

COASTAL STATES ORGANIZATION



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December 4, 2023

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

Re: Guidance for Grants and Agreements Proposed Rulemaking (OMB-2023-0017)

Dear Ms. Harrison,

The Coastal States Organization (CSO) respectfully submits these comments to the U.S. Office of Management and Budget (OMB) on its proposed revisions¹ to the OMB Guidance for Grants and Agreements at title 2 of the Code of Federal Regulations. Since 1970, CSO has served as the collective voice for the nation's coastal states, commonwealths, and territories on policy issues relating to coastal, Great Lakes, and ocean management. CSO's governor-appointed delegates – representatives from the state and territory coastal management programs – partner with coastal communities, the federal government, tribal governments, and the regulated community for the effective management, beneficial use, protection, and development of the coastal zone through the federal-state partnership established under the Coastal Zone Management Act (CZMA).²

CSO offers the following comments based on the experience and expertise of state and territory coastal programs. These comments are made in conjunction with and in support of comments submitted individually by coastal states and territories.

Coastal management programs participate in federal grant programs administered by the National Oceanic and Atmospheric Administration through key CZMA authorities including annual Section 306 for program administration and implementation,³ Section 306A for coastal acquisition, public amenity construction, and habitat restoration,⁴ and Section 309 for coastal zone enhancement projects,⁵ as well as other federal grants. Coastal program leaders represent states on Regional Ocean Partnerships and other interstate initiatives. Coastal programs administer pass-through funds, coordinate state grant programs, and provide technical assistance and planning support to local communities seeking federal grants.

OMB's proposed revisions to CFR title 2 update key thresholds to reflect current economic realities and represent important continued progress toward more effective, accessible, equitable, and transparent federal funding administration and oversight.

1. CSO supports the proposed increase of the *de minimis* indirect cost rate (§ 200.414), which would provide a more equitable playing field for underserved communities, better reflecting rising personnel and operating

¹ Guidance for Grants and Agreements, 88 Fed. Reg. 69,390 (Oct. 5, 2023).

² 16 U.S.C. § 1451 *et seq.*

³ 16 U.S.C. § 1455.

⁴ 16 U.S.C. § 1455a.

⁵ 16 U.S.C. § 1456b.

costs for recipients that do not have the in-house capacity, experience, or expertise to pursue negotiated indirect cost rate agreements.

2. CSO supports proposed increases for monetary thresholds that have not been updated for many years in recognition of inflation over time, including the single audit threshold (§ 200.501), equipment threshold value (§ 200.313), and supplies threshold value (§ 200.314). Higher thresholds will ease administrative burdens and better reflect current costs.
3. CSO supports proposed changes to the requirements for post-award budget and program plans, including greater flexibility in selection and oversight of subrecipients and adjusting pre-approval requirements for certain expenses (§ 200.308). These changes would reduce the administration burden for both state programs administering pass-through funds as well as their federal partners.
4. CSO recommends that OMB consider providing greater predictability, simplicity, and flexibility for recipients seeking no-cost extensions. Coastal management programs often must seek extensions to complete grant obligations due to external delays and obstacles. The prior approval process for these extensions consumes staff capacity, creates uncertainty that unnecessarily complicates state budget processes, and interrupts core grant work, often on issues that the recipient and their federal partner understand to be routine.
 - a. OMB should encourage federal agencies to simplify and streamline the process for no-cost extension pre-approval where they are necessary. CZMA Section 306 grants provide 18-month periods of performance, extendible to 36 months. Several coastal programs report needing to regularly apply for no-cost extensions. CSO recommends not only that NOAA use flexibility under existing OMB rules to streamline the no-cost extension process and set periods of performance which better reflect the nature of coastal programs' work, but also that OMB provide guidance, incentives, and support for federal agencies to work with recipients to simplify and improve the process.
 - b. OMB authorizes federal agencies to provide at their discretion for 12-month "one-time extensions" (§ 200.308(g)(2)), which do not require prior approval. This one-time extension waiver (as well as pre-award costs) is automatically extended to federal awards that support research unless otherwise stipulated by the federal agency (§ 200.308(h)).

OMB should consider extending this presumptive waiver to state governments receiving regular administration, implementation, and/or pass-through funding such as under CZMA Section 306. Like Institutions of Higher Education, state governments have robust management structures and administrative capacity and work closely with federal agencies on a broad array of shared priorities. Extending this automatic waiver to state governments would provide an additional avenue to make the process more efficient and predictable.

Thank you for the opportunity to provide feedback on this important rulemaking effort. Please direct any questions to John Ryan-Henry (jryan-henry@coastalstates.org).

Sincerely,



Derek Brockbank
Executive Director