



Uniform Guidance Revisions: One Year Later and Under New Management

By Gil Tran

The “Extreme Makeover: 2 CFR Edition” was finalized and revealed on April 22, 2024 (with an update on October 1, 2024). The extreme makeover included revisions to all parts of the 2 CFR Part 200 Uniform Guidance (UG) that include the six subparts (A through F) and twelve appendices (I through XII). OMB revised 69 out of 191 sections, equaling 36 percent of the document (see Figure 1). The effective or “move-in” date was October 1, 2024, meaning that the revisions are now effective for all federal grants awarded after that date.

This article is a one-year look-back on five major changes and their implementation at universities. For these areas, I will summarize the changes, the benefits, the required actions and the challenges of implementation. As a bonus, I will look into the “Tran crystal ball” and predict some future possible revisions of the Uniform Guidance as I listen to the noises, observe the landscapes, and feel the political winds that swirl around the grant policies.

The Major Changes and Their Impact

Among the multitude of changes in all the areas of the Uniform Guidance, and based on the questions I received from grantees, I believe that these five areas are most impactful:

1. The Subaward threshold change – 200.1
2. The Subrecipient monitoring requirement – 200.332, 200.415 (b)
3. The Equipment and Supply threshold change – 200.1, 200.313
4. The Unused Supplies revision – 200.314
5. The Administrative salaries, direct charge modification – 200.413 (c)

Let’s get into each one of these changes.

The Subaward Threshold Change – 200.1

The change is described in the Definition section of the UG for the “Modified Total Direct Costs” where the previous threshold for the subaward is increased from \$25,000 to a maximum of \$50,000. This change allows you (the grantee) to recover more indirect costs that reflect the administrative resources consumed for administering subawards.

Some considerations for your implementation:

- The threshold of \$50,000 is a maximum (or ceiling) and is not a *requirement* so you can decide whether or when your institution wants to go for the higher threshold.
- The higher threshold is only effective when a proper rate agreement is renewed. If you have a predetermined rate through fiscal year 2028, the increase in threshold can only occur for fiscal year 2029. If you are unsure of the current threshold, check the definition of modified total direct costs on your rate agreement.
- If you elect to go with the higher threshold, as reflected in your rate agreement, you will need budget changes and system changes for proper charging of indirect costs at the \$50,000 level.

The Subrecipient Monitoring Requirement – 200.332, 200.415 (b)

From the federal government’s perspective, the subrecipient monitoring responsibility for the grantee has always been an area of importance since the creation of the Uniform Guidance in 2013. The reason is simple—the federal agencies do not have a relation with the subrecipients and rely totally on you to manage/monitor the subrecipients. It was reinforced by the Federal Funding Accountability and Transparency Act (FFATA) in 2006 that requires all kinds of reporting on subawards in SAM.gov. This

Figure 1. Summary Count of Revisions by Subpart

	TITLE	NUMBER OF SECTIONS	NUMBER OF SECTION WITH CHANGES	PERCENTAGE OF CHANGES
Subpart A	Acronyms and Definitions	2 (200.0-200.1)	2	100%
Subpart B	General Provisions	14 (200.100-200.113)	4	29%
Subpart C	Pre-Federal Award Requirements and Content of Federal Awards	17 (200.200-200.216)	8	47%
Subpart D	Post Federal Award Requirements	47 (200.300-200.346)	25	53%
Subpart E	Cost Principles	77 (200.400-200.476)	18	23%
Subpart F	Audit Requirements	22 (200.500-200.521)	6	27%
Appendix	Various	12	6	50%
Total		191	69	36%

revision continues to focus on subrecipient monitoring by adding stronger language that includes ensuring the subrecipient is not suspended/debarred or otherwise excluded from receiving federal funds, has completed the “goals and objectives of the subaward,” and requiring notification to funding agency of imposition of additional Terms and Conditions (T&C) on subrecipients. Another addition to section 200.415 (b) now requires the subrecipient (inclusive of all tiers) to submit a certification of compliance to you as the pass-through entity (similar to your certification to the federal government) whenever applying for funds, requesting payment, and submitting financial reports.

The good news here is that many grantees have systems already in place to efficiently monitor and report on subrecipients spending and performance as the results of the 2013 UG provisions, the implementation of FFATA and the many single audits performed in this area. Thus now, you only need to update the current monitoring systems and continue your vigilance for compliance in this area.

The Equipment and Supply Threshold Change – 200.1, 200.313

Equipment and supply threshold level is another change for you to decide on the proper level at your institution. The new threshold is \$10,000. Again, this is not a requirement, and similar to the subaward threshold change, it can only be implemented with a new rate agreement. The change is impactful because as it can drastically reduce the number of equipment items that are required to be inventoried and properly disposed under section 200.313 (d) and (e) thus possibly reducing significant administrative burden. It also increases the amount of indirect costs recovered on the project since more items are now treated as supplies. Based on my conversations with grantees, many have elected not to go (or are delaying implementation) with the higher equipment thresholds because they want to be consistent with their state or financial statement reporting level for capitalization of equipment. Some feel that its current level of \$5,000 is necessary for adequate control of property.

The Unused Supplies Revision – 200.314

As the revision allows a higher threshold for equipment, the amount for supplies on a project will grow relatively. The amount of unused supplies at the end of the project can also be greater, up to \$10,000 from \$5,000 previously. The rules for unused supplies are simple:

- If the aggregate value of unused supplies is equal or less than \$10,000, then there is *no requirement* to account for it.
- If that amount is more than \$10,000 and the supplies are needed and planned to be used on other federal projects, then you do not need to account for them. That means that there is no reduction of reported expenditure on the project other than a note to list the project(s) that will benefit from the unused supplies.
- If there is no need for unused supplies on federal projects, then you can sell the supplies and keep a portion of the sales. The federal government will receive credit for a portion of the sales as well.

A major change that needs your attention is the definition of “aggregate value” for the unused supplies. The new definition combines all the types of supplies in the total aggregate value, instead of counting just one type of supply. This may result in the total aggregate value being higher than \$10,000 more frequently and thus require some accounting of the unused supplies (as described in the 2nd and 3rd bullets above).

The Administrative Salaries, Direct Charge Modification – 200.413 (c)

By far, the most frequently asked question about the new revisions is the change to the direct charge for administrative salaries on federal projects. Specifically, the revision deletes the requirement for prior approval by the federal sponsor (or have the costs clearly listed on the proposal budget)

for administrative salaries. This removes one of the four conditions (item 3) previously listed in section 200.413 (c) to direct charge administrative salaries to a special project. This change has great potential in reducing the administrative burden and provides greater flexibility for you to charge salaries in *direct support of complex programs*. However, be aware that with that “power,” the responsibility is assigned to you (instead of the agency with its review and approval) to justify and document the direct benefit to the project and confirm the costs are not already recovered under the indirect costs.

Research will benefit if principal investigators spend more time doing research and not research administration. This change provides you the flexibility to accomplish that goal, but be aware of the requirements for documentation and consistency of cost treatment.

Future Revisions to the Uniform Guidance

As we are now comfortably settling in with this extreme makeover version of the Uniform Guidance, there are already signs that OMB is drafting architectural plans for another round of renovations or reconstructions —*as soon as this coming winter*. The reasons for the possible upcoming revisions are:

- OMB states in its final revision on April 22, 2025, four areas for future update considerations such as the requirements for research security and the challenges related to indirect cost negotiations.
- The April 2024 revisions contained references and objectives from five executive orders issued by the Biden administration, which are now rescinded by this Administration (EO 13988, EO 13985, EO 14057, EO 14094, EO 14091).
- The new EO 14332 – Improving oversight of federal grantmaking, August 7, 2025, requires OMB to redesign the grant award approval process, strengthen the termination for convenience clause (section 200.340 (a)), and restrict the recovery of indirect (F&A) costs.

Conclusion

In conclusion, the UG revisions of April 2024 are now effective for all grants starting on October 1, 2024, though some changes depend on the approval of the rate agreement. Your action items are:

- Evaluate the revisions and implement them accordingly.
- Update and document, in writing, all changes since failure to update the policies will certainly result in future audit findings and possible paybacks. For some universities, the Disclosure Statement DS-2 (if applicable) is a good and convenient place to update all current policies and procedures.
- Check the 2025 Compliance Supplement (an annual guide to the auditors of grants) to recognize the focus areas by the federal government. For example, subrecipient monitoring has always been an area of concern in past compliance supplements.

Most of all—the future of research depends on you—the Research Administrators. The nation cannot thank you enough for your dedication and your belief in what you do for research. So, stay active and engaged, stay alert and informed, and stay vigilant on compliance. Be ready for the next waves of UG renovations. ■



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