule directly connected to removing complexity and overcoming barriers:

- [200.202] The proposed revisions seek to encourage agencies to urge recipients to **engage members of the community** that will benefit from or be impacted by a federal

financial assistance program. We feel this will lead to better targeting of grants to the needs of the communities that nonprofits will serve pursuant to government grants.

- [202.204; Appendix I] Proposed reforms to simplify and clarify **Notices of Funding Opportunities** are designed, according to the explanatory materials, “in consideration of applicants with less experience applying for federal financial assistance, such as applicants from underserved communities.”
- [200.205] The proposed changes would clarify that a federal agency should **consider diversity when developing policies** and procedures for merit review panels. OMB also proposes to encourage federal agencies to develop programs in **consultation with the communities** that will benefit from or be impacted by a program. This outreach will strengthen communities and overcome barriers.
- [200.111] The exclusive use of **English language** in notices, applications, and reporting would not be required. As a result, many more groups will be able to seek and perform grants for essential services.
- [200.432] The proposal to allow for **dependent-care costs** associated with participants’ attending or partaking in program-related conferences is particularly well designed to enable more employees of lesser means to participate in educational programming that will benefit their performance.

## Restoring and Clarifying Protections for Charitable Nonprofits

[200.414] The proposed revisions to the Federal Guidance for Grants and Agreements would make significant reforms to the treatment of indirect costs that, if implemented as currently proposed, can strengthen nonprofit performance and expand access to federal and pass-through grants. The proposed reforms correct past problems in four significant ways, each of which we endorse:

1. **15% de minimis rate:** OMB proposes to raise the guaranteed *de minimis* rate for indirect costs from 10% to 15% of modified total direct costs. OMB states, “This change would allow for a more reasonable and realistic recovery of indirect costs, particularly for new or inexperienced organizations that may not have the capacity to undergo a formal rate negotiation, but still deserve to be fully compensated for their overhead costs.” We agree.
2. **No Pressure Allowed:** The proposed guidance would also clarify that federal agencies may not compel recipients and subrecipients to use an indirect rate lower than the proposed 15% rate, unless required by statute. Organizations can choose not to utilize the 15% minimum, but they can’t be forced to. This proposal is reasonable and would disrupt unfair practices that have been tolerated for too long.

3. **Notice of Indirect Cost Disputes:** OMB proposes to clarify that recipients and subrecipients can notify OMB of any disputes with regards to a federal agency's application or acceptance of a federally negotiated indirect cost rates. This means nonprofits can turn to OMB for help when agencies are not following the law. Nonprofits have sought this appeals process since the Uniform Guidance was first implemented and are delighted to see it as a proposed protection.
4. **Stronger Mandate on Following Indirect Cost Rates:** OMB also proposes to revise the guidance to clarify that pass-through entities must accept all federally negotiated indirect cost rates for subrecipients. This would mean that nonprofits with negotiated rates with one agency would have to be paid that same rate by other agencies. This is how many felt the law was supposed to work in the past, only to find that some agencies imposed unreasonable restrictions and conditions that denied nonprofits and others this basic protection.

### Clarifying Notices of Funding Opportunities

[202.204; Appendix I] OMB is proposing a complete revision to the template text for a Notice of Funding Opportunity (NOFO) located in Appendix I of the Uniform Guidance in part 200. In the introductory comments to the proposed changes, OMB explains its intent to reduce administrative burden and unnecessary obstacles for applying to federal financial assistance. These reforms are needed and welcomed by the nonprofit community. As revised, we believe future NOFOs will provide basic information at the top of a grant announcement so that applicants can more easily make decisions about whether or not to apply. We also appreciate that NOFOs would have to include an Executive Summary and use plain language (as opposed to jargon) that communicates program requirements specifically and clearly, as well as limit the length of program announcements.

### Additional Positive Reforms

- [200.301(b)] Performance Measurement. OMB proposes to revise the reporting of program performance by requiring federal agencies to eliminate reports **that are not necessary for the effective monitoring of the grant**. Specifically, the proposed language states, "The Federal agency should not require additional information that is not necessary for measuring program performance." This is a most welcome approach.
- [200.501] The proposal to raise the **Single Audit Threshold** from \$750,000 to \$1 million is reasonable and cost effective. It furthers the goal of broadening participation by previously excluded groups.

In addition to the foregoing, [ORGANIZATION NAME] urges OMB to make the following improvements to the Uniform Guidance:

## **1. Promote Up-Front Payments**

The practice of issuing only reimbursable grants is a major impediment to many nonprofit organizations who would otherwise qualify for funding opportunities and provide quality services in their communities. We join in the call of nonprofits throughout the country in urging OMB to mandate lump-sum advance payments or partially pre-paid grants in many circumstances. This approach would make grants more accessible, and improve planning for nonprofits, enabling them to staff up and provide ongoing training to ensure both performance and accountability.

## **2. Make Adjustments for Government Labor Standards Mandates**

We join in the call by several national nonprofit organizations for OMB to create a mechanism that ensures that grants should be adjusted automatically to cover the increased costs of complying with revised rules governing overtime pay and similar labor standards. See [Nonprofit Joint Comments](#), submitted November 2, 2023.

When the federal government changes overtime rules, for-profit businesses with government contracts automatically receive the opportunity to reopen their written agreements to seek additional reimbursements to cover the resulting increased costs. Charitable nonprofits do not. This disparity means nonprofits must incur unplanned and non-reimbursable additional costs, forcing them to decide between eliminating jobs or services to the public.

We ask that the government treat nonprofits fairly and believe the solutions proposed in the Nonprofit Joint Comments are in the best interests of governments, charitable nonprofits, and, most importantly, the people we collectively serve.

## **3. Prohibit or Discourage Match Requirements**

Often, grant provisions requiring applicants to secure matching funds serve as an unsurmountable barrier for charitable nonprofits, particularly smaller organizations, from accessing funding to provide essential services in communities. Further, matching-fund requirements essentially force the applicants to subsidize governmental operations. We urge OMB to include language in the reformed Uniform Guidance requiring federal agencies to eliminate match requirements in all instances except those expressly mandated by statutes.

## **4. Streamlining the Grants Process for Organizations Receiving Earmarks from Congress**

Charitable organizations receiving designated funding from Congress, called Congressionally Directed Spending in the Senate and Community Project Funding in the House, are often surprised to learn that they must go through the full federal grants process, including risk assessments, paperwork, and reporting regimes. In too many cases, grants authorized by

Congress in FY 2021 and 2022 have not resulted in payments. We urge OMB to streamline the grantmaking process for nonprofits that receive earmarks to remove unnecessary burdens while also ensuring financial and management integrity.

Respectfully submitted,

[ORGANIZATION NAME]