NACUBO

July 13, 2026

Russell T. Vought
Director
Office of Management and Budget
725 17th St NW
Washington, DC 20503

Docket No. OMB-2026-0034

Dear Mr. Vought:

On behalf of the National Association of College and University Business Officers (NACUBO), I appreciate the opportunity to comment on the proposed Regulation for Federal Financial Assistance, published in the *Federal Register* on May 29, 2026.

NACUBO is a nonprofit professional organization representing chief business and administrative officers at approximately 1,700 colleges, universities, and public systems of higher education. We are dedicated to advancing economic vitality, business practices, and support of higher education institutions in pursuit of their missions.

As the professionals responsible for ensuring compliance with federal financial assistance requirements, business officers have firsthand experience translating government-wide policy into institutional practice. They play a central role in implementing the Uniform Guidance across virtually every aspect of institutional operations. Our comments focus primarily on the operational, financial management, compliance, audit, and implementation implications of the proposed changes for colleges and universities.

NACUBO appreciates the Office of Management and Budget's (OMB) efforts to improve consistency in the administration of federal financial assistance and recognizes the value of clear, government-wide standards for institutions that administer awards from multiple federal agencies. We also support the goal of promoting transparency, accountability, and responsible stewardship of federal funds as business officers are committed to delivering value to students, campus communities, and taxpayers.

Business officers play a central role in implementing the Uniform Guidance. The proposed revisions would require institutions to evaluate and revise financial policies, internal controls, grants management practices, procurement procedures, payroll processes, financial aid administration, audit preparation, and enterprise systems. Implementation would also require coordination among finance, sponsored programs, financial aid, human resources, procurement, compliance, internal audit, information technology, legal, and other institutional offices. As OMB considers the final rule, we encourage you to evaluate the policy objectives of individual provisions and their cumulative operational impact on recipients responsible for administering federal funds.

General Comments

Predictability and Objective Decision-Making

NACUBO supports strong federal oversight and accountability for taxpayer funds. The proposed rule shifts longstanding grantmaking practices away from objective, merit-based evaluation toward broader discretionary decision-making. Colleges and universities invest substantial institutional resources in preparing competitive grant applications with the expectation that awards will be evaluated under transparent and consistently applied standards. Replacing clearly defined merit review with broader executive review and discretionary decision-making risks reducing predictability, discouraging participation, and undermining confidence in the fairness of the federal grants process.

Transparent, consistently applied standards not only promote public confidence in the administration of federal financial assistance, they also help ensure that agency decisions are supported by clearly articulated standards, applied consistently across recipients, and accompanied by a reasoned explanation. Merit review is a fundamental safeguard for responsible stewardship of taxpayer dollars, ensuring that limited federal resources are invested in the highest-quality research with the greatest potential for public impact. Weakening or bypassing rigorous merit review increases the risk that federal funds will be awarded to projects that are less scientifically sound, less feasible, or less likely to produce meaningful public benefits.

Stability and Long-Term Stewardship

Colleges and universities make multi-year financial commitments when they accept federal awards. Institutions hire personnel, enter into contracts, acquire equipment, renovate facilities, and commit cost-sharing based on the expectation that grants will continue unless recipients fail to meet established program requirements.

Colleges and universities cannot simply pause grant-funded operations while funding decisions are reconsidered. Faculty and staff appointments, student support, contracts, equipment purchases, and construction projects often must continue regardless of funding uncertainty. Expanding federal agencies' authority to suspend or terminate awards based on broad discretionary standards creates uncertainty that extends well beyond a single project. Greater uncertainty increases institutional risk, discourages long-term investment, and ultimately raises the cost of administering federally funded programs.

One of the greatest strengths of the Uniform Guidance has been its consistency. Institutions have invested significant resources to build financial systems, internal controls, training programs, and compliance practices around a stable government-wide framework. Changes of this magnitude should therefore be limited to those that are clearly necessary, carefully explained, and accompanied by sufficient implementation time.

To the extent the final rule substantially expands termination authority, NACUBO encourages OMB to identify the statutory authority supporting those changes and explain how they are consistent with congressional intent.

Administrative Burden

Although the proposal describes several changes as reducing administrative burden, a number of provisions may have the opposite effect. Additional levels of grant review, expanded risk assessments, broader compliance certifications, uncertainty surrounding allowable activities, and new grant administration requirements are likely to increase institutional compliance costs and delay award administration. These additional requirements would consume institutional resources that otherwise could be devoted to supporting students, research, and other federally funded activities.

Government-wide Implementation

The proposal would fundamentally change the legal status of significant portions of the Uniform Guidance by incorporating them into binding government-wide regulations. Because these provisions govern virtually every recipient of federal financial assistance, even modest revisions will have system-wide effects. Given the breadth of these proposed changes, NACUBO encourages OMB to explain departures from longstanding grant administration practices and respond to significant comments regarding operational feasibility and implementation.

NACUBO believes these objectives are best achieved through a regulatory framework that is transparent, predictable, operationally feasible, and grounded in clearly articulated statutory authority.

Effective Date and Implementation

This proposed regulatory framework has the potential to accelerate implementation of future government-wide changes. Agencies will need time to implement these significant changes in their practices and policies, and institutions will need adequate time to implement significant revisions to financial management and compliance requirements. A regulatory framework of this magnitude must provide recipients with sufficient implementation time before taking effect.

Institutions may need to update enterprise resources planning (ERP) systems, grants management software, procurement procedures, internal control documentation, payroll processes, subrecipient agreements, and training materials. In addition, business officers must coordinate implementation across multiple campus offices, including sponsored programs, financial aid, human resources, procurement, compliance, internal audit, and information technology. They also will need to ensure that external auditors are prepared to evaluate compliance under any new requirements.

Because compliance with the Uniform Guidance is evaluated through the Single Audit process, institutions and auditors alike require sufficient lead time to implement and consistently interpret new regulatory requirements.

NACUBO encourages OMB to provide adequate implementation periods for this and future regulatory changes, coordinate the timing of regulatory revisions with related guidance and audit resources, and clearly communicate effective dates to allow institutions sufficient time to achieve compliance before new requirements become subject to audit or enforcement.

Definitions (§200.1)

Personally Identifiable Information

NACUBO requests clarification regarding the revised definition of “personally identifiable information” and how it interacts with existing statutory and regulatory privacy requirements applicable to institutions of higher education, including the Family Educational Rights and Privacy Act (FERPA) and the Health Insurance

Portability and Accountability Act (HIPAA), where applicable. Institutions already operate under multiple federal privacy frameworks. To the extent the Uniform Guidance adopts terminology or definitions that differ from existing requirements, institutions could face uncertainty when developing institutional policies and training staff responsible for administering federal awards. NACUBO recommends that OMB clarify how the revised definition is intended to complement, not supersede or conflict with, existing federal privacy requirements.

Pre-Award Requirements

Elimination of Fixed Amount Awards (§200.201)

NACUBO is concerned that the proposed elimination of fixed amount awards and subawards would remove a tool specifically intended to reduce administrative burden while maintaining appropriate accountability for federal funds.

Fixed amount awards recognize that, in certain circumstances, successful performance can be measured by achieving agreed-upon outcomes rather than documenting every individual expenditure. For many awards, this approach reduces administrative effort for both recipients and federal agencies without diminishing federal oversight.

The proposed requirement that all awards operate under an incurred-cost framework would fundamentally change how those awards are administered. OMB states that the change would improve transparency; however, the proposal does not explain why existing oversight mechanisms (including agency monitoring, Single Audits, and other financial controls) are insufficient to ensure accountability. Before eliminating a longstanding administrative option, NACUBO recommends that OMB demonstrate that the benefits of the proposed approach outweigh the additional costs imposed on both recipients and awarding agencies.

We also request clarification regarding the scope of this proposal. Institutions administer numerous forms of federal financial assistance established through statute or formula allocations. It is unclear whether OMB intends for this provision to affect programs such as Federal Work-Study or the Federal Supplemental Educational Opportunity Grant Program, or whether those programs would continue to operate under their existing statutory authorities.

NACUBO recommends that OMB retain the ability of federal agencies to use fixed amount awards where appropriate. If OMB proceeds with this proposal, we recommend you clearly identify which types of awards are affected and explain why eliminating this flexibility is necessary.

Federal Agency Review of Risk Posed by Applicants (§200.206)

NACUBO recognizes the importance of evaluating applicant risk as part of responsible stewardship of federal funds and likewise supports reasonable efforts to ensure that recipients have the capacity to administer federal awards in accordance with applicable requirements.

Several of the proposed factors, however, rely on terminology that is not clearly defined or readily susceptible to objective evaluation. While agencies necessarily exercise judgement in making award decisions, recipients should also be able to understand the standards against which they are being evaluated. Vague, overly broad, or subjective criteria make it more difficult for institutions to assess their own compliance, address potential concerns, or anticipate how similar circumstances will be treated across federal agencies.

Greater transparency regarding the evaluation process would strengthen the integrity of applicant risk reviews by promoting consistency, predictability, and fairness for both agencies and recipients.

NACUBO recommends that OMB define key terms used in §200.206, identify objective evaluation criteria wherever practicable, and provide applicants with an opportunity to address information that may materially affect an agency's risk determination.

Post-Award Requirements

NACUBO generally supports OMB's efforts to strengthen accountability for federal financial assistance after an award is made. However, recipients are best able to fulfill their stewardship responsibilities when post-award requirements are clearly defined, consistently applied, and supported by objective implementation standards. Several of the proposed revisions would benefit from additional clarification to ensure consistent administration across federal agencies and recipients.

Statutory and Policy Requirements (§200.300)

While NACUBO recognizes that the types of statutes and regulations noted in §200.300(a) are not intended to be all-inclusive, we believe that removing "public welfare" and "the environment" will convey a mistaken impression that such statutes and regulations are no longer applicable, or that they are less important than those listed.

NACUBO recommends that OMB retain "public welfare" and "the environment" in §200.300(a) to avoid the impression that those statutes and regulations have been somehow deprecated.

In addition, NACUBO supports OMB's objective of preventing discriminatory activities from being supported with federal funds. We are concerned, however, that the proposed rule does not provide clear, objective definitions of diversity, equity, and inclusion (DEI) or diversity, equity, inclusion, and accessibility (DEIA), creating uncertainty for institutions responsible for implementing and complying with the new requirements.

We recommend that OMB define these key terms, identify objective evaluation criteria, and provide award recipients with an opportunity to provide information addressing why certain questioned expenditures do not run afoul of federal discrimination statutes and regulations.

Use of the E-verify Program

NACUBO supports OMB's efforts to ensure that individuals working on federally funded programs are legally allowed to work in the United States. The proposed language of §200.303(f) raises an important issue. The phrase "all employees and contractors" implies that the recipient is wholly responsible for ensuring that subrecipients and contractors use E-verify as required.

To ensure it is clear that each recipient and subrecipient bears the primary responsibility for appropriate use of E-verify, NACUBO recommends that OMB modify §200.303(f) to remove the word "all" from the phrase noted above, and add references to §200.329 and §200.331 with respect to subrecipient and contractor monitoring and management.

Termination and Suspension (§200.340)

NACUBO recognizes that federal agencies must retain appropriate authority to suspend or terminate awards when recipients fail to comply with applicable statutory or regulatory requirements. At the same time, institutions administering federal awards require clear and predictable procedures that support responsible financial stewardship throughout the life of the award.

Federal awards support multi-year institutional commitments. By the time questions arise regarding continued funding, institutions may have hired personnel, entered into contracts, executed subawards, purchased equipment, or committed resources necessary to carry out the approved project.

In particular, the proposed authority to terminate federal awards at any time creates significant uncertainty for clinical trials, where patient safety, continuity of care, and scientific integrity depend on stable, multi-year funding commitments. Abrupt termination of a clinical trial can interrupt treatment for patients, undermine long-term monitoring needed to assess safety and efficacy, and jeopardize the ability to identify new treatments and cures.

Without clear standards or limitations on termination authority, institutions may be less willing or able to undertake complex clinical research, ultimately slowing medical innovation and reducing patient access to promising therapies. Orderly closeout of these activities depends on clear expectations regarding recipient responsibilities, allowable costs, and agency procedures.

The proposed revisions would benefit from additional clarification regarding the standards governing suspension and termination decisions, recipients' opportunity to respond to concerns, and the treatment of allowable obligations incurred prior to termination. Greater clarity would promote consistent administration across federal agencies while helping recipients responsibly manage the financial and administrative consequences of an award closeout.

Audit Requirements

Preserve the Single Audit Framework

The Single Audit provides a common framework on which recipients, auditors, and agencies rely. Maintaining that consistency is critical to ensuring that institutions receive clear expectations regarding audit scope and compliance responsibilities, while avoiding unnecessary duplication of audit effort. The Single Audit represents Congress's and OMB's long-standing approach to coordinated federal oversight. Additional agency-specific reviews should complement—not duplicate—that framework.

NACUBO urges OMB to reaffirm that the Single Audit remains the primary government-wide mechanism for evaluating recipients' compliance with the Uniform Guidance. To the extent agencies determine that additional audit or review activities are necessary, OMB should clearly distinguish those activities from Single Audit requirements and provide guidance regarding when additional reviews are appropriate. OMB should clarify the relationship between the Single Audit framework and any additional agency-specific oversight activities to preserve consistency across federal financial assistance programs and avoid unnecessary duplication of audit requirements.

Compliance Supplement (§200.1 and §200.513(c)(4))

The proposed revisions remove the word "annual" from the definition of "Compliance Supplement" and from several related provisions, including §200.513(c)(4). The Compliance Supplement serves as the primary resource used by auditors and recipients to determine applicable compliance requirements for the Single Audit.

Annual issuance of the supplement has provided institutions and auditors with a predictable framework for implementing new compliance requirements and preparing for each audit cycle. OMB should clarify that the proposed revisions are not intended to reduce the regularity or predictability of Compliance Supplement updates. If OMB anticipates changing the publication schedule, it should explain how institutions and auditors will be notified of new compliance requirements and how those changes will align with Single Audit planning and implementation.

One of the principal benefits of the Uniform Guidance has been the establishment of common government-wide expectations. To the extent agencies retain broad discretion to develop differing implementation practices, that consistency may be diminished, increasing administrative burden for recipients administering awards from multiple federal agencies.

Internal Controls Framework (§200.303(a)) and §200.514(c)(1))

NACUBO requests clarification regarding the proposed removal of references to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control—Integrated Framework and the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book).

These frameworks have long provided recipients, auditors, and federal agencies with a common understanding of effective internal controls. The proposed revisions do not explain whether OMB intends to replace the COSO Internal Control—Integrated Framework and Green Book with a new government-wide internal control standard or simply remove the regulatory references. If the latter, recipients and auditors may face uncertainty regarding the standards against which controls will be evaluated.

If OMB instead intends to establish *new* internal control expectations, institutions and auditors will require sufficient guidance to understand how those expectations relate to existing frameworks and whether additional documentation or audit procedures will be necessary. NACUBO recommends that OMB clarify whether the proposed revisions are intended to change the substantive expectations for recipient internal controls.

Transition and Implementation

Institutions and their auditors benefit when regulatory changes, implementation guidance, and audit expectations are coordinated to provide a consistent understanding of new compliance requirements.

Successful implementation of significant changes to the Uniform Guidance depends on coordinated implementation across the federal financial assistance community. Institutions, federal agencies, and independent auditors all rely on a common understanding of applicable requirements when preparing for and conducting Single Audits.

When future revisions affect audit requirements or compliance expectations, OMB should coordinate the timing of regulatory changes with related implementation guidance, revisions to the Compliance Supplement, and other audit resources. Providing recipients and auditors with sufficient time to understand and implement new requirements before they take effect will promote more consistent application of the Uniform Guidance and strengthen accountability for federal funds.

Conclusion

This proposal would substantially alter the government-wide framework governing federal financial assistance and NACUBO urges OMB to fully consider the significant public comments submitted by affected stakeholders before issuing any final rule. We also want to reiterate that the scope of the proposal warrants a deliberate implementation process that allows institutions and federal agencies sufficient time to understand and operationalize the new requirements.

Federal financial assistance succeeds because colleges and universities can reliably translate congressional appropriations into long-term investments in students, research, facilities, and communities. A government-wide grants framework that is transparent, predictable, and consistently administered benefits not only recipients, but also taxpayers by promoting effective competition, reducing unnecessary administrative costs, and supporting responsible stewardship of federal resources.

Colleges and universities have demonstrated for decades that they can responsibly administer billions of dollars in federal financial assistance under a clear, consistent, and predictable government-wide framework. We encourage OMB to preserve those principles while considering changes that improve accountability without imposing unnecessary complexity or uncertainty on recipients.

NACUBO appreciates the opportunity to provide these comments and looks forward to continued engagement with OMB as it considers the final rule.

Sincerely,

Kara D. Freeman
President and Chief Executive Officer