CU Strategic Planning
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July 8, 2026

Andrew Reisig
Office of Federal Financial Management
Office of Management & Budget

Re: Proposed Regulation for Federal Financial Assistance (OMB-2026-0034)

Submitted via Regulations.gov

Dear Mr. Reisig:

CU Strategic Planning appreciates the opportunity to comment on the Office of Management and Budget's proposed regulation governing federal financial assistance. Our firm works with Community Development Financial Institution (CDFI) certified and emerging CDFI credit unions throughout the United States, assisting them in developing, implementing, and managing federal grant-funded community development initiatives.

We support OMB's objectives of improving accountability, protecting taxpayer resources, and ensuring that federal assistance is administered responsibly. Federal grants should be managed with appropriate oversight and should remain focused on the statutory purposes for which Congress authorized and funded them.

At the same time, several provisions of the proposed rule will reduce the effectiveness and predictability of federal grant programs. Our comments focus on those provisions.

General Comments

Preserving Congressional Intent

Federal financial assistance programs exist because Congress has determined that particular public purposes warrant federal investment. While executive agencies appropriately establish administrative priorities and oversee program implementation, grant administration should remain closely tied to the statutory objectives established by Congress.

Several provisions of the proposal introduce standards such as "federal agency priorities" and "the national interest" without defining those terms or explaining how they relate to statutory requirements. Greater clarity is needed to ensure that grant administration remains consistent across administrations and continues to reflect congressional intent. Absent this greater clarity, federal grant programs will be left to shift with the winds of politics, destabilizing their effectiveness and creating first amendment Constitutional concerns.

Agency Flexibility

OMB proposes replacing portions of the current Uniform Guidance with binding regulatory requirements. While greater consistency among agencies can provide benefits, excessive uniformity may also reduce agencies' ability to administer programs that differ substantially in purpose, structure, and statutory authority.

Federal assistance programs vary widely—from infrastructure and research grants to financial institution capitalization programs. Agencies should retain sufficient flexibility to tailor implementation requirements to the statutes they administer while operating within an overarching framework of accountability. Efficiency is an important goal; it should not be the sole goal of government processes.

Accordingly, we recommend that OMB preserve the Uniform Guidance as guidance rather than converting it into binding government-wide regulations. Maintaining the current framework would continue to promote consistency while allowing individual agencies to adopt regulations that reflect the unique statutory purposes and operational realities of the programs they administer. This approach better accommodates the diversity of federal assistance programs while preserving the flexibility necessary for effective program management.

Implementation Timeline

The proposed implementation schedule would require agencies to implement significant regulatory changes for Fiscal Year 2027 awards following a relatively short public comment period.

Given the breadth of these changes, additional implementation time would allow agencies to revise regulations, update systems, train staff, and communicate new requirements to applicants and recipients. A longer transition period would improve consistency and reduce implementation challenges.

Specific Comments

[200.201] – Fixed Amount Awards

We are particularly concerned with the proposal to eliminate the use of fixed amount awards unless specifically authorized by statute.

CU Strategic Planning works extensively with credit union recipients of CDFI Fund Financial Assistance awards. These awards are institutional investments that enable credit unions to increase responsible lending within eligible low- and moderate-income communities. Among credit unions, Financial Assistance awards are commonly leveraged approximately ten-to-one into community lending, making them a good investment of taxpayer funds that provide a superb return on investment.

The fixed award structure appropriately reflects the nature of these grants. Award recipients enter into Assistance Agreements establishing measurable performance goals, including increased lending and community development activities. Compliance is demonstrated through annual reporting against these performance commitments.

Replacing fixed amount awards with reimbursement-based cost accounting would add administrative complexity without improving accountability. In many cases, Financial Assistance awards support loan loss reserves rather than discrete reimbursable expenditures. Requiring recipients to document reimbursement requests for portions of individual loans or charge-offs would create unnecessary administrative burden while reducing the flexibility that allows these programs to achieve their intended public purpose.

We encourage OMB to preserve fixed amount awards where agencies determine that performance-based accountability provides stronger program oversight than reimbursement-based accounting.

[200.205] – Senior Review

The proposed requirement for review by senior political leadership before awards are issued raises practical and administrative concerns.

Senior agency officials should appropriately establish program policy and oversee grant administration. However, requiring a senior-level review before the release of each grant award increases administrative burden, represents a poor use of senior staff time, and will delay grant processing without providing corresponding improvements in oversight.

If OMB retains this provision, terms such as “federal agency priorities” and “national interest” should be clearly defined and expressly linked to the statutory authority governing each grant program. Objective standards will help ensure consistent application and reduce uncertainty for both agencies and applicants.

[200.307] – Program Income

We support the proposed revisions to Section 200.307.

Allowing recipients to retain reasonable earnings generated from federal funds, provided those earnings continue to support the original purpose of the award, encourages sound financial management while reducing unnecessary administrative costs.

Under current requirements, recipients frequently expend administrative effort accounting for relatively small amounts of interest income that either must be remitted to the federal government or managed separately. The proposed revision appropriately reduces administrative burden without compromising accountability.

[200.340] – Termination or Suspension

We are concerned with expanding agency authority to terminate or suspend awards based upon subjective standards such as “federal agency priorities” or “the national interest.”

Federal agencies already possess sufficient authority to suspend or terminate awards when recipients fail to comply with applicable statutes, regulations, award conditions, or Assistance Agreements. Expanding that authority to include broadly defined policy considerations could reduce certainty for applicants and recipients who have entered into binding agreements with the federal government.

This concern is particularly significant for regulated financial institutions. Credit unions receiving federal Financial Assistance awards often incorporate anticipated funding into long-term capital, lending, and community development planning. Increased uncertainty regarding the continued availability of already-awarded funds will destabilize federal grant programs, discourage participation and reduce the effectiveness of programs Congress intended to support.

If this provision is retained, OMB should clearly define the circumstances under which termination authority may be exercised and ensure those standards remain closely tied to statutory requirements rather than evolving policy preferences.

Conclusion

We appreciate OMB's efforts to modernize and strengthen the administration of federal financial assistance. We encourage OMB to preserve the flexibility that has allowed agencies to administer diverse grant programs effectively while ensuring accountability for taxpayer resources.

Specifically, we recommend that OMB:

- Retain the Uniform Guidance as guidance rather than converting it into binding government-wide regulations, thereby preserving agency flexibility to implement statutes in a manner appropriate to the programs they administer.
- Preserve agency discretion to utilize fixed amount awards where appropriate.
- Clarify and narrowly define references to "federal agency priorities" and "the national interest."
- Maintain sufficient agency flexibility to administer programs consistent with their governing statutes.
- Extend the implementation timeline to allow agencies adequate time to adopt and implement the final rule.

Thank you for the opportunity to submit these comments. We appreciate your consideration and would be pleased to discuss these recommendations further.

Respectfully,

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