Connect with the National Council of Nonprofits

- Through the Florida Nonprofit Alliance
- On Twitter @NatlCouncilNPs and @buildnnpcapacity
- By signing up for Nonprofit Advocacy Matters and Nonprofit Knowledge Matters at www.councilofnonprofits.org/connect
The New OMB Uniform Guidance

- The BIG Deal
- How We Got Here
- Key Changes in the OMB Uniform Guidance
- How You Can Prepare for Implementation
- What You Can Do to Ensure the Promise Becomes Reality
(So, What’s) The Big Deal?

OMB Uniform Guidance
How We Got Here

A Happy Advocacy Story

An Advocacy Saga – with a Happy Middle
How We Got Here

Government-Nonprofit Contracting Work

- **2008** - Recession, late payments, opportunity for reform
- **2009-2011** – Research, scope of the problems, solutions, implementation
  - Abuses identified
  - Recurring problems
  - Solutions
How We Got Here

Government-Nonprofit Contracting Work

- 2012-2013 – OMB Draft Grants Reform
  - Purpose: Streamline, reduce burdens, increase accountability
  - Nonprofits Left Out: Main focus was governments and higher education
  - Advocacy Campaign: Conference calls, webinars, surveys/polls, comments
    - GAO, State Associations, national nonprofits
    - National Task Force
  - OMB Listened: Uniform Guidance 12/26/2013
How We Got Here

Government-Nonprofit Contracting Work

- **2014** – OMB Uniform Guidance
  - Effective 12/26/2014 (agencies revise regs)
  - Outreach Efforts – information and “clarity”
    - Federal webcast
    - Oct. 2 Webcast – a “discussion”
    - Frequently Asked Questions
- **2014** – New Data and Solutions
Reforms & Implementation

- Administrative Reforms (A-110)
  - Acronyms and Definitions
  - General Provisions
  - Pre-Award Requirements and Contents
  - Post-Award Requirements for Financial and Program Management

- Cost Principle Reforms (A-122)
  - Allowable and Unallowable Costs
  - Indirect Cost Reimbursement
  - Direct and Indirect Costs
  - Procurement Requirements

- Audit Reforms (A-133)
  - New Threshold
  - Additional Government Audits and Internal Controls
  - New Roles and Approaches
Applicability

- Key Dates and Timing
- Who This Applies To
- Types of Awards and Subawards Impacted
- Funding Streams Included
Pre-Award Requirements 200.1XX

- Requirements for Federal Agencies
  - Award Posting
  - RFP Content
  - Standard Application
  - Merit Review
Post Award: Pass-Through Entity Requirements

- Single Audits
- Provide Subawardee Information
- Verify Audit Compliance
- Report in Accordance with FFATA
- Subawardee Risk Assessments and Audit Compliance
- Pay Indirect Cost Rate
Required Indirect Cost Reimbursement

With Federally Approved Negotiated Indirect Rate

All Federal Agencies
All Pass-through Entities
1 Four-Year Extension Option

Without Federally Approved Indirect Rate
10% of MTDC De Minimis (Indefinite Use)
or
Negotiate a Rate Based on Federal Guidelines
Administrative Costs

Indirect Costs
Direct vs Indirect

- Generalizations
  - Direct: Easily attributable to a specific program
  - Indirect: Organizational or shared across programs

- Situational Determination

- Changes in OMB Uniform Guidance
Allowable vs Unallowable

- **Allowable**
  - Reasonable
  - Necessary
  - Conforms with policies
  - Treated consistently
  - In accordance with GAAP
  - Not used for cost share or match requirement

- **Typical Unallowable Costs**
  - Fundraising
  - Most Advertising and Public Relations
  - Lobbying
  - Entertainment, except program related
  - Salaries above established caps
Modified Total Direct Costs

Total Direct Costs

Equipment

Participant Support

Over $25,000 in Subawards

Modified Total Direct Costs
## Modified Total Direct Costs (MTDC)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Unallowable Costs</th>
<th>Management &amp; General (Indirect)</th>
<th>Modified Total Direct Costs</th>
<th>Residential Care</th>
<th>Counseling</th>
<th>Fundraising</th>
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<tbody>
<tr>
<td>Total Personnel Costs</td>
<td>1,231,288</td>
<td>248,142</td>
<td>983,146</td>
<td>765,414</td>
<td>156,680</td>
<td>61,052</td>
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<tr>
<td>Total Non-Personnel Costs</td>
<td>382,250</td>
<td>26,000</td>
<td>92,098</td>
<td>264,152</td>
<td>208,580</td>
<td>52,070</td>
<td>29,502</td>
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<tr>
<td>Total Expenses</td>
<td>1,613,538</td>
<td>340,240</td>
<td>1,247,298</td>
<td>973,994</td>
<td>208,750</td>
<td>90,554</td>
<td></td>
</tr>
<tr>
<td>10% of MTDC</td>
<td>1,247,298 x 10%= 124,729.80</td>
<td></td>
<td></td>
<td>973,994</td>
<td>208,750</td>
<td>90,554</td>
<td></td>
</tr>
<tr>
<td>Negotiated rate using MTDC as Base</td>
<td>340,240/1,247,298= 27.28%</td>
<td></td>
<td></td>
<td>973,994</td>
<td>208,750</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td>265,705.56</td>
<td>56,947.00</td>
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<td></td>
<td>1,239,699.56</td>
<td>265,697.00</td>
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<tr>
<td>10% of grant assuming all government funding</td>
<td></td>
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<td></td>
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<td>97,399.40</td>
<td>20,875.00</td>
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</table>
"IMPLEMENTING THESE CHANGES WON'T BE EASY. WE'RE PRETTY SET IN DOING THINGS THE WRONG WAY."
Advocacy Efforts to Clarify, Protect, and Fix

- Recap of what we know
  - Nonprofit rights follow the money
  - Waivers, intimidation prohibited
  - Other

- Areas of continuing confusion
  - Who triggers negotiations over indirect cost rate?
  - Grant vs. Contract
  - Other
OMB Uniform Guidance: From Promise to Reality

Advocacy Efforts to Protect, Clarify, and Fix

- Protecting Nonprofit Rights (a work in progress)
  - Government audits (3 years later)
  - State contracting review process
  - Direct communications government officials
- Know Your Rights ... and How to Protect Them

What other ideas do you have?
OBM Uniform Guidance: From Promise to Reality

Advocacy Efforts to Protect, Clarify, and Fix

- Tools for Clarifying/Fixing the Uniform Guidance
  - Engagement through the Florida Nonprofit Alliance
    - What isn’t clear in the Uniform Guidance?
    - What are you hearing from Government
  - Uniform Guidance Implementation Report Form
  - Your Network’s Inputs
    - National Task Force
    - Ad Hoc Advisory Committee

What other ideas do you have?