

# *Reforming Grants – Federal Funding with the Right Strings Attached*



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# Reform of Federal Policies Relating to Grants and Cooperative Agreements; Cost Principles and Administrative Requirements (Including Single Audit Act)

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## Background

President Obama has continually stressed the necessity to reduce regulatory and administrative burdens while “intensifying efforts to eliminate payment error, waste, fraud, and abuse” in the financial assistance arena.

- November 23, 2009, Executive Order 13520 on *Reducing Improper Payments and Eliminating Waste in Federal Programs*
- January 18, 2011, Executive Order 13563 on *Improving Regulation and Regulatory Review*
- February 28, 2011, Presidential Memorandum on *Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments*



# Presidential Memorandum on Flexibilities, February 28, 2011

“Federal program requirements over the past several decades have sometimes been onerous, and they have not always contributed to better outcomes. With input from our State, local, and tribal partners, we can, consistent with law, reduce unnecessary regulatory and administrative burdens and redirect resources to services that are essential to achieving better outcomes at lower cost. This is especially urgent at a time when State, local, and tribal governments face large budget shortfalls and American taxpayers deserve to know that their funds are being spent wisely.”



# Background

OMB issued Memorandum M-12-01 on October 27, 2011,  
*Creation of the Council of Financial Assistance Reform*

- COFAR is tasked with creating a more streamlined and accountable structure to coordinate financial assistance.
- Co-chaired by OMB Office of Federal Financial Management.
- Includes 8 largest grant-making agencies *plus* rotating member to represent the perspectives of other agencies.

Agriculture  
Education  
Energy  
Health and Human Services  
(Co-chair)  
Homeland Security

Housing and Urban Development  
Labor  
National Science Fdn (rotating member)  
Transportation



# Purpose

- Solicit public input on a range of ideas for reforming the requirements that govern the management of financial assistance awards.
- Federal Register presents the COFAR's reform ideas
  - Reforms to audit requirements (Circulars A-133 and A-50)
  - Reforms to cost principles (Circulars A-21, A-87, and A-122, and Cost Principles for Hospitals)
  - Reforms to administrative requirements (Common Rule implementing Circular A-102; Circular A-110; Circular A-89)



# Key Ideas

- Consolidated Guidance
- Indirect Cost Rates
- Single Audit Framework
- Time and Effort Reporting

# Other Cost Items

- Expansion of UCA
- Direct Administrative Support Costs
- Computing devices
- Unused supplies
- Large research facilities
- Depreciation
- Interest



# Submitting Comments

Due to OMB no later than 5PM (ET) on April 30, 2012.

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