

EXTREME MAKEOVER  
**Uniform Guidance 2 CFR Edition:  
The Final Reveal**

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UNC Systems

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May 17, 2024

# Agenda

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## Description

2 CFR Background

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Final Revisions

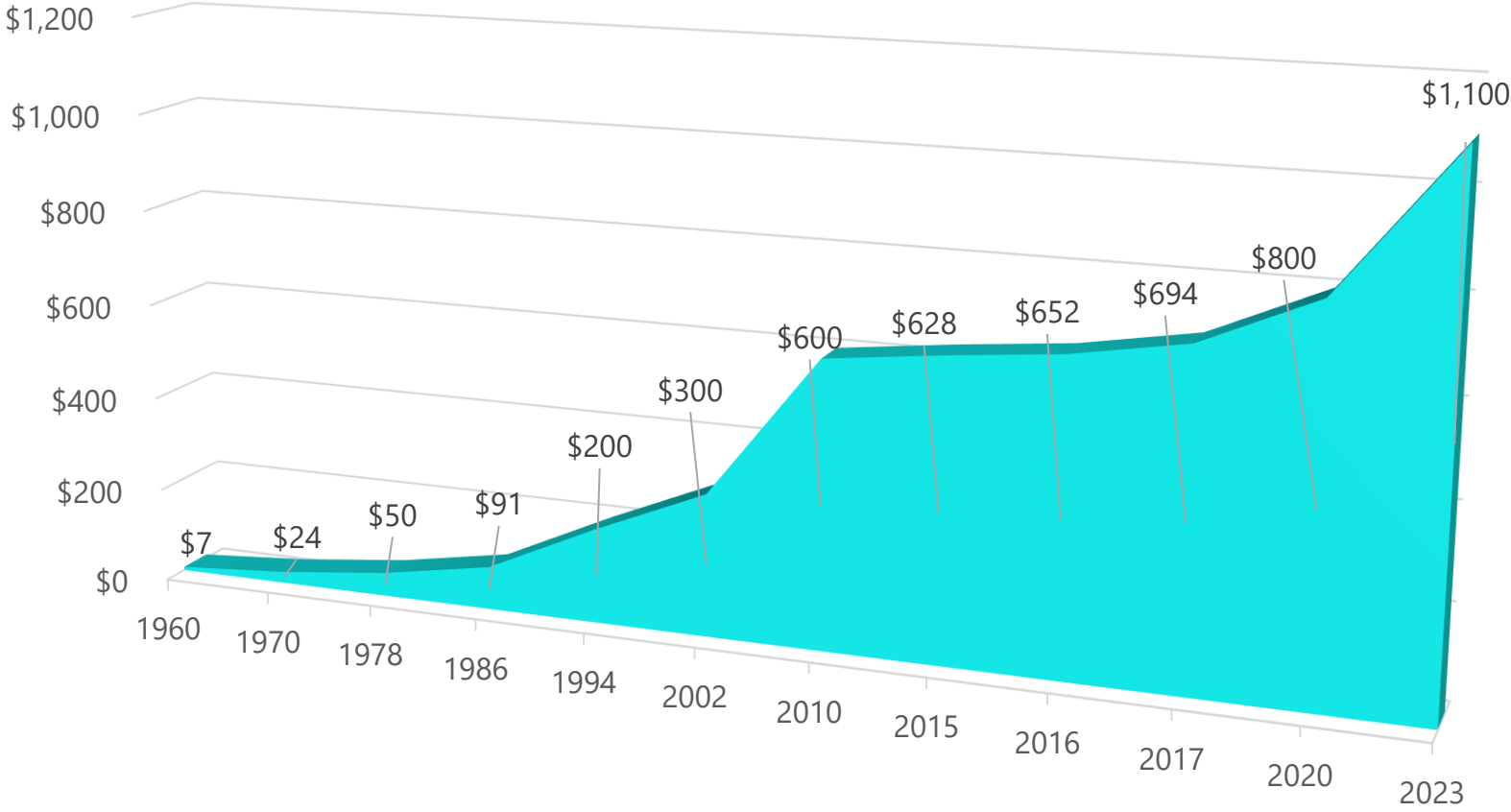
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Timing and Impact to Grantees

Objective: Understand the final changes and plan for implementation

# Grants Landscape

Grant Growth (Dollars in Billions)

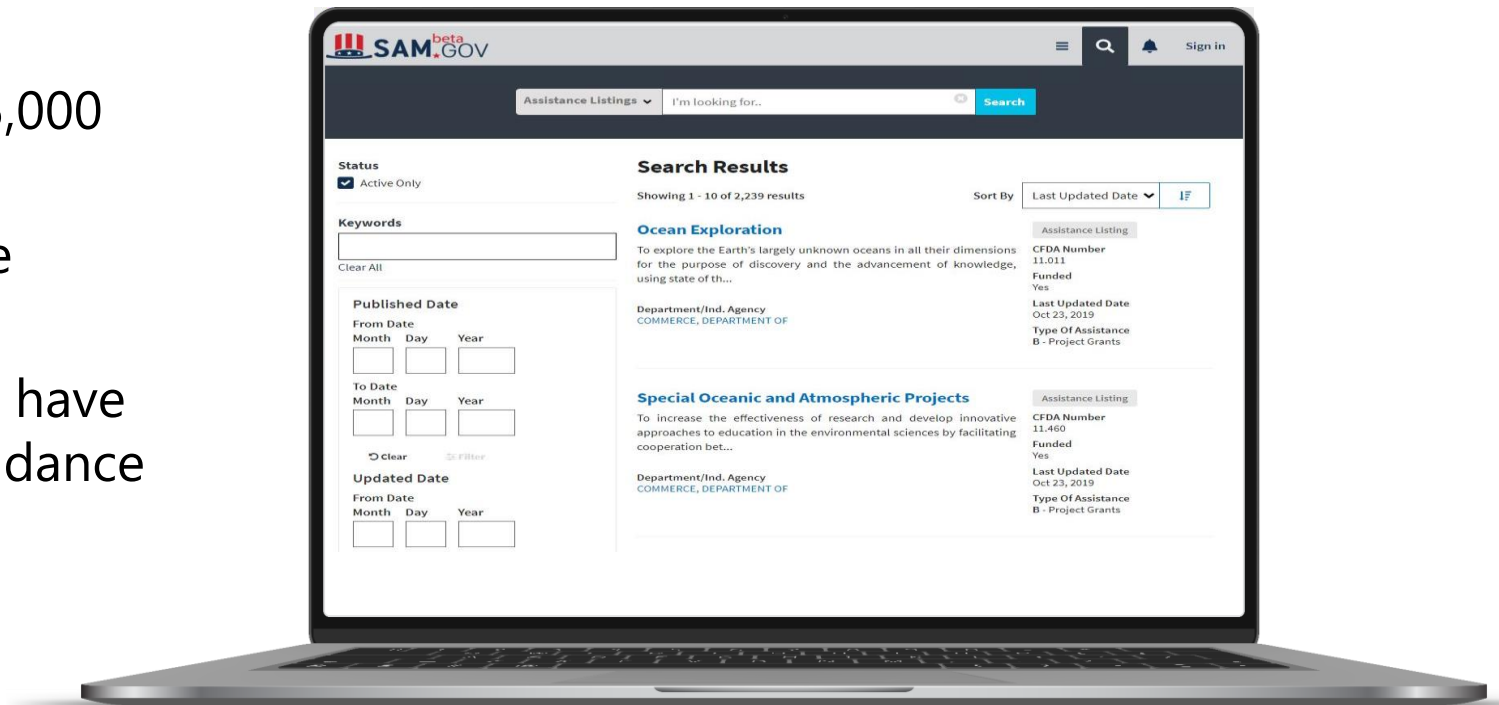


■ Dollars of Grants

# Grants Landscape

## Quick Stats

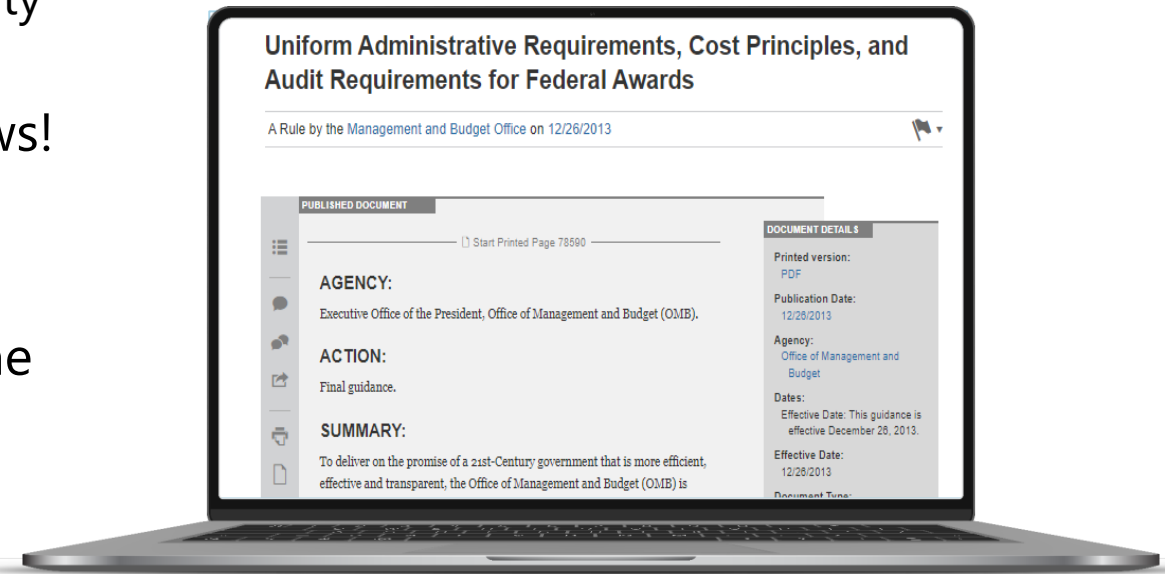
- ▶ Nearly \$1.2 trillion annually, approximately half supports Medicaid funding
- ▶ More than 80,000 recipients—35,000 submit Single Audits
- ▶ Over 1,800 programs and unique authorizing statutes
- ▶ 28 major grant-making agencies have formally adopted OMB grant guidance



# 2 CFR – Uniform Guidance

## What is the OMB Uniform Guidance (UG)?

- ▶ A set of authoritative rules and regulations about Federal grants, located in Title 2 of the Code of Federal Regulations (2 CFR)
  - Several circulars were combined into one uniform document
  - Designed to keep everyone in the grant community on the same page
- ▶ **December 26, 2013:** UG created – 535,000 Views!
- ▶ December 19, 2014: UG adopted by Federal grant-making agencies
- ▶ August 2020: final revisions by statutory deadline
  - 146 FAQs – May 3, 2021



# Extreme Makeover: Uniform Guidance 2 CFR Edition – The Final Reveal

- ▶ Biden-Harris Administration Priorities: CECE – COVID, Economy, Climate, Equity
- ▶ 2 CFR Part 184 – Buy America Preferences for Infrastructure Projects – 08/23/23
  - Applicable to all federal awards and contracts
  - Infrastructure Projects – Broad Definition
  - Some ambiguities, Waiver process
- ▶ 2 CFR Revisions
  - RFI 02/13/23
  - Published in FR on 10/05/23
  - **Final Revisions – 04/22/24**



[2024-07496.pdf \(govinfo.gov\)](#)

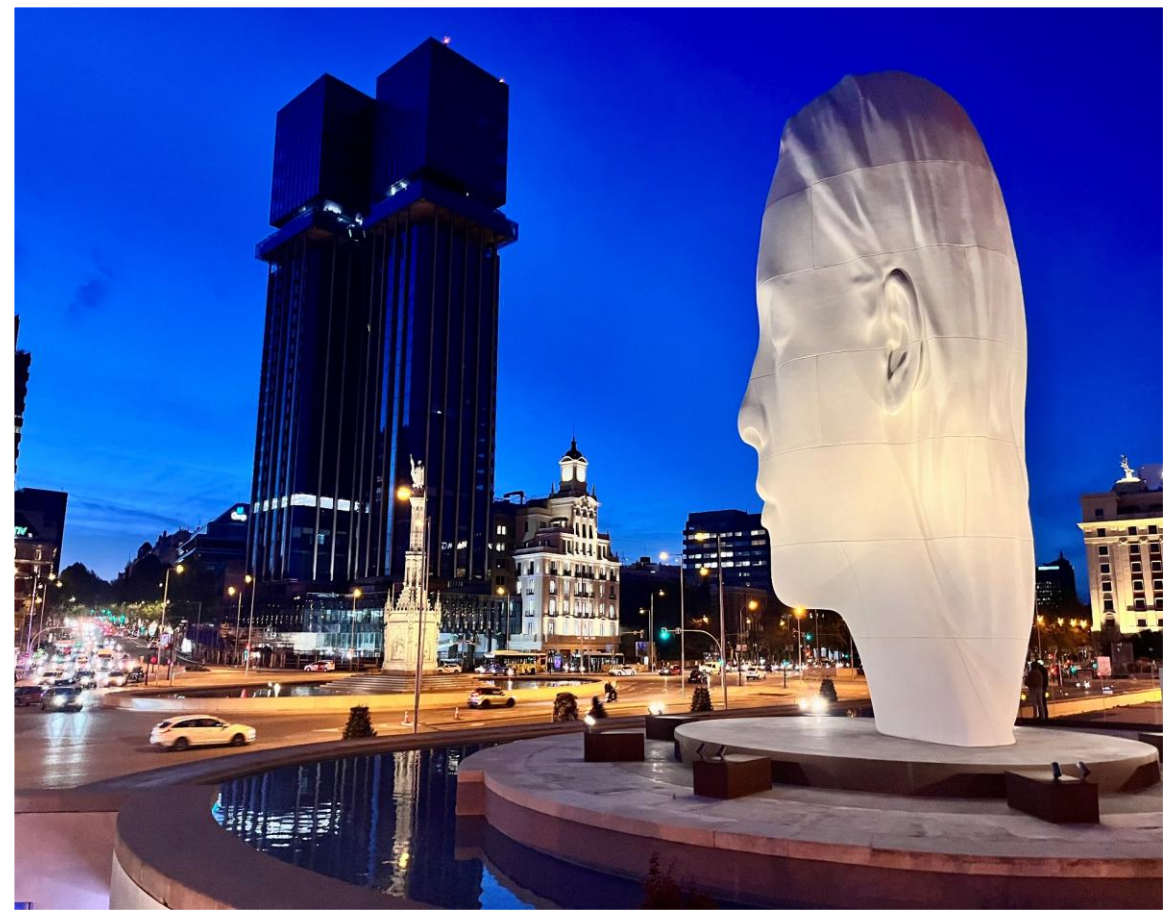
[Microsoft Word - 2 CFR 2024 Redline \(cfo.gov\)](#)





# The Final Reveal: The Old and the New of Spain

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# Title 2 Parts – Revisions

Part 1: About Title 2 of the Code of Federal Regulations and Subtitle A

Part 25: Universal Identifier and System for Award Management

Part 170: Reporting Subaward and Executive Compensation Information

Part 175: Award Term for Trafficking in Persons

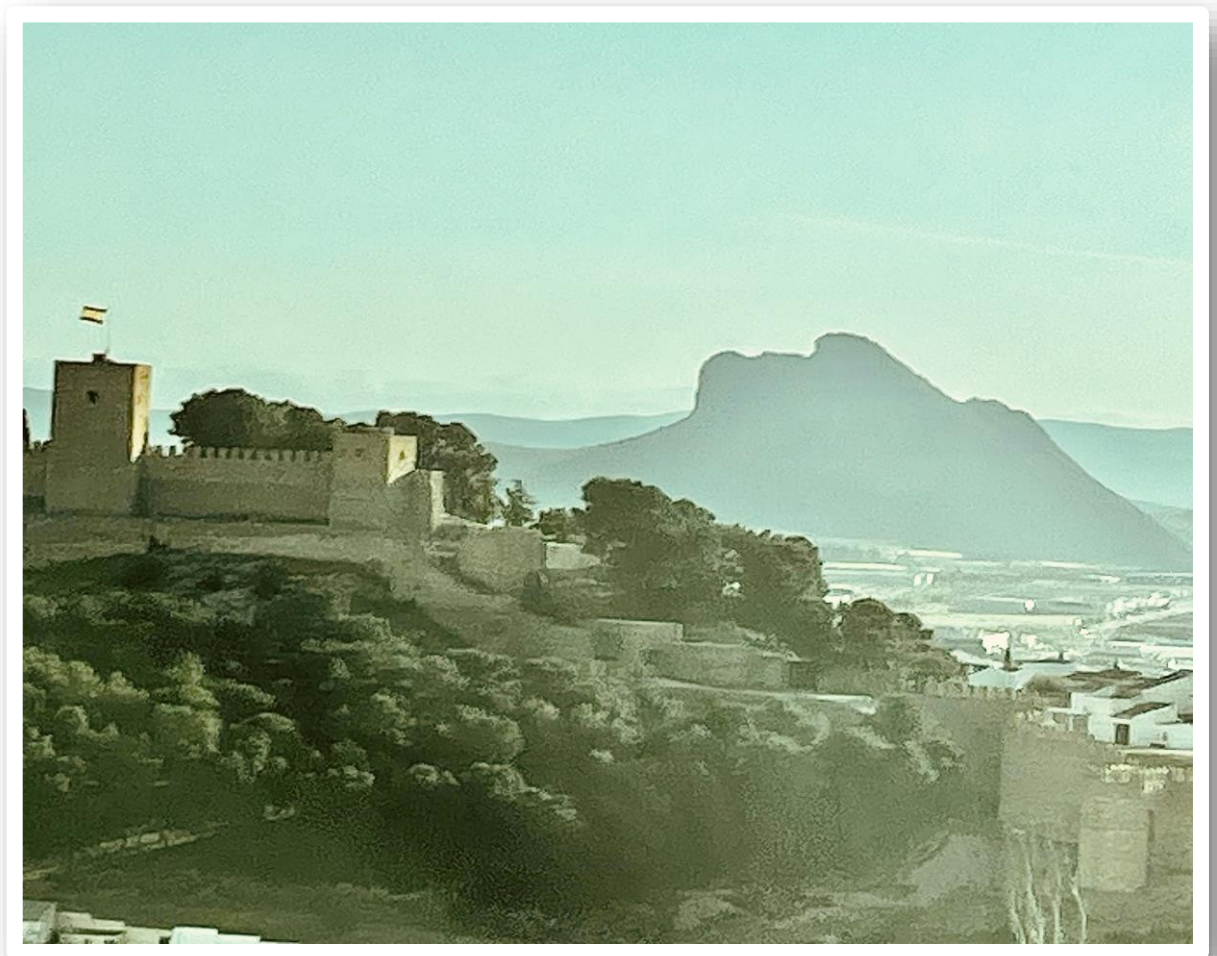
Part 180: Governmentwide Debarment and Suspension (Non-procurement)

Part 182: Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)

Part 183: Never Contract With The Enemy

Part 184: Buy America Preferences for Infrastructure Projects (NEW) – No proposed changes

**Part 200: Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards**





# Part 200 – Basic Layout

- ▶ 6 Subparts A through F
  - Subpart A, 200.XX – Acronyms & Definitions
  - Subpart B, 200.1XX – General – **Federal and Recipients**
  - Subpart C, 200.2XX – Pre- Award – **Federal**
  - Subpart D, 200.3XX – Post Award – **Recipients**
  - Subpart E, 200.4XX – Cost Principles – **Federal and Recipients**
  - Subpart F, 200.5XX – Audit
- ▶ 12 Appendices – I through XII
  - Appendix I – Notice of Funding Opportunities (NOFO)
  - Appendices III through VII address indirect (F&A) costs



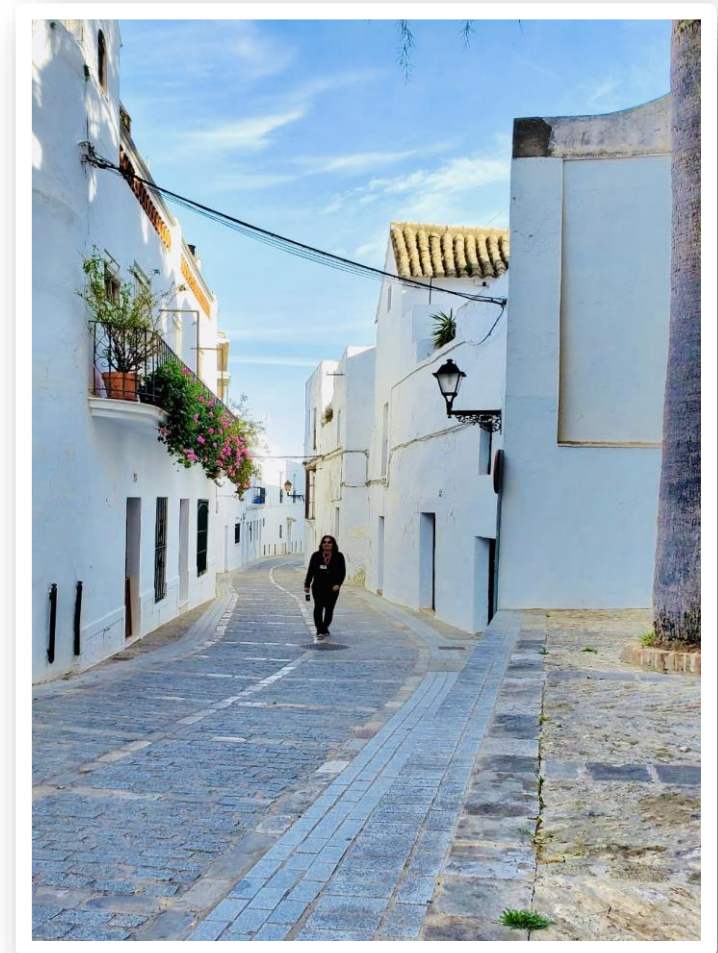
# Part 200 – Proposed Revisions

OMB revised 2 CFR for reasons including:

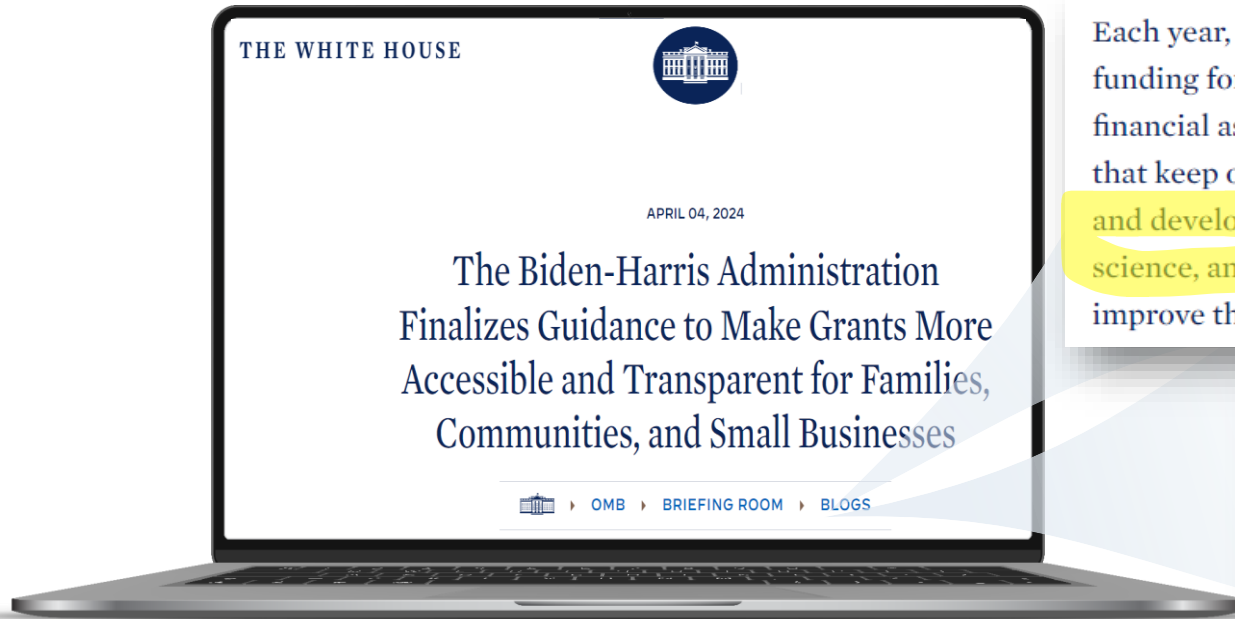
- 1) incorporating statutory requirements and administration priorities;
- 2) reducing agency and recipient burden;
- 3) clarifying sections that recipients or agencies have interpreted in different ways; and
- 4) rewriting applicable sections in plain language, improving flow, and addressing inconsistent use of terms

OMB Reference Document

[Uniform Guidance Reference Guides FINAL 4-2024.pdf \(cfo.gov\)](#)



# The White House Announcement – 04/04/24



Each year, the Federal government provides more than \$1.2 trillion in funding for thousands of programs through grants and other forms of financial assistance. From life-saving health care and after-school programs that keep our children safe, to improved critical infrastructure and **research and development that helps our industries remain world leaders in health, science, and technology**, the Federal government's investments directly improve the daily lives of every American.

These updates to what is known as the Uniform Grants Guidance will **streamline and clarify requirements for Federal funding**. This will mean that recipients can invest in mission outcomes rather than in administrative overhead, while ensuring Federal agencies can effectively safeguard taxpayer resources. **These changes will allow agencies and recipients of Federal funds to focus more time and money on delivering meaningful results for the American people.**

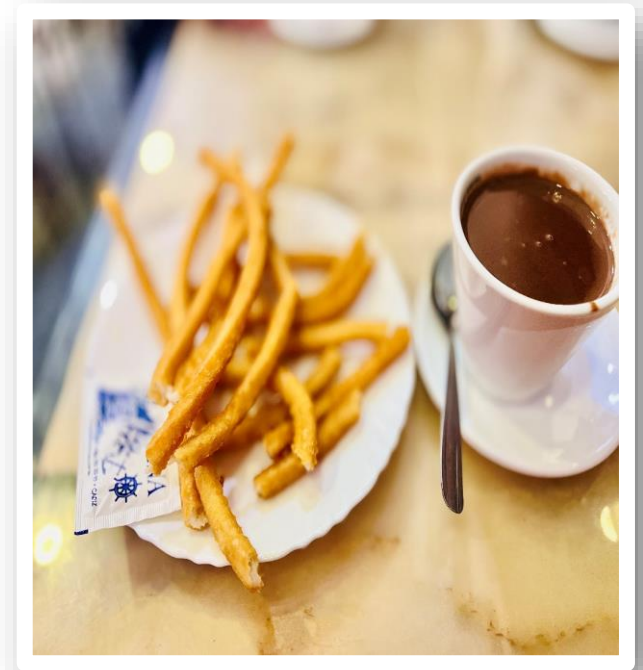
[The Biden-Harris Administration Finalizes Guidance to Make Grants More Accessible and Transparent for Families, Communities, and Small Businesses | OMB | The White House](#)





# Summary Count of Proposed Revisions by Subpart

	Title	Number of Sections	Proposed Changes in Sections	Percentage of Section Changes
<b>Subpart A</b>	Acronyms and Definitions	2 (200.0-200.1)	2	100%
<b>Subpart B</b>	General Provisions	14 (200.100-200.113)	4	29%
<b>Subpart C</b>	Pre-Federal Award Requirements and Content of Federal Awards	17 (200.200-200.216)	8	47%
<b>Subpart D</b>	Post Federal Award Requirements	47 (200.300-200.346)	25	53%
<b>Subpart E</b>	Cost Principles	77 (200.400-200.476)	18	23%
<b>Subpart F</b>	Audit Requirements	22 (200.500-200.521)	6	27%
<b>Appendix</b>	Various	12	6	50%
<b>Total</b>		<b>191</b>	<b>69</b>	<b>36%</b>



# Part 200 – Major Areas of Changes

## Subpart A – Definitions – 200.1

- ▶ Disallowed Costs – proposed reference deletions reversed
- ▶ Equipment, Supplies -\$10,000
- ▶ For-Profit Organizations – New
- ▶ MTDC – subawards up to \$50,000
- ▶ “Intangible property” definition expanded
- ▶ Participant – New (different than 180.980)
- ▶ Prior Approval – New (also 200.308 (e), (f) (4) – must be in writing
- ▶ Special Purpose Equipment includes “associated software”
- ▶ Replace “Non-Federal Entity” with “Recipient and Subrecipient”
- ▶ Use “indirect costs”, not “F&A”





# Part 200 – Major Areas of Changes

## Subpart B – General

- ▶ Replace Applicability table (200.101)
- ▶ Add “Exceptions” Authority to agencies for “statutory” reasons, proposed “Deviation” dropped (200.102)
- ▶ Eliminate prescribed 5-year review period (200.109) – “periodically”
- ▶ Add mandatory disclosures of “credible evidence” of various criminal violations (200.113)
  - No additional description for “credible evidence”
  - Same meaning as FAR 73 FR 67064
  - “Promptly disclose” in writing to Federal agency, OIG, PTE

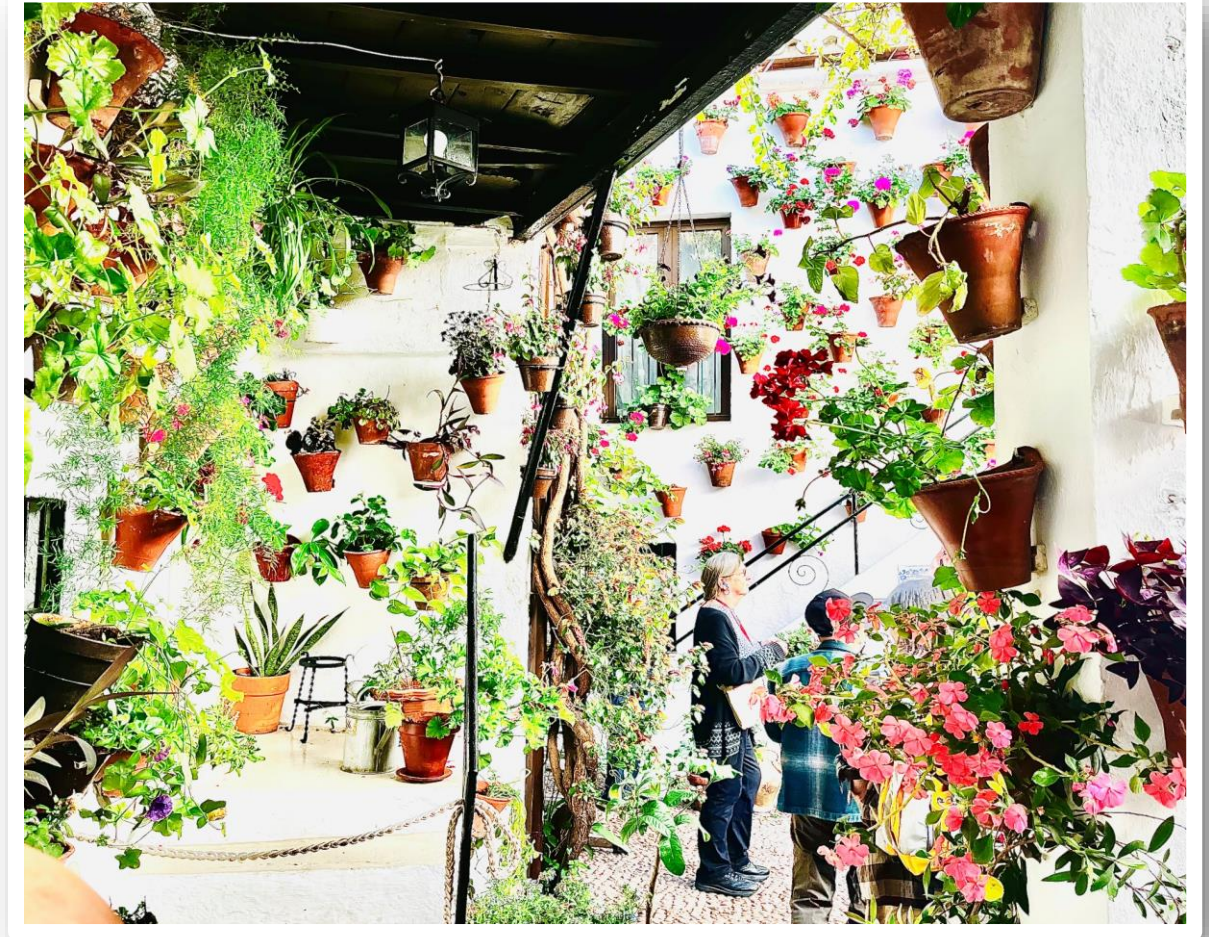




# Part 200 – Major Areas of Changes

## Subpart C – Pre-Award

- ▶ Refine fixed amount award
  - No review of actual costs or financial reporting (200.201)
  - Up to \$500 K (from \$250 K) threshold limit for fixed amount subawards (200.333)
  - Require pre-approval from Federal agency
  - Require certification at the end for completion of required activities and that costs **comply with 200.403**
  - “Entitled to any unexpended funds”
  - Unexpended funds are “not considered profit” (200.400 (g))
- ▶ Clarify use of prohibited telecommunications and video surveillance equipment and services (200.216)



# Part 200 – Major Areas of Changes



## Subpart D – Post Award

- ▶ Delete FFATA requirement reference, add 2 subsections on discrimination based on sex orientation or gender identity (200.300)
- ▶ Reaffirm treatment of “voluntary uncommitted cost sharing” (200.306 (k))- OMB M-01-06, 01/05/01
- ▶ Refine Budget Revisions to 10 Must Items (200.308)
- ▶ Increase equipment and supplies threshold to \$10,000 (200.1, 200.313, 200.314)
- ▶ Expand “intangible property” definition, add agency designated public access repositories. (200.315)
- ▶ Allow Indian Tribes to follow own procurement rules (200.317)
- ▶ Allow the use of Project Labor Agreements (200.318 (I))
- ▶ Eliminate prohibition on using geographic preferences (200.319)
- ▶ Add “Veterans-Owned Business (200.321) and “Green” products (200.323)
- ▶ Raise threshold limit for fixed amount subawards to \$500K (200.333)
- ▶ Eliminate termination flexibility by federal government (formerly 200.340 (2))



# Part 200 – Major Areas of Changes

## Subpart E – Cost Principles

- ▶ Remove prior approval requirements for nine items (200.407)
- ▶ Revert to previous language for treatment of unallowable costs for IDC computation (200.413)
- ▶ Allow report of rate disputes to OMB (200.414 (c) (2))
- ▶ Reiterate the use of federally negotiated IDC rates (200.414 (d))
- ▶ Raise the de-minimus rate to 15% of MTDC (200.414 (f))
  - Not allowed for “cost reimbursement contracts”
- ▶ Delete the requirement for IDC rate display (formerly 200.414 (h))
- ▶ Require subrecipient to submit similar certification to pass thru entities (200.415 (b))



# Part 200 – Major Areas of Changes

## Subpart E – Cost Principles

- ▶ Eliminate the requirement for DS-2 (formerly 200.419 (b))
- ▶ Require unused leave to be allocated as General Administrative costs (200.431 (b) (3))
- ▶ Retract proposed additional requirements for pension and post-retirement costs (200.431 (g) and (h))
- ▶ Allow conference sponsor to provide dependent-care for participants (200.432)
- ▶ Add “prizes” to “entertainment” section (200.438)
- ▶ Add allowability for “data and evaluation costs” (200.455 (c))
- ▶ Allow “closeout costs” until report due dates – 120 days after project end (200.472)



No One Mourns The Wicked (From "Wicked" Original Broadway)



# 9 Prior Approvals No Longer Required



## Subpart E – 200.407

- ▶ Reduce from 25 to 16 Prior Approval requirements
- ▶ Delete nine Prior Approval Requirements
  - (a) Use of Fixed Amount Award (item (b) (5) - Change of PI and scope only)
  - (e) Real Property Encumbrance – 200.311
  - (f) Equipment Encumbrance – 200.313
  - (h) Direct Costs, paragraph (c) (3)- Direct administrative staff
  - (k) Entertainment Costs
  - (m) Exchange Rates
  - (r) Memberships
  - (t) Participant Costs
  - (w) Selling and Marketing costs
  - (x) Taxes

# Direct Costs – Administrative and clerical staff (200.413 (c))



## Subpart E – 200.413 (c)

Administrative and clerical staff salaries should normally be treated as indirect costs....Direct charging of these costs may be appropriate only if they meet all of the following conditions:

1. The administrative or clerical services are integral to a Federal award;
2. Individuals involved can be specifically identified with a Federal award;
3. ~~Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency;~~ and
3. The costs are not also recovered as indirect costs.



# NEW: Data and Evaluation Costs – 200.455 (c)



## 200.455 – Organization costs

- ▶ Data and evaluation costs are allowable (200.455 (c))
  - **Data costs:** expenditures needed to gather, store, track, manage, analyze, disaggregate, secure, share, publish, or otherwise use data to administer or improve the program, such as data systems, personnel, data dashboards, cybersecurity, and related items.
  - **Evaluation costs:** costs include (but are not limited to) evidence reviews, evaluation planning and feasibility assessment, conducting evaluations, sharing evaluation results, and other personnel or materials costs related to the effective building and use of evidence and evaluation for program design, administration, or improvement.

# Part 200 – Major Areas of Changes

## Subpart F – Audit

- ▶ Raise Single Audit threshold increase to \$1 million (from \$750K) (200.501). Also Type A/B program threshold (200.518)
- ▶ Allow federal cognizant agencies y to provide submission extension (200.512 (a) (1))

## Appendix I-XII

- ▶ Introduce new format for NOFO (Appendix I)
  - Add a Summary section
  - Add definition of “underserved communities” per EO 13985 and “disadvantaged communities” per OMB Memo 21-28
  - Encourage plain language
- ▶ Raise subawards in MTDC to \$50,000 (Appendices III, IV, VII)

## OMB Future Considerations – 60 comments

- ▶ Add audit requirements for For Profit Organizations
- ▶ Add research security requirements (NSPM-33)
- ▶ Remove more prior approval requirements
- ▶ Address challenges related to indirect cost rate negotiations





# Part 200 – Revisions Implementation Timing

- ▶ White House Roll-out on 04/04/24
- ▶ Final Revisions published in FR on 04/22/24
- ▶ **OMB Implementation Memo M-24-11**
  - Agency plans by 05/15/24
  - NOFO Template by 08/01/24
  - Federal Program Inventory update by June 1, 2024
  - Single Audit Cognizant list by 05/04/24
- ▶ Final revisions will be effective on or after 10/01/24
  - Awards starting after effective date
  - University wide policies (i.e., equipment) effective the next fiscal year
  - **MTDC changes effective on the next IDC (F&A) proposal**

OMB M-24-11

[M-24-11-Revisions-to-2-CFR.pdf \(whitehouse.gov\)](#)





# Impact of Threshold Changes – a Simple Example



# Impact of Threshold Changes – a Simple Example

- ▶ Assumptions
- ▶ University adopts the higher thresholds
- ▶ Current IDC rate - \$25M (F&A pool)/\$50 million MTDC = 50%
- ▶ Changes to MTDC base
  - Equipment: +\$1M
  - Subawards: + \$2.5M (100 subawards x \$25K)
- ▶ Equipment Depreciation recapture -\$0.5M

**New F&A cost pool:**  
 $25 + (.5) = \$25.5M$

**New MTDC:**  
 $50 + 1 + 2.5 = \$53.5M$

**New IDC Rate:**  
 $25.5/53.5 = 47.66\%$

# Implementation Plan

## Policy changes documentation

- ▶ Research policies
- ▶ Procurement policies
- ▶ Mandatory Disclosure policies
- ▶ Indirect cost policies (especially with DS-2 elimination)
- ▶ Financial Statement Policies

## Indirect Cost planning

- ▶ Effective for next IDC proposal submission
- ▶ **Must renegotiate rates if want to benefit from subawards and equipment threshold changes**
- ▶ Equipment depreciation recapture allowable

## Current project proposals

- ▶ Changes for equipment threshold
- ▶ Changes for subaward threshold
- ▶ Possible change for indirect cost rate
- ▶ Allowable Program evaluation costs
- ▶ Direct administrative costs
- ▶ Change for fixed amount award
- ▶ Subrecipient monitoring (less than \$1 million)
- ▶ Monitor agency implementation plans





# "To dream the impossible dream, that is my quest" — Don Quixote

*"When one door shuts, another one opens"*  
*"The man who is prepared has his battle half won"*

