

**Summary of APLU Comment Letter in Response to  
OMB's Proposed Rule "Regulation for Federal Financial Assistance"**

**I. Background**

The Association of Public and Land-grant Universities (APLU) will be submitting a comment letter in response to the Office of Management and Budget's (OMB's) recent proposed rule, "Regulation for Federal Financial Assistance" (the "Proposed Rule"). This document summarizes the key issues and concerns that APLU plans to cover in the comment letter. As an overarching matter, the comment letter will emphasize that many of the proposals would undermine rather than advance OMB's stated goals of improving transparency, accountability, and oversight of federal financial assistance, and would inject significant uncertainty into what has been a productive, long-term partnership between the federal government and universities in advancing research, education, and public service missions.

**II. Key Issues and Concerns**

- a. **[2 C.F.R. §§ 200.101(d), 200.106, 200.110(a)] Reclassification of Uniform Guidance as the Uniform Grants Regulation:** The Proposed Rule would reclassify the Uniform Guidance as binding regulation. This proposal exceeds OMB's authority and decreases the ability of agencies to tailor funding terms and conditions to the categories and nature of entities to which, and investigators to whom, the agencies typically direct funding.
- b. **[2 C.F.R. § 200.205(b)] Federal Agency Merit Review of Proposals:** The proposed pre-issuance review process, including the introduction of senior appointee review, introduces vague, subjective, and non-scientific considerations (*e.g.*, whether the award would promote "anti-American values" or "compromise public safety"). This conflicts with merit-based statutory mandates and creates a "black box" process with no transparency or documentation requirements for agencies.
- c. **[2 C.F.R. § 200.204(c)] Statement of Interest (SOI):** A new pre-application SOI process would screen out applicants before they have a chance to demonstrate the merit of their work through a full application, and without the benefit of peer review. With only selected applicants invited to submit full proposals, this opaque process could operate as a mechanism to eliminate applicants for reasons unrelated to scientific merit.
- d. **[2 C.F.R. § 200.206(b)] Federal Agency Review of Risk Posed by Applicants:** Expanded risk assessment factors would rely on vague terms such as "history of questionable practices" and potentially unreliable evidence of such risk, with no lookback period or appeals process. This proposal also may penalize institutions with strong compliance programs (which detect and report more issues).
- e. **[2 C.F.R. § 200.208] Specific Conditions:** The expanded specific conditions authority would permit agencies to impose new conditions on active grants with only 15 calendar days' notice to awardees and with no requirement to remove those conditions once the triggering issue is resolved, exacerbating uncertainty in award management. New "program-level" conditions could burden all recipients within an entire award program regardless of individual performance, disproportionately affecting smaller institutions that have fewer resources to satisfy additional requirements.

- f. **[2 C.F.R. §§ 200.340–343] Termination and Suspension:** Agencies would be able to terminate awards, or suspend them for up to 90 days, whenever it is “in the interest of the Federal agency.” This would destabilize research, make budgets unpredictable, and disproportionately harm smaller institutions. These discretionary powers lack objective criteria or meaningful procedural protections, such that awards could be terminated or suspended based on shifting policy priorities unrelated to the original award purpose.
- g. **[2 C.F.R. §§ 200.202(e), 200.220] Prohibition of Using Federal Funds for Covered Foreign Collaborations:** The prohibition on “covered foreign collaborations” extend Wolf Amendment-type restrictions government-wide and to multiple foreign jurisdictions in addition to China, jeopardizing legitimate international research partnerships that ultimately serve important American interests and values, and does so without congressional authorization.
- h. **[2 C.F.R. § 200.219] Prohibition of Discriminatory Event Services:** The prohibition on discriminatory event services would restrict how institutions charge fees for event services, prohibiting differential security fees based on the content or viewpoint of speech. This is unnecessary given existing First Amendment protections and well-developed court precedent, and undercuts professional content-neutral threat assessments grounded in intelligence and crowd-size estimates and imposes an unfunded mandate on public universities.
- i. **[2 C.F.R. §§ 200.331(c), 200.331(i), 200.332] Subrecipient Monitoring and Management:** The Proposed Rule would require universities to ensure that subrecipients not engage in “actions that could significantly damage the reputation” of federal agencies or the federal government, and would permit awarding agencies to terminate prime awards and/or direct the termination of subawards to the extent award agencies determine that such harm has occurred. This could jeopardize awards based on conduct beyond the prime awardees’ control, with no procedural protections or opportunity to remediate.
- j. **[2 C.F.R. §§ 200.201(b), 200.333] Fixed Amount Subawards:** The Proposed Rule would eliminate fixed amount subawards, reversing OMB’s 2024 policy that doubled the fixed amount subaward threshold, without evidence that the performance-based accountability of fixed amount awards is insufficient. This would narrow the pool of research collaborators, particularly community and religious organizations with limited accounting infrastructure.
- k. **[2 C.F.R. §§ 200.420–477] Revisions to General Provisions for Selected Items of Cost:** Revised cost allowability provisions shift significant publication, membership, and conference costs to institutions without adequate analysis or exception processes. Smaller institutions and non-profit organizations would be disproportionately affected, widening disparities rather than promoting broad participation in federally funded research.
- l. **[2 C.F.R. § 200.450(c)(iv)] Engaging in Issue Advocacy or Public Messaging:** A prohibition on “issue advocacy or public messaging” could prevent researchers from testifying before Congress, communicating findings to policymakers, and participating in public discourse—undermining evidence-based policymaking and depriving the public of the full benefit of its investment in federally funded research.