



2 CFR Part 700

RIN 0412-AB01

USAID Grant Regulations: Removing the Program Income Restriction on For-Profit Entities

AGENCY: U.S. Agency for International Development.

ACTION: Final rule.

SUMMARY: The U.S. Agency for International Development (USAID) is issuing a final rule amending its grant regulations to remove a prohibition on for-profit entities from adding program income to a Federal award. This change allows any USAID assistance recipient — whether nonprofit or for-profit — to add program income earned by the recipient to the Federal award. This will align USAID’s approach to program income with other Federal agencies.

DATES: Effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Lyudmila Bond, USAID/M/OAA/P, 202-285-8319, or policymailbox@usaid.gov for clarification of content or information pertaining to status or publication schedules. All communications regarding this rule must cite RIN No. 0412-AB01.

SUPPLEMENTARY INFORMATION:

A. Background

USAID published a proposed rule on June 17, 2022 (87 FR 36411), to amend 2 CFR part 700 to allow any USAID assistance recipient — whether nonprofit or for-profit — to use the “addition method” for managing program income under a Federal award, aligning USAID’s approach to program income with the U.S. Government-wide approach. The public comment period closed on August 16, 2022.

B. Discussion and Analysis

Only one respondent submitted a public comment in response to the proposed rule. USAID reviewed the comment, but it was outside of the scope of the rule. As a result, no changes were made to the final rule.

C. Regulatory Considerations and Determinations

1. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

2. Regulatory Flexibility Act

The rule will not have an impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq. Therefore, an Initial Regulatory Flexibility Analysis has not been performed.

3. Paperwork Reduction Act

The rule does not establish a new collection of information that requires the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. chapter 35).

List of Subjects in 2 CFR Part 700

Grant programs, Grants administration.

For the reasons discussed in the preamble, USAID amends 2 CFR part 700 as set forth below:

PART 700—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

1. The authority citation for 2 CFR part 700 continues to read as follows:

Authority: Sec. 621, Public L. 87-195, 75 Stat 445, (22 U.S.C. 2381) as amended, E.O. 12163, Sept 29, 1979, 44 FR 56673; 2 CFR 1979 Comp., p. 435.

§ 700.13 [Amended]

2. Amend § 700.13 by removing and reserving paragraph (a)(2).

Mark Anthony Walther,
Chief Acquisition Officer.

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