

Excerpt of May 22, 2015 email from U.S Department of Education Clarifying One-Year Grace Period for Procurement Applies to All Non-Federal Entities (which includes LEAs) and Additional Information About UGG Requirements for Negotiation of Profit

From: Uniform Grant Guidance Implementation
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Sent: Friday, May 22, 2015 4:47 PM
To: Sheara Krvaric
Subject: RE: Questions re: Uniform Grant Guidance

Hi Sheara,

I'm following up with the last answer to your series of questions (answer first, followed by question) regarding the grace period for procurements. Again, I apologize for the delay. If you have any follow up questions, please let me know.

Have a great weekend.

Answer:

The regulation in 2CFR 200.110(a) one-year extension applies to all non-Federal entities. The FAQs provided by Department of Education are being updated, as appropriate.

Regarding the negotiation of profit, the language in §200.323 requires a non-Federal entity to negotiate profit separately only in a few cases where the product or service being procured would be procured without price competition or the procurement exceeds the simplified acquisition threshold. A non-Federal entity can require price competition by simply stating in a request for bids that one of the factors in selecting the successful bidder is the price bid on the contract. The regulations in §200.323 also require separate negotiation of profit in those few cases where the recipient must perform a cost or price analysis. However, these analyses are required only in situations where the procurement is for a product or service that exceeds the simplified acquisition threshold, which is currently set at \$150,000 and will be adjusted based on inflation. Most products and services procured by LEAs under Department grants rarely, if ever, support costly construction projects. Therefore, procurements are typically less than \$150,000, so in most cases, school districts will not have to negotiate profit separately from the other costs of the proposed contract. Thus, we do not think this requirement will impose significant new burdens on LEAs.