

OMB’s Proposed Revised Guidance for Federal Financial Assistance

Introduction

On Friday, May 29, 2026, the Office of Management and Budget (OMB) issued a proposed rule to revise the Guidance for Federal Financial Assistance to improve government-wide policies and requirements for the management of grants, cooperative agreements, and other forms of assistance. According to OMB, the reasons for this substantive rewrite of the Uniform Guidance are to improve transparency, accountability, and oversight for the use of Federal taxpayer dollars, to clarify the status of OMB policies, and to reduce recipient burden. The deadline for submission of written comments is **July 13, 2026**. The CGS Government Relations and Public Policy Department has summarized provisions that will impact CGS member-institutions below.

Regulatory Section	Provisions from OMB Proposed Rule	Notes & Executive Orders
§200.106 Agency Implementation	The specific requirements and responsibilities of Federal agencies, non-Federal entities, recipients, and subrecipients are set forth in this part. Federal agencies making Federal awards to non-Federal entities must implement the language in subparts A through F of this part in codified regulations unless different provisions are required by Federal statute or are approved by OMB.	This provision supports government-wide implementation of revised oversight requirements and could create agency-specific implementation differences that institutions will need to track. This aligns with <i>Executive Order 14332: Improving Oversight of Federal Grantmaking</i> .
§200.112 Conflict of Interest	Federal agencies must establish conflict of interest policies for Federal awards. Recipients and subrecipients must disclose in writing any potential conflict of interest to the Federal agency or pass-through entity. They must also disclose whether employees involved in the application for, or activities under, a federal award were employed by the Federal agency during the two years preceding application submission.	OMB proposes requiring recipients and subrecipients to disclose whether employees who worked on an application, proposal, or activities supported by a federal award were employed by the awarding federal agency within the two years preceding submission. The proposal clarifies that this disclosure is for informational purposes.
§200.201 Grants/Subawards	Fixed amount awards. Fixed amount awards are not permitted unless otherwise authorized by Federal statute. The term fixed amount award means a type of grant or cooperative agreement in which the Federal agency or pass through entity provides a specific amount of funding without regard to actual costs incurred under the Federal award.	OMB proposes eliminating the use of fixed amount awards and subawards, citing concerns that such funding mechanisms may limit transparency and hinder effective oversight. These changes could require recipients to report actual incurred costs rather than operate under negotiated fixed funding amounts. The proposal would apply only to awards issued after the effective date.

<p>§200.202 Program Design</p>	<p>Federal programs must be designed: (1) With clear goals and objectives that: (i) Aim to achieve meaningful results; (ii) Are consistent with the public purpose of the program as authorized by law; and (iii) Align with administration policies and priorities; (b) Other considerations. Federal agencies should develop Federal programs in consultation with communities benefiting from or impacted by the program. Federal agencies should consider available data, evidence, and evaluation results from past programs and make every effort to extend eligibility requirements to all potential applicants.</p>	<p>OMB proposes establishing a first domestic framework that would limit international components of federally funded activities unless they are determined to be justified and in the national interest. OMB also proposes requiring agencies to classify research awards as basic research, applied research, or experimental development using OMB Circular A-11 definitions.</p>
<p>§200.205 Merit Review</p>	<p>Federal agencies must design and execute a merit review process of applications for all discretionary awards. The objective of a merit review process is to select recipients most likely to be successful in delivering results based on the program objectives outlined in § 200.202. These standards should identify the number of people the agency requires to participate in the merit review process. The pre-issuance review described in paragraph (b) may form the basis of a decision not to select an applicant to receive a federal award.</p>	<p>OMB proposes requiring senior political appointees to review Notices of Funding Opportunity (NOFOs) and discretionary awards to ensure they are consistent with agency priorities and national interest. The proposal also clarifies that senior appointees may consider the recommendations of peer reviewers as advisory. This proposal aligns with <i>Executive Order 14332: Improving Oversight of Federal Grantmaking.</i></p>
<p>§ 200.205(b) Pre-Issuance Review by Senior Appointees</p>	<p>As part of this pre-issuance review for discretionary awards, senior appointees (or their designee) must apply the following principles when reviewing Federal award proposals:</p> <ol style="list-style-type: none"> 1. General Review Principle Discretionary awards must, where applicable, demonstrably advance the President’s policy priorities. Prohibited Uses of 2. Discretionary Awards Discretionary awards must not be used to fund, promote, encourage, subsidize, or facilitate: (i) 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 (ii) Denial by the recipient of the sex binary in humans or the notion that sex is a chosen or mutable characteristic (iii) Illegal 	<p>The review would be directed toward advancing the President’s policy priorities and would prohibit use of funds to support activities involving racial preferences or discrimination or other initiatives deemed to compromise public safety or promote anti-American values. This proposal aligns with <i>Executive Order 14332: Improving Oversight of Federal Grantmaking</i> and <i>Executive Order 14303: Restoring Gold Standard Science.</i></p>

	<p>immigration (iv) Any other initiatives that compromise public safety or promote anti-American values</p> <p>3. Compliance with Administration Policy In performing activities under Federal awards, applicants should commit to complying with administration policies, procedures, and guidance respecting Gold Standard Science.</p> <p>4. Performance Measurement and Scientific Standards</p> <ul style="list-style-type: none"> • Discretionary awards should include benchmarks for measuring success and progress towards relevant goals. • As relevant for awards pertaining to scientific research, there should be a commitment to achieving Gold Standard Science <p>5. Institutional Priorities in Award Decisions</p> <ul style="list-style-type: none"> • 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 	
<p>§ 200.205(b) Preference for Lower Indirect Cost Rates and Broader Recipient Base</p>	<p>If all things are equal, preference for discretionary awards should be given to institutions with lower indirect cost rates and 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 longer-term, breakthrough results, in a manner consistent with the notice of funding opportunity.”</p>	<p>OMB proposes allowing agencies to prioritize lower indirect cost rates and broader distribution of federal awards during funding decisions. This proposal aligns with <i>Executive Order 14332: Improving Oversight of Federal Grantmaking.</i></p>

<p>§ 200.206(b) Expanded Risk Assessment Factors</p>	<p>The changes clarify that agencies may assess an applicant’s financial capacity to manage high-dollar awards, in addition to overall financial stability. The revisions also clarify that prior performance must be evaluated against the goals of the funding opportunity, and that both positive and negative outcomes must be given equal weight. OMB proposes to add a provision that agencies may consider an applicant’s compliance with foreign gift and contract disclosure requirements, as applicable. Additionally, OMB proposes a new provision that agencies may 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. Lastly, OMB proposes a new provision that agencies should consider, as applicable, an applicant’s compliance with foreign gift and contract disclosure requirements under section 117 of the Higher Education Act of 1965.</p>	<p>OMB would expand the factors federal agencies may use to assess applicant risk. Agencies could consider an applicant’s history of “questionable practices” based on publicly available, verifiable information, as well as compliance with foreign gift and contract disclosure requirements under section 117 of the Higher Education Act of 1965. It would also allow consideration of affiliations with organizations engaged in activities that violate federal law, undermine public safety, or national security.</p>
<p>§200.218 Disparate-impact theories or analyses</p>	<p>Federal agencies must eliminate the use of disparate-impact liability in all contexts relevant to Federal awards. <i>The Federal agency or pass-through entity must:</i></p> <ul style="list-style-type: none"> • Ensure that Federal awards are administered in a way that does not promote or support the use of disparate impact liability. This includes ensuring, unless expressly required by law, that Federal awards are not used in support of disparate-impact studies, disparate impact litigation, or other related activities; and that Federal award activities based on the assumed risk of disparate-impact liability are not allowed. • Not adopt, issue, or enforce terms and conditions, guidance, or other policies and procedures related to Federal financial assistance that promote, support, or otherwise include the use of disparate-impact liability.” 	<p>OMB proposes the prohibition of federal funds to “promote or support theories that impose disparate-impact liability” based on federally protected characteristics such as race, sex, or age, including in studies, program administration, and related guidance or conditions tied to federal awards. It defines disparate-impact liability as a theory in which a facially neutral policy may be presumed discriminatory based on outcome disparities among groups. This proposal aligns with <i>Executive Order 14281: Restoring Equality of Opportunity and Meritocracy.</i></p>

<p>§200.219 Prohibition of Discriminatory Event Services</p>	<p>Public entities that are a recipient or subrecipient of Federal financial assistance must not discriminate on the basis of the viewpoint, content, or subject matter of speech—including on the basis of political, ideological, or religious affiliation or perspective—in providing services for events, meetings, or other expressive activities.</p>	<p>OMB would require recipients of federal awards to provide equal access to facilities and services and prohibit actions that “disadvantage disfavored groups.” OMB cites examples such as institutions charging additional security fees for certain campus speakers, referred to in the proposal as “heckler’s fees.” The requirements would also extend to non-public entities to the extent that their activities fall within the scope of a federal.</p>
<p>§200.220 Foreign Collaborations</p>	<p>Federal funds may not be obligated or expended by a recipient or subrecipient to support a bilateral or multilateral collaboration, agreement, program, or activity with a covered foreign country or covered foreign entity. (b) Scope. The prohibition in paragraph (a) of this section applies regardless of whether Federal funds are used for direct programmatic activities, research, technical assistance, travel, or indirect costs.”</p>	<p>OMB would prohibit recipients and subrecipients from using federal funds to support 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. The prohibition would apply to direct program activities, research, technical assistance, travel, and indirect costs, ensuring that restrictions on foreign collaborations cannot be avoided through funding structures.</p>
<p>§200.300 National Policy Requirements</p>	<ul style="list-style-type: none"> • The Federal agency or pass-through entity must manage and administer the Federal award to ensure that Federal funding is expended and associated programs are implemented in full accordance with the U.S. federal laws, statutes, and regulations. • Federal awards and subawards are not used to fund, promote, encourage, subsidize, or facilitate: “Diversity, equity, and inclusion’ (DEI) or “diversity, equity, inclusion, and accessibility’ (DEIA) policies or support gender ideology as defined in Executive Order 14168. • Federal agencies and pass-through 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. 	<p>Universities would now be required to follow requirements directing that federal funds may not be used to support DEI or DEIA policies that violate federal anti-discrimination law, “gender ideology” as defined in Executive Order 14168 and Executive Order 14187.</p> <p>It also prohibits discrimination against entities based on religious character or exercise and affirms equal eligibility for faith-based organizations in federal financial assistance programs. This proposal aligns with Executive Order 14168 and Executive Order 14187.</p>

<p>§200.331 Subrecipient and Contractor Determinations</p>	<p>Pass through entities may not circumvent the requirements of this section by treating payments of federal funds to affiliates, subsidiaries, or other entities that are separate legal people as internal transfers not requiring a determination under this section. For example, if a related entity receives payment to perform activities under activities under the federal award, such as carrying out a portion of the federal award, a determination is required.</p>	<p>OMB proposes that pass-through entities cannot treat federal transfers of funds as internal allocations exempt from the determination of this section. To ensure accountability and transparency, pass-through entity transactions must be reviewed and classified as either a subaward or a contract.</p>
<p>§200.332(h)(i) Requirements for Pass-through Entities</p>	<p>Ensure that each subrecipient is in compliance with the terms and conditions of the subaward and does not take actions that could significantly damage the reputation of the pass-through entity, the federal agency making the award, or the Federal government.</p> <p>If a pass-through entity determines that a subrecipient has taken such action, it must consult with the Federal agency to determine whether the subaward should be terminated.</p> <p>If the Federal agency determines that such significant reputational harm has occurred, it may direct the pass-through entity to terminate the subaward or terminate the Federal award to the pass-through entity.</p>	<p>Pass-through entities must ensure that subrecipients do not take actions that could significantly damage the reputation of the pass-through entity, awarding Federal agency, or the Federal government.</p>
<p>§200.338 Restrictions on Public Access to Records</p>	<p>Federal agencies may not place restrictions on the recipient or subrecipient that limit public access to records of the recipient or subrecipient pertaining to a federal award, except for personally identifiable information, confidential business information, or other sensitive information subject to protections against disclosure under applicable law. Federal agencies may only place such restrictions when the Federal agency can demonstrate that such records will be kept confidential and would have been exempt from disclosure pursuant to FOIA.</p>	<p>If Federal agencies cannot demonstrate the need to keep information confidential, then recipients and subrecipients can have access to such information.</p>

<p>§200.339 Remedies for Noncompliance</p>	<ul style="list-style-type: none"> • The federal agency or pass-through entity may implement specific conditions if the recipient or subrecipient fails to comply with the law or the conditions of the Federal award. • When the Federal agency or pass-through entity determine that noncompliance cannot be remedied, the Federal agency or pass-through entity may take the following actions: temporarily withhold payments; disallow costs for all or part of the activity associated with noncompliance; suspend or terminate the Federal award; initiate suspension or disbarment proceedings; withhold further Federal funds; pursue other legal remedies; or pursue a private cause of action. 	<p>A Federal agency, at its own discretion, may cooperate with individuals or organizations to pursue a private cause of action or civil remedies.</p>
<p>§200.431 Notice of Termination Requirement</p>	<p>The Federal agency or pass-through entity must provide written notice of termination to the recipient or subrecipient, and the notice should include the reasons for termination, the effective date, and portion of the Federal award to be terminated.</p> <p>If the Federal award is terminated for the recipient’s material failure to comply with the award, for the portion of the award to be terminated, which may encompass the entire award, the notification must instruct 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 award.</p> <p>The termination decision will be reported to SAM.gov.</p>	<p>In the preamble of the proposed rule, OMB says that the termination notification “should do more than merely cite the discretionary termination provision; it should provide a reason why the termination was found to be in the interest of the federal agency or pass-through entity.”</p> <p>Reasons for termination of the award are that the award does not effectuate program goals, federal agency priorities, or the national interest as they exist at the time of the termination.</p>
<p>§200.342 Opportunities to Object, Hearings, and Appeals</p>	<p>The Federal agency must maintain written procedures for processing objections, hearings, and appeals related to remedies for noncompliance.</p>	<p>The preamble of the proposed rule says that “An agency, in its discretion, may elect to engage with recipients through some form of administrative review process before or after a discretionary</p>

	<p>The Federal agency must provide the recipient with an opportunity to object or provide information challenging the action.</p> <p>The Federal agency or pass-through entity must comply with any requirements for hearings, appeals, or other administrative proceedings which the recipient or subrecipient is entitled to under statute or regulation.</p>	<p>termination or suspension, but would not be required to do so except as necessary to provide notice, determine allowable expenses, and implement other sections of the regulatory text.”</p>
<p>§200.343 Effects of Suspension and Termination</p>	<p>Costs to the recipient or subrecipient resulting from financial obligations incurred during a suspension or after the termination of a federal award are not allowable unless the federal agency or pass-through entity expressly authorizes them in the notice of suspension or termination or subsequently.</p> <p>There are instances when the costs would be allowable if the federal award was suspended or expired at the end of performance, but the recipient and subrecipient would have to take reasonable steps to cancel, mitigate, or reduce financial obligations and provide documentation.</p>	<p>OMB proposes that the recipient or subrecipient make all reasonable efforts to discontinue, cancel, mitigate, or otherwise reduce financial obligations and provide documentation of those efforts to the Federal agency upon request.</p>
<p>§ 200.432 Conferences</p>	<p>The cost of attending conferences is allowable only if participation in the conference is approved by the Federal agency and included in the terms and conditions of the Federal award.</p>	<p>In the proposed rule, OMB seeks to clarify that recipients are not authorized to attend conferences using Federal funds that do not serve to advance program outcomes.</p>
<p>§ 200.450 Lobbying</p>	<p>The costs of certain influencing activities associated with obtaining grants, cooperative agreements, contracts, or loans are allowable. This section adds three new provisions which would prohibit voter registration campaigns and drives, issue advocacy or public messaging, and the use of federal funds to influence the executive branch in any state government.</p>	<ul style="list-style-type: none"> • Section 200.450 (c)(1)(iii) - “Expressly prohibits funding any voter registration campaigns, drives, or related activities under federal awards.” • Section 200.450(c)(1)(iv) - “Prohibits using federal funds to engage in issue advocacy, or public messaging that promotes or opposes a particular social, political, or public policy

		<p>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 award.”</p> <ul style="list-style-type: none"> • Section 200.450(c)(1)(v) – “Prohibits 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 award.”
<p>§ 200.454 Memberships, Subscriptions, and Professional Activity Costs</p>	<p>Costs of the recipient’s or subrecipient’s memberships in professional, civic, business, and technical organizations are allowable if necessary to fulfill the award requirements. Costs of the recipient’s or subrecipient’s subscriptions to business, professional, academic, and technical periodicals are unallowable. Costs of membership in organizations whose primary purpose is lobbying, or issue advocacy are unallowable.</p>	<p>In the preamble, OMB clarifies that the only allowable costs under this section are those that are necessary to fulfill the award requirements.</p>