



**NATIONAL ENDOWMENT FOR THE
HUMANITIES**

Revisions to 2 CFR:
Explainer for NEH Award Recipients

(For awards issued October 1, 2024, or later)

Published February 12, 2025



Introduction

The Office of Management and Budget (OMB) recently revised parts of [OMB Guidance for Federal Financial Assistance](#), located in Title 2 of the Code of Federal Regulations (2 CFR), for the purposes of:

- incorporating statutory requirements and administration priorities;
- reducing burden for applicants, recipients, and federal agencies; and
- rewriting sections to use plain language, improve flow, address inconsistencies, and clarify terms that have been subject to multiple interpretations.

Throughout this process, OMB sought the public's feedback on potential policy revisions. The resulting revisions are effective for all new awards and supplements issued on and after October 1, 2024 and impact the following major components of 2 CFR:

- [Part 1](#) (About Title 2 of the Code of Federal Regulations and Subtitle A)
- [Part 25](#) (Unique Entity Identifier and System for Award Management)
- [Part 170](#) (Reporting Subaward and Executive Compensation Information)
- [Part 175](#) (Award Term for Trafficking in Persons)
- [Part 180](#) (OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Non-procurement))
- [Part 182](#) (Government-Wide Requirements for Drug-Free Workplace (Financial Assistance))
- [Part 183](#) (Never Contract with the Enemy)
- [Part 184](#) (Buy America Preferences for Infrastructure Projects)
- [Part 200](#) (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)

NEH has adopted the revisions to 2 CFR Part 200 in [2 CFR § 3374.1](#).

The following is a general overview of major changes as they apply to organizational recipients. As this overview is not meant to be comprehensive, NEH encourages you to familiarize yourself with the changes; update internal policies, procedures, and terms and conditions for new subawards or supplements; and ensure that these requirements are communicated to staff and subrecipients as necessary.

Recipients of individual awards may refer to the [General Terms and Conditions for Awards to Individuals](#) to learn which components of 2 CFR apply to their awards.

A note on prior-year awards

If you have an NEH award issued prior to October 1, 2024, these revisions do not apply and you will need to reference the previous version of 2 CFR, as well as the previous version of the terms and conditions indicated in your specific award terms and conditions. If you have an award that was issued prior to October 1, 2024, and you received additional funds on that award through a supplement after October 1, 2024, the 2 CFR revisions apply only to spending and activities on the supplement.

Please see additional guidance in the [Resources](#) section for instructions on how to access the previous version of 2 CFR and the terms and conditions of your award.



Summary of Changes to 2 CFR

2 CFR Part 25

[2 CFR § 25.105](#) clarifies that only first-tier subrecipients must obtain a Unique Entity Identifier (UEI), not lower-tier subrecipients or contractors. [2 CFR § 25.300](#) clarifies that while subrecipients must obtain a UEI, they are not required to register in SAM.gov.

2 CFR Part 175

Part 175 now aligns with the amended Trafficking Victims Protection Act (TVPA) of 2000 ([22 U.S.C. § 7101-7115](#)), adding that recipients must prepare a substantive compliance plan and certification if services performed outside the United States for award purposes exceed \$500,000.

[2 CFR § 175.105\(c\)](#) requires recipients to inform NEH and NEH's Office of the Inspector General (OIG) *immediately* if there are credible reports that the recipient (or any subrecipient, contractor, subcontractor, or agent of the recipient) has engaged in prohibited activities.

2 CFR Part 200

Subpart A, Acronyms and Definitions

OMB updated some terminology. Notably, the term "recipient or subrecipient" replaces "non-federal entity" (except in Subpart F, to align with the Single Audit Act) and "federal financial assistance" replaces "grants and agreements." OMB also added several terms: "continuation funding," "Institution of Higher Education," "participant," and "prior approval."

Subpart B, General Provisions

Mandatory disclosures

Per [2 CFR § 200.113](#), applicants, recipients, and subrecipients are now required to *promptly* disclose when they have "credible evidence" of violations of federal criminal law related to fraud, conflict of interest, bribery, or gratuity or of the civil False Claims Act. Such disclosures must be made in writing to NEH, NEH's OIG, and the pass-through entity if applicable.

Subpart C, Pre-Award Requirements

Unexpended funds

[2 CFR § 200.201](#) clarifies that the recipient has a right to unexpended funds when the activities and requirements are determined to be complete in accordance with the terms and conditions of the award.



Whistleblower protections

Whistleblower protections codified in [41 U.S.C. § 4712](#) are now stated explicitly in [2 CFR § 200.217](#). OMB added a new requirement that recipients and subrecipients must inform employees in writing of whistleblower rights and protections.

Subpart D, Post-Award Requirements; Subpart E, Cost Principles; and Subpart F, Audit Requirements

Advisory councils

[2 CFR § 200.422](#) defines advisory councils and clarifies that costs incurred by both internal and external advisory councils are allowable if authorized by statute, NEH, or as an indirect cost where allocable to federal awards.

Audits

[2 CFR § 200.501](#) increases the threshold for single audits from \$750,000 to \$1,000,000. [2 CFR § 200.512](#) also clarifies the deadlines for submitting the Single Audit Act report and authorizes the recipient's cognizant federal agency for audit (or oversight agency for audit, in the absence of a cognizant agency for audit) to authorize extensions for Single Audit submissions under certain conditions.

Cost allowability

Several changes were made to the allowability of certain cost items. Some examples:

- **Conferences:** [2 CFR § 200.432](#) expands allowable costs to include the provision of dependent care resources for participants attending an award-funded conference. It also more narrowly defines "conference" to mean "an event whose primary purpose is to disseminate technical information beyond the recipient or subrecipient and is necessary and reasonable for successful performance under the Federal award."
- **Entertainment and prizes:** [2 CFR § 200.438](#) adds new language that the "costs of prizes or challenges are allowable if they have a specific and direct programmatic purpose and are included in the Federal award."
- **Organization costs:** [2 CFR § 200.455](#) now clarifies that any costs associated with either persuading or dissuading employees from collective bargaining and related activities are unallowable under federal awards. It also states that costs related to data (e.g., 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, personnel, data dashboards, cybersecurity, etc.) are allowable.
- **Open access:** Per [2 CFR § 200.461](#), open access fees for publications that report work supported by the federal award are allowable. This will help recipients comply with [NEH's public access policy](#).
- **Closeout costs:** [§ 200.472\(b\)](#) adds that administrative costs associated with the closeout activities of a federal award (e.g., salaries of personnel preparing final reports, public and printing costs, costs associated with the disposition of equipment and property, and related indirect costs) are allowable. Such costs may be incurred until and must be liquidated by the



due date of the final report(s) and charged to the final budget period of the award unless NEH specifies otherwise.

Direct and Indirect Costs

Per [2 CFR § 200.1](#), the Modified Total Direct Cost (MTDC) base for each subaward increased from \$25,000 to \$50,000.

Per [2 CFR § 200.414](#), the de minimis indirect cost rate from 10% to 15%. It also clarifies that pass-through entities "must accept all federally negotiated indirect cost rates for subrecipients."

Equipment

Per [2 CFR § 200.1](#), equipment is tangible personal property with a per unit acquisition cost of \$10,000 or more. This threshold increased from \$5,000.

In addition, several changes were made to [2 CFR § 200.313](#), including:

- defining "conditional title" to mean that "a clear title is withheld by [NEH] until conditions and requirements specified in the terms and conditions of a federal award have been fulfilled";
- raising the threshold for disposing equipment without further responsibility to NEH or pass-through entity from \$5,000 to \$10,000;
- raising the amount recipients or subrecipients may retain for selling or handling equipment from \$500 to \$1,000;
- requiring recipients and subrecipients to notify NEH or the pass-through entity of any equipment loss, damage, or theft of equipment.

Federal payment

In [2 CFR § 200.305\(b\)\(12\)](#), OMB updated instructions for returning interest in excess of \$500 earned on federal funds. Repayment instructions can now be found [here](#).

Internal controls

OMB added an internal control provision to [2 CFR § 200.303\(e\)](#), requiring recipients and subrecipients to take reasonable cybersecurity and other measures to safeguard sensitive information.

Prior approval

[2 CFR § 200.407](#) removes prior written approval requirements for several cost elements, including:

- § 200.413 Direct costs, paragraph (c) (i.e., administrative and clerical staff salaries)
- § 200.438 Entertainment costs
- § 200.454 Memberships, subscriptions, and professional activity costs, paragraph (c) (i.e., civic and community organization memberships)
- § 200.456 Participant support costs
- § 200.467 Selling and marketing costs

Recipients are still required to ensure that costs are allowable and to request prior approval from NEH for any changes (e.g., scope, budget) associated with these costs.



For further information on which cost items and project changes require prior approval, please see [General Terms and Conditions for Awards to Organizations \(for grants and cooperative agreements issued October 1, 2024, or later\)](#).

Procurement

Several changes to procurement were made throughout 2 CFR 200.

- Per [2 CFR § 200.317](#), Indian Tribes may now follow the same procurement requirements as states when they conduct procurement transactions under a federal financial assistance award, allowing them to use their own policies and procedures, if they have them, for procurement and equipment.
- Several changes were made to general procurement standards set forth in [2 CFR § 200.318](#), for instance:
 - Conflict of interest applies to board members as well.
 - Recipients and subrecipients must report violations of law related to their procurement transactions to the federal, state, or local authority with proper jurisdiction.
- Changes to [2 CFR § 200.319](#) removed the geographic preference prohibition when evaluating bids or proposals previously found in [2 C.F.R. § 200.319\(c\)](#).
- "Small purchases" was redefined to include micro-purchases and simplified acquisitions. A simplified acquisition is a procurement transaction whose aggregate amount is more than the micro-purchase threshold (still \$10,000, as defined by [48 FAR 2.1](#), or \$50,000 if the recipient or subrecipient self-certifies per [28 CFR § 200.320\(a\)\(1\)\(iv\)](#)) but does not exceed the simplified acquisition threshold (still \$250,000, as defined by [48 FAR 2.1](#)).
- OMB added veteran-owned businesses to the list of the types of businesses that recipients and subrecipients should consider in procurements found at [2 CFR § 200.321](#).

Property

Per [2 CFR § 200.311\(c\)](#), when appraising real property, the recipient or subrecipient must use an independent appraiser and a responsible official of the recipient or subrecipient must certify.

Revision of budget and program plans

Several changes were made to requirements for revisions to budget and program plans found in [2 CFR § 200.308](#), including:

- Prior approval for a change of subrecipient is now only required if the subrecipient was included in the application and was a "determining factor in the merit review or eligibility process." For NEH awards, subawards are generally a determining factor. If you have questions as to whether this is the case for your award, reach out to your grant management specialist.
- OMB clarified that federal agencies may approve multiple no-cost extensions under a federal award.

Subawards

Several changes were made that govern subaward management and monitoring, including:



- Per [2 CFR § 200.328](#), pass-through entities must now collect financial reports from subrecipients on at least an annual basis, and subrecipients must submit final financial reports no later than 90 calendar days after the conclusion of the period of performance.
- [2 CFR § 200.329](#) clarifies that subrecipients, too, are responsible for providing oversight of the Federal award, and specifies that pass-through entities may collect performance reports from subrecipients no less than annually and no more than quarterly.
- Several changes were made to [2 CFR §§ 200.331-333](#), including:
 - [§ 200.331](#) clarifies that “[NEH] does not have a direct legal relationship with subrecipients or contractors of any tier; however, [NEH] is responsible for monitoring the pass-through entity’s oversight of first-tier subrecipients.”
 - [§ 200.332\(a\)](#) adds the requirement that pass-through entities must verify that a potential subrecipient is not excluded or disqualified in accordance with [2 CFR § 180.300](#). This includes confirming in SAM.gov that a potential subrecipient is “not suspended, debarred, or otherwise excluded from receiving Federal funds.”
 - [§ 200.332\(c\)](#) requires pass-through entities to evaluate fraud risk, in addition to the risk of non-compliance.
 - [§ 200.332\(d\)](#) requires pass-through entities to notify NEH of specific conditions it implements with its subawards.
 - [§ 200.333](#) increased the threshold for fixed amount subawards from \$250,000 to \$500,000.
- [2 CFR § 200.415](#) adds a new certification requirement for subrecipients. Subrecipients must certify to the pass-through entity whenever applying for funds, requesting payment, and submitting financial reports: “I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812.”

Supplies

Per [2 CFR § 200.1](#), supplies are tangible personal property with a per unit acquisition cost of less than \$10,000. This threshold increased from \$5,000.

In addition, several changes were made to [2 CFR § 200.314](#), including:

- defining “aggregate value of unused supplies” as “supplies in new condition, not having been used or open before, consisting of “all supply types, not just like-item supplies”;
- raising the threshold of unused supplies from \$5,000 to \$10,000;
- raising the amount recipients or subrecipients may retain for selling or handling supplies from \$500 to \$1,000; and
- adding a calculation methodology for compensation to NEH or pass-through entity for retained or sold supplies.



Resources

We encourage you to bookmark the following webpages for reference:

- [M-24-11: Memorandum on Reducing Burden in the Administration of Federal Financial Assistance](#): OMB's memo to heads of executive departments and agencies announcing revisions to 2 CFR.
- [Federal Register: Guidance for Federal Financial Assistance](#): OMB's final rule for the 2024 revisions to 2 CFR. This includes summaries of public comment, OMB responses, and rationale for the revisions.
- [Title 2 of the CFR](#): Reference for all changes to 2 CFR.
- [2 CFR Part 200](#): Reference for all changes to Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- [COFFA FAQ](#): Frequently Asked Questions on 2 CFR changes from the Council on Federal Financial Assistance.
- [Grants Management Policy and Guidance for Awards to Organizations](#): NEH's webpage providing links to current and prior versions of award terms and conditions and NEH policies and procedures.

Finding the correct version of the CFR

[2 CFR Revisions 2024: Unofficial Comparison Version](#) allows you to view redlined changes in a PDF format.

Within [eCFR](#), you can use the "Go to Date" feature on the left-hand toolbar to revert to previous versions of the CFR. Just select a date prior to October 1, 2024, and click "Go to date."

The screenshot shows the eCFR interface for **PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS**. The left-hand toolbar includes options like Details, Print/PDF, Display Options, Subscribe, Timeline, **Go to Date** (highlighted with a red box), and Compare Dates. The main content area shows the title, authority (31 U.S.C. 503; 31 U.S.C. 6101-6106; 31 U.S.C. 6307; 31 U.S.C. 7501-7507), source (89 FR 30136, Apr. 22, 2024), and subpart **Subpart A—Acronyms and Definitions**. Below this, there is a section for **ACRONYMS** and a **GO TO DATE** section with a date input field set to 09/30/2024 and a **Go to date** button.

You can also use the "Compare Dates" on the left-hand toolbar to generate an in-line comparison of CFR changes prior to and after October 1, 2024. Just compare the current version to a date prior to October 1, 2024, and click "Compare Dates." You can select to show changes in different colors to suit accessibility needs and/or whether to display strike-through text for removed content.



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§ 200.308 Revision of budget and program plans.

- (a) **Approved budget in general.** The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. It may include the Federal share and non-Federal share or only the Federal share, as determined by the Federal agency or pass-through entity.
- (b) **Deviations from approved budget.** The recipient or subrecipient must report deviations from the approved budget, project or program scope, or objective(s) in accordance with § 200.329. The recipient or subrecipient must request prior approvals from the Federal agency or pass-through entity for budget and program plan revisions in accordance with this section.
- (c) **Requesting approval for budget revisions.** When requesting approval for budget revisions, the recipient or subrecipient must use the same format for budget information that was used in their application, except if the Federal agency has approved an alternative format. Alternative formats may include the use of electronic systems, email, or other agency-approved mechanisms that document the request.
- (d) **Federal agency or pass-through entity review.** The Federal agency or pass-through entity must...

ENHANCED CONTENT - COMPARE DATES

Compare to

Show changes as: red/green
 purple/orange

Show strike-through for removed content yes
 no

The result will generate a page that looks like this, displaying which text was added in the October 1, 2024, revisions (orange) and which text was removed (purple).

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- (b) Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies as determined by the Federal agency or pass-through entity.
- (b) **Deviations from approved budget.** The recipient or subrecipient must report deviations from the approved budget, project or program scope, or objective(s) in accordance with § 200.329. The recipient or subrecipient must request prior approvals from the Federal agency or pass-through entity for budget and program plan revisions in accordance with this section.

Contact Information

You may send general questions to grantmanagement@neh.gov.

If you have a specific question about how 2 CFR applies to your NEH award, send a message in [eGMS Reach](#) to your grant management specialist.