

# DEMOCRACY2025

## Messaging Toolkit: OMB Grant-Making Proposed Rule

June 2026

On May 29, 2026, the Office of Management and Budget (OMB) and 41 other agencies jointly proposed [a rule](#) that would rewrite the foundational rules for federal grantmaking, known as the “Uniform Guidance.” The proposed rule would embed the Trump-Vance administration’s political priorities directly into federal grants by requiring political appointees to review all discretionary grants before they are issued. It would prohibit federal funds from supporting diversity, equity, and inclusion, gender ideology, undocumented people, disparate-impact analysis, foreign collaborations with designated countries, or any activities that “compromise public safety or promote anti-American values.” It would dramatically expand agencies’ authority to terminate or suspend grants mid-award with little explanation and no appeal rights.

Rather than simply updating non-binding guidance, OMB and the agencies propose converting this guidance to legally binding regulations, meaning they are mandatory for all agencies. The rule would apply government-wide, covering over \$1 trillion in annual federal grants to states, universities, nonprofits, tribal governments, and others. OMB intends to finalize this rule by October 1, 2026. Members of the public and organizations are encouraged to [submit comments](#) by July 13, 2026.

### **Messaging:**

- The rule would politicize grant-making by giving political appointees final say over funding decisions, displacing the current expert peer review process, and threatening scientific and research independence
- Agencies would be able to cancel grants at almost any time for almost any reason, and impacted funding recipients would not have a meaningful appeals process
- Grants could be denied based on partisan ideology rather than community needs or congressional intent, with no obligation to explain rejections to applicants
- Vague bans on “diversity, equity, and inclusion,” “gender ideology,” and disparate-impact analysis would create legal uncertainty for researchers and institutions
- Unprecedented bans on foreign collaboration would meaningfully cut off scientific advances
- Free speech and Equal Protection rights would be violated by codifying viewpoint discrimination into federal grants
- Nonprofits that work on racial justice, immigration, or LGBTQ+ issues would have to choose between their core values and access to federal funding

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- Fewer organizations will want to take on or continue federal grants, meaning the communities that depend on their programs for housing, food, healthcare, and more could lose access to critical services
- The rule would concentrate power in OMB by turning guidance into binding regulations, making it easier for future administrations to reshape federal grantmaking based on politics, not science
- New administrative requirements, like using E-Verify and prior approval for routine activities, would strain smaller organizations without any clear benefit to the public

## Resources:

- [Breakdown of OMB Proposed Rule: Regulation for Federal Financial Assistance](#) (American Astronomical Society)
- [Office of Management and Budget Government-Wide Regulations for Federal Financial Assistance](#) (American Council on Education)
- [OMB Proposes Changes to Federal Grant Administration—How Will They Impact Federal Broadband Funding?](#) (Benton Institute)
- [Regulation for Financial Assistance \(Uniform Guidance\): Redline of Proposed and Current Version](#) (Council on Governmental Relations)
- [Fact Sheet on Proposed Federal Financial Assistance Rule](#) (Lawyers for Good Government)
- [Take Action! Oppose Harmful Proposed Changes to Federal Grantmaking, Impacting Nonprofits and Communities](#) (National Council of Nonprofits)

*For more resources on this proposed rule, please see [this compilation](#) and the [Democracy 2025 Resource Center](#). If there is anything we can do to support your organization on this issue, please reach out to [democracy2025@democracyforward.org](mailto:democracy2025@democracyforward.org).*