Comment of the Coalition for Sensible Safeguards, CASH Campaign of Maryland, Center for Progressive Reform, Center for Science in the Public Interest, Consumer Action, Consumer Federation of America, Consumers for Auto Reliability and Safety, Crohn's & Colitis Foundation, Economic Action Maryland Fund, Economic Policy Institute, Government Information Watch, Greenpeace USA, Joint National Committee for Languages, Kids and Car Safety, League of Conservation Voters, League of United Latin American Citizens (LULAC), National Council for Languages and International Studies, National Principals Association, Natural Resources, Defense Council, Oceana, Public Citizen, Rise Economy, South Carolina Appleseed Legal Justice Center, Southern Environmental Law Center, Union of Concerned Scientists, and United Steelworkers (USW)
In regard to Proposed Guidance for Federal Financial Assistance,
91 Fed. Reg. 32198

July 13, 2026

Director Russell Vought
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Vought,

The Coalition for Sensible Safeguards (CSS), an alliance of over 220 labor, scientific, research, good government, faith, community, health, environmental, and public interest organizations that represent millions of Americans and advocate for effective regulations to protect the public, and the undersigned groups, strongly oppose the proposed rule by the Office of Management and Budget (OMB) concerning revised Guidance for Federal Financial Assistance, and the related proposed rules of forty-one other agencies.[1] If finalized, the Guidance and agency rules would change government-wide policies and requirements related to the management of grants, cooperative agreements, and other forms of federal funding.

[1] The Management and Budget Office, the Health and Human Services Department, the Agriculture Department, the State Department, the Agency for International Development, the Veterans Affairs Department, the Energy Department, the Treasury Department, the Defense Department, the Transportation Department, the Commerce Department, the Interior Department, the Environmental Protection Agency, the U.S. International Development Finance Corporation, the National Aeronautics and Space Administration, the United States Agency for Global Media, the Nuclear Regulatory Commission, the Corporation for National and Community Service, the Social Security Administration, the Housing and Urban Development Department, the National Science Foundation, the National Archives and Records Administration, the Small Business Administration, the Justice Department, the Labor Department, the Homeland Security Department, the Institute of Museum and Library Services, the National Endowment for the Arts, the National Endowment for the Humanities, the Education Department, the Export-Import Bank, the Office of National Drug Control Policy, the Peace Corps, the Election Assistance Commission, the Gulf Coast Ecosystem Restoration Council, the Federal Communications Commission, the Consumer Product Safety Commission, the Delta Regional Authority, the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, the Marine Mammal Commission, the Millennium Challenge Corporation, and the National Credit Union Administration.

OMB's proposal to significantly change the Uniform Guidance, the broad framework governing federal grants and financial assistance, would transform federal grantmaking into a politicized, ideologically driven process with vast implications for states, local governments, nonprofits, and many more entities.

Critically, this proposal would also change OMB's non-mandatory "guidance" to binding "rules," but OMB lacks authority to issue mandatory rules for agencies' grantmaking.

Lack of Statutory Authority

In support of its statutory authority to revise federal regulations through the proposed rule, OMB cites 31 U.S.C. § 503.[2] Specifically, the proposed rule relies upon Section 503's instruction that OMB's Deputy Director "[p]rovide overall direction and leadership to the executive branch on financial management matters," including "by establishing financial management policies and requirements." But "the structure and provisions of Section 503," as courts have recognized, "strongly suggest that OMB occupies an oversight role"[3] — and has no power to issue binding regulations that dramatically transform the entire enterprise of federal grantmaking as it has been organized for nearly a century. Notably, Section 503 delineates the "functions" of OMB's Deputy Director – not the agency's Director – which strongly suggests that the authorized functions should be understood as modest and ministerial in nature. OMB does not explain how this provision provides the office with the claimed authority, nor does it distinguish this proposal from the relevant court decisions rejecting such an interpretation of the statute.

The proposal similarly relies upon 31 U.S.C. § 6307 which, it is asserted, provides OMB with the authority to "issue supplementary interpretative guidelines to promote consistent and efficient use of" grants. This authority allows OMB to issue non-binding subregulatory guidance to agencies issuing grants, not regulations that would legally bind agencies and their grantees as the proposed rule contemplates.[4] OMB does not explain this discrepancy between the claimed authority and the binding nature of its proposal.

The proposed rule is a joint rulemaking including OMB and forty-one other agencies[5] that issue grants. Yet the proposed rule does not establish the authority of those agencies to adopt the proposal.

The scope of the changes that OMB seeks to mandate in its proposed rule highlight how far it seeks to stretch 31 U.S.C. §§ 503 and 6307. For example, OMB proposes to add a new "pre-

[2] Regulation for Federal Financial Assistance, 91 Fed. Reg. 32198, 32201 (May 29, 2026), available at https://www.federalregister.gov/documents/2026/05/29/2026-10817/regulation-for-federal-financial-assistance.
[3] Nat'l Council of Nonprofits v. Off. of Mgmt. & Budget, 775 F. Supp. 3d 100, 126 (D.D.C. 2025); Woonasquatucket River Watershed Council v. U.S. Dep't of Agric., 778 F. Supp. 3d 440, 473 (D.R.I. 2025).
[4] 31 U.S.C. § 6307.
[5] 91 Fed. Reg. at 32201.

issuance review process"[6] for all federal grants, which would require discretionary grants to "advance the President's policy priorities." However, the proposed rule does not include a source for specific statutory authority to authorize this new process for OMB (or any of the forty-one other agencies joining the rulemaking).

Statutory Process Violation

The proposal would also violate the Paperwork Reduction Act (PRA), a key requirement in the regulatory process. The PRA requires agencies to submit information collection requests to OMB for approval and public comment whenever an agency, including OMB, is issuing a regulation that involves collection of information from the public.[7] While OMB claims it does not have to submit a PRA request for this proposed rule because the rule "streamlines" requirements for information collection, no such exemption to the PRA exists. Moreover, far from streamlining requirements, the proposed rule would impose many new burdensome reporting requirements detailed below.

Politicizes Grant Funding by Changing Processes

The proposal politicizes and effectively dismantles impartial federal grantmaking by requiring political appointee approval of every discretionary grant, deeming independent peer review advisory, and increasing compliance burdens for recipients.

Political Approval [200.205]

Under the proposal, senior political officials must sign off on every grant award. Section 200.205 would require federal agencies to ensure that a senior political appointee conducts a pre-review of each discretionary award to determine whether the award is "consistent with applicable law, Federal agency priorities, and the national interest."[8] This includes content restrictions on, for example, the denial of "the sex binary," "illegal immigration," and promotion of "anti-American values.[9] Allowing political appointees to make determinations on these overbroad criteria will subject a process that should be merit-based to one based on political ideology. It will change what gets funded by subjecting funding decisions to non-expert whim, and it will also change who will apply for federal funding by deterring would-be grantees from applying for federal funding if they seek to fund a project that could reach conclusions disfavored by the administration.

The proposal includes additional provisions that politicize the grantmaking process including the requirement that discretionary awards "advance the President's policy priorities" and the requirement that appointees "weigh institutional commitment to research integrity when making award decisions" which will lead to punishing institutions disfavored by the President. The prohibition on the use of funds "for discriminatory or otherwise impermissible purposes" is

[6] 91 Fed. Reg. at 32212.
[7] 44 U.S.C. § 3506(C)(1)(a)(i).
[8] 91 Fed. Reg. at 32212.
[9] 91 Fed. Reg. 32249.

problematic given how the Administration has been defining "discriminatory." In totality, these provisions will disincentivize grantees from seeking grant funding, curbing innovation that could benefit the public interest.

Advisory Peer Review

The proposal includes a provision making peer review by independent experts — a bedrock of the federal grantmaking process that has helped build the reputation and reliability of American research — advisory and emphasizing that it should not be “routinely deferred to.”[10]

Replacing peer review with political review would reorient the grantmaking from one that rewards the highest quality research to one that rewards research that is most supportive of and aligned with the political priorities of the current administration. This change would have numerous adverse effects. It would lead grantees to change grant applications to satisfy political reviewers rather than accomplishing the aims of the grant in the most effective way. It would also shift grant funding away from research that benefits the public and toward research that benefits the political priorities of the current administration. And it would significantly undermine the integrity of federally funded research by encouraging grantees to submit research proposals with hypotheses that the administration favors and discouraging them from reaching conclusions disfavored by the administration.

Increased Compliance Burdens [200.300] [200.303] [200.305]

The proposal would also substantially increase grantees’ compliance burdens by requiring all recipients and subrecipients of federal financial assistance to participate in the Department of Homeland Security’s E-verify program to confirm the employment eligibility of employees and contractors hired in or performing work in the United States under a federal grant. Employers, including grant recipients, already verify worker status through compliance with the Immigration Reform and Control Act of 1986 (IRCA), which requires employees to complete the I-9 Form (Employment Eligibility Verification Form). Requiring E-verify for all grant recipients is redundant and adds administrative burdens for many grant recipients that do not currently use the system. Additional burdens of requiring E-verify that do not exist through submission of completed I-9 forms include monitoring and audits, ensuring proper use and compliance, imposing strict deadlines for compliance, and potential penalties for noncompliance.

In section 200.300, the proposal would require federal agencies to ensure that federal “awards and subawards are “not used to fund, promote, encourage, subsidize, or facilitate . . . ‘diversity, equity, inclusion, and accessibility’ policies, principles, or practices,” so-called “[g]ender ideology,” and “‘transition’ of a child under 19 years of age from one sex to another,”[11] Ensuring compliance with these priorities could require grantees to provide additional documentation.

[10] 91 Fed. Reg. at 32249.
[11] 91 Fed. Reg. at 32215.

The proposal, in sections 200.303[12] and 200.305,[13] would require federal agencies to verify grantees through the Department of Treasury's Do Not Pay (DNP) system before any funds can be released. State grant recipients would have to utilize DNP or an alternate screening process. This new requirement would add extensive compliance burdens, including potentially vast redundancies and increased time due to repeated submission of numerous documents to justify the grants and considerable delays in access to funds to support the work under the grants. For example, the proposed rule's Regulatory Impact Analysis (RIA) shows the compliance costs and burdens associated with changes to payment requests (§ 200.305) would be substantial. The proposal

> "will necessitate the development of new monitoring systems and financial review procedures. Recipients may also need to update voucher submission instructions, provider guidance, and internal review procedures to ensure that payment requests clearly include the required justification at the time of submission. These changes may increase workload for program officers and financial analysts, particularly during the transition period. Requiring that agencies review Treasury's Do Not Pay (DNP) system is expected to increase staff workload. The costs associated with changes to § 200.305 are expected to be modest. Requiring that States conduct pre-payment verification checks (§ 200.303) and 14 recipients and subrecipients participate in E-verify (§ 200.303) and will increase time costs for staff. OMB expects that in most cases the effect will be minimal to modest."[14]

While the RIA states that the projected compliance costs to grantees associated with these provisions would be "minimal to modest," it is clear, through the extensive list of what will be required of grantees, that the burdens would be significant.

The proposal's requirement for non-state recipients to include written justification with each payment request would also add significant redundancies and extensive justification requirements and risk of delays for payments.

Decreased Transparency [200.341]

The proposal also changes the process for notification of termination of grants in section 200.341. All that must be shared with the grantee upon termination is, "*A brief summary of the reason or reasons for finding that termination is in the interest of the Federal agency or pass-through entity. The reason or reasons may apply to an individual award or class of awards. The Federal agency or pass-through entity is not required to provide a detailed or exhaustive analysis."*[15] This proposed change gives significant authority to agencies to terminate grants with hardly any explanation, minimizing transparency about why such grants were ended.

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[12] 91 Fed. Reg. at 32222- 32223.
[13] 91 Fed. Reg. at 32223.
[14]Office of Management and Budget, A Regulatory Impact Analysis of Proposed Revision to 2 CFR 200 (2026).
[15] 91 Fed. Reg. at 32229.

Expanding this termination authority makes the grant process less transparent and fundamentally undermines the stability and reliability of federal grant funding, which has been crucial to attracting high-quality grantees and supporting long-term investments like those in medical and scientific research Grantees facing uncertain continuity of funding–including due to changes in Presidential administration–will be unable to effectively plan for the execution of the grant. Prospective grantees will likely be deterred from applying for federal funding, and in some cases work on already funded grants may cease. Ultimately, this will undermine the overall effectiveness of federal grant programs.

Conclusion

Our organizations strongly object to the proposed revisions outlined in OMB's proposal for federal financial assistance. OMB does not adequately identify statutory authority for this proposal. Moreover, the proposal politicizes the grantmaking process, undermining science, expertise, and transparency while failing to provide legal justifications for such changes. The proposal also problematically increases compliance burdens through the inclusion of new extensive, redundant, and unnecessary processes.

Sincerely,

CASH Campaign of Maryland
Center for Progressive Reform
Center for Science in the Public Interest
Coalition for Sensible Safeguards
Consumer Action
Consumer Federation of America
Consumers for Auto Reliability and Safety
Crohn's & Colitis Foundation
Economic Action Maryland Fund
Economic Policy Institute
Government Information Watch
Greenpeace USA
Joint National Committee for Languages
Kids and Car Safety
League of Conservation Voters
League of United Latin American Citizens (LULAC)
National Council for Languages and International Studies
National Principals Association
Natural Resources Defense Council
Oceana
Public Citizen
Rise Economy
South Carolina Appleseed Legal Justice Center
Southern Environmental Law Center

Union of Concerned Scientists
United Steelworkers (USW)