



December 4, 2023

Deidre A. Harrison
Deputy Controller
Office of Federal Financial Management
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Re: Response to Request for Comment on Uniform Guidance for Grants and Agreements -
Docket (OMB-2023-0017)

To Deputy Controller Harrison,

As a coalition of non-profit organizations, current and former executives from federal, state, and local government, and other leaders who are committed to building federal, state, and local capacity to use data, evidence, and cross-program innovation to improve outcomes for all residents, including low-income and underserved populations, we are writing to share nine recommendations, summarized in [Appendix 2](#), to further strengthen OMB's proposed revisions to 2 CFR. These recommendations follow [our response to OMB's initial request for information](#).

Our comments focus on 2 CFR 200, the Uniform Guidance, which sets grants administration policies for federal grants to state and local governments, among others. Our comments are intended to help OMB issue final guidance that tangibly assists states and localities to overcome real-world challenges they encounter in administering federal grants effectively, efficiently, and with accountability. We also suggest additional actions that OMB and federal agencies could take to magnify the impact of the revised guidance.

We applaud the new provisions that address several of our earlier recommendations, particularly the new language in section 200.455(c) clarifying that costs related to data and evaluation -- including direct and indirect costs associated with integrated data systems -- are allowable. In [Appendix 1](#) of this letter, we have listed useful changes OMB proposes that support the use of data, evidence, and cross-program innovation.

OMB's proposed changes have the *potential* to reduce agency and recipient burden and strengthen state and local data and evaluation capacity *if combined with other administrative actions* to clarify and encourage the adoption of new flexibilities. The body of this letter lays out specific questions that need further clarification either in guidance or through other actions, and [Appendix 2](#) lays out a consolidated list of technical changes that we recommend specifically

for 2 CFR 200. Because federal agencies, grant recipients, and auditors have different interpretations of what is permissible, it is critical that OMB and federal agencies collaborate with each other, GAO, and outside stakeholders to create a shared understanding of how federal grant funds can and should be used to strengthen data and evaluation capacity that translates into better program outcomes. Office of Science and Technology Policy's Deputy Chief Technology Officer for Tech Capacity and the newly formed Council on Federal Financial Assistance have important roles to play in fostering dialogue across agencies and levels of government to build that shared understanding. Members of our coalition are eager to help bring state, local, and other outside expertise to the table to strengthen that understanding.

The case for prioritizing data, evidence use, and intergovernmental collaboration is clear. Pioneering state and local jurisdictions have developed robust integrated data systems that generate actionable insights for state and local decision-makers, researchers, and the public. These include Kentucky's [KYSTATS](#) program; Indiana's [Management Performance Hub](#); Ohio's [InnovateOhio Platform](#); and Allegheny County, Pennsylvania's [Data Warehouse](#) that integrates data from health, education, workforce, social services, and other programs. Other states have built high-performing Statewide Longitudinal Data Systems, such as [Alabama's ATLAS](#) and California's [Cradle-to-Career Data System](#), which integrate education and workforce data to generate useful information for students, families, educators, government decision-makers, researchers, and the public. A recent paper, [Blending and Braiding Funds: Opportunities to Strengthen State and Local Data and Evaluation Capacity in Human Services](#), describes how some successful jurisdictions have financed their systems by *combining* funding from multiple sources, including federal financial assistance. Since that publication, many state and local officials have expressed a desire for clearer guidance from OMB and federal agencies that provides greater certainty that the various approaches featured in that paper, and potentially other variations, are permissible. The embrace of greater data transparency and openness by these and other state and regional initiatives is proving valuable for a wide range of purposes, such as improved program design, enhanced accountability, and enhanced integration and alignment across programs. Further, many states are defining and prioritizing evidence through grants and contracts to achieve better results as highlighted in the [2022 Federal Standard of Excellence](#).

Based on input from state and local officials, below we highlight four key questions where additional clarification by OMB and other federal agencies would be helpful. To address these, we suggest a combination of strategies: (1) additions to OMB's proposed revised Uniform Guidance; (2) updates to other federal guidance documents, including OMB's Compliance Supplement as well as cost allocation guidance and Notices of Funding Opportunity issued by federal agencies; and (3) new approaches to intergovernmental engagement and problem-solving to understand barriers and co-create solutions that enable states and localities to drive grant resources to better uses, within the bounds of current law. [Appendix 2](#) displays a consolidated list of our suggested language changes to the Uniform Guidance.

Key Questions

Question 1: What data and evaluation-related activities, which are not explicitly mentioned in the revised 2 CFR 200, are permissible uses of funds?

Why it matters: Many jurisdictions are risk averse and want to see explicit authorization to expend funds for activities that are not spelled out in statutes, regulations, or grant notices. When guidance is vague, these jurisdictions may make suboptimal decisions on how to use funds to minimize risks of audit findings and disallowed costs.

What the proposed Uniform Guidance gets right: The addition of 200.455(c) explicitly allows costs for data and evaluation generally, gives certain relevant examples of expenditures, and explicitly includes both direct and indirect costs associated with integrated data systems. See [Appendix 1](#).

Remaining issues to clarify: The guidance is not clear regarding:

- **Using funds for activities related to cloud-based services.** Federal, state, and local governments are increasingly using cloud-based services provided by non-governmental entities, but the guidance is silent on this.
- **Using funds to support the full life-cycle of evaluation activities.** These include evaluation planning and feasibility assessment, conducting and sharing results of the evaluation, and other personnel and materials costs related to effectively building and using evidence and evaluation for program design, administration, and improvement.
- **Using funds for community engagement activities.** Community engagement is encouraged for recipients for purposes of program design in 200.202(a)(5) and can also play an important role in the evaluation process.
- **Using funds for personnel who are not state or local employees.** Some jurisdictions prefer to use contract staff and partner organizations to increase their capacity.

Recommendation: In [Appendix 2](#), we offer suggested language additions to section 200.455(c) and propose a new 200.455(d) to clarify the items above are allowable costs. In addition, to magnify the impact of the guidance, we recommend that OMB and agencies convey this information through supplementary written guidance, webinars, and/or workshops, including working cooperatively through the newly formed Council on Federal Financial Assistance (COFFA).

Question 2: Can states and localities use funds from multiple sources to fund integrated data systems, centralized analytics capacity, and evaluation activities, and if so, how?

Why it matters: Robust integrated data systems, at a modest cost, combine data from multiple federal programs and produce valuable insights that can benefit many federal programs. However, only a few federal programs, such as the Department of Education’s Statewide Longitudinal Data Systems competitive grant program, explicitly allow funds to be used for this purpose, and these programs do not provide sufficient, sustained resources to modernize, expand, and maintain robust systems. The ability to blend and braid funds from multiple sources can enable jurisdictions to build and sustain centralized, efficient, high-performing integrated data systems to support a broad range of federal programs. Because grantees have been conditioned to avoid the “comingling” of funds, a frequent source of audit findings, they need explicit guidance and examples of how funds can be combined in ways that meet auditing requirements.

What the proposed Uniform Guidance gets right: As discussed above, 200.455(c) explicitly allows costs for data and evaluation generally, gives certain relevant examples of expenditures, and explicitly includes both direct and indirect costs associated with integrated data systems. See [Appendix 1](#).

Remaining issues to clarify: Although section 200.455(c) explicitly allows funds to be spent on data, evaluation, and integrated data systems, as direct or indirect costs, the guidance is not clear about how funds from multiple sources can be combined while satisfying audit requirements. For example:

- ***How statewide cost allocation plans, and local cost allocation plans, can be used to finance integrated data systems and analytics capacity.*** The federal government should encourage states and localities to use cost allocation plans as a cost-efficient mechanism for providing stable funding for data and evaluation capacity. Two successful models for how this can be done are Ohio, which uses its statewide cost allocation plan to finance its [Innovate Ohio Platform](#), and [Allegheny County, PA](#), which has used a cost allocation approach for decades to finance its data warehouse and analytics activities.
- ***What simplified methodologies are permissible for state and local jurisdictions to use to allocate costs across programs “in reasonable proportion to the benefit provided or other equitable relationship,”*** as required by the definition of allocation in 200.1. For example, jurisdictions could allocate costs using a simple formula based on the number of full-time equivalents (FTEs), program dollars, or program beneficiaries served.
- ***How centralized integrated data systems and the activities they support can be financed with a combination of indirect and direct costs.*** For example, can direct costs be used when a central team produces a specialized data product or evaluation for a particular program? Can indirect costs be used for the costs of maintaining the system

and creating broad-purpose data and evaluation products that serve multiple programs? For example, a broad-purpose evaluation might study how to improve the user experience for populations trying to access benefits and services online for a range of different programs across agencies.

- ***How Statewide Longitudinal Data Systems (SLDS), housed in state education agencies, can use funds outside their Department of Education SLDS grant to sustain and integrate their capacity with other state data systems to inform program design and evaluation.*** Many SLDS grantees are unaware of the range of federal funding sources that could be used to modernize, expand, and sustain SLDS systems.

Recommendation: We recommend that integrated data systems, central analytics capacity, cloud computing infrastructure, and enterprise-wide SaaS applications be added as explicit examples of allowable components of cost allocation plans in section 200.416(a) and Appendix V of the Uniform Guidance. [Appendix 2](#) of this letter includes suggested language, which would mirror OMB's change to 200.413(b) citing data and evaluation expenses as examples of direct costs.

Furthermore, we recommend that OMB add language to Section 200.400(e) directing cognizant agencies for indirect costs to regularly update their guidance to help recipients leverage new technologies and governance approaches that support cost-effective outcomes. See [Appendix 2](#) for suggested language.

To magnify the impact of the guidance, we recommend that OMB and the COFFA work with the cognizant federal agencies overseeing cost allocation guidance to ensure their guidance to grantees reflects updates to the Uniform Guidance. We further recommend that OMB facilitate and participate in direct dialogue with state and local governments, GAO, and auditors about permissible approaches for blending and braiding funds to finance integrated data and evaluation capacity and cross-program coordination that would improve the impact and cost-effectiveness of federal grants.

Question 3: What constitutes program evaluation, and what constitutes evidence in the context of program evaluation and related evidence-building?

Why it matters: Evaluation and evidence are critical concepts for making sure that federal dollars are used effectively and equitably. For this reason, Congress defined program evaluation in the Foundations for Evidence-Based Policymaking Act (Evidence Act), which the Uniform Guidance references in 200.202(a)(4). To help federal agencies adopt consistent interpretations of evaluation and evidence, OMB has defined both terms in Circular A-11 (and other guidance referenced in A-11) that establishes standard requirements for the preparation, submission, and execution of the federal budget, which includes federal grant programs. Importantly, while evidence is a common word that can be used across diverse contexts, it has particular meaning and standards in the context of evaluation and evidence-building that need clarification.

What the proposed Uniform Guidance got right: OMB rightfully references the Foundations for Evidence-Based Policymaking of 2018 (Evidence Act) in 200.202(a)(4) as an important underlying statute affecting program planning and design, alongside and in alignment with the Performance Management Improvement and Accountability Act. See [Appendix 1](#).

Remaining issues to clarify: The Uniform Guidance lacks clear definitions of program evaluation and evidence, as well as useful examples, that are included in Circular A-11 and other OMB guidance on the use of evaluation and evidence in federal programs.

Recommendation: To build a shared understanding across federal agencies and the grantee community of program evaluation and evidence, we recommend (1) adding to section 200.1 definitions of program evaluation and of evidence that align with the definitions OMB uses in Circular A-11 and (2) clarifying how the Evidence Act is relevant to program planning and design, performance management, and monitoring and reporting. See [Appendix 2](#) for suggested language.

Question 4: How do data, evidence, and evaluation matter in grant competitions?

Why it matters: The federal government and the OMB guidance often emphasize data collection, evidence-building, and conducting evaluations for federal awards that have been made, but there is less emphasis and clarity around how these assets matter and get used during open grant competitions.

What the Uniform Guidance gets right: OMB's proposed revisions to section 200.202(b) call on agencies to take multiple important steps that can significantly strengthen program design. These steps include consulting with communities benefiting from or impacted by the program, considering available data and evaluation results from past programs in designing programs, and coordinating with other agencies during program planning and design. Each of these steps adds value to the program design process, and applying them together can compound their impact. See [Appendix 1](#).

Remaining issues to clarify: OMB's proposed revisions make significant changes to agency notices of funding opportunity (NOFOs) for clarity and consistency across agencies but do not provide for transparency or accountability in how agencies use the provisions in 200.202(b) to inform program design.

Recommendation: We recommend adding language to Appendix I of Part 200 to require the program description section of agency NOFOs to explain how available data, past evaluations, consultation with communities, and coordination with other agencies have informed the program and how these activities may inform funding decisions, including any relevant selection criteria. Specific proposed language appears in [Appendix 2](#). We suggest that the federal Evaluation Officers Council work with the COFFA to highlight examples of exemplary

agency NOFOs that could serve as models for other grant programs that would benefit from a stronger focus on evidence and evaluation.

New Approaches to Intergovernmental Collaboration

OMB's proposed revisions to the Uniform Guidance would take meaningful steps to help states and localities strengthen their data and evaluation capacity. Their impact would be magnified significantly if the federal government adopts new approaches to intergovernmental collaboration that involve two-way dialogue and problem-solving to identify barriers to modernization and devise shared solutions to overcome them. We would welcome the opportunity to assist the administration in implementing the following strategies.

- **Get the word out about guidance changes, their implications, and associated resources** to ensure full implementation and effective leveraging of the revised Uniform Guidance through organizations that work regularly with states and localities. While OMB no doubt has a strong plan for these efforts, we encourage engagement of program- and policy-oriented groups that may not engage with the Uniform Guidance as regularly. This could include government associations such as the National Association of State Budget Officers; the National Association of State Chief Information Officers; the National Association of State Accountants, Controllers and Treasurers; the State Chief Data Officer Network; the American Public Human Services Association; the Council of Chief State School Officers, and the National Association of State Workforce Agencies. It could also involve organizations such as the National Governors Association, the National Association of Counties, the US Conference of Mayors, and the National League of Cities. These efforts should help establish an ongoing communication network to support dialogue across levels of government, particularly to make states and localities aware of changes to policy and new opportunities.
- **Strengthen technical assistance and produce toolkits** to assist states and localities to modernize and expand their data and evaluation capacity.

Useful resources from OMB and agencies could include:

- Frequently Asked Questions that provide supplementary information and examples not included in 2 CFR 200.
- Cost allocation toolkits that offer simplified methodologies to help fiscal staff easily allocate funds “in reasonable proportion to the benefit provided or other equitable relationship.”
- Further guidance on how jurisdictions should approach OMB and/or federal agencies to develop and pursue proposals for innovative approaches that leverage the OMB exceptions authority laid out in Section 200.102(a).

Useful resources that could be developed by outside organizations with federal support could include:

- Best practices and exemplary models that leading jurisdictions are already using that other jurisdictions could adopt related to key areas of grants administration. Examples include building and using integrated data systems, from funding models to sample memoranda of understanding for data linkage; engaging communities for program design and evaluation purposes; outcomes-focused reporting; defining and prioritizing evidence in grants and contracts; and other key areas of grants administration.
- Pre-award technical assistance on a range of technical topics. For example, assistance on designing data collection and disaggregation methods, building evaluation plans, and conducting community needs assessments would be very useful for prospective grantees.
- **Create forums to engage states and localities, associations that represent them, and other interested stakeholders in problem-solving** that allow for two-way discussion, question and answer, and collaborative problem-solving around complex topics of policy and implementation. These forums would bring together federal, state, and local experts – including officials responsible for budget, finance, IT, data, evaluation, and program administration – to understand pain points that are barriers to better use of data and evaluation and to devise workable solutions to address them. As our response to the earlier RFI noted, OMB sits at the intersection of programmatic policy and management implementation but has not established a feedback loop with state and local grantees and their service providers to provide insights on whether grants management and reporting processes are advancing or hindering programmatic policy goals. These collaborative forums can support the identification of needs and co-development of solutions to best meet shared goals. To synchronize the multiple policy areas that are necessarily involved – including the Uniform Grants Guidance, the Paperwork Reduction Act, and the Government Performance and Results Act Modernization Act – OMB’s Office of Federal Financial Management, the Office of Information and Regulatory Affairs, and the Personnel and Performance Management Division would all need to engage.
- **Launch pilots with leading state and local jurisdictions** to test new, multidisciplinary approaches to reporting and accountability that, if successful, could be replicated and scaled in other jurisdictions. Currently, siloed federal reporting requirements, developed by federal program offices with little visibility into how different programs can be coordinated on the ground to better serve individuals and communities, often continue on auto-pilot for years or decades. Some of these pilots could demonstrate how linking high-quality data across levels of government, such as employment and earnings data, could dramatically improve the accuracy and reduce the cost of measuring important outcomes. In addition to leveraging the Section 200.329(g) performance reporting

waiver authority, these pilots could inform how OMB exercises its Section 200.102(a) exceptions authority. We are not aware of OMB ever having used the exceptions authority for its original and continuing purpose of supporting innovation despite the authority having existed for nearly a decade. Moreover, OMB has never outlined a clear process whereby jurisdictions could pursue an exception. These pilots could help bring this important authority into active use in ways that drive state and local innovation and inform larger federal policy.

- **Establish a state and local government workgroup as part of the Council on Federal Financial Assistance** to focus on the impact of federal grants policy on state and local government. This workgroup would help to coordinate and support the intergovernmental efforts above and would serve as a hub within the federal government for understanding and addressing intergovernmental issues in grants management.
- **Identify guidance issued by other agencies that intersect with OMB's Uniform Guidance** and may need to be updated, clarified, or aligned. Cost allocation guidance is one example. Such guidance may cause confusion or present roadblocks that are otherwise difficult to anticipate and should be coordinated across agencies to reduce recipient burden and confusion.
- **Update guidance to auditors** provided through the OMB Compliance Supplement and coordinate with GAO on needed revisions to GAO's Yellow Book. Auditors, many of whom recognize that blending and braiding funds can increase the effectiveness and efficiency of government investments, could help develop revised guidance to describe permissible approaches.
- **Partner with data-focused philanthropies and non-profits** that are committed to strengthening state and local capacity to use data and evaluation. Foundations could provide financial support for activities noted above involving non-governmental organizations, such as intergovernmental roundtables, best practices guides, toolkits, communications campaigns, or supporting subject-matter experts to work inside the government on Intergovernmental Personnel Act assignments.

Examples of useful resources produced by non-governmental organizations, for the benefit of the government, include:

- The Association of Government Accountants [*Braided and Blended Funding: A Guide for Policymakers and Practitioners*](#)
- Actionable Intelligence for Social Policy's [*Expanding Mobility: The Power of Linked Administrative Data + Integrated Data Systems*](#)
- Results for America's [*Invest in What Works Federal Standard of Excellence*](#)
- Data Foundation's [*Government's Experience with its Customers to Build Trust: CX/GX Success Stories and Pathways for a More Responsive Public Sector*](#)

- [Blending and Braiding Funds: Opportunities to Strengthen State and Local Data and Evaluation Capacity in Human Services](#) by Jonathan Womer and Kathy Stack
- The Data Quality Campaign's [Data 101: A Briefing Book for Policymakers on Education and Workforce Data](#).
- Johns Hopkins University's 21st Century Cities Initiative [Federal-Local Partnerships Playbook](#)

Members of our coalition are eager to partner with the administration to boost federal, state, and local capacity to use data and evaluation to improve effectiveness and efficiency. We would welcome the opportunity to meet and discuss collaboration opportunities.

Sincerely,

Organizations:

Actionable Intelligence for Social Policy (AISP)
 Ajah
 Alliance for Learning Innovation
 America Forward, the policy initiative of New Profit
 American Evaluation Association
 American Public Human Services Association (APHSA)
 Annie E. Casey Foundation
 Association of Public Data Users (APDU)
 Association of Science and Technology Centers
 ASU Consortium for Science, Policy & Outcomes
 Aurora Institute
 Beeck Center for Social Impact + Innovation, Georgetown University
 Benefits Data Trust
 California Policy Lab
 Center for Employment Opportunities
 City of Seattle, Washington
 Code for America
 Coleridge Initiative
 Colorado Equitable Economic Mobility Initiative (CEEMI)
 Colorado Evaluation and Action Lab
 Council of Chief State School Officers
 Credential Engine
 Data Foundation
 Data Quality Campaign
 EDGE Consulting Partners
 Federation of American Scientists
 Ford Foundation
 Fountain House
 Friends of the Children
 GreenLight Fund

Institute for Higher Education Policy (IHEP)
Knowledge Alliance
National Association of State Budget Officers (NASBO)
National Association of State Chief Information Officers (NASCIO)
National Collaborative for Health Equity
National Prevention Science Coalition to Improve Lives
New America Higher Education Program
Project Evident
REDF
Results for America
Seattle Indian Health Board
Social Finance
Spartanburg Academic Movement
StriveTogether
The Center for Open Data Enterprise (CODE)
The Education Trust
The Opportunity Institute
The Policy Lab at Brown University
Third Sector Capital Partners
Unlock Aid
U.S. Digital Response

Individuals:

Barry Anderson, Former Assistant Director for Budget, White House Office of Management and Budget
John M. Bridgeland, Executive Chair, Office of American Possibilities; Former Director, White House Domestic Policy Council
Stuart Butler, Senior Fellow, Economic Studies, The Brookings Institution
Patrick Dean, Assistant Director, Alabama Commission on the Evaluation of Services
Richard Fiene, President, Research Institute for Key Indicators Data Lab
Gary Glickman, Managing Director, G2 Advisory Services, LLC; Former Coordinator, Partnership Fund for Program Integrity Innovation, White House Office of Management and Budget
Richard Hendra, Director, Center for Data Insights, MDRC
Laura Kramer, Enterprise Director for Results Management, Minnesota Management and Budget
Lauren Larson, Former Budget Director, State of Colorado
Shelley Metzenbaum, Former Associate Director, White House Office of Management and Budget; Founder, The BETTER Project - Bringing Everyone Together to Enhance Results
Kimberly Murnieks, Director and Chief Financial Officer State of Ohio, Ohio Office of Budget & Management
Jenni Owen, Director, North Carolina Office of Strategic Partnerships

Jennifer Pahlka, Senior Fellow, Federation of American Scientists; Senior Fellow, Niskanen Center

Javier Robles, President, Latino Action Network; Faculty, Rutgers University

Mark Schwartz, County Manager, Arlington County, Virginia

Robert Shea, CEO, GovNavigators; Former Associate Director, White House Office of Management and Budget

Jack Smalligan, Senior Policy Fellow, Urban Institute

Kathy Stack, Senior Fellow, Federation of American Scientists and Yale Tobin Center for Economic Policy; Former Deputy Associate Director, White House Office of Management and Budget

Dan Tangherlini, Managing Director, Emerson Collective; Former GSA Administrator, US Treasury CFO

Kristin Walker, State Budget Director, North Carolina Office of State Budget and Management

Mary Ellen Wiggins, Former White House Office of Management and Budget Staff, Offices of Federal Financial Management and of Personnel and Performance Management

David Wilkinson, Executive Director, Tobin Center for Economic Policy at Yale

Jonathan Womer, Director, Department of Administration, State of Rhode Island

David Yokum, Chief Scientist, North Carolina Office of State Budget and Management

Appendix 1: Key changes that OMB should retain in its final Uniform Guidance

We applaud OMB for the important changes listed below, which appear in the current proposed revisions to 2 CFR 200. These changes support the use of data, evidence, and cross-program innovation to improve outcomes for low-income and underserved populations and include:

- ✓ Maintaining the OMB exceptions authority in Section 200.102(a) as a means to support innovation in how programs are designed and administered.
- ✓ Addressing in 200.111 that federal award information can be provided in multiple languages. This increases access to specific programs and awards in communities where English is not the primary language.
- ✓ Referencing the Foundations for Evidence-Based Policymaking of 2018 (Evidence Act) in 200.202(a)(4) as an important underlying statute affecting program planning and design, alongside and in alignment with the Performance Management Improvement and Accountability Act.
- ✓ Directing agencies in 200.202(b) to design programs in consultation with impacted communities, with consideration for available data and recent evaluations, and in coordination with other agencies.
- ✓ Emphasizing the importance of measuring customer experience and considering evaluation plans when outlining reporting requirements in Section 200.329 and also allowing for waivers of unnecessary reports.
- ✓ Specifying Integrated data systems (IDS) and program evaluation as examples of costs that may be considered direct in 200.413(b), in addition to indirect, if they are directly related to a federal award.
- ✓ Raising the de minimis rate for indirect costs to 15 percent of modified total direct costs (200.414(f)). This increase allows organizations not well equipped to negotiate cost rates to benefit from more administrative "breathing room." This, in turn, can support needed investment in data and evidence-building capacity.
- ✓ Stating clearly that organizations may use funds to support integrated data systems

(200.455(c)). Though perhaps permissible previously, the new language provides the level of clarity and directness necessary for states and localities to act with confidence.

- ✓ Increasing the single audit threshold in 200.501. Increasing the threshold for single audit to \$1,000,000 will help smaller community-based organizations that may be partners in service delivery focus limited resources, which is an important equity issue for entities that may be lower-capacity and/or new to federal grants.
- ✓ Expanding the existing call for federal agencies to use cooperative audit resolution in 200.513(c)(3)(iii). Improving communication, fostering collaboration, promoting trust, and developing an understanding between the federal agency and the non-federal entity are important approaches for promoting equity in the audit process and for helping to support innovation.

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Appendix 2: Consolidated Table of Recommended Technical Changes

Recommended technical changes	What this change accomplishes
<p>1. Revise 200.455(c) on organizational costs, data, and evaluation to read:</p> <p>The costs related to data and evaluation are allowable and include (but are not limited to) the expenditures needed to gather, store, track, manage, analyze, disaggregate, secure, share, publish, or otherwise use data to administer or improve the program, such as data systems, <u>cloud-based services</u>, personnel, <u>professional services contracts</u>, data dashboards, cyber security, and related items. <u>Allowable costs also include evaluation planning and feasibility assessment, conducting and sharing results of the evaluation, and other personnel or materials costs related to effectively building and using evidence and evaluation for program design, administration, or improvement.</u> Data costs may also include direct or indirect costs associated with building integrated data systems—data systems that link individual-level data from multiple State and local government agencies for purposes of management, research, and evaluation.</p>	<ul style="list-style-type: none"> ● Clarifies that costs of cloud-based services and professional services contracts (for personnel who are not state and local employees) are allowable. ● Provides additional examples in 200.455(c) of allowable costs related to evaluation, specifically planning and conducting evaluations.

Recommended technical changes	What this change accomplishes
<p>2. Add a new subsection 200.455(d) on organizational costs and community engagement:</p> <p><u>Community engagement and outreach activities are also permitted and may include (but are not limited to) personnel, materials, and resources necessary to support the gathering, sharing, analyzing, and integrating of information to administer and improve programs, including for program design and program evaluation among other purposes. Examples of allowable activities include community meetings, online surveys, focus groups, human-centered design activities, behavioral science techniques, incentive payments or other forms of incentives, and other community engagement tools.</u></p>	<ul style="list-style-type: none"> • Explicitly includes costs of community engagement as allowable direct or indirect costs. • Better enables the engagement of community members for purposes of program design per 200.202(a)(5) and purposes of program evaluation.
<p>3. Revise the sentence on examples in 200.416(a) to read as below, and add the same examples to Appendix V:</p>	<ul style="list-style-type: none"> • Clarifies that integrated data systems and central analytics capacity are allowable components of statewide and central service cost-allocation plans to better enable a key approach to sustainable funding that leading states are beginning to pursue.

<p>Examples of centralized service costs may include motor pools, computer centers, <u>integrated data systems, central analytics capacity, cloud computing infrastructure, enterprise-wide SaaS applications</u>, purchasing, and accounting.</p>	
<p>Recommended technical changes</p>	<p>What this change accomplishes</p>
<p>4. Expand 200.400(e) by inserting the following sentence:</p> <p><u>Cognizant agencies for indirect costs, in consultation with OMB, should regularly update their guidance to recipients to enable grantees to leverage new technology and governance approaches that can utilize cost allocation to improve the cost-effectiveness of federal investments.</u></p>	<ul style="list-style-type: none"> Charges cognizant agencies for indirect cost (federal agency responsible for reviewing, negotiating, and approving cost allocation plans and indirect cost proposals on behalf of all federal agencies), in consultation with OMB, with updating cost allocation guidance regularly to account for technological advances.
<p>5. Define the term program evaluation in 200.1 to align with OMB Circular A-11:</p> <p><u>Program evaluation means an assessment using systematic data collection and analysis of one or more programs, policies, and organizations intended to assess their effectiveness and efficiency. Evaluations can provide critical information to inform decisions about current and future programming, policies, and</u></p>	<ul style="list-style-type: none"> Clarifies that program evaluation has the same scope and meaning established in OMB Circular A-11, which is based in the Foundations for Evidence-Based Policymaking Act.

organizational operations. Evaluation can look beyond the program, policy, or organizational level to include assessment of particular projects or interventions within a program, for example, or particular aspects of a policy of functions or units within an organization. Evaluations may address questions related to the implementation of a program, policy, or organization; the effectiveness of specific strategies related to or used by a program, policy, or organization; and/or factors that relate to variability in the effectiveness of a program, policy, or organization or strategies of these. Evaluations can also examine questions related to understanding the contextual factors surrounding a program, as well as how to effectively target specific populations or groups for a particular intervention. Evaluations can and should be used for learning and improvement purposes, as well as accountability purposes. Part 6 Section 200.24 of OMB Circular A-11 provides further context on the meaning of the term program evaluation.

6. Define the term evidence in 200.1 to align with OMB Circular A-11:

In the context of program evaluation and evidence-based policymaking, evidence means the available body of facts or information indicating whether a belief or proposition is true or valid. Evidence can be quantitative or qualitative and may come from a variety of sources, including foundational fact-finding (e.g., aggregate

- Clarifies that the term “evidence”, in the context of program evaluation and evidence-based policymaking activities carried out by grantees, has the same meaning established in OMB Circular A-11 guidance for purposes of the Federal Performance Framework.

<p><u>indicators, exploratory studies, descriptive statistics, and other research), performance measurement, policy analysis, and program evaluation. Evidence has varying degrees of credibility, and the strongest evidence generally comes from a portfolio of high-quality, credible sources rather than a single study.</u></p>	
<p>Recommended technical changes</p>	<p>What this change accomplishes</p>
<p>7. Reinstate the 200.301(c) language currently proposed for deletion, such that the subsection in full reads:</p> <p><u>This provision is designed to operate in tandem with evidence-related statutes (e.g.; The Foundations for Evidence-Based Policymaking Act of 2018, which emphasizes collaboration and coordination to advance data and evidence-building functions in the Federal government).</u></p> <p>The Federal agency should also specify in the Federal award any requirements of the recipients’ participation in federally-funded evaluations.</p>	<ul style="list-style-type: none"> • Clarifies the Evidence Act as a relevant underlying statute for program planning and design, performance measurement, and monitoring and reporting. • Adding back this language provides important grounding for section 200.301 as a whole. Specifically, OMB added a reference in 200.301(b) for agencies to consider how reporting will “build the evidence upon which the Federal agency makes program and performance decisions.” While this reference is very useful, it becomes unmoored without an explicit Evidence Act reference because the guidance uses the term evidence across so many contexts that could be construed as applying to program and performance decisions.
<p>8. Clarify the meaning of “monitoring framework documents” in 200.329(b), such as by using an alternate phrase or by giving additional examples of what these documents might include in addition to the Evaluation Plan.</p>	<ul style="list-style-type: none"> • Resolves confusion about 200.329(b) on monitoring and reporting program performance, which now directs agencies to “consult monitoring framework documents such as the agency’s Evaluation Plan” to determine reporting.

	<ul style="list-style-type: none"> ● We did not find in 2 CFR 200 any definition of or other use of the term “monitoring framework,” leaving the meaning of this term unknown.
<p>9. Insert a new subsection under Appendix I (b)(3)(i) that reads:</p> <p><u>A description of how the program design, including any relevant selection criteria, reflects existing data and evidence, including past evaluation results and engagement with communities. See 200.202(b).</u></p>	<ul style="list-style-type: none"> ● Provides clarity for how agencies have incorporated the data and evidence-building activities required by Section 200.202(b) into specific programs. ● Provides all prospective applicants with consistent context on program design and evidence use that may inform and strengthen their applications.