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Andrew Reisig
Joel Savary
Office of Management and Budget
Office of Federal Financial Management
Washington, DC 20006

Submitted Electronically: https://www.regulations.gov/commenton/OMB-2026-0034-0001

Dear Mr. Reisig and Mr. Savary:

As the Vice President for Research for Colorado State University and the Chief Research Officer of the CSU System, I am submitting comments on behalf of the Colorado State University System on the Office of Management and Budget's (OMB) proposed rule revising 2 CFR Part 200, the Uniform Guidance for federal financial assistance, published in the Federal Register on May 29, 2026 (Docket No. OMB-2026-0034).

The CSU System includes a R1 land-grant institution serving Colorado through research, teaching, and Cooperative Extension, as well as a regional emerging research university. The Colorado State University System receives federal awards from USDA, NSF, NIH, DOE, DOD, and other agencies, and serves as a pass-through entity to county extension offices, school districts, tribal governments, and community-based subrecipients across our state. These awards return over $300 million in federal dollars into the economy of Colorado and the nation (published FY24 HERD data) and have considerably more economic impact. The Colorado State Forest Service is housed at CSU, which serves our nation's forests and forest communities and are also impacted by the proposed regulation.

We appreciate the opportunity to comment on a rule that will affect every stage of our federal award lifecycle. We support OMB's stated objectives maintaining transparency, accountability, and oversight of Federal taxpayer dollars and of reducing administrative burden for recipients and Federal agencies and we welcome several specific provisions in the proposed rule. At the same time, we have significant concerns about provisions that increase burden, compliance risk, threaten continuity of long-term research and extension programs, and introduce delay into time-sensitive funding decisions which, taken together, will reduce American competitiveness.

The Office of Management and Budget (OMB's) proposed rule, Regulation for Federal Financial Assistance, is one of the most significant proposed revisions to the federal grant framework – the Uniform Guidance – in decades. If adopted, it will have harmful consequences for research and education institutions, public health, and American research and innovation leadership and competitiveness. The Uniform Guidance is the foundation for the administration of over $60 billion in federal research programs, as well as federal assistance programs such as Medicaid, FEMA, and food assistance programs. We respectfully request that the OMG withdraw the proposed rule and work with the recipient community to develop sustainable improvements that demonstrably meet the stated objectives.

Moreover, given the broad scope and impact of these proposed changes, the proposed effective date of October 1, 2026 is not reasonable given the need for policy revisions, system changes, and training through the lifecycle of federal grantmaking in both the federal agencies and the recipients. In addition to our concerns about the timeline, the following outlines comments on specific sections in the Uniform Guidance proposed changes.

I. Provisions We Support

We commend OMB for the following aspects of the proposed rule and encourage their retention in the final rule:

- Maintaining the current indirect cost (F&A) rate negotiation process. We appreciate OMB's explicit statement that indirect cost rate-setting is not being revised in this rulemaking. Predictability in F&A recovery is essential to our institution's ability to sustain research and extension infrastructure, and we urge OMB to continue engaging the research community separately and deliberately before considering any future changes in this area.
- Government-wide consistency as a goal. We support the principle that a harmonized set of administrative guidance across all federal grant-making agencies can support burden reduction. We ask, however, that this principle be implemented in a way that preserves meaningful opportunity for agency to customize their award terms to reflect the purposes and authorities of their federal financial assistance, as well as recipient input on future amendments.
- Continued allowability of direct administrative costs through close-out. Permitting these costs up to the due date of the final report is a practical, burden-reducing accommodation for our sponsored programs administration.

II. Concerns and Recommended Revisions

Maintain 2 CFR 200 status as Guidance (Subtitle A, including 1.105, 200.101, 200.106, and 200.110)

The proposed rule changes the Uniform Guidance from guidance into regulatory policy and allows future OMB amendments to take effect government-wide without separate agency rulemaking. The proposal expands the authority of OMB and the Executive Branch and, in some cases, circumvents congressional authority. It also reduces the ability of Federal agencies to tailor grantmaking processes to their individual missions, authorizing legislation, and budget appropriations.

> **Recommendation:** We recommend preserving the current guidance framework and existing process by which agencies propose their implementations of the guidance, with comment periods available to affected stakeholder groups.

Preserve Fixed Amount Awards and Subawards (200.101(b))

The proposed elimination of fixed amount awards and subawards represents a significant departure from the stated desire to reduce administrative burden and costs. The proposal will increase documentation, invoicing, monitoring, and oversight requirements across the research enterprise. It also reduces the ability to manage financial risk through appropriate use of fixed amount subawards.

Requiring cost-reimbursement to be the standard award instrument will increase financial reporting and invoicing obligations across our network, including county extension offices and community partners with limited grants administration capacity, without improving stewardship of federal funds. We estimate that the overall impact to Colorado State University would require additional administrative burden for over 80 individual federal awards, totaling over $38 million dollars.

> **Recommendation:** We recommend that OMB retain fixed-amount awards and subawards as an available option for well-performing, lower-risk recipients, subject to appropriate oversight, rather than eliminating the instrument outright.

Prioritize Merit Review Processes (200.205)

Peer review has long served as the cornerstone of funding decisions because it relies on subject matter experts to evaluate scientific rigor, innovation, feasibility, and potential impact. The proposed rule requires a senior political appointee to approve every discretionary notice of award before issuance, with technical peer review serving only an advisory function.

Transparency is essential to maintaining trust in research. When review processes appear to support a predetermined agenda, confidence in the system is undermined, and valuable scientific perspectives may be discouraged from participation. A robust and transparent review process helps ensure that the best ideas are advanced.

This change will discourage innovative and high-risk research. It could also reduce confidence among researchers, institutions, and taxpayers that federal funds are being allocated primarily based on scientific merit and the likelihood of producing meaningful outcomes.

The people most affected by the proposed change will be those who stand to benefit from scientific advances in health, medicine, and well-being.

Adding a step of political review also dramatically increases administrative burden and delays timely award of grants and other financial assistance. For a land-grant institution, many of our awards — including time-sensitive agricultural field research and important land management activities tied to planting and growing seasons, and Cooperative Extension programming tied to academic and program-year calendars — depend on predictable award timing that is not delayed by additional layers of political review.

Agency priorities and national interests are important considerations. They should complement, but not override, independent scientific assessment. If peer review becomes only one of several factors, funding decisions may become less predictable, reducing confidence in the process and potentially discouraging high-risk, high-reward research that advances scientific discovery and U.S. leadership in science and technology.

The proposed changes undermine the integrity and transparency of the federal grant review process and will harm the taxpayers that fund Federal research and development. The proposed rule is in direct conflict with statues that govern many agencies' mandates to make grant awards based on merit review, including but not limited to the U.S. Department of Health and Human Services, the National Science Foundation, and the Department of Defense.

> **Recommendation:** We recommend that this provision be removed from the final rule.

Maintain Indirect Costs (200.205(b)(3) and 200.206(c))

The proposed provision gives preference in discretionary awards to institutions with lower indirect cost rates, a goal CSU understands as reflecting the Administration's commitment to reducing the administrative burden on federal awards. However, as currently drafted, the provision uses indirect cost rates as a proxy for efficiency in a way that will produce results inconsistent with that goal. Rates differ across institutions not because some are more efficient, but because they reflect real differences in research infrastructure throughout the research lifecycle. Applying a rate preference without accounting for these structural differences will disadvantage institutions with the strongest research infrastructure, not those with the most administrative overhead.

Comptroller General Elmer B. Staats made this point to Congress in 1969: overhead rates "do not measure, and should not be used to evaluate, research efforts," and variation across institutions does not indicate differences in efficiency. He identified library costs explicitly as legitimate overhead (Statement before the Subcommittee on Government Research, U.S. Senate, April 22, 1969). That principle has governed cost policy through OMB Circular A-21 and its successors and remains the sound accounting basis for rate negotiation. There is also a direct interaction with § 200.454: if library costs are excluded from allowable indirect cost pools, institutional rates will fall, not because research infrastructure improved or administrative efficiency increased, but because real costs can no longer be recovered. Awarding preference on that basis would reward cost-shifting, not the efficiency gains the Administration seeks, and it threatens "gold standard science."

> **Recommendation:** We recommend removing 200.205(b)3 and retaining the current Uniform Guidance language. Affirm that negotiated indirect cost rates, including library costs, represent legitimate, necessary expenditures consistent with longstanding federal cost policy and sound accounting principles, and that rate levels alone are not a reliable indicator of administrative efficiency.

Maintain Principled International Research Collaboration While Protecting National Security (200.220)

The proposal expands the "Wolf Amendment," which currently prohibits NASA funds from use in support of a bilateral or multilateral collaboration, agreement, program, or activity with a covered foreign country or covered foreign entity to all federal agencies. The proposal also places increased emphasis on subrecipient monitoring, affiliate relationships, ownership transparency, foreign relationships, and downstream accountability.

Restricting international engagement broadly – rather than targeting specific, verified risks – fragments the global research enterprise, diminishes U.S. scientific leadership, and impairs the ability of American universities to attract and retain world-class talent. Institutions with significant subaward portfolios, affiliated entities, international collaborations, or foreign subrecipients will face increased compliance and administrative burden, reporting, and oversight obligations.

The proposed change will have a chilling effect on critical collaborations at Colorado State University – collaborations that require cooperation with our allies, including:

- Our international collaborations help us maintain agricultural biosecurity for the United States. These collaborations help us learn how to work with pests and diseases and allow us to quickly reach out to experts when outbreaks occur. Reducing international ties will almost certainly lead to more significant outbreaks in agriculture and food systems.
- Atmospheric research, particularly in polar regions, requires coordination across nations because observations, infrastructure, expertise, and data are distributed globally. Collaborations with international partners enable access to remote locations, shared instrumentation, long-term datasets, and specialized expertise that would be difficult or impossible for a single institution or country to provide alone.

Research security is important and appropriate safeguards should be maintained, overly restrictive policies could reduce scientific productivity, increase costs, duplicate efforts, and weaken U.S. leadership in areas where international cooperation is essential for advancing knowledge and addressing issues of national and global importance.

> **Recommendation:** We recommend eliminating section 200.220 and working to formalize the research security program standards established under NSPM-33 and the CHIPS and Science Act.

Restore Existing Federal Payment Processes - Defend the Spend (200.305).

The proposed revisions codify requiring justifications for payment requests (Defend the Spend). This creates additional administrative burden by requiring redundant information that offers no value above what was reviewed and approved in the proposal application budget and taking time away from research efforts by having researchers re-justify information each month.

At Colorado State University, Defend the Spend has led to spending nearly 500 additional hours on payment requests over the past year, at a cost of more than $400 per draw. This impacts more than 70 active federal awards. The information requested at payment is not meaningfully related to the timing of payment requests, and it duplicates the work of both recipient and federal agency staff who worked to propose a compliant budget that meets cost allowability standards. Both recipient organizations and the federal government have made investments in infrastructure that protects taxpayer dollars, and we all take that responsibility seriously.

Recommendation: Eliminate the proposed requirements and maintain current language in 200.305.

Remove Expanded Termination and New Suspension Authority (200.340)

The proposed rule brings grant termination closer to standards used in federal procurement contracting, permitting termination where an agency determines it is in the government's interest, and adds a new temporary suspension authority. For multi-year awards — common in our long-term agricultural field trials, watershed and natural resource studies, and extension cooperative agreements — this proposed standard creates significant uncertainty for institutional and subrecipient planning, hiring, and capital commitments made in reliance on multi-year award terms. These long-term investments depend on policy stability that enables researchers and their institutions to achieve the national competitiveness goals of federal research grants.

Research studies often require years of planning, participant recruitment, data collection, and analysis. Allowing awards to be terminated or suspended at any time with limited opportunity for appeal will could disrupt ongoing studies, waste taxpayer investments, disrupt training and workforce development, and discourage institutions from undertaking high-impact research efforts.

Stable and predictable funding is essential for scientific progress. While agencies should have mechanisms to address noncompliance or misuse of funds, award recipients should also have access to transparent procedures, clear justification for adverse actions, and meaningful opportunities to appeal decisions. Such protections help ensure accountability while preserving trust in the federal research enterprise.

> **Recommendation:** The existing termination framework in 200.340 is sufficient to allow agencies to terminate based on recipient non-compliance, mutual agreement, and other statutory authorities. We recommend preserving the existing language.

Changes to Allowable and Unallowable Costs (200.421, 200.432, 200.454, and 200.461)

The proposed changes to Uniform Guidance restrict currently allowed costs for advertising/public relations, conferences, memberships, subscriptions, and printing and publishing. These items and our recommendations are listed below.

<u>200.421 Advertising and Public Relations Costs</u>

The current language in Uniform Guidance already disallows advertising and public relations costs that do not benefit Federal awards. When included currently, these costs are often a requirement of the performance of the award and can include communicaing with the public and stakeholder community, maintaining project websites, conducting outreach activities, and recruiting qualified personnel to complete the scope of work.

Recommendation: We recommend that OMB retain the current text in 200.421, which sufficiently outlines allowability of these costs.

200.432 Conferences

Conferences are critical to the advancement of science and research innovation. Conferences are where findings are shared for peer feedback and are important for development of collaborations, policy development on scientific complex topics, and career development for the next generation of scientists. In some fields, like Computer Science, conference attendance is required to publish and disseminate research findings. So effectively, the unintended consequence means stopping the dissemination of federally funded research in violation of public access policies.

Requiring prior agency approval and explicit inclusion in award terms for conference participation creates substantial administrative burden.

Recommendation: We recommend that OMB preserve the current language in 200.432.

200.454 Memberships, Subscriptions, and Professional Activity Costs

The proposed revision makes subscriptions to academic and technical periodicals unallowable as direct costs with no exception. While subscriptions are rarely charged directly to awards, this revision raises two concerns: (1) it introduces ambiguity about whether centrally administered institutional library subscriptions, included in the institution's F&A calculation as shared research infrastructure, are distinguishable from individual researcher subscriptions; and (2) even without revising the F&A negotiation system, the exclusion of these costs from allowable expenditures may reduce what institutions can include in indirect-cost calculations, reducing federal participation in funding shared research infrastructure.

Institutional library subscriptions are a canonical indirect cost, which are incurred for common purposes and properly allocated across all benefiting activities. The proposed provision does not distinguish between individual subscriptions and centrally negotiated licenses serving thousands of researchers simultaneously. The downstream consequence is direct: institutions absorb more cost without any reduction in the actual cost of research and new research runs the risk of not being informed by prior studies due to lack of access to subscription content.

Recommendation: We recommend that OMB preserve the current language in 200.454.

<u>200.461 Publication and Printing Costs</u>

The proposed revision makes publication costs—including Article Processing Charges (APCs), page charges, printing, and open-access fees unallowable with limited exceptions and explicitly states public access policies do not constitute an exception. Agencies will lose the ability to treat APCs as authorized without prior approval from the awarding agency, which creates additional administrative burden for agencies, researchers, and institutions. Further, it widens the gap between cost policy and agency-level public access mandates endorsed by OMB and the Office of Science and Technology Policy (OSTP).

The prohibition of publication and printing costs will negatively impact a broad range of communities. As a land grant institution, we see how the dissemination of the results of research gets critical information into the hands of farmers and other stakeholders, via Cooperative Extension. Shifting the cost of publication/printing and requiring an exception process harms several communities and stakeholders, including:

- US taxpayers will lose access that can provide meaningful information on health outcomes, public safety, and more.
- Rural communities rely on dissemination of applied research to address time-sensitive and critical issues in food supply, wildfire safety, and wildlife management.
- Workforce development of the next generation of scientists relies on an information ecosystem that develops their skills and expertise.

CSU supports the proposed § 200.461(c)(1) requirements. These are reasonable safeguards. The proposed § 200.461(c)(2) preserves closeout charging for publication costs but only where those costs were already pre-approved under § 200.461(b). For the many current awards without explicit APC direct budget requests, this offers no relief, and the awards are often small enough amounts not to justify a line-item in grant budgets. In-progress awards budgeted under current policy also need explicit transition protection.

Recommendations: We recommend that OMB preserve the current language in 200.461 except as noted and retain APCs and open-access fees as allowable direct costs. At minimum, create a clear exception tied to federal dissemination requirements and public-access mandates. Remove or revise § 200.461(b)'s provision that public access requirements cannot authorize publication costs. Retain § 200.461(c)(1) and § 200.461(c)(2) as proposed, and extend closeout protection to in-progress awards that predate the rule's effective date.

Conclusion

We appreciate OMB's attention to reducing administrative burden and improving consistency across federal grant-making agencies, and we support that goal when it is achieved without compromising the predictability, scientific integrity, and continuity that long-term research and extension programs require. We respectfully request that OMB consider withdrawing the rule in its entirety and, if OMB cannot, we request that you accept the recommendations outlined above before issuing a final rule. The proposed revisions increase administrative and compliance burdens without concomitant benefits, expand institutional risk and liability, require recipients to bear a greater share of the costs associated with federally funded research and training activities, and ultimately slow U.S. scientific discovery and economic development.

We welcome the opportunity to discuss these comments further and to provide additional detail on the operational impacts described here.

Sincerely,

Cassandra Moseley

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