

## Policy Update: OMB's Uniform Guidance Revision - What Businesses and Nonprofit Organizations Need to Know

*Lewis-Burke Associates LLC – June 11, 2026*

On May 29, 2026, the Office of Management and Budget (OMB) released a proposed Rule titled “Regulation for Federal Financial Assistance” outlining significant revisions to federal requirements governing grants, cooperative agreements, and other forms of federal financial assistance. Note that this regulation does not automatically apply to contracts or Other Transaction Agreements (OTAs) from federal agencies and therefore is only applicable to businesses and non-profits who receive federal funding through assistance awards.

OMB is accepting comments on the proposal through **July 13<sup>th</sup>, 2026**, and Lewis-Burke Associates strongly encourages *all organizations* to submit comments on the proposal through [Regulations.gov](https://www.regulations.gov) (see [Tips for Submitting Comments](#) section below).

We have highlighted several proposed changes to the Rule that may be of particular interest to businesses and nonprofit organizations beyond research institutions, and we encourage organizations to consider addressing these issues in their comments. We have also highlighted several major provisions that, while not specific to businesses and non-profit organizations, could have broad impacts on science and research if adopted. This is not intended to be a comprehensive analysis, and Lewis-Burke encourages organizations to review the proposed Rule.

### Issues of particular interest to businesses and non-profits:

- **New requirements for grant approval (§200.205):** OMB proposes to change the award-approval process so that all discretionary awards must be reviewed by “senior political appointees,” who would be required to apply specific criteria, including evaluating whether an award “demonstrably advance[s] the President’s policy priorities, [is] not used for discriminatory purposes, and do[es] not promote “anti-American values.” The proposal also states that, as part of this review and approval process, agencies should give preference to institutions with lower indirect cost rates, agencies should award grants to a “broad range of recipients”, and that they should prioritize institutions that demonstrate a “commitment to rigorous, reproducible scholarship over its historical reputation of perceived prestige.”
- **Increased ability to terminate awards (§200.340):** OMB proposes to make it far easier for awards to be terminated at any time for nearly any cause.
- **Elimination of Fixed Amount Awards and Subawards (§ 200.201, § 200.333):** The proposal would largely eliminate fixed amount awards and subawards except where specifically authorized by statute. Currently, recipients of Federal awards can provide subawards based on fixed amounts up to \$500,000, with prior approval from the agency.
- **Expansion of ‘Buy American’ provisions (§ 200.322):** OMB proposes widening provisions related to domestic preferences for procurement by “directing agencies, to the greatest

extent practicable and consistent with law, to include terms and conditions in Federal financial assistance awards to maximize the use of goods, products, and materials produced in the United States.”

- **Advertising and public relations costs are unallowable (200.421):** The proposed rule prohibits using federal assistance award funds to pay for advertising and public relations costs unless they are solely for “(1) procurement of goods and services for the performance of the Federal award; (2) The disposal of scrap or surplus materials acquired in the performance of a Federal award except when the recipient or subrecipient is reimbursed for disposal costs at a predetermined amount; or (3) Program advertising and outreach (for example, recruiting project participants) and other specific purposes necessary to meet the Federal award requirements.”
- **Requires prior written approval for certain investment management costs (§ 200.442) and selling and marketing costs (§ 200.467):** As under the current rule, costs for investment counsel, investment staff, and similar services intended to enhance income from investments are allowable only when associated with investments covering pension, self-insurance, or other funds, which include Federal participation allowed by the rule. Under the proposed rule, these costs, as well as costs related to the physical custody and control of monies and securities, would require prior written approval from the Federal agency. In addition, costs for selling and marketing any products or services of the recipient or subrecipient would now need to be expressly included in the Federal award.
- **Evaluations of funding recipients based on their organizational affiliations and memberships (§200.206):** The proposed Rule would expand the list of considerations agencies need to consider when assessing whether a recipient organization poses a risk as a funding recipient. New criteria include membership in or affiliation with organizations that “violate federal law, undermine public safety or national security, or advocate for the overthrow of the United States Government.” Additional criteria would examine whether the applicant has a history of “questionable practices,” such as plagiarism, discredited or non-replicable studies, or activities inconsistent with federal civil rights laws or religious liberty statutes.
- **Expanding event neutrality to private organizations (§200.219):** Public entities have long been required not to discriminate based on viewpoint, content, or subject matter of speech. The proposed Rule clarifies that federal funding recipients providing services for events, meetings, or other expressive activities may not deny or reduce services, impose additional fees or security costs, or apply policies that effectively suppress lawful speech on the basis of viewpoint or subject matter. The proposal would extend these requirements to non-public entities when the relevant activities fall within the scope of a federally funded award.
- **Revising the types of non-profit organizations that fall under contract rules (§ 200.401):** Certain nonprofit organizations are currently exempt from the cost principles in the Uniform Guidance and instead are subject to regulations pertaining to contracts with commercial

organizations (48 CFR 31.2). These contract rules can be negotiated on a case-by-case basis and may include requirements such as demonstrating that the costs of the contract are reasonable. Under the current framework, the nonprofits exempt from Uniform Guidance cost principles include a specific list named in the regulation, as well as "Other nonprofit organizations as negotiated with Federal awarding agencies". The proposed rule would eliminate both the list and the ability of agencies to define these nonprofits and instead defines these nonprofits as nonprofit organizations that receive 90 percent or more of their Federal funding in the form of contracts or operate a Federally Funded Research and Development Center (FFRDC).

- **Prohibitions on DEI (§200.300, §200.218):** The proposed Rule would codify the actions of multiple Executive Orders and Trump Administration policies that prohibit federal funding of Diversity, Equity, Inclusion, and Accessibility (DEI/DEIA) or "gender ideology" programs, practices, or activities. This includes a prohibition on funding to support or promote "disparate-impact liability theories" based on sex, race, or age.
- **Barriers to international collaboration (§200.220):** OMB proposes to add a section to the Rule that creates a broad and ambiguous prohibition from using federal funds to support collaborations, agreements, programs, or other activities with "covered foreign countries" or "covered foreign entities" defined essentially as any country designated as a foreign adversary, or particular concern, or subject to sanctions or restrictions related to defense, national security or intelligence activities and entities "owned or controlled" by such countries or which have been specifically designated as being of concern. This prohibition would apply regardless of whether federal funding is used directly for program activities, research, technical assistance, travel, or indirect costs related to these collaborations.
- **Conference attendance pre-approval (§200.432):** Under the proposed Rule, federal funds would not be allowed for conference attendance unless such attendance is expressly approved by the federal agency **and** included in the terms and conditions of the federal award. This would require awardees to know, at the time of the award, which conferences they, and anyone supported by the grant, plan to attend over the entire multi-year project period of the award.
- **Restrictions on lobbying or advocacy (§200.450):** OMB proposes to add new restrictions on non-profit recipients of federal funds related to participation 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." Further restrictions apply to influencing state policymakers. Depending on how this is interpreted, it could impact organizational efforts to provide public information or education on areas where they have expertise.
- **Restrictions on journal subscriptions, memberships, and professional activities (§200.454):** The proposal would make journal subscriptions, organizational

memberships, and professional activities unallowable costs unless they are deemed necessary to fulfill the requirements of the award, and only then with prior approval from the federal Agency. Membership in organizations whose primary purpose is issue advocacy or lobbying would be an unallowable cost. This represents a significant change from the current guidance, under which these costs are allowable.

- **Publication costs are no longer allowable (§200.461):** Under the proposed Rule, no federal funding could be used to pay for the costs of publication, unless it is specifically required by statute or the agency, as determined on a case-by-case basis. This would include “page charges, article processing charges (APCs), or similar fees such as open access fees for professional journal publications and other peer-reviewed publications.” The proposal notes that “a general requirement to make results publicly available must not be construed as authorizing publication costs.”
- **Major change in regulatory authority:** Currently, the framework for federal financial assistance (2 CFR Part 200) is classified as “guidance” and is the joint responsibility of OMB and 41 federal departments and agencies (who have co-issued this proposal). Under the proposed Rule, this would be revised to “regulation,” and OMB would have authority for future amendments to the new “Uniform Grants Regulation.”

#### Tips for submitting comments:

Given the potentially significant negative impact of this proposed Rule, Lewis-Burke strongly encourages organizations to submit comments by the **July 13, 2026** deadline. Please reach out to your Lewis-Burke point of contact if you would like assistance or guidance in preparing a response.

- Comments need to be submitted via Regulations.gov, accessed here (OMB-2026-0034): <https://www.regulations.gov/commenton/OMB-2026-0034-0001> - comments can be submitted directly into a text box or uploaded as a document or PDF.
- You do not need to comment on all provisions in the proposal; just on the provisions that are most relevant to your organization or perspective. **Specific examples demonstrating the impact of the proposed change are very important to include.**
- Guidance on providing effective comments:  
[https://www.regulations.gov/assets/files/Public-Comment-on-Federal-Regulations\\_Final.pdf](https://www.regulations.gov/assets/files/Public-Comment-on-Federal-Regulations_Final.pdf)