APHSA
American Public Human Services Association

July 13, 2026

Russell Vought
Director, Office of Management and Budget
Executive Office of the President
725 17th Street, NW
Washington, DC 20503

Re: Regulation for Federal Financial Assistance
FR Doc. 2026–10817

Dear Director Vought,

The American Public Human Services Association (APHSA) appreciates the opportunity to comment on the Office of Management and Budget's (OMB) proposed revisions to the government-wide regulations governing Federal financial assistance.

APHSA recognizes and appreciates the Administration's commitment to strengthening stewardship of federal resources, improving transparency and accountability, reducing fraud, waste, and abuse, and ensuring that federal financial assistance is administered effectively and consistent with statutory requirements. States and counties share these objectives. Every day, state and local human services agencies are responsible for safeguarding taxpayer dollars while delivering critical services through federally funded programs that serve children, families, older adults, individuals with disabilities, and communities across the nation. Strong financial management, effective oversight, and responsible administration are essential to maintaining public trust and ensuring federal investments achieve meaningful results.

APHSA has existed for almost one hundred years serving as a bipartisan membership association for state and local agencies that administer many of the nation's largest and most complex human services programs. APHSA has long partnered with administrations of both parties, Congress, and state and local leaders to support the successful implementation of federal policy. We help translate federal requirements into operational practice, identify implementation challenges, share leading practices across jurisdictions, and strengthen the capacity of state and county agencies to faithfully implement congressional intent. This implementation infrastructure is an important component of successful federal policy execution and helps ensure that statutory objectives are translated into measurable outcomes for the people and communities these programs are intended to serve.

We respectfully offer the following comments to highlight several provisions that may unintentionally create operational uncertainty for the state and county agencies responsible for administering federal programs. We believe thoughtful revisions to these provisions would strengthen—not weaken—the

Administration's objectives by preserving the stable federal-state partnership that has long supported effective implementation, strong program integrity, and responsible stewardship of federal resources.

Strong Accountability Depends on a Strong Federal-State Partnership

At its core, APHSA's comments are guided by one overarching principle: strong accountability is most effective when it is objective, transparent, predictable, and paired with sufficient flexibility for states and counties to implement federal programs in ways that best serve their communities.

For decades, federal financial assistance has operated through a partnership among Congress, federal agencies, states, counties, Tribal governments, territories, and community partners. Congress establishes statutory objectives and appropriates funding. Federal agencies establish program requirements, provide oversight, and safeguard taxpayer resources. States and counties, in turn, administer programs on behalf of the federal government, tailoring implementation to local needs while remaining fully accountable for complying with federal law, maintaining fiscal integrity, and achieving program outcomes.

This partnership has served the nation well because it balances federal oversight with state and local implementation expertise. It recognizes that while accountability must remain consistent across jurisdictions, the strategies for achieving successful outcomes often differ based on community needs, workforce realities, demographics, geography, and local partnerships. States and counties are closest to the communities these programs serve and are therefore best positioned to make many of the operational decisions necessary to implement federal programs effectively.

APHSA respectfully encourages OMB to preserve this longstanding balance.

Viewed collectively, the proposed revisions including, but not limited to, grantee/proposal selection, applicant risk assessment, termination or suspension of funds, termination for reputational damage, and new terms and conditions, as well as the provisions governing memberships and conference participation represent a meaningful shift from a grants management framework grounded in objective, predictable standards toward one characterized by broader administrative discretion and evolving compliance expectations. While each proposal may address a legitimate oversight objective individually, together they create cumulative uncertainty that makes long-term planning, sound fiscal stewardship, and effective implementation substantially more difficult for states and counties.

As an example, the proposal's authorization for program-level specific conditions based upon broad determinations of "elevated programmatic risk." We respectfully encourage OMB to provide greater clarity regarding how such determinations would be made and to ensure that additional conditions remain grounded in objective, transparent criteria that recipients can reasonably anticipate and address.

Similarly, modifications such as shifting recipients from advance payments to reimbursement-based funding may have significant operational consequences, particularly for county governments and community-based subrecipients that often operate with limited operating reserves. While reimbursement may be appropriate where financial management concerns have been clearly identified, broader authority to impose such conditions during an award period could reduce participation by smaller providers and create unnecessary barriers to service delivery.

Additionally, the proposed rule would require pass-through entities to evaluate whether subrecipients have taken actions that could "significantly damage the reputation" of the pass-through entity, the awarding federal agency, or the federal government. Unlike existing well-established accountability standards, reputational harm is inherently subjective. The proposed rule provides limited guidance regarding what constitutes significant reputational damage or how such determinations should be made consistently across diverse programs, jurisdictions, and circumstances.

We respectfully caution that this provision could place states and counties in the difficult position of making subjective determinations that extend well beyond their traditional responsibilities as fiscal stewards and program administrators. Administrative resources that would otherwise be devoted to strengthening financial oversight, improving program performance, and providing technical assistance to subrecipients may instead be redirected toward evaluating and documenting subjective reputational concerns.

This cumulative uncertainty has important operational consequences.

State and local agencies administer programs that require multi-year planning, long-term workforce investments, complex technology modernization efforts, contracts with community-based organizations, and extensive coordination across public and private partners. Successful implementation depends upon clear expectations and stable operating environments. When award conditions, administrative requirements, and funding expectations may change throughout the life of an award based upon evolving agency determinations, agencies must increasingly devote resources to managing uncertainty rather than improving outcomes.

As a result, the proposal risks shifting states and counties from serving primarily as implementation partners to becoming compliance managers.

Instead of concentrating resources on improving services for children and families, strengthening workforce participation, supporting older adults, protecting vulnerable populations, modernizing eligibility systems, and improving program outcomes, agencies may find themselves dedicating increasing administrative capacity to monitoring changing federal priorities, adapting to evolving award conditions, documenting compliance with new requirements, and mitigating the possibility of funding disruption.

APHSA respectfully cautions that this outcome would not advance the shared goal of improving program administration. Rather, it may unintentionally reduce the flexibility, innovation, and operational capacity that enable states and counties to deliver effective services while maintaining strong stewardship of federal resources.

Importantly, APHSA's concerns should not be interpreted as opposition to rigorous federal oversight. To the contrary, we strongly support robust accountability measures that protect taxpayer dollars and ensure federal funds are administered consistently with congressional intent. States and counties share the federal government's responsibility to prevent fraud, waste, abuse, and misuse of federal resources. Effective financial oversight, transparent reporting, performance measurement, monitoring, technical assistance, corrective action, and enforcement all remain essential components of a strong grants management framework.

The distinction is that accountability is most effective when it is grounded in objective, transparent, and consistently applied standards—such as compliance with statutes and regulations, sound financial management, measurable program performance, and clearly established award requirements—rather than standards that rely upon evolving policy priorities, subjective reputational assessments, or changing administrative expectations during the life of an award.

Federal oversight and state flexibility are not competing objectives. They are complementary components of effective governance. States and counties should continue to be held accountable for preventing fraud, waste, and abuse; responsibly stewarding taxpayer resources; and delivering measurable outcomes. At the same time, they should retain sufficient operational flexibility to determine how best to administer federal programs in ways that reflect the unique needs of their communities and maximize the effectiveness of federal investments.

APHSA believes there is an opportunity to strengthen the final rule by reinforcing this longstanding federal-state partnership—one that combines rigorous accountability with predictable funding, objective oversight, and the implementation flexibility necessary for state and local agencies to faithfully carry out congressional intent.

Preserving Strong Partnerships Strengthens Federal Program Administration

APHSA respectfully encourages OMB to consider the broader implementation implications of the proposed revisions affecting professional memberships and conference participation.

State and local agencies fully recognize that federal funds should be expended prudently and only for costs that are reasonable, necessary, and directly support program objectives. APHSA supports appropriate safeguards to ensure taxpayer resources are used responsibly and in accordance with federal requirements.

At the same time, we respectfully encourage OMB to preserve appropriate discretion for states and counties to determine how best to utilize federal funding to build the organizational capacity necessary to successfully administer federal programs.

The proposed revisions requiring prior federal approval for memberships in professional, technical, civic, or business organizations, limiting membership costs associated with organizations engaged in issue advocacy, and requiring conference participation to be expressly approved within award terms and conditions will shift operational decision-making away from the state and local administrators responsible for implementing federal programs.

States and counties are ultimately accountable for program performance, financial stewardship, and compliance with federal requirements. They should also retain sufficient flexibility to determine which operational investments—including professional memberships, technical assistance, workforce development opportunities, peer learning, implementation networks, and conferences—will most effectively strengthen program administration and improve outcomes for the communities they serve.

Professional development and implementation support are not ancillary administrative activities. They are fundamental components of effective grants management. Investments in professional learning help agencies strengthen program integrity, improve financial management, modernize technology systems, enhance workforce capability, share effective practices across jurisdictions, and respond more effectively to evolving federal requirements.

Restricting these operational decisions through additional federal approval requirements may unintentionally reduce opportunities for innovation, delay implementation of program improvements, and limit the ability of state and county agencies to continuously strengthen administration of federally funded programs.

Professional Associations Are Essential Partners in Federal Program Administration

APHSA also respectfully encourages OMB to recognize the important role that bipartisan national membership organizations play in strengthening implementation of federal policy.

State and local human services agencies administer hundreds of billions of dollars in federal assistance annually through some of the nation's most complex and highly regulated programs. Successful implementation requires continuous coordination among federal agencies, states, counties, local governments, Tribal governments, nonprofit organizations, and other community partners.

Organizations such as APHSA provide the implementation infrastructure that helps make this coordination possible. APHSA is not simply a membership association. We serve as a national implementation partner by supporting:

- implementation of new federal statutes, regulations, and administrative guidance;
- dissemination of federal policy and operational best practices;
- interstate peer learning and technical assistance;
- workforce development and leadership training;
- program integrity and continuous quality improvement initiatives;
- cross-program collaboration across health, human services, and workforce systems; and
- rapid dissemination of operational guidance during emergencies, major policy changes, and new federal initiatives.

These activities strengthen administration of federal programs, improve consistency across jurisdictions, support faithful implementation of congressional intent, and ultimately improve outcomes for the individuals and families federal programs are intended to serve.

Professional associations also provide an important feedback loop for federal agencies by identifying implementation challenges early, sharing operational insights from states and counties, and helping translate federal policy into practical administration. This collaborative relationship has benefited administrations of both parties and has contributed to more consistent, efficient, and effective implementation of federal programs nationwide.

APHSA respectfully encourages OMB to ensure that the final rule preserves—not limits—the ability of state and local agencies to participate in these implementation networks and make reasonable operational investments that strengthen administration of federally funded programs.

Conclusion

APHSA appreciates OMB's commitment to strengthening the administration of federal financial assistance and shares the Administration's goals of protecting taxpayer resources, preventing fraud, waste, and abuse, promoting transparency, and ensuring federal investments achieve meaningful results.

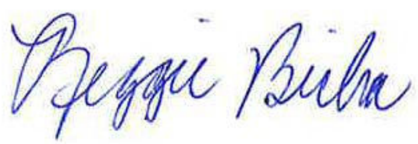
We respectfully encourage OMB to consider the cumulative impact of the proposed revisions, which may unintentionally shift the federal-state relationship from one centered on implementation and partnership toward one characterized by increasing administrative uncertainty and centralized operational decision-making.

APHSA believes there is an opportunity to strengthen the final rule by preserving rigorous oversight while reinforcing the longstanding principles that have supported successful administration of federal programs for decades: objective accountability standards, predictable funding, clear administrative expectations, and sufficient flexibility for states and counties to determine how best to administer federal programs in response to the unique needs of their communities.

APHSA remains committed to partnering with OMB, federal agencies, Congress, and state and local leaders to support effective implementation of federal policy. As a bipartisan association, we stand ready to assist in developing implementation guidance, identifying operational considerations, sharing leading practices, and supporting state and local jurisdictions as they work to faithfully implement congressional intent and Administration priorities.

We appreciate your consideration of these comments and look forward to continuing our longstanding partnership in strengthening the administration of federal financial assistance.

Sincerely,



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