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

Re: RIN 3133–AG07 / OMB-2026-0034, Regulation for Federal Financial Assistance

July 13, 2026

Dear Director Vought:

I write on behalf of the Clean Energy Business Network (CEBN), the small business voice of the U.S. energy economy, in response to the Office of Management and Budget (OMB)'s proposed *Regulation for Federal Financial Assistance* (OMB-2026-0034).

CEBN is a nonprofit, nonpartisan network spanning more than 8,100 business and community leaders across all 50 U.S. states, over 420 congressional districts, and nearly every energy technology: power generation, transportation fuels and systems, critical minerals recovery, storage, advanced nuclear, and beyond. Many of the companies in our network are energy innovators that have brought new technologies to market with support from federal investments by the U.S. Department of Energy and other agencies—particularly through the Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) programs.

While we appreciate the proposed guidance's stated goal of improving "transparency, accountability, and oversight for Federal awards across the Federal Government" and to "reduce recipient burden," we have significant concerns that it would create the opposite conditions, and that small businesses with limited capacity and resources would be disproportionately impacted. Below we outline aspects of the proposed regulation that we find deeply concerning and alternative recommendations to achieve its intended goals. While we have also highlighted a small number of provisions we support, we urge OMB in the strongest possible terms to withdraw this proposal in its entirety.

**<u>Improving transparency, accountability, and oversight</u>:**

We support responsible stewardship of taxpayer funds. One of the most effective ways to accomplish this is by encouraging agencies to frequently **review and improve tracking of metrics and long-term outcomes**, both at the project and program levels. This would not only ensure funds are allocated appropriately but also provide actionable data to evaluate the long-term impacts of programs and identify potential reforms as needed.

- **Instead, the proposal would introduce possible political interventions at every stage of the grantmaking process**—topic selection, recipient selection, implementation, and termination, with limited recourse for recipients (§§200.202(a)(iii), 200.205, 200.340(a)(2), 200.342)—which runs counter to the stated goals. Concentrating decision-making within the hands of a few individuals would generate significant uncertainty, heighten risk of abuse, increase the likelihood of litigation, and destabilize federal programs from one Administration to the next. It would also create significant bottlenecks and inefficiencies in the administration of grant programs.

- **In particular, allowing termination for convenience (§200.340) effectively means grants could be canceled at any time for reasons unrelated to performance**. This would penalize compliant awardees that have made binding commitments (hiring, subcontracts, materials), creating legal and financial liabilities that could bankrupt their companies or organizations. The heightened risk of cancelation would also increase pre-contract legal review expenses and drive up the costs of goods and services procured in fulfillment of federal awards.

Moody's has warned that introducing political review and expanded termination authority would increase the risk profile of federally funded projects and be credit negative for public finance issuers.[1] This uncertainty would similarly deter venture capital, state and local matching funds, and other complementary financing, diluting the impact of federal dollars and taxpayer return on investment. These compounding developments would dramatically stifle U.S. competitiveness and economic growth.

**Reducing recipient burden:**

From the small businesses we serve, we often hear that the administrative burden associated with federal grants is one of the greatest deterrents to application. We support efforts to **simplify application instructions and requirements, promote more technical assistance opportunities, and better align reporting requirements with project objectives**. Streamlining administrative requirements would favor applicants with the most competitive proposals, rather than those with the best lawyers.

However, we are deeply concerned that the rule would increase—rather than reduce—administrative complexity:

- **New or broadened requirements outlined in the proposal would expand administrative burden and costs, especially for small entities.** These include cost/price analysis, written payment justifications, Buy America, executive-compensation reporting for subrecipients, advance approvals for conference attendance, affiliation screening, DEI policy reviews, and prohibitions on publication costs (§§170.100, 200.206, 200.218, 200.300, 200.303, 200.322, 200.332, 200.432, and 200.461). Many of these provisions are poorly defined, impractical, or create potential conflicts with other federal, state, and local laws.

- **Eliminating fixed-amount awards and subawards (§§200.201 and 200.333) would require complex cost-based accounting that would be unworkable for many small businesses and organizations**, excluding them from participation in federal grant programs. Many recipients of SBIR/STTR and similar small grants have reported to us that even the existing cost reimbursement system is administratively complex and necessitates having other sources of funds to pay for upfront costs. Alternatively, fixed amount awards with milestone-based payments hold grantees accountable for their progress while allowing them to prioritize their time on research rather than administration.

There are other aspects of the proposed rule that we support, which could be implemented without such a far-reaching revision of the existing guidance. These are pragmatic solutions to reduce burdens for applicants, awardees, and agency staff alike:

- **Encouraging multi-year awards where appropriate (§200.202(f)) would create efficiencies both for recipients and agency staff** and allow meritorious projects to continue advancing without interruption so long as they meet project milestones.

- **Greater standardization of funding opportunity announcements (§200.204) would also help make these resources easier for applicants to navigate.** The proposed rule would require agencies to post all resources to Grants.gov in plain language and a consistent format and to ensure technical assistance resources/FAQs are widely available on public websites.

- **Measures to reduce unnecessary programmatic and administrative requirements would also create efficiencies for recipients and agency staff.** The proposed rule would require agencies to evaluate which programmatic and administrative requirements are necessary at the time of application vs at the point of award (§200.204(f)(3)) and to periodically review whether any requirements are unnecessary (§200.207).

**Conclusion:**

The proposed regulation would increase uncertainty and compliance costs for virtually all federal grants and cooperative agreements, totaling approximately $1.2 trillion per year,[2] roughly 15% of which ($179 billion) goes to small entities.[3] For these reasons, we respectfully urge OMB to withdraw the proposal. We stand ready to provide input on targeted improvements to federal grant programs that enhance accountability while preserving clarity, predictability, and access—especially for small entities.

Sincerely,

Lynn Abramson
President
Clean Energy Business Network

[1] Devitt, Caitlyn. "Moody's warns proposed political review of grants a credit negative." "The Bond Buyer," June 15, 2026, https://www.bondbuyer.com/news/moodys-warns-proposed-political-review-of-grants-a-credit-negative

[2] https://fiscal.treasury.gov/accounting/us-financial-report/financial-management

[3] https://www.regulations.gov/document/OMB-2026-0034-0006