

Understanding the Proposed Changes to 2 CFR 200

What the OMB Uniform Guidance Proposed Rule Means

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What is Uniform Guidance?



aka Uniform Grants Guidance aka UGG aka 2 CFR Part 200

Established in 2014

- Combines “circulars” with directives on federal government spend
- Significant re-writes in October 2020 and October 2024

Congress Appropriates
Establishes Legislative Intent



Agencies Organize

- Design Reporting Requirements
- Define How to Report



OMB Oversees

- Uniform Grants Guidance
- Guidelines for Audits

Is This New? No, Not Really.



Executive Order on Improving Oversight of Federal Grant Making

"There is a strong need to strengthen oversight and coordination of, and to streamline, agency grantmaking to address these problems, prevent them from recurring, and ensure greater accountability for use of public funds more broadly. The Government holds tax revenue in trust for the American people, and agencies should treat it accordingly"

Proposed Rewrite of Uniform Guidance



The proposed rewrite of 2 CFR 200 represents the most significant overhaul of federal grants administration since the original Uniform Guidance was implemented. [Read OMB's](#)

[proposed rule here](#)

Potential Impacts

- Expanded termination authority
- New stop-work authority
- Increased payment verification
- E-Verify requirements
- Enhanced subrecipient oversight
- Greater federal discretion
- Increased compliance burden

Four Broad Sections



1. Administrative Changes
2. Pre-Award Rules
3. Grant Administration (post-award) Rules
4. Audit

A screenshot of the Federal Register website. The browser address bar shows the URL: https://www.federalregister.gov/documents/2026/05/29/2026-10817/regulation-for-federal-financial-assistance. The website header includes the National Archives logo, the text 'FEDERAL REGISTER The Daily Journal of the United States Government', and the Presidential Seal. A blue banner with the text 'Proposed Rule' is visible. The main heading is 'Regulation for Federal Financial Assistance'. Below this, a paragraph lists the agencies involved: 'A Proposed Rule by the Management and Budget Office, the Health and Human Services Department, the Agriculture Department, the State Department, the Agency for International Development, the Veterans Affairs Department, the Energy Department, the Treasury Department, the Defense Department, the Transportation Department, the Commerce Department, the Interior Department, the Environmental Protection Agency, the U.S. International Development Finance Corporation, the National Aeronautics and Space Administration, the United States Agency for Global Media, the Nuclear Regulatory Commission, the Corporation for National and Community Service, the Social Security Administration, the Housing and Urban Development Department, the National Science Foundation, the National Archives and Records Administration, the Small Business Administration, the Justice Department, the Labor Department, the Homeland Security Department, the Institute of Museum and Library Services, the National Endowment for the Arts, the National Endowment for the Humanities, the Education Department, the Export-Import Bank, the Office of National Drug Control Policy, the Peace Corps, the Election Assistance Commission, the Gulf Coast Ecosystem Restoration Council, the Federal Communications Commission, the Consumer Product Safety Commission, the Delta Regional Authority, the Appraisal Subcommittee of the Federal Financial Institutions Examination Council, the Marine Mammal Commission, the Millennium Challenge Corporation, and the National Credit Union Administration on 05-170-13005'. A 'Site Feedback' button is in the bottom right corner.

1. Administrative Changes



KEY CHANGE: Uniform Guidance Becomes Regulation

Current Environment

- Agency implementation varies
- Guidance often subject to interpretation



Proposed Environment

- OMB rules automatically apply government-wide
- Agencies no longer separately adopt changes

RISK - Less flexibility and more direct federal control

1. Administrative Changes



KEY CHANGE: Discretionary Terminations

Federal agencies could terminate awards on a discretionary basis if:

- Not achieving program goals
- Not supporting agency priorities
- No longer in the federal government's interest

Questions Recipients Should Ask:

- How will priorities be measured?
- Can priorities change mid-award?
- How should recipients manage this risk?



1. Administrative Changes

KEY CHANGE: Senior Level Appointee

Senior Level Appointee

- Ensures thorough pre-issuance reviews
- Use independent judgement when evaluating Federal award proposals
- Deploys peer review as applicable to ensure advisory recommendations

Implementing Executive Orders in Grant Requirements

- Diversity, Equity, Inclusion, and Accessibility (DEIA)
- Gender ideology
- Disparate impact liability
- Faith-based organization protections
- Immigration and workforce verification requirements
- National policy priorities

2. Pre-Award Changes



KEY CHANGE: Changes to NOFOs

Streamlining Processes

- Agencies must post NOFOs on grants.gov
- Applications through grants.gov
- Executive summary with key eligibility information & dates on grants.gov
- Encourages statement of interest (SOI) pre-application phases in certain cases

Improving Access

- Plain language requirements
- Minimum posting period of 30 days
- Green lights pre-grant technical assistance

2. Pre-Award Changes



KEY CHANGE: Pre-Award Risk Reviews

New Merit & Expanded Risk Reviews

- Merit reviews
 - Factors related to: President's national priorities, "unlawful DEI"
- Risk reviews
 - Adds to the list: membership and affiliations, questionable practices
- Do Not Pay system for States & eVerify for all

Questions Recipients Should Ask:

- Will evaluation criteria be defined?
- Will agencies provide a list of practices or organizations that raise risk?
- Will factors and risks be weighed equally?

3. Grant Administration



KEY CHANGE: Subrecipient Monitoring

New monitoring requirements include:

- All down-stream entities must be subaward or contract
 - Applies to internal transfers to related entities
- All subawards and contracts must be logged in SAM.gov
 - Failure is grounds for termination for non-compliance
- Ensure activities do not cause “reputational harm” to recipient or federal agency
- Federal agency could terminate award to recipient based on subrecipient actions

Questions Recipients Should Ask:

- How will transfers between government departments be treated?
- How does OMB define reputational harm?
- Will there be opportunities to correct SAM.gov reporting?

3. Grant Administration



KEY CHANGE: New Documentation Layers

Payment Justifications

- Required for recipients and subrecipients other than states
 - Applicable to advance payments & reimbursements
- Recipients submit justification to agency
- Subrecipients submit justification to recipient/pass-thru entity

Questions Recipients Should Ask:

- Will there be limits to length and contents of justification?
- Would OMB consider a phase-in?
- Will recipients be expected to implement before federal agencies?

3. Grant Administration



KEY CHANGE: New Cost Restrictions

Added cost principles related to:

- Advertising and public relations
- Conferences
- Memberships, subscriptions and professional activity costs
- General cost of government outside of specified grant activities

Questions Recipients Should Ask:

- How clear will the delineation between grant activities and general government activities be?
- Will OMB or federal agencies provide further guidance specific to grant programs?



4. Audit and Update Frequency

KEY CHANGE: No Longer Annual Update

Anticipated Audit Impacts

- No change to Single Audit but under review
- Less frequent guidance for single audit process (§ 200.513)
 - High risk programs
 - Compliance factors

Questions Recipients Should Ask:

- What occasions would trigger a compliance supplement update?
- Will 2026 compliance supplement remain in effect until a new update is released?

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