

# Office of Management and Budget Government-Wide Regulations for Federal Financial Assistance

## Background

The Trump Administration is [proposing a comprehensive rewrite](#) of the rules for federal agency grantmaking, otherwise known as “Uniform Guidance,” in an effort to systemically change how more than \$1 trillion in federal grants and other forms of financial assistance are awarded.

The rule proposed by the Office of Management and Budget (OMB) would apply government-wide, creating a standardized “Uniform Grants Regulation” framework that would be applied across all federal agencies. OMB intends to finalize the rule before the end of this fiscal year, with an effective implementation date of October 1, 2026. The proposed rule has a 45-day comment period, with comments due by July 13, 2026.

The proposed rule is wide-ranging, seeking to formalize the administration’s efforts to increase control and oversight of federal grantmaking, with the overarching goals to:

- align funding with the president’s funding priorities;
- prohibit federal funding for a range of politically charged issues;
- promote “Gold Standard Science” across research funding; and
- where all else equal, prioritize applicants with lower indirect cost rates.

The proposed rule would mandate that senior political appointees conduct a pre-review of all notices of funding opportunities and all final discretionary awards; expand review of the potential “risk” posed by applicants; and provide agencies with broad grant-termination authorities. Although previously discussed by the administration, the proposed rule does not include any changes to the current negotiated indirect cost system.

## Discussion of Proposed Regulations

Under the proposal, OMB would formalize its rules for federal grantmaking and clarify that they apply across all federal agencies with one government-wide effective date. With this rulemaking, OMB proposes a conceptual shift: instead of understanding its regulations under 2 CFR subtitle A, part 200 (see below), as “Uniform Guidance,” OMB proposes that this section would serve as a “Uniform Grants Regulation” framework for all federal financial assistance. Any additional policies and procedures from federal grantmaking agencies would be listed in 2 CFR subtitle B.

In a clear anticipation of legal challenges, OMB also states that it would consider each provision separate and severable from one another. According to the proposal, “In the event of a stay or invalidation of any provision, or any provision as it applies to a particular person or circumstance, OMB’s intent is to otherwise preserve the 2 CFR regulatory text to the fullest possible extent.”

The proposed regulations outlined below represent some of the most significant changes that would impact colleges and universities.

**Subtitle A — Office of Management and Budget Guidance for Federal Financial Assistance**  
**Part 200 — Uniform Administrative Requirements, Cost Principles, And Audit**

**Subpart A — Acronyms and Definitions**

**Section 200.1 – Definitions. [Pg. 194]**

In § 200.1, the definition for *improper payment* would be revised to mean: “payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. The term improper payment includes: any payment to an ineligible recipient; any payment for an ineligible good or service; any duplicate payment; any payment for a good or service not received, except for those payments where authorized by law; any payment that is not authorized by law; and any payment that does not account for credit for applicable discounts.”

**Subpart B — General Provisions**

**Section 200.101 — Applicability. [Pg. 196]**

The proposal would add language clarifying that “once a Federal agency has issued regulations adopting the OMB regulations in this part, the Federal agency should apply the Government-wide policies in this part to the greatest extent permitted by law.”

**Section 200.110 Effective date. [Pg. 199]**

The proposed language would ensure that the government-wide standards in subtitle A are effective immediately for all federal agencies each time OMB issues a final rule amending that part. Federal agencies would be able to amend their agency-specific regulations in subtitle B separately.

**Section 200.111 — English language. [Pg. 199]**

The proposal requires that all federal announcements, applications, and federal award information are published in English and must be in terms of U.S. dollars.

**Section 200.112 Conflict of interest. [Pg. 199]**

The proposal would require recipients and subrecipients to disclose whether any employees who worked on an application or proposal, or will support the work of the federal award, had previously been employed by the awarding federal agency during the two years prior to submission of the application. This disclosure would be required for “informational purposes,” but the proposal clarifies that it would not necessarily imply a conflict of interest.

**Subpart C — Pre-Federal Award Requirements and Contents of Federal Awards**

**Section 200.201 — Use of grants, cooperative agreements, and contracts. [Pg. 200]**

The proposal would eliminate the use of fixed amount awards and subawards, which OMB claims can “limit transparency and hinder effective oversight.” This would effectively change how many discretionary grant programs across the Department of Education and other federal agencies are run. Because this would shift from a negotiated, fixed amount for the grant to actual incurred costs, this will result in greater administrative and financial reporting burdens for the grantee. This would only apply to awards after the effective date and would not apply retroactively.

**Section 200.202 Program planning and design. [Pg. 201]**

Part (e) of the section would apply a “domestic-first framework” that would restrict “international elements” to instances when “the Federal agency determines that such elements are justified, consistent with program objectives, and in the national interest of the United States.”

Part (g) would require federal agencies that fund scientific research to categorize awards as basic research, applied research, and experimental development, consistent with the definitions in OMB Circular A-11.

### **Section 200.205 — Federal agency review of merit of proposals. [Pg. 208]**

This section would require federal agencies to ensure that a senior political appointee conducts a pre-review of each Notice of Funding Opportunity, or NOFO, and ensure that any discretionary award is “consistent with applicable law, Federal agency priorities, and the national interest.” The proposed revisions would clarify that peer review is advisory and does not replace agency discretion.

Specifically, this review would be conducted with the goal to:

- Advance the president’s policy priorities.
- Prohibit the use of funds to “fund, promote, encourage, subsidize, or facilitate”:
  - Racial preferences or other forms of racial discrimination by the recipient, including activities where race or intentional proxies for race will be used as a selection criterion for employment or program participation;
  - Denial by the recipient of the sex binary in humans or the notion that sex is a chosen or mutable characteristic;
  - Illegal immigration; or
  - Any other initiatives that compromise public safety or promote anti-American values.
- All else being equal, preference for discretionary awards should be given to institutions with lower indirect cost rates.
- Discretionary awards should be given to a broad range of recipients. Research grants should be awarded to a mix of recipients likely to produce immediately demonstrable results and recipients with the potential for potentially longer-term, breakthrough results, in a manner consistent with the notice of funding opportunity.
- In performing activities under federal awards, applicants should commit to complying with administration policies, procedures, and guidance respecting Gold Standard Science.
- Discretionary awards should include benchmarks for measuring success and progress towards relevant goals and, as relevant for awards pertaining to scientific research, a commitment to achieving Gold Standard Science.
- To the extent institutional affiliation is considered in making discretionary awards, agencies should prioritize an institution’s commitment to rigorous, reproducible scholarship over its historical reputation or perceived prestige. For science grants, agencies should prioritize institutions that have demonstrated success in implementing Gold Standard Science.

### **Section 200.206 — Federal agency review of risk posed by applicants. [Pg. 210]**

This section would expand the list of factors that agencies may consider when evaluating applicant risk. It would allow agencies to consider an applicant’s history of “questionable practices” based on publicly available and verifiable information, as well as their compliance with foreign gift and contract disclosure requirements under section 117 of the Higher Education Act of 1965. The proposal would also allow agencies to consider an applicant’s affiliations with organizations engaged in activities that “violate Federal law, undermine public safety or national security, or advocate for the overthrow of the United States Government.”

### **Section 200.215 — Never contract with the enemy. [Pg. 216]**

The proposal would require federal agencies, recipients, and subrecipients to comply with the regulation implementing Never Contract with the Enemy in 2 CFR part 183, which affects covered contracts, grants,

and cooperative agreements that are expected to exceed \$50,000 during the period of performance, are performed outside the United States and its territories, and are in support of a contingency operation in which the United States military is actively engaged in hostilities.

**Section 200.218 — Prohibition of using federal awards to promote or support theories of disparate-impact liability. [Pg. 220]**

This section would establish a government-wide prohibition on using federal funds to “promote or support theories that impose disparate-impact liability based on federally protected characteristics such as race, sex, or age” in all contexts, including disparate-impact studies or litigation; using disparate-impact liability standards in administering programs or activities supported by a federal award; or issuing terms, conditions, or guidance that would advance theories of disparate-impact liability.

For the purposes of this section, *disparate-impact liability* means: “a theory under which a facially neutral policy or practice (for example, a merit-based employment policy or practice) gives rise to an automatic or near-insurmountable presumption of the existence of unlawful discrimination on the basis of federally protected characteristics (such as race or sex) where there are any differences or disparities in outcomes (for example, disproportionate effects) among different races, sexes, or similar groups.”

According to OMB, disparate-impact liability “effectively mandates consideration of federally protected characteristics, such as race or sex, and incentivizes racial balancing, contrary to principles of equal treatment and merit-based opportunity.”

**Section 200.219 — Prohibition of discriminatory event services. [Pg. 222]**

This section would require that public entities receiving federal awards provide equal access to facilities or services, and do not “disadvantage disfavored groups.” As an example, OMB cites colleges and universities charging additional fees (what they call “heckler’s fees”) to provide security for conservative speakers. The proposal would also apply the requirements of paragraph (a) to non-public entities, “to the extent that the relevant activities are within the scope of a federal program under which the non-public entity accepts a federal award.”

**Section 200.220 — Prohibition of using federal funds for covered foreign collaborations. [Pg. 223]**

This section would establish a government-wide baseline rule prohibiting recipients and subrecipients from using federal funds to support bilateral or multilateral collaborations, agreements, programs, or activities with covered foreign countries or covered foreign entities, unless expressly authorized by federal statute or approved by the federal agency in accordance with the proposed exception authority and applicable law. This section also seeks to apply the “[Wolf Amendment](#)” which prohibits NASA from using appropriated funds for any grants, partnership, collaboration, or contract with China, across the federal agencies.

These prohibitions would apply regardless of whether federal funds are used for direct programmatic activities, research, technical assistance, travel, or indirect costs allocable to such collaborations. This approach would ensure that restrictions on foreign collaboration—including those expressly required by law—are not circumvented through the structure of funding mechanisms or cost allocation practices.

## Subpart D — Post Federal Award Requirements

### Section 200.300 — Statutory and national policy requirements. [Pg. 224]

The proposal would codify government-wide many of the administration’s policies and priorities detailed through its Executive Orders.<sup>1</sup> Specifically, this section would require that “to the maximum extent permitted by law,” federal agencies and passthrough entities ensure funds are not used to support DEI policies, principles, or practices that the administration considers unlawful; disparate-impact theory; gender ideology; or gender transition. OMB describes its rationale for this section in pgs. 57 through 80 of its proposal. The proposed regulation specifically states that “the Federal award is not used to fund, promote, encourage, subsidize, or facilitate:

- ‘Diversity, equity, and inclusion’ (DEI) or ‘diversity, equity, inclusion, and accessibility’ (DEIA) policies, principles, or practices that violate any applicable Federal anti-discrimination laws. This includes racial preferences or other forms of racial discrimination used by the recipient or subrecipient that violate any applicable Federal anti-discrimination laws, including activities where race or intentional proxies for race will be used as a selection criterion for employment or program participation (the ‘Unlawful DEI Provision’);
- Gender ideology as defined in Executive Order 14168. Gender ideology includes theories or ideologies that deny the biological reality of sex or the sex binary in humans, or endorse or advocate for the notion that sex is a chosen or mutable characteristic (the ‘Gender Ideology Provision’); or
- The so-called ‘transition’ of a child under 19 years of age from one sex to another, including the chemical and surgical mutilation of children. The term ‘chemical and surgical mutilation’ has the meaning provided in Executive Order 14187 (the ‘Protecting Children Provision’).”

In paragraph (c), the proposal would require that federal agencies and passthrough entities may not discriminate against or in favor of an applicant on the basis of the organization’s religious character, affiliation, exercise, or lack thereof, nor on the basis of conduct that would not be considered ground to favor or disfavor a similarly situated secular organization. It also provides that faith-based organizations are eligible to apply for federal financial assistance on the same basis as any other organization.

### Section 200.303 — Internal controls. [Pg. 225]

This section would no longer require the executive branch to align its internal controls with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). According to OMB, because the U.S. Government Accountability Office (GAO)—under the Direction of the Comptroller General—is a legislative branch agency, “its views regarding internal controls are not binding on Executive Branch regulations applicable to recipients and subrecipients of Federal awards.”

The proposal would also require 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

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<sup>1</sup> See: [Executive Order 14151](#) of January 20, 2025, “Ending Radical and Wasteful Government DEI Programs and Preferencing”; [Executive Order 14173](#) of January 21, 2025, “Ending Illegal Discrimination and Restoring Merit-Based Opportunity”; [Executive Order 14168](#) of January 20, 2025, “Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government”; [Executive Order 14187](#) of January 28, 2025, “Protecting Children from Chemical and Surgical Mutilation” (Protecting Children Executive Order); and [Executive Order 14281](#) of April 23, 2025, “Restoring Equality of Opportunity and Meritocracy”.

award. This additional requirement would be implemented as part of the internal control responsibilities of the recipient or subrecipient.

#### **Section 200.322 — Domestic preferences for procurements. [Pg. 234]**

This section would provide that if agencies identify the necessary legal authority, they must include grant terms and conditions that maximize domestic procurement. Under this change, if a requirement is included in the terms and conditions of an award, it could be made a legal requirement subject to audit instead of an aspirational goal or standard.

#### **Section 200.339 — Remedies for noncompliance. [Pg. 241]**

The proposal would allow federal agencies and pass-through entities to implement “specific conditions” if the recipient or subrecipient fails to comply with the U.S. Constitution, federal statutes, regulations, or terms and conditions of the federal award. If the federal agency determines that noncompliance cannot be remedied by imposing these specific conditions, the federal agency or pass-through entity may take one or more of the following actions:

- Temporarily withhold payments until the recipient or subrecipient takes corrective action.
- Disallow costs for all or part of the activity associated with the noncompliance of the recipient or subrecipient.
- Suspend or terminate the federal award in part or in its entirety.
- Initiate suspension or debarment proceedings as authorized in 2 CFR part 180 and the federal agency's regulations, or for pass-through entities, recommend suspension or debarment proceedings be initiated by the federal agency.
- Withhold further federal funds (new awards or continuation funding) for the project or program.
- Pursue other legally available remedies.

#### **Section 200.340 — Termination and suspension. [Pg. 242]**

This section would clarify and strengthen the administration's ability to terminate discretionary awards for discretionary reasons. This section introduces five separate conditions for funding termination, including:

- noncompliance;
- at the discretion of the federal agency;
- by mutual agreement;
- upon notification by the recipient or subrecipient; and
- pursuant to additional terms and conditions included in the federal award.

OMB's rationale for this section is detailed on pgs. 91 – 104.

#### **Section 200.341 — Notification of termination requirement. [Pg. 247]**

This section would require that federal agencies provide a reason for individual termination decisions, which may serve as part of the administrative record upon judicial review, if applicable. Termination notices issued under the discretionary termination provision would require a short summary of the reason or reasons why an agency decided to terminate an award or class of awards. According to OMB, the summary “would not be required to provide a detailed or exhaustive analysis, but only to ensure that the recipient or subrecipient is provided information regarding the reason for termination.”

This section also specify that the notification would be required to include instructions to the recipient or subrecipient to stop work, make no additional financial obligations, and, to the extent authorized by law, terminate all subawards and contracts related to the terminated portion of the federal award.

Finally, the notification would also be required to provide an opportunity for the recipient or subrecipient to submit a brief written statement regarding any termination costs it believes are relevant.

**Section 200.342 — Opportunities to object, hearings, and appeals. [Pg. 250]**

This section would ensure that hearing procedures are not required for other types of terminations, unless expressly required by a separate law. In the case of discretionary terminations or suspensions, this section would provide that federal agencies are not required to follow other procedures described in the regulatory text, including procedures related to notice and allowable costs.

As detailed in this section, an agency would have the discretion to engage with recipients through some form of administrative review process before or after a discretionary termination or suspension but would not be required, other than as necessary, to provide notice, determine allowable costs, and implement other sections of the regulatory text.

**Section 200.343 — Effects of suspension and termination. [Pg. 250]**

This section would provide further clarity about the allowability of costs during suspension or after termination.

**Subpart E — Cost Principles**

**Section 200.401 — Application. [Pg. 252]**

This section would be amended to remove references to fixed amount awards.

**Section 200.421- Advertising and public relations [Pg. 253]**

This section states that all advertising and public relations costs would be unallowable with extremely limited exceptions, or if required by statute.

**Section 200.432- Conferences [Pg. 255]**

This section would make costs for attending conferences allowable only if participation is expressly approved by funding agency and included in the terms and conditions of the award.

**Section 200.444 — General costs of government. [Pg. 256]**

In paragraph (b), this proposal would clarify that general costs of government are those costs related to the general activities of the executive, legislative, or judicial branches of government, including general activities related to public safety, public information, citizenship, enrollment, or taxation that are not related to a specific federal award.

**Section 200.450 — Lobbying. [Pg. 256]**

The proposal would add three new paragraphs under this section. First, paragraph (c)(1)(iii) would expressly prohibit funding any voter registration campaigns, drives, or related activities under federal awards.

Paragraph (c)(1)(iv) would prohibit using federal funds to engage in issue advocacy or public messaging that promotes or opposes a particular social, political, or public policy position unrelated to the statutory objectives or performance requirements of the federal award, including messaging designed to influence public attitudes on matters not necessary to accomplish the purpose of the federal award.

Paragraph (c)(1)(v) would prohibit using federal funds to influence the executive branch of any state government on matters unrelated to the objectives or performance requirements of the federal award, including attempts to affect state agency policymaking, rulemaking, or administrative actions for purposes other than carrying out objectives of the federal award.

**Section 200.454 — Memberships, subscriptions, and professional activity costs. [Pg. 257]**

This section would add a requirement for prior approval of the federal agency to use funds for memberships, subscriptions, or professional activity costs. Under the proposal, all other costs, including the costs of subscriptions or memberships in country clubs or organizations whose primary purpose is lobbying or issue advocacy, are unallowable.

**Section 200.461- Publication and printing costs [Pg. 258]**

This section would make publication costs unallowable unless such costs are expressly required by statute. This would upend the current practice of including publication costs and costs associated with submission in grant budgets, in part to comply with the federal government’s “open-access policy” to make federally funded research immediately available to the U.S. taxpayers.

**Subtitle B – Federal Agency Regulations for Grants and Agreements**

**Agency-specific regulations [Pg. 266 – 412]**

Subtitle B contains a range of agency-specific regulations. Some federal grantmaking agencies currently do not have an existing chapter in 2 CFR subtitle B, so this proposal would create new chapters for those agencies. For those agencies with existing chapters, this would propose conforming changes that align with the broader proposed regulations.