THE UNIVERSITY OF CALIFORNIA | THE CALIFORNIA STATE UNIVERSITY | CALIFORNIA COMMUNITY COLLEGES | ASSOCIATION OF INDEPENDENT CALIFORNIA COLLEGES AND UNIVERSITIES

August 5, 2026

RE: "Regulation for Federal Financial Assistance"

Dear Members of the California Congressional Delegation:

On behalf of the University of California (UC), the California State University (CSU), the California Community Colleges (CCC) and the Association of Independent California Colleges and Universities (AICCU) — representing over 3.3 million students, as well as countless staff, faculty and alumni — thank you for being an advocate for California higher education. Your ongoing support allows our institutions to offer high-quality educational programs, advance scientific research, power public health breakthroughs and strengthen the state's economy.

We write to express our concern with the proposed rule "Regulation for Federal Financial Assistance," which includes revisions to 2 C.F.R. Part 200, commonly known as "Uniform Guidance," the government-wide framework for the management of federal grants, cooperative agreements and other forms of federal assistance. If finalized, the proposal would negatively reshape federal award management requirements and be detrimental to the research and learning ecosystems, and the economies, that our institutions support.

While the overarching goal to improve transparency, accountability and oversight for how federal taxpayer dollars are used in the context of federal grantmaking is something we strongly support, the changes proposed by the Office of Management and Budget (OMB) will not accomplish these goals. Rather, the proposed changes will undermine the contributions of higher education, reverse decades of progress made possible through federal investments and have the potential to threaten our state's economic growth.

While OMB and the federal agencies have direct control over revising and implementing Uniform Guidance, Congress can and has, at times, directed OMB to revise or otherwise address aspects of Uniform Guidance. In recent cases, Congress has blocked OMB from making changes to it via the annual appropriations process. **We appreciate efforts to delay implementation of the rule through the fiscal year 2027 continuing resolution, and we urge you to support the legislation. We also urge you to exercise your authority to prevent OMB from proceeding with the proposed rule and to direct OMB to develop fair and agreeable reforms in concert with our institutions and other stakeholders.**

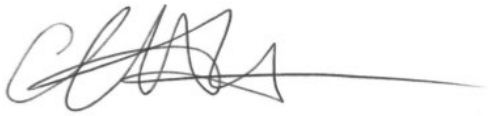
Below are some of the more impactful and problematic proposals that could significantly impact our institutions:

- **Termination and Suspension Authority:** The proposal would broaden discretionary termination authority and add temporary suspension authority if agency priorities, program goals or the administration's interests change during the award period. Agencies need only provide a brief written rationale; no finding of non-compliance or fraud is required.
    - **Issue:** If recipients cannot rely on the stability of an award's funding, universities and industry partners may be less willing to hire personnel, make capital investments or enter into long-term partnerships. Future administrations of either party could use such authority to terminate grants, which undermines and stifles innovation. Relevant examples may include clinical trials, long-duration infrastructure projects, housing and disaster recovery grants. State and local governments may find it harder to rely on multi-year funding commitments.
- **Changes Affecting Merit Review and Award Selection Processes:** The proposed changes would require senior political appointees to review awards before issuance. In practice, this gives political appointees a veto over any grant that conflicts with the current administration's preferences. Additionally, the rule indicates that peer review is "advisory" and "non-binding."
    - **Issue**: Requiring political appointees to review discretionary awards risks slowing funding decisions, increasing administrative costs and concentrating the majority of decision-making authority with a select few. Future administrations of either party could use that same authority to advance their own ideological priorities. Replacing expert evaluation with political judgements means that the longstanding American tradition of funding the "best" proposals will be effectively over. This is a threat to meritocracy and makes American science less competitive.
- **Stronger subrecipient oversight requirements:** The proposal increases monitoring obligations and reporting requirements for subrecipients.
    - **Issue**: This will create a significant increase in compliance infrastructure costs, which would create high barriers for small and emerging subrecipients that may struggle to meet expanded compliance expectations, potentially limiting participation in federal programs. Such requirements would also jeopardize time-sensitive programs to address disaster assistance efforts.
- **Elimination of fixed-amount subawards:** The proposal would eliminate fixed-amount subawards, which could impact local planning grants, community-based housing projects and disaster recovery implementation programs.
    - **Issue:** This creates another increased administrative burden and increased compliance costs for organizations. Additionally, this could reduce flexibility for innovative or pilot projects. Local housing organizations frequently use milestone-driven project structures that align well with fixed-amount funding programs. Smaller organizations may determine that the compliance burden outweighs the benefits of participating in federally-funded projects.

The proposed changes to the Uniform Guidance could harm student success and innovation in California and weaken the federal partnerships that enable institutions, local governments and community organizations to plan responsibly and deliver federally supported programs effectively. Thank you for working with us to protect the state from economic damage and fiscal uncertainty.

Should you have any questions, please reach out to any of the following contacts: Chris Harrington (UC) at chris.harrington@ucdc.edu; Jeff Cullen (CSU) at jcullen@calstate.edu; David O'Brien (CCC) at dobrien@cccco.edu; or Tom Vu (AICCU) at thomas.vu@aiccu.edu.

Sincerely,



Chris Harrington
Associate Vice President for Federal Governmental Relations
The University of California



Jeff Cullen
Assistant Vice Chancellor for Federal Relations
The California State University



David O'Brien
Vice Chancellor of External Relations
California Community Colleges



Thomas Vu
Vice President for Policy
Association of Independent California Colleges and Universities