

A. Relationship of First Proposal to Grants Streamlining Under Pub. L. 106–107

In parallel with this proposal to relocate in the CFR the OMB circulars and guidance documents in their current form, which will make those documents available to the public in a single location, interagency work groups are developing proposals under Public Law 106–107 to streamline the award and administration of Federal grants and agreements. Public comments that OMB and Federal agencies received under Public Law 106–107 noted that the public finds the current policy framework for grants and agreements to be very confusing. The commenters cited a need to better align the various OMB circulars and guidance documents with each other to provide greater commonality in cross-cutting areas like definitions. They also identified a need to make Federal agency regulations that implement the OMB guidance more consistent with that guidance, to make it easier for applicants and recipients to understand their obligations and those of their subrecipients. Therefore, some interagency work group proposals may involve significant revision of current OMB circulars and guidance documents; for example, one group's effort to develop standard award terms and conditions may lead to future proposals to revise the OMB circular guidance on post-award administrative requirements. The proposal in this notice to provide a single CFR location for OMB guidance is a good first step that provides a foundation for any future streamlining of the policy framework. Any revision to an OMB circular or guidance document would be proposed in a **Federal Register** notice separate from this notice, with an opportunity for public comment.

B. Structure of 2 CFR To Implement the First Proposal

OMB proposes to establish a subtitle A for its guidance in Title 2 of the CFR, a title that currently is reserved and that would be redesignated "Government-wide Grants and Agreements." OMB proposes to locate its current circulars and guidance documents within Chapter II of subtitle A. Chapter I would be reserved at this time, as the future location of the OMB guidance after any revisions due to the Public Law 106–107 streamlining efforts.

Subtitle A, Chapter II also will include a part with general information about 2 CFR. That part will address the purpose and scope of the title, the

applicability of the various portions of the OMB guidance to different types of agreements, and the responsibilities of the OMB and Federal agencies with respect to the guidance.

II. Second Proposal: Co-Locate OMB Guidance and Related Agency Regulations

Most Federal agencies issue regulations related to some or all of OMB's government-wide guidance for grants and agreements. Because each agency's regulations currently are in its own title in the CFR, an entity that may receive awards from more than one Federal agency must read regulations in multiple locations in the CFR. To reduce this burden, an interagency working group under the Public Law 106–107 grants streamlining effort recommended that agencies co-locate their implementing regulations with the OMB guidance in Title 2 of the CFR. An applicant or recipient then could more easily find the agencies' implementing regulations, as well as the OMB guidance, in one location.

Note that this proposal entails only Federal agency regulations for nonprocurement instruments. Some portions of the OMB guidance (specifically, the cost principles in OMB Circulars A–21, A–87, and A–122, and the guidance on single audits in OMB Circular A–133) apply to both procurement and nonprocurement instruments. The Federal Acquisition Regulation (FAR) implements those portions for procurement contracts. The current proposal is to co-locate the OMB guidance with agency implementing regulations only for grants and agreements; the proposal would not relocate the implementation of the OMB guidance for procurement contracts, which will continue to be in the FAR.

To accomplish the co-location, OMB proposes to establish a second subtitle in Title 2 of the CFR. Subtitle B would be "Federal Agency Regulations for Grants and Agreements." Ultimately, each Federal agency that has regulations implementing OMB's guidance will establish a chapter in Subtitle B where its regulations will appear. Each agency will be responsible for organizing the subject matter in its chapter.

III. Relative Timing of Changes Resulting From First and Second Proposals

As explained above, OMB is proposing to establish its guidance in 2 CFR in two phases. In the first phase, the circulars and guidance documents would be moved into Chapter II of the

new CFR title in their current form (adapted to CFR codification). In the second phase, after any revisions due to the Public Law 106–107 streamlining effort, they would be moved into Chapter I of the new title.

The timeframe for agencies to complete their move of regulations would correspond to the second of the two phases. Once OMB establishes the guidance documents in Chapter I, with any revisions, the revised guidance would require agencies to locate their implementing regulations in 2 CFR. Agencies could elect to move existing regulations during the first phase, in parallel with OMB's relocation of current circulars and guidance, but they would not be required to do so.

IV. Summary of Proposals

In summary, OMB proposes to establish in the near term, after considering public comments received in response to this notice:

- Title 2 of the CFR, which would be entitled "Government-wide Grants and Agreements;"
- Subtitle A of Title 2, which would be "Government-wide Guidance for Grants and Agreements;"
- Chapter I of Subtitle A, which would be reserved;
- Chapter II of Subtitle A, which would contain all existing OMB Circulars and other guidance;
- Subchapter A of Chapter II, which would be "General Matters" related to Chapter II.
- Subtitle B of Title 2, which would be "Federal Agency Regulations for Grants and Agreements," where Federal agencies may now choose to locate, and eventually will be required to locate, agency regulations implementing the OMB guidance on the award and administration of grants and agreements.

OMB in the longer term plans to move its guidance, with any revisions resulting from the streamlining under Pub. L. 106–107, to Chapter I of Subtitle A. During that transition, Federal agencies will establish their chapters in Subtitle B and add content to that subtitle.

V. Invitation To Comment

OMB welcomes your input on any aspect of the two proposals described in this notice. You may wish to comment on the merits of either proposal individually or the two in combination.

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