

Almost on the Same Page: HHS's Adoption of the Uniform Guidance



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Recipients and subrecipients of federal funding from the U.S. Department of Health and Human Services (HHS) and other federal agencies can soon expect greater uniformity in the rules that govern the administration and use of those funds. HHS published an [Interim Final Rule](#) (the “Rule”) on October 2, 2024, adopting the Office of Management and Budget’s (OMB) codification of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”) at [2 CFR Part 200](#). HHS’s adoption of OMB’s version of the Uniform Guidance will go into effect on October 1, 2025, with a few exceptions. Until that time, HHS’s current version will remain, with a few adjustments to account for updates in the law and to add desired flexibility. Once in effect, OMB’s Uniform Guidance will replace HHS’s separate codification at [45 CFR Part 75](#), which currently applies to HHS awards. This move should alleviate some administrative burden and uncertainty for community action agencies (CAAs), since they typically receive federal funds from multiple federal awarding agencies, including HHS, and will no longer need to comply with two versions of the Uniform Guidance.

While most federal agencies previously adopted OMB’s Uniform Guidance, HHS codified its own version of the regulations in 2014. While similar, key differences between the versions have always existed and updates to OMB’s Uniform Guidance have outpaced HHS’s. For example, HHS did not adopt OMB’s 2020 updates which gave more flexibility to recipients and subrecipients by enabling them to receive the de minimis rate even if they previously had a negotiated indirect cost rate. As a result, some CAAs that were eligible to use the de minimis rate for federal awards under OMB’s Uniform Guidance were prohibited from doing so for HHS awards. This posed particular problems for indirect cost recovery given the importance of treating costs consistently across funding awards.

HHS will phase in adoption of OMB’s Uniform Guidance to provide divisions and departments within HHS, like the Office of Community Services, with time to prepare for the change while offering recipients and subrecipients several key flexibilities and benefits of OMB’s version immediately. Until September 30, 2025, HHS’s version of the Uniform Guidance remains in effect for HHS awards with a few adjustments. This means that CAAs must follow 45 CFR Part 75 for the administration and use of current HHS awards except for the following eight provisions from OMB’s Uniform Guidance (2 CFR Part 200) which are effective immediately:

1. **Micro-purchase and simplified acquisition thresholds, 2 CFR 200.320.** HHS separately adopted the micro-purchase and simplified acquisition thresholds as required by existing law.
2. **Closeout, 2 CFR 200.344.** HHS separately adopted the closeout provisions of 2 CFR Part 200 via federal regulation in September 2023.
3. **Modified total direct cost definition, 2 CFR 200.1.** The definition of “modified total direct cost” allows \$50,000 of each subaward to be included in the modified total direct cost base, up from \$25,000.



4. **Equipment threshold, 2 CFR 200.1, 2 CFR 200.313(e).** Sets the threshold for the equipment definition and equipment disposition regulations at or above \$10,000, up from \$5,000.
5. **Supply threshold, 2 CFR 200.1, 2 CFR 200.314(a).** Sets the threshold for the supply definition and supply disposition regulations at below \$10,000, up from \$5,000; establishes that a computing device acquired below \$10,000 is a supply.
6. **Fixed amount subaward threshold, 2 CFR 200.333.** Allows recipients to provide subawards based on fixed amounts up to \$500,000 with prior written approval from the federal agency.
7. **De minimis indirect cost rate, 2 CFR 200.414(f).** Allows recipients and subrecipients that do not currently have a federally negotiated indirect cost rate to elect to use the de minimis indirect cost rate of up to 15% of modified total direct costs, up from 10%. The recipient or subrecipient determines the appropriate rate (up to 15%). Federal agencies and pass-through entities may not require recipients and subrecipients to use a lower rate unless required by federal statute or regulation.
8. **Audit threshold, 2 CFR 200.501.** The threshold of the federal funds expenditure that triggers a Single Audit is \$1 million, up from \$750,000.

On October 1, 2025, HHS's repeal of 45 CFR Part 75 and full adoption of 2 CFR Part 200 goes into effect. At that time, a CAA's HHS awards will be subject to OMB's Uniform Guidance (2 CFR Part 200) with a few exceptions. HHS will carry over 12 provisions from 45 CFR Part 75 and recodify them at 2 CFR Part 300. These 12 provisions will continue to apply to HHS awards along with OMB's Uniform Guidance. Of these provisions, the ones of most significance to CAAs include:

- **Statutory and national policy requirements, 2 CFR 300.300.** Contains more detailed HHS-specific nondiscrimination provisions, including a list of statutes that prohibit sex-based discrimination, and procedures for applicants or recipients seeking assurances they are exempt from the provisions of this section under religious freedom protections.
- **Shared responsibility payments, 2 CFR 300.478.** Describes restrictions not included in OMB's Uniform Guidance on payments for failure to maintain minimum essential health coverage and failure to offer health coverage to employees.

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