

July 10, 2026

Office of Management and Budget
Submitted via Regulations.gov

RE: Docket No. OMB-2026-0034, Regulation for Federal Financial Assistance

To whom it may concern,

The Council of State Community Development Agencies (COSCD A) appreciates the opportunity to comment on the Office of Management and Budget (OMB)'s proposed rule regarding the regulation of Federal Financial Assistance. COSCD A is a national association comprised of state agencies that administer Dept. of Housing and Urban Development (HUD) grants. We provide training, conferences, and networking to connect state community development agencies across the nation.

Our members administer flexible, formula-based grants focused on community development, housing, homelessness, and disaster recovery. COSCD A members are experienced professionals who serve their states through the administration of federal grant programs. For example, the Community Development Block Grant (CDBG) program provides critical resources to states and local communities to support infrastructure, affordable housing, public services, and economic development. The CDBG program has benefitted millions of Americans in its more than 50 years of successful implementation¹ COSCD A members administer CDBG to small and rural communities within their states that do not have the capacity to self-administer federal grants.

COSCD A finds that many changes in this proposed rule are vague, and in some cases, it is unclear how these changes would apply to which programs at HUD. The proposed rule references Executive Order 14332, which distinguishes between "discretionary grant" and non-discretionary grants such as "block grants; those awarded based on a statutory formula; or disaster recovery grants."² COSCD A asks OMB to clarify the extent to which the proposed rule's revisions would impact non-discretionary grants and their recipients.

We request additional guidance to help ensure our state agency members are in compliance with program requirements, are adequately reporting compliance to HUD, and are not in danger of losing their grant funding. OMB should also clarify whether these changes apply only to future funding or retroactively as well.

Finally, the proposed revisions would be the most significant changes to the Uniform Guidance in more than a decade. The 45-day comment period is insufficient to allow stakeholders proper time to provide thorough and thoughtful comments. COSCD A requests that the OMB extend the comment period to no less than 90 days.

¹ U.S. Department of Housing and Urban Development, 2024. [*50th Anniversary: Community Development Block Grant Program.*](#)

² Executive Office of the President, 2025. [*Executive Order 14332: Improving Oversight of Federal Grantmaking.*](#)

Below, COSCDA highlights several sections of this proposed rule that need more clarity. Thank you again for the opportunity to comment. Our members look forward to continuing to serve their states through the administration of HUD's grant programs.

Sincerely,



Tess Hembree
Executive Director
Council of State Community Development Agencies (COSCDA)

Pre- and Post-Federal Award Requirements: Grantmaking Process

[200.202] Program Planning and Design

OMB proposes to revise §200.202(a) to further clarify the elements of program design. As “goals and objectives” do not directly “provide” meaningful results, OMB proposes to clarify that the goals and objectives must “aim to achieve meaningful results.” OMB also proposes to clarify that goals and objectives must be consistent with the public purpose of Federal authorizing legislation and aligned with administration policies and priorities.

§200.202 requires Federal agencies to design programs before announcing a Notice of Funding Opportunity (NOFO). The proposed revisions would add a requirement to align program design with “administration policies and priorities.” COSCDA asks OMB to clarify whether these requirements apply to non-discretionary grant awards. We also urge OMB to consider that many federal grants last longer than four years. Federal agencies would need guidance on how to design grant programs that can respond to the changing priorities of each administration. In some cases, this new requirement could create situations where administration priorities could dramatically shift mid-grant, creating significant challenges and uncertainty for grantees.

[200.206] Federal Agency Review of Risk Posed by Applicants

OMB proposes to revise §200.206(b)(2) to expand the list of factors that agencies may consider when evaluating applicant risk. The changes clarify that agencies may assess an applicant's financial capacity to manage high-dollar awards, in addition to overall financial stability. The revisions also clarify that prior performance must be evaluated against the goals of the funding opportunity, and that both positive and negative outcomes must be given equal weight. OMB also proposes to add a provision that agencies may consider an applicant's history of questionable practices based on publicly available and verifiable information...

COSCDA notes that §200.1 does not include a definition of the term “applicant.” We ask OMB to define “applicant” and establish whether it includes recipients of non-discretionary grants (i.e., state governments). If OMB moves forward with these proposed revisions, COSCDA also requests guidance on which types of

activities would be considered “questionable practices”, and specifically which types of membership affiliations should be avoided.

[200.332] Requirements for Pass-Through Entities

OMB proposes to revise §200.332 to add three new paragraphs to this section... In proposed paragraph (h), OMB reiterates the requirements in §200.332 that pass-through entities must make subrecipient and contractor determinations for all downstream entities, including affiliates, subsidiaries, and related organizations... in proposed paragraph (i), OMB specifies that pass-through entities must ensure that subrecipients do not take actions that could significantly damage the reputation of the pass-through entity, awarding Federal agency, or the Federal Government.

Many of COSCDA’s state agency members function as pass-through entities for HUD’s grant programs. In this role, state agencies already manage a significant administrative burden through their oversight of subrecipients. They are required to ensure subrecipients comply with federal regulations such as environmental reviews, labor standards, and procurement laws. COSCDA asks OMB to consider how pass-through entities should accommodate the additional administrative requirements of these revisions without additional administrative capacity or funding. We also request guidance about the kinds of actions considered to “significantly damage the reputation” of the government and how pass-through entities should demonstrate compliance with these new requirements.

[200.329] Monitoring and Reporting Program Performance

OMB proposes to revise §200.329 to require recipients to confirm in their performance reports that all subawards issued during a reporting period have been reported to SAM.gov. This proposed addition is intended to strengthen transparency and ensure subaward data is current and accurate. OMB also proposes a new paragraph (h) to emphasize the importance of subrecipient reporting. Specifically, OMB emphasizes that Federal agencies are responsible for providing oversight regarding subrecipient reporting in SAM.gov, and taking corrective actions when recipients are not in compliance.

COSCDA highlights this section as another instance where clarity is needed. As noted above, state agencies function as pass-through entities for many of HUD’s grant programs. They administer grants to sub-recipients, often units of general local government or nonprofit organizations. We ask OMB to provide more guidance on whether subrecipients of non-discretionary grants would also be required to report to SAM.gov and if they would be subject to expanded reporting requirements.

Grant Termination

[200.211] Information Contained in the Federal Award

[200.340] Termination and Suspension

[200.341] Notification of Termination Requirement

[200.342] Opportunities to Object, Hearings, and Appeals

[200.343] Effects of Suspension and Termination

The sections cited above would expand OMB’s authority—and the authority of pass-through entities—to withhold, terminate, or suspend discretionary grants and to modify grant terms. COSCDA asks OMB to clarify which of these revisions, if any, would apply to non-discretionary grants. We also ask OMB for additional

guidance on how grant recipients can avoid termination. The proposed revision to §200.340(a)(2), for example, allows for a Federal agency to terminate a grant award that “does not effectuate program goals, Federal agency priorities, or the national interest as they exist at the time of termination.” OMB should work with Federal agencies to ensure all grantees understand the expectations for alignment with the current “national interest” even while administrations and policy priorities may change.

Cost Principles: Conferences and Professional Memberships

[200.432] Conferences

OMB proposes to expand §200.432 to add a requirement that costs for attending conferences are allowable only if participation in the conference is expressly approved by the agency and included in the terms and conditions of the award. The revision would clarify that recipients are not authorized to attend conferences using Federal funds that do not serve to advance program outcomes.

COSCDAs asks OMB to clarify whether the requirement for conference approval would apply retroactively to grant awards. We also request guidance about the criteria Federal agencies will use to determine whether a particular conference serves to “advance program outcomes.” We are concerned about the amount of additional work, time, and funding this approval requirement would require of Federal agencies, such as HUD. Further, this change could result in decreased conference participation. Professional conferences provide training opportunities that support successful grant implementation. A decrease in professional conference attendance would increase the demand on Federal agencies to provide quality technical assistance and training opportunities.

[200.454] Memberships, Subscriptions, and Professional Activity Costs

OMB proposes to revise §200.454 to clarify that the only allowable costs under this section are those necessary to fulfill the award requirements. OMB also proposes to add a requirement for prior approval of the Federal agency. Under the proposal, all other costs, including the costs of subscriptions or memberships in country clubs or organizations whose primary purpose is lobbying or issue advocacy, are unallowable.

Proposed revisions to §200.454 include: “Costs of the recipient’s or subrecipient’s membership in professional, civic, business, and technical organizations are allowable if necessary to fulfill the award requirements. Such costs must receive prior written approval of the Federal agency.”

COSCDAs requests more information about the criteria Federal agencies will use to determine whether professional memberships are necessary to fulfill award requirements. We also ask OMB to establish a timeline within which Federal agencies must grant or deny requests for “prior written approval” [200.407]. Professional membership organizations such as COSCDAs support grant implementation by providing training, technical assistance, and information exchanges that are not otherwise facilitated by Federal agencies.

Additional Sections

[200.208] Specific Conditions

OMB proposes to revise §200.208 to clarify how agencies may apply, adjust, and remove specific conditions under Federal awards. OMB proposes to authorize agencies, subject to applicable law, to add or remove specific conditions throughout the period of performance based on the risk factors identified in paragraph (c) or other factors associated with a recipient or program.

The proposed revisions at §200.208 would allow Federal agencies to add specific conditions to grant awards, including the following:

- Requiring payments as reimbursements rather than advance payments;
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance;
- Requiring additional or more detailed financial reports, which may include requiring information on payments to subrecipients, contractors and vendors;
- Requiring additional project monitoring, which may include financial integrity-related site visits with the goal of improving the financial integrity of the program or recipient organization;
- Requiring the recipient or subrecipient to obtain technical or management assistance; or
- Establishing additional prior approvals.

COSCDAs asks OMB to clarify whether the addition of these “specific conditions” would apply to non-discretionary grants and whether they would apply to pass-through entities, subrecipients, or both. Additional guidance will also be needed to ensure compliance and proper reporting, to address concerns about uncertainty, and to process changes to grant terms. COSCDA urges OMB to consider the relative costs and benefits of requiring Federal agencies to increase their oversight of certain grants in response to these new conditions. For example, “financial integrity-related site visits” would require additional staff time and travel expenses that may not result in significant benefits to grant implementation or the American taxpayer.

[200.219] Prohibition of Discriminatory Event Services

The proposed provision would establish in the regulatory text that public entities that are a recipient or subrecipient of Federal financial assistance must not discriminate on the basis of the viewpoint, content, or subject matter of speech—including on the basis of political, ideological, or religious affiliation or perspective—in providing services for events, meetings, or other expressive activities... The proposed text further provides that it applies regardless of whether an event is directly funded by the Federal award if it occurs on property or facilities under the control of the public entity.

COSCDAs requests more guidance on what types of actions would constitute “discrimination” under these proposed revisions. Our state agency members are inherently connected to their state’s political affiliations, such as the political party of their governors. State agencies may host events at times that feature the state’s governor but do not feature individuals from other political parties. We ask for clarity on whether OMB would consider such an event to be discriminatory.

[200.322] Domestic Preferences for Procurements

OMB proposes to... [direct] 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... before imposing Buy America award conditions on non-infrastructure awards, agencies must evaluate their appropriations and authorizing statutes on a case-by-case basis to determine whether they have the legal discretion to impose such conditions. The

proposed language would provide that, if agencies identify the necessary legal authority, and determine that imposing conditions would be practicable under the relevant program, they must include grant terms and conditions to maximize domestic content.

Certain HUD grant programs—such as the HOME Investment Partnerships Program—are already subject to Build America, Buy America (BABA) procurement requirements. HUD grantees find that there are several products needed for affordable housing projects that are *not yet produced domestically*. HUD is currently accepting comments in response to a request for information on the domestic availability of products, including HVAC systems, plumbing fixtures, elevators, fire alarm systems, and electrical components³. These products are frequently cited by affordable housing developers as difficult to source in the United States.

COSCEA supports the goal of supporting American-made products with Federal grant funding. However, we find that a robust system of waivers is needed to comply with BABA requirements when domestic products are unavailable. We urge OMB to carefully consider any expansions of the Buy American Preference (BAP) and to allow for waivers when necessary. OMB should also develop a nationwide database of BABA-compliant products for both infrastructure and non-infrastructure projects to support the use of American-made goods.

³ U.S. Department of Housing and Urban Development, 2026. [*Request for Information Regarding Products and Categories of Products Used in Housing Programs Pursuant to the Build America, Buy America Act.*](#)