

AUTHORS

Dismas Locaria
Melanie Jones Totman
Elizabeth A. Buehler
Jeffrey S. Tenenbaum

RELATED PRACTICES

Government Contracts

RELATED INDUSTRIES

Nonprofit Organizations
and Associations
Government Contractors

ARCHIVES

2013	2009	2005
2012	2008	2004
2011	2007	2003
2010	2006	

Articles

June 2013

Federal Grant & Contract News for Nonprofits - June 2013

In June, several federal agencies described the impact the sequester had on their various grant programs, illustrating the problems with such a blunt fiscal instrument and the need for Congress and President Obama's administration to work together to pass responsible and pragmatic funding legislation. Additionally, the Office of Management and Budget (OMB) took further action to fully implement the requirements of the Federal Funding Accountability and Transparency Act of 2006 (FFATA), including the soon-to-be mandated use of federal ID numbers to federal award recipients, which also will need to be "flowed down" to sub-recipients.

Sequestration Update

Several months into the sequester, nonprofits are being hit particularly hard by the indiscriminate cost-cutting mechanism. For example:

- On June 3, 2013, the National Institutes of Health (NIH) released an updated projection of the cuts it must make to deal with spending reductions resulting from sequestration. While the National Cancer Institute received \$5.06 billion in FY 2012, its 2013 fiscal year budget is only \$4.77 billion. Similarly, the National Institute of General Medical Sciences' budget will fall from \$2.42 billion to \$2.29 billion, and the National Center for Advancing Translational Sciences budget will fall from \$574 million to \$542 million. Overall, NIH's discretionary budget authority will decrease from \$30.7 billion to \$29 billion. [Click here for more information on the sequester's impact on NIH.](#)
- Also, on June 3, 2013, the U.S. Department of Education announced that several high-quality research proposals are going unfunded. In particular, the Institute of Education Sciences' budget is \$31 million (more than 5 percent) lower in fiscal 2013 than in fiscal 2012. This includes:
 - The National Center for Education Research taking a \$9.9 million budget cut, and awarding only 49 of the 80 applications which peer reviewers had deemed to be of "excellent or outstanding quality" in the fiscal 2013 grant cycle. These budget cuts mean that the government will fund approximately 16 fewer grants than it planned to award prior to sequestration; and
 - The National Center for Special Education Research awarding grants to only 18 highly rated projects out of the 45 highest-rated proposals (out of hundreds of total applicants) it received for fiscal 2013, following a \$2.6 million cut. It had planned to award an additional three grants.

New Federal ID Numbers

On June 12, 2013, the OMB released a memorandum requiring all federal agencies to assign financial assistance award identification numbers (FAINs) to financial assistance awards, such as grants to nonprofits. The assignment of FAINs will begin in October 2013 and is part of the administration's overall effort to provide current and accurate information on www.USASpending.gov by ensuring data reliability and quality. Once a federal agency assigns a FAIN, the federal agency must then ensure that the FAIN is identified in all federal award documents. In turn, federal agencies will require that all funding recipients document the FAIN on each sub-award under the federal award. Consequently, as agencies roll out the FAIN numbers, it will be important for grantees to flow down the requirement to document the FAIN in each subsequent sub-award. [Click here to access the OMB memorandum.](#)

For more information, please contact [Dismas Locaria](#), [Melanie Jones Totman](#), [Elizabeth Buehler](#), or [Jeffrey Tenenbaum](#).

This article is not intended to provide legal advice or opinion and should not be relied on as such. Legal advice can only be provided in response to a specific fact situation.

* * * * *

Related Information

Goldmines and Landmines – Fundamentals of Federal Grants Compliance

Pitfalls for Nonprofits that Receive Federal Funds: Lessons Learned from ACORN (presentation)

Pitfalls for Nonprofits that Receive Federal Funds: Lessons Learned from ACORN (article)

Government Contractors Toolkit