

Docket No. OMB-2026-0034
Regulation for Federal Financial Assistance

Submitted by the Arizona Public Health Association

The Arizona Public Health Association (AzPHA) submits these comments in strong opposition to several central provisions in the proposed “Regulation for Federal Financial Assistance,” which would replace and substantially revise the government-wide rules commonly known as the Uniform Guidance.

AzPHA represents public health professionals and organizations working across Arizona, including people in state, county, local, academic, health care, nonprofit, and community-based settings. Our members work every day to prevent disease, respond to outbreaks, strengthen emergency preparedness, improve maternal and child health, reduce overdose deaths, support immunizations, address environmental hazards, and improve access to health care.

Federal grants and cooperative agreements are the backbone of much of that work. State and county health departments rely on federal support not only for direct programs, but also to pass resources to local health departments, universities, hospitals, and nonprofit partners.

AzPHA supports responsible stewardship of taxpayer dollars. Federal agencies should prevent fraud, require sound financial controls, evaluate performance, and ensure that recipients follow the law. But this proposed rule goes far beyond accountability.

The proposal would allow political priorities to displace scientific merit, programmatic need, and the written standards in a notice of funding opportunity. It would create broad new powers to terminate awards after they have begun, often without a meaningful opportunity for the recipient to challenge the decision. It would also require state and local governments to carry these vague and politically charged conditions down to their own subrecipients.

This is not a partisan concern. A federal grant system that allows political appointees to decide whether research, public health programs, or community partners fit the current President’s policy priorities can be misused by an administration of either party. The public health system needs rules that will be fair, predictable, evidence-based, and durable across administrations.

Arizona’s Reliance Interests Are Real

In Arizona, federal public-health funding is not abstract. It supports the people and systems that allow the Arizona Department of Health Services and county health departments to spot threats early and respond before they become worse.

Federal support helps Arizona build and maintain disease surveillance, public-health preparedness capacity in state, county, and tribal communities, laboratory and epidemiology systems, wastewater surveillance, vaccine infrastructure, overdose-prevention efforts, maternal and child health programs, and planning to protect residents from extreme heat. It supports the staff and partnerships needed to investigate outbreaks, analyze data, test specimens, distribute medical countermeasures, communicate with the public, and work with local organizations that residents already know and trust.

These are not programs that can be safely turned off because a new political appointee decides that a project is no longer consistent with the administration's current priorities or an undefined view of the "national interest."

State and county health departments need to hire and retain epidemiologists, laboratorians, nurses, data specialists, emergency planners, community health workers, and contract managers. They need to build data systems, maintain relationships with local health departments and community partners, and plan over multiple years. Counties often depend on state pass-through funding to do this work.

An abrupt termination of a federal award would not just end a line in a budget. It could mean layoffs, cancelled local contracts, interrupted disease investigations, weakened emergency readiness, and fewer services for people already enrolled in programs.

That is why federal awards should be evaluated using clear statutory criteria, published funding requirements, scientific merit, and evidence of likely public-health benefit—not the political preferences of whichever administration happens to be in office.

AzPHA urges OMB to withdraw or substantially revise the provisions discussed below.

Section 200.205: Federal Agency Merit Review of Proposals

Proposed Section 200.205 would require agency heads to designate senior appointees, or their designees, to conduct a pre-issuance review of every discretionary award. Those reviewers would be required to determine whether awards are consistent with agency priorities and "the national interest," and whether they "demonstrably advance the President's policy priorities." The rule further directs reviewers not to "routinely defer" to peer-review recommendations.

This is a serious departure from an evidence-based grantmaking process.

Public health and health research are technical fields. Decisions about which projects are most likely to reduce disease, prevent injuries, improve health outcomes, or produce useful scientific evidence should be made using clear, published criteria. The best people to assess epidemiologic methods, statistical analysis, laboratory capacity, data systems, clinical protocols, implementation plans, and community partnerships are people with relevant expertise.

Peer review is not flawless, but it is a tested system for evaluating scientific merit and programmatic quality. It helps protect federal grantmaking from favoritism, ideology, and arbitrary decision-making.

The proposed rule would reduce that role to advisory status and require political appointees to exercise independent judgment rather than relying on technical reviewers. It also introduces vague standards that do not have objective regulatory definitions, including "anti-American values" and "Gold Standard Science."

Public health agencies and researchers cannot plan responsibly when an award may depend on whether a political appointee views its subject matter, community partner, research question, or conclusions as politically acceptable.

This risk is especially acute for work that addresses difficult or politically contested issues. That includes maternal mortality, vaccines, overdose prevention, heat deaths, environmental exposures, reproductive health, infectious disease, behavioral health, health care access, and the effect of poverty and housing instability on health.

A public-health grant should be judged on whether it advances the statutory mission of the program and meets the published requirements of the funding opportunity. It should not be judged on whether it advances the policy preferences of the administration currently in office.

AZPHA recommends that OMB:

1. Withdraw proposed Section 200.205(b), (c), and (d) as written.
2. Preserve technical and peer review as the primary basis for evaluating discretionary awards, particularly research and public-health awards.
3. Require any departure from a peer-review or technical-review recommendation to be documented in writing and tied to a specific statutory requirement, published notice-of-funding-opportunity criterion, documented conflict of interest, fraud concern, or material performance issue.
4. Delete the proposed requirements that awards “demonstrably advance the President’s policy priorities” and avoid “anti-American values.”
5. Define scientific quality using objective, method-based criteria such as transparency, reproducibility, data integrity, ethical conduct, appropriate study design, and adherence to accepted scientific standards—not undefined political terminology.
6. Require agencies to publicly report, in aggregate, how often senior-appointee review changes a merit-based funding recommendation and the specific, non-confidential reason for each override.

Section 200.206: Federal Agency Review of Risk Posed by Applicants

AZPHA supports reasonable risk assessment before federal funds are awarded. Financial stability, audit findings, prior performance, management systems, cybersecurity, and the ability to carry out an award are all relevant considerations.

However, proposed Section 200.206 expands risk review in ways that could enable political or ideological screening of applicants.

The proposed rule would permit agencies to consider an applicant’s “history of questionable practices” and its “memberships and affiliations.” It refers to publicly available and verifiable information, but it does not establish clear standards for what evidence is sufficient, how directly an alleged concern must relate to the applicant, whether the applicant must be notified, or how the applicant can correct misinformation.

Public health is collaborative by nature. State and county health departments routinely work with universities, hospitals, federally qualified health centers, civil-rights organizations, environmental

organizations, patient advocates, professional associations, and community-based organizations. Those partnerships are often necessary to reach people who do not otherwise have access to government systems or health care.

An applicant should not be treated as a higher-risk recipient because it belongs to, partners with, receives technical assistance from, or shares a public policy concern with an organization that has become politically controversial.

Risk assessment should focus on a recipient's demonstrated ability to manage public funds and meet award requirements. It should not become a mechanism for judging lawful speech, association, advocacy, or research topics.

AzPHA recommends that OMB:

1. Delete proposed Section 200.206(b)(2)(vii) and (viii), concerning "questionable practices" and memberships or affiliations.
2. Limit risk findings to conduct by the applicant itself that has a direct and material connection to the applicant's ability to carry out the specific award.
3. Require that any adverse risk finding be based on final, documented findings from an authorized governmental or judicial process—not allegations, media reports, political criticism, or guilt by association.
4. Require advance notice to the applicant, disclosure of the factual basis for the concern, and a meaningful opportunity to respond before an adverse decision is made.
5. Prohibit agencies from treating lawful policy advocacy, scientific research, association membership, religious affiliation, or protected speech as evidence of grant-management risk.

Sections 200.300, 200.303, and 200.332: Pass-Through Requirements and State and Local Government Burdens

Proposed Section 200.300 requires federal agencies and pass-through entities to incorporate relevant federal requirements into all subawards. Proposed Section 200.303 would impose broad E-Verify duties on recipients and subrecipients. Proposed Section 200.332 would require pass-through entities to ensure that subrecipients do not take actions that could "significantly damage the reputation" of the pass-through entity, federal agency, or federal government.

Together, these provisions would turn state and county health departments into federal political-compliance monitors.

State health departments frequently distribute federal funds to county health departments, universities, hospitals, community clinics, tribal partners, and nonprofit organizations. County health departments may then work with still more community partners. This is how public health reaches people where they live.

A state health department should not be required to investigate whether a local nonprofit's lawful public communication, affiliation, research publication, or advocacy activity could damage the reputation of a federal agency or the federal government. "Reputational harm" is not an objective grant-management standard. It is broad, subjective, and easily manipulated.

Under proposed Section 200.332(i), a federal agency could direct a pass-through entity to terminate a subaward or terminate the federal award to the pass-through entity itself. That creates a powerful incentive for states and counties to avoid working with organizations that take positions on controversial public-health issues, even when those organizations are effective and fully compliant with the terms of their award.

The proposed E-Verify requirement also presents substantial administrative challenges. Public health departments commonly braid federal, state, local, and private funding. Employees and contractors may work across multiple grants, programs, and funding sources. Implementing a universal E-Verify requirement for every employee or contractor working in whole or in part under a federal award would require new human-resources systems, legal review, monitoring processes, and subrecipient oversight.

The proposed rule does not adequately account for these state and local implementation costs.

AzPHA recommends that OMB:

1. Delete proposed Section 200.332(i) in its entirety.
2. Limit pass-through entity monitoring to objective compliance with the terms of the subaward, applicable statutes, and documented performance requirements.
3. Prohibit federal agencies from directing the termination of a prime award or subaward based on vague reputational concerns, lawful speech, policy positions, association membership, or political controversy.
4. Ensure that state and county health departments are not required to police the political views, affiliations, or unrelated public communications of subrecipients.
5. Conduct and publish a detailed estimate of the costs to state, county, and local governments of new E-Verify, monitoring, reporting, legal review, and subaward-management requirements.
6. Provide a lengthy implementation period, standardized federal templates, clear safe harbors, and technical assistance before any new pass-through requirements become enforceable.

Sections 200.340 Through 200.343: Discretionary Termination and Suspension of Awards

The most damaging part of the proposed rule is its expansion of discretionary termination authority.

Proposed Section 200.340 would allow a federal agency or pass-through entity to terminate an award in whole or in part when it determines that termination is in the interest of the agency or pass-through entity, including when an award no longer effectuates program goals, agency priorities, or the national interest “as they exist at the time of the termination.”

The proposed rule would require the termination provision to be included in virtually all discretionary awards. Proposed Section 200.341 would require only a brief summary of the reasons for discretionary termination and specifically states that a detailed or exhaustive analysis is not required. Proposed Section 200.342 would provide no required opportunity for an objection, hearing, or appeal unless the termination is based on noncompliance.

That is not a stable or fair basis for public-health grant administration.

A state, county, university, hospital, or nonprofit may hire staff, sign leases, enter contracts, purchase equipment, build data systems, recruit participants, and establish trusted relationships with communities based on a multi-year award. The entity may also issue subgrants to local partners that are providing direct services.

A mid-project termination can mean layoffs, lost contracts, disrupted clinical and prevention services, interrupted research, abandoned data systems, and damaged public trust. In public health, this can affect people in the middle of a disease investigation, vaccination campaign, overdose-prevention initiative, maternal-health program, laboratory modernization project, or emergency preparedness activity.

The proposal assumes that a recipient may simply choose to reject federal funds if it finds the terms unacceptable. That is not a realistic option for state and county health departments carrying out core public-health functions that Congress has chosen to support through federal grants and cooperative agreements.

The proposed rule also treats grants too much like procurement contracts. A contractor whose commercial contract is terminated may be able to redeploy staff and equipment. A public-health agency cannot easily redeploy disease investigators, epidemiologists, nurses, community health workers, data analysts, laboratory personnel, or local nonprofit partners when federal funding suddenly stops.

AZPHA recommends that OMB:

1. Withdraw proposed Section 200.340(a)(2), which authorizes termination based on agency interest, agency priorities, or the national interest as defined at the time of termination.
2. Retain termination authority for fraud, material noncompliance, inability to perform, or other objective circumstances clearly established in statute, regulation, or the award terms.
3. At a minimum, prohibit discretionary termination based solely on a change in political leadership, presidential policy preference, agency priority, or an appointee’s policy judgment.

4. Require a detailed written finding that identifies the statutory authority, the factual basis for the decision, the specific award requirement at issue, and the evidence showing why termination is necessary.
5. Require advance notice, a meaningful opportunity to respond, an impartial administrative review process, and a written final decision before termination except in a genuine emergency involving immediate danger, fraud, or unlawful conduct.
6. Require an orderly transition period long enough to protect clients, preserve research integrity, transfer records safely, and prevent avoidable workforce losses.
7. Require reimbursement for all reasonable and documented costs incurred in reliance on the award, including employee notice costs, lease obligations, contract closeout costs, data preservation, participant protections, and service-transition costs.
8. Prohibit federal agencies from requiring a state or county pass-through entity to immediately terminate local subawards before the prime recipient has had a meaningful opportunity to challenge the federal termination.

Sections 200.450 and 200.454: Issue Advocacy, Public Messaging, and Professional Participation

AZPHA recognizes that federal grant funds should be used for the purposes Congress authorized. Existing federal law already contains appropriate restrictions on lobbying with federal funds.

However, proposed Section 200.450 would further restrict certain issue advocacy and public messaging, including messaging that promotes or opposes a social, political, or public-policy position unrelated to the statutory objectives or performance requirements of the federal award. Proposed Section 200.454 would make some professional membership, subscription, and activity costs more difficult or impossible to support.

These provisions could chill legitimate public-health communication.

Public health depends on communicating evidence clearly to the public, policymakers, health care professionals, and community partners. Public health agencies must be able to explain the health consequences of proposed state policies, emerging threats, environmental hazards, disease trends, and evidence-based prevention strategies.

Research institutions must also be able to publish findings, participate in scientific meetings, learn from technical journals, and collaborate with professional organizations. These activities are not political luxuries. They are part of responsible public-health practice.

The rule should not force agencies and recipients to avoid important health communication because they fear a federal official may later characterize it as unrelated issue advocacy.

AzPHA recommends that OMB:

1. Preserve existing statutory lobbying restrictions without adding vague or unnecessary new limitations on public communication.
2. State clearly that federally supported public-health education, evidence dissemination, scientific publication, nonpartisan technical assistance, disease-prevention messaging, public reporting, and communication with state and local officials about program implementation are allowable when connected to an award's objectives.
3. Preserve the allowability of reasonable professional memberships, technical subscriptions, scientific journals, conferences, and training necessary to carry out federal-award requirements.
4. Avoid standards that could cause recipients to self-censor lawful, evidence-based public-health communication.

Regulatory Impact Analysis and Proposed Effective Date

OMB states that the proposed rule would have qualitative benefits, modest administrative costs, and minimal transfer effects. AzPHA does not believe that conclusion is adequately supported for state, county, local, academic, and nonprofit public-health entities.

The proposed rule would require new layers of senior-appointee review, expanded applicant screening, new pass-through monitoring duties, E-Verify compliance, additional payment justifications, revised award and subaward templates, new legal review, and new termination-risk planning.

It would also create costs that are difficult to measure but very real:

- Delayed awards and delayed hiring;
- Reduced willingness to apply for federal funds;
- Loss of skilled public-health workers who need stable employment;
- Disruption of local nonprofit and community partnerships;
- Reduced willingness to pursue innovative or politically controversial research questions;
- Increased costs for states and counties that must rewrite agreements, monitor subrecipients, and respond to changing federal requirements;
- Interrupted services for people already enrolled in grant-funded programs; and
- Weakened trust between government agencies and the communities they serve.

OMB's own request for comments asks recipients to identify administrative burdens and reliance interests. State and county public-health agencies have substantial reliance interests in stable federal grant rules because their staff, budgets, contracts, public-health infrastructure, and service partnerships are built around multi-year awards and carefully structured pass-through arrangements.

AzPHA recommends that OMB:

1. Withdraw the proposed rule and conduct a more targeted rulemaking process focused on demonstrable grant-management problems.
2. Publish a revised Regulatory Impact Analysis that specifically evaluates effects on state, county, and local public-health agencies; universities; hospitals; and nonprofit subrecipients.
3. Include estimates of implementation costs, award delays, workforce effects, subrecipient-monitoring burdens, termination costs, and potential service disruption.
4. Provide a new public-comment period after publishing the revised analysis.
5. Do not make any final rule effective on October 1, 2026.
6. Provide at least 12 months between publication of any final rule and its effective date, with additional time for state and county pass-through entities to revise agreements, train staff, update systems, and communicate with subrecipients.
7. Do not apply new political-review, termination, risk-screening, or pass-through requirements to existing multi-year awards or continuation funding unless the recipient affirmatively agrees to the new conditions.

Conclusion

The federal government has a legitimate responsibility to protect taxpayer dollars, prevent fraud, enforce the law, and ensure that programs meet their statutory purposes.

But accountability is not the same as political control.

The proposed rule would make federal grants less predictable, less evidence-based, and more vulnerable to the policy preferences of political appointees. It would weaken the role of scientific and technical review. It would expose state and county health departments, universities, hospitals, and nonprofit partners to broad new termination risks. And it would force state and local governments to become compliance monitors for vague and politically charged federal conditions.

Public health needs stable rules, clear standards, fair processes, and decisions grounded in evidence.

AzPHA respectfully urges OMB to withdraw or substantially revise proposed Sections 200.205, 200.206, 200.300, 200.303, 200.332, 200.340 through 200.343, 200.450, and 200.454 consistent with these comments.

Respectfully submitted,

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