

OMB Proposes Sweeping Overhaul of Federal Assistance Regulations

May 29, 2026

WHAT: The Office of Management and Budget (OMB) issued a proposed rule that would revise the government-wide regulations for the management of federal grants, cooperative agreements, and other forms of federal financial assistance under 2 CFR, subtitle A. According to OMB, the proposed revisions are intended to improve transparency, accountability, and oversight for awards across the federal government, while also reducing the burden on recipients. Notable key provisions include:

- Rebranding the existing “Uniform Guidance” at 2 CFR Part 200 as the “Uniform Grants Regulation” (UGR) and clarifying that the regulatory text of 2 CFR, subtitle A is “an OMB regulation” that carries “regulatory effect in [its] own right”;
- Elimination of fixed-amount awards and fixed-amount subawards, which OMB found “can limit transparency and hinder effective oversight”;
- New prohibitions on using federal awards to “fund, promote, encourage, subsidize, or facilitate” DEI policies;
- A new prohibition on “discriminatory event services” by public entities receiving federal awards;
- A new prohibition on “covered foreign collaborations” involving “covered foreign countries or covered foreign entities,” which extends the long-standing “Wolf Amendment” restrictions on collaboration with China across all federal financial assistance programs;
- Expanded authority for “discretionary termination” of federal awards that “no longer effectuate program goals, Federal agency priorities, or the national interest” modeled on the

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FAR's long-standing termination for convenience framework, as well as a new temporary suspension authority;

- Mandatory pre-issuance review of all discretionary awards by "senior appointees" (i.e., political appointees) who must apply specific principles including ensuring awards advance the President's policy priorities;
- Mandatory participation in DHS's E-Verify program and use of Treasury's "Do Not Pay" system for recipient employees;
- Streamlined notices of funding opportunities, including mandatory posting on Grants.gov, a 500-word cap on executive summaries, and use of "Statements of Interest" to reduce applicant burden;
- Encouragement of multi-year awards to reduce the frequency of applications and individual awards generated each year; and
- New restrictions on allowable costs, including advertising and public relations, publication costs, conferences, and lobbying.

WHEN: The proposed rule was published in the Federal Register on May 29, 2026, and comments are due 45 days after publication (July 13, 2026). OMB proposes to issue a final rule that would be effective by October 1, 2026, explaining that this proposed effective date "is important to ensure that only a single set of government-wide requirements apply to federal awards" made in FY27.

WHAT IT MEANS FOR RECIPIENTS: OMB's proposed rule is issued pursuant to Executive Order 14332, "Improving Oversight of Federal Grantmaking" and a series of related Executive Orders. Consistent with that direction, OMB has organized the proposed revisions around three objectives: "(1) improving transparency, accountability, and oversight for use of Federal funds; (2) clarifying the status of the 2 CFR regulatory text as an OMB regulation; and (3) reducing recipient burden."

OMB's proposed rule would impose significant new compliance obligations on recipients and subrecipients of federal financial assistance and would alter the legal status of the government-wide grant management system. Recipients that hold federal awards or anticipate applying for federal financial assistance should thus review the proposed rule carefully and consider submitting comments before the close of the comment period.

Wiley will issue a more in-depth alert in the coming days analyzing the proposed rule's key provisions and practical implications for recipients of federal financial assistance, so stay tuned for further analysis.