United States Senate
WASHINGTON, DC 20510

July 1, 2026

The Honorable Russell Vought
Director
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Director Vought:

We write to express our strong opposition to your proposed regulation on federal financial assistance (Fed. Reg. Vol. 91, No. 103, Friday May 29, 2026) and to insist you rescind it immediately. Your proposal exceeds OMB's authority, will make it impossible for grant recipients to faithfully carry out the funding priorities that Congress establishes in statute, and would turn federal grants into a new cudgel for the President to unilaterally advance his partisan agenda and punish political rivals. Ultimately, these changes will make it harder for grant recipients to apply for and manage federal funds – undermining public safety, public health, economic competitiveness, and the government's ability to address rising costs. And contrary to the regulation's justification of fiscal transparency, the changes also weaken the oversight and effective stewardship of taxpayer funds.

The proposed rule undermines federal agencies' and grant recipients' ability to faithfully carry out the programs enacted by Congress. When Congress authorizes and appropriates money for federal grants, it does so with the understanding that all Administrations will distribute those grants consistent with Congressional intent and the funding instructions articulated in law. The type of discretion the President intends to bestow upon himself through this proposed rule is counter to all past precedent and ignores the reality of how appropriations and authorizing laws are drafted.

This proposal dramatically expands agencies' authority to the point where the President could terminate or suspend any grant at any time for any reason and without any notice. The Trump administration's actions over the last year and a half have already shown how these types of arbitrary cancellations create chaos and new costs, making it harder for grant recipients to provide the intended public benefit. In one instance, the Substance Abuse and Mental Health Agency cancelled over $2 billion of grants to mental health and addiction programs without notice, only to reinstate those grants within 24 hours.[1] In another instance, the Federal Emergency Management Agency unilaterally cancelled nearly $4.5 billion of natural disaster mitigation funding without notice, only to claim in court that they had never really cancelled those grants at all.[2] This boundless power to terminate federal funding creates whiplash and erodes grant recipients' trust in the grant agreements they sign. Ultimately, it makes it less likely

[1] Brian Mann, *24 Hours of Chaos as Mental Health Grants are Slashed Then Restored*, NPR (Jan. 15, 2026), https://www.npr.org/2026/01/15/nx-s1-5677711/mental-health-addiction-grants-cut-then-restored

that deserving and capable organizations and communities would apply for federal grants and risk tying their work to grants that could be upended with no rhyme, reason, or even advance notice.[3]

The proposed rule would also require and empower political appointees to decide which grants do and do not get funded, explicitly directing them to not defer to expert peer review. This would have far reaching consequences, including but not limited to scientific research. For example, over decades the United States has built a biomedical research enterprise, led by investments in the National Institutes of Health (NIH), that is the envy of the world and makes us the world leader in medical innovation. It has led to new cures and treatments for devastating diseases that decades ago would have been considered miracles. This was built on the foundation that investments in biomedical research would be allocated based on a strictly non-partisan, rigorous, scientific review process to determine which specific research projects to fund. This proposed rule would fundamentally undermine that, and direct political appointees to substitute their own independent opinions over those of panels of experts.

OMB's proposal also transforms federal grants from policy tools that Congress uses to promote the public good into a political cudgel that the President plans to use to punish his perceived political foes while rewarding himself and his friends. President Trump's administration has already begun to do this. Although multiple requests for information have gone unanswered, we estimate that at the Department of Transportation alone, at least 45 grants totaling $5.3 billion have been terminated, withdrawn, or cancelled by the Trump Administration. This includes nearly $109 million in five grants slated for Colorado,[4] $679 million in 12 port related grants,[5] and $54 million in transportation research conducted by universities.[6] Meanwhile grantees in California, Colorado, Illinois, and Minnesota continue to wait in limbo as OMB instructed DOT to cancel more than $943 million in grants in early February. With the threat of termination hanging over every grant recipient, presidents will be able to substitute their personal and partisan policy positions for federal spending directives, undermining Congress's constitutional power of the purse.

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[2] *see* Federal Emergency Management Agency, *FEMA Announces $1 Billion in Federal Funding to Help States Mitigate Impact of Disasters* (Mar. 25, 2026), https://www.fema.gov/press-release/20260325/fema-announces-1-billion-federal-funding-help-states-mitigate-impact; *see also* Thomas Frank, *'No alternative funding sources': Trump's Stifling of Disaster Aid Leaves Cities Adrift,* POLITICO (June 30, 2025) (https://www.politico.com/news/2025/06/30/cities-lose-hope-restarting-disaster-projects-killed-by-trump-00414928).

[3] *See, e.g.*, Loren Crary, *The PSF has Withdrawn a $1.5 Million Proposal to U.S. Government Grant Program*, PYTHON SOFTWARE FOUNDATION (Oct. 27, 2025) (discussing an organization's decision to withdraw what would have been the largest grant in its history because of the terms and conditions attached to that grant by the Trump administration).

[4] Jesse Paul & Taylor Dolven, *Trump Administration Cancels $109M in Environmentally Focused Transportation Grants for Colorado*, THE COLORADO SUN (Dec. 16, 2025), https://coloradosun.com/2025/12/16/trump-administration-cuts-transportation-grants-colorado/

[5] U.S. Department of Transportation: *Trump's Transportation Secretary Sean P. Duffy Terminates and Withdraws $679 Million from Doomed Offshore Wind Projects* (Aug. 29, 2025).

[6] U.S. Department of Transportation: *U.S. Transportation Secretary Sean P. Duffy Defunds Woke University Grants* (May 2, 2025).

The proposal also injects vague, burdensome, and potentially unlawful terms and conditions that give the president pretext to pick winners and losers among grant recipients. Contrary to OMB claims that the proposal will bring "regulatory clarity" to the administration of federal grants, the proposal would create limits on funding based on undefined terms, making it impossible for grant recipients to comply. In the proposal OMB explains that these undefined terms will ensure that federal funds are "not diverted to . . . radical political ideologies," without further elaboration.[7] Grant recipients must instead "demonstrably advance the President's policy priorities,"[8] whatever they happen to be. Terms like "anti-American values,"[9] "gold-standard science,"[10] and "diversity, equity, and inclusion"[11] are not defined and, in some cases, are the subject of ongoing litigation.[12] Further, Congress has passed specific statutes requiring agencies like the NIH to conduct health disparities research, including research on maternal mortality, cardiovascular disease in minority populations, and cancer screening equity. This rule's prohibition on "diversity, equity, and inclusion" research would complicate compliance with those statutes. Rather than focusing on fulfilling the statutory purposes of a grant program, applicants and recipients will be forced to play an endless guessing game, trying to determine which of their activities may or may not run afoul of OMB's ambiguous regulations or the president's whims. Ultimately, many grant recipients will decide it is too costly and confusing to try to keep up with shifting priorities of each new administration and give up on seeking federal grants altogether, frustrating Congress's purpose to help the intended beneficiaries of the program.

As OMB seeks to consolidate power over federal funds, it also seeks to undermine transparency and accountability of the use of taxpayer dollars. The proposal removes the requirement that grant recipients follow financial internal control standards established by the Government Accountability Office (GAO).[13] However, Congress required that GAO issue standards for financial internal controls and that agencies follow these standards in the *Federal Managers' Financial Integrity Act of 1982*.[14] Allowing recipients to disregard independent financial risk management standards required by statute jeopardizes the faithful stewardship of taxpayer dollars and increases the risk of fraud or abuse.

OMB's grantmaking power grab is not only bad policy; it is also unlawful. OMB lacks the legal authority to issue binding regulations about how to cancel federal grants for each agency. In its proposal, OMB points to the *Chief Financial Officers Act* (*CFO Act*) for its

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[7] Office of Management and Budget, *Regulation for Federal Financial Assistance*, 91 Fed. Reg. 32198, 32216 (May 29, 2026) (Proposed Rule).
[8] *Id.* at 32249.
[9] *Id.*
[10] *Id.*
[11] *Id.* at 32253.
[12] *See, e.g.*, *City of Seattle v. Trump*, 808 F. Supp. 3d 1204, 1219 (W.D. Wash. 2025).
[13] *See* Office of Management and Budget, *Regulation for Federal Financial Assistance*, 91 Fed. Reg. 32198, 32222 (May 29, 2026) (asserting that "[t]he U.S. Government Accountability Office (GAO) . . . is a legislative branch agency; its views regarding internal controls are not binding on Executive Branch regulation[s].").
[14] Pub. L. No. 97-255 (1982)

sweeping assertion of power.[15] However, the *CFO Act* in no way delegates to OMB the power to tell federal agencies that they can cancel grants at any time for any reason. Courts in Rhode Island and the District of Columbia have already rejected OMB's claim that it can indiscriminately pause or terminate grants, holding that the *CFO Act does not* give OMB "the power to halt all finances, full-stop, on a moment's notice."[16] By dictating policy for grant recipients, OMB is attempting to supplant Congress's primary role in appropriating funds and directing their purpose.

Article I of the Constitution vests the power of the purse in Congress, which Congress has historically exercised by appropriating taxpayer dollars through federal grants to fund critical programs, including to protect public safety, advance scientific research, and support health and nutrition initiatives. OMB's proposal unlawfully seeks to substitute Congress's role in directing federal spending with the President's preferred priorities, and in doing so, makes it harder for every community and organization in the United States to fairly access federal funding. We call on you to rescind this proposal.

Sincerely,

Charles E. Schumer
United States Senator

Gary C. Peters
United States Senator

Patty Murray
United States Senator

Jeffrey A. Merkley
United States Senator

Angela D. Alsobrooks
United States Senator

Tammy Baldwin
United States Senator

[15] Office of Management and Budget, *Regulation for Federal Financial Assistance*, 91 Fed. Reg. 32198, 32265 (May 29, 2026) (citing Pub. L. No. 101-576 (1990)).

[16] *See Woonasquatucket River Watershed Council v. U.S. Department of Agriculture*, 778 F.Supp.3d 440, 473 (D. R.I. 2025) (noting that "[e]stablishing financial management policies [does] not . . . confer the power to halt all funding . . . full-stop, on a moment's notice and to create a new pre-clearance regime centered around OMB."); *see also National Council of Nonprofits v. Office of Management and Budget*, 775 F.Supp.3d 100 (D.D.C. 2025).

Michael F. Bennet
United States Senator

Richard Blumenthal
United States Senator

Lisa Blunt Rochester
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Cory A. Booker
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Maria Cantwell
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