

Proposed OMB Changes to Uniform Guidance

OCTOBER 4, 2023 | BY: THE NONPROFIT TEAM

On Thursday, September 21st, the Federal Office of Management and Budget (OMB) proposed several significant changes to the Uniform Guidance. In response to government agency and public sector input solicited by the OMB through its Notice of Request for Information this past February, the OMB has proposed numerous revisions to the Uniform Guidance in an effort to reduce federal agency and grant recipient burden.

Through its Guidance for Grants and Agreements publication, the OMB is:

1. providing clarifications to the Uniform guidance, including re-writing certain sections in plain language;
2. proposing several policy changes;
3. addressing recent OMB priorities related to Federal financial assistance; and
4. recommending revisions to the Uniform Guidance to improve grant management, transparency, and oversight.

The major changes proposed by the Uniform Guidance include: increasing the threshold that triggers an annual Single Audit from \$750,000 in federal grant expenditures to \$1,000,000, increasing the de minimis indirect cost rate from 10% to 15%, modifying the Modified Total Direct Costs definition to exclude subawards above \$50,000, a change from the current threshold of \$25,000, and increasing the threshold for both equipment and supplies to \$10,000 in recognition of the impact of inflation over time.

What prompted the proposed changes to the Uniform Guidance?

Under 2 CFR 200.109 of the Uniform Guidance, the OMB is required to review existing Uniform Guidance every five years and determine where revisions may be needed in light of the current environment as well as public and private input. Stakeholder feedback as well as the OMB's empirical insight have prompted the proposed revisions in the draft guidance.

Next steps in the process.

After the proposed OMB guidance is published in the Federal Register, there will be a 60-day period in which stakeholders can submit comments or feedback. After the feedback is considered, the OMB will deliberate and determine if modifications to the proposed changes are warranted before the existing Uniform Guidance is amended.

Helping you understand the proposed guidance – JO is here for you!

The link to the Proposed OMB Guidance for Grants and Agreements can be found [here](#). If you have any questions about the proposed guidance, feel free to contact Johnson O'Connor's Nonprofit team. With extensive experience conducting Single Audits and working with the Uniform Guidance, Johnson O'Connor has the expertise to assist you in this area!

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