The Colorado Health Foundation™

July 10, 2026

The Honorable Russell Vought
Director
Office of Management and Budget
Office of Federal Financial Management
Executive Office of the President
725 17th Street NW
Washington, DC 20503

Submitted electronically via Regulations.gov

RE: Comments on Proposed Rule OMB-2026-0034-0001 – Regulation for Federal Financial Assistance

Dear Director Vought,

Thank you for the opportunity to provide comments on the proposed rule, Regulation for Federal Financial Assistance, which would comprehensively amend the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). The Colorado Health Foundation ("CHF" or "the Foundation") is a statewide, nonprofit and nonpartisan philanthropic organization with a mission to improve the health and well-being of Coloradans. Through community engagement, research, grantmaking, and private sector investments, the Foundation aims to ensure that everyone in Colorado has what they need to be healthy.

The Foundation strongly opposes the proposed revisions to the Uniform Guidance and respectfully urges the Office of Management and Budget (OMB) to withdraw this proposal in its entirety. As drafted, the proposal would fundamentally reshape federal financial assistance in ways that weaken evidence-based decision-making, increase uncertainty for recipients, and reduce the effectiveness of federal investments in public health and community well-being. Specifically, the proposed rule would:

- Limit efforts to identify and address health disparities [200.205, 200.206, 200.218, 200.300];
- Shift grantmaking from merit-based and evidence-driven decision making toward ideological and political considerations [200.202, 200.205, 200.206, 200.218, 200.300];
- Create instability and uncertainty for organizations receiving federal grants and for the communities they serve [200.340, 200.211, 200.205, 200.208]; and
- Undermine public health outcomes and exacerbate existing inequities [200.205, 200.218, 200.300].

1780 Pennsylvania Street, Denver, CO 80203
P 303-953-3600 F 303-322-4576
www.coloradohealth.org

If implemented, these changes would expose grantees to unpredictable financial, legal, and reputational risks, thereby increasing the costs of participating in federal programs and discouraging qualified organizations from applying. The resulting disruption would jeopardize essential services, including health care, behavioral health, housing, food assistance, education, and disaster recovery across the country.

Nonprofit organizations are indispensable partners to the federal government in delivering public services and strengthening community health, stability, and resilience. Across Colorado, nonprofits provide critical services including health care navigation, behavioral health care, food assistance, housing support, disaster recovery services, and early childhood programs. These organizations often serve rural and historically under-resourced communities where alternatives are limited. Federal grantmaking practices should strengthen, not weaken, recipients' ability to partner with government to better serve the public.

The Proposed Rule Raises Significant Legal and Administrative Concerns

For more than a decade, the Uniform Guidance has served as the government-wide framework for administering federal financial assistance. By establishing consistent administrative requirements, cost principles, and audit standards, it has promoted transparency, accountability, predictability, and efficient stewardship of federal resources across agencies and grant programs. The Foundation is concerned that several aspects of the proposed rule depart from these longstanding purposes and raise significant legal and administrative concerns.

The Foundation is particularly concerned that the proposed rule may exceed the scope of OMB's statutory authority. While OMB has the authority to establish uniform administrative requirements for federal financial assistance, the purpose is to promote consistency in grant administration, not to impose sweeping substantive funding conditions, alter statutory grantmaking criteria, or impose broad policy requirements that Congress has not enacted.[1] To the extent the proposed revisions establish new eligibility standards, redefine longstanding compliance obligations, or otherwise reshape federal grant programs beyond the scope of administrative coordination, they raise serious questions regarding whether such actions fall within OMB's delegated authority [200.202, 200.205, 200.206].

Recent litigation has raised additional questions regarding the scope of OMB's authority to promulgate government-wide grant regulations under *31 U.S.C. § 503*, the statute upon which OMB primarily relies.[2] [3] In *National Council of Nonprofits v. OMB*, a federal district court suggested that this provision may not

[1] https://www.congress.gov/crs-product/R46827
[2] https://www.govinfo.gov/content/pkg/USCODE-2024-title31/pdf/USCODE-2024-title31-subtitleI-chap5-subchapI-sec503.pdf
[3] https://www.supremecourt.gov/opinions/19pdf/18-587_5ifl.pdf

provide sufficient authority for sweeping government-wide regulatory requirements of this nature.[4] Additionally, in *American Council of Learned Societies v. National Endowment for the Humanities*, the court's reasoning indicates that government-wide grant rules may conflict with agency-specific statutory mandates where those statutes require consideration of factors that broad regulatory prohibitions could restrict.[5]

The proposal also introduces uncertainty into longstanding compliance frameworks. Recipients have long relied on statutes, regulations, and agency guidance to structure compliance systems and manage federal awards. Replacing these stable standards with evolving policy directives increases legal uncertainty, compliance risk, and undermines predictability [200.208, 200.340]. Conditions attached to federal financial assistance should be clearly authorized by Congress, clearly articulated to recipients, and implemented in a manner that enables compliance.

The proposed rule further fails to adequately account for the substantial reliance interests of grant recipients. For years, state, local, Tribal, and territorial governments, institutions of higher education, health care providers, and nonprofit organizations have developed financial management systems, procurement policies, internal controls, staff training programs, grant agreements, and compliance procedures in reliance on the existing Uniform Guidance. Implementing sweeping changes without meaningfully considering these reliance interests would require recipients to redesign compliance systems, retrain staff, revise contracts and policies, and absorb high new administrative costs, diverting limited resources away from the public services federal funding is intended to support.

The Proposed Rule Would Undermine Evidence-Based and Merit-Based Grantmaking

Federal financial assistance is most effective when awards are guided by objective criteria, scientific expertise, demonstrated need, and evidence of likely impact. Historically, the Uniform Guidance has advanced these principles by promoting transparent, consistent, and merit-based grant administration across federal agencies. The proposed revisions risk moving away from this framework by introducing standards that invite subjective or ideological considerations into funding decisions [200.202, 200.205, 200.206, 200.218, 200.300].[6] [7] [8] Although the revisions are framed as efforts to strengthen accountability

[4] https://www.councilofnonprofits.org/pressreleases/judge-issues-national-injunction-block-trump-administrations-devastating-attempt-halt
[5] https://www.acls.org/news/federal-judge-rules-to-restore-national-endowment-of-the-humanities-funding-in-historic-case/
[6] https://www.astc.org/policy/omb-rule-threatens-merit-based-funding/
[7] https://fas.org/publication/this-proposed-rule-could-change-american-science-forever/
[8] https://ajph.aphapublications.org/doi/pdf/10.2105/AJPH.2025.308100

and oversight, the Foundation is concerned that they would instead undermine longstanding merit-based principles by creating standards that may be interpreted inconsistently across agencies and administrations.

Scientific integrity and objective review are foundational to effective public administration. Public health challenges are often complex and politically sensitive, yet federal funding decisions must remain grounded in evidence and community need. If nonprofit organizations, researchers, and public health entities perceive that pursuing certain topics or serving particular communities may reduce their competitiveness for reasons unrelated to program quality or effectiveness, they may avoid proposing innovative or necessary work altogether.

This chilling effect would ultimately diminish both the quality of applications submitted and the effectiveness of federally funded programs. A grantmaking system perceived as unpredictable or driven by shifting political considerations is less likely to attract strong applicants or support the most effective solutions to complex challenges.

The Proposed Rule Would Limit Efforts to Identify and Eliminate Health Disparities and Undermine Equal Opportunity for Health

Effective public health relies on the ability to identify health needs, allocate resources accordingly, and evaluate whether public investments are improving outcomes.[9] The proposed rule would constrain these core functions by discouraging or limiting the collection and use of demographic and outcome-related data [200.300, 200.218]. Without reliable information about who is being served and where gaps remain, recipients would be less able to identify unmet needs, target interventions, evaluate program effectiveness, and determine whether federally funded programs are achieving their intended outcomes.[10] These concerns are particularly significant given that the availability and quality of certain federal public datasets have already been reduced and disrupted.[11] [12] [13] Further restrictions on collecting or using demographic and outcome data would erode the evidence base that federal, state, tribal, and local

[9] https://www.rwjf.org/en/insights/our-research/2025/05/how-equity-strategies-can-make-healthcare-better-for-everyone.html
[10] https://www.kff.org/racial-equity-and-health-policy/elimination-of-federal-diversity-initiatives-updates-and-current-status/
[11] https://www.americanprogress.org/article/how-federal-attacks-on-diversity-and-inclusion-policies-have-dismantled-public-health-infrastructure-and-threaten-national-health-security/
[12] https://www.healthaffairs.org/content/forefront/attack-race-conscious-health-policies-ucla-lawsuit-and-trump-administration-s-broader
[13] https://dataindex.us/collections/

partners rely on to monitor performance, improve programs, and ensure responsible stewardship of public resources.

Limiting the use of disparity-related data does not eliminate disparities; it simply makes them more difficult to detect and address.[14] Communities experiencing poorer health outcomes or reduced access to care cannot be effectively served if those differences are not measured. The proposed rule also risks discouraging the use of well-established public health practices, including targeted outreach, language access services, workforce training, and community engagement. Even if these activities are not expressly prohibited, uncertainty about compliance could lead federal grant recipients to curtail them. This chilling effect would reduce the use of data to inform decision-making, weaken outreach and community engagement, and ultimately diminish the effectiveness of federally funded programs.

The consequences of these limitations would fall disproportionately on populations that already face significant barriers to health and opportunity, including rural communities, immigrant communities, LGBTQIA+ individuals, people with disabilities, communities with diverse racial and ethnic backgrounds, and other historically underserved populations. [15] [16] [17] Effective program implementation requires responding to real community conditions, which in turn depends on the ability to measure and clearly understand what those conditions are. [18] [19]

The Proposed Rule Would Create Instability for Federal Grant Recipients and the Communities They Serve

Many nonprofit organizations administer federal awards through multi-year agreements that depend on long-term planning, stable funding conditions, and sustained administrative capacity. The proposed rule would introduce substantial uncertainty into this environment by expanding authority to modify award conditions and to suspend or terminate grants [200.208, 200.211, 200.340]. Federal agencies may adjust award conditions during the performance period based on programmatic risk, compliance history, or evolving administrative expectations [200.208]. Agencies would also be able to suspend or terminate

[14] https://www.chcs.org/media/Using-Data-to-Reduce-Disparities-2021_Final.pdf
[15] https://www.who.int/publications/i/item/9789240088306
[16] https://www.thetrevorproject.org/research-briefs/substance-use-minority-stress-and-mental-health-among-lgbtq-young-people/
[17] https://pmc.ncbi.nlm.nih.gov/articles/PMC12832607/#:~:text=LGBTQ%2B%20individuals%20experience%20significantly%20higher,accessing%20mental%20health%20support%20(50%25
[18] https://www.who.int/publications/i/item/9789240088306
[19] https://www.healthaffairs.org/content/forefront/like-wrecking-ball-why-hit-disparate-impact-analysis-blow-public-health

awards for discretionary reasons tied to agency priorities or the national interest [200.211, 200.340]. These provisions would create a shifting regulatory environment in which grantees cannot reasonably anticipate the long-term stability of federal funding, undermining program planning, staffing, and service delivery.

Federal grant requirements already impose significant administrative demands. Rather than simplifying administration, the proposed revisions would increase complexity and unpredictability, particularly for smaller and community-based providers. Colorado's experience further illustrates how administrative complexity and inconsistent implementation can create substantial barriers for smaller and community-based organizations seeking to participate in publicly funded programs. A recent Harvard Kennedy School Government Performance Lab assessment of Colorado's state procurement and grantmaking systems found that fragmented processes, inconsistent agency requirements, duplicative paperwork, extensive reporting obligations, delayed reimbursement timelines, and limited provider outreach disproportionately burden smaller, rural, and grassroots organizations.[20] The report concluded that when administrative challenges like these exist, they ultimately discourage participation, strain organizational capacity, and divert resources away from direct service delivery. It also found that streamlined requirements, clearer guidance, flexible implementation, and timely payment practices are important pathways to improving program effectiveness. The proposed revisions to the Uniform Guidance risk moving in the opposite direction by increasing ambiguity, compliance complexity, and administrative burden across federally funded programs.

The proposal also fails to adequately consider the substantial reliance interests of existing grant recipients. State, local, Tribal, and nonprofit organizations have invested years developing financial management systems, procurement policies, staff training programs, grant agreements, and compliance procedures based on the current Uniform Guidance. These investments were made in good-faith reliance on longstanding federal requirements. Requiring recipients to rapidly redesign these systems would impose high costs, disrupt operations, and reduce organizational capacity without corresponding improvements in accountability or program effectiveness.

Collectively, these changes would place additional strain on Colorado's nonprofit sector and broader public health infrastructure. Effective public health depends on strong partnerships among federal agencies, state, tribal, and local governments, health care providers, philanthropic organizations, and

[20] https://coloradohealth.org/sites/default/files/documents/2025-08/Report_StateOfProcurementAndGrantmaking_2024.pdf

community-based nonprofits. Increased uncertainty and administrative burden would weaken these partnerships and ultimately diminish the impact of federal investments.

Across Colorado, nonprofit organizations, local governments, Tribal entities, health care providers, and community partners work collaboratively to implement federally funded programs that support health and well-being. The effectiveness of these partnerships depends on stability, clarity, and consistency in federal requirements. Policies that increase complexity and uncertainty in federal grant administration risk disproportionately excluding smaller, rural, and community-based organizations that often possess the deepest relationships and strongest understanding of local community needs.

Conclusion

Rather than improving the administration of federal financial assistance, the proposed rule would make federal grant programs less predictable, less evidence-driven, and less effective. It would weaken objective grantmaking, reduce recipients' ability to understand and respond to community needs, increase administrative burden, and discourage participation by nonprofit organizations that are essential partners in delivering public services. Ultimately, these changes would diminish the impact of federal investments and undermine the health and well-being of communities across Colorado.

For these reasons, the Colorado Health Foundation respectfully urges OMB to withdraw the proposed rule in its entirety.

Thank you for the opportunity to provide input to this proposal. We appreciate your consideration of our comments. If you have any questions, please contact Kyle Rojas Legleiter, The Colorado Health Foundation Senior Director of Policy Advocacy, at klegleiter@coloradohealth.org or (303) 953-3618.

Sincerely,

Kyle Rojas Legleiter
Senior Director of Policy
Colorado Health Foundation