July 9, 2026

Andrew Reisig and Joel Savary
U.S. Office of Management and Budget
Office of Federal Financial Management
MBX.OMB.Grants@OMB.eop.gov

Re: Proposed Regulation for Federal Financial Assistance

Docket ID OMB-2026-0034

Dear Mr. Reisig and Mr. Savary:

On behalf of AASA, The School Superintendents Association and the Association of School Business Officials International (ASBO), representing thousands of school district leaders across the United States, and AESA, the Association of Education Service agencies, representing 470 regional education service organizations that work with those public schools, we submit these comments in response to the Office of Management and Budget's (OMB) proposed "Regulation for Federal Financial Assistance," which was published on May 29, 2026. We respectfully request that OMB withdraw the proposed rule.

We are deeply concerned about many of OMB's proposed changes to the Uniform Grants Guidance (2 CFR Part 200) due to the negative impact they will have on local educational entities, including school districts and educational organizations such as education service agencies. The proposed changes of greatest concern to our organizations are outlined below:

2 CFR 200.205 – Federal agency review of merit proposals

We strongly encourage OMB to remove the new politicized "pre-issuance" review process proposed in 2 CFR 200.205. We are particularly concerned with the broad and vague language in 2 CFR 200.205(b)(2)(iv), which would require a political appointee to determine whether discretionary grant funds would be used by an applicant "to fund, promote, encourage, subsidize, or facilitate...Any other initiatives that compromise public safety or promote anti-American values." The proposed regulations do not define what types of activities may be "anti-American" or "compromise public safety." We are concerned that this language may be used to unfairly prioritize certain grant applicants over others based on factors that are not made clear to applicants. In addition, this provision would introduce instability to the grant process, as these standards may change from one administration to another.

2 CFR 200.206 - Federal Agency Review of Risk Posed by Applicants

We oppose the new proposed language on “risk assessment” for all grant applicants, which would allow an agency to consider an applicant’s “history of questionable practices” and “affiliation with organizations engaged in activities that violate federal law, undermine public safety and national security, or advocate for the overthrow of the United States Government.” The vagueness of these terms would have the potential to change depending on the policy views of a given administration, leading to uncertainty and instability for school districts over multiple grant cycles. Nor is it clear whether this is time-limited – for example, if a district had a partnership with an organization which was found to be engaging in fraudulent practices, and terminated the partnership, would it be ineligible for future grants? Such a policy may discourage grantees from proactively identifying fraud or violations of law in partner organizations or engaging in rigorous monitoring, lest they endanger their eligibility for grants.

2 CFR 200.300 – Statutory and national policy requirements

We are concerned by the prohibition on using federal funds to “fund, promote, encourage, subsidize, or facilitate diversity, equity, and inclusion (DEI)…policies, principles, or practices.” The proposed changes do not define “DEI,” and the vagueness makes it challenging for school districts to ensure compliance. In addition, the provision conflicts with some federal education requirements and existing State laws, which may cause confusion for States and school districts. For example, several federal formula education program statutes require reporting of data disaggregated by racial and ethnic groups and require services to be provided or targeted to certain “special populations,” including individuals with disabilities and English learners. We urge OMB to remove this change, or to provide a comprehensive definition of DEI, so that education grantees have clarity on how to use their federal education funds in a compliant manner. Similarly, prohibitions on certain activities related to gender could conflict with State law and federal court precedent, causing confusion and leading to potential litigation against States and districts.

2 CFR 200.305 – Federal Payment

The proposed change to require subrecipients to submit written justifications for every payment request will significantly increase administrative burden on school districts. Under the current rules, States already have oversight responsibility to ensure that subrecipients use federal education funds appropriately and in alignment with statutory and regulatory requirements. States review and approve school district budgets, grant applications, and requests for reimbursements, and conduct program monitoring as well. Adding a new requirement for written justifications is duplicative of current federal requirements, could lead to delays in receiving reimbursements, and will add unnecessary burden on school district staff.

2 CFR 200.332 – Requirements for Pass-Through Entities

We are concerned about the proposed requirement for pass-through entities to ensure that a subrecipient "does not take actions that could significantly damage the reputation of the passthrough entity, the Federal agency making the award, or the Federal Government." The proposed requirement fails to define what types of actions may cause reputational damage, which will cause confusion and make it difficult for school districts to ensure that they remain in compliance with that requirement and do not risk grant termination. We request that OMB remove this proposed requirement or clearly define actions that would cause reputational harm.

2 CFR 200.421– Advertising and Public Relations, and 2 CFR 200.461 – Publication and Printing Costs

We oppose the removal of "the recruitment of personnel required by the recipient or subrecipient for the performance of a Federal award" from the list of allowable advertising and public relations costs, as well as the removal of "promotion" from the publication and printing costs section. The removal of this language will impact school districts' ability to find and hire staff necessary to advance federal education program outcomes, such as educators and school leaders. It is also likely to cause confusion as school districts work to determine which federal programs permit those same activities in statute.

2 CFR 200.340 – Termination and Suspension

We are concerned about the significant expansion of federal agencies' ability to terminate competitive grants at their discretion, including if the federal agency determines it is in the "best interest" of the federal agency or pass-through entity, or if the award "no longer effectuates program goals, Federal agency priorities, or the national interest as they exist at the time of the termination." This provision, like others, will create instability for the federal grantmaking process, as these standards may change from one administration to another. Multi-year grants issued under one administration may be later cancelled under another administration due to differing interpretations of this provision, even if the grant activities are otherwise in compliance with federal law and the approved plan, creating uncertainty for school districts and ESAs as to whether they can rely on and plan for receiving grant continuations. Terminating programs mid-grant cycle for arbitrary reasons, such as the changing of Administration priorities, can have devastating effects on schools, teachers, parents, and communities. In addition, the standards for termination are unreasonably broad and vague. We encourage OMB to abandon this proposed grant termination expansion.

2 CFR 200.432 – Conferences

The proposed change to this section to restrict the use of federal funds to attend conferences unless participation is expressly approved by the federal awarding agency and included in the terms and conditions of the grant will have a significant impact on federal education programs. Conferences are an essential tool included in professional development plans for educators and school support staff, grant administrators, school leadership, and many other roles. Many state and national organizations host annual conferences providing essential information that helps to ensure federal education funds are being used appropriately and effectively in our public schools and that advance program outcomes, taking the burden of conducting technical assistance and disseminating best practices off of the federal agencies.

Requiring the cost of attending a conference to be included in a grant's terms and conditions presents an additional burden on school districts as they budget their funds each year, and there is uncertainty as to how this would practically be implemented by various agencies like U.S. Department of Education, particularly for state-administered programs. Conference dates, locations, pricing, and agendas are often not available a year or more in advance, and it is unclear how agency staff expect to collect such requests from grantees of formula programs like ESEA that do not have a regular pass-through application cycle. Presumably, school districts would be required to later submit a request to the state to use federal funds for this purpose, and the state, in turn, would have to submit a request to ED. If the request was approved, it would require an amendment to the state's grant award notification, with this process adding significant administrative burden on subrecipients, recipients, and the federal agency. We are also concerned that due to significant reductions in staff at ED, federal program staff will not have the capacity to review these types of requests in a timely manner.

We encourage OMB to abandon this proposal and continue allowing States to provide oversight of how school districts budget and use their federal funds, which includes reviewing whether attending a particular conference is allowable under a federal education program.

2 CFR 200.454 – Memberships, Subscriptions, and Professional Activity Costs

The new proposed requirement for subrecipients to obtain prior written approval from the U.S. Department of Education in order to use federal funds for the subrecipient's membership in professional, civic, business, and technical organizations adds unnecessary burden on school districts and their states. Many school districts belong to national organizations that provide essential information and services to school district staff that help ensure federal programs are being administered in compliance with law and regulations. States already provide oversight of how funds are spent by school districts, ensuring costs are allowable under federal education programs. This guidance supplements information provided by federal agencies, reducing the need for federal technical assistance and compliance. This proposed requirement is unnecessary, and we encourage OMB to remove it.

Conclusion

Given the magnitude of OMB's proposed changes, the proposed effective date of October 1, 2026, is too restrictive. A rushed timeline would impose a significant burden on school districts and ESAs to effectively change grant application, award management, and financial reporting systems and processes to immediately comply. While some larger districts may have the flexibility to hire consultants and utilize large compliance teams to respond to this rule, most districts, particularly small and rural LEAs, will not have that luxury. With only a few months to implement such substantial changes, smaller districts will be at a disadvantage when competing for limited federal aid.

We support empowering all school districts and ESAs, including those in small and rural communities, by reducing federal red tape and complex grant processes. However, this implementation timeline would force districts and ESAs to stretch already-strapped budgets to overhaul their systems, causing significant operational disruption and financial uncertainty. Federal agencies will also need more time to make significant changes and provide guidance to district/ESA grant recipients. While we request OMB to withdraw this proposed rule, to the extent that OMB intends to move forward with any or all of the changes outlined in this NPRM, a longer runway for implementation of at least January 1, 2027, is needed.

Thank you for reading our comments. We hope you take your time to review all the comments and to determine what changes to the proposal are warranted.

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