



July XX, 2026

Andrew Reisig & Joel Savary
Office of Federal Financial Management
U.S. Office of Management & Budget
725 17th Street, NW
Washington, DC 2050

Re: Regulation for Federal Financial Assistance [OMB-2026-0034]

Mr. Reisig and Mr. Savary:

Community Action Program Legal Services, Inc. (CAPLAW) and the National Community Action Partnership (NCAP) write in response to the Office of Management and Budget (OMB) notice of proposed rulemaking (NPRM) to revise the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), entitled “Regulation for Federal Financial Assistance,” which was published in the Federal Register on May 29, 2026.¹

The Community Action Network (Network) is comprised of more than 900 Community Action Agencies (CAAs), state associations, and national partner organizations connecting millions of children and families to greater opportunity, transforming lives, and strengthening communities across the nation. CAAs serve 99 percent of counties in all 50 states, the District of Columbia, and Puerto Rico, and annually impact the lives of approximately 10 million people with low incomes, including five million households and one million children under age five.² Each year, the Network leverages approximately \$770 million in core funding through the Community Services Block Grant (CSBG) into nearly \$10 billion in public and private resources to assess local needs, leverage community partnerships, and implement locally designed solutions that address poverty. For over six decades, CAAs have worked with federal, state, local, and private partners to responsibly administer public resources while tailoring programs and services to the unique needs, priorities, and assets of their communities.

CAPLAW is a member-based nonprofit organization that serves as the national legal expert for the Network. Through consultations, training, and resources, CAPLAW equips CAAs with the knowledge and tools to operate as accountable and effective change agents in their

¹ Regulation for Federal Financial Assistance, 91 Fed. Reg. 32,198 (proposed May 29, 2026) (to be codified at 2 C.F.R. pt. 200).

² Office of Community Services, FY2021 CSBG Fact Sheet (2022), available at <https://ocsannualreport.acf.hhs.gov/annual-report-fy23/csbg-fact-sheet>

communities. NCAP is the national membership association and coordinating hub for the 900+ CAAs and state associations across the country. Its mission is to strengthen the capacity of its members through training, technical assistance, resources, and innovative family-centered strategies that promote economic mobility and stronger communities.

I. Community Action Has a Significant Interest in Revisions to the Uniform Guidance

Community Action organizations are designed to respond to the unique needs and priorities of their communities. Because no single federal program can address every community need, CAAs routinely braid multiple sources of federal financial assistance to meet those needs through comprehensive, locally tailored solutions. While each funding stream carries its own statutory and programmatic requirements, the Uniform Guidance establishes the framework governing many aspects of their administration. As the Network's primary providers of training and technical assistance, CAPLAW and NCAP have a significant interest in ensuring that revisions to the Uniform Guidance promote effective administration, clear expectations, and responsible stewardship of public resources.

The government-wide nature of the Uniform Guidance also provides our organizations with a uniquely broad implementation perspective. Through our work supporting Community Action organizations, we observe how common administrative requirements operate across different types of federal grants, program areas, organizations, and communities. For example, the same regulation may be relatively straightforward for a large organization with dedicated grants management staff managing multiple federal awards, but considerably more challenging for a small rural CAA operating a single discretionary workforce development grant. As a result, NCAP and CAPLAW are able to evaluate proposed revisions not only within the context of individual grant programs, but also in terms of how they are likely to operate across the broader federal grants system.

Ultimately, federal grants are implemented not in Washington, but in communities. CAAs experience firsthand how changes to the Uniform Guidance affect the day-to-day administration of federal awards and their ability to achieve the objectives of the federal programs they support. Through their ongoing work with Community Action organizations, CAPLAW and NCAP understand which administrative requirements work well in practice, where additional clarity is needed, and which existing requirements create recurring challenges. Those insights complement the broader system-wide understanding discussed above and inform the observations that follow.

II. CAPLAW and NCAP Share OMB's Goals for Effective Federal Grants Administration

CAPLAW and NCAP support OMB's stated objectives for this rulemaking: "(1) improve transparency, accountability, and oversight for use of Federal taxpayer dollars; (2) clarify the status of OMB's policies and requirements set forth in the 2 CFR regulatory text as an OMB regulation; and (3) reduce recipient burden."³ Responsible stewardship of public resources, clear and consistent administrative expectations, and efficient implementation are essential components of an effective federal grants system. Organizations entrusted with federal funding should understand what is expected of them, possess the tools necessary to meet those expectations, and be able to devote the greatest possible share of their time and resources toward carrying out the public purposes supported by those awards. The discussion below briefly describes the principles that guide our consideration of each of these objectives.

a. Improving transparency, accountability, and oversight

Our organizations believe that safeguarding taxpayer resources and establishing practical, sustainable administrative requirements are mutually reinforcing elements of effective oversight. Regulations that recipients can consistently understand, implement, and sustain are more likely to promote transparency, accountability, and appropriate stewardship than requirements that create unnecessary uncertainty or administrative complexity. Effective oversight therefore depends not only on appropriate safeguards, but also on regulatory frameworks that work in practice.

Community Action organizations have long operated within evolving federal accountability frameworks and have consistently adapted to changing oversight and performance expectations designed to strengthen stewardship and improve program efficacy.⁴ Our comments should therefore not be understood as opposition to continued improvements in federal grants administration or to appropriate oversight. Rather, they reflect the practical implementation experience of organizations that have worked within evolving accountability systems for decades.

³ 91 Fed. Reg. at 32,202.

⁴ Results Oriented Management and Accountability (ROMA) was incorporated into the Community Services Block Grant Reauthorization Act of 1998. Subsequent accountability initiatives included the development and implementation of the CSBG Performance Management Framework, including the CSBG Organizational Standards, ROMA Next Generation, and the revised CSBG Annual Report. See Office of Cmty. Servs., U.S. Dept. of Health & Human Servs., Info. Memorandum 138, *State Establishment of Organizational Standards for CSBG Eligible Entities under 678B of the CSBG Act*, 42 U.S.C. § 9914 (2015) and Office of Cmty. Servs., U.S. Dept. of Health & Human Servs., Info. Memorandum 144, *State and Federal Accountability Measures and Data Collection Modernization* (2015).

b. Clarifying the status of OMB's policies and requirements as an OMB regulation

CAPLAW and NCAP appreciate OMB's intent to clarify that the conditions set forth in the Uniform Guidance have the force and effect of regulatory requirements. As stated in the NPRM, this approach is intended to promote greater “predictability, transparency, uniformity, [and] efficiency” across the federal grants system.⁵ Clarifying the legal status of those requirements places an even greater premium on careful regulatory drafting. Predictability and consistency are best advanced when regulatory text is drafted with sufficient precision to support uniform interpretation and application across federal grantmaking agencies and recipients. Accordingly, we have identified several opportunities throughout these comments where additional clarity in the proposed regulatory text would further advance those goals.

c. Reducing recipient burden

Administrative burdens may be justified when they meaningfully advance stewardship, accountability, or program integrity; unnecessary or duplicative burdens should be minimized. Not every administrative requirement constitutes unnecessary burden. In some cases, well-designed requirements can reduce burden over time by establishing clearer expectations, promoting more consistent implementation, or reducing uncertainty for recipients. At the same time, administrative capacity is finite, making it especially important that recipient time and resources be directed toward activities that produce meaningful public value.

NCAP and CAPLAW support OMB's objective of reducing recipient burden in ways that allow organizations to devote more time, attention, and resources to carrying out the purposes of their federal awards. Throughout these comments, we therefore distinguish between administrative requirements that meaningfully advance OMB's stated objectives and those that risk consuming recipient time and resources without producing a corresponding public benefit.

III. Organization & Approach

The comments that follow are organized by the relevant sections of the proposed rule and, where applicable, respond directly to OMB's specific requests for comment. Throughout our review, we have considered how the proposed revisions affect the balance between effective stewardship of taxpayer resources and the responsibility of recipients to carry out the purposes of federal awards. Community Action organizations work to maintain that balance every day, and our recommendations reflect those operational realities. In each instance, we evaluate whether proposed revisions are likely to improve transparency, accountability, and oversight, clarify regulatory requirements, and reduce recipient burden in ways that remain practicable and sustainable over time. Where appropriate, we recommend targeted modifications that we believe would better achieve OMB's stated objectives by promoting greater clarity, consistency, and more sustainable implementation.

⁵ 91 Fed. Reg. at 32,206.

IV. Comments on the Proposed Revisions

Subpart A – Acronyms and Definitions

1. [§ 200.1] – Definitions.

We appreciate the clarity added to the definition of “unobligated balances” by the inclusion of a definition of an “obligation”.

Subpart B – General Provisions

2. [§ 200.101] – Applicability.

We appreciate the language in the newly added subsection (d)(2) that directs a federal agency to clearly indicate in funding opportunities and award documents the federal agency regulations and OMB regulations that apply to a grant or cooperative agreement.

We, however, disagree with the newly added language that gives authority to OMB issuances that may conflict with funding source regulations. The proposed language states that all sections in Subpart F and § 200.340 in Subpart D of the Uniform Guidance will take precedence over any funding source regulations. Furthermore, the language gives authority to a federal agency, to the extent permitted by law, to determine if a Uniform Guidance provision will override a conflicting policy in a funding source regulation.

The proposed language as currently drafted is confusing and potentially gives federal agencies authority they do not possess under the law. The language indicates that an OMB Uniform Guidance provision, once adopted by a federal agency as a regulation, will take precedence over a funding source regulation that did not result from a federal agency action authorized by a federal statute.

First, a federal agency may only issue funding source regulations if, in the federal statute that establishes the funding source, Congress grants authority to the federal agency to do so. The judicial branch, not the executive branch, has the power to determine if a federal agency appropriately exercised its authority under a federal statute to issue regulations. OMB does not possess the authority to require all funding sources to comply with certain Uniform Guidance provisions, namely Subpart F and § 200.340 in Subpart D.

Second, the language refers to a “policy in federal regulation” which is not a construct currently established in the law. A federal agency issues either a policy or a federal regulation. An agency regulation overrides an agency policy.

Third, OMB’s authority under its governing statute, primarily 31 U.S.C. § 503, is to issue default federal financial assistance rules that will govern alongside or in absence of a federal funding source regulation. If an OMB provision conflicts with a federal funding source regulation, then

OMB should direct a federal agency to seek an exception to the OMB provision rather than requiring the federal agency to apply an OMB provision that potentially conflicts with the funding source statute on which the federal agency regulation is derived. Few federal funding source statutes, if any, give OMB the authority to issue regulations specific to the funding established by a statute.

3. [§ 200.102(c)] – Exceptions.

We respectfully request that OMB remove “§ 200.340” as an example of when a federal agency may not seek an exception to the Uniform Guidance in subsection (c). The addition of § 200.340 is misleading because the Uniform Guidance section on termination does not take precedence over a statutory provision that only permits termination in certain circumstances. Including § 200.340 gives an incorrect perception that, as a regulation, the Uniform Guidance will take precedence over any statutory or funding source regulation to the contrary.

4. [§ 200.111] – English language.

The requirement that all federal financial award information be in English seems premature, confusing, and potentially in conflict with the law since the U.S. Supreme Court has yet to issue an opinion on whether a federal agency is violating Title VI of the Civil Rights Act of 1964 when it issues English-only policies. Title VI bars discrimination based on race, color, or national origin in federally funded programs and has, in some contexts, been interpreted to include a failure to provide language access. Offering English-only services may exclude someone based on national origin.⁶

5. [§ 200.112] – Conflict of interest.

While we applaud efforts to increase transparency, requiring a recipient and subrecipient to disclose that an employee who is applying for funding or potentially working with future funding was employed by the awarding agency two years prior to submitting an application seems irrelevant and unnecessary.

The proposed language fails to sufficiently explain why the federal agency needs to collect this information and even acknowledges that the collection is for informational purposes only and does not by itself represent a conflict of interest. A fundamental purpose of the Paperwork Reduction Act is to minimize the burden that federal information collections impose on the public.⁷ Agencies must often collect information to fulfill their missions and must identify the practical utility, or usefulness, of collecting such information.⁸ If the intent of the revised language is to address undue influence, the Byrd Amendment is already incorporated by reference in the Uniform Guidance⁹ and specifically prohibits using federal dollars for

⁶ See Congressional Research Service, *Overview of Language-Access Requirements for Federally Funded Programs and Federal Agencies* (2026), <https://www.congress.gov/crs-product/IF13076>.

⁷ 44 U.S.C. §§ 3501-3521

⁸ See Congressional Research Service, *Burden and the Paperwork Reduction Act: An Overview* (2026), <https://www.congress.gov/crs-product/IF12673>.

⁹ See 2 C.F.R. 200.450(a).

influencing or attempting to influence an officer or employee of any federal agency in connection with the “making. . . extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.”¹⁰

6. [§ 200.113] – Mandatory disclosures.

The proposed language directing a federal agency’s Office of Inspector General (OIG) to submit every disclosure to the U.S. Attorney’s Office (USAGO) is premature and a potentially unnecessary use of government resources. Since each OIG is comprised of attorneys who act as an independent body charged with investigating fraud, waste and abuse, the inclusion of the USAGO in the disclosure process seems redundant and potentially harmful. The OIGs have experience with federal agency funding and are thus more knowledgeable about the type of evidence that supports the existence of a violation.

If the proposed language is adopted, we request that it be revised to give each OIG more time to assess the “evidence” shared to ensure that it is (i) “credible,” (ii) “in connection with the federal award,” and (iii) “of the commission of a violation of Federal criminal law” noted or a violation of the civil False Claims Act. We have witnessed firsthand the impact of outlandish claims lodged against organizations by disgruntled prior employees or clients and the reputational and financial toll they cause.

Federal agencies and pass-through entities are not immune to high staff turnover and the loss of institutional knowledge that can lead to inconsistent responses to claims based on a low, subjective threshold like this one. Because “credible evidence” is one of the lowest legal standards of proof, we ask that if this language is adopted you require the OIGs to meet a higher threshold prior to submission of the evidence to the USAGO, preferably one more in line with a preponderance of the evidence for civil claims or beyond a reasonable doubt for criminal claims.

Subpart C – Pre-Federal Award Requirements

7. [§ 200.202] – Program planning and design.

The examples added in new subsection (c) are a helpful clarification of when federal funds are not being used to promote public purposes of support that are authorized by law. However, the directive to “avoid even the appearance of supporting such prohibited activities” is an obtuse, difficult standard to meet. The “appearance” of an activity is a subjective assessment that needs further investigation to determine if actual harm is committed. Enforceable legal standards typically require evidence that an activity actually occurred. We thus request that you remove reference to the “appearance of supporting” a prohibited activity as either a standard or example.

We also appreciate the addition of subsection (d) requiring a federal agency to specify the type of entity eligible for a federal award and subsection (f) promoting multi-year awards.

¹⁰ 31 U.S.C. 1352(a)(2)(E).

8. [§ 200.204] – Notice of funding opportunities.

We appreciate the focus on streamlining the application process and lessening the burden on applicants by adding the statement of interest option, removing the need for technical or legal consultants to complete an application, and making all notice of funding opportunities (NOFOs) publicly available.

We request that OMB explain what it means by “limited competition” or “selection on a non-competitive” basis, as this is the first time these concepts appear in the Uniform Guidance outside of a procurement context. Specifically, we ask that OMB provide information about the process a federal agency may use for each of the selection options as well as add language establishing “open competition” as the default option that federal agencies “must” use to the maximum extent possible and as permitted by law. Doing so would align with other proposed changes in the Uniform Guidance focused on increasing accessibility to federal awards.

9. [§ 200.205] – Federal agency review of merit of proposals.

While we recognize the importance of ensuring that federal funding is used for its intended purposes, the proposed subsection (b) establishing a “pre-issuance review” adds an extra layer of process that is unnecessary, prone to overly subjective influences, and potentially harmful. Federal agency priorities do not override statutory directives and the repeated focus on such priorities sends an incorrect and unclear message to applicants as to the actual funding requirements. While we appreciate the qualifiers “to the extent consistent with applicable law” and “where applicable,” we request other measures be taken to ensure compliance with statutory requirements. We ask that the review process include career employees, as the sole use of “senior appointees” makes the process more susceptible to personal bias and increases the risk of determinations that do not align with funding source statutes. We also ask for either the removal of vague phrases like “any other initiatives that compromise public safety or promote anti-American values” or clarity as to what criteria an applicant, recipient, or subrecipient must meet for compliance with these requirements.

The use of terms such as “fund, promote, encourage, subsidize or facilitate” are overly broad and make compliance very challenging. We request that OMB adopt its approach in the preamble that focuses on the “use” of federal funds to avoid confusion with organizational activities unrelated to the funding.

Greater clarification is also needed as to the types of activities that may result in prohibited racial discrimination and what is meant by “intentional proxies.” Many funding source statutes require recipients and subrecipients to conduct needs assessments that result in certain populations receiving services over others. While decisions to provide services in these cases are based on “need” and not on membership in a protected class, the overly broad and vague proposed language may lead senior appointees, especially those with limited programmatic experience, to make pre-issuance decisions that do not comply with funding source directives.

As to the denial of sex as binary or an immutable characteristic, greater clarity is needed for situations where a funding source statute directs a recipient to provide services to a population

that includes individuals of certain gender identities but who are receiving the services for other reasons, such as homelessness or abuse.

The focus on “lower” indirect cost rates without greater context establishes inaccurate review criteria that will not result in funding more cost-efficient and effective organizations. Lower indirect cost rates do not always result in lower cost recovery or mean that an organization is more cost-efficient. The data used to establish the denominators and numerators of indirect cost rates may vary and result in seemingly higher percentages but a lower cost recovery. Other factors may also influence indirect cost rates and cost recovery under such rates. For example, employee wages for an organization in a rural area will be less than the same employee wages for an organization in an urban area because the cost of living is higher in the urban area. This may result in different indirect cost rates where the organizations are otherwise equally cost-efficient and effective.

To increase accessibility and transparency, the newly added subsection (e) that allows a federal agency to repost a NOFO should also require a repost to note the criteria that were not met by the “low-quality proposals.” Doing so will help to increase the submission of higher quality proposals.

10. [§ 200.206] – Federal agency review of risk posed by applicants.

The proposed subsection (b)(2)(vii) regarding an applicant’s “history of questionable practices” is not necessary and may result in the consideration of inaccurate information. We request that OMB either remove the subsection or streamline the criteria and clarify the assessment process. If the language is adopted, we request that OMB add the process it will use to verify publicly available information. Many sources are subject to political bias and lack a framework for ensuring the veracity of information that is freely and publicly available. Thus, the probability that OMB may inadvertently rely on inaccurate or incomplete information is high. Clarifying the process used to verify information will help establish accuracy and instill confidence in recipients and subrecipients that the process is a fair and unbiased one.

The criteria in subsection (b)(2)(vii)(C) that considers a history of “engaging in activities or initiatives that are inconsistent” with anti-discrimination laws and the U.S. Constitution is a vague standard that is not actionable under applicable laws. Rather, a recipient must not “violate” anti-discrimination laws or applicable U.S. Constitution clauses. Engaging in activities “inconsistent” with those laws does not necessarily mean that a violation has occurred. Furthermore, if this subsection is intended to further compliance with applicable laws, it is repetitive of other Uniform Guidance sections that already require compliance with anti-discrimination and the U.S. Constitution.¹¹

11. [§ 200.207] – Standard application requirements.

We appreciate efforts reflected in proposed subsection (c) to reduce administrative and regulatory burden by encouraging federal agencies to periodically review programmatic and

¹¹ See U.S. Const. amend. XIV, § 1.

administrative requirements to determine if they are unnecessary and not required by the Uniform Guidance or applicable law.

12. [§ 200.208] – Specific conditions.

We appreciate the proposed language in newly added subsection (a) that clarifies when a federal agency may impose specific conditions and the time frame within which the adjustment of certain conditions must occur. However, we request removal of the newly added subsection (f) which establishes “Program-level specific conditions” as it is duplicative and unclear. The conditions in proposed subsection (f) are already addressed in the current section, which includes federal award-specific conditions and performance expectations. Furthermore, subsection (f) is vague as it fails to explain what actions or lack thereof rise to the level of an “elevated programmatic risk.”

13. [§ 200.211] – Information contained in a Federal award.

While we appreciate the addition of language in subsection (c)(1)(v) to require inclusion of all applicable termination provisions in the terms and conditions of a federal award, the treatment of § 200.340 as a regulation that overrides statutory provisions and funding source regulations is incorrect and confusing. We encourage OMB to add language which clarifies that “any additional termination” provisions that a federal agency includes in the federal award will override § 200.340 if the additional language is required by statute or applicable funding source regulations.

14. [§ 200.218] – Prohibition of using Federal awards to promote or support theories of disparate-impact liability.

While we appreciate the focus on ensuring that federal funds are used for their intended purposes, we request removal of this proposed section as it is confusing and not necessary. Federal funding source statutes delineate the use and monitoring of federal funds such that mechanisms already exist to prevent improper use. Furthermore, as discussed in our comment to § 200.205, many funding source statutes require recipients and subrecipients to conduct needs assessments that result in certain populations receiving services over others. While decisions to provide services in these cases are based on “need” and not on membership in a protected class, the reference to the complicated concept of “disparate impact liability” may lead federal agencies and pass-through entities to limit activities in violation of funding source statutes.

The inclusion of subsection (d) which recognizes the internal, non-federal analysis and use of demographic data adds to the confusion by incorrectly assuming that such actions fall under the disparate-impact liability umbrella. Furthermore, the language in (d) does not align with the disparate-impact liability definition provided in subsection (e). The proposed language also fails to recognize that disparate-impact concepts are codified in Title VII of the Civil Rights Act of 1964 and supported in case law, so may arise in the employment context as well as in the provision of federal financial assistance.

15. [§ 200.219] – Prohibition of discriminatory event services.

While we recognize the importance of protecting viewpoints as required by the U.S. Constitution, the language proposed is unclear and the scope of the provision is overly broad with respect to non-public entities. The phrase “relevant activities within the scope of activities funded by a Federal award” is vague, which makes compliance challenging, if not impossible. OMB should provide additional information as to what is a “relevant” activity and clarify, as it does in the preamble, that the prohibition applies solely to federally funded activities.

The “scope” in subsection (c) is also unclear and seems to broaden the prohibition to non-public entity property that is not federally funded. This could be read such that a funding source could prohibit a non-federally funded activity from occurring on a non-public entity’s property that is only partially, if at all, supported with federal funds.

We are also concerned that the Uniform Guidance is not the proper place for these requirements given their complex legal history and the existing mechanisms that ensure federal funds are used properly and in compliance with applicable laws.

Subpart D – Post-Federal Award Requirements

16. [§ 200.300] – Statutory and national policy requirements.

While we recognize that a recipient and subrecipient must use federal funds for their intended purposes, these newly added limitations relating to the use of funds are overly broad, confusing, and unnecessary. Notably, Title VI of the Civil Rights Act of 1964 already applies to federal financial assistance and prohibits discrimination, including preferential treatment on the basis of race, color, and national origin. Title VII of the Civil Rights Act of 1964 also applies to all private employers and prohibits discrimination based on race, color, religion, sex, and national origin.

If the language is adopted, we request that clarifying language from the preamble is added to explain that subsection (b)(1): (1) does not expand the scope of applicable statutes and that determination of violations will continue to be measured under statutes and U.S. Supreme Court precedent and (2) only applies to activities performed under federally funded programs. Furthermore, as noted in our comments to § 200.205, the use of terms such as “fund, promote, encourage, subsidize, or facilitate” are overly broad and make meeting the requirements very challenging. Typically, federal funding is tied to the “use” of funds and not to promoting, encouraging, subsidizing, or facilitating activities not related to the funding. Greater clarification is needed as to the types of activities that may result in prohibited racial discrimination and what is meant by “intentional proxies.” Many funding source statutes require recipients and subrecipients to conduct needs assessments that result in certain populations receiving services over others. While decisions to provide services in these cases are based on “need” and not on membership in a protected class, the overly broad and vague proposed language may lead to restricting the use of such of funds in violation of federal statute directives. As to the denial of sex as binary or an immutable characteristic, greater clarity is needed for situations where a funding source statute directs a recipient to provide services to a population that includes

individuals with of certain gender identities, but who are receiving the services for other reasons, such as homelessness or abuse. We also request that OMB add definitions for the essential terms in subsection (b)(2) and (b)(3), including “Gender ideology” and “transition.” We acknowledge that these provisions incorporate information from Executive Orders 14168 and 14187 by reference, but examples and definitions tailored to the context of the Uniform Guidance would assist recipients and subrecipients with compliance.

The proposed language in subsection (c) is misplaced and unnecessary. The provision speaks to the treatment of entities eligible for federal funding, in this instance faith-based organizations, by the federal government. Each funding source will determine based on the funding source statute the type of entities that may receive the funding. Federal agencies must comply with existing laws that protect faith-based organizations from discrimination in the eligibility process, such as the Religious Freedom Restoration Act. If the language in (c) is adopted, we request that OMB move it to a section that addresses entity eligibility for federal funding and add language that recognizes what the law requires for a faith-based entity to receive federal funds (e.g., that the faith-based organization will not use the funding for proselytizing activities).

17. [§ 200.303] – Internal controls.

We appreciate the recognition in the preamble of the “reasonable discretion” that recipients and subrecipients have to establish, document, and maintain an effective internal control system. Since the Committee of Sponsoring Organizations of the Treadway Commission and Comptroller General of the United States frameworks serve as a foundation for many organizations’ internal control systems, we ask that you maintain an acknowledgement of these approaches as either options or examples of compliant systems, without recommending or requiring their use.

Since all employers are required to obtain Form I-9s and the government conducts audits of I-9 compliance, the proposed subsection (f) that requires participation in E-Verify is unnecessary and potentially costly. Adding another layer of process for recipients and subrecipients is likely to disproportionately impact smaller organizations that serve rural and suburban areas. These organizations often possess the critical connections and knowledge needed for a federally funded project but have lean administrative back-end support such that the implementation of additional processes is costly and potentially prohibitive. If subsection (f) is adopted, we request that OMB provide guidance on how recipients and subrecipients can use federal funds to address additional costs associated with training staff on the E-Verify system or resolving issues throughout the process. We also request that OMB explain what “under” an award in subsection (f) means (i.e., if federal funds are used or if the project simply benefits the award).

While we appreciate the effort to increase accountability in federal payments with proposed subsection (g), adding another layer of process that will increase costs to a degree that likely outweighs any benefit received is counterproductive. Any adjustments to an existing system will result in increased labor, training, and infrastructure costs. Furthermore, it is unclear what, if any, action is required in situations where a state’s payment integrity reviews conflict with or are duplicative of the proposed process. Rather than add to a state’s existing administrative and cost

burden, we request OMB consider other options that may align with a state's current practices and render the same results. For example, OMB could establish a list of criteria that characterizes a system with a high level of payment integrity. A similar approach is used in § 200.430(g) by establishing standards for documentation of personnel expenses rather than dictating a specific documentation approach. OMB may also consider requesting from states a brief detailing of how the state ensures payment integrity and offering states training and technical assistance to improve systems, as needed.

18. [§ 200.305] – Federal payment.

While we appreciate the need to minimize the risk of improper payments, we are concerned about the potential delay in, and denial of, proper payments with the proposed subsection (a) requiring use of the Treasury Do Not Pay (DNP) system. Because eligibility criteria can vary greatly by funding source and the DNP system does not include the eligibility information for all funding sources, the likelihood of inaccurate results is high.¹² Furthermore, verifying every payment, regardless of the amount, is an administrative burden. We thus recommend that any required use of the DNP system include: (1) only payments which meet a certain dollar amount (e.g., the simplified acquisition threshold) are subject to DNP review; (2) a reasonable time frame within which the DNP process must occur to avoid payment delays; (3) an appeals process for denied payments; (4) mandatory universal training for federal employees that will use the system; and (5) required confirmation of funding source eligibility criteria.

The proposed subsection (c) requiring written justification for payment is overly burdensome and duplicative. The federal funding process already consists of multiple layers of verification to ensure that federal funds are furthering funding source purposes. These processes typically include a detailed budget and application, quarterly or semi-annual program reports, meetings with program specialists, fiscal and programmatic monitoring by the funding source, and either single audits or financial audits. Other than increasing employee costs, it is unclear how a written justification is effective in increasing the accountability of federal payments. If the written justification requirement is adopted, we request that it only apply to drawdowns that meet a certain dollar amount (e.g., the simplified acquisition threshold), a word count limit is imposed as a way to minimize costs incurred for compliance, and examples of actual, compliant justification statements are provided.

19. [§ 200.320] – Procurement methods.

While we appreciate the focus on accountability with the addition of cost-reimbursement contract language in this section, we ask that you reconsider the approach and maintain cost-reimbursement contracts as a viable option. We have seen firsthand the difficulty recipients and subrecipients face in finding contractors who have the capacity and willingness to support federally funded projects. Furthermore, in rural areas the lack of available contractors makes recruitment and retention nearly impossible. Rather than make it potentially more difficult to work with contractors by strongly discouraging cost-reimbursement contracts and making them

¹² See Congressional Research Service, *Centralizing Access to Data to Prevent Improper Payments: A Discussion of the Do Not Pay Data System* (2026), <https://www.congress.gov/crs-product/R48850>.

subject to approval, we suggest recommending certain criteria be met whenever cost-reimbursement contracts are used. Such criteria may include cost caps, quarterly expense reviews, or thresholds for when certain cost-reimbursement contracts may require federal agency approval.

20. [§ 200.329] – Monitoring and reporting program performance.

While we recognize and appreciate the transparency that the proposed language in (b) and newly added subsection (h) offers by requiring recipient reporting of subawards, we are concerned about duplication and the administrative burden on recipients, especially those working with a larger number of subrecipients. Because most, if not all, funding sources require recipients to report the use of subawards in the budget, application narrative, or workplan, we request removal of this requirement as the level of oversight needed for subawards already exists.¹³ Recipients are fully responsible for subawards, and funding sources include subaward reviews as part of recipient monitoring. If this reporting requirement is adopted, we recommend implementing a dollar amount threshold for when a recipient must report a subaward on SAM.gov. A threshold is a more cost-effective approach as it focuses on potentially higher risk scenarios.

21. [§ 200.331] – Subrecipient and contractor determinations.

While we recognize the need for transparency in the use of federal funds, the addition of subsection (c) requiring transfers to related entities to undergo a subaward or contract determination is confusing and unclear. Since recipients must detail in the application and subsequent work plans how they will use funds, including internal staffing as well as relationships with external entities, this requirement is unnecessary. The pass-through entity and federal agency have an opportunity and a responsibility to address how the recipient will facilitate the funding, including by entering into contracts or subawards.¹⁴ If subsection (c) is adopted, we request clarification and examples of what are considered “separate legal persons” that do not simply use the term “related entity” and provide criteria a recipient may use to determine if a related-entity relationship exists.

22. [§ 200.332] – Requirements for pass-through entities.

The addition of subsection (h) requiring pass-through entities (PTEs) to ensure that subrecipient and contractor determinations are made with respect to an organization’s use of federal funds is duplicative and unnecessary. § 200.331 currently requires PTEs to make “case-by-case determinations to determine whether the entity receiving Federal funds is a subrecipient or contractor.” If subsection (h) is adopted, we request clarification and examples of “Internal organizational affiliations” that may result in the need for a subaward or contractor determination. We also request that OMB be consistent in the terminology it uses to implement any requirement focused on subaward and contractor determinations.

While we recognize the responsibility of federal agencies and PTEs to ensure that federal funds are used for funding source purposes, the proposed subsection (i) focused on “reputational harm”

¹³ See § 200.332.

¹⁴ See § 200.331.

to the federal government is overly broad and unnecessary. We request removal of the subsection. Reputational harm is a vague, subjective concept which makes compliance with it challenging, if not impossible. Because federal funding source statutes are specific as to the use of funds and monitoring occurs consistently, the risk of harm to the federal government by federally funded actions is highly unlikely. The proposed subsection creates potential costly liability for the federal government as the overly broad provision may result in a violation of an organization's right to free expression under the U.S. Constitution.

23. [§ 200.333] – Fixed amount subawards.

While we recognize that the facilitation of fixed amount subawards has its challenges, we request that OMB create a framework that addresses the challenges faced to date rather than eliminate this type of award. The framework may include a hybrid type of award where some costs fall under a fixed amount option, and other costs follow a more traditional model. If the proposed default of no fixed amount awards is adopted, we request the addition of language that allows for federal agency discretion as to the use of fixed amount awards. We also request OMB add language, as included in the preamble on § 200.201 and in the text of § 600.201, which acknowledges that this provision would not apply in the event that fixed amount subawards are permitted by statute or funding source regulation.

24. [§ 200.338] – Restrictions on public access to records.

We appreciate the inclusion of “confidential business information” in this section as a type of record for which access by the public is restricted. We request that OMB add a definition and examples of “confidential business information.”

We also request that OMB continue to use the term “pertinent” when identifying the type of records that the public may access. The term “pertinent” ties the request to the federal award, as it is generally used to describe something that is important or essential to a specific circumstance whereas the term “pertaining” may indicate items that are relevant but potentially not as connected to the federal award.

25. [§ 200.339] – Remedies for noncompliance.

We request that OMB not adopt the proposed language clarifying federal agencies' rights to cooperate in private causes of action. We appreciate that federal agencies have an existing right to cooperate in third party lawsuits and therefore believe the proposed language is unnecessarily duplicative. If this provision is adopted, it may allow agency leadership to support individuals and organizations advocating against the execution of the same agency's federal awards. Typically, the government manages enforcement of recipient and subrecipient noncompliance through the existing framework for monitoring and disallowances, and we believe this remains the best and clearest enforcement mechanism. If the proposed language is adopted, we request further clarification through examples regarding how this process may interact with existing mechanisms governing noncompliance.

26. [§ 200.340] – Termination and suspension.

While we appreciate the recognition that statutory entitlements still control and are an exception to the proposed changes to discretionary termination and suspension, we request that OMB not adopt the proposed changes. While OMB notes the need for mid-award termination mechanisms, such mechanisms already exist and provide federal agencies with the opportunity to ensure the responsible management of resources throughout the award cycle. Further, undefined terms such as “national interest” may result in the termination or suspension of awards based solely on ideology.

Federal agencies already have the option to suspend an award as a specific condition pursuant to § 200.208 based on an analysis of specific factors. Under § 200.208, federal agencies and pass-through entities have certain requirements around notice and are directed to promptly remove any specific conditions once the circumstances that prompted them are satisfied. The proposed language notes that a federal agency may cancel discretionary suspension orders but does not indicate how this type of suspension relates to the existing framework in § 200.208. The proposed language is unclear as to whether federal agencies must cancel suspension orders if the reason for the order is rectified by the recipient or subrecipient. If the proposed language is adopted, we request that OMB give recipients and subrecipients the ability to correct their activities under an award to align with federal agency priorities. Furthermore, OMB should require federal agencies to consider corrective actions taken and promptly cancel a suspension if concerns are addressed.

Aligning federal grant management with existing authority applicable to federal contracts (i.e., the Federal Acquisition Regulation (FAR)) is neither advantageous nor appropriate. Discretionary grants differ greatly from federal procurement contracts as recognized in § 200.331. Federal contractors have long been subject to more substantial government oversight in their provision of goods and services directly to the government. Recipients and subrecipients have more autonomy in executing their grant activities; a flexibility that is balanced with greater reporting responsibilities and accountability for programmatic outcomes. Applying a stricter oversight model based on the FAR ignores the many additional mechanisms already in place for overseeing the responsible management of resources throughout grant award cycles.

While we appreciate OMB’s recognition that the proposed changes in this section impose a burden on recipients and potential administrative and financial challenges, the proposed solution does not adequately address the concerns. It is stated that the proposed requirement for clear and timely notice will provide the transparency needed for applicants to enter into awards fully knowing the risks and conditions and allow them to make informed decisions regarding accepting a federal award. However, the notice requirements fail to mitigate reliance concerns when federal agencies and pass-through entities are empowered to terminate or suspend awards based on potentially subjective, not always publicly available federal agency priorities or national interests “as they exist at the time of the termination.” These interests are not only undefined but also unpredictable when measured at the time of termination, making it impossible for recipients and subrecipients to enter into awards with a full understanding of what may prompt suspension or termination of such awards.

Furthermore, we request that OMB not adopt the proposed changes in subsection (a) that potentially expose a recipient to termination for failure to report subawards on SAM.gov. As noted elsewhere in these comments, the existing grant framework requires reporting of subawards in recipient budgets, application narratives, and workplans, all of which provide a federal agency with the information it needs to ensure that subaward activities align with statutory funding purposes. If the changes are adopted, we request that OMB outline a corrective action process for recipients prior to a termination and implement a subaward dollar amount threshold above which termination is an option when a recipient fails to meet the subaward reporting requirement after being given time to correct its noncompliance.

27. [§ 200.341] – Notification of termination requirement.

We support the proposed changes to subsection (b) that clarify what information must be included in a notification of termination for noncompliance. Specifically, clarifying that such notification must provide the recipient with an opportunity to object and with information on how to challenge the action. These changes will help recipients understand their rights and ways to exercise them.

We support the proposed changes under subsection (c) including requiring clear notification of discretionary terminations and suspensions and that federal agencies or pass-through entities provide reasons for individual termination decisions.

28. [§ 200.342] – Opportunities to object, hearings, and appeals.

We request that OMB not adopt the proposed changes that apply the processes for objections, hearings, and appeals solely to terminations for noncompliance. Administrative procedures are also needed for awards terminated for discretionary and other purposes. Arguably, even more administrative procedures and accountability are needed when federal agencies are terminating awards for discretionary purposes to ensure that this discretion is properly utilized. OMB states that recipients are not generally in the best position to present facts related to agency priorities as they exist at the time termination decisions are made. On the contrary, recipients remain in the best position to present facts and information related to their own activities under the award in response to the federal agency's stated reasons for termination.

The discretion to terminate and suspend funding is not an unbridled one. Rather, it is qualified by "the extent permitted" or "authorized by law" as well as by "agency priorities" and "national interests." Expanding the rights of federal agencies to terminate awards without a review of the reasons that trigger their discretion to do so increases the likelihood that a federal agency will act, either intentionally or unintentionally, in violation of a federal funding statute. Furthermore, the removal of the important safeguards inherent in administrative processes permits federal agencies that are so inclined to do so to wield expanded rights improperly, harming recipients and subrecipients who may have no recourse.

29. [§ 200.343] – Effects of suspension and termination.

We support the proposed changes under subsection (b)(1). We appreciate the recognition that recipients and subrecipients need to be paid for the federal share of reasonable and necessary costs resulting from discretionary terminations.

Subpart E – Cost Principles

30. [§ 200.400] – Policy guide.

We request that OMB clarify whether any changes are being made to subsection (e). OMB notes in the preamble that proposed changes are made to (e), however the only proposed changes appear to be in subsection (g).

31. [§ 200.421] – Advertising and public relations.

We request that OMB not adopt proposed changes that (1) fail to acknowledge certain advertising and public relations costs as allowable, such as the cost of advertising for personnel recruitment, and (2) default to advertising and public relations specifically required by statute as allowable. The deleted costs benefit federal awards by ensuring recipients and subrecipients can connect with the individuals and groups they serve under their awards and recruit qualified staff to fulfill the purposes of their awards.

We request clarity on whether OMB intends for § 200.463 to cover all types of personnel recruitment as well as whether it covers activities such as posting job opportunities on career sites such as LinkedIn or Indeed. If the intent is to restrict the use of federal awards for recruitment more generally, this will significantly harm recipients and subrecipients who often already struggle to recruit adequate staff and may make fulfilling award requirements and activities more difficult.

32. [§ 200.429] – Commencement and convocation costs.

We request that OMB not adopt the proposed changes to apply restrictions on commencement and convocation costs to all entities. Expanding the restrictions broadly beyond institutes of higher education will cause confusion and potentially lead to the limiting of activities in ways that fail to align with a funding source statute. For example, restrictions may now apply to non-educational organizations that wish to recognize training or certifications by staff as a way to encourage similar staff achievements and in doing so directly benefit the federal award with high-quality employees. Many recipients and subrecipients already struggle to recruit and retain staff. Potentially cutting a recipient's and subrecipient's ability to fund recognition of training and other staff achievements could further impact the ability to retain competent staff that will work to further the purposes of federal awards.

33. [§ 200.432] – Conferences.

We request that OMB not adopt the proposed changes that require the express approval of costs for attending conferences. By requiring inclusion of conference costs in terms and conditions, OMB is making it extremely difficult for recipients and subrecipients to educate staff and governing bodies on requirements, practices and policies critical to the effective and accountable

facilitation of a federal award. For example, the Uniform Guidance is one of many complex legal frameworks that a federal recipient must regularly receive training on, as well as applicable anti-discrimination laws, all of which are constantly evolving.

Furthermore, conference schedules are often not available years in advance, making it practically impossible for recipients and subrecipients to take part in conferences at all, many of which enrich and enhance their ability to provide services under their federal awards. Recipients and subrecipients often do not know the details of upcoming conferences at the time award terms and conditions are signed. As a result, the proposed changes will force recipients and subrecipients to predetermine which conferences to attend based solely on announced conference themes, if any, before understanding fully the benefits to their award. This risks the use of federal funds on potentially less relevant conferences and will add administrative burden and unnecessary costs, especially if conference details change, as they often do, closer to the event.

34. [§ 200.450] – Lobbying.

We request that OMB not adopt the proposed changes which set out additional unallowable costs in subsections (c)(1)(iii) through (v). These changes may result in legal liability for the federal government and are potentially duplicative of other applicable requirements.

The prohibition on voter registration drives is not necessary because federal funding sources are clear that a recipient or subrecipient must use the funds for the purposes in the funding source statute. If this subsection (c)(1)(iii) is adopted, we request that it is qualified by “to the extent permitted by law” in recognition of funding source specific requirements.

Creating a blanket bar on the use of federal funds for issue advocacy in subsection (c)(1)(iv) is overly broad and will potentially have a chilling effect on the ability of recipients and subrecipients to engage in discourse around their work under their federal awards. This provision seems to directly conflict with the newly proposed § 200.219 which is intended to protect viewpoints from unlawful discrimination. Furthermore, issue advocacy is not necessarily “lobbying” and including it in this section may trigger confusion and an unintentional quelling of individually protected speech rights. For tax-exempt nonprofits, the Internal Revenue Service already has established guidance offering a definition of issue advocacy and circumstances when issue advocacy may become problematic.¹⁵

Multiple federal appropriation actions, including the 2026 Appropriations Act, Section 8013, solely restrict the use of federal funds to influence congressional action at the federal level and indicates that Congress did not intend for these restrictions to apply at the state level. However, the proposed language in subsection (v) limits similar action at the state level. We request clarity regarding how the proposed language will reconcile with existing appropriations language.

¹⁵ See Revenue Ruling 2007-41, <https://www.irs.gov/pub/irs-tege/rr2007-41.pdf>.

35. [§ 200.454] – Memberships, subscriptions, and professional activity costs.

We request that OMB not adopt the proposed change requiring prior written approval for membership costs. Requiring prior federal agency approval for membership costs when recipients and subrecipients have specific knowledge regarding the membership costs that will benefit their federal awards is costly and administratively burdensome.

We request that OMB not adopt the proposed change making the costs of membership in organizations whose primary purpose is issue advocacy unallowable. Without defining the term “issue advocacy,” this broadly includes almost all membership organizations which are involved in a variety of issues, many of which greatly benefit activities under federal awards.

36. [§ 200.461] – Publication and printing costs.

We request that OMB not adopt the proposed changes which would restrict recipient and subrecipients’ ability to educate their workforce and inform the public of their activities under federal awards. Article processing charges and open access fees for publications, for example, often are integral for engaging in informed and research-backed work that will successfully deliver on program objectives.

Publication costs are necessary to carry out the core programmatic objectives of certain awards. For example, funding source statutes often require that recipients annually prepare and submit a report to Congress. While exceptions are made under the proposed changes for publication costs specifically required by federal statute, the proposed language seems overly broad and confusing as it also provides that “general requirements to make results publicly available must not be construed as authorizing publication costs.” If the proposed changes are adopted, we request clarity regarding the difference between statutes requiring publication costs and those generally requiring results being made public.

Subpart F – Audit Requirements

37. [§ 200.513] – Responsibilities.

We request clarity on whether the removal of “annual” in subsection (c)(4) will result in more frequent updates to the compliance supplements. The proposed language currently leaves open the possibility that updates could occur either more or less frequently. We do not support more frequent updates to the compliance supplements which would confuse expectations for recipients and subrecipients and increase audit burden.

V. Closing

Our organizations appreciate the opportunity to provide comments on this important rulemaking. We recognize that comprehensively reviewing and revising the Uniform Guidance is a significant undertaking and hope these comments assist OMB in developing a final rule that advances its stated objectives while remaining practicable for the organizations responsible for implementing federal financial assistance. We look forward to continuing to serve as a resource

on the practical implications of government-wide grants management policies for Community Action organizations.

Sincerely,



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DRAFT