Congress of the United States
House of Representatives
Committee on Appropriations
Washington, DC 20515–6015

July 13, 2026

The Honorable Russell T. Vought
Director
Office of Management and Budget
725 17th Street NW
Washington, D.C. 20503

Re: OMB-2026-0034, Regulation for Federal Financial Assistance

We write to you today as leaders of the Committee on Appropriations of the U.S. House of Representatives **to urge you to withdraw the proposed *Regulation for Federal Financial Assistance* (Docket OMB-2026-0034)**, initially published in the Federal Register on May 29, 2026 (91 Fed. Reg. 32198). As proposed, this regulation would result in a seismic and ill-informed change to an enormous portion of the United States economy and would upend the established understanding of how Federal appropriations are carried out, undermining the integrity of government programs.

By your own estimates, this rule would affect the execution of more than $1 trillion in spending every year. Based on the historical tables submitted with the President's budget for fiscal year 2027, outlays for grants averaged just under $1.2 trillion in each of the last 5 fiscal years, and the President's proposals would have Congress enact additional spending to increase those totals to $1.3 trillion per year over the next 5 years.[1] Despite the enormity of the affected funding, "OMB was unable to quantify the expected costs of the rule."[2] And despite multiple requests from organizations representing thousands of nonpartisan stakeholders across this country, you testified before our Committee that you will not extend the comment period beyond a minimal 45 days to better understand the economic and policy ramifications of this proposal.

[1] Office of Management and Budget, *Budget of the U.S. Government, Historical Tables*, at Table 12.1.
[2] Office of Management and Budget, *Regulatory Impact of Proposed Revisions to 2 CFR 200*, (OMB-2026-0034-0038), May 29, 2026, available at: https://www.regulations.gov/document/OMB-2026-0034-0038

The American taxpayers deserve an earnest analysis of the trillions of dollars at stake, not a blanket refusal to listen to all the facts.

The proposed regulation would affect not only vast quantities of funding but would also disrupt the way in which tens of thousands of our constituents engage with Federal funding opportunities. As OMB's own analyses demonstrate, the proposal would affect, on average, over 10,000 State, Local, and Territorial governments, and almost 600 Tribal governments every year. Beyond those ramifications, this proposal would affect an average of over 11,000 nonprofit organizations, over 5,000 businesses, nearly 1,500 institutions of higher education, and over 300 hospitals that deliver critical health, education, and public safety services to our districts, alongside myriad other critical services.

Beyond those direct services, the proposed regulation would affect tens of thousands of research grants awarded annually by the National Institutes of Health, the National Science Foundation, the National Aeronautics and Space Administration, and many other Federal scientific agencies, which support groundbreaking research that underpins breakthroughs in medicine and technology that can save and sustain lives and improve the standard of living across the country and the globe.

In our judgment, the proposed regulation would threaten direct services and Federally-funded research in at least two key aspects: it would inject politicized unpredictability into the funding of awards and would impose an increased regulatory burden on our constituents. First, the regulation proposed today appears to be a codification of the chaos and uncertainty that unfolded in the days following the issuance of OMB Memorandum M-25-13. That order—issued one week into the current Administration—contained the same ill-defined language requiring financial assistance to be issued consistent with "Presidential priorities" and was similarly implemented with insufficient stakeholder engagement or feedback. This proposed regulation purports to adapt that OMB directive into political filters that could be triggered both before an award is made (as part of the newly required "pre-issuance review"), and at any time after the issuance of an award (through newly established "Temporary suspension" orders and broadened termination provisions). These filters would be applied by political appointees rather than nonpartisan officials or science-driven peer-review panels. The result: the same uncertainty and unpredictability suffered in January of 2025 as Federal financial assistance was frozen and unfrozen without warning or consistency.

The politicized uncertainty and the proposal's new regulatory requirements would work in tandem to increase costs on our constituents. According to some credit rating agencies, the proposal would increase the cost of borrowing for Federal award recipients, "because it would materially weaken the reliability of multi-year discretionary funding commitments" by adding "a structural dimension to federal policy uncertainty that has pressured grant-dependent sectors for more than a year."[3] During a time of rising energy costs, and inflation that is out-pacing the rate of wage growth, imposing an additional credit negative on prospective borrowers that regularly seek Federal financial assistance is a burden that our constituents cannot afford.

Further, the increased regulatory burden that this proposal would impose will likely prove unduly onerous. Multiple aspects of the proposal shift costs from the Federal government to the applicant: more reporting responsibilities and financial auditing requirements are demanded, new employment reporting mandates are imposed, and burdensome reimbursement mechanisms are promulgated. These bureaucracy-intensive provisions will ultimately force the State, Local, Tribal, and Territorial governments; institutions of higher education; hospitals; nonprofits; and businesses to dedicate more of their own money towards the increased cost of doing business with the Federal government, rather than committing that money to the services and research envisioned by the grants at issue.

It particularly concerns us that these regulatory burdens will fall disproportionately on small applicants. In fiscal year 2024—by OMB's own analysis—small entities represented nearly 40 percent of all recipients. OMB acknowledges in its regulatory analysis that these entities would likely incur moderate administrative costs for the purposes described above, yet has not included a provision to mitigate these burdens. Members of Congress have a wealth of experience with the administrative burdens that face small entities when engaging with the Federal government, and our offices' constituent services teams do their best to help clear those hurdles. Making those hurdles even higher is not in the best interest of our constituents.

In our roles on the Committee, we lead the legislative process that appropriates trillions in taxpayer resources to address the nation's most pressing needs. This process of lawmaking and allocating resources is enormously deliberative and requires us to balance the competing interests of over 340 million constituents represented by a full Congress of 541 Members with the national interests of the whole United States of America. As part of that effort, the Committee has enacted multiple legislative provisions affecting the contents of title 2 of the Code of Federal Regulations within the last year and continues to actively debate further legislative reforms to its contents.

This regulation, however, does not successfully account for the interests of our constituents or the nation as a whole. Instead, it focuses almost exclusively on formalizing the ability of political appointees to manipulate Federal financial assistance based on their understanding of a Presidential agenda that is not articulated with any clarity in the body of the proposal. The regulation would, in other words, subject grantmaking decisions to political whim.

We again urge you to withdraw this proposal and thank you for your attention to this matter.

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[3] *Proposed rewrite of federal grant rules would erode reliability of discretionary awards*, Moody's Sector Comment, Public Finance – US, Nicholas Samuels and Patrick Ronk, June 5, 2026.

Rosa L. DeLauro, Ranking Member
Committee on Appropriations and
Subcommittee on Labor, Health and Human
Services, Education, and Related Agencies

Steny H. Hoyer, Ranking Member
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Marcy Kaptur, Ranking Member
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