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The Power of Perseverance, Government Grants Edition

The [2024 overhaul of the federal grant rules](#) prove the recently coined adage: if at first you don't succeed, adjust your strategy and try, try, and keep trying until you achieve your policy goal. Securing additional, nonprofit-friendly reforms to the OMB Uniform Guidance has taken a long time, but the payoff will be significant in the coming years. That's the nonprofit super power of persistence in support of mission.

An [Advocacy in Action article](#) about the advocacy leading up to passage of a key pandemic employment tax credit coined the modified adage about trying, and trying again. The newly announced reforms to federal grants rules, [discussed elsewhere in this edition of *Nonprofit Champion*](#), present an even more striking example of why and how nonprofits can use vigilance and advocacy to reform grants policies and procedures to better enhance service delivery, taxpayer value, and organizational sustainability.

The story starts in 2010, when charitable organizations were still struggling to recover from the Great Recession and the federal government was just beginning to recognize that the mishmash of rules governing how federal grants fund were allocated, managed, and reported on needed a complete overhaul. To their credit, federal officials recognized that little in the old system was worth saving and that a single, unified set of grants rules was needed. And to their even greater credit, the

officials reached out to the charitable nonprofit community for input.

That input back in 2011 and 2012 was perhaps more robust than expected. During a nationwide webinar, federal officials heard from nonprofits all over the country and from experts at the Government Accountability Office that the existing system was unjust, imposed senseless costs and burdens on the organizations with which governments were partnering, and threatened the very survival of those nonprofit partners. That public event, plus hundreds or even thousands of public comments submitted by nonprofits, led to nonprofit-specific reforms in the resulting OMB Uniform Guidance of 2013. Those reforms guaranteed payment of indirect costs, streamlined applications and reporting, and fairer treatment.

On paper, the reforms were excellent. In practice, however, governments at all levels failed to follow the rules, continued to impose unfair burdens, and stonewalled numerous important fixes proposed by nonprofit advocates.

Never accepting a harmful status quo, those same nonprofit advocates agitated at all levels to secure reforms. Nonprofits pointed out repeatedly that the minimum indirect cost rate set in the Uniform Guidance was too low to make a difference and that it wasn't being applied anyway. Nonprofits noted that they have no formal way to object to mistreatment or to get resolution when governments failed to follow the regulations.

Nonprofit advocates were not shut down everywhere. Inch by inch, step by step, reform-minded nonprofits moved the policy needle, convincing government officials in some states and local government of the need to repair – and sometimes replace – broken and fundamentally unfair government grantmaking processes. Momentum has increased since the pandemic when state, county, and municipal governments recognized how much they depend on nonprofits to meet community needs. Yet for too many years (in fact, since OMB first promulgated the Uniform Guidance), getting the federal government to take action to address the continuing problems with proposed solutions proved elusive as the priorities of Administrations changed.

Fast forward to 2023, when things changed. In the fall of 2023, OMB released its proposed fundamental rewrite of the Uniform Guidance. To the pleasant surprise of the long-engaged nonprofit advocates, the problems and solutions they had been raising for years were included in the draft regulations. The *de minimis* indirect cost rate, the minimum governments must pay every nonprofits for overhead costs,

increased from 10% to 15%. The new rules include much more robust language mandating that governments at the local, state, and federal levels must pay nonprofits more than 15% if the nonprofit has a federally negotiated indirect cost rate. And OMB is empowering nonprofits to appeal bad actions directly to OMB. The rules proposed in late 2023 were issued in final form in April 2024.

There's plenty more in the reforms that have been sought for a very long time, but you get the picture. This [analysis lays out the most important changes](#) for charitable nonprofits that were incorporate in the 2024 OMB Uniform Guidance.

More reforms, of course, are needed; OMB hasn't addressed every nonprofit's unique problems. But the message is clear from the 2023-24 rulemaking that perseverance - working the long game - can pay off when nonprofits present the facts, identify workable solutions, communicate them, and communicate them again and again until adopted.

Publishers Note: This article is part of an occasional series encouraging nonprofits to use the powers that they already have to advance their missions. See, for example, [Using the Powers You Have: The Power of One](#) and [The Power of Three](#).