

ALERT

UPDATE: 21 State Attorneys General Sue to Block USDA Standardized Grant Conditions

March 30, 2026

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On March 23, 2026, a coalition of 21 state Attorneys General filed a lawsuit in the U.S. District Court for the District of Massachusetts challenging several provisions of USDA's new standardized General Terms and Conditions (GT&Cs). The case, *Massachusetts et al. v. United States Department of Agriculture et al.* (Case No. 1:26-cv-11396), is co-lead by the Attorneys General from Massachusetts, California, Illinois, and Wisconsin, joined by 17 additional jurisdictions. The complaint targets several conditions within the GT&Cs established by Secretary of Agriculture Brooke Rollins' December 31, 2025 memorandum, focusing on what the states identify as the "Challenged Conditions." Those include a requirement that recipients certify compliance with all applicable federal anti-discrimination policies, a prohibition on using funds to "promote gender ideology," restrictions on directing funding towards programs that allow undocumented immigrants to receive benefits, and a requirement that grant recipients comply with several of the President's Executive Orders. USDA agencies were to begin using those GT&Cs starting February 14, 2026, and the complaint states that several of the plaintiff states have already received funding documents incorporating the new conditions.

The complaint brings challenges on several grounds, including that the GT&Cs violate the Spending Clause because they are vague and coercive. The complaint also alleges the USDA's actions violate the Administrative Procedure Act for several reasons, including that the actions are arbitrary and capricious, exceed USDA's statutory authority, and are contrary to law.

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USDA stakeholders, including universities, states, nonprofits, and companies that receive funding through USDA grants, cooperative agreements, and potentially other programs should closely monitor this litigation. Should the district court grant a preliminary injunction, the enforceability of the new GT&Cs could be affected while the case is pending. Prospective and current grant recipients should continue to assess their compliance frameworks in light of the challenged GT&Cs, while tracking any judicial developments that may affect the enforceability of the GT&Cs going forward.

Wiley is continuing to monitor developments in this litigation and is ready to help our clients navigate these changing USDA conditions.

Original Alert

USDA Announces Department-Wide Standardization of Grant and Cooperative Agreement Terms

WHAT: On December 31, 2025, Secretary of Agriculture Brooke Rollins issued a memorandum establishing a single, standardized set of General Terms and Conditions (GT&Cs) for all U.S. Department of Agriculture (USDA) grants, cooperative agreements, and similar awards. The memorandum states that the standardization is intended to ensure that USDA advances “policies that put America First.”

According to the memorandum, the policies implemented by the new GT&Cs include “ensuring no recipient of USDA awards” engages with entities on prohibited lists, preventing foreign adversaries from “exploiting American taxpayer funds,” “[s]tandardizing termination language” to assist USDA in taking measures with awards not meeting “performance benchmarks,” and “[s]trengthening USDA control and oversight” of awards.

The memorandum, which took effect immediately upon its execution, directs all USDA agencies and staff offices to adopt and implement the new GT&Cs for all future awards no later than 45 days after the issuance of the memorandum. The memorandum applies prospectively and does not modify the terms and conditions of existing awards, which will continue to be governed by the terms in effect at the time of award unless otherwise amended. The GT&Cs are to be applied to all modifications of existing awards to the maximum extent consistent with law.

The memorandum was issued as part of USDA’s implementation of Executive Order 14332, “Improving Oversight of Federal Grantmaking,” previously covered in a Wiley alert here. According to the memorandum, USDA’s 21 awarding agencies and staff offices currently rely on office- and program-specific terms and conditions spread across “106 documents numbering 2,218 pages.” The memorandum states that the standardization is intended to improve efficiency and reduce administrative burdens by consolidating those requirements into a single 48-page document.

Agencies are required to remove any conflicting terms for their agency-specific terms and conditions. However, the memorandum directs the USDA Office of the Chief Financial Officer (OCFO) to establish a centralized deviation approval process. Under the deviation process, agencies and staff offices may seek written OCFO approval to use “policies, procedures, terms, or conditions that are inconsistent with the GT&Cs.” Requests must be justified on a statutory or regulatory basis, or with a policy rationale approved by a “senior

polycymaking official.”

WHAT IT MEANS FOR USDA STAKEHOLDERS: Prospective applicants and recipients can expect the new standardized terms to be incorporated into forthcoming USDA notices of funding opportunities and award documents. For companies, universities, and nonprofits that pursue USDA financial assistance across multiple mission areas of USDA, the consolidation may bring more predictability and repeatability. In theory, recipients should be able to build one internal compliance framework that can be reused across USDA components. However, for those stakeholders that primarily get grants from one mission area, the memorandum could result in various changes such that stakeholders must pay careful attention to avoid any issues with grant compliance. Finally, because the memorandum says that the new terms and conditions can apply to “significant modifications” to existing awards, grant recipients should remain attentive to the possibility of changed terms for ongoing awards subject to modification.

Also, of note in the GT&Cs is a new requirement for award recipients to certify they “are not currently, and will not in the future” enter into any subawards, contracts, or other agreements with any person or entity subject to foreign ownership, control, or influence (FOCI) by a “foreign country of concern or another foreign adversary.” Importantly, the new requirement also prohibits awardees from “otherwise provid[ing] **any form of benefit** (material or non-material) through either funded **or unfunded work**” to any person or entity subject to FOCI by a foreign country of concern or another foreign adversary,[1] a requirement that seems to stretch this clause to cover contractual and other agreements outside of the scope of the grant itself. Although FOCI restrictions are familiar in national security and defense spheres, this new outright prohibition on FOCI for USDA financial assistance is a notable expansion in scope that will likely affect how recipients structure their subaward, subcontract, and collaboration practices. Stakeholders, including universities and businesses that work with and subaward with foreign countries, institutions, and businesses should be aware of these and other provisions that may materially impact their research arrangements or other business practices.

USDA is also framing the new GT&Cs as an oversight and enforcement tool. The memorandum emphasizes that the standardized framework is intended to strengthen USDA’s ability to “take swift action when recipients and cooperators—and even recipients of subawards and subcontracts—are not compliant with Federal law and applicable Executive Orders.” The memorandum states that USDA employees must take “reasonable and appropriate” actions to address noncompliance with any term or condition of an award, and that employees who fail to act or report noncompliance may be subject to disciplinary action. Additionally, the memorandum’s emphasis on standardizing termination language for awards not meeting “performance benchmarks” means financial aid recipients should carefully monitor their grant performance.

Going forward, organizations seeking USDA funding should review the new GT&Cs now and assess whether their existing compliance programs will align with the new, department-wide framework. Existing awardees should look out for these GT&Cs in any award modifications.

Wiley’s Government Contracts Practice has extensive experience helping clients navigate evolving law and policy in this area. Wiley’s USDA Regulatory team has expertise with the development and implementation of grant programs and cooperative agreements, and can support clients with the necessary agency interactions

associated with these programs. We are continuing to monitor developments from the Administration and are ready to help our clients navigate these changes.

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Trump Administration Resource Center

[1] The GT&Cs define foreign countries of concern as “the People’s Republic of China, the Democratic People’s Republic of Korea, the Russian Federation, the Islamic Republic of Iran, or any other country determined to be a country of concern by the Secretary of State.” Foreign adversary is defined “as any foreign government or foreign non-government person as defined (see 15 CFR 791.2) or determined (see 15 CFR 791.4) by the Secretary of Commerce to have engaged in a long-term pattern or serious instances of conduct significantly adverse to the national security of the United States or security and safety of United States persons.”