

Congress of the United States

Washington, DC 20515

July 10, 2026

The Honorable Russell Vought
Director
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Director Vought:

We write in strong opposition to the Office of Management and Budget's proposed rule titled "*Regulation for Federal Financial Assistance*," released on May 29, 2026. This proposal would represent the most sweeping and destructive transformation of the federal financial assistance system in modern history and would subordinate nonpartisan, merit-based grantmaking to political control, exposing the entire framework to serious constitutional challenge. With more than \$1 trillion in annual Federal awards at stake, the consequences would be felt by every state, federally recognized tribe, city, county, research university, hospital, and countless nonprofits, community organizations, and private firms that deliver critical scientific studies and essential public services.

Congress has long appropriated grant funding with the expectation that the executive branch would implement it for the benefit of all our constituents. This proposal represents an attempt to completely undermine the Congressional power of the purse and the separation of powers, as outlined further below.

I. Subjecting Congressionally-Mandated Spending to Excessive Political Control

Under the proposed regulations, senior executive branch political appointees would be required to approve every discretionary grant award before it is made. At the same time, independent, objective peer review—the mechanism that has long ensured that federal research and program dollars are allocated based on expertise and evidence—would be reduced to a non-binding suggestion that receives no deference from political appointees. The practical result would be a dramatic erosion in the rigor and credibility of federally funded science and research.

Also concerning, the proposal would authorize agencies to terminate any discretionary grant at any time if the grant is deemed no longer to serve "agency priorities or the national interest," a standard so open-ended as to be nearly unlimited. This would expose ongoing grants that grantees and program beneficiaries rely on to cancellation based on nothing more than shifting political winds, which may benefit Republican priorities in the near term but could change drastically between administrations. When contractors observe that federally funded projects can be reversed or defunded between administrations, they become reluctant to invest the upfront costs of bidding, staffing, and mobilizing for contracts that may be canceled or restructured before completion, making the financial risk outweigh the potential reward.

Making matters worse, the existing right to an administrative hearing before termination would be eliminated through the proposal's amendment of section 200.342. This would leave grantees with no meaningful avenue to contest such decisions without incurring expensive litigation costs.

Taken together, these provisions would give political appointees extraordinary, largely unchecked authority over spending that Congress has mandated for specific purposes. The Constitution vests the power of the purse squarely with Congress, not with the executive. These proposed rules directly violate the separation of powers by granting the executive unchecked and unilateral power over all federal financial assistance. OMB and the other 41 federal agencies would need additional statutory authority to effectuate these regulations, something that Congress could not grant, even if it wanted to, without amending the Constitution to grant the executive Branch this kind of

unfettered power. Any final rule should explicitly cite the specific statutory authority that OMB and each of the 41 federal agencies believe they have that would support such a gross expansion of executive control.

II. Conditioning Federal Funds on the Surrender of Constitutional Rights

The proposed revisions of section 200.300 would tie eligibility for Federal funding to recipients' compliance with vague, sweeping prohibitions on policies that the current Administration disfavors, including "unlawful DEI," "gender ideology," and "religious discrimination." These terms are poorly and vaguely defined, giving political appointees open-ended discretion to cut off funding based on their assessment of a recipient's viewpoints, internal policies, institutional commitments, or because an award serves marginalized communities.

This approach is unconstitutional, including by violating First Amendment rights to protect against viewpoint discrimination. The government cannot use the leverage of federal funding to coerce recipients into abandoning First Amendment-protected speech or association, nor can it condition benefits on viewpoint-based litmus tests that have no grounding in statute. These provisions invite immediate legal challenge and, if allowed to stand, would have a severe chilling effect on the academic, scientific, and civic institutions that depend on federal financial support.

III. Direct Threat to Services Communities Are Counting on Right Now

States, localities, tribal governments, school systems, health systems, and community organizations have already built programs, hired staff, and made commitments in reliance on existing funding arrangements. The proposed changes, particularly the expanded termination authority, could disrupt or abruptly halt billions of dollars currently flowing to critical public health programs, K-12 and higher education, scientific research, public safety initiatives, and local economic development. The populations served by these programs, often among the most vulnerable in our society, would bear the consequences directly and immediately.

This administration's unprecedented campaign to terminate grant awards that would have reduced pollution, lowered energy costs, and protected communities from more extreme weather has already put Americans' health and jobs at risk while driving up household energy bills. A recent study from the Environmental Data and Governance Initiative found that EPA environmental justice grants alone represented at least \$6.4 billion in economic opportunity and 65,000 jobs, with economic impacts evenly distributed across Republican and Democratic Congressional districts¹.

IV. Dramatic Expansion of Administrative Burden

Despite OMB's characterization of these changes as administrative improvements with little or no impact, the actual effect would be immense. The proposed rules layer on substantial new compliance obligations at every level of the grants system through changes to section 200.303, including:

- Mandatory enrollment in DHS E-Verify for all recipients and subrecipients;
- Required pre-disbursement screening through Treasury's Do Not Pay system before states may pass through federal funds to subrecipients; and
- Written justifications accompanying every payment request.

These requirements would impose serious costs on the organizations least equipped to absorb them — small nonprofits, rural service providers, tribal governments, and community health centers. Furthermore, several

¹ Christopher Cane, Eric Nost, Manuel Salgado, Naomi Yoder, and EDGI, "The Cost of Cuts to EPA's Environmental Justice Grants," Environmental Data & Governance Initiative, September 11, 2025, <https://envirodatagov.org/publication/the-cost-of-cuts-to-epas-environmental-justice-grants/>.

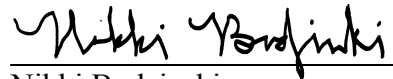
reforms previously adopted to streamline grant administration and reduce paperwork would be reversed under this proposal, directly contradicting OMB's stated rationale. Rather than making the grants process more accessible, these rules would make it more cumbersome, more costly, and less functional for the entities doing the work, not to mention creating administrative delays at the agency level.

Given these considerations, we oppose the proposed *Regulation for Federal Financial Assistance* rule, which would concentrate political control over federal spending, undermine constitutionally protected rights, disrupt billions of dollars in existing awards, and increase the compliance burden on the organizations and governments that serve the public. We respectfully but strongly urge OMB to withdraw this rulemaking in full.

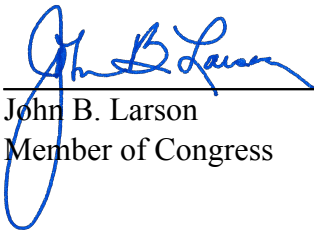
Sincerely,



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Member of Congress



Nikki Budzinski
Member of Congress



John B. Larson
Member of Congress



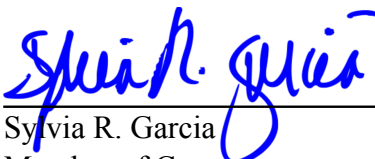
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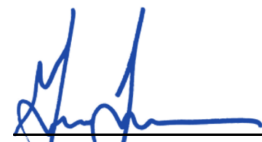
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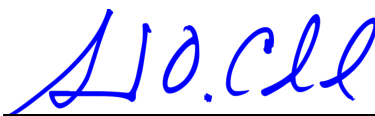
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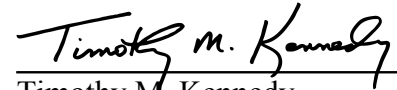
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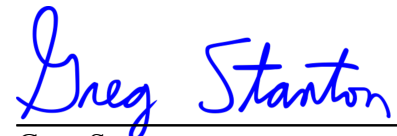
Betty McCollum
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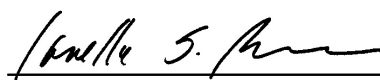
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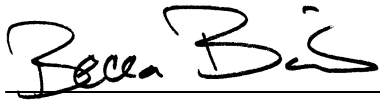
Greg Stanton
Member of Congress



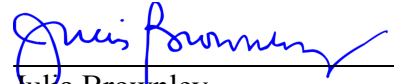
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Becca Balint
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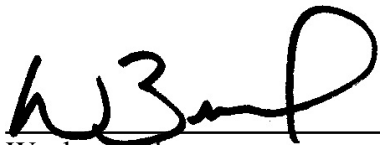
Julia Brownley
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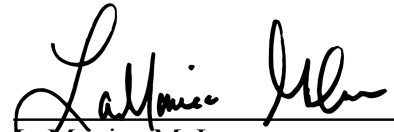
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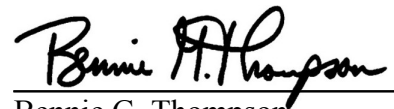
Lizzie Fletcher
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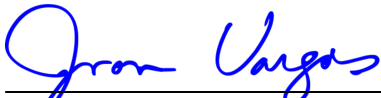
Bennie G. Thompson
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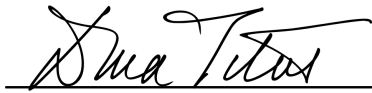
Andrea Salinas
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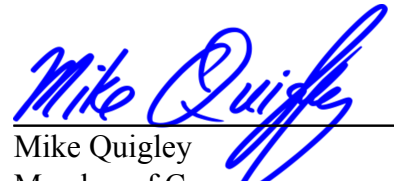
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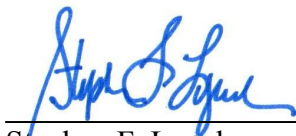
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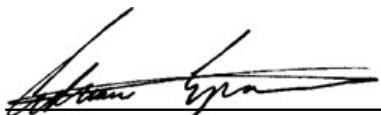
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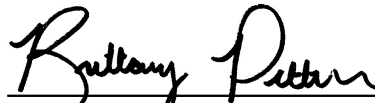
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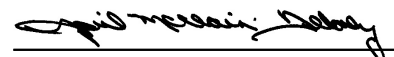
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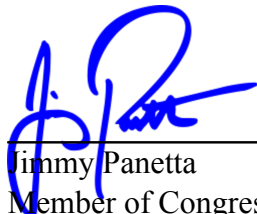
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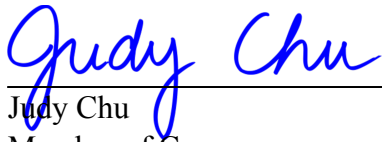
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Rashida Tlaib
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Judy Chu
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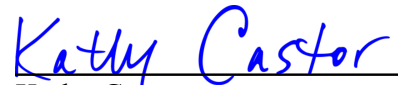
Jan Schakowsky
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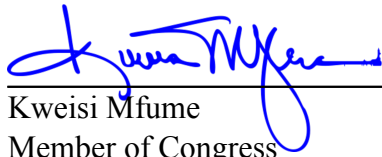
Frederica S. Wilson
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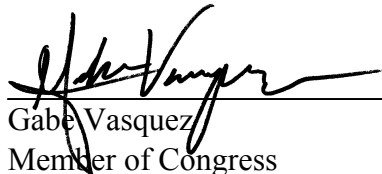
Kathy Castor
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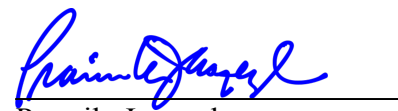
Kweisi Mfume
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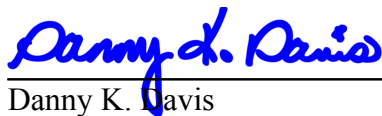
Sharice L. Davids
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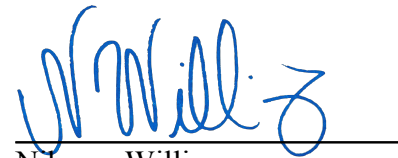
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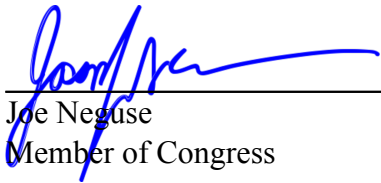
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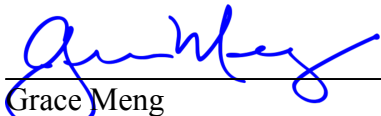
Dan Goldman
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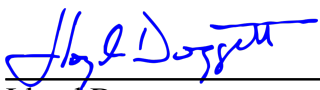
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Lloyd Doggett
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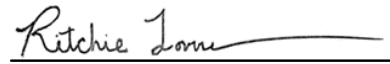
Ted W. Lieu
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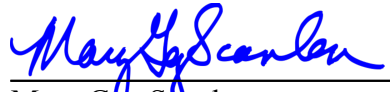
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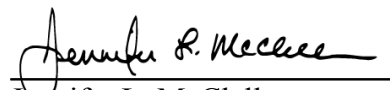
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Lois Frankel
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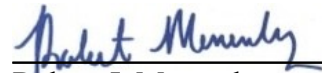
Nanette Diaz Barragán
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Suzan K. DelBene
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Seth Magaziner
Member of Congress



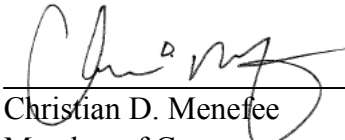
Robert J. Menendez
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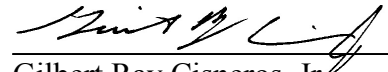
Josh Riley
Member of Congress



Maxwell Alejandro Frost
Member of Congress



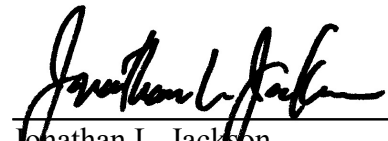
Christian D. Menefee
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Jared Moskowitz
Member of Congress



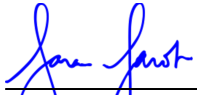
Jonathan L. Jackson
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Maxine Dexter, M.D.
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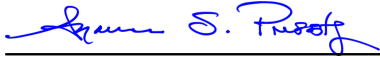
Valerie P. Foushee
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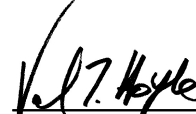
Sara Jacobs
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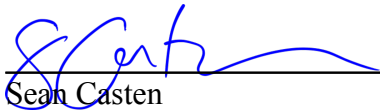
Donald S. Beyer Jr.
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Ayanna Pressley
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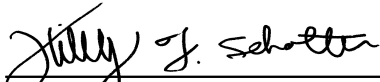
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Shri Thanedar
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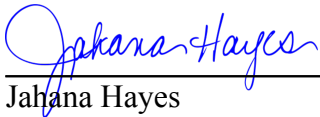
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Chris Deluzio
Member of Congress



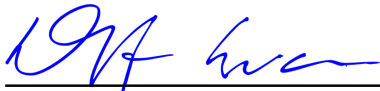
Patrick Ryan
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Jahana Hayes
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Marilyn Strickland
Member of Congress



Dwight Evans
Member of Congress