

Congress of the United States
Washington, DC 20515

July 8, 2026

The Honorable Russell Vought
Director
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Director Vought:

The Office of Management and Budget (OMB) serves the critical role of ensuring that federal agencies administer funding to advance federal policy goals in an objective and fair manner. We write as members of Congress with the distinct honor of representing California – the innovation capital of the world and a top recipient of federal research funding. Our state leads the country in scientific advancements across sectors – from biomedical engineering and quantum computing, to fusion energy and more – because of robust federal funding. This investment is critical to early-stage scientific discovery across fields that the commercial marketplace cannot yet support due to the long timelines and inherent uncertainties of basic research. Nevertheless, these foundational research activities ultimately serve as the essential pipeline for future commercial innovation, spinning off into market-ready technologies and new domestic industries that drive economic growth and directly improve the lives of all Californians, and by proxy all Americans.

OMB's federal grantmaking procedures were established to provide agencies with guidance on grant management and as such, this guidance has historically emphasized the importance of performance metrics, transparency, and unbiased review. **We are gravely concerned by the extent to which OMB's proposed "Regulation for Federal Financial Assistance" would drastically alter federal grantmaking procedures and undermine the transparency and unbiased review which is central to the success of the federal grant process.**¹ The rule is unprecedented, expansive, and applies across the federal government to every agency that reviews grants and other financial assistance proposals. It would allow political appointees to control all aspects of the grant review process, setting the stage for politically motivated decision-making that places the whims of the President over the well-being of the American people.

Merit-based, independent scientific review is the foundation of the United States' and California's leadership in science. For over 75 years, federal agencies including the National Aeronautics and Space Administration (NASA), National Science Foundation (NSF), National

¹ 91 Fed. Reg. 32198 (proposed May 29, 2026) (to be codified at 2 C.F.R. pts. 1, 25, 170, 175, 176, 180, 182, 183, & 200, and various parts of 2 C.F.R. Subtitle B)

Institutes of Health (NIH), Environmental Protection Agency (EPA), National Oceanic and Atmospheric Administration (NOAA), and the Department of Energy have used merit-based review as a competitive process to award grants to California's leading institutions in scientific, engineering, and medical research based on quality and impact. This review process has driven discoveries and critical progress in medicine, national security, technology, and economic competitiveness. At a time when U.S. companies are already publicly expressing uncertainty about accepting federal funding from this administration, citing fears of "conditions" the administration may place on their research, it is critical that federal funding of scientific research remain independent.²

Therefore, we strongly urge OMB to rescind its proposed regulation and preserve the rigor and objectivity of its grantmaking processes so that federal grantmaking can remain free of partisanship and political agendas. This should include an emphasis on peer review of grants over the political and partisan bias of any administration, the establishment of transparent evaluation criteria, and other robust safeguards to protect the independent judgment of career civil servants. OMB's proposed revisions to the Guidance for Federal Financial Assistance undercut each of these critical guardrails necessary to protect the advancement of U.S. scientific research across all fields.

The proposed rule would weaken the scientific foundations of experimental research, slowing the development of new treatments, strategies for environmental protection, technologies to expand our knowledge of space, and solutions to some of our most pressing questions. The following implications for several areas of scientific research are particularly significant:

1. National Competitiveness and the STEM Talent Pipeline

Viability of Research

This proposed rule adds to the ever-growing uncertainty that scientists and researchers in California broadly face over federal funding. This administration has already unlawfully frozen millions of dollars in NSF funding, impounded NASA resources, and slashed Environmental Protection Agency (EPA) clean energy grants.³ These investments are critical to finding the next cures, protecting our access to clean air, and furthering our understanding of the universe. And

² J.D. Capelouto, *Google Quantum Exec: US Government Funding Would've Come with 'Conditions'*, Semafor (June 10, 2026), <https://www.semafor.com/article/06/10/2026/google-quantum-exec-us-government-funding-wouldve-come-with-conditions>.

³ Mark Alfred, *Federal Judge Rules the EPA Unlawfully Ended Justice Block Grants*, NOTUS (Jun. 11, 2026), <https://www.notus.org/agencies/federal-judge-epa-trump-administration-unlawful-justice-block-grants>; Jessica Blake, *NSF Freezes New Funding for 4 Institutions*, Inside Higher Ed (May 29, 2026), <https://www.insidehighered.com/news/quick-takes/2026/05/29/nsf-freezes-new-funding-4-institutions>; Jonathan Lambert, *National Science Foundation freezes payments in response to Trump's executive actions*, NPR (Jan. 31, 2025), <https://www.npr.org/2025/01/31/nx-s1-5282162/scientists-grants-frozen-trump-executive-actions-dei-deia>; Christopher Crockett, *See the alarming extent of NIH and NSF funding cuts in 2025*, Science News (Nov. 18, 2025), <https://www.sciencenews.org/article/nih-nsf-cuts-2025-data>.

yet, the administration's actions will hinder our state's best and brightest minds while denying funding to entire scientific fields the administration does not believe to be in service of their ideological and political priorities.

Harms to the STEM Talent Pipeline

These barriers, coupled with growing financial uncertainty, have forced American researchers, including those in California, to reevaluate the viability of continuing their studies in the United States. Countries like China are offering millions of dollars in research funding to our nation's leading planetary scientists, engineers, and PhD candidates, hoping to capitalize on our nation's unparalleled STEM talent pool. The continued slashing of NSF, NASA, and EPA funding will further damage our pipeline of future researchers and scientists, threatening our status as a world leader in STEM, and ultimately the nation's ability to develop and innovate in the United States.

Additional Barriers on International Students and Domestic Businesses

The proposed regulation outlines new requirements for award eligibility, including mandatory participation in the Department of Homeland Security's E-Verify program, which would create significant administrative barriers, not just for higher education institutions, but for farmers, small businesses, and construction industries. For higher education institutions, this would hinder progress for international students and researchers providing critical contributions to American and California-led scientific progress. For farmers and small businesses, mandating E-Verify would significantly harm their ability to fill roles and conduct their day-to-day work. Furthermore, E-Verify comes with extensive administrative burdens and inaccurate information about employees. Punishing farmers, small businesses, and construction companies for a system known to be flawed in its accuracy will negatively impact these institutions' and companies' economic viability and their contributions to the American economy.

Competition from China

The proposed rule is a form of national self-destruction. Funding reductions will seriously weaken the United States' ability to compete with other countries, especially as China is already laying out ambitious plans to become a leader in science – particularly in space science - by 2050. China has already invested in missions to explore Neptune and return samples from Mars, and yet OMB's proposed rule gives non-experts the power to direct NASA's future. We cannot compete with China on the world stage if we do not channel our resources into credible and technically sound scientific endeavors. Further, we cannot grant such a significant responsibility as grantmaking authority to political appointees with no technical expertise. Doing so would erode the efficacy, integrity, and respect of these programs and cede power and influence to our competitors abroad.

2. Biomedical and Scientific Research and Development

Politicization of Scientific Peer Review

OMB's proposed rule would upend U.S. biomedical and scientific research agencies' long-standing, apolitical, and science-based review process. Peer-review systems employed by NIH, NSF, and other research agencies have long been the top benchmark for identifying the most promising scientific opportunities. Replacing scientific judgment with political review risks directing resources away from the most meritorious research. California's universities and medical centers conduct research that benefits patients nationwide, and any reduction in merit-based funding decisions could delay the development of life-saving therapies, diagnostics, and preventive interventions for millions of Americans.

OMB should carefully consider whether codifying these restrictions serves the long-term public interest. The result would not simply be administrative inefficiency; it would mean slower progress against cancer, Alzheimer's disease, heart disease, infectious diseases, and other conditions affecting millions of Americans. Federal research policy should be guided by scientific evidence, scientific experts, and public health needs, not structured in a manner that unnecessarily limits future administrations' ability to support scientific innovation and respond to emerging health, public safety, and other challenges.

Erosion of Research Infrastructure and Scientific Collaboration

Provisions favoring institutions with lower indirect cost rates, combined with restrictions on publication and conference costs under the proposed rule, threaten the infrastructure that makes scientific research possible and arbitrarily penalizes research that requires higher overhead costs. For example, research universities and academic medical centers maintain laboratories, clinical trial networks, biosafety systems, data security protections, and patient oversight programs that are essential to safe and effective research.

This research ecosystem serves as a national resource, attracting talent and fostering collaboration across states. Limiting the ability of researchers to share findings and collaborate would slow the translation of discoveries into treatments that improve public health nationwide. NIH-supported research has made America the global leader in biomedical innovation. Weakening the stability, predictability, and scientific integrity of federal research funding across U.S. research agencies threatens that leadership and risks slowing the pace of discoveries that improve and save lives.

Threats to Future Medical Breakthroughs

The proposed rule would permit scientific agencies to terminate research grants based on expansive 'national interest' determinations. Biomedical research often requires years of continuous support to recruit patients, conduct clinical trials, collect data, and validate results. California's institutions lead large clinical research efforts, including studies involving cancer immunotherapies, neurodegenerative diseases, rare diseases, and emerging infectious threats. If compliant grants can be terminated unexpectedly, patients may lose access to promising therapies, research findings may be delayed, and taxpayers may lose the value of prior federal investments.

Ultimately, the greatest impact of this rule would be borne by patients. Every delay in biomedical research means longer waits for earlier diagnoses, more effective therapies, preventive interventions, potential cures, and avoidable deaths. Americans confronting cancer, Alzheimer's disease, heart disease, mental illness, rare disorders, and other serious conditions depend on continued scientific progress.

3. Higher Education

Limitations on Resources

Universities and institutions across California rely on grant-funded indirect cost recoveries to share their discoveries and advance the leading edge of science. OMB's proposal would render publication costs, including open access fees for journal and periodical access, unallowable "unless such costs are expressly required by statute or approved in advance by the Federal agency on a case-by-case basis." This change would be uniquely harmful to California-led innovation, as University of California (UC) researchers conduct 8.3 percent of all U.S. academic research.⁴ The dissemination of knowledge and academic collaboration is the foundation of these breakthroughs across critical sectors, including biotechnology, computing, semiconductors, telecommunications, and agriculture.

Politically Motivated Restrictions on Research Topics

OMB's proposed regulations would prohibit the use of federal awards to support or promote theories of disparate-impact liability based on protected characteristics like race, sex, or age. These rules unnecessarily weaponize reasonable diversity, equity, and inclusion efforts and undermine the free speech rights of federal grantees. They allow political appointees to dictate the topics researchers are permitted to investigate, hampering intellectual freedom and vastly narrowing the scope of higher education research. Instead of supporting research that amplifies underrepresented voices, the administration is empowering political appointees to cancel grants with any mention of race or gender. Outside of the higher education system, these dangerous provisions would also restrict federal funding to crucial environmental justice work to address pollution and toxic chemical impacts on disadvantaged communities, fence-line communities adjacent to industrial facilities, and communities of color.

The destructive and chaotic consequences of this approach have already been made clear under this administration, as seen by actions taken by the Department of Government Efficiency (DOGE) to abruptly terminate hundreds of millions of dollars in active research funding using overbroad, automated keyword searches for subjective terms. A federal judge recently ruled that cuts carried out by DOGE violated the Constitution and created a broad "chilling effect" on

⁴ University of California Office of the President, *Federal Investment in UC Research* (2025), https://www.ucop.edu/federal-governmental-relations/_files/Advocacy/Federal-Research/Fact_Sheet_Federal_Investment_in_Research_Final.pdf.

research.⁵ Codifying these harmful practices into government-wide OMB regulations would do a disservice to diverse communities as well as to our institutions of higher learning.

Long-Term Uncertainty

Federal funding is the largest and most important source of support for UC research, and the UC system is awarded more NIH and NSF funding than any other institution in the country.⁶ In FY 2024, UCs received \$7.719 billion in total research awards, \$5 billion of which were federal awards.⁷ The proposed restructuring of federal grant administration will undoubtedly threaten ongoing, cutting-edge research and successful grant programs across the state and the country. OMB's proposed rule widens the administration's ability to terminate grants that have already been obligated and are in progress. If enacted, these proposed changes would allow political appointees to interrupt, suspend, or permanently terminate active research projects on the cusp of major discoveries if they determine the award is "no longer in the Federal interest." Under these proposed changes, an already-approved grantee could see an agency terminate the grant months later, leaving multi-stage projects unfinished with little or no explanation and jeopardizing their scientific research. Already this is impacting the future of American science.

4. State and Local Governments

Disruption of Public Services

OMB's proposed rule poses a severe threat to the fiscal stability of counties and local governments across California and the country, which budget carefully and deliberately for year-long programs that rely on federal awards to deliver critical social services.⁸ Expanding the discretionary authority of political appointees to suspend or terminate active grants mid-cycle based on shifting administrative priorities introduces unprecedented unpredictability into local governance who have varied and limited capacity to shoulder new costs. Under this proposal, local communities may experience abruptly halted federal funding, leaving vital local infrastructure projects unfinished and abandoning vulnerable populations who rely on these services.

New Compliance Burdens

Local governments frequently operate as pass-through entities responsible for administering and distributing federal funds to community subrecipients. This vital role would become significantly

⁵ Jennifer Schuessler, *DOGE's Termination of Humanities Grants Is Ruled Unconstitutional*, New York Times (May 7, 2026), <https://www.nytimes.com/2026/05/07/arts/neh-grants-lawsuit-doge.html>.

⁶ University of California Office of the President, *Federal Investment in UC Research* (2025), https://www.ucop.edu/federal-governmental-relations/_files/Advocacy/Federal-Research/Fact_Sheet_Federal_Investment_in_Research_Final.pdf.

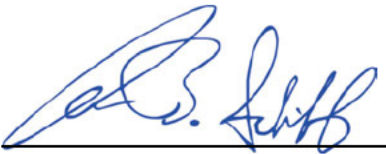
⁷ *Id.*

⁸ Dante Moreno and Michael Wallace, *New OMB Rules for Grantees Could Override Local Authority*, National League of Cities (Jun. 17, 2026), <https://www.nlc.org/article/2026/06/17/new-omb-rules-for-grantees-could-override-local-authority/>.

more punitive under this regulation, as OMB's proposal introduces sweeping oversight, monitoring, and documentation requirements that would severely strain thin local administrative resources. Most troubling, the proposed rule stretches compliance risks to unprecedented levels by tying overall grant eligibility to local enforcement of federal executive orders, potentially endangering funding over events held on county property. Forcing resource-constrained local authorities to act as federal compliance monitors for the administration or face catastrophic funding terminations creates an unworkable landscape that will ultimately reduce the reach of federal assistance.

The effects of this rulemaking could reverberate for generations. With such funding uncertainty and unpredictability, California and the rest of the country will backslide behind other nations in the areas of health, innovation, research, and scientific development. As such, we strongly urge you to rescind your proposed rule.

Sincerely,



Adam B. Schiff
United States Senator



Zoe Lofgren
Member of Congress
Chair, California Democratic
Congressional Delegation



Alex Padilla
United States Senator



Doris Matsui
Member of Congress



Laura Friedman
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Brad Sherman
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Juan Vargas
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Maxine Waters
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Mike Levin
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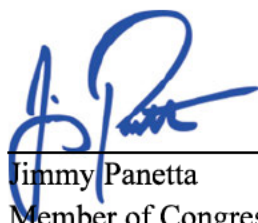
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Jared Huffman
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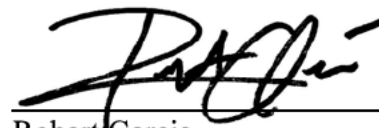
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Robert Garcia
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Gilbert Ray Cisneros, Jr.
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Scott H. Peters
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J. Luis Correa
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John Garamendi
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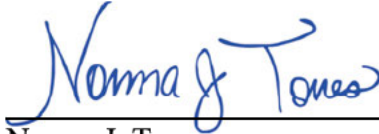
Mike Thompson
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Jim Costa
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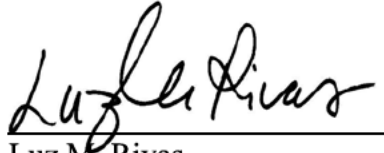
Nancy Pelosi
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Ted W. Lieu
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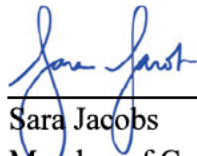
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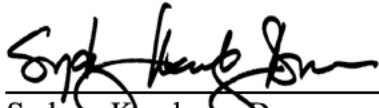
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Sara Jacobs
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Judy Chu
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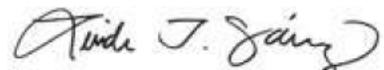
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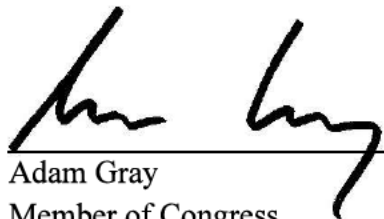
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