



December 4, 2023

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Office of Management and Budget  
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RE: Proposed Revisions to the Federal Guidance for Grants and Agreements, OMB-2023-0017-0001

Voices for National Service welcomes this opportunity to provide comments on the proposed revisions to the Federal Guidance for Grants and Agreements, OMB-2023-0017-0001.

Voices for National Service (hereafter, also referred to as “Voices”) is a diverse coalition of nonprofits and state service commissions who receive, administer, and oversee federal grants from the Corporation for National and Community Service (now referred to as AmeriCorps). Founded in 2003, Voices has built strong bipartisan support among our nation’s leaders and helped to elevate national service as a powerful strategy for tackling unmet needs, preparing young people for work, uniting our country, and developing civic character. A full list of our coalition members appears at the end of our comments.

For 20 years, Voices has worked with AmeriCorps to promote the agency’s grant programs and develop broad support within the executive and legislative branches. Guided by a Steering Committee of 32 CEOs of service organizations and state service commissions, Voices draws on the expertise of practitioners who apply for, run, and oversee AmeriCorps grants to ensure that on-the-ground experience informs policy and rules. Over the last two decades, Voices has offered technical support to Congress and Administration officials that has resulted in strengthened program outcomes and increased funding for AmeriCorps, and it is in that same spirit, the following comments are offered on the proposed revisions to the Uniform Grants Guidance, the government-wide framework for grant management and the rules and requirements for federal awards.

### **Comments on the Proposed Rule**

In general, Voices is pleased that the Biden-Harris Administration has proposed a fundamental rewrite to OMB’s Uniform Grants Guidance to improve the stewardship of federal funds, eliminate obstacles, decrease burden, streamline oversight, and ensure that recipients of federal assistance have more time and resources to “focus on the people they serve rather than compliance work that does not improve performance.” Voices endorses many of the proposed reforms that seek to advance equity, eliminate unnecessary complexity, and tear down barriers that deter many qualified and effective organizations from seeking grant opportunities. These updates include:

- Simplifying and Clarifying Notices of Funding Opportunities [202.204];
- Requiring federal agencies to eliminate reports that are not necessary for the effective monitoring of the grant. Specifically, the proposed language states, “The Federal agency should not require additional information that is not necessary for measuring program performance.” [200.301]; and

- Raising the Single Audit Threshold from \$750,000 to \$1 million [200.501].

### **Indirect Costs**

Voices strongly supports the proposals to standardize the treatment of indirect costs and to raise the guaranteed de minimis rate from 10% to 15% of modified total direct costs [200.414]. OMB states, “This change would allow for a more reasonable and realistic recovery of indirect costs, particularly for new or inexperienced organizations that may not have the capacity to undergo a formal rate negotiation, but still deserve to be fully compensated for their overhead costs.”

It is important to note, however, that the steps OMB has taken since 2013 to allow nonprofits to use a standard minimum rate to support their fundamental operations has eluded AmeriCorps grantees. The National and Community Service Trust Act of 1993 included a statutory 5% cap on indirect cost reimbursement for AmeriCorps State and National awards, which overrides any other indirect cost allocation, including the de minimis rate, a negotiated indirect cost rate, or a fixed amount percentage.

As OMB knows, indirect costs are fixed expenses -- essential for good grant stewardship -- such as financial services and accounting, insurance, depreciation on buildings and equipment, legal and IT services, facilities expenses, human resources, evaluation, administrative and audit management costs, and salaries and expenses of executive officers, personnel administration and accounting. AmeriCorps cost reimbursement grantees may only use AmeriCorps funds for indirect costs at a fixed rate of 5% of total grant award, which is half of the current 10% de minimis rate. The Biden Administration must work with Congress to remove this statutory cap, so AmeriCorps grantees can take full advantage of the proposed de minimis rate of 15%, as well as the other improvements designed to make federal reimbursement for indirect costs fairer and more equitable.

### **Fixed Amount Grants**

Voices appreciates that the proposed rule seeks to improve distribution and utilization of Fixed Amount Grants. The Edward M. Kennedy Serve America Act of 2009 authorized the use of Fixed Amount Grants for the AmeriCorps State and National program and based on 15 years of experience administering Fixed Amount Grants, Voices has urged the AmeriCorps agency to update their funding distribution formula to include the provision of an advance payment to grantees.

For AmeriCorps grantees, Fixed Amount Grants represent a flexible, useful grant vehicle that helps to make AmeriCorps funding more accessible by decreasing administrative burden and mitigating accounting and audit risk for grantees. However, the current formula for distributing funds specifies payment exclusively on a per AmeriCorps member cost basis. For AmeriCorps programs, this means that reimbursement is based solely on the number of AmeriCorps member positions enrolled and hours served. This formula exacerbates fiscal risk for grantees as it disregards program operating realities. Recruitment and retention of AmeriCorps members can fluctuate, but front-loaded costs to support staffing, recruitment, rent, training, and other compliance costs are fixed. Voices has proposed an improved drawdown formula that would provide at least 25% of the grant at the beginning of the program year to support year-long program costs that occur regardless of length of time the AmeriCorps member serves. Voices urges OMB to include language in Uniform Grant Guidance that clarifies that a combination of payment methods may be used. In the case of the AmeriCorps Fixed Amount Grants, this would allow for blending both the “milestone” approach to allow grantees up-front, lump sum payments to address fixed costs, and a reimbursement process according to a cost per unit basis, e.g. member enrollment and hours accrual status.

Lastly, Voices is concerned with the newly proposed language for 200.201, which states “At the end of a fixed amount award, the recipient or subrecipient must certify in writing to the Federal agency or pass-through entity that the project was completed as agreed to in the Federal award and that all expenditures were incurred in accordance with § 200.403.” This language requires a new grantee certification that directly undermines the purpose and value of the Fixed Amount Award grants. It subjects these grants to cost-reimbursement budgets, cost principles, and verification, thereby removing all flexibility. Further, the directive will create ambiguous criteria for auditors, state entities charged with distributing and auditing AmeriCorps funds, and grantees alike. The Fixed Amount Award construct does not require a budget with line-item expenses that can be audited, yet under this proposed provision the grantee must be able to demonstrate a basis for claiming compliance with cost allowability. To protect the utility of Fixed Amount Grants, Voices urges OMB keep the current language regarding certification, which requires the recipient to certify that the “project or activity was completed or the level of effort was expended.”

Thank you for this opportunity to submit comments for the public record. If you have any questions about our feedback and recommendations, please contact Jennifer Ney, Managing Director of Voices for National Service, at [jney@cityyear.org](mailto:jney@cityyear.org) or 202-742-7380.

Yours in Service,



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**Members of Voices for National Service:**

America Forward  
America Learns  
America’s Service Commissions  
American Red Cross  
American YouthWorks  
AmeriCorps Seniors Professional Network  
Baltimore Corps  
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Local Initiatives Support Corporation  
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Minnesota Alliance With Youth  
National Association of RSVP Directors  
National HealthCorps  
National Senior Corps Association  
National Youth Leadership Council  
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Notre Dame Mission Volunteers  
Ohio Association of Foodbanks  
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