

The Honorable Susan Collins
Chair
Senate Committee on Appropriations
413 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Patty Murray
Vice Chair
Senate Committee on Appropriations
154 Russell Senate Office Bldg.
Washington, DC 20510

July 30, 2026

Dear Chair Collins and Vice Chair Murray:

We, the undersigned business leaders and technology industry stakeholders from across the U.S. economy and innovation network, write to urge Congress to block implementation of the Office of Management and Budget's proposed Regulation for Federal Financial Assistance (OMB-2026-0034), through any means possible, including through the FY2027 appropriations process.

As business leaders, we are deeply concerned that the proposal as currently written would undermine the credibility and reliability of federal funding for science, energy, and innovation—investments critical to U.S. economic strength. Government-funded research generates returns of more than 200 percent and accounts for a quarter of US productivity growth. It serves as the cornerstone of long-term economic growth driving productivity, facilitating the creation of new enterprises, advancing workforce development, and leveraging private investment.

The proposed changes risk introducing politicization, instability, and increased compliance costs into the federal funding process—factors that would weaken innovation, deter private-sector participation and investment, and hamper America's ability to cultivate the expertise, supply chains, infrastructure, and technology required to ensure global competitiveness.

Among our specific key concerns:

1) Greater Politicization of Funding Threatens Private Sector Confidence: The rule requires political appointees—not subject-matter experts—to control grant decisions, revokes all deference to peer reviewed science (§200.205), while mandating that funding align with shifting administration priorities (§200.202(a)(iii)).

Business impact: This moves further away from non-partisan, merit-based funding, creating uncertainty that can distort markets, limit private-sector engagement, and raise the risk of arbitrary exclusion from opportunities. Reducing participation across diverse institutions constrains access to expertise, supply chains, and commercialization pathways, ultimately weakening innovation outcomes.

2) Expanded Authority to Terminate Awards Reduces Funding Stability and Increases Project Risk: The rule authorizes federal agencies to change terms and conditions of approved grants or to terminate grants at any time without a finding of noncompliance or fraud. The rule also removes appeals for cancellations. (§200.340(a)(2)).

Business impact: This represents a major departure from expectations of multi-year funding continuity. It eliminates funding predictability, discouraging long-term (R&D) investment and private-sector participation.

3) Higher Compliance Costs and Disproportionate Impact on Small Businesses: New compliance requirements—including mandated E-Verify participation (§200.303), elimination of fixed-amount awards and subawards (§§200.201 and 200.333), combined with the elimination of allowable costs such as publication and conference expenses (§200.461), increase the cost and administrative burden of participation.

Business impact: These provisions will dramatically increase costs for awardees, disproportionately impacting key drivers of innovation such as small businesses. They curtail critical knowledge transfer and technical validation that will obstruct innovation cycles reducing U.S. leadership in emerging technologies.

4) Collaboration Barriers Constrain Innovation: International research collaborations would require case-by-case approval rather than being presumed allowable (§200.220; §200.202(e)), while alignment-based eligibility screening (§200.206) effectively requires companies to track the affiliations and activities of all partners including banks, investors, suppliers, employees, professional associations so as not to taint their application.

Business impact: These changes disrupt standard global research practices; significantly increase due diligence burdens, discourage partnerships with international innovation networks, suppliers, and research institutions—hurting innovation, market access, and progress.

5) Jeopardize U.S. Global Competitiveness: The combined effect of politicized decision-making, funding instability, and restrictions on collaboration (§200.205; §200.340(a)(2); §200.220) will make the U.S. a less reliable partner in global innovation networks.

Business impact: This drives talent, capital, and partnerships toward more stable, apolitical funding environments putting U.S. leadership in energy, science, and technology at risk.

A stable, merit-based, and credible grant system is foundational to U.S. economic progress and leadership. We stand ready to offer proposed solutions to reinforce scientific neutrality, ensure funding reliability, and reduce administrative burdens. As drafted, the proposed rule will dampen innovation and risks lasting harm to the nation's research

enterprise, American businesses, and the greater U.S. economy. We strongly urge Congress to exert oversight and prevent implementation of the rule.

Sincerely,

Launch Alaska: Penny Gage, Chief Policy & Partnerships Officer (Anchorage, AK)
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Time Consulting: Antonina Teo, Investor (Pago Pago, AS)
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Solar Dynamics LLC: Henry Price, Managing Director (Broomfield, CO)
Gen-X Solutions LLC: Halle Lisette Pierce, Research Scientist & Innovator (Hamden, CT)
Greater Bridgeport Community Enterprises, Inc.: Adrienne Farrar Houel, President & CEO (Bridgeport, CT)
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Clean Energy Business Network: Lynn Abramson, President (Washington, DC)
E2: Sandra Purohit, Director of Federal Advocacy (Washington, DC)
Nuclear Innovation Alliance: Judi Greenwald, President and CEO (Washington, DC)
Plant Based Products Council: James Glueck, Executive Director (Washington, DC)
Sheet Metal AC Contractors National Association: Stan Kolbe, Executive Director (Washington, DC)
Small Business Technology Council: Jere Glover, Executive Director (Washington, DC)
STAR Power Charging: SE Ponds, CEO (Washington, DC)
Third Way: Jonathan Lane, Dep Director (Washington, DC)
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 OceanSpace LLC: William Arnold, CEO (St Petersburg, FL)
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