How the Federal Grantmaking Process May Change (and Already Has)

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AGENDA

- **How federal grantmaking has already changed**

  Terminations, freezes, new conditions, and rescissions

- **OMB and EDGAR proposals**

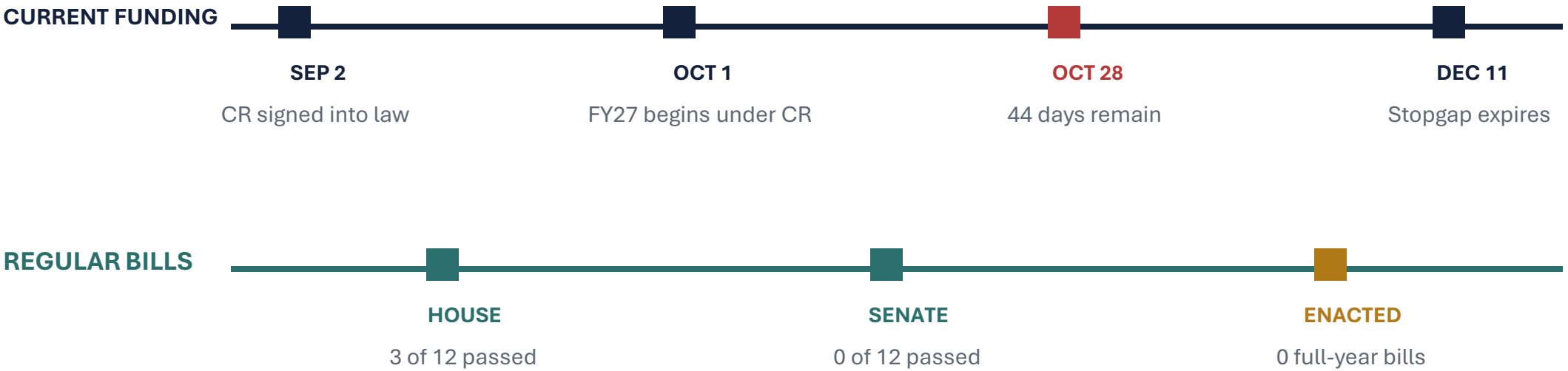
  Current status, overlap, legal posture, and structural effects

- **Grant frontloading**

  Selection, eligibility, reimbursement, and cost allowability

FY27 APPROPRIATIONS

Government is funded through Dec. 11—but no full-year FY27 bill is law



COLLEGE FUNDING TODAY

FY26 rates generally continue; Labor-HHS-Education is unresolved, leaving FY27 program levels and new-start capacity unsettled.

Sources: P.L. 119-103; CRS R49353; House Appropriations FY27 bill list; Congress.gov (accessed Oct. 26, 2026)

HOW FEDERAL GRANTMAKING HAS ALREADY CHANGED

1 TERMINATIONS & DEOBLIGATIONS

Agencies reviewed existing awards and canceled grants, often citing policy alignment or program priorities.

DHS example: 362 grants terminated; about $1.0B deobligated in FY25.

2 PAYMENT FREEZES & PAUSES

Agencies paused disbursements—even on previously obligated awards—while conducting reviews, delaying recipient access to funds.

3 NEW AWARD TERMS & CONTROLS

EO 14332 directed agencies to strengthen termination clauses, review existing terms, and require affirmative agency authorization and support for some drawdowns.

4 POCKET RESCISSIONS

2025: administration used the mechanism to cancel about $5B in foreign-aid / international-organization funding.

2026: nearly $1B was proposed; GAO said funds cannot be withheld past FY26 absent congressional rescission.

5 POLICY-BASED SCREENING

Executive actions and agency guidance shifted review toward administration priorities, including scrutiny of DEI-related, climate, migration, and other disfavored activities.

6 FRONTLOADING / AWARD TIMING

Some programs have used larger multiyear commitments up front rather than annual continuation awards—concentrating current-year funding and reducing room for new entrants.

BOTTOM LINE **Grantmaking has shifted toward tighter executive control over award selection, drawdowns, and continuation—while freezes and cancellations can create disruption and legal disputes.**

OMB Guidance & EDGAR Proposed Regulations

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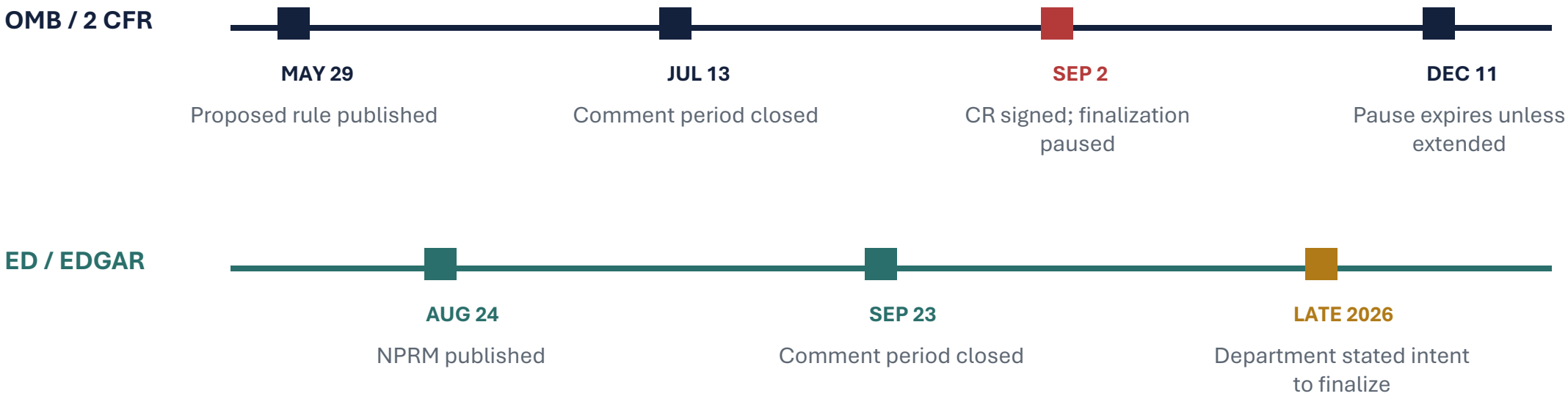
STATUS SNAPSHOT

OMB and EDGAR proposals are unfinished—and the OMB rewrite is legally paused through Dec. 11



OPERATING RULE TODAY

Current 2 CFR Part 200 and current EDGAR remain in effect; prepare, but do not implement proposals as law.

Sources: 91 FR 2026-10817; 91 FR 54666; Continuing Appropriations Act, 2027 §157

OMB and EDGAR proposed rules are cumulative but overlap

1	**OMB: Government-wide grant rules**	2 CFR Part 200 sets the common framework across agencies.
2	**EDGAR: ED specific**	34 CFR Parts 75/76 plus related parts tailor ED grantmaking and administration.
3	**NOFO + award terms**	Competition-specific priorities, selection criteria, assurances, and conditions.

An Education award may be affected by both—and still be constrained by statute and award-specific terms.

OMB STRUCTURAL CHANGE

OMB would convert shared guidance into a directly operative government-wide regulation

TODAY

Uniform Guidance

1. OMB issues common guidance
2. Agencies implement through their own rules
3. **Agency-specific adoption controls timing and detail**

PROPOSED

Uniform Grants Regulation

1. **Part 200 carries regulatory effect in its own right**
2. Agency adoptions revised in the same joint rulemaking
3. Future OMB changes could flow government-wide more directly

Why it matters: the proposal changes not only grant requirements, but who controls how quickly those requirements become binding.

Award selection would become more centrally supervised and policy-aligned

01

Program design

Tie objectives to administration priorities

02

NOFO

State policy and compliance expectations

03

Merit review

Peer review remains input—not the final decision

04

Senior review

Political appointees exercise independent judgment

05

Award decision

Confirm alignment before issuance

Practical shift

Applicants may need to demonstrate both programmatic merit and durable alignment with current executive-branch priorities.

CROSS-CUTTING CONDITIONS

Eligibility and award terms would carry broader policy conditions

Policy restrictions

- Proposed prohibitions tied to DEI and ‘gender ideology’ activities
- New award-term screening against executive policy directives

Workforce verification

- Proposed E-Verify participation requirement
- Certification questions for partners and subrecipients

Foreign collaboration

- Expanded restrictions on covered foreign countries and entities
- Greater diligence around collaborators, subawards, and data access

DUE-DILIGENCE IMPLICATION

Grant review can no longer sit only in sponsored programs: legal, HR, research security, and program leadership need one intake process.

AWARD ECONOMICS

OMB rule shift towards cost reimbursement and tighter cost allowability

AWARD MECHANICS

Fixed-amount awards

would be eliminated

The proposal favors cost reimbursement and documentation of actual, allowable costs.

MORE DOCUMENTATION

COST ALLOWABILITY

New or expanded exclusions

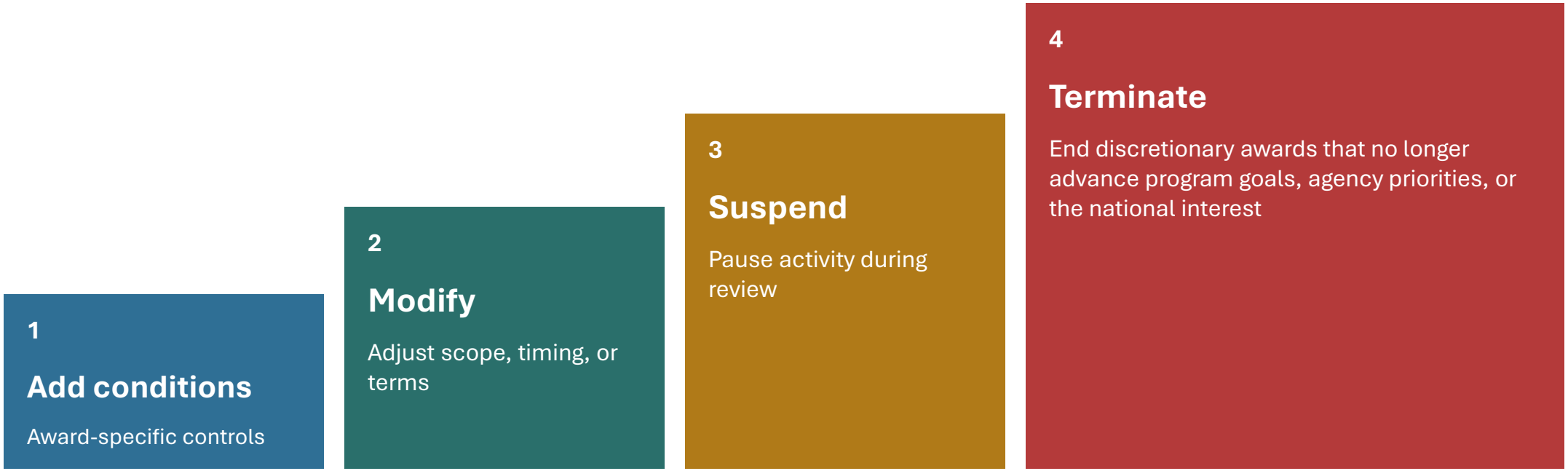
public relations

commencement activities

academic subscriptions

publication costs (generally)

Agencies would gain wider tools to pause, modify, or end discretionary awards



Continuity risk rises when multi-year commitments depend on policy alignment that can change during performance.

OMB and EDGAR affect the same grant decisions through different levers

Both proposals put more agency judgment into four points in the grant lifecycle.

Common concept	OMB proposal • government-wide	EDGAR proposal • Education-specific
Choosing awards	Give agencies more room to favor proposals aligned with current administration priorities.	Streamline ED's selection criteria and add explicit merit-practice expectations.
Paying for work	Favor reimbursement of documented, allowable costs; eliminate fixed-amount awards and tighten some cost rules.	Allow ED to favor applicants that voluntarily accept less indirect-cost reimbursement.
Rules during performance	Add broader policy conditions and more screening of partners, workforce practices, and foreign ties.	Apply Education-specific performance, compliance, evidence, and merit requirements.
Keeping or ending funding	Make it easier to add conditions, modify, suspend, or terminate discretionary awards.	Tie continuation funding more clearly to progress, compliance, and unused balances. Enhance ED ability to terminate grants for "convenience."

Bottom line: OMB changes the common federal baseline; EDGAR applies a parallel Education-specific version.

ED COMPETITION DESIGN

ED could reshape competition through streamlined criteria and indirect-cost preferences

Selection criteria

Streamline the menu of general criteria in §75.210

Update merit-practice expectations in §§75.500 and 76.500

Revise evidence and performance terminology used in competitions

Cost recovery pressure

Proposed preference

Applicants could receive competitive preference for voluntarily reducing indirect-cost recovery.

The tradeoff

A stronger competitive position may come at the cost of unrecovered institutional infrastructure.

ED would make grant-funded merit-based personnel and admissions practices an explicit condition

01	**Merit standard**	Hiring, admissions, promotions, and compensation under the grant must use merit and high standards
02	**Protected classes**	No consideration of race, color, religion, sex, national origin—or proxies for those traits
03	**Exceptions**	Applicable exceptions remain, including certain religious-organization and remedial-action contexts
04	**Two grant systems**	§75.500 governs direct grants; §76.500 governs State-administered grants and their recipient chains. Compliance with Executive Orders would be required for both.

Continuation funding would become more explicitly conditional on performance and spend-down

01	**Performance**	Substantial progress toward approved objectives
02	**Compliance**	Satisfactory adherence to award terms and applicable requirements
03	**Spend-down**	Unobligated balances may influence the next continuation amount
04	**Agency judgment**	Funding remains subject to appropriations, priorities, and continuation determinations

Not an entitlement to future-year funding

Treat every continuation as a new decision point—supported by evidence, clean financial data, and a current risk narrative.

FRONTLOADING FEDERAL GRANTS

FY 2026 CCAMPIS awards illustrate the trade-off: multiyear commitments now, fewer new awards today

WHAT CHANGES?

CONTINUATION MODEL

New awards start a multiyear project; funding is provided in later years through continuation awards, subject to availability and requirements.

FRONTLOADED MODEL

A larger share of the multiyear grant commitment is obligated up front, using more of the current-year funding capacity for fewer new grantees.

Important: an upfront obligation is not the same as spending all cash immediately.

FY 2026 CCAMPIS SNAPSHOT

148
awards initially estimated

40
new grants reported

$18.2M
reported first-year funding

$71.4M
reported total over four years

295 eligible applications reported

POTENTIAL DOWNSIDES

Fewer new grantees

More current-year dollars tied to existing or selected projects can leave less room for new entrants.

Less future flexibility

Large obligations can constrain later-year choices if priorities, demand, or program conditions change.

Funding cliffs

If future competitions or appropriations are uncertain, campuses may face a gap when the grant period ends.

Uneven access & planning

Unfunded applicants may lose services; institutions may struggle to hire staff or sustain childcare capacity.

POLICY TAKEAWAY **Frontloading can improve near-term funding certainty for selected grantees—but may concentrate awards, reduce annual responsiveness, and narrow access for new applicants.**