

Regulation for Federal Financial Assistance

Discussion Guide

On May 29, 2026, the Office of Management and Budget (OMB) published a [proposed rule](#), *Regulation for Federal Financial Assistance*, that would revise the [Guidance for Federal Financial Assistance](#) to update government-wide policies and requirements governing grants, cooperative agreements, and other forms of assistance. According to OMB, these changes aim to improve transparency, accountability, and oversight for Federal awards across the Federal Government and reduce recipient burden. Comments are due by July 13, 2026.

This discussion guide summarizes key proposals, highlights potential policy implications, and provides an overview of public comment themes to date. It is intended to inform comments in response to the proposed rule. As you review, we encourage you to consider addressing not only the potential impact to research, but also the broader implications these provisions may have for patients and the health care system.

Provision <i>(with links to preamble discussion)</i>	Proposed Regulatory Text	Potential Policy Implications and Summary of Initial Public Comments	Feedback
PROGRAM PLANNING AND DESIGN (§200.202). Clarifies elements of program design and proposes several new policies, including those detailed below. Additionally, the rule proposes to remove regulatory language that urges agencies to encourage applicants “to engage, when practicable, during the design phase, members of the community that will benefit from or be impacted by a program.”			
Elements of planning and design (§200.202(a))	<i>The Federal agency must design a Federal program and create an Assistance Listing before announcing the Notice of Funding Opportunity. A Federal program must be designed:</i> <i>(1) With clear goals and objectives that:</i> <i>(i) Aim to achieve meaningful results;</i> <i>(ii) Are consistent with the public purpose of the program as authorized by law; and</i> <i>(iii) Align with administration policies and priorities;</i>	Concerns have been raised that this proposal may require agencies, including science programs, to structure grants around Administration priorities rather than scientific need alone. Additionally, this could introduce instability in grant funding as policy priorities shift across Administrations.	
Eligibility of entities for research and development awards (§200.202(e))	<i>“(2) When designing research and development programs, and evaluating applications, Federal agencies must apply a domestic-first framework, under which international elements may be included only if the Federal agency determines that such elements are justified, consistent with</i>	This proposal establishes a "domestic-first" framework, requiring international elements to be justified on a case-by-case basis. Concerns have been raised that this approach may limit the ability	

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	program objectives, and in the national interest of the United States. <i>(3) Federal agencies should consider, as applicable, the following factors when determining whether an international element is warranted:</i> <i>(i) The extent to which the proposed international element is necessary to achieve the scientific or technical objectives of the project and is integral to the scientific rationale of the program.</i> <i>(ii) The extent to which the international element provides access to unique expertise, facilities, data, study populations, environmental conditions, or other resources that are not reasonably available within the United States.</i> <i>(iii) The likelihood that the proposed international element will enhance the scientific enterprise of the United States, including through the development of new knowledge, methodologies, technologies, or collaborative networks that can be applied domestically.</i> <i>(iv) The adequacy of the facilities, equipment, personnel, and administrative capacity at the international site, or of any foreign entities that would perform work, to carry out the proposed scope of work under the Federal award at a level comparable to that of a domestic recipient performing similar activities.</i> <i>(4) Nothing in this paragraph (e) prohibits the participation of foreign entities as subrecipients or contractors under a research and development award made to an eligible U.S. entity.”</i>	of grantees to engage in international research collaborations.	
Multi-year awards (\$200.202(f))	<i>“When consistent with program objectives, and subject to restrictions in law, Federal agencies are encouraged to design Federal programs to allow for multi-year awards with budget periods longer than one year, rather than issuing separate notices of funding opportunities on an annual basis. Such Federal awards must be designed to comply with all applicable</i>	This proposal allows for the issuance of multi-year grants. Some groups have noted this could provide greater funding stability and enable recipients to engage in longer-term planning. However, others have raised concern	

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	<i>funding limitations and must not be administered in a manner that would result in a violation of the Antideficiency Act.”</i>	over the impact this could have on young researchers and the overall number of new grants available. In response to actions the Administration has already taken to issue more multi-year awards, Congress has included language in the annual appropriations process about the need for guardrails.	
FEDERAL AGENCY REVIEW OF MERIT OF PROPOSALS (§200.205). Instructs Federal agencies to design and execute a merit review process of applications for all discretionary awards.			
Pre-issuance Review (§200.205(b))	“As part of the merit review process, Federal agencies must perform pre-issuance reviews to ensure that Federal award proposals selected for funding are consistent with applicable law, Federal agency priorities, and the national interest. In doing so, Federal agencies heads must designate one or more senior appointees to conduct a pre-issuance review of all discretionary awards. As part of this pre-issuance review for discretionary awards, senior appointees (or their designee) must, as relevant and to the extent consistent with applicable law, apply the following principles when reviewing Federal award proposals:	This proposal establishes a mandatory pre-issuance review process by senior political appointees, who will apply specific principles when evaluating awards (as noted below). Concerns have been raised that this process may allow political interests to outweigh scientific merit in funding decisions.	
	(1) Discretionary awards must, where applicable, demonstrably advance the President's policy priorities.	Under this proposal, awards must advance the President's policy priorities. Concerns have been raised that this requirement could introduce instability in the grantmaking process and result in whole classes of grants being cancelled as policy priorities shift across Administrations.	
	(2) 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	Concerns have been raised that these proposed prohibitions may impact Congressionally-mandated programs aimed at addressing longstanding racial, social, or other disparities, or those serving underserved	

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	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 immigration; or (iv) Any other initiatives that compromise public safety or promote anti-American values.	communities. Additionally, concerns have been raised that the term "anti-American" is vague and could grant the Administration broad discretion in establishing or eliminating grant programs.	
	(3) All else being equal, preference for discretionary awards should be given to institutions with lower indirect cost rates.	This proposal establishes a preference for awards with lower indirect cost rates. Some groups have raised concerns that this approach could disadvantage grantees that are unable to absorb higher costs internally. Some groups are also using this as an opportunity to voice their concerns around actions the Administration has already taken to try and cap indirect research (facility & administration) costs.	
	(4) Discretionary awards should be given to a broad range of recipients. Research grants should be awarded to a mix of recipients likely to produce immediately demonstrable results and recipients with the potential for potentially longer-term, breakthrough results, in a manner consistent with the notice of funding opportunity.	This proposal aims to ensure that federal funds reach a wider variety of recipients, rather than a select group of repeat recipients, which could support a more diverse mix of approaches. However, concerns have been raised that this could dilute research capacity and disrupt long-term initiatives.	
	(5) In performing activities under Federal awards, applicants should commit to complying with administration policies, procedures, and guidance respecting Gold Standard Science. (6) Discretionary awards should include benchmarks for measuring success and progress towards relevant goals and, as	This proposal establishes a "Gold Standard Science" requirement, conditioning grant eligibility on applicants' commitment to, and compliance with, this standard. Agencies are further directed to prioritize an institution's commitment	

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	<i>relevant for awards pertaining to scientific research, a commitment to achieving Gold Standard Science. See also § 200.202(a).</i> <i>(7) 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.</i> <i>(8) See also §§ 200.202(c) and 200.300.”</i>	to "Gold Standard Science" over its reputation or prestige in making award decisions. While the term is not defined in the proposed rule, it is outlined in Executive Order 14303 (Restoring Gold Standard Science), issued in May 2025. Concerns have been raised that the absence of a regulatory definition could allow the Administration to retain broad discretion in selecting institutions, potentially on the basis of political alignment.	
Procedure for pre-issuance review (§200.205(c))	<i>“When conducting a pre-issuance review, senior appointees (or their designee) must not ministerially ratify or routinely defer to the recommendations of others, but must instead use their independent judgment when evaluating Federal award proposals.”</i>	This policy eliminates the de facto binding nature of peer review, a process on which most scientific agencies have historically relied as the primary measure of scientific merit. Concerns have been raised that this	
Use of peer review (§200.205(d))	<i>“Nothing in this part must be construed to discourage or prevent the use of peer review methods to evaluate proposals for discretionary awards or otherwise inform agency decision making, provided that peer review recommendations remain advisory and are not ministerially ratified, routinely deferred to, or otherwise treated as de facto binding by senior appointees or their designees. Further, nothing in this part must be construed to create any rights to any particular level of review or consideration for any funding applicant except as consistent with applicable law.”</i>	provision could allow political appointees to override the judgments of the scientific community without any finding of cause.	
PROHIBITION ON USING FEDERAL AWARDS TO PROMOTE OR SUPPORT THEORIES OF DISPARATE-IMPACT LIABILITY (§ 200.218) Prohibits use of funds for activities that “impose disparate-impact liability based on federally protected characteristics such as race, sex, or age.”			
General prohibition (§ 200.218(a))	<i>“To the maximum extent permitted by law, Federal agencies must eliminate the use of disparate-impact liability in all contexts relevant to Federal awards. Disparate-impact liability imperils the effectiveness of civil rights laws by mandating, rather than proscribing, discrimination”</i>	Concerns have been raised that these proposed provisions could impact Congressionally-mandated programs aimed at addressing longstanding racial, social, and other disparities, or	

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Definition of disparate-impact liability (§200.218(e))	<i>“For the purposes of this section, disparate-impact liability means a theory under which a facially neutral policy or practice (for example, a merit-based employment policy or practice) gives rise to an automatic or near-insurmountable presumption of the existence of unlawful discrimination on the basis of federally protected characteristics (such as race or sex) where there are any differences or disparities in outcomes (for example, disproportionate effects) among different races, sexes, or similar groups. Under a theory of disparate-impact liability, this presumption would apply even if there is no facially discriminatory policy or practice, there is no discriminatory intent involved, and equal opportunity is provided. Discriminatory intent is irrelevant in a disparate-impact claim. Disparate-impact liability effectively mandates consideration of federally protected characteristics, such as race or sex, and incentivizes racial balancing, contrary to principles of equal treatment and merit-based opportunity.”</i>	those designed to serve underserved communities.	
PROHIBITION OF USING FEDERAL FUNDS FOR COVERED FOREIGN COLLABORATIONS (§ 200.220). Prohibits use of Federal funds to support certain foreign collaborations.			
General prohibition (§ 200.220(a))	<i>“... 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...”</i> Additional details on scope and exceptions available here.	While these provisions are seemingly aimed at addressing national security concerns, some groups have raised that these provisions are so broad that they could disrupt international partnerships, including those in global health and medical research.	
STATUTORY AND NATIONAL POLICY REQUIREMENTS (§ 200.300) Updates post-federal award requirements to “reflect key administration policies and priorities.”			
Limitations on authorized use of Federal award funds (§ 200.300(b))	<i>“Federal awards and subawards are not used to fund, promote, encourage, subsidize, or facilitate:</i> <i>(1) “Diversity, equity, and inclusion” (DEI) or “diversity, equity, inclusion, and accessibility” (DEIA) policies, principles, or practices that violate any applicable Federal anti-discrimination laws. This includes racial preferences or other forms of racial</i>	These provisions prohibit grants from being used for DEI/DEIA policies or practices, gender ideology, or assistance with gender transition for individuals under 19 years of age. Concerns have been raised that, as mandatory grant conditions, these	

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	<i>discrimination used by the recipient or subrecipient that violate any applicable Federal anti-discrimination laws, including activities where race or intentional proxies for race will be used as a selection criterion for employment or program participation. See also § 200.218;</i> <i>(2) Gender ideology as defined in Executive Order 14168. Gender ideology includes theories or ideologies that deny the biological reality of sex or the sex binary in humans, or endorse or advocate for the notion that sex is a chosen or mutable characteristic; or</i> <i>(3) The so-called “transition” of a child under 19 years of age from one sex to another, including the chemical and surgical mutilation of children. The term “chemical and surgical mutilation” has the meaning provided in Executive Order 14187.”</i>	prohibitions could result in grantees losing federal funding even where such activities are support through separate non-federal funds.	
TERMINATION AND SUSPENSION, NOTIFICATION OF TERMINATION REQUIREMENTS (§ 200.340) Clarifies reasons available to Federal agencies for terminating Federal awards and adds new provisions regarding temporary suspension of Federal awards, including:			
At the discretion of the Federal agency or pass-through entity (§ 200.340)	“The Federal agency or pass-through entity, to the extent permitted by law, may terminate a Federal award in part or its entirety if the Federal agency or pass-through entity determines that a termination is in the interest of the Federal agency or pass-through entity, including if a Federal award does not effectuate program goals, Federal agency priorities, or the national interest as they exist at the time of the termination. See also § 200.341”	This proposal expands the agency’s authority to terminate grants, including mid-performance. Concerns have been raised that this provision could create significant funding instability, particularly as Administrations and policy priorities change. Of particular concern is the proposed rule’s use of language conditioning continuation on whether a grant effectuates the “national interest” as defined at the time of termination. Some groups have warned this could allow an Administration to cancel grants without cause as its priorities shift.	
COST PRINCIPLES (§ 200.400-477). Proposes several changes to allowable costs including:			
Conferences (§ 200.432)	“The costs for attending conferences are allowable only if participation in the conference is expressly approved by the	This policy restricts the use of grant funds for conferences, which are currently treated as a standard	

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	<i>Federal agency and included in the terms and conditions of the Federal award.”</i>	allowable cost, requiring any such expenses to be specified at the time of award. Concerns have been raised that this provision could limit both the dissemination of research findings and the ability of researchers to collaborate across institutions.	
Lobbying (§ 200.454)	<i>“(a) Lobbying costs associated with obtaining Federal assistance awards. The costs of certain influencing activities associated with obtaining grants, cooperative agreements, contracts, or loans are unallowable. Lobbying with respect to certain grants, cooperative agreements, contracts, and loans is governed by:</i> <i>(1) Relevant statutes, including the provisions of 31 U.S.C. 1352;</i> <i>(2) Regulations, for example “New Restrictions on Lobbying,” (55 FR 6739, February 26, 1990), including the definitions; and</i> <i>(3) Other applicable OMB guidance.</i> <i>*****</i> <i>(c)(1) (iii) Establishing, administering, contributing to, or paying the expenses of a voter registration campaign, voter registration drive, or any similar activity, or paying the expenses of another entity engaged in such activities;</i> <i>(iv) Engaging in issue advocacy or public messaging that promotes or opposes a particular social, political, or public policy position unrelated to the statutory objectives or performance requirements of the Federal award, including messaging designed to influence public attitudes on matters not necessary to accomplish the purpose of the Federal award;</i> <i>(v) Attempting to influence the executive branch of any State government on matters unrelated to the objectives or performance requirements of the Federal award,</i>	This proposal consolidates existing regulatory text around lobbying restrictions and adds new provisions prohibiting use of funds (1) for voter registration campaigns, drives, or related activities; (2) to engage in issue advocacy or public messaging that promotes or opposes a particular social, political, or public policy position unrelated to the statutory objectives or performance requirements of the Federal award; and (3) to influence the executive branch on matters unrelated to the objectives of the award.	

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	<i>including attempts to affect State agency policymaking, rulemaking, or administrative actions for purposes other than carrying out objectives of the Federal award.”</i>		
Memberships, subscriptions, and professional activity costs (§ 200.454)	<i>“(a) Costs of the recipient's or subrecipient's membership in professional, civic, business, and technical organizations are allowable if necessary to fulfill the award requirements. Such costs must receive prior written approval of the Federal agency.</i> <i>(b) Costs of the recipient's or subrecipient's subscriptions to business, professional, academic, and technical periodicals are unallowable.</i>	This proposal restricts use of grant funds for membership and other professional costs.	
Publication and Printing Costs (§200.461)	<i>“In general. Except as provided in paragraph (b) of this section, publication costs (including page charges, article processing charges (APCs), or similar fees such as open access fees for professional journal publications and other peer-reviewed publications) are unallowable under Federal awards. Printing costs (including distribution and general handling) are allowable.”</i> Additional information on exceptions and requirements is available here.	This proposal restricts use of grant funds for publication costs. Concerns have been raised this could limit how research is distributed and that requiring agency approval could introduce politicization, administrative burden, delays, and diminished trust in U.S. research.	