

A New Threat to Every Federal Grant

OMB's Proposed Government-Wide Grants Regulation: What It Is, Why It Is Different, and What We Must Do

EXECUTIVE SUMMARY

June 2026

⚠️ ALERT: Comment Deadline July 13, 2026 — Short Time Frame!

On May 29, 2026, the federal Office of Management and Budget (OMB) published a 412-page proposed rule that would impose sweeping new conditions on every federal grant in the country — simultaneously, permanently, and in a way specifically designed to be harder to challenge in court than anything the federal government has tried before.

The public comment period closes July 13, 2026. We need to flood OMB with comments — a million or more — from providers, advocates, administrators, elected officials, and community members who know exactly what this rule would do to the people they serve.

How to comment: [regulations.gov](https://www.regulations.gov) — **Docket OMB-2026-0034** | **Email:** MBX.OMB.Grants@OMB.eop.gov | See Document 3 in this series for full guidance on commenting and what comes next.

I. What Is This Rule?

The Office of Management and Budget (OMB) is the federal agency responsible for setting government-wide policy on how federal grants are administered. Since 2013, those policies have been contained in what is known as the “Uniform Guidance” — 2 Code of Federal Regulations (CFR) Part 200 — a set of administrative requirements, cost principles, and audit standards that apply to every federal grant across every agency.

Until now, the Uniform Guidance has been classified as “guidance” — not binding regulation. This proposed rule does three things simultaneously:

Three Things This Rule Does at Once

- 1. Converts the Uniform Guidance from guidance to binding federal regulation.** Future changes can be made government-wide by OMB alone, without requiring dozens of separate agency rulemakings. What took years to change can now be changed in a single action.
- 2. Embeds sweeping new ideological and policy conditions into every federal grant.** Prohibitions on Diversity, Equity and Inclusion (DEI) activities, gender identity programs, and gender transition services; employment income requirements; immigration enforcement cooperation; and more — applied uniformly across all federal assistance programs.
- 3. Grants the federal government authority to terminate any discretionary grant at any time.** Not because a recipient did anything wrong — but simply because the current administration decides the grant no longer aligns with its priorities. No appeal. No recourse.

II. Why This Is Different From What Came Before

Since January 2025, federal agencies have tried to impose similar conditions on grants through executive orders, agency memos, and funding freezes. Many of those efforts were successfully challenged in court. State Attorneys General won significant victories: 21 Attorneys General successfully challenged U.S. Department of Agriculture (USDA) grant conditions, 19 Attorneys General challenged Department of Education conditions, and courts ordered agencies to restore funding in multiple cases.

This proposed rule is the administration’s direct and deliberate response to losing those lawsuits. It is not a repeat of what they tried before. It is a fundamentally different legal strategy — and understanding why matters.

The Administrative Procedure Act: Weaponizing the Rulemaking Process

The Administrative Procedure Act (APA) is the federal law that governs how agencies make rules. It requires agencies to publish proposed rules, accept public comments, and issue a final rule with a reasoned response to those comments. Rules made through this process are called “notice-and-comment” rules.

When prior administrations imposed grant conditions through executive orders and agency memos — without going through notice-and-comment rulemaking — courts found it relatively straightforward to block them. The agencies had not followed the rules for making rules.

This administration is doing exactly the opposite. By going through the formal APA notice-and-comment process, it is placing these grant conditions on much stronger legal footing. Courts reviewing a properly conducted rulemaking must find that the rule is “arbitrary and capricious” — a significantly higher bar than blocking an executive order or agency memo.

This is not an accident. The administration chose this approach specifically because it is harder to challenge. They are using the procedural machinery of administrative law — machinery designed to protect the public from arbitrary government action — as a tool to entrench their policy agenda. That is why this matters. And that is why the comment period is not a formality.

III. What the Rule Would Do: The 17 Government-Wide Requirements

The proposed rule imposes 17 government-wide requirements that would apply to every covered federal award — regardless of which agency issues the grant, which program it funds, or which organization receives it. Before reading the individual requirements, it is essential to understand what they are collectively. These are not 17 unrelated policy changes. They are three interlocking components of a single, deliberately designed system.

The Architecture: Three Components, One System

Component 1 — Policy Values: The ideological conditions define what the federal government will and will not fund based on this administration's values. Prohibitions on Diversity, Equity and Inclusion (DEI) activities, gender ideology, gender transition services, abortion funding. Requirements that programs align with administration priorities. Political appointee review of every grant application. These answer the question: *whose values determine what gets funded?*

Component 2 — Control and Enforcement: The control mechanisms ensure compliance with those values and eliminate the ability to resist. Termination authority for any grant that no longer aligns with federal priorities. Mandatory reporting so every dollar can be tracked. Elimination of lump-sum awards. Domestic data storage so nothing is beyond federal reach. These answer the question: *how does the government enforce its values once the money is out the door?*

Component 3 — National Interest: The national interest conditions embed a broader political agenda — domestic manufacturing, foreign policy, security — into every federal grant simultaneously. These have nothing to do with grants management in any traditional sense. They are here because this vehicle reaches every federal grant at once. These answer the question: *what other political agendas can be advanced by controlling who gets federal money and on what terms?*

The three components interlock. The ideological conditions set the agenda. The termination authority enforces it. The conversion from guidance to binding regulation makes it permanent and harder to challenge. This was built by people who understood why the prior piecemeal approach lost in court — and who fixed it. There is no fluff here. This is their A game.

The three categories and the 17 requirements that fall within them:

Category	What It Covers
Ideological and policy conditions	Prohibitions on DEI activities, gender ideology promotion, gender transition funding for minors, and elective abortion funding. Requirements that align program design with administration priorities. Pre-issuance review of all discretionary grants by political appointees.
Expanded federal control and oversight	Termination authority for grants that “no longer advance national priorities.” Mandatory subaward reporting to SAM.gov. Domestic storage of electronic records. Elimination of fixed-amount awards. Mandatory public announcement of all funding opportunities through Grants.gov.
National interest conditions	Buy America requirements expanded beyond infrastructure. Prohibition on collaborations with covered foreign countries and entities. Prohibition on drone procurement from prohibited manufacturers. Viewpoint neutrality requirements for public entities hosting events.

The full text of all 17 requirements — with narrative descriptions and the specific Executive Orders and statutory authority behind each one — is in **Document 1: The 17 Government-Wide Requirements** in this series.

IV. The Federal Government’s Vulnerabilities

The administration’s use of notice-and-comment rulemaking makes legal challenges harder — but not impossible. The proposed rule has real vulnerabilities that legal challengers can and will exploit. These are not theoretical. They are grounded in existing Supreme Court doctrine and are already being identified by legal analysts across the political spectrum.

Vulnerability	The Argument
The Major Questions Doctrine	The Supreme Court has held that agencies cannot take actions of vast economic and political significance without clear congressional authorization. Imposing ideological conditions on every federal grant in the country is exactly that kind of action — and OMB’s general grants management authority (31 U.S.C. 503 and 6307) is not the clear congressional mandate the Court requires.
Spending Clause Coercion	The Supreme Court’s framework for federal spending conditions requires that conditions be reasonably related to the federal interest in the program and not be so coercive as to be unconstitutional. Applying uniform ideological conditions to every federal grant simultaneously — regardless of program purpose — tests both requirements.
First Amendment — Unconstitutional Conditions	The government cannot require recipients to adopt a particular viewpoint as a condition of funding when that condition effectively reaches beyond the funded program into recipients’ independent operations. The DEI and gender ideology prohibitions risk crossing this line.
APA Arbitrary and Capricious	Even a properly conducted rulemaking must provide a reasoned explanation for its choices and for reversing prior policy. The rule reverses the 2024 Uniform Guidance. OMB must demonstrate that its factual premises are supported — and challengers will argue they are not.
Federalism — Commandeering	Requirements that effectively reach into state and local government operations — particularly the viewpoint neutrality provision and the law enforcement cooperation requirements — raise Tenth Amendment anti-commandeering concerns for public entities.

The full analysis of each vulnerability — including what makes them strong, where they face headwinds, and how the AG litigation landscape fits in — is in **Document 2: The Federal Government’s Vulnerabilities** in this series.

V. What We Must Do — Before July 13 and After

Before July 13: Flood the Comment Period

The comment period is open now and closes July 13, 2026. This is not a formality. Under the APA, OMB is legally required to read and respond to every significant comment it receives. A massive, specific, diverse comment record from real organizations describing real harms does three things:

- **It is politically significant.** A million comments from homeless services providers, advocates, local governments, and community members signals the breadth of opposition to this rule.
- **It is legally significant.** Courts reviewing the final rule will look at whether OMB adequately addressed the harms commenters described. A strong record makes legal challenges more viable.
- **It builds the evidentiary foundation.** The specific, local, personal accounts in your comment become part of a permanent legal record that future challengers will use.

You choose to comment. That is a commitment to the people you serve and to the work.

Your comment does not have to be long. It does not have to be legalistic. It has to be specific, honest, and yours. Do not cut and paste. Do not send identical comments. OMB — and courts — discount form comments. A hundred different comments from a hundred different people describing a hundred different real-world impacts count as a hundred comments. A hundred identical comments count as one.

Submit at: [regulations.gov](https://www.regulations.gov) — Docket [OMB-2026-0034](#) | If the site is jammed, email: MBX.OMB.Grants@OMB.eop.gov | Include “OMB-2026-0034” in the subject line.

After July 13: This Is the Beginning, Not the End

July 13 is urgent. It is also the opening move in a longer campaign. Here is what comes next:

When	What Happens
July 13, 2026	Comment period closes. OMB begins reviewing the record. The volume and specificity of comments shapes what OMB must address in the final rule.
October 1, 2026	OMB’s proposed effective date for the final rule, applicable to all new Federal Fiscal Year 2027 (FY2027) awards. Once finalized, the rule becomes binding regulation and every provision becomes legally challengeable on Administrative Procedure Act (APA) grounds.
After finalization	State Attorneys General and other legal challengers will have standing to sue. The comment record built before July 13 becomes evidence. Courts will look at whether OMB adequately addressed the real-world harms that commenters described. The litigation surface expands significantly once the rule is binding regulation.
Ongoing	State legislative action, congressional engagement, documentation of harm, and coalition building. Local and state elected officials need to understand their budget exposure and constituent impact. Administrators need to understand their compliance obligations. All of these tracks are being developed. Watch for additional documents in this series.

Full guidance on commenting, talking points for all audiences, and the complete post-July 13 advocacy roadmap is in **Document 3: Taking Action — Before July 13 and After** in this series.

VI. Documents in This Series

This Executive Summary is the first of four documents on OMB's proposed government-wide grants regulation. Together they provide everything your organization needs to understand this threat and respond to it.

Document	What It Contains
Executive Summary (this document)	What the rule is, why it is different, the key vulnerabilities, and what must happen before July 13 and after. For all audiences.
Document 1: The 17 Government-Wide Requirements	The complete list of every new requirement, with a plain-language description of each and the specific Executive Orders and statutory authority OMB cites as its legal basis. For anyone who needs to understand what the rule actually says.
Document 2: The Federal Government's Vulnerabilities	A detailed analysis of where this rule is legally vulnerable and how those vulnerabilities can be exploited by legal challengers, affected organizations, and advocates.
Document 3: Taking Action — Before July 13 and After	Full commenting guidance, talking points for providers and advocates, local administrators, and elected officials, and the complete post-July 13 advocacy roadmap connecting the dots from comment period through finalization, litigation, and beyond.