

December 4, 2023

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725 17th Street NW
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RE: Proposed Revisions to the Federal Guidance for Grants and Agreements OMB-2023-0017-0001

The Council on Foundations welcomes this opportunity to provide comments on the proposed revisions to the Federal Guidance for Grants and Agreements, OMB-2023-0017001.

The Council on Foundations is a nonprofit membership association that serves as a guide for philanthropies as they advance the greater good. Building on our almost 75-year history, the Council supports nearly 900 member organizations in the United States and around the world to build trust in philanthropy, expand pathways to giving, engage broader perspectives, and co-create solutions that will lead to a better future for all.

American nonprofit organizations provide resources to communities across the country and around the world, responding to urgent needs and filling gaps left by government services. Nonprofits are nimble and responsive, often piloting programs used as models for government programs at the local, state, and federal levels. In recent years, our members have assisted with COVID-19 vaccine distribution and information, responded to natural disasters like the Hawai'i wildfires, and provided humanitarian support to Ukraine. But the billions of dollars in funding our members provide to nonprofits each year are far exceeded by federal grantmaking: while foundation giving totaled [\\$105.21 billion in 2022](#), the grants budget for the Department of Health and Human Services alone was [over \\$140 billion in fiscal year 2022](#) (not including Medicare and Medicaid). While we do not apply for federal grants at the Council, our members and their nonprofit partners do—and in doing so, they face a process that is overly burdensome, inequitable, and inefficient.

Regardless of the federal agency they work with, our members and partners have attested that the federal grantmaking process poses significant inefficiencies and creates significant undue burden. Often, even if they do successfully complete the application and receive grants, the grant administration itself creates additional complications: reporting requirements are burdensome, grant terms are too short, and federal agencies are slow and overly bureaucratic. Our foundation members have developed deep expertise in grantmaking and understand how to deliver resources to communities efficiently and effectively. We urge OMB and other federal agencies to use this expertise to help improve the federal grantmaking process.

We were pleased to read the Office of Management and Budget's proposed revisions to federal guidance for grants and agreements. In general, we support the proposed revisions, which would streamline the federal grants process and allow nonprofits to allocate resources to the communities that need them rather than wasting these resources on overcoming bureaucratic red tape.

We especially support the following changes to the Uniform Guidance and encourage OMB to implement them in a final rule:

- **[200.301(b)] Measuring what matters:** We support OMB's recommendation that agencies should request only necessary information from grant applicants and recipients. We further suggest that agencies right-size reporting requirements to the size of the grant: smaller dollar grants should not require more capacity from recipients than the grants themselves are worth. For instance, smaller grants likely do not require as frequent reporting as larger ones.
- **[200.414] Fully funding nonprofits' work:** Increasing the *de minimis* indirect cost rate to 15% allows for a more realistic recovery of indirect costs for nonprofits lacking the capacity to undergo a more extensive rate negotiation. We also applaud the proposed guidance's clarification that federal agencies cannot force grant recipients to use an indirect cost rate lower than 15% unless required by statute. That said, 15% is still [well below](#) the actual indirect cost rate for many nonprofits, and we urge federal agencies to consider the full cost of grantees' work when negotiating these rates, just as foundations [have started](#) to do.
- **[200.202; 200.205] Improving community engagement:** We support OMB's efforts to increase federal government and grantees' engagement with communities impacted by grantmaking initiatives. We continue to urge federal agencies, foundations, and grant recipients to consult with the populations they intend to serve in order to better inform their work with these populations.
- **[202.204; Appendix I; 200.111; 200.501] Reducing barriers for communities in need:** Existing complexity in the federal grants process means that nonprofits serving populations most in need of federal grants often cannot access it. Among other changes, we applaud the simplification of Notice of Funding Opportunities, the encouragement to use simpler language, the increase of the Single Audit Threshold, and the end of the English language mandate.

These proposed regulations represent only a starting point: we encourage OMB to issue final rules that further streamline the grantmaking process and prioritize nonprofit needs. We suggest the following improvements:

- **Provide up-front payments.** Many agencies currently issue only reimbursements rather than up-front grants. Historically, larger and better-resourced organizations receive grants upfront, while smaller organizations — often representing underserved communities — are subject to the reimbursement model. This poses a significant impediment to nonprofit organizations operating on razor thin margins.
- **Discourage match requirements.** Agencies often require grant applicants to secure matching funds from other sources, e.g. foundations. Many nonprofits, and in particular smaller organizations, lack the capacity

and resources needed to secure this funding—especially when government grant applications already require significant time and effort.

- **Prioritize multi-year grants over one-year grants.** Given the timelines necessary to accomplish complex community-oriented work, launch pilot programs, and track measurable outcomes, multi-year grants are nearly always more appropriate than single-year grants.
- **Standardize grant applications across government.** Government grant applications are complicated and time-consuming enough: agencies should consider working together to standardize at least some elements of their grant applications, as [some foundations do](#).
- **Request concept notes before requiring a full application.** Even with these modifications, the federal grants process will be costly and complicated, and most applicants will not receive the grants. To help reduce this burden, agencies should follow the model of many foundations and request shorter concept notes when soliciting applications. They can then use these concept notes to develop a shortlist of potential grant recipients who should submit full proposals.

We thank OMB for this opportunity to submit comments on Proposed Revisions to the Federal Guidance for Grants and Agreements OMB-2023-0017-0001. We are eager to work with you so that final guidance further improves and streamlines grants administration to ensure funding reaches the communities that need it most.

Respectfully submitted,

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Council on Foundations