

2026 Uniform Guidance

Proposed Changes – High Level
Overview

June 2026



What We're Covering Today

A structured overview of the proposed 2026 Uniform Guidance revisions across 2 CFR Part 200

01

What Is This and Why It Matters

Rule status, comment window, OMB's stated objectives

02

Key Structural Changes

Legal status, agency adoption, fixed amount awards

03

Award Lifecycle Changes

NOFOs, risk review, conditions, termination authority

04

Cost & Compliance Hot Spots

Allowability, subawards, payment integrity, procurement

05

National Policy Conditions

DEI/DEIA, foreign collaboration, drones, E-Verify

06

Action Items & Watch List

Priority items to monitor and next steps for our team

01 | What Is This and Why It Matters

⚠️ PROPOSED RULE — NOT FINAL | Published May 29, 2026

What is *potentially* changing?

OMB and federal grantmaking agencies are proposing sweeping revisions to 2 CFR Part 200 — covering how federal financial assistance is designed, awarded, monitored, terminated, paid, reported, and audited.

Why is OMB doing this?

Three stated objectives:

- (1) Improve transparency, accountability, and oversight;
- (2) Clarify that 2 CFR subtitle A operates as a binding OMB regulation — not mere guidance;
- (3) Reduce recipient burden in targeted areas.

What's the bottom line?

More centralized, prescriptive, enforcement-oriented grant rules — paired with selected process streamlining.

Less flexibility; more front-end legal/compliance review; greater uncertainty for discretionary awards.

Impact: OMB wants more centralized, uniform, enforceable grant rules; more documentation and oversight of award decisions and payments; more limits on costs or activities viewed as outside award purposes; and some burden-reduction measures for applicants and recipients.

02 | Key Structural Changes

Legal Status: Guidance → Regulation

OMB proposes replacing 'guidance' with 'regulation' throughout 2 CFR subtitle A. Future updates would no longer require separate agency re-adoption rulemakings — OMB changes would flow government-wide automatically.

HIGH IMPACT

Agency Adoption & Subtitle B Cleanup

Agencies without a subtitle B chapter would add one; existing chapters get conforming changes. Goal: a complete, uniform government-wide framework with agency-specific deviations more visible.

MODERATE

Fixed Amount Awards Eliminated

Fixed amount awards and subawards would be prohibited unless specifically authorized by statute. Existing awards are grandfathered through their period of performance. Programs using milestones or output-based payments are most affected.

HIGH IMPACT

Outdated Provisions Removed

ARRA-related Part 176 eliminated; FSRS references replaced with SAM.gov for subaward reporting; suspension/debarment references modernized. Reduces clutter and aligns rules with current systems.

ADMINISTRATIVE

02 | Biggest Propped Changes

Key Areas of Change

Legal Status & Structure

Uniform Guidance elevated to binding regulation; streamlined OMB update process

Discretionary Termination

Expanded agency authority to terminate awards mid-performance

Cost Allowability

Tighter rules on advertising, conferences, memberships, advocacy

Internal Controls & Payments

E-Verify, pre-payment checks, Do Not Pay system requirements

Merit & Risk Review

New pre-award due diligence: foreign ties, financial capacity, reputation

Fixed Amount Awards

Major rollback: eliminated unless authorized by statute

Subaward Transparency

Stricter SAM.gov reporting, related-party classification rules

National Policy Restrictions

New compliance conditions on DEI/DEIA, gender policy, abortion

Procurement

Added controls for T&M contracts; domestic preference expansion

Audit Requirements

Reduced duplicative audits; Compliance Supplement cadence reconsidered

03 | Award Lifecycle Changes

DESIGN	NOFO	REVIEW	AWARD	TERMINATE
<ul style="list-style-type: none">Goals must align with authorizing statute & admin prioritiesMulti-year awards encouraged to reduce annual recompetitionR&D awards must be categorized (basic/applied/experimental)	<ul style="list-style-type: none">All discretionary funding must be publicly announcedApplications generally required through Grants.govExecutive summaries (500 words) requiredShorter-than-30-day windows must be explained	<ul style="list-style-type: none">Pre-issuance review for consistency with law & national interestApplicant risk review: capacity, prior performance, foreign ties, integrity concernsMore rigorous due diligence for large or research awards	<ul style="list-style-type: none">Awards must include or incorporate § 200.340 termination termsSpecific conditions may be added/adjusted mid-performanceProgram-level conditions allowed when elevated risks exist	<ul style="list-style-type: none">Expanded discretionary termination authority — award no longer serves program goals or national interestNew temporary suspension/stop-work authorityRecipient may submit information on termination costs

⚠ Termination for convenience-style authority is now proposed for discretionary grants — a significant shift in award stability risk.

04 | Cost & Compliance Hot Spots

Cost Allowability — Tightened

Prior approval or explicit award language now required for: advertising/PR, conferences, publications, memberships, fundraising, marketing, lobbying/issue advocacy, and voter registration. Don't assume historical allowability.

Subaward Transparency

Recipients must confirm SAM.gov subaward reporting in performance reports. Related-entity transfers must be classified as subawards or contracts — not internal allocations.

Payment Documentation

Non-State recipients must include a justification describing payment purpose and award-related work with each drawdown request. Drawdown processes may need redesign.

Payment Integrity

Agencies must use Treasury's Do Not Pay system. States must conduct pre-payment verification checks. E-Verify required for employees/contractors hired or performing U.S.-based award work.

Procurement Controls

Time-and-materials contracts need documentation and market-rate controls. Cost-reimbursement contracts discouraged — require written justification. Expanded domestic preference policy.

Audit Changes

Additional audits only when authorized by statute. 'Annual' removed from Compliance Supplement — frequency may change. COSO/GAO no longer expressly recommended as internal control frameworks.

05 | National Policy Conditions

These are real proposed compliance conditions regardless of political framing — recipients must review program activities for allowability risk.

HIGH RISK | DEI/DEIA Restrictions

Bars use of federal funds for DEI/DEIA practices that violate federal anti-discrimination laws. Faith-based nondiscrimination language also added.

MEDIUM RISK | Disparate-Impact Liability

Prohibits promotion or support of disparate-impact liability theories using federal funds.

HIGH RISK | Gender-Related Provisions

Restricts 'gender ideology' and transition-related procedures for minors. Event access restrictions added.

MEDIUM RISK | Elective Abortion Costs

Prohibits use of federal funds for elective abortions except where authorized by federal law.

HIGH RISK | Foreign Collaboration

New government-wide restriction on using federal funds for covered foreign collaborations unless authorized by statute or approved by the agency.

MEDIUM RISK | Drone (UAS) Restrictions

Restrictions on drone procurement tied to the American Security Drone Act — affects technical assistance, research, and equipment budgets.

06 | Watch List

1	Fixed Amount Awards / Subawards	CRITICAL
2	Discretionary Termination Authority	CRITICAL
3	Payment Documentation & Do Not Pay	HIGH
4	SAM.gov Subaward Reporting & Related Entities	HIGH
5	Cost Allowability Review	HIGH
6	National Policy Conditions	HIGH
7	E-Verify & Foreign Collaboration	MEDIUM

Summary | Implementation Priority by Subpart

Proposed effective date: October 1, 2026 | Earliest practical target: FY 2027 awards

1

Subpart D — Post-Award Requirements

Payment controls, E-Verify, procurement, subrecipient reporting, SAM.gov, termination/suspension, internal controls — all affect live award management.

2

Subpart E — Cost Principles

Conferences, publications, PR, memberships, lobbying, marketing, and other cost categories become unallowable or prior-approval-based.

3

Subpart C — Pre-Award Requirements

Fixed amount awards eliminated. Program design, NOFOs, merit/risk review, award terms, and new funding restrictions change the entire front end of grantmaking.

4

Subpart B — General Provisions

Important for applicability, conflict-of-interest disclosures, mandatory disclosure routing, and effective dates — but less day-to-day operational than C–E.

5

Subpart F — Audit Requirements

Important for auditors and auditees, especially re: additional-audit authority, Compliance Supplement frequency, and removal of GAO/COSO references.

6

Subpart A — Definitions

Foundational — supports the larger changes. Most significant single change is elimination of fixed amount award definitions.

Thank you

